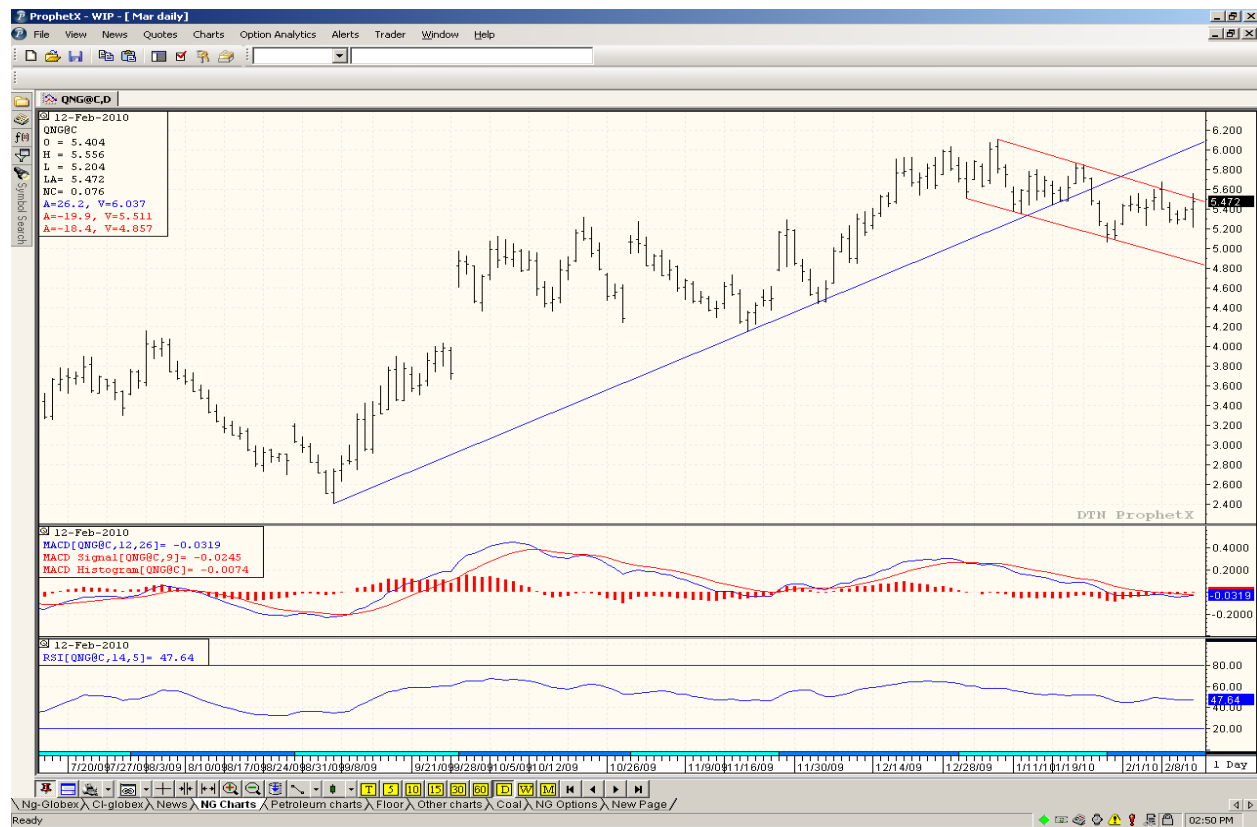


2/12/10

Natural Gas Market Summary

These views are provided by SCANA Energy Marketing for information purposes only – please see last page for details.

The February contract opened trading this week about \$.09/dt above last week's closing price, then quickly moved about \$.10/dt higher before stabilizing and then reversing lower. For the next several days, March traded in a fairly tight price range. When the Weekly Storage Report was released on Friday (a day late this week), prices rallied first 'testing' and then trading above the upper boundary of the declining trend-line on the daily continuation chart (upper red line of the below chart).



In the end, however, some of the upward price momentum was lost and the March price closed back below this technical price resistance. For the week, the March contract closed at \$5.468/dt, down \$.047/dt from last week's closing price.

Strip prices:

1. April 10- Oct 10 "strip" closed at \$5.626/dt, down \$.042/dt from last week
2. March through December 2010 closed at \$5.74/dt, down \$.04/dt from last week.
3. March through February 2011 closed at \$5.888/dt, down \$.044/dt from last week.

Bearish price factors :

1. Volume of gas in storage. Working gas in storage was 2,215 Bcf as of Friday, February 5, 2010, according to EIA estimates. This represents a net decline of 191 Bcf from the previous week. Stocks were 172 Bcf higher than last year at this time and 114 Bcf above the 5-year average of 2,101 Bcf.
2. U.S. Rig counts – as of this week, the number of operating rotary rigs in the United States is 1335, **up 18 from last week but down 64 from this same week in 2009.**

Bullish price factors:

1. Alternate fuels – February crude oil closed at \$74.10/barrel, up \$2.91/barrel from last week's closing price. ***This is the first time prompt month crude has posted a higher weekly closing price since the week of 1/4/10.*** #2 oil closed today at \$1.918/gallon, up \$.037/gallon from last week's closing price – this equates to roughly \$13.79/dt equivalent natural gas price.
2. Weather forecast – both the 6 – 10 day and 8 – 14 day forecasts show below normal temperatures for the eastern half of the country.

Technical indicators:

Technical indicators appear to be neutral. The price path of least resistance in the near-term appears to be sideways. Continued rapid swings in price are possible.

Summary:

In spite of colder-than-normal weather in the eastern half of the country, natural gas prices continue to slowly move lower as the traditional first quarter price low evolves. I continue to think even lower prices are possible, especially once the winter weather subsides. As such, calendar month March still seems to be the most likely time frame for the ultimate first quarter price low.

Since the 4th quarter 2009 price high was set during the last week of December, the spot month price has now retraced 16%. As a reminder, the average price decline from the 4th quarter price high to the 1st quarter price low is about 40%, with the maximum being 59%. A 40% decline would take the spot month to approximately \$3.65/dt and a 59% decline would take the spot month to approximately \$2.50/dt. We'll continue to monitor price movement vs. time and if needed, revise the below purchase points.

Please be reminded the thoughts conveyed above are based on recent price movement and apparent Market sentiment. Random events that could occur may change the Market sentiment and as such, may result in price movement counter to what is mentioned above.

Hedging: no change

Depending on your risk tolerance and your need for price protection, below are some prices that may be considered as a possible purchase points.

Mar 10 = +/- \$5.10/dt

April 10 – Oct 10 = +/- \$5.00/dt

Mar 10 – Dec 10 = +/- \$5.25/dt

Of course, the commodity markets are impossible to predict with accuracy. I hope that you find these views helpful, but I cannot guarantee that my expectations will be accurate or that any particular strategy will be advantageous.

Please call your account manager if you have questions or want to purchase a fixed price hedge.

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