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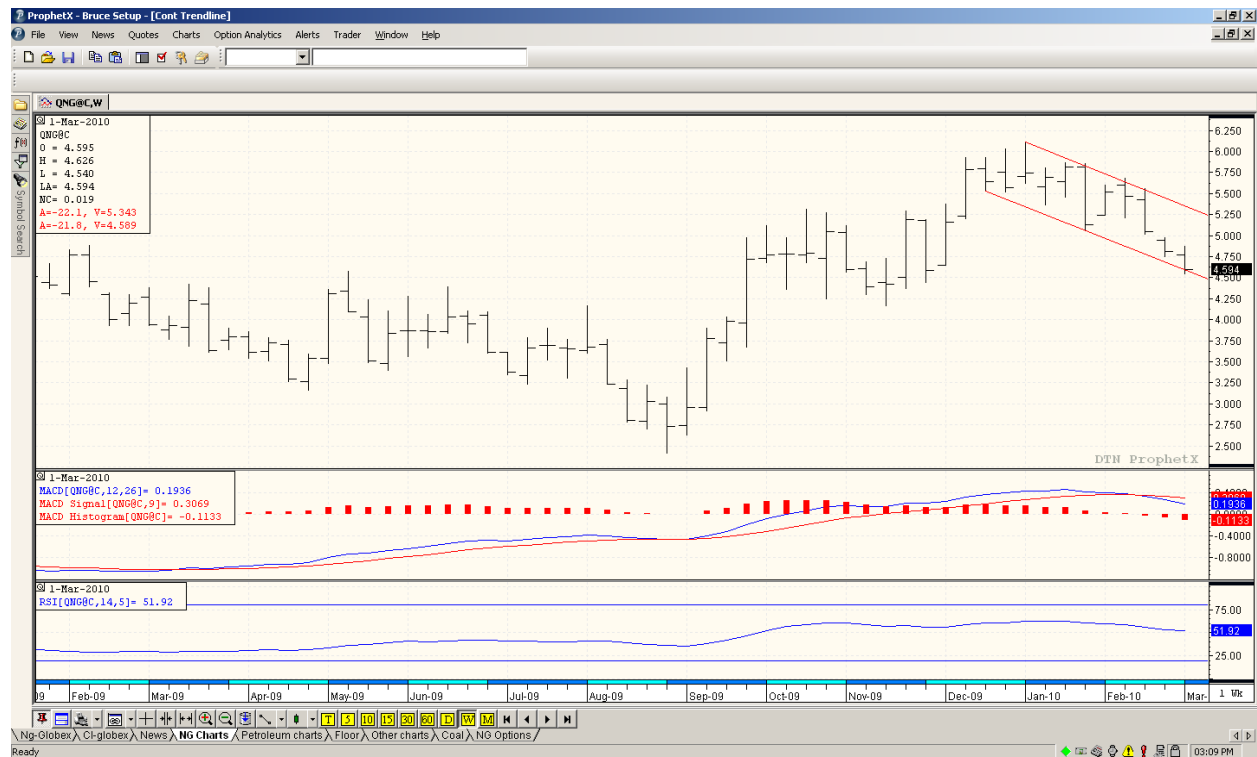
Natural Gas Market Summary

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The April contract opened trading this week about \$.05/dt below last week's closing price, then quickly moved lower before stabilizing near the previous week's low price. When the Weekly Storage Report was released on Thursday the April contract again moved lower first trading to, and then closing fractionally below technical price support found at \$4.60/dt.

For the week, the April contract closed at \$4.593/dt, down \$.205/dt from last week – still within the declining trend channel that has contained all weekly closing prices since the mid-December 2009.

Attached is a weekly continuation chart showing this price activity and the declining trend channel.



Strip prices:

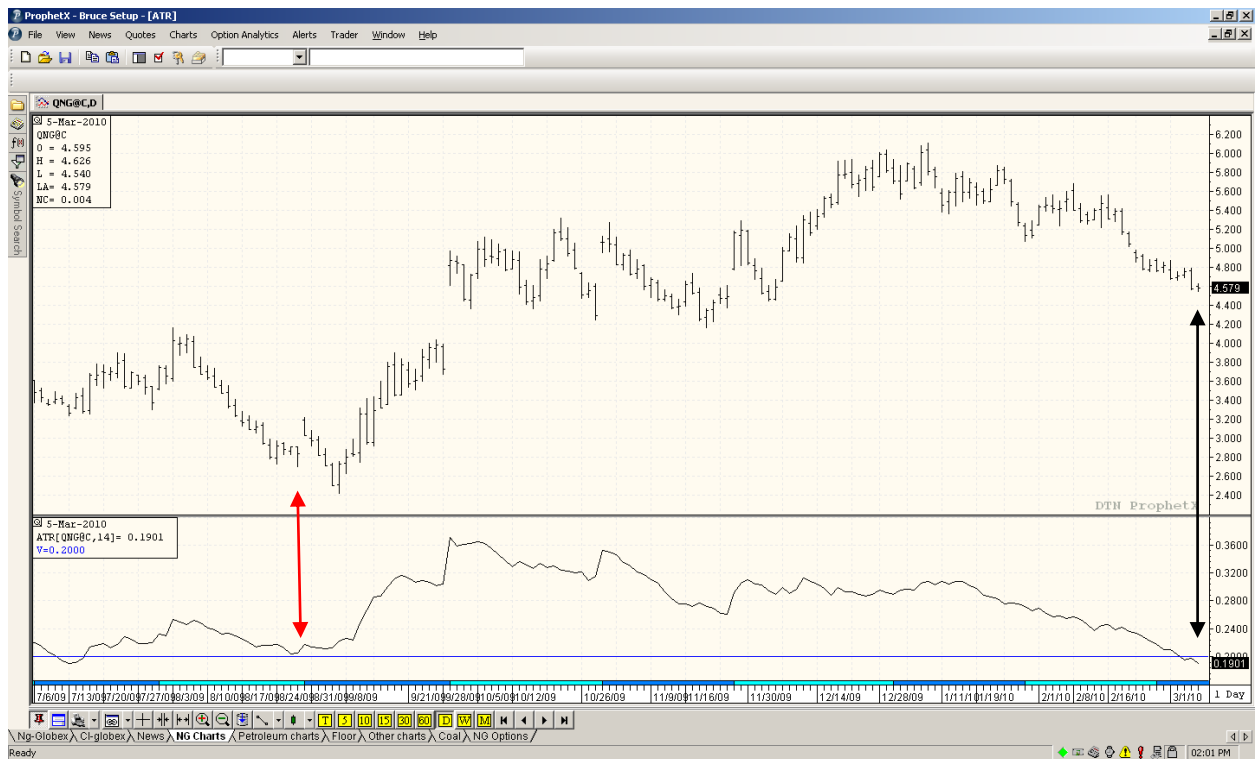
1. April 10- Oct 10 "strip" closed at \$4.80/dt, down \$.22/dt from last week
2. April through December 2010 closed at \$4.959/dt, down \$.216/dt from last week.
3. April through March 2011 closed at \$5.18/dt, down \$.225/dt from last week.

Bearish price factors :

1. U.S. Rig counts – as of this week, the number of operating rotary rigs in the United States is 1373, **up 28 from last week and 130 above from this same week in 2009.**

Bullish price factors:

1. Alternate fuels – Prompt month crude oil closed at \$81.6/barrel, up \$1.94/barrel from last week's closing price. #2 oil closed today at \$2.099/gallon, up \$.079/gallon from last week's closing price – this equates to roughly \$15.09/dt equivalent natural gas price.
2. Weather forecast – both the 6 – 10 day and 8 – 14 day forecasts show below normal temperatures for the majority of the country.
3. Price volatility – the 14 day Average True Range is in bullish territory with a reading of .1901 (see black arrow on chart below). As a reminder, price highs are normally made during periods of high price volatility and price lows during periods of low price volatility. The last time the ATR was close to this low was the last week of August 2009, just days before 3rd quarter 2009 price low was printed (see red arrow). As a comparison, when the 4th quarter 2009 price high was printed, the ATR was .295.



Neutral price factors:

1. Volume of gas in storage. Working gas in storage was 1,737 Bcf as of Friday, February 26, 2010, according to EIA estimates. This represents a net decline of 116 Bcf from the previous

week. Stocks were 71 Bcf less than last year at this time and 21 Bcf above the 5-year average of 1,716 Bcf.

2. Percent price decline from the 4th quarter 2009 price high to the 1st quarter 2010 price low – currently at 25% compared to the historical average of approximately 40%.

Technical indicators:

Technical indicators appear to be negative. Short-term indicators are in the 'oversold' area indicating a short-term price rally could be forthcoming. The price path of least resistance appears to be lower.

Summary:

In spite of the fact that both short and long term charts appear to be very bearish, technical indicators continue to point to a possible short-term price rally. For an indication as to how high price could possibly go during this rally, refer back to the Weekly Continuation Chart. Notice that the upper declining trend line is currently valued at +/- \$5.25/dt. I don't think it would be out of the question to see the April contract trade that high before once again, moving lower.

For the longer-term, I originally thought it was possible the prompt month would trade to the mid to upper \$3/dt price range during calendar month March. However, while still possible, the further into March we get without this occurring lessens the chance it will occur until later in the year – possibly as late as the 3rd quarter of 2010. Considering this possibility, if you need price protection for the spring and summer, you may want to consider purchases for the April – October time frame for a portion of your volume requirement.

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:

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

April 10 = +/- \$4.40/dt

April 10 – Oct 10 = +/- \$4.65/dt

April 10 – March 11 = +/- \$5.00/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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