



WEEKLY UPDATE

February 25, 2010

PRICING FOCUS

NYMEX Henry Hub prompt-month (April 2010) contract closed today at \$4.767, with a weekly high of \$5.157 and low of \$4.743, a decrease of \$0.397 or 7.7% from last Thursday. Technical resistance was set this morning at \$4.92 and support level at \$4.70. If Prompt-month support is broken, next support level will be set at \$4.275. We continue to see seasonal weakness for natural gas. Market seems comfortable with current natural gas storage supplies, despite the fact that storage levels are now below the one year average.

Calendar Strips

Date	Year	2010	2011	2012	2013	2014	2015
2/18/2010	NAT GAS STRIP	\$5.47	\$6.00	\$6.19	\$6.35	\$6.55	\$6.77
2/25/2010	NAT GAS STRIP	\$5.13	\$5.83	\$6.12	\$6.31	\$6.52	\$6.72
Change from Previous week		(\$0.33)	(\$0.16)	(\$0.07)	(\$0.04)	(\$0.03)	(\$0.05)

Monthly Strips

Date	Year	6 Months	12 Months	18 Months	24 Months	36 Months	48 Months
2/18/2010	NAT GAS STRIP	\$5.28	\$5.61	\$5.67	\$5.83	\$5.96	\$6.07
2/25/2010	NAT GAS STRIP	\$4.94	\$5.35	\$5.44	\$5.66	\$5.83	\$5.96
Change from Previous week		(\$0.34)	(\$0.26)	(\$0.23)	(\$0.18)	(\$0.13)	(\$0.11)

NATURAL GAS FUNDAMENTALS

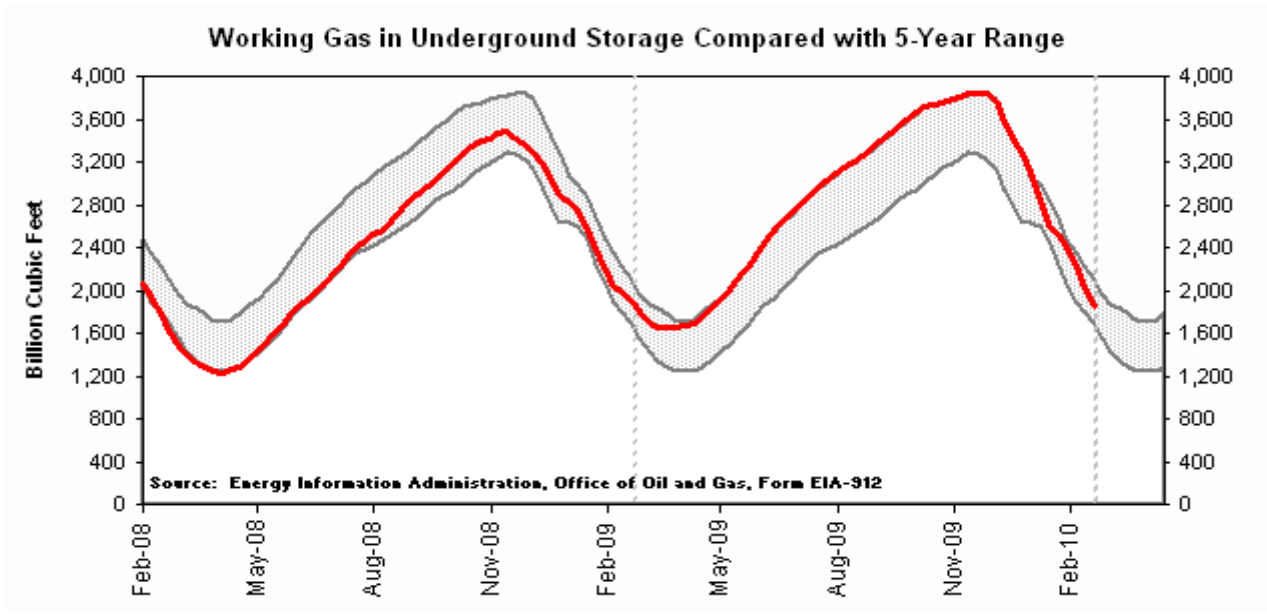
Prior to release of the weekly natural gas storage report by the EIA, NYMEX Henry Hub prompt-month was trading in the \$4.84 - \$4.745 range on market expectations of a withdrawal between 157Bcf and 181Bcf. The report showed a withdrawal of 172Bcf, natural gas prompt-month futures contract closed \$0.092 lower from previous session. Last year for week ending 02/19/2009 we had a withdrawal of 90 Bcf and a 5 yr average withdrawal of 132Bcf. As of February 19, 2010 working natural gas in storage was 1,853 Bcf about 2.9% below last year's levels and 0.7% above the 5-year average.

Working Gas in Underground Storage, lower 48

Region	Stocks in billion cubic feet (Bcf)			Historical Comparisons			
	02/19/10	02/12/10	Change	Year Ago (02/19/09)		5-Year (2005-2009) Average	
				Stocks (Bcf)	% Change	Stocks (Bcf)	% Change
Total	1,853	2,025	-172	1,909	-2.9	1,840	0.7

Source: EIA - 02/25/2010

According to the Baker Hughes Rotary Rig Count, as of February 19, 2010 the number of rigs drilling for Natural Gas increase by 2 to 893 from previous week count of 891, representing a 7% increase of previous month and a 12% decline from previous year.

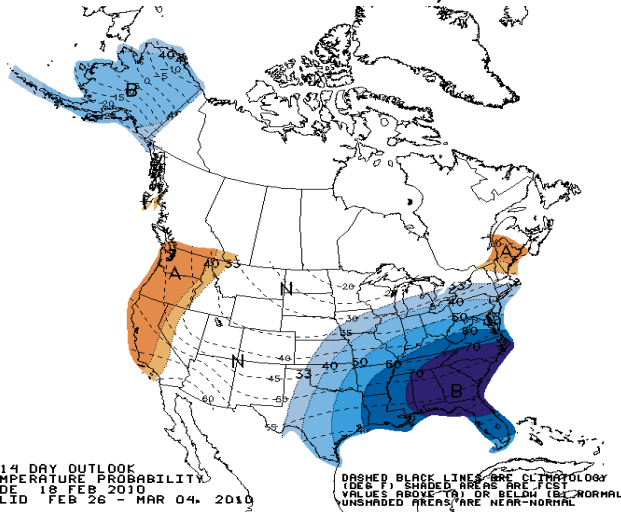


Source: EIA "Weekly Underground Natural Gas Storage Report." Updated 02/25/2010

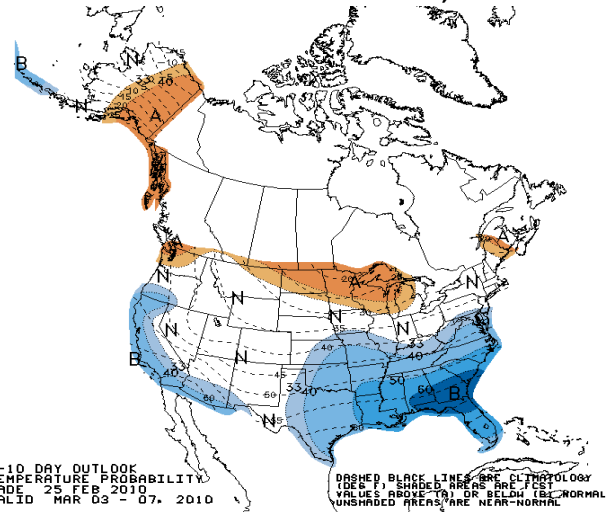
Red line indicates past and current levels. Shaded area indicates the range between the historical minimum and maximum values. Dashed vertical lines indicate current and year-ago weekly periods.

WEATHER FORECAST

Outlook – Feb 26– March 04, 2010



Outlook – March 03 – March 07, 2010



Source: National Oceanic and Atmospheric Administration 02/18/2010

Weather Outlook Map Legend

- No color (N) Normal temperatures
- Red & Orange (A) Above normal temperatures
- Blue (B) Below normal temperatures
- Temperature extremes go from lighter to darker colors

ERCOT HEAT RATES

ERCOT Heat Rates										
Week of 02/25/2010										
ERCOT Houston Zone										
Year	Balance 2010		2011		2012		2013		2014	
	5X16	7X24	5X16	7X24	5X16	7X24	5X16	7X24	5X16	7X24
Heat Rate	9.83	8.09	9.20	7.74	9.40	7.96	9.80	8.22	10.00	8.41
Heat Rate change from previous week	0.01	0.02	0.03	0.03	(0.05)	(0.04)	(0.05)	(0.02)	0.00	0.00
NYMEX NAT GAS STRIP	\$5.13		\$5.83		\$6.12		\$6.31		\$6.52	
Indicative Wholesale Price*	\$50.47	\$41.54	\$53.67	\$45.18	\$57.50	\$48.66	\$61.86	\$51.90	\$65.22	\$54.84
Indicative Wholesale Price* change from previous week	(\$3.21)	(\$2.58)	(\$1.31)	(\$1.08)	(\$0.99)	(\$0.80)	(\$0.71)	(\$0.48)	(\$0.29)	(\$0.24)
ERCOT North Zone										
Year	Balance 2010		2011		2012		2013		2014	
	5X16	7X24	5X16	7X24	5X16	7X24	5X16	7X24	5X16	7X24
Heat Rate	9.20	7.73	8.69	7.38	8.87	7.50	9.15	7.71	9.33	7.87
Heat Rate change from previous week	0.05	0.07	0.07	0.06	(0.01)	0.00	0.00	0.00	0.00	0.07
NYMEX NAT GAS STRIP	\$5.13		\$5.83		\$6.12		\$6.31		\$6.52	
Indicative Wholesale Price*	\$47.24	\$39.69	\$50.67	\$43.07	\$54.22	\$45.86	\$57.76	\$48.64	\$60.82	\$51.31
Indicative Wholesale Price* change from previous week	(\$2.78)	(\$2.18)	(\$0.99)	(\$0.84)	(\$0.70)	(\$0.54)	(\$0.37)	(\$0.31)	(\$0.27)	\$0.21
ERCOT South Zone										
Year	Balance 2010		2011		2012		2013		2014	
	5X16	7X24	5X16	7X24	5X16	7X24	5X16	7X24	5X16	7X24
Heat Rate	9.84	8.09	8.89	7.50	8.89	7.50	9.00	7.54	9.10	7.64
Heat Rate change from previous week	0.03	(0.03)	0.04	0.04	0.03	0.04	(0.02)	(0.01)	0.03	0.01
NYMEX NAT GAS STRIP	\$5.13		\$5.83		\$6.12		\$6.31		\$6.52	
Indicative Wholesale Price*	\$50.53	\$41.54	\$51.86	\$43.78	\$54.38	\$45.90	\$56.81	\$47.61	\$59.35	\$49.84
Indicative Wholesale Price* change from previous week	(\$3.10)	(\$2.85)	(\$1.17)	(\$0.96)	(\$0.49)	(\$0.31)	(\$0.46)	(\$0.35)	(\$0.10)	(\$0.14)

*Indicative Wholesale Prices WITHOUT ANY SHAPE – (Heat Rate X NYMEX Gas Strip) - Provided as an indication of price levels only; Calculated using median HR Bid/Offer. This data consists of purely indicative bid/offer wholesale market prices.

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