



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR FEBRUARY 2, 2010

NATURAL GAS MARKET NEWS

Reuters reported that according to ship tracking services, Repsol's Bilbao Knutsen LNG tanker is expected to arrive at the Canaport LNG terminal in New Brunswick, Canada from Trinidad on February 12th.

According to port officials the Al Kharaitiyat LNG tanker arrived from Qatar at the Milford Haven LNG terminal. Two tankers are expected this week at the Isle of Grain terminal with a third expected on February 12th.

Woodside Petroleum and workers from its Pluto gas export project are scheduled to meet later this week as they try to resolve a dispute over housing issues in order to avoid another work stoppage. The union workers ended their most recent eight-day stoppage on January 30th. Unions have been participating in rolling work stoppages since late December.

Dominion Resources has confirmed it has closed on the sale of its Peoples Natural Gas unit to an affiliate of SteelRiver Infrastructure Fund North America on February 1st. Despite the sale of the natural gas utility, Dominion said it is "not leaving Pennsylvania by any means. We are expanding our large natural gas transportation and storage

Generator Problems

PJM – Exelon's 1140 Mw Peach Bottom #2 nuclear unit was at 90% capacity this morning, up 30% from Monday.

SERC – Southern Nuclear's 876 Mw Hatch #1 nuclear unit was operating at 94% power this morning, down 1% from yesterday, as operators slowly coast the unit down to a planned refueling and maintenance outage next week.

MISO – Exelon's 1138 Mw LaSalle #1 nuclear unit was at 98% power on Tuesday morning down 1% from Monday as operators begin to coast the unit down to a scheduled refueling outage.

ERCOT & SPP – Unit #4 at the Sandow coal fired power plant was expected to undergo maintenance this morning and early afternoon as operators work on electrostatic precipitators.

Entergy's 858 Mw Arkansas Nuclear One unit #2 was at 70% power this morning, down 30% from yesterday.

CallISO reported this afternoon that 14,090 Mw of generating capacity was offline today. This was 12% greater than yesterday. Some 5146 Mw or 38.2% of this off line generation today was non gas fired generation.

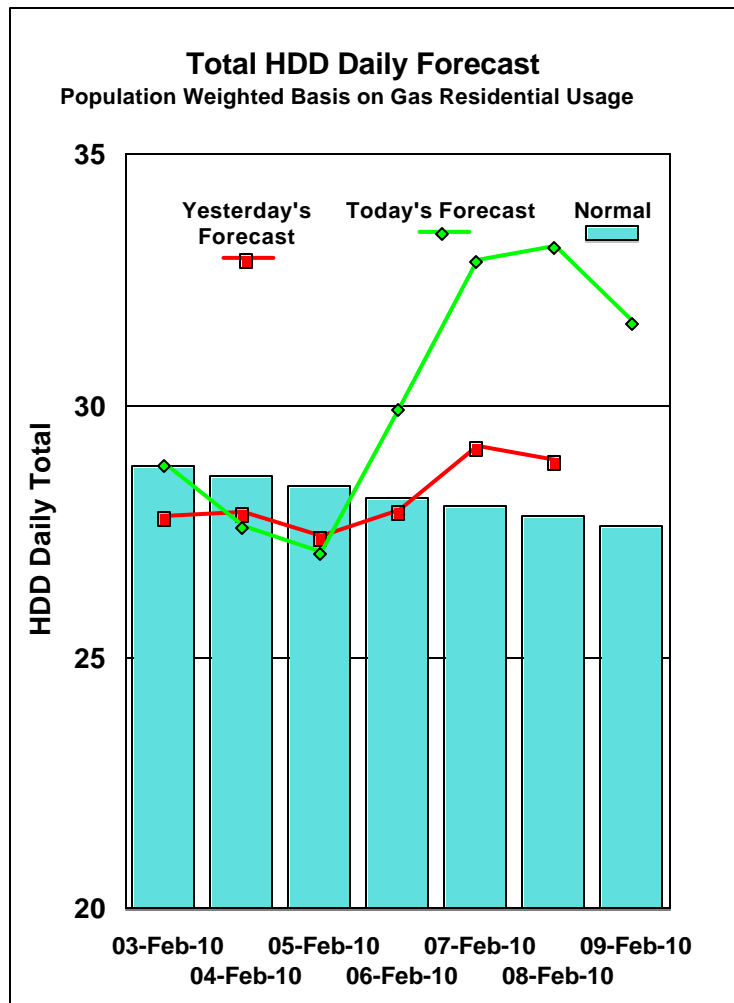
The NRC reported today that 95,223 Mw of nuclear generation was on line this morning, up less than 0.1% from yesterday and up nearly 3.6% from the same time a year ago.

system in the state to handle the influx of gas from the Marcellus Shale and other new sources."

El Paso reported today that as of December 31, 2009, it had 5.1 trillion cubic feet

Natural Gas Cash Market						
ICE Next Day Cash Market						
Location	Volume Traded	Avg Price	Change	Basis (As of 12:30 PM)	Change	Basis 5-Day Moving Avg
Henry Hub	725,000	\$5.471	\$0.173	(\$0.020)	\$0.026	\$0.161
Chicago City Gate	730,700	\$5.631	\$0.152	\$0.140	\$0.049	\$0.246
NGPL- TX/OK	596,800	\$5.335	\$0.124	(\$0.156)	\$0.021	(\$0.070)
SoCal	497,200	\$5.576	\$0.123	\$0.085	\$0.020	\$0.181
PG&E Citygate	726,600	\$5.760	\$0.138	\$0.269	\$0.035	\$0.378
Dominion-South	290,300	\$5.723	\$0.071	\$0.232	(\$0.032)	\$0.375
USTRade Weighted	22,096,200	\$5.528	\$0.129	\$0.037	\$0.03	\$0.161

equivalent (Tcfe) of estimated totaled risked unproved resources, or 8.9 Tcfe unrisked, in addition to the 2.75 Tcfe of proved natural gas oil and gas reserves. The company's risked total unproved resources rose approximately 1.6Tcfe, or 44%, from year end 2008 levels. The majority of the increase was due to the addition of extensive drilling opportunities in the Haynesville Shale and Eagle Ford Shale programs. Unproved resources and proved reserves include the company's proportionate share of Four Star Oil & Gas Company and represents the company's net interest.



Russia's Energy Ministry reported that Russia's oil production fell to 10.04 million bpd in January, down 0.1% from 10.05 million bpd in December. Meanwhile, Russia's natural gas production increased by about 2% to 2.06 billion cubic meters/day from 2.02 bcm in December.

PIPELINE RESTRICTIONS

Tennessee Gas Pipeline said that effective for February 2nd and until further notice it will accept increases at STA 245. The estimated available capacity is 30,000 Dths.

PIPELINE MAINTENANCE

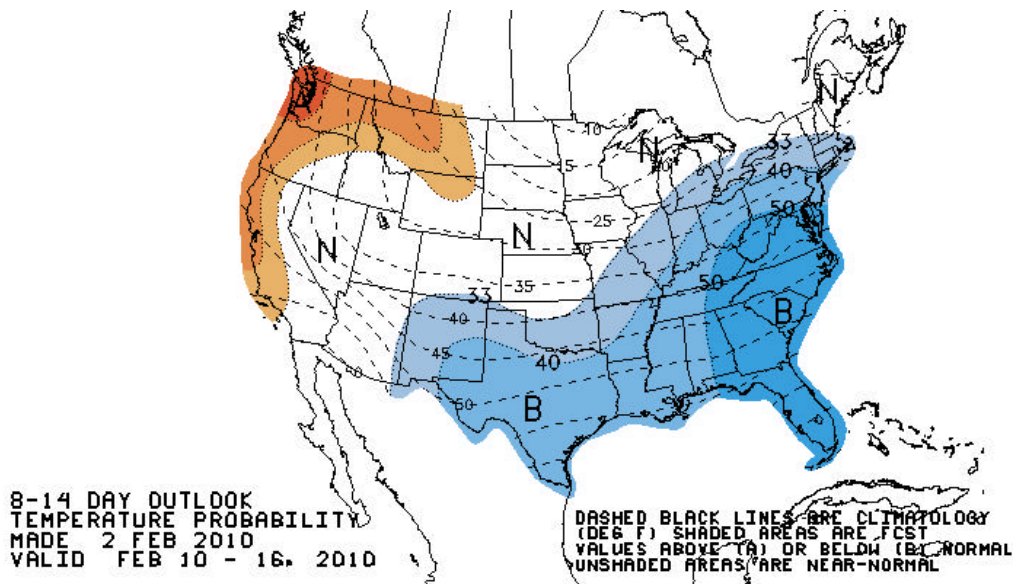
Gulf South Pipeline said it would be performing pigging operations on Index 270 (Baton Rouge to New Orleans). The

company has scheduled maintenance at MP 75.91 to MP 77.28 loop beginning February 25th and lasting for eight days. It will also do work on March 8th and lasting for 10 days between MP 73.06 and MP 77.28 and again starting on March 18th and lasting for 10 days between MP 73.06 and MP 77.28.

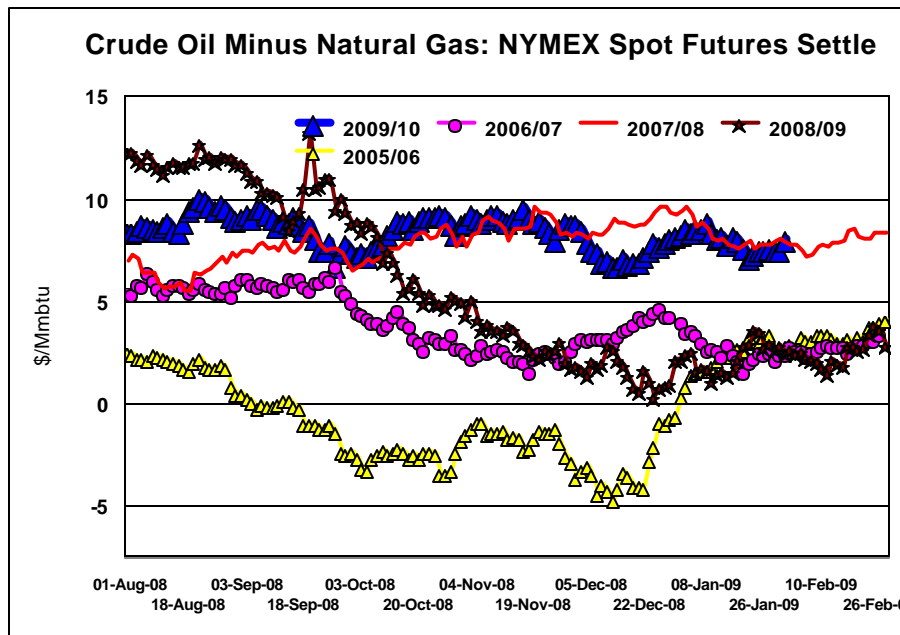
ELECTRIC MARKET NEWS

Genscape reported that they estimate U.S. power plants saw their coal stockpiles decline by 1.3% this week, but remained 12.6% above year ago levels.

Progress Energy said today that a crack discovered in the containment wall of its Crystal



River nuclear power station will keep the reactor out of service until midyear. The unit was shut in late September of 2009, had been expected to return to service by mid-December, after being refueled and the installation of new steam generators. The utility is still finalizing work to determine the cause of the crack and then will formulate a repair schedule.



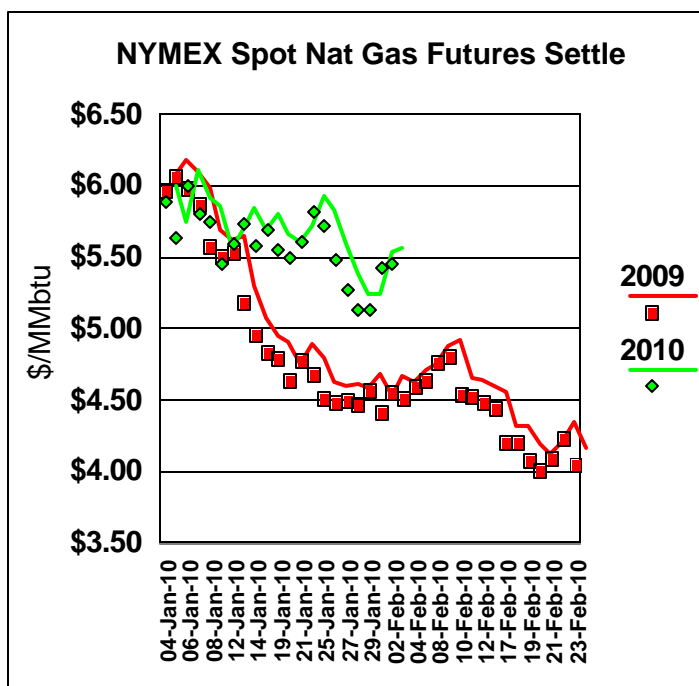
MARKET COMMENTARY

Despite the major price spike in oil futures values today the natural gas market basically ended up where it started. Maybe the confusion for this market was found in conflicting long-term weather forecasts. Punxsutawney Phil saw his shadow today and as a result was calling for six more weeks of winter. While the accuracy of his prediction is 39%, the more accurate "Staten Island Chuck" which holds a shorter track record but reportedly has a 76%

accuracy rate, did not see his shadow and as a result should result in only four more weeks of winter. Seriously though traders continue to watch temperature forecasts and appear to remain sensitive to any deviation in these outlooks. This morning the short term outlook for the next seven days appeared to be some 6% colder than yesterday's outlook and this helped the spot next day market to move higher on the day, even relative to the futures market. Longer term though the consensus seems to be that 6-15 day period should see below normal temperatures over the eastern half of the nation. While private weather forecasters continue to call for the 15-30 day period to remain cold in the eastern half of the nation, their confidence level in this forecast remains relative low.

Open interest reported at midday today showed that on the NYMEX Henry Hub futures and swaps increased by a combined and adjusted basis of 9,589 lots yesterday, bringing about a 17,226 lots increase in open interest over a two day period. This has to be seen not as some short covering as we conjectured yesterday, but new longs coming into the market.

While we continue to have about as much faith in the 16-30 day forecasts as the ground hog predictions, this market remains sensitive to these bullish forecasts especially at the start of the month, only to find the cold hard reality of the overhang of storage gas that will pressure prices by the end of the month. This has been the pattern not only last month but during the first two months of 2009 as well. As a result we remain comfortable with our commentary from last night being a scale up seller of this market. A more conservative approach



though for those of faint of heart would be a a buyer of the March \$5.25 put., which today settled at 49.7 cents. We see resistance tomorrow at \$5.538 followed by \$5.6147 and \$5.645. More distant resistance we see at \$5.706, \$5.804 and \$6.027. Support we se at \$5.355, \$5.299, \$5.243 and \$5.196. More distant support we see at \$5.06 and \$4.937.

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