



Weekly Update

February 2nd, 2012



NYMEX Commodities

	2/1	1/25	▲	Year Ago
Crude Oil Mar. 2012	\$97.61	\$99.40	(\$1.79)	\$90.86
Natural Gas Mar. 2012	\$2.38	\$2.73	(\$0.35)	\$4.22
Gas (RBOB) Mar. 2012	\$2.89	\$2.83	\$0.06	\$2.50
Heating Oil Mar. 2012	\$3.05	\$3.02	\$0.03	\$2.78

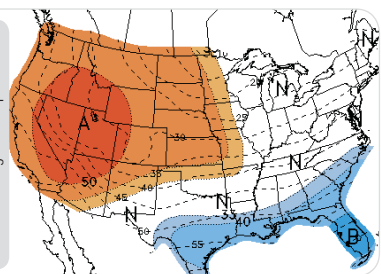
Platts-ICE Foward Curve, Electricity

Prompt: 2/2012	2/1	1/25	▲	Year Ago
Mass Hub	\$33.50	\$45.75	(\$12.25)	\$50.00
N.Y. Zone G	\$37.00	\$45.50	(\$8.50)	\$53.75
PJM West	\$33.85	\$38.25	(\$4.40)	\$47.35
ERCOT	\$24.75	\$27.75	(\$3.00)	\$36.25

NYMEX Natural Gas Strip Averages

Prompt: 2/2012	2/1	1/25	▲
Q1 2012	\$2.38	\$2.75	(\$0.37)
Q2 2012	\$2.63	\$2.95	(\$0.32)
Spring 2012	\$2.52	\$2.95	(\$0.43)
Summer 2012	\$2.77	\$2.95	(\$0.19)
Cal. Yr. 2012	\$2.79	\$3.07	(\$0.28)
Cal. Yr. 2013	\$3.50	\$3.75	(\$0.26)
12 Months	\$2.85	\$3.12	(\$0.28)
24 Months	\$3.21	\$3.46	(\$0.25)
36 Months	\$3.45	\$3.68	(\$0.22)

NOAA 6 to 10 Day Outlook: Color indicates the probability of forecasted temperatures being above or below a historical average for the period.



Regardless of one's view on whether energy prices will rise or fall, all should determine if there is an opportunity to save money or to mitigate risk. Contact your account representative to explore all current offers and discuss market conditions.

Cheap Natural gas jumbles energy markets, stirs fears it could inhibit renewables

The Washinton Post | February 2, 2012

For the past three years, promoters of shale gas and environmentalists opposed to coal-fired power plants have hailed the sudden abundance of U.S. natural gas as a bridge to a renewable-energy future.

But natural gas has become so cheap that many energy experts and environmentalists now wonder whether it will turn into a long, bumpy detour.

U.S. natural gas prices, which hit more than \$13 per thousand cubic feet in 2008, have tumbled to about \$2.50 per thousand cubic feet. Rapidly rising production of shale gas and a warm winter have created a glut and pushed supplies in storage to 21 percent above the average of the past five years.

That has been good news for consumers, who have seen gas and electric bills decline slightly. And it is a hopeful sign for the chemical industry, which uses gas as a raw material, and the makers of electric vehicles. President Obama is promoting the use of natural gas in trucks. And since burning natural gas emits half the greenhouse gases of burning coal, it could cut the quantity of climate changing emissions.

But cheap gas has also thrown energy markets into turmoil. It is impossible for almost any other source of electric power to compete, especially coal and nuclear. By trimming fuel bills, cheap gas has reduced incentives for energy conservation and efficiency. And it has left solar and wind, despite their own falling costs, heavily dependent on government mandates in California and roughly 30 other states, including Maryland.

"Shale gas has changed the game in the United States," said Paul Browning, head of General Electric's thermal-products division, which makes gas turbines. "It is putting pressure on other power generation technologies."

The shale gas rush has raised myriad environmental issues over wastewater disposal, the toxicity of chemicals used, the possible link to earthquakes, and the amount of potent methane gas that escapes during drilling, possibly offsetting the climate benefits of gas over coal.

But the economic issue is disruptive, too. The rush to produce shale gas "is forcing all of us to seriously address what it means for us," said Ralph Izzo, chief executive of Public Service Enterprise Group, a New Jersey-based utility that relies on nuclear for half of its power supply. Izzo said it would mean "the delay of the nuclear renaissance for years to come."

Coal use is fading. PSEG is increasing natural gas from 15 to 35 percent of its generation and shrinking coal's share from 35 to 15 percent. In North Carolina, Duke Energy's new Buck natural gas plant is producing power 30 percent cheaper than the company's renovated Belews Creek plant, one of the most efficient coal plants in the country.

Even gas-producing companies are cutting back because of the glut. Chesapeake Energy, a leading shale company, said Jan. 23 that it would cut the number of rigs drilling for gas to 24, a third of its average in 2011. Chesapeake also said it would curtail its natural gas production by about 8 percent. Exxon Mobil said Tuesday that it has maintained its 70-rig U.S. fleet but doubled the percentage of rigs searching for oil instead of gas.



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Oil Falls to Six-Week Low as Stockpiles Rise, Fuel Demand Slips

Bloomberg | February 2, 2012

Oil fell to the lowest in six weeks as U.S. crude stockpiles increased more than estimated and gasoline use fell to a 10-year low. Brent crude in London was at the biggest premium to New York oil in 12 weeks.

Futures declined for a fifth day, losing as much as 1 percent after an Energy Department report yesterday showed crude supplies in the U.S. rose by 4.2 million barrels last week. Inventories were projected to increase 2.6 million barrels, according to a Bloomberg News survey. Talks on Iran's nuclear program have made little progress, German Chancellor Angela Merkel said in a speech in Beijing today.

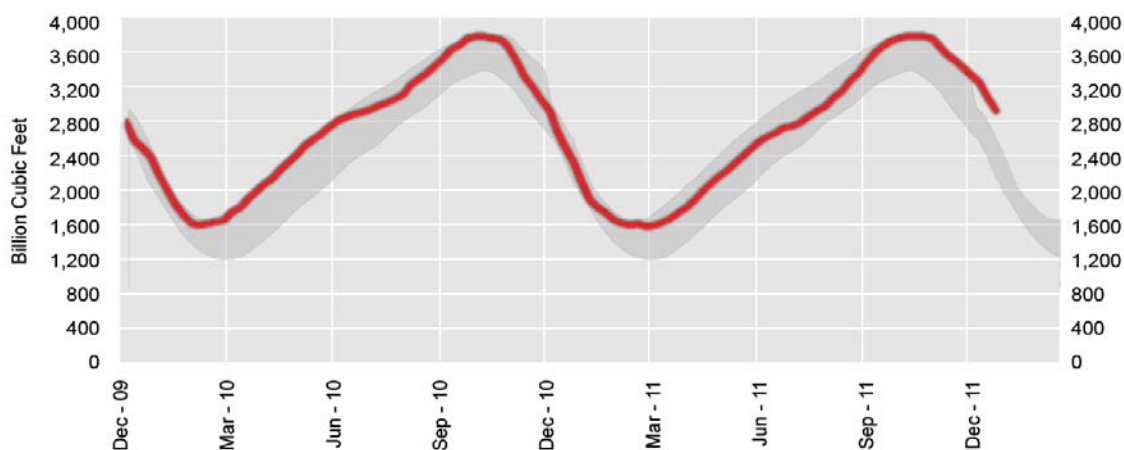
"The bears worried about poor demand after last night's data and prices weakened," said Christopher Bellew, a senior broker at Jefferies Bache Ltd. in London, who expects Brent crude to trade in a range of \$110.50 to \$112.50 a barrel this week. "But Iran is still a cause for concern."

Crude for March delivery on the New York Mercantile Exchange fell as much as 95 cents to \$96.66 a barrel, the lowest since Dec. 20, and was at \$96.81 at 12:01 p.m. London time. The contract fell 0.9 percent yesterday to \$97.61 a barrel. Prices are down 2 percent this year.

Brent oil for March settlement was up 35 cents at \$111.91 a barrel on the London-based ICE Futures Europe exchange. It rose 58 cents yesterday to \$111.56, the highest close since Jan. 11. The European benchmark contract's premium to West Texas Intermediate futures increased to \$15.16, the widest since Nov. 14. That compares with a record spread of \$27.88 on Oct. 14.

EIA - Weekly Natural Gas Storage Report

Working Gas in Underground Storage Compared with 5-Year Range



Summary

Working gas in storage was 2,966 Bcf as of Friday, January 27, 2012, according to EIA estimates. This represents a net decline of 132 Bcf from the previous week. Stocks were 586 Bcf higher than last year at this time and 601 Bcf above the 5-year average of 2,365 Bcf. In the East Region, stocks were 218 Bcf above the 5-year average following net withdrawals of 100 Bcf. Stocks in the Producing Region were 310 Bcf above the 5-year average of 789 Bcf after a net withdrawal of 22 Bcf. Stocks in the West Region were 73 Bcf above the 5-year average after a net drawdown of 10 Bcf. At 2,966 Bcf, total working gas is above the 5-year historical range.

Note: The shaded area indicates the range between the historical minimum and maximum values for the weekly series from 2007 through 2011.

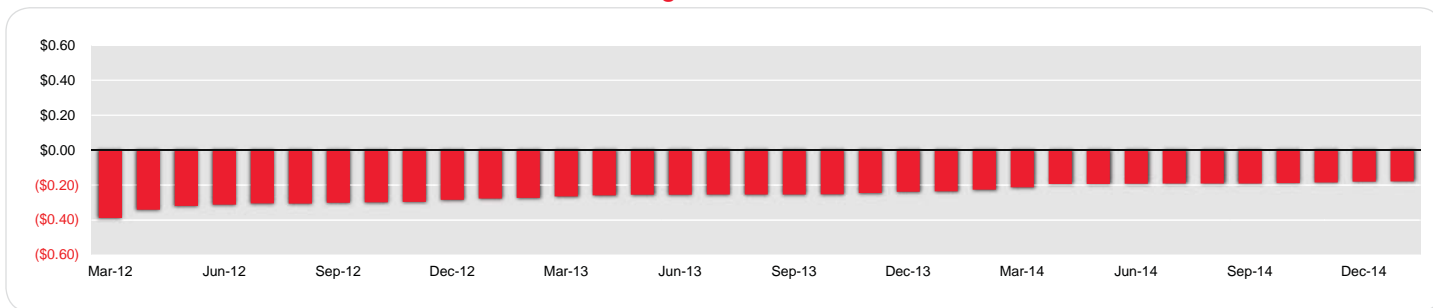


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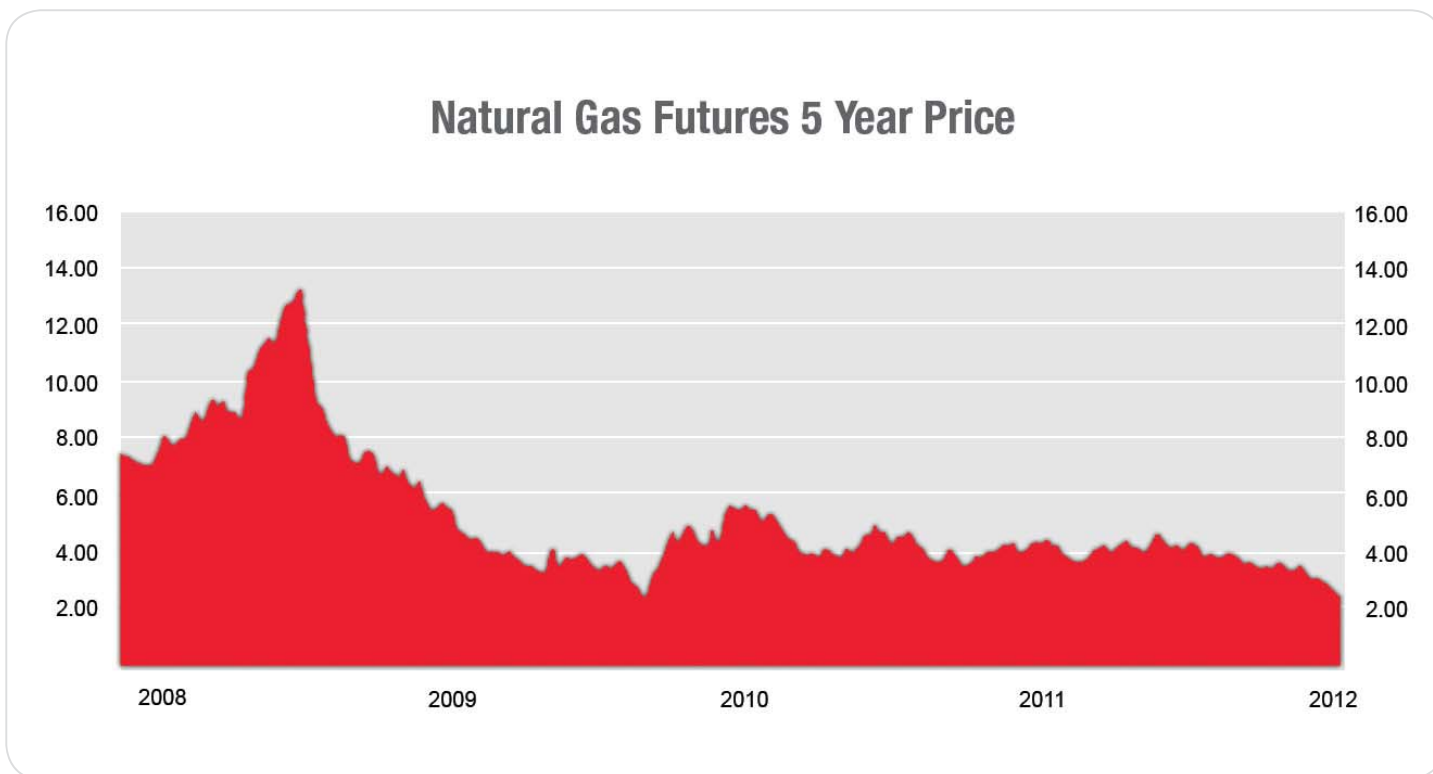
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NYMEX Natural Gas Week-to-Week Price Change



NYMEX Natural Gas Week-to-Week Price Change - Yearly Snapshot



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