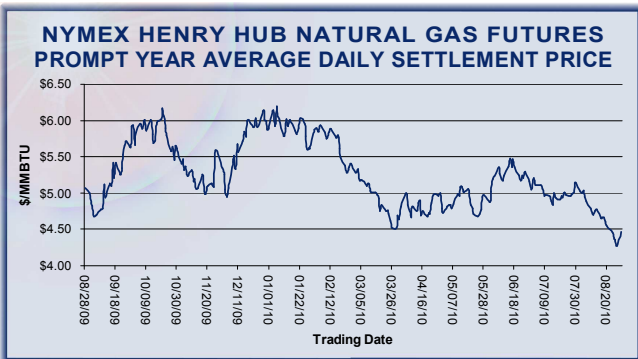
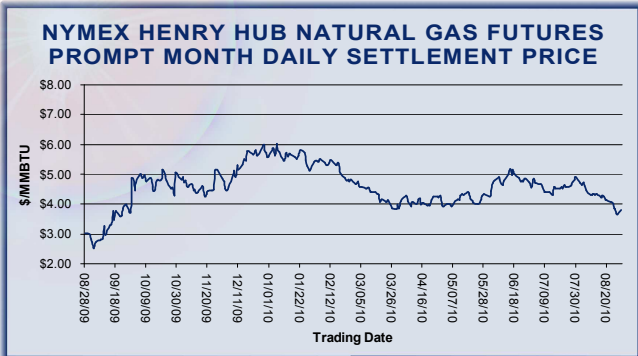
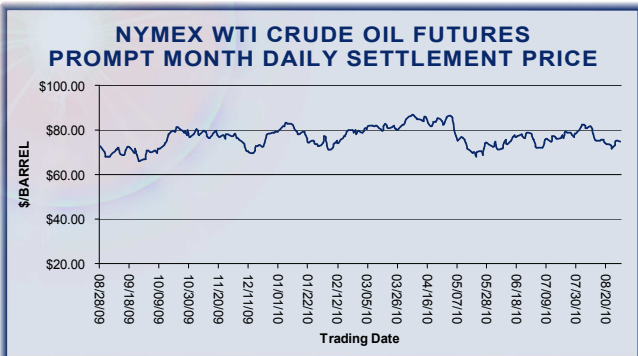
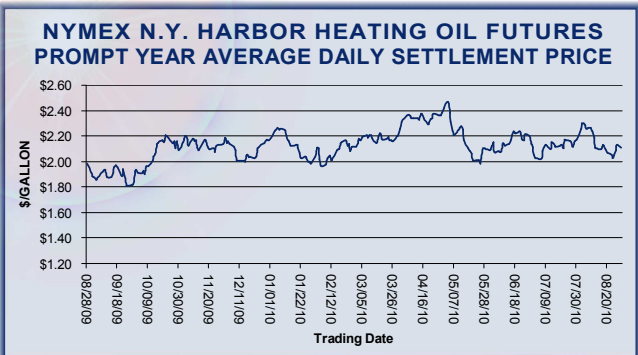


NATURAL GAS CHARTS



PETROLEUM CHARTS



MARKET COMMENTARY

On Monday, October Natural Gas opened up a nickel after trading mostly unchanged over the weekend. Natural Gas climbed steadily higher throughout the day as the cash markets found new strength thanks to a late season heat wave. October pushed right up to the \$3.85 resistance before trailing off back to \$3.80. With less than an hour before the close, October broke through \$3.85 on its way to a \$3.878 high. It didn't take long for the sellers to pounce on the opportunity and Natural Gas was quickly trading back around \$3.80 again. The \$3.85 resistance is looking very formidable at this point so we'll probably need some bullish fundamental news to get back above \$4.00. We're in the period – historically between August 27 and September 25 – where the market usually makes its seasonal low. The current trend lines on the chart are unsustainably steep, so this market really needs a correction to the \$3.96 to \$4.03 area to provide good entry points for sellers to support further declines. This morning in Globex trade, Natural Gas is up around \$0.03. Crude Oil is down around a dollar, Heating Oil is down around a cent and a half and Gasoline is down around \$0.02.

Hurricane Earl has grown into an extremely powerful category 4 storm. This morning's forecast track comes much closer to the east coast than what we were seeing yesterday. It appears that hurricane force winds could be felt from the Outer Banks all the way to New England. Invest 97L developed into Tropical Storm Fiona overnight. The forecast track still looks more like Danielle, staying far away from land. A fourth Atlantic system (Danielle still technically exists in the far north Atlantic) dubbed 98L is currently 300 miles southeast of the Cape Verde islands. This system appears more menacing to the Gulf as its forecast track is currently farther south, but the system is still far away and has a lot of time to wander.

Basis markets saw little movement on Monday, with only slight declines in prompt month October deliveries.

Northeast city gate cash prices rebounded sharply on Monday, with Northeast markets up by a dime to \$0.15. We're expecting to see a fair bit of cooling demand this week, which should keep cash prices strong until Hurricane Earl arrives on Friday evening to cool things off.

Note: a glossary of commonly used industry terms can be found on our web site at: <http://www.spragueenergy.com/pages/content.aspx?p=Natural%20Gas%20Marketwatch%20Glossary>

MARKET STATISTICS

12 MONTH STRIP SETTLEMENT PRICES - August 30, 2010						
Basis Mo.	NG Settle	NG Change	HO Settle	HO Change	CL Settle	CL Change
Oct-10	\$3.812	+ \$0.107	202.52¢	- 1.91¢	\$74.70	- \$0.47
Nov-10	\$4.124	+ \$0.121	203.77¢	- 1.98¢	\$75.91	- \$0.30
Dec-10	\$4.445	+ \$0.119	206.01¢	- 1.93¢	\$77.17	- \$0.13
Jan-11	\$4.611	+ \$0.118	208.49¢	- 1.80¢	\$78.13	- \$0.02
Feb-11	\$4.600	+ \$0.118	211.08¢	- 1.68¢	\$78.89	+ \$0.05
Mar-11	\$4.536	+ \$0.114	212.70¢	- 1.56¢	\$79.51	+ \$0.08
Apr-11	\$4.453	+ \$0.114	213.46¢	- 1.48¢	\$79.98	+ \$0.08
May-11	\$4.482	+ \$0.114	213.59¢	- 1.43¢	\$80.42	+ \$0.07
Jun-11	\$4.540	+ \$0.113	213.94¢	- 1.36¢	\$80.85	+ \$0.07
Jul-11	\$4.612	+ \$0.111	214.51¢	- 1.30¢	\$81.26	+ \$0.08
Aug-11	\$4.664	+ \$0.109	216.13¢	- 1.30¢	\$81.58	+ \$0.07
Sep-11	\$4.686	+ \$0.107	217.91¢	- 1.30¢	\$81.88	+ \$0.05
Oct-Oct	\$3.812	+ \$0.107	202.52¢	- 1.91¢	\$74.70	- \$0.47
Nov-Mar	\$4.463	+ \$0.118	208.41¢	- 1.79¢	\$77.92	- \$0.06

EIA NATURAL GAS STORAGE STATISTICS - WEEK ENDING Aug 20, 2010						
Storage Region	This Week		Last Year		5 Year Average	
	Inventory	Change	Inventory	% Diff.	Inventory	% Diff.
East Market	1,624 BCF	+ 48 BCF	1,718 BCF	- 5.5%	1,609 BCF	+ 0.9%
West Market	479 BCF	- 3 BCF	454 BCF	+ 5.5%	401 BCF	+ 19.6%
Producing	949 BCF	- 5 BCF	1,078 BCF	- 12.0%	865 BCF	+ 9.7%
TOTAL	3,052 BCF	+ 40 BCF	3,250 BCF	- 6.1%	2,875 BCF	+ 6.1%

CFTC COMMITMENTS OF TRADERS REPORT									
FUTURES & OPTIONS COMBINED - NYMEX and ICE OTC - ALL POSITIONS IN BCF									
Report Date	Commercial		Swaps Dealers / Funds			Non-Reporting / Other			Total Open Interest
	Long	Short	Long	Short	Spread	Long	Short	Spread	
8/24/10	13%	10%	11%	14%	38%	2%	4%	9%	100%
8/17/10	5,163	3,836	4,076	5,359	7,347	833	1,420	1,673	19,363
8/10/10	5,121	3,861	4,101	5,303	7,396	780	1,349	1,719	19,373
8/3/10	5,057	3,837	4,096	5,286	7,444	789	1,436	1,745	19,439
8/3/10	4,722	3,793	3,952	4,833	7,429	1,027	1,190	1,569	18,756

COOLING DEGREE DAYS - 7 DAYS ENDING August 30, 2010			
Market	Actual CDD	Normal CDD	Variance
BOSTON	55	38	+ 47%
NEWARK	69	60	+ 15%
PITTSBURGH	37	31	+ 19%
SYRACUSE	27	15	+ 80%