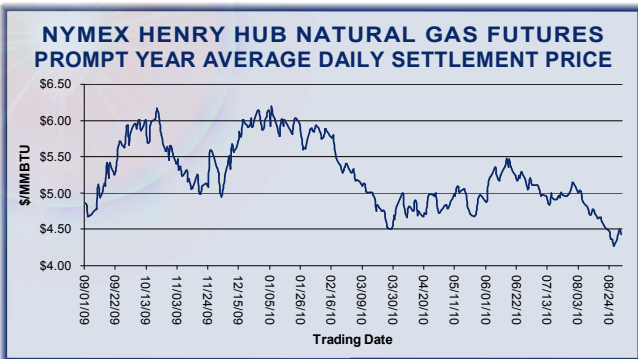
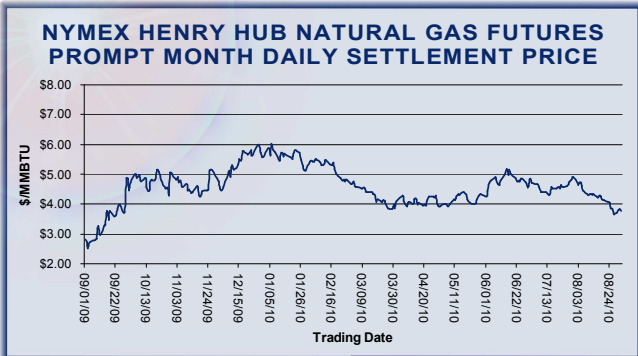
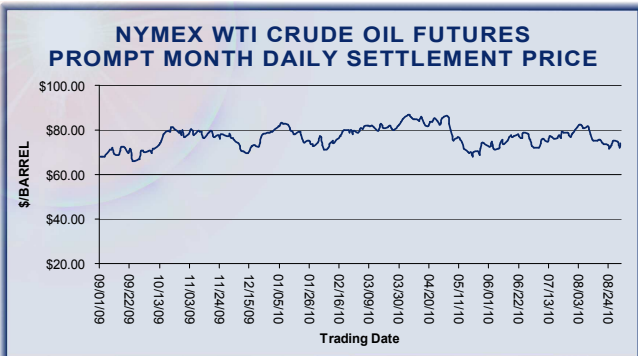
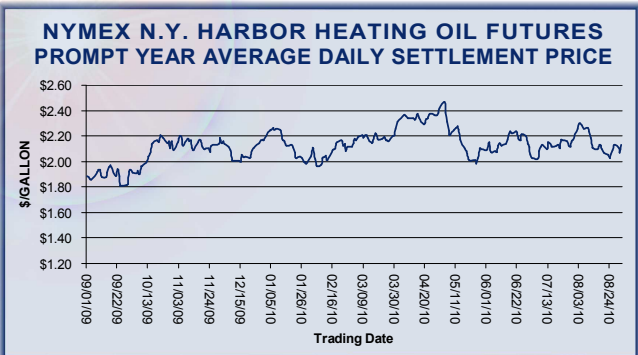


NATURAL GAS CHARTS



PETROLEUM CHARTS



MARKET COMMENTARY

On Wednesday, October Natural Gas opened down \$0.08. After the opening, Natural Gas traded gradually higher on the heels of strong cash markets driven by the heat covering much of the Lower 48. October peaked a tick higher than Tuesday's high at \$3.878 before trailing off. Natural Gas then fell back to the upper \$3.70's before mounting another rally, but the second rally could only get to \$3.86 before the selling returned. Within minutes, October fell a dime to the mid \$3.70's where we spent the rest of the day session. The technical picture for gas remains bearish and the oversold condition is slowly getting corrected. This morning's storage report is the next best chance to test the recent lows, with analysts expecting the biggest build in 7 weeks. This morning in Globex trade, Natural Gas is almost unchanged, Crude Oil is down around \$0.35, Heating Oil is down around a penny and Gasoline is almost unchanged.

Analysts are expecting a net injection around 55 BCF in this morning's natural gas storage report. This is close to being in line with last year's 63 BCF injection and the five year average of 61 BCF and could mark the resumption of a more "normal" pattern of injections for the remainder of the summer season.

The tropical Atlantic is bustling with activity this morning. Hurricane Earl defied expectations by returning to category 4 strength overnight and the latest forecast track has edged slightly closer to the Outer Banks early Friday morning and Cape Cod early on Saturday morning. Tropical Storm Fiona has made its turn northward and appears to only be an issue for Bermuda. Invest 98L became Tropical Storm Gaston overnight. At the moment, this is the one to watch for Gulf energy interests. The computer models are taking it into the eastern Caribbean by the end of next week. There, it should find a very favorable environment to strengthen. Lastly, a new tropical wave has moved off the coast of Africa with strong convection and early signs of surface circulation. Historically, hurricane season peaks around September 15.

In another bearish development for the forward basis markets, the Freeport LNG terminal in Texas is loading a cargo of LNG for export. With overseas markets trading at large premiums to the U.S., we have become the market of last resort for LNG cargoes.

City gate cash prices were mostly unchanged on Wednesday as the Northeast is forecast to have one more day of high temperatures before Hurricane Earl blows by.

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 - September 1, 2010 | | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| Basis Mo. | NG Settle | NG Change | HO Settle | HO Change | CL Settle | CL Change |
| Oct-10 | \$3.762 | - \$0.054 | 204.11¢ | + 4.94¢ | \$73.91 | + \$1.99 |
| Nov-10 | \$4.059 | - \$0.089 | 206.32¢ | + 4.78¢ | \$75.36 | + \$1.82 |
| Dec-10 | \$4.415 | - \$0.077 | 208.71¢ | + 4.62¢ | \$76.86 | + \$1.76 |
| Jan-11 | \$4.584 | - \$0.070 | 211.39¢ | + 4.59¢ | \$77.90 | + \$1.71 |
| Feb-11 | \$4.581 | - \$0.066 | 213.13¢ | + 4.59¢ | \$78.71 | + \$1.66 |
| Mar-11 | \$4.516 | - \$0.064 | 213.95¢ | + 4.60¢ | \$79.37 | + \$1.69 |
| Apr-11 | \$4.439 | - \$0.061 | 214.04¢ | + 4.54¢ | \$79.86 | + \$1.72 |
| May-11 | \$4.465 | - \$0.060 | 214.35¢ | + 4.53¢ | \$80.32 | + \$1.75 |
| Jun-11 | \$4.520 | - \$0.059 | 214.89¢ | + 4.52¢ | \$80.75 | + \$1.76 |
| Jul-11 | \$4.591 | - \$0.060 | 216.49¢ | + 4.52¢ | \$81.15 | + \$1.76 |
| Aug-11 | \$4.641 | - \$0.062 | 218.24¢ | + 4.52¢ | \$81.48 | + \$1.75 |
| Sep-11 | \$4.663 | - \$0.061 | 220.42¢ | + 4.55¢ | \$81.80 | + \$1.75 |
| Oct-Oct | \$3.762 | - \$0.054 | 204.11¢ | + 4.94¢ | \$73.91 | + \$1.99 |
| Nov-Mar | \$4.431 | - \$0.073 | 210.70¢ | + 4.64¢ | \$77.64 | + \$1.73 |

| 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 | | |
| 8/24/10 | 13% | 10% | 11% | 14% | 38% | 2% | 4% | 100% | |
| | 5,163 | 3,836 | 4,076 | 5,359 | 7,347 | 833 | 1,420 | 1,673 | 19,363 |
| 8/17/10 | 5,121 | 3,861 | 4,101 | 5,303 | 7,396 | 780 | 1,349 | 1,719 | 19,373 |
| 8/10/10 | 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 September 1, 2010 | | | |
|---|------------|------------|----------|
| Market | Actual CDD | Normal CDD | Variance |
| BOSTON | 94 | 34 | + 176% |
| NEWARK | 107 | 57 | + 88% |
| PITTSBURGH | 56 | 27 | + 106% |
| SYRACUSE | 50 | 11 | + 355% |