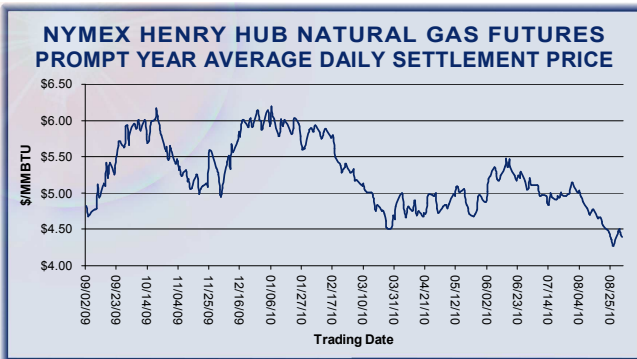
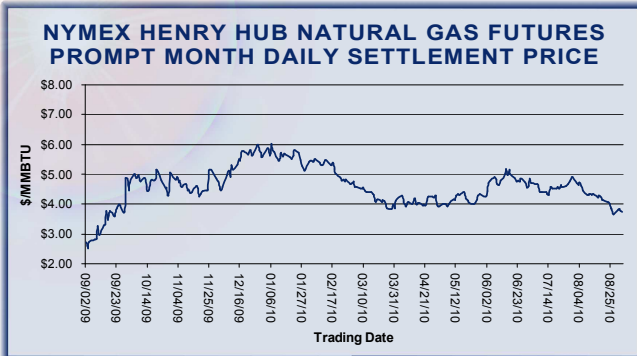
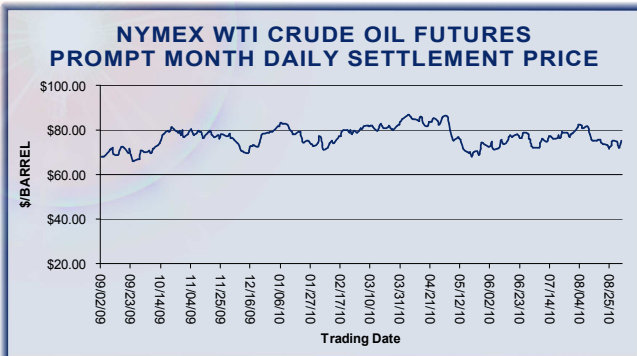
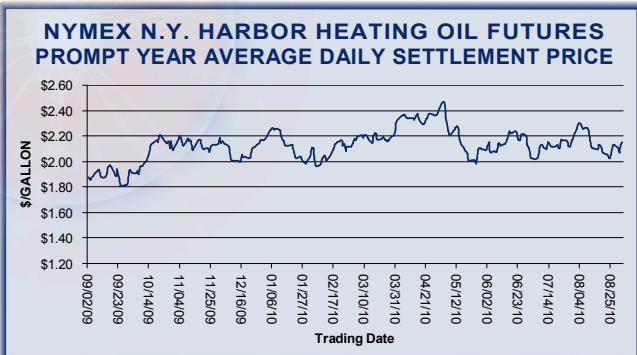


## NATURAL GAS CHARTS



## PETROLEUM CHARTS



## MARKET COMMENTARY

On Thursday, October Natural Gas opened up almost a penny ahead of the weekly storage report. After the open, Natural Gas slipped lower although most of the selling was in the later contracts. Strong cash markets in the Gulf kept the prompt month supported. The market went through its usual gyrations when the report came out, first dropping to a low of \$3.697 and then hitting the day's high of \$3.844 an hour later. Natural Gas gradually tailed off into the opening range by the end of the day. Yesterday's lower high and lower low – although neither was a resounding change – hint at further weakness in near-term prices. This morning in Globex trade, Natural Gas is up around \$0.025, Crude Oil is down around \$0.60, Heating Oil is down around a penny and Gasoline is down around a cent and a half.

EIA reported a net injection of 54 BCF, in line with the market consensus. Inventories are now 208 BCF below last year's levels and 169 BCF above the five year average.

Hurricane Earl passed very near the Outer Banks overnight and has now begun to accelerate toward the north-northeast. Earl is expected to weaken to category 1 before making a close pass near Cape Cod around midnight tonight. Tropical Storm Fiona continues to be a non-issue for the U.S., tracking towards the North Atlantic. Tropical Storm Gaston has mostly dispersed at this point due to dry air and cooler sea surface temperatures left behind by Earl and Fiona. It's possible that the remnant low could reorganize once it reaches the Caribbean.

Looking longer term at delivered markets for natural gas, some analysts are starting to sound bullish notes based on price differentials to, of all things, coal. They point out that the marginal cost of producing coal continues to increase while onshore plays like Marcellus are driving down the marginal cost of producing natural gas. They believe this will eventually lead to natural gas displacing coal as a baseload power generation fuel, creating another 4 BCF/day of demand.

City gate cash prices fell over a dime on Thursday, mostly driven by declines in the fixed price market. Cooling temperatures and the long weekend should drive city gate spreads lower today.

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 2, 2010						
Basis Mo.	NG Settle	NG Change	HO Settle	HO Change	CL Settle	CL Change
Oct-10	\$3.751	-\$0.011	206.23¢	+ 2.12¢	\$75.02	+ \$1.11
Nov-10	\$4.025	-\$0.034	208.40¢	+ 2.08¢	\$76.24	+ \$0.88
Dec-10	\$4.359	-\$0.056	210.76¢	+ 2.05¢	\$77.49	+ \$0.63
Jan-11	\$4.543	-\$0.041	213.49¢	+ 2.10¢	\$78.43	+ \$0.53
Feb-11	\$4.538	-\$0.043	215.19¢	+ 2.06¢	\$79.22	+ \$0.51
Mar-11	\$4.472	-\$0.044	215.88¢	+ 1.93¢	\$79.88	+ \$0.51
Apr-11	\$4.399	-\$0.040	215.80¢	+ 1.76¢	\$80.37	+ \$0.51
May-11	\$4.425	-\$0.040	216.08¢	+ 1.73¢	\$80.80	+ \$0.48
Jun-11	\$4.480	-\$0.040	216.63¢	+ 1.74¢	\$81.21	+ \$0.46
Jul-11	\$4.551	-\$0.040	218.23¢	+ 1.74¢	\$81.60	+ \$0.45
Aug-11	\$4.603	-\$0.038	219.98¢	+ 1.74¢	\$81.91	+ \$0.43
Sep-11	\$4.628	-\$0.035	222.16¢	+ 1.74¢	\$82.21	+ \$0.41
Oct-Oct	\$3.751	-\$0.011	206.23¢	+ 2.12¢	\$75.02	+ \$1.11
Nov-Mar	\$4.387	-\$0.044	212.74¢	+ 2.04¢	\$78.25	+ \$0.61

EIA NATURAL GAS STORAGE STATISTICS - WEEK ENDING Aug 27, 2010						
Storage Region	This Week		Last Year		5 Year Average	
	Inventory	Change	Inventory	% Diff.	Inventory	% Diff.
East Market	1,677 BCF	+ 53 BCF	1,769 BCF	- 5.2%	1,659 BCF	+ 1.1%
West Market	473 BCF	- 6 BCF	460 BCF	+ 2.8%	405 BCF	+ 16.8%
Producing	956 BCF	+ 7 BCF	1,085 BCF	- 11.9%	873 BCF	+ 9.5%
<b>TOTAL</b>	<b>3,106 BCF</b>	<b>+ 54 BCF</b>	<b>3,314 BCF</b>	<b>- 6.3%</b>	<b>2,937 BCF</b>	<b>+ 5.8%</b>

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 September 2, 2010			
Market	Actual CDD	Normal CDD	Variance
BOSTON	105	33	+ 222%
NEWARK	119	55	+ 116%
PITTSBURGH	69	25	+ 176%
SYRACUSE	63	10	+ 530%