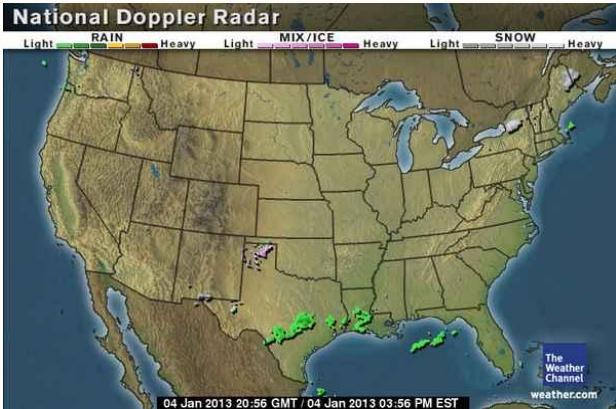




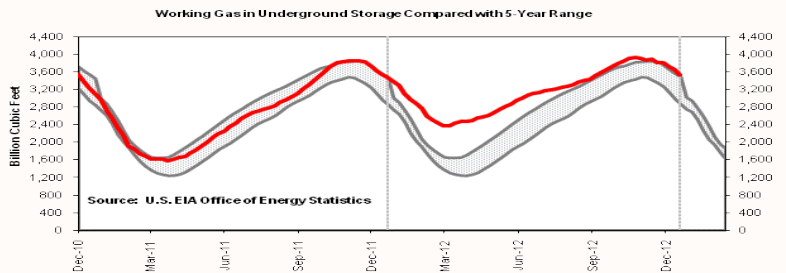
Market Update & Outlook



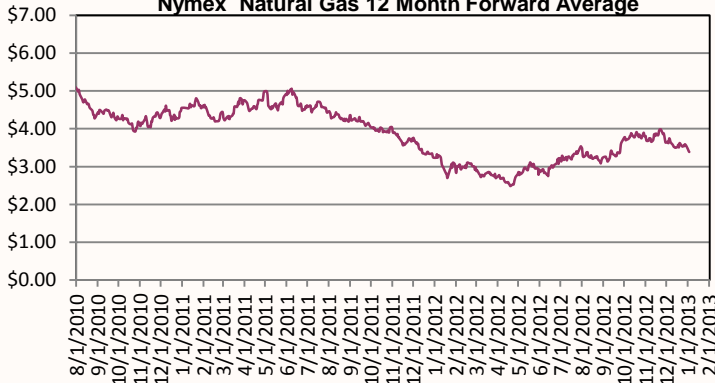
Weather:

- Lake affect snow Friday night in upstate NY into the mountains of New England will wind down later Friday night.
- Most accumulations will be in the 1-3" range, but up to 3-6" of snow could accumulate east of Lake Ontario to the north of Syracuse.
- The remainder of the region should be dry, but chilly and breezy
- Saturday's Highs will remain chilly ranging from the teens in northern New England to 30s from southern New England into PA and NY, and into the lower 40s in southern VA.

Storage to compare with 5 year range: Working gas in storage was 3,517 Bcf as of Friday, December 28, 2012, according to EIA estimates. This represents a net decline of 135 Bcf from the previous week. Stocks were 23 Bcf higher than last year at this time and 389 Bcf above the 5-year average of 3,128 Bcf. In the East Region, stocks were 122 Bcf above the 5-year average following net withdrawals of 84 Bcf.



Nymex Natural Gas 12 Month Forward Average



Market Watch: The Nymex futures price fell modestly week-on-week.

The Nymex price fell 6 cents over the report period, from \$3.382 per MMBtu last Wednesday to \$3.320 per MMBtu yesterday, possibly reflecting expectations of mild weather and adequate supply. The near-month Nymex price ended 7 cents per MMBtu above the Henry Hub price. The 12-Month Strip (average of January 2013 to December 2013 contracts) also fell by 6.2 cents over the report period and ended the week at \$3.320 per MMBtu. The 24-Month Strip is also trading below \$4.00 per MMBtu, closing at \$3.768 yesterday.

Check out our new website at www.rileynaturalgas.com

Natural Gas Nymex Trading 1/3/13

Month	High	Low	Last	Change
Feb '13	\$3.236	\$3.164	\$3.195	(\$0.038)
Mar '13	\$3.255	\$3.181	\$3.211	(\$0.044)
Apr '13	\$3.296	\$3.226	\$3.249	(\$0.045)
May '13	\$3.341	\$3.279	\$3.308	(\$0.041)
Jun '13	\$3.400	\$3.337	\$3.364	(\$0.042)
Jul '13	\$3.460	\$3.398	\$3.422	(\$0.042)
Aug '13	\$3.483	\$3.430	\$3.456	(\$0.039)
Sep '13	\$3.510	\$3.443	\$3.470	(\$0.036)

Crude Oil Nymex Trading 1/3/13

Month	High	Low	Last	Change
Feb '13	\$93.30	\$92.49	\$92.66	(\$0.46)
Mar '13	\$93.71	\$92.93	\$93.09	(\$0.46)
Apr '13	\$94.13	\$93.39	\$93.51	(\$0.46)
May '13	\$94.48	\$93.75	\$93.84	(\$0.49)
Jun '13	\$94.71	\$94.02	\$94.12	(\$0.48)
Jul '13	\$94.83	\$94.26	\$94.26	(\$0.50)
Aug '13	\$94.80	\$94.18	\$94.56	(\$0.22)
Sep '13	\$94.71	\$94.34	\$94.46	(\$0.23)

January Indices

January Nymex - \$3.354
 Columbia Gas Transmission- \$3.330
 Dominion Transmission- \$3.220
 Indices are the first of the month Index as published by Inside F.E.R.C.'s Gas Market Report.

Natural Gas Nymex Strip Prices

Strip	High	Low	Last	Change
6 mo	\$3.331	\$3.264	\$3.292	(\$0.042)
12 mo	\$3.501	\$3.438	\$3.466	(\$0.038)
Summer 13	\$3.433	\$3.370	\$3.397	(\$0.040)
Winter 13	\$3.246	\$3.173	\$3.203	(\$0.041)