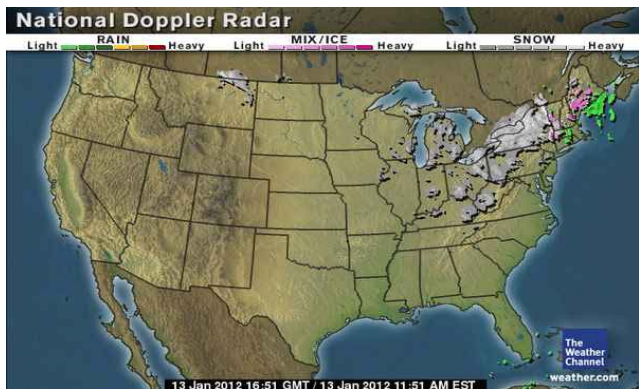




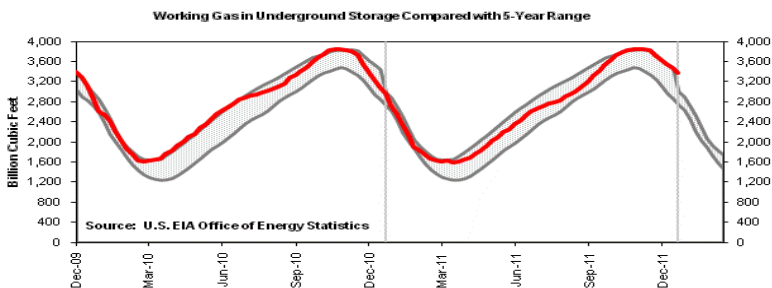
Market Update & Outlook



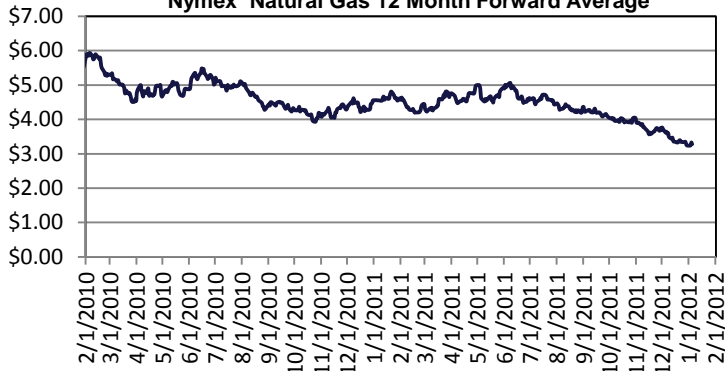
Weather:

An arctic front blasts through the area during the first half of the day. Rain showers will occur ahead of the front from eastern Pennsylvania and southern New England. A mix of ice, rain and some snow occur from eastern New York to northern New England until the front blasts through. Behind the front it becomes windy with falling temperatures from eastern Pennsylvania through southern New England. The wintry mix changes to all snow behind the front from eastern New York to Maine. Lake-effect snow squalls and showers increase behind the front from western Virginia and West Virginia through central New York. Snowfall through this evening of 1 to 3 inches is forecast in West Virginia, SW Pennsylvania, eastern New York and northern New England. Snowfall of 3 to 10 inches is forecast across NW Pennsylvania and central New York through early evening. Additional lake-effect snow piles up tonight before tapering off Saturday. High temperatures will be in the 20s and 30s from West Virginia to western New York. Morning high temperatures in the 30s occur in eastern New York to northern New England. Morning high temperatures in the 40s occur in the coastal plain.

Storage to compare with 5 year range: Working gas in storage was 3,377 Bcf as of Friday, January 6, 2012, according to EIA estimates. This represents a net decline of 95 Bcf from the previous week. Stocks were 398 Bcf higher than last year at this time and 491 Bcf above the 5-year average of 2,886 Bcf. In the East Region, stocks were 194 Bcf above the 5-year average following net withdrawals of 76 Bcf.



Nymex Natural Gas 12 Month Forward Average



Market Watch: At the NYMEX, the February 2012 contract fell every day except Friday, from \$3.096 per MMBtu last Wednesday to \$2.774 per MMBtu yesterday, a drop of 32.2 cents (10.4 percent). Over the same period, the March 2012 natural gas futures contract dropped slightly more, by 32.4 cents per MMBtu, and now stands only 2.9 cents above the February contract, reflecting the effects of continued high natural gas storage levels, strong production, and a mild winter so far this season.

Check out our new website at www.rileynaturalgas.com

Natural Gas Nymex Trading 1/12/12

| Month | High | Low | Last | Change |
|---------|---------|---------|---------|-----------|
| Feb '12 | \$2.697 | \$2.665 | \$2.697 | (\$0.077) |
| Mar '12 | \$2.737 | \$2.737 | \$2.737 | (\$0.066) |
| Apr '12 | \$2.827 | \$2.827 | \$2.827 | (\$0.056) |
| May '12 | \$2.896 | \$2.896 | \$2.896 | (\$0.053) |
| Jun '12 | \$2.955 | \$2.955 | \$2.955 | (\$0.049) |
| Jul '12 | \$3.011 | \$3.011 | \$3.011 | (\$0.049) |
| Aug '12 | \$3.037 | \$3.037 | \$3.037 | (\$0.049) |
| Sep '12 | \$3.042 | \$3.042 | \$3.042 | (\$0.049) |

Crude Oil Nymex Trading 1/12/12

| Month | High | Low | Last | Change |
|---------|----------|----------|----------|----------|
| Feb '12 | \$99.10 | \$99.10 | \$99.10 | (\$1.77) |
| Mar '12 | \$99.31 | \$99.31 | \$99.31 | (\$1.78) |
| Apr '12 | \$99.56 | \$99.56 | \$99.56 | (\$1.77) |
| May '12 | \$99.83 | \$99.83 | \$99.83 | (\$1.74) |
| Jun '12 | \$100.05 | \$100.05 | \$100.05 | (\$1.71) |
| Jul '12 | \$100.16 | \$100.16 | \$100.16 | (\$1.69) |
| Aug '12 | \$100.11 | \$100.11 | \$100.11 | (\$1.67) |
| Sep '12 | \$99.98 | \$99.98 | \$99.98 | (\$1.65) |

January Indices

January Nymex - \$3.084
Columbia Gas Transmission- \$3.110
Dominion Transmission- \$3.160
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 | \$2.854 | \$2.849 | \$2.854 | (\$0.058) |
| 12 mo | \$3.062 | \$3.060 | \$3.062 | (\$0.052) |
| Summer 12 | \$2.979 | \$2.979 | \$2.979 | (\$0.051) |
| Winter 11 - 12 | \$2.717 | \$2.701 | \$2.717 | (\$0.072) |