



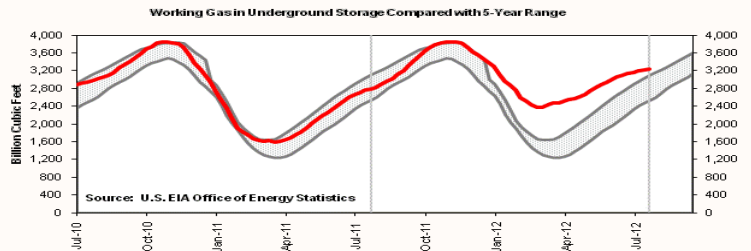
Market Update & Outlook



Weather:

A potent mid-August storm system slowly progresses toward the East Coast with showers and storms along its path. Thunderstorms and locally heavy rain are possible throughout the region into tonight. Severe thunderstorms capable of producing strong and damaging wind gusts, large hail and isolated tornadoes are possible from Upstate New York and southern New England to West Virginia and Virginia. The tornado threat appears to be highest in central and southern New York and northern Pennsylvania. High temperatures this afternoon should be in the 70s over western and northern areas and the 80s in the east and south. Showers and thunderstorms linger from eastern New York and New England to eastern and southern Virginia Saturday. Locally heavy downpours could produce spotty flooding from New England to eastern Virginia Saturday, but cooler and drier air gradually filters in through the weekend.

Storage to compare with 5 year range: Working gas in storage was 3,241 Bcf as of Friday, August 3, 2012, according to EIA estimates. This represents a net increase of 24 Bcf from the previous week. Stocks were 465 Bcf higher than last year at this time and 386 Bcf above the 5-year average of 2,855 Bcf. In the East Region, stocks were 134 Bcf above the 5-year average following net injections of 30 Bcf.



Nymex Natural Gas 12 Month Forward Average



Market Watch: The NYMEX September 2012 futures contract fell by 7.5 percent from \$3.171 per MMBtu last Wednesday to \$2.933 per MMBtu yesterday. The settlement price dropped week-on-week after rising consistently throughout June and July. It fell to a low of \$2.877 per MMBtu last Friday, and gained slightly thereafter. The 12-Month Strip (average of August 2012 to July 2013 contracts) fell by 2.9 percent, starting at \$3.539 per MMBtu last Wednesday, dipping to \$3.296 per MMBtu on Friday, and rebounding to \$3.436 per MMBtu yesterday.

Check out our new website at www.rileynaturalgas.com

Natural Gas Nymex Trading 8/9/12

Month	High	Low	Last	Change
Sep'12	\$2.945	\$2.945	\$2.945	\$0.012
Oct'12	\$2.970	\$2.970	\$2.970	\$0.009
Nov'12	\$3.156	\$3.156	\$3.156	(\$0.001)
Dec'12	\$3.420	\$3.420	\$3.420	(\$0.005)
Jan'13	\$3.557	\$3.557	\$3.557	\$0.001
Feb'13	\$3.570	\$3.570	\$3.570	(\$0.001)
Mar'13	\$3.553	\$3.553	\$3.553	(\$0.004)
Apr'13	\$3.534	\$3.534	\$3.534	(\$0.007)

Crude Oil Nymex Trading 8/9/12

Month	High	Low	Last	Change
Sep'12	\$93.36	\$93.36	\$93.36	\$0.01
Oct'12	\$93.63	\$93.63	\$93.63	\$0.00
Nov'12	\$93.94	\$93.94	\$93.94	(\$0.03)
Dec'12	\$94.35	\$94.35	\$94.35	(\$0.04)
Jan'13	\$94.84	\$94.84	\$94.84	(\$0.04)
Feb'13	\$95.22	\$95.22	\$95.22	(\$0.05)
Mar'13	\$95.43	\$95.43	\$95.43	(\$0.06)
Apr'13	\$95.48	\$95.48	\$95.48	(\$0.07)

August Indices

August Nymex - \$2.7740
Columbia Gas Transmission- \$2.750
Dominion Transmission- \$2.740
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	\$3.270	\$3.270	\$3.270	\$0.003
12 mo	\$3.435	\$3.435	\$3.435	(\$0.001)
Summer 12	\$2.958	\$2.958	\$2.958	\$0.011
Winter 12	\$3.451	\$3.451	\$3.451	(\$0.002)