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1. STUDY SHOWS WIND POWER HELPED CUT ELECTRICITY COSTS. Lower-cost wind power helped cut the marginal cost of electricity last year in the Electric Reliability Council of Texas (ERCOT), the Southwest Power Pool (SPP) and the Midwest Independent Transmission System by $2 to $4 per megawatt hour, Bernstein Research said in a report released this week. The report added that "planned growth in wind capacity from 2008 to 2011 will have a small but incrementally negative impact on the price of power."

The report said the growth in wind generation over the next three years is expected to reduce the marginal cost of supply in ERCOT by an additional $2 per megawatt hour, while in the Midwest Independent Transmission System Operator (MISO), supply costs will fall by a further $1 per megawatt hour. "Material declines" in marginal power costs are not expected, however, in the SPP and the PJM Interconnection West over the same period, the report added.

Bernstein estimated that the expected growth in wind capacity will mean that the average annual increase in the growth of US coal consumption will fall 58 percent over the 2008 to 2011 period, while the average annual growth in natural gas consumption will fall by 49 percent.

Bernstein said it examined the impact of the growth in wind generation in the central US because it is a region that "encompasses some of the nation's highest quality wind resources." The analysts said they looked at the impact of wind on generator margins and power output by conventional power plants. The "investment conclusion" was that the analysts expected utilities with significant unregulated generation in

MISO and ERCOT to "suffer the largest gross margin impact." The report said growth of wind generation in MISO is expected to push higher-cost, gas-fired units "off the margin during certain on-peak hours, allowing cheaper coal fired power plants to set the price of power."

2. SOLAR PANEL COMPANY AWARDED FIRST DOE ALTERNATIVE ENERGY LOAN GUARANTEE. The Obama administration on Sept. 4 announced the closing of a $535-million loan guarantee for a California solar panel company, the first awarded from a 2005 program to support alternative energy projects. At a ceremony at Fremont, California-based Solyndra, which manufactures rooftop solar panels, Vice President Joe Biden said via satellite that the loan guarantee program will help create sustainable jobs that can help the US economy recover. "These jobs are going to be permanent jobs," he said. "These are the jobs of the future. These are the jobs that won't be exported."

Energy Secretary Steven Chu, who toured the Solyndra facility last week with California Governor Arnold Schwarzenegger (R), said the DOE plans to make several more loan guarantee announcements in coming weeks. "At the Energy Department, we've moved aggressively to move these dollars out the door to help with American recovery," Chu said. "It's about laying a new foundation for our future prosperity....We're helping turn groundbreaking ideas like Solyndra's into groundbreaking ceremonies like this one." Solyndra said it would use the money to build and operate a factory to manufacture cylindrical photovoltaic panels that would generate up to 500 megawatts of electricity annually. Solyndra said the project would create up to 3,000 temporary construction jobs and 1,000 permanent jobs at the facility.

3. NORTH AMERICAN RIG COUNT UP IN LATEST WEEK. For the week ending Sept. 11, the US number of rigs was down 10 from last week to 999. When compared with a year ago, the number of US rigs is down 1,032. Canada's number of rigs was up 22 from a week ago but down 227 rigs from a year ago, with Canada's rigs now totaling 206. Combined, the number of North American rigs totaled 1,205 rigs, up 12 rigs from a week ago but down 1,259 from the 2008 level.

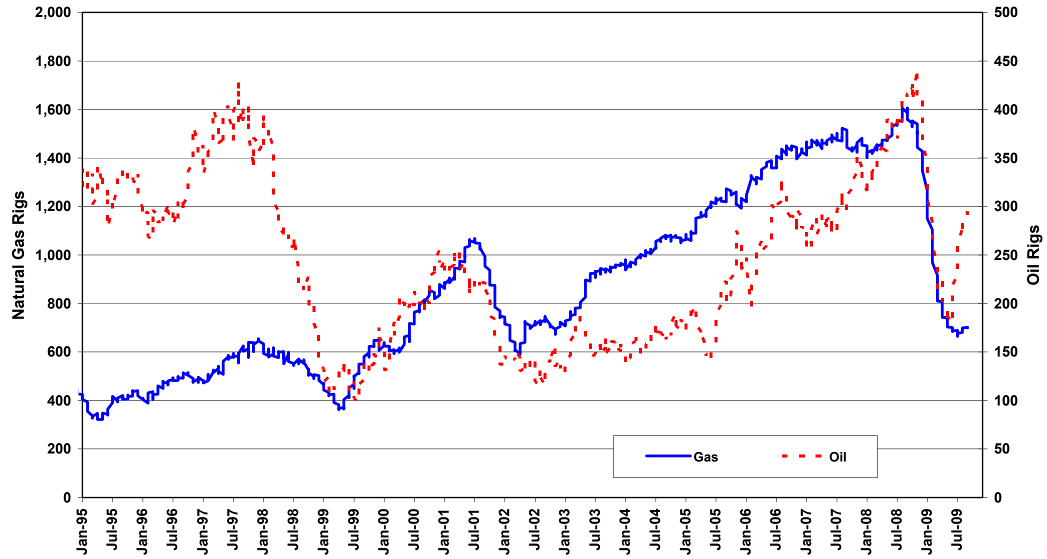
The number of rigs drilling for oil was down 7 rigs from last week and down 125 rigs from a year ago, with the total number of rigs drilling for oil estimated at 288—up from the 179 low made in early June.

The number of rigs drilling for natural gas was down 2 rigs from a week ago and down 907 from last year. The total number of rigs drilling for natural gas is now estimated at 699—up from the 665 low registered in mid July but well down from the peak of just over 1,600 hit in September 2008 (see chart that follows).

US AND CANADA ROTARY RIG COUNT Source: Baker Hughes

Location	09/11/09	09/04/09	08/28/09	08/21/09	09/12/08	Change from Last Wk	Change from Last Yr
Land*	999	976	967	954	1,957	23	-958
Offshore	34	33	32	31	74	1	-40
US Total	999	1,009	999	985	2,031	-10	-1,032
Gulf of Mexico	32	31	30	29	70	1	-38
Land	204	183	183	163	432	21	-228
Offshore	2	1	1	1	1	1	1
Canada Total	206	184	184	164	433	22	-227
North America	1,205	1,193	1,183	1,149	2,464	12	-1,259
US Breakout Information							
Oil	288	295	286	280	413	-7	-125
Gas	699	701	699	695	1,606	-2	-907
Miscellaneous	12	13	14	10	12	-1	0
Directional	184	189	177	171	398	-5	-214
Horizontal	430	189	177	171	398	241	32
Vertical	385	189	177	171	398	196	-13

US Rotary Rig Counts



4. CFTC REPORT: CRUDE OIL NET LONGS FALL, NATURAL GAS NET SHORTS DECLINE. The Commitments of Trader report for Tuesday, Sept. 8, was released today. The large trader group reported mixed changes from the week prior. Large traders in natural gas covered their short positions as the net short fell by 9,300 contracts. However, there is still a large net short position and late-week chart action suggests potential for additional short covering in the period ahead. Large traders in crude oil added 2,700 contracts to their net longs while heating oil traders reduced their long exposure by 3,800 contracts. With the late-week decline in the crude and heating oil markets, additional long liquidation is expected. RBOB large speculators added a meager 300 contracts to their net longs and additional liquidation is anticipated for this market as the total net long remains historically large.

COMMITMENT OF TRADERS FUTURES & OPTIONS SUMMARY: NET POSITIONS (000 contracts)

	Open Interest			Small Trader			Large Speculator			Reporting Hedger		
Date	Futs & Opts	Futs	Impld Opts	Futs& Opts	Futs	Impld Opts	Futs & Opts	Futs	Impld Opts	Futs & Opts	Futs	Impld Opts
CRUDE OIL												
8/18/2009	2,697.9	1,173.2	1,524.7	0.1	-0.8	0.9	116.8	22.7	94.1	-117.0	-21.9	-95.0
8/25/2009	2,733.4	1,159.1	1,574.3	7.3	6.8	0.5	138.2	39.5	98.7	-145.5	-46.3	-99.2
9/1/2009	2,772.7	1,164.5	1,608.2	9.1	9.0	0.1	126.1	28.6	97.5	-135.2	-37.6	-97.6
9/8/2009	2,778.0	1,178.3	1,599.7	4.7	4.6	0.1	128.8	33.1	95.7	-133.5	-37.7	-95.8
HEATING OIL												
8/18/2009	366.0	311.7	54.3	14.0	11.9	2.1	34.3	35.7	-1.5	-48.3	-47.6	-0.6
8/25/2009	370.5	313.9	56.7	15.6	13.5	2.1	33.4	34.5	-1.1	-49.0	-48.1	-1.0
9/1/2009	345.9	295.7	50.3	11.9	9.6	2.3	27.7	29.3	-1.6	-39.6	-38.9	-0.7
9/8/2009	357.0	306.6	50.4	7.8	5.5	2.2	23.9	25.4	-1.5	-31.6	-30.9	-0.7
RBOB												
8/18/2009	276.2	223.2	52.9	5.3	5.0	0.4	51.5	51.4	0.1	-56.8	-56.3	-0.5
8/25/2009	270.9	217.8	53.1	4.8	4.4	0.4	47.9	47.1	0.8	-52.7	-51.5	-1.2
9/1/2009	237.2	206.9	30.4	3.8	3.5	0.3	42.6	42.4	0.1	-46.4	-45.9	-0.4
9/8/2009	236.1	206.7	29.4	4.2	3.9	0.4	42.9	42.8	0.1	-47.1	-46.7	-0.5
NATURAL GAS												
8/18/2009	993.1	756.1	237.0	52.4	48.4	4.0	-89.1	-175.3	86.3	36.6	126.9	-90.2
8/25/2009	969.2	728.2	241.0	48.7	44.3	4.4	-89.2	-176.8	87.6	40.5	132.5	-92.0
9/1/2009	950.8	720.1	230.7	43.6	40.5	3.1	-77.9	-169.8	91.9	34.3	129.4	-95.1
9/8/2009	954.8	720.3	234.5	43.3	40.2	3.0	-68.6	-168.6	100.1	25.3	128.4	-103.1

5. NATURAL GAS PRICE COMMENTS. NYMEX natural gas futures settled lower today after profit taking from the early morning strength. Early in the session, futures were higher amid short covering. However, these gains were pared and the market later settled in negative territory amid the realization that natural gas stocks in underground storage are record large and forecasts are still calling for continued mild weather across the key consuming regions of the Midwest and Northeast—keeping late-season demand loads light. In addition, with the equities markets weaker, this lent to pessimism about when the US economy would recover. NYMEX October natural gas futures settled -$0.296 at $2.960.

Fundamental Indicators: In front of next week's Energy Information Administration (EIA) weekly natural gas storage report for the week ending Sept. 11, trade expectations are for an injection of 61 to 86 bcf. This will compare with the year-ago injection of 65 bcf and the five-year average of 82 bcf.

The EIA *Working Gas in Underground Storage* report for the week ending Sept. 4 showed a net injection of working gas stocks into underground storage of 69 bcf. This was slightly below the average of pre-report expectations for a net injection of near 73 bcf. This week's injection was above the year-ago injection of 63 bcf and slightly above the five-year average injection of 67 bcf. At 3,392 bcf, stocks are now 495 bcf (17.1 percent) above a year ago and 503 bcf (17.4 percent) above the five-year-average stocks.

With 8 weeks remaining in the injection season, to get natural gas stocks to a comfortable 3.4-tcf level by Nov. 1, injections will just need to average 1 bcf per week. If injections are near the five-year average of 61 bcf, this means natural gas stocks in underground storage would start out the heating season at a record 3.88 tcf. This level would be near the peak working gas storage capacity recently estimated by the EIA at 3.89 tcf. This would place limits on the industry's ability to hold additional quantities of natural gas in inventory and limit the ability of production from some individual fields to be placed in the pipeline system.

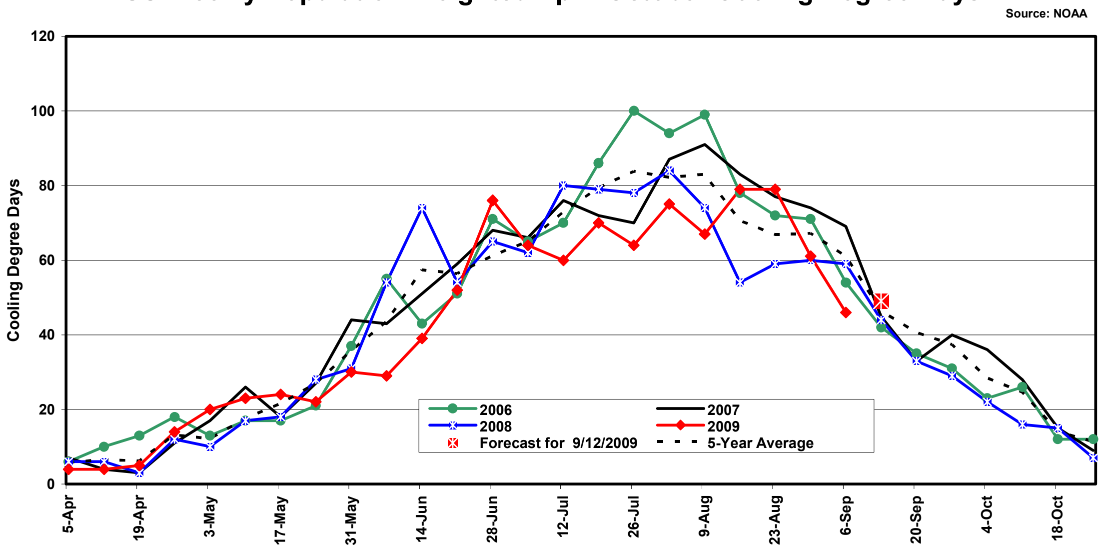
Also consider that, thus far this season, injections have exceeded the five-year average by 9 bcf. If natural gas continues to be injected at this pace relative to the five-year average, this would mean stocks in underground storage at the end of the season totaling 3.95 tcf. With peak working gas storage capacity of about 3.89 tcf, this would mean the industry may need additional shut ins totaling about 60 bcf between now and the start of the heating season (Nov. 1).

Even though the most recent EIA data (for June) showed dry gas production up just over 1 percent from the previous year, it was a large 10 percent above the five-year average. These production gains have been made in spite of a sizable amount of natural gas production capacity that has been shut in due to unfavorable economics, productivity of many wells that is declining, and drilling activity that had plummeted to 6 1/2-year lows. But eventually, these factors will point toward a declining production rate.

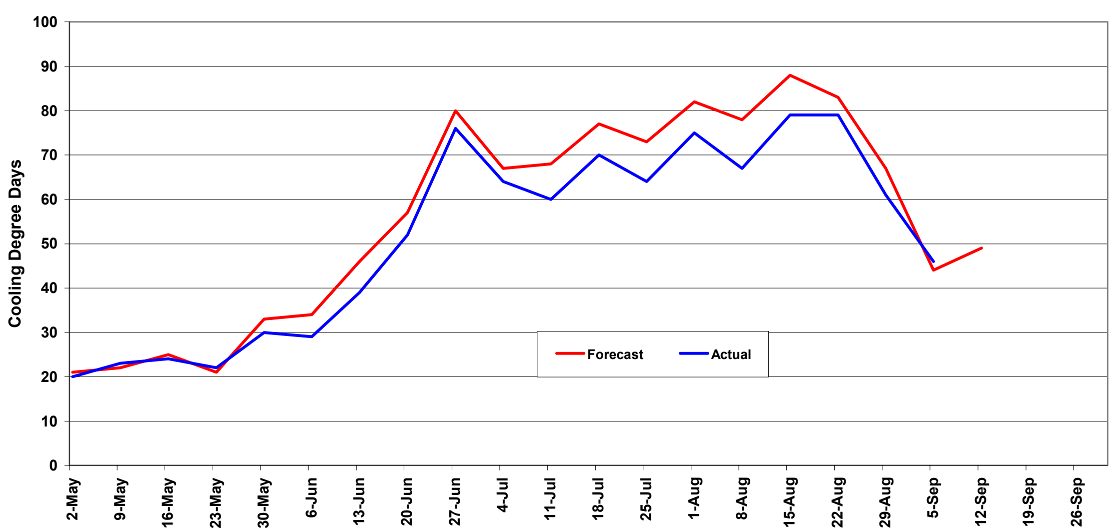
In addition to strong production gains made earlier this year, another major reason for the large stock builds has been that population weighted average cooling degree days largely have run below that which was seen in each of the last two years. Also, the recession has triggered a significant drop in industrial demand for gas. On the other hand, a significant amount of demand has shifted from other fuel sources to gas in response to the price advantage of natural gas. In the most recent available monthly data (June), the amount of natural gas used to generate electrical power was down 2.0 percent from a year ago while total net power generation from all sources was down 6.4 percent. Overall, the net of these factors has been that the large injections have been due to strong production gains made earlier this year.

For the week ending Sept. 12, NOAA is forecasting cooling degree days of 49, which, if realized, would be above the five-year-average level of 46 cooling degree days but near the cooling degree days reported in 2004. Considering cooling degree data alone, that would imply a weekly stock injection in next week's EIA report that could range anywhere from slightly below the five-year average of 82 bcf and the 2004 injection that was near 99 bcf. When considering that the ongoing weak industrial demand and the fact that the actual cooling degree days the last 15 weeks has averaged 6 degrees below the NOAA forecast (see accompanying chart), the net injection for the week ending Sept. 12 could be higher than the five-year average. Also keep in mind that a number of other factors impact the magnitude of the net injection. These include daily production rate, the amount of nuclear-based electrical power generation capacity offline (see following discussion), the amount of coal displaced by natural gas in power generation, and the overall level of commercial and industrial demand.

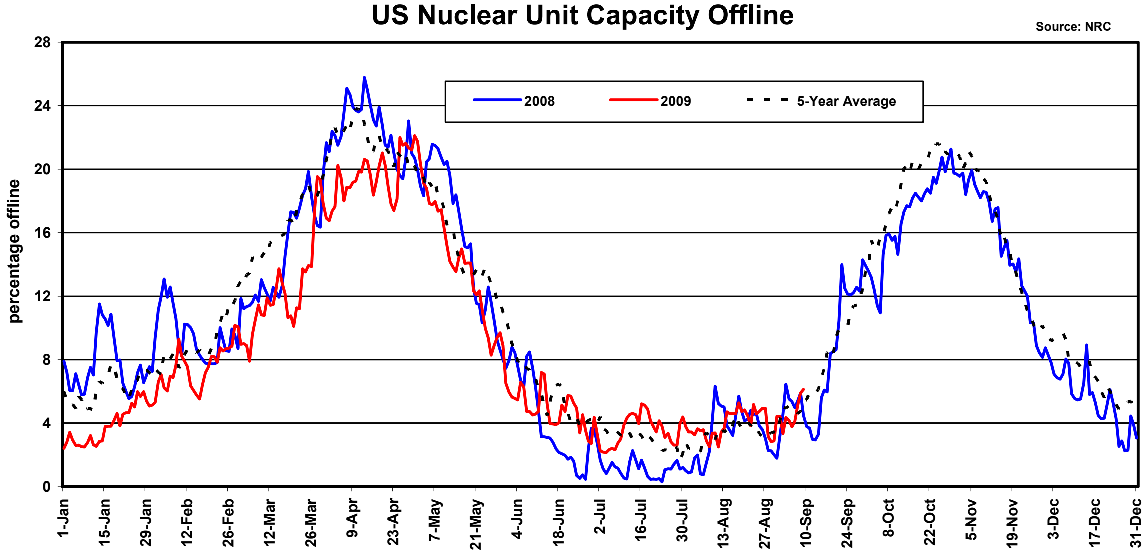
US Weekly Population Weighted April-October Cooling Degree Days



Forecast vs Actuals, 2009 Cooling Degree Days



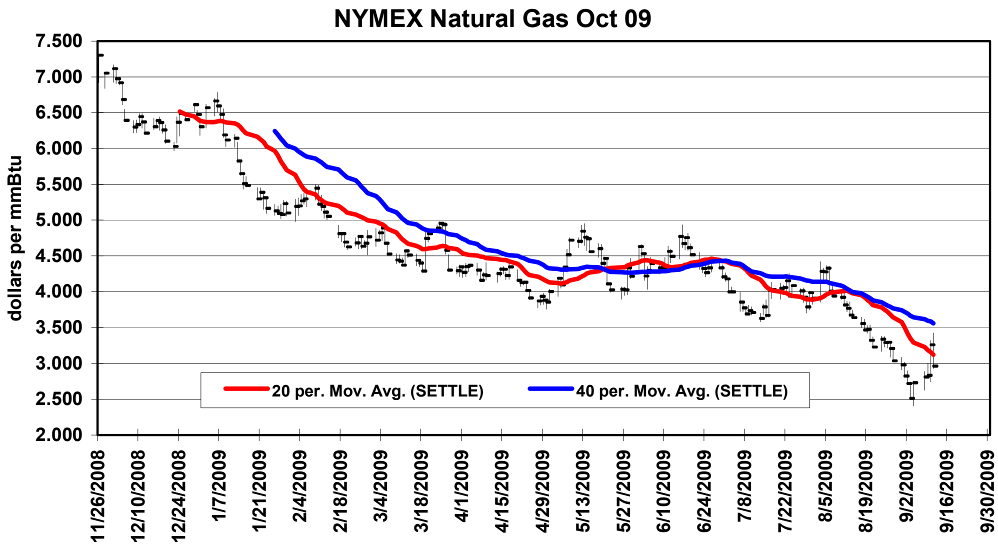
As of Sept. 11, US nuclear power capacity off line remained at 6 percent (6,042 megawatts). Out of the 104 units in the US, 5 units are completely off line: the 1,100-mw McGuire 2 unit in Charlotte, N.C.; the 839-mw Saint Lucie 2 unit in Ft. Pierce, Fla.; the 1,000-mw DC Cook 1 unit in Benton Harbor, Mich.; the 855-mw Quad Cities 1 unit in Moline, Ill.; and the 858-mw Arkansas Nuclear 2 unit in Russellville, Ark. The number operating at below full capacity rose to 16 units. This compares with 2008 when 4 percent (3,637 mw) was down.



Fundamental Outlook: We remain bearish natural gas futures with natural gas stocks in underground storage continuing to set records on a weekly basis. Recent trends continue to point to stock levels at the end of the stock building season that would approach or exceed the 3.89-tcf peak gas storage capacity (that was recently updated by EIA), meaning the industry would need additional shut ins—unless we find that the system physically can handle storage in excess of peak capacity. Recall that peak capacity essentially is the summation of the most ever stored in each storage location. This continues to imply that prices may have to decline further to where more producers are faced with wellhead prices that fail to cover lifting costs—on top of the production that we already have witnessed as being shut in. As we move forward, the combined impact of the huge drop in drilling activity, shut in production and the expectation for natural gas consumption to increase as we move into the fall and winter heating season are expected to be supportive features to the natural gas market at that time. Moreover, if the increased consumption and lower production coincide with an improvement in the economy later this year or early next year, this points to an eventual shift to a more bullish price situation for the winter heating season.

Technical Indicators: October futures:
20-day mvg avg: Lower at $3.122
40-day mvg avg: Lower at $3.559
Support: Sept. 4 low of $2.409 then $2.255 to $1.850
Resistance $3.650 to Aug. 3 high of $4.421 to June 16 high of $4.933

NATURAL GAS FUTURES			September 11, 2009
Month	**Settle**	**Previous**	**Change**
Oct 09	2.960	3.256	-0.296
Nov 09	4.011	4.249	-0.238
Dec 09	4.769	4.956	-0.187
Jan 10	5.061	5.237	-0.176
Feb 10	5.128	5.299	-0.171
Mar 10	5.126	5.300	-0.174
Apr 10	5.130	5.300	-0.170
May 10	5.192	5.355	-0.163
Jun 10	5.300	5.462	-0.162
Jul 10	5.420	5.579	-0.159
Aug 10	5.515	5.671	-0.156
Sep 10	5.590	5.742	-0.152



Cash Natural Gas: Cash natural gas prices were higher today, mostly in follow through buying from the gains in the natural gas futures market on Thursday. Also, some bargain buying was noted in the cash market. Spot gas at the Henry Hub, the benchmark supply point in Louisiana, was up 26 cents at $2.94 per mmBtu. This compares with the year-ago level of $7.83 and the price two years ago of $5.98.

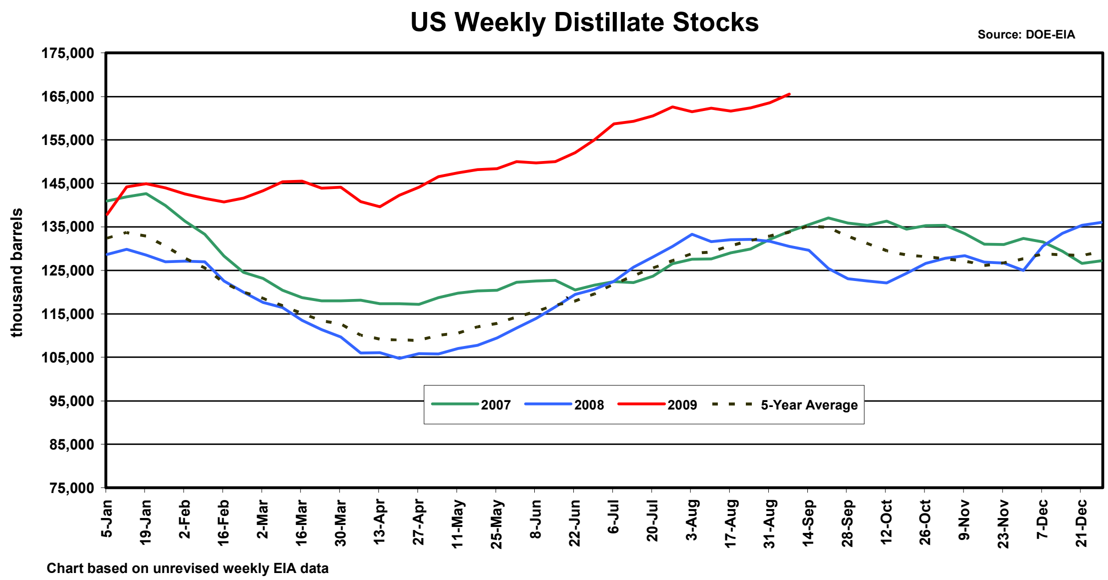
Temperatures in the Northeast and Midwest are forecast to remain generally near normal over the next week with highs in both regions in the 70s. In Houston, Los Angeles and Miami, temperatures also are expected to be near normal with highs in the South and West ranging from the upper 70s to the low 90s. The New York Citygate was up 20 cents at $3.15 and the Chicago Citygate was up 20 cents at $3.00. The Henry Hub, New York Citygate, other prices and recent history are detailed in the following table.

US PHYSICAL NATURAL GAS PRICES (US$/mmBtu)

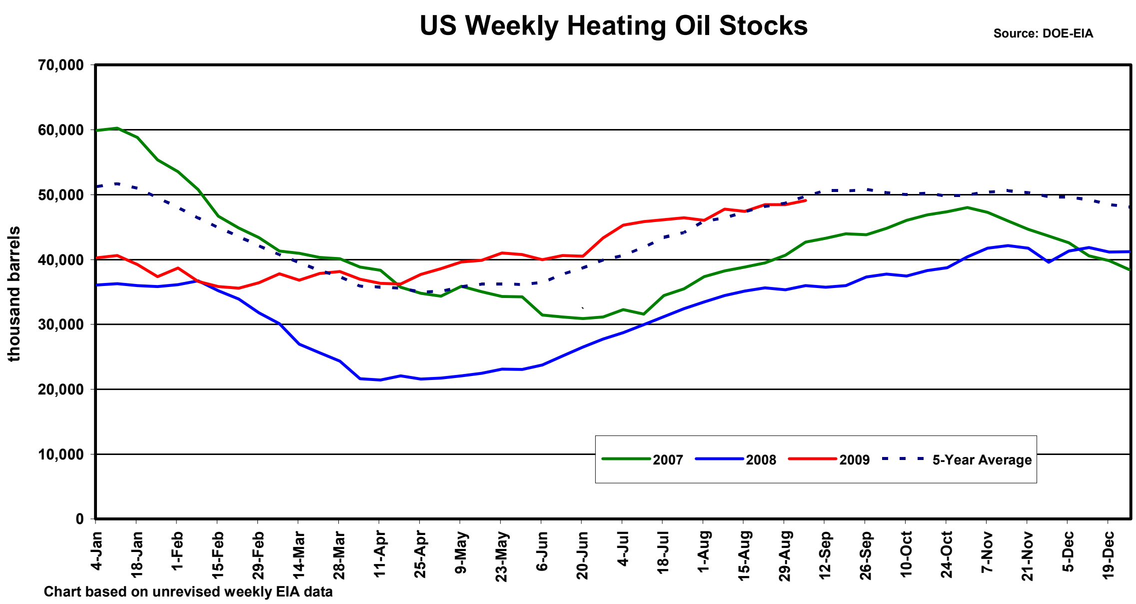
	09/01	09/02	09/03	09/04	09/08	09/09	09/10	09/11	Change
Henry Hub (La)	2.36	2.25	2.06	1.83	2.43	2.72	2.68	2.94	0.26
New York Citygate	2.54	2.47	2.26	2.03	2.73	3.03	2.95	3.15	0.20
Chicago Citygate	2.39	2.28	2.14	2.00	2.58	2.83	2.80	3.00	0.20
Panhandle (MidC)	2.26	2.18	2.03	1.87	2.44	2.70	2.66	2.86	0.20
Northern Dem (MN)	2.42	2.29	2.15	2.00	2.58	2.84	2.81	2.99	0.18
So. Cal. Border	2.60	2.53	2.38	2.21	2.70	2.94	2.88	3.09	0.21
Katy Hub (E TX)	2.35	2.25	2.10	1.94	2.48	2.70	2.68	2.98	0.30
Waha (W TX)	2.42	2.29	2.13	1.99	2.53	2.76	2.73	2.94	0.21
CNG So. (Appl.)	2.42	2.34	2.15	1.99	2.58	2.86	2.79	2.98	0.19
Colombia (Appl.)	2.39	2.31	2.11	1.93	2.53	2.84	2.79	2.99	0.20

6. HEATING OIL PRICE COMMENTS. NYMEX heating oil futures settled lower today with weakness tied to the lower US stock market that was concerned about the ability of the US economy to recover. The market also continued to be pressured by this week's Energy Information Administration (EIA) petroleum report that showed a larger-than-expected increase in distillate stocks in the latest week as distillate import rose, production improved and distillate disappearance slipped. NYMEX October heating oil futures settled -$0.0577 at $1.7308.

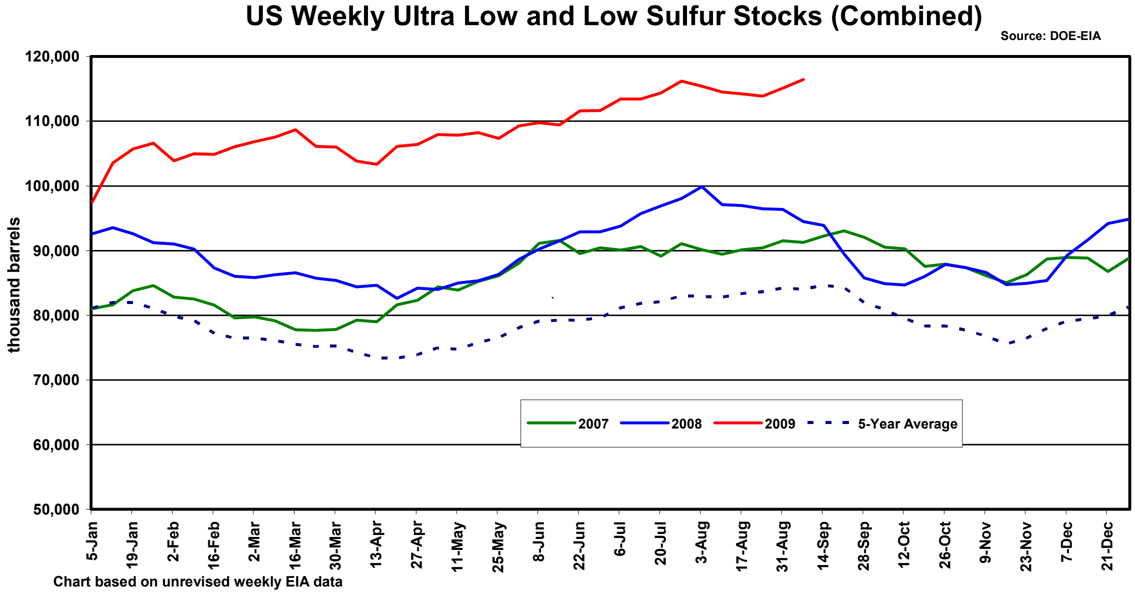
Fundamental Indicators: The Energy Information Administration (EIA) petroleum report for the week ending Sept. 4 showed distillate inventories were up 1.99 million barrels from a week ago to 165.56 million. That was well more than pre-report trade expectations that distillate stocks would be up 800,000 barrels from a week ago. Distillate stocks are 33.2 million over a year ago (when compared with monthly EIA data *not* depicted in the following chart that estimates year-ago stocks at 132.4 million barrels). Distillate stocks still are above the upper limit of the average for this time of year (see following chart with comparisons of weekly data) and are 31.76 million over the five-year average.



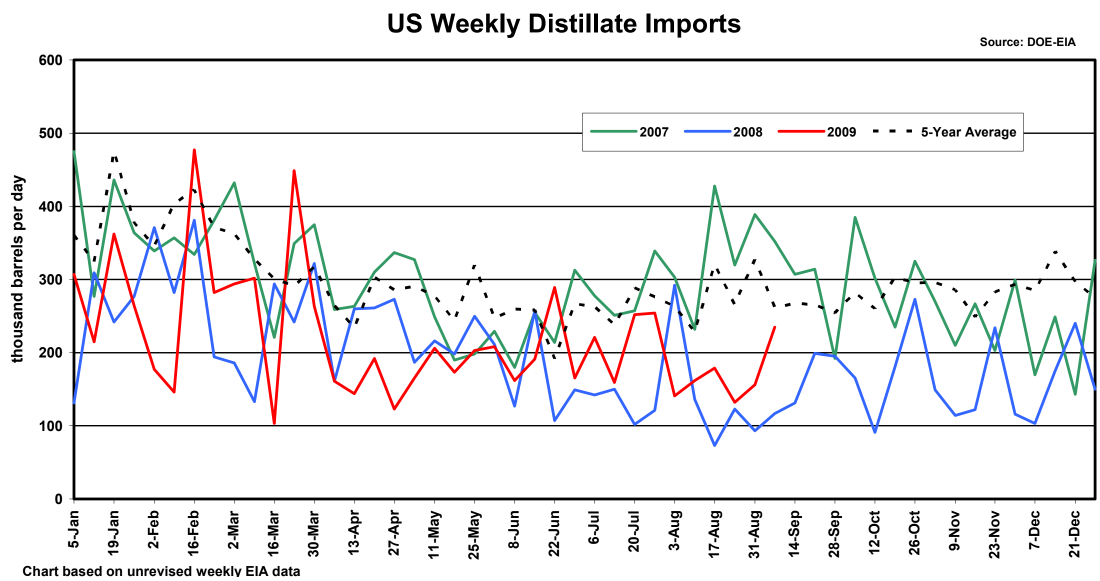
Out of the total distillate stocks, high sulfur distillate (heating oil) stocks were up 652,000 barrels to 49.1 million barrels. When using monthly EIA data to compare with a year ago, heating oil stocks are 12.3 million above a year (with the EIA estimating year-ago heating oil stocks at 36.8 million) but are 626,000 barrels below the five-year average.



Ultra low sulfur (0-15 ppm) diesel stocks, at 97.3 million barrels, were up 1.42 million barrels from a week ago while low sulfur (15-500 ppm) diesel stocks, at 19.14 million, were down 75,000 barrels from a week ago. Combined ultra low and low sulfur distillate stocks at 116.4 million barrels are 20.7 million barrels above a year ago (when using monthly EIA data that is *not* depicted in the following chart and estimated at 95.7 million barrels) and are 32.4 million above the five-year average.



This week's increase in distillate inventories was helped by the fact that distillate imports were up 79,000 bpd to 235,000 bpd. Distillate imports are now 118000 bpd above the year-ago level but are 26,000 bpd below the five-year average (see following chart of distillate imports with comparisons with weekly data).



The EIA reported that refinery utilization of operable capacity in the latest week was up 0.05 percentage point to 87.20 percent, marking the fourth consecutive week that refinery utilization has increased. This helped push distillate production up 23,000 bpd to 4.14 million (see following chart illustrating comparisons with weekly EIA data). With this increase, distillate production is now 222,000 bpd above a year ago and improved to 107,000 bpd above the five-year average.

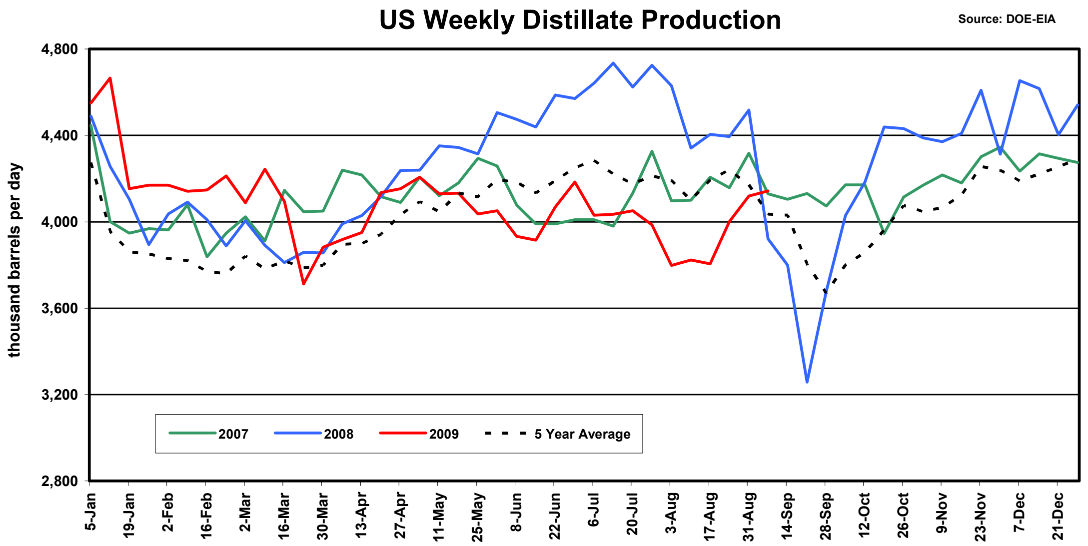


Chart based on unrevised weekly EIA data

In the latest week, distillate disappearance was down 15,000 bpd to 3.48 million bpd. Distillate disappearance is now 413,000 bpd below a year ago and 507,000 bpd below the five-year average. Over the last four weeks, distillate disappearance has averaged nearly 3.5 million bpd which, according to EIA data, puts distillate disappearance down 5.6 percentage points from the same period a year ago.

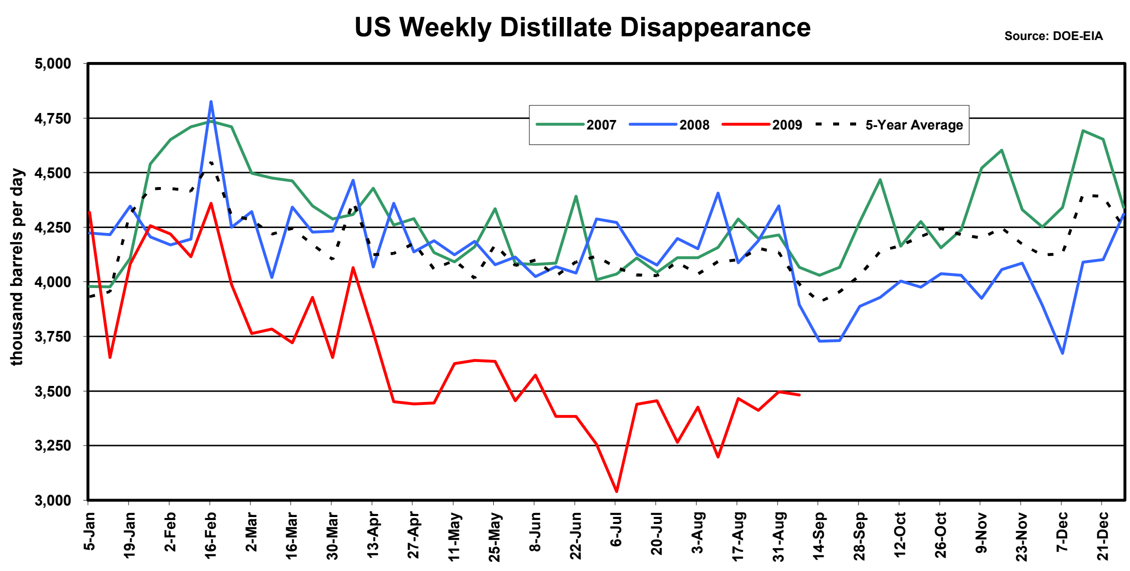
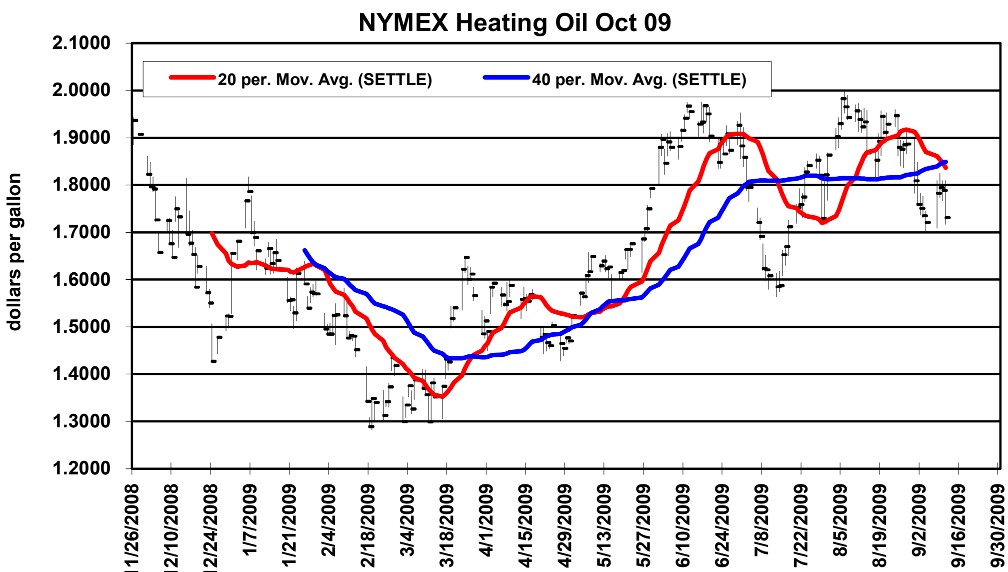


Chart based on unrevised weekly EIA data

Fundamental Outlook: Distillate stocks still are large at 33 million barrels above a year ago and nearly 32 million above the five-year average. This year's run up in distillate stocks primarily is due to the recession's impact on distillate fuel usage, with distillate disappearance over 400,000 bpd below a year ago and over 500,000 bpd below the five-year average. The sluggish demand and large distillate stocks are expected to temper strength in heating oil futures. However, the market would be expected to garner support from a perceived improvement in the economic environment, which would keep pressure on the dollar and provide strength to the stock market. Also, once the economy rebounds to the point that distillate fuel usage is buoyed and/or cold weather this winter boosts heating oil demand, this would be supportive to heating oil futures—particularly with heating oil inventories now falling below the five-year average but still well above the year-ago stock level.

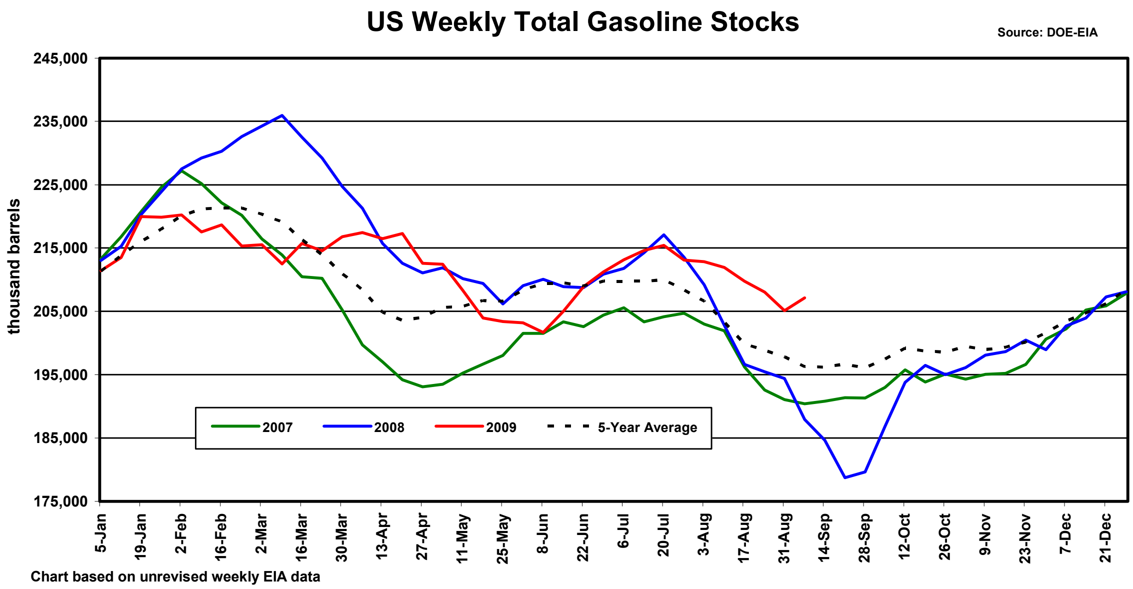
Technical Indicators: October futures:
20-day mvg avg: Lower at $1.8370
40-day mvg avg: Higher at $1.8490
Support: Sept. 4 low of $1.7018 to $1.6625 to $1.5880
Resistance: $1.8305 to $1.8610 then Aug. 24 high of $1.9594 to $2.0575

HEATING OIL FUTURES			**September 11, 2009**
Month	**Settle**	**Previous**	**Change**
Oct 09	1.7308	1.7885	-0.0577
Nov 09	1.7695	1.8266	-0.0571
Dec 09	1.8075	1.8644	-0.0569
Jan 10	1.8448	1.9021	-0.0573
Feb 10	1.8689	1.9268	-0.0579
Mar 10	1.8884	1.9468	-0.0584
Apr 10	1.9019	1.9603	-0.0584
May 10	1.9164	1.9738	-0.0574
Jun 10	1.9304	1.9863	-0.0559
Jul 10	1.9469	2.0023	-0.0554
Aug 10	1.9634	2.0183	-0.0549
Sep 10	1.9824	2.0363	-0.0539

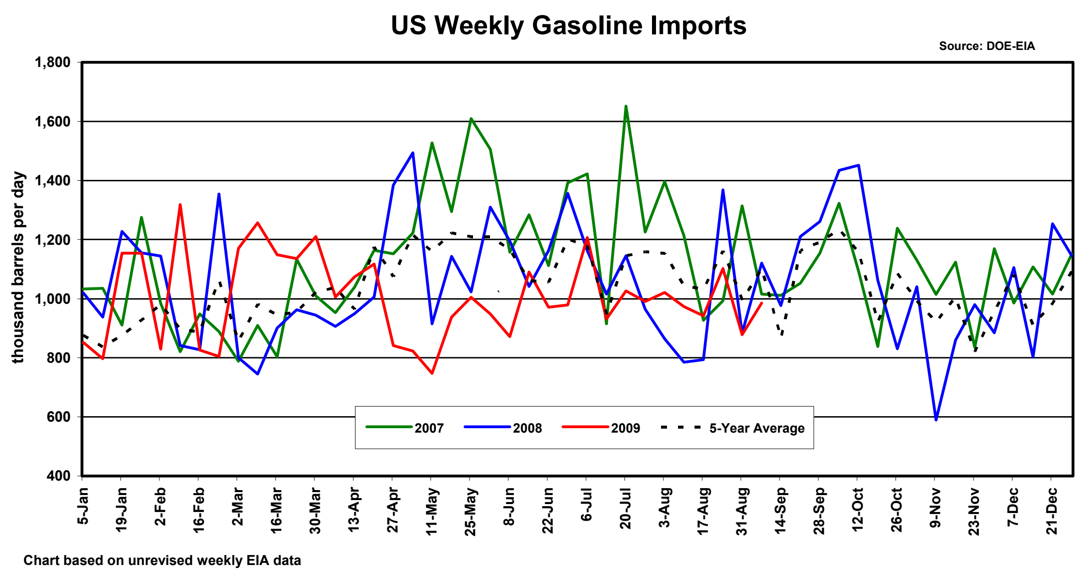


7. GASOLINE PRICE COMMENTS. NYMEX RBOB gasoline futures settled lower today with pressure from weakness in the stock market and worries about when the US will be able to recover from its economic recession. Also, the market continued to garner weakness from this week's Energy Information Administration (EIA) report that showed a large increase in gasoline stocks in the latest week at the same time that gasoline demand slipped. NYMEX October RBOB futures settled -$0.0438 at $1.7598.

Fundamental Indicators: The Energy Information Administration (EIA) petroleum report for the week ending Sept. 4 showed gasoline stocks were up 2.07 million barrels to 207.15 million—near the upper limit of the average range. The increase was counter to pre-report trade expectations that gasoline stocks would be down 1.3 million. This marked the first week in seven that gasoline stocks have increased. With the most recent week's stocks increase, the gasoline stocks surplus to a year ago widened to 12.0 million barrels (using monthly EIA data not depicted in the next chart that estimates year-ago gasoline stocks at 195.2 million barrels) and the widened the surplus to the five-year average to 10.88 million barrels.



The increase in gasoline inventories came as gasoline imports (including finished gasoline and gasoline blending components) were up 107,000 bpd to 985,000 bpd. However, gasoline imports are still below the key 1-million-bpd level. Gasoline imports are now 136,000 bpd below a year ago and 117,000 bpd below the five-year average of 1.1 million bpd.



The EIA reported that refinery utilization of operable capacity in the latest week was up 0.05 percentage point to 87.20 percent, marking the fourth consecutive week that refinery utilization has increased. This helped push gasoline production up 83,000 bpd in the week ending Sept. 4 to 9.24 million bpd (see following chart showing comparisons with weekly data). Gasoline production is now 842,000 bpd above a year ago and 521,000 bpd above the five-year average.

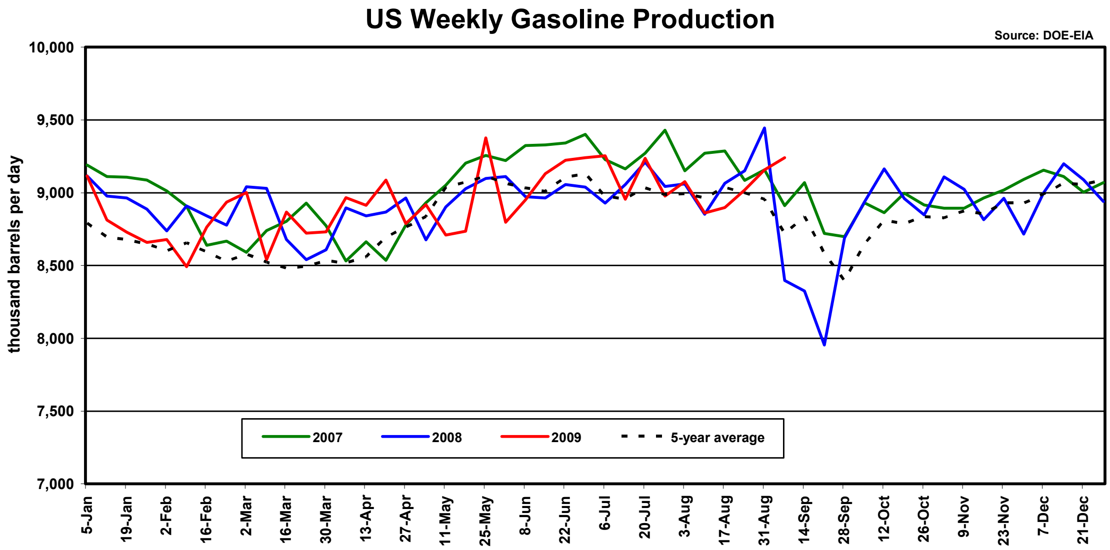


Chart based on unrevised weekly EIA data

For the week ending Sept. 4, gasoline disappearance (i.e., deliveries to distributors that are used as a gauge of consumer demand) saw a 195,000-bpd week-over-week decrease to 9.28 million bpd (see following chart). But even with this decrease, gasoline disappearance is now 193,000 bpd above the year-ago level and 95,000 bpd above the five-year average. In the last four weeks, the EIA estimates that gasoline disappearance has averaged about 9.3 million bpd, which is up 2.2 percentage points from the same four-week period in 2008.

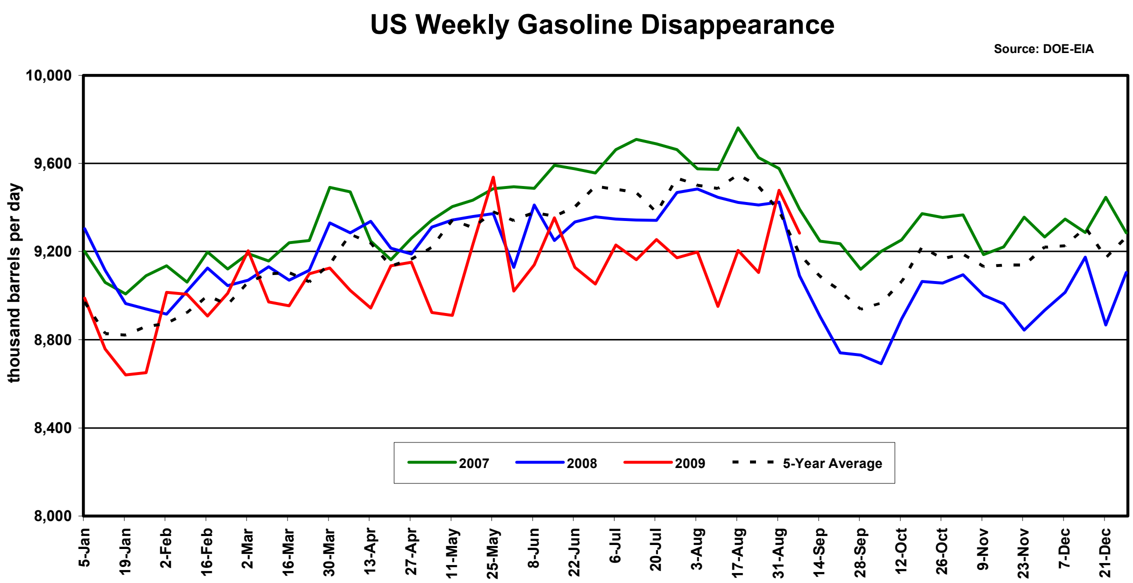
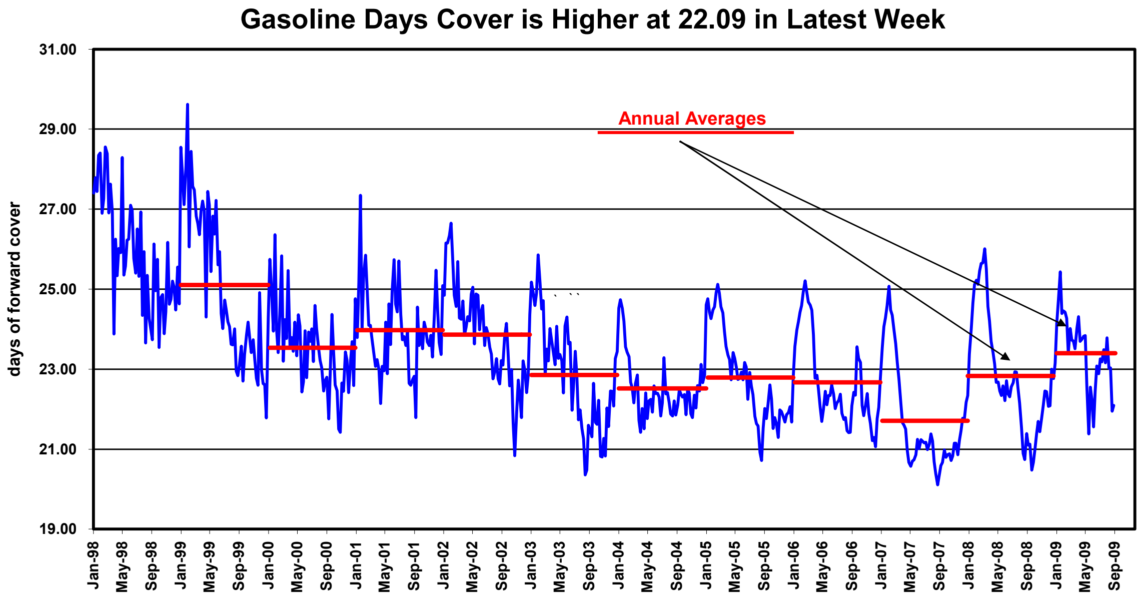


Chart based on unrevised weekly EIA data

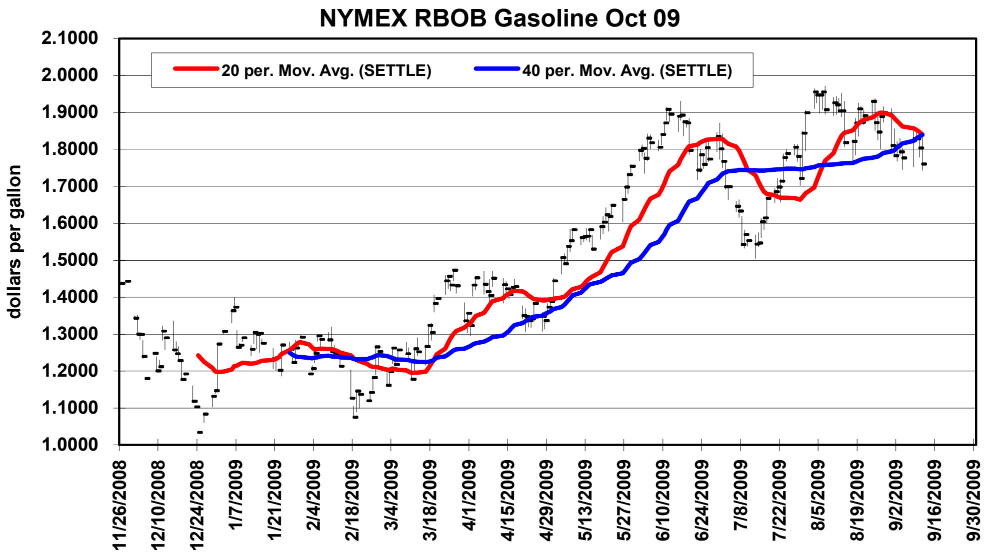
In the latest week, gasoline days' forward cover rose slightly to 22.09 days of forward cover. This year's days cover is above the 21.31 five-year average for this week. Recall that the estimate of gasoline days of forward cover is the week prior's stocks (205.09 million in the week ending Aug. 28) divided by the latest week's disappearance (9.28 million for the week ending Sept. 4).



Fundamental Outlook: Gasoline stocks increased in the latest week, widening their surplus to a year ago to 12 million barrels and widening the surplus to the five year average to nearly 11 million barrels. In the latest week's data, gasoline stocks rose as gasoline imports were up 100,000 bpd, gasoline production was up 83,000 bpd and gasoline disappearance slipped by 195,000 bpd. But even with the latest week's decline in gasoline disappearance, demand is running nearly 200,000 above a year ago and about 100,000 bpd above the five-year average. Also, the EIA estimates that gasoline disappearance is up 2.2 percentage points from the same four-week period in 2008. If this continues and economic data infuses optimism that the recession may be abating, this would be expected to support RBOB futures. However keep in mind that gasoline disappearance tends to decline as we move into the fall. And if we have resurfacing doubts about a recovery in the world economies, this would temper market gains.

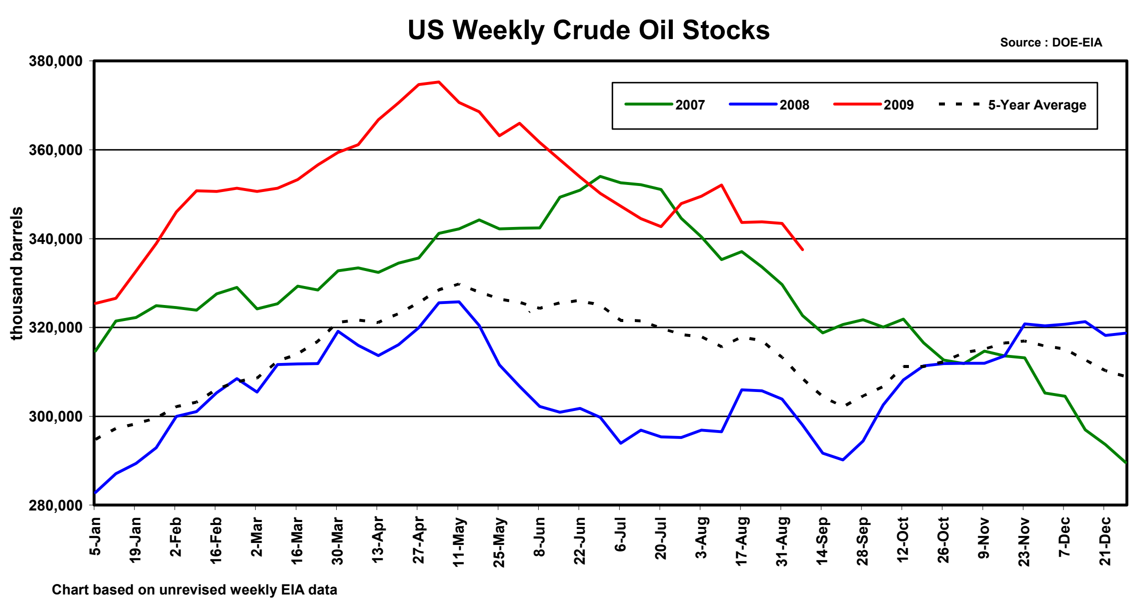
Technical Indicators: October futures:
20-day mvg avg: Lower at $1.8406
40-day mvg avg: Higher at $1.8390
Support: Sept. 11 low of $1.7430 to $1.6980 to $1.6775 then $1.6570 then $1.5900
Resistance: $1.8640 then Aug. 25 high of $1.9389 to $1.9920 to $2.0135 to $2.0600 then $2.1350

RBOB GASOLINE FUTURES			**September 11, 2009**
Month	**Settle**	**Previous**	**Change**
Oct 09	1.7598	1.8036	-0.0438
Nov 09	1.7620	1.8086	-0.0466
Dec 09	1.7725	1.8212	-0.0487
Jan 10	1.7960	1.8457	-0.0497
Feb 10	1.8199	1.8706	-0.0507
Mar 10	1.8443	1.8953	-0.0510
Apr 10	1.9723	2.0248	-0.0525
May 10	1.9808	2.0343	-0.0535
Jun 10	1.9863	2.0408	-0.0545
Jul 10	1.9853	2.0398	-0.0545
Aug 10	1.9793	2.0338	-0.0545
Sep 10	1.9668	2.0213	-0.0545

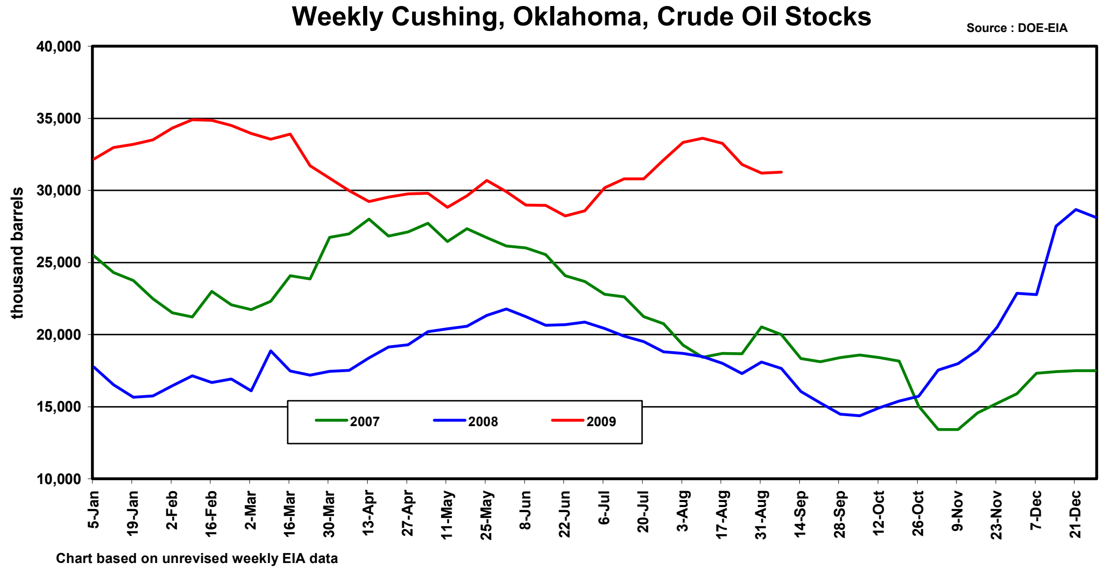


8. CRUDE OIL PRICE COMMENTS. NYMEX crude oil futures settled lower heading into the weekend as the stock market faltered and there were worries about when the US would recover from its economic recession. Also, the market remained under pressure from the overall large level of crude oil stocks—even after the larger-than-expected decline in stocks oil in the latest week. NYMEX October crude oil futures settled -$2.65 at $69.29.

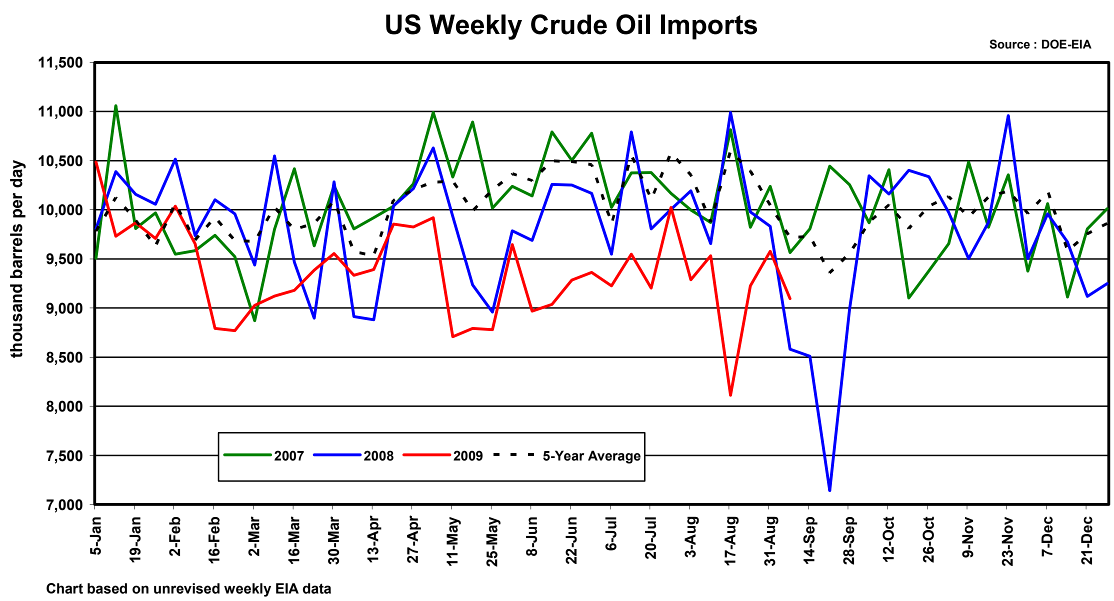
<u>**Fundamental Indicators**</u>**:** The Energy Information Administration (EIA) petroleum report for the week ending Sept. 4 showed crude oil stocks declined by 5.91 million barrels from the week-ago level. This decrease was well more than pre-report average trade expectations that crude oil stocks would be down 1.5 million barrels. Crude oil stocks are now 337.48 million barrels. Though crude oil stocks still are above the upper boundary of the average range for this time of year, the crude oil stocks surplus to a year ago narrowed to 34.8 million (when compared with the monthly EIA data that is not depicted in the following chart) with the EIA estimating that year-ago crude oil stocks were at 302.7 million. Crude oil stocks, also narrowed their surplus to the five-year average to 29.0 million (9.4 percent) compared with the 308.49-million-barrel five-year average stocks level.



Stocks at Cushing, Okla., the delivery point for NYMEX-traded West Texas Intermediate crude, were up 57,000 barrels from the week prior to 31.27 million. This puts stocks at the futures delivery point 13.62 million over a year ago and 12.95 million above the five-year average. According to NYMEX, storage capacity at Cushing is near 47.5 million with the facility able to utilize 38 to 42.8 million while still maintaining safe operational levels (i.e., managing oil flow between pipelines and/or reserved for specific crude blends).

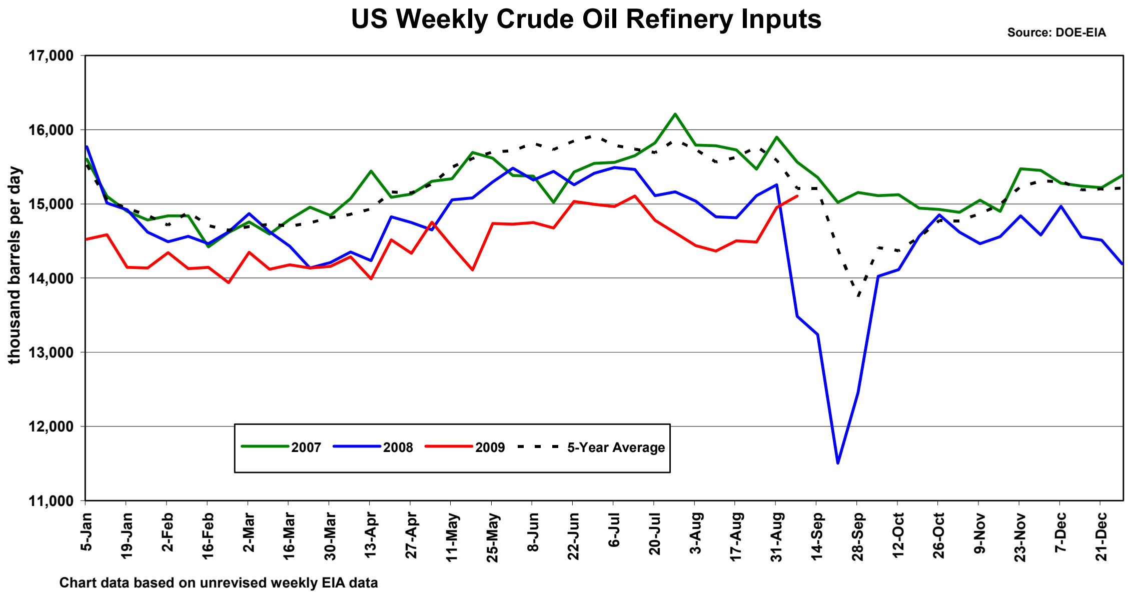


The week-over-week decline in total crude oil stocks came as crude oil imports were down 481,000 bpd to 9.095 million barrels. However, crude oil imports are 514,000 bpd above a year ago (see following chart that shows comparisons with weekly data) but are 621,000 bpd below the five-year average of 9.72 million bpd. The fact that crude oil imports still are below the five-year average reflects a lack of urgency to add to the large level of US crude stocks and the fact that we continue to see reduced supplies due to OPEC still largely adhering to its announced output cuts that went into effect Jan. 1.

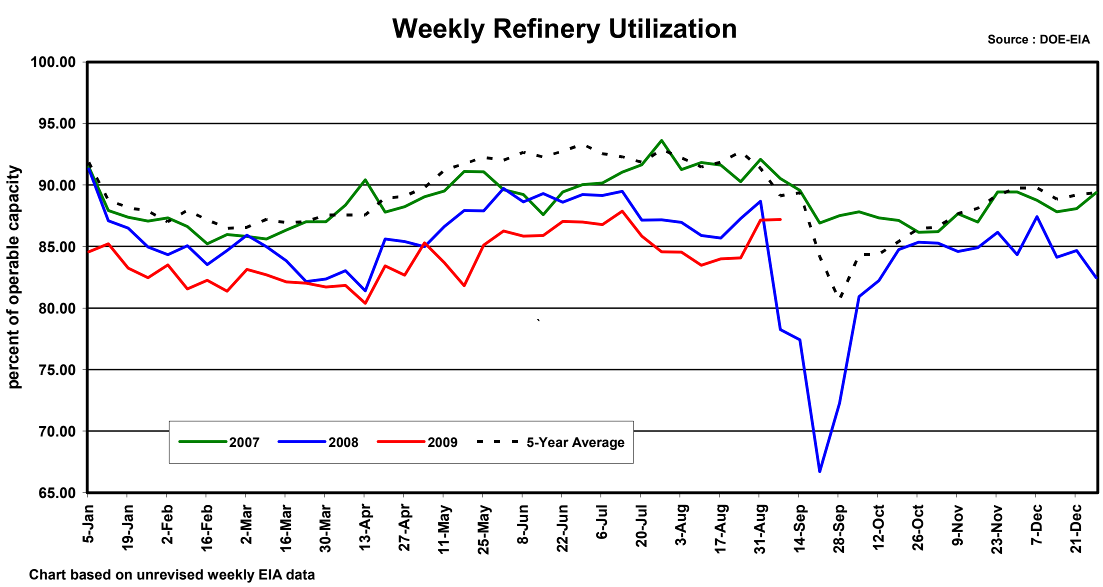


The decrease in crude oil stocks also was a function of crude oil inputs to refineries that were up 154,000 bpd from the previous week to 15.11 million. Crude oil refinery inputs are now 1.62 million above the 13.48-million year-ago level (with last year's reduced level reflecting the fact that category 2 Hurricane

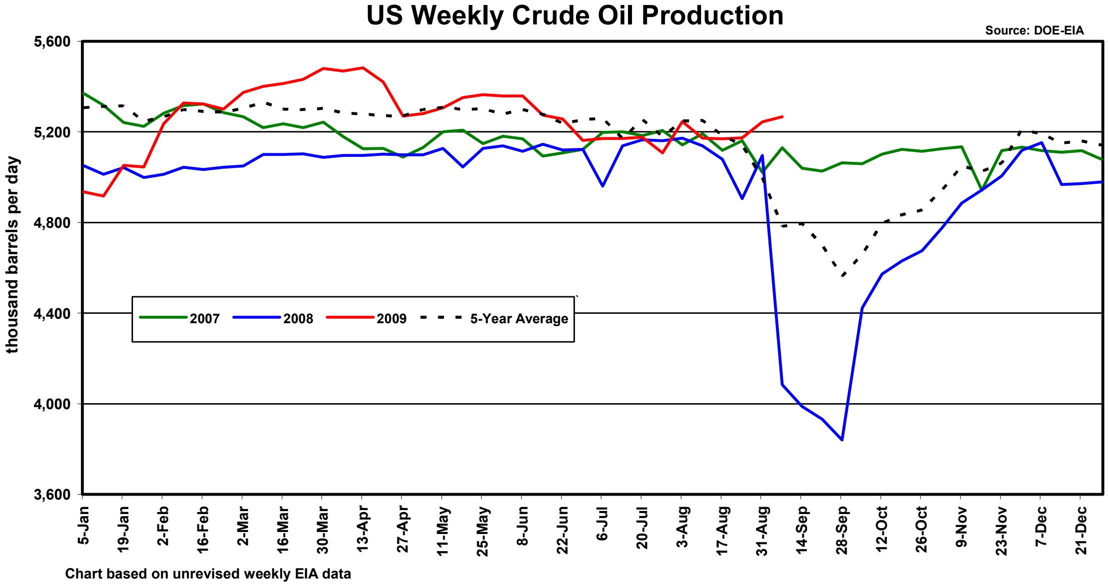
Gustav came ashore in Louisiana on Sept. 1, impacting refinery operations there). However, crude oil refinery inputs still are 100,000 bpd below the five-year average of 15.21 million. (Crude oil refinery inputs are the total of crude oil [domestic plus foreign] inputs put into crude distillation units and other refinery processing units.)



The EIA reported that refinery utilization of operable capacity in the latest week was up 0.05 percentage point to 87.20 percent. This was the fourth consecutive week that refinery utilization has increased. This took refinery utilization to 8.93 percent above the year-ago level (with the reduced refinery utilization last year due to Hurricane Gustav that came ashore in Louisiana on Sept. 1 and impacted refinery operations there). However, refinery utilization still is 1.92 percentage points below the 89.12-percent five-year average (see following chart showing comparisons with weekly data).



Crude oil production in the latest week was up 22,000 bpd to 5.266 million bpd. Crude production is now 1.18 million above a year ago (with last year's production decline due to category 2 Hurricane Gustav that came ashore in Louisiana on Sept. 1). However, crude oil production is now 483,000 bpd above the five-year average (see following chart of comparisons with weekly data).

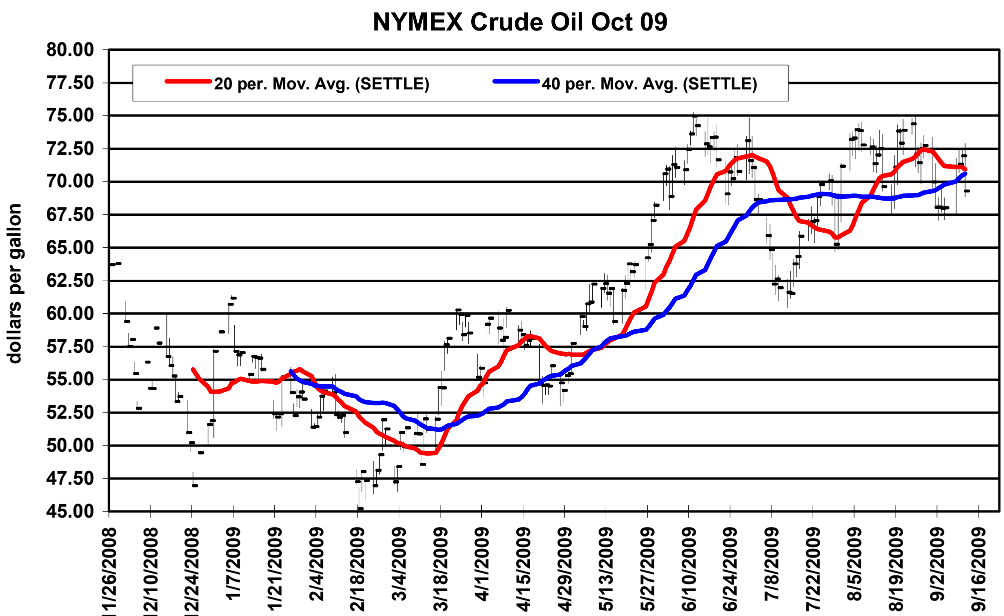


<u>Fundamental Outlook</u>: In the latest week's EIA data, total US crude oil stocks declined by 5.9 million barrels. Though crude oil stocks still are above the upper boundary of the five-year average for this time of year, this week's decline narrowed the stocks surplus to a year ago to just below 35 million barrels and narrowed the surplus to the five-year average to 29 million barrels. The drop in crude oil stocks came as crude oil inputs to refineries rose by 150,000 barrels and crude oil imports were down nearly 500,000 bpd to 9.1 million bpd. The drop in crude oil imports continues to reflect a lack of urgency to add to the large level of US crude stocks as well as the fact that we are still seeing reduced supplies due to OPEC's largely adhering to its announced output cuts that went into effect Jan. 1—with compliance running near 70 percent (well above the normal 60-percent compliance rate). Meanwhile, total stocks of crude oil and petroleum products (not including the stocks in the Strategic Petroleum Reserve) declined by 5.1 million barrels in the latest week. Also, the quantity of total petroleum products supplied to the market fell 190,000 bpd—following the seasonal decline in petroleum product demand that occurs from early September into early October. Even with the latest week's larger-than-expected decline in crude oil stocks, inventories remain large. When combined with periodic resurfacing of doubts about whether the world economies will recover soon, this is expected to temper the strength in the crude oil market. But longer term, we continue to believe that once the world recession begins to abate, crude oil futures will garner support from a number of factors. These include increased demand from current levels, the under investment in oil-producing countries, OPEC's continued production restraint and a decline in productivity of existing oil-producing fields. Moreover, the long-term bullish sentiment is underpinned by our expectation for continued weakness in the US dollar given the US government's huge spending programs, massive budget deficits and expansionary money supply policy.

<u>Technical Indicators</u>: October futures:

20-day mvg avg:	Lower at $70.94
40-day mvg avg:	Higher at $70.60
Support:	Sept. 2 low of $67.05 to $64.50 to $63.65 to $62.75 to $59.85
Resistance:	Aug. 25 high of $75.00 to $78.00 then $79.00 to $79.90

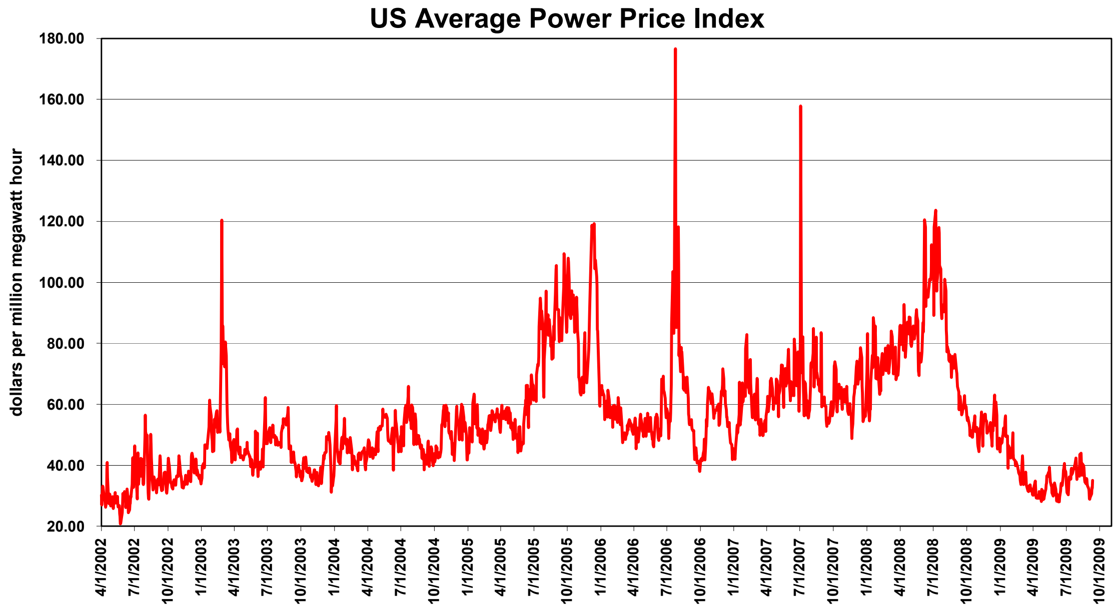
CRUDE OIL FUTURES			September 11, 2009
Month	Settle	Previous	Change
Oct 09	69.29	71.94	-2.65
Nov 09	69.72	72.27	-2.55
Dec 09	70.20	72.61	-2.41
Jan 10	70.68	72.97	-2.29
Feb 10	71.14	73.37	-2.23
Mar 10	71.65	73.83	-2.18
Apr 10	72.14	74.27	-2.13
May 10	72.66	74.72	-2.06
Jun 10	73.18	75.18	-2.00
Jul 10	73.62	75.54	-1.92
Aug 10	73.97	75.82	-1.85
Sep 10	74.32	76.12	-1.80



9. POWER PRICE COMMENTS. The average US cash power price was higher today. In the East, the Nepool was up $5.41 at $34.53 and the PJM West was up at $4.54 at $36.56. In the Midwest, prices were higher with the largest increase in the Entergy, which was up $4.06 at $27.81; the ERCOT was up $8.42 at $34.53. Prices in the West were higher with the largest increase in the COB, which was up $4.66 at $44.01. The Mid-C in the Pacific Northwest was up $4.68 at $42.14.

Cash Power Quotes (dollars per MWh) for Delivery the Following Day							
Region	09/03	09/04	09/08	09/09	09/10	09/11	Change
East	29.02	29.21	29.27	30.13	30.57	35.55	4.98
Midwest	28.25	29.23	30.57	31.01	30.75	31.91	1.17
West	27.72	29.58	31.26	34.92	34.65	37.62	2.97
US	28.12	29.39	30.69	32.68	32.52	35.11	2.58

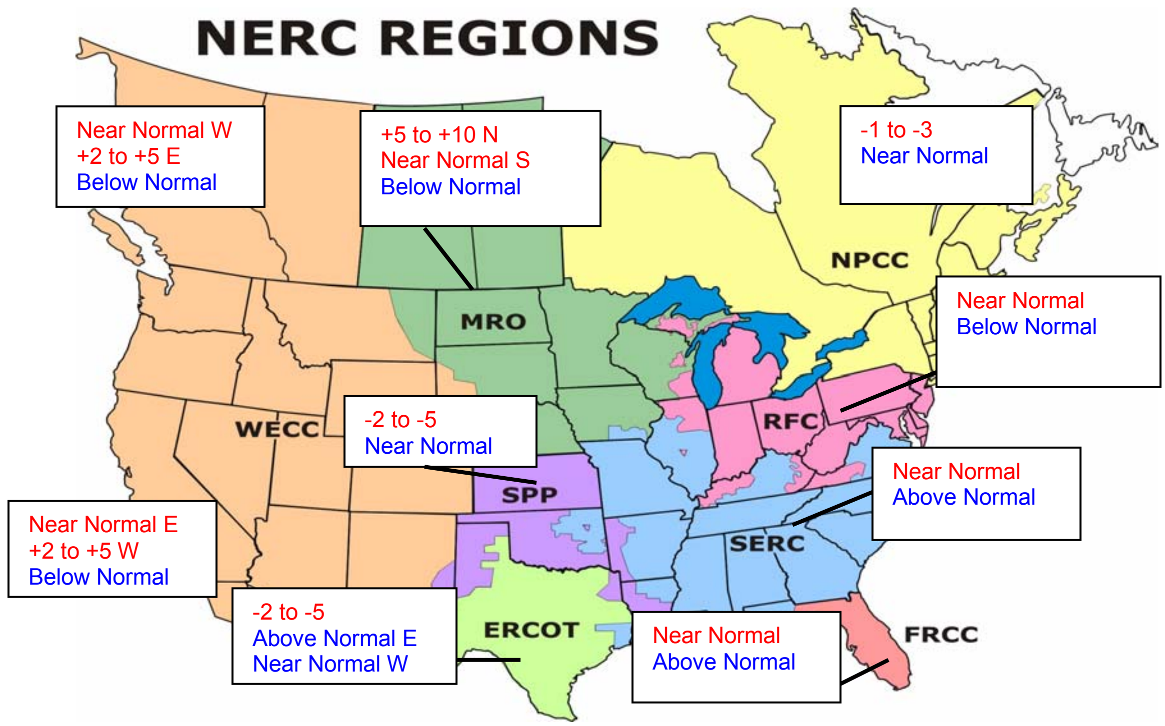
Individual prices sourced from the Intercontinental Exchange daily indices; totals may not add due to rounding.



10. WEATHER OUTLOOK. NERC Energy Region 6- to 10-Day Weather Outlook: Sept. 16 to Sept. 20.

Through next weekend, most of US forecast to have near to slightly below-normal temperatures.

(deviation from normal: temperatures in red, precipitation in blue)



The NERC region weather comments are provided by Informa via special arrangement with WeatherMarkets.com and may not be consistent with in-house weather commentary in other Informa services using different boundaries.

<u>Informa Economics' 8- to 14-day Outlook</u>: The Sept. 18 through Sept. 24 outlook calls for temperatures of 2 to 10 degrees above to much above normal for the central and west NPCC, the MRO, the northwest SPP, and most of the WECC. Temperatures of 2 to 4 degrees below normal are forecast for the northwest WECC, the south RFC, the southeast SPP and ERCOT, the SERC and FRCC. Close to normal temperatures are forecast elsewhere. Near to above-normal moisture is forecast for the northwest WECC, the south RFC, southeast SPP, east ERCOT, the SERC and FRCC. Elsewhere, moisture is forecast to be below normal.

<u>Tropical Update</u>: Category 1 hurricane FRED (80 mph) is about 750 miles west-northwest of the Cape Verde Islands and is drifting to the north. Weakening is forecast to continue while the hurricane drifts north and northwestward. A more westerly turn is forecast by early next week but regeneration is not forecast, given the colder water temperatures and persistent upper level wind shear. Elsewhere, a moderate area of low pressure off the Delaware coast will drift closer to the coast, stall, and then begin a northeast movement tomorrow and tomorrow night. Near and gale force winds, moderate-heavy rains, heavy surf, and dangerous rip current tides are and will continue to affect a large portion of the Mid Atlantic and south and east New England area through the weekend. This low is not forecast to become tropical. In the Gulf, a broad area of low pressure along and east of the Texas Coast will drift slowly north and east through early next week. Though it is not forecast to become tropical, moderate-heavy rainfalls are forecast to affect the area from southeast Texas to the lower Delta, Gulf Coast and Southeast. Rip-tide currents are forecast to develop to the east of this low along with near gale force, onshore winds.

<u>Informa Economics' Long-Term Weather Comments</u>: Informa's updated outlook for September calls for above-normal temperatures for the WECC and most of the MRO. Below-normal temperatures are forecast for the SPP, far southeast MRO, the southwest RFC, the west SERC, and the northeast ERCOT. Elsewhere, temperatures are forecast to be near normal. Temperatures for October are forecast to be above normal in the WECC and west MRO. Below-normal temperatures are forecast for the west SERC, northeast ERCOT, the east SPP, and far southeast MRO. Near normal temperatures are forecast elsewhere. Temperatures for November are forecast to be above normal for the north WECC and north and central MRO. Below-normal temperatures are forecast for the south MRO, the SPP, the far north ERCOT, and the south-central and east WECC. Elsewhere, near normal temperatures are forecast.

<u>NOAA Long-Term Outlook</u>: NOAA updated its September outlook on Aug. 31, showing above-normal temperatures for the southwest ERCOT and for much of the southeast and south-central WECC. Above normal temperatures also are forecast for the southeast NPCC. Elsewhere, NOAA indicated equal chances for below-, near-, or above-normal temperatures.