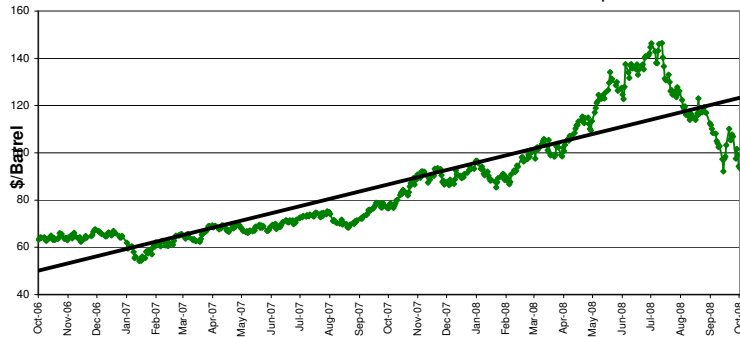


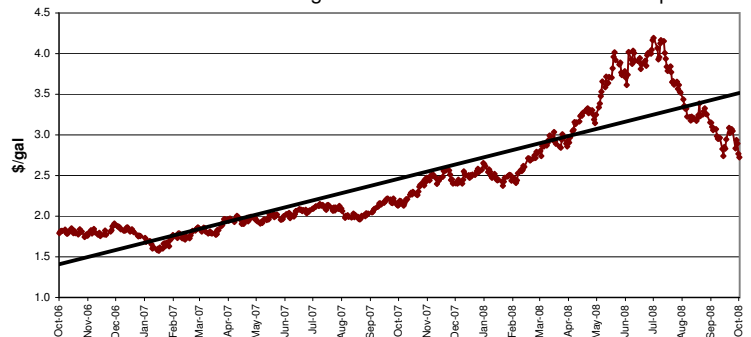
Oil Market

NYMEX Crude Futures - 12 Month Forward Strip



The October 2008 crude oil contract expired on September 22th at \$120.92/barrel on the NYMEX. November is currently the prompt month. As of October 3rd, the 12 month NYMEX forward strip starting November 2008 was \$93.67/barrel. This is down 12% from the previous week and is 36% below the 24 month high for the 12 month strip, which was set July 14, 2008 at \$146.44/barrel. Strip prices are approximately 73% above the 24 month low of \$54.17/barrel which occurred on January 16th, 2007.

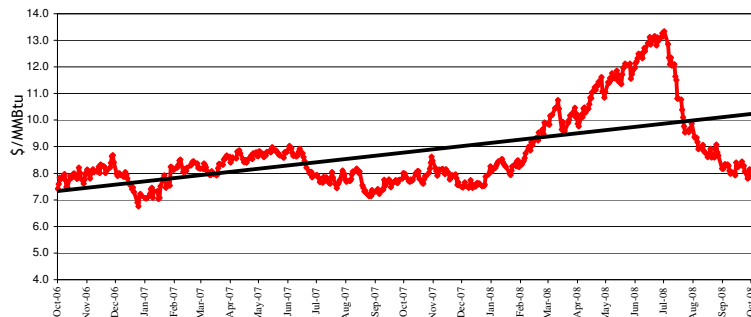
NYMEX #2 Heating Oil Futures - 12 Month Forward Strip



The October 2008 heating oil contract expired on September 30th at \$2.86/gal. November is currently the prompt month. As of October 3rd, the 12 month NYMEX forward strip starting November was \$2.73/gal. This is down 11% from the previous week and is 35% below the 24 month high, set on July 3rd at \$4.19/gal. Strip prices are approximately 73% above the 24 month low of \$1.58/gal, which occurred on January 18th, 2007.

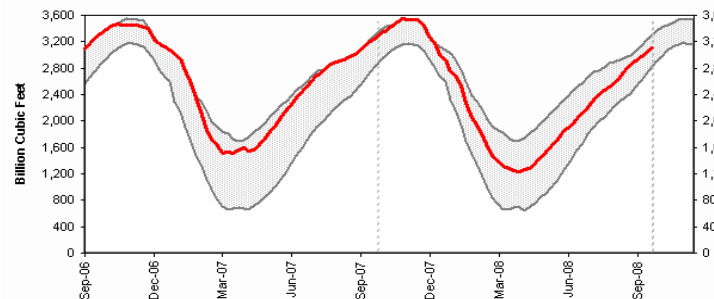
Natural Gas Market

NYMEX Henry Hub Futures: 12 Month Forward Strip



The future price of natural gas is the single most important determinant of the future price of electricity. Natural gas fired generation plants are most often called upon to provide incremental electricity and because of the structure of the competitive electricity market, these plants generally set the price of electricity for all consumers. Electricity suppliers, therefore, follow the natural gas market closely and base their prices to consumers on the forward prices for natural gas.

Working Gas in Storage Compared to 5-Year Range



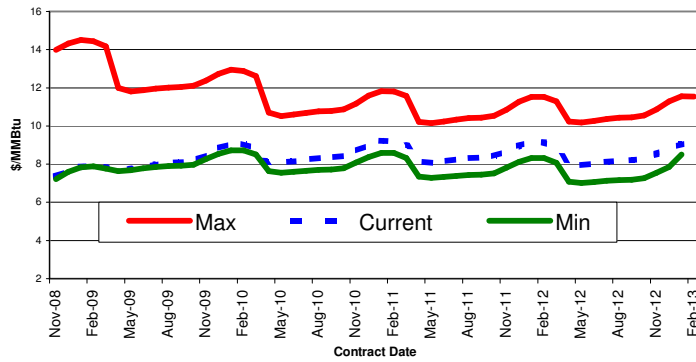
This chart shows the amount of natural gas in storage at each point in time compared to the highest and lowest amounts over the past 5 years (shown as shaded region). When current storage levels approach their lowest levels, gas markets will be tight during the winter months and prices can be expected to rise. Conversely, high amounts of natural gas in storage will, all other things being equal, have a dampening effect on prices.

Source: EIA <http://tonto.eia.doe.gov/oog/info/ngs/ngs.html>

The October 2008 natural gas contract expired on September 26th at \$7.47/MMBtu. November is currently the prompt month. As of October 3rd, the 12 month NYMEX strip starting November was \$7.86/MMBtu. This is down 3% from the previous week and is 41% below the 24 month high for the 12 month strip set July 3rd at \$13.33/MMBtu. Strip prices are approximately 16% above the 24 month low of \$6.76/MMBtu, which occurred on December 27th, 2006. For comparison the 18, 24, 36, and 48 month NYMEX forward natural gas strips starting November were \$8.15/MMBtu, \$8.18/MMBtu, \$8.31/MMBtu, and \$8.35/MMBtu respectively.

The EIA (Energy Information Administration) reported that natural gas in storage was 3,110 Bcf as of Friday, September 26, 2008. This implies a net injection of 87 Bcf for the week, compared to the 5-year average injection of 72 Bcf and last year's injection of 62 Bcf for the same report week. Gas in storage is about 4% below last year's level and 2% above the 5-year average.

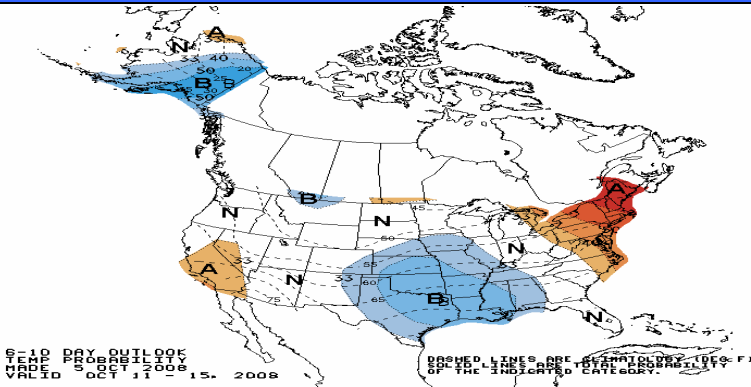
NYMEX Natural Gas Forwards vs. 1 Year Range



Score 12 Month Forward Strip	98
Score 24 Month Forward Strip	92
Score 36 Month Forward Strip	86

Natural gas futures are useful to monitor for both natural gas and electricity consumers. The natural gas futures market drives electricity pricing in many US markets, including Texas and New England. This chart shows the current forward prices for natural gas on the NYMEX exchange for each forward month shown on the horizontal axis compared to the highest and lowest prices for these same forward months over the past 12-month period. The Score provides a measure of how current prices compare to the historic range. A score close to 0 indicates that current prices are close to their historic maxima; a score close to 100 indicates that current prices are close to their historic minima.

Weather Forecast



For the period October 11 - 15, 2008

This chart measures how temperatures for this week compare to the long term average. The blue/purple areas are forecast to be colder than normal, white areas are normal, and yellow/orange/red areas are warmer than normal. Abnormally hot weather in the summer and cold weather in the winter can increase the price for natural gas, oil, and electricity.

Source: Chart from the National Weather Service Climate Prediction Center www.cpc.ncep.noaa.gov

Market Assessment

Energy and financial markets experienced a rollercoaster ride last week. Crude and heating oil futures prices declined 10% and 12% respectively on the NYMEX last week while natural gas prices declined 4%. The commodities markets were anxiously awaiting a \$700 billion bailout bill for U.S. financial institutions last week. Energy prices fell on Monday on concerns that the bailout plan may not be effective and will fail to avert an economic slowdown in the U.S. that may spread to Europe. Energy prices increased the very next day as the markets became more optimistic about the plan. Crude oil futures fell on Wednesday after the EIA report showed a bigger than expected increase in crude oil supplies and as U.S. fuel consumption dropped to the lowest since 2001, according to Bloomberg. Natural gas futures gained on Wednesday on worries about sufficient stockpiles for this winter as five major pipeline companies still reported no gas flow from offshore points in the aftermath of hurricanes Ike and Gustav. These concerns diminished after the EIA reported that natural gas in storage increased more than expected on Thursday. Crude oil, heating oil and natural gas futures prices declined at the end of last week and are down this morning on concerns that the global economy is slowing faster than expected.

Natural gas futures for the next 12 months decreased 4% on the NYMEX last week. The current prompt month – November 2008 – closed last week at \$7.36 per MMBtu, 27 cents per MMBtu down from the previous Friday. It was the lowest priced natural gas futures contract for delivery in next 12 months. The remaining winter natural gas contracts (December – March) fell 35 cents per MMBtu and averaged \$7.82 per MMBtu. The October 2009 contract was at \$8.19 per MMBtu the highest priced natural gas contract to be delivered in next 12 months.

Crude oil futures prices decreased 11% on the NYMEX last week. The current prompt month – November 2008 – fell \$13.01 per barrel from the previous Friday close at \$93.88 per barrel this past Friday. The January 2009 crude oil contract was at \$92.81 per barrel the lowest priced crude oil contract; October 2009 was at \$94.82 per barrel the highest priced contract for delivery in next 12 months. The NYMEX heating oil futures followed the crude oil futures down last week. The heating oil winter contracts (November – March) decreased 35 cents per gallon or 11% on average and closed last week at average price of \$2.70 per gallon. The current prompt month – November 2008 – was at \$2.66 per gallon the lowest priced heating oil contract in next 12 months. The October 2009 heating oil contract was at \$2.78 per gallon the highest priced contract for the same period. The EIA reported last week that crude oil in storage increased by 4.3 million barrels, distillate inventories (including heating oil) decreased by 2.3 million barrels and propane stocks increased by 2.4 million barrels.

The National Weather Service forecast warmer than normal temperatures for the Northeast and most of California for October 11-15 and colder to normal temperatures for the rest of the country (see chart). Prices of commodities covered in this market summary decreased last week and are lower again this morning. Clients with contracts nearing expiration should consider locking-in their future energy needs at these favorable prices.



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