



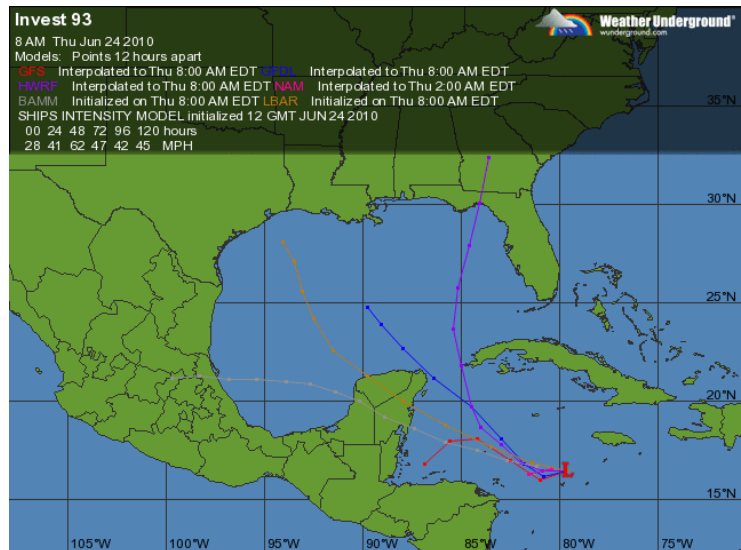
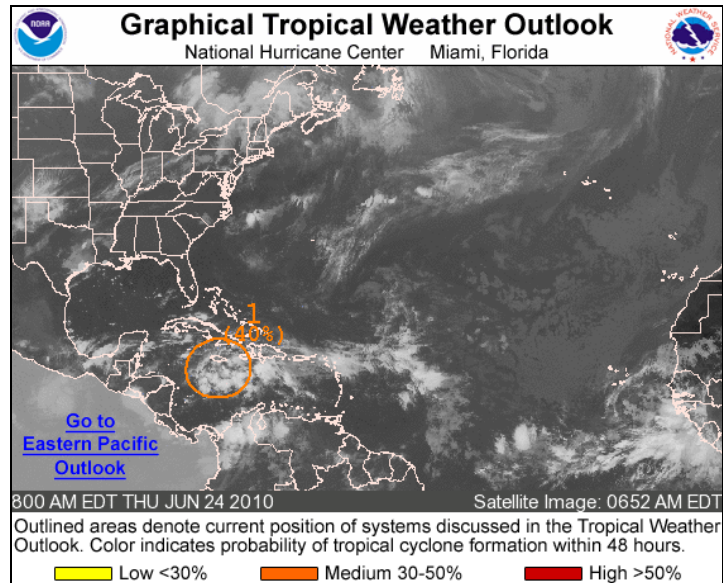
ATLANTIC STORM ALERT

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natural gas buying advisors

General Overview: There is currently a disturbance in the Atlantic that has about a 40% chance of developing into something larger. The only reason we bring it to your attention is because the July 2010 natural gas NYMEX contract will expire on Monday, June 28, which could coincide with this disturbance making landfall in the Gulf of Mexico, should it continue to develop and organize.

Normally, we would not issue a Storm Alert for a tropical disturbance; however, because the July 2010 natural gas NYMEX contract will expire on Monday, June 28, 2010, we wanted to at least bring this disturbance to your attention. The current disturbance, Invest 93L, has about a 40% chance of developing into the first named storm of the 2010 Atlantic basin hurricane season. At this point, Invest 93L lacks an organized spin, but as it moves across the Caribbean, the warmer sea surface temperatures could fuel further development and organization. This disturbance isn't even a tropical depression yet, so it is still quite a ways away from becoming a named storm, but if development continues, it could be a threat to Texas, Louisiana or Florida by Monday or Tuesday, which is coincident with the expiration of the July 2010 natural gas NYMEX contract. Currently, the July contract is trading between \$4.70-\$4.80 per MMBtu. Chances are most speculators will liquidate their July positions prior to Monday, but even so, the storm has the potential to cause a \$.25-\$.50 jump in the July contract price on the last day. That being said if the storm dissipates prior to Monday, any storm premium built into the July contract price could be removed. So, basically, this disturbance is something to monitor, but not necessarily anything that should create a lot of panic.



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DEFINITIONS AND 2010 STORM ACTIVITY

Tropical Wave: An elongated area of relatively low air pressure, oriented north to south, which move from east to west across the tropics causing areas of cloudiness and thunderstorms. Tropical waves are generally carried westward by the prevailing easterly winds.

Tropical Disturbance: An area of organized convection, originating in the tropics and occasionally the subtropics, that maintains its identity for 24 hours or more. It is often the first developmental stage of any subsequent tropical depression, tropical storm, or hurricane.

Tropical Depression: A tropical cyclone in which the maximum sustained surface winds are 38 mph or less. Characteristically having one or more closed isobars, it may form slowly from a tropical disturbance or an easterly wave which has continued to organize.

Tropical Storm: A tropical cyclone in which the maximum sustained surface wind speed (using the U.S. 1-minute average) ranges from 39-73 mph. When a storm reaches tropical storm status, it is given a name.

Hurricane: A severe tropical cyclone with wind speeds in excess of 74 mph. A hurricane is classified in five categories based on the average wind speed it is able to sustain for 1-minute.

Category 1 Hurricane: Wind speed of 74-95 mph. Minimal damage. Storm surges 4-5 feet above normal. Damage is primarily to shrubbery, trees and foliage.

Category 2 Hurricane: Wind speed of 96-110 mph. Moderate damage. Storm surges 6-8 feet above normal. Considerable damage to shrubbery. Damage to roofing materials of buildings, some window damage. Evacuation of some shoreline residences and low-lying areas required.

Category 3 Hurricane: Wind speed of 111-130 mph. Extensive damage. Storm surges 9-12 feet above normal. Large trees blown down. Some structural damage to small buildings. Mobile homes destroyed. Serious flooding. Flat terrain 5 feet or less above sea level flooded inland 8 miles or more. Evacuation of low-lying residences within several blocks of shoreline possibly required.

Category 4 Hurricane: Wind speed of 131-155 mph. Extreme damage. Storm surges 13-18 feet above normal. Shrubs and trees blown down. Extensive damage to roofing materials, windows and doors. Flat terrain 10 feet or less above sea level flooded inland as far as 6 miles. Major erosion of beaches. Massive evacuation of all residences within 500 yards of shore possibly required, and of single-story residences within 2 miles of shore.

Category 5 Hurricane: Wind speed of 156 mph or more. Catastrophic damage. Storm surges greater than 18 feet. Severe and extensive damage to windows and doors. Failure of roofs on many residences and industrial buildings. Shattering of glass in windows and doors. Some complete building failures. Major damage to lower floors of all structures less than 15 feet above sea level within 500 yards of shore. Massive evacuation of residential areas on low ground within 5 to 10 miles of shore possibly required. Storm surge generally greater than 18 feet.

2010 Atlantic Storm Activity

Below is a listing of Atlantic-Basin tropical storm activity thus far this year. In addition to the name of the storm, the timeframe and the maximum wind speed is listed. The maximum wind speed represents the average wind speed that the storm was able to sustain for 1 minute.
