



ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR APRIL 8, 2009

OPEC's resignation to seeing lower prices of \$50-\$60/barrels is likely a sign that they will not meet the promises of improved quota discipline and the chances of a production cut in May are unlikely. OPEC has so far delivered about 80% of its pledge to cut output by 4.2 million bpd from September. While OPEC members previously stated that 95% compliance was possible and that

\$75/barrel was the price producers needed to maintain investment, OPEC members have recently stated that they may be able to oil around \$50/barrel for the rest of the year.

Algeria's Energy Minister Chakib Khelil said oil prices could increase to \$70/barrel by the end of the year and then reach \$80/barrel and added that OPEC should maintain its production quota at its May 28 meeting.

DOE Stocks

Crude – up 1.7 million barrels
Distillate – down 3.4 million barrels
Gasoline – up 600,000 barrels
Refinery runs – up 0.1%, at 81.8%

Market Watch

Exchange-traded commodities(ETCs) investments in energy almost tripled to a record \$1.5 billion in the first quarter of the year as oil prices increased sharply. Holdings in long oil ETCs increased by a record \$916 million in the January-March period, up 160% from the end of last year. Long oil positions represent \$1.3 billion of the total ETCs under management. ETF Securities said the largest inflows in the first quarter were in the ETFs 1-month Brent, ETFs WTI 2 months and ETFs crude oil with interest in longer dated oil ETCs such as ETFs 1 year Brent.

India's government will likely offer 10 small exploration blocks in the eighth round of its oil and gas blocks auction to encourage new players.

A total of 1,501 lots or 150,000 metric tons of gasoil was physically delivered against the expiry of the ICE April gasoil futures contract. It is up from 999 lots or 99,900 tons delivered in March.

Two more local government officials expressed support for the restart of Tokyo Electric Power Co's 1,356 Mw No. 7 unit at the Kashiwazaki-Kariwa plant. Restarting the No. 7 generator would help reduce emissions of carbon dioxide by millions of tons a year and raise the country's nuclear utilization rate by about 3% to more than 60%, reducing TEPCO's use of fossil fuels at thermal plants.

Nigeria is unlikely to cut its crude production further, even though it is exceeding its OPEC target because the country's weakening economy is reliant on oil revenues. Nigeria is expected to export 1.81 million bpd in May, up 140,000 bpd from its implied production target of 1.67 million bpd.

US Secretary of State Hillary Clinton said the US will be a full participant in talks by major powers with Iran over its nuclear program. US State Department spokesman Robert Wood said the US remained committed to the efforts by the US, Russia, China, France, Germany and Britain to reach a diplomatic solution to areas of concern with Iran.

April Calendar Averages
CL – \$50.52
HO – \$1.4064
RB – \$1.4516

Refinery News

Colonial Pipeline Co extended shipping restrictions at its Linden, NJ delivery line, L2 as current nominations exceed the line’s capacity. As a result, it is allocating L2 for cycle 19.

The EIA reported that refinery outages in the US East Coast are expected to significantly limit the region’s gasoline production capacity, necessitating fuel imports during March and April. Over 30% of the East Coast’s fluid catalytic cracking units were shut in March. Midwest refineries are also expected to have a high level of outages in the second quarter, mainly in April and May. It said relatively high stocks and available capacity may be sufficient to meet expected weaker gasoline demand. If not, the EIA added that extra refining capacity in the Gulf Coast region should be available to meet Midwest demand.

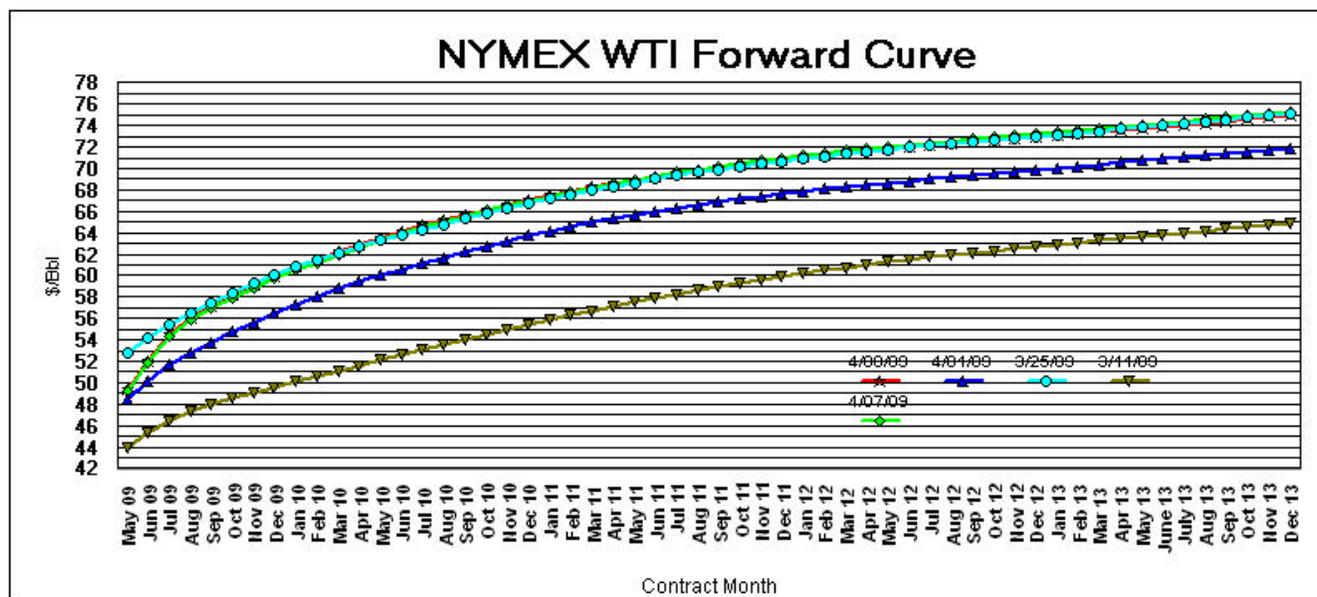
ConocoPhillip is still investigating the cause of the fire that struck the crude distillation unit at its 232,000 bpd Bayway refinery in Linden, New Jersey on Sunday. The refinery continues to operate at reduced rates.

Harvest Energy Trust confirmed it started a planned 35 day maintenance shutdown at its 115,000 bpd refinery at Come by Chance, Newfoundland and Labrador. The entire refinery will be shut for 21 days and only its hydrocracker will be shut for the entire 35 day maintenance period.

A reformer unit at Royal Dutch Shell Plc’s 233,000 bpd Stanlow refinery in the UK is resuming operations on Wednesday following a two week outage. The unit was shut due to a leak.

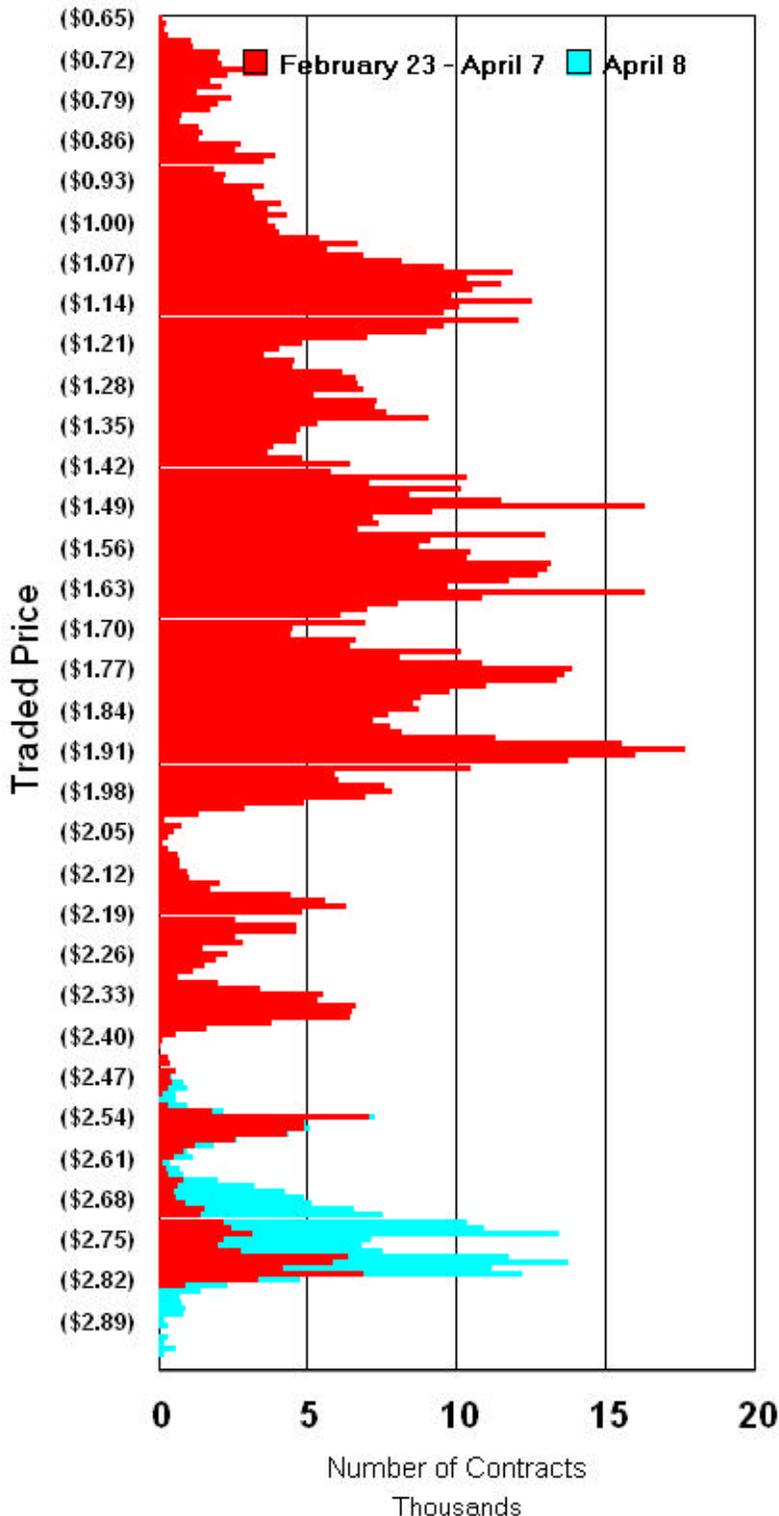
All three of Mexico’s main crude oil export terminals reopened on Wednesday morning after it was shut since Monday due to bad weather conditions in the Gulf of Mexico.

Saudi Aramco said it is close to signing a deal with Japan’s Sumitomo Chemical Co to expand the Rabigh refinery and petrochemicals project.



NYMEX WTI: May June Spread Price Vs Volume for February 23 - April 8, 2009

Trade Weighted Avg 4/6 -2.3, 4/7 -2.64, 4/8 -2.70



South Korea's SK Energy will export 120,000 tons of spot diesel in May, unchanged on the month due to refinery run cuts. It cut its operations to 820,000 bpd in April from 970,000 bpd.

South Korea's GS Caltex kept its crude runs in April steady at 600,000 bpd to 610,000 bpd. However it is likely to cut its runs to 500,000 bpd in May due to planned maintenance on its 300,000 bpd No. 4 crude unit. Meanwhile, South Korea's S-Oil Corp cut its crude runs to 460,000 bpd in April from 480,000 bpd in March due to planned maintenance at one of its crude units. It shut its 90,000 bpd No. 1 crude distillation unit from April 1-10 for maintenance. Separately, South Korea's Hyundai Oilbank will keep its crude runs for April steady at 320,000 bpd.

Japan's TonenGeneral Sekiyu temporarily shut an 185,000 bpd crude distillation unit and related units at its 335,000 bpd Kawasaki refinery following problems with a power system on Monday evening.

According to the Petroleum Association of Japan, the country's crude oil inventories in the week ending April 4th increased by 180,000 barrels on the week and by 8.87 million barrels on the year to 103.03 million barrels. Japanese refiners ran their facilities at an average of 78.5% of total capacity of 4.83 million bpd, up 1% on the week. Gasoline stocks increased by 430,000 barrels on the week and by 630,000 barrels on the year to 15.21 million barrels while kerosene stocks fell by 97,000 barrels on the week and by 1.57 million barrels to 10.23 million barrels and naphtha stocks increased by 590,000 barrels on the week to 12.64 million barrels. Japan's total oil product sales fell by 10.6% on the week and

by 16.8% on the year to 2.9 million bpd, with gasoline sales down 1.9% on the week and down 16.3% on the year at 1.03 million bpd. It also reported that its kerosene sales fell by 13.5% on the week but increased by 65.3% on the year to 460,000 bpd while its gas oil sales fell by 9.1% on the week and by 24.6% on the year to 530,000 bpd and its naphtha sales fell by 28.1% on the week and by 32.3% on the year to 170,000 bpd.

Separately, Japan's Oil Information Center reported that Japan's retail gasoline price was 113.2 yen or \$1.13/liter or \$4.28/gallon in the week ending April 6th. It is at its highest level since December 15th.

Indonesia's Pertamina plans to import 5.6 million barrels of gasoline and 1.2 million barrels of diesel in April. It also plans to import 4.9 million barrels of gasoline and 2.4 million barrels of diesel in May.

A cargo of 35,000 tons of jet fuel from Taiwan has set sail for the US West Coast, the first such flow since the end of August.

China Aviation Oil Corp is seeking 20,000 tons of prompt jet fuel for April lifting. Separately, it is seen reducing jet fuel imports to 210,000 tons in May from 240,000 tons in April due to higher domestic supplies and weaker demand.

Itochu Enex Co Ltd plans to take oil storage on lease in Singapore to increase bunker sales in Singapore. It plans to rent 120,000 metric tons of fuel oil storage at the Helios terminal in Jurong Island. If an agreement is signed, Itochu will reduce storage at Chemoil to 120,000 tons.

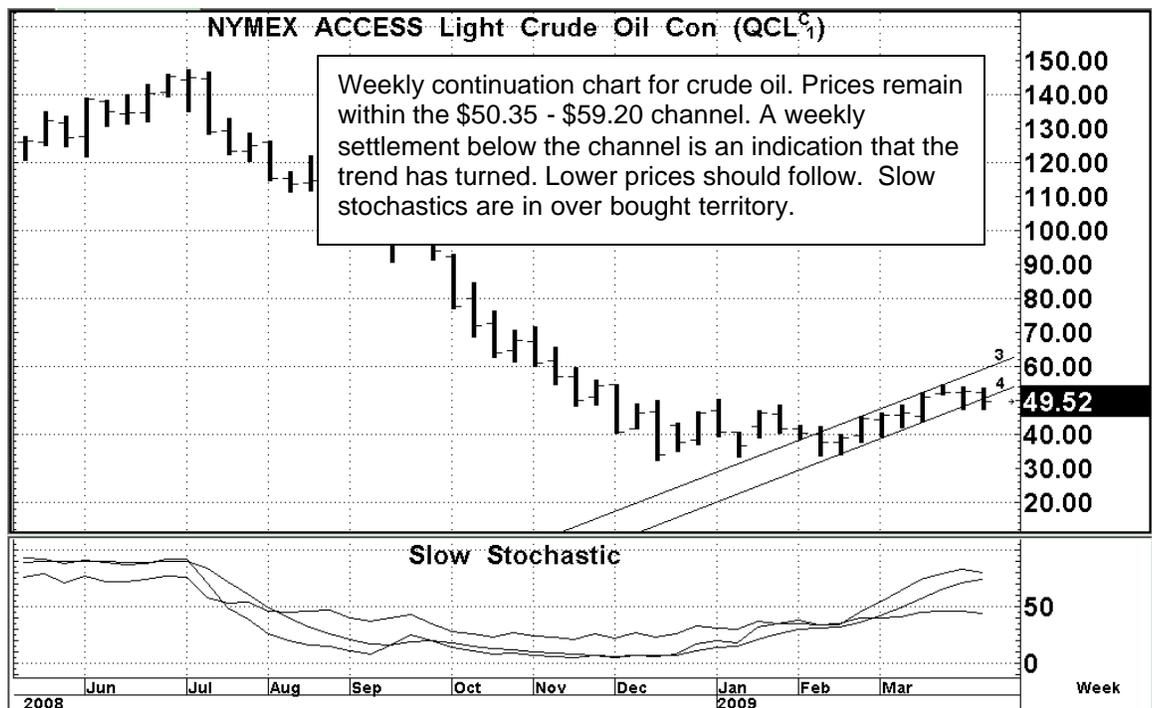
Production News

Oil exports from Iraq's Basra oil terminal increased to 1.6 million bpd on Wednesday after a technical fault cut flows earlier in the week. Exports had fallen to 1 million bpd on Monday due to technical problems at some of Basra's crude processing plants.

The North Sea Ekofisk crude stream is scheduled to load 12.3 million barrels or 396,774 bpd, down from 12.7 million barrels or 423,333 bpd in April.

Denmark's DUC crude oil stream is scheduled to load about 155,000 bpd in May, down from 160,000 bpd in April.

Suncor Energy Inc reported that production at its oil sands facility during March averaged about



297,000 bpd. Year to date oil sands production at the end of March averaged about 278,000 bpd. Suncor is targeting averaging oil sands production of 300,000 bpd in 2009.

Australia's Roc Oil Co Ltd started production under its 2009 drilling plans at the Zhao Dong fields offshore China, with a total gross production of 21,500 bpd or about 35% of its 2009 target.

StatoilHydro Canada made a discovery in the Flemish Pass Basin, offshore Newfoundland. Further analysis of the well results will be undertaken to determine the potential and an application for a Significant Discovery License will be filled over the coming months.

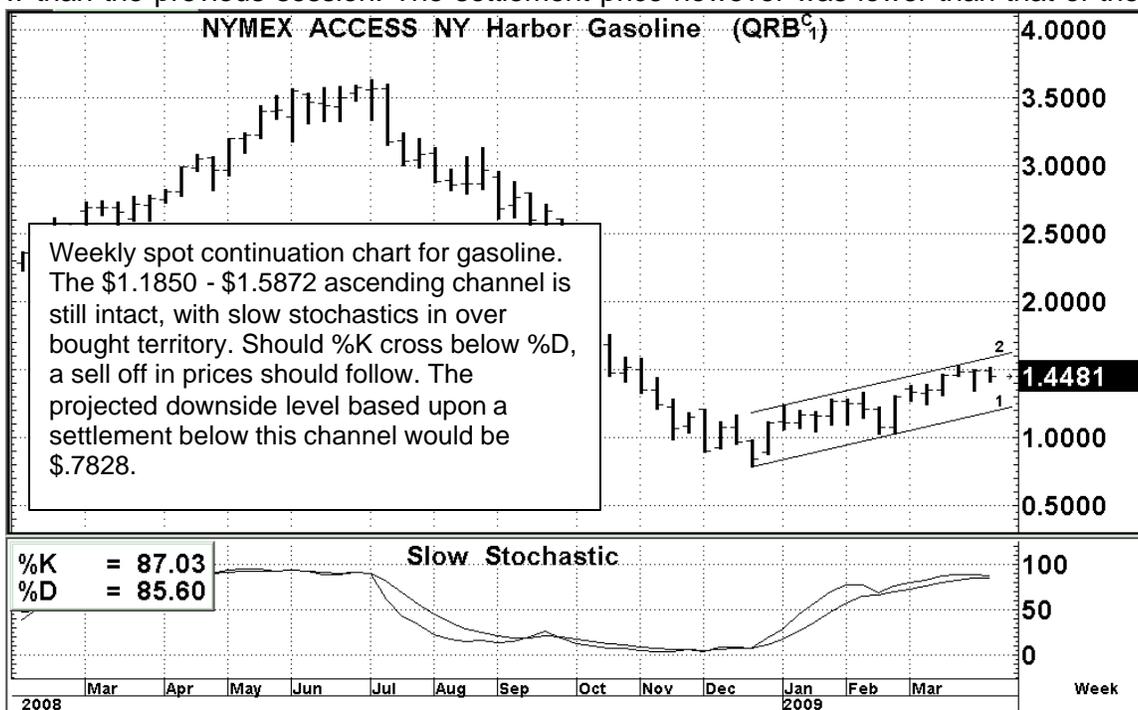
Saudi Arabia's central bank said the average price of Saudi Arabian Light crude oil increased to \$46.20/barrel in March, above the break-even point for the national budget. The Saudi 2009 budget is based on an average price of \$37/barrel of Saudi oil and \$43 for WTI. The average price of Arab Light crude was \$95/barrel for all of 2008 and \$67.60/barrel in 2007.

OPEC's news agency reported that OPEC's basket of crudes fell to \$50.96/barrel on Tuesday from \$51.90/barrel on Monday.

Market Commentary

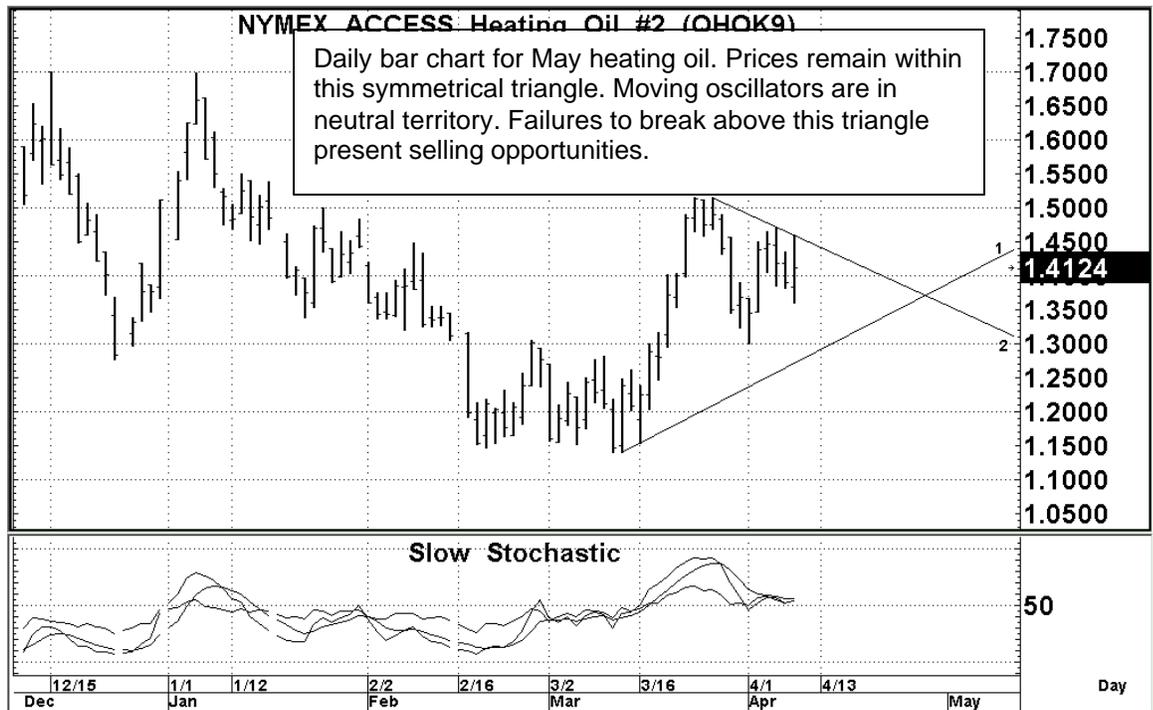
Crude oil rose today after the release of the DOE report, which indicated that crude oil stocks rose by 1.65 million barrels, sharply different than the 6.94 million build reflected in yesterday's API report. Expectations for the DOE report were calling for a build of 2.4 million barrels. Gasoline inventories increased by 600,000 barrels to 217.4 million barrels. Demand for gasoline based on a 4-week average was set at 9.1 million barrels, down 0.2% from a year ago. Distillate storage decreased by 3.4 million barrels. Based upon a four-week average, demand for distillates is set at 3.8 million barrels per day, down 7.2% from the same period last year. Despite crude oil inventory levels, which are set at 361.1 million and are approaching record highs, crude prices rallied. Demand for products continues to slip in response to the global economic situation. This makes it difficult to be bullish on this market. Daily technical indicators for crude oil are trending sideways in neutral territory, with weekly indicators in over bought territory. Gasoline continues to trade within the ascending channel on a spot continuation chart. The May gasoline contract traded in an outside fashion, achieving a higher high and a lower low than the previous session. The settlement price however was lower than that of the previous session.

This is a bearish scenario for prices. Moving oscillators are trending in over bought territory. As with the crude oil, should percent K cross below percent D, a sell signal will occur.



The initial downside objective would be the channel bottom, which is set at \$1.1850. Heating oil also experienced an outside trading session, however prices settled higher on the day. Based upon a daily bar chart for the May contract, a symmetrical triangle has formed. Failures to penetrate this channel on the upside would present selling opportunities. Any break above the channel should be considered buying opportunities.

(CL) MAY.09 226,328 -36,727 JUN.09 218,800 +9,422 JUL.09 115,029 +8,645 AUG.09 40,5333 +1,141 Totals: 1,162,312 -12,492 Heating Oil MAY.09 45,368 -6,347 JUN.09 42,701 +2,422 JUL.09 25,284 +932 AUG.09 14,484 +340 Totals: 246,917 -1,674 RBOB MAY.09 68,436 -3,945 JUN.09 38,860 +2,640 JUL.09 24,834 +2,663 AUG.09 15,464 +522 Totals: 199,169 +2,394.



Crude Support	Crude Resistance
47.35, 45.24, 43.74, 40.00, 38.95, 32.25, 29.66, 28.63, 26.65, 25.50	54.75, 55.98, 57.20
Heat Support	Heat resistance
1.3400, 1.3000, 1.1359, 1.10951.0520	1.4593, 1.4715, 1.4865, 1.5050, 1.5143,1.5285, 1.5520 167.15,
Gasoline support	Gasoline resistance
1.3400, 131.80,1.2700, 1.2625 1.1680,1.0128,9590,	1.4900,11.5088, .5260, 1.5340,1.5800,

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