



ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR APRIL 13, 2009

The IEA stated in its latest monthly oil report that world oil demand will fall by 2.4 million bpd to 83.4 million bpd in 2009 due to the prolonged economic recession. Its world oil demand estimate is down 1 million bpd from its previous estimate. It reported that as demand has declined, stocks in developed countries increased to 61.6 days of forward demand cover in February. It is at its highest level since 1993. In regards to OPEC,

the IEA said OPEC's oil production in March averaged 27.8 million bpd, down 235,000 bpd from February and output from the 11 OPEC members bound by quotas fell by 245,000 bpd to 25.57 million bpd. However it is still 720,000 bpd above its target output. The IEA assessed OPEC's compliance rate at 83% in March. The IEA reiterated earlier warnings of a possible supply crunch once the economy recovers and energy demand increases. It expects non-OPEC producers to pump about 50.3 million bpd in 2009, down 300,000 bpd from 2008. Beyond this year, lower investment could squeeze supply even further.

Market Watch

Venezuela aims to more than double its oil shipments to China to 1 million bpd by next year, bringing forward by three years its previous export goal to China. Increased exports to China could mean selling less to the US as the country has struggled to maintain its output levels in recent years and analysts say it is unlikely to rapidly increase production in the near term.

China's Prime Minister Wen Jiabao said the country's economy has shown some positive signs amid the world financial crisis. He made his comments after the Chinese central bank showed the country's banks lent a record amount of new local currency loans. China has been trying to soften the blow of the economic crisis by increasing investment and spending at home with a 4 trillion yuan or \$585 billion stimulus.

Russia is likely to increase its oil export duty by about 25% to \$137-\$138/ton from May 1 following the recent increase in oil prices. Export duties on light refined products, such as gasoline and gas oil will increase to \$104-\$105/ton in May, up from \$86.40/ton in April. Exports on heavy refined products, such as fuel oil, will increase to \$56-\$57/ton in May from \$46.50/ton in April.

Tokyo Electric Power Co said it consumed less oil, liquefied natural gas and coal in the year ending March 31 than the previous year due to lower domestic demand. TEPCO consumed 18.97 million tons of LNG in 2008/09, down 5% from a record high of 19.87 million tons last year. Its fuel oil consumption fell by 11.24% on the year to 6.029 million tons while its crude oil consumption fell by 18.77% to 2.596 million tons and its coal consumption fell by 10.51% to 3.099 million tons.

April Calendar Averages

CL – \$50.68

HO – \$1.4082

RB – \$1.4567

Qatar's Oil Minister Abdullah al-Attiyah said it is still too soon for OPEC to react to a sharp revision in the forecast for world oil demand from the IEA.

Iran's OPEC Governor, Mohammad Ali Khatibi said if oil demand continued to decline, OPEC may decide to further cut its oil production. Meanwhile, Iran's Oil Minister Gholamhossein Nozari said any further OPEC production cut will depend on the oil market situation. He also called for more cooperation between OPEC and non-OPEC producers to help stabilize the market, with oil prices still trading about 65% below their peak in mid-2008. He also said he believes oil prices could increase to \$60/barrel in the third quarter of 2009 but that \$75-\$80/barrel is needed to secure future supply.

Kuwait's Oil Minister Sheikh Ahmad al-Abdullah al-Sabah said Kuwait is satisfied with the oil price even after a fall of about \$3 on Monday. He said it was too early to say if lower oil demand forecasts meant OPEC would need to cut output again at its May meeting.

Gunmen attacked a Nigeria navy houseboat in the southern state of Bayelsa in the Niger Delta on Monday, in an area close to a flow station operated by Royal Dutch Shell.

According to the Lundberg Survey, the US average retail gasoline price increased by about 10 cents/gallon to \$2.048/gallon on April 10th, up 9.58 cents from March 20th.

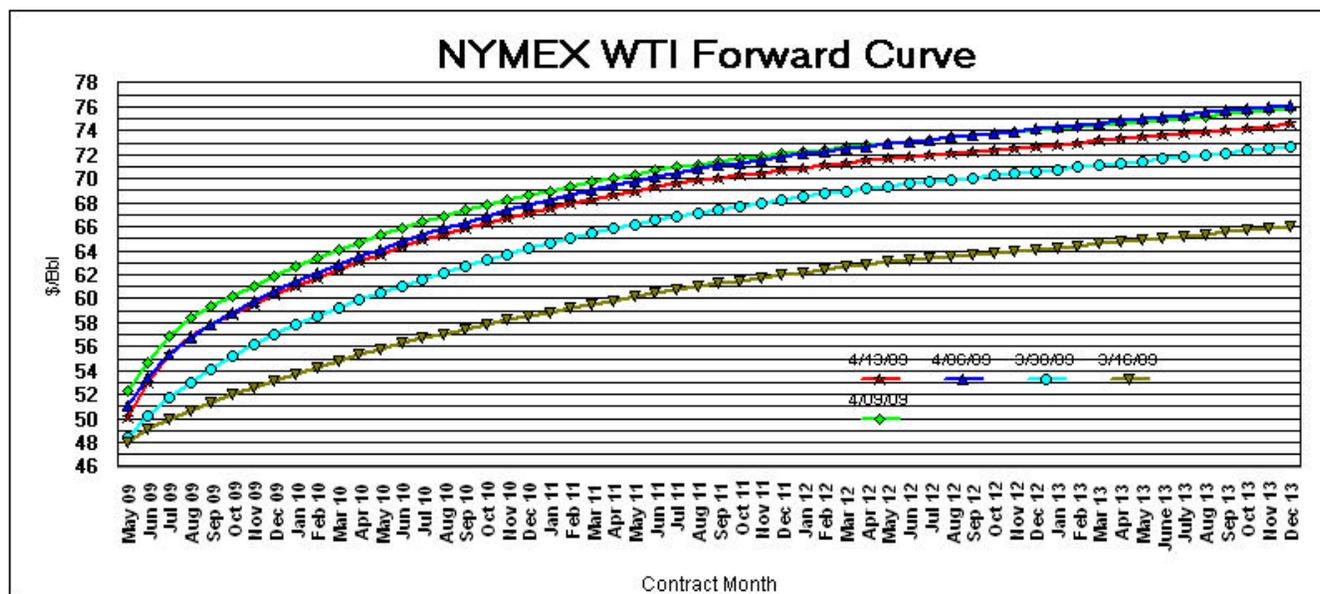
The EIA reported that the US average retail price of diesel increased by 0.1 cent to \$2.229/gallon in the week ending April 13th. It also reported that the US average gasoline price increased by 1.4 cents/gallon to \$2.051/gallon on the week.

Refinery News

Colonial Pipeline will restrict shipment of diesel, jet and heating oil for cycle 22 on its main distillate line north of Collins, Mississippi as demand exceeds capacity.

Credit Suisse said US refinery margins were mostly higher last week as stronger product prices offset a slight gain in WTI prices. Margins in the Northeast fell by 7 cents to \$4.51/barrel while margins in the Midwest increased by \$1.04 to \$8.07/barrel and margins in the Gulf Coast increased by \$1.38 to \$8.56/barrel. Margins in the Rockies increased by \$2.14/barrel to \$15.96/barrel while margins in the West Coast increased by 97 cents to \$17.38/barrel.

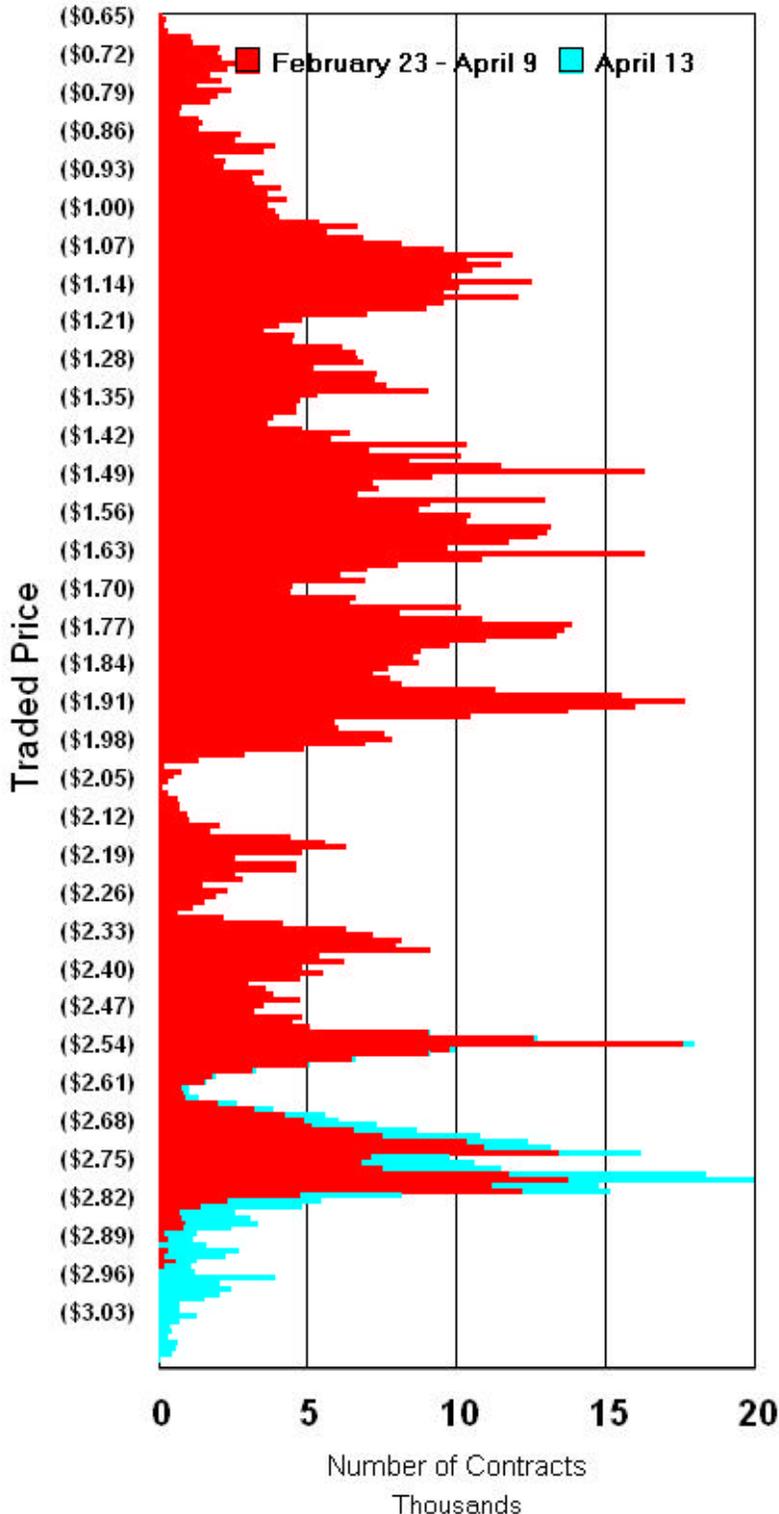
Citgo is restarting a sulfur recovery unit and boilers on Sunday at the West Plant of its 156,000 bpd



NYMEX WTI: May June Spread

Price Vs Volume for February 23 - April 13, 2009

Trade Weighted Avg 4/8 -2.70, 4/9 -2.44, 4/13 -2.79



Corpus Christi, Texas refinery following a power outage on Saturday.

A fire at ConocoPhillips' 247,000 bpd refinery in Sweeny, Texas on Thursday resulted in a partial shutdown of its coker unit. ConocoPhillips is planning maintenance work on a unit at its 124,000 bpd Borger, Texas refinery starting Monday. The work is due to end on April 17. Separately, ConocoPhillips is preparing to restart a fire-stricken crude distillation unit at its 232,000 bpd refinery in Linden, NJ refinery sometime this week. ConocoPhillips' turnaround on several major processing units at its 58,000 bpd refinery in Billings, Montana, is expected to last until the end of April after starting March 23.

PetroCanada has started a month long planned maintenance shutdown at its 135,000 bpd Edmonton, Alberta refinery but declined to say by how much it expects output at the facility to be reduced or what units will undergo maintenance. The company has built up inventories and made agreements with other suppliers to meet demand during the maintenance period.

Japan's TonenGeneral Sekiyu said it restarted its 185,000 bpd No. 2 crude distillation unit at its 335,000 bpd Kawasaki refinery in eastern Japan following an unplanned shutdown on April 6.

Essar Oil Ltd postponed shutting its Vadinar refinery in Gujarat for maintenance by three days until April 16.

Saudi Aramco has delayed a project to increase capacity at the Ras Tanura refinery by 400,000 bpd.

Nippon Oil Corp said Nippon and China National Petroleum Corp did not renew a term contract which expired on March 31. The two companies plan to jointly operate a 115,000 bpd refinery in Osaka. The spokesman did not specify any new schedule for the joint venture.

China imported 16.34 million tons or 3.85 million bpd of crude in March, down 5.5% on the year, its third consecutive decline. Despite imports falling on the year, the March crude import volumes represents a 39.3% rebound from the 11.73 million tons imported in February. Refined oil product imports in March increased by 2.1% to 3.2 million tons. China's crude exports totaled 470,000 metric tons, up 17.5% on the year. It exported 1.55 million tons of refined products in March. Meanwhile, there are signs that China's economic growth accelerated in March after a slower rise in January and February. The country's industrial output increased by 8.3% in March compared with just 3.8% in the first two months of 2009.

South Korea's GS Caltex sold 120,000 tons of fuel oil for April, down from 150,000 tons in March as demand continues to increase from local utilities. South Korea's five power generators have been increasing their purchases of high sulfur fuel oil since late last year as a steep fall in crude oil prices has made fuel oil less expensive compared with conventional feedstocks, coal and liquefied natural gas.

Indian Oil Corp is seeking by tender 80,000 tons of 500 ppm diesel for delivery in mid-May after buying 120,000 tons for the first half of May.

NEW YORK MERCANTILE EXCHANGE(r)									
NYMEX OPTIONS CONTRACT LISTING FOR 04/13/2009									
					TODAY'S	PREVIOUS	ESTIMATED	DAILY	DAILY
-----CONTRACT-----				SETTLE	SETTLE	VOLUME	HIGH	LOW	
AO	10	9	C	110	0.43	0.48	150	0	0
AO	11	9	C	70	5.09	5.66	150	0	0
AO	10	9	C	70	4.5	5.03	150	0	0
AO	12	9	C	70	5.86	6.43	150	0	0
AO	11	9	C	110	0.48	0.53	150	0	0
AO	12	9	C	110	0.74	0.8	150	0	0
LC	12	11	C	80	10.08	10.55	500	0	0
LC	12	10	P	50	4.93	4.54	400	0	0
LC	12	12	P	70	13.04	12.41	350	0	0
LC	6	9	C	60	1.47	2.06	200	1.25	1.25
LC	10	9	C	80	2.04		200	0	0
LC	6	9	C	55	3.07	3.98	160	3.65	2.7
LO	5	9	P	45	0.19	0.17	8984	0.37	0.1
LO	6	9	C	70	0.3	0.46	5511	0.31	0.23
LO	5	9	P	50	1.52	0.96	3634	2.14	0.93
LO	6	9	P	35	0.14	0.12	3305	0.2	0.12
LO	6	9	C	60	1.47	2.06	2943	1.9	1.12
LO	6	9	P	45	1.2	0.99	2889	1.45	0.98
LO	5	9	P	49	1.08	0.69	2784	1.6	0.62
LO	6	9	C	65	0.67	0.98	2762	0.75	0.49
LO	5	9	P	47	0.48	0.34	2706	0.77	0.25
LO	5	9	C	51	1.12	2.55	1848	1.78	0.7
LO	6	9	C	80	0.06	0.11	1804	0.1	0.04
LO	6	9	P	40	0.47	0.38	1804	0.65	0.37
LO	5	9	P	48	0.73	0.49	1770	1.1	0.4
LO	6	9	C	62.5	0.99	1.42	1711	0	0
LO	5	9	C	50	1.57	3.2	1597	2.42	1.1
LO	6	9	C	55	3.07	3.98	1504	3.6	2.55
LO	8	9	P	46	2.38	2.11	1475	0	0
LO	8	9	C	56	6.98	7.87	1370	6.7	6.5
LO	5	9	C	55	0.19	0.79	1357	0.47	0.12
LO	5	9	C	52	0.77	1.98	1347	1.3	0.51
LO	6	9	P	30	0.03	0.03	1327	0.07	0.05
LO	7	9	P	46	1.99	1.73	1200	0	0
OB	6	9	C	1.6	0.0866	0.0997	225	0.06	0.06
OB	6	9	C	1.66	0.0692	0.0811	121	0	0
OB	6	9	P	1.31	0.0579	0.0585	121	0	0
OB	9	9	P	1.4	0.148	0.1436	100	0	0
OH	5	9	C	1.5	0.0331	0.0521	205	0.035	0.035
OH	5	9	P	1.3	0.03	0.0297	150	0	0
OH	5	9	C	1.45	0.0485	0.0711	145	0.04	0.0325
OH	5	9	C	1.4	0.0691	0.0951	100	0	0

Iran resumed spot exports of fuel oil in April after halting sales in the first quarter due to strong domestic demand for power generation during the winter. The National Iranian Oil Co has already sold two spot cargoes of about 540,000 barrels for April loading. It is expected to offer similar volumes for May.

Production News

Saudi Arabia will unexpectedly cut oil supplies to some Asian refiners next month, suggesting the country is more concerned than some of its OPEC peers about increasing crude inventories. A major buyer in Asia said it had been notified that Saudi Arabia will supply crude at 8-9% below contracted volumes in May compared with a 7% cut in April. Another buyer said it was notified that Saudi Arabia would see supplies cut by about 11% in May compared with estimated cuts of 8% for April. This is in contrast with news on Thursday of steady Saudi supplies to US customers.

Kuwait Oil Co said it contained an oil leak in the west of the country and there had been no impact on production. KOC isolated the pipe and retrieved most of the leaked amount of about 600 barrels of oil.

A member of Kuwait's Supreme Petroleum Council said it is a good time to invest in energy projects due to a decline in the cost of construction and raw materials. A recent decline in oil demand was temporary and there are indications that both demand and prices will rise again in the long run. Kuwait plans to increase its oil capacity to 4 million bpd in 2020, up 1 million bpd from its existing capacity.

Royal Dutch Shell said it shutdown flowstations feeding into its Trans-Niger oil pipeline in southern Nigeria as a precautionary measure following a fire at a manifold. It shutdown some production while firefighters tried to extinguish the fire at the Bomu manifold in Ogoniland. The cause of the fire was not known.

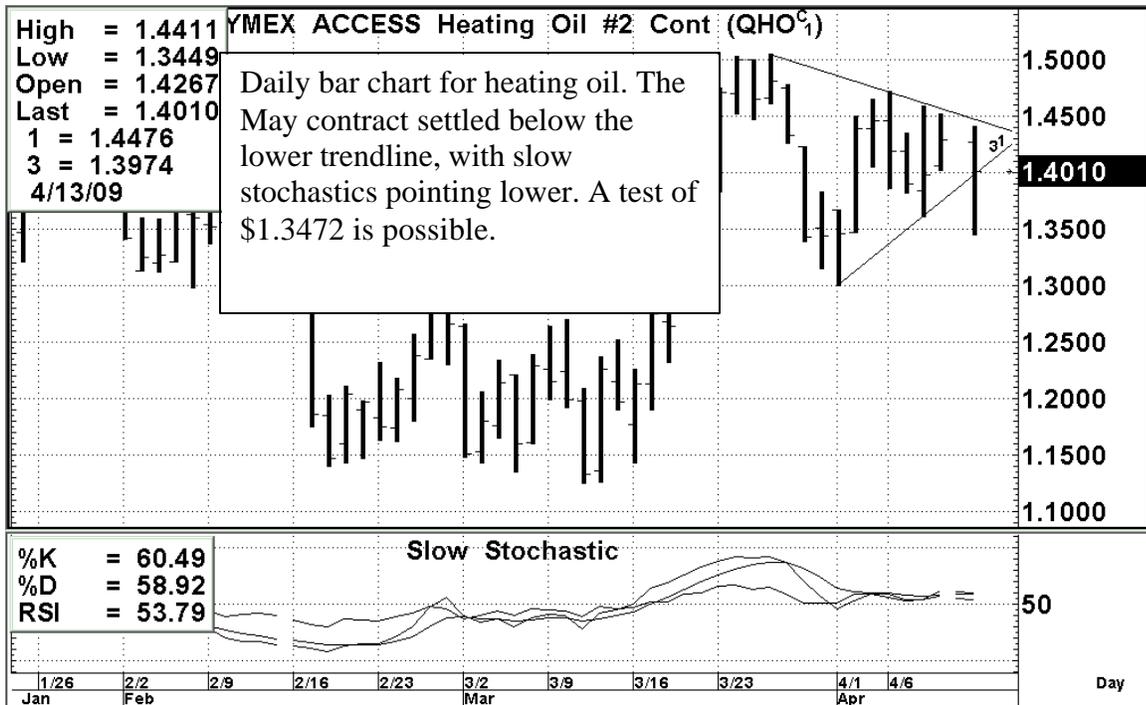
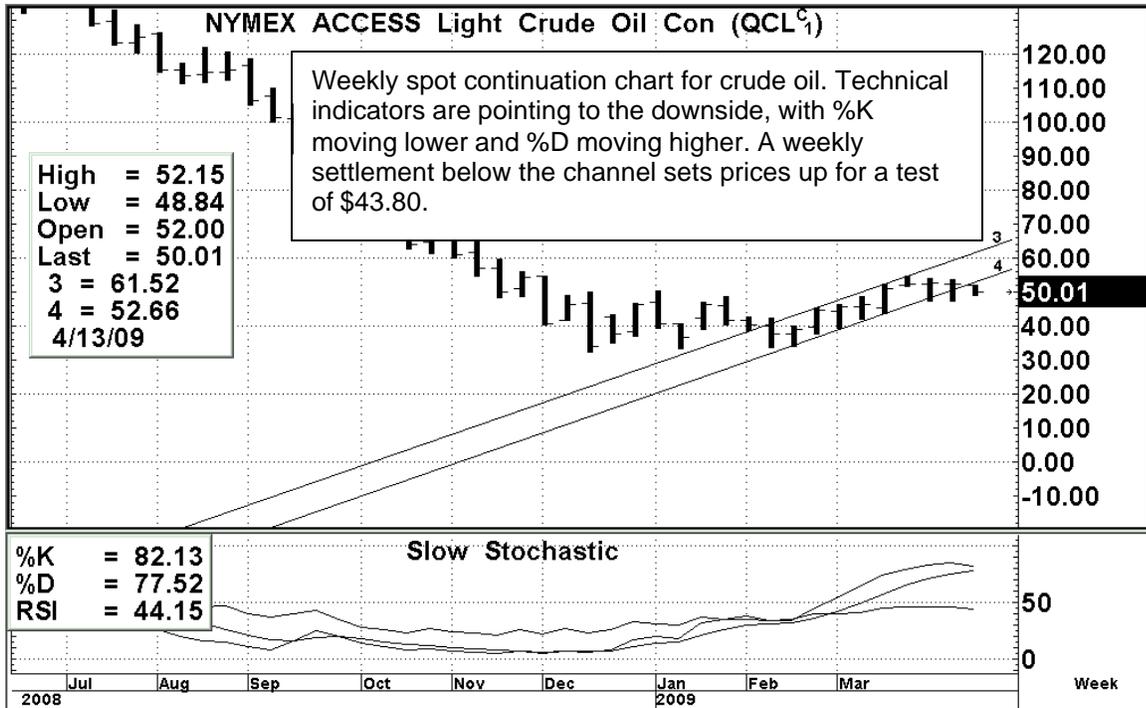
Iraq lowered the official selling price of its Basra Light crude bound for Asia in May. Its Basra Light crude price was set at a discount of 35 cents to the Oman/Dubai average, down 50 cents from a premium of 15 cents in April.

Kuwait lowered the official selling price of its crude oil to Asia in May by 97 cents to a discount of 87 cents to the Oman/Dubai average.

Market Commentary

Crude oil tumbled today after the IEA issued a report stating that demand for 2009 could fall to the lowest level in five years. The IEA attributed this cut in its demand forecast to factory closures and slumping car sales amid the global recession. High inventory numbers are meeting slight signs of economic hopes. Demand will prove to be a key factor in the direction of this market while the world awaits steady economic growth. The May crude oil contract fell \$2.19, the most in two weeks, in reaction to the economic report. From a technical standpoint, this market appears to have more room to the downside. Slow stochastics have moved lower, with percent D falling below percent K, a bearish signal. Based upon a daily bar chart, the May contract settled below an ascending trendline. Based upon this penetration, we would look for an initial test at the \$47.35 support level. Heating oil also moved lower today in response to the IEA report. The May contract, based upon a daily bar chart, penetrated the bottom of a symmetrical triangle. This is a bearish signal. The projected downside objective for this move is \$1.3472.

(CL) MAY.09 172,928 -20,289 JUN.09 277,494 +24,958 JUL.09 141,904 +13,760 AUG.09 44,399 +3,262 Totals: 1,204,698 +27,837 Heating Oil MAY.09 42,531 -1,031 JUN.09 46,117 +646 JUL.09 28,443 +1,860 AUG.09 14,903 +174 Totals: 252,517 +2,902 New York Harbor RBOB MAY.09 52,487 -9,138 JUN.09 46,910 +4,643 JUL.09 27,770 +1,594 AUG.09 15,810 +219 Totals: 197,577 -1,086.



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
1.3472, 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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