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ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR AUGUST 12, 2009

In its latest monthly oil market report, the IEA said it expects world oil demand this year to average 83.94 million bpd. It is up 190,000 bpd from its previous forecast but still down 2.7% on the year. It also stated that world oil demand will increase by 1.3 million bpd in 2010 to average 85.3 million bpd. It is up 100,000 bpd from its previous forecast. The IEA said stocks in developed countries still totaled 61.7 days of future demand at the end of June, unchanged from the previous month. Global oil

supply increased by 570,000 bpd in July to 85.1 million bpd. In regards to OPEC, it said OPEC's production fell in July by about 100,000 bpd to 28.64 million bpd. Production by the 11 OPEC members with output quotas, excluding Iraq, fell by 120,000 bpd to 26.12 million bpd, up 1.28 million bpd above the group's agreed production ceiling. Demand for OPEC crude, which averages 27.7 million bpd in 2009 and 27.8 million bpd in 2010. Meanwhile, the IEA said the volume of crude oil stored in floating tankers

Market Watch

Tropical Depression #2 in the Atlantic continues to move in a westerly direction at approximately 12 mph. It is expected that given some further evidence of growing convection it could become a tropical storm as early as today. But given the prospects for only marginal condition in its future path including some wind shear conditions it is not expected that the storm will develop beyond a tropical storm through early next week. The path of the storm is expected to begin to curve northwesterly by Friday, allowing the storm to pass far enough north of the Leeward Islands and Virgin Islands. Forecasters continue to closely watch a vigorous tropical wave emerging off the coast of western Africa this morning. The latest forecast guidance continues to strongly suggest that this system could quickly develop into a formidable hurricane by next week. The European model has this system impacting the Virgin Islands and the northern Leeward Islands by Wednesday August 19th and reaching the southern Bahamas by Friday August 21st. Finally the tropical wave some 400 miles east of the Lesser Antilles is showing poor development at this time. The system is expected to move into the Gulf of Mexico this weekend and move towards the upper Texas coast or Louisiana by late Monday or Tuesday morning. This wave could develop into a tropical depression or tropical storm but at this point the chances of this happening between Saturday and Monday are very low.

ICE said physical delivery against the expired ICE August gas oil futures contract was 686 lots or 68,600 tons. It is up from 479 lots in July.

The Obama administration's plan to regulate the \$450 trillion private swaps market would give the two main market regulators a share of the duties by splitting oversight of credit default swaps. The swaps would be overseen by securities and futures regulators. Under the proposal, the Securities and Exchange Commission and Commodity Futures Trading Commission would work together to create rules for the industry.

DOE Stocks

Crude – up 2.5 million barrels
Distillate – up 800,000 barrels
Gasoline – down 1 million barrels
Refinery runs – down 1%, at 83.5%

at sea fell to about 55 million barrels at the end of July from 70 million barrels at the end of June. It also said short term products floating storage, mostly distillates, increased to over 60 million barrels from 50 million barrels at the end of June. It said 40 million barrels of the middle distillate volume were floating off northwest Europe and in the Mediterranean. In regards to global refinery runs, the IEA said world oil refiners will process 2 million bpd less crude in the third quarter than a year earlier due mainly to further run cuts in Europe. It forecast world crude runs will average 72 million bpd in the third quarter in its oil market report, down 400,000 bpd from its previous report.

August Calendar Averages
CL – \$71.01
HO – \$1.9137
RB – \$2.0426

The EIA said based on historical trends, OPEC production may increase in the months ahead, especially if crude oil prices remain significantly higher than they were when the cuts were first implemented. It said given the increase in oil prices, there is now less incentive for OPEC members to adhere as strictly to cuts as they have.

Iranian lawmakers condemned alleged meddling by the US, the UK and France in the country's internal affairs and called on the government to reconsider ties with the states. The statement signed by 215 of 290 lawmakers came after Iran put a French woman and two staffers of British and French embassies on trial for post-election protests. The statement did not make any specific suggestions as to what action should be taken.

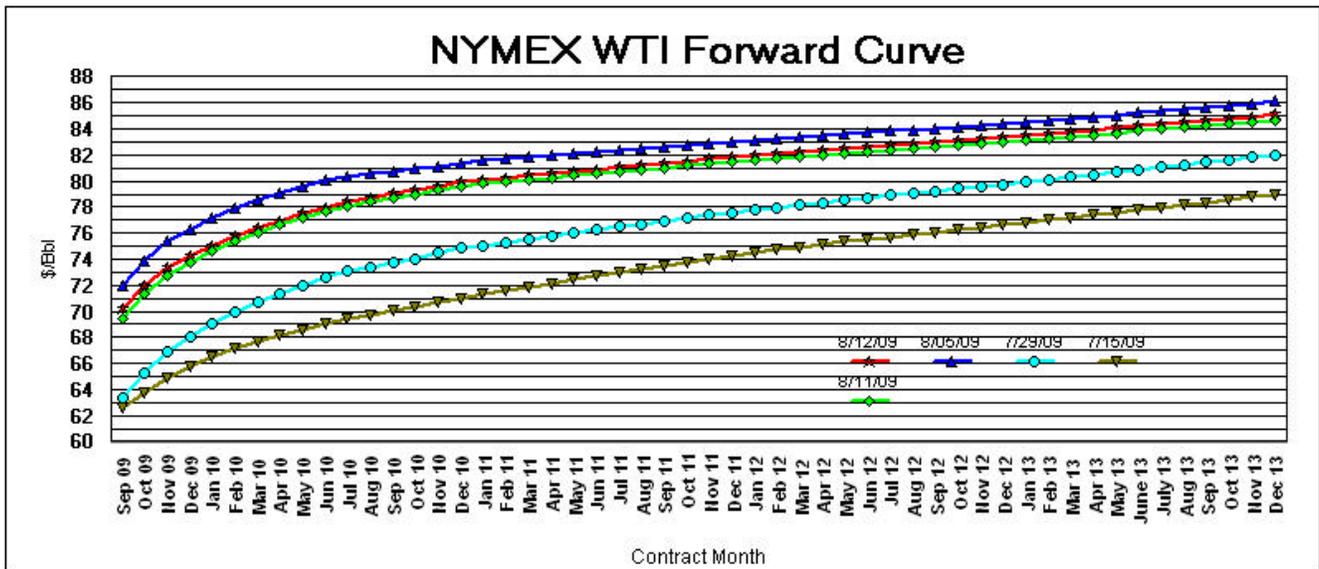
Refinery News

A Kuwaiti security official said detained members of an al-Qaeda linked group planned to attack Kuwait's 200,000 bpd Shuaiba oil refinery during the Muslim holy month of Ramadan, which starts August 22nd. Kuwait on Tuesday said it foiled a plan by a six member al-Qaeda linked network to bomb the Arifjan US Army camp, the state security building and important facilities.

The US Coast Guard said the stretch of Intracoastal Waterway in Texas that was closed early Tuesday by a barge tow collision has reopened to two way traffic.

Alon USA Energy Inc's 67,000 bpd refinery in Big Spring, Texas suffered a brief power outage that shutdown its 25,000 bpd fluid catalytic cracking unit. The power interruption was caused by a thunderstorm.

Total Petrochemicals USA will begin restarting Unit 837 at its 232,000 bpd Port Arthur, Texas refinery



on Wednesday. The restart process will last through August 16th.

Shell Pipeline said the restart of Eugene Island pipeline in the Gulf of Mexico is expected in late September after repairs of a leak is completed. The pipeline was shut on July 25th after a leak was discovered. At the time, 100,000 bpd of crude was flowing through the line. Shell diverted 80,000 bpd of the flow.

The distillation unit shut temporarily at Total SA's 339,000 bpd Normandy refinery in northern France accounts for about 25% of overall capacity of such units at the site. The unit, shut last week due to low refining margins, has a capacity to treat between 4 million and 5 million metric tons of crude a year, against the refinery's overall yearly capacity of 17 million tons.

Royal Dutch Shell Plc plans to shut at least three units at its Pernis refinery for maintenance next month, curtailing output of fuels such as diesel. A hydrocracker, hydrogen plant and hydrodesulfurization unit will be halted at the end of September for about four weeks.

China is expected to increase its gasoline exports in August to 300,000 tons from below 200,000 tons in July. China is expected to lift diesel exports by 20,000 tons to 140,000 tons. China's fuel oil import for August are expected to fall to about 1.5 million tons from about 2 million tons in July due to wider use of liquefied natural gas by domestic power plants.

Production News

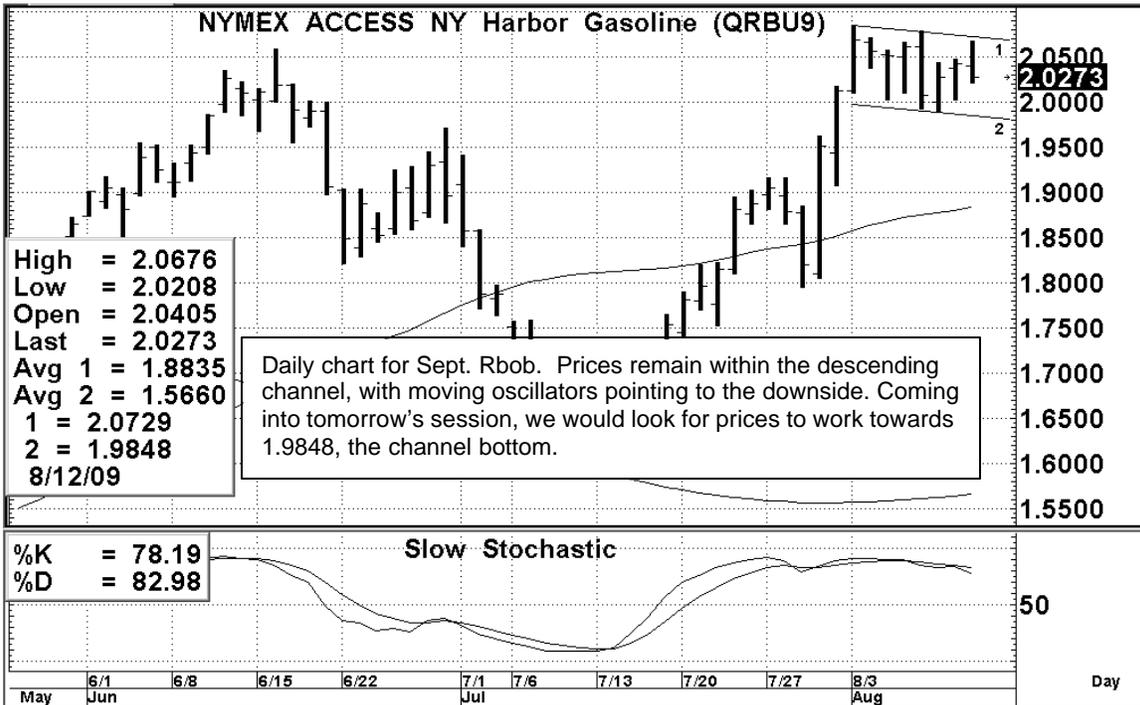
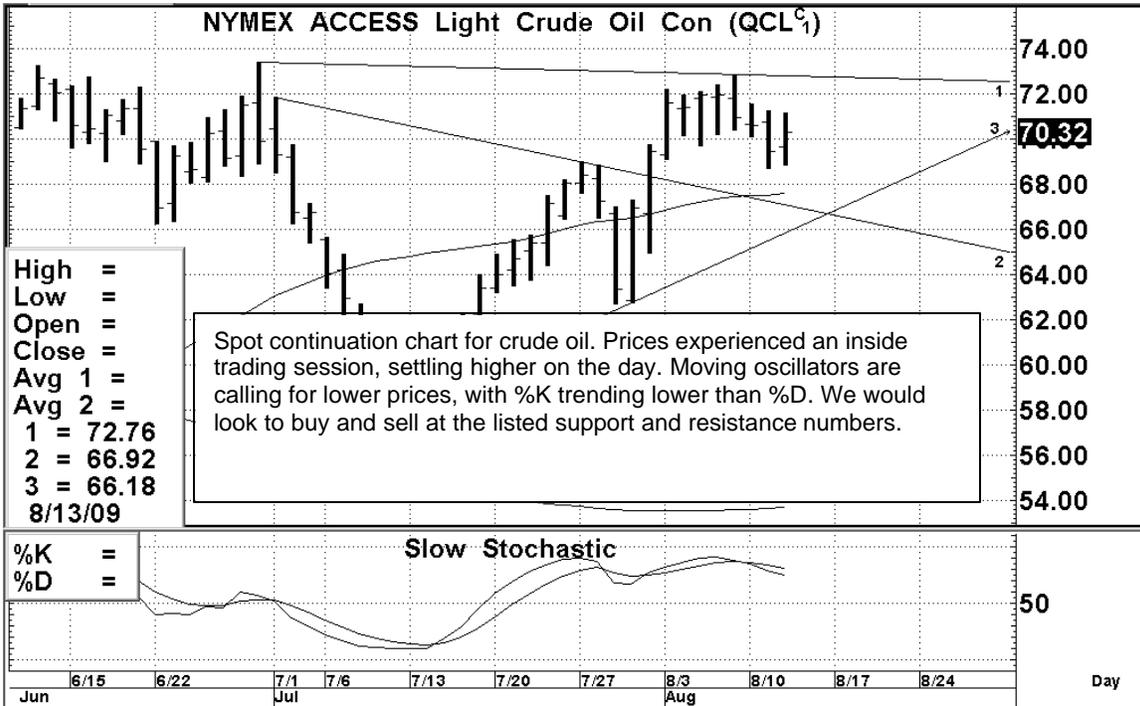
Kazakhstan raised its export duties for oil products by 12.4%, leaving the zero levy on crude oil exports unchanged. The oil export duty was set to zero in January 2009 as world oil prices fell.

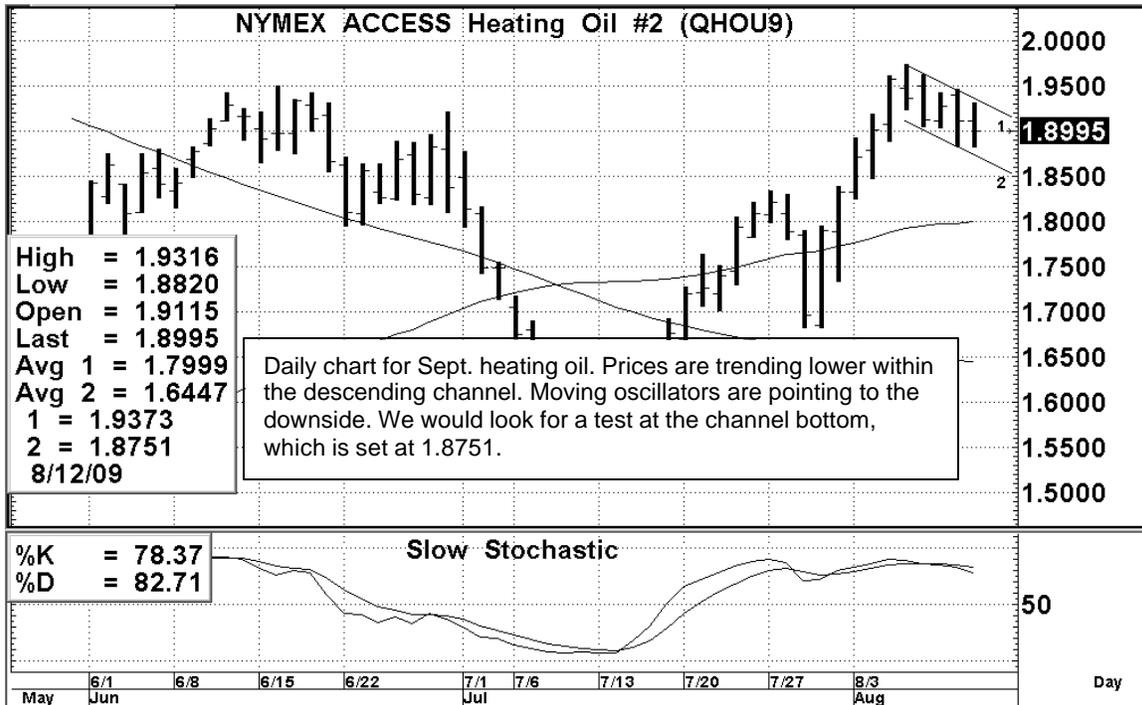
OPEC's news agency reported that OPEC's basket of crudes fell further to \$71.06/barrel on Tuesday from \$71.68/barrel on Monday.

Market Commentary

Crude oil experienced an inside trading session, settling slightly higher on the day despite the 2.5 million barrel build in inventories. Crude oil reacted to the weakness in the dollar and the strength in the equities markets. Gasoline finally reacted to the true fundamentals of this market as inventories decreased by 1 million barrels and apparent demand fell week to week. Market participants were banking on a rise in demand in response to what is perceived as an economic recovery. Heating oil also worked lower today after the DOE reported indicated that inventories increased by 800,000 barrels. Demand for distillates continues to slip, falling 5.5% from last week's number. All eyes were on reports of the tropical depression that could potentially hit the U.S. East Coast and possibly pass through the Gulf of Mexico.

Crude Oil (SEP.09 198,620 -33,011 OCT.09 163,325 +23,480 NOV.09 86,800 +5,546 DEC.09 160,292 +423 JAN.10 40,227 -57 FEB.10 29,089 +543 Totals: 1,172,385 + 2481 Heating Oil (HOSEP.09 56,926 -5,271 OCT.09 46,994 +3,720 NOV.09 29,439 -208 DEC.09 42,162 +216 JAN.10 21,699 +493 FEB.10 15,114 +470 Totals: 305,823 - 286 Harbor RBOB SEP.09 79,836 -6,024 OCT.09 47,891 +3,092 NOV.09 22,706 +1,499 DEC.09 26,657 +1,164 JAN.10 11,824 +102 FEB.10 3,702 -23 Totals: 215,557 +18





Crude Support	Crude Resistance
68.39, 66.20, 63.74, 62.70, 61.61, 60.95,	70.35, 70.69, 72.85, 73.38, 74.50, 76.13
Heat Support	Heat resistance
1.8775, 1.8655, 1.8000, 1.7340, 1.4220, 1.4130, 1.3720	2.0000, 2.0420, 204.65
Gasoline support	Gasoline resistance
1.9841, 1.9490, 1.9070, 1.8450, 1.7989, 1.7895, 1.5887, 1.5370, 1.5260, 1.3560, 1.3400,	2.1100, 2.1600, 2.3350