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ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR NOVEMBER 14, 2005

OPEC's President Sheikh Ahmad al-Fahd al-Sabah said OPEC is waiting for cold winter weather to set in before it decides on its oil supply policy for early next year but now sees no need to cut its production.

US Energy Secretary Samuel Bodman said he was confident from talks with Arab members of OPEC that the group would continue to keep the world oil market well supplied. He believes the countries will make every effort to make material available including the possibility of additional investment and expanded production. He also urged Gulf Arab producers to offer assurances that their output expansion plans would meet future world demand. He called on Gulf states on Saturday to issue a joint statement detailing plans to raise output and refining capacity.

Iraq resumed crude oil loadings from its southern oil terminals two days ago but the pumping rate is still below normal. Oil is being loaded at a rate of 1.1 million bpd.

The IEA's chief economist Fatih Birol said Iraq would not sustain

Market Watch

The US and Saudi Arabia on Sunday started a new strategic dialogue to expand cooperation on six key issues, including terrorism and energy. The goal of the dialogue is to launch institutions and meetings every six months at senior levels to address problems that now rely heavily on personal relationships and ad-hoc contacts to resolve. However noticeably missing from the dialogue are the issues of political reform and democracy. Six new US-Saudi groups will instead focus on counter terrorism, military affairs, energy, business, education and human development and consular affairs.

Saudi Arabia's King Abdullah and Oil Minister Ali al-Naimi will host dignitaries from major consumer nations, the US, Japan, China, India, Germany and France as well as from big producers in OPEC and non-OPEC countries on Saturday. They will discuss ways to work together to address energy supply uncertainties.

The planned strike by Norwegian oil workers on Thursday is not expected to have any impact on oil and gas production. The Norwegian Oil and Petrochemical Workers Union is planning a four hour strike on Thursday to protest a meal tax it says is unfair.

EU Commissioner for Energy and Transport said the price of oil is set to remain around \$60/barrel until the end of the year. He said stocks remain at a good level.

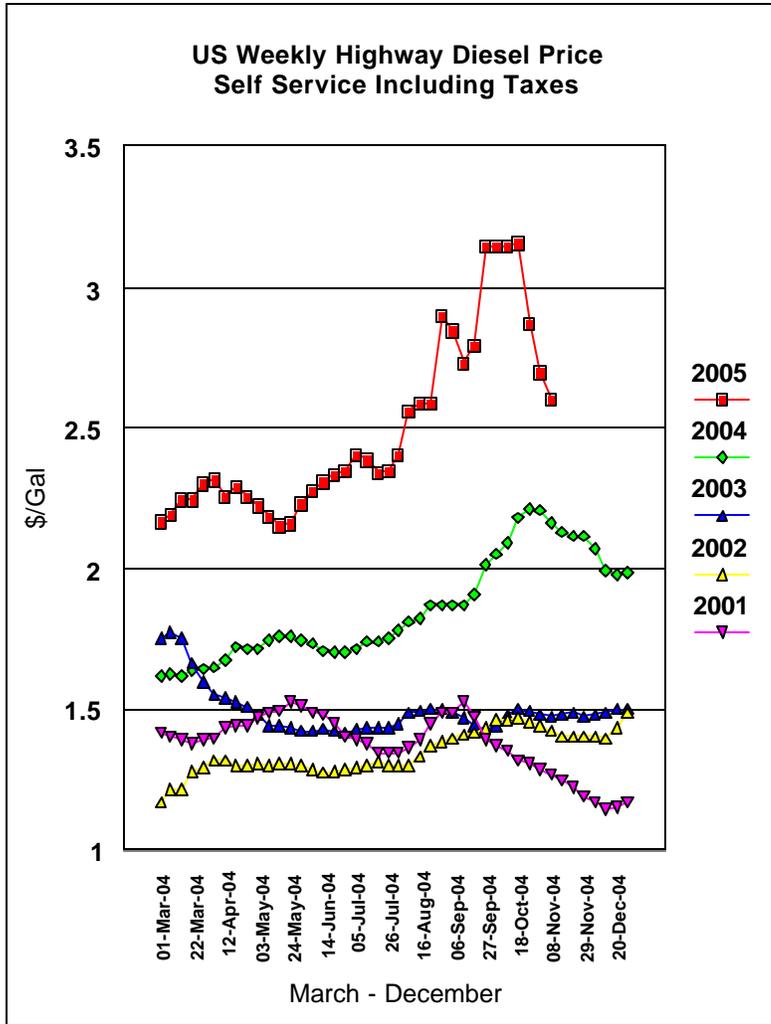
Water levels on the Rhine River remain far below normal as dry weather continues, so cargo surcharges imposed by vessel operators remain in force.

Separatist leader Mujahid Dokubo-Asari, who signed a peace treaty with the government last fall said his aim is the disintegration of Nigeria, through violent struggle if necessary. He is believed to control thousands of militants in coastal Niger Delta. Due to the decline in traditional occupations like fishing and farming due to environmental degradation, many young people are easily recruited into militias or crime cartels, which get their funding from oil bunkering or theft. According to a report by WAC Global Services for Shell, illegal bunkering is probably the most significant accelerator of conflict in the Niger Delta.

crude production at above 3 million bpd until 2010. He believes continued security problems will disrupt Iraq's output plans. The IEA projects Iraq's crude production to increase to 3.2 million bpd in 2010 and increase further to 5.4 million bpd in 2020 and 7.9 million bpd in 2030.

The EIA reported that the average retail price of diesel in the US fell 9.6 cents/gallon to \$2.062/gallon in the week ending November 14th. It also reported that the average retail price of gasoline fell 8 cents/gallon to \$2.296/gallon on the week.

According to the EIA, US crude oil imports in September fell by 13.2% on the month due to severe disruptions to US Gulf oil operations caused by two hurricanes. It reported that Canada was the top supplier of crude in the month. Us imports of Canadian crude increased by 4.3% to 1.679 million bpd while imports from Saudi Arabia fell by 13.3% to 1.252 million bpd. Crude imports from Mexico fell by 23.5% to 1.234 million bpd.



Refinery News

Indonesia's Pertamina plans to shut a 30,000 bpd crude distillation unit at the Musi refinery for maintenance in April.

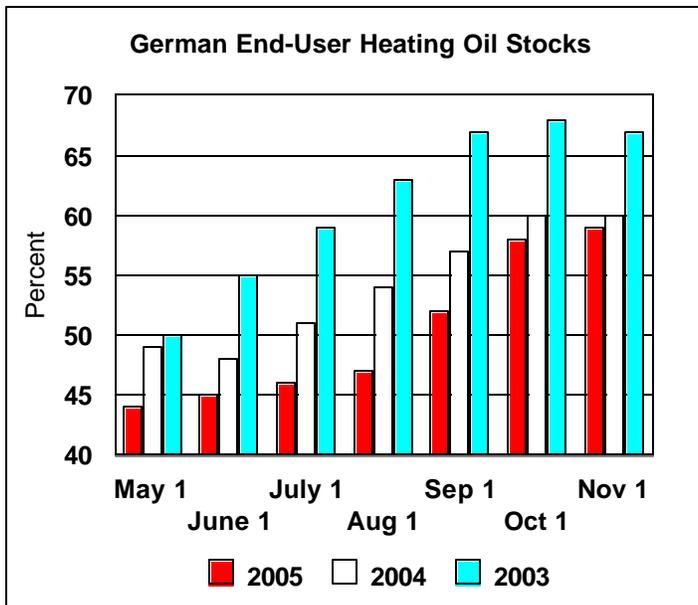
Production News

The MMS reported steady improvement in the amount of oil production shut in as a result of the hurricanes. It reported a total of 727,054 bpd of crude production shut in on Monday, down from 736,279 bpd reported on Thursday. Cumulative shut in oil production reached 85.669 million bpd of oil.

Saudi Arabia is expected to increase its December oil supplies to global majors while keeping shipments to European and Asian refiners mostly unchanged from November at 25-30% below contracted volumes and at full contract volumes, respectively. It will supply majors with global refinery systems about 5% more oil in December than they did in November.

Saudi Arabia said its efforts to increase production capacity by 1.5 million bpd by 2009 were on track.

Algeria's Energy and Mines Minister Chakib Khelil said the country is producing 1.45 million bpd of oil and will increase exploration efforts to reach higher output targets. It is targeting 1.5 million bpd by 2006 and 2 million bpd by 2010.



German heating oil end user stocks increased to 59% of capacity on November 1 compared with 58% the previous month. It was the lowest level for November in 21 years. It was down from 60% last year and 67% in 2003. Meanwhile, European heating oil barges traded at \$33/ton discount to futures prices.

The Nigerian unit of US Chevron is on track to pump first oil from its offshore Agbami field by 2008, with peak production of 250,000 bpd. Chevron has started to build the Floating Production, Storage and Offloading vessel from the deep water field. The vessel will processing capabilities of 250,000 bpd and storage of about 2.15 million bpd and will handle about 450 million standard cubic feet/day of gas.

Kazakhstan's crude oil and gas condensate output increased by 4.6% year on year in January-October to 51.032 million tons or 1.28 million bpd. Crude oil output totaled 42.133 million tons in January-October, up 0.5% on the year.

OAQ Russian Railways President Vladimir Yakunin said Russian oil deliveries to China by rail may reach 15 million metric tons or about 300,000 bpd in 2006 out of a 30 million tons annual capacity.

Ship agents stated that delays for oil and gas tankers transiting the Turkish Straits increased to eight days for a round trip voyage to the Black Sea, up from six days last week. Delays have increased to four days to pass north through the Dardanelles and Bosphorus and another four days to move south again.

China reiterated that it may liberalize prices of oil, gas, coal and electricity to encourage more efficient use of resources but ruled out imposing a fuel tax due to current high prices. Officials said construction of the first phase of the strategic oil reserves in China, which is concerned with energy security as crude imports increase, was proceeding well.

OPEC's news agency reported that OPEC's basket of crudes fell further to \$50.25/barrel on Friday from Thursday's \$51.30/barrel. OPEC's news agency reported that OPEC's basket of crudes fell by \$.61/barrel to \$ 52.58/barrel.

Indonesia's BPMIGAS may reduce its monthly exports of Belanak crude oil by a third to 400,000 barrels next year to supply the domestic market. It plans to issue a semi term tender in December to sell the light sweet crude with loading to start from January.

Brazil's Petrobras is expected to produce 100,000 bpd of crude from two Nigerian offshore oil fields scheduled to start production in coming years.

Market Commentary

In light trading, the NYMEX oil market posted an inside trading after failing to find the momentum to test its previous highs. The crude market opened 57 cents higher and quickly posted a double top at its high at 58.20 in follow through from its overnight strength. The market, which failed to breach that

level sold off to a low of 57.35 and held some support at that level. It retraced some of its losses ahead of the close and traded back towards the 58.00 level on light volume. It settled up 16 cents at 57.69. Volume was light with only 135,000 lots booked on the day. Similar to the crude market, the gasoline market posted an inside trading day after failing to breach Friday's trading range. The market opened up 1.25 cents higher at 149.75 and quickly posted a high of 150.95. However it retraced its gains and sold off to a low of 148.25, where it held support for the remainder of the session. It settled up 1.11 cents at 149.61. Meanwhile, the heating oil market opened up 2.25 cents higher at 174.60 amid weather forecasts calling for colder temperatures later this week. The market rallied to a high of 175.50 but quickly gave up its gains as the natural gas market sold off. The heating oil market breached its previous low and posted a low of 172.00 before it retraced some its losses ahead of the close. It settled up 69 points at 173.04. Volumes in the product markets were light with 28,000 lots booked in the gasoline and 29,000 lots in the heating oil market.

The crude market is seen remaining in its downward trend. The market failed to breach its resistance despite the early strength in the heating oil market in light of the weather forecasts. The market is seen finding support at its low of 57.35 followed by 57.01 and 55.73. Meanwhile resistance is seen at its double top of 58.20 and its gap from 58.25 to 58.60. More distant upside is seen at 59.00, 60.00 and 60.40 and 60.50.

According to the Commitment of Traders report, which was delayed from Friday, showed that non-commercials increased their net short positions by 5,776 contracts to 47,816 contracts in the week ending November 8th. Its combined futures and options report also showed that non-commercials cut their net long positions by 4,639 contracts to 23,768 contracts. Meanwhile non-commercials in the gasoline also cut their net long positions by 2,385 contracts to 21,360 contracts while non-commercials in the heating oil market cut their net short positions by 1,786 contracts to 8,958 contracts on the week.

Technical Analysis		
	Levels	Explanation
CL 57.69, up 16 cents	Resistance 59.00, 60.00, 60.40 to 60.50 58.20, 58.25 to 58.60	Remaining gap Double top, Remaining gap (November 10th)
	Support 57.35, 57.01 55.73	Monday's low, Friday's low Basis support line
HO 173.04, up 69 points	Resistance 177.50, 183.50 174.00, 175.50	Friday's high, Double top Monday's high
	Support 172.00 169.00, 168.00, 163.30	Monday's low Previous lows, Basis trendline
HU 149.61, up 1.11 cents	Resistance 153.00 to 153.15, 153.83 150.95, 151.50	Gap (November 10th), Basis trendline Monday's high, Friday's high
	Support 148.25 147.55, 147.25, 145.75	Monday's low Previous lows