



ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR JANUARY 25, 2008

Ministers and officials from the US, the EU, Japan and the IEA shared their concern over high oil prices and the weakness of the world economy during their meeting in Davos. A UK minister said they agreed to continue to work to support stability and security around energy supplies. The EU Energy Commissioner Andris Piebalgs called for

joint efforts to ensure sustained and adequate investment in upstream and downstream development of oil supplies as well as talks between producing and consuming countries on investment conditions and market transparency. He called on major oil consuming regions to cut back on the amount of energy they use.

Market Watch

Fortis NV forecast oil prices would average \$136 barrels in 2010 as the world nears peak oil production. A senior analyst at Fortis however decline to predict when the world's oil supplies would peak. Analysts have predicted for decades that the world's oil supplies may soon plateau and even begin to decline however oil companies have downplayed the peak oil theory, saying there was more than enough reserves in the world to meet demand for some time. BP has estimated that the world has proven oil reserves of 1.2 trillion barrels, enough to sustain current output for 40 years.

The American Trucking Associations' advanced seasonally adjusted for-hire Truck Tonnage Index increased by 4.1% in December 2007 to 116.7, its highest level since January 2006. It was up 1.4% on the year. The Truck Tonnage Index had increased by 0.9% in November. Despite the increases, the tonnage index fell 1.4% in 2007 following a 1.7% decline in 2006.

Qatar's Energy Minister Abdullah bin Hamad al-Attiyah said OPEC stands ready to supply more oil should the market need it. He said OPEC ministers are concerned over a possible recession but are not convinced that pumping more crude would alleviate high prices. He also stated that the fall in the dollar has affected all energy producers. Separately, Qatar's Energy Minister said gas producing countries would discuss the possible creation of an OPEC style group when they meet in June and added that gas prices should be at full parity to those of oil. The US and the EU have repeatedly stated the creation of an OPEC style gas group would pose a serious danger to world energy security and create room for price manipulation. The IEA said the creation of an OPEC style gas group would be a mistake because utilities may increase electricity production from other sources of energy.

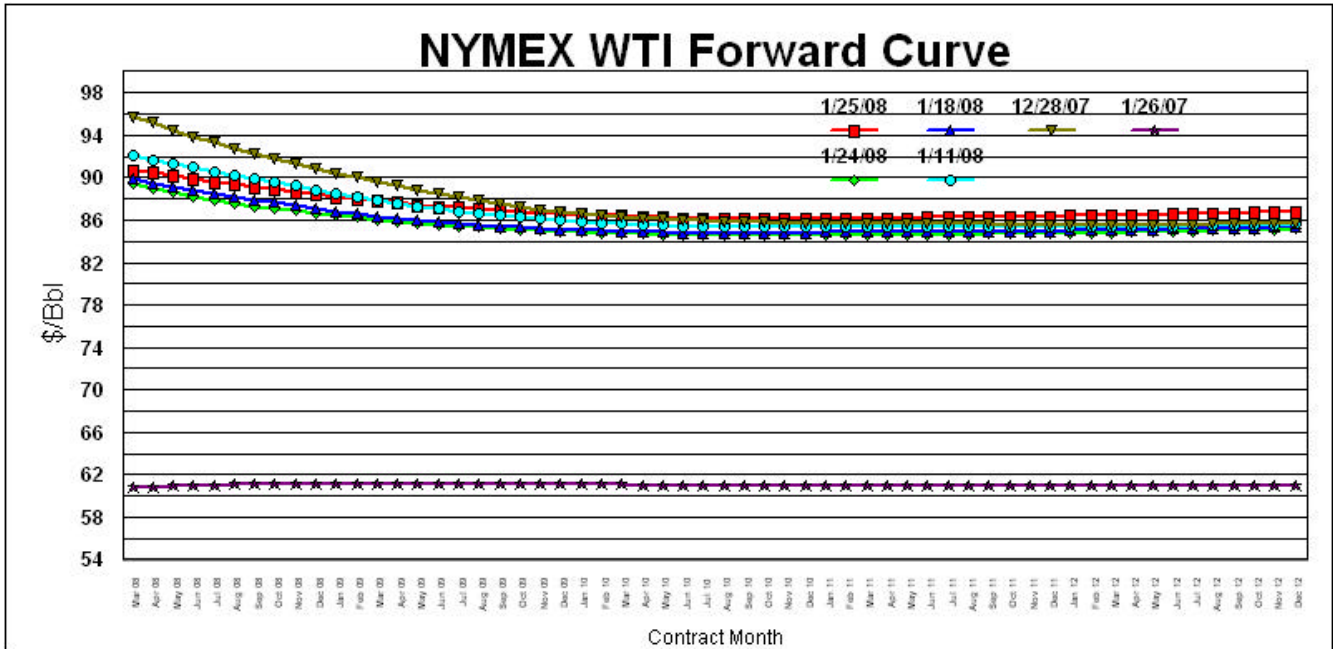
Jan Calendar Averages

CL – 93.22
HO – 256.68
RB – 237.08

Venezuela's Energy Minister Rafael Ramirez said OPEC would monitor the impact on oil prices of a US economic slowdown at its meeting next

month.

Iraq's Oil Minister Hussain al-Shahristani said he expected the country's oil production to increase by as much as 400,000 bpd in 2008 from 2.3 million bpd. He said he hoped to sign contracts to increase the country's oil production from oil fields that are not producing at capacity.



Refinery News

Valero Energy Corp shut all units at its 275,000 bpd refinery in Aruba following a fire in a vacuum unit. The refinery was already operating at reduced rates following a fire earlier in January. There is no timeline for restarting the refinery.

A naphtha cracker at Total's Antwerp plant was shut due to a power outage. The shutdown is seen lasting about a week.

Royal Dutch Shell Plc said it would keep a fluid catalytic cracking unit at its 85,000 bpd Clyde refinery in Australia shut for several months following an unplanned outage. The company was importing more premium grade gasoline as about 100 service stations were left without fuel. Separately, Shell is scheduled to partially shut its 125,000 bpd Geelong refinery in Australia for scheduled maintenance from February 1 for about eight weeks.

Venezuela's 200,000 bpd Petro Cedeno heavy crude upgrader is scheduled to undergo a 49 day maintenance shutdown starting in February. Separately, PDVSA is scheduled to perform maintenance at its Amuay-Cardon refinery starting in March. It will perform one month's work on a distillation unit at its 640,000 bpd Amuay refinery and 45 days of maintenance on a flexicoker unit at its 300,000 bpd Cardon refinery.

The Shetland Islands Council reported that Brent crude oil exports totaled 172,703 tons in the week ending January 23 from 331,204 tons from the previous week.

China's refineries processed 6.84 million bpd in December, up 6.5% on the year. China pumped 186.66 million tons of crude in 2007, up 1.6% on the year while production in December increased by 2.8% to 15.67 million tons.

China's oil demand in December increased to 7.2 million bpd, the highest growth rate for seven months, marking a strong end to a weak year after imports and higher refining rates eased shortages that had cut consumption. It was well above the full year average implied demand of 6.93 million bpd, which was up 3.5% on the year.

Nippon Oil Corp said it would extend production cuts into February while Idemitsu Kosan Co would also cut runs due to weak winter demand. The planned February production levels would fall by about 63,000 bpd, with Nippon Oil cutting production by 41,000 bpd and Idemitsu Kosan cutting production by 22,000 bpd.

Production News

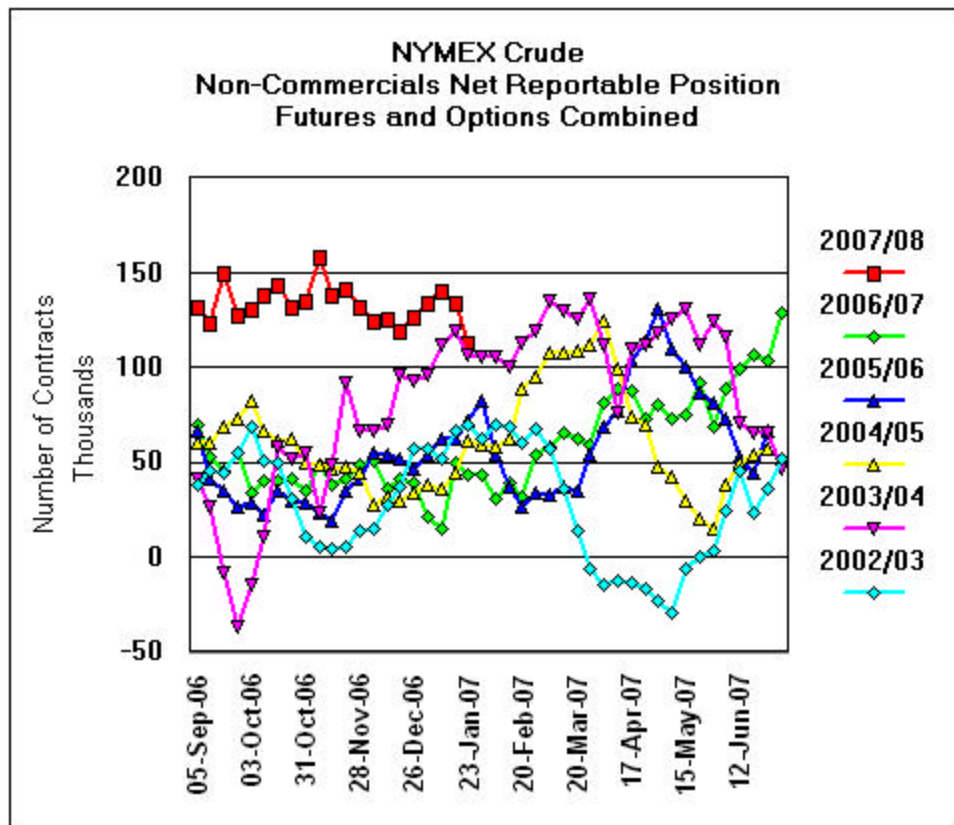
Italy's Eni SpA started the development of a new offshore oilfield in Alaska. Nikaitchuq has recoverable reserves estimated at about 180 million barrels of oil.

StatoilHydro shut its 54,000 bpd Oseberg South field in the North Sea due to stormy weather in the area and is expected to restart operations on Saturday. It has also reduced its personnel at other North Sea fields but plans to continue production at Snorre A, Heidrun, Visund and Kvitteboern.

Nigerian crude oil shipments are expected to fall sharply in March due to maintenance work at the Bonga field and a force majeure at the Forcados terminal. The March loading schedule is estimated at about 1.72 million bpd, down 420,000 bpd on the month.

Indonesia's BPMIGAS said the country's crude oil production is likely to fall to its lowest level this month since the early 1970s. The country's crude oil production is likely to fall 3.4% to 808,900 bpd in January from 837,600 bpd in December.

Analysts expect Mexico's production to continue to decline following a 5.3% decline in 2007. Output at Mexico's Cantarell oilfield fell to a seven year low of 1.28 million bpd in December. While Cantarell's crude production fell, natural gas output nearly doubled in 2007, which could be an indication of problems underground. Cantarell's output is expected to fall 13% this year to an average 1.3 million bpd and fall to 943,000 bpd by 2010.



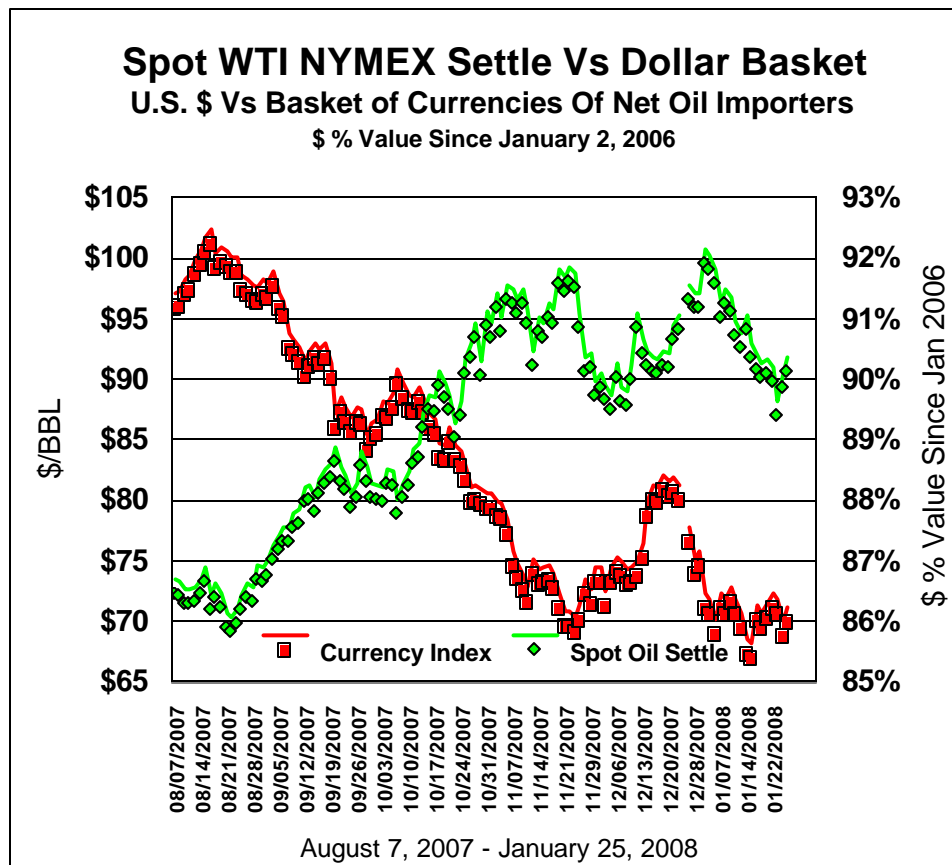
OPEC's news agency reported that OPEC's basket of crudes fell slightly to \$84.58/barrel on Thursday from Wednesday's \$84.68/barrel level.

Market Commentary

Yesterday's run up in prices continued today, reacting to several supportive fundamentals. Among these fundamentals are unwillingness by OPEC to increase output, the rate cut by the Federal Reserve, decreasing oil shipments out of Russia and the announcement of the economic stimulus package. The March contract, which traded out of the downward channel yesterday, remained outside this

channel, trading above the Fibonacci retracement number of \$90.87. This substantiates our view from yesterday that this market

		Explanation	
CL	Resistance	91.66, 92.57, 94.05, 94.30, 95.75, 99.77, 100.15	Previous high, 50%(99.77&85.37), Previous highs
	Support	90.50, 89.51	Friday's high
HO	Resistance	253.40, 253.74, 255.78, 257.75, 260.50, 261.76	High, 38%(274.75& 240.75), high, 50%, high, 62%
	Support	253.08	Friday's high
RB	Resistance	235.59, 237.79, 239.84, 244.09, 244.40	38%(257.85&221.83), Previous high, 50%, 62%, high
	Support	233.70	Friday's high
		231.00, 228.70	Friday's low
		224.34, 222.70, 221.83, 221.45, 215.25, 214.78	Basis trendline, Previous lows

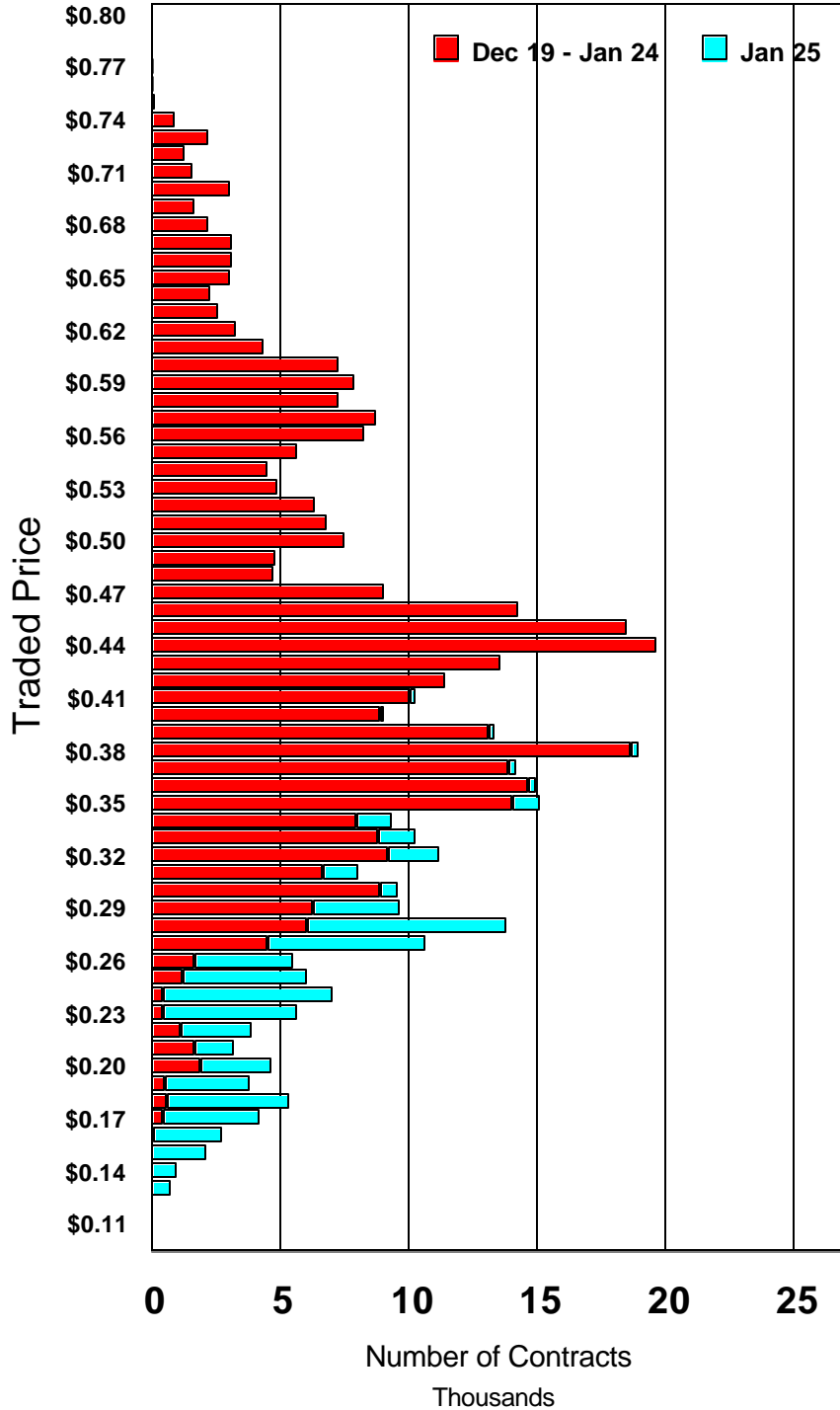


may have found a near term bottom. Any dip in prices back to the aforementioned channel that does not penetrate it should be considered a buying opportunity. The March/April spread has traded below the 0.30 cents support level, trading into a .12 cents differential. Any failed attempts by this spread to work back above the 0.30 cent level should be considered a sale, selling the March and buying the April contract, with hopes of it dipping into the negative area. Open interest in crude oil is 1,343,1536 up 7,609, March08 380,924, up 4,297 and April08 93,270 down 2,587. The product markets also continued to retrace their previous

NYMEX WTI: March April Spread

Price Vs Volume for December 19 - January 25, 2008

Trade Weighted Avg: 1/25 .24, 1/24 .42, 1/23 .37, 1/22 .43, 1/18 .36



losses after they breached their downward trending channels. The heating oil market continued to trend higher in overnight trading following Thursday's sharp gains and rallied to a high of 253.08 early in the session. The market later retraced most of its gains before a late day rally sent prices back towards its high ahead of the close. It settled up 4.28 cents at 251.91. The RBOB market also settled up 3.54 cents at 231.82 after it too bounced off its overnight lows and continued to retrace its previous losses. The markets, which will likely retrace some of their gains early next week, are seen remaining supported as traders continue to seek buying opportunities after the markets breached their downward trend channels. In the heating oil, support is seen at 251.00, 248.00, 245.33, 243.25, 242.00, 240.75 and 238.84. Resistance is seen at 253.08, 253.40, 253.74, 255.78, 257.75, 260.50 and 261.76. In the RBOB, support is seen at 231.00, 228.70, 224.34, 222.70 followed by 221.83, 221.45, 215.25 and 214.78 while resistance is seen at 233.70 and 235.59. More distant resistance is seen at 237.79, 239.84, 244.09 and 244.40.

The Commitment of Traders report showed that non-commercials in the crude market cut their net long position by 46,849 contracts to 37,142 contracts in the

week ending January 22. The combined futures and option report also showed that non-commercials

cut their net long positions by 21,002 contracts to 113,087 contracts on the week. This was amid the fall in prices and large decline in open interest. However given the market's move during the last few trading sessions, non-commercials have once again added to their net long positions as the market seems to have posted its near term bottom. The Commitment of Traders report also showed that non-commercials in the heating oil market cut their net long positions by 4,696 contracts to 21,470 contracts while non-commercials in the RBOB market increased their net long positions by 1,887 contracts to 28,860 contracts on the week.