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ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR MARCH 8, 2010

The chairman of Libya's National Oil Co, Shokri Ghanem said OPEC is unlikely to change its current production quotas at its upcoming meeting on March 17th as prices remain firm around \$80/barrel. He said compliance to existing quotas will be the main focus at the meeting. Meanwhile, Qatar's Oil

Minister Abdulla bin Hamad Al Attiyah also said OPEC will not change its crude oil production quotas. He said compliance with current quotas will be discussed at the meeting. He said prices at around \$80 to \$100/barrel will not damage hopes for a global economic recovery.

The IEA's executive director Nobuo Tanaka said that emerging markets' growth will increase oil demand by 1.6 million bpd in 2010. The growth will be entirely driven by emerging markets, such as China and India. He said that while there is ample crude production capacity, the market is getting tighter and spare capacity will fall towards 2014.

The EIA reported that the US average retail price of diesel increased by 4.3 cents to \$2.904/gallon in the week ending March 8th. The EIA also reported that the US retail price of gasoline increased by 4.9 cents to \$2.751/gallon on the week.

Refinery News

A fire at ExxonMobil Corp's 344,500 bpd Beaumont, Texas refinery on Saturday caused minor damage to a crude distillation unit.

The 115,000 bpd Come By Chance refinery in Newfoundland, Canada is expected to be fully operational by the end of the March. A fire at the plant's isomax unit in early January led to the advancement of routine maintenance at the refinery due to poor economics.

Vitol Holding BV has stopped selling gasoline to Iran as the country comes under the threat of further sanctions over its nuclear program. Vitol has decided not to participate in tenders to sell gasoline to

Market Watch

The EPA Administrator Lisa Jackson said the US climate strategy should include incentives for offshore oil and natural gas drilling as long as the environment is not hurt. Three US senators working on a compromise climate bill are considering more incentives for oil production and nuclear power.

Iran's conservative-dominated parliament approved a \$347 billion budget for the year to March 2011 based on an oil price of \$65/barrel. The approved budget is less than the \$368.4 billion plan put forward by President Mahmoud Ahmadinejad for parliamentary approval in January.

**March
Calendar Averages**
CL – \$80.47
HO – \$2.0742
RB – \$2.2323

Iran since the start of 2010. Glencore International AG also recently took the decision to stop selling refined products to Iran.

Total SA announced a final decision to cease refining operations at its Flanders industrial complex near Dunkirk, France.

Henan Tiaguan Group Co is targeting a major increase in the amount of ethanol it produces from straw fiber over the next decade. The company plans to increase straw fiber based ethanol output capacity to 1 million metric tons by 2020, up from 10,000 tons by the end of 2009. China's government has given permission to four domestic companies to produce ethanol. So far, the four have built up a total ethanol fuel output capacity of more than 1 million tons a year, well short of the government's end of 2010 target of 2 million tons.

Provisional approval has been given by China's central government to build storage tanks in Hainan province to be used to hold national strategic oil reserves. The storage facility will have a total capacity of 5 million tons and should be ready in about two years. Also, China's Guangdong province has been selected as a location for national strategic oil reserve tanks. China has filled first phase tanks to their capacity of 16.4 million cubic meters or 102 million barrels of crude. Construction of some second phase storage, with a capacity of 26.8 million cubic meters, began in 2009 and China has longer range plans for a third phase, also with a capacity of 26.8 million cubic meters.

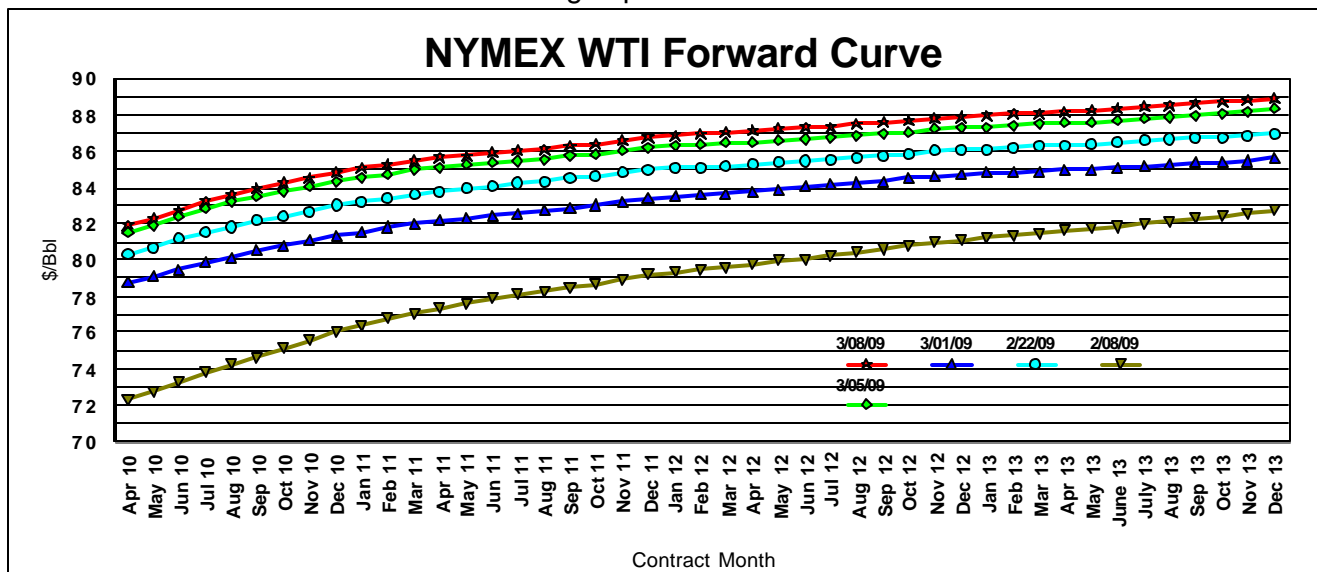
Production News

Petrobras' Cascade/Chinook development in the US Gulf of Mexico is scheduled to see first oil around June.

A consortium led by CNOOC Ltd has signed an initial agreement with Iraq to develop the 2.5 billion barrel Missan oil field complex in southern Iraq. The Iraqi Oil Ministry's Petroleum Contracts and Licensing Directorate said a final deal could be signed within days, pending approval by the Iraqi cabinet.

China's National Petroleum Corp said the country's crude oil production in 2010 will be 1%-2% higher on the year. In 2009, China's crude oil output fell by 0.4% to 189.49 million tons or 3.8 million bpd. It reported that China's 2009 crude oil imports increased by 13.92% to 203.78 million tons or 4.09 million bpd.

PetroChina Co aims to increase its oil and gas production at its Jilin oilfield to 8 million metric tons of



oil equivalent this year, following a lower than expected output of 7 million tons last year. PetroChina Jilin Oilfield Co curbed oil and gas production last year due to weak demand from downstream users amid the financial crisis. The company also plans to add crude oil production capacity of more than 600,000 tons this year. For the long term, it is targeting an annual oil and gas production of 10 million tons of oil equivalent by 2015, including 7 million tons of crude and 3 billion cubic meters of natural gas. After 2015, it plans to keep output steady around 10 million tons for 10 years amid sustainable development concerns.

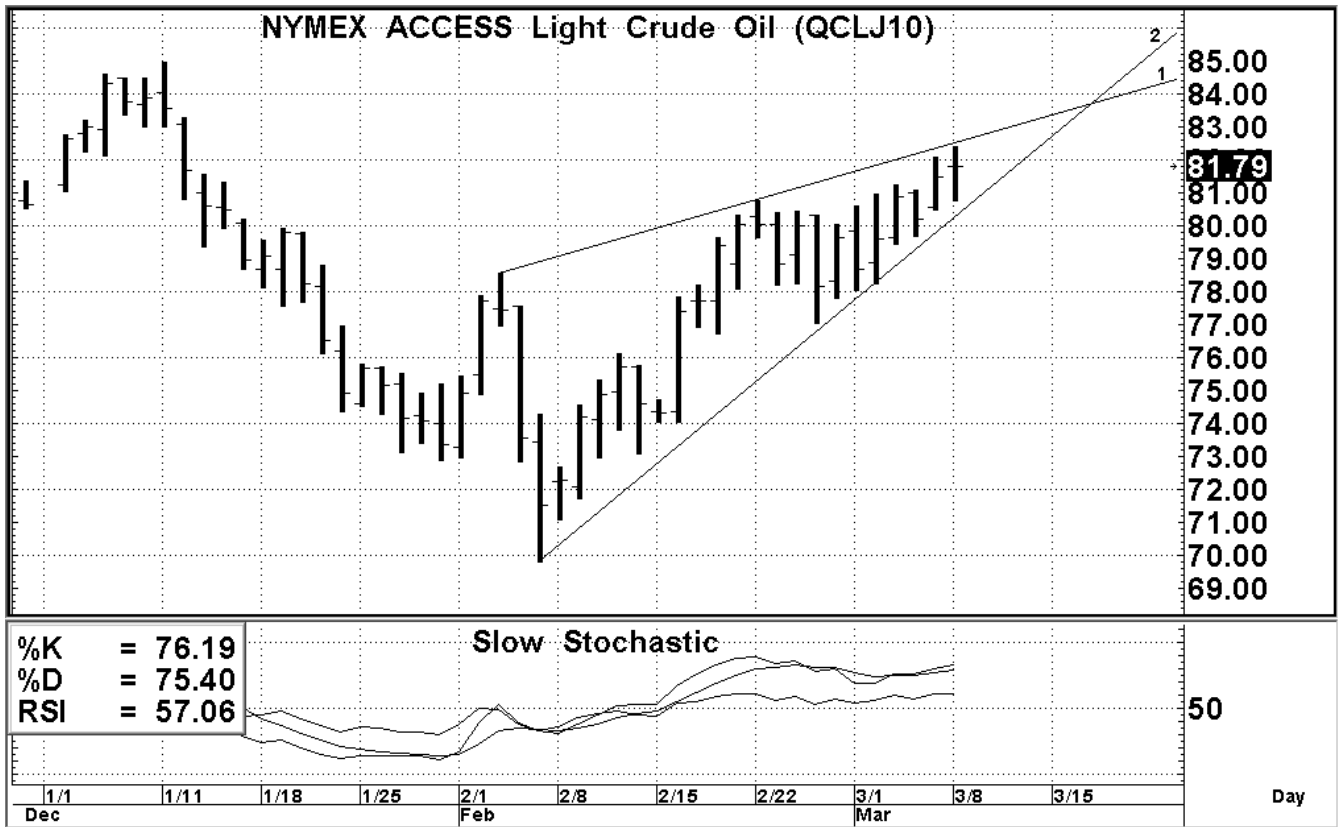
OPEC's news agency reported that OPEC's basket of crudes increased by 85 cents to \$77.27/barrel on Friday from \$76.42/barrel on Thursday. It also reported that OPEC's basket of crudes increased by 97 cents to \$76.29/barrel in the week ending March 5th.

Market Commentary

Crude oil rose as the dollar weakened against the euro and optimism regarding economic growth spread. Concerns about Greece are beginning to ebb along with job growth in the U.S. Investors read this as a sign that the global economy is in a recovery and that demand will begin to show signs of steady increase. The April futures contract traded above the \$82.00 level for the second straight session and is poised to test the upper trendline on the pennant formation that is depicted on a daily bar chart. Coming into tomorrow's session this line is set at \$82.68. We would look for a test at this level, selling failed attempts to penetrate it and buying successful ones. We would look for gasoline and heating oil to continue to gain against the crude oil as refiners turn refineries over from the production of distillate to the more seasonal gasoline.

Crude oil Apr. 10 239,885 -10,009, May 10 187,924 +9,254, June 10 178,404 +2,236 Totals 1,332,293 +10,340 Heating oil APR10 78,199 -1,297 May 10 58,078 +3,419 June10 48,679 +1,046 Totals: 314,751 +2,806 Gasoline APR10 95,185 +361 May 10 67,114 +2,946 Jun10 40,734 +776 Totals: 291,322 +4,531

Crude Support Based on February	Crude Resistance Based on Feb
78.05, 76.72, 75.00, 72.60, 71.31, 70.42, 69.50, 65.05, 64.70, 63.38, 62.70, 61.61, 60.95	83.40, 84.83, 85.05, 85.40, 86.60, 88.80, 89.88
Heat Support	Heat resistance
2.0730, 2.0180, 1.9975, 1.9860, 1.8570, 1.8280, 1.7670, 1.7565	2.2270, 2.2575, 2.4200
Gasoline support	Gasoline resistance
2.2520, 2.2040, 2.1460, 2.1320, 2.0660, 2.0420, 1.9970, 1.9862, 1.8650, 1.85.65, 1.7900, 1.7200 1.6600	2.3050, 2.3350,



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