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ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR MARCH 31, 2010

US President Barack Obama announced proposals to expand offshore oil and gas exploration in a bid to reduce foreign energy dependency. The White House said drilling will be allowed off Virginia and consideration will be given to allowing it off much of the rest of the Atlantic coast. He said the

administration will consider potential new areas for development in the mid and south Atlantic and the Gulf of Mexico, while studying and protecting sensitive areas in the Arctic. The White House said that offshore oil and gas sales would be conducted 50 miles off the Virginia coast, while seismic exploration in the south Atlantic and mid-Atlantic would determine the quantity and location of the potential oil and gas resources there. Lease sales in the central and western Gulf of Mexico would continue. Proposed leasing in Alaska's Bristol Bay and four pending lease sales in the Chukchi and Beaufort Seas in North Alaska would be cancelled but a previously scheduled lease sales in Alaska's Cook Inlet would proceed.

Market Watch

The US Commerce Department reported that US factory orders posted stronger than expected gains in February. Demand for manufactured goods increased by 0.6% in February to a seasonally adjusted \$383.53 billion. It is the 10th increase in the past 11 months. It said orders in January increased by 2.5%, revised up from a previously reported 1.7% increase. Factory orders for durable goods increased by 0.9%. Meanwhile, the Institute for Supply Management-New York's seasonally adjusted index of current business conditions fell to 60.6 in March from a revised 78.1 in February.

According to ADP, private payrolls unexpectedly fell in March. Private sector jobs in the US fell by 23,000 in March compared with market expectations of a 50,000 gain. The change in employment from January 2010 to February 2010 was revised down slightly from a decline of 20,000 to a decline of 24,000.

A statement by the International Energy Forum stated that oil producers and consumers plan to hold a yearly meeting in Saudi Arabia to discuss the outlook for energy markets. The first meeting will be held in January 2011 and will follow a workshop scheduled for the end of 2010 on crude oil and as a commodity and a financial asset.

Royal Dutch Shell Plc said the government's plans to expand offshore drilling are a significant step in the right direction to increase domestic production of oil and gas and increase energy security. Separately, ConocoPhillips said US President Barack Obama's announcement of plans to expand offshore oil and natural gas drilling will allow the company to proceed with the exploration of its leases in offshore Alaska. The company's initial exploration of Chukchi leases is scheduled for the summer of 2011.

DOE Stocks

Crude – up 2.929 million barrels
Distillate – down 1.085 million barrels
Gasoline – up 313,000 barrels
Refinery runs – up 1.5%, at 82.6%

OPEC's Secretary General Abdullah Al Badri said OPEC's spare crude production capacity currently exceeds 6 million bpd. He said that OPEC sees \$70 billion to \$170 billion in upstream investment is needed through 2013.

March Calendar Averages
CL – \$81.29
HO – \$2.0944
RB – \$2.2540

Saudi Arabia's Oil Minister Ali Al Naimi said he expects world crude demand to increase substantially after the world economy recovers but cautioned that oil producing countries face uncertainty from a large overhang in unused output capacity. He also said that Saudi Arabia held spare capacity of 4 million bpd and added that Saudi Arabia had a long term policy to maintain 1.5 to 2 million bpd of spare capacity. In response to President Barack Obama's proposal to expand offshore oil and gas exploration, he said it was a positive development for meeting future energy demand.

Kuwait's Oil Minister Sheik Ahmad Abdullah Al Sabah said oil prices between \$70-\$90/barrel would encourage national and international companies to invest in the energy sector.

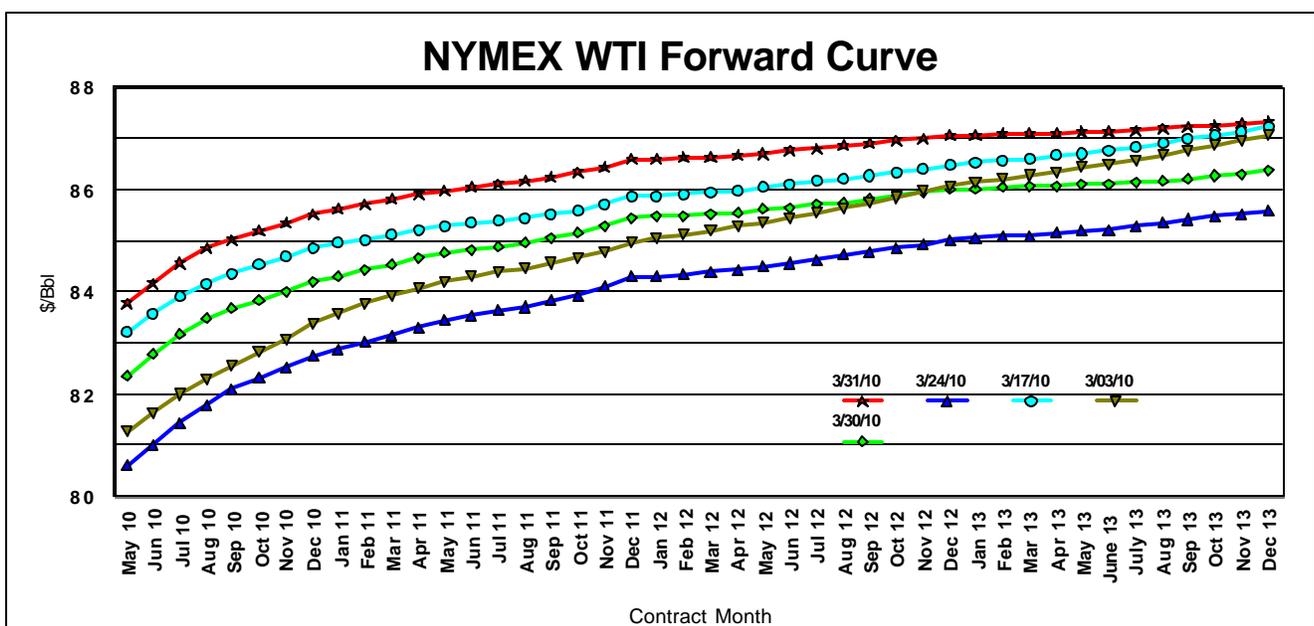
Iran's chief nuclear negotiator, Saeed Jalili, is scheduled to visit China on Thursday to discuss his country's nuclear issue. His visit comes after the Group of Eight foreign ministers called for increased pressure against Iran to abandon its suspect nuclear program. US President Barack Obama added to the pressure by saying he hoped to impose new international sanctions against Iran within weeks.

Refinery News

Marathon Petroleum is restarting a fluid catalytic cracking unit at its 76,000 bpd Texas City, Texas refinery on Wednesday following maintenance outage. The process is expected to last three days until April 3rd.

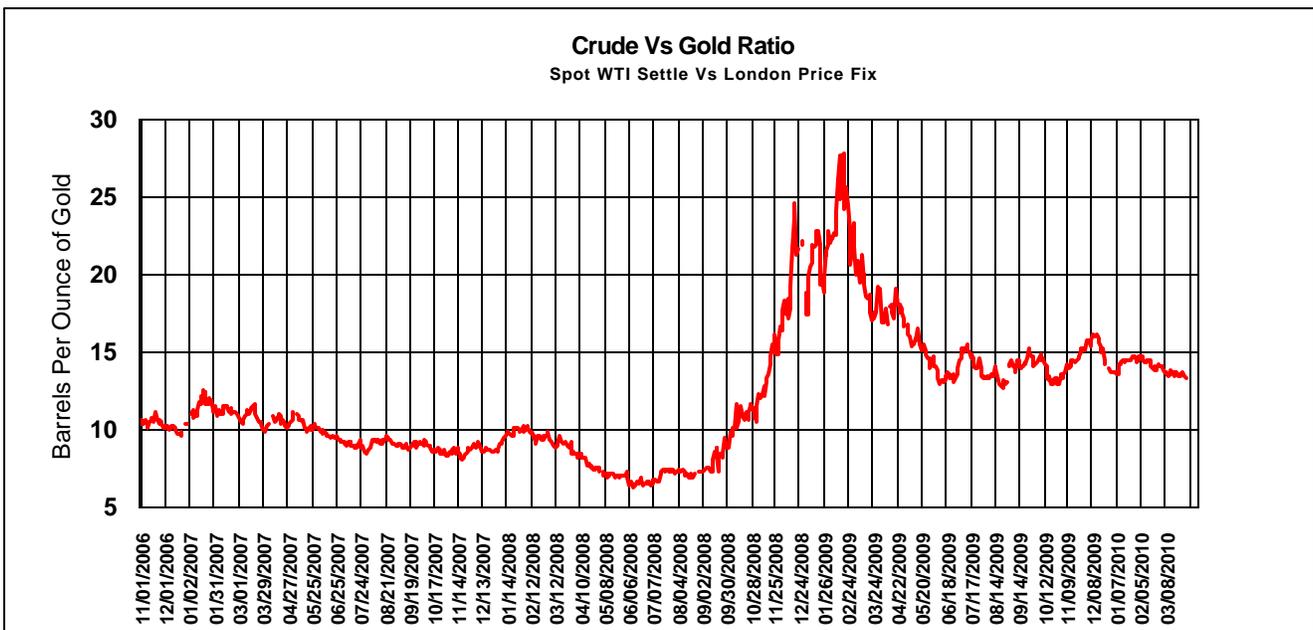
ConocoPhillips reported a problem with its fluid catalytic cracking unit at its 247,000 bpd refinery in Sweeny, Texas. It also started brief maintenance work on the rapper system at the electrostatic precipitator on Unit 27.1 on Wednesday.

Japan's Idemitsu Kosan Co plans to refine 6.3 million kiloliters of crude for the domestic market in April-June, down 1% on the year. It expects to refine 2.2 million kl in April, up 7% on the year.



Japan's Ministry of Economy, Trade and Industry said the country's total oil product sales in February increased by 7.9% on the year to 17.289 million kl. Its oil product output 4.4% to 16.494 million kl while imports increased by 45.5% to 2.643 million kl and exports fell by 3.5% to 2.185 million kl. Its inventories fell by 9% on the year to 10.938 million kl.

The Petroleum Association of Japan reported that the country's commercial crude oil inventories fell by 2.7% in the week ending March 27th. Crude inventories fell by 2.67 million barrels on the week and by 5.71 million barrels on the year to 97.14 million barrels. Gasoline inventories fell by 430,000 barrels on the week and by 1.43 million barrels on the year to 13.35 million barrels while kerosene inventories fell by 290,000 barrels on the week and by 300,000 barrels on the year to 10.9 million barrels and naphtha stocks built by 380,000 barrels on the week to 10.93 million barrels. Crude runs fell by 10,000 bpd on both the week and year to 3.78 million bpd. Refinery utilization fell by 0.2% on the week but increased by 1.3% on the year to 78.8%. The PAJ also reported that Japan's total oil product sales fell by 8.6% on the week and by 9.8% on the year to 2.93 million bpd. Japan's gasoline

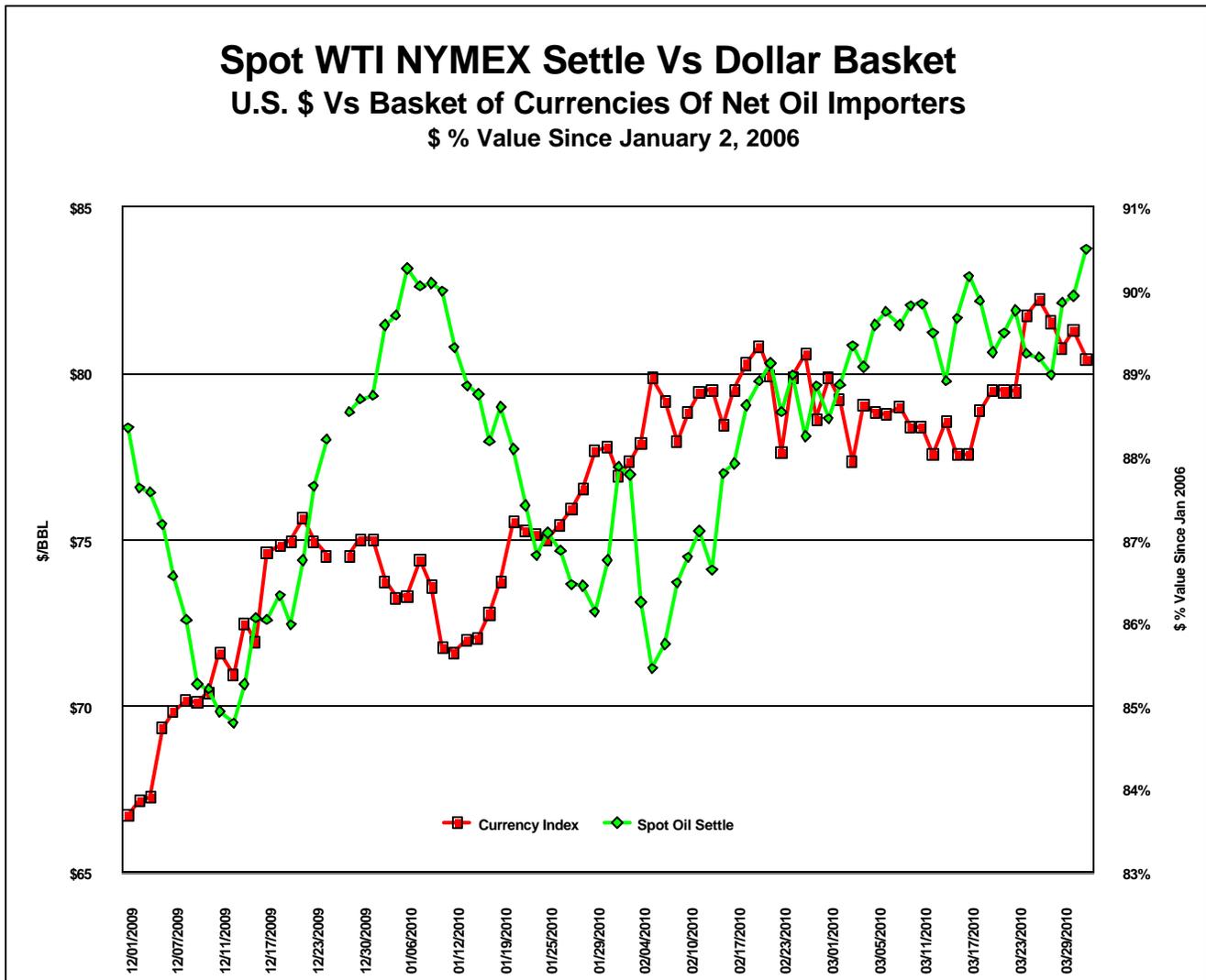


sales fell by 8.1% on the week and by 14.3% on the year to 900,000 bpd while kerosene sales fell by 0.6% on the week and by 14.9% on the year to 450,000 bpd and gas oil sales fell by 12.3% on the week and by 8.3% on the year to 540,000 bpd. Japan's naphtha sales fell by 16.2% on the week but increased by 35.8% on the year to 330,000 bpd and jet fuel sales increased by 6.2% on the week and by 14.7% on the year to 85,000 bpd.

Russia's Energy Ministry reported that Russia's oil refining runs in February increased by 1.8% on the month and by 2.9% on the year to 4.98 million bpd. It also reported that gasoline production in February increased by 4.8% on the month to 99,560 tons/day. Russian exports of gasoline February fell by 49.2% on the month as domestic supplies increased by 13.2% on the month. Gasoil production increased by 1.6% to 195,800 tons/day due to high domestic demand, which increased by 18.7% in February while gasoil exports fell by 3%. Russia's fuel oil production increased by 0.6% on the month to 197,000 tons/day while jet kerosene production fell by 6.2% on the month.

India's Reliance Industries bought about 74% more crude in 2009 from a year earlier as its new 580,000 bpd refinery in western Gujarat state began operations at almost full capacity. Reliance imported about 1.05 million bpd of crude last year, up from 605,000 bpd in 2008. It is expected to increase crude oil imports by about 22% this year as it ramps up production. Reliance is expected to limit African crude imports this year in favor of Middle East grades, if light crude prices continue to

strengthen against heavy sour grades. Reliance's two refineries are expected to operate above their full combined capacity of 1.24 million bpd.



Tokyo Electric Power Co plans to use 57% more oil in the fiscal year starting April 1st but will cut its consumption of liquefied natural gas and coal amid an expected increase in power demand. It expects to consume 7.34 million kiloliters or 127,000 bpd of crude and fuel oil in the 2010/11 business year, up from an estimated 4.69 million kl in the 2009/10 fiscal year ending March 31st.

Production News

An Iraqi oil official said Iraq's crude oil exports in March fell by 13% on the month to 1.79 million bpd due to periods of bad weather conditions at the southern export terminals and technical problems at the northern production and export facilities. Iraq exported 1.38 million bpd from the southern Basra oil terminals in March, down from 1.614 million bpd in February while about 410,000 bpd were exported from Kirkuk, down from 453,000 bpd in February.

Cambridge Energy Research Associates said Iraq will likely only achieve half of its target of increasing oil production to 12 million bpd in the next six or seven years. It expects Iraq's oil production to reach 4.3 million bpd by 2015 and 6.5 million bpd in 2020 compared with its current production of 2.4 million bpd. It said political, security, operational and infrastructure challenges in the

country in addition to a likely shortage of skilled personnel are likely to hamper progress towards the 12 million bpd target.

Royal Dutch Shell Plc will hold its first joint management committee meeting with its Iraqi state partner on April 11th and 12th to discuss a preliminary development plan and initial budget for the Majnoon oil field in southern Iraq. Majnoon, with estimated oil reserves of 12.6 billion barrels, is currently producing 45,000 bpd but is expected to reach 175,000 bpd by 2012.

Venezuela's Energy Minister Rafael Ramirez said Venezuelan and Russian oil companies plan to start producing 50,000 bpd of heavy crude from the Junin block in the eastern Orinoco region. The consortium plans to invest \$30 billion to extract and process extra heavy crude from the block that would eventually produce 450,000 bpd. The Junin 6 block is estimated to contain about 53 billion barrels of reserves.

Total SA is preparing an exploration project that will allow it to extract up to 300 million barrels of oil in the Republic of Congo. The project would focus on a portion of oil wells north of the Moho-Bilondo oilfield. The exploitation of the Moho-Bilondo field led to a 35% increase in Republic of Congo's production estimated at 256,000 bpd.

India is expected to increase the prices of petrol by 1.1% starting Thursday in major cities that will migrate to Euro IV compliant fuel. Diesel prices in major cities including Mumbai are expected to increase by 0.26 rupees/liter while in Delhi prices are expected to increase by more than 2 rupees due to taxes.

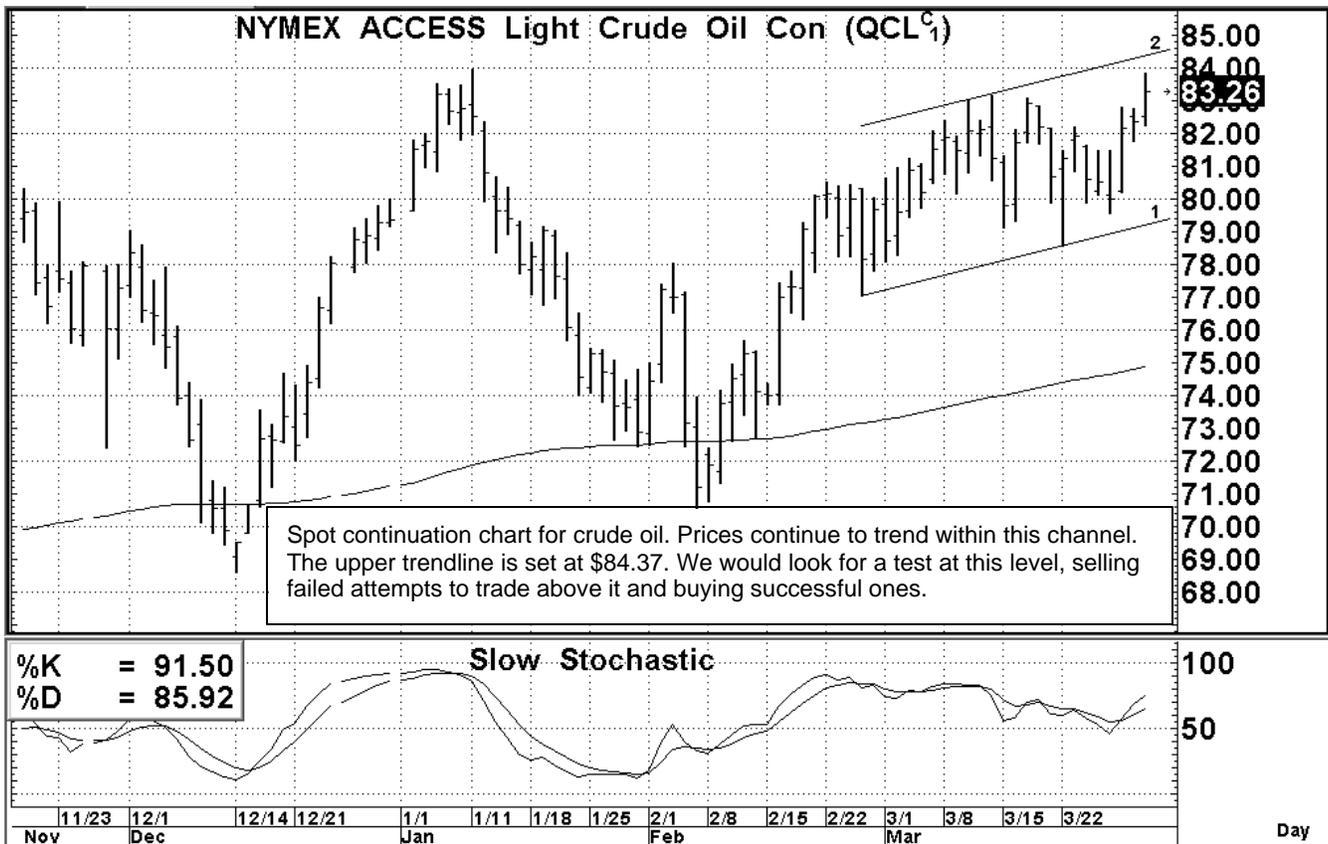
OPEC's news agency reported that OPEC's basket of crudes increased by 44 cents to \$78.21/barrel on Tuesday from \$77.77/barrel on Monday.

Market Commentary

Outside elements once again influenced price activity as the energy markets ignored the inventory numbers. Albeit crude oil inventories built by 2.9 million barrels and gasoline stock levels increased by 313,000 barrels, the energy markets rose to an 11-week high. The movement of the dollar continues to impact price direction, as did the end of the quarter. Prices should remain investor sensitive, with current fundamentals helping to contain prices. The May crude oil contract breached our initial target of \$83.18, stretching towards the \$83.95 resistance level. Prices basis a spot continuation chart have been trending within an upward channel since the end of February. This channel is currently set between the range of \$79.29-\$84.46. We would look for a test at the channel top, buying successful attempts to trade above it and selling unsuccessful ones. Moving oscillators support higher moves.

Crude oil May 10 313,903 -11,060 June 10 178,057 -1,223, July 10 106,103 +2,368 Totals 1,283,846 -13,485 Heating oil May 10 100,336 421 June 10 53,405 +1,806 July 10 28,923 +1,191 Totals: 319,299 -3,476. Gasoline May 10 124,392 +1,521 June 10 58,220 +552 July 10 33,091 +660 Totals 313,127 -3,001

Crude Support	Crude Resistance
83.18, 79.75-79.51, 78.43, 76.72, 75.00, 72.60, 71.31, 70.42, 69.50, 65.05, 64.70, 63.38, 62.70, 61.61, 60.95	83.95, 84.83, 85.05, 85.40, 86.60, 88.80, 89.88
Heat Support	Heat resistance
2.0180, 1.9975, 1.9860, 1.8570, 1.8280, 1.7670, 1.7565	2.2270, 2.2575, 2.4200
Gasoline support	Gasoline resistance
2.1460, 2.1320, 2.0660, 2.0420, 1.9970, 1.9862, 1.8650, 1.85.65, 1.7900, 1.7200 1.6600	2.3350, 2.5040,



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