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ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR APRIL 13, 2005

Shipping sources stated that Saudi Aramco increased its spot bookings to the US Gulf to 10 million barrels in May compared with 8 million barrels in April. The VLCC bookings were in line with recent talk that Saudi Arabia intends to increase its oil output next month. Shipping sources said the Saudi Aramco's chartering arm Vela International Marine hired the 290,000 tons Spyros, the 275,000 ton Sala and the 285,000 ton Emilie Maersk in the last few days. All the bookings were for the first decade of May, sailing from the Middle East Gulf to the US Gulf.

Nigeria's Pengassan and Nupeng oil unions held talks with labor ministry officials and energy firm Tidex to resolve a dispute over job cuts and avert a threatened strike. A meeting last Friday with

Market Watch

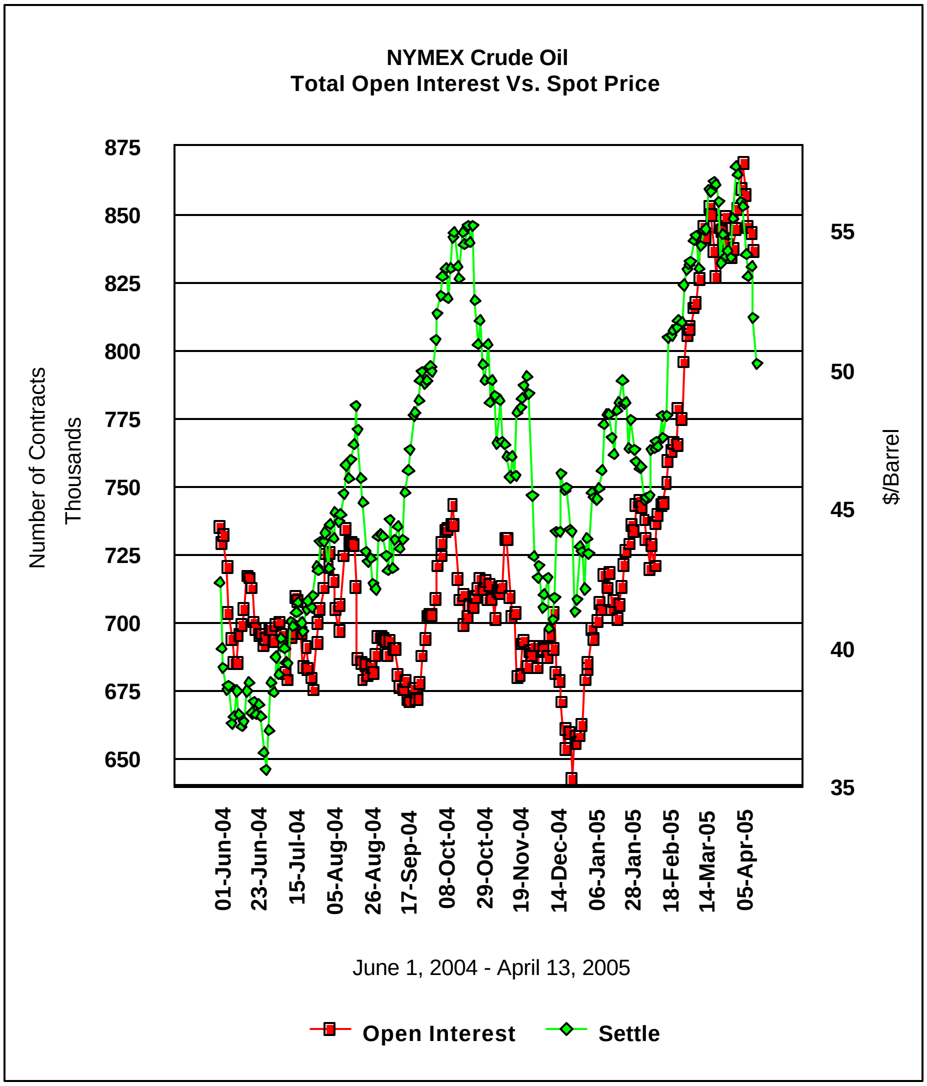
The IMF reported that world economic growth would fall to 4.3% this year and regain momentum in 2006 to 4.4%. It said the economy was returning to a slower and more sustainable pace after averaging 6%in late 2003 and early 2004. It said the world expansion was becoming more uneven, with growth still dependent on the US and China and a disappointing performance by Europe and Japan. It said there is more downside than upside risks for the world economy. The IMF also stated that oil prices remained highly vulnerable to shocks. According to the IMF, a permanent $5 increase in oil prices could lower world gross domestic product by up to 0.3%. It said the rapid increase in demand for oil by emerging market economies has come as a surprise and added that steps need to be taken to meet the demand. In regards to non-oil producing Middle East countries, economic growth is expected to remain strong this year as the effect of oil price increases spill over from the region's oil producers. It projected the region's economic growth this year at 5%, down from last year's 5.5%. Iran is forecast to grow 6% in 2005 and 5.9% in 2006 while Saudi Arabia is expected to grow 4.1%, down from last year's 5.3%. It said the high oil prices present opportunities for oil exporting countries to address their economic challenges.

A government official in Germany said the IMF's general view is that the world economy will continue to grow strongly. However downside risks have increased amid high oil prices. He noted that the exorbitant oil price level could impact growth. The IMF sees risks to the global economy in the short and medium term.

Saudi Arabia's Crown Prince Abdullah is scheduled to visit President George W. Bush at his Texas ranch on April 25 to talk about the Middle East and other issues. They are expected to discuss a range of key bilateral and regional issues.

Japan's Tokyo Electric Power Co plans to cut its oil use by 28% as it raises its nuclear plant operation rates and electricity demand falls. TEPCO is expected to consume 4.5 million kl or 77,500 bpd of crude oil and low sulfur fuel oil for thermal power generation in the year that started April 1. In the business year from April 2004 to March 2005, the utility used 6.29 million kl or 108,000 bpd of oil.

On Tuesday, Brent crude futures trading in the NYMEX Dublin exchange increased to another record while the IPE electronic Brent market fell on the day. Brent volume in Dublin increased to 24,184, up from 18,374 contracts. Open interest on the Dublin Brent contract also increased to 21,000 lots. Meanwhile IntercontinentalExchange said volumes of its electronic platform for IPE Brent fell to 103,489 lots from 105,927 lots, with open interest of 324,000 lots as of Tuesday. Volume in the NYMEX's gas oil contract stood at 500 lots while the IPE's volume in the gas oil contract stood at 41,007 lots.



Tidex, which came after the unions reached a deal at earlier talks with Shell and ChevronTexaco did not yield an agreement.

The House Energy and Commerce Committee approved an amendment to the national energy bill that would suspend the filling of the SPR until oil prices fall below $40/barrel for two consecutive weeks. The energy bill that finally emerges from the committee and is approved by the full House of Representatives will still need to be reconciled with the Senate's version later this year.

Separately, under a bill introduced in the US House of Representatives, ethanol would be guaranteed an 8 billion gallon share of the US fuel market by 2012. The 2012 target would more than double the current use of the ethanol. The ethanol measure may be added to an energy bill that lawmakers are now preparing. So far this year, a Senate Committee approved a renewable fuel standard of 6 billion gallons. The head of the Renewable Fuels Association said enacting a bill that calls for 8 billion gallons of ethanol usage would reduce foreign oil imports by 2 million barrels through 2012.

The EIA reported that recent high oil and gasoline prices are starting to have a dampening effect on US demand. According to the EIA report, both gasoline demand and total oil product demand are lower on the year. Total products demand is 20.2 million bpd, down from 20.5 million bpd a year ago. An EIA analyst, Doug MacIntyre said the EIA likes to use the four week average, which still shows a higher demand level on the year. Using the four week average, gasoline demand is 1.4% higher on the year and about 1.1% higher for total oil product demand. The EIA analyst also stated that several US Gulf Coast refiners reported a large decline in inputs, resulting in a surprisingly large fall in the country's refinery operations. Refinery runs fell by 2.7% on the week to 91% of capacity. He said the large fall resulted from accurate reporting by several Gulf Coast refiners. He also stated that the fall in gasoline futures prices may throw off the timing of its forecast but he does not rule out prices surging again.

Separately, the EIA stated that a bipartisan commission's proposal to tighten fuel efficiency standards for new US vehicles would cut the estimate US oil demand in 2015 by 2.5%. Increasing Corporate

Average Fuel Economy standards by 6.8 miles per gallong in 2015 would cut forecast US demand by 2.5% or 610,000 bpd to 24.06 million bpd. A further increase of 6.3 mpg by 2025 would cut forecast oil demand by 5.8%.

The DOE reported that US inventories of propane totaled 27.772 million barrels in the week ending April 8, up 1.002 million barrels on the week. It reported that propane inventories in the East Coast built by 131,000 barrels to 2.236 million barrels while inventories in the Midwest fell by 339,000 barrels to 8.629 million barrels and inventories in the Gulf Coast built by 1.232 million barrels to 16.4 million barrels.

According to the API, US oil demand in March averaged 21.26 million bpd, up 5.4% on the year. During the first quarter of 2005, US petroleum product demand increased by 2.5%. It stated that even though US oil refineries operated at 92.2% capacity in March, gasoline output was slightly lower on the month.

OPEC's news agency reported that OPEC's basket of crudes increased by 29 cents/barrel to $49.43/barrel on Tuesday from $49.14/barrel on Monday.

At least nine Iraqi security force members were killed in a bomb attack as they were dismantling an apparent decoy device near the city of Kirkuk. Anti-US insurgents also launched several attacks in Baghdad. At least four roadside attacks were reported in Baghdad. One bomb struck an oil tanker in the east of the city while two other bombs went off near US military convoys.

Refinery News

Total is scheduled to shut its 326,000 bpd Antwerp refinery in Belgium in May for up to five weeks of planned maintenance. Traders stated that last Sunday's fire in the refinery's desulphurization unit had affected output. However a refinery spokeswoman said there was no effect on production.

Indian Oil Corp's liquefied petroleum gas and gasoline unit, which were shut following an explosion, at its Koyali refinery are expected to restart operations in May.

Production News

The Coast Guard stated that the channel between the Gulf of Mexico and refineries on the Texas-Louisiana border was reopened on Wednesday afternoon after officials determined there was no threat to ships from a missing sea buoy. A total of 35 ships were waiting on Wednesday to transit the Sabine Channel. A spokesman for Premcor Inc's 255,000 bpd Port Arthur, Texas refinery said operations were not affected by the channel closure while a spokeswoman for Exxon Mobil Corp's 349,000 bpd Beaumont, Texas refinery and Motiva Enterprise's 250,000 bpd Port Arthur, Texas refinery said the refineries were operating as planned.

The North Sea Troll crude system is scheduled to load 9.18 million barrels or 296,000 bpd in May compared with 279,000 bpd in April.

According to Reuters, the average daily loading rate of the nine main North Sea crude systems in May is expected to fall by 4.6% on the month to 91.4 million barrels.

Germany's MWV reported that total sales of oil products in the country fell almost 12% on the year in March to 8.92 million metric tons. It was up from 8.865 million tons in February. It stated that heating oil sales fell by 24% on the year to 1.84 million tons while gasoline sales fell by 7% on the year to 2.04 million tons. It reported that diesel sales fell by 12.2% to 2.27 million tons.

Russia's Energy Ministry reported that Russia increased its gasoline production by 8.5% in January-February year on year to 5.15 million tons due to larger refinery runs amid strong demand abroad and domestically. It showed that Russian refineries processed 5.7% more crude in January-February 2005, while gasoil and fuel oil output increased by 7.5% to 9.693 million tons and 4.9% to 9.448 million tons, respectively. The data showed that Russia refined 32.76 million tons of crude or 4.07 million bpd, which represented 44% of its total output of 9.29 million bpd.

Russia's Lukoil Holding said its crude oil production increased 4.5% on the year to 22 million metric tons in January-March. In January-March, total hydrocarbon production reached 1.9 million barrels of oil equivalent/day, up 5.3% on the year.

India's HPCL has purchased 2 million barrels of Nigerian Bonny Light crude from Shell for loading at the end of May.

Separately, Indian Oil Corp will import 24.8 million tons of crude through term contracts in the year to March 2006 compared with 21 million tons in 2004/05. The company's refinery output is likely to increase to 39.5 million tons from 36.6 million tons a year earlier.

The Petroleum Association of Japan reported that the country's gasoline stocks increased to 2.23 million kl or 14.03 million barrels in the week ending April 9, up 4% on the week. Its total crude stocks fell by 5,293 kl to 17.631 million kl on the week while its kerosene stocks built by 76,842 kl to 1.627 million kl. The average operating rate of Japanese oil refineries was 86.4% in the week ending April 9, compared with the previous week's 88.6%. It also reported that its gasoline production increased 50,597 kl to 1.134 million kl while its kerosene production fell by 91,742 kl to 544,986 kl.

Market Commentary

The NYMEX energy complex ended the session sharply lower with the crude market settling down $1.64 cents at 50.22 in light of the mostly bearish EIA and API reports. The crude market gapped lower from 51.70 to 50.96 as it continued its sell off seen in overnight trading when the market traded to a low of 51.20. The market partially backfilled its gap as it traded to a high of 51.20 ahead of the release of the weekly petroleum stocks reports. However the market quickly erased its gains and sold off to a low of 50.36 following the release of the EIA and API reports, which showed surprisingly large builds in crude stocks. The market found some support at that level and settled in a sideways trading pattern before further selling pushed the market to its intraday low of 50.06 ahead of the close as it started to backfill its previous gap. Volume in the crude was excellent with over 350,000 lots booked on the day. Open interest in the crude market continued to

Technical Analysis		
	Levels	**Explanation**
	53.65, 53.85, 53.90	Tuesday's high, Previous highs
Resistance	50.60, 51.20-51.70	Remaining gap (April 13th)
CL 50.22, down $1.64		
Support	50.06 to 49.50	Remaining gap(February 22nd)
	49.42, 48.50	Basis support line, Previous low
	148.85, 149.50	Tuesday's high, Previous high
Resistance	145.00, 146.00	Wednesday's high
HO 144.20, down 2.33 cents		
Support	143.50	Wednesday's low
	143.00, 138.20	Previous low, 62% retracement (119.60 and 168.30)
	155.40, 157.00	Tuesday's high
Resistance	149.50, 151.40, 152.10-152.80	Remaining gap (April 13th)
HU 148.43, down 4.95 cents		
Support	147.05	Wednesday's low
	144.70	Previous low

fall, by 7,027 to 836,618 as of Tuesday. Open interest in the May contract fell by 27,751 lots while open interest in the June contract build by 15,407 lots as traders rolled out of some of their May positions. Meanwhile, the gasoline market settled down 4.95 cents at 148.43 as the market remained under pressure following the release of the DOE and API reports which showed builds in gasoline stocks. Similar to the crude market, the gasoline market gapped lower from 152.80 to 151.00 and partially backfilled its gap as it posted an intraday high of 152.10 early in the session. However the market sold off to a low of 149.00, where it held good support. The market later breached its support and extended its losses to 6.33 cents as it traded to a low of 147.05 ahead of the close. The heating oil market also gapped lower this morning from 146.00 to 144.00 and immediately posted its low of 143.50. Unlike the rest of the complex, the heating oil market backfilled its gap as it posted its high of 146.00 following the release of the DOE and API reports, which showed draws of 100,000 barrels and draws of 1.491 million barrels, respectively. The market, which tested its support late in the session, was unable to breach that level despite the sell off in the crude and gasoline markets. It settled down 2.33 cents at 144.20. Volume in the product markets were good with 61,000 lots booked in the gasoline and 54,000 lots booked in the heating oil market.

The crude market on Thursday is initially seen retracing some of today's sharp gains. However the market will likely test its support once again and attempt to backfill its gap as its stochastics are still trending lower. If the market does breach the 50.00 level, the market is seen backfilling its gap up to 49.50. More distant support is seen at 49.42 followed by a previous low of 48.50. Meanwhile resistance is seen at 50.60 followed by its opening gap from 51.20 to 51.70 followed by its previous high of 53.65.