ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR APRIL 29, 2005

Sources stated that Iraqi oil authorities briefly tested the northern crude pipeline to Turkey's port of Ceyhan before halting pumping again. The pipeline was active a few hours on Thursday night and pumped 100,000 barrels before it was halted once again. It is unclear when exports will resume.

Iraq's interim Oil Minister Ahmad Chalabi said he has no intention to change Iraq's OPEC policy. Analysts stated that he would be committing political suicide if he attempted to pull Iraq from OPEC.

OPEC's news agency reported that OPEC's basket of crude fell by 85 cents/barrel to $48.03/barrel on Thursday from Wednesday's $48.88/barrel level.

Market Watch

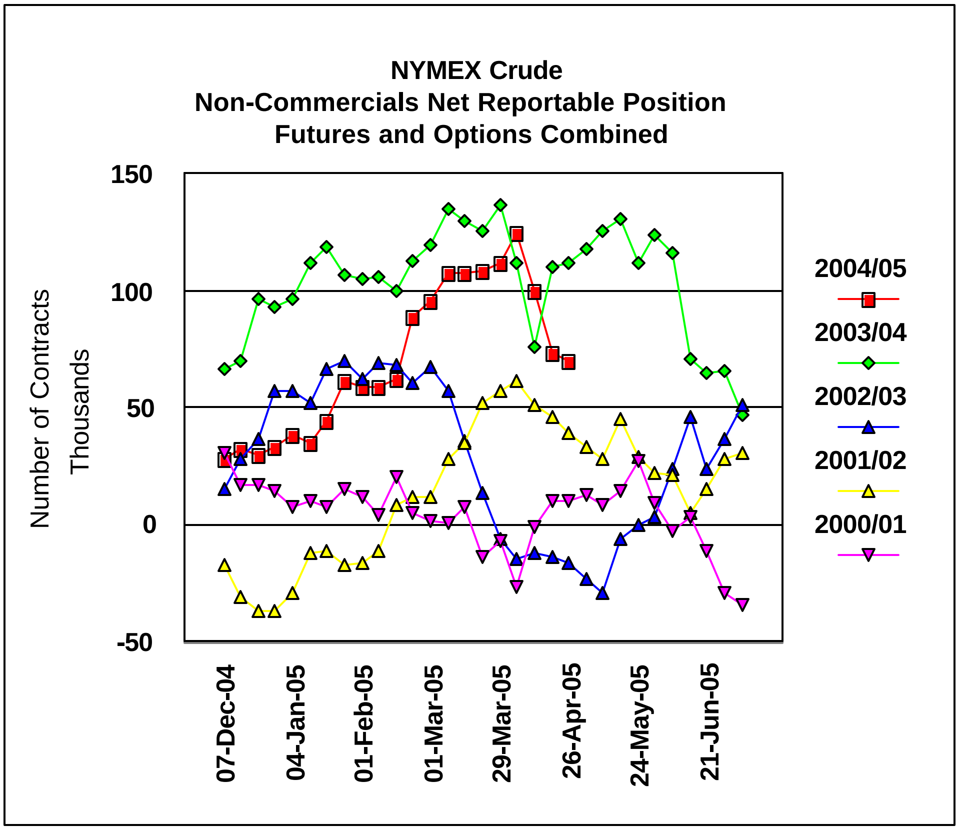
The US CFTC concluded in a study that hedge funds are less active traders in energy futures markets than other participants and do not appear to drive price moves. The conclusions challenge the widely held belief that hedge funds are driving volatility in crude oil and natural gas markets. It found no evidence of a link between price changes and hedge fund positions in the natural gas market and found a negative relationship between position changes and price changes in the crude oil market.

Anadarko Petroleum Corp said its first quarter earnings increased by 25% as higher energy prices offset lower production. It reported first quarter net income of $491 million compared with $393 million reported last year. Its sales volumes fell to 41 million barrels of oil equivalent or 455,000 boe/d from 49 million boe or 538,000 boe/d a year ago. Its oil sales volumes totaled 177,000 bpd, down from 202,000 bpd in the first quarter of 2004.

China National Offshore Oil Corp said it will continue its projects as planned in the East China Sea. A CNOOC official said the exploration and production projects being undertaken are far from the disputed area. Production of a gas field, near the median line adopted by Japan will start as early as August. The median line is used by Japan to separate the two countries' exclusive economic zone. However China does not recognize the demarcation line. Separately, it reported that its total oil and gas production increased by 19% on the year to 373,984 barrels of oil equivalent in the first quarter. It stated that for 2005, CNOOC expects total production to grow between 14.3% and 17.8% to 160-165 million boe as it expects to start production at 16 projects between 2005 and 2006.

Russia's Interfax reported that Russia may pay cash to secure a controlling stake in Gazprom and finally open the way to a liberalization of trade in Gazprom's shares. The option is taking shape as hopes fade for a merger between Gazprom and Rosneft, a move which would have given the government the majority stake in Gazprom which it says is a condition for lifting curbs on foreign share trading.

Bank officials told Congress that the US arm of French bank BNP Paribas approved hundreds of payments to unauthorized third parties under its contract with the UN's oil-for-food deal. Rep. Dana Rohrabacher said the bank had been lax in monitoring who received the billions of dollars its received in transfers it processed under the seven year program that ended in 2003. The chief executive of BNP Paribas-North America acknowledged the bank had committed avoidable errors in handling some of the program's accounts but said an internal probe had uncovered no outright fraud related to questionable transfers.



Refinery News

PDVSA plans to spend $1.3 billion over five years to upgrade the El Palito refinery. The investment plan will increase production of diesel, gasoline and jet fuel by increasing deep conversion capacity and improving other units at the refinery.

Ruhr Oel's 227,000 bpd refinery at Gelsenkirchen in Germany has scheduled two weeks of maintenance on a hydrotreater in May, cutting its diesel output.

PetroChina's Lanzhou refinery is scheduled to cut its crude runs slightly in May to 170,000 bpd. It will process a total of 720,000 tons of crude. Separately, China's Zhenhai Refining & Chemical Co will likely keep runs near record levels for a third consecutive month. Its crude throughput is expected to average 335,000 bpd. Meanwhile, China's Jinling refinery plans to keep crude runs steady in May at 230,000 bpd and will not export any diesel next month due to tight domestic supply. It will keep its crude runs in May at 85% of its total capacity of 270,000 bpd.

Production News

The US Coast Guard said the Sabine Ship Channel remains shut to vessels over 100 feet in length on Friday. There is no estimate yet on when it may reopen. It said eight ships including oil tankers are waiting to come into the channel while three vessels were not able to leave the Sabine River because of the traffic restrictions. A salvage assessment will be conducted Friday but could not say when the salvage of the sunken vessel could be completed to allow tankers to pass the channel. The larger Houston Ship Channel is operating normally.

Baker Hughes reported that the number of rigs searching for oil and natural gas in the US fell by 18 to 1,325 in the week ending April 29. The number of rigs searching for oil fell by 4 to 169 while the number of rigs searching for natural gas fell by 14 to 1,156.

Shell Canada Ltd has filed regulatory applications to expand capacity at both the Muskeg River Mine and Scotford Upgrader, which make up the Athabasca Oil Sands Project in Alberta. These plans will increase the capacity of the mine to about 300,000 bpd from 155,000 bpd. It said regulator approval is expected in mid-2006.

Russia's Energy Ministry data showed that Russia's oil production stagnated in April for a seventh consecutive month after five years of growth and is likely be around or even slightly below March's production level of 9.33 million bpd. It reported that production in April was fluctuating between 1.265 million tons or 9.27 million bpd and as much as 1.272 million tons or 9.32 million bpd.

A Russian government official stated that Russia's oil export duty will be increased to $136/ton from June 1. The oil export duty was set at $102.60/ton on April 1.

Russia's Transneft promised lower than expected shipping fees for a planned pipeline to Asia, however its future clients said the fees were still too high to develop untapped fields in East Siberia. Transneft said the average shipping fee on the route from the Siberian region of Irkutsk to the Pacific coast or to China would be $49.90/ton, lower than expected but twice as high as the current fees from West Siberia to Europe. It is seeking to build a 1.6 million bpd pipeline, which would be Russia's first to Asia.

Russia's Industry and Energy Ministry stated that a letter of intent on the construction of Russia's northern pipeline will be announced soon. The pipeline is expected to link Kharyaga in the Timano-Pechora oil and gas province in Siberia with the port of Indiga in the Murmansk region. The pipeline with a planned annual throughput capacity of 50 million tons is expected export oil produced in West Siberia to Europe and the US.

China's Sinopec Corp said it expects the government to allow it to increase retail prices for refined oil products to help ease a squeeze in refining margins. It said its refining margins tightened by 16.9% on the year to $3.49/barrel in the first quarter from $3.86/barrel last year.

Ecuador's Central Bank reported that the country's oil product export revenues between January and February surged to $70.02 million from the $28.17 million registered in the same period in 2004. It exported 2.41 million barrels in the first two months of the year, up 62% from the 1.49 million barrels reported last year.

Market Commentary

The NYMEX oil market settled below the $50.00 level for the first time since February 18th as it resumed its recent sell off. The market opened down about 50 cents at 51.25 as it retraced some of Thursday's late gains in overnight trading. The June crude contract traded to a high of 51.60 early in the session and remained range bound as it held good support at its low of 50.90. The market remained range bound after failing to test Thursday's high of 51.85. However late in the session, the market saw a technical sell off as it breached its earlier low of 50.90 and backfilled its gap from 49.80 to 49.55. It tumbled to a low of 49.50 and sold off

Technical Analysis			
		Levels	**Explanation**
		51.60, 51.85	Friday's high, Thursday's high
	Resistance	50.00, 50.50, 51.00	
CL	49.72, down $2.05		
	Support	49.10	Friday's low
		48.70, 48.50	Previous lows
		148.00, 148.65, 149.00	Friday's high, 50%, Previous high
	Resistance	144.00, 146.84	38% retracement (156.30 and 141.00)
HO	142.59, down 6.24 cents	June	
	Support	141.00	Friday's low
		140.70, 140.50, 138.50	Previous lows
		153.50, 155.50	Friday's high, Thursday's high
	Resistance	150.00, 152.00	
HU	149.61, down 5.58 cents	June	
	Support	148.00	Friday's low
		146.20	Thursday's low

even further on the post close as it posted an intraday low of 49.10. It settled sharply lower at 49.72, down $2.05. Volume in the crude was good with 164,000 lots booked on the day. Open interst in the crude market fell by a total of 17,209 contracts, with open interest in the June contract falling by 7,203 lots. Meanwhile, the product markets also saw a sharp sell off ahead of the May contracts' expiration at the close, with the May heating oil contract settling down 5.29 cents at 143.58 and the May gasoline settling down 5.57 at 149.33. The heating oil market remained range bound for most of the day after it posted an intraday high of 147.80. The market however breached its earlier low and fell to a low of 141.00 as traders liquidated their positions ahead of expiration. Similarly, the June heating oil contract sold off to a low of 141.00 on the close before settling down 6.24 cents at 142.59. The May gasoline contract posted an inside trading day after it posted an intraday high of 153.50 and sold off to a low of 147.50 amid the liquidation ahead of its expiration. The June gasoline market also posted an inside trading day as it failed to find the momentum to breach Thursday's trading range. It settled down 5.58 cents at 149.61. Volumes in the product markets were good with 45,000 lots booked in the heating oil and 47,000 lots in the gasoline market.

The Commitment of Traders report showed that non-commercials in the crude market cut their net long positions from 32,651 contracts to 26,008 contracts in the week ending April 26th. The combined futures and options report showed that non-commercials cut their net long positions from 73,742 contracts to 69,844 contracts on the week. Given the market's sharp sell off in recent days, non-commercials have more than likely continued to cut their net long positions. Non-commercials in the heating oil market however increased their net long position from 2,358 contracts to 3,730 contracts on the week. Meanwhile non-commercials in the gasoline market also increased their net long positions by just 69 contracts to 31,217contracts. Non-commercials in the gasoline have cut their net long positions sharply following the sharp sell off seen in recent days.

The crude market on Monday is seen retracing some of its sharp losses. However the market is seen remaining pressured after the market technically sold off. Its stochastics, which are trending lower, still have some further room on the downside. The market is seen finding initial support at 49.10 followed by 48.70 and 48.50. More distant support is seen at previous lows of 47.70 and 47.50. Meanwhile resistance is seen 50.00, 50.50, 51.00 followed by its high of 51.60 and 51.85.