



ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR JUNE 24, 2009

Iran's Oil Minister Gholamhossein Nozari said he saw improving conditions for the oil market and prices. He said there is still room for the oil price to increase.

The chief IMF economist, Olivier Blanchard said the recent sharp rebound in oil prices appears to have been driven by speculative bets and is unlikely to be maintained without a recovery in real demand.

Nigeria's President Umaru Yar'Adua will propose a 60-day amnesty program for militants in the Niger Delta on Thursday, in an effort to end years of attacks. He is due to present the

Market Watch

The Commerce Department reported that manufacturers' orders of durable goods increased by a much stronger than expected 1.8% last month to a seasonally adjusted \$163.92 billion. May's increase, the third gain in 4 months, followed a revised 1.8% gain in April. Separately, the Commerce Department reported that new home sales unexpectedly fell in May by 0.6% to a seasonally adjusted annual rate of 342,000 compared to the prior month.

US Federal Reserve policymakers held rates near zero while highlighting new signs of economic stability. The Federal Open Market Committee voted 10-0 to maintain the target federal funds rate for interbank lending at a record low of zero to 0.25%. The discount rate for commercial and investment banks was also left unchanged at 0.5%.

The AAA estimates that US travel over the Independence Day holiday weekend will fall 1.9% this year due to higher fuel prices and economic concerns. About 37.1 million Americans will travel 50 miles or more away from home during the holiday weekend, down from 37.8 million last year. Auto travel will fall 2.6% from last year's levels due to higher fuel prices while air travel will account for just 5% of Fourth of July travel, will increase 4.9% due to lower fares and demand.

The Organization for Economic Cooperation and Development said a severe US recession will bottom out this year but added that any recovery will be weak due to lack of strength in markets and lower consumer wealth. It estimated that US national output will contract 2.8% in 2009 but grew by 0.9% in 2010. It urged the Obama administration to proceed with plans for public-private partnerships to remove toxic assets from banks' balance sheets, adding that if necessary, the Federal Reserve should expand the scale of its quantitative easing measures that include buying longer term US Treasury securities. In regards to China, the OECD said the economy is rebounding strongly due to monetary and fiscal stimulus. It said China has room to loosen fiscal policy further next year if growth does not spread beyond the infrastructure sector.

The chairman of the Commodity Futures Trading Commission, Gary Gensler urged strong measures to subject derivatives trading, including over the counter contracts to comprehensive regulation. He said market transparency and efficiency will be further improved by requiring the standardized part of the OTC markets onto fully regulated exchanges and fully regulated transparent electronic trading systems.

Clearing house LCH.Clearnet will launch an over the counter clearing service for the UK based spot market for carbon emissions trading. The service will cover European Union emissions permits as well as Certified Emissions Reductions, the project based offset credits issued by the UN under the Kyoto Protocol climate change agreement.

DOE Stocks

Crude – down 3.868 million barrels
Distillate – up 2.077 million barrels
Gasoline – up 3.871 million barrels
Refinery runs – up 1.2%, at 87.1%

proposal to the Council on Thursday. He has previously stated that the amnesty program will be open to all gunmen in the Niger Delta and would provide rehabilitation, education and training. A militant leader, Ateke Tom, has indicated he will consider taking part in the amnesty program if the military halts its offensive and withdraws its troops from the region.

However the Movement for the Emancipation of the Niger Delta on Wednesday denied reports that other militant commanders had accepted taking part in the program. A MEND spokesman said its oil war will continue in the Niger Delta.

Iran's Foreign Minister Manouchehr Mottaki said Iran is considering whether to downgrade ties with Britain amid increasing tension over the disputed presidential election.

Russia's President Dmitry Medvedev is scheduled to arrive in Nigeria on a visit to increase economic ties and trade between the two countries. He is scheduled to meet with Nigeria's president Umaru Yar'Adua. A Nigerian presidential spokesman said the two sides will sign an agreement for cooperation in the peaceful use of nuclear energy especially for the purpose of electricity.

Refinery News

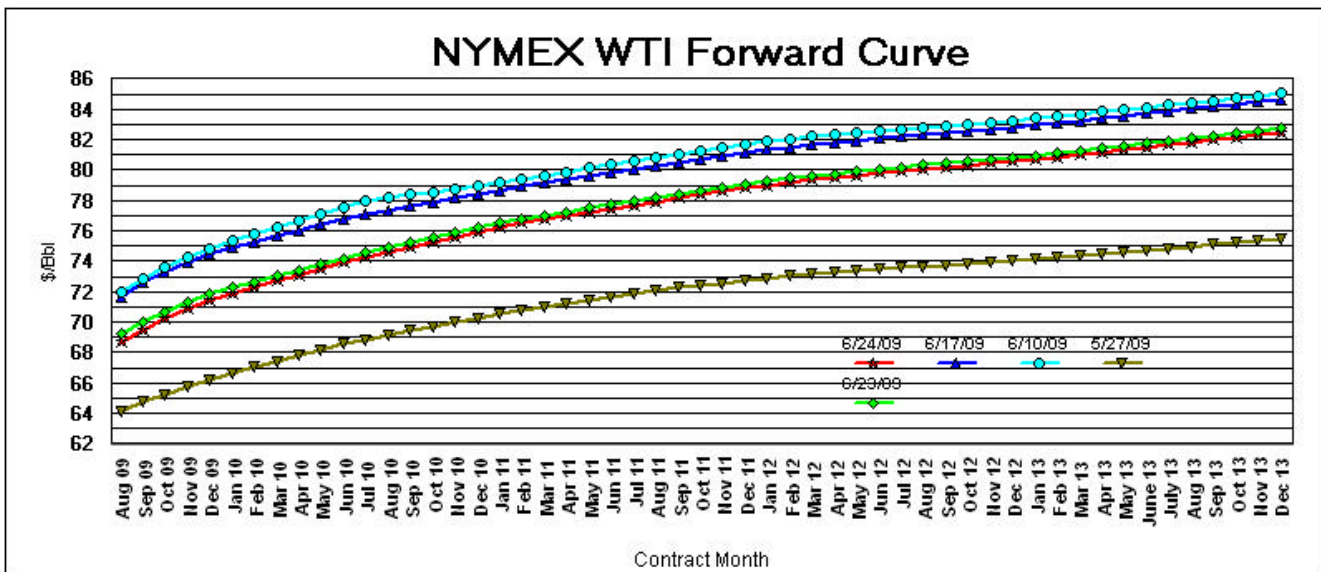
An environmental group, ForestEthics, asked the US Secretary of State Hillary Clinton to deny permits for pipelines that will bring oil from Canada's tar sands to the US. It said production from Canada's tar sands generates up to five times more greenhouse gas emissions than conventional oil, which it said conflicts with the Obama administration's pledge to tackle global warming. It urged the Secretary of State to deny permits for pipelines that will move Canadian oil to US refineries, particularly the Alberta Clipper pipeline. The pipeline will be able to carry 450,000 barrels of tar sands crude from Alberta, Canada to Superior, Wisconsin. The US portion of the pipeline will be 326 miles long and if approved, will be operational in mid 2010.

June Calendar Averages

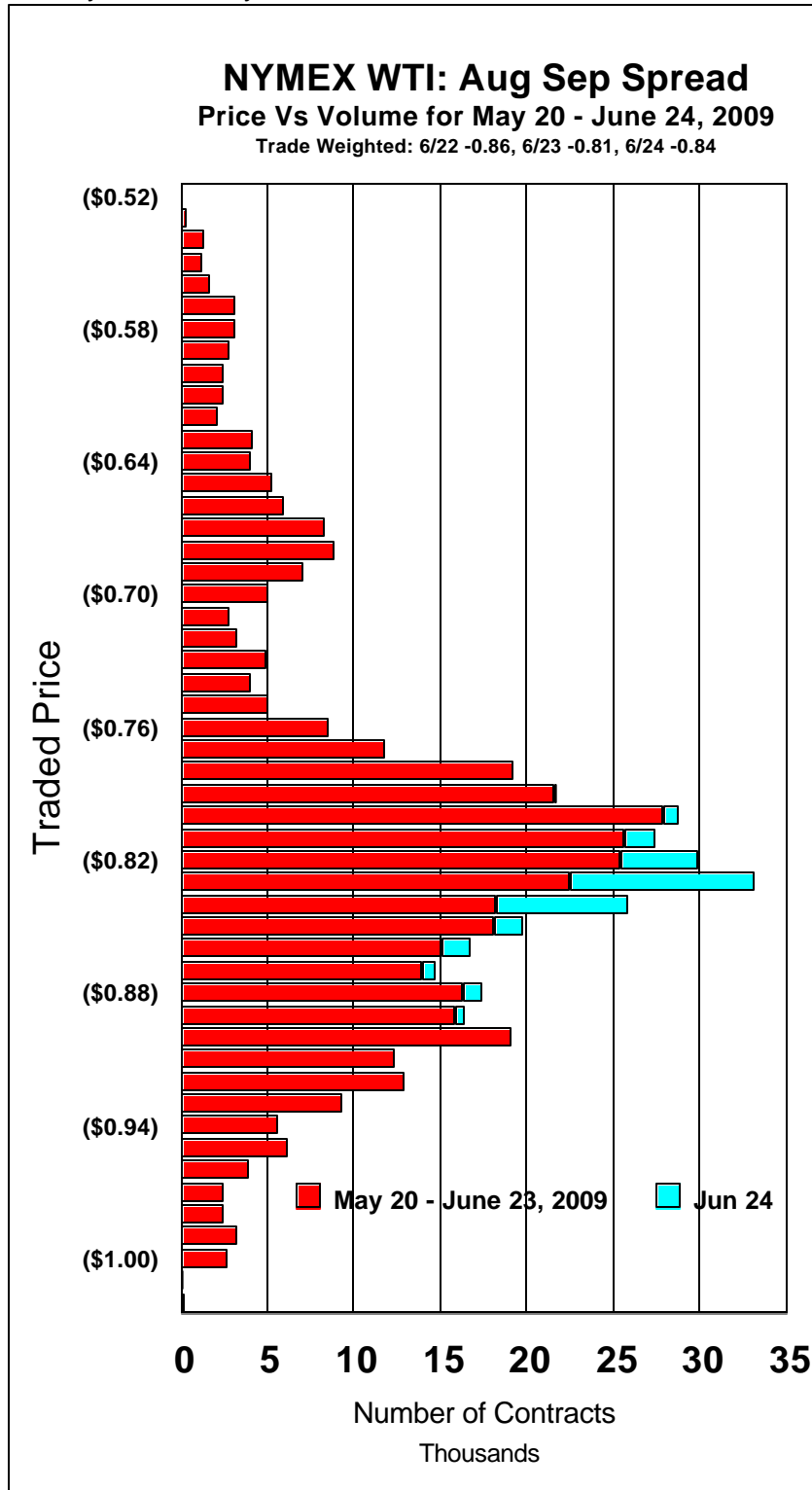
CL – \$69.64
HO – \$1.7994
RB – \$1.9740

Tesoro Corp said a pipeline leak at its Wilmington, California refinery resulted in a spill of only 250 barrels of oil and has not affected production. The company originally estimated that the broken pipeline released 5,000 barrels. Separately, Tesoro Petroleum Corp said an earthquake near its 72,000 bpd refinery in Kenai, Alaska on Monday caused a minor disruption. However units returned to planned rates.

Lyondell Basell Industries reported a problem at its HDS unit at its 268,000 bpd Houston, Texas



refinery on Tuesday.



Talks between employers and striking contract workers will resume Thursday over the sacking of workers at Total's 200,000 bpd Lindsey refinery. The parties met on Tuesday without reaching an agreement but agreed to reconvene Thursday. Total said last week that its contractors had issued dismissal notices to workers on a construction project at Lindsey. Walkouts continued Wednesday at energy facilities across the UK, although operations have not been affected.

Indonesia's Pertamina plans to shut a platformer unit at its Cilacap refinery for two weeks of maintenance around August.

The Petroleum Association of Japan reported that crude oil stocks held by Japanese refiners fell by 892,655 kiloliters or on the week to 16.05 million kl or 101 million barrels. Gasoline stocks remained relatively unchanged on the week at 2.26 million kl as of June 20th.

Japan's Ministry of Finance reported that the country's crude oil imports in May fell to its lowest level in more than 20 years as refiners cut runs due to continued weakness in industrial demand. The country's imports of crude oil and condensate in May fell by 18.8% on the year to 15.1 million kiloliters or 3 million bpd. Crude imports in the January-March quarter were between 3.68 million and 4.25 million bpd. Japan's average refinery operating rate

was around 73% in most of May.

An agreement reached by US House of Representatives lawmakers would strip the EPA of its ability to downgrade assessments on how much ethanol and biodiesel reduces greenhouse gases. The EPA said earlier this year that corn based ethanol cut greenhouse gas emissions by 16% when

compared to gasoline and soy-based biodiesel cut about 22%, when compared to diesel. The new deal is part of the climate change legislation the House is expected to vote on this week.

Production News

Kuwait's Oil Minister said it is not the right time for OPEC to increase its oil production.

Chevron Corp said offshore Brazil is one of the world's most promising deepwater oil and gas regions and our current plans are for investments in Brazil over the next decade. Chevron started production at its Frade field offshore Brazil on Saturday. Its daily output is expected to reach 30,000 barrels of oil equivalent by the end of 2009 and 90,000 boe by 2011. The company also has development plans for the Papa-Terra, Maromba, Atlanta and Oliva fields as it increases its overseas production.

Brazil's Petrobras notified the country's National Petroleum Agency late Tuesday that it had discovered signs of oil at an inland Espirito Santo Basin block.

Anadarko Petroleum Corp said a discovery well encountered more than 120 feet of net oil pay in several high quality sands. It also stated that it increased its 2010 derivative positions for both crude oil and natural gas.

NEW YORK MERCANTILE EXCHANGE(r)									
NYMEX OPTIONS CONTRACT LISTING FOR 06/24/2009									
				TODAY'S	PREVIOUS	ESTIMATED	DAILY	DAILY	
-----CONTRACT-----				SETTLE	SETTLE	VOLUME	HIGH	LOW	
AO	11	9	C	85	2.8	2.99	700	0	0
AO	10	9	C	85	2.18	2.36	700	0	0
AO	12	9	C	85	3.3	3.49	700	0	0
AO	11	9	C	90	1.93	2.09	600	0	0
AO	12	9	C	90	2.38	2.54	600	0	0
AO	10	9	C	90	1.43	1.57	600	0	0
LC	6	10	P	45	1.5	1.49	500	0	0
LC	12	9	P	30	0.08	0.08	450	0	0
LC	12	9	P	130	58.46	58.04	450	0	0
LC	12	9	C	30	41.36	41.78	450	0	0
LC	12	9	C	130	0.13	0.15	450	0	0
LO	12	9	P	30	0.08	0.08	20704	0.12	0.1
LO	8	9	P	60	0.64	0.69	12278	0.75	0.53
LO	8	9	P	55	0.22	0.26	10755	0.27	0.21
LO	12	9	P	45	0.79	0.78	10000	0	0
LO	12	9	P	60	3.37	3.32	3650	0	0
LO	12	9	P	55	2.19	2.16	3202	2.17	2.15
LO	9	9	P	60	1.65	1.64	2676	1.82	1.56
LO	8	9	C	75	0.94	1.24	2519	1.15	0.81
LO	12	9	P	65	4.95	4.89	2353	4.95	4.89
LO	12	9	C	100	1	1.11	2352	1.1	1.06
LO	8	9	P	65	1.65	1.67	1854	2.09	1.45
LO	12	10	C	76	11.31	11.53	1725	0	0
LO	12	10	P	76	11.35	11.29	1725	0	0
LO	12	9	P	71.5	7.72	7.66	1700	0	0
LO	12	9	C	71.5	7.66	8.03	1700	0	0
LO	9	9	C	85	0.75	0.92	1695	1	0.68
LO	9	9	C	79	1.6	1.88	1501	2	2
OB	8	9	C	1.95	0.069	0.0898	1818	0	0
OB	10	9	P	1.75	0.1638	0.1539	1150	0	0
OB	10	9	P	1.4	0.039	0.0361	925	0	0
OB	8	9	C	1.85	0.1107	0.1356	909	0	0
OB	9	9	P	1.86	0.1524	0.1385	467	0	0
OB	9	9	C	1.86	0.1448	0.1654	467	0	0
OB	7	9	P	1.8	0.0103	0.0055	349	0	0
OH	7	9	C	1.75	0.0195	0.0417	224	0.03	0.025
OH	8	9	C	1.8	0.0988	0.1169	205	0	0
OH	9	9	C	1.94	0.1011	0.1154	205	0	0

Nigeria will export three 950,000 cargoes of Bonny crude in August. The loading schedule also shows six cargoes of Bonga crude, six of Erha crude, one of Akpo crude, eight cargoes of Agbami

crude, five cargoes of Escravos crude, four cargoes of Amenam, three cargoes of Yoho crude and one of Oso condensate.

Ecuador's central bank reported that the country exported 10.65 million barrels of crude oil in April, down 1.6% from 10.82 million barrels reported last year.

China Petrochemical Corp agreed to buy Addax Petroleum Corp for \$7.3 billion, gaining oil reserves in Iraq's Kurdistan and West Africa. Purchasing Addax will give Sinopec Group 42.5 million barrels of proved and probable reserves in the Kurdish region of Iraq. Addax started exports from the Taq Taq license area in Kurdistan. Production at the field is about 40,000 bpd and Addax is expected to expand the facility to produce as much as 70,000 bpd.

China's daily power output in the second 10-day period in June returned to positive territory, up 3.8% on the year, increasing for the first time since mid-March. Power production increased by 12.3% on the year in Guangdong and about 10% in the eastern province of Zhejiang. However in most western provinces with energy intensive industries, power production was still falling.

OPEC's news agency reported that OPEC's basket of crudes fell by 80 cents to \$66.61/barrel on Tuesday from \$67.41/barrel on Monday.

Market Commentary

The oil market initially bounced higher early in the session as the Commerce Department reported that manufacturers' orders of durable goods increased by a much stronger than expected 1.8% in May. The market, held support above the \$68.50 level and continued to trade higher following the release of the DOE report, which reported a larger than expected draw in crude stocks of over 3.8 million barrels on the week. The crude market posted a high of \$69.86 before it retraced some of its gains amid the strength seen in the dollar. The oil market traded mostly sideways and saw a short rally in prices following the announcement that the US Federal Reserve was leaving rates unchanged. The crude market settled down 57 cents at \$68.67. The market is seen trading lower on Thursday after posting a mostly neutral trading session. It is seen holding support at its lows of \$68.06, \$66.37, \$64.85 and \$64.36, basis its support line. Meanwhile, the product markets were pressured amid the larger than expected builds in product stocks of 3.811 million barrels in gasoline stocks and 2.077 million barrels in distillate stocks. If rumors mentioned previously are true, the bearish gasoline stock build likely forced further liquidation in the RBOB market. The RBOB market, which posted an inside trading day for the second consecutive session, settled down 5.07 cents at \$1.8425. The market sold off to a low early in the session amid the larger than expected gasoline stock build. It later sold off further to a low of \$1.8390, still holding support at its previous lows. The market is seen trending lower, with support seen at its lows of \$1.839, \$1.8368, \$1.8267 followed by \$1.7415, basis its 50% retracement off a low of \$1.3705 and a high of \$2.1124. More distant support is seen at \$171.50, \$169.50 and its 62% retracement level of \$1.6539. The heating oil market is also seen trending lower amid the build in stocks and lower demand. It is seen finding support at \$1.7343, \$1.7072, \$1.6780 followed by \$1.6512 and \$1.6235.

Crude Oil (CL) AUG.09 261,196 -9,550 SEP.09 128,487 -5,073 OCT.09 48,835 -1,394 NOV.09 27,127 -2,410 Totals: 1,109,276 -28,497 N.Y. Heating Oil (HO) JUL.09 23,709 -6,000 AUG.09 58,140 +4,831 SEP.09 36,054 +980 OCT.09 24,263 +464 Totals: 287,587 -63 NEW YORK HARBOR RBOB (RB) JUL.09 26,291 -3,686 AUG.09 75,255 +1,435 SEP.09 43,633 -967 OCT.09 22,530 -52 Totals: 215,238 -2,667

<p style="text-align: center;">Crude Support</p> <p>Spot 200 day MA 57.70 50 day MA 60.47 68.06, 66.37, 64.85, 64.36, 60.50, 59.85, 58.90, 56.75,55.45,54.49,</p>	<p style="text-align: center;">Crude Resistance</p> <p>69.35, 69.78, 69.86, 72.85, 74.50, 76.10, 81.80</p>
<p style="text-align: center;">Heat Support</p> <p>1.7343, 1.7072, 1.6780, 1.6512, 1.6235, 1.5615</p>	<p style="text-align: center;">Heat resistance</p> <p>1.9090</p>
<p style="text-align: center;">Gasoline support</p> <p>1.8390, 1.8368, 1.8267, 1.7415, 1.7150, 1.6960, 1.6539 1.5370, 1.5260, 1.3560, 1.3400, 131.80,1.2700, 1.2625 1.1680</p>	<p style="text-align: center;">Gasoline resistance</p> <p>1.8738, 1.9132, 1.9384, 2.0375, 2.0650, 2.1600</p>

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