



ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR JUNE 25, 2010

BP said it captured a total of 23,725 barrels of crude from the Macondo well in the Gulf of Mexico on Thursday, up about 30% from the previous day. BP collected 15,785 barrels and flared 7,940 barrels. BP reiterated that it had the cash to meet all costs related to the oil spill in the Gulf of Mexico.

Ecuador's nonrenewable natural resources minister, Wilson Pastor said there will be a trend toward higher oil prices until the end of the year and likely in the next few years as a result of the oil spill in the Gulf of Mexico.

Russia's envoy to the EU, Vladimir

Market Watch

The US Commerce Department revised down for the second time its estimate of economic growth in the first three months of 2010 due to lower consumer spending. GDP increased at a 2.7% annual rate in January through March. It was down from an original estimate of 3.2% in April. GDP grew at a 5.6% rate in the fourth quarter. Consumer spending increased by 3% in the first quarter, down from a previous estimate of a 3.5% increase. The price index of gross domestic purchases increased at an unrevised 1.7% in the first quarter.

According to the Thomson Reuters/University of Michigan's Survey's of Consumers, US consumer sentiment increased in June to its highest level since January 2008. Its overall index on consumer sentiment increased to 76 from 73.6 in May. Reports of job losses fell by 50% since last June, from 65% of respondents to 29%. The survey's barometer of current economic conditions was 85.6, its highest since January 2008 and above the 82.9 reading in early June. The index of consumer expectations increased moderately to 69.8 from 68.8 in May.

The National Hurricane Center said a lower pressure area centered between the northeast coast of Honduras and Grand Cayman continues to show signs of organization. The system is likely to become a tropical depression before it reaches the Yucatan Peninsula in a couple of days. It said there is a high chance, 70%, of the system becoming the first named tropical storm of the Atlantic hurricane season over the next 48 hours. It said it could pose a danger to BP's efforts to collect oil in the Gulf of Mexico if the storm tracks towards the Texas and Louisiana coast.

According to a Reuters survey, US crude oil is expected to average \$79.86/barrel in 2010, down from a previous estimate of \$80.22/barrel. In 2011, US crude oil is expected to average \$85.44/barrel.

China's national energy administration supervised by the State Council will be in charge of managing the country's oil and natural gas pipelines. The energy administration will be responsible for planning the country's pipelines and coordinating the management of pipelines between provinces and municipalities. The law will take effect on October 1st.

India said gasoline and diesel prices will now be market determined as the federal government seeks to cut its budget and help state run marketing companies cut losses on selling fuel products at state set prices. The deregulation will lead to an increase of INR3.5/liter in the price of gasoline while prices of diesel will increase by INR2/liter. India's move on Friday to increase fuel prices more than expected increases market expectations that the central bank will raise interest rates by 50 basis points, not 25, when it reviews monetary policy next month.

June
Calendar Averages
CL- \$75.21
HO – \$2.0501
RB – \$2.0791

Chizhov condemned unilateral US and EU sanctions against Iran over its nuclear program, warning the measures should not impact Russian business interests. He said the sanctions will hinder diplomatic efforts to convince Iran to halt its nuclear activities because Iranian officials will immediately sense a difference of views among world powers. He said Russia is also concerned about any interference with Russian business interests in Iran.

US Senator Blanche Lincoln and the Obama administration agreed on a compromise on her proposal to force banks to spin off their swap trading operations, allowing them to retain the bulk of their books but bar them trading commodities, equity and credit default swaps. Under the agreement, banks could continue to handle foreign exchange, interest rate, gold and silver swaps and to hedge their own risks. Activity in commodities, agricultural, energy, equities swaps and credit default swaps that are not traded through a clearing house would have to move to an affiliate within two years.

Refinery News

Colonial Pipeline issued a capacity allocation freeze notice, stating it will freeze all cycle 37 nominations on its main distillate line out of the Gulf Coast as demand for shipping space exceeds line capacity.

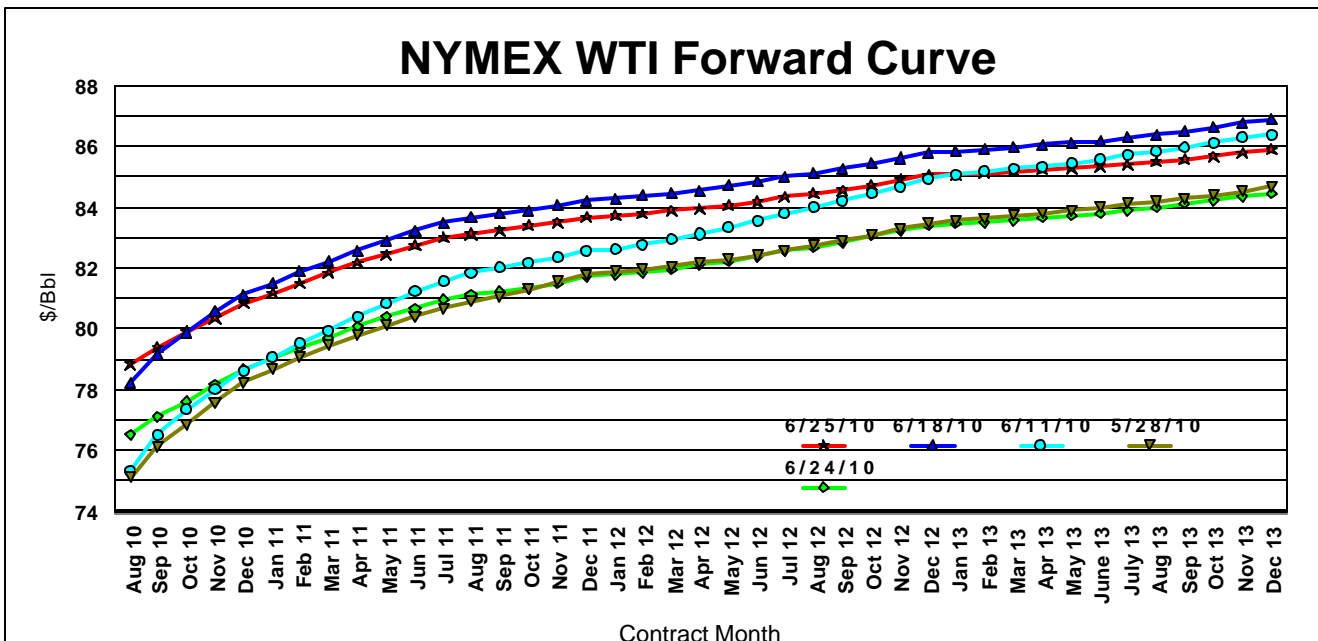
Citgo Petroleum Corp said all units at its 167,000 bpd refinery in Lemont, Illinois were operating normally following equipment failure that caused emissions.

ExxonMobil Corp cut feed to a deasphalting unit at its 562,000 bpd Baytown, Texas complex during repairs on a compressor starting on Thursday. It said there was no impact to production.

Motiva Enterprises LLC notified Texas state environmental regulators of its intention to repair a jet pump at the 285,000 bpd Port Arthur, Texas refinery's delayed coking unit. The pump's bearing and seal failed, which will necessitate about five days of maintenance. The unit will shutdown on Friday and is expected to restart on June 30th.

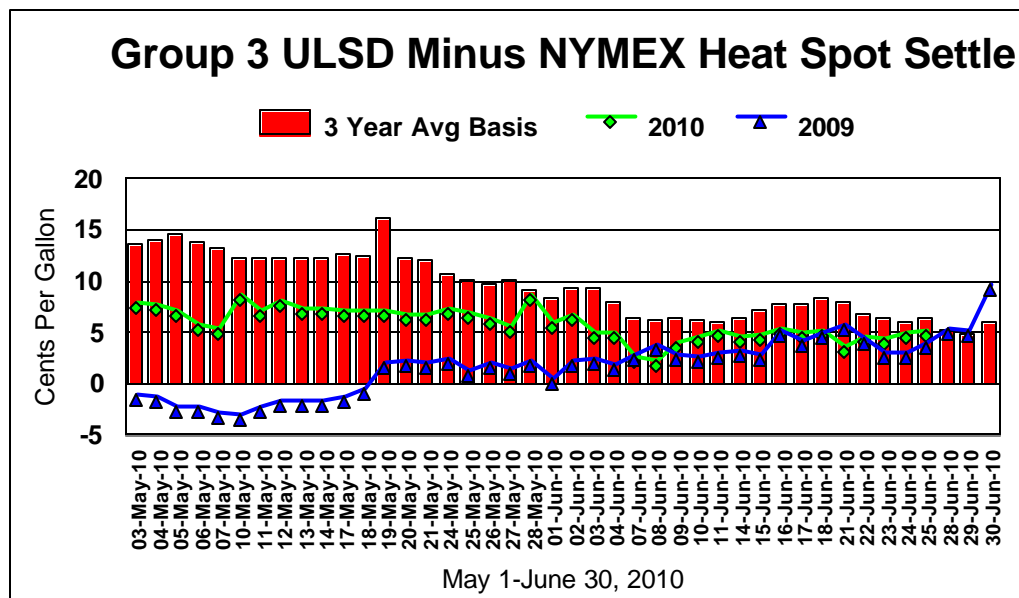
Tesoro Corp will restart a hydrocracker unit at its 96,860 bpd refinery in Wilmington, California on Friday after it was shut early Thursday.

Indonesia's Pertamina will shut a crude processing unit with a capacity of 230,000 bpd at its 348,000



bpd Cilacap refinery from early July for 40 days of maintenance.

Russia plans to export 6 million tons or about 1.42 million bpd of Urals crude in July from its Baltic Sea port of Primorsk, down from the 1.52 million bpd planned for June. Russia also plans to export 40 cargoes of Urals crude totaling 4.2 million tons from the Black Sea port of Novorossiisk, up from the 3.3 million tons planned for June. Russia also plans to export six cargoes of Siberian Light totaling 452,000 tons from Tuapse and a total of 1.35 million tons of ESPO crude from the Far East port of Kozmino in July.



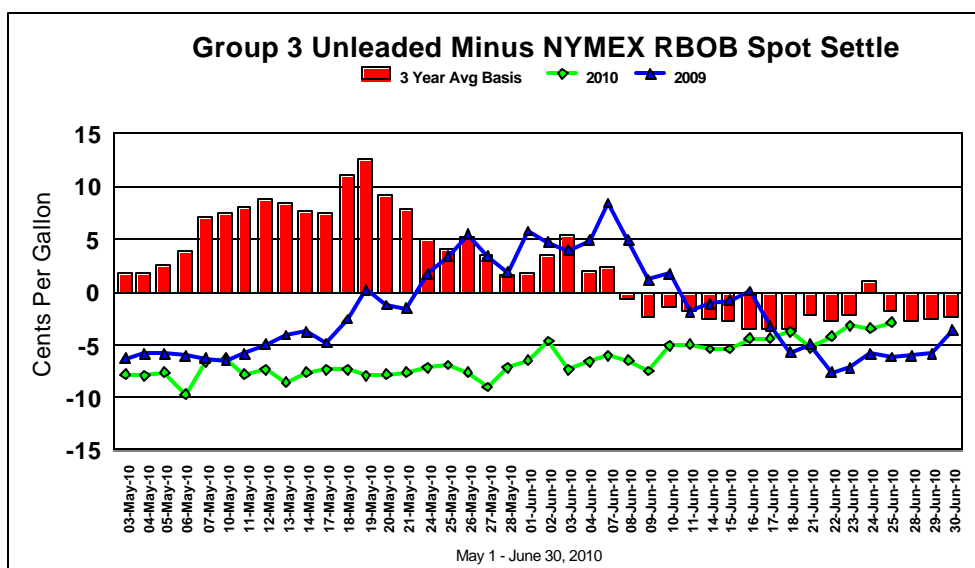
Production News

Baker Hughes reported that the number of rigs searching for oil and natural gas in the US increased by 13 to 1,552 rigs this week. The number of rigs searching for oil increased by nine to 583 while the number of rigs searching for natural gas increased by five to 958.

A strike in the oil services sector in Norway was averted on Friday while talks to avoid another strike continued. Over 750 workers at several offshore oil services in Norway had threatened to go on strike on Friday in a move that was not expected to disrupt the country's oil and gas production. The Union of Energy Workers and the Shipowners' Association resolved their wage negotiations early on Friday. However the Industri Energi union and the Norwegian Oil Industry Association were still negotiating on Friday.

Pemex reported that Mexico's oil production in May was steady at 2.593 million bpd. Production in the first five months of the year remained above 2.6 million bpd. Crude exports increased to 1.591 million bpd in May, up from 1.302 million bpd in April.

Gasoline imports fell to 356,400 bpd from a revised 397,700 bpd in April.



Brazil's Petrobras said its overall oil and natural gas production in May reached an average of 2.599 million bpd of oil equivalent, up from 2.5985 million bpd of oil equivalent in April. In Brazil, Petrobras' domestic oil production fell by 0.6% to an average of 2.02 million bpd in May, down from 2.033 million bpd in April. Its international oil production averaged 151,700 bpd in May, up from 151,400 bpd in April. Its natural gas production increased to 52.8 million cubic meters/day in May, up from 51.5 million cubic meters in April.

ENI SpA halted the development of the Appaloosa project in the US Gulf. It said it has no plans to abandon Gulf of Mexico operations.

The quality of North Sea Forties crude blend was lower last week due to an increased amount of sulfur in the benchmark grade. According to data provided by BP, the sulfur content increased to above 0.65% in the week ending June 20th due to higher amounts of medium-sour crude from the Buzzard oilfield in the blend. The sulfur content of Forties crude is expected to increase to 0.9%-1% in early August and will remain mostly above 0.7% during the remainder of the month. BP said that when the Buzzard oilfield is at its plateau, it would expect Forties crude blend to have a sulfur content of about 0.56%.

OPEC's news agency reported that OPEC's basket of crudes fell by \$1.15 to \$72.93/barrel on Thursday from \$74.08/barrel on Wednesday.

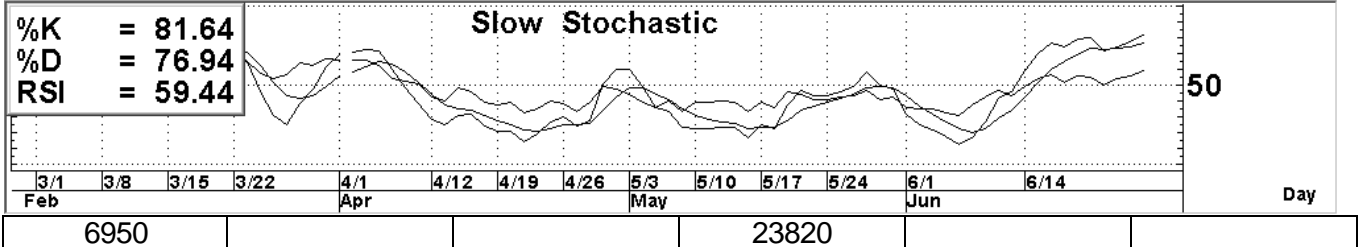
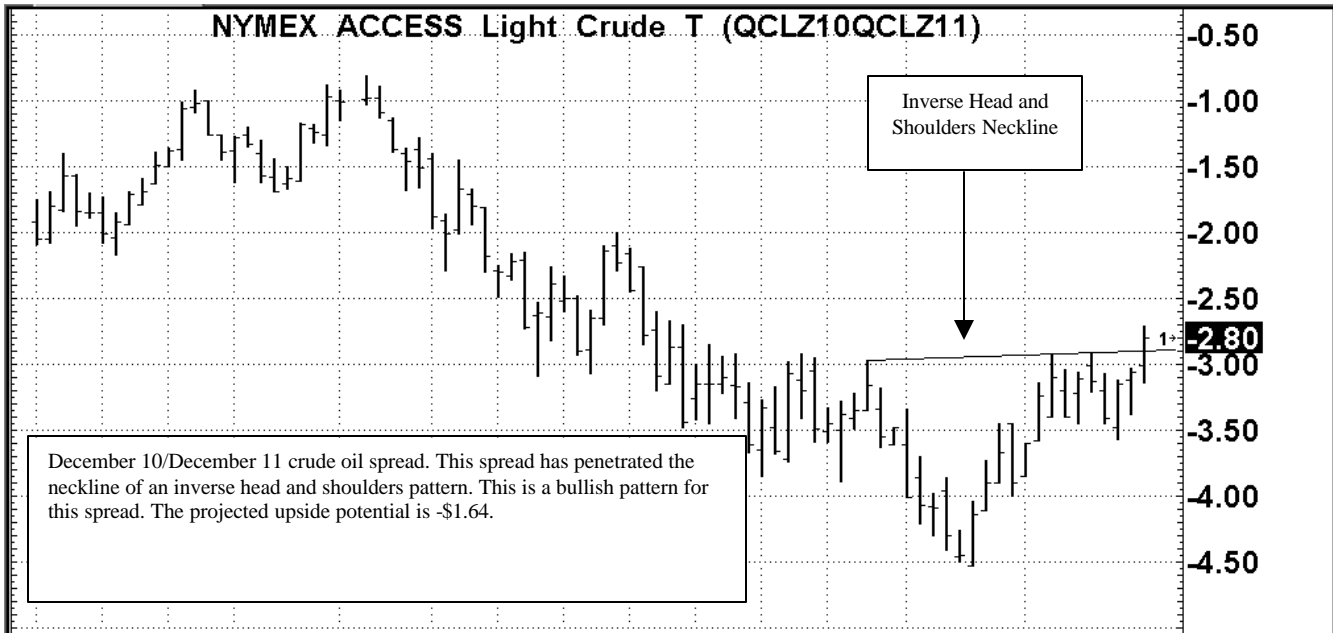
Market Commentary

Crude oil moved higher today after the National Hurricane Center announced that the storm currently located in the Caribbean off of Honduras and Grand Cayman has a 70 percent chance of developing into a tropical cyclone and is on target to reach the Gulf of Mexico. The possibility of supply disruptions was the sentiment behind this move. Prices edged higher, fueled further as the dollar weakened against the euro. Gasoline rose significantly in response to the impending storm as those looking to buy ahead of the upcoming U.S. Fourth of July weekend in order to avoid post-storm increases. We would look for prices to begin next week with additional advances, with the July crude oil making an attempt to trade at \$81.13. The December 10/December 11 crude oil continues to strengthen and has met our initial upside objective of -\$2.73. We would continue to look for the spread to strengthen on thoughts of demand picking up going forward. The measured move based upon an inverse head and shoulders pattern is -\$1.64.

The Commitment of Traders report showed that non-commercials in the crude market increased their net long position by 6,705 contracts to 39,635 contracts in the week ending June 22nd. The combined futures and options report however showed that non-commercials in the crude market cut their net long position by 7,870 contracts to 106,810 contracts on the week. The funds cut their total long positions by 9,014 contracts to 255,404 contracts. The disaggregated futures and options report showed that producer/merchants cut their net short position by 11,409 contracts to 198,446 contracts while swap dealers cut their net long positions by 11,662 contracts to 88,236 contracts. Managed money funds cut their net long position by 10,387 contracts to 87,576 contracts while other reportable increased their net long position by 2,516 contracts to 19,233 contracts. The combined futures and options report showed that funds in the heating oil increased their net long position by 10,176 contracts to 28,101 contracts and funds in the RBOB market increased their net long position by 11,086 contracts to 45,502 contracts on the week.

Crude oil Aug 10 312,805 -5,030 Sept 10 148,147 +1,411 Oct 10 56,657 -943 Totals 1,254,725 -6,257 Heating oil July 10 23,444 -4,430 Aug 10 78,667 +2,894 Sept 10 44,783 +545 Totals 314,895 -820 Gasoline July 10 28,745 -3,760 Aug 10 74,445 +215 Sept 10 53,321 -76 Totals 246,242 -2,852

Crude Oil		Heating Oil		Rbob	
Support	Resistance	Support	Resistance	Support	Resistance
7840	8113	19230	21200	18890	21925
7633	8369	18480	21510	18420	24880
7569		18365	21780	18260	27085
7395			21905	18120	27900



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