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ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR NOVEMBER 10, 2005

Market Watch

Saudi Arabia has booked six very large crude carriers to the US for early December loading of 12.5 million barrels. Assuming a voyage of 40 days from the Gulf to the US, the cargoes are due to arrive in mid-January at the earliest. Crude oil freight rates on core voyages from the Gulf increased on Wednesday and early Thursday partly due to the Saudi chartering round.

Man Group PLC's futures brokerage unit Man Financial won an auction for the assets of Refco Inc. The deal is scheduled to be presented late Thursday morning to a bankruptcy judge in New York for approval.

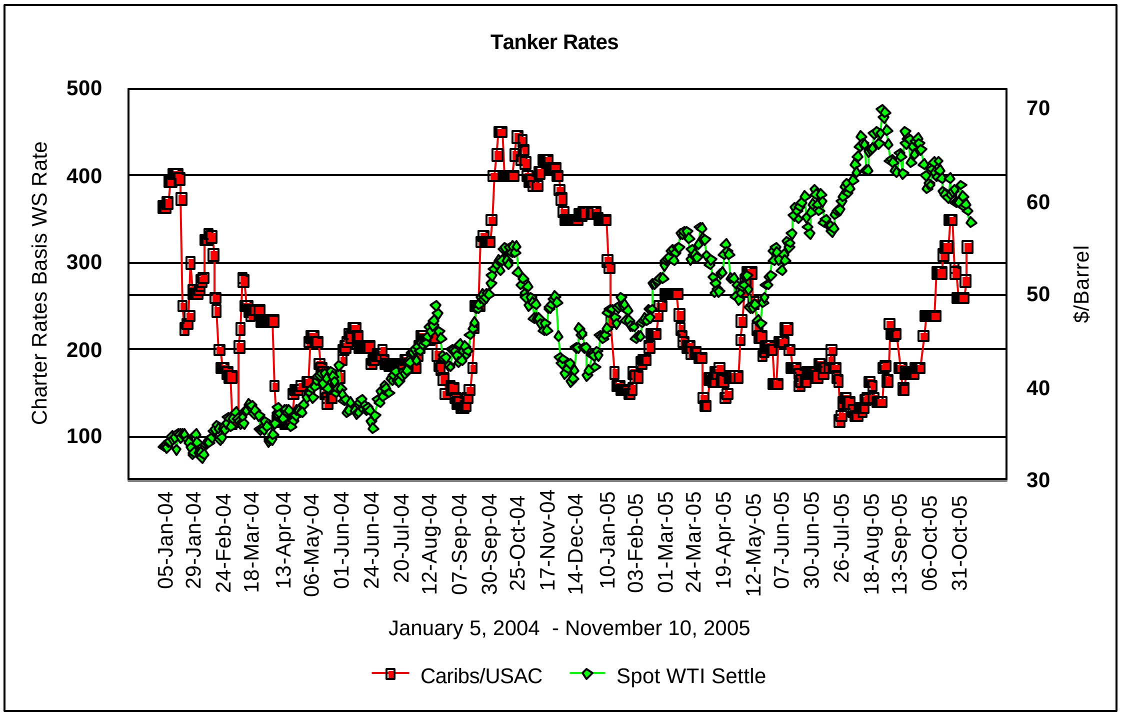
The IEA said demand destruction could be overstated. It added that there is little evidence that provides a conclusive answer to talk of demand destruction. However the IEA cut its world oil demand growth forecast for this year by 70,000 bpd to 1.2 million bpd. World demand is estimated 83.3 million bpd. World oil demand in 2006 is expected to grow 1.66 million bpd, down 90,000 bpd from its previous estimate. It said demand weakness in recent months, caused by unusually warm weather, the impact of US Gulf coast hurricanes and high world oil prices is being partially offset by China. It said China's oil demand in September increased almost 9%, led by an increase in gasoline consumption of more than 14%. It also reported that world supplies rebounded in October by 865,000 bpd to 84.4 million bpd, led by the US as some hurricane hit US Gulf production resumed. The EIA estimated that in September, OECD refinery throughputs increased by 59,000 bpd on the year to 38.5 million bpd. It said increases of 427,000 bpd in Europe and 625,000 bpd in the Pacific region more than offset the fall of 993,000 bpd in North American refinery runs. In regards to OPEC, it said OPEC's capacity is expected to be 31.8 million bpd by the end of the year and increase to 33 million bpd by the end of 2006. Most of the additional crude would be light, sweet crude. Nigeria, Saudi Arabia, Iran, Kuwait and Algeria would provide the majority of the increases in 2006, adding 485,000 bpd, 450,000 bpd, 370,000 bpd, 300,000 bpd and 255,000 bpd, respectively. The IEA lowered its forecast for demand for OPEC crude in the fourth quarter of this year by 300,000 bpd to 29.6 million bpd.

Operations at the Basra oil export terminal in southern Iraq resumed operations on Thursday after bad weather halted loadings for nearly two days.

Oil Movements reported that OPEC's crude oil exports are expected to increase by 140,000 bpd to 25 million bpd in the four weeks ending November 26 compared with 24.86 million bpd in the four weeks ending October 29.

Refinery News

The 207,000 bpd Lavera refinery, owned by BP unit Innovene, is scheduled to undergo two major maintenance shutdowns next year. The plant will by then be part of UK's INEOS, which agreed to buy the Innovene petrochemicals business from BP.



Production News

Colonial Pipeline Co announced it would allocate 33rd cycle nominations on its distillate main line, Line 2, from Collins, Mississippi to Greensboro, North Carolina.

The MMS reported that US Gulf of Mexico oil production shut in as a result of the hurricanes recovered slightly. It showed a total of 736,279 bpd remained shut in on Thursday, down from 737,136 bpd on Wednesday.

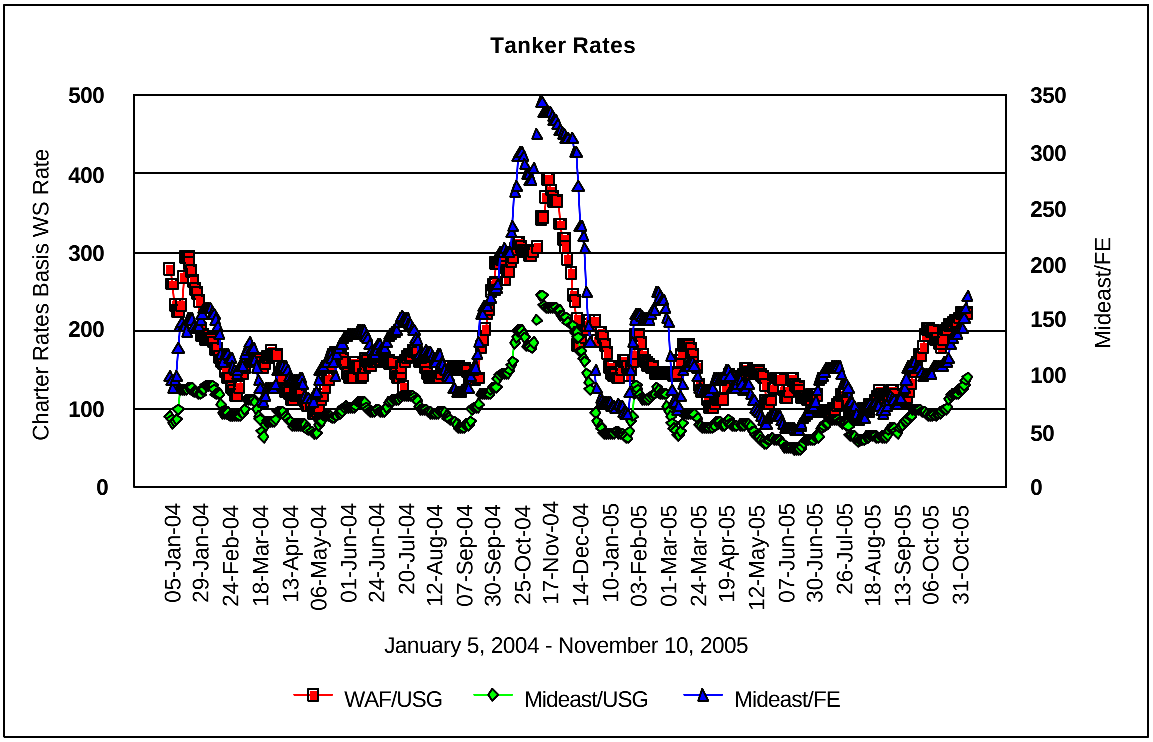
The December loading program for North Sea Forties crude scheduled 17.2 million barrels, down from 17.55 million barrels in November. Meanwhile, the December loading program for North Sea Ekofisk crude scheduled 17.7 million barrels, down from 18.5 million barrels in November. Also, the December loading program for Oseberg crude scheduled 8.93 million barrels, up from 8.45 million barrels in November.

Russia's state railways said it halted shipments of fuel oil to Murmansk port in northern Russia until November 16. The ban was introduced because over the last two weeks more than 1,000 rail trucks of export fuel oil addressed to Tangra Oil have been lining up in the Murmansk sector of the railway. Tangra Oil said it was ready to receive the trucks fuel of fuel oil but planning problems meant it could not cope with such a large volume.

Tugboat workers in Russia's Baltic port of St. Petersburg went on strike on Thursday over pay, despite a court ruling stating that the strike is illegal. However officials at one of the country's largest export outlets said shipments would remain unaffected.

Kazakhstan's National Statistics Committee said the country's oil and gas condensate production increased by 4.7% on the year to 50.847 million tons in January-October. Of the total, gas condensate production amounted to 4.951 million tons, up 11.1% on the year.

Azerbaijan's Kaspar said its oil and oil product shipments increased by 2.76% on the year in January-October to 8.1 million tons.



China's General Administration of Customs reported that the country's oil imports increased by 21.3% in October on the year to 11.25 million tons or 2.65 million bpd. China is expected to import 130 million tons or 2.6 million bpd of crude this year, up 6% on the year. Its oil products imports in October fell to 2.45 million tons, down 9% from a year ago. Its fuel oil imports in January-October fell by 15.8% on the year to 25.69 million tons. Total oil products imports this year are expected to fall by 17% to 31.5 million tons.

According to Singapore's International Enterprise, its middle distillate stocks in the week ending November 9th increased to 9.636 million barrels, the highest level since July 2003. It is up 259,000 bpd on the week. Singapore's light distillate stocks fell by 969,000 bpd to 8.247 million bpd while residual fuel stocks fell by 641,000 bpd to 10.589 million bpd.

According to a senior government official, Nigeria is increasing its efforts to exploit some 200 marginal oil fields and aims to include many of them in the next bidding round that will likely be held next year. A study has estimated that the combined potential of the marginal fields was about 3.5 billion barrels of oil.

Occidental Petroleum Corp plans to aggressively explore for oil in Libya over the next four years and will vie for more licenses in future bidding rounds. Libya hopes to attract foreign investment to help lift output to 3 million bpd from the current 1.63 million bpd and reserves from the current 39.5 billion barrels.

Indonesia's crude and condensate production increased to 1.061 million bpd in October, up from 1.057 million bpd in September. Its oil production increased to 939,000 bpd in October from 927,500 bpd in September.

Ecuador's central bank reported that the country exported 9.76 million barrels in the first eight months of 2005, up 9% from the 8.92 million barrels reported last year.

OPEC’s news agency reported that OPEC’s basket of crudes fell to $52.20/barrel on Wednesday, down from Tuesday’s $52.31/barrel.

Market Commentary

Technical Analysis			
		Levels	**Explanation**
		59.00, 60.00, 60.40 to 60.50	Remaining gap
	Resistance	58.25 to 58.60	Remaining gap (November 10th)
CL	57.80, down $1.13		
	Support	57.40	Thursday's low
		56.04	Basis support line
		183.50, 186.00-187.50	Double top, Remaining gap (November 7th)
	Resistance	175.50, 176.25	Thursday's high
HO	174.35, down 4.61 cents		
	Support	173.00	Thursday's low
		172.70, 165.51	Previous low, basis trendline
		157.06, 160.30	Basis trendline, Previous high
	Resistance	151.00, 153.00-153.15	Remaining gap (November 10th)
HU	155.13, down 1.10 cents		
	Support	150.00, 148.60	Thursday's low
		147.25, 145.75	Previous lows

The oil market gapped lower from 58.60 to 58.10 on the opening as it continued to trend lower. The market partially backfilled its gap up to 58.25 early in the session but remained pressured. It held some support at 57.60 before it sold off even further as it posted a low of 57.40. The market later settled in a sideways trading range from its low of 57.40 to 58.20 during the remainder of the session. The market may have been pressured by the IEA report, in which it stated that it lowered its oil demand growth forecast for 2005 and 2006. However at the same time it said that demand destructions may be overstated. The oil market settled down $1.13 at 57.80. Volume in the crude market was good with 192,000 lots booked on the day. The product markets also ended the session sharply lower, with the heating oil market settling down 4.61 cents at 174.35 and the gasoline market settling down 4.45 cents at 150.68. The heating oil market opened down 3.96 cent at 175.00 and quickly posted the day’s trading range from 176.25 to 173.00. Similar to the crude, the gasoline market gapped lower from 153.15 to 151.80. It partially backfilled its gap as it posted a high of 153.00 early in the session. However the market, which was hold some support at 150.50, breached its support and sold off to a low of 148.60. It later retraced some of its losses ahead of the close and traded to 151.00. Volumes were lighter today with 48,000 lots booked in the heating oil and 49,000 lots booked in the gasoline market.

The crude market still continues to trend lower. It will likely continue to trade lower until the heating oil market finds some support in light of private weather forecasts calling for colder temperatures by the end of the month. The market remains in its downward trend finding some support at its low of 57.40 followed by more distant support at 56.04, basis its trendline. However resistance is seen at 58.25 to 58.60, 59.00, 60.00 and its previous gap from 60.40-60.50.