



ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR NOVEMBER 22, 2004

An oil industry official said an oil pipeline explosion in southern Iraq cut flows to the port of Basra by at least 750,000 bpd on Monday. The explosion halted supplies through the smaller of two main southern oil export pipelines. The source said 1 million bpd was still flowing through the other pipeline to the Basra Oil Terminal. This occurred after the Basra Oil Terminal reopened late Sunday after a four day halt caused by bad weather. It was not immediately clear how long the pipeline would take to repair. Later on Monday, a source said the pipeline was leaking and would take at least one week to repair. Meanwhile, exports through Iraq's northern export terminal remain at a standstill after attacks on oil infrastructure last week halted pumping through the pipeline that links the northern oil fields to the Turkish port of Ceyhan.

Venezuela's President Hugo Chavez said the country has no plans to support a cut in oil production by OPEC. His comments were contrary to a statement by Venezuela's Energy Minister Rafael Ramirez

Market Watch

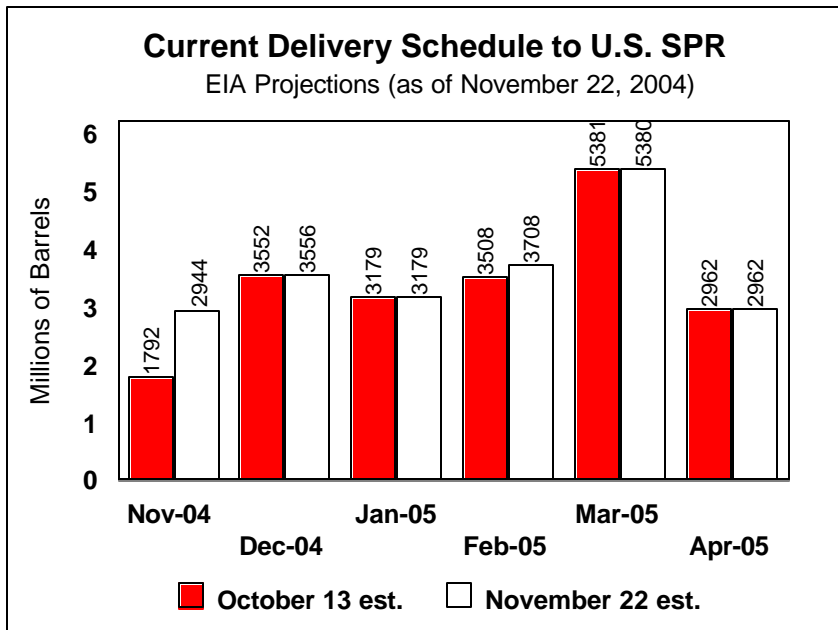
The US Energy Department updated its SPR data to reflect an increase of 1.152 million barrels in oil deliveries to 2.944 million barrels during November while deliveries during December will increase by 4,000 barrels to 3.556 million barrels. Oil deliveries during February were also increased by 200,000 barrels to 3.708 million barrels while deliveries during March were cut by 1,000 barrels to 5.38 million barrels.

The US National Weather Service said US home heating needs were 22% below normal last week, with forecasts for more mild weather this week. It said temperatures indicated that total home heating needs were 21.7% below normal in the week ending November 20 at 101 heating degree days. Heating degree days weighted for home heating oil were 12% below normal last week at 141. In New England, heating oil needs were 3.4% below normal. Mild weather this week is expected to bring total heating degree days to 12% below normal.

The US Northeast is expected to experience a cooler than normal December to February winter this year in the Northeast, according to private forecaster WSI Corp. It said temperatures in the Northeast will be warmer than normal but cooler than normal in January and February.

According to the IMF's head, Rodrigo Rato, said the IMF is lowering its forecast for world economic growth in 2005 due to high oil prices and the US current account and budget deficits. It expects world growth of about 4% next year compared with its previous estimate of 4.3%. He also cited sluggish growth in some European countries, which were recording growth below 2%. GDP in the eurozone grew only by 0.3% from the second quarter to the third quarter and 0.1% in Japan.

The US Congress approved another two year extension of a federal ban on drilling for oil or natural gas in the Great Lakes. Lawmakers included the drilling ban, which now lasts until October 1, 2007 in a budget bill approved over the weekend to fund the federal government.



who said Venezuela would support a cut in OPEC's production cut at its December 10 meeting. The Oil Minister said Iran had made a proposal to cut production at the upcoming meeting. Separately, Venezuelan President Hugo Chavez has streamlined the country's oil policy by naming his Energy Minister Rafael Ramirez to head PDVSA and consolidate plans to increase spending of petrodollars on social programs.

The UAE's new Oil Minister, Mohammed bin Dhaen al-Hamili, reaffirmed the country's commitment to its standing OPEC policy of supplying crude to world

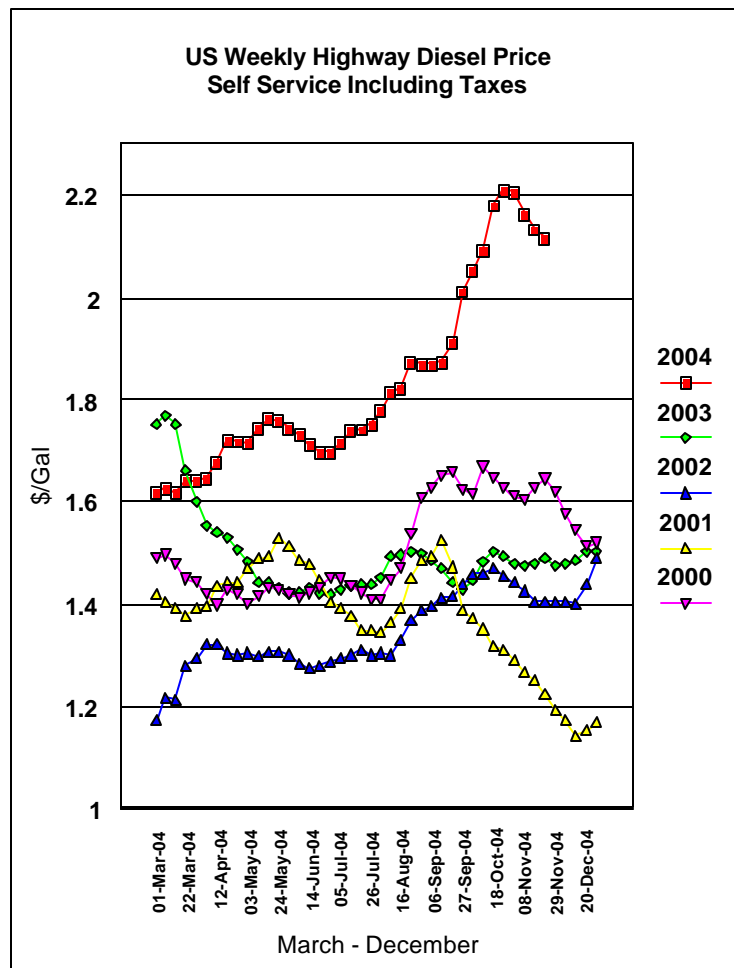
oil markets. He said the UAE will continue to fulfill its obligation of producing sufficient supplies to the world market to achieve stability in markets and the world economy.

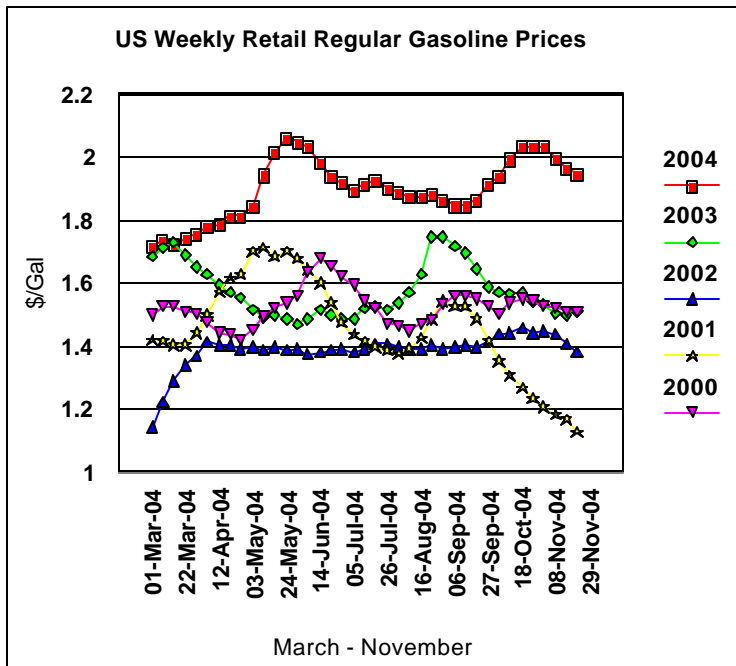
According to the Center for Global Energy Studies, the fall in oil prices since mid-October does not mean it is the beginning of a price slide. It stated that OPEC should not cut output unless it wants to push prices back up again. It said fears that high prices would lead to a slowdown in world economic growth was starting and added that the path of oil prices in 2005 would depend on the extent of the slowdown and the severity of winter weather.

OPEC's news agency reported that OPEC's basket of crudes increased by \$1.33/barrel to \$37.53/barrel on Friday compared with \$36.20/barrel on Thursday. It also stated that OPEC's basket of crudes fell by \$1.98/barrel to \$36.89/barrel in the week ending November 18th, down from \$38.87/barrel.

The EIA reported that the US average price of diesel continued to fall by 1.6 cents to \$2.116/gallon in the week ending November 22. It also reported that the US average price of gasoline fell by 2.1 cents/gallon to \$1.948/gallon on the week.

According to the Lundberg survey, the





national price of gasoline fell to \$1.99/barrel, down 5 cents from the previous two weeks.

Refinery News

ConocoPhillips is planning maintenance on a boiler unit at its 145,800 bpd Borger, Texas refinery from December 5-15. According to a report filed with the Texas Commission for Environmental Quality, the associated fluid catalytic cracker will continue to operate. It did not state whether production at the refinery would be impacted.

Alon USA will shut a fluid catalytic cracking unit for four days of maintenance starting Monday at its 61,000 bpd Big Spring, Texas refinery.

PDVSA's 320,000 La Isla refinery in Curacao has restored half of its units following a shutdown late last week due to a power outage. The refinery was processing 160,000 bpd of oil on Monday compared with normal runs of 190,000 bpd.

Belgian Refining Corp's 115,000 bpd refinery in Antwerp, Belgium was shut due to a strike at the refinery, which started on Friday. The plant started to shut units down on Friday and was totally shut during the course of the weekend, remaining closed on Monday.

Azerbaijan's Baku based refinery plans to build two gasoline production units by 2007. The total annual production capacity of the units is expected to total 450,000 metric tons of high quality gasoline. The refinery's gasoline production is also expected to increase to 1.2 million-1.25 million tons a year from the current 800,000 tons.

Japan's Idemitsu Kosan Co has decided to delay the restart of its 120,000 bpd Tokuyama refinery. The refinery was shut on October 2 for regular maintenance. Meanwhile, the refiner was still awaiting permission from local authorities to restart a 30,000 bpd residue fluid catalytic cracking unit at its 140,000 bpd Hokkaido refinery.

Production News

The US Minerals Management Service said US oil production in the Gulf of Mexico was steady on Monday. It said 196,222 bpd of crude oil remained shut, unchanged from Thursday. It also stated that 678.47 mmcf/d of natural gas production was still shut in.

The export trading unit of Yukos will continue crude oil exports via the Black Sea port of Kavkaz this winter following the end of the river navigation season. Petroval said it would export 150,000 tons of crude oil a month via Kavkaz, delivering the crude to the port by rail.

Russia's main Black Sea port of Novorossiisk was closed again on Monday due to stormy weather. Shipping sources stated that loadings are running 5 days behind schedule.

Turkish maritime authorities closed the Bosphorus strait to tanker traffic due to poor weather and low visibility. The Dardanelles strait however remained open on Monday.

Statoil ASA said it sees potential oil and gas reserves of 12 billion barrels of oil equivalent in the disputed area between Norway and Russia.

The head of Azerbaijan's Socar, Natic Aliyev said costs to build the Baku-Tbilisi-Ceyhan oil export pipeline could exceed the \$3.6 billion budget by 5%-7% due to delays in construction work.

South Korea imported 75.2 million barrels of crude oil in October, up 5.6% on the year. South Korean refineries processed 72.3 million barrels of crude oil during October, up from 68.8 million barrels last year. Meanwhile commercial stocks of crude fell to 12.3 million barrels from 16.8 million barrels last year. Its oil products output reached 78.3 million barrels, up 7.4% on the year.

Russia's OAO Gazprom said the deadline to complete its takeover of OAO Rosneft may be pushed to 2005. Several government agencies have been unable to agree on how the deal should be structured. Russia's President Vladimir Putin approved the plan to trade Russia's 100% stake in Rosneft for at least a 10.7% stake in Gazprom, in a transaction intended to increase the government's stake in Gazprom to more than 50%.

Despite months of high prices, Asia's largest oil importers are continuing to import large volumes of crude and refined products to meet growing domestic demand. China has imported 99.59 million metric tons of crude and 24.76 million tons of fuel oil between January and October. Also, South Korea's crude imports increased by 5.5% in October, although the volume in January-October increased by 1.36% to 90.4 million tons or 662.6 million barrels.

Market Commentary

The oil market saw a quiet trading session on the first day of the shortened trading week ahead of the Thanksgiving holiday. The crude market opened just 6 cents higher and quickly posted a high of 49.25 amid the news of an oil pipeline explosion in southern Iraq that cut its flows to the port of Basra by 750,000 bpd. The market however erased its gains and traded to a low of 48.35 before it settled in a trading range from 48.35 to 48.90 for most of the session as the market's bullishness faded. Late in the session, the market briefly traded above the 49.00 level once again before it erased its gains on profit taking ahead of the close. It settled down 25 cents at 48.64. Volume was much lighter with

158,000 lots booked on the day compared with Friday's 244,000 lots. Meanwhile, the product markets also settled in negative territory after traders took profits from Friday's sharp gains. The heating

Technical Analysis		
	Levels	Explanation
CL 48.64, down 25 cents	Resistance	49.60 to 49.70, 50.40
		49.25
	Support	48.35
		46.75
HO 144.49, down 3.77 cents	Resistance	149.35, 151.50
		148.80, 149.20
	Support	144.30
		143.05
HU 128.94, down 2.15 cents	Resistance	132.70, 133.10, 135.53
		131.50
	Support	128.60
		124.30

oil market, which posted an inside trading day, settled down 3.77 cents at 144.49 after it retraced some of Friday's gains. The market opened slightly higher at 148.40 and quickly posted an intraday high of 148.80. However as the market failed to test its previous high of 149.20, the market traded off its high and posted an early low of 144.80. The market retraced some of its losses and traded mostly sideways before the market breached its earlier low and extended its losses as it posted a low of 144.30. The gasoline market also posted double top at 131.50 on the opening but quickly erased its gains. The gasoline market retraced its move and posted a low of 128.60 early in the session. The market retraced some of its earlier losses and remained range bound before the market sold off to its low ahead of the close. Volumes in the product market markets were good with 54,000 lots booked in the heating oil market and 40,000 lots booked in the gasoline market.

The oil market which continued to take profits in early Access trading is not seen trading back to its recent lows. The market is seen remaining mostly range bound ahead of the release of the weekly inventory reports on Wednesday. The reports are expected to show builds across the board of about 1 million barrels each. The crude market is seen finding some resistance at its high of 49.25 followed by its previous high of 49.60-49.70 and 50.40. Support is seen at its low of 48.35 followed by more distant support at 46.75.

Please note that the NYMEX said it will allow trade on the Brent/ Wti spread on its new satellite trading floor in Dublin on Thursday and Friday, when the New York trading floor is closed for the Thanksgiving holiday.

The CFTC reported today that its next Commitment of Traders Report for the week ending November 23rd will be released on Monday November 29th, due to the Thanksgiving holiday.