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Energy Intelligence

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Features

US Sanctions on Russia Rankle Europe

A US congressional effort to hit Russia with new sanctions over its actions in Ukraine and alleged meddling in US elections drew strong criticism from European officials, who worry about the effects on the European energy sector.

"We are following the draft bill on Russia sanctions with some concern, notably because of its possible impact on the EU's energy independence," European Commission spokesman Margaritis Schinas said Monday.

European Commission President Jean-Claude Juncker called for Brussels to prepare retaliatory measures to be ready "within days" if the US sanctions pass, according to a report in the Financial Times.

White House spokeswoman Sarah Huckabee Sanders said Sunday that US President Donald Trump's administration supports the House bill. Trump has been plagued by suspicion over his administration and campaign's positioning toward Moscow.

The wide-sweeping bill also includes stricter sanctions designed to hit Iran for its ballistic missile program and North Korea for its nuclear program. The House is expected to vote Tuesday following lengthy bipartisan negotiations, with a Senate vote likely before lawmakers leave for a lengthy summer recess.

The Russia-related sanctions would affect the Nord Stream 2 pipeline, slated to carry 55 billion cubic meters per year of Russian gas to Germany under the Baltic Sea (IOD Jul.3'17). That pipeline has long divided EU member states, with eastern European countries largely wary of the project but Western European energy companies — Royal Dutch Shell, Germany's Uniper and Wintershall, France's Engie and Austria's OMV — having a financial stake.

But the bill agreed to Saturday by lawmakers on both sides of the aisle is raising concerns across Europe. Officials point out that the section on Russian energy export pipelines that would hit Nord Stream 2 also includes prohibitions against maintenance, modernization or repair of existing pipes.

"It could have [a] very negative impact on Europe's energy security, possibly targeting infrastructure way beyond [Nord Stream 2], including maintenance/repair of existing ones," said a European official close to the issue. A legislative provision for any export pipeline sanctions to be done "in coordination with allies" offered little comfort.

Other measures in the bill also present concerns for companies looking to the Russian energy sector. The bill requires the president to impose so-called "secondary sanctions" against non-US companies with an interest in Russian shale, Arctic and deepwater plays.

The EU's own sanctions already prohibit European companies from participating in such projects, although some firms have received permission to work after arguing successfully their projects are "tight oil" rather than "shale" (PIW Apr.10'17).

Another prohibition on US companies working with Russian firms on shale, Arctic and deepwater projects anywhere in the world if an individual specifically targeted by Russian sanctions has significant involvement.

That portion was toned down from the Senate version of the bill after reported industry complaints that the measure could leave them vulnerable to punishment if Russian firms bought minority stakes in projects.

Still, it's far from clear what impact the economic restrictions will have. The US Treasury Department's $2 million fine of Exxon Mobil last week for a 2014 violation demonstrates that it can take years for firms to have clarity on how the US government will go about enforcement (OD Jul.21'17).

The bill also slaps new restrictions on Iran and North Korea. The Iran-related measures avoid the nuclear deal that has paved the way for upstream investment in that country, although Tehran has in the past warned against any new sanctions.

The legislation also imposes sanctions on companies selling petroleum or petroleum products to North Korea, unless for humanitarian use, and any "significant transactions" in North Korean energy, mining, transportation or financial sectors. China and Russia are both energy trading partners with North Korea.

Emily Meredith, Washington, and Alexandra Chapman, London

Anadarko Trims Spending Plan

Anadarko Petroleum cut its capital budget by $300 million in the face of continued low oil prices after posting a net loss for the second quarter and now plans to spend $4.2 billion-$4.4 billion in 2017.

In the coming weeks, the large US independent's move could become the opening salvo that ushers in a new era of financial sobriety in the US sector or an outlier among peers that stay the course to meet their longer-term production goals.

"The current market conditions require lower capital intensity given the volatility of margins realized in this operating environment," CEO Al Walker said.

Earlier this year, Walker had exhorted the financial community to stop rewarding value-destructive growth on the part of onshore players, who have favored production over profits since the beginning of the tight oil boom (OD May4'17).

"As long as investors continue to invest in companies with growth with marginal wellhead economics, you'll get more growth," Walker said, comparing the dynamic to an Alcoholics Anonymous meeting (EIF Jul.5'17).

Analysts at investment bank Seaport Global Securities called the downward capex revision a potential "major short-term catalyst" for the entire E&P sector.

"News from Anadarko of a major activity cut on day one of earnings will be inspiring and provide hope," the analysts said in a recent note. "With that said, this will also be a major wake-up call for the service sector, which is banking on 2018 to be a banner year."

Initial reactions to the cut, however, were not quite so rosy. Anadarko shares traded down about 4% in after-hours trading following the announcement, but the drop could also be a reflection of disappointing second-quarter results.

For the period, Anadarko reported a net loss $415 million on revenues of $2.7 billion, compared to a net loss of $692 million in the same period a year ago.

Noah Brenner, Houston

French Consultancy Warns of Slower US Oil Growth

US onshore production may not be as nimble as first thought and could surprise to the downside over the next few months due to a lack of capacity in the hydraulic fracturing market, according to a newly formed consultancy.

The US Energy Information Administration (EIA) sees US onshore production eclipsing 7.4 million barrels per day by October, but a new report from French consultancy Kayrros said its models show US production at less than 7.1 million b/d by October.

The difference — about 340,000 b/d — is more than one-third the 900,000 b/d in production growth predicted by the EIA to come on stream since the beginning of the year.

While still an increase in output, lower growth from the US tight oil sector could help alleviate one of the biggest headwinds for the global oil industry, which has struggled in recent months to boost prices above $50 despite pledges from Opec and Russia to continue curtailing global supply (related).

"The main theory that we have is that there is more inertia in the ramping-up of the fracking sector," Antoine Rostand, president of Kayrros, told *Oil Daily*. "We see, obviously, production growth, but probably slower than what most analysts are projecting."

The Kayrros model relies in large part on machine learning to try to reach more accurate conclusions about the trajectory of supply and demand, Rostand said, in part by stripping out the underlying biases that could cloud more human-based modeling scenarios.

"The model is not bearish or bullish," he said. "The model sees numbers and then replicates the future based on what we have learned from the past."

The Kayrros call for slower production growth comes at a time of significant uncertainty throughout the global oil sector.

Questions about the ability of US shale players to quickly ramp up production dogged the sector at the beginning of the year, but recently a slate of investment banks, including Barclays, Raymond James and Goldman Sachs, have cut their oil price assumptions for the near and medium term based on the strength of the US oil recovery (EIF Jul.19'17).

Publicly, operators have been loath to cut their activity, but the onshore rig count, which has rocketed higher for the past year, is showing signs of moderating and actually fell last week, according to Baker Hughes data (OD Jul.24'17).

Kayrros' proprietary tracking of onshore well pads also indicates a slowing of activity, Rostand said, and factors like decreased rig productivity and a plateauing of production per 1,000 feet of horizontal well length could further impact US growth.

However, while the operational inertia coming out of the downturn could cause US production to surprise to the downside in the coming months, Rostand warned that the same effect could cause production to surprise to the upside if the rig count steadies or even declines through the second half of the year and into 2018.

"Clearly it takes time for the fracking activity to ramp up," he said. "At same time, if the number of rigs goes down, production will keep increasing."

Noah Brenner, Houston

Halliburton Q2 Comes With Warning of Rig Count Plateau

Even as exploration and production companies appear to be "tapping the brakes," pressure-pumping demand in North America largely led to second-quarter revenue of $5 billion at services giant Halliburton — a 16% increase from the previous quarter and 29% year-over-year.

Executive Chairman Dave Lesar told analysts and investors Monday that the rig count appears to be reaching a plateau, but that, "the market will respond, and it will rebalance. These companies will stay alive, survive and thrive because that is what they do."

Investors responded to the cautious sentiment, lowering Halliburton shares by almost 5% at closing.

One of the world's largest oil-field service companies, Halliburton reported adjusted earnings for the quarter of $201 million, beating analysts' consensus expectations (OD Apr.25'17).

The company's North American revenue grew 24%, outpacing both its rival larger rival, Schlumberger, which reported an 18% revenue increase, and the US land rig count's sequential increase of 21% (OD Jul.24'17). Completion and production revenue increased 20% for the quarter, Halliburton said in its second-quarter report.

While Lesar said a tapping of the brakes in North America is evident, CEO Jeff Miller likened a flattening rig count to decelerating from 80 miles per hour to 70 mph.

"It hasn't limited our ability to push on price, and we still see customer urgency," Miller told analysts.

Lesar added that it's wrong to believe that all US independent operators behave as a group. Rather, the pendulum swing of the cyclical industry reflects thousands of individual companies trying to do the right thing for their investors.

"To say that nothing was learned [from the downturn], that is not true," he said. "Our customers are smart and adaptive; it's part of their business DNA to be survivors."

James West, Evercore ISI's senior managing director of the oil-field services group, said Halliburton is "the best large cap way to express a bullish view on North American activity."

Strong customer need in North America has sold out Halliburton's pressure pumping equipment for the third quarter, Miller said, but he demurred on when to restart the company's newbuild program. It's hard to predict what will happen in 2018, he added, and the inventory of drilled-but-uncompleted wells (DUCs) is building. The US Energy Information Administration projected last week that the number of DUCs in the US will pass 6,000 in August (OD Jul.18'17).

Still, he said, "North America is clearly the swing producer. This is where the game will be played."

Halliburton reported operating income of $146 million for the quarter, compared to a $3.9 billion loss a year earlier. The $5 billion in revenue was up more than $1 billion year-over-year.

Deon Daugherty, Houston

US Interior Dept. Moves to Pull Fracking Rules

The US Department of the Interior unveiled its proposal to peel back the Obama administration's governance for hydraulic fracturing on public lands, saying the rules have been deemed unnecessary.

The 2015 rules are among the first Obama-era policies the Trump administration formally proposed pulling off the shelf following a review of whether any federal rules burden energy development. The review stems from the President Donald Trump's energy directive issued in March.

The department said in a notice slated for Tuesday's Federal Register that it found the rules' compliance costs and information requirements impose unnecessary burdens to industry and duplicate state and tribal regulations.

"As a result, we are proposing to rescind, in its entirety, the 2015 final rule," the notice said.

The rules, issued by the US Bureau of Land Management, updated decades-old regulations for drilling on public lands to account for technological advances in fracking. The crux of the rules updated mechanical integrity requirements to ensure wells were constructed in a way that protected groundwater; imposed new wastewater disposal measures; and mandated public disclosure of fracking chemicals.

A federal judge found in June 2016 that the rule overstepped Interior's authority (OD Jun.23'16). Greens immediately appealed the ruling, and the appellate court is slated to hear arguments in that case on Thursday. If the 10th Circuit Court of Appeals ultimately reverses the lower court's finding, it could complicate the Trump administration's efforts to unwind the rules.

Interior estimated in issuing the rules that the requirements could result in compliance costs of about $11,400 per operation, or $32 million per year, making up about 13%-21% the costs of drilling a well.

"Given the potential to impact 3,800 operations per year, the compliance costs might reach $45 million per year," according to the 2015 rule.

Interior under Obama concluded that many of the requirements were consistent with industry practice and similar to what states already required, and the rules would not pose a significant burden.

In Tuesday's notice, Interior said that when the rules were issued, 20 of the 32 states with current federal leases had fracking regulations. Twelve have since adopted their own fracking regulations, bringing that number up to all 32 states and several tribes.

Environmentalists are likely to argue that state rules may address aspects of fracking but are not as comprehensive as the federal rules, or may have varying levels of stringency depending on the state. Moreover, some states, including North Dakota, defer to the federal rules on public lands.

Interior plans to take comment on the proposed withdrawal through Sep. 23. The department acknowledges the withdrawal could potentially inflame public concerns, because the 2015 rule was intended to provide assurance that fracking was safely and uniformly regulated.

"It follows that the rescission of the 2015 final rule could potentially reduce those assurances or potentially reduce public awareness and understanding about hydraulic fracturing operations on Federal and Indian lands," the department said.

Interior added that state and tribal programs mean that withdrawing the federal rules do not leave operations "entirely unregulated."

The department is seeking comment on information to improve its understanding of state and tribal regulatory capacity. That includes data that could be collected during the drilling permit process, "to further minimize the risks from hydraulic fracturing operations, particularly in states or on tribal lands where the corresponding regulations or enforcement mechanisms may be less comprehensive."

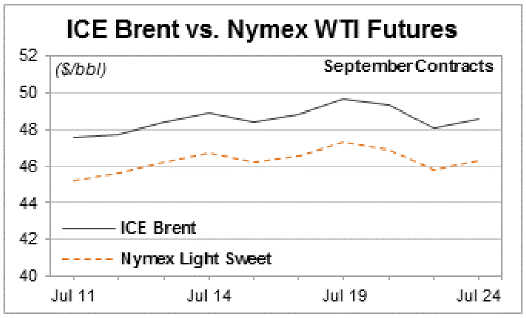
Bridget DiCosmo, Washington

Opec Summit Gives Oil Modest Boost

Oil futures posted modest gains Monday as the market focused on a meeting of Opec and major non-Opec producers in St. Petersburg, Russia.

Nigeria has agreed to cap production once it stabilizes at 1.8 million barrels per day. Incremental volumes of Nigerian and Libyan crude have put pressure on global benchmark Brent and exacerbated a glut of light, sweet oil in the Atlantic Basin.

Libya will not be subject to a cap, as Opec expressed skepticism that its output could rise much beyond 1 million b/d in any event (related).



Traders and analysts were largely dismissive of the Nigeria rhetoric, choosing instead to focus on statements from Saudi Arabia.

"Price action today is really more about what the Saudis said. Talking about targeting exports and bringing them more in line with production, and also looking to reign in other members and get more compliance," said Matt Smith of Clipper Data.

The kingdom said it would limit exports to 6.6 million b/d, and called on other Opec members to adhere more closely to production quotas.

However, traders acknowledged that Saudi Arabia faces an uphill battle in increasing compliance, especially in light of Ecuador recently stating its inability to deliver agreed-upon cuts (OD Jul.19'17).

In London, Brent crude for September delivery settled up 54¢ at $48.60 per barrel. In New York, September Nymex West Texas Intermediate (WTI) closed 57¢ higher at $46.34/bbl.

Opec noted several other potentially bullish factors for oil prices in a statement, including an anticipated surge in demand during the second half of the year.

In addition, "shale oil projects which have been the source of sizable share of oil supply growth in past three years are going through a period of slowing well productivity, accelerating cost inflation, deceleration of rig count growth and constrained capital market access," Opec said in a statement.

This view dovetails with some analyst projections that a lack of oil-field services capacity will yield a smaller-than-expected increase in US crude output between 2016 and 2017.

Frans Koster, New York

Saudi Arabia to Lead by Example With Cuts

Saudi Arabia said it would significantly cut exports in August to keep "exercising leadership by example" as part of joint efforts by Opec and non-Opec producers to help rebalance oversupplied oil markets.

Saudi Energy Minister Khalid al-Falih said Monday in St. Petersburg the kingdom would export about 6.6 million barrels per day in August, down roughly 1 million b/d from year-ago levels.

He also noted that Saudi crude demand would peak in August as the kingdom burns more crude in the hot summer months for power generation.

It is unclear whether this means Saudi Arabia will again produce above its target under the Opec/non-Opec production cut deal as it did in June, when it pumped 12,000 barrels per day above its ceiling due to high domestic consumption (OD Jul.21'17).

Speaking in St. Petersburg at a ministerial committee of Opec and non-Opec states that monitors the pact, al-Falih said there was no discussion of making deeper cuts but that extending the deal is an option. Under the current pact, which took effect on Jan. 1 and runs through March 2018, participants agreed to cut output by about 1.8 million b/d.

The deal initially pushed global oil prices above $55 per barrel but benchmark Brent has been mired below $50/bbl recently on concerns about rising US shale oil production and recovering output in Nigeria and Libya.

At the meeting of the Joint Ministerial Monitoring Committee (JMMC), al-Falih sought to reassure markets that Opec kingpin Saudi Arabia remains committed to the production cut deal despite some cracks surfacing in it lately (OD Jul.19'17). He noted that before June Saudi Arabia had been cutting more than required under the deal and was leading by example.

Out of the total 350 million barrels removed from the market by the deal's 24 participants in the first six months of the year, Saudi Arabia contributed 111 million bbl, or nearly one third, including 23 million bbl that were cut voluntarily.

"We believe it has been the key driver for the market rebalancing and we are calling on all our colleagues to match that with equal leadership," al-Falih said.

Besides the US, growing oil production from Opec members Libya and Nigeria — which were excluded from the production cut deal due to security issues hampering their output — has also weighed on oil prices recently.

While al-Falih called these "pleasant headwinds" since they portend healthy economic recoveries for the two African Opec countries, pressure has been mounting to set production ceilings for them.

Intensive consultations were held with the two countries at the meeting. Nigeria informed the committee that it planned to increase production to 1.8 million b/d, from around 1.7 million b/d recently, but would cap output there.

Libya is producing around 1 million b/d but production and its exports remain fragile due to the security situation there.

Al-Falih said he believed Nigeria and Libya together may produce 2.8 million b/d, but are "unlikely to see that sustained given the discussions I personally had with two delegations."

Compliance was a major topic of the meeting in St. Petersburg. According to al-Falih and Russian Energy Minister Alexander Novak, ministers from countries with poor compliance — which were not identified — assured they would fulfill their obligations.

Iraq is one of the biggest headaches, according to sources.

Novak agreed to that extending the deal past March 2018 was a possibility since participants remain committed to the goal of bringing down global inventories to the five-year average.

Despite the oil price dropping below $50, the prospects for rebalancing are "bright," al-Falih said.

Forecasts for 2018 demand growth by various analysts range between 1.4 million-1.6 million b/d. This compares to US production growth of 600,000 b/d predicted by the US Energy Information Administration.

"This means that after accounting for shale growth there will be a net ranging between 800,000 and 1 million b/d to be absorbed by other producers," al Falih said.

He mentioned a recovery in the global economy and recent stock drawdowns as further positive signs.

Nelli Sharushkina, St. Petersburg

Americas

QEP Offloads Gassy Wyoming Assets

US exploration and production firm QEP Resources said late Monday that it has agreed to two divestments of natural gas assets in Wyoming for $777.5 million.

The first, larger deal is for assets in the Pinedale Anticline field for $740 million to Pinedale Energy Partners, an affiliate of Oak Ridge Natural Resources. Production during the first quarter this year was 234 MMcfe/d, QEP said, and proved reserves are estimated at 964 Bcfe.

In a separate deal, QEP sold southern Wyoming natural gas assets to an undisclosed buyer for $37.5 million. First-quarter output was 4 MMcfe/d and proved reserves are pegged at 15.2 Bcfe.

"As we continue to evolve as a company, these transactions are a necessary next step in simplifying our asset portfolio and delivering significant financial proceeds that will further strengthen our balance sheet and help fund future development projects and acquisition opportunities," CEO Chuck Stanley said.

Andes Energia Plans Merger With Mercuria

UK-listed oil producer Andes Energia has agreed to merge with global trading firm Mercuria in a transaction that the firms say will improve their positioning in Argentina's Vaca Muerta Shale.

The transaction, announced Monday, would see Andes merge with Trefoil Holdings, a Mercuria subsidiary that indirectly owns another Argentina-focused producer, Petrolera El Trebol (Petsa).

Following the merger, Mercuria will own some 78% of shares in the company, which will be renamed Phoenix Global Resources, Andes and Mercuria said.

Phoenix would have stakes in more than 10 million gross acres across Argentina, including in the Vaca Muerta's Puesto Rojas block, where Petsa made a sizable hydrocarbons discovery earlier this year. Petsa estimates that Puesto Rojas holds recoverable oil and gas resources exceeding 400 million boe.

At the end of last year, Andes had stakes in 43 upstream licenses in both Argentina and Colombia, including 250,000 net acres in the Vaca Muerta. The company estimated it held net contingent and prospective resources of about 484 million boe.

The merger comes as companies from around the world start to commit serious investment dollars to the Vaca Muerta, which the oil industry sees as the most promising unconventional play outside North America (OD Jul.3'17).

Sand Producer Expands in Permian

Sand producer Fairmount Santrol unveiled plans on Monday to construct a sand mining facility in the West Texas Permian Basin that will supply proppant for the area's prolific fracking operations.

The Ohio-based company said that it has signed a 40-year lease for about 3,250 acres holding an estimated 165 million tons of fine-grade sand reserves in Winkler County, Texas, located on the Texas-New Mexico border in the heart of the Permian.

Fairmount Santrol said it plans to build a mine and processing facility on the acreage with the capacity to produce up to 3 million tons/yr of sand, which should start production in the second quarter of 2018.

The sand from the project will go toward feeding the massive unconventional oil and natural gas upstream operations in the Permian, which is the most productive oil basin in the US by far and hosts more than half of the active drilling rigs in the country (OD Jul.24'17).

Sand is often used as a proppant in hydraulic fracturing operations, in which it is combined with a fracking fluid and injected into a well at high pressures to keep the fracture open while the hydrocarbons are pumped out. Each fracked well may require millions of pounds of sand, which can sell for more than $100 per ton.

Fairmount Santrol estimates the total cost of the project at about $100 million to $110 million, which it intends to pay with cash on hand and operational cash flow from the project.

The company already has two existing oil and gas "proppant solutions" terminals in the Permian, located near Odessa and Monahans, Texas. Fairmount Santrol also has operations in other fracking hotspots throughout the US, including North Dakota, Oklahoma, Colorado, Ohio and Pennsylvania, as well as western Alberta in Canada.

Pemex Restructures Bond Deals

Mexico's national oil company Pemex said on Monday that recent bond placements totaling about $5 billion would cover its minimum financing needs through the end of 2018.

Pemex said on Sunday it had successfully reopened two long-term bonds to raise about $5 billion, and would use some of the proceeds to repurchase debt expiring over the next two years.

Pemex said in a statement the operations would consolidate its financial liquidity and diversify its sources of financing. The bonds reopened mature in 10 and 30 years, when they will pay a return of 5.75% and 6.90%, respectively.

Pemex has been battling heavy debt and faces increased competition from private firms after a sweeping opening up of the energy industry was finalized in 2014 and ended the company's decades-long monopoly. President Enrique Pena Nieto, who appoints the chief executive of the Mexican oil company, will end his six-year term in November 2018. (Reuters)

International

Chevron to Start Pre-Feed in Indonesia

Chevron's Indonesian unit is set to start preliminary front-end engineering and design work for the Gendalo-Gehem fields off East Kalimantan where several projects are being planned as part of the Indonesian Deepwater Development (IDD).

"Chevron submitted a proposal for authorization for expenditure for the pre-Feed of the IDD project on Jul. 4, and SKK Migas is currently evaluating the proposal," an official from the upstream regulator told *Oil Daily*.

In addition, the official said SKK Migas has asked Chevron to study with Eni a proposal to use the Italian firm's Jangkrik field facilities in the Muara Bakau gas block off East Kalimantan, which started up recently.

He did not specify which Jangrik facilities Chevron might use but the official explained that "SKK Migas is looking at ways to cut costs for the IDD project." One option is to use some of Eni's facilities at Jangkrik, which are relatively nearby.

The Indonesian government said previously it was keen to launch the IDD project as soon as possible to boost domestic gas output.

Chevron's revised development plan for Gendalo-Gehem was submitted at the end of 2015 but rejected by SKK Migas, which said the US major was seeking too many incentives and should adjust its proposal (OD May17'17).

Low oil prices prompted a revamp of the delayed IDD scheme, which was initially budgeted at $12 billion and due for start-up in 2020. The project is now due for start-up in 2022-23.

The Gendalo-Gehem scheme is slated to produce 1.1 Bcf/d (31.2 MMcm) at its peak, with most of the gas earmarked for delivery to Indonesia's Bontang LNG plant in East Kalimantan.

Bid Round to Test Investor Appetite for UK Offshore

The UK's Oil and Gas Authority (OGA) has launched a new upstream licensing round for 813 exploration blocks in mainly mature areas of the country's continental shelf (UKCS). As one of Britain's most significant offerings in recent years, the round could be something of a litmus test for investor interest in the region.

The blocks and part blocks on offer cover 114,426 sq km (44,000 sq mile) spanning the Southern, Central and Northern North Sea, West of Shetland and the East Irish Sea, featuring a large inventory of prospects and undeveloped discoveries.

The round offers the new, more flexible "innovate" license concept, launched for the first time in the 29th Round to give licensees greater freedom in areas such as phasing and funding, and staging of activity.

OGA CEO Andy Samuel said the bid round offered companies "a significant opportunity to rebuild their portfolios" taking advantage of technology and improvements to the UKCS fiscal regime.

"These factors combined mean now is a very good time to invest on the UKCS," he said.

The bid deadline is Nov. 21, with decisions anticipated in the second quarter of 2018.

To promote the round, the OGA recently released data on undeveloped discoveries, and updated regional geological maps together with data and studies. "We are encouraging companies to take a fresh look at large areas of acreage, some of which has not been available since 1965," Samuel explained.

The 30th round could serve as a key test for investor appetite in UK exploration — an area the OGA is trying to revitalize. The OGA was cheered by the participation of established players, including Exxon Mobil, BP, Royal Dutch Shell and Statoil, among the companies awarded blocks in the previous 29th bid round focused on frontier acreage.

Tables: Oil & Gas Prices / Equity Markets

Monday, July 24, 2017 All data is produced by Energy Intelligence in cooperation with Reuters.

CRUDE OIL FUTURES

($/bbl)	Chg.	1st Mth.	2nd Mth.
ICE Brent	+0.54	48.60	48.82
Nymex Light Sweet	+0.57	46.34	46.51
DME Oman	+0.58	47.25	46.88

NORTH AMERICAN SPOT CRUDES

($/bbl)	Chg.	Price	Prior Close
WTI (Cushing)	+0.42	46.21	45.78
WTS (Midland)	+0.60	45.28	44.68
LLS	+0.45	48.78	48.33
Mars	+0.50	45.28	44.78
Bakken	+0.40	46.68	46.28

US SPOT REFINED PRODUCTS

New York (E/gal)	Chg.	Price	Prior Close
Regular Gasoline	-0.97	155.93	156.90
No.2 Heating Oil	+0.44	141.55	141.11
No.2 ULSD Diesel	+0.19	151.80	151.61
No.6 Oil 0.3% *			49.35
No.6 Oil 1% *			44.35
No.6 Oil 3% *			44.05
Gulf Coast (E/gal)			
Regular Gasoline	+0.40	150.30	149.90
No.2 ULSD Diesel	+0.19	148.15	147.96
No.6 Oil 0.7% *			45.70
No.6 Oil 1% *			45.70
No.6 Oil 3% *			43.70

*Price in $/bbl. Percentages refer to sulfur content.

INTERNATIONAL SPOT CRUDES

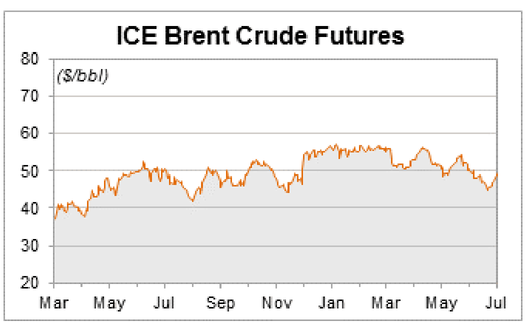
($/bbl)	Chg.	Price	Prior Close
Brent (Dated)	+0.35	47.81	47.46
Dubai	-1.75	46.45	48.20
Forties	+0.26	47.68	47.42
Bonny Light	+0.39	48.26	47.87
Urals	+0.34	47.01	46.67
Opec Basket			46.99

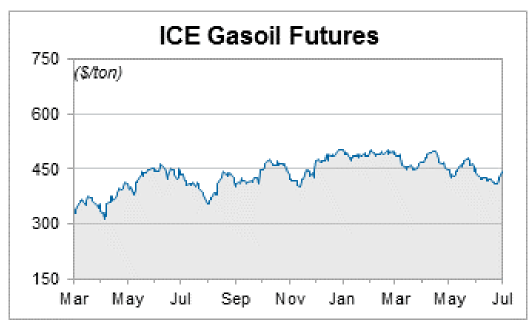
REFINED PRODUCT FUTURES

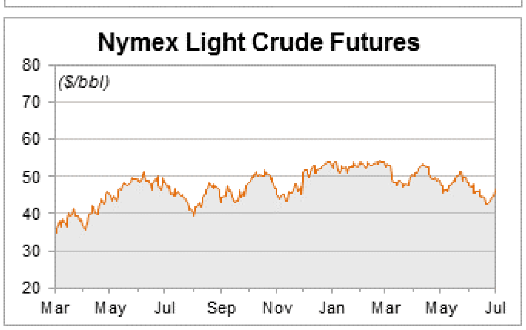
Nymex	Chg.	1st Mth.	2nd Mth.
Gasoline (E/gal)	-0.65	155.68	153.36
ULSD Diesel (E/gal)	+0.17	151.69	152.21
ICE			
Gasoil ($/ton)	-1.25	451.50	452.00
Gasoil (E/gal)	-0.40	144.10	144.26

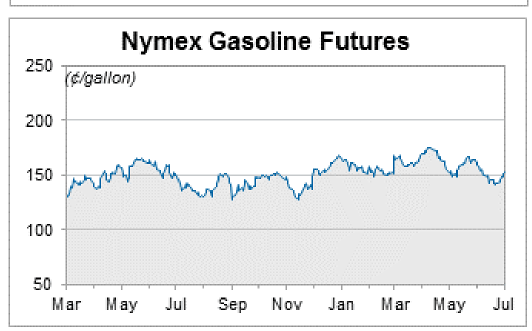
INTERNATIONAL SPOT REFINED PRODUCTS

Rotterdam ($/ton)	Chg.	Price	Prior Close
Regular Gasoline	-2.30	513.00	515.30
ULSD Diesel	+1.25	449.00	447.75
Singapore ($/bbl)			
Gasoil	-1.75	58.90	60.65
Jet/Kerosene	-1.97	59.02	60.99
Fuel Oil 180 ($/ton)	-7.98	293.84	301.82



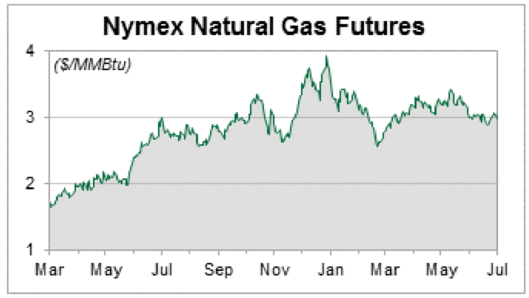






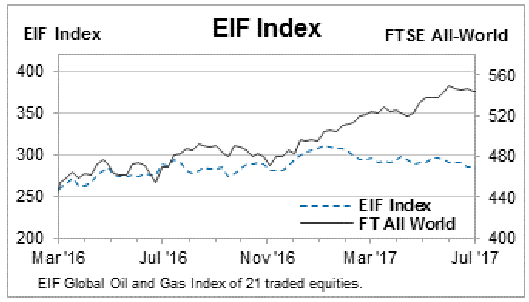
Gas Prices

NATURAL GAS PRICES		
($/MMBtu)	Chg.	Price
Henry Hub, Nymex	-0.07	2.90
Henry Hub, Spot	-0.08	2.96
New York Citygate	-0.46	2.20
Chicago Citygate	-0.06	2.82
Rockies (Opal)	-0.03	2.66
Southern Calif. Citygate	+0.06	3.19
AECO Hub (Canada)	-0.23	0.43
UK NBP Spot (p/th)	+0.30	36.75
US/Canada spot prices from Natural Gas Week		



Equity Markets

EQUITY MARKET INDEXES			
	Chg.	Index	YTD %Chg.
EIF Global*	-2.51	290.18	-5.08
S&P 500	-2.63	2,469.91	+20.84
FTSE All-World*	-1.15	557.46	+18.33
*Index for previous day			



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