

Market Commentary

Recap: Oil prices received an early boost after it was reported OPEC output fell to a 10-month low as the UAE over-delivered on its agreement to cut output. April WTI gained as much as 0.68%, while Brent for April delivery tacked on 0.37%. Gains were short lived after the EIA reported a larger than expected build in U.S. crude oil inventories, with both blends falling to their lowest level in 4 sessions. April WTI lost \$1.37, or 2.17%, to settle at \$61.64 a barrel, while the expiring Brent contract settle at \$65.78 a barrel, down 85 cents, or 1.28%.

March RBOB lost 2.5% to \$1.758 a gallon, down about 7.9% for the month, while March heating oil fell 2.5% at \$1.914 a gallon for a monthly loss of about 7.5%.

Fundamental News: According to Bloomberg, crude imports to the US Gulf Coast fell by 153,000 bpd to 2.08 million bpd in the week ending February 23rd.

Iraq's Prime Minister, Haider Al-Abadi, said Iraq agreed on a deal with the Kurdistan Regional Government to resume crude oil exports through its pipeline to Turkey. Flows of crude oil through a pipeline from Iraqi Kurdistan to Turkey have increased to about 360,000 bpd from a recent average of 310,000 bpd.

The EIA reported that US crude oil production surpassed a 47 year output record in November and then fell slightly in December. Oil output in November increased to 10.057 million bpd while production in December fell by 108,000 bpd to 9.949 million bpd. It reported that North Dakota's oil production in December fell by 15,000 bpd on the month.

According to Reuters, OPEC's total oil production fell by 70,000 bpd to 32.28 million bpd in February. It is the lowest production level since April 2017, led by the UAE and Libya. The OPEC members subject to supply targets achieved 149% of pledged cuts in February. They cut their production in February by 60,000 bpd on the month to 29.36 million bpd.

JBC Energy said OPEC's crude oil output increased by 130,000 bpd to 32.4 million bpd in February from a revised figure of 32.27 million bpd in January amid higher production from Libya, Nigeria and Venezuela.

Angola's state-run oil company, Sonangol, said the country's oil production for 2018 is forecast to be about 1.6 billion bpd. Oil production averaged 1.632 billion bpd in 2017, down from 1.72 billion bpd in 2016.

Russia's oil output totaled 10.95 million bpd between February 1st and February 27th.

Russia's Gazprom Neft will be able to restart production at oil wells mothballed under the OPEC and non-OPEC output cut agreement in two to three days of the pact expiry. An official said the firm halted output from the least efficient wells in line with the oil production restraints.

Loadings of Forties crude slowed down on Wednesday due to bad weather and overnight snowfall. Pilots are unable to reach the tankers as they arrive to bring them alongside to load oil. It was not immediately clear if oil flows through the Forties pipeline were affected.

IIR reported that US oil refiners are expected to shut in 1.455 million bpd of capacity in the week ending March 2nd, increasing available refining capacity by 35,000 bpd from the previous week. IIR expects offline capacity to fall to 1.153 million bpd in the week ending March 9th.

Early Market Call - as of 9:00 AM EDT

WTI - Apr \$61.20, down 44 cents

RBOB - Apr \$1.9123, down 1.22 cents

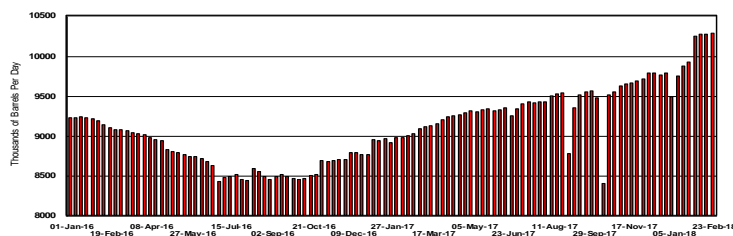
HO - Apr \$1.8903, down 1.28 cents

All NYMEX | Prior Settlements

| Month | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
| | Close | Change | One Week |
| Mar-18 | \$1.9136 | -\$0.0494 | -\$0.0187 |
| Apr-18 | \$1.9035 | -\$0.0652 | -\$0.0286 |
| May-18 | \$1.9050 | -\$0.0623 | -\$0.0226 |
| Jun-18 | \$1.9033 | -\$0.0584 | -\$0.0188 |
| Jul-18 | \$1.9023 | -\$0.0560 | -\$0.0186 |
| Aug-18 | \$1.9017 | -\$0.0542 | -\$0.0186 |
| Sep-18 | \$1.9026 | -\$0.0530 | -\$0.0186 |
| Oct-18 | \$1.9034 | -\$0.0519 | -\$0.0179 |
| Nov-18 | \$1.9034 | -\$0.0512 | -\$0.0173 |
| Dec-18 | \$1.9025 | -\$0.0506 | -\$0.0165 |
| Jan-19 | \$1.9025 | -\$0.0498 | -\$0.0159 |
| Feb-19 | \$1.8994 | -\$0.0491 | -\$0.0153 |
| Mar-19 | \$1.8904 | -\$0.0481 | -\$0.0162 |
| Apr-19 | \$1.8719 | -\$0.0477 | -\$0.0180 |
| May-19 | \$1.8614 | -\$0.0470 | -\$0.0186 |
| Jun-19 | \$1.8539 | -\$0.0470 | -\$0.0195 |
| Jul-19 | \$1.8520 | -\$0.0470 | -\$0.0201 |
| Aug-19 | \$1.8526 | -\$0.0470 | -\$0.0207 |

| | | Close | Change |
|---------------|------------------------------------|-----------|-----------|
| Crude - WTI | Apr Brent- WTI Spread \$4.14 | \$61.6400 | -\$1.3700 |
| Crude - Brent | | \$65.7800 | -\$0.8500 |
| Natural Gas | | \$2.6670 | -\$0.0160 |
| Gasoline | | \$1.7577 | -\$0.0457 |

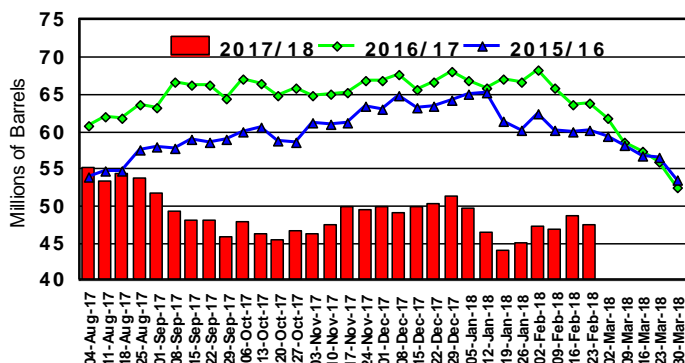
U.S. Domestic Crude Production



EIA Weekly Petroleum Status Report for the Week Ending February 23, 2018

Distillate Stocks

PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 3.019 million barrels

Cushing, OK Crude Stocks Down 1.218 million barrels

Gasoline Stocks Up 2.483 million barrels

Distillate Stocks Down 960,000 barrels

Refinery % Operated 87.8%, Down 0.3%

PADD #1

| Distillate Stocks (in million bbls) | Week Ending Feb 23, 2018 | Week Ending Feb 16, 2018 | Week Ending Feb 24, 2017 |
|-------------------------------------|--------------------------|--------------------------|--------------------------|
| New England | 8.1 | 8.5 | 12.1 |
| Central Atlantic | 27.1 | 27.3 | 38.3 |
| Total PADD #1 | 47.3 | 48.5 | 63.8 |
| Distillate Imports (thousands b/d) | 183 | 215 | 209 |