

M & M Service Company

Energy Market Update July 21, 2010

NYMEX Prices

Futures Prices as of the close on 7-21-10

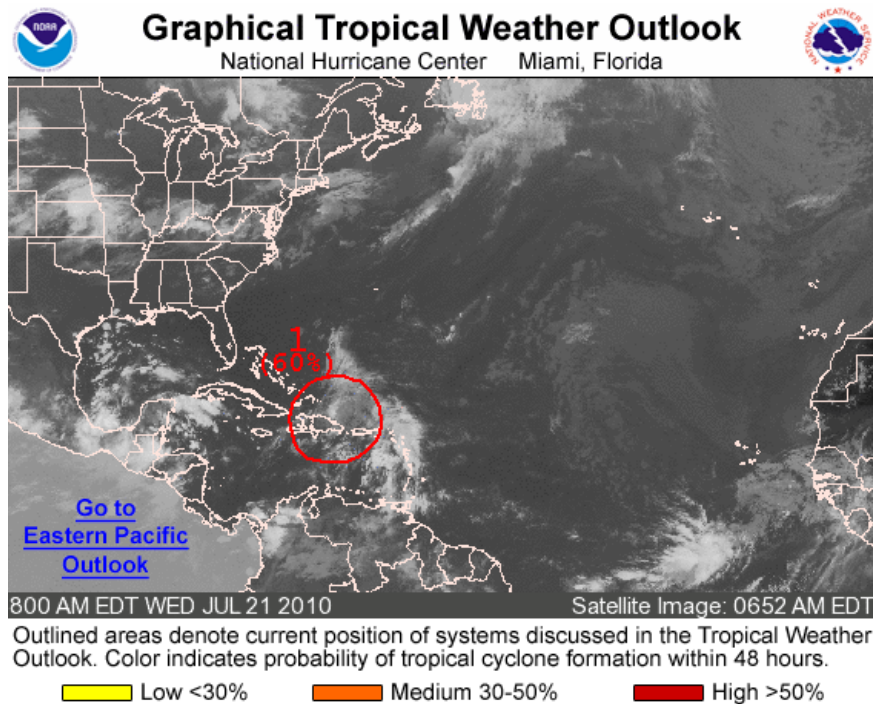
Aug Crude Oil	\$ 76.56
Aug RBOB Unleaded	\$ 2.0678
Aug Heating Oil	\$ 1.9892
Aug Natural Gas	\$ 4.590

MARKET COMMENTS: BP's relief well could reach broken pipe by weekend. The "kill" procedure of pumping the intercepted pipe with mud and cement could take anywhere from 5 days to two weeks. Rain storms moving toward the Gulf of Mexico could threaten the efforts to get the blown-out well sealed.

	<u>Crude</u>				<u>Gasoline</u>				<u>Heating Oil</u>			
	<u>Change</u>	<u>Total</u>	<u>3Yr Avg.</u>	<u>5 Yr. Avg.</u>	<u>Change</u>	<u>Total</u>	<u>3Yr Avg.</u>	<u>5 Yr. Avg.</u>	<u>Change</u>	<u>Total</u>	<u>3Yr Avg.</u>	<u>5 Yr. Avg.</u>
DOE	+0.36	353.5	331	330	+1.118	222.2	211	212	+3.935	166.6	136	132
EST.	-3.50 / +3.00				unch / +2.00				+0.750 / +2.25			
Prop	U.S. Total = +0.9 52.5				Conway = +0.7 23.4				Belvieu = +0.1 23.6			

The White House plans to promote its work to develop electric cars this week, dispatching administration officials across the nation to discuss advanced batteries and new vehicles powered by electricity. President Obama will travel to Holland, Mich., tomorrow for the groundbreaking of a Compact Power Inc. factory, which received \$151 million from a federal stimulus program to open the \$303 million plant. The factory is expected to manufacture lithium ion cells and employ about 450 people by 2013. Pushing clean energy, Obama has vowed to bring 1 million plug-in hybrid vehicles to U.S. highways by 2015 and his administration has set aside billions of stimulus dollars to bolster U.S. battery manufacturers. The funding is aimed at creating a battery industry in the U.S. that can compete with Asian manufacturers and help the U.S. reduce its dependence on imported oil.

China overtook the United States to become the world's biggest energy consumer, according to the International Energy Agency. China has doubled their usage within the last decade. On a per capita basis, Americans still use far more energy than either Chinese or Europeans. China has also not suffered the same setback in growth caused by the financial crisis. IEA chief economist Fatih Birol said "... the U.S. has come to a certain saturation of energy use, but there have also been lots of efforts, especially since 2005, to use energy more efficiently." He pointed out that the U.S. had improved its energy efficiency by 2.5 per cent annually in the past decade, while China only managed a 1.7 per cent annual improvement.



Early morning satellite images indicate that the shower activity associated with the tropical wave moving across Hispaniola has become less organized. Consequently the air force reconnaissance mission has been postponed until tomorrow. A tropical depression is not expected to form today but environmental conditions are still favorable for some development as the system moves toward the west-northwest at about 10 mph away from Hispaniola into the Bahamas on Thursday. **THIS SYSTEM HAS BEEN DOWNGRADED TO 50% CHANCE.**

The financial regulation reform bill passed last week, and was signed into law today. The bill bars proprietary trading unrelated to customers' needs at banks that enjoy government backing, with some of the details of implementation left up to regulators. The bill also requires credit exposure from derivative transactions to be added to banks' lending limits.

The smuggling of tens of thousands of gallons a day of crude oil and refined fuels from northern Iraq to Iran, in violation of new U.S. sanctions, is stoking tensions between Iraq's central government and its Kurdish provincial counterparts. Iran is a major exporter of crude oil, but it lacks refineries, making it heavily reliant on imports of gasoline and other refined fuels. Kurdish Natural Resources Minister Ashti Hawrami insisted the source of the smuggling problem was not the Kurds, but rather Baghdad's policy of selling heavily discounted fuel to private distributors for the Iraqi public, which creates incentives for the buyers to smuggle it abroad. It acknowledged some of that smuggling may go through Kurdistan and said it is "committed to working with the federal government to eliminate permanently all such profiteering of fuel oil."

Petrochemical propane demand has been hovering near the 5-year average mark.

The commander of NATO's counter-piracy flotilla said Wednesday that Somali pirates squeezed by a multinational armada in the Gulf of Aden may be shifting some operations to the southern Red Sea where naval forces lack clear authority to stop them.

