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Sent: Wednesday, July 10, 2013 7:55 PM
To: Jeffrey Epstein (jeevacation@gmail.com)
Cc: Barrett, Paul S; Barrett Pod
Subject: WTI / Brent Spread narrowing despite Middle East tensions

Jeffrey,

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Some interesting color for our traders.... The WTI / Brent spread has been tightening despite the tensions in Egypt / Middle East. The spread now is all about the WTI=supply situation delivery point in Cushing - Oklahoma has 50 million bbls, but 85% of that is not light sweet=oil and not deliverable into the WTI Nymex contract. The market is starting to realize this now.

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The measures taken place=to deal with the WTI oversupply over the last few years have gone too far. Seaway pipeline is taking light sweet oil out of Cushing down to the Gulf Coast and pipelines have come online in the last few months which are taking WTI produced in Texas directly to the US Gulf Coast instead of to Cushing. So, we are looking at running out of WTI completely in Cushing over the next 6 weeks.

The Egypt situation will only start mattering if violence affects the control of the Suez Canal, which at this point it does not=appear likely to happen. The cost of transporting from Cushing to the=Gulf is approx \$5/bbl so longer term the expectation is that WTI would settle at least \$5 under Brent.

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