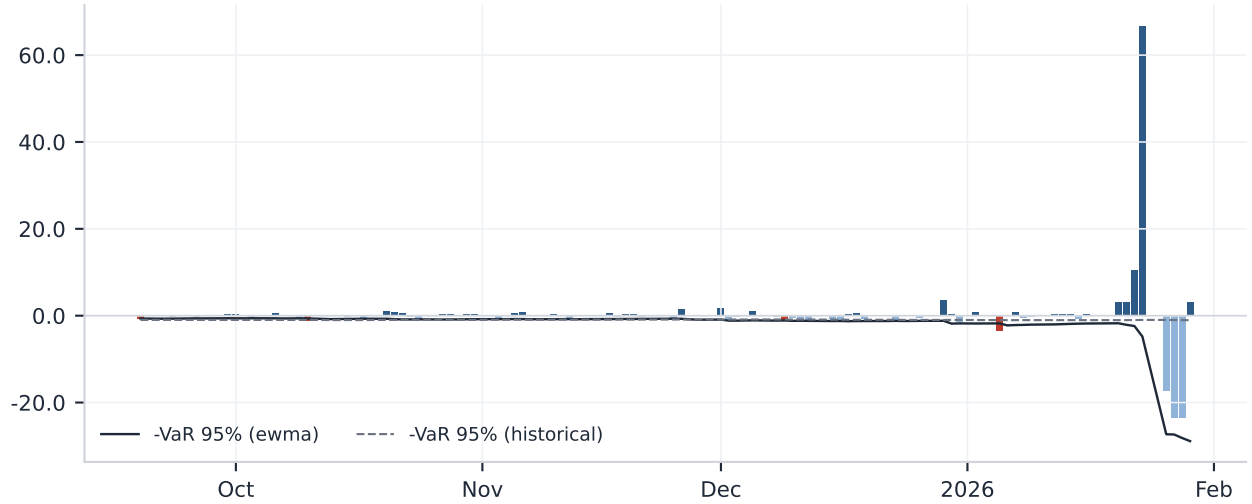
As of Thursday, 29 January 2026

1 Risk Summary

BREACH: 3 limits in breach (see page 4)

VAR 95% 1-DAY (EWMA)	ES 95% (HISTORICAL)	VAR LIMIT UTILIZATION	TODAY'S P&L	MTD P&L	YTD P&L	OPEN LIMIT BREACHES	OPEN DQ FLAGS
$28.89M	**$6.53M**	**963%**	**+$3.06M**	**+$20.01M**	**+$20.01M**	**3**	**0**
99%: $40.86M	99%: $21.37M	limit $3.00M · BREACH	fixed-volume $ change	stop-loss $6.00M	stop-loss $10.00M	see page 4	unreviewed curve checks

Daily P&L vs 1-day 95% VaR, last 90 market days (USD millions; red = exception)



Positions and standalone VaR (static book)

Pos	Commodity	Dir	Lots	Price	Notional	VaR 95%	Util
P1	WTI	Long	200	64.77 bbl	$12.95M	$363k	24%
P2	BRENT	Short	200	71.00 bbl	$14.20M	$463k	31%
P3	HH	Long	300	10.25 MMBtu	$30.75M	$28.93M	964%
P4	RBOB	Long	100	2.14 gal	$8.98M	$314k	31%

Book 1-day VaR and ES by method (diversification = Σ standalone − book)

Method	VaR 95%	ES 95%	VaR 99%	ES 99%	Sum standalone	Diversif.
Historical simulation	$1.04M	$6.53M	$11.07M	$21.37M	$2.13M	$1.09M
Parametric (variance-covariance)	$8.17M	$10.25M	$11.56M	$13.25M	$9.36M	$1.19M
EWMA parametric (lambda 0.94)	$28.89M	$36.23M	$40.86M	$46.81M	$30.07M	$1.18M
Monte Carlo (10,000 paths)	$8.15M	$10.05M	$11.16M	$12.88M	$9.31M	$1.16M

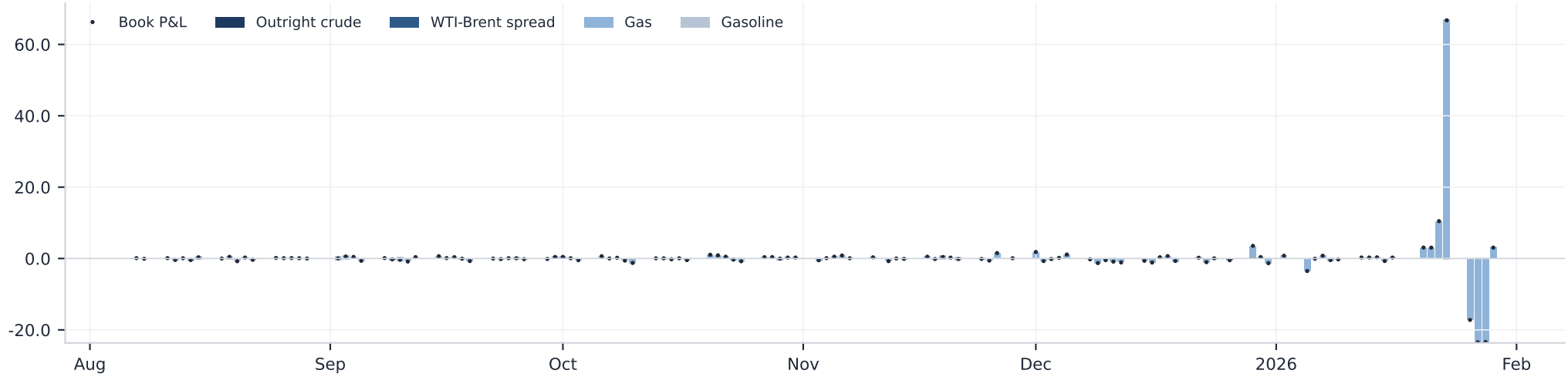
Exposure: 'flat crude' and '200,000 bbl of spread' are both tr

Exposure	Value	Note
Net outright crude delta	0 bbl	WTI long and Brent short net to flat
WTI-Brent spread delta	200,000 bbl	the basis exposure that failed in Apr 2020
Gas delta	3,000,000 MMBtu	the leg that drives book risk
Gasoline delta	100,000 bbl	4,200,000 gal at 42 gal/bbl
Gross notional	$66.89M	sum of |volume x price|
Cumulative P&L since 2015	+$24.02M	static book, no roll

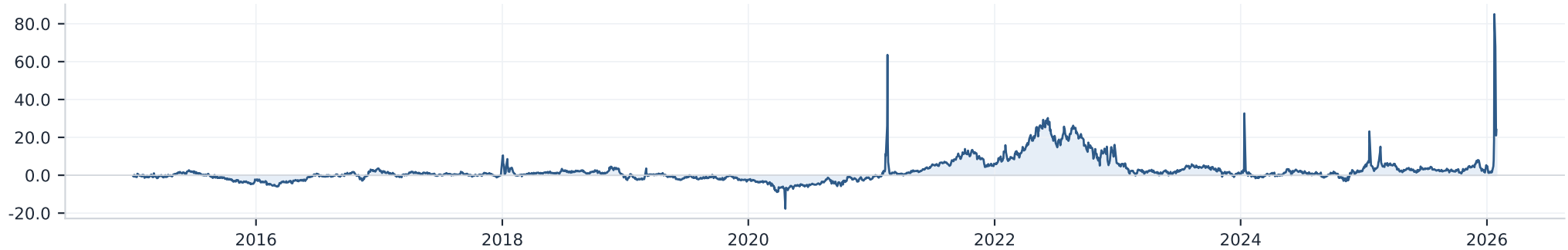
2 P&L and Attribution

BREACH: 3 limits in breach (see page 4)

Daily P&L attribution, last 120 market days (USD millions); unexplained residual = 0 every day (static positions)



Cumulative P&L since 2 January 2015 (USD millions)



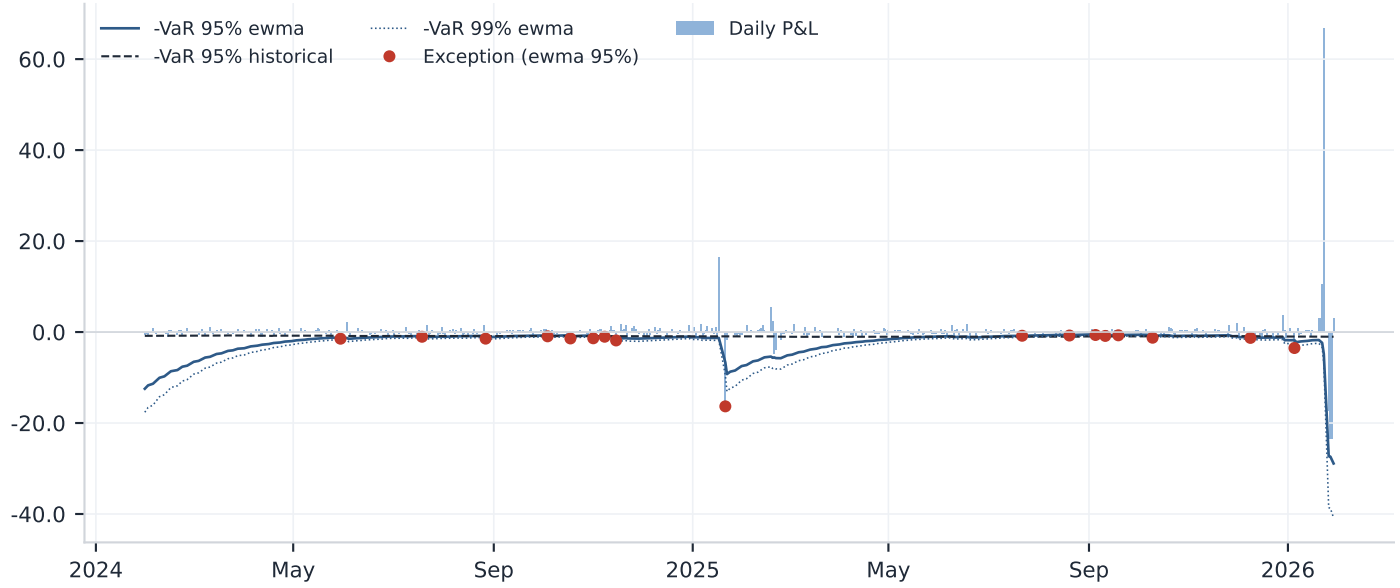
Ten largest daily losses to date

Date	Book P&L	Gas	Spread	Gasoline	MTD after	Explanation (written by hand for the largest losses)
2021-02-18	-$46.00M	-$45.90M	$48k	-$151k	$18.27M	Winter Storm Uri unwind: Henry Hub cash fell from $23.86 to $8.56 as the freeze eased and the long gas leg gave back $45.9M in one day. The loss is the mirror image of the prior day's +$37.6M; MTD P&L, not the daily print, is ...
2024-01-16	-$29.96M	-$29.85M	-$114k	$4k	$1.95M	Reversal of the January 2024 Arctic blast: Henry Hub cash reverted from $13.20 (12 Jan, Winter Storm Heather) to $3.25 on the first market day after the MLK holiday; P3 lost $29.9M.
2026-01-27	-$23.47M	-$23.46M	-$200k	$193k	$40.37M	Second day of the late-January 2026 Arctic outbreak unwinding: Henry Hub cash $25.01 to $17.19 after the record $30.72 print on 23 Jan; P3 lost $23.5M.
2026-01-28	-$23.42M	-$23.55M	$18k	$113k	$16.96M	Third day of the January 2026 unwind: Henry Hub cash $17.19 to $9.34; P3 lost $23.6M, partly offset by gasoline.
2026-01-26	-$17.22M	-$17.13M	$44k	-$134k	$63.84M	First market day after the record $30.72 Henry Hub print of 23 Jan 2026: cash fell to $25.01 as the cold eased; P3 lost $17.1M.
2025-01-21	-$16.34M	-$16.38M	$136k	-$92k	$3.09M	January 2025 Arctic outbreak reversal: Henry Hub cash fell from $9.86 (17 Jan) to $4.40 on the next market day as the Gulf Coast winter storm passed; P3 lost $16.4M.
2021-02-19	-$10.65M	-$10.80M	-$6k	$160k	$7.62M	Uri unwind, day two: Henry Hub cash $8.56 to $4.96; P3 lost $10.8M. Two consecutive exceptions: the clustering the Christoffersen test penalises.
2020-04-20	-$10.58M	$210k	-$10.58M	-$210k	-$11.40M	May-20 WTI expiry with Cushing storage full: the EIA WTI assessment printed -$36.98 (-$55.29 on the day) while Brent fell only $2.39, so the P1/P2 hedge failed and the spread leg lost $10.6M. WTI reflected a landlocked ...
2022-12-27	-$6.57M	-$6.81M	-$24k	$269k	-$5.60M	
2018-01-08	-$5.29M	-$5.28M	-$46k	$34k	-$2.45M	

3 VaR and Backtest

BREACH: 3 limits in breach (see page 4)

Daily P&L with the negative VaR band, last 500 market days (USD millions)



2026 EXCEPTIONS 95% (EWMA)
5 / 8.6
observed / expected over 172 days

KUPIEC P-VALUE 95%, 2026
0.173
pass

CHRISTOFFERSEN P, 2026
0.583
pass

TRAFFIC LIGHT 99%, 2026
GREEN
2 exceptions at 99%

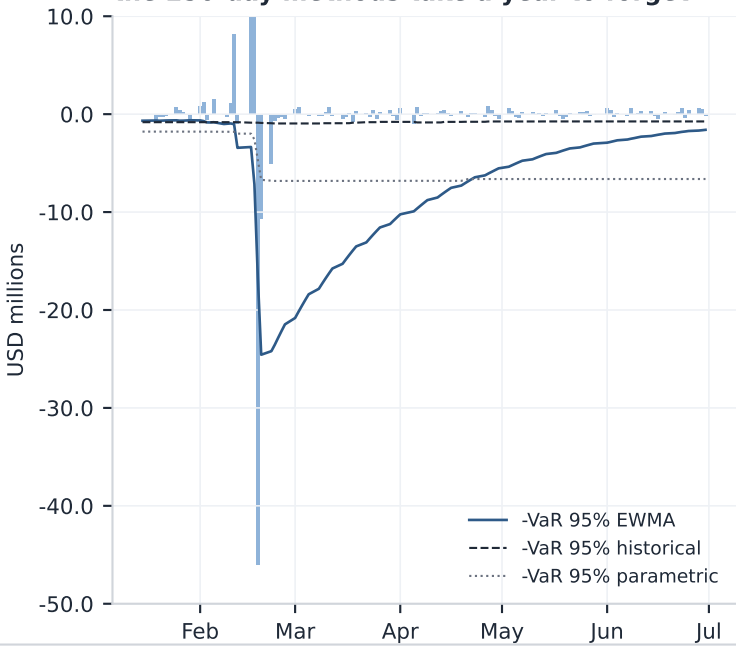
FULL WINDOW 95% (EWMA)
4.21%
124 / 147 exp., Kupiec p 0.044

FULL WINDOW 99% (EWMA)
1.63%
48 / 29 exp., Kupiec p 0.002

Backtest by method: coverage (Kupiec) and independence (Christoffersen) at 5% significance

Method	Conf	Period	Days	Exc	Expected	Rate	Kupiec p	Kupiec	Christ. p	Indep.	Light
Historical simulation	95%	2015-2026	2943	184	147.2	6.25%	0.003	fail	0.000	fail	
Historical simulation	95%	2026	172	16	8.6	9.30%	0.020	fail	0.001	fail	
Historical simulation	99%	2015-2026	2943	38	29.4	1.29%	0.129	pass	0.000	fail	green
Historical simulation	99%	2026	172	4	1.7	2.33%	0.136	pass	0.001	fail	yellow
Parametric	95%	2015-2026	2943	83	147.2	2.82%	0.000	fail	0.000	fail	
Parametric	95%	2026	172	6	8.6	3.49%	0.337	pass	0.000	fail	
Parametric	99%	2015-2026	2943	32	29.4	1.09%	0.639	pass	0.004	fail	green
Parametric	99%	2026	172	3	1.7	1.74%	0.375	pass	0.000	fail	green
EWMA parametric	95%	2015-2026	2943	124	147.2	4.21%	0.044	fail	0.020	fail	
EWMA parametric	95%	2026	172	5	8.6	2.91%	0.173	pass	0.583	pass	
EWMA parametric	99%	2015-2026	2943	48	29.4	1.63%	0.002	fail	0.207	pass	green
EWMA parametric	99%	2026	172	2	1.7	1.16%	0.834	pass	0.828	pass	green
Monte Carlo	95%	2015-2026	2943	84	147.2	2.85%	0.000	fail	0.000	fail	
Monte Carlo	95%	2026	172	6	8.6	3.49%	0.337	pass	0.000	fail	
Monte Carlo	99%	2015-2026	2943	32	29.4	1.09%	0.639	pass	0.004	fail	green
Monte Carlo	99%	2026	172	3	1.7	1.74%	0.375	pass	0.000	fail	green

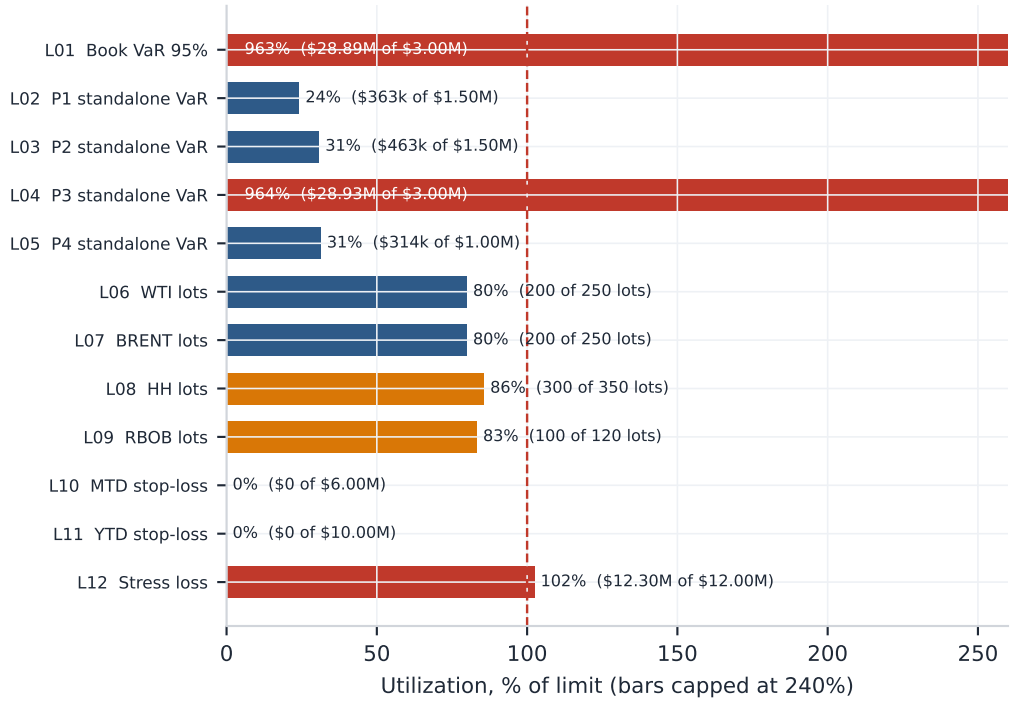
Winter Storm Uri, 2021: EWMA reacts within days, the 250-day methods take a year to forget



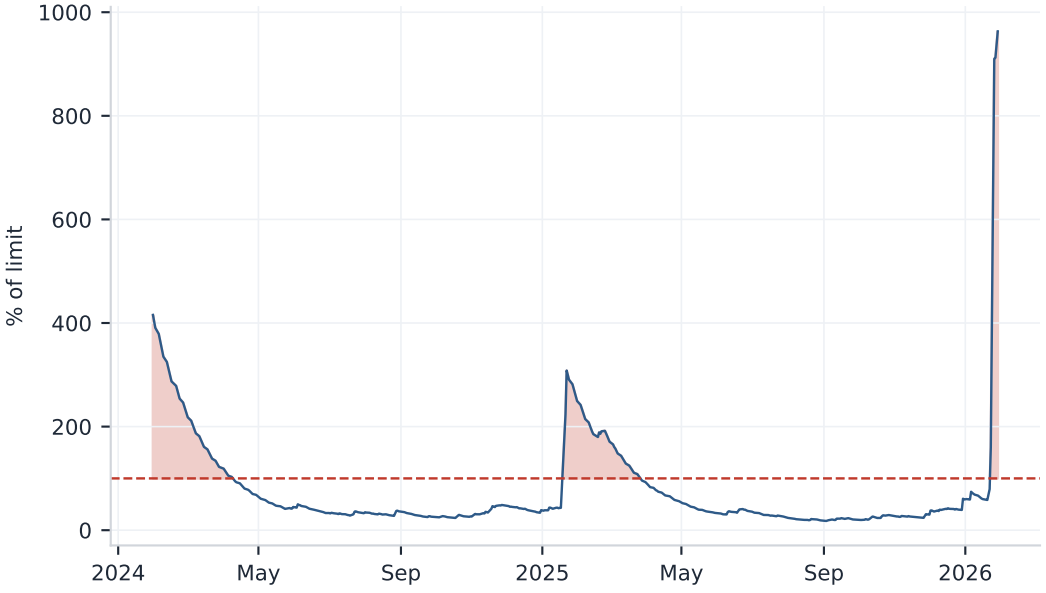
4 Limits and Breaches

BREACH: 3 limits in breach (see page 4)

Limit utilization today (red = breach, amber = above 80%)



Book VaR limit utilization, last 500 market days (%)



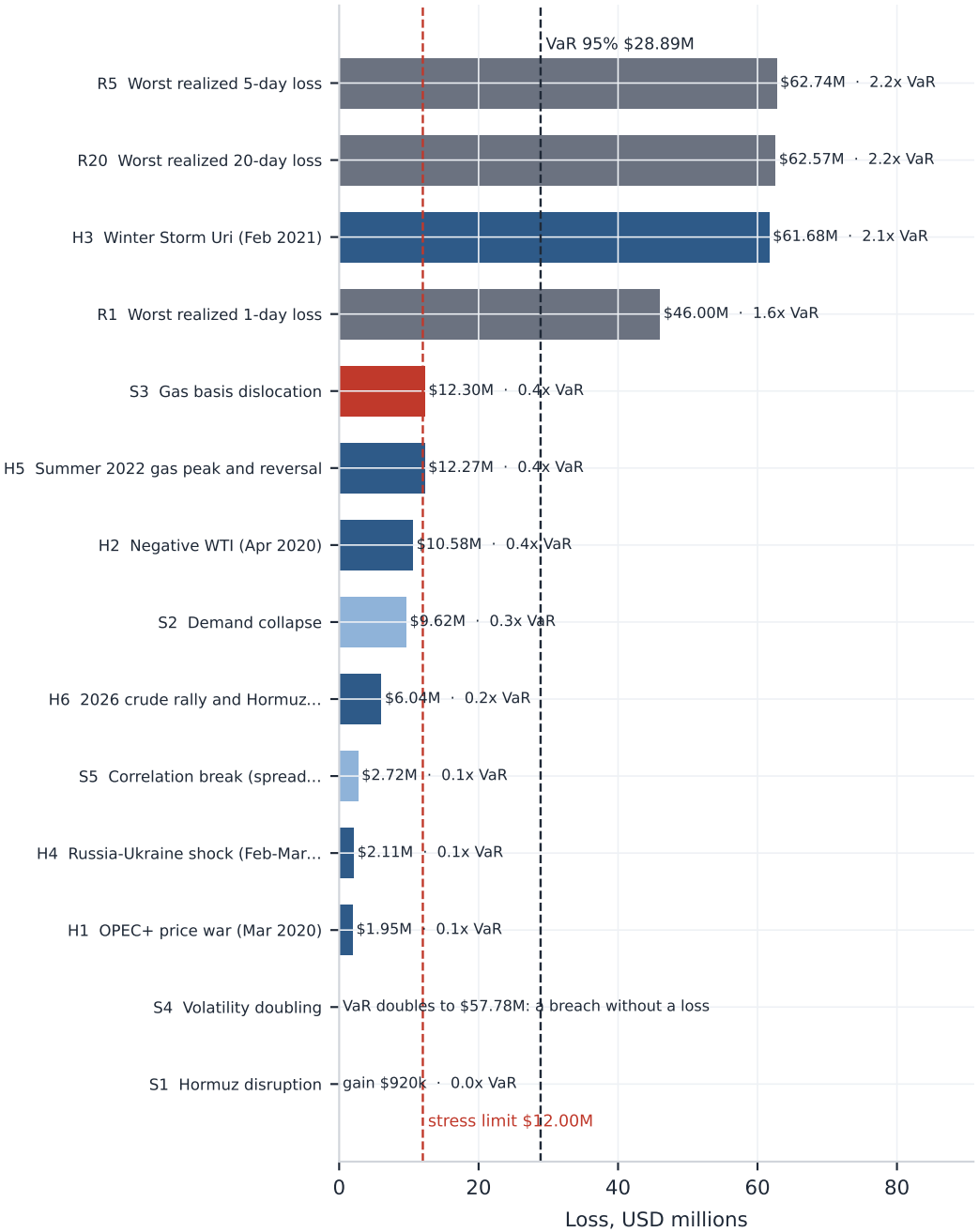
Breach log: latest episodes (escalated = above 110% or 3+ consecutive d

Breach	Start	End	Days	Peak util	Peak value	Status
L01-009	2026-01-23	running	5	963%	$28.89M	escalated
L04-008	2026-01-23	running	5	964%	$28.93M	escalated
L12-004	2026-01-29	running	1	102%	$12.30M	open
L12-003	2026-01-23	2026-01-27	3	307%	$36.86M	closed
L01-008	2025-01-21	2025-03-26	46	308%	$9.25M	closed
L04-007	2025-01-21	2025-03-26	46	311%	$9.34M	closed
L01-007	2024-01-16	2024-04-08	58	565%	$16.96M	closed
L04-006	2024-01-16	2024-04-08	58	562%	$16.85M	closed
L12-002	2024-01-12	2024-01-12	1	132%	$15.84M	closed
L01-006	2022-12-02	2023-01-18	31	143%	$4.29M	closed
L04-005	2022-12-13	2023-01-17	23	141%	$4.22M	closed
L10-007	2022-12-28	2022-12-30	3	146%	$8.74M	closed
L10-006	2022-12-02	2022-12-09	6	164%	$9.84M	closed
L04-004	2022-12-05	2022-12-07	3	104%	$3.12M	closed
L01-005	2022-11-15	2022-11-17	3	105%	$3.16M	closed
L04-003	2022-11-15	2022-11-15	1	100%	$3.01M	closed
L10-005	2022-11-09	2022-11-09	1	103%	$6.15M	closed
L10-004	2022-09-23	2022-09-30	6	136%	$8.17M	closed
L05-004	2022-08-02	2022-08-05	4	108%	$1.08M	closed
L10-003	2022-06-30	2022-06-30	1	111%	$6.65M	closed
L10-002	2022-06-24	2022-06-27	2	118%	$7.10M	closed
L01-004	2022-06-15	2022-06-16	2	104%	$3.11M	closed

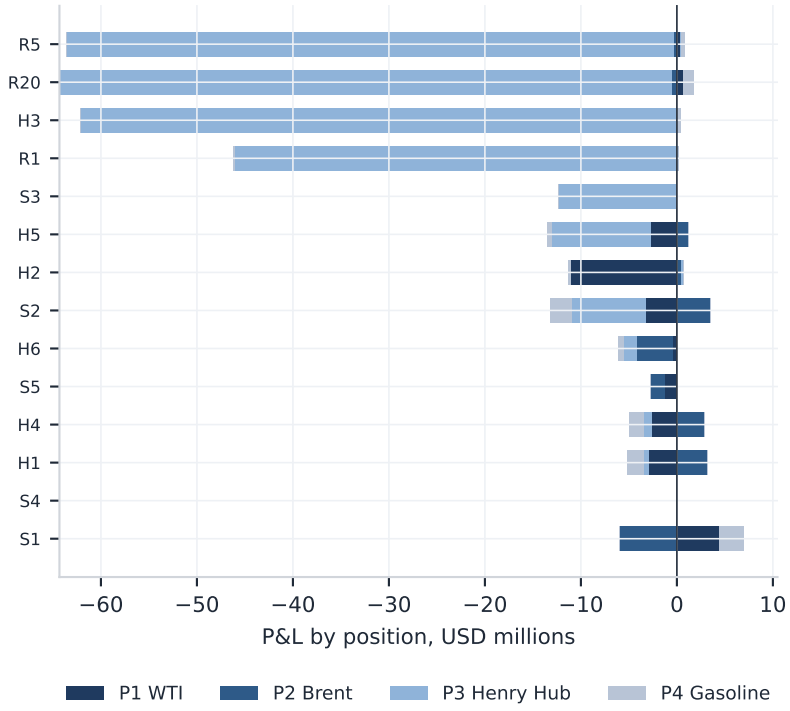
5 Stress and Scenarios

BREACH: 3 limits in breach (see page 4)

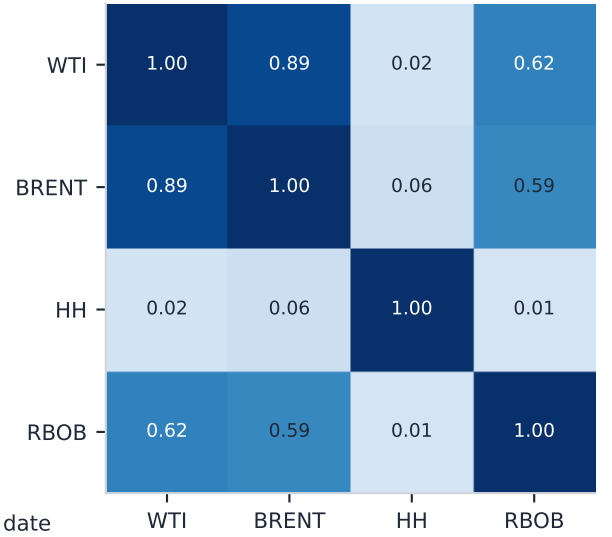
Scenario losses vs VaR and the stress limit



Which leg carries each scenario



Correlation of daily $ changes, trailing 250 days

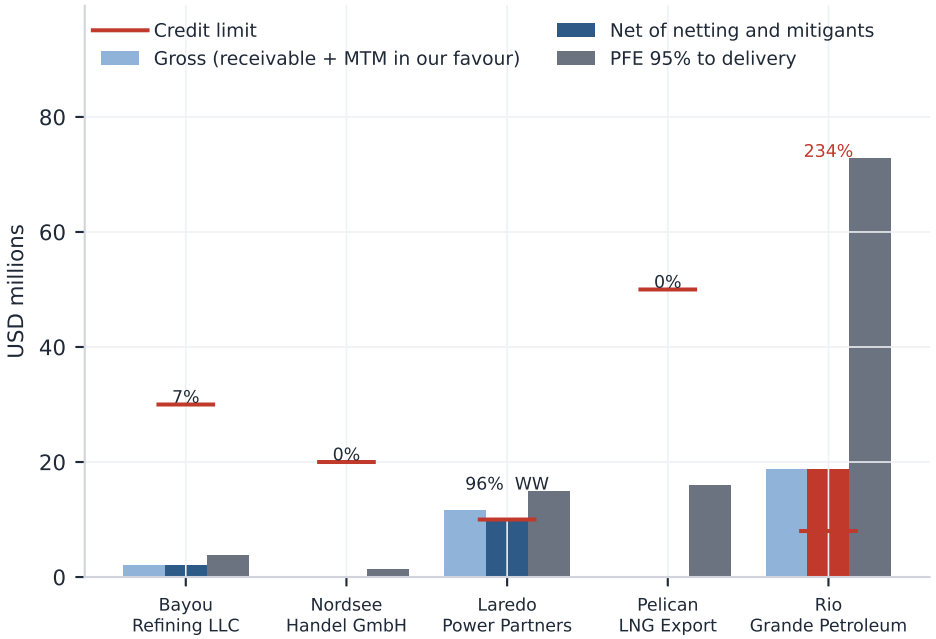


historical = worst peak-to-trough in the window; hypothetical = instantaneous; realized = worst to date

6 Counterparty Credit

BREACH: 3 limits in breach (see page 4)

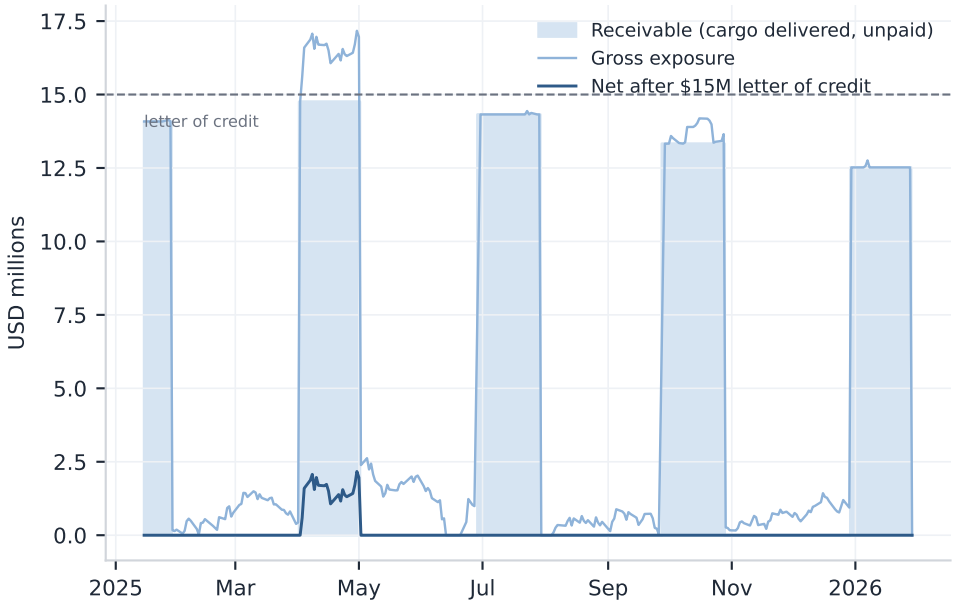
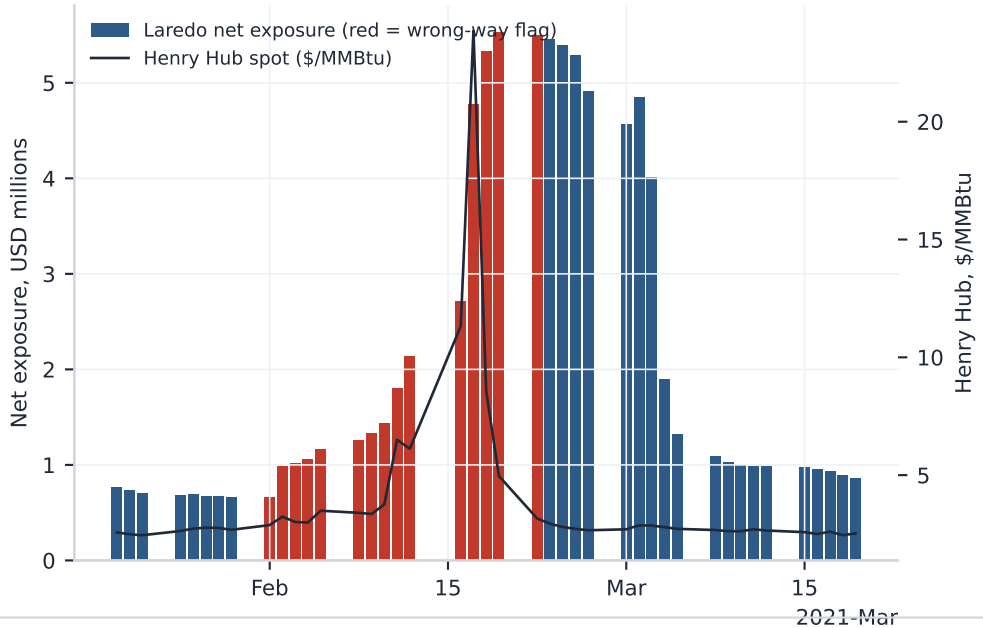
Exposure by counterparty (label = utilization; WW = wrong-way)



Ratings, PDs and mitigants (illustrative; PDs shaped like public default tables)

Counterparty	Rtg	PD 1y	LGD	Limit	Recv.	MTM	Netting	Mitig.	Net	PFE95	EL	Util	WW
Bayou Refining LLC	BBB	0.15%	60%	$30.00M	$0	$1.96M	$0	$0	$1.96M	$3.68M	$2k	7%	
Nordsee Handel GmbH	BB	0.60%	60%	$20.00M	$0	$0	$0	$0	$0	$1.27M	$0	0%	
Laredo Power Partners	B	3.50%	45%	$10.00M	$11.59M	$0	$0	$2.00M	$9.59M	$14.91M	$151k	96%	yes
Pelican LNG Export	A-	0.05%	60%	$50.00M	$0	$0	$0	$0	$0	$15.93M	$0	0%	
Rio Grande Petroleum	BB-	1.00%	60%	$8.00M	$0	$18.75M	$0	$0	$18.75M	$72.76M	$112k	234%	

Nordsee Handel: the cargo receivable and the $15M letter of credit



Wrong-way risk in the Uri replay: Laredo's gas bill peaks exactly when a weak generator is likeliest to fail