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ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR MARCH 24, 2009

The UAE OPEC Governor, Ali Al Yabhouni said the current low oil price would have been much lower if it was not for OPEC's action over the past five years and high inventories remain an issue.

General Secretary of the National Union of Petroleum and Natural Gas Workers, Elijah Okougbo said the oil workers unions have decided not to call their members out on a three day warning strike Tuesday following talks with the government.

Brazil's oil workers union, FUP, said union representatives of striking oil workers are scheduled to meet with Petrobras on Tuesday afternoon. Workers are in the second day of a five day

Market Watch

The president of the Chicago Federal Reserve Bank said today that he expects the U.S economy to start growing by the end of this year and unemployment which is expected to peak around 9%, should begin to decline in 2010.

Vitol Holding B.V. chartered a supertanker to ship North Sea Forties crude to the US Gulf of Mexico. It booked the VLCC for end of March loading from the North Sea to the US Gulf at a freight rate of World Scale 50, with an option of 30-50 days of storage at a cost of \$55,000/day.

Sunoco Chairman and CEO Lynn Elsenhans called on US refiners to support a sizable increase in the federal gasoline tax to pay for investments in the national infrastructure.

Total's chief economist said the company's outlook for oil demand this year may still be optimistic. It expects demand in the first half of the year to be about 2 million bpd below last year. Demand should increase in the second half. It expects about 7.5 million bpd of planned new refinery projects to proceed through 2016, out of about 24 million bpd of announced projects worldwide.

China's central bank has called for new world reserve currency run by the IMF. Central Bank Governor Zhou Xiaochuan did not explicitly mention the dollar but said the crisis showed the dangers of relying on one currency. He said the dollar could be eventually replaced as the world's main reserve currency by the Special Drawing Right, which was created as a unit of account by the IMF in 1969.

Activity in the oil and natural gas options has declined as companies such as Chevron Corp and Marathon Oil Corp have pulled back on options trading. The companies cut their option activity to present clearer earnings reports to investors, unlock cash or simply ride out the market's decline. The credit crisis also pushed speculators, such as hedge funds, out of options markets. Crude oil options volumes fell by 38% in January and February from the same two months last year. The effects of thinning options volumes have been in some cases extremely expensive, with some traders forced to unwind bets placed when markets were more liquid. Meanwhile, over-the-counter agreements have shifted onto exchanges through channels such as ClearPort. Trades cleared on ClearPort increased by 39% in February and 50% in January compared to last year's levels.

API Stocks

Crude – up 4,577 million barrels
Distillate – down 1,575 million barrels
Gasoline – down 805,000 barrels
Refinery runs – down 0.2%, at 82.1%

strike, which started at midnight Sunday. An FUP official said workers at 28 of 44 Petrobras offshore oil and gas platforms had joined the strike and all 47 Petrobras oil terminals were occupied by striking workers.

The IEA's Deputy executive director, Richard Jones said the IEA is concerned that while OPEC complies with its current output target, OECD stocks may decline as early as June. He warned that the oil markets could tighten by 900,000 bpd in the coming months if OPEC continues to adhere to its production cuts. Separately, he said the IEA is encouraged by economic stimulus packages being unveiled worldwide, and plans to study their effect on energy. The IEA will study the effect of stimulus programs on energy in the coming months.

Saudi Arabia's King Abdullah said the country is still working with G20 nations to help solve the global financial crisis and is monitoring the situation. Saudi officials say the country is already doing enough to help the world economy recover by keeping planned public investments on track at a time when oil prices have fallen. It estimates that it will spend \$400 billion in five years to 2014, 25% of which will be in its state oil sector.

Refinery News

Colonial Pipeline has imposed the 31st consecutive restriction on its distillate product shipments to the Northeast. It allocated cycle 18 through its distillate mainline, Line 2, between Collins, Mississippi and Greensboro, North Carolina as nominations exceed the company's ability to maintain its five day lifting cycle.

ConocoPhillips said there was minimal impact from a brief Saturday fire at its Bayway refinery in Linden, NJ and said planned maintenance work was still ongoing at the plant. Its 145,000 bpd fluid catalytic cracking unit was shut in mid-February to start 30-40 days of planned work, with other units being taken down in planned sequence.

ExxonMobil Corp expects its 120,000 bpd fluid catalytic cracking unit at its 503,000 bpd Baton Rouge, Louisiana refinery to resume operations on schedule after planned work. It is expected to resume operations at the end of the week.

Total Petrochemicals USA is scheduled to shut 19 units at its 232,000 bpd Port Arthur, Texas refinery on Tuesday afternoon. Emissions associated with shutting the units are expected to last for 72 hours.

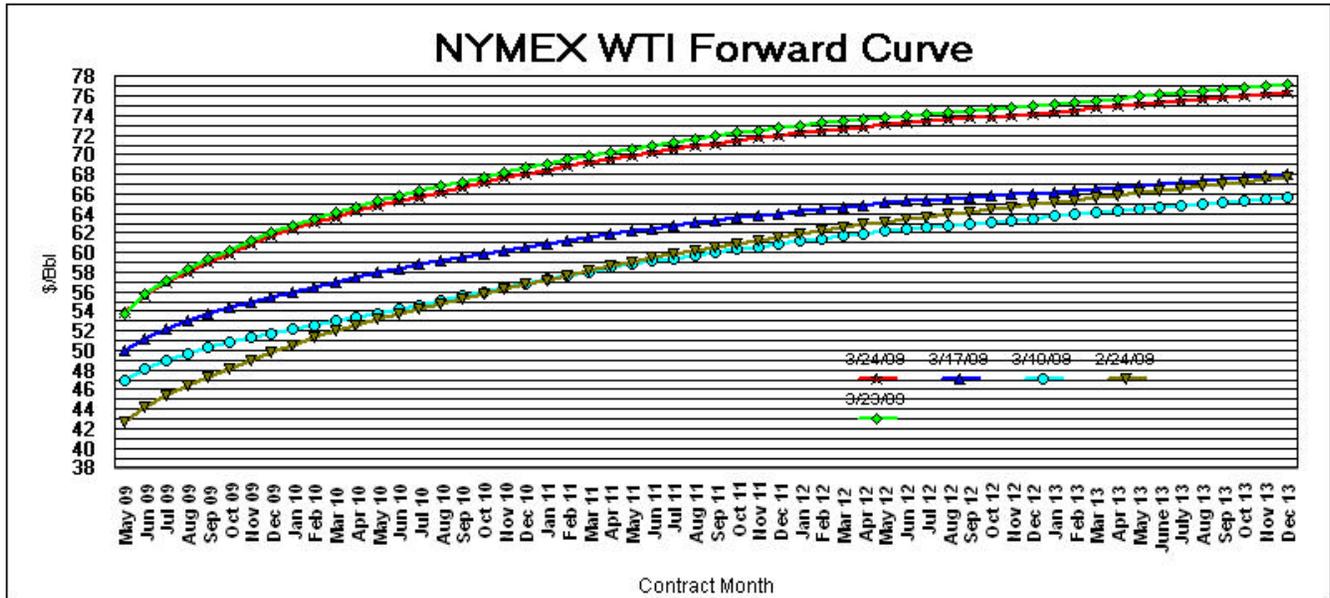
Valero Energy Corp's Corpus Christi, Texas refinery has shut a 22,000 bpd fluid catalytic cracking unit and may remain shut indefinitely. The unit will likely remain shut due to the cost of fixing it to meet new environmental regulations that will go into effect soon. It would take \$40 million to \$50 million in investment to keep the unit compliant.

Qatar Petroleum said it is reviewing its al Shaheen refinery project. The project is under assessment due to changes in market conditions. The company has completed the preliminary engineering and design study on the project but has not gone further than that as it looks for possible ways to bring down projected construction costs. The 250,000 b/d refinery was originally slated to begin operations in 2010. The company also said its 146,000 b/d Ras Laffan condensate refinery should be at full production in the fourth quarter of this year.

Kuwait National Petroleum Co said it will proceed with a plan to build a fourth oil refinery in the Gulf Arab state although it cancelled a tender to build the plant.

March Calendar Averages

CL – \$47.05
HO – \$1.2569
RB – \$1.3680



Sinopec Group said it processed 3.29 million barrels per day of oil in the first two months of this year, increasing its share of the Chinese market by 1.57% to 55.5%.

Chemoil Energy said it expects its 600,000 cubic meter storage facility in the UAE port of Fujairah will be completed in 2011, a year earlier than originally planned. Construction is expected to begin in the next month or two. About 75% of the new tank capacity at the terminal would be dedicated to dark fuel which could include some commercial crude storage, with the remaining 25% set aside for clean products.

Japan's Idemitsu Kosan Co shut its 374,000 ton/year naphtha cracker at its Chiba plant earlier in the day for maintenance and repair work. The shutdown is expected to last about a month with the restart scheduled for late April.

China's inventories of refined oil products totaled 14.85 million tons at the end of February, up 11.4% on the month and up 36.3% on the year. China's refined fuel sales increased by 9.8% in January, with diesel sales increasing by 18.5%.

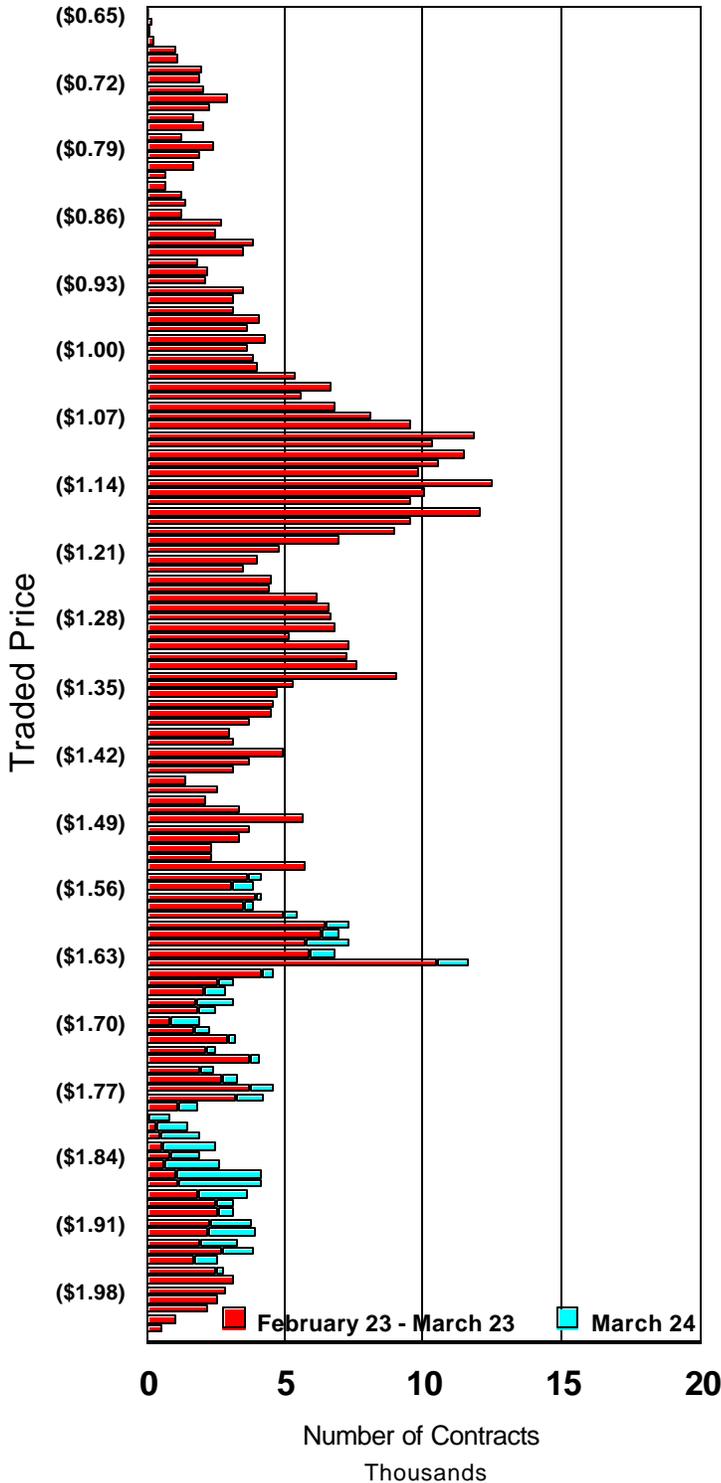
According to Korea National Oil Corp, South Korea imported 74.77 million barrels or 2.67 million bpd of crude oil in February, up 10.1% on the year. Its total product imports increased by 25% on the year to 22.9 million barrels while its total exports increased by 18.2% to 26.6 million barrels. South Korea's refineries processed 67.6 million barrels of crude oil in February, down 0.9% on year and down 12.2% on the month. The country's commercial crude oil stocks increased 117.1% on the year to 34.21 million barrels. It reported that its gasoline consumption fell by 7.8% on the month and by 1.8% on the year to 4.8 million barrels while its diesel consumption increased by 11.7% on the month and by 1.3% on the year to 10.4 million barrels.

Goldman Sachs said gas supplies from Reliance Industries' KG Basin block will replace about 7% of local oil consumption in 2009/10, increasing to 14% in the following three years. It said the start of supplies from the block off India's east coast would also trigger investment of over \$10 billion in gas transmission and distribution infrastructure in the next five years. Goldman Sachs estimated India's oil import bill would fall by 1% in 2009/10 and by an average of 3% for the following three years.

NYMEX WTI: May June Spread

Price Vs Volume for February 23 - March 24, 2009

Trade Weighted Avg 3/20 -1.63, 3/23 -1.82, 3/24 -1.81



Production News

Nigeria's oil production is averaging around 1.6 million barrels per day so far this year, significantly lower than government expectations, the Nigerian finance minister said today. If the trend continued for the remainder of the year, this would result in Nigeria posting its output in 21 years. The minister warned that the government may need to tighten federal spending this year to reflect this drop in oil output and the lower income received from lower oil prices. The Nigerian government budget for this year was based on an oil production level of 2.3 million b/d. Meanwhile the Nigerian oil unions called off a strike threat after the government promised to bolster security in the restive Niger Delta.

Abu Dhabi National Oil Co said it would increase supplies of Upper Zakum crude oil to Asia in May but maintain supplies of its other three grades unchanged from April levels. Abu Dhabi notified its Asian lifters that it would supply Upper Zakum crude at 10% below the contracted volumes in May compared with a 17% cut in April. ADNOC will cut supplies of three other grades, Murban, Lower Zakum and Umm Shaif by 15% below the contracted volumes in May.

StatoilHydro ASA warned its equity production targets for 2009 and 2012 do not include the potential impact of OPEC quota cuts and said production costs will likely be in the upper end of its indicated range due to a busy maintenance program and exchange rates. It expects to produce 1.95 million bpd of oil equivalent in 2009 and 2.2 million boe/d in 2012.

Iraq's Oil Minister Hussein al-Shahristani said Total SA is well placed in the bidding rounds to help increase the country's oil production.

Brazil's biodiesel production increased to 1.1 billion liters in 2008. The country has a total production capacity of 3 billion liters with 46 plants in operation as of November last year. Brazil's ambassador to Malaysia, Sergio Arruda said the switchover to 2% biodiesel blending in January last year and 3% in July, as new refineries came onstream earlier than expected, helped cut Brazil's diesel imports by 1.1 billion liters. He also stated that Brazil's sugarcane based ethanol production, which reached 24.5 billion liters in 2008, is expected to increase further and reach 37 billion liters by 2015 to cater to the need of renewable fuel vehicles.

The OPEC reference crude oil basket price was pegged at \$50.18 per barrel on Monday, up from \$48.77 on Friday. This was the first time the reference price has been above the \$50.00 level since November.

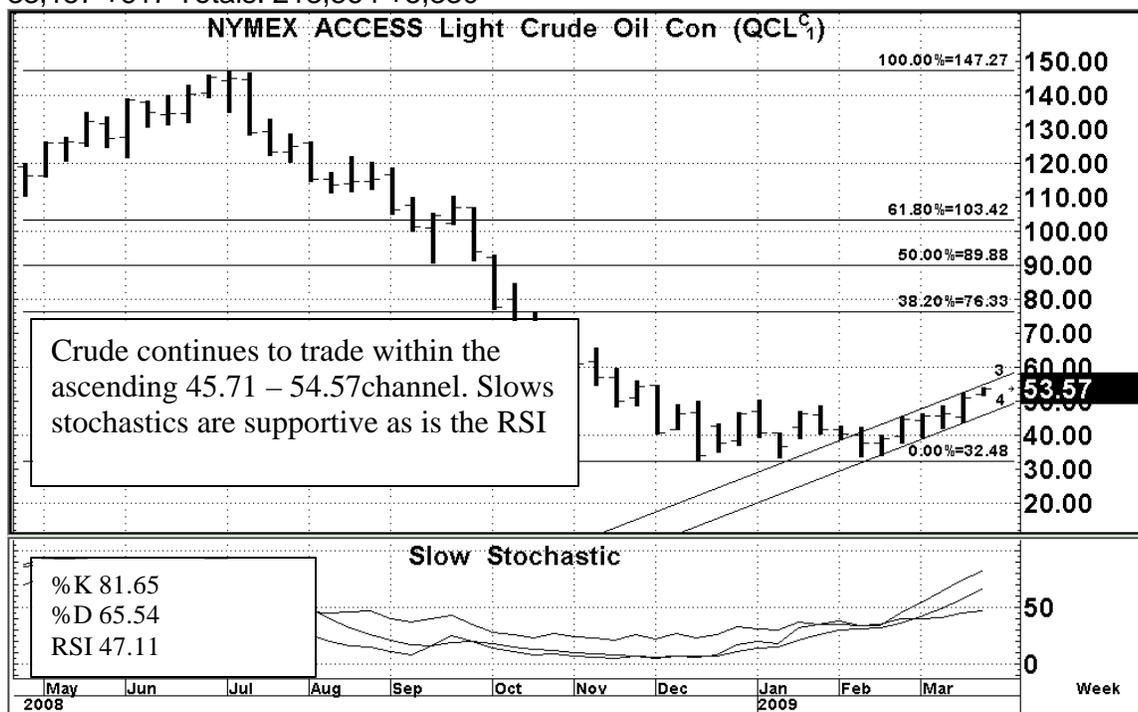
-----CONTRACT-----				TODAY'S SETTLE	PREVIOUS SETTLE	ESTIMATED VOLUME	DAILY HIGH	DAILY LOW
AO	10 09	C	100.00	1.1	1.15	500	0	0
AO	11 09	C	100.00	1.27	1.33	500	0	0
AO	12 09	C	100.00	1.41	1.47	500	0	0
AO	07 09	C	90.00	0.75	0.79	400	0	0
AO	07 09	C	100.00	0.4	0.42	400	0	0
AO	08 09	C	90.00	1.14	1.19	400	0	0
AO	08 09	C	100.00	0.65	0.69	400	0	0
AO	09 09	C	90.00	1.46	1.54	400	0	0
AO	09 09	C	100.00	0.87	0.92	400	0	0
AO	10 09	C	90.00	1.81	1.89	400	0	0
AO	11 09	C	90.00	2.08	2.16	400	0	0
AO	12 09	C	90.00	2.27	2.35	400	0	0
LC	05 09	P	45.00	0.88	0.95	1000	0	0
LC	05 09	C	60.00	1.59	1.6	500	0	0
LC	07 09	P	45.00	2.07	2.06	500	0	0
LO	05 09	P	40.00	0.3	0.32	10675	0.4	0.31
LO	05 09	P	35.00	0.08	0.08	7209	0.13	0.1
LO	06 09	P	40.00	0.71	0.72	2812	0.85	0.7
LO	05 09	C	60.00	1.59	1.6	2492	1.51	1.2
LO	05 09	P	50.00	2.1	2.23	2339	2.5	2.05
LO	06 09	C	90.00	0.19	0.2	2250	0	0
LO	06 09	C	65.00	2.08	2.15	2089	2	1.8
LO	06 09	P	25.00	0.02	0.02	1854	0.06	0.04
LO	06 09	P	35.00	0.28	0.29	1775	0.36	0.32
LO	05 09	P	43.00	0.59	0.63	1382	0.75	0.5
LO	05 09	C	55.00	3.29	3.28	1348	3	2.69
LO	07 09	P	40.00	1.09	1.08	1341	1.1	1.1
OB	04 09	C	1.5000	0.0404	0.0392	360	0	0
OB	04 09	P	1.5000	0.0378	0.0511	300	0	0
OB	06 09	C	1.3000	0.2957	0.2885	200	0	0
OH	04 09	C	1.4700	0.0553	0.0439	313	0.0425	0.0425
OH	04 09	C	1.3700	0.1333	0.1105	208	0	0
OH	04 09	P	1.4700	0.0257	0.0432	201	0	0
OH	05 09	C	1.5000	0.1306	0.1177	200	0	0
OH	05 09	P	1.1500	0.0127	0.0162	200	0	0
OH	05 09	P	1.2000	0.0193	0.0242	200	0	0
OH	06 09	C	1.3600	0.2573		200	0	0
WA	07 09	C	.00	0.52	0.51	300	0	0
WA	08 09	C	.00	0.56	0.53	300	0	0
WA	09 09	C	.00	0.65	0.64	300	0	0
WA	10 09	C	.00	0.6	0.59	300	0	0
WA	11 09	C	.00	0.63	0.61	300	0	0
WA	12 09	C	.00	0.68	0.67	300	0	0

China will raise fuel prices for the first time this year to reflect the increase in world oil prices. The price of gasoline will increase by 290 yuan or \$42/metri tons while the price of diesel will increase by 180 yuan/ton effective Wednesday.

Market Commentary

A stronger U.S. dollar coupled with expectations for builds in inventory numbers for last week put early pressure on crude oil. A slight recovery on Wall Street helped to bring crude oil back to close higher on the day. Based upon a weekly spot continuation chart, the \$45.71 - \$54.57 ascending channel is still intact. Slow stochastics are trending higher along with the RSI. Technically, prices appear to have found a short-term bottom and should continue to work towards the top of the aforementioned channel. News of refinery shut-ins by Valero and Total Petrochemicals will take approximately a combined 107,000 bpd of gasoline and 75,000 bpd of distillates off of the market. This coupled with expectations of dwindling European imports has helped to give heating oil unseasonable strength. Crack spreads have gained over the past week leading to technical buying. For tomorrow's DOE report, builds are expected in crude oil and distillates, 1.4 million and 1.5 million respectively. Gasoline stocks are expected to decrease by 100,000 barrels. Should tomorrow's DOE report indicate unchanged or diminishing demand, we would look for these cracks to come off.

(CL) MAY.09 315,672 +720 JUN.09 187,205 +4,380 JUL.09 87,058 +2,633 AUG.09 32,575 Totals: 1,161,759 +8,938 Heating oil APR.09 26,304 -2,397 MAY.09 57,826 +13 JUN.09 37,696 -506 Totals: 266,858 -1,027 NEW YORK HARBOR RBOB APR.09 27,764 +239 MAY.09 72,777 +2,855 JUN.09 33,157 +617 Totals: 213,564 +5,330



The API reported a larger than expected build in crude stocks of 4.577 million barrels, with a build of 3.829 million barrels in Padd 3 alone. Total crude stocks are up 15.3% on the year. It reported

the build as imports increased by 634,000 bpd to 9.759 million bpd while crude runs fell by 70,000 bpd to 14.266 million bpd. Meanwhile, the API reported an unexpected draw in distillate stocks of 1.575 million barrels. It reported a draw of 1.15 million barrels in Padd 2. It reported the draw in stocks as apparent demand increased by 10.1% to 4.53 million bpd while demand basis its three week moving average increased by 2.7% to 4.42 million bpd. It also showed that distillate production fell by 135,000 bpd to 3.887 million bpd. Gasoline stocks also fell by 805,000 barrels on the week. It reported the draw as apparent demand increased by 1.3% to 9.573 million bpd while apparent demand basis its three week moving average remained relatively unchanged at 9.276 million bpd. The API reported

that gasoline production fell by 174,000 bpd to 9.087 million bpd while gasoline imports increased by 126,000 bpd to 371,000 bpd.

Crude Support	Crude Resistance
41.00,40.00,38.95, 32.25, 29.66, 28.63, 26.65, 25.50	54.75, 55.98, 57.20
Heat Support	Heat resistance
1.3855, 1.3400, 1.3057, 1.1359, 1.10951.0520	1.4865, 1.5285, 1.5520 167.15, 171.85, 176.70, 1.8500
Gasoline support	Gasoline resistance
1.4720, 1.4539, 1.4000,1.2700, 1.2625 1.1680,1.0128,9590, .8978, .8755, 7850	1.5340,1.5800,