



## ***ENERGY RISK MANAGEMENT***

Howard Rennell, Pat Shigueta,  
& Karen Palladino  
**(212) 624-1132 (888) 885-6100**

**www.e-windham.com**

---

### **ENERGY MARKET REPORT FOR APRIL 24, 2009**

---

OPEC Secretary  
General Abdalla  
Salem El-Badri said  
he does not expect  
OPEC to cut its  
production when it  
meets in May, despite  
signs of weaker crude  
demand and  
increasing oil  
inventory. He said  
OPEC needs to fully  
implement its  
previous agreement.  
He said OPEC has so  
far cut its production  
by 80% or 3.4 million  
bpd from its  
September  
production levels. He  
said OPEC needs its  
compliance with  
existing cuts to  
increase above 90%  
before embarking on another round of cuts.

#### Market Watch

The Commerce Department said durable goods orders in March fell by 0.8% to a seasonally adjusted \$161.19 billion. It is the seventh decline in eight months. The 0.8% decline was smaller than expected. Year over year, March durables were 27.1% lower. The Commerce Department also reported that new home sales fell in March by 0.6% to a seasonally adjusted annual rate of 356,000. The small decline followed a large, upwardly revised increase during February. In February, new home sales increased 8.2% to an annual rate of 358,000. Year over year, new home sales were 30.6% lower than the level in March 2008. The median price of a new home fell by 12.2% to \$201,400 in March from \$229,300 in March 2008.

ConocoPhillips' senior vice president of Government and Public Affairs, Red Cavaney said a carbon cap-and-trade bill is not likely this year. He anticipates Congress will address some minor issues related to cap-and-trade this year. The Waxman-Markey draft proposes to impose caps on carbon emissions, starting in 2012 at 3% below 2005 levels, which will tighten to 83% below 2005 levels by 2050.

California's Air Resources Board approved a low carbon fuel standard in a 9-1 vote on Thursday. The proposed rules are aimed at cutting greenhouse gas emissions from cars and trucks in California by 10% or 16 million tons by 2020. Fuel producers and importers will need to meet new standards for gasoline and diesel each year starting 2011.

Kuwait's Oil Minister Sheikh Ahmad Abdullah Al Sabah said the government is worried it will incur a budget deficit if the price of oil falls to an average of \$30-\$40/barrel this year. However he added that it would be comfortable if the oil price averages \$50-\$60/barrel in 2009 and \$70/barrel or more over the next three years. He expects oil prices to increase in the third quarter to \$50-\$60/barrel and to \$60-\$70/barrel in the fourth quarter but added that even if prices remain at \$50-\$60/barrel range this year it would be comfortable for OPEC members who do not want to fuel the current global recession.

**April Calendar Averages**  
**CL – \$49.81**  
**HO – \$1.3887**  
**RB – \$1.4458**

## Refinery News

Valero Energy Corp said it started planned work on its 27,000 bpd coking unit at its 160,000 bpd refinery in Paulsboro, NJ earlier this week.

Royal Dutch Shell Plc is in the process of restarting its 145,000 bpd Puget Sound refinery in Anacortes, Washington following a power failure Thursday afternoon. The refinery lost power due to an unexpected interruption of service from its local provider.

Tesoro Corp confirmed it shut its 115,000 bpd Anacortes, Washington refinery following a power outage on Thursday. Power has been restored and assessments regarding the condition of the process units is underway. Once the assessment has been completed a plan to restart the refinery will be developed.

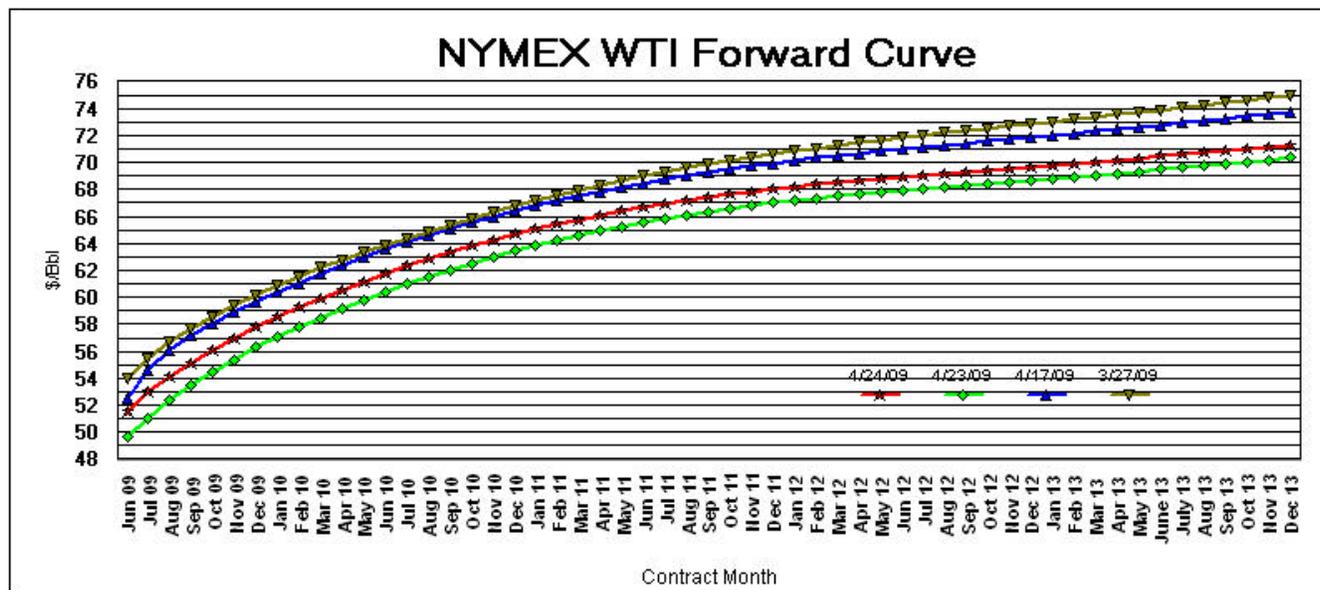
Total has completed planned maintenance work at its 200,00 bpd Lindsey refinery in the UK. A Total spokesman declined to say if the plant had resumed full operation.

China's Sinopec has shut down an ethylene unit at its Qilu plant from April 15 for regular maintenance that was expected to last for more than a month.

China National Offshore Oil Corp's newly built refinery in Huizhou will start to supply oil products to the East China market in May, with 340,000 tons of gasoline and 510,000 tons of diesel in the next eight months of the year. The 240,000 bpd Huizhou refinery started its initial operations on March 20.

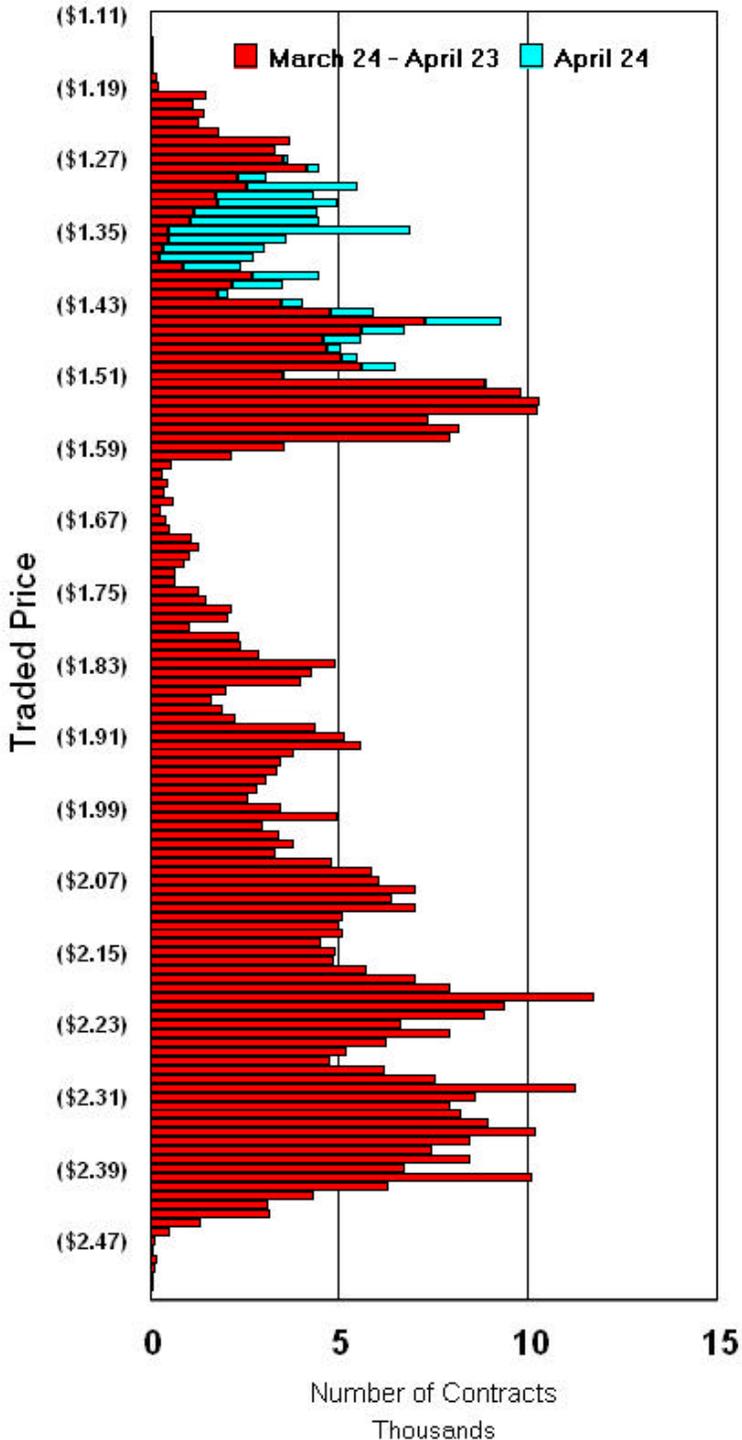
The China Petroleum and Chemical Industry Association reported that the average operation rate of refineries in China was 89% in March, while China's oil product stocks fell 6.13% on the month. End-March diesel stocks were 14.7% lower than February. Sales of oil products in March increased by 13% on the month to 17.04 million bond as sales of diesel increased by 21% on the month. In the first quarter, China's investment in oil and gas development fell by 5.7% on the year to \$4.1 billion.

Nippon Oil Corp will refine 4.17 million kl or 845,000 bpd in May, down about 250,000 kiloliters or 6% on the year. It also said it plans to conduct scheduled maintenance on its 180,000 bpd Muroran refinery for about a month from May 14.



## Production News

**NYMEX WTI: June July Spread**  
**Price Vs Volume for March 24 - April 24, 2009**  
 Trade Weighted 4/22 -1.91, 4/23 -1.52, 4/24 -1.37



Baker Hughes Inc said the number of rigs searching for oil and natural gas in the US fell by 20 to 955 in the week ending April 24<sup>th</sup>. The number of rigs searching for oil fell by 3 to 202 while the number of rigs searching for natural gas fell by 18 to 742.

Nigeria will export two cargoes of Bonny Light crude and five cargoes of Escravos crude in June. According to a provisional loading program, at least 29.5 cargoes will be shipped, including eight cargoes of the Qua Iboe, five Bonga cargoes, three Akpo cargoes, three Yoho cargoes, one Pennington cargo and six Agbami cargoes.

Woodside Petroleum Ltd said its total production in the first quarter stood at 20.6 million barrels of oil equivalent, up from 17.2 million boe produced last year. Output was boosted by new projects that came online in the second half of 2008, including the Neptune oil project in the Gulf of Mexico, Vincent oil field and the North West Shelf fifth production train in western Australia.

Brazil's Petrobras continued to increase its oil and natural gas output in March as several new platforms increased their production. Its overall daily oil and gas production reached an average 2.538 million barrels of oil equivalent in March, up 2.5% on the month. In Brazil, Petrobras' domestic oil production increased 2.7% in March to a record average of 1.992 million bpd, above the previous record of 1.94 million bpd set in February. International oil production fell to 126,200 bpd, down from 127,800 bpd in February. Petrobras said that domestic natural gas output increased to 51.4 million cubic meters/day in March, up from 48.9 million cubic meters in February.

Several platforms at ConocoPhillips' Bohai Phase II project in China are already operational and will start oil and gas production in a couple of months. Phase I of the Peng Lai project started production in December 2002 and the field is currently producing 20,000 bpd. Phase II of the project includes the installation of five additional drilling and production platforms, drilling more than 200 wells and the construction of one of the world's largest floating production, storage and offloading vessels. Production of the Peng Lai project should increase to 50,000 bpd in 2010 and 70,000 bpd in 2011.

Italy's Eni SpA has lowered its hydrocarbon growth forecast for 2009. It estimates production will increase by 2%-2.2%. In February, Eni forecast output will grow by an average 3.5% a year in the 2009-2012 period.

Libya cut its May official selling price of its Es Sider crude by 20 cents to dated BFOE minus 40 cents.

OPEC's news agency reported that OPEC's basket of crudes increased to \$48.60/barrel on Thursday from \$48.51/barrel on Wednesday.

NEW YORK MERCANTILE EXCHANGE(r)									
NYMEX OPTIONS CONTRACT LISTING FOR 04/24/2009									
				TODAY'S	PREVIOUS	ESTIMATED	DAILY	DAILY	
-----CONTRACT-----				SETTLE	SETTLE	VOLUME	HIGH	LOW	
LC	12	12	C	100	5.9	5.84	1000	0	0
LC	12	12	C	200	0.89	0.92	1000	0	0
LC	6	9	C	55	1.56	1.05	1000	0	0
LC	6	9	C	50	3.78	2.78	550	0	0
LC	6	9	P	50	2.23	3.16	500	0	0
LO	6	9	P	40	0.24	0.39	11301	0.28	0.21
LO	7	9	P	45	1.53	2.03	5167	1.7	1.45
LO	7	9	P	40	0.61	0.86	4833	0.7	0.65
LO	6	9	P	45	0.81	1.22	3812	0.98	0.8
LO	6	9	C	60	0.52	0.32	3648	0.55	0.37
LO	6	9	P	50	2.23	3.16	3345	2.72	2.2
LO	6	9	P	35	0.06	0.1	3073	0.07	0.05
LO	6	9	C	55	1.56	1.05	2966	1.6	1.15
LO	6	9	C	50	3.78	2.78	2952	3.76	3.1
LO	7	9	C	70	0.44	0.34	2917	0.41	0.4
LO	7	9	C	65	0.93	0.71	2913	0.88	0.85
LO	7	9	C	60	1.9	1.48	2176	1.85	1.78
LO	6	9	P	44	0.65	0.99	2124	0.85	0.65
LO	12	10	C	150	0.73	0.75	1701	0	0
LO	8	9	P	45	1.92	2.38	1660	1.9	1.9
LO	6	9	P	43	0.51	0.8	1611	1.15	0.54
LO	9	9	C	75	1	0.9	1502	0.87	0.87
LO	9	9	C	85	0.37	0.36	1500	0	0
OB	6	9	C	1.52	0.0658	0.0498	219	0	0
OB	6	9	C	1.55	0.056	0.0418	213	0.05	0.05
OB	6	9	P	1.4	0.0726	0.0929	202	0.0639	0.0639
OB	12	9	P	1.4	0.2105	0.2293	200	0	0
OB	12	9	C	1.4	0.2124	0.191	200	0	0
OB	6	9	C	1.8	0.0119	0.0082	200	0	0
OH	5	9	P	1.35	0.0213	0.051	310	0.0218	0.0218
OH	12	9	C	1.55	0.23	0.2071	140	0.225	0.225
OH	7	9	C	1.6	0.0618	0.0501	100	0.0525	0.0525
WA	6	9	C	0	0.2	0.23	350	0	0
WA	6	9	P	-3.5	0.1	0.11	300	0	0
WA	6	9	P	-2	0.4	0.42	300	0	0
WA	7	9	C	0	0.31	0.32	200	0	0

### Market Commentary

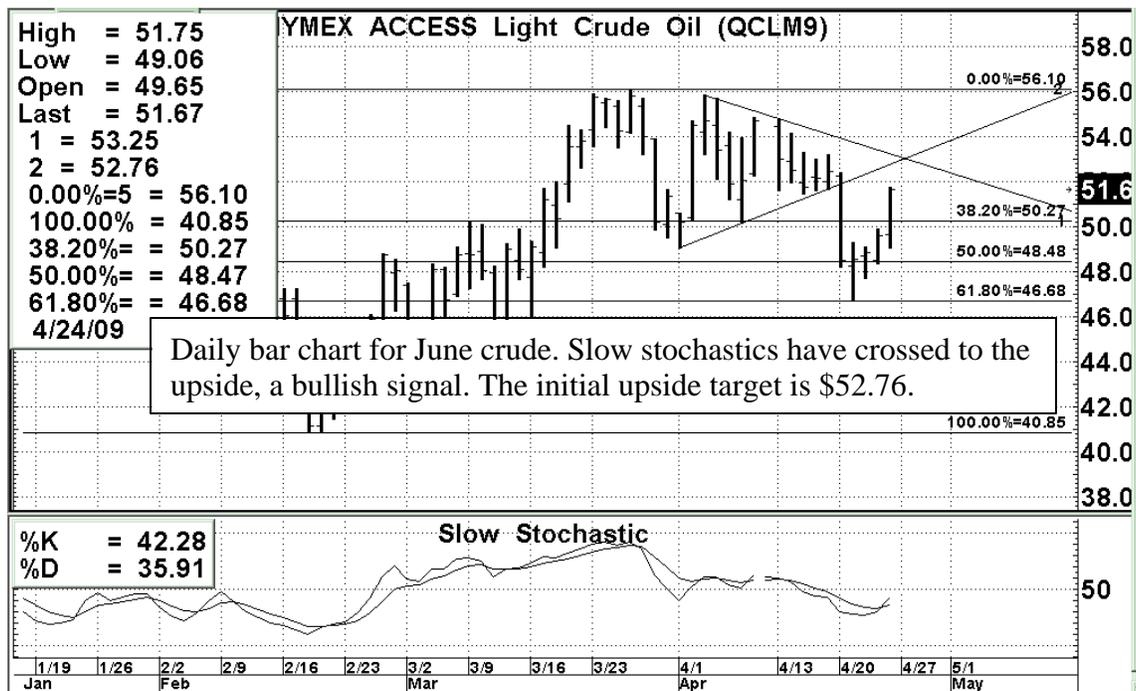
Energy prices rose for the fourth straight day in response to a strong equities market and a weak dollar. Price movement continues to discount extremely high inventory crude oil numbers as the rising stock market gives hints that the economy is slowly recovering. Although the shape of the forward curve is still indicating an oversupplied, demand struggling market, the front crude oil spread, which is

June09/July09, gained strength. The strength in the front contract is coming from investors, who are using commodities as a hedge against inflation, and is not a reflection of supply and demand. With this in mind, we cannot be too confident that any strength seen in this market will be able to sustain itself. Short-term technicals are indicating that prices have more room to the upside. Moving oscillators have crossed to the upside, with percent K crossing above percent D. The initial upside objective for the June crude oil is \$52.76. We would still look for this market to be range bound between the \$45.00 and \$55.00 range. Taking its cue from crude oil, gasoline also edged higher today despite its bearish fundamentals. The ascending channel that can be depicted on a weekly spot continuation chart remains intact. Moving oscillators remain in over bought territory; both have moved lower on the week but have not crossed to the downside. Coming into next week, we would look for prices to remain within the channel. Should the aforementioned technicals cross, lower prices will follow.

Despite the rally the most active strikes in the crude oil options market remain the \$40 and \$45 puts with the June \$40 put trading over 11,000 times.

Crude Oil (CL) MAY.09 0 -24 JUN.09 329,157 -9,861 JUL.09 181,605 +3,582 AUG.09 53,862 +2,986  
 Totals: 1,137,809 -1,972 N.Y. Heating Oil (HO) MAY.09 20,092 -2,537 JUN.09 64,169 +959 JUL.09 33,269 +806 AUG.09 17,917 +552 Totals: 268,385 -62 NEW YORK HARBOR RBOB GASOLINE (MAY.09 21,196 -3,824 JUN.09 74,658 +4,779 JUL.09 33,866 -175 AUG.09 21,967 +909 Totals: 211,586 +2,646

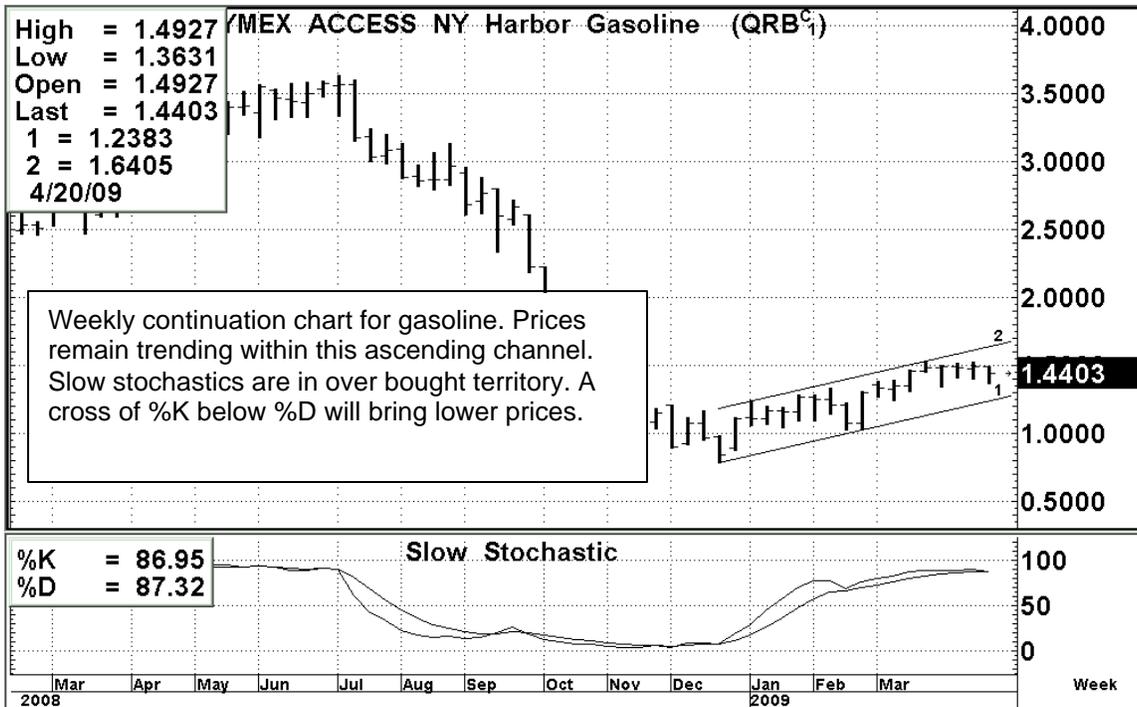
The latest Commitment of Traders report showed that non-commercials in the crude market switched from a net long position of 4,962 to a net short position of 14,605 contracts in the week ending April 21<sup>st</sup>. The funds increased their total short position by 18,968 contracts to 194,988 contracts on the week. The combined futures and options report showed that non-commercials in the crude market cut their net long position by 14,685 contracts to 75,147 contracts on the week as they increased their total short position by 14,103 contracts to 113,918 contracts. However given the market's move during the



last few trading sessions, the non-commercial s have likely added to their net long position. The combined futures and options report also showed that non-commercial s in the products market cut their net

long positions. Non-commercials in the heating oil market cut their net long position by 2,687 contracts to 20,596 contracts while non-commercials in the RBOB market cut their net long position by 1,413 contracts to 46,196 contracts on the week.

<b>Crude Support</b>	<b>Crude Resistance</b>
48.46, 46.68, 45.10, 44.50, 43.80, 40.00, 38.95, 32.25, 29.66, 28.63, 26.65, 25.50	, 53.94, 54.65, 55.98, 57.20
<b>Heat Support</b>	<b>Heat resistance</b>
1.3000, 1.1359, 1.1095, 1.0520	1.4593, 1.4715, 1.4865, 1.5050, 1.5143, 1.5285, 1.5520, 1.6715,
<b>Gasoline support</b>	<b>Gasoline resistance</b>
1.3400, 1.3180, 1.2700, 1.2625, 1.1680, 1.0128, 9590,	1.4900, 1.5088, 1.5260, 1.5340, 1.5800,



The information contained in this letter is taken from sources, which we believe to be reliable, but is not guaranteed by us as to accuracy or completeness and is sent to you for information purposes only. The Windham Group bases its market recommendations solely on the judgment of its personnel. Reproduction in whole or part or other use without written permission is prohibited.