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ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR NOVEMBER 30, 2011

The Kurdish president, Masoud Barzani said Iraq's Kurdish region will proceed with its exploration deal with ExxonMobil despite objections by the central government. He said the central government's opposition is unconstitutional.

The European Union is split on whether to impose an Iranian oil import ban, with several diplomats saying there has already been an intense argument among member states over whether to explicitly warn of a possible embargo in a statement due Thursday by EU foreign ministers. The warning could come alongside the announcement of extra

Market Watch

The US Labor Department said the productivity of US workers in the third quarter was less than initially reported. It reported that nonfarm business productivity grew 2.3% in July through September, revised down from the previously estimated gain of 3.1%. Productivity fell 0.1% in the second quarter. Unit labor costs fell at a 2.5% annual rate in the third quarter, revised down from an originally reported decline of 2.4%.

ADP reported that private sector jobs in the US increased by 206,000 in November. The October data was revised to show an increase of 130,000 compared with 110,000 reported earlier. The November unemployment rate is expected to remain at 9%. The ADP report showed that large businesses with 500 employees or more added 12,000 employees to their staffs, while medium size businesses added 84,000 workers in November and small businesses that employ fewer than 50 workers hired 110,000 new workers.

The National Association of Realtors' monthly index of pending sales of existing US homes increased 10.4% to 93.3 in October from 84.5 in September.

The Institute for Supply Management-Chicago said its index of Midwest business activity increased in November to 62.6 from 58.4 in October.

Morgan Stanley reiterated its Brent crude forecast for 2012, saying it is expected to average \$100/barrel but may fall in the first half of the year to as low as \$85-\$90/barrel amid recovering supply and slowing demand. It expects over 1 million bpd of additional supply to come online between the fourth quarter of 2011 and early 2012, with Libyan production along likely to exceed 700,000 bpd by year end.

China reported that its central bank cut its bank reserve requirements by 50 basis points, the first time in nearly three years.

UBS AG said demand from China should continue to be the largest driver of commodity prices next year. It said tight supply is likely to favor copper, crude oil, thermal coal, corn, potash in 2012 while easier credit conditions in China should also result in strong import demand in most of the commodities.

DOE Stocks

Crude – up 3.932 million barrels
Distillate – up 5.526 million barrels
Gasoline – up 213,000 barrels
Refinery runs – down 0.9%, at 84.6%

sanctions on Iranian companies and individuals because of Iran's nuclear activities. The EU is also expected to condemn Iran over an attack on the British embassy in Tehran on Tuesday and over a threat to expel the UK ambassador. Britain plans to support a ban on Iranian oil imports either alone or through a coalition with France and Germany.

Meanwhile, Iran said Britain's decision to close the Iranian embassy in London on Wednesday was hasty and that it would lead to further retaliation.

<p align="center">November Calendar Averages</p> <p>CL - \$97.13</p> <p>HO - \$3.0627</p> <p>RB - \$2.5834</p>
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Refinery News

ExxonMobil Corp reported a release of hydrogen fluoride due to a valve leak at its joint venture 192,500 bpd Chalmette, Louisiana refinery on Tuesday.

Flint Hills Resources reported that tests on its fluid catalytic cracking unit revealed excess emissions at its 290,078 bpd refinery in Corpus Christi, Texas.

Marathon Petroleum Corp plans to expand a 270,000 bpd crude unit at its Garyville, Louisiana refinery by 20,000 bpd. Separately, Marathon Petroleum received its first shipment of crude oil from the Utica shale of eastern Ohio and western Pennsylvania at its 78,000 bpd Canton, Ohio refinery on Tuesday. The first shipments were for about 250 barrels of crude and were delivered on trucks. Marathon also stated that it expects to run its 76,000 bpd Texas City, Texas refinery exclusively on domestic crude from the nearby Eagle Ford shale oil fields by early 2013.

NuStar reported an explosion at its 14,500 bpd refinery in San Antonio, Texas on Wednesday afternoon.

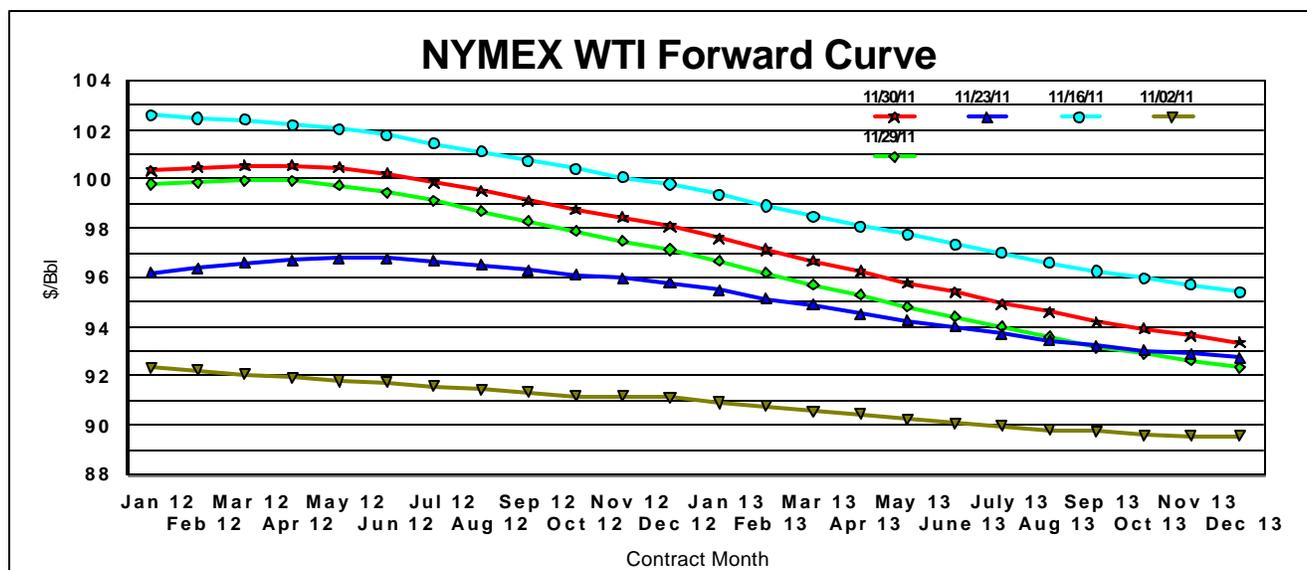
ConocoPhillips is seeking buyers for its Alliance refinery in Belle Chase, Louisiana.

Turkey's Tupras ended an oil purchase deal with Syria's Sytrol as several countries move to impose sanctions on the country.

Saudi Aramco has offered two spot high sulfur gasoil cargoes through private negotiations, providing some reprieve to an inadequately supplied market. The refiner is offering the cargoes of about 300,000 barrels each of 1% sulphur for loading on December 8-10 and the last week of December from Rabigh and Jubail.

ExxonMobil has offered about 120,000 tons of fuel oil, the largest volume from its Singapore refinery since August.

Kuwait News Agency reported that the country's crude oil exports to Japan fell by 33% on the year to 6.54 million barrels or 211,000 bpd in October. Kuwait supplied 6.2% of Japan's overall crude imports



in October compared with 9.3% in the same month last year and 8.9% in September.

Japan's Ministry of Economy, Trade and Industry reported that the country's total oil product sales in October increased by 0.3% from a year earlier to 15.76 million kl or 3.197 million bpd. Japan's gasoline sales fell by 1.5% to 4.7 million kl or 954,366 bpd. Japan's crude imports in October increased by 0.2% to 16.76 million kiloliters or 3.4 million bpd while its oil product imports fell by 0.7% on the year to 624,123 bpd and exports increased by 9.3% on the year to 468,325 bpd. It also reported that Japan's crude inventories in October increased by 13.5% on the year to 101.008 million barrels while oil product inventories increased by 0.9% to 77.274 million barrels.

Russia's Energy Ministry reported that the country's exports of gasoil and fuel oil fell in October while gasoline exports increased. Russia's gasoil exports fell by 5.5% on the month in October while fuel oil exports fell by 1.3% and gasoline exports increased by 29.7% on the month. Russian crude runs in October increased by 2.2% on the month to 4.99 million bpd.

Production News

The EIA reported that US ethanol production increased by 1.4% or 13,000 bpd on the week to 930,000 bpd in the week ending November 25th. Ethanol stocks fell by 17 million barrels from 17.5 million barrels over the last week.

Libya's National Oil Corp said the country's oil production increased to 804,000 bpd as companies resume output following the civil war.

Royal Dutch Shell's 115,000 bpd offshore Nigerian EA oil facility was shut for planned maintenance that started November 9th and may last several weeks.

A cargo of Nigerian Qua Iboe crude has been dropped from the January loading program as a result of reduced output. The cargo was due to load on January 30-31 and is now expected to load in February.

BP Plc plans to send a 2 million barrel cargo of North Sea Forties crude to Asia in the middle of December. The vessel is expected to load between December 15 and 20.

South Sudan said it will be forced to halt oil production if it is not able to resume its exports by December 6th due to a lack of storage space in Port Sudan.

Kinder Morgan Energy Partners LP is expected to add 2.4 million barrels of new storage capacity at its Edmonton terminal. It anticipates that the new tanks will be placed in service in late 2013.

Nigeria's Oil Minister Diezani Alison-Madueke said the country is expected to produce 3 million bpd of crude oil by 2015 and build three new refineries adding 445,000 of capacity.

Iraq's State Oil Marketing Organization signed a deal to buy 600,000 tons of gasoil and gasoline for delivery in the first half of 2012. Iraq's purchase of oil products through Turkey is in addition to its outstanding tender to import 2.43 million tons of gasoline, gasoil and kerosene to cover its needs in the first half of 2012.

Nexen Inc reached a joint venture deal in the Gulf of Mexico with CNOOC Ltd, which gives China's largest producer of offshore crude oil and natural gas working interests in up to six deepwater exploration wells in the area.

Market Commentary

Despite a 3.9 million barrel build in inventories, crude oil traded higher for most of the session, gaining support on word that the U.S. Federal Reserve and five European banks were working in a concerted effort to sure up the global economy. China added to heightened prices by cutting the amount that banks must keep on reserve. The January crude oil contract rose above \$101, reaching its highest level since November 17. With today's break above the previous high of \$100.15, it appears that the technical correction to the downside is over and higher prices should resume. We are currently looking for a test at \$103.37. A break above this level confirms a shift in market direction, followed by a run at the April high of \$114.83.

Open Interest:

Crude oil; Jan12 309,464 -8,694 Feb12 105,543 +5,279 Mar12 105,919 +1,053 TTL 1,32,512 +7,062
Heating Oil; Jan12 92,100 +7,348 Feb12 38,657 +1,485 Mar12 27,657 -11 TTL 271,199 +602 Rbob
Jan12 87,528 +4,255 Feb12 29,597 +1,387 Mar12 30,490 +541 TTL 266,266 207

Crude Oil		Heating Oil (Jan)		Rbob (Jan)	
Support	Resistance	Support	Resistance	Support	Resistance
9499	10074	29288	30622	24988	25939
9251	10337	28800	30937	24734	26283
8916	10753	26850	31956	24516	
8581	11483			24480	
				23803	