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ENERGY MARKET REPORT FOR JANUARY 8, 2010

A bipartisan group of senators urged the Obama administration to release more than \$590 million emergency federal funding to help low income families pay their energy bills. The Low Income Home Energy Assistance Program was allocated \$5.1 billion for fiscal year 2010, including the \$590 million in contingency funding.

According to shipbroker Simpson, Spence and Young, the volume of oil products held offshore by the end of

December was down about 12 million barrels on the month. A total of 122 tankers are holding about 85.63 million barrels of oil products, mainly distillates, compared with 136 tankers storing 97.65 million barrels at the end of November. It also calculated that the volume of crude being stored at sea at the end of December fell to 23 vessels holding 40.85 million barrels, compared with 25 vessels holding 43.67 million barrels at the end of November.

Belarus' government said the country will send a delegation to Russia on Saturday in the latest attempt to settle a dispute over oil fees that has raised European concerns of possible disruptions to crude flows.

Refinery News

Valero Energy Corp's 315,000 bpd Corpus Christi, Texas refinery experienced a compressor trip at the East plant on Friday that resulted in a unit shutdown. A company spokesman however said that the problem did not result in a significant impact on production.

Marathon Oil completed the expansion and is integrating new units with existing ones at its refinery in Garyville, Louisiana, increasing the refinery's capacity to 436,000 bpd from 256,000 bpd. The integration of the new units is expected to be completed by the end of January. The new units include

Market Watch

The US Labor Department reported that nonfarm payrolls fell by 85,000 in December, compared with a revised 4,000 gain in November. US job losses were higher than expected in December, with market expectations of a loss of 10,000 payrolls. The unemployment rate remained at 10% in December, unchanged on month. In the fourth quarter of 2009, employment losses averaged 69,000 per month compared with job losses of 691,000/month in the first quarter of last year. For all of 2009, the economy cut 4.2 million jobs.

The US Commerce Department reported that US wholesale inventories unexpectedly increased in November by 1.5% to \$386.26 billion. It was the second consecutive increase in wholesale inventories, with October stockpiles increasing by 0.6%, revised from an originally reported 0.3%. It also reported that sales of wholesalers increased by 3.3% to \$337.4 billion in November.

Total SA's CEO said he sees volatile oil price between \$60 and \$100/barrel in 2010.

**January
Calendar Average**
CL – \$82.37
HO – \$219.43
RB – \$213.12

a 180,000 bpd crude unit, a 44,000 bpd coker unit and a 70,000 bpd hydrocracker unit. Planned maintenance on certain existing units will start by the end of January and is expected to be completed by the end of the first quarter.

Harvest Energy Trust's North Atlantic Refining said a hydrocracker at its Come by Chance, Newfoundland refinery was shut due to a fire on Thursday evening, impacting its gasoline production. A fire started in a contained area in its 115,000 Isomax unit.

Indonesia's Pertamina bought 1.2 million barrels of Malaysian sweet crude for arrival in March as increasing freight rates discouraged imports from outside the region.

According to traders and shipping brokers, a total of 2.4 million tons of Western fuel oil is expected to arrive in Asia in February.

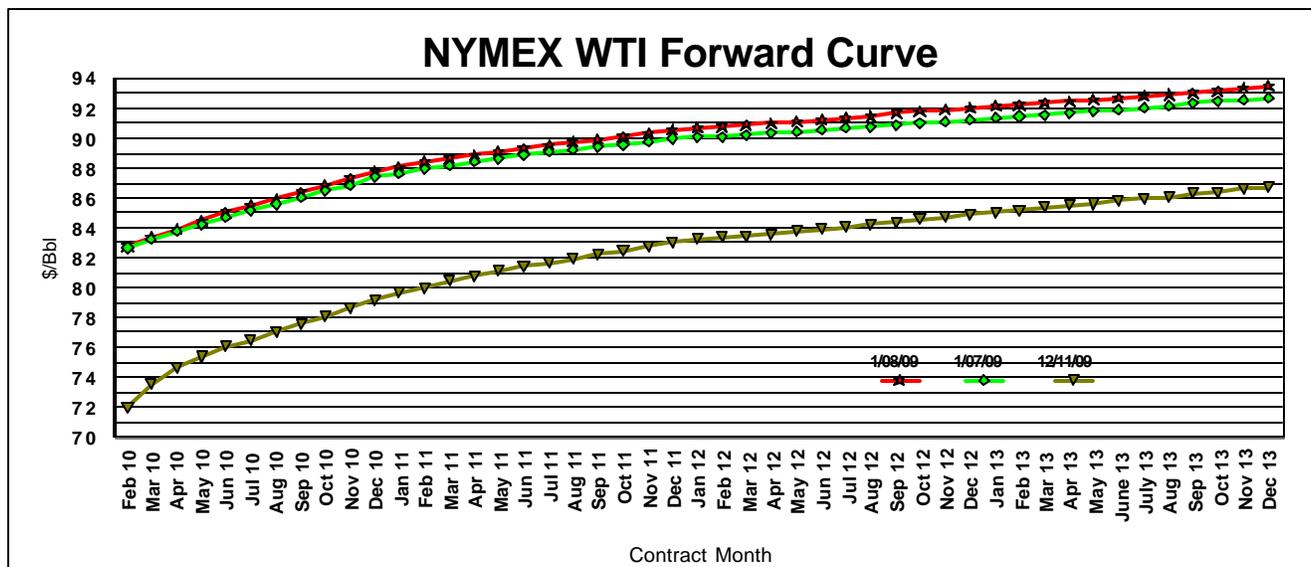
Tokyo Electric Power Co's crude and fuel oil use fell last month as the amount of nuclear energy it used to meet power generation demand increased. It said its December consumption of both crude and fuel oil fell by more than 60% on the year. Its crude oil consumption fell by 63.1% on the year to 62,000 kiloliters while its fuel oil consumption fell by 69.4% on the year to 133,000 kiloliters.

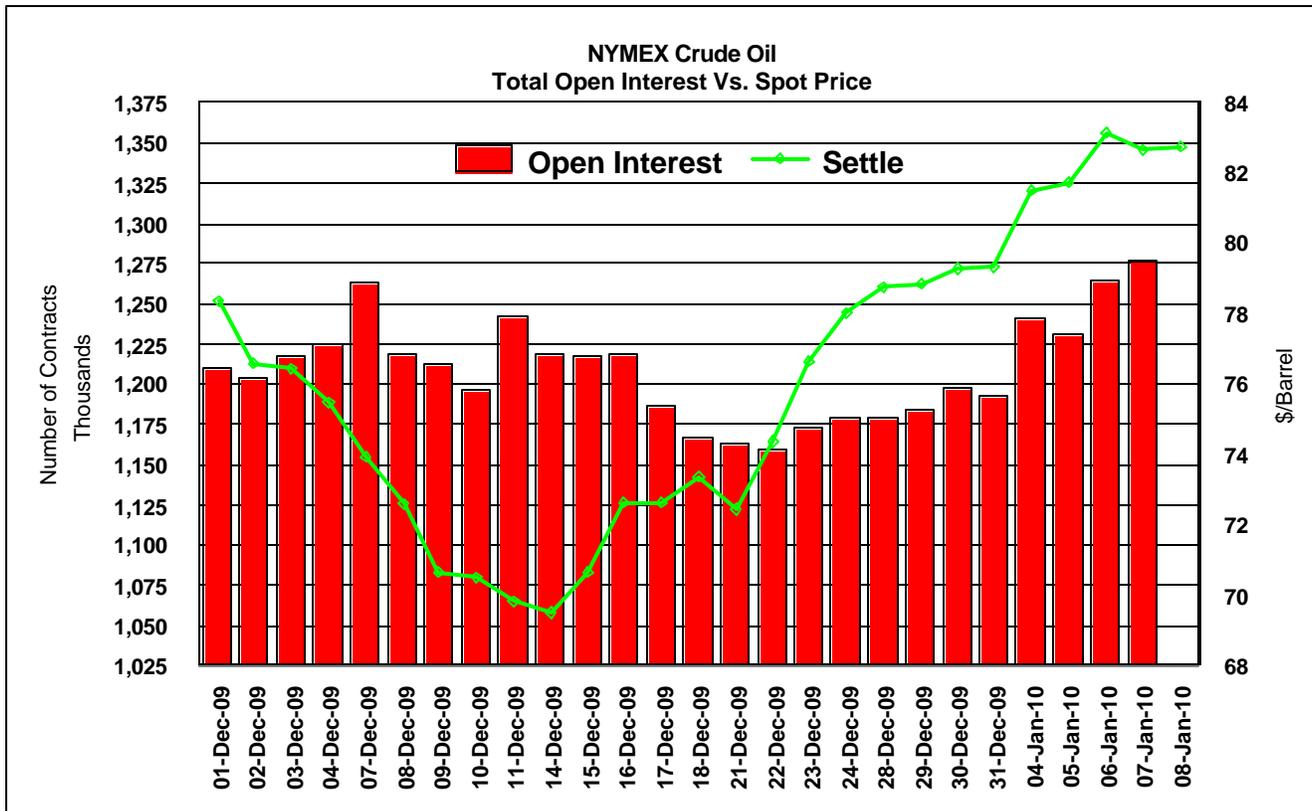
Production News

According to Baker Hughes, the number of US oil and natural gas drilling rigs in operation continued to increase in December. The US rig count increased by 5.9% to 1,172 in December but still remained off by 34% from 1,782 a year earlier. Baker Hughes also reported that the number of oil and natural gas rigs in the US increased by 31 to 1,220 this week. The number of rigs searching for oil increased by 9 to 427 while the number of rigs searching for natural gas increased by 22 to 781.

Mexico's government said the oil exporting ports of Dos Bocas was closed on Friday morning due to bad weather conditions.

The US Environmental Protection Agency tentatively approved an air quality permit that would allow Royal Dutch Shell to conduct oil drilling operations later this year in Alaska's Chukchi Sea. The permit would allow emissions from the drilling ship and associated vessels that Shell plans to use in the Chukchi Sea during the summer and autumn open-water season. The Chukchi Sea is believed to hold 15 billion barrels of recoverable oil and 76 trillion cubic feet of natural gas.





The February loading program for North Sea Brent crude scheduled the loading of 4.2 million barrels, up 600,000 barrels from the 3.6 million barrels scheduled for loading in January. The volume is equivalent to 150,000 bpd compared with 116,129 bpd in January.

The February program for North Sea Forties blend crude oil scheduled the loading of 16.8 million barrels, down 1.2 million barrels from 18 million barrels in January. The volume is equivalent to 600,000 bpd, down from 580,645 bpd in January. Norway's North Sea Gullfaks crude oil stream is scheduled to load about 5.985 million barrels or 214,000 bpd in February, down from 7.695 million barrels or 248,000 bpd in January. The North Sea Oseberg crude oil stream is scheduled to load 5.4 million barrels, down from 5.8 million barrels in January. The volume is equivalent to 192,857 bpd, compared with 187,097 bpd in January. Norway's North Sea Statfjord crude oil stream is scheduled to load about 5.13 million barrels or 183,214 bpd in February, down from 5.985 million barrels or 193,065 bpd in January.

Iraq's State Oil Marketing Organization has announced an offer to sell 3 million barrels of Basra light crude on the spot market for loading in March.

The loading program for the BP led Baku-Tbilisi-Ceyhan pipeline in February scheduled exports of 760,000 bpd, up from 729,000 bpd in January. The February program is expected to start on February 4th due to some deferrals of earlier cargoes and lists 19 million barrels. The January program initially listed 22.6 million barrels.

Ecuador's central bank reported that the country's average oil production fell by 3% to 14.31 million barrels or 476,943 bpd in November from 14.7 million barrels or 490,103 bpd in October.

Petroecuador reported that its average oil output in 2009 increased by 8% to 181,010 bpd or 66.07 million barrels from 166,948 bpd or 61.10 million barrels in 2008. In December, Petroecuador's average oil output was 180,017 bpd, down 2% from the 183,147 bpd reported the previous year.

Kuwait cut its February official selling price of its crude sales to Asia by 35 cents to the Oman/Dubai average minus \$1.20.

OPEC's news agency reported that OPEC's basket of crudes increased further to \$80.12/barrel on Thursday from \$79.64/barrel on Wednesday.

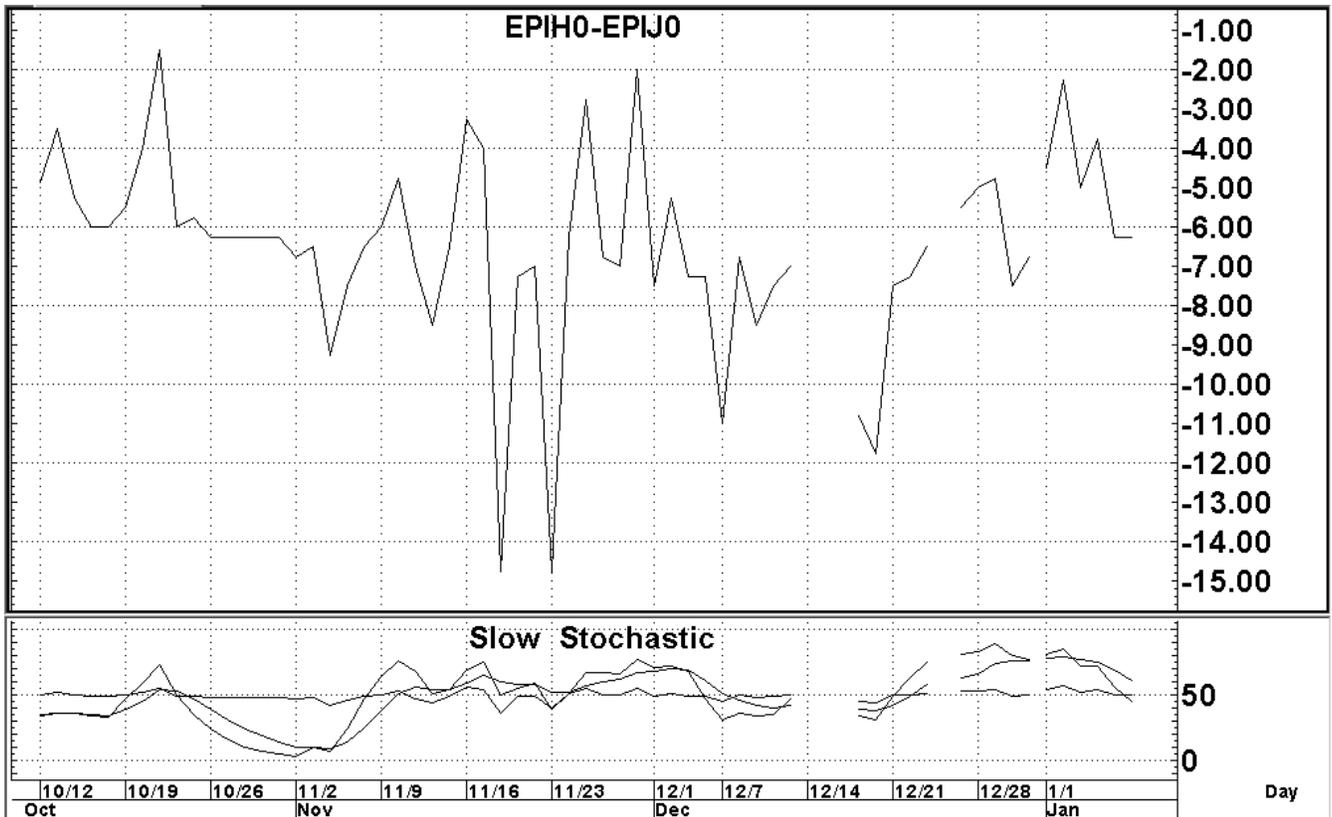
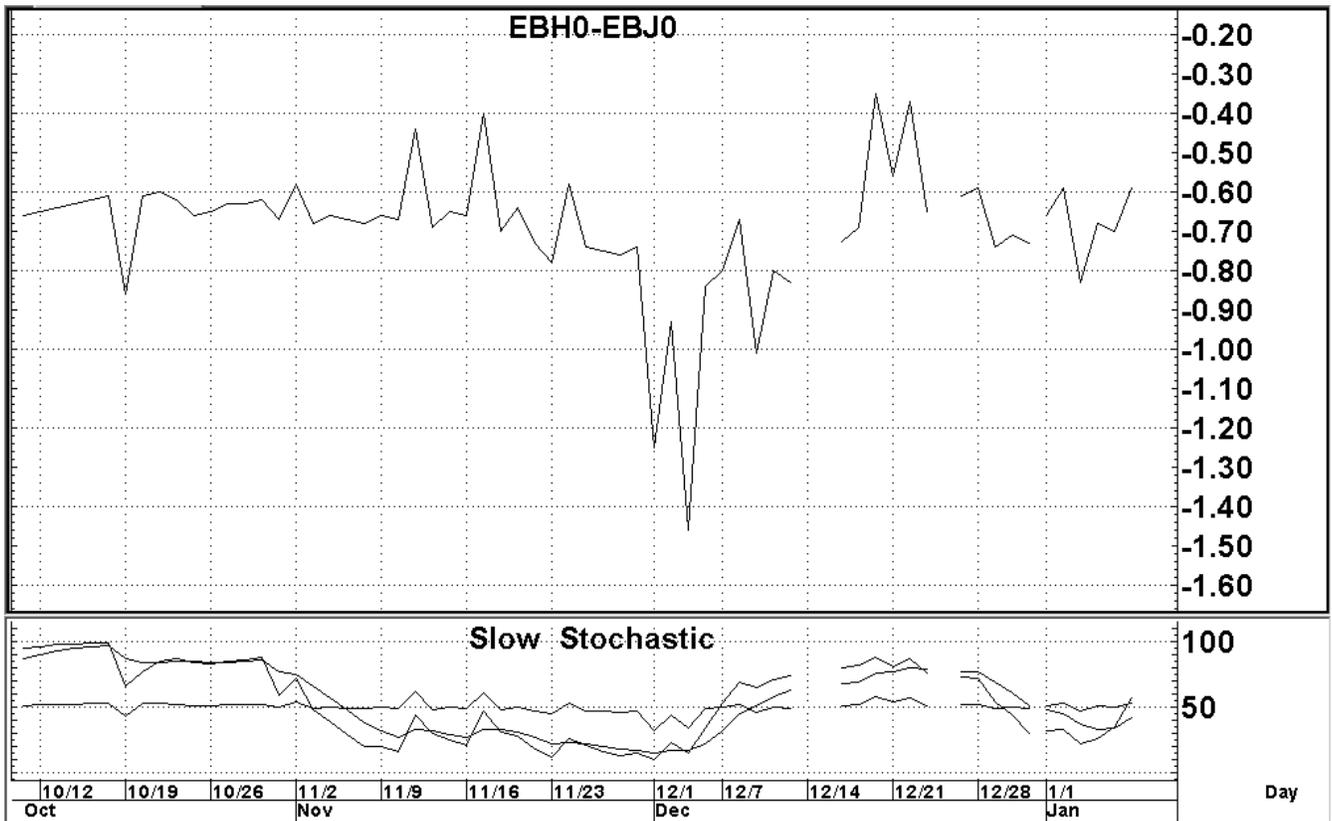
Market Commentary

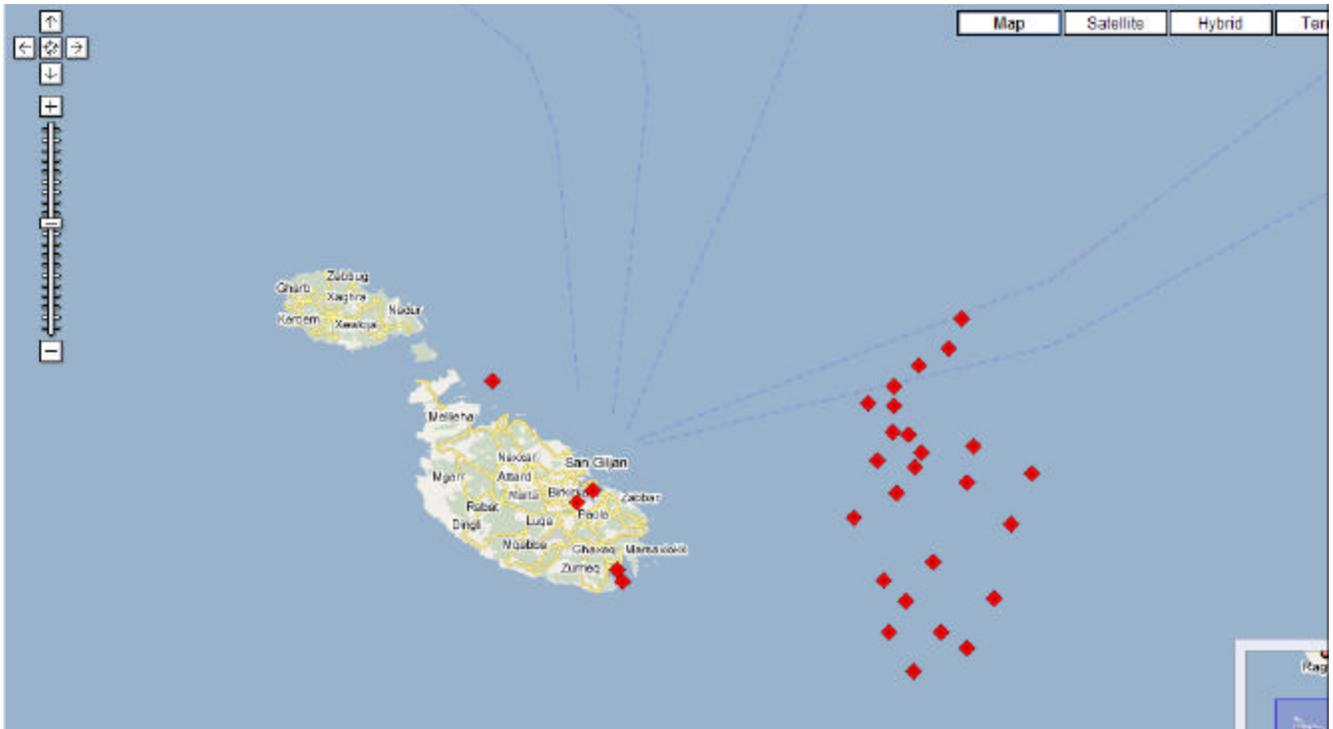
Gasoline pulled the rest of the complex higher today as it reacted to news of a fire at Korea National Oil Corp's Come by Chance refinery, located in Newfoundland. Capacity at this refinery is said to be 115,000 barrels per day. The dollar also weakened after the U.S. job report dimmed hopes of an economic recovery. Further supporting prices was a forecast for a major arctic blast across the central and eastern U.S, which is expected to move over the next few days. Colder weather is expected to move across the northeastern part of the U.S. from Tuesday into Thursday of next week. The February crude oil came back to test the \$82.00 support level, breaching it by 20 cents, but there was a lack of follow through to the downside. Moving oscillators are trending in overbought territory. Coming into next week, we would look for a correction to the downside, using the \$82.00 level as a pivotal area.

Crude FEB.10 262,309 -12,734 MAR.10 196,110 +5,567 APR. 79,734 +7,751 Totals 1,277,089 +12,383 Heating oil FEB 10 94,206 -3,354 MAR.10 59,588 +3,339 APR10 33,703 +1,798 Totals: 325,326, +4,296 Gasoline FEB.10 91,481 -171 MAR. 10 49,860, +2,174 APR10 35,664 +1,401 Totals: 256,846 +4,761.

The Commitment of Traders report showed that non-commercials in the crude market increased their net long position by 14,757 contracts to 108,835 contracts in the week ending January 5th. The combined futures and options report also showed that non-commercials in the crude market increased their net long position by 19,708 contracts to 182,448 contracts on the week, with funds increasing their total long position by 20,509 contracts to 284,666 contracts. They increased their long position as evidenced by the large increase in open interest for Monday, December 4th of 48,794 contracts. The funds have likely continued to add to their position as open interest continued to increase in the last few trading sessions by a total of 45,653 contracts. The combined futures and options disaggregated report showed that producers/merchants cut their net short position by 4,005 contracts to 233,509 contracts while swap dealers cut their net long position by 27,097 contracts to 36,933 contracts. Managed money funds increased their net long position by 22,836 contracts to 156,578 contracts while other reportable cut their net long position by 3,130 contracts to 25,869 contracts. Meanwhile, non-commercials in the product markets also increased their net long positions, with funds in the heating oil market increasing their net long position by 5,849 contracts to 46,774 contracts and funds in the RBOB market increasing their net long position by 15,110 contracts to 72,290 contracts on the week.

Crude Support Based on February	Crude Resistance Based on Feb
82.00, 81.60, 80.90, 79.89, 78.50, 77.85, 75.00, 73.50, 72.91, 72.60, 65.05, 64.70, 63.38, 62.70, 61.61, 60.95	84.83, 85.40, 86.60, 88.80, 89.88
Heat Support	Heat resistance
1.8570, 1.8280, 1.7670, 1.7565	2.2120, 2.2575, 2.4200
Gasoline support	Gasoline resistance
1.7900, 1.7200 1.6600	2.1720, 2.2270, 2.3350,





Snap shot of tankers that are anchored off of the coast of Malta. Currently, there are 26 tankers anchored off of the coast of Malta. Out of these 26 tankers, 22 are headed to Malta, 1 is headed to Augusta, and 1 to Valetta and 2 are currently awaiting orders. The current tanker count compares to 33 tankers that were moored off of the coast of Malta exactly one month ago today. The charts above for the March0/April0 gasoil and Brent spreads can explain the decrease in tankers that have been anchored near Malta. Both spreads started strengthening early in December, peaking near month end. The strengthening of these two spreads made the storage of both gasoil and Brent less financially appealing.

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