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ENERGY MARKET REPORT FOR JANUARY 13, 2010

Libya's top oil official, Shokri Ghanem said oil prices around \$80/barrel are

satisfactory added that OPEC is unlikely to increase its oil production unless prices reach \$100/barrel. He said OPEC is happy with current oil market prices. He also said he did not expect oil to reach \$100 any time soon and did not want the figure to be perceived as a trigger level for OPEC policy change.

Market Watch

The chairman of Spain's Repsol, Antonio Brufau said he expects oil prices to remain at \$70-\$80/barrel if the emerging markets of China and India continue to grow.

Refinery News

Citgo restarted the No. 2 fluid catalytic cracking unit at the east plant of its 163,000 bpd refinery in Corpus Christi, Texas on Tuesday morning after it was shutdown due to a short in the power train.

Shell Oil plans to shut a hydrodesulfurization unit at its 340,000 bpd Deer Park, Texas refinery for a catalyst change and maintenance on Wednesday. Maintenance on the unit is expected to end on January 25th.

Valero Energy Corp will shut a hydrocracker unit at the east plant of its 315,000 bpd Corpus Christi, Texas refinery for 10 days of maintenance.

China's Sinopec plans to conduct maintenance on a vacuum distillation unit at its Yanshan refinery with an annual crude processing capacity of 8 million metric tons/year. The maintenance is planned from early May to early June.

Total SA said workers at its French refineries are striking but there is no significant impact on refining output. The CGT union called for Total's refining and marketing employees to strike over the treatment of workers at its Flanders refinery, which has been shut since September. Total is considering permanently shutting the 137,000 bpd refinery. The CGT said that workers are already on strike at Donges, Grandpuits and Provence refineries and at Total's Rouen facility and some storage depots.

DOE Stocks

Crude – up 3.699 million barrels
Distillate – up 1.353 million barrels
Gasoline – up 3.791 million barrels
Refinery runs – up 1.4%, at 81.3%

Russia warned it could again reduce oil flows to Belarus due to an unresolved pricing dispute. Russia's Transneft said Russian oil flows to one of two Belarussian refineries, the 95,000 bpd Mozyr refinery, could be suspended within 24

hours because oil firms are unwilling to confirm volumes due to an ongoing pricing dispute. Deliveries to the 88,000 bpd Novopolotsk refinery will continue for about a week under current contracts. Transneft however said that Russian crude deliveries through Belarus to Europe were safe.

January Calendar Average CL – \$81.85 HO – \$2.1723 RB – \$2.1196
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India will import 22.5 million tons of Euro III-compliant diesel for supply starting April 1st despite the country staggering the full scale launch of the fuel to October. India had a target to implement Euro IV-compliant fuel in 13 major cities starting in April and upgrade the rest of the country's fuel standards to Euro III from Euro II specifications.

Production News

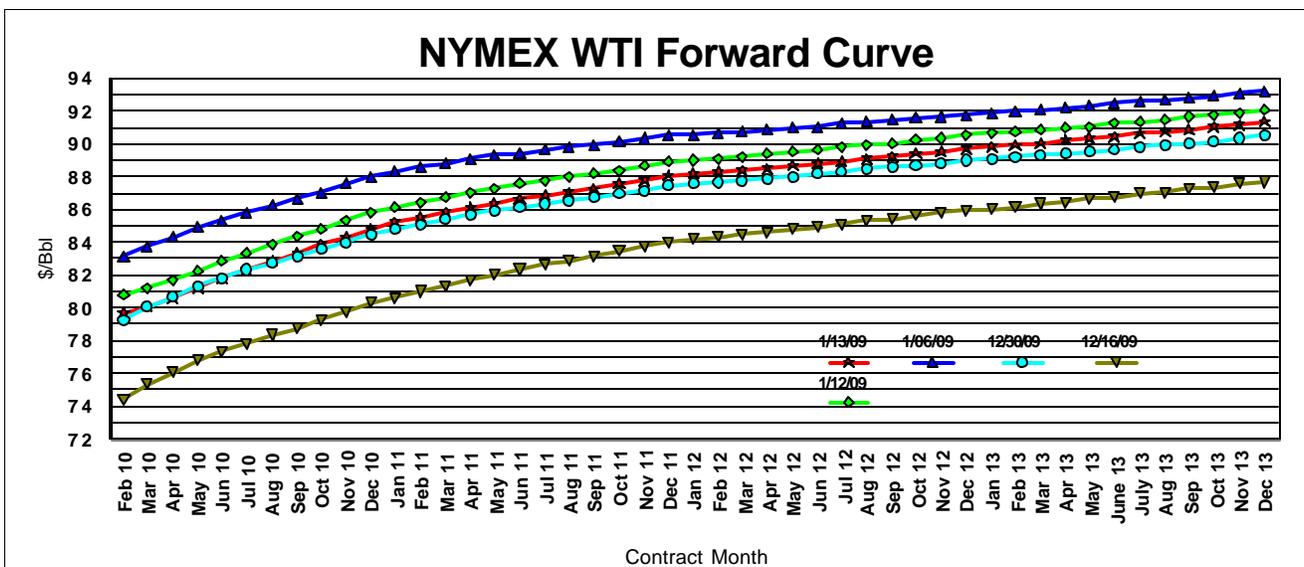
ExxonMobil Corp announced a project to recover additional oil and natural gas in the Hawkins Field in northeast Texas. It said the project will produce about 40 million barrels of oil equivalent, extending the life of the field for an additional 25 years. Over the past 70 years, the Hawkins field has produced more than 800 million barrels of oil and is one of the largest ever discovered in Texas.

Norway's Statoil said it aims to maintain production from its core Norwegian shelf operations steady over the next decade and added that an oil price of \$75-\$80/barrel is needed to fully utilize local resources. It said that with output from maturing Norwegian fields declining on average 4-5% per year, it aims to keep high capex spending to both tap new resources, now mainly found in smaller reservoirs as well as increase recovery rates at existing fields.

Kazakhstan's State Statistics Agency reported that the country produced 6.8 million tons of oil and gas condensate in December 2009, up 2.8% on the month. Its crude oil production increased by 3% on the month to 5.728 million tons while its gasoline production increased by 41.4% on the month to 299,000 tonnes, its diesel oil production increased by 24.7% on the month to 408,000 tons and its fuel oil production increased by 42.4% on the month to 358,000 tons.

Russia's OAO Lukoil Holdings expects to increase its total hydrocarbon production this year and will start actively developing the West Qurna-2 field in Iraq. Lukoil produced more than 97 million tons of oil last year. It refined 63 million tons of oil in 2009 at its refineries in Russia and abroad.

India's Oil and Finance Ministers are scheduled to meet on Thursday to discuss fuel pricing and subsidies. On Monday, a government official said the India's Oil Minister Murli Deora would seek free pricing of petrol and a gradual increase in the price of diesel when they meet the Prime Minister.



Indonesia has extended the formula used to calculate the country's official crude oil price for another six months from January to June 2010. The Indonesian Crude Price formula currently uses average prices assessed by Platts, accounting for 50% and Japan's Rim, accounting for the other 50%. The official ICP for Minas has been calculated at \$78.13/barrel for December, down \$1.94 on the month.

OPEC's news agency reported that OPEC's basket of crudes fell by \$1.21/barrel to \$79.08/barrel on Tuesday.

Market Commentary

The oil complex once again settled in negative territory as the markets continued to retrace their previous gains. The markets were pressured in light of the bearish DOE report, which showed larger than expected builds in inventories. The crude market retraced more than 38% of its move from a low of 70.83 to a high of 83.95 as it sold off to a low of \$78.37 following the release of the inventory report. The market traded lower in light of the large build reported in crude stocks of 3.699 million barrels, with a build of 2.7 million barrels in Padd 3 alone. The market however bounced off that level and traded to a high of \$80.67 late in the session. It later erased some of its gains and settled down \$1.14 at \$79.65. The crude market is seen finding support at \$78.95 followed by \$78.08, basis a support line, and \$77.39, its 50% retracement level. The product markets followed suit, with the heating oil market settling down 3.72 cents at \$2.0946 and the RBOB market settling down 3.76 cents at \$2.0602. The heating oil market retraced more than 50% of its move from a low of \$1.9126 to a high of \$2.2272 as it sold off to a low of \$2.06 amid the unexpected build in distillate stocks of 1.353 million barrels. Similar to the crude, the heating oil market retraced some of its losses ahead of the close. Meanwhile, the RBOB market retraced more than 38% of its move from a low of \$1.8388 to a high of \$2.1927 as it sold off to a low of \$2.0212 amid the larger than expected build in gasoline stocks of 3.791 million barrels. It later retraced its losses and posted a high of \$2.0830 late in the session. The products markets are also seen remaining pressured in light of the high level of inventories. The heating oil market is seen finding support at \$2.0865, \$2.06, \$2.0328, its 62% retracement level, and \$2.0188 while the RBOB market is seen finding support at \$2.0212 followed by \$2.0157, its 50% retracement level, and \$1.9740, its 62% retracement level.

Crude FEB.10 189,671 -36,539 MAR.10 255,715 +27,827 APR. 90,028 +5,175 Totals 1,300,867 +6,643 Heating Oil FEB 10 79,246 -5,265 MAR.10 71,483 +3,122 APR10 35,262 +1,036 Totals: 332,408 +3,257 Gasoline FEB.10 75,450 -5,486 MAR. 10 64,782 +4,604 APR10 37,525 +680 Totals: 265,583 +2,568.

Crude Support Based on February	Crude Resistance Based on Feb
79.55, 78.95, 78.37, 78.08, 77.39, 75.00, 73.50, 72.91, 72.60, 65.05, 64.70, 63.38, 62.70, 61.61, 60.95	80.67, 82.00, 83.95, 84.83, 85.40, 86.60, 88.80, 89.88
Heat Support	Heat resistance
2.0865, 2.06, 2.0328, 2.0188	2.1115, 2.1189, 2.1753, 2.2270, 2.2575, 2.4200
Gasoline support	Gasoline resistance
2.0212, 2.0157, 1.9740	2.0830, 2.1460, 2.1930, 2.2270, 2.3350

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