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ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR JANUARY 25, 2010

The chairman of Libya's National Oil Co, Shokri Ghanem said he expects crude oil prices to remain between \$70-\$80/barrel in 2010 and added that OPEC members should aim to improve their production quota compliance this year. He expects OPEC to call for greater adherence to production targets at its upcoming meeting in Vienna on March 17 although no other action is likely.

The US CFTC's proposal to impose position limits on crude oil, gasoline, heating oil and natural gas futures and options contracts traded on the NYMEX and the IntercontinentalExchange will be published in the Federal Register on

Market Watch

The National Weather Service said US heating oil demand this week is expected to be 2% below normal as temperatures moderate in the Northeast. Last week, heating oil demand was 18% below normal compared to a forecast of 23% below normal.

According to a Reuters survey, US crude oil is expected to increase to an average of \$77.50/barrel in 2010. US crude is expected to average \$75.20/barrel in the first quarter of 2010, up from \$73.70/barrel in the previous survey.

Morgan Stanley said oil prices will continue to increase in 2010 as demand recovers with WTI crude seen reaching \$95/barrel and \$100/barrel in 2011. According to Morgan Stanley, world oil demand is forecast to grow 1.7 million bpd while world GDP is forecast to grow by 4%. Global spare capacity, estimated at 6.5 million bpd in the fourth quarter of 2009, will fall to 5.7 million bpd by the end of 2010.

Italy's Eni SpA expects an oil price of \$65/barrel. Eni's chief executive did not give a timeframe for the price. However la Repubblica newspaper said the price forecast was for 2010.

Iran's government plans to set up a new National Development Fund, to which at least a fifth of the country's oil and gas revenue would be transferred. The official IRNA news agency said the proposed fund would help turn Iran's "natural wealth into sustainable and productive assets." It said the NDF's top priority would be to invest in Iran. Iran's Oil Stabilization Fund's assets and legal commitments will be transferred to the new fund. President Mahmoud Ahmadinejad has previously stated that the OSF is worth the equivalent of over \$23 billion. On Sunday, Iran's President said the budget for 2010-11 will lessen reliance on oil revenues, a move aimed at making the country less vulnerable to any Western sanctions. A senior official said the budget for the next Iranian year, which starts on March 21st, was based on an oil price of \$60/barrel, up from last year's \$37.50/barrel.

Iran's semi-official Mehr news agency reported that Iran plans to issue bonds worth up to 5 billion euros or \$7 billion from March 2010 to help finance the development of its energy industry.

**January
Calendar Averages**
CL – \$79.66
HO – \$2.0978
RB – \$2.0754

Tuesday and will be open for public comment for 90 days. The CFTC will review the comment letters and may modify the proposal before it votes on whether to adopt any final regulations.

The EIA reported that the US average retail price of diesel fell by 3.7 cents/gallon to \$2.833/gallon in the week ending January 25th. The price is 56.5 cents/gallon above a year ago. The EIA also reported that the US average retail price of gasoline fell by 3.4 cents/gallon to \$2.705/gallon on the week. Retail gasoline prices are 86.7 cents above a year ago level.

The AAA Daily Fuel Gauge Report said gasoline prices averaged \$2.709/gallon, down 3.7 cents on the week. The price is up 11.4 cents/gallon on the month and 86.4 cents above a year ago.

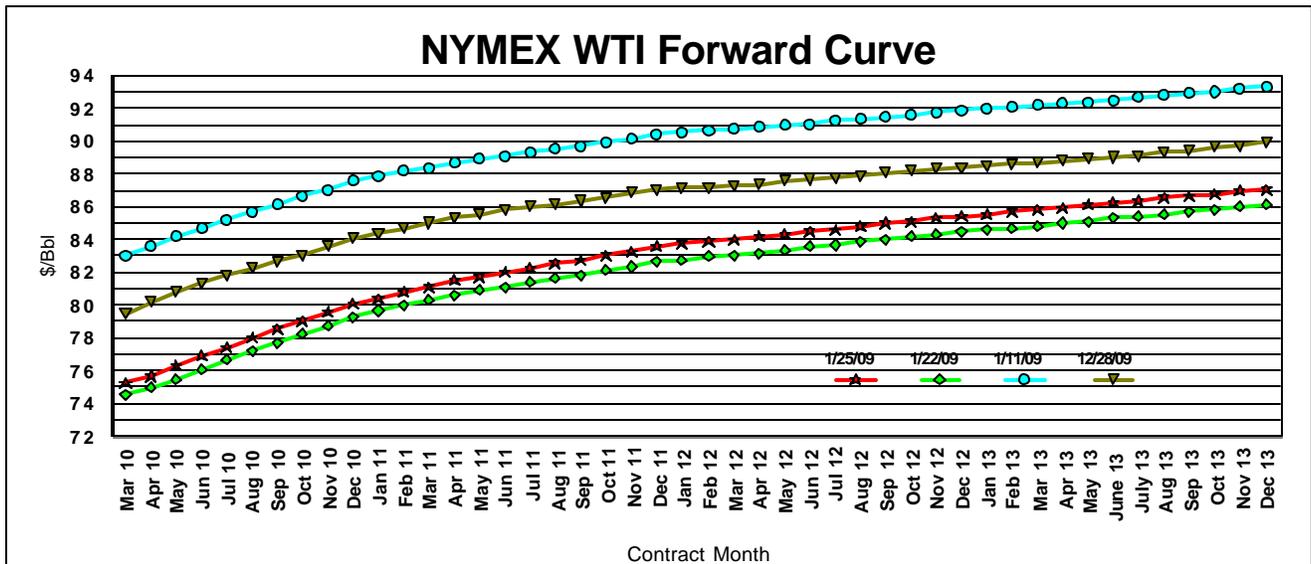
Refinery News

The Sabine-Neches Waterway, which supplies oil to four refineries in Texas representing 6.5% of US capacity, remained shut as crews cleaned up oil spilled in a ship collision on Saturday. The collision between a tanker bound for ExxonMobil Corp’s Beaumont, Texas refinery and one of the two barges steered by a tug boat caused a spill of about 460,000 gallons or 11,000 barrels of crude. On Sunday, 13 ships were waiting to exit the waterway while 13 were waiting to enter. The US Coast Guard said the waterway will probably be shut all week while ships skim oil from the water. The four refineries with a combined refining capacity of 1.15 million barrels, three in Port Arthur, Texas and one in Beaumont, Texas have not reported any impact to operations yet. The Energy Department said it received no requests from US refiners for emergency oil loans from the US SPR. However traders said Motiva is seen cutting rates at its 290,000 bpd refinery in Port Arthur, Texas after an oil spill this weekend closed the Sabine-Neches waterway.

BP Plc reported that it suffered an upset at its fluid catalytic cracking unit at its 475,000 bpd Texas City, Texas refinery. It said it was in the process of resuming normal operations.

ConocoPhillips’ 195,000 bpd refinery in Ponca City, Oklahoma resumed operations following a power problem early Thursday morning which caused several units to shutdown. It said operations at the refinery are normal.

Valero Energy Corp is restarting a light ends unit, a 15,000 bpd hydrocracker unit and a steam methane reforming unit at its 340,000 bpd Corpus Christi, Texas refinery. The work began on or



about January 12th.

Shell Oil Co's joint venture 329,800 bpd refinery in Deer Park, Texas is starting up a hydrodesulphurization unit after a catalyst change and maintenance. The startup of the unit, which was shut on January 13th, will last until January 26th.

Motiva Enterprises LLC said a distillation unit at its Norco, Louisiana refinery was shut Friday following a fire while the plant has been able to continue operations.

Marathon Oil Corp said that turnaround maintenance activity continues at unspecified process units at its 76,000 bpd Texas City, Texas refinery and that there is no estimate of when it will be concluded. Maintenance work that started on January 4th at the plant's fluid catalytic cracking unit, the No. 4 and No. 5 toppers and a platformer, was expected to last for 14 days.

Eni SpA's 110,000 bpd Taranto refinery has restarted operations following a month long maintenance shutdown. It started the maintenance shutdown on December 17th and brought forward maintenance it had planned for 2010 due to excessive output.

Mexico closed its Dos Bocas oil terminal on Sunday due to bad weather conditions.

Southbound traffic and the program for a northbound tanker on Turkey's Bosphorus Strait were suspended earlier on Monday due to bad weather conditions and poor visibility. There were eight northbound and 11 southbound tankers. It is not clear when the strait will reopen.

Russian oil flows to Belarus slowed over the weekend ahead of the resumption of talks to settle a pricing dispute and avoid a full stoppage that could impact supplies to Europe. Russia's Transneft delivered about 15,000 tons of oil to Belarussian refineries between Friday and Sunday, compared with a quarterly schedule of about 50,000 tons/day. Transneft was scheduled to ship 1.2 million tons of crude to Belarus in the first 24 days of January while the actual volume was 592,000 tons.

Water levels on the Rhine and Danube rivers have declined causing ships to sail partly loaded on part of the German sections of both rivers. Shipping on southern sections of the Rhine was hampered by low water while vessels were still sailing normally in the central and northern sections of the river.

Germany's 310,000 bpd Miro refinery has scheduled a four to six week maintenance outage for parts of the plant starting in mid-February.

Taiwan's Formosa Petrochemical Corp plans to shut its two crude distillation units at its Mailiao refinery in March for repairs and inspection. The company is tentatively scheduled to shut the 180,000 bpd No. 3 crude distillation unit on March 1-20 and its 180,000 bpd No. 1 crude distillation unit during the remainder of the March.

India's Essar Oil will expand a refinery unit at Vadinar, increasing the refinery's capacity to 360,000 bpd by March 2011. The company had earlier announced a target of 320,000 bpd from the existing refinery by December 2010, along with plans to operate a new 360,000 bpd unit at Vadinar by December 2011. However the second unit has been delayed until March 2013.

China received 7.73 million metric tons or about 155,000 bpd of crude from the Sino-Kazakhstan crude pipeline last year. Crude deliveries in 2009 through the pipeline, which has an annual capacity of 10 million tons, increased 26% on the year.

Iran has secured a deal to export about 19,000 bpd of diesel to Iraq this year. The contract is effective starting in January and through the rest of the year. Traders said the deal could be worth between \$500 million and \$600 million. Iran cut its diesel consumption sharply last year, when increased domestic natural gas production allowed it to substitute natural gas in power generation and burn less diesel. Iran lacks the refining capacity to meet domestic fuel consumption and relies heavily on imports. Ira is likely to source part of the fuel needed to meet the diesel supply contract with Iraq from international markets.

Production News

Iraq's Oil Minister Hussain al-Shahristani said Iraq has not yet reached an agreement with Japan's Nippon Oil Corp and partners on developing its 4.1 billion barrel Nassiriya oilfield in southern Iraq. The two sides had been expected to hold a final round of talks on Sunday but extended their meeting into a second day. Iraqi officials have stated that the current round of talks in Baghdad may be the final opportunity to sign a deal, otherwise Iraq may carry out the development project itself. Meanwhile, ExxonMobil and Royal Dutch Shell signed a final contract on Monday for the development of Iraq's 8.7 billion barrel West Qurna Phase One oilfield. The companies plan to increase output from the oilfield to 2.325 million bpd from its current production level of 279,000 bpd.

Petroleum Development Oman has invited bids for the engineering and procurement contract to expand its Al Noor oilfield. Contractors will supply and install an additional new gas dehydration train along with gas injection compression facilities and associated injector wells, associated piping and utilities at the existing Al Noor production station.

Colombia's Ecopetrol SA said its gross proven reserves in 2009 increased by 36% to 1.88 billion barrels of oil equivalent. Ecopetrol produced and sold a total of 190 billion barrels of oil equivalent in 2009 and added new reserves of 682 billion barrels of oil equivalent.

A Brazilian government official said the debate over changes to the country's oil laws is delaying investment planning at Petrobras. Last year, Brazil's President Luiz Inacio Lula da Silva introduced proposals that would give the government a greater stake in recently discovered offshore oil deposits. Petrobras is currently evaluating projects for its next five year investment plan, covering 2010-2014 and expected to total more than \$200 billion. Petrobras' next five year plan will include further developments in the subsalt region.

A strengthening in the Nigerian crude oil market prompted Nigerian National Petroleum Corp to increase most of its crude official selling prices for February. The official selling price for Bonny Light and Qua Iboe crude was increased to dated Brent plus \$1.40/barrel, up 20 cents from January. The official selling price for Brass Blend crude was set at dated Brent plus \$1.40, up 10 cents; the price of Pennington crude was set at dated Brent plus \$2.20, up 20 cents; the price of Forcados crude was set at dated Brent plus \$1.10, down 10 cents and the price of Escravos crude was set at dated Brent plus 90 cents, down 20 cents.

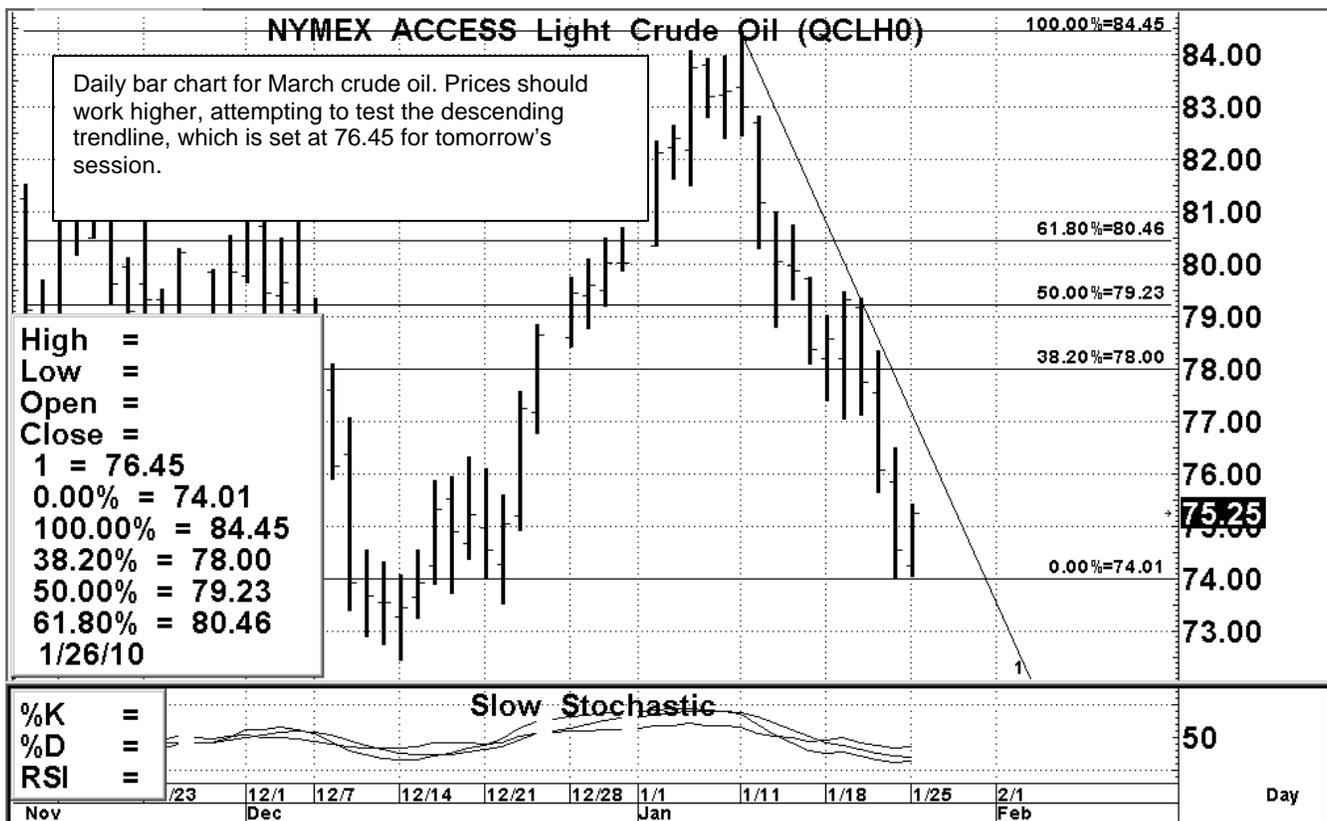
Libya's national oil company has set the official selling price for its crude blends for February loading, rolling over its Es Sider crude from January, which was set at dated BFOE minus 5 cents.

OPEC's news agency reported that OPEC's basket of crudes fell to \$73.02/barrel on Friday from \$74.54/barrel on Thursday. OPEC's news agency also reported that OPEC's basket of crudes fell by \$3.31/barrel to \$74.83/barrel in the week ending January 22nd.

Market Commentary

The energy markets responded positively today to reports that Federal Reserve Chairman, Ben Bernanke, will most likely be re-elected. This news gave support to the equities markets, which in turn spilled over into the energies. Additional support came from the closure this weekend of the Sabine Neches Waterway, the Texas shipping channel that serves four refineries, which share a combined 6.5 percent of U.S. capacity. Crude oil encountered support at the \$74.00 level, supported by investors who were buying on hopes of an improvement in demand. Gasoline rose on the news of the shipping channel closure and heating oil gained strength on expected inventory draws. Products lead the market higher, with both the heating oil and gasoline crack spreads gaining strength. We would look for crude oil to move a little higher, looking for a test at the 79.25-79.50 area, ahead of this week's release of the DOE numbers.

Crude Oil MAR.10 358,151 -8,387 APR 130,850 -4,243 May 71,832 -2,233 Totals 1,311,310 -15,795 Heating oil FEB 10 39,381 -7,917 MAR.10 87,534 +4,259 APR10 35,377 -282 Totals: 315,060 +434 Gasoline FEB.10 31,729 -5,894 MAR. 10 91,524 +82 APR10 40,271 +383 Totals: 272,040 -3,592



Crude Support Based on February	Crude Resistance Based on Feb
73.50, 72.91, 72.60, 70.42, 65.05, 64.70, 63.38, 62.70, 61.61, 60.95	76.50, 79.25-50, 81.00, 82.00, 84.83, 85.40, 86.60, 88.80, 89.88
Heat Support	Heat resistance
1.8570, 1.8280, 1.7670, 1.7565	2.2270, 2.2575, 2.4200
Gasoline support	Gasoline resistance
1.7900, 1.7200 1.6600	2.1930, 2.2270, 2.3350,

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