

W The
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ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR MARCH 12, 2009

Libya's National Oil Corp chairman, Shokri Ghanem said the oil markets remain oversupplied and added that Libya will support a further output cut if needed.

Russia's Deputy Prime Minister Igor Sechin said Russia supports OPEC's output cuts and will participate in such efforts. He is due to attend OPEC's meeting on Sunday.

According to Oil Movements, OPEC's oil exports are expected to fall by 350,000 bpd in the four weeks ending March 28 to 22.76 million bpd. It said OPEC has delivered on 65%-70% of the agreed cuts.

The president of Iraq's Kurdistan region, Massoud Barzani criticized what he called the failed oil policies of the country's central government and said Kurdistan's exports could total 1 million bpd

Market Watch

BNP Paribas cut its average US oil price forecast for 2009 on Thursday to \$45/barrel from \$53/barrel, due to the weak economic conditions. It also cut its 2010 average oil forecast to \$63/barrel from \$82/barrel. The bank also cut its forecast for Brent crude in 2009 to \$45/barrel from \$52/barrel and for 2010 to \$63/barrel from \$80/barrel.

The EU has imposed antidumping and anti-subsidy duties on imports of biodiesel from the US effective March 13th. The duties are expected to remain in place for up to six months when the Commission must decide whether to propose definitive duties, which normally last for five years.

Russia's Finance Ministry reported that Russia is likely to cut its oil export duty to about \$110/ton in April from the current level of \$115.30/ton. It will also likely cut its export duties on light refined products, such as gasoline and gas oil, to \$86/ton, down from the current level of \$90/ton. It is also expected to cut the export duty on heavy refined products, such as fuel oil, to \$46.50/ton from \$48.50/ton.

The ICE said physical delivery against the expired ICE March gas oil futures contract was 999 lots or 99,900 tons, up from 643 lots in February.

A unit of Valero Energy Corp announced it is voluntarily recalling about 919,000 barrels of propane gas that may pose a fire hazard to consumers. The US Consumer Product Safety Commission said the propane may not have the recommended level of an odorant that alerts consumers of propane gas leaks.

FCStone Group Inc transferred a money losing energy trading account to a third party, eliminating its exposure earlier than expected. It has previously stated that it would gradually dispose of the account this year. Losses from the account in the second quarter and the third quarter will total about \$54.4 million.

CME Group announced 14 new petroleum swap futures contracts, scheduled to start trading on March 22 for trade date March 23. The products will be available through CME Clearport. The new swap futures contracts and their commodity codes will be: Argus biodiesel RME Barges Rotterdam (1A); Brent CFD (Platts) vs. Brent front month (Platts) (1C); group three unleaded gasoline (Platts) (A9); group three unleaded gasoline (Platts) vs. RBOB spread swap (A8); group three ULSD (Platts) (A7); group three ULSD (Platts) vs. heating oil spread (A6); RBOB gasoline BALMO (1D); RBOB crack spread BALMO (1E); heating oil BALMO calendar (1G); heating oil crack spread BALMO (1H); Gulf Coast gasoline crack spread BALMO (1J); gasoline up-down BALMO (1K); ULSD up-down BALMO (1L); and jet up-down BALMO (1M).

March Calendar Averages

CL – \$44.27
HO –\$1.1898
RB – \$1.3179

of oil in three years. Iraq’s central government has deemed the oil contracts awarded by Iraq’s Kurdistan as illegal and has no allowed crude exports from the region.

Leaders of the European Union are scheduled to meet in Brussels on March 19 in hopes of finding ways of tackling the economic crisis and the bloc’s fragmented energy strategy. Shoring up the reliability of European Union energy supplies has topped the bloc’s agenda since a row between Moscow and Ukraine in January halted Russian gas flows to Eastern Europe in the depth of winter.

Iran has reacted to Western accusations about the country’s uranium enrichment activities in a letter to the UN Security Council. Iran’s deputy ambassador to the UN Eshaq Alehabib dismissed recent accusations made by the UK, France and the US regarding the nature of the country’s nuclear program.

China’s President Hu Jintao urged the military to defend national sovereignty in comments published days after a brief confrontation with a US Navy ship. There have been no signs that China wants to expand the dispute, in which China says the US ship violated its sovereignty by monitoring waters in its exclusive economic zone.

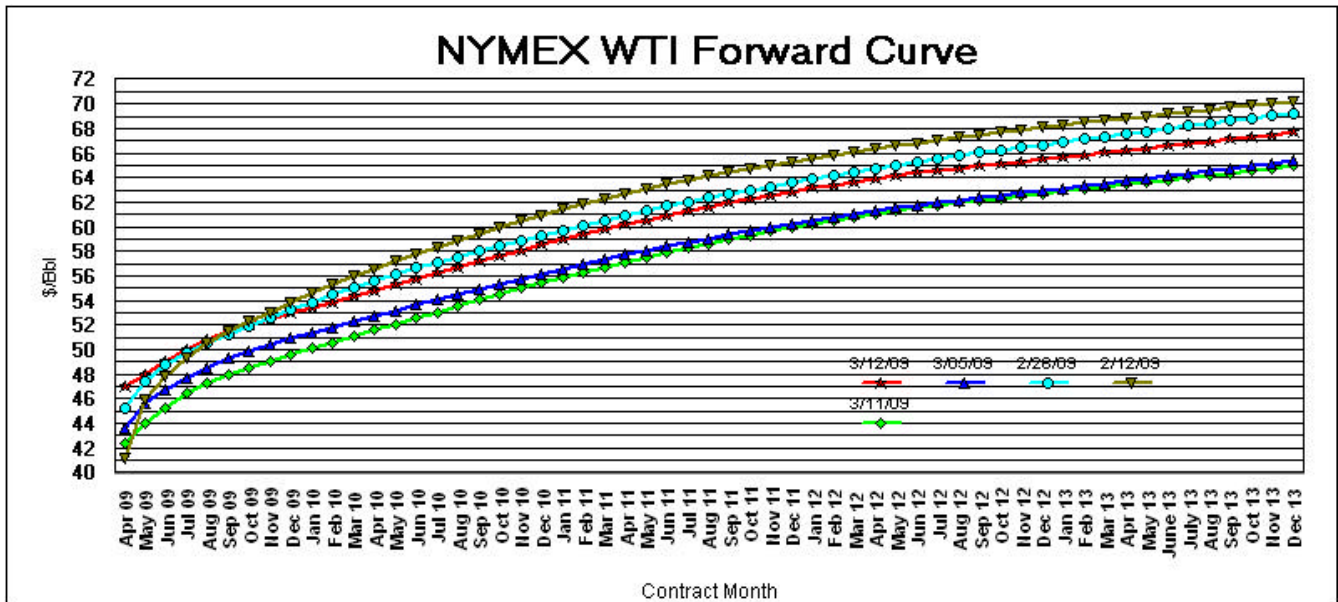
Refinery News

Marathon Oil Corp restarted a crude oil pipeline supplying its Garyville, Louisiana refinery. The St. James pipeline was shut on Tuesday following an explosion. A company spokesman declined to say if the pipeline was operating at full capacity. The Garyville refinery continued to operate with crude oil in its inventory while the pipeline was shut.

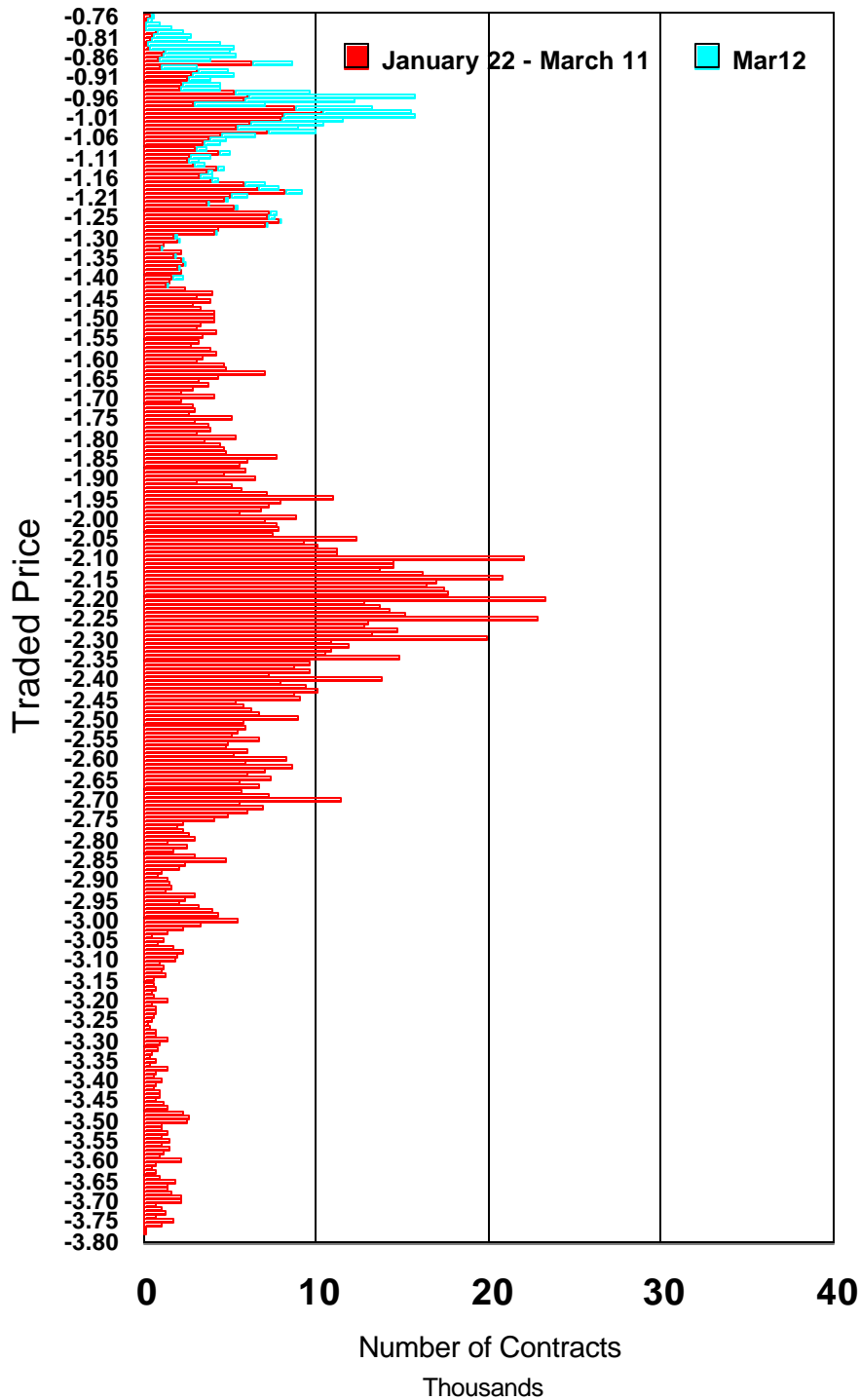
ConocoPhillips’ 139,000 bpd refinery in Wilmington, California is safely shutting down following a complete power failure on Wednesday afternoon. It does not yet have a schedule for restarting the refinery.

Shell Oil Co said a sulfur recovery unit compressor tripped on Wednesday at its 340,000 bpd refinery in Deer Park, Texas. It is investigating the cause of the compressor trip.

Tesoro Corp plans to perform about two weeks of maintenance beginning Friday on a coking unit at its



NYMEX WTI: April May Spread
Price Vs Volume for January 22 - March 12, 2009
 Trade Weighted Avg 3/10 -1.13, 3/11 -1.45, 3/12 -1.06



100,000 bpd Los Angeles refinery that will reduce refinery production.

China's refineries processed 25.8 million tons or 6.73 million bpd of crude oil in February, down 5.1% on the year, according to China's National Bureau of Statistics. It was the highest level since October 2008. Crude throughput in the first two months fell by 6.9% to 51.57 million tons. Domestic crude production fell by 4.6% in February to 14.32 million tons on the year and fell by 1.7% in the first two months to 30.27 million tons.

Japan's Cosmo Oil Co Ltd is scheduled to shut five of its six crude distillation units for scheduled maintenance in 2009. It is scheduled to shut its 130,000 bpd No. 2 CDU at its Chiba refinery from April 25-June 20, its 110,000 bpd No. 1 CDU at its Chiba refinery from September 11-November 12, its 140,000 bpd No. 1 CDU Sakaide refinery from June 10-August 4, its 80,000 bpd No. 1 CDU at its Sakai refinery from August 22-November 15 and its 85,000 bpd No. 6 CDU at its Yokkaichi refinery from October 2-November 28.

Taiwan's Formosa Petrochemical Corp restarted its No. 1 naphtha unit early Thursday and its cracker unit is operating following an explosion earlier in the month.

Singapore's International Enterprise reported that the

country's residual fuel stocks built by 829,000 barrels to 20.393 million barrels in the week ending March 11th. It also reported that its light distillate stocks built by 609,000 barrels to 9.598 million barrels while its middle distillate stocks built by 1.038 million barrels on the week.

Production News

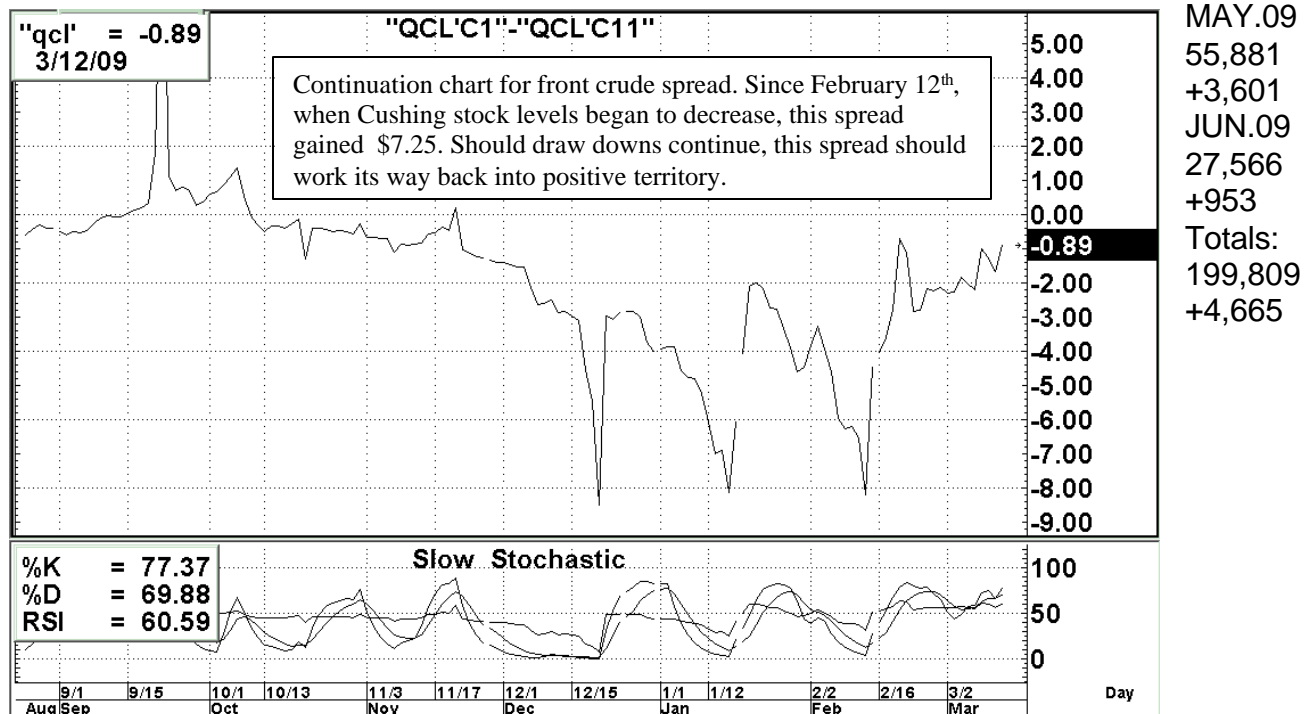
India's Reliance Industries Ltd resumed crude oil production from its east coast MA-1 field on March 8 following an emergency shutdown in December.

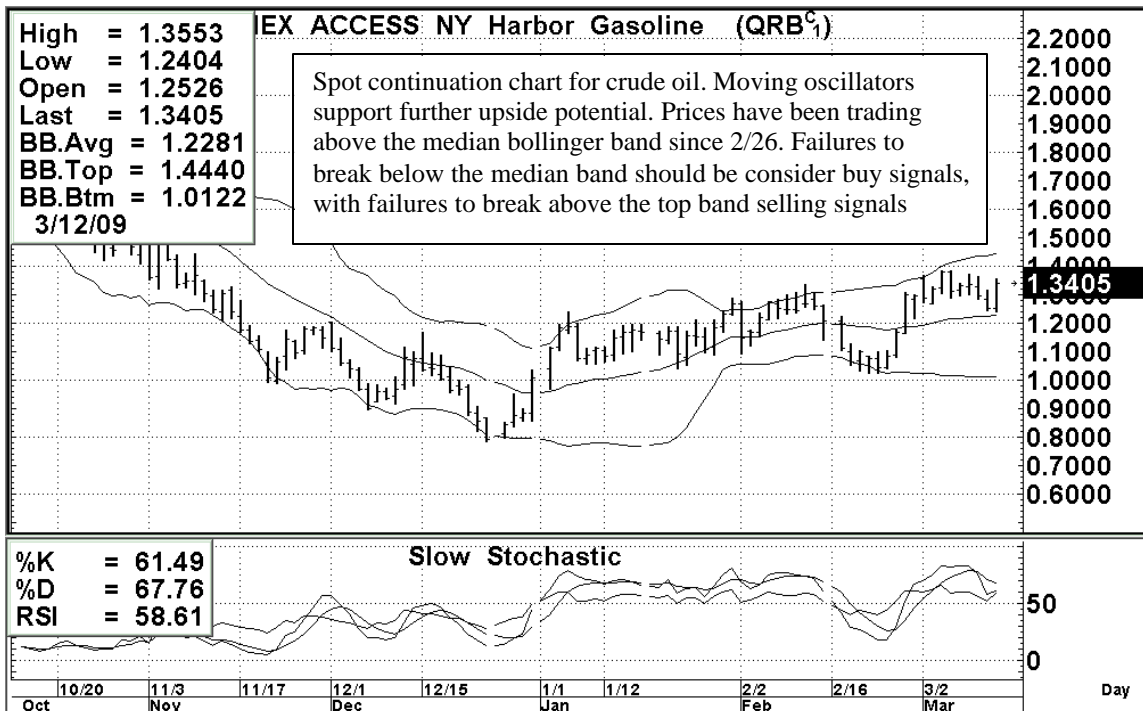
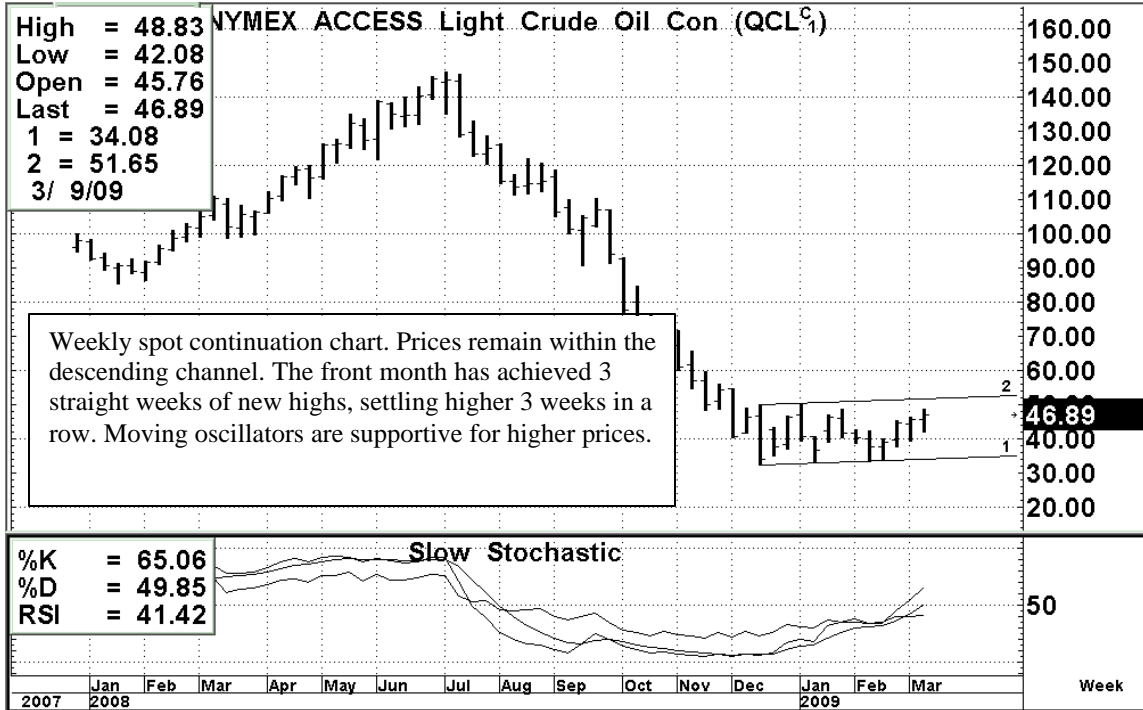
OPEC's news agency reported that OPEC's basket of crudes fell further to \$42.70/barrel on Wednesday from \$43.69/barrel on Thursday.

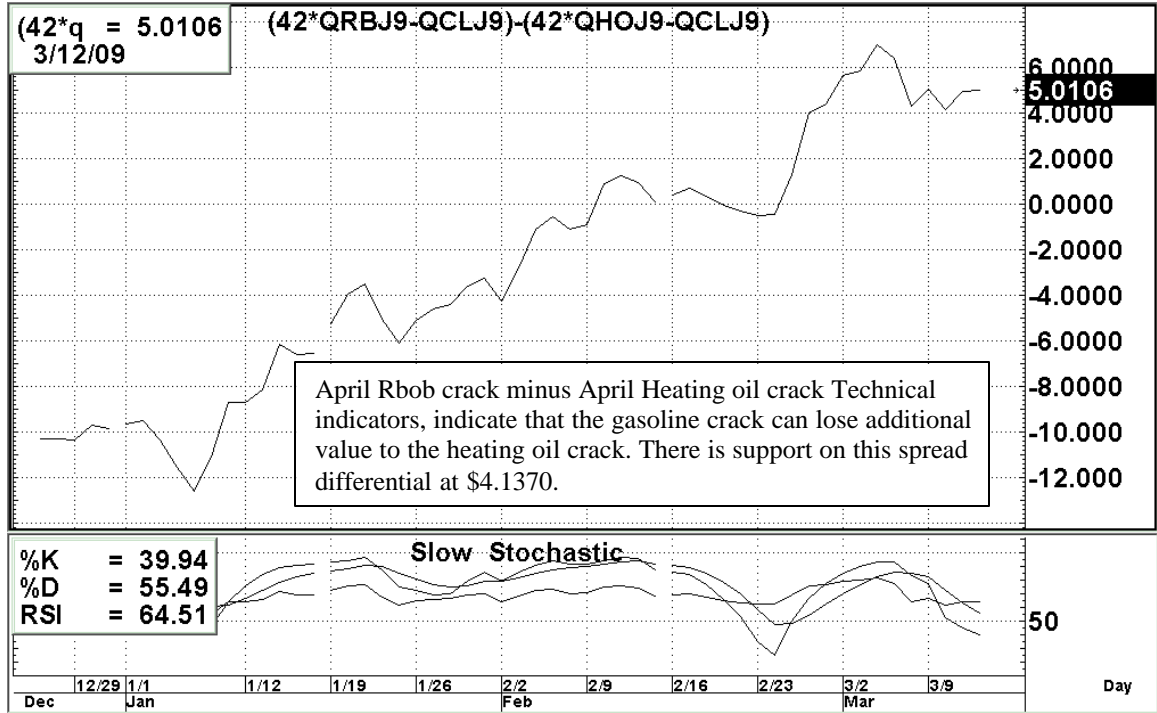
Market Commentary

The price of a barrel of crude oil rose today, as we await the outcome of this weekend's OPEC meeting in Vienna. While some members are calling for additional cuts, others have called for the group to halt reductions. This weekend's meeting will prove a challenging one, as OPEC, concerned over falling prices, will have to take into account the global economic situation. OPEC has reduced daily output targets by 4.2 million barrels since September. Stock levels at Cushing, OK, the NYMEX delivery point, experienced their fourth straight decrease, having a positive affect on the front end of the curve. Since February 12th, the spot spread has strengthened from -\$8.19 to -\$0.94 today. A reassessment of the inventory numbers for gasoline indicate, that despite gasoline output dropping 464,000 b/d to 8.539 million b/d, implied demand based on a four week average rose 1.6% to 9.024 million barrels. With refiners taking advantage of the heating oil crack spread trading at a premium to that of the gasoline crack, they have been running heavier, sourer crudes to yield more distillate. The increase in distillate production could also result from fluid catalytic crackers down for maintenance. Currently, the gasoline crack has gained against the heating oil crack spread. As we come into the U.S. summer driving season, demand for gasoline should pick up, even slightly, despite the current economic situation. Technical indicators for this spread indicate the potential to work lower. There is support between two cracks at \$4.13. Should this level hold a buying opportunity would present itself.

Open Interest: (CL) APR.09 150,415 -15,068 MAY.09 301,280 +32,338 JUN.09 154,748 +474
 Totals: 1,233,951 +23,698 Heating oil APR.09 42,584 -1,709 MAY.09 46,886 +3,561 JUN.09
 39,183 +765 Totals: 261,990 +5,444 NEW YORK HARBOR RBOB APR.09 45,449 -1,400







Crude Support	Crude Resistance
41.00,40.00,38.95, 32.25, 29.66, 28.63, 26.65, 25.50	48.77, 50.07, 54.75, 55.98, 57.20
Heat Support	Heat resistance
1.1359, 1.10951.0520	1.3315, 1.4813, 167.15, 171.85, 176.70, 1.8500
Gasoline support	Gasoline resistance
1.2800,1.2700, 1.2625 1.1680,1.0128,9590, .8978, .8755, 7850	1.3845, 1.4100,1.4400, 1.4760