



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta,
& Karen Palladino

(212) 624-1132 (888) 885-6100

www.e-windham.com

ENERGY MARKET REPORT FOR MARCH 16 2009

During OPEC's meeting on Sunday, OPEC ministers emphasized their commitment to comply fully with its decision of December 2008, in order to further contribute to market stability. The OPEC Secretariat will monitor very closely developments in the market. OPEC is scheduled to meet next on Thursday, May 28th to consider any further actions deemed necessary. OPEC also agreed that its next ordinary meeting will convene in Vienna on Wednesday, September 9th. OPEC reiterated its commitment to stabilizing the market, ensuring a regular supply of petroleum to consumers at price levels which are equitable not only for the world economy for consumers but also to ensure adequate future supply. OPEC's President Jose Botelho de Vasconcelos said OPEC's existing supply cuts had brought some stability to the market, although prices remain too low

Market Watch

US Interior Secretary Ken Salazar defended an Obama administration proposal to raise at least \$31.5 billion over 10 years from oil and gas companies. Last month, the White House proposed repealing a number of tax breaks for oil and gas companies and imposing new charges on oil and gas production in the Gulf of Mexico.

The Federal Reserve reported that industrial output fell for the fourth consecutive month by 1.4% in February. The weakness included a 0.7% fall in manufacturing output which pushed the operating rate at the country's factories to 67.4% of capacity last month, the lowest level on record. The overall operating rate for manufacturing, mining and utilities fell to 70.9% of capacity in February, matching a record low set in December 1982.

The New York Federal Reserve said its Empire State factory index fell to minus 38.23 in March, a record low. It showed that conditions for New York manufacturers deteriorated significantly in March.

Iraq's OPEC Governor said the country's economy will face even worse hardship next year if oil prices do not recovery. Iraq aims to increase oil exports to 2 million bpd by the end of the year from its current level of 1.83 million bpd.

ETF Securities said inflows into its long-oil exchange traded commodity holdings increased by \$90 million last week, increasing its total holdings to \$1.4 billion. The company has seen inflows of \$898 million into the ETCF since the beginning of the year.

Bankrupt US ethanol maker VeraSun Energy expects to report a substantial net loss for the year ending December 31, 2008 compared to net income of \$26.6 million for 2007. It has halted production at many of its plants due to financial difficulties. It attributed the 2008 net loss to increases in corn cost, reflecting in part costs attributable to the company's corn procurement and hedging arrangement and historically unfavorable margins.

OPEC's existing supply cuts had brought some stability to the market, although prices remain too low

March Calendar Averages**CL – \$44.73****HO –\$1.1926****RB – \$1.3256**

to encourage investment in new supplies. He said he expects full compliance with the group's output cuts by May but added that OPEC cannot be expected to support oil prices and achieve a suitable price to sustain investment alone. He said OPEC's Secretary General Abdullah al-Badri said improved output discipline will reduce excess oil supply and added that lower prices is giving the world a massive economic stimulus. He said more output discipline by OPEC will reduce excess supply in the market but added that 100% compliance with the group's supply targets is not possible for technical reasons. He estimates the remaining oil production that OPEC still needs to cut is about 800,000 bpd. He however stated that OPEC may be forced to take a drastic decision when they meet again in May if oil prices are still very low. He added that more oil projects will be delayed if current oil prices persist.

On Monday, OPEC leaders said lower oil prices can provide a short term economic lift but added that for the longer term the world needs a much higher price to ensure the plentiful fossil fuel supplies on which it depends. Saudi Arabia's Oil Minister Ali al-Naimi said oil prices at around \$40/barrel is too low to guarantee investment and reiterated its earlier comment that prices of up to \$75 are needed to bring on new production capacity. Separately, Saudi Arabia's Oil Minister said the country would have 4.5 million bpd of spare capacity by June this year. He also stated that fossil fuels will be vital for the world's energy for decades to come and must be made cleaner and more efficient.

US Energy Secretary Steven Chu said he is pleased with OPEC's decision. However he stated that he still believed the US should seek to become energy independent. Meanwhile, the European Union's Energy Commissioner Andris Piebalgs said he was satisfied with OPEC's decision to keep oil output levels unchanged at the group's Sunday meeting. Separately, the IEA's Executive Director Nobuo Tanaka said OPEC's decision to keep oil output levels unchanged is a sensible one.

Russia's Deputy Prime Minister Igor Sechin proposed a list of measures to support world oil prices to OPEC Oil Ministers. He stressed lower production from OPEC and non-OPEC producers and outlined technical measures such as longer term supply contracts, more sophisticated benchmarks and currency references as well as larger oil inventories in producer countries.

The EIA reported that the US average retail price of diesel fell by 2.8 cents to \$2.017/gallon in the week ending March 16th. The price is at the lowest level since February 14, 2005. It also reported that the US average retail price of gasoline fell by 3.1 cents to \$1.91/gallon on the week.

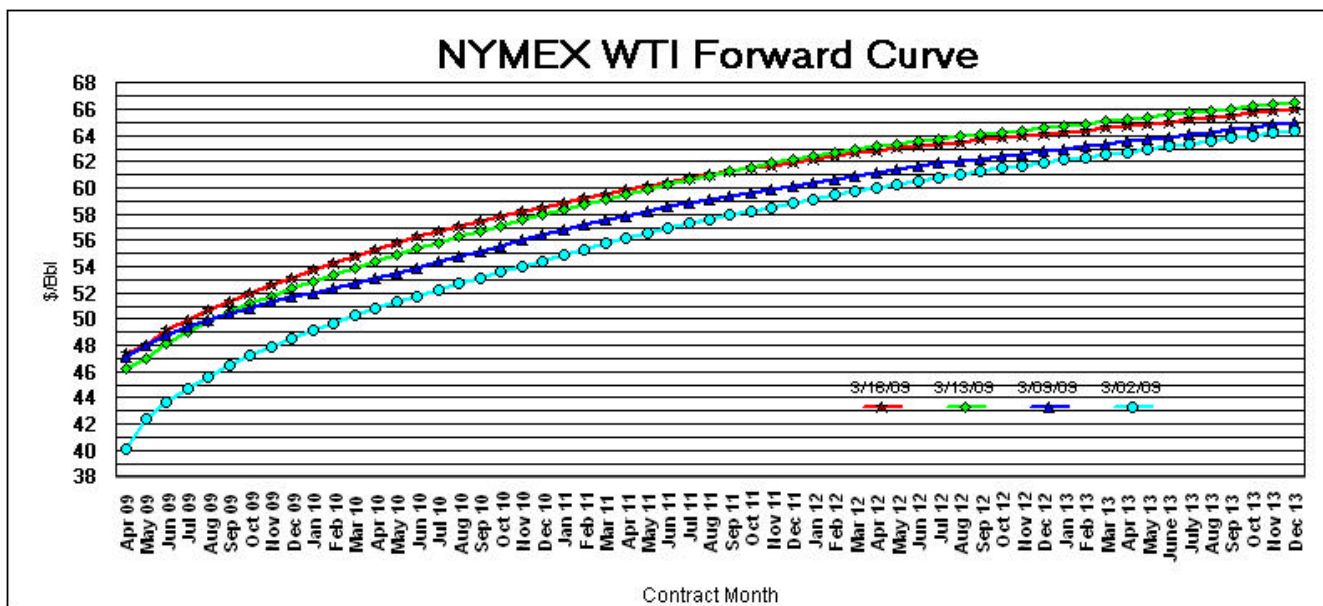
The AAA Daily Fuel Gauge report said gasoline prices averaged \$1.91/gallon, up 0.2 cents from Sunday.

Refinery News

Colonial Pipeline Co imposed the 30th consecutive restriction on distillate-product shipments to the Northeast. The restriction was imposed by extending the Capacity Allocation Program or CAP to 17th-cycle shipments through its distillate mainline, Line 2, between Collins, Mississippi and Greensboro, North Carolina as nominations exceed the company's ability to maintain its five day lifting cycle.

The US Coast Guard said Houston Ship Channel traffic returned to normal operations Monday morning after a short delay due to heavy fog in the area.

Valero Energy Corp shutdown its 210,000 bpd Delaware City, Delaware refinery over the weekend as it works to repair a coking unit. It previously said the coking unit repairs are expected to take about 30 days. Meanwhile, its 245,000 bpd Texas City, Texas refinery is still increasing toward planned rates. Work continues on a 26,000 bpd fluid catalytic cracking unit at Valero's 90,000 bpd Ardmore, Oklahoma refinery.



ConocoPhillips said its 139,000 bpd refinery in Wilmington, California has resumed normal operations after the plant was shut by a power outage last Wednesday. It said maintenance work is underway at its 76,000 bpd refinery in Rodeo, California but it did not give any details on its nature or duration.

Marathon Oil Corp confirmed the shutdown of a crude distillation unit and two coker units at its 204,000 bpd Robinson, Illinois refinery for planned maintenance. The units were shut on March 9th.

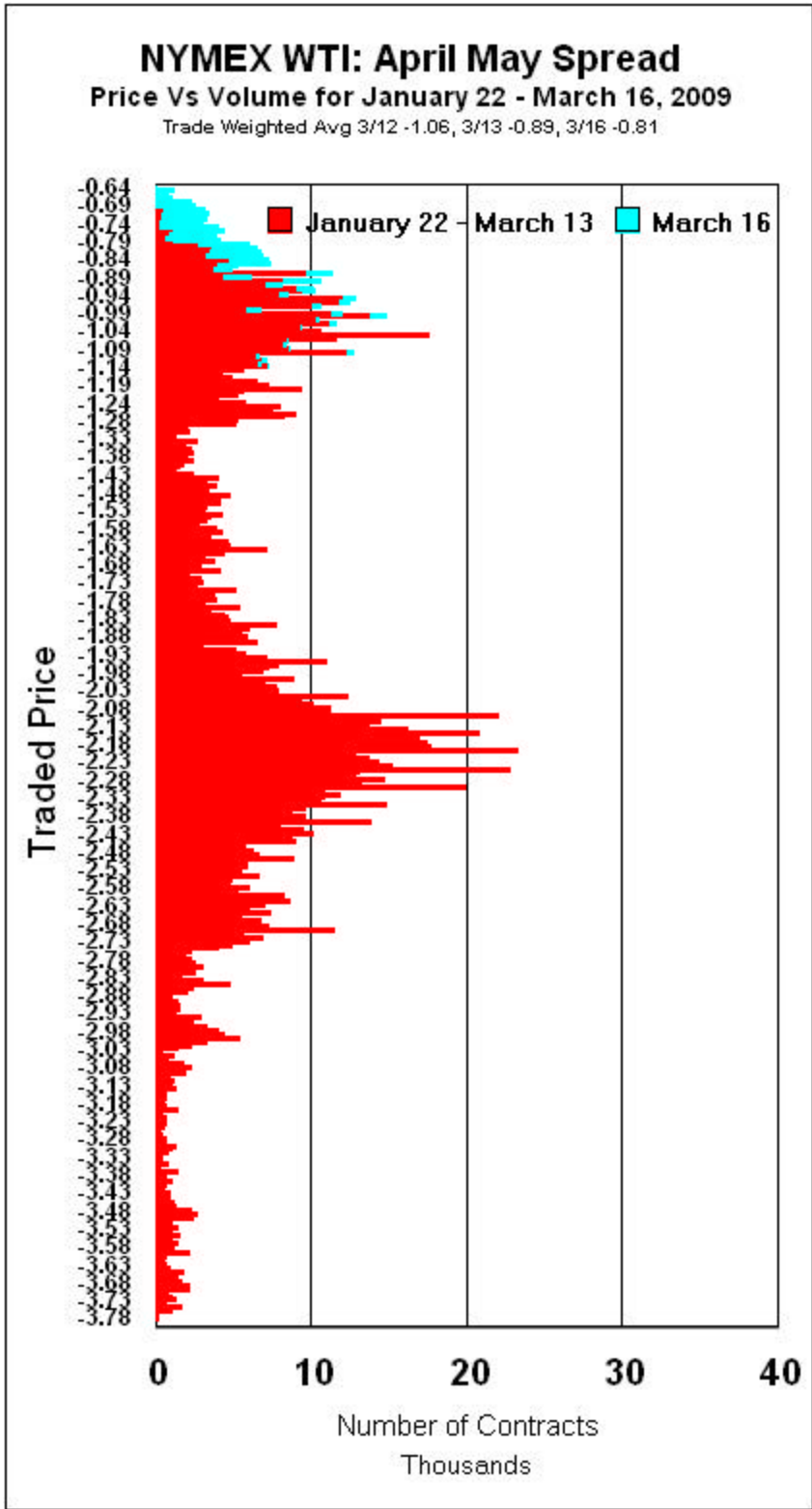
Credit Suisse said US refinery margins fell last week as crude prices increased. Midwest margins fell by \$8.84/barrel or 98.6% to 13 cents/barrel while Gulf Coast margins fell by \$3.39/barrel of 42.7% to \$4.54/barrel. Northeast margins fell by 37 cents or 5.8% to \$6.07/barrel. Rockies margins fell by \$1.16/barrel or 9.5% to \$11.04/barrel while West Coast margins fell \$3.11/barrel or 31% to \$6.94/barrel.

Workers at Sunoco's Philadelphia refinery, members of the United Steelworkers Union, voted in favor of a three year contract late Friday. The contract includes a 3% wage increase for each of the next three years and pays workers a \$2,500 signing bonus for ratifying the agreement.

ExxonMobil Corp resumed operations at its 233,000 bpd Gravenchon refinery in France after it carried out maintenance that started February 11.

Total shut a catalytic cracking unit at its 227,000 bpd Leuna refinery in Germany as a part of its decision to cut runs. Total has also decided to cut output at its French refineries by 15% to 20% due to weak refining economics and oversupplied markets.

Oil runs at Russian refineries will fall in March and April due to planned maintenance that is prompting higher crude exports. Russian gasoline production will fall in the next few months. Surgut's Kirishi is likely to cut refinery runs by 30-40% to 1.2 million tons/month as of April 10 when it shuts down its 160,000 bpd crude unit for about 40 days. TNK-BP's 300,000 bpd Ryazan and 133,000 bpd Saratov refineries plan to conduct maintenance work in late March and early April. The 290,000 bpd Yaroslavl refinery will cut runs by 25% from the end of March amid the suspension of hydrotreating and hydrocracking units. Gazprom will shutdown its Astrakhan 67,500 bpd gas refinery for maintenance in April while runs at Lukoil's Norski refinery will fall by 25% in March.



China exported in February its highest volume of diesel in a decade and gasoline outflows more than doubled on the year as oil firms increased efforts to draw down record stockpiles amid weakened domestic consumption.

Taiwan's CPC Corp may not halt its No. 3 naphtha cracker as planned on March 18 for maintenance due to a recovery in ethylene demand.

Kuwait's government will cancel a \$15 billion oil refinery project, which met opposition in parliament. The refinery is the second project to be cancelled in about three months after meeting parliamentary opposition.

Magellan Midstream Partners said it signed a joint development agreement with Poet, the world's largest ethanol producer, to study the feasibility of building a pipeline to carry the biofuel from the US Midwest into the Northeast. Poet produces more than 1.5 billion gallons of ethanol each year from 26 production facilities in seven Midwestern states.

Production News

A Chevron official said 11,500 bpd of Nigeria's oil production from the Makaraba Platform has been shutdown following a militant attack on a Chevron operated oil pipeline running from Makaraba-Utonana in Delta State on Friday. Separately, an army spokesman said armed men attacked a flowstation at Nembe in Bayelsa state but were repelled by the military. Last week, the military said it foiled a plan to attack a Chevron Corp oil facility.

Venezuela's oil production fell by 52,000 bpd to 2.14 million bpd in February. This follows January's 78,600 bpd output decline in light of OPEC's previous output cuts. Also PDVSA, has struggled with bill payments and thus is threatening to further undermine production.

Angola will lower daily crude shipments excluding the Palanca grade by about 1.4% in May. BP Plc, Total SA, Chevron Corp, ExxonMobil Corp and other companies are scheduled to load an average of 1.61 million bpd in May, down slightly from 1.63 million bpd in April. It is still above its implied OPEC production target of 1.52 million bpd.

Crews have completed installation of the oil drilling and production platform on the Perdido spar in the western Gulf of Mexico. Perdido will be capable of producing 130,000 bpd of oil equivalent when operational. Over the next several months, work will be completed to produce the first oil and gas from the Great White, Tobago and Silvertip fields.

Enbridge Inc agreed to sell its controlling stake in a Colombian pipeline to state-owned Ecopetrol for \$400 million. The sale of Enbridge's 24.7% interest in the 525,000 bpd OCENSA pipeline is expected to close Tuesday. The pipeline connects the BP Plc-owned Cusiana and Cupiagua oilfields in central Colombia with the port of Covenas.

Occidental signed a deal on Sunday to overhaul Bahrain's Awali onshore oilfield. It will raise output at the field to 100,000 bpd from about 35,000 bpd.

Iraq has issued a tender for international oil companies to build a 50,000 bpd production facility on an untapped southern oilfield whose reserves are estimated at 5 billion barrels. The field is among the projects offered to foreign oil companies in a second bidding round announced by Iraq last year.

Official data showed that Taiwan's oil product demand in January fell by 21.3% to 3.858 million kiloliters of oil equivalent.

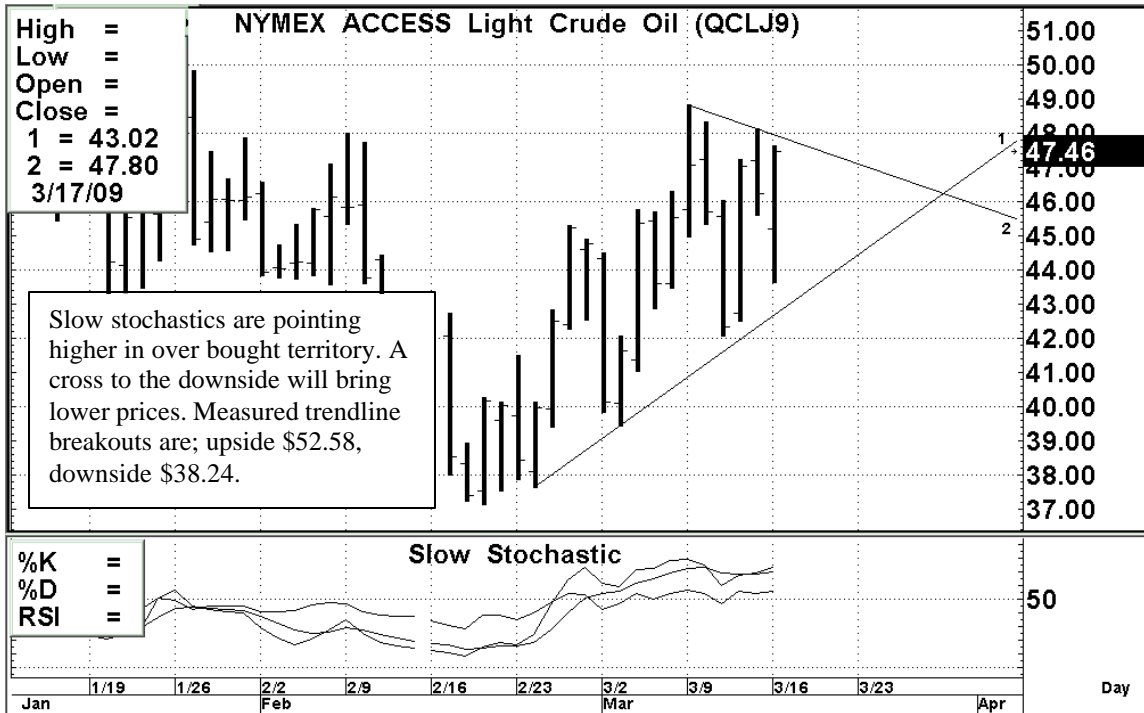
Petrobras chief executive Jose Sergio Gabrielli said world oil prices in 2009 should trade in a range between \$40-\$50/barrel. He said world oil demand should average 85 million bpd this year. He also stated that Petrobras would not have trouble meeting its 2009 goal for production of crude oil and other hydrocarbon liquids, which stands at 2.5 million bpd in Brazil. In regards to fuel sales, he said the global financial crisis and economic slowdown will likely limit sales growth of gasoline and diesel fuel at Petrobras' fuel distribution unit. Total fuel sales volume in 2009 is expected to equal the 37.8 billion liters sold last year.

OPEC's news agency reported that OPEC's basket of crudes increased to \$44.15/barrel on Friday from \$42.24/barrel on Thursday. It also reported that OPEC's basket of crudes increased by 26 cents to \$43.26/barrel in the week ending March 13th from \$43.00/barrel the previous week.

Market Commentary

Torn between the price of crude oil and the current global economic situation, OPEC members decided to leave output levels unchanged. The group focused more on adherence than cutting output. "We need to adhere and then in May we can look if other measures can be taken," OPEC President, Jose Maria Botelho de Vasconcelos said yesterday. OPEC has another 800,000 barrels a day that needs to be trimmed off of current output in order to comply with the record output reductions decided in December. A new cut threatened a price increase that could harm the economy, Saudi Arabian Oil Minister Ali al-Naimi said. Despite heading lower early in the session, April crude oil worked its way back to unchanged on the day. Basis a daily bar chart, prices are trending higher in over bought territory. A symmetrical triangle appears on this chart with the upper trendline set at \$47.80 and the lower trendline set at \$43.02. A breakout to the upside set prices up for a test at \$52.58, with penetrations on the downside setting up for a test of \$38.24.

(CL) APR.09 108,188 -21,052 MAY.09 324,293 +2,600 JUN.09 161,554 +259 Totals: 1,223,209 -18,124 Heating oil APR.09 39,810 +15 MAY.09 50,297 -479 JUN.09 41,082 +143 Totals: 267,817 +1,197 NEW YORK HARBOR RBOB APR.09 38,795 -1,160 MAY.09 61,034 +270 JUN.09 28,125 +386 Totals: 200,357 + 426



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