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ENERGY MARKET REPORT FOR MARCH 29, 2010

According to an OPEC report, oil prices could remain in the \$70-\$80/barrel range over the next decade while longer term they are assumed to remain in the \$70 to \$100/barrel range. It stated that the assumption reflects the perception that prices which are too low limit spending on oil exploration and production while prices which are too high have a

negative impact on the world economy and demand growth. OPEC also reiterated its long term view that world oil consumption will reach 106 million bpd by 2030 compared with today's total demand of about 85 million bpd.

OPEC Secretary General Abdullah al-Badri sees OPEC compliance at 54% of set quotas and wants compliance to improve. He also said that OPEC members need oil prices of \$70/barrel to justify investments in projects. He added that OPEC was resuming spending on oil projects that were suspended when oil prices fell from record highs over \$147/barrel in July 2008 to below \$33/barrel in December. He said OPEC members have restarted \$165 billion worth of drilling investments that were suspended during the recession.

Market Watch

The US Commerce Department reported that US consumer spending increased in February even though incomes remained unchanged. Personal spending increased by 0.3% while personal income was flat compared to the prior month. The core price index for personal consumption expenditures, which excludes food and energy, increased by 1.3% compared to February 2009. It is 1.5% year over year in January.

The official China Securities Journal reported that the country's coal fired power plants face losses due to increasing coal prices, despite an expected 10% annual surge in power consumption as the economy grows. China's electricity demand will increase by 10% a year until 2012 while demand for electricity is expected to double by 2020.

On Thursday, April 1st, floor trading on the NYMEX will close at 2:30 pm EDT. Electronic trading of the NYMEX/COMEX products on CME Globex will close at the normal time of 5:15 pm EDT on Thursday. There will be no Globex trading on Friday, April 2nd. CME Globex trade will reopen on Sunday, April 4th at 4:00 pm EDT for trade date Monday, April 5th.

The US EPA issued its final decision that no industrial facilities or other stationary sources of greenhouse gas emissions blamed for global warming will need Clean Air Act permits before January 2011 in order to operate.

**March
Calendar Averages**
CL – \$81.12
HO – \$2.0896
RB – \$2.2503

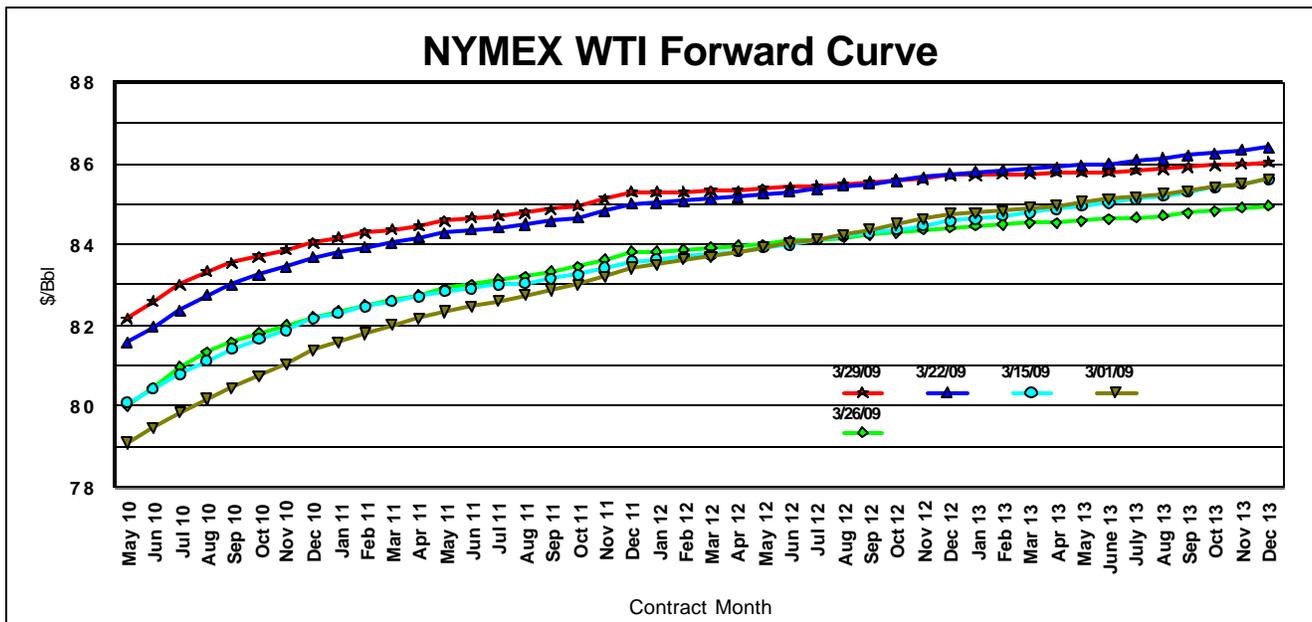
The chairman of Libya's National Oil Co, Shokri Ghanem said OPEC will increase its production in October if the world economy improves and oil demand increases. He however said that OPEC will not be swayed by day to day speculation in the market.

The AAA Daily Fuel Gauge Report showed that the US average retail price of gasoline fell to \$2.80/gallon on Monday. It is the lowest price since March 18th. Gasoline prices were down 2 cents on the week but up from \$2.703/gallon a month earlier and 75.5 cents above a year ago.

The EIA reported that the US average retail price of diesel fell by 0.7 cents to \$2.939/gallon in the week ending March 29th. It is the first decline since February 15th. Diesel prices are 71.8 cents or 32.3% above the year ago level. The EIA also reported that the US average retail price of gasoline fell by 2.1 cents to \$2.798/gallon on the week. Despite the decline, gasoline prices are 75.2 cents or 36.8% above a year earlier.

Refinery News

Credit Suisse reported that US refinery margins fell in all regions of the US except for the Rockies region last week. Margins in the Midwest fell by \$1.21/barrel to \$9.26/barrel while margins in the Northeast fell by 33 cents to \$7.86/barrel. Margins in the Gulf Coast fell by 21 cents to \$8.69/barrel while margins in the West Coast fell by \$1.14/barrel to \$15.51/barrel. In the Rockies, margins increased by 98 cents to \$17.70/barrel.



Two of five major refineries supplying gasoline and diesel to the Chicago region are considering delaying planned spring maintenance work to capture the market's stronger gasoline margins. Marathon Oil Corp is considering delaying work planned for June at its 204,000 bpd refinery in Robinson, Illinois until the fall. BP is expected to delay work at its 405,000 bpd refinery in Whiting, Indiana.

BP Plc is shutting down a reformer for work and starting another reformer unit at its 265,000 bpd refinery in Carson, California.

ExxonMobil Corp lowered pressure on the gofiner unit at its 562,500 bpd refinery in Baytown, Texas to repair a leak in the piping. There was no impact on production.

Valero Energy Corp reported flaring due to a vessel malfunction in complex 3 of its 245,000 bpd Texas City, Texas refinery on Saturday. The flaring was expected to last 24 hours. Meanwhile, Valero Energy said it will conduct maintenance on the SCOT unit, or Shell Claus Off-Gas Treating unit, at its 170,000 bpd McKee refinery in Texas. It said there was no impact to production from the work.

BP Plc warned of planned flaring at its 265,000 bpd refinery in Carson, California. A notice filed with California pollution regulators said there was no breakdown involved in the flaring.

Russia's TNK-BP Ltd said supplies to customers will not be affected by a fire that started at its refinery in Saratov on Sunday. It said the refinery is running at below capacity.

ConocoPhillips' 260,000 bpd Wilhelmshaven refinery will restart in late April after it was shutdown for about six months due to weak margins.

A fire halted operations at its 104,000 bpd catalytic cracking unit at Venezuela's Cardon refinery on Monday. The unit was shut for evaluation.

Russia plans to export 5.9 million metric tons or 1.4 million bpd of Urals crude in April from its Baltic Sea port of Primorsk, down from its 6.2 million tons planned for March. Russia also plans to export 31 cargoes, totaling 3.104 million tons of Urals crude from the Black Sea port of Novossiisk and six cargoes totaling 440,000 tons of Siberian Light loading from the port of Tuapse. It also plans to export eight 80,000 ton cargoes of Urals crude from Ukraine's Black Sea port of Yuzhny in April.

Refined oil product export ports in northwest Russia are unable to use a third of their capacity due to rail bottlenecks and bureaucracy, forcing shippers to channel increasing output via the Baltic states. Oil product exports via the ports of St. Petersburg, Vysotsk, Kaliningrad, Murmansk, Vitino and Primorsk would be little changed from the 46.6 million tons shipped in 2009. The combined capacity is 71.4 million tons.

According to government data, India's domestic oil product sales in February fell by 0.2% on the year to 11.39 million tons. The government data also showed that India's crude oil imports increased by 13.2% to 10.67 million tons.

Production News

Mexico's government reported that it closed its Dos Bocas and Cayo Arcas oil ports in the Gulf of Mexico on Sunday due to bad weather conditions.

Saudi Arabia's Oil Minister Ali al Naimi said the country is producing about 8.1 million bpd of crude, in line with recent months.

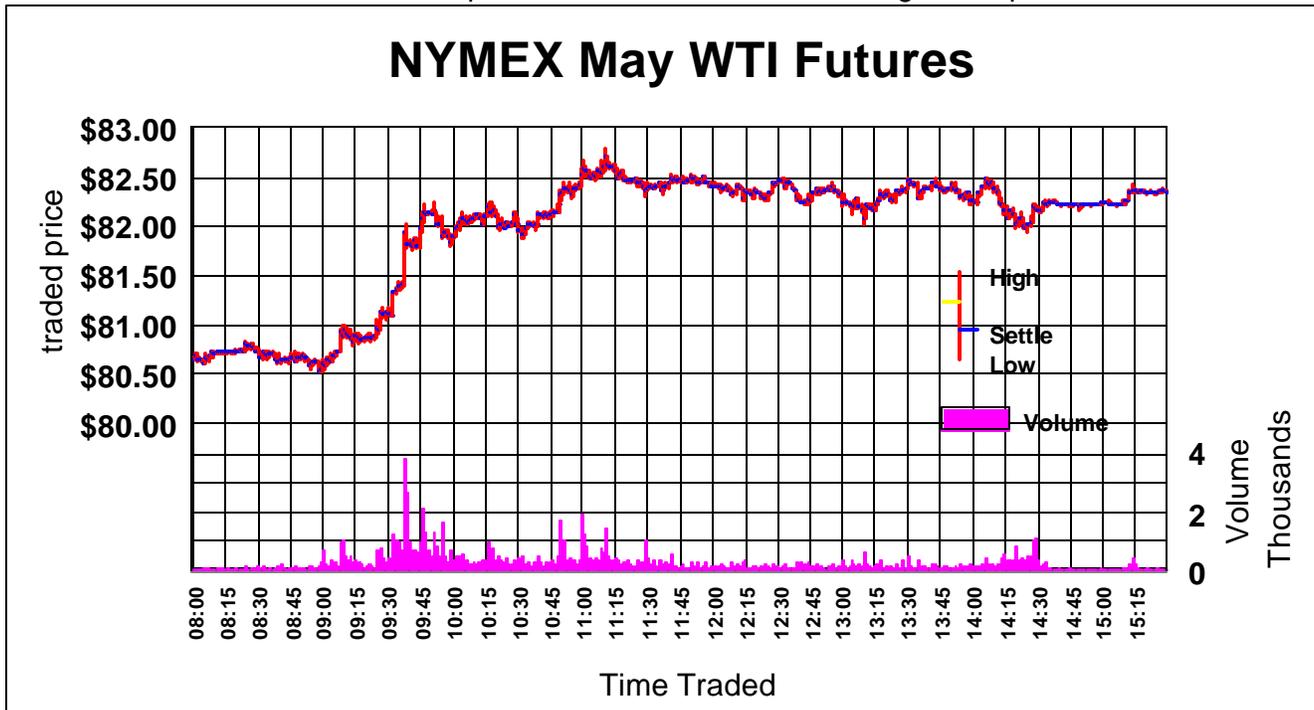
Royal Dutch Shell PLC plans to produce as much as 175,000 bpd of oil equivalent in 2012 from Iraq's Majnoon oil field. It is currently pumping 45,000 bpd of oil equivalent.

Nigeria is set to export well over 2 million bpd of crude in May. At least 70 full or part cargoes of Nigerian crude are due to load in May, up from 61 cargoes in April. The total for May could be as high as 71 cargoes, giving a daily loading rate of as much as 2.06 million bpd.

Angola's oil export rate has been revised up to an average of 1.83 million bpd for May with the

addition of an extra cargo. The program shows 59 full or part cargoes of crude due to load in May, up from 57 cargoes in April.

Norway played down the chances of an imminent agreement with Russia on settling a dispute over a region of the Barents Sea that could be rich in natural gas and oil. Last December, Russia said a deal was possible this year to end a disagreement dating back to the early 1980s, when the Soviet Union started exploratory drilling in the grey zone of the Barents Sea. Russia is in a race with Norway, Canada, the US and Denmark to impose control over reserves of oil, gas and precious metals.



Ecuador's National Union of Oil Workers said about 120 oil workers at Ecopetrol's 115,000 bpd Castilla field in Colombia's Meta province have been on strike since March 23rd over pay and conditions. The field's output has not been impacted.

OPEC's news agency reported that OPEC's basket of crudes fell by 23 cents to \$76.80/barrel on Friday from \$77.03/barrel on Thursday. It also reported that OPEC's basket of crudes fell by 24 cents to \$77/barrel in the week ending March 26th from \$77.24/barrel in the previous week.

Market Commentary

Energy prices moved higher today, advancing on the dollar's decline. Accelerating today's early move higher, were what appear to be computer generated buy stops set above \$81.55. It was at this level volume appears to have increased up until the \$82.00 level, where resistance was encountered. With investors using commodities as an investment alternative, we would look for energy prices to continue to move higher as the dollar weakens. Technically, the crude oil market looks constructive and our upside target of \$83.18 is within sight. Moving oscillators are in neutral territory, pointing to the upside. At this point we would not discount moves towards the \$83.95 high for this year.

Crude oil May 10 317,920 +201 June 10 179,191 +5,508, July 97,842 +4,015 Totals 1,289,241 +5,224 Heating oil APR10 20,237 -5,831, May 10 95,046 +1,022 June10 50,886 -157 Totals: 320,223 -2,175. Gasoline APR10 16,888 -8,183, May 10 119,868 -823 Totals 316,165 -8,023

Crude Support	Crude Resistance
79.75-79.51, 78.43, 76.72, 75.00, 72.60, 71.31, 70.42, 69.50, 65.05, 64.70, 63.38, 62.70, 61.61, 60.95	83.18, 83.95, 84.83, 85.05, 85.40, 86.60, 88.80, 89.88
Heat Support	Heat resistance
2.0180, 1.9975, 1.9860, 1.8570, 1.8280, 1.7670, 1.7565	2.2270, 2.2575, 2.4200
Gasoline support	Gasoline resistance
2.1460, 2.1320, 2.0660, 2.0420, 1.9970, 1.9862, 1.8650, 1.85.65, 1.7900, 1.7200 1.6600	2.3350, 2.5040,

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