



## ***ENERGY RISK MANAGEMENT***

Howard Rennell, Pat Shigueta,  
& Karen Palladino

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

**www.e-windham.com**

---

### **ENERGY MARKET REPORT FOR MARCH 30, 2009**

---

OPEC President Jose Botelho de Vasconcelos said oil prices can reach \$75/barrel in 2009 despite the economic crisis. He said he hoped the upcoming G20 meeting will help stimulate the world economy and contribute to growing demand for oil and higher oil prices. He said compliance, which is at about 79-80%, has contributed for the increase in oil prices.

#### Market Watch

Russia's Deputy Prime Minister Igor Sechin said Russia will sign a final deal with China guaranteeing crude supplies in exchange for \$25 billion in loans within one or two weeks. China is due to lend \$15 billion to Russia's Rosneft and another \$10 billion to Transneft.

Qatar's Oil Minister, Abdullah al Attiyah said the world oil market is near balance. He said oil prices between \$40 to \$50/barrel are ok in light of the global economic crisis. He doubts OPEC will cut its production further during its next meeting. He said OPEC's compliance with the current cuts is 80%, which is the strongest compliance in the history of OPEC. Separately, Kuwait's Oil Minister Nabil Bin Salama said the current world economic situation and the inherent decrease in demand are two of the main challenges facing the oil industry.

A senior Gulf OPEC delegate said Gulf OPEC producers see an oil price of \$50/barel as sufficient given the world economic slowdown and the seasonal fall in fuel demand. The delegate said it is too soon to say if OPEC needs to cut output at its meeting in May. He also said compliance with its current cuts should improve progressively in both April and March.

The EIA reported that the US average retail price of diesel increased by 13.1 cents/gallon to \$2.221/gallon in the week ending March 30<sup>th</sup>. It also reported that the US average retail price of gasoline increased by 8.4 cents/gallon to \$2.046/gallon on the week. It is the first time prices are above \$2/gallon since November 17<sup>th</sup>.

#### Refinery News

Flint Hill Resources shut a platformer unit at the west plant of its 288,000 bpd Corpus Christi, Texas refinery due to a problem on Friday. Flint Hill also said a coker unit wet gas compressor tripped.

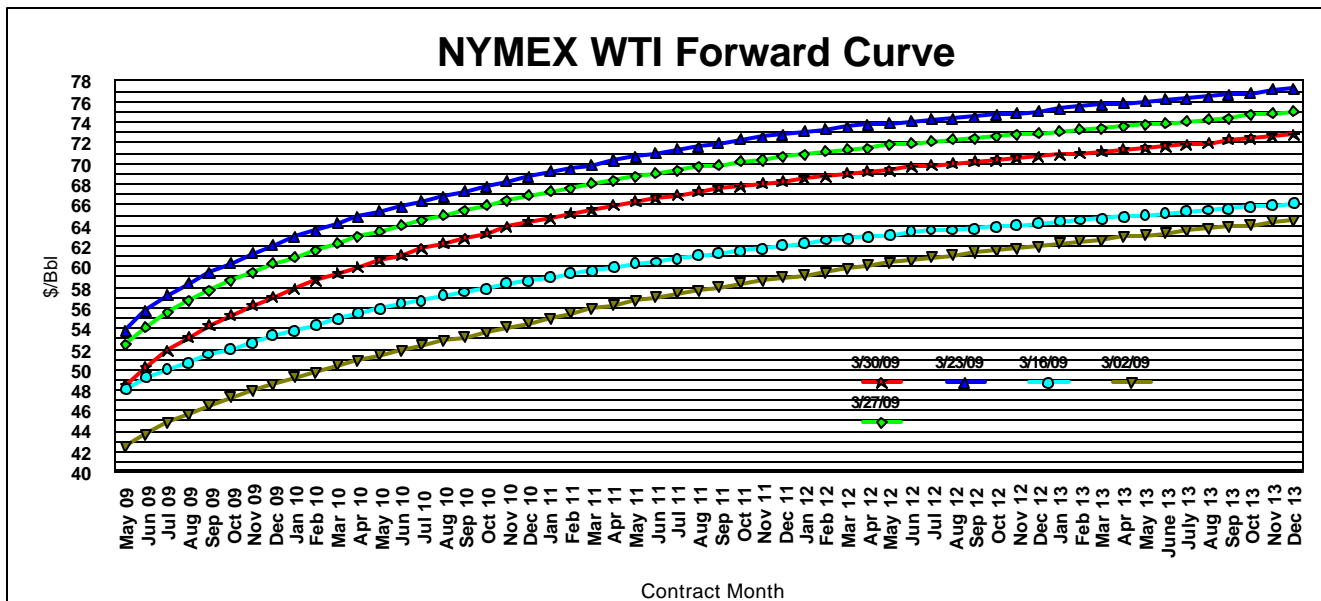
#### **March Calendar Averages**

**CL – \$47.99**

**HO – \$1.2899**

**RB – \$1.3799**

Tesoro Corp expects a coker and reformer unit at its 100,000 bpd Los Angeles refinery to resume full operations by the middle of the week after restarting over the weekend. The units were shut on March 13 for planned overhauls expected to last between two and three weeks.



ConocoPhillips is beginning the restart of its 145,000 bpd fluid catalytic cracking unit at its 238,000 bpd refinery in Linden, NJ after a month and half of planned work. The entire restart process is expected to take about three to four days.

Motiva Enterprises LLC said its 285,000 bpd Port Arthur, Texas refinery resumed full operations following a Thursday power outage that shut its hydrocracking and coking units.

Chevron Corp restarted an unidentified unit on Sunday at its 242,901 bpd refinery in Richmond, California following the completion of routine maintenance.

Frontier Oil said a recently restarted hydrotreater unit resumed planned rates at its El Dorado, Kansas refinery following maintenance work.

Saudi Arabia's gasoline imports in April will increase by 17% on the month as the country seeks to make up for a shortfall due to refinery maintenance. Saudi Arabia will import about 80,000 bpd in April, up from 68,000 bpd in March. The increase in imports is linked to the unplanned shutdown of a 44,000 bpd hydrocracking unit at Saudi's Ras Tanura refinery and planned maintenance at its 120,000 bpd Riyadh refinery. Separately, Saudi Aramco has opened a new refined oil products storage facility in central Saudi Arabia to allow for more flexibility in scheduling refinery maintenance and minimizing supply disruptions. It is the last of five similar storage facilities that were opened in Jeddah, Abha, Medina and the capital Riyadh.

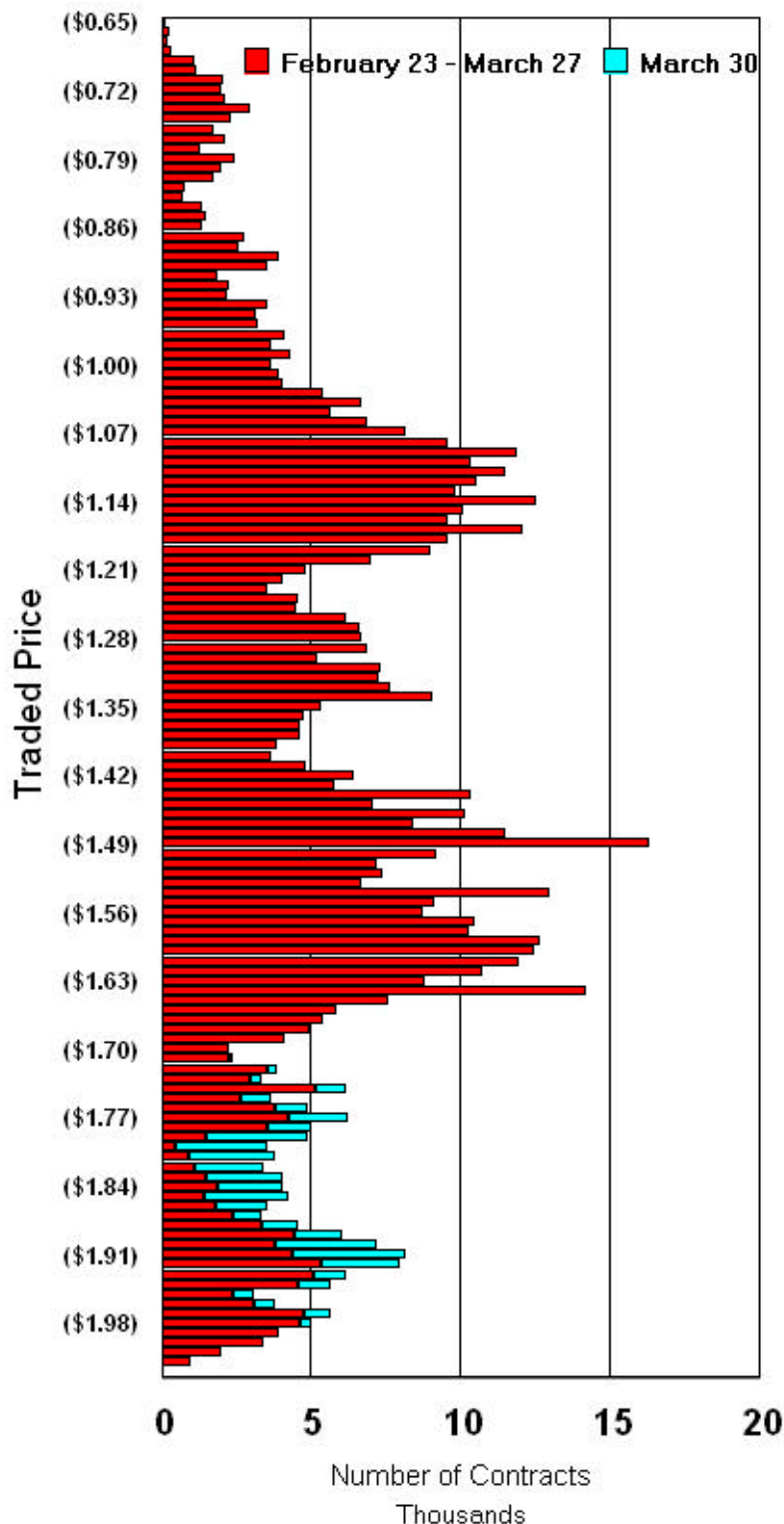
Japan's Nippon Oil Corp will likely keep low crude runs for May despite some recovery in gasoline sales in light of highway toll discounts that started over the weekend. Gasoline sales over the weekend were up 19% on the year. It plans to refine 3.65 million kiloliters or 765,000 bpd of crude next month, down 23% on the year. Nippon Oil estimates its March crude refining to meet domestic demand at 3.97 million kl, down 22% on the year.

Mexico's government reported that Mexico reopened its Dos Bocas oil exporting terminal on Monday after it was shut over the weekend due to bad weather conditions. It reopened its Cayo Arcas oil exporting port on Sunday after it was shut earlier in the day while Mexico's third main oil port of Coatzacoalcos or Pajaritos, reopened on Sunday morning after it was closed on Saturday afternoon.

## NYMEX WTI: May June Spread

Price Vs Volume for February 23 - March 30, 2009

Trade Weighted Avg 3/26 -1.49, 3/27 -1.57, 3/30 -1.81



China's National Development and Reform Commission said the country's fuel stocks were at historically high levels at the end of February due to lower demand. China's refined fuel stocks increased by 11.4% in February to 14.85 million tons despite an increase in domestic sales. It said stocks levels are 36.3% higher on the year.

Oil exports from Iraq's southern Basra terminal fell to 1 million bpd on Monday from 1.44 million bpd on Sunday due to bad weather conditions.

Russia's April seaborne oil exports will increase by 3.7% on the month amid ample supplies from Black Sea port of Yuzhny and resumption of oil exports via Poland's Gdansk. The schedule showed exports from all sea ports will total 2.73 million bpd, up 100,000 bpd from March. Crude supplies from Novorossissk will reach 3.24 million tons or 792,000 bpd, down 47,000 bpd on the month due to planned maintenance at trunk pipelines. Exports from Primorsk will total 1.5 million bpd.

### Production News

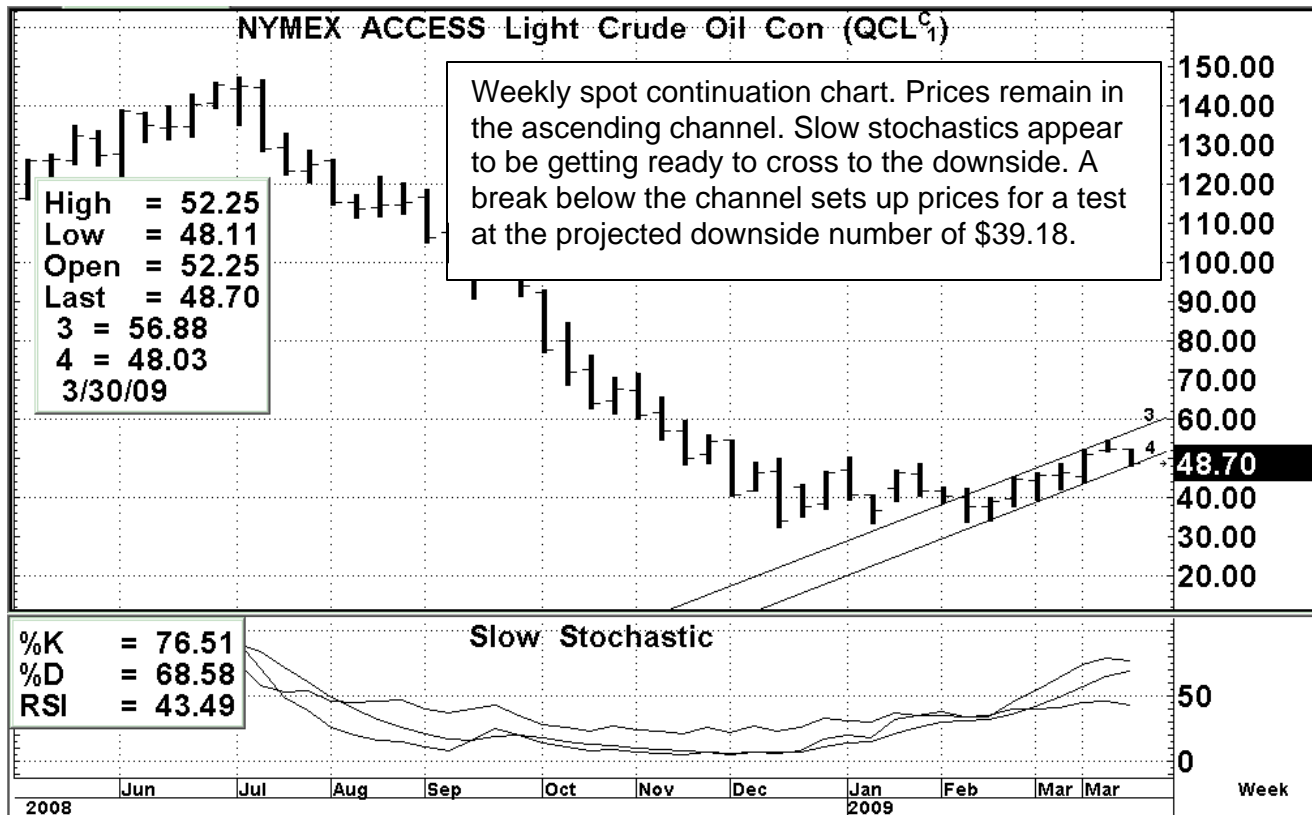
The head of Kuwait Petroleum Corp said the country has increased its production capacity to 3 million bpd and is on track to reach its goal of 4 million bpd by 2020. It is up 200,000 bpd from its maximum capacity of 2.8 million bpd last year. He said Kuwait is pumping at its OPEC quota, which is 2.22 million bpd.

Iraq's South Oil Co issued a tender for the drilling of 45 new oil wells in its South Rumaila oil field. The 30 producer wells and 15 injection wells should be completed within 25 months.

India's Reliance Industries Ltd temporarily halted crude oil production

from its east coast block starting March 22 to help start more wells and increase output. Reliance aims to add three production wells and an injection well during the month long shutdown to increase its production to 40,000 bpd. Before the shutdown, Reliance was producing about 18,000 bpd from three wells.

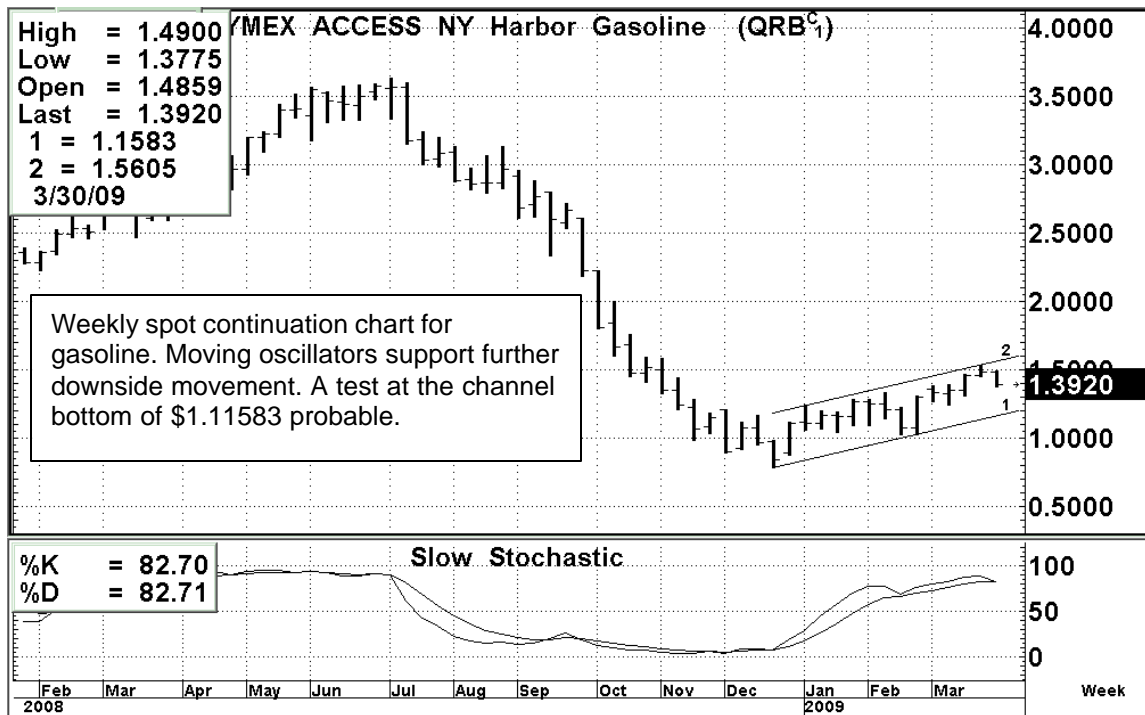
Ecuador's Petroamazonas S.A. plans to develop four oil blocks this year. The company's target is to drill about 14 wells in Panacocha field, which is expected to produce up to 25,000 bpd. Production is expected to start there with an initial production of 5,000 bpd starting in the second quarter of next year. It also plans to drill 13 wells in Panayacu-Quinde oil are for a maximum output of 10,000 bpd. In Paka Sur, Petroamazonas plans to drill four wells to start production of about 3,000 bpd later this year.



### Market Commentary

Crude oil prices fell for the second straight trading session in response to a weakening equities market and a stronger dollar. The dollar strengthened to its highest level against the euro in more than a week, limiting the appeal of commodities as an alternative investment. Prices have been reacting to the dollar recently, rather than the supply and demand situation. Adding further pressure to prices was the General Motors Corp. news, which is expected to greatly impact demand. From a technical standpoint, the \$50.00 level did not prove to be a key support level. Prices continue to trade within the ascending channel on a weekly spot continuation chart, working towards the channel bottom, which is set at \$48.03. Given the true fundamentals of this market, we would look for prices to make an attempt at breaching the channel bottom this week, working towards the projected downside level of \$39.18. Gasoline and heating oil followed the crude oil lower, both succumbing to economic pressure. Gasoline has retreated off of the channel top basis a weekly spot continuation chart. Moving oscillators have crossed to the downside, supporting further downside movement. The initial downside target would be the channel bottom, which is set at \$1.1583. As with the crude oil, we would look for both of these products to work lower.

(CL) MAY.09 296,232 +2,667 JUN.09 192,105 -4,274 JUL.09 91,671 +3,169 AUG.09 33,048 -61  
 SEP.09 34,043 +930 Totals: 1,161,272 +3,852 Heating oil APR.09 14,579 -2,632 MAY.09 57,475 -  
 1,337 JUN.09 39,496 +927 Totals: 260,855 -1,317 YORK HARBOR RBOB APR.09 11,419 -2,790  
 MAY.09 79,536 -54 JUN.09 34,096 +332 Totals: 207,591 -1,057



<b>Crude Support</b>	<b>Crude Resistance</b>
41.00, 40.00,38.95, 32.25, 29.66, 28.63, 26.65, 25.50	54.75, 55.98, 57.20
<b>Heat Support</b>	<b>Heat resistance</b>
1.3400, 1.3057, 1.1359, 1.10951.0520	1.4865, 1.5285, 1.5520 167.15, 171.85, 176.70, 1.8500
<b>Gasoline support</b>	<b>Gasoline resistance</b>
1.2700, 1.2625 1.1680,1.0128,9590, .8978, .8755, 7850	1.5340,1.5800,

The information contained in this letter is taken from sources, which we believe to be reliable, but is not guaranteed by us as to accuracy or completeness and is sent to you for information purposes only. The Windham Group bases its market recommendations solely on the judgment of its personnel. Reproduction in whole or part or other use without written permission is prohibited.