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ENERGY MARKET REPORT FOR APRIL 5, 2010

A deputy director of the National Iranian Oil Co, Hojjatollah Ghanimifard dismissed any move by western powers to impose sanctions on Iran's oil sector, suggesting it would only hurt their own economic growth. He said any disruption in the supply of crude oil will lead to the

intensification and prolongation of the economic recession in consumer countries. He said any sanctions on Iran's oil sector would not be practical, suggesting the country could always find alternative buyers. The latest draft proposals agreed by the US, Britain, France and Germany include restrictions on new Iranian banks established abroad and on insurance of cargo shipments to and from Iran. The proposals do not include sanctions targeting Iran's oil and gas sectors as the French had originally pushed for.

The EIA reported that the US average retail price of diesel increased by 7.6 cents to \$3.015/gallon in the week ending April 5th. The price is the highest since November 3, 2008, when it surpassed the \$3 level. Diesel prices are 78.7 cents or 35.3% above the year ago level. The EIA also reported that the US retail price of gasoline increased by 2.8 cents to \$2.826/gallon on the week. It is at its highest level since October 20, 2008. Gasoline prices are 78.9 cents or 38.7% above a year earlier.

Refinery News

Tesoro Corp said crude intake at its Anacortes, Washington refinery fell to about 70% of its 120,000 bpd capacity following a deadly explosion and fire on Friday. Production of clean gasoline and diesel at the refinery fell to one-third of normal or about 25,000 bpd. The fire started with a failure of a heat exchanger, killing five workers and injuring two.

Kinder Morgan Energy Partners LP said its 300,000 bpd Trans Mountain pipeline is operating normally following the explosion at Tesoro's Anacortes, Washington refinery. It also said it restarted

Market Watch

On Friday, the Labor Department reported that US employers created jobs at the fastest rate in three years in March. It said non-farm payrolls increased by 162,000 in March, the largest gain since March 2007. This is compared to a revised 14,000 decline in February. The unemployment rate remained at 9.7% in March.

The National Association of Realtors' index for pending sales of previously owned homes in February increased by 8.2% to 97.6. January pending home sales was revised slightly lower to 90.2 from an originally reported level of 90.4.

CME Group Inc's daily trading volume increased by 2% in March and increased 12% in the first quarter. Daily volume averaged 11 million contracts in March, with 83% of March's total of 253 million traded electronically. Electronic volume averaged 9.1 million contracts/day, up 4%.

**April
Calendar Averages**
CL – \$85.75
HO – \$2.2421
RB – \$2.3370

all its refined products pipelines in southern California after they were shut as a precaution following an earthquake on Sunday.

Tesoro Corp and Valero Energy Corp said operations at their refineries in Wilmington, California were not impacted by a Mexican earthquake felt across southern California on Sunday.

Marathon Oil completed planned work on its 58,500 bpd fluid catalytic cracking unit at its 76,000 bpd Texas City, Texas refinery. The unit is operating normally after work on the unit started on March 31st.

Alon USA reported a high level of excess material vented during the scheduled start-up at a fluid catalytic cracking unit at its 70,000 bpd refinery in Big Spring, Texas.

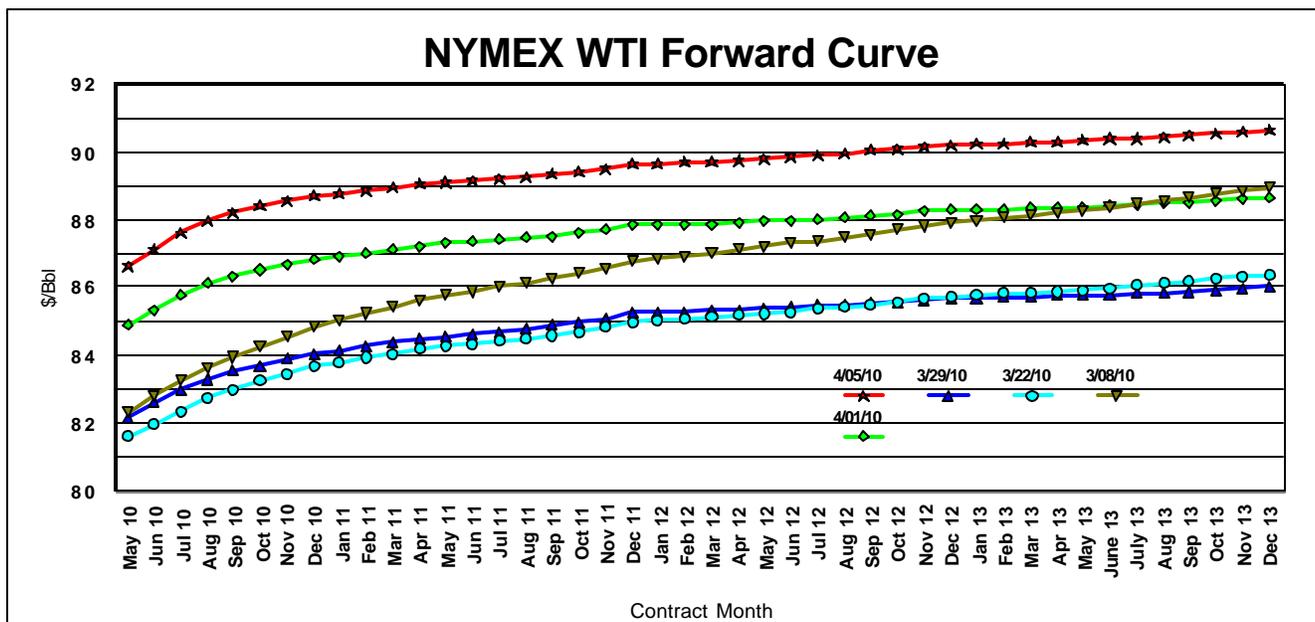
Valero Energy Corp confirmed it was the owner of a crude oil cargo aboard the very large crude carrier Samho Dream, which was hijacked on Sunday off the eastern African coast by Somali pirates. The cargo was bound for the US Gulf Coast. Valero said it has plenty of time to replace the cargo. Separately, Valero is still in talks with PBF Investments for the sale of its 210,000 bpd refinery in Delaware City, Delaware. Talks are however taking longer than expected. The sales contract for the refinery had been set to be signed at the end of March.

Irving Oil said scheduled maintenance work on gasoline units at its 300,000 bpd refinery in Saint John, New Brunswick is nearing completion. The work started in late February and the units involved in the work are either back on-line or scheduled to begin the startup sequence in the near future.

Venezuela's Foreign Minister Nicolas Maduro said the country will reopen negotiations with Dominican Republic to acquire 49% of the country's 34,000 bpd Refidomsa oil refinery. The two governments had previously announced the planned Venezuelan acquisition last year but negotiations were suspended amid reports of diplomatic disagreements.

South Korean refiners' total crude processing volume in April will increase by about 1% on the month due to scheduled maintenance shutdown of some crude distillation units. The volume will be 76-77% of refiners' total capacity.

South Korea's S-Oil completed a nearly one month maintenance outage at its 250,000 bpd No. 3



crude distillation unit. The maintenance ended at the end of March after starting the maintenance work on March 4th. The shutdown also involved its hydrocracker unit with a capacity of 75,000 bpd.

Indonesia's Pertamina shut its 125,000 bpd crude distillation unit at its Balongan refinery on Monday due to an outage at a cooling unit. The CDU is expected to remain down for about 10 days.

Iran's April gasoline imports are expected to remain steady on the month at 128,000 bpd or about 15 cargoes.

Iran plans to privatize oil refineries among some 500 companies in order to raise \$12.5 billion to pay down state debt. The Bandar Abbas and Abadan refineries will be among the first companies offered.

Russian oil supplies to Belarussian refineries in January through March fell by 42% or 2.2 million tons year on year to 3.05 million tons as Russia had to reroute oil flows amid low oil demand in Belarus. Analysts and traders said Belarussian companies were unwilling to buy volumes with a duty that increased to \$268.90/ton in April.

Production News

Iran's Oil Ministry said the country is set to sign a contract in late April with an Iranian-Australian consortium for the development of three heavy crude oil fields. The KIPC consortium has submitted the master development plan to develop the onshore Kouhmond, Kaki and Boushgan oil fields in Bushehr.

Russia's Prime Minister Vladimir Putin plans to pay \$1 billion in a bonus to Venezuela for the development of additional oil fields in Venezuela. Russia's Energy Minister Sergei Shmatko said the bonus could be paid for the Ayacucho-2, Ayacucho-3 and Junin-3 oil deposits.

Saudi Aramco set its official selling price of its Arab Extra Light crude bound for the US in May at the Argus Sour Crude Index plus 95 cents, up 40 cents on the month; it set its Arab Light crude at ASCI minus 60 cents, up 20 cents; it set its Arab Medium crude at ASCI minus \$2.10, down 10 cents and its Arab Heavy at ASCI minus \$3.30, down 30 cents on the month. Saudi Aramco set its Arab Extra Light crude bound for Northwest Europe at BWAVE minus \$1.65, down 75 cents; it set its Arab Light at BWAVE minus \$2.30, down \$1.45; its Arab Medium at BWAVE minus \$3.70, down \$1.75 and its Arab Heavy at BWAVE minus \$4.25, down \$2. Saudi Aramco set its Arab Super Light crude at the Oman/Dubai average plus \$1.10, up \$1; it set its Arab Extra Light crude at the Oman/Dubai average plus 55 cents, up 60 cents; it set its Arab Light crude at the Oman/Dubai average minus 45 cents, up 35 cents; it set its Arab Medium crude at the Oman/Dubai average minus \$1.60, down 10 cents and its Arab Heavy crude at the Oman/Dubai average minus \$2.50, down 40 cents.

Abu Dhabi National Oil Co set its official selling price of its Murban crude at \$78.30/barrel, retroactively for March term supply, up \$4.10/barrel on the month.

Market Commentary

Enthusiasm over economic growth spread through the marketplace as investors had a delayed reaction to Friday's unemployment figures in the U.S. According to a report released by the U.S. Labor Department, payrolls in the U.S. rose by 162,000 jobs in March, an indication that the economy is in recovery. The spread differential between the May and June crude oil futures contract weakened by 4 cents on the NYMEX. This spread has lost 11 cents since the beginning of the month despite higher prices. This may be an indication that expectations are for greater demand going forward at time when prompt supply is ample. The price of a barrel of crude oil rose 2 percent as the market posted its highest level in 18 months, surpassing our immediate upside objective of \$86.42. This market is technically constructive and should continue higher. Currently, the next upside objective is

\$89.10. Total open interest for crude oil increased by 38,740 contracts, with June increasing by 11,066. This is an indication that market participants are confident in the recent higher move and that they believe there is more upside potential.

Crude oil May 10 325,656 +6,312 June 10 193,549 +11,066, July 117,197 +5,140 Totals 1,349,068 +38,740 Heating oil May 10 106,342 +2,461 June10 56,329 +1,806 July 10 29,183 +153 Totals: 324,185 +5,309. Gasoline May 10 129,482+141 June 10 63,366+1,599 July 10 34,470 +31 Totals 320,024 +1,610.

Crude Support	Crude Resistance
85.40, 86.42, 84.55, 83.95, 83.18, 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	87.85, 88.80, 89.10, 89.88, 92.75
Heat Support	Heat resistance
2.0180, 1.9975, 1.9860, 1.8570, 1.8280, 1.7670, 1.7565	2.4200, 2.4940,
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	2.4850, 2.5040, 2.5115

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