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ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR APRIL 7, 2009

OPEC's President Jose Botelho de Vasconcelos said OPEC can live with oil prices of \$50-60/barrel for the rest of the year even though it is not ideal. He said OPEC does not expect oil prices to reach \$75/barrel this year under the current economic climate.

Iran's OPEC Governor said he expects oil prices to slowly increase to \$60/barrel if OPEC maintains its current production level of 28 million bpd until the end of the year. He said OPEC's compliance with production targets was about 80% in February. He also stated that demand for OPEC's oil in the second quarter

Market Watch

Colorado State University's hurricane forecasting team said the 2009 Atlantic hurricane season is likely to produce six hurricanes. It said the hurricane season will likely see 12 tropical storms, six of which will become hurricanes and two of those will be intense hurricanes.

Iran is storing 7.7 million barrels of gasoline on 12 ships anchored off Kharg Island as part of efforts to secure supplies ahead of its presidential election in June. Iran is expected to lift imports of gasoline for May and June by up to 25% from April as it looked to guarantee plentiful supply before the election.

According to US Global Investors Inc, commodities may gain 20% by October as infrastructure spending and increased US and Chinese money supplies increase raw materials demand. It said oil prices may increase to between \$65 and \$75/barrel and copper to \$2.25/pound or \$4,960/metric ton.

The American Iron and Steel Institute reported that raw steel production in the US fell by 41,000 st or 4.1% in the week ending April 4, another sign that the economy is still weak. Last week's production was 965,000 st, compared with 1 million st the previous week. Last week's total was less than half the volume of about 2.15 million st produced last year when steel mills were running near full capacity.

Venezuela's President Hugo Chavez said that projects his country had signed with Japan would be worth \$33.5 billion in investment for Venezuela. Japan and Venezuela agreed on Monday on cooperation in developing oil and gas projects in Venezuela. Meanwhile during his visit to China, Venezuela's President said he had three strategic energy objectives, the first being how to arrange for China's oil companies working in his country to increase their oil output and supply China with 1 million bpd by 2013. He said the second was to review the status of a planned joint venture oil refinery in China and the third is the creation of a bilateral Venezuela-China oil shipping company.

China's government will not commit to deep cuts in its national emissions of CO2 even if the US agrees to a target to reduce its output of the global warming gas. China ambassador to the UN said China's government has already committed itself to a series of domestic level CO2 emissions reduction plans that will eventually result in deep cuts in its production of the global warming gas. He said China's government is unwilling to commit to a new cap partly because it views existing pledges from the EU and other developed economies as insufficient. China's government mandates a 4% annual reduction in energy intensity per unit of GDP between 2006 and 2010, leading to a 20% reduction in energy intensity by the end of the five year period. The government is also committed to domestic goals to require 10% of its energy mix to come from renewable sources by 2010 and to reforest 20% of the country in five years.

API Stocks

Crude – up 6.944 million barrels
Distillate – down 2.266 million barrels
Gasoline – up 2.873 million barrels
Refinery runs – up 0.2%, at 82%

was forecast at 28.5 million bpd.

Ecuador's Oil and Mining Minister Derlis Palacios said Ecuador expects world oil prices to average between \$55 and \$60/barrel in 2009.

Nigeria's President Umaru YarAdua said he is prepared to grant amnesty to armed groups in the Niger Delta, who agree to give up their weapons. The militant group, the Movement for the Emancipation of the Niger Delta dismissed the President's offer. The group said it would only consider the offer under a well coordinated peace arrangement, under the supervision of a respected international mediator. Nigeria's President said the national security council will meet next week to work out the rules of engagement in the Niger Delta.

A UN mines expert said millions of landmines and cluster bombs still in place in Iraq from wars since the 1980s have impeded development of the country's vast oil and gas fields. He said almost all Iraqi producing and untapped oil and gas fields included in the first and second bidding rounds announced by the oil ministry for international companies to develop are contaminated with mines.

Saudi Arabia arrested 11 al Qaeda-linked militants, seizing arms and breaking up a cell that planned to carry out attacks and kidnappings. Police arrested members of the group in several areas, including near the border with Yemen.

Refinery News

Flint Hills Resources said it is restarting a sulfur recovery unit No. 2 at the east plant of its 288,126 bpd refinery in Corpus Christi, Texas after the unit was shut to repair a steam leak. The restart is expected to end on Thursday.

Valero Energy Corp experienced an upset on Monday in a sulfur gas unit at its 148,000 bpd Benicia, California refinery. The upset did not impact production.

Tesoro Corp said a reforming unit and coking unit at its 100,000 bpd Los Angeles refinery were at planned rates late Monday following restarts last week after planned overhauls.

Russia's Lukoil Holdings is operating its refineries at almost 100% capacity utilization. Separately, Lukoil said it has no immediate interest in buying Valero Energy Corp's 252,000 bpd refinery in Aruba.

China's twelve major refineries will increase their production rates in April for the second time in six months. The refineries plan to process 2.43 million bpd of crude in April, up 3% from 2.36 million bpd in March. The April level would represent 86% of total refining capacity.

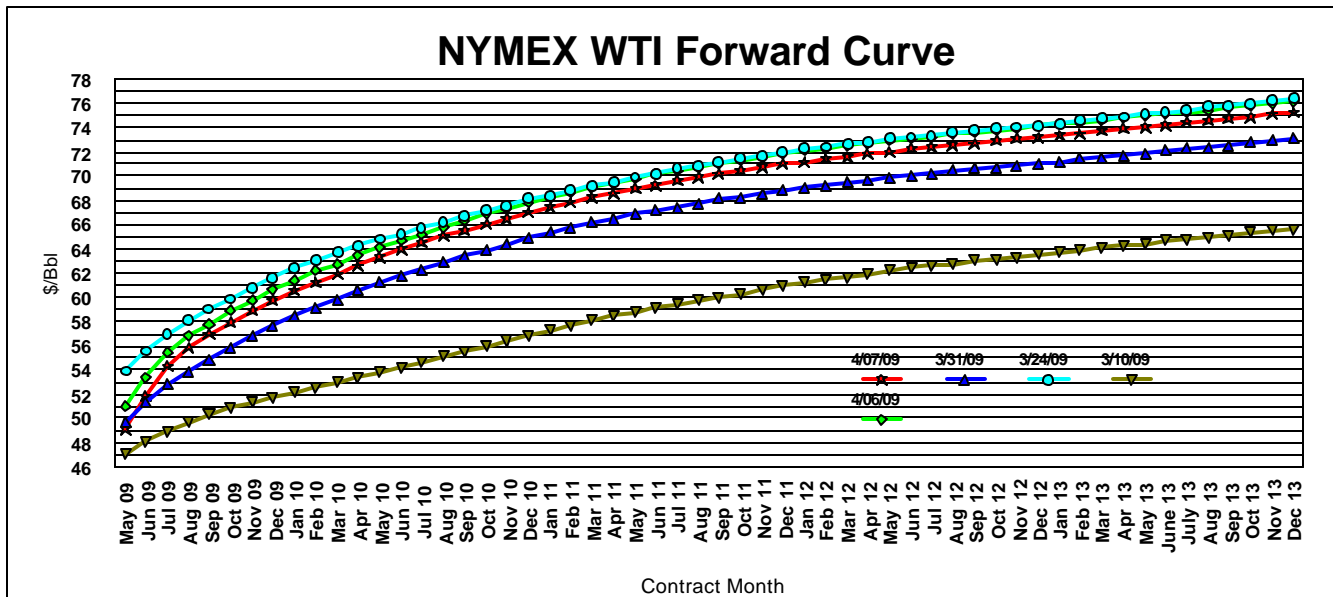
China's West Pacific Petrochemical Corp plans to raise crude throughput in April by some 17% from March amid hopes of rising fuel demand. The 200,000 bpd refinery will likely process 182,500 bpd this month, up from 155,400 bpd in March.

Sinopec plans to process 7.45 million metric tons or 150,000 bpd of crude oil this year at its Luoyang refinery. It processed 1.58 million tons or 129,000 bpd of crude oil during the first quarter, up 8% on the year.

China is cutting diesel exports in April to a three month low of 220,000 tons from earlier estimates of 250,000 tons as domestic consumption increases at a time of peak refinery maintenance. PetroChina is expected to ship 70,000 tons, down from a previous estimate of

April Calendar Averages

CL – \$50.75
HO – \$1.4081
RB – \$1.4540



100,000 tons while Sinopec Corp is expected to export 150,000 tons.

About 160,000 tons of diesel have been booked for Europe and West Africa from Singapore and Taiwan for lifting this month.

ExxonMobil Corp will fully restart its 50,000 bpd visbreaking complex at its Singapore mainland refinery by the end of April following a two week delay from a two month maintenance.

Indonesia's Trans Pacific Petrochemical Indotama may resume operations in May after a 15 month shutdown, with first products possibly ready by the end of the month.

Iraq's South Oil Co issued a tender for a 75,000 bpd crude oil process plant in the South Rumaila oil field.

Indonesia's Pertamina plans to shut a 60,000 bpd crude distillation unit at its Balikpapan refinery for routine maintenance in October.

About 600,000 barrels of North Sea Foinaven crude will be transferred from the Petronordic to the Trident Star in Scapa Flow, Scotland on Wednesday. The transfer is scheduled to be completed Friday. The Trident Star will sail for Cartagena, Spain while the Petronordic will remain at anchor in Scapa Flow awaiting further instructions.

Mexico's three oil export terminals of Cayo Arcas, Pajaritos and Dos Bocas on the Gulf Coast remained shut on Tuesday due to stormy weather.

Declining exports of Russian high sulfur fuel oil have supported barge prices in the northwest European oil hub of Amsterdam, Rotterdam and Antwerp to their highest level this year. Refinery maintenance in Russia, which removed 1 million tons of imports into the ARA market, is expected to continue contributing to tightening northwest European supplies in the next three months. The outflow of cargoes from the Baltic to the US has further limited the availability of material for export to the ARA, contributing to higher prices.

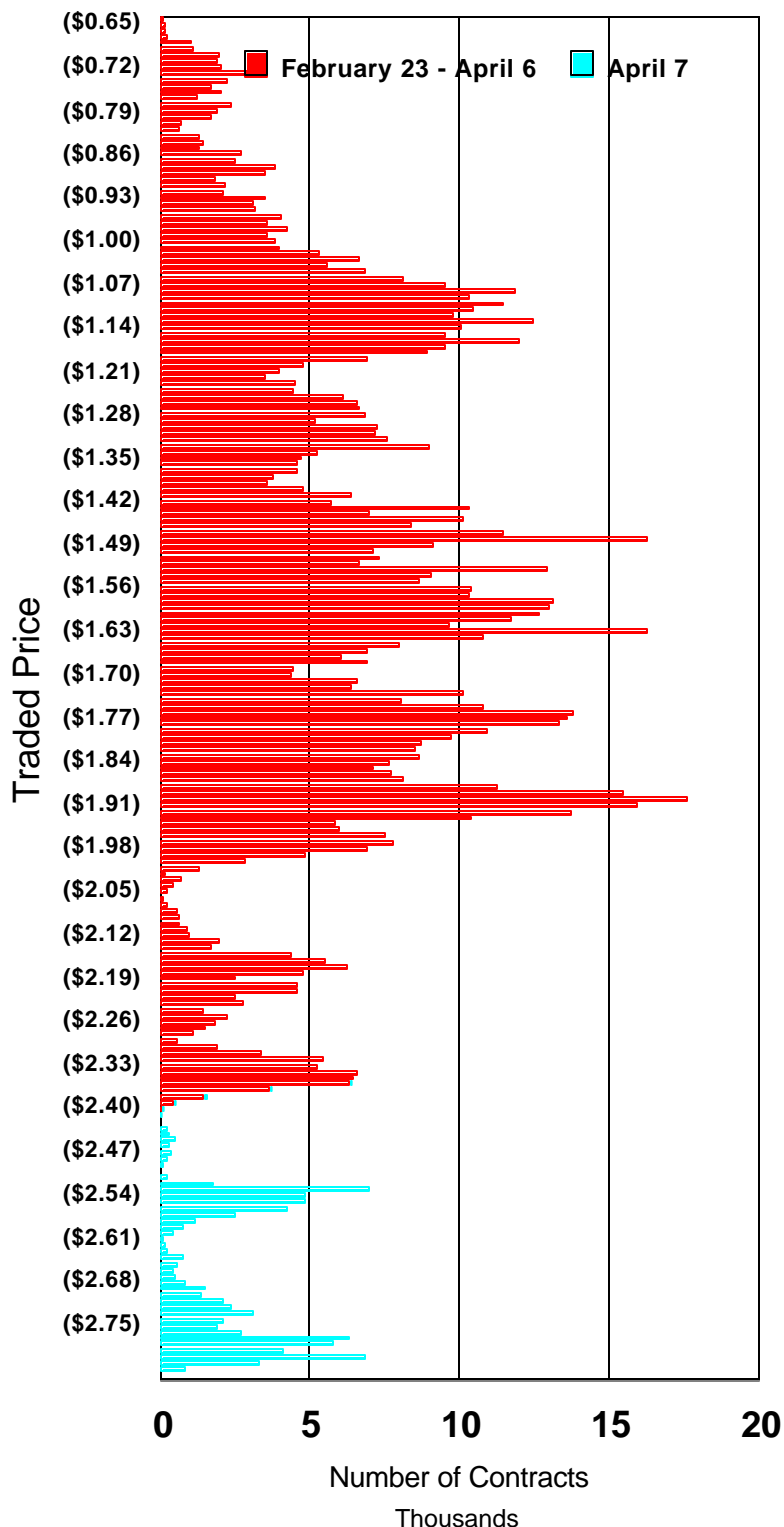
Production News

StatoilHydro said a project to lengthen the life of the Statfjord oil and gas field in the North Sea has added two more years to the field's expected lifetime, extending it beyond 2020. The work to extend the life of Statfjord has been carried out with the platforms in operation.

NYMEX WTI: May June Spread

Price Vs Volume for February 23 - April 7, 2009

Trade Weighted Avg 4/3 -2.13 4/6 -2.3, 4/7 -2.64



Flow through the Kirkuk-Ceyhan pipeline resumed on Monday evening after it was halted on Thursday due to leak on the Iraqi section of the pipeline. The pipeline was pumping at a normal rate of 430,000 bpd to 480,000 bpd after resuming operations.

Iran has discovered seven onshore oilfields with billions of barrels of reserves in place as a result of exploration efforts in the past two to three years. The managing director of the National Iranian Oil Co, Seifollah Jashnsaz said Iran's recoverable reserves stand at 140 billion barrels.

OAO Lukoil Holdings expects to produce 98.2 million metric tons of crude this year, up 1.5% on the year.

Brazil's Petrobras notified regulators late Monday that it found traces of oil in a test well drilled in the offshore Campos Basin. Separately, the president of Brazil's National Petroleum Agency said a new regulatory regime covering the country's recently discovered offshore oil reserves should be ready in the first half of 2009. A government panel studying the possible changes to Brazil's oil laws was originally expected to complete its work in October.

Ecuador's Central Bank said the country's oil product export revenues in January fell 55% to \$48.44 million from the \$107.93 million reported last year. Ecuador exported 1.31 million barrels in January, down 15% from 1.55 million barrels exported in January 2008.

Libya has set the April official selling price for its Es Sider crude oil at dated BFOE minus 20 cents, unchanged on the month.

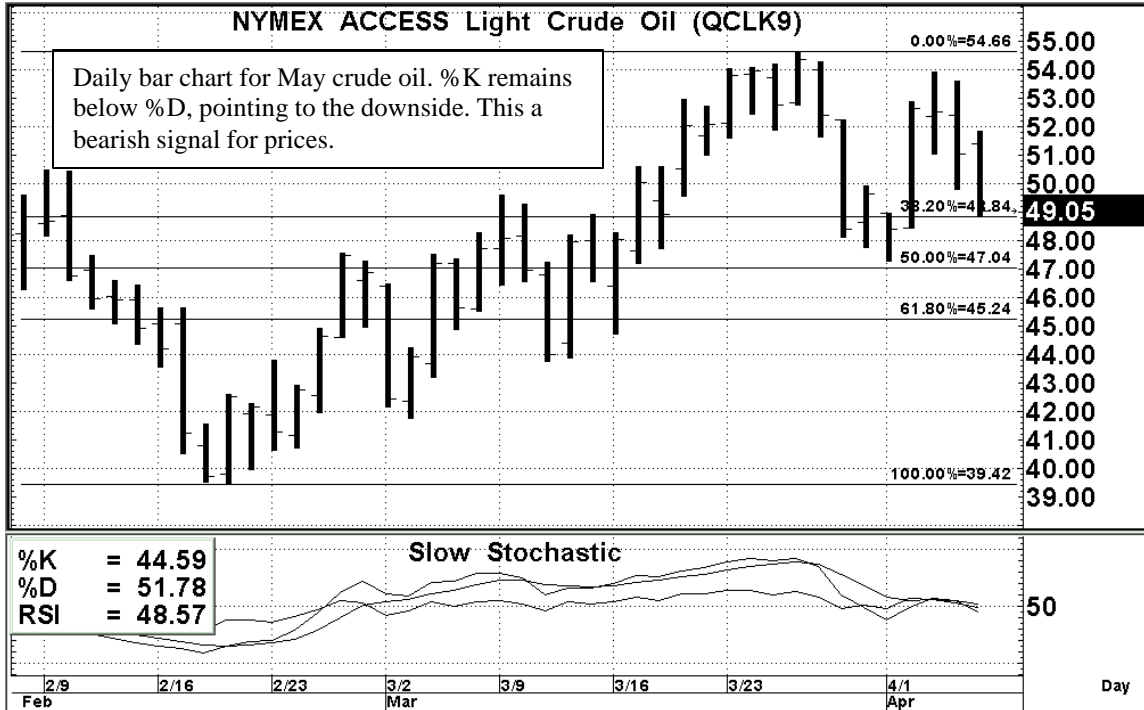
| NEW YORK MERCANTILE EXCHANGE(r) | | | | | | | | | |
|---|----|-----|------|---------|----------|-----------|-------|--------|--|
| NYMEX OPTIONS CONTRACT LISTING FOR 04/07/2009 | | | | | | | | | |
| | | | | TODAY'S | PREVIOUS | ESTIMATED | DAILY | DAILY | |
| -----CONTRACT----- | | | | SETTLE | SETTLE | VOLUME | HIGH | LOW | |
| AO | 7 | 10C | 75 | 7.37 | 7.64 | 1000 | 0 | 0 | |
| AO | 6 | 10C | 75 | 7.04 | 7.32 | 1000 | 0 | 0 | |
| AO | 3 | 10C | 75 | 5.78 | 6.05 | 1000 | 0 | 0 | |
| AO | 4 | 10C | 75 | 6.23 | 6.51 | 1000 | 0 | 0 | |
| AO | 8 | 10C | 75 | 7.7 | 7.97 | 1000 | 0 | 0 | |
| AO | 11 | 10C | 75 | 8.59 | 8.93 | 1000 | 0 | 0 | |
| AO | 5 | 10C | 75 | 6.56 | 6.83 | 1000 | 0 | 0 | |
| AO | 1 | 10C | 75 | 4.87 | 5.18 | 1000 | 0 | 0 | |
| AO | 12 | 10C | 75 | 8.83 | 9.2 | 1000 | 0 | 0 | |
| AO | 2 | 10C | 75 | 5.16 | 5.45 | 1000 | 0 | 0 | |
| AO | 10 | 10C | 75 | 8.36 | 8.67 | 1000 | 0 | 0 | |
| AO | 9 | 10C | 75 | 8.04 | 8.33 | 1000 | 0 | 0 | |
| LC | 5 | 9P | 45 | 0.75 | 0.52 | 1000 | 0 | 0 | |
| LC | 10 | 9P | 130 | 71.58 | 70.69 | 500 | 0 | 0 | |
| LC | 10 | 9C | 30 | 28.21 | 29.08 | 500 | 0 | 0 | |
| LC | 6 | 10C | 120 | 1.23 | | 500 | 0 | 0 | |
| LC | 10 | 9P | 30 | 0.45 | 0.43 | 500 | 0 | 0 | |
| LC | 10 | 9C | 130 | 0.12 | 0.14 | 500 | 0 | 0 | |
| LC | 6 | 10C | 110 | 1.67 | | 500 | 0 | 0 | |
| LO | 12 | 9P | 40 | 1.98 | 1.91 | 4500 | 2.05 | 2.05 | |
| LO | 5 | 9P | 45 | 0.75 | 0.52 | 4351 | 0.94 | 0.62 | |
| LO | 5 | 9C | 55 | 0.49 | 0.98 | 4012 | 0.72 | 0.4 | |
| LO | 5 | 9P | 40 | 0.13 | 0.1 | 3145 | 0.2 | 0.11 | |
| LO | 5 | 9C | 52 | 1.15 | 1.98 | 2371 | 1.3 | 1 | |
| LO | 6 | 9P | 40 | 0.74 | 0.61 | 2213 | 1.02 | 0.67 | |
| LO | 5 | 9P | 41 | 0.2 | 0.14 | 2206 | 0.26 | 0.23 | |
| LO | 5 | 9C | 58 | 0.19 | 0.42 | 2187 | 0.24 | 0.15 | |
| LO | 5 | 9P | 49.5 | 2.43 | 1.72 | 2042 | 2.3 | 2.08 | |
| LO | 5 | 9C | 50 | 1.86 | 2.98 | 1914 | 2.34 | 1.53 | |
| LO | 6 | 9P | 45 | 1.7 | 1.44 | 1722 | 1.7 | 1.59 | |
| LO | 5 | 9C | 51 | 1.47 | 2.44 | 1659 | 1.72 | 1.3 | |
| LO | 5 | 9P | 49 | 2.17 | 1.52 | 1650 | 2.2 | 1.75 | |
| LO | 9 | 9C | 90 | 0.78 | 0.86 | 1601 | 0.78 | 0.78 | |
| LO | 5 | 9P | 48 | 1.71 | 1.19 | 1600 | 1.99 | 1.3 | |
| OB | 9 | 9C | 2.1 | 0.0675 | 0.0725 | 750 | 0 | 0 | |
| OB | 9 | 9C | 1.2 | 0.3788 | | 750 | 0 | 0 | |
| OB | 9 | 9C | 1.4 | 0.2619 | 0.2749 | 750 | 0 | 0 | |
| OH | 5 | 9C | 1.5 | 0.0422 | 0.0563 | 305 | 0.04 | 0.0375 | |
| WA | 5 | 9P | -3.5 | 0.4 | 0.31 | 2000 | 0.37 | 0.37 | |
| WA | 6 | 9C | 0 | 0.15 | 0.23 | 950 | 0 | 0 | |
| WA | 6 | 9C | -0.5 | 0.22 | 0.32 | 700 | 0 | 0 | |
| WA | 8 | 9P | -2.5 | 0.44 | 0.44 | 500 | 0 | 0 | |
| WA | 7 | 9P | -2.5 | 0.54 | 0.5 | 500 | 0 | 0 | |
| WA | 7 | 9C | -0.5 | 0.42 | 0.49 | 500 | 0 | 0 | |
| WA | 8 | 9C | -0.5 | 0.57 | 0.61 | 500 | 0 | 0 | |
| WA | 6 | 9P | -2.5 | 0.82 | 0.69 | 500 | 0 | 0 | |

OPEC's news agency reported that OPEC's basket of crudes increased further to \$51.90/barrel on Monday from \$51.20/barrel on Friday.

Russia's OAO Gazprom agreed to pay \$4.2 billion for a 20% stake in its oil production arm from Italy's Eni SpA, ending speculation the purchase would be delayed. Eni said the two companies plan to develop projects together in Russia and abroad based on the principle of reciprocity. Italy's Prime Minister Silvio Berlusconi said the deals represent an important step in creating a strategic energy partnership between Italy and Russia that will be improved on with further agreements.

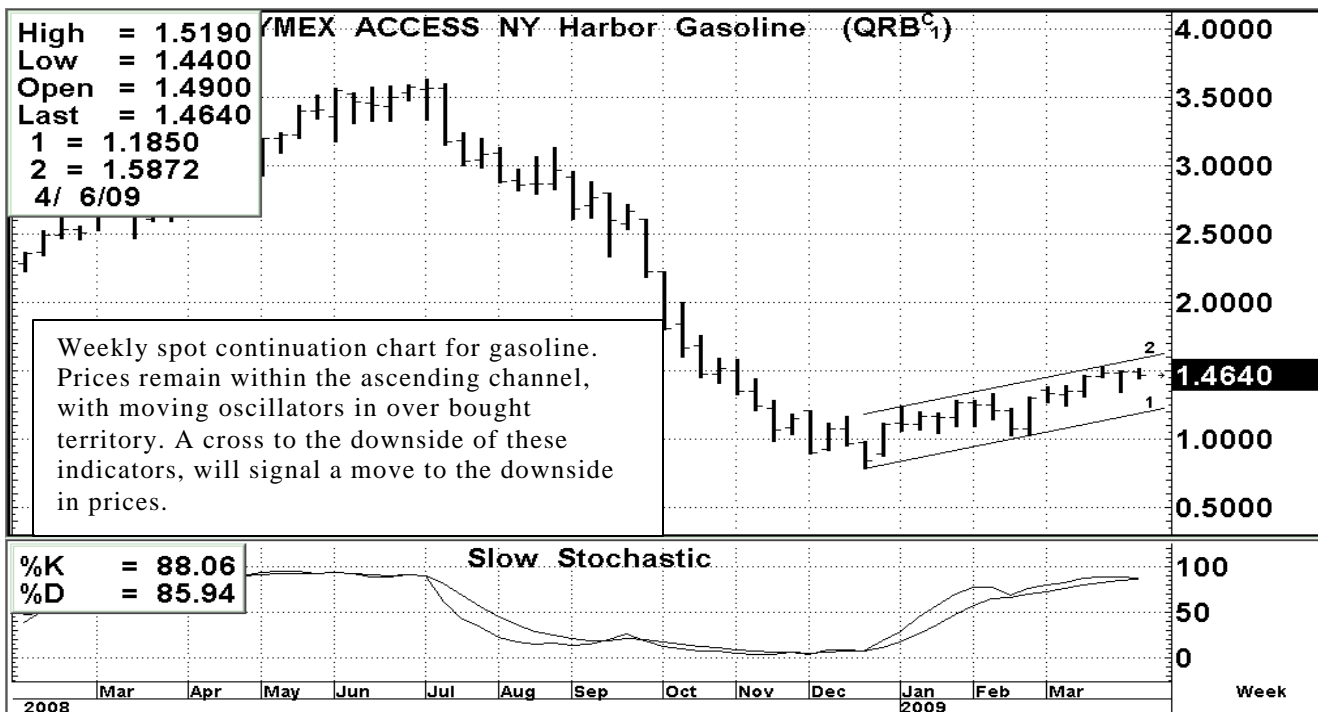
Market Commentary

Crude oil prices fell for the third straight day; in reaction to expectations of inventory builds. According to a Dow Jones report, crude oil inventories for the week ending 4/3/09, rose 2.3 million barrels. Gasoline inventories are expected to decrease slightly, with an average draw of 0.7 million barrels. Distillates are also expected to decrease by 0.2 million barrels. The global economic situation continues to take a bite out of demand, with no evidence that any supply excess is being absorbed. Demand projections are expected to be lowered when the IEA puts out their monthly report. The Paris based agency is scheduled to release its next report on April 10. The front month crude oil spread continues to reflect an oversupplied, limited demand market, with the May/June spread settling .43 cents weaker. The May crude oil contract traded just



above the 38.2% retracement number between the range of \$54.66 and \$ 39.42. This retracement number is \$48.84. Moving oscillators are supportive for further downside movement, as percent D is set at \$44.77 and

percent K at \$51.79. Based upon the \$59.20 - \$50.35 ascending channel on a weekly bar chart, should crude oil prices settle the week below this channel, the downside objective would be \$41.50. According to industry sources, gasoline demand continues to succumb to economic pressure. The ascending channel on a weekly spot continuation chart remains intact, with slow stochastics in overbought territory. Should these technical indicators cross to the downside, a trend change will occur.



(CL) MAY.09 263,055 -9,969 JUN.09 209,378 +3,244 JUL.09 106,384 +8,870 AUG.09 39,392 +3,823
Totals: 1,174,804 +6,329 Heating Oil MAY.09 51,715 -924 JUN.09 40,279 -447 JUL.09 24,352 +271

AUG.09 14,144 +36 Totals: 248,591 - 502 RBOB MAY.09 72,381 -1,327 JUN.09 36,220 -690 JUL.09 22,171 +655 AUG.09 14,942 -215 Totals: 196,775 -1,139.

| | |
|--|--|
| Crude Support | Crude Resistance |
| 48.84, 47.04, 45.24, 43.74, 40.00, 38.95, 32.25, 29.66, 28.63, 26.65, 25.50 | 54.75, 55.98, 57.20 |
| Heat Support | Heat resistance |
| 1.3400, 1.3057, 1.1359, 1.10951.0520 | 1.4865, 1.5050, 1.5285, 1.5520 167.15, 171.85, 176.70, 1.8500 |
| Gasoline support | Gasoline resistance |
| 1.2700, 1.2625 1.1680, 1.0128, 9590, .8978, .8755, 7850 | 1.4900, 1.5260, 1.5340, 1.5800, |

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