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ENERGY MARKET REPORT FOR APRIL 12, 2010

Qatar's Oil Minister Abdullah al-Attiyah said there is no shortage of crude in the world oil market. He said oil prices at about \$85/barrel are not related to supply and demand fundamentals. He also said OPEC has no plans for now to call an extraordinary meeting before the next scheduled gathering in October.

Diplomats said China made clear to the US, Britain, China, France, Russia and Germany that it

dislikes a proposed ban on new investments in Iran's energy sector as part of a new round of UN sanctions. China's UN Ambassador Li Baodong indicated his displeasure at the proposals affecting Iran's energy sector during a 3 hour meeting with his US, British, French, Russian and German counterparts on Thursday. The proposals include a ban on new investments in Iran's energy industry. The issue is expected to come up on the sidelines of President Barack Obama's summit on nuclear security in Washington on Monday and Tuesday.

Iran's envoy to the UN's IAEA, Ali Asghar Soltanieh, spurned the US nuclear summit saying any decision taken at the conference is not binding on nations absent from the event. He also accused the US of being the "real" threat to global peace given its large nuclear arsenal.

Russia's Deputy Foreign Minister Sergei Ryabkov said Russia will take part in a nuclear disarmament conference in Iran on April 17-18. He said the conference would discuss many issues related to the non-proliferation of nuclear weapons but its main focus would be the civilian use of nuclear energy.

Market Watch

The US EPA has given Royal Dutch Shell approval to explore Alaska's Beaufort Sea. The EPA air quality permit moves Shell a step closer to starting exploration on the Beaufort Sea on the outer continental shelf above the Arctic Circle. The permit is similar to one the EPA issued last week for exploration in the Chukchi Sea and covers drilling related air emissions from July to December each year.

Russia is likely to increase its oil export duty in May to between \$281 and \$284/ton from \$268.90/ton to reflect a rise in oil prices. Export duties on light refined products, such as gasoline and gas oil, are likely to total \$202-\$204/ton, up from the current level of \$193.50/ton. On heavy refined products, such as fuel oil, export duties are likely to increase to \$109-\$110/ton compared with \$104.20/ton in April.

The ICE announced that a total of 2,064 lots or 206,400 metric tons of gas oil was physically delivered against the expiry of ICE gasoil futures.

Royal Dutch Shell Plc told investors to reject a shareholder motion tabled for its Annual General meeting next month which would require the oil major to review its investments in Canada's oil sands. Shell said it had already considered potential charges for Co2 in its initial business plans and so shareholders should reject the plea for a new review into the projects. Shell fears its business in other area could be affected if the shareholder group is successful in forcing a review.

April
Calendar Averages
CL – \$85.55
HO – \$2.2385
RB – \$2.3172

According to Euroilstock, total oil and product stocks in 16 European countries stood at 1.153 billion barrels March, down 2.25 million barrels or 0.2% on the month and down 2.67 million barrels or 0.2% on the year. Crude oil stocks stood at 476.33 million barrels in March, up 5.26 million barrels or 1.1% on the month but down 25.67 million barrels or 5.1% on the year while gasoline stocks stood at 119.85 million barrels, down 1.19 million barrels or 1% on the month and down 220,000 barrels or 0.2% on the year. Middle distillate stocks stood at 413.25 million barrels, down 5.03 million barrels or 1.2% on the month and up 21.1 million barrels or 5.4% on the year. Refinery crude intake fell to 10.314 million barrels in March from 10.4 million barrels in February. Refinery utilization rate fell to 78.73% in March from 79.39% in February.

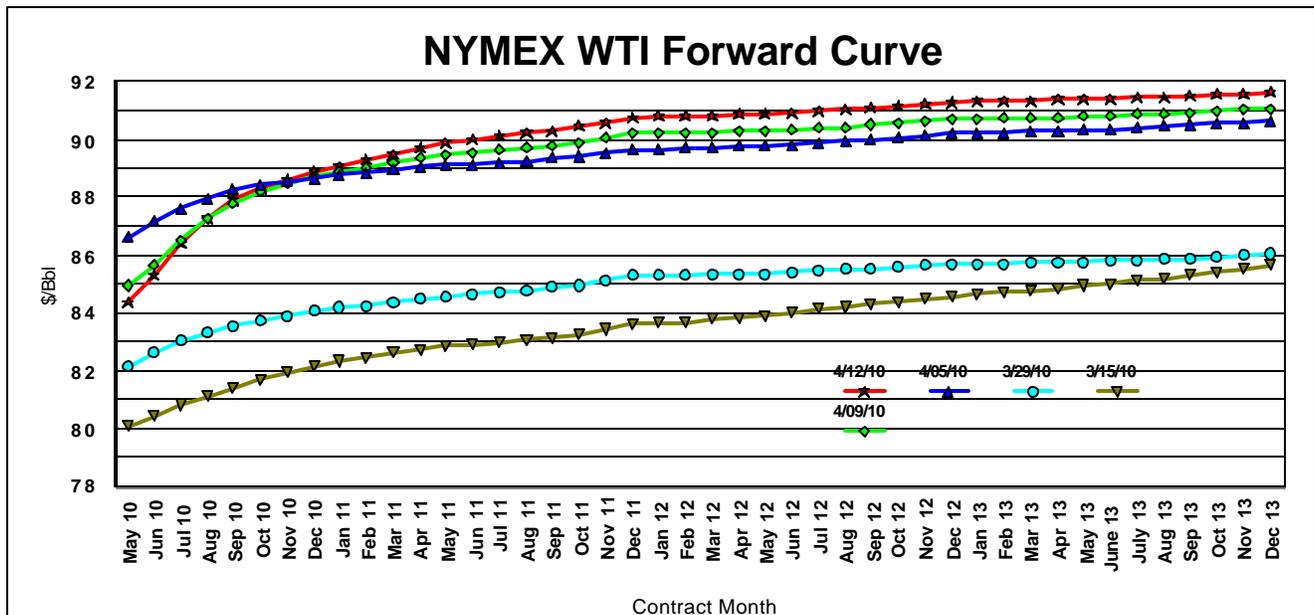
Four foreign workers have been abducted by armed men near Port Harcourt in the Niger Delta. No group or individual had yet claimed responsibility for Thursday's abductions and no ransom had been demanded so far.

The EIA reported that the US retail price of diesel increased by 5.4 cents to \$3.069/gallon in the week ending April 12th. The price is at its highest level since November 3, 2008. Diesel prices are 84 cents or 37.7% above the year ago level. The EIA also reported that the US retail price of gasoline increased by 3.2 cents to \$2.858/gallon on the week. Gasoline prices are 80.7 cents or 39.3% above a year earlier.

Refinery News

Credit Suisse reported that US refinery margins were mostly down last week. Margins in the Northeast fell by 16.9% or \$1.27/barrel to \$6.23/barrel while margins in the Gulf Coast fell by 59 cents to \$8.39/barrel. In the Midwest, margins fell by 26 cents to \$9.55/barrel while margins in the West Coast fell by 62 cents to \$15.16/barrel. Margins in the Rockies region however increased by 17 cents to \$16.64/barrel.

ExxonMobil reported flaring at its 348,500 bpd refinery in Beaumont, Texas early Monday morning. There was no indication as to what caused the flaring and if there was any impact to production. On Saturday, ExxonMobil shut a furnace associated with a hydrodesulfurization unit at its 562,500 bpd refinery in Baytown, Texas on Saturday due to low combustion efficiency. It said there was no impact on production and all customer needs were met.



Motiva Enterprises LLC said operations at a delayed coking unit at its 285,000 bpd Port Arthur, Texas refinery were being restored after a compressor tripped on Sunday. In a report filed with the Texas Commission for Environmental Equality, Motiva said a wet gas compressor for the unit tripped due to instrument failure.

Tesoro Corp's 97,000 bpd refinery in Wilmington, California reported an unscheduled shutdown of a hydrocracker unit late Sunday. It cited a mechanical issue as the cause of the shutdown.

Valero Energy Corp's 235,000 bpd refinery in Quebec City restarted a 66,000 bpd fluid catalytic cracking unit over the weekend that had been shut since early February due to a fire. Separately, Valero Energy Corp plans to conduct maintenance on a steam methane reformer at its 315,000 bpd Corpus Christi, Texas refinery on Monday. The work is not expected to have material impact on production.

BP Plc said its residual hydrotreater train 400 at its 475,000 bpd Texas City, Texas refinery is restarting following the completion of its maintenance.

Saudi Arabia is expected to lower its gasoline imports in April by about 20% on the month. It is expected to purchase about 68,152 bpd of gasoline compared with 82,000 bpd purchased in March.

Three major South Korean refiners plan to export a combined total of 1.8 million barrels of spot diesel in May, up 50% on the month. GS Caltex plans to export 900,000 barrels of spot diesel in May, triple April's 300,000 barrels due to improving oil product margins and higher operating rates following a maintenance shutdown. SK Energy and Hyundai Oilbank will maintain their spot diesel exports at 600,000 barrels and 300,000 barrels in May, respectively.

An official said capacity at a new tank terminal in Jakarta, jointly owned by Royal Vopak and Indonesia's PT Aneka Kimia Raya can almost be doubled. The tank terminal has a capacity of 250,800 kiloliters or 1.57 million barrels and is expected to ease bottlenecks in distributing oil products to the domestic market. The terminal would improve import and distribution of fuel in the Jakarta area. If there is sufficient demand, the terminal's capacity could be increased to a total of 450,000 kiloliters.

Production News

China's Sinopec Corp produced 3.58 million tons or 843,880 bpd of crude in March, marginally higher than planned. It also produced 931 million cubic meters of natural gas last month. Separately, Sinopec plans to buy ConocoPhillips Corp's stake in Syncrude Canada Ltd for \$4.65 billion. The transaction is expected to close in the third quarter once Canadian and Chinese government approvals are obtained.

Mexico's President Felipe Calderon said that the first incentive based contracts tendered by Pemex under a 2008 energy reform will be for mature fields that have the potential to produce more oil and gas using new technologies. Pemex is trying to increase its crude oil production after a slide from its peak output of 3.4 million bpd on average in 2004 to an estimated 2.5 million bpd this year.

Brazil's Petrobras plans to drill a least 15 wells at the Tupi field by the end of 2010. Petrobras has drilled five successful wells in the Santos Basin's Tupi field. Tupi is estimated to hold recoverable reserve of between 5 billion and 8 billion barrels of oil equivalent.

Brazil's OGX Petroleo e Gas Participacoes SA said an appraisal well in the Campos Basin's BM-C-41 block showed signs of oil.

Brazil's total ethanol production was 23.6 billion liters for the 2009-10 crop season, down 5.6% from 25.1 billion liters a year ago.

National Iranian Oil Co has cut its Iranian Light crude bound for northwest Europe by \$1.35 to BWAVE minus \$4.30. It also cut its Iranian Heavy crude price by \$1.55 to BWAVE minus \$5.15 and its Forozan Blend by \$1.55 to BWAVE minus \$5.10. The price of its Iranian Light crude bound for the Mediterranean was cut by \$1.15 to BWAVE minus \$5.50; the price of its Iranian Heavy crude was cut by \$1.75 to BWAVE minus \$7.05 and the price of its Forozan Blend was cut by \$1.75 to BWAVE minus \$7. The price of its Iranian Light crude bound for Asia was increased by 35 cents to the Oman/Dubai average plus 10 cents; the price of its Iranian Heavy crude was cut by 10 cents to the Oman/Dubai average minus \$1.60 and the price of its Forozan crude was cut by 10 cents to the Oman/Dubai average minus \$1.55.

Iraq has cut the official selling price of its Basra Light crude loading in May to customers in Asia to a \$1.15/barrel discount to the Oman/Dubai average.

OPEC's news agency reported that OPEC's basket of crudes increased to \$81.97/barrel on Friday from \$81.60/barrel on Thursday. It also reported that the OPEC's basket of crudes increased by \$3.31/barrel to \$81.95/barrel in the week ending April 9th.

Market Commentary

Crude oil pared early gains despite a weaker dollar as bearish fundamentals weighed on prices. The oversupplied U.S. market discounted stronger Chinese imports as it reacted to this technical correction. Hopes for longer-term increases in demand appear to be diminishing, as spreads came under pressure. The May crude oil declined 0.7 percent, settling at \$84.34 on the day. As mentioned previously, we would look for the underlying fundamentals of this market to continue to pressure prices, as it experiences financially driven up moves. Crude oil should continue to trade within the ascending channel. We are still looking for a test at this channel bottom, which is set at \$82.71 for tomorrow's session. Gasoline settled higher on the day as we begin to approach the U.S. summer driving season. Should refiners remain sluggish in increasing runs, we would look for gasoline to psychologically work higher, but not at an alarming pace.

Crude oil May 10 238,925 -33,196 June 10 236,509 +18,861, July 10 145,391 +13,805 Totals 1,377,791 +12,689 Heating oil May 10 88,287 -5,138 June10 60,947 +2,819 July 10 32,525 +603 Totals: 315,168 -1,743. Gasoline May 10 105,069 -11,143 June 10 70,787 +2,927 July 10 42,374 +1,386 Totals 318,831 -5,593

Crude Support	Crude Resistance
83.95, 83.18, 82.50, 82.19, 679.75-79.51, 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	85.40, 85.85, 86.65, 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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