



ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR APRIL 17, 2009

Venezuela's Energy Minister Rafael Ramirez said oil prices have started stabilizing with a floor of \$45/barrel and added that OPEC expects crude prices to increase to about \$60/barrel by the end of the year. He said OPEC may insist on setting an oil price band once prices for crude oil show signs of stability. He said OPEC should create an oil price band of \$70-\$90/barrel if oil prices stabilize. He said members will evaluate the compliance to the latest agreed upon oil production cuts during OPEC's meeting on May 28. Meanwhile Venezuela's President Hugo Chavez said OPEC will work to take oil prices to \$70/barrel. He added that Venezuela will not cancel any major oil projects as a result of low oil prices.

Market Watch

Shell has amassed up to 10 cargoes or 6 million barrels of Forties crude from the North Sea, possibly for storage over the past two weeks. The company bought about 5 cargoes of Forties crude since early April. It also kept about 5 or 6 cargoes received via the Forties May loading program.

The Federal Trade Commission issued revised draft rules aimed at combating oil price manipulation. The new rules bar individuals involved in the physical petroleum market from practices including making false public announcements of planned pricing or output decisions and false data reporting. If adopted, those who violate the rules would face civil penalties of up to \$1 million per violation per day.

Nigeria's minister of state for finance, Remi Babalola said world oil prices are likely to trade between \$44 and \$52/barrel for the rest of the year due to supply limitations.

Iraq's Oil Minister, Hussain al-Shahristani said Iraq needs foreign companies to invest in drilling more oil wells. He said Iraq lacks the infrastructure and resources necessary to more than double its output of 2.3-2.4 million bpd. He said Iraq has 70 new oil wells ready to start pumping crude in the next two months.

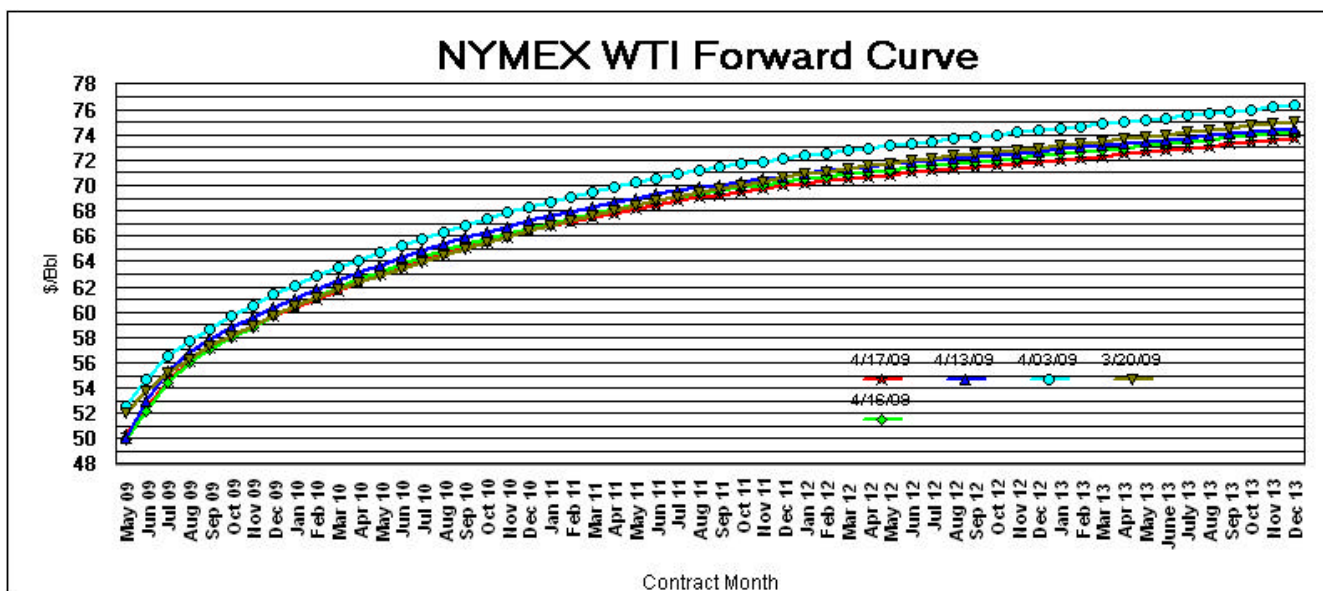
Iran's President Mahmoud Ahmadinejad said the country favors dialogue with the US, Russia, China, France, Germany and Britain over its nuclear program and will soon give its official response to an invitation for talks. He said Iran prepared proposals to end the stalemate over its nuclear ambitions, without giving details. Iran's chief nuclear negotiator said Iran would welcome constructive dialogue.

April Calendar Averages

CL – \$50.37
HO – \$1.4094
RB – \$1.4604

The Obama administration said it is prepared to meet Iran without preconditions but it has also made clear that suspension of enrichment remains the goal.

Refinery News



Colonial Pipeline will restrict shipment of diesel, jet and heating oil on its main distillate line north of Collins, Mississippi for cycle 23 as demand exceeds capacity.

BP Plc has cut its output at some of its oil refineries due to lower demand. It has cut refinery runs and brought forward maintenance at some of the 17 refineries it owns during the second quarter.

Valero Energy Corp plans to start work on a hydrotreater unit at its 325,000 bpd Port Arthur, Texas refinery next week. The planned work will not impact overall production at the refinery. Valero restarted a 45,000 bpd hydrotreater unit at its Port Arthur refinery and reached planned rates earlier this week after the unit was shut on April 3 to repair a tube leak in an air cooler.

France's Total began to restart its 231,000 bpd Donges refinery after partial maintenance. Several units have been shut since February 22 for planned maintenance.

India's Mangalore Refinery and Petrochemicals Ltd said it contained a minor fire that started in the cooling tower of its 194,000 bpd refinery. Refinery operations were unaffected by the fire.

Japan's Kyokuto Petroleum Industries has failed to restart a 34,000 bpd residue fluid catalytic cracking unit at its Chiba refinery. This is expected to delay the restart of the 175,000 bpd crude distillation unit by a few days. The CDU has been undergoing scheduled maintenance since early March and was set to restart on Friday.

China refinery throughput in March increased by 0.7% on the year to 29.37 million tons or 6.92 million bpd, according to China's National Bureau of Statistics. It is at its highest rate since October 2008 and up 3% from February. China however continued to cut production, with March down 1.1% on the year at 15.82 million tons or 3.73 million bpd and first quarter output fell by 1.6%.

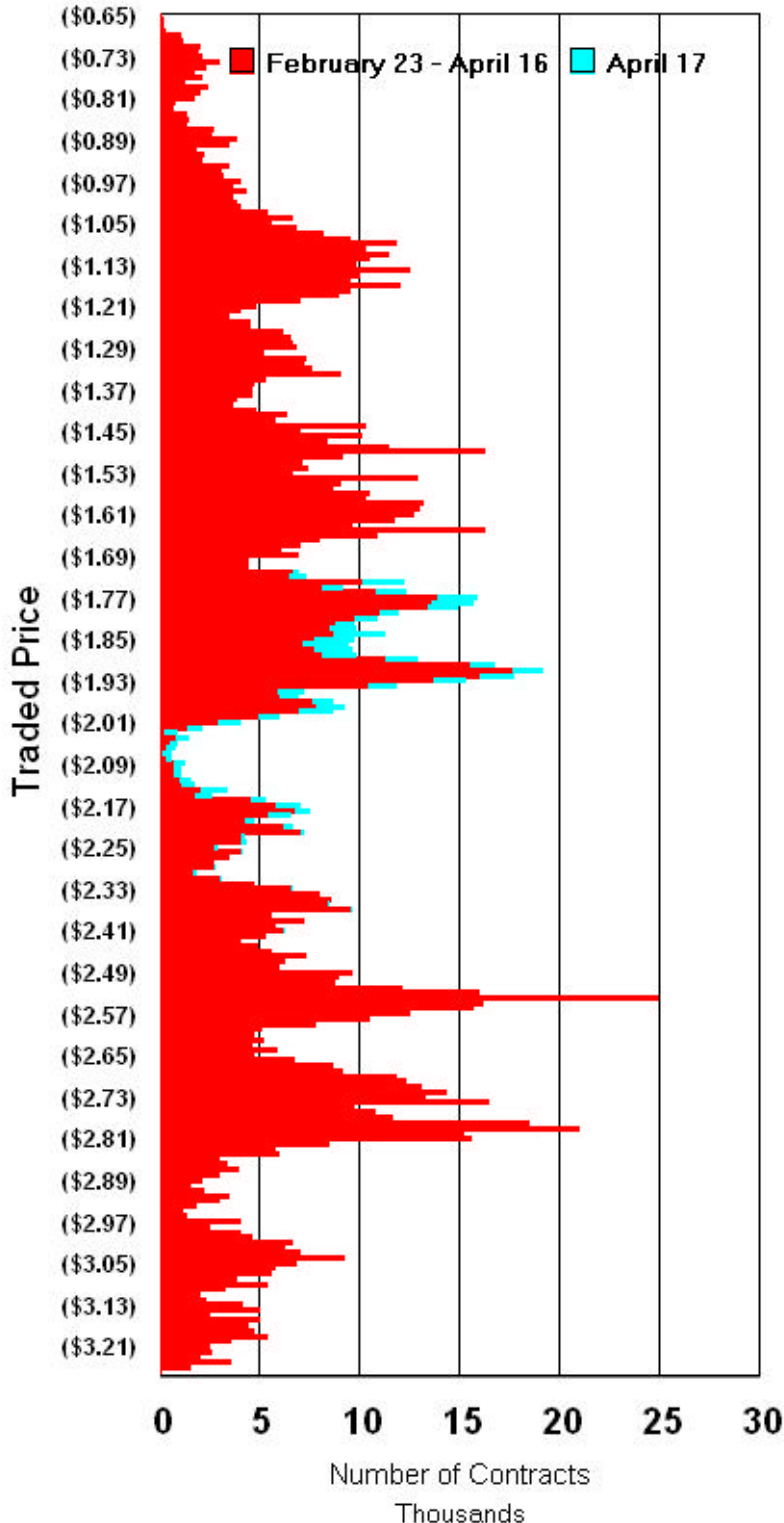
About 60,000 tons of diesel was tentatively booked for the Middle East for loading in South Korea/Singapore on April 18th. Diesel supplies are tightening in the Middle East because of active refinery maintenance. Qatar shut crude units at its 137,000 bpd Mesaieed refinery for three weeks starting April 5th. Kuwait is scheduled to shut its hydrotreating and desulphization units with combined capacity of 150,000 bpd at the Mina Abdullah refinery for 30-40 days of maintenance in April.

Production News

NYMEX WTI: May June Spread

Price Vs Volume for February 23 - April 17, 2009

Trade Weighted Avg 4/15 -2.55, 4/16 -2.44, 4/17 -1.90



Kuwait resumed crude and oil product exports on Friday after a sandstorm and bad weather forced a halt on Thursday.

Venezuela's oil production fell by 5,500 barrels to 2.123 million bpd in March, according to OPEC's Monthly Oil Report.

Iraq's Kurdish north has discovered 3 billion to 4 billion barrels of oil. Iraqi Kurdistan's Natural Resource Minister, Ashti Hawrami said reserves in the Kurdistan area total 40-45 billion barrels.

Indonesia's energy minister Purnomo Yusgiantoro said Italy's Eni has found a large oil reserve in Ambalat area that can produce 30,000-40,000 bpd of crude oil.

Indonesia's BPMIGAS said Exxon Mobil Corp has temporarily halted output at the Cepu block because of pipeline problems. The Cepu oil block started initial production last December with a volume of about 800 bpd. The oil block is expected to produce 165,000 bpd when it reached peak output in 2012.

National Iranian Oil Co cut the official selling prices of its crude for May to all destinations. Its Iran Light crude bound for Europe was cut by \$1.55 to BWAVE minus \$3.30, its Iran Heavy crude price was cut by \$1.90 to BWAVE minus \$4.05 and its Forozan crude price was cut by \$1.90 to BWAVE minus \$3.90. Its Iran Light crude bound for the Mediterranean was cut by 40 cents to BWAVE minus \$3.40, its Iran Heavy crude price was cut by 90 cents to BWAVE minus \$4.20 and its Forozan crude price was cut by 90 cents to BWAVE minus \$4.05. Its Iran Light crude bound for Asia was cut by 10 cents to the Oman/Dubai average plus \$1.10, its Iran Heavy crude price was cut by \$1

to the Oman/Dubai average minus 45 cents and its Forozan crude price was cut by \$1 to the Oman/Dubai average minus 40 cents.

OPEC's news agency reported that OPEC's basket of crudes increased further to \$51.55/barrel on Thursday from \$51.17/barrel on Wednesday.

Market Commentary

Crude oil moved higher today on news that Chinese refining rates rose for the first time in five months, a sign that the government's economic stimulus package is working. Crude oil prices basis a weekly spot continuation chart have traded and settled below the \$61.52-\$52.66 ascending channel for the first time in nine-weeks. There has been divergence between the relative strength index and the slow stochastics. While the slow stochastics worked higher, the relative strength index has been trending sideways within neutral territory since the middle of February. Since then the slow stochastics have worked their way into overbought territory and appear to be getting ready to cross to the downside. Percent K has now turned lower, with percent D still working higher. We would look for percent K to cross below percent D, indicating that the trend in the market has now turned to the downside. Coming into next week, we would look for crude oil prices to make an attempt at testing the \$43.80 projected downside objective based upon the aforementioned channel. The RBOB market, which settled up 1.84 cents at \$1.4927, breached its descending resistance line as it rallied to a high of \$1.5276 early in the session. The market however is seen retracing its gains next week after failing to sustain its gains ahead of the weekend, with support seen at its low of \$1.4715, \$1.4657 and \$1.451. More distant support is seen at \$1.4361, \$1.4037 and \$1.34. Similarly, the heating oil market breached its descending resistance line as it rallied to its high of \$1.4534. However it was unable to sustain its gains and settled up just 7 points at \$1.4225. The heating oil market is also seen retracing its gains finding support at \$1.40, \$1.3766, \$1.3472 and \$1.30.

(CL) MAY.09 64,746 -20,256 JUN.09 340,591 +11,569 JUL.09 163,833 +7,998 AUG.09 49,898 +2,344
Totals: 1,185,748 +4,498 Heating Oil MAY.09 32,499 -1,858 JUN.09 55,437 +1,188 JUL.09 31,851
+672 AUG.09 15,874 -96 Totals: 260,457 +3,565 RBOB MAY.09 40,145 -1,830 JUN.09 61,488
+2,518 JUL.09 33,559 +1,607 AUG.09 18,325 +393 Totals: 209,370 +3,069.

The latest Commitment of Traders report showed that non-commercials in the crude market cut their net long position by 7,531 contracts to 4,962 contracts in the week ending April 14th. The combined futures and options report showed that non-commercials in the crude market cut their net long position by 1,312 contracts to 89,832 contracts on the week as the market was unable to sustain its move over \$52.00. The funds cut their total long position by 4,960 contracts to 189,647 contracts on the week. Meanwhile, the combined futures and options report showed that non-commercials in the heating oil market increased their net long position by 1,725 contracts to 23,283 contracts while non-commercials in the RBOB market cut their net long position by 2,961 contracts to 47,609 contracts on the week.

Crude Support	Crude Resistance
48.85, 47.35, 45.24, 43.80, 40.00, 38.95, 32.25, 29.66, 28.63, 26.65, 25.50	54.75, 55.98, 57.20
Heat Support	Heat resistance
1.3472, 1.3000, 1.1359, 1.10951.0520	1.4593, 1.4715, 1.4865, 1.5050, 1.5143,1.5285, 1.5520 167.15,
Gasoline support	Gasoline resistance
1.3400, 131.80,1.2700, 1.2625 1.1680,1.0128,9590,	1.4900,11.5088, .5260, 1.5340,1.5800,