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ENERGY MARKET REPORT FOR APRIL 20, 2010

Kuwait's Oil Minister Sheikh Ahmad Abdullah al-Sabah said the current oil price is good and that he expects it to remain within the \$75-\$90/barrel range. He however warned against speculation and volatility in crude prices.

Majority leader in the House of Representatives Steny Hoyer said Congress could send US President Barack Obama legislation imposing new sanctions on Iran in a matter of weeks. He was hopeful that lawmakers would act on imposing sanctions sooner rather than later. The Senate and House have passed

rival bills taking aim at Iran over its defiance of world demands that it freeze its nuclear program. The two chambers must pass compromise legislation to send to President Obama for approval.

Market Watch

Analysts said world jet fuel demand will recover slightly on Tuesday but will remain down by as much as 900,000 barrels from normal daily demand of 5 million barrels as ash from an Icelandic volcano disrupts European air traffic. The European aviation control agency Eurocontrol said 50% of flights would take place on Tuesday, up from 31% the previous day.

German airline Lufthansa said it ended some of its jet fuel orders due to force majeure after an ash cloud from an Icelandic volcano cut European air traffic. Separately, the central jet fuel warehouse for Germany's airport said jet fuel use at Germany's airport in Frankfurt has all but stopped over the past few days due to flights being grounded because of the volcanic ash cloud.

Goldman Sachs' first quarter commodity trading risks increased to its highest level since August 2008. Goldman Sachs said net revenues from commodities fell short of the year ago period, despite increasing its daily average Value at Risk in commodities to \$49 million, about 30% higher on the quarter and the first quarter of 2009.

The CME Group Inc said heating oil contracts traded on the NYMEX reached a record volume level on Monday of 154,589 contracts surpassing the December 19, 2009 record of 150,182 contracts. The heating oil market has been impacted by the sharp decline in jet fuel demand due to the volcanic eruptions in Iceland.

Iran added four supertankers to its fleet of vessels storing crude, increasing the total number of tankers to 11 after two others set sail. At least 11 vessels are idling in the Persian Gulf and the Gulf of Oman. The tankers can store about 22 million barrels of oil. Iran is likely storing oil because of weakening demand as refineries across Asia carry out maintenance.

Venezuela's President Hugo Chavez said US oil firms pay the Venezuelan government about \$3 billion a year in royalties, significantly higher than the \$200 million they would pay if previous Venezuelan administrations remained in office. The Chavez government has steadily increased the royalty rate, increasing it up to 16% in 2004 and increasing it to as high as 33%.

API Stocks

Crude – down 741,000 barrels

Distillate – down 3.103 million barrels

Gasoline – down 1.743 million barrels

Refinery runs – up 0.3%, at 85.1%

The US Energy Department plans to complete a study on the viability of creating an emergency reserve for petroleum products such as gasoline and diesel by June. The department researched the need for a refined product reserve last year but the study was inconclusive. Last year, the Senate committee approved a measure that would require the department to develop a reserve of 30 million barrels of

petroleum product supplies.

According to a report by MasterCard Advisors LLC, US gasoline demand increased by 1.8% or 167,000 bpd to 9.465 million bpd in the week ending April 16th. Demand in the latest four weeks increased by 1% or 90,430 bpd on the year to 9.485 million bpd. It reported that the US average retail price of gasoline increased by 0.1 cent on the week to \$2.85/gallon, the highest price since October 17, 2008.

US Transportation Department said US highway travel in February was down 2.9% or 6.3 billion miles on the year at 212.9 billion miles. It was the second consecutive month that highway travel fell and the lowest miles driven in February since 2003. The number of miles drive so far in 2010 is down 2.3% from the same period last year.

Refinery News

Citgo said that gasoline produced at its Lemont, Illinois refinery may not meet the state's new specification standards if blended with ethanol. It however said that it will continue to provide a reformulated gasoline that meets the Illinois state specification.

Colonial Pipeline allocated shipping space for cycle 25 on the main gasoline pipeline north of Collins, Mississippi because demand exceeds capacity. This is the fifth consecutive cycle where high demand for space has restricted shipping volumes. Colonial Pipeline said it was freezing nominations for cycles 21 through 24 on its distillates line from Atlanta, Georgia to Nashville, Tennessee as demand for shipping space exceeds line capacity.

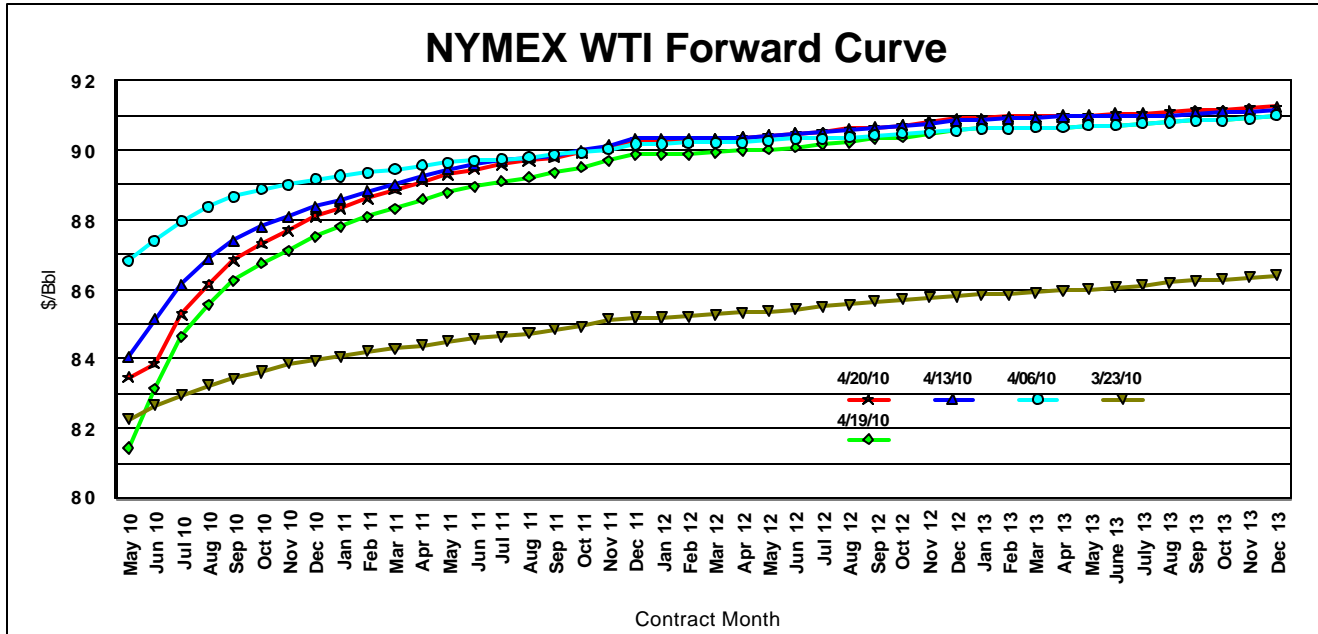
Chevron Corp said government agencies have approved the start of repair work on a damaged Louisiana oil line that leaked oil into a wildlife refuge on April 6th. The line leaked 18,000 gallons of oil into the Delta National Wildlife Refuge near the mouth of the Mississippi River. A Coast Guard official said site preparation was expected to start this week.

ExxonMobil Corp's 150,000 bpd refinery in Torrance, California resumed normal turnaround operations after a malfunction on a production unit on Monday. The refinery has been undergoing an overhaul for several weeks to prepare for the summer driving season. Separately, ExxonMobil said that several units shut by a power outage at its 562,000 bpd Baytown, Texas refinery at the end of last week were restarted over the weekend. It said there was minimal impact to production and added that all customer needs were met.

Hess Corp's planned work on a fluid catalytic cracking unit at its 70,000 bpd refinery is on track to end in early May after it started on April 9th.

TransCanada has filed with the US Federal Energy Regulatory Commission to start operating the new 435,000 bpd Keystone oil pipeline to ship crude from Canada into the US as early as May 15th. The line, which will carry crude to the US Midwest from Alberta, Canada is not expected to actually begin pumping crude commercially until June. The line is expected to reach full capacity by the first quarter of 2011.

**April
Calendar Averages**
CL – \$84.80
HO – \$2.2255
RB – \$2.3078



China's Sinopec is seeking to build a large refining and petrochemical complex in Singapore. Plans for the complex on Singapore's Jurong Island include a crude oil reserve depot, a large refinery and a lubricant plant.

Japan's Ministry of Economy, Trade and Industry offered to sell about 220,000 kiloliters or 1.39 million barrels of Khafji crude and about 260,000 kl of Basra Light crude from its strategic reserves as part of its plan to change the types of petroleum it holds in stockpiles.

Production News

Denmark's DUC crude oil system is due to load about 155,000 bpd in May, increasing from about 140,000 bpd in April.

Helicopter flights to Norway's oil and gas platforms gradually resumed on Tuesday as volcanic ash dispersed in Norwegian and Scottish air space. However some flights to oil and gas infrastructure off eastern England were still cancelled. Oil and gas representatives have said the only impact of the volcanic ash disruption in the short term would be to strand oil and gas workers, although a lengthy closure could force them to defer non-essential maintenance. Statoil said that production was not affected by the flight suspension on Tuesday.

A consortium led by China National Petroleum Corp and BP Plc plan to increase crude oil production from the Rumaila oil field by 10% by the end of the year. The field was producing 1.05 million bpd, when Iraq signed a 20 year service agreement with the companies in November last year. The consortium is contracted to nearly triple production at the field to 2.85 million bpd in seven years.

Separately, an Iraqi oil official said the initial development plan agreed by Royal Dutch Shell, Petronas and Iraqi oil officials includes inviting oil service firms to drill 15 new wells. The plan also includes building two new crude processing plants with a capacity of 50,000 bpd each and increasing capacity at an existing refinery to 120,000 bpd from its current capacity of 100,000 bpd. They discussed preliminary plans to increase output in the Majnoon oilfield. The official said if everything proceeds according to the plan an output of 175,000 bpd of oil equivalent could be achieved in 24 months.

Iran's Oil Ministry said Iran aims to increase production capacity at its offshore Lavan field by about 5,000 bpd during the 2010-11 year. Last year, the Lavan oilfield produced on average 92,000 bpd.

India's Oil & Natural Gas Corp has likely missed its crude oil production target for the last financial year. ONGC's output in the fiscal year ended March 31st totaled 24.847 million metric tons, down from its 27 million metric ton target.

OPEC's news agency reported that OPEC's basket of crudes fell by \$1.97/barrel to \$80.89/barrel on Monday from \$82.86/barrel on Friday.

Market Commentary

As flights resumed over European airspace, the price of crude oil and its products rose along with hopes of increasing demand. A stronger equities market also contributed to today's higher move. Heating oil experienced high volume yesterday, with 154,589 contracts traded. This is directly attributed to the volcanic eruption in Iceland, which forced the cancellation of hundreds of flights to and from Europe. Heating oil, which is traded as a hedge for diesel and jet fuel, gained 2.34 cents a gallon at the close of today's floor traded session. Shorts quickly covered after airspace reopened. We view this move as a knee-jerk reaction to the aforementioned news and also to tomorrow's inventory report. The price of crude oil continues to trend within the ascending channel that can be depicted on a spot continuation chart. With today's higher move, technicals appear to be somewhat supportive for prices. The \$85.71 channel top appears to be the upside objective, barring bearish inventory numbers. Our overall view of this market remains the same. This market is fundamentally weak but will continue to react to outside influences such as the equities market and the global economic situation. We expect that upside movement will be limited. As a result, we would look to buy and sell against the listed support and resistance numbers.

Crude oil June 10 374,565 +6,920 July 10 172,704 -5,462 Aug 10 67,244 +2,660 Totals 1,355,584 -24,824 Heating oil May 10 41,495 -14,888 June 10 80,387 +8,555 July 10 35,470 +1,076 Totals: 301,002 -4,067 Gasoline May 10 50,982 -11,076 June 10 100,908 +1,898 July 10 54,184 +1,324 Totals 323,451 -5,929

The API reported draws across the board with a draw in crude stocks of 741,000 barrels on the week. It reported a large draw of 2.177 million barrels in Padd 3 alone while crude stocks in Padd 2 built by 1.529 million barrels. It reported the draw as crude runs increased by 49,000 bpd to 14.65 million bpd. However crude imports increased by 685,000 bpd to 9.895 million bpd on the week. Distillate stocks unexpectedly fell by 3.103 million barrels. The API reported large draws in Padds 2 and 3 of 1.473 million barrels and 1.462 million barrels, respectively. It reported the draw in stocks as apparent demand increased by 15.2% on the week and by 9.1% on the year to 4.602 million bpd while apparent demand basis its three week moving average increased by 4.5% on the week but fell by 1.5% on the year to 4.218 million bpd. It also reported the draw as distillate production fell by 67,000 bpd or 1.7% on the week to 3.992 million bpd while imports fell by 14,000 bpd or 7.7% to 167,000 bpd. The API also reported an unexpected draw in gasoline stocks of 1.743 million barrels, with a draw of 1.885 million barrels in Padd 3 alone. It reported the draw in stocks as gasoline production fell by 36,000 bpd or 0.4% on the week to 9.179 million bpd and imports fell by 22,000 bpd or 18.5% on the week to 97,000 bpd while apparent demand increased by 4.6% on the week to 9.525 million bpd.

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| Crude Support | Crude Resistance |
| 82.00, 80.27, 79.75-79.51, 78.43, 76.15, 75.37, 72.60, 71.31, 70.42, 69.50, 65.05, 64.70, 63.38, 62.70, 61.61, 60.95 | 84.55, 85.71, 86.65, 87.85, 88.80, 89.10, 89.88, 92.75 |
| Heat Support | Heat resistance |
| 2.1084, 2.0800, 2.0180, 1.9975, 1.9860, 1.8570, 1.8280, 1.7670, 1.7565 | 2.3000, 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 | 2.3635, 2.4850, 2.5040, 2.5115 |

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