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ENERGY MARKET REPORT FOR APRIL 25, 2011

Gulf delegates said OPEC members with spare capacity are ready to pump above agreed limits if there is a need. However they stated that OPEC is unlikely to formally change output targets at a meeting in June.

Iraq's Oil Minister
Abdul Kareem

Luaiby said the country sees an oil price of \$120/barrel as reasonable. He said the price will not affect economic growth. Separately, he said Iraq will hold a fourth oil and gas licensing auction in January 2012, instead of the previously announced date of November this year, offering international companies 12 exploration blocks located in various parts of Iraq. The Iraqi Oil Ministry is offering seven blocks that are expected to contain mainly natural gas while the remaining five blocks contain crude oil.

The EIA reported that the US average retail price of diesel fell by 0.7 cents to \$4.098/gallon in the week ending April 25th. It was the first decline in prices since March 21st. The price of diesel is up \$1.02 or 33.1% above a year ago. The EIA also reported that the US average retail price of gasoline increased by 3.5 cents to \$3.879/gallon on the week. The retail price of gasoline is \$1.03 or 36.2% above a year ago.

According to the Lundberg Survey, the US average retail price of gasoline increased by 11.5 cents to \$3.88/gallon in the two weeks ending April 22nd. It said gasoline prices have increased by \$1.19 in the past seven months and 70 cents in the past nine weeks.

Bomb attacks have killed at least two people in northeastern Nigeria, the latest unrest to hit the country after presidential elections and ahead of state governorship polls. It was unclear whether the blasts were linked to the unrest that swept across Nigeria's north last week.

Market Watch

The US Commerce Department said new US single family home sales increased more than expected in March. It said sales increased 11.1% to a seasonally adjusted 300,000 unit annual rate following an upwardly revised 270,000 unit pace in February.

The Federal Reserve Bank of Dallas' Texas monthly manufacturing index fell to 10.5 in April from 11.5 in March.

The National Weather Service forecast that US heating demand this week is expected to be 34.4% below normal. Demand for heating oil this week is expected to average 50.6% below normal while heating demand for natural gas is expected to average 30.9% below normal.

Japan Meteorological Agency said Japan is expected to see mostly warmer than normal temperatures from May to July. An unusually hot summer would increase air conditioning usage and electricity demand, which could worsen the country's power shortage after last month's earthquake and tsunami, shut nuclear and thermal plants.

April
Calendar Averages
CL – \$109.31
HO – \$3.2036
RB – \$3.2304

The head of the UN human rights agency demanded a halt to the killings in Syria, condemning the security forces disregard for human life.

Refinery News

Kinder Morgan Canada said it shut down a 300,000 bpd Trans Mountain Pipeline on Friday afternoon as a precautionary measure after a leak was found. The pipeline carries crude from Edmonton, Alberta to terminals and refineries in central British Columbia, Vancouver and Puget Sound in Washington.

Credit Suisse reported that the US refined products margins fell by 3% on average in the week ending April 25th. Margins in the Northeast increased by 11 cents to \$8.86/barrel while margins in the Midwest increased by 95 cents to \$27.68/barrel. Margins in the Gulf Coast fell by 75 cents to \$24.65/barrel while margins in the Rockies region fell by 68 cents to \$29.20/barrel and margins in the West Coast fell by \$2.90 to \$19.59/barrel.

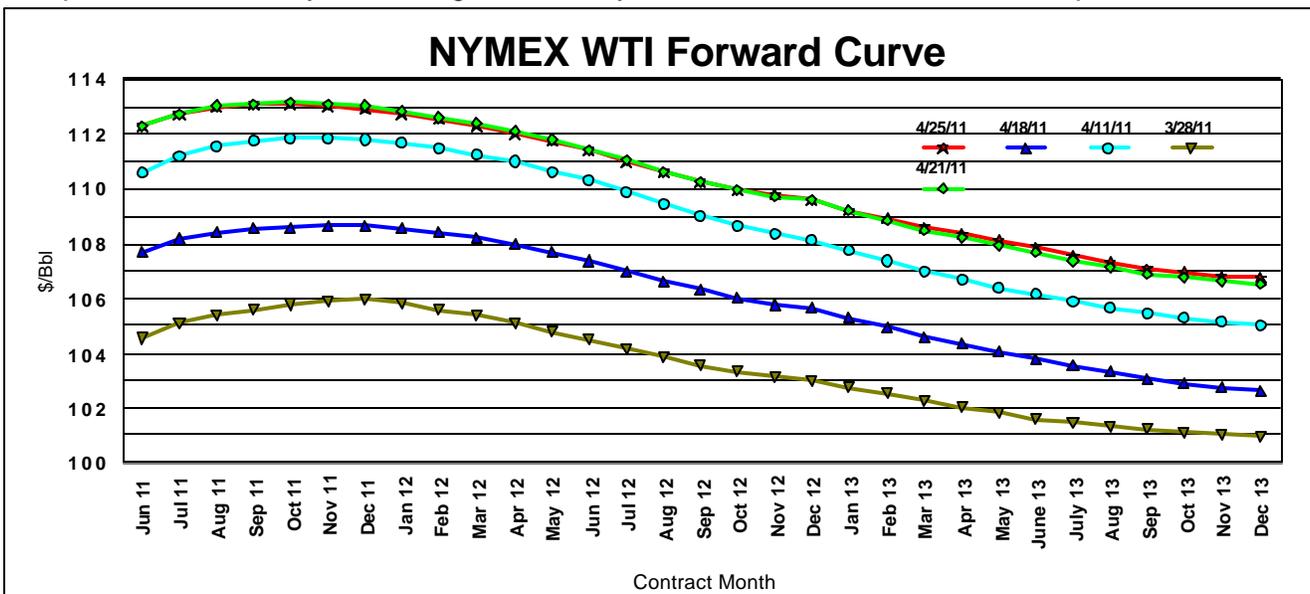
Valero Energy Corp said the west plant of its 142,000 bpd refinery in Corpus Christi, Texas was at planned rates. The company reported start up emissions following a power outage at the west plant in the refinery on April 19th. Separately, Valero said a hydrocracker turnaround was complete at its 171,000 bpd refinery in McKee, Texas after work started on April 1st. The unit began the restart process. Valero also stated that processing units at its 90,000 bpd Ardmore, Oklahoma refinery would restart following plant wide maintenance that started on March 11th. The restart is expected to take several days.

A 90,000 bpd fluid catalytic cracking unit at Sunoco Inc's 335,000 bpd Philadelphia refinery was restarted on Thursday.

Marathon Oil Corp is beginning to restart process units at its 78,000 bpd Canton, Ohio refinery following planned turnaround maintenance. It started maintenance work on the units in early March.

ConocoPhillips' 139,000 bpd Carson, California refinery is currently undergoing planned maintenance activity. On Sunday, the company reported flaring at the refinery. It also reported a power interruption resulting in a compressor trip Friday evening at its 362,000 bpd Wood River, Illinois refinery.

An upset at a fluid catalytic cracking unit at its Lyondell Basell Industries' 270,000 bpd Houston, Texas



refinery reduced the unit's operating rate and caused a brief period of flaring.

Tesoro Corp said an unspecified unit, which suffered an unexpected power trip on April 19th, at its 96,860 bpd Wilmington, California refinery was running at targeted levels. The unit was restarted last Wednesday.

A fire broke out at ExxonMobil's Esso refinery located in the Rotterdam Botlek area on Monday. It said production was not impacted. Separately, ExxonMobil may shut down its 170,000 bpd Sriracha refinery in Thailand to modify units in order to reduce sulfur in fuels.

Japan's JX Nippon Oil and Energy Corp said it expects to resume refining operations at its 252,500 bpd Kashima refinery by the end of June. It also said it expects to resume distribution of oil products including gasoline from the Sendai refinery in northeastern Japan from around early May.

China Aviation Oil is seeking 960,000 barrels or 1.2 million barrels of jet fuel for end of May to end of June delivery. It last bought at least 960,000 tons of jet fuel for mid-April to end-May delivery via a tender earlier this month.

Production News

The head of Iraq's State Oil Marketing, Faleh Alamri said Iraq's oil exports so far in April averaged 2.08 million bpd, down from 2.159 million bpd in March.

The UAE's Abu Dhabi National Oil Co said it would reduce June Murban crude oil term supply to Asian customers by 5%. It said it would also ship 5% less than the contractual volume of its other grades, Lower Zakum, Umm Shaif and Upper Zakum.

Venezuela's Oil Minister Rafael Ramirez said joint ventures between private firms and PDVSA will not pay a windfall tax on new output until they have recovered their investments.

Industry sources said Russia risks a possible decline in crude oil exports due to bureaucratic obstacles over pipeline access.

Russia's OAO Lukoil Holdings and OAO Rosneft plan to begin joint exploration in the Black and Caspian Seas under a new long term cooperation agreement. The two companies announced a deal to merge forces in offshore exploration last week. Separately, Russia's Lukoil expects crude oil production to fall to 97-97.5 million tons in 2011 from 98 million tons in 2010.

ExxonMobil Corp's Indonesian unit said it discovered a second oil field at the Cepu Block it operates in East Java Province.

Colombia's Ecopetrol announced an oil discovery in the southwest region of the country. It said it found oil in the Nunda-1 well in the Huila province. It will begin appraising the find in the weeks ahead, with extensive tests planned in order to determine the production potential of the find.

The head of Colombia's oil licensing agency ANH, Armando Zamora said the country's oil output goal of 1 million bpd may only be reached if bottlenecks in transporting crude from production fields to shipping ports are fixed. The country produced 884,000 bpd of crude in March. He said meeting the output goal is subject to putting more oil tanker trucks into service and making firm plans for long term infrastructure development.

Indian Oil Corp said it plans to raise gasoline prices at the earliest possible opportunity. Current gasoline prices are still benchmarked off global crude price levels of \$100/barrel. Separately, the company said it may consider exporting fuel products to Pakistan if a ban on exports is lifted.

Market Commentary

Overnight trading in crude oil was boosted by fears of additional supply disruptions in the Middle East and from a weaker U. S. dollar. Prices headed lower after a lack of follow through trading above the 2-½ year high of \$113.48 sparked a sell-off. The gap between WTI and Brent continues to narrow as the WTI rises more than that of Brent. We would look for further narrowing, with the spread between the two working towards -\$9.80. Recent high prices in the energy markets have caused concern that demand will suffer as a result, which in turn takes attention away from uprisings in the Middle East. With instability in the Middle East spreading and showing no signs of slowing, the oil market itself is unsteady. Although the overall trend of this market is still to the upside, we expect that demand will be the overriding factor impacting prices, limiting upside potential. Today’s settlement of \$112.28, works out to be the pivot number for tomorrow. Breaks above this area set up prices for a test at \$113.48, today’s high and beyond that \$114.68. Trades below set up for a test at \$111.08, today’s low and below that \$109.88.

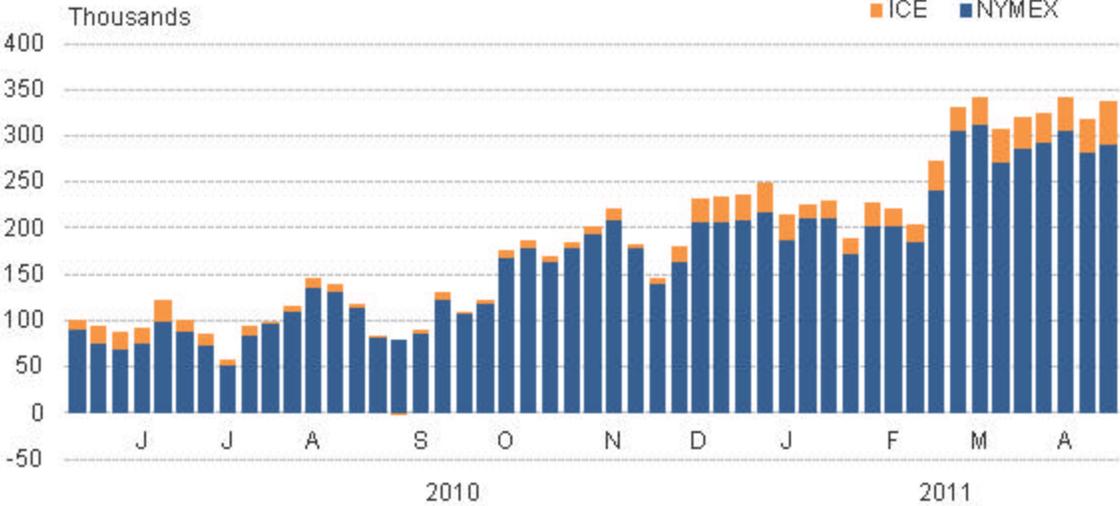
Crude oil: June 11 355,227 -5,858 July 11 184,202 +1,698 Aug 11 71,493 +861 Totals 1,547,658 +349 Heating oil: May 11 38,903 -6,050 June 11 101,470 +3,439 July 11 45,800 +89 Totals 315,375 -2,015 Rbob: May 11 42,309 -3,691 June11 89,822 +1,115 July 45,706 +1,491 Totals 302,492 +103

Crude Oil		Heating Oil		Rbob	
Support	Resistance	Support	Resistance	Support	Resistance
11108	11348	30810			35915
10988	11468	27980		30130	36310
10845	11563	26680	33510	26965	
10484	11703	27375		26300	
10270	12126	23685		25683	
10136	14933	22960		25145	
10000				24240	
9622				23631	
9540				23414	

Speculators long crude

Net position of managed money, the key speculator group, in NYMEX and ICE WTI crude futures and options

Latest Week		
NYMEX net	289,916	+8,337
ICE WTI net	47,37	+11,82



Source: CFTC
Reuters Graphic/Reuters Staff

4/22/2011

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