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ENERGY MARKET REPORT FOR APRIL 29, 2010

The US on Thursday declared the oil spill in the Gulf of Mexico a disaster of national significance.

President Barack Obama pledged all available resources, including the military to try and stave off a possible

environmental disaster. Homeland Security Secretary Janet Napolitano said the decision to designate the oil spill a disaster of national significance would allow clean up equipment and resources from across the US to be

used. The US government stressed that BP was the responsible for the oil spill and demanded the strongest possible response from the company. A senior Interior Department official said it could take 90 days to install a relief valve to stop the oil leak. He said he would rule out a pause in new deepwater oil drilling until companies show they can control oil spills. The White House said President Barack Obama was briefed on how the oil spill in the Gulf of Mexico may interfere with shipping channels, which could affect tankers delivering petroleum supplies to the US market. The increased government urgency followed the discovery of a new leak. BP Plc found a third leak in a well 5,000 feet under the sea off Louisiana's coast. The US Coast Guard said five times as much oil as previously estimated was leaking from a well beneath the site of the Deepwater Horizon rig explosion. The leak is now estimated at 5,000 bpd. BP and the Coast Guard have already started what BP has called the largest oil spill containment operation in history. BP and the Coast Guard on Wednesday set a controlled burn of the oil spill.

Market Watch

The US Labor Department said the number of initial claims for unemployment benefits fell by 11,000 to 448,000 in the week ending April 24th. The previous week's level of new claims was revised slightly upward to 459,000 to 456,000. The four week moving average increased by 1,500 to 462,500 from the previous week's revised average of 461,000. The Labor Department reported that the number of continuing claims fell by 18,000 to 4,645,000 from the preceding week's revised level of 4,663,000. The unemployment rate for workers with unemployment insurance for the week ending April 17th was 3.6%, unchanged from the prior week's unrevised rate.

The Federal Reserve Bank of Kansas City's Manufacturing Output Index increased to 24 in April compared with 18 in March.

An Iraqi government spokesman said Iraq's cabinet approved a further cut in the price of crude sold to local refineries in a bid to reduce its dependence on imported refined products and attract investments. According to the proposed amendment, the crude will be sold at a 5% discount, for a 50 year period, instead of a 1% discount. The reduction is aimed at attracting more foreign and private sector investments in the oil industry. It was not clear when the amended bill would be approved by parliament.

Nigeria's union for white-collar workers, the Petroleum and Natural Gas Senior Staff Association of Nigeria, urged acting President Goodluck Jonathan to counter rising insecurity, saying the sectarian violence and attacks on oil facilities are hurting the country. PENGASSAN said the government has failed to provide security in the country.

April
Calendar Averages
CL – \$84.50
HO – \$2.2275
RB – \$2.3146

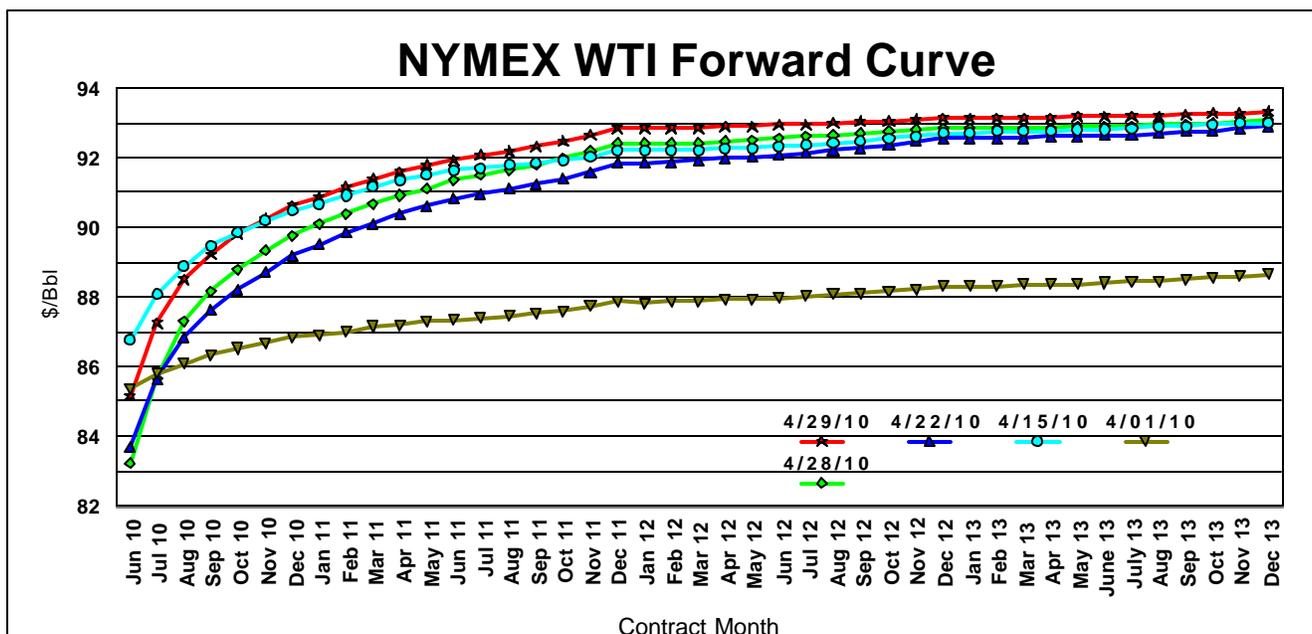
Oil Movements reported that OPEC's oil exports, excluding Angola and Ecuador, will fall by 60,000 bpd to 23.3 million bpd in the four weeks ending May 15th.

According to Genscape, oil inventories in Cushing, Oklahoma increased by 1.2 million barrels to 36.8 million barrels in the week ending April 27th.

The EIA reported that US oil demand in February was revised down by 496,000 bpd but it was still up 154,000 bpd on the year. US oil demand was revised down by 2.56% to 18.86 million bpd. It reported that gasoline demand averaged 8.651 million bpd, down 1.9% or 165,000 bpd on the year. Demand was revised down 2% or 181,000 bpd from its preliminary estimate. Demand for distillate was down 1.3% or 49,000 bpd on the year at 3.866 million bpd. It was revised up 3.4% or 128,000 bpd from its previous estimate. Refiners paid an average of \$76.65/barrel for imported and domestic crude oil supplies. Retail gasoline prices in February averaged \$2.644/gallon, up 37.5% on the year while retail diesel prices averaged \$2.785/gallon, up 27% on the year. The EIA also reported that US ethanol output increased for the fifth consecutive month in February, up 1.8% to 833,142 bpd. The EIA stated that US crude oil imports in February fell by 5.7% on the year to 8.68 million bpd, the lowest level for the month in seven years. Crude imports in February fell by 525,000 bpd from 9.205 million bpd last year. Crude imports from Canada increased by 15,000 bpd to 1.897 million bpd while imports from Mexico fell by 37,000 bpd to 996,000 bpd and imports from Venezuela increased by 86,000 bpd to 913,000 bpd. Imports from Nigeria fell by 100,000 bpd to 896,000 bpd while imports from Saudi Arabia fell by 77,000 bpd to 881,000 bpd and imports from Iraq increased by 34,000 bpd to 540,000 bpd.

California's Board of Equalization reported the state's gasoline demand fell by 3.3% on the year to 900,730 bpd in January. It also reported that California's diesel demand in January fell by 4.3% on the year to 144,934 bpd.

US Secretary of State Hillary Clinton said Iran's President Mahmoud Ahmadinejad will not get a warm welcome at next week's nuclear Non-Proliferation Treaty review conference if he seeks to divert attention from Iran's nuclear program. He warned Iranian President Mahmoud Ahmadinejad that he will fail if he tries to disrupt the conference.



Refinery News

The Louisiana Offshore Oil Port does not expect the expanding oil spill in the Gulf of Mexico to affect its operations.

Buckeye Pipeline LP said late Wednesday it restored pipeline operations after a controlled shutdown earlier in the day due to a problem with the SCADA system, which detects abnormal operating procedures such as an unexpected change in pipeline flow rate or pressure.

ConocoPhillips said an isolated fire that started at its 306,000 bpd Wood River refinery in Roxana, Illinois Thursday morning was extinguished. The refinery remained in operation with the exception of the S-Zorb unit that suffered the fire. The fire did not result in any offsite impact.

Valero Energy Corp restarted its 80,000 bpd fluid catalytic cracking unit at its 170,000 bpd refinery in Texas City, Texas on Wednesday and is ramping up to planned rates.

ExxonMobil Corp said a 20,500 bpd hydrocracker at its 150,000 bpd refinery in Torrance, California was shut on Wednesday due to a compressor problem. It believed it also exceeded its permitted levels of flaring. The refinery is completing a planned turnaround that began in early March. Separately, ExxonMobil Corp said it has seen no impact to its operations from a growing oil spill in the Gulf of Mexico.

Russia's Energy Ministry reported that the country's refinery runs in March fell by 1.3% on the month but increased 3.7% on the year to 4.92 million bpd. Gasoline production in March fell by 0.7% on the month and by 1.4% on the year to 98,900 tons/day while gas oil production in March fell by 0.6% on the month but increased by 3.8% on the year to 194,600 tons/day. Fuel oil production fell by 0.2% on the month but increased by 8.8% on the year to 196,700 tons/day while jet kerosene production increased by 12.6% on the month but fell by 4.1% on the year to 696,000 tons/day.

India's domestic oil product sales in March fell by 1% on the year to 12.33 million tons. In 2009/10, oil product demand increased an annual 3.5% to 138.18 million tons. Petrol sales during March increased by 9.2% on the year to 1.16 million tons while diesel sales increased by 7.3% to 5.16 million tons. India's crude imports fell by 14.1% to 10.04 million tons or about 200,900 bpd in March while its oil product imports for March fell by 11.1% to 1.29 million tons.

Russia's Surgutneftegaz sold a cargo of ESPO crude for loading in May to Vitol. Vitol was heard to have bought the 730,000 barrel cargo for loading on May 30-31 through a tender at a discount of about \$1.40 to Dubai quotes.

Gasoline inventories in independent storage in the Amsterdam-Rotterdam-Antwerp area in the week ending April 29th increased by 6.43% on the week and by 28.25% on the year to 1.026 million tons. Gas oil inventories increased by 12.03% on the week and by 0.13% on the year to 2.347 million tons while fuel oil inventories fell by 5.5% on the week but increased by 35.22% on the year to 910,000 tons, naphtha stocks fell by 29.07% on the week but increased by 69.44% on the year to 61,000 tons and jet fuel stocks fell by 5.27% on the week but increased by 23.21% on the year to 791,000 tons.

Singapore's International Enterprise reported that the country's residual fuel stocks fell by 752,000 barrels to 24.974 million barrels in the week ending April 28th. It also reported that Singapore's light distillate stocks built by 487,000 barrels to 11.387 million barrels while its middle distillate stocks fell by 1.304 million barrels to 13.287 million barrels on the week.

Brazil's Agriculture Ministry's crop supply agency Conab said the country's total sugar output during the 2010/11 cane crop was estimated at 38.7 million tons, up 17% on the year. It reported that

Brazil's total ethanol output was estimated at 28.5 billion liters, up 10% from the 25.8 billion liters reported a year ago.

Production News

According to Reuters, crude oil production from the OPEC-11, excluding Iraq, increased by 10,000 bpd on the month to 26.88 million bpd in April. Its production is 2.04 million bpd higher than its target of 24.84 million bpd. The survey implies OPEC is complying with 51% of its cuts compared with 54% in March. Total OPEC production increased by 60,000 bpd to 29.16 million bpd. Saudi Arabia's oil production increased by 50,000 bpd to 8.25 million bpd while Iran's production fell by 50,000 bpd to 3.65 million bpd. Iraq's oil production fell by 40,000 bpd to 2.28 million bpd on the month.

Nigeria's Brass River crude oil cargoes due to load at the end of April and in May are expected to be delayed by about a week following its disruptions to supplies. Cargoes due to be shipped on April 25-26 and April 29-30 were likely to be the first impacted by delays. On Wednesday, Italy's Eni declared force majeure on exports of Brass River. A source said the disruption to supplies was due to a major attack on a pipeline.

ConocoPhillips expects lower oil and gas production over the next several quarters. However it still expects 2010 oil and gas production to be flat with 2008 output. It also said it is evaluating every option for its Wilhelmshaven refinery, including shutting down the refinery.

Royal Dutch Shell Plc has no plans to quickly expand its oil sands operations, focusing instead on increasing output from its existing investments, which could add 30,000 to 80,000 bpd of production. Shell said it was unlikely to launch a major expansion of its 60% owned Athabasca oil sands project because new projects in the region are too expensive.

Indonesia's crude oil shipments for loading in May totaled 25.4 million barrels or 820,000 bpd. Of the total, 4.5 million barrels or 145,000 bpd was slated for export and 12.9 million barrels for domestic refineries. Trade sources said the destination for 7.1 million barrels have yet to be decided.

Mexico's Pemex maintained its crude output at nearly 2.6 million bpd during the first part of April. Pemex oil production averaged 2.596 million bpd from April 1-18. Pemex also reported that Mexico's gasoline sales in the first quarter increased by 2% on the year to an average of 793,000 bpd. Sales in the quarter peaked in March at just over 831,000 bpd. Pemex said that to meet growing demand, it imported an average of 334,000 bpd in the quarter.

Algeria's Sonatrach has set its official selling price for Saharan Blend crude for May loading at dated Brent plus 10 cents/barrel, down 10 cents on the month.

OPEC's news agency reported that OPEC's basket of crudes fell further to \$82.13/barrel on Wednesday from \$83.03/barrel on Tuesday.

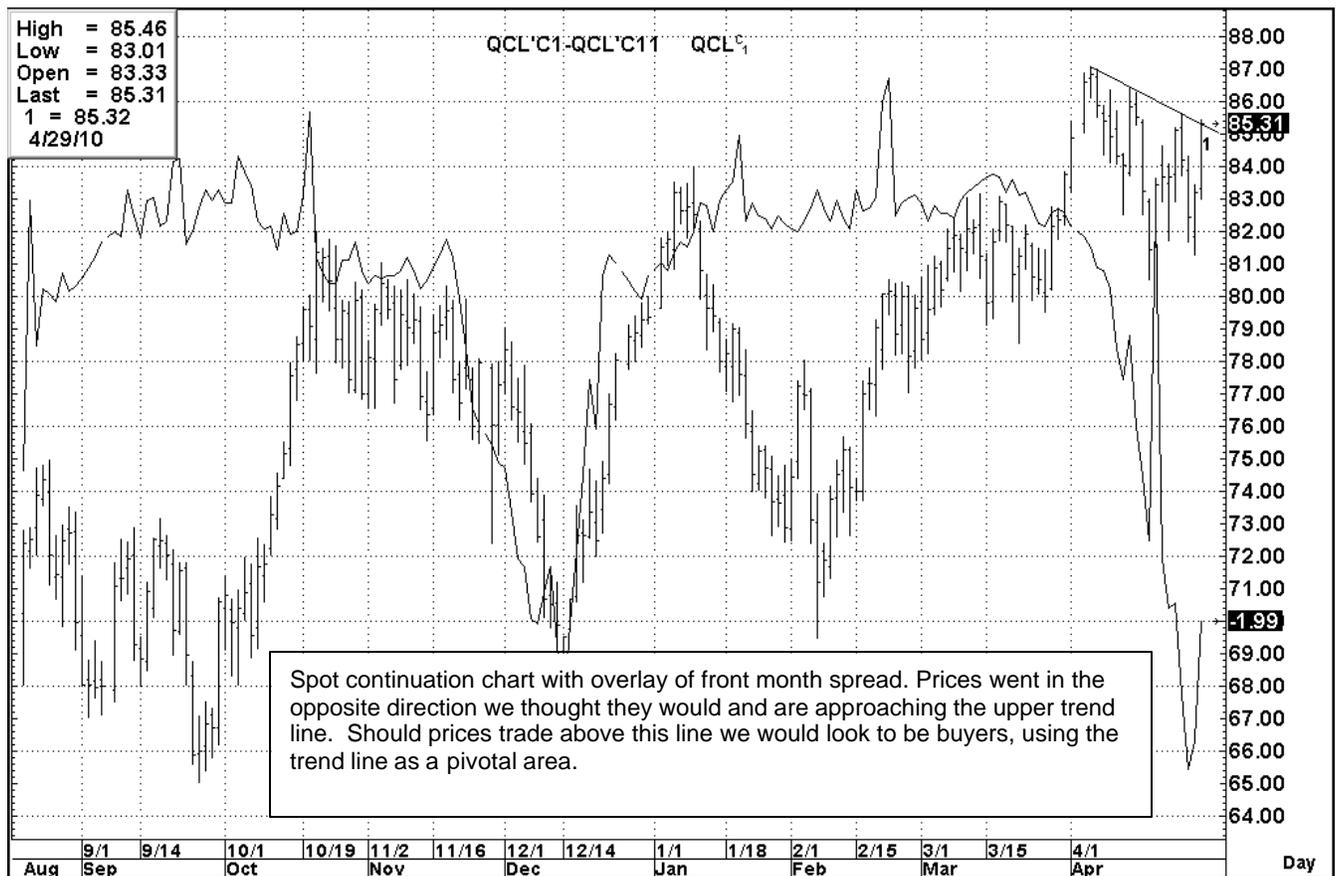
Market Commentary

While its not easy walking around with egg on my face, wear it I must. In yesterday's wire I wrote about prices going down, and possibly dipping to \$78.30. Well by the looks of things today, this may not happen, at least not within the time frame I pictured. Although it is still my belief that prices are not justified at current levels, this market is finding psychological strength. Crude oil rose 2.3 percent as it reacted to the oil spill in the Gulf of Mexico, an increase in European economic confidence and decreases in unemployment in the U.S. and Germany. A cause of concern is the leaking of approximately 5,000 barrels a day of crude oil in the Gulf of Mexico and its impact on shipping traffic in that area. If shipping is impeded we may see continued moves higher although there is plenty of supply available. The June contract continues to trend within the ascending channel on a spot

continuation chart and is approaching the channel top, which is set at \$86.34 for tomorrow's session. A penetration of this channel and settlement above it sets prices up for a test at the projected level of \$91.52.

Crude oil June 10 360,338 -4,865 July 10 197,186 +2,965 Aug 10 86,987 -67 Totals 1,401,684 +5,720 Heating oil May 13,613 -4,374 June10 102,116 +2,716 July 10 39,839 +739 Totals: 311,078 +1,852 Gasoline May 10 13,436 -8,990 June 10 109,604 +3,657 July 10 55,447 +1,271 Totals 307,652 -1,755

Crude Support	Crude Resistance
82.00, 80.35, 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	,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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