

W The
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ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR APRIL 30, 2010

The White House said it would not authorize drilling in new areas until a review of the spill in the Gulf of Mexico has been conducted.

President Barack Obama said he has dispatched teams to the Gulf of Mexico to inspect all deepwater oil rigs and platforms for possible violations. He has asked Interior Secretary Ken Salazar to report to him in 30 days on what if any additional precautions and technologies

should be required to prevent accidents from happening. Separately, the US Coast Guard said it received reports from individuals and agencies that oil has reached Louisiana's shores. The oil spill has expanded rapidly in recent days as officials have been unable to halt the estimated flow of 5,000 bpd. BP has stated that it is taking full responsibility for the spill and will pay for legitimate claims for damages. BP envisages placing a dome over the leak, a process that the company says could take up to a month. It is also planning to drill a relief well to block the flow of hydrocarbons from the damaged site, which would take up to three months.

The oil spill has not affected operations at the Louisiana Offshore Oil Port. The LOOP does not anticipate any problems anytime soon. Meanwhile, Chevron Corp said the company's operations in

Market Watch

The US Commerce Department reported that GDP increased at a 3.2% annual rate in the first quarter on higher consumer spending. As the economy continues recovering, the core inflation rate increased by 0.6% in the first quarter after rising 1.8% in the fourth quarter. The 3.2% increase in the first quarter was lower than the 3.3% expected and down from the 5.6% reported in the fourth quarter of 2009. It reported that the price index for personal consumption expenditures increased by 1.5% following a 2.5% gain in the fourth quarter. Consumer spending increased by an annual 3.6% in the first quarter. The Commerce Department also reported that US retail sales in March were revised to a gain of 1.9% from a previous estimate of 1.6%. US retail sales for February were revised down to a gain of 0.4% from a previous estimate of 0.5%.

The Institute for Supply Management-Chicago business barometer increased to 63.8 in April from 58.8 in March. It is the highest level since April 2005. The employment component of the index increased to 57.2 from 53.1 in March. New orders increased to 65.2 from 61.8.

The Thompson Reuters/University of Michigan's Surveys of Consumers' final April reading on the overall index on consumer sentiments increased to 72.2 from a preliminary reading of 69.5. The survey's gauge of current economic conditions fell to 81 at the end of April from 82.4 in March.

BP's chief executive Tony Hayward said oil markets are driven by fundamentals of supply and demand, not speculation and added that the price risk is to the upside. He said BP sees the price at \$60-\$90 in the medium term, with the risk more to the upside than the downside. He also stated that BP sees global surplus oil supply falling to 3 million bpd a year from now.

**April
Calendar Averages**
CL – \$84.58
HO – \$2.2304
RB – \$2.3185

the Gulf of Mexico have not been affected by the massive oil spill. It said it is providing assistance to BP, the Minerals Management Service and to government entities involved in the spill.

Goldman Sachs said US crude oil imports may soon be disrupted by the expanding oil spill in the US Gulf of Mexico. US crude oil imports may slow as oil tanker traffic is delayed in the Gulf. It said it could narrow spreads between US crude futures and European Brent futures as well as narrow the discount for prompt delivery barrels in US markets. Goldman Sachs said the spill was caused the sinking rig breaking the line connecting the platform on the surface to the well on the ocean bottom. It said the blowout preventer failed to work, causing oil to continue to spill. It estimates that the leak has released 10,000 to 15,000 barrels of oil into the sea and the spill has covered a 42 mile by 80 mile area.

The US Energy Department said it has not received any notices from oil refiners that they need emergency oil loans from the SPR to offset disruptions in oil deliveries caused by the oil spill in the Gulf of Mexico.

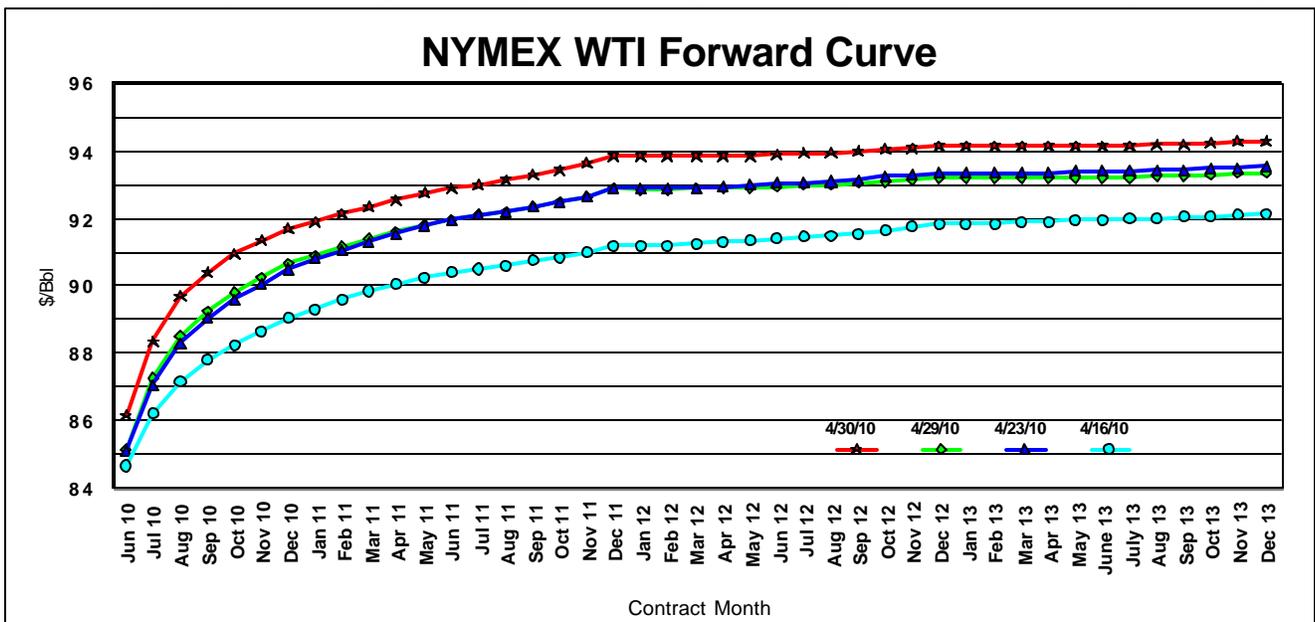
E.A. Gibson said Iran is storing 35 million barrels of crude at sea on 18 tankers as it struggles to find buyers for some of its heavier crudes. It said there are 92 tankers storing crude and clean oil products at sea globally. It said that clean oil products held in floating storage globally has declined by more than 60% to 40 million barrels from close to 100 million barrels at a peak last year. Separately, ICAP Shipping said the volume of crude held on tankers at sea globally increased to 31 million barrels from an estimated 27 million barrels a week ago.

Supreme Leader's Ayatollah Ali Khamenei's top adviser on international affairs, Ali Akbar Velayati said Iran will never accept swapping its low-enriched uranium with nuclear fuel abroad. It is its latest statement in defiance.

Refinery News

Valero Energy Corp said its 195,000 bpd Memphis refinery suffered relatively minor damage from a fire that started at a sulfur extraction unit on Thursday afternoon. The refinery has been shut for plantwide turnaround and other units were not affected.

ConocoPhillips reported flaring on Friday at the Arroyo Grande plant of its 120,000 bpd refinery in



Rodeo, California. The flaring was caused by the loss of a critical compressor. ConocoPhillips said it had some planned work underway at its 238,000 bpd Bayway refinery in Linden, NJ. It did not state which units were undergoing maintenance. Also, ConocoPhillips restarted its 260,000 bpd Wilhelmshaven refinery in Germany after it was shut in October.

Tesoro Corp is temporarily shutting down its 120,000 bpd refinery in Anacortes, Washington. It will remain down through the second quarter of the year following a fire and explosion on April 2^d. Tesoro Corp said it expects its Pacific-Northwest refinery throughput in the second quarter to total 75,000-85,000 bpd, its Mid-Pacific refinery throughput to total 70,000-80,000 bpd, its Mid-Continent refinery throughput to total 85,000-95,000 bpd and its California refinery throughput to total 240,000-250,000 bpd. Tesoro Corp's executives expressed optimism that conditions in the refining industry are improving even though the supply glut and high unemployment create significant challenges.

Neste Oil will start ramping up its Porvoo refinery output on Friday evening following a six week turnaround. The refinery is expected to be at normal production in mid-May.

ExxonMobil Corp is shutting down several operating units at its refinery-petrochemical complexes in Singapore for six weeks of maintenance starting on Friday. It did not specify which units will be shut.

Total reported a 74% decline in its first quarter operating income from its downstream segment as strikes and shutdowns impacted its oil product sales. Its refinery runs fell to 73% in the first quarter from 81% reported in the first quarter last year and from 75% in the 2009 fourth quarter. The amount of crude pumped through Total's refineries fell by 11% to 1.99 million bpd in the first quarter from 2.24 million bpd in January-March 2009.

Japan's Ministry of Economy, Trade and Industry reported that Japan's total oil product sales in March fell by 7.3% on the month but increased by 0.3% on the year to 3.6 million bpd. Japan's gasoline sales increased by 3.9% on the month and by 1.2% on the year to 1.007 million bpd while its kerosene sales fell by 28.6% on the month and by 7.2% on the year to 485,000 bpd. Japan's refinery output fell by 4.1% on the month and by 2.4% on the year to 3.554 million bpd. Its oil product imports fell by 12.4% on the month but increased by 7.4% on the year to 519,716 bpd while its oil product exports increased by 0.7% on the month but fell by 6.9% on the year to 494,406 bpd. Japan's crude imports increased by 7.4% on the month and by 6.4% on the year to 4.036 million bpd. Japan's METI also reported that the country's crude inventory increased by 7.2% on the month but fell by 9.8% on the year to 93.14 million barrels while its product inventories fell by 3.3% on the month and by 10.4% on the year to 66.529 million barrels.

Separately, Japan's METI said the Japanese government is expected to sell 1.1 million kl or 6.9 million barrels of crude via tender this fiscal year as part of its plan to replace heavier crude in national reserves held in Okinawa with lighter grades. Japan sold 220,000 kiloliters or 1.38 million barrels of the Neutral Zone's Khafji crude oil from its national reserves. It however failed to sell 260,000 kl or 1.64 million barrels of Iraqi Basra Light crude it offered in the same tender.

Royal Dutch Shell is likely to load North Sea Forties crude on a Very Large Crude Carrier in the coming days.

Production News

Baker Hughes reported that the number of rigs searching for oil and natural gas in the US increased by 1 to 1,483 this week. The number of rigs searching for oil fell by 1 to 513 while the number of rigs searching for natural gas increased by 2 to 958.

Qatar has notified at least three Asian term buyers at it will supply its Qatar Land crude at full contracted volumes for June, unchanged on the month.

Russia's Gazprom Neft plans to double its oil output to about 100 million metric tons/year by 2020 from its 50.8 million tons of oil equivalent produced in 2009. The company plans to double its output by acquiring oil assets from Russia's OAO Gazprom, its parent company. Gazprom Neft plans to refine 70 million tons/year of oil by 2020, with about 40 million tons refined in Russia. It also plans to sell up to 40 million tons/year of oil by 2020.

Brazil's ANP believes an area recently drilled in the subsalt region has about 2 billion barrels of oil equivalent. The oil in the area could be used for a capital injection plan for Petrobras that is pending congressional approval.

OPEC's news agency reported that OPEC's basket of crudes rebounded to \$83.59/barrel on Thursday from \$82.13/barrel on Friday.

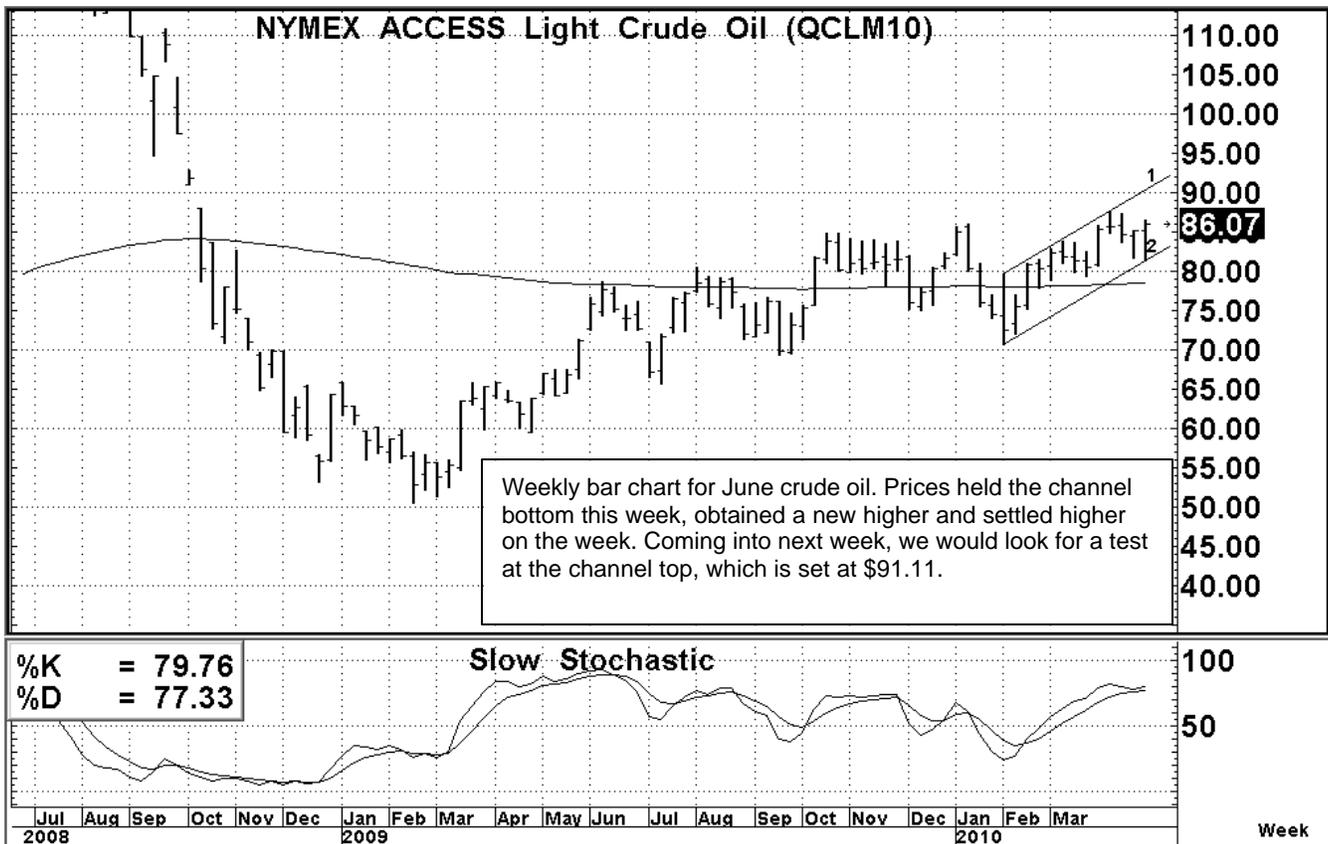
Market Commentary

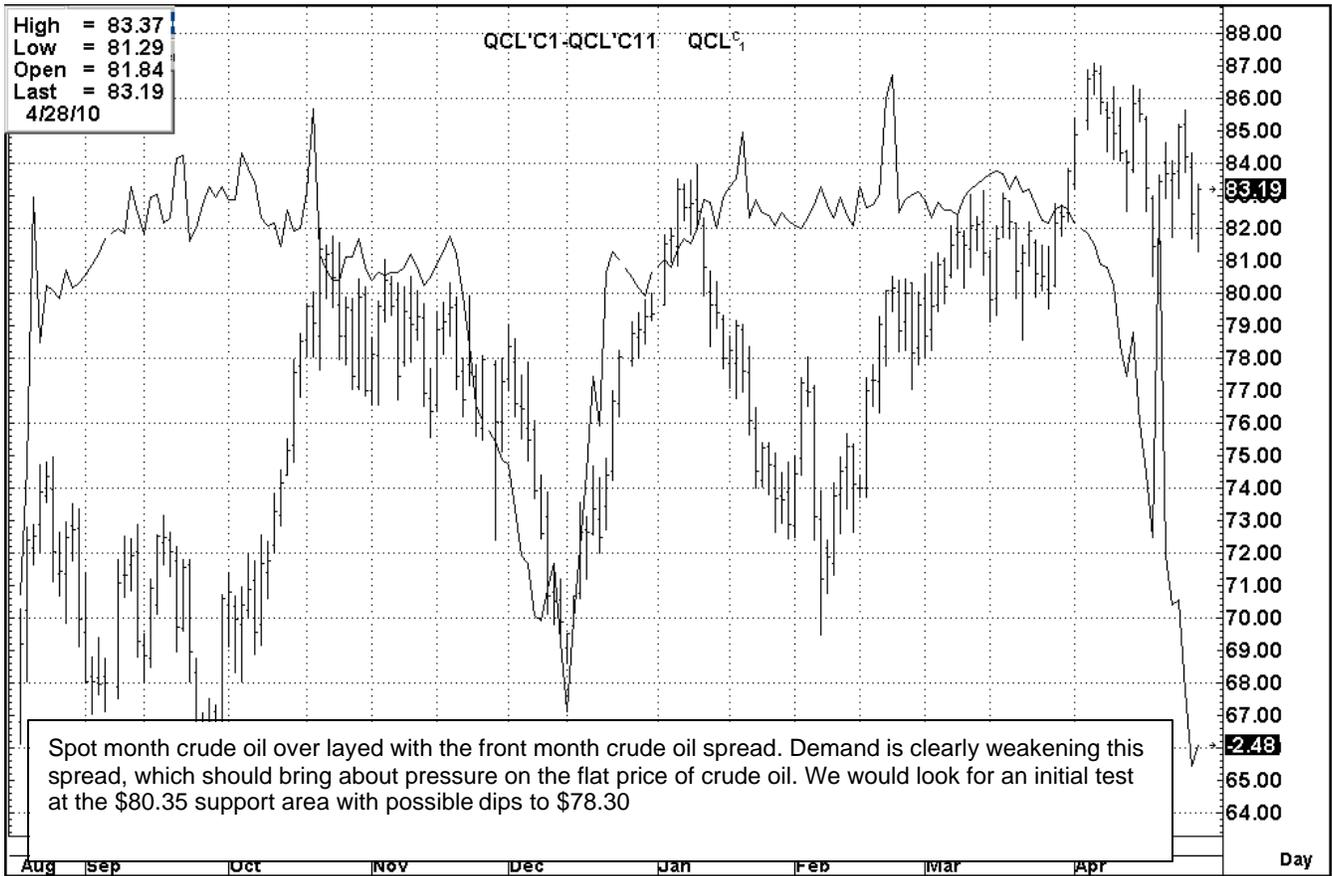
Crude oil rose for the third straight day as the euro strengthened against the dollar and some economically promising news came out of the U.S. The GDP grew by 3.2 percent during the first quarter and consumer spending grew the fastest in three years. All this leads to hopes of growing demand going forward. Gasoline for May delivery rose 1.7 percent as these hopes of economic growth come just in time for the U.S. summer driving season to begin. This sign of economic growth sent the price of a barrel of crude for the June contract above \$86.00. The June contract experienced an outside trading week, whereby it posted a lower low, a higher high and settled higher on the week. This is a bullish signal for prices. Based upon a weekly chart, the June contract held the bottom trendline on an ascending channel. Weekly stochastics are trending higher in over bought territory, but have not crossed. Coming into next week, the objective would be \$91.11, the channel top.

The Commitment of Traders report showed that non-commercials in the crude market cut their net long position by 12,211 contracts to 109,264 contracts in the week ending April 27th. The combined futures and options report showed that non-commercials in the crude market cut their net long position by 18,803 contracts to 189,763 contracts on the week. The disaggregated futures and options report showed that producers/merchants cut their net short position by 19,325 contracts to 207,707 contracts while swap dealers increased their net short position by 2,904 contracts to 12,722 contracts. The managed money funds cut their net long position by 22,244 contracts to 151,406 contracts while other reportable increased their net long position by 3,442 contracts to 38,357. Meanwhile, the combined futures and options report showed that non-commercials in the product market increased their net long positions. Non-commercials in the heating oil market increased their net long position by 2,206 contracts to 34,757 contracts while non-commercials in the RBOB market increased their net long position by 2,675 contracts to 74,545 contracts on the week.

Crude oil June 10 352,922 -7,416 July 10 198,581 +1,395 Aug 10 84,342 -2,645 Totals 11,406,439 +4,755 Heating oil June10 105,314 +3,198 July 10 39,567 -272 Aug 10 26,377 +1,826 Totals: 311,853 +775 Gasoline June 10 114,632 +5,028 July 10 55,508 +61 Aug 10 32,481 +611 Totals 307,267 -385

Crude Support	Crude Resistance
85.95, 85.15, 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	86.65, 87.85, 88.80, 89.10, 89.88, 91.11, 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
2.3930, 2.3640, 2.1460, 2.1320, 2.0660, 2.0420, 1.9970, 1.9862, 1.8650,	2.4850, 2.5040, 2.5115, 270.80





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