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ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR MAY 13, 2009

OPEC said in its monthly Oil Market Report that world demand will fall by 1.57 million bpd in 2009 to an average of 84.03 million bpd. It previously forecast that demand will fall by 1.37 million bpd. It said world oil demand contracted year on year by a record 2.4 million bpd in the first quarter of this year with about 95% of the total decline attributed to the OECD. The OPEC report noted that the improvement in market sentiment did not necessarily reflect the realities of

Market Watch

The commodities investor who liquidated his main Ospraie Fund last year, Dwight Anderson, is planning to run two new hedge funds set to open on July 1st. The Ospraie Equity Fund will buy and sell stocks of commodity and basic materials companies in industries such as chemicals, mining, paper and natural resources. The Ospraie Commodity Fund will invest in commodities and related derivatives. Unlike his previous offerings, which normally locked investors for two to three years, will allow investors to exit quarterly.

Top officials from the Treasury Department, Securities and Exchange Commission and the Commodity Futures Trading Commission are expected to announce a plan that will require standardized over-the-counter derivatives to be cleared through centralized clearinghouses. The plan will also allow the CFTC to set limits on OTC derivatives that impact price discovery on exchanges. Derivatives cleared by a clearinghouse will be viewed as standardized instruments.

The Treasury Department said US regulators will hold a briefing on the Obama administration's recommendations for an over-the-counter derivatives plan on Wednesday afternoon. Under current law, OTC derivatives are largely excluded or exempt from regulation.

Colorado State University hurricane forecaster Bill Gray may reduce his next Atlantic season forecast because sea temperatures are cooling and a weak El Nino may appear by late summer. The forecast may fall from 12 tropical storms predicted in April to 11. The new forecast is scheduled for release on June 2.

According to a Russian Security Council document on security policy, Russia may face wars on its borders in the near future over control of energy resources. It did not name potential adversaries but Russia shares a border with China and a small sea border with the US. It sees regions where such a competition for resources can arise include the Middle East, the Barents Sea, the Arctic, the Caspian Sea and Central Asia. The document said that Russia will seek to become one of the world's top five economies in the medium term but its reliance on the export of oil, gas and natural resources is a perennial weakness which needs to be resolved.

DOE Stocks

Crude – down 4.7 million barrels
Distillate – up 1 million barrels
Gasoline – down 4.1 million barrels
Refinery runs – down 1.6%, at 83.7%

demand and supply. It also stated that its oil production, excluding Iraq, totaled 25.81 million bpd in April, up from 25.59 million bpd in March. It increased its production in April for the first time since July. The 11 OPEC members bound by targets implemented 77% of planned output cuts of 4.2 million bpd, down from a revised 82% for March. It sees demand for OPEC oil this year falling by 2.2 million bpd from 2008 to about 28.81 million bpd. OPEC also stated that it does not expect a

significant increase in refinery runs in the next few months due to poor demand and high stock levels. OPEC estimates 25 million barrels of gas oil and jet fuel is held in floating storage in Europe.

Separately, OPEC said an outbreak of swine flu in Asia could further undermine its oil products market. It said the risk of an outbreak of swine flu could further undermine the Asian jet/fuel oil market. It added that products consumption suffered most in Mexico and the US as people refrain from traveling. OPEC also said that the use of biomass for biofuel production would not mitigate biofuels' negative effect on the environment. It said the usage of biofuel has not only raised food prices within the US but has also caused climate change through massive deforestation.

The head of the IEA, Nobuo Tanaka said the agency's oil demand forecast for 2009 is unlikely to change much in its next oil market report. The IEA's oil market report is due for release on May 14th.

The EIA forecast that lower crude oil prices and production cuts will cut OPEC's oil export revenues this year by more than 50% to a five year low of \$462 billion. The drop will follow six years of average gains of 31.5%. Next year, the EIA estimates OPEC oil sales income will increase nearly 14% to \$526 billion. Total OPEC production is expected to average 28.65 million bpd this year, down from 31.28 million bpd in 2008 and will increase to 28.82 million bpd in 2010. It projects the price of US WTI will average \$51.70/barrel this year and will increase to \$57.75/barrel next year.

According to the API, US oil and oil product demand in April fell by 711,000 bpd or 3.6% on the year to 19.058 million bpd. Gasoline demand in April increased by 206,000 bpd or 2.3% to 9.323 million bpd while distillate demand fell by 533,000 bpd or 13% to 3.575 million bpd. US crude oil production increased by 4.4% to 5.29 million bpd while crude oil and petroleum product imports average 12.248 million bpd, down 7.5% on the year. Domestic inventories of crude oil increased by 11 million barrels in April.

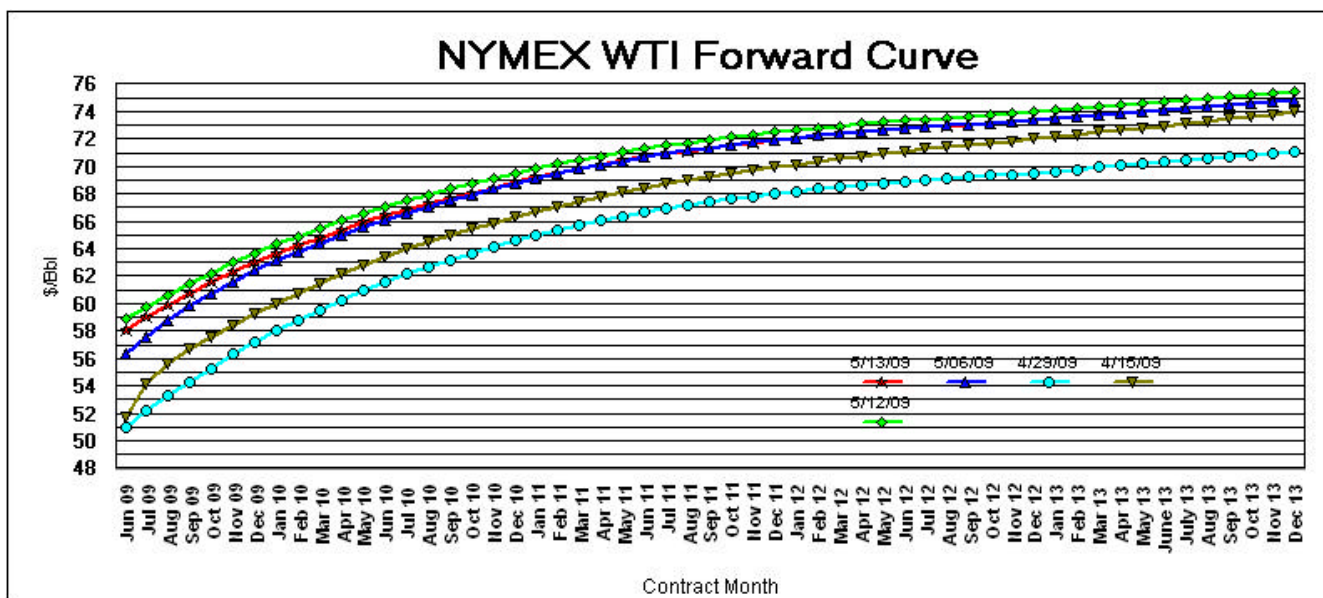
Nigeria's main militant group, the Movement for the Emancipation of the Niger Delta, warned oil companies in the Niger Delta to evacuate their staff following clashes with the security forces in southern Delta state. It has threatened to unleash a "horrible toll" and has given oil companies 24 hours to evacuate the region after armed forces attacked two of its camps.

Iran's Foreign Minister Manouchehr Mottaki said a US decision to set a deadline for talks with Iran is no use unless it is combined with a visible policy shift.

Refinery News

BP's CEO, Tony Hayward said ethanol could replace up to 25% of gasoline supplies in the US and Europe. According to industry groups, ethanol currently accounts for about 7% of US gasoline demand. Separately, BP's CEO said its industrial customers in the US are still seeing a fall in oil demand. He said demand will fall until the fourth quarter of 2009 and added that the return to relative normalcy will be gradual. He also stated that demand destruction will be slowed by economic stimulus plans in both the US and China.

May Calendar Averages
CL – \$56.51
HO – \$1.4691
RB – \$1.6346



Total SA cut rates to a fluid catalytic cracking unit at its 174,000 bpd Port Arthur, Texas refinery on Tuesday. On Tuesday it reported that it cut rates on a gasoline unit and diesel unit on Monday due to a malfunction of a Shell Claus Off-gas treating unit.

Shell Oil Co said most operating units, including its crude units, coker, fluid catalytic cracking unit and hydrotreater, at its 332,000 bpd Deer Park, Texas refinery are at planned rates following a power outage on Monday. Its hydrotreater unit will be restarted on Wednesday and Thursday.

ConocoPhillips plans to restart several units between May 13 and 23 following maintenance at its 124,000 bpd Borger, Texas refinery. It said that unit 34, a sulfur recovery unit, at Borger is scheduled for maintenance on Wednesday for equipment change of service.

Saudi Aramco restarted its 120,000 bpd Riyadh refinery following planned maintenance in the first quarter.

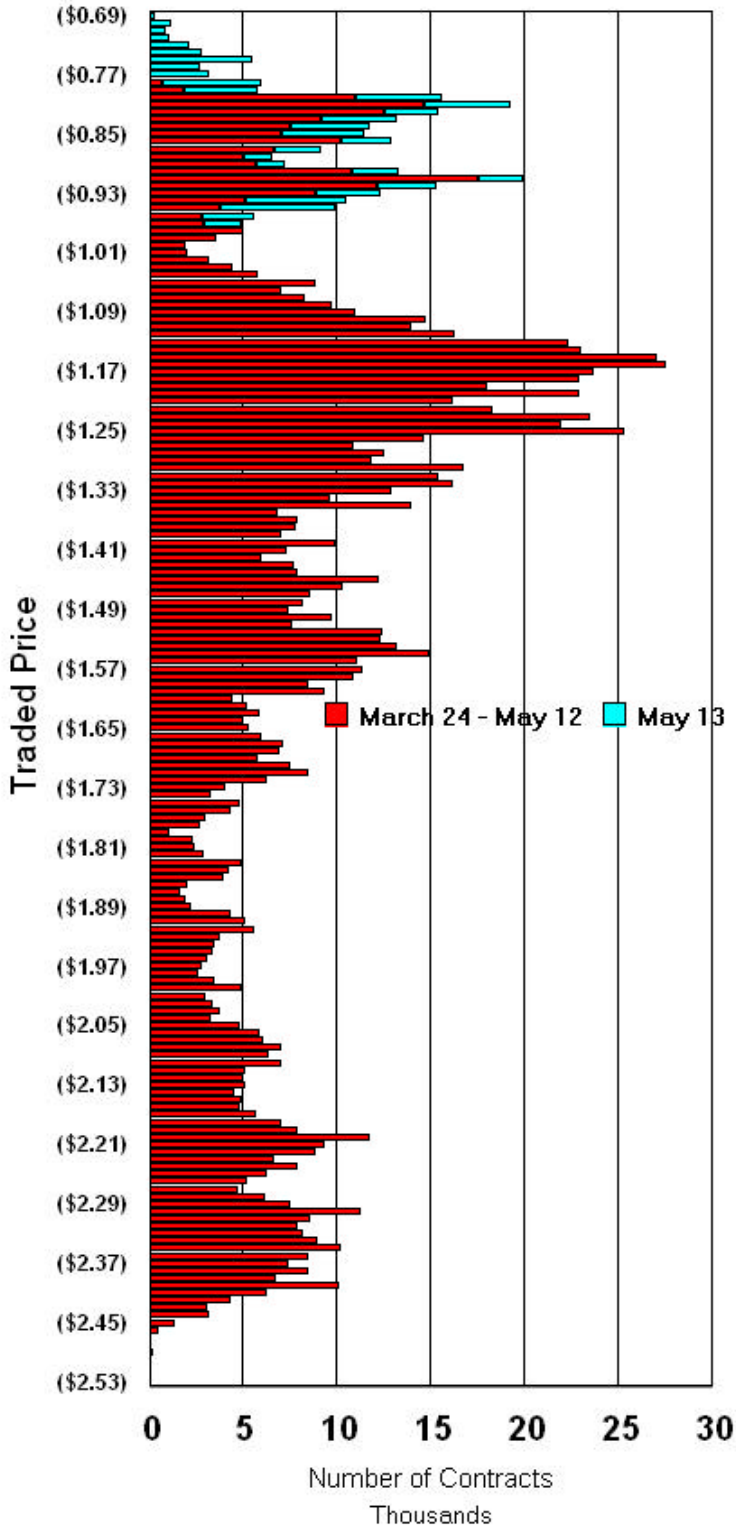
China's National Bureau of Statistics said the country's refinery output in April increased 6% on the year to 29.43 million tons or 7.16 million bpd. Refinery output in the first four months fell by 1.8% on the year to 111.72 million tons. Crude oil output increased by 0.8% last month and was down 0.9% at 61.75 million tons for the first four months. Its gasoline production increased by 19.6% on the year to 5.76 million metric tons while its diesel production increased by 0.7% on the year to 10.63 million tons. China imported 16.17 million tons or 3.93 million bpd of crude in April, up 13.6% on the year.

The Petroleum Association of Japan reported that the country's crude oil inventories in the week ending May 9th totaled 104.08 million barrels, down 550,000 barrels from two weeks earlier but up 7.79 million barrels on the year. Japan's gasoline inventories fell by 1.81 million barrels on the week and by 2.78 million barrels on the year to 13.15 million barrels. Gasoline sales in the first week, from April 26th to May 2nd, fell by 22% on the year to 1.07 million bpd while gasoline sales in the week ending May 9th increased by 109.4% on the year to 1.23 million bpd. Japan's kerosene stocks fell by 50,000 barrels from two weeks earlier and by 460,000 barrels to 10.75 million barrels while naphtha stocks fell by 780,000 barrels on the week to 10.09 million barrels. Crude runs increased by 10,000 bpd from the two weeks earlier but fell by 480,000 bpd on the year to 3.52 million bpd.

Taiwan's overall oil product demand for March fell 14.5% on the year to 4.675 million kiloliters of oil equivalent. Crude imports fell by 28.1% on the year to 3.601 million kloe while gasoline exports

NYMEX WTI: June July Spread
Price Vs Volume for March 24 - May 13, 2009

Trade Weighted 5/11 -.94, 5/12 -.84, 5/13 -.84



increased by 19.1% on the year to 413,009 kloe and distillate exports increased by 5.2% on the year to 955,052 kloe.

Nigeria's NNPC said the country's fuel marketers have resumed import orders after a month long suspension which caused the worst fuel shortages in years. Nigeria's fuel marketers suspended imports earlier this year in protest at the government's fuel pricing regime.

Indonesia's Pertamina bought 4.65 million barrels of crude for July via its regular spot tender and issued a second tender seeking additional crude for July. Last month, Pertamina bought 5 million barrels of sweet crude for June arrival via two tenders, down from 5.6 million barrels it purchased for May arrival.

Traders said about 65,000 tons of Middle East jet fuel is sailing for Northwest Europe from May 12 with another 115,000 tons tentatively booked for the same route.

Oil product inventories held by China's main fuel suppliers have increased in May from end-April levels as the country's fuel demand declines following increased sales in the previous two months. Diesel stocks held by PetroChina Co fell more than 20% at the end of April while diesel stocks held by Sinopec Corp fell by about 10%.

Production News

Saudi Aramco said its 2008 total crude oil production reached 3.2 billion barrels, with its 2008 average daily production standing at 8.9 million bpd. It said its total domestic refining capacity is 1.49 million bpd.

Chevron said OPEC related output cuts at its Venezuelan fields have held steady at between 50,000 and 70,000 bpd in recent months. It has cut 20,000 to 40,000 bpd of production at the Boscan field and 30,000 bpd at its Petropiar development.

NEW YORK MERCANTILE EXCHANGE(r)									
NYMEX OPTIONS CONTRACT LISTING FOR 05/13/2009									
				TODAY'S	PREVIOUS	ESTIMATED	DAILY	DAILY	
-----CONTRACT-----				SETTLE	SETTLE	VOLUME	HIGH	LOW	
AO	3	10P	55	4.47	4.29	475	0	0	
AO	6	10P	55	4.6	4.42	475	0	0	
AO	4	10P	55	4.55	4.41	475	0	0	
AO	7	10P	55	4.64	4.49	475	0	0	
AO	5	10P	55	4.59	4.4	475	0	0	
AO	1	10P	55	4.32	4.16	475	0	0	
AO	12	10P	55	4.79	4.63	475	0	0	
AO	11	10P	55	4.97	4.81	475	0	0	
AO	10	10P	55	4.79	4.67	475	0	0	
AO	2	10P	55	4.38	4.2	475	0	0	
AO	9	10P	55	4.72	4.56	475	0	0	
AO	8	10P	55	4.67	4.54	475	0	0	
LC	12	15C	100	9.43	9.55	2500	0	0	
LC	12	13C	100	6.93	7.05	2500	0	0	
LC	6	9C	60	0.18	0.57	1150	0	0	
LC	12	10P	40	1.78	1.72	1114	0	0	
LC	12	10C	100	2.53	2.57	1114	0	0	
LC	8	9P	55	2.81	2.56	1000	0	0	
LC	8	9P	45	0.69	0.61	1000	0	0	
LO	7	9P	43	0.25	0.22	36127	0.2	0.2	
LO	7	9P	40	0.13	0.11	19757	0.14	0.11	
LO	7	9P	50	0.9	0.79	11066	1.02	0.75	
LO	6	9C	60	0.18	0.57	5484	0.7	0.09	
LO	8	9P	45	0.69	0.61	4040	0.73	0.5	
LO	8	9P	55	2.81	2.56	3210	0	0	
LO	7	9P	45	0.38	0.33	2731	0.38	0.28	
LO	7	9C	65	1.44	1.62	2300	1.9	1.44	
LO	7	9C	60	3.23	3.57	2199	3.77	2.99	
LO	6	9P	55	0.08	0.1	1820	0.14	0.05	
LO	6	9C	58	0.83	1.54	1779	1.15	0.5	
LO	12	10C	110	1.66	1.72	1700	0	0	
OB	8	9C	1.4	0.3227	0.3129	350	0	0	
OB	12	9C	1.6	0.1952	0.1989	350	0	0	
OB	12	9P	1.4	0.1292	0.1278	350	0	0	
OB	7	9C	1.7	0.1105	0.1037	288	0	0	
OB	7	9C	1.8	0.0739	0.069	278	0.0675	0.0655	
OH	6	9C	1.59	0.0231	0.0309	100	0	0	
OH	7	9C	1.66	0.0516		50	0	0	
OH	7	9C	1.6	0.0696	0.0804	50	0.0775	0.0775	
WA	6	9C	0	0.05	0.09	825	0.05	0.05	
WA	8	9C	-0.8	0.61	0.64	300	0	0	
WA	7	9P	-3	0.07	0.07	300	0.1	0.1	
WA	8	9P	-0.8	0.66	0.7	300	0	0	
WA	6	9P	-0.9	0.33		200	0.2	0.2	

ConocoPhillips is not planning any major maintenance on its Ekofisk fields in the North Sea this year.

Norway's Deputy Petroleum and Energy Minister Robin Kaass said the government will not support a resolution by Greenpeace at Statoil's May 19 shareholders' meeting calling on the group to withdraw from its tar sands activities in Canada. The government believes that good corporate governance prevents it from directing Statoil's actions on any specific business issue beyond the usual checks made by the board.

Norway's DNO International is seeking to export about 50,000 bpd from Iraq within months and increase its cashflow after posting a first quarter operating loss on Wednesday. DNO earlier this week got formal approval from the Kurdish authorities in northern Iraq to start exporting crude from its Tawke oilfield starting in June.

Abu Dhabi National Oil Co is proceeding with its projects despite the global economic crisis.

China's PetroChina will increase crude oil production by 50% to 60,000 bpd at Indonesia's Tuban block in East Java within three years.

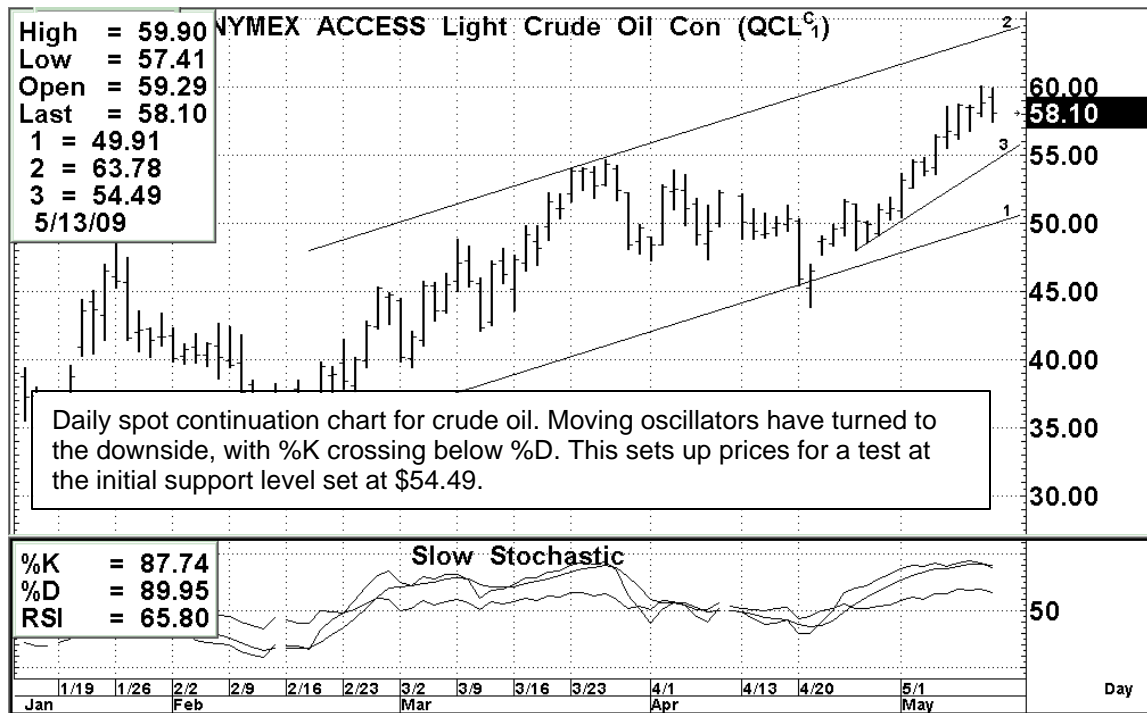
OPEC's news agency reported that OPEC's basket of crudes increased further to \$56.76/barrel on Tuesday

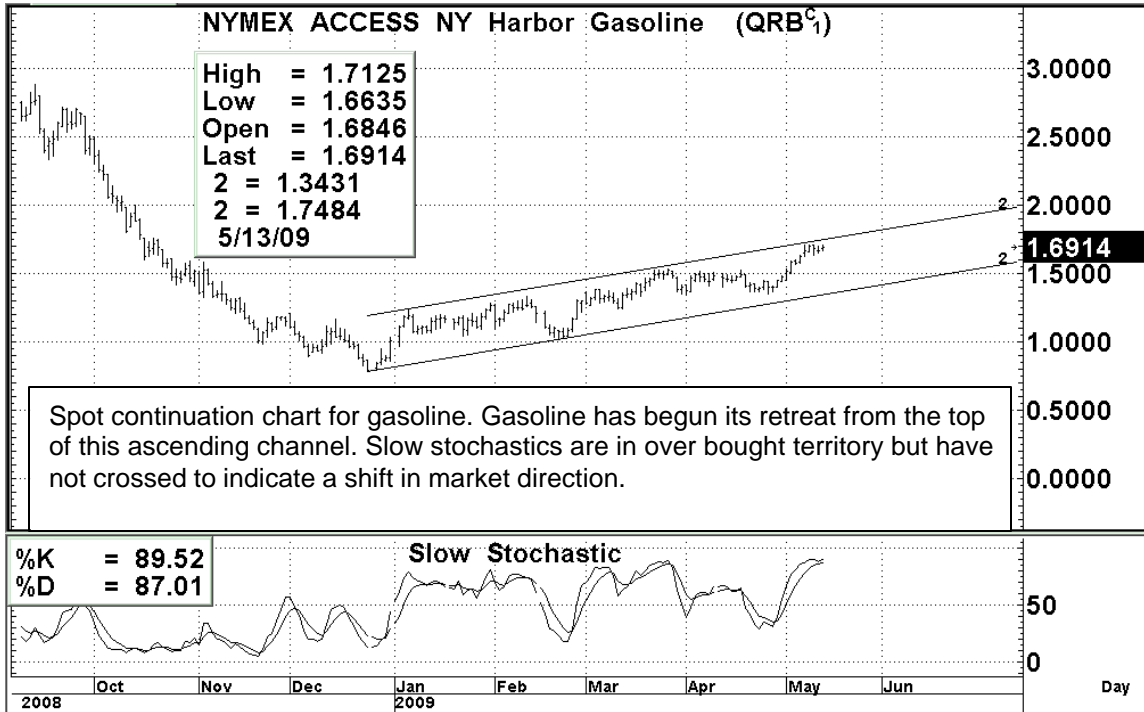
from \$56.11/barrel on Monday.

Market Commentary

Today's market response to what initially appeared to be bearish inventory numbers was short-lived. The DOE report indicated that crude oil inventories decreased by 4.7 million barrels, gasoline inventories by 4.1 million barrels and distillate stock levels increased by 1 million barrels. It appears that the U.S. economic outlook is still looking bleak as retail sales for the month of April fell 0.4%, making this the second month in a row that retail sales decreased. U.S. foreclosures jumped in April by 32% from a year ago, reaching a record high. The stock and equities markets reacted negatively to this news. This negativity spilled over into the crude oil markets as investors unloaded length. At this point in time, offshore storage appears to be paying off as imports fell 1.2 million bpd last week. This is reflected in the June/July spread, which has been gaining strength. Once those stockpiling crude oil decide that it is not financially feasible, we should see imports pick up and the June/July spread weaken. From a technical standpoint, the crude oil market continues to trend within the ascending channel on a spot continuation chart. Slow stochastics have crossed to the downside in overbought territory. This is a bearish signal and we should see lower prices. For those who have been following our historical comments on the gasoline, today is the ninth business day of the month. This is the day to exit length and reverse to a short position. On the eleventh day, according to the aforementioned historicals, short positions are to be exited and a new long put on.

Crude Oil (JUN.09 186,826 -15,501 JUL.09 336,640 +35,707 AUG.09 84,774 +9,141 SEP.09 61,643 +7,758 Totals: 1,246,806 +46,771 N.Y. Heating Oil (HO) JUN.09 46,548 -4,621 JUL.09 42,942 +3,715 AUG.09 22,999 +1,040 SEP.09 18,437 +351 Totals: 258,406 + 465 NEW YORK HARBOR RBOB (RB) JUN.09 64,689 -2,343 JUL.09 57,101 +3,932 AUG.09 26,328 +147 SEP.09 19,157 +365 Totals: 211,652 +2,234





Crude Support	Crude Resistance
55.45,54.49, 53.45, 52.33, 46.68, 45.10, 44.50, 43.80, 40.00, 38.95, 32.25, 29.66, 28.63, 26.65, 25.50	61.60
Heat Support	Heat resistance
1.2715,1.2300, 1.1359, 1.1095, 1.0520	1.5520, 1.6025, 1.6475, 1.6688, 1.6715
Gasoline support	Gasoline resistance
1.5370, 1.5260, 1.3560, 1.3400, 1.3180,1.2700, 1.2625 1.1680,1.0128, .9590	1.7372, 1.7555, 1.8800, 2.0700

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