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ENERGY MARKET REPORT FOR JUNE 18, 2009

White House spokesman Robert Gibbs said President Barack Obama remains concerned about speculation in the oil markets. When asked why President Obama's regulatory reforms earlier this week did not include changes to deal with speculation in the oil markets, he said the President remained concerned but added that his proposals were focused on restoring stability to the financial markets.

OPEC President, Angola's Oil Minister Jose Botelho de Vasconcelos said the group will not need to carry out more cuts in 2009 if oil prices remain at current levels and that a price of \$70/barrel to \$75/barrel of oil is positive for the world economy.

According to Oil Movements, OPEC's oil exports, excluding Angola and Ecuador, are

Market Watch

The US Labor Department said the number of US workers filing initial claims for state unemployment insurance increased by 3,000 to a higher than expected seasonally adjusted 608,000. The four week average of new claims fell by 7,000 to 615,750, the lowest level since mid-February. Meanwhile the number of continuing claims fell by 148,000 to 6,687,000, the first weekly decline since the January 3 week and largest since November 24, 2001.

The Baltic Exchange's main sea freight index, which tracks rates to ship dry commodities such as iron ore, cement, grain, coal and fertilizer, increased by 1.17% on Thursday to 4,073. The index has increased nearly 18% in the last week, recovering after falling nearly 20% from more than an eight month high of 4,291 points on June 3rd.

The World Bank said China's economic growth this year may be stronger than previously expected. It raised its growth forecast from 6.5% to 7.2% on Thursday. However it cautioned that it is too soon to say whether a sustained recovery was on the way. It said China's four trillion yuan or \$586 billion stimulus program will support the country's economy. China's economy grew 6.1% in the first quarter from the same period last year but below the country's 2009 target of 8%. However it was the strongest rate for any major country. The World Bank forecast that trade and private investment would remain weak, consumption would slow and a fully fledged recovery would have to wait for the global economy and demand for exports to recover.

BP Plc chief economist Christof Ruehl expects crude oil prices to fall from current levels of around \$70/barrel. He said oil prices can come under severe pressure as early as next year.

According to an Ernst & Young LLP study of 40 companies' performance, the companies' US oil reserves fell 7% in 2008 to 15 billion barrels from 16.1 billion barrels in 2007. The change reflects revisions cutting 1.2 billion barrels of oil reserves off the books because they were uneconomical to produce at \$40/barrel. The companies' natural gas reserves grew but at a slower pace than in 2007, when they increased 12%. In 2008, gas reserves increased by 4% to 145.2 trillion cubic feet from 139.9 tcf in 2007. End of 2008 revisions cut 6.7 tcf of gas reserves off the books after prices fell to less than \$6/mmbtu from more than \$13/mmbtu.

June Calendar Averages

CL – \$69.87
HO – \$1.8076
RB – \$1.9914

forecast to fall by 40,000 bpd in the four weeks ending July 4th to 22.78 million bpd. The decline in sailings is the first in over a month. It estimated that OPEC’s compliance with its output cuts is less than 75%.

Iran’s Guardian Council has asked the three candidates who have disputed the results of Friday’s presidential election to attend an emergency meeting on Saturday. Mir Hossein Mousavi, the reformist candidate whose supporters have taken to the streets since the result of the disputed election was announced, has vowed not to compromise on his demand for a re-run. Mehdi Karroubi, the other reformist candidate, has also rejected the results and supported calls for continuation of protests until the election is held again. Mohsen Rezaee is also demanding a re-run.

Separately, Iran’s ambassador to the UN’s IAEA, Ali Ashgar Soltaniyeh said Iran will never abandon its nuclear work.

A Kurdish official said Iraq’s Oil Ministry is in disarray as oil officials revolt against its plan to hold the country’s first major auction of oil field contracts since the fall of Saddam Hussein. The official said firms taking part in the auction this month will find it difficult or impossible to actually work in Iraq because of the dispute.

Refinery News

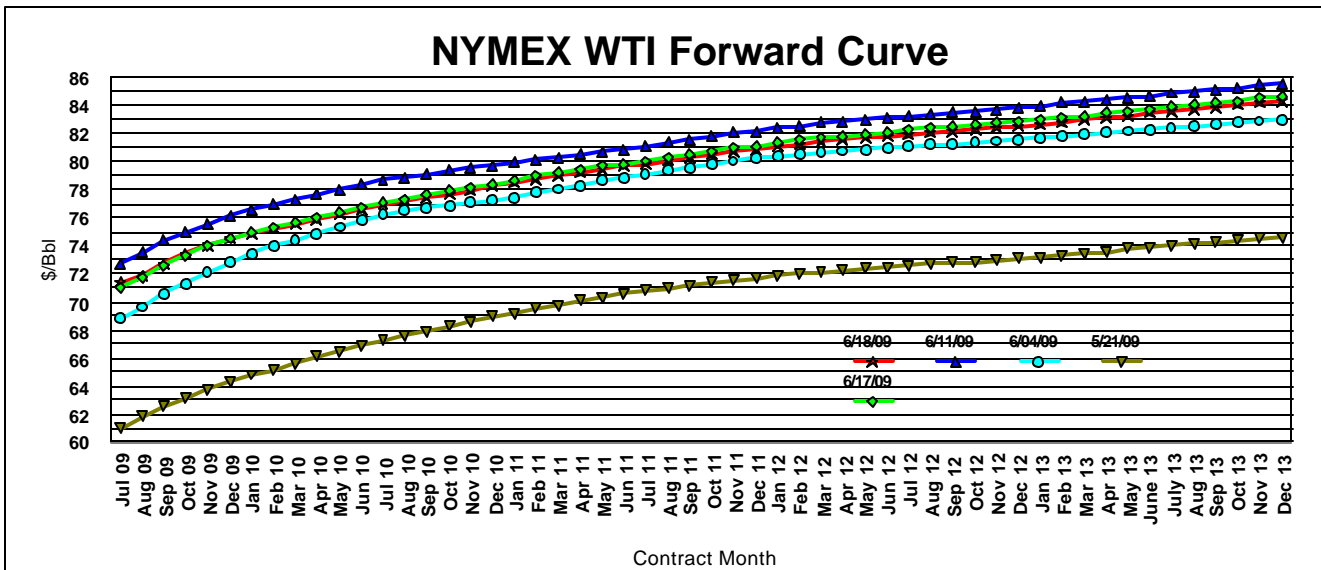
ExxonMobil Corp said it shutdown a hydrocracking unit at its 567,000 bpd refinery in Baytown, Texas refinery on Thursday and added that repairs are underway. It said there was no impact on supply.

Alon USA Energy Inc said production operations were not affected by a brief problem in its fluid catalytic cracking unit boiler at its 70,000 bpd Big Spring, Texas refinery on Wednesday.

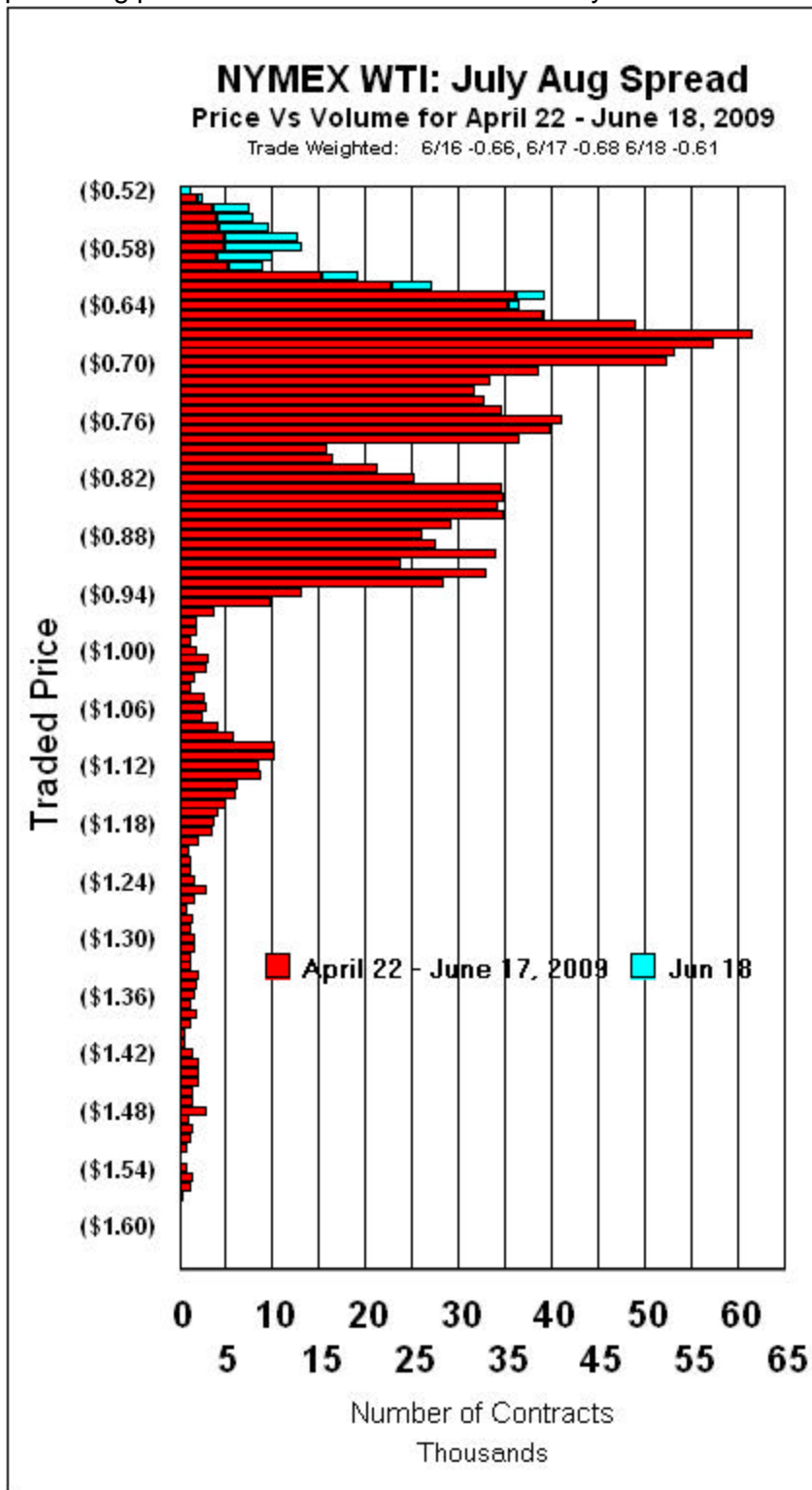
Marathon Oil Corp said it successfully restarted two unspecified units at its 72,000 bpd Texas City, Texas refinery impacted by a minor power outage on Tuesday.

Valero Energy Corp said a coker unit at its 218,500 bpd Texas City, Texas refinery resumed planned rates after the unit suffered a brief power outage on Tuesday.

Some workers are protesting outside BP Plc’s Saltend Chemical Plant near Hull joining unofficial strike action at several energy plants across the UK this week. The workers are thought to have walked out in support of action taken by contract workers at Total’s 200,000 bpd Lindsey refinery,



protesting planned redundancies related to a hydro-desulfurization project.



Saudi Aramco and Total said they will invest \$9.6 billion to build the 400,000 bpd Jubail refinery and picked Technip and Tecnicas Reunidas among the main contractors. The refinery will be operational in the second half of 2013. The refinery is one of four that Saudi Arabia is planning to increase its domestic capacity by as much as 1.6 million bpd from 2.1 million bpd.

Japan's Idemitsu Kosan Co is considering delaying by up to one week the restart of a 140,000 bpd crude distillation unit undergoing scheduled maintenance at its Hokkaido refinery due to slow demand and high oil product stocks.

ExxonMobil Corp restarted operations at its naphtha cracking complex in Singapore's Jurong Island on June 15th following the completion of routine maintenance. The complex was shut in early May.

China's diesel exports fell to 390,000 tons on May, down from April's record level of 510,000 tons while its gasoline exports were flat at 310,000 tons, according to Customs data. China's kerosene exports fell to 390,000 tons from 540,000 tons in April. Meanwhile, its imports of liquefied natural gas increased to a record high of 510,000 tons due to falling prices and as a new receiving terminal started operations.

Gas oil inventories in independent storage in the Amsterdam-Rotterdam-Antwerp area in the week ending June 18th increased by 3.16% on the year week and by 101.94% on the year to 2.71 million tons. Imports of gas oil came from India, Norway, Russia, South Korea and the US while outflows were bound for West Africa. Gasoline stocks increased by 3.07% on the week but fell by 7.11% on the year to 706,000 tons while fuel oil stocks increased by 8.79% on the week but fell by 1.41% on the year to 631,000 tons. Naphtha

stocks fell by 21.37% on the week and by 7.07% on the year to 92,000 tons while jet fuel stocks fell by 11.27% on the week but increased by 132% on the year to 638,000 tons.

Singapore's International Enterprise reported that the country's residual fuel stocks built by 1.335 million barrels to 19.583 million barrels in the week ending June 17th. It also reported that Singapore's light distillate stocks built by 77,000 barrels to 9.519 million barrels while its middle distillate stocks fell by 1.228 million barrels to 11.923 million barrels on the week.

Production News

Royal Dutch Shell said some oil production has been shut in following an attack on one of its pipelines on Wednesday in Bayelsa state in Nigeria's Niger Delta. The Movement for the Emancipation of the Niger Delta said late Wednesday it sabotaged a Shell pipeline in southern Nigeria's Bayelsa state, the first attack outside Delta state since the military last month launched its largest offensive against rebels in years. It said the damaged pipeline was connected to the Tunu, Opukusu, and Ugbotubu flow stations, which feeds into the Forcados export terminal.

BP Plc said it has restarted its Valhall field in Norway after an extended outage to check and repair microbial-induced corrosion on pipelines at the field.

An oil field near the southern Iraqi city of Nasiriyah will begin production for the first time over the next two days. The field, which has estimated reserves of 4.3 billion barrels, will pump between 10,000 and 15,000 bpd. An engineer said production can be increased considerably, once additional wells are dug on the field, where there are currently five wells but plans for an additional 15.

According to a quarterly schedule, Russian and transit oil exports via Transneft will fall 2.8% in the third quarter from April-June to 3.99 million bpd. It showed Russia's seaborne exports will fall by 3.3% from the second quarter to 35.71 million tons or 2.84 million bpd. It will be 1.7% less than in the third quarter of 2008. Supplies of Russia's Urals crude from the Baltic Sea port of Primorsk will fall by 4% to 18.45 million tons or 1.47 million bpd.

Canada's Talisman Energy has struck oil in an appraisal well near the Varg field off Norway. Its partner, Det norske oljeselskap said that the discovery at the Grevling prospect was larger than expected and estimated at between 40 million and 130 million barrels of oil.

India's Reliance Industries imported 721,875 bpd of crude in May, up about 23% on the year.

Ecuador's Central Bank reported that the country exported 4.6 million barrels in the first four months of 2009, down 5.5% from the 4.87 million barrels reported last year.

OPEC's news agency reported that OPEC's basket of crudes fell slightly to \$69.37/barrel on Wednesday from \$69.68/barrel on Tuesday.

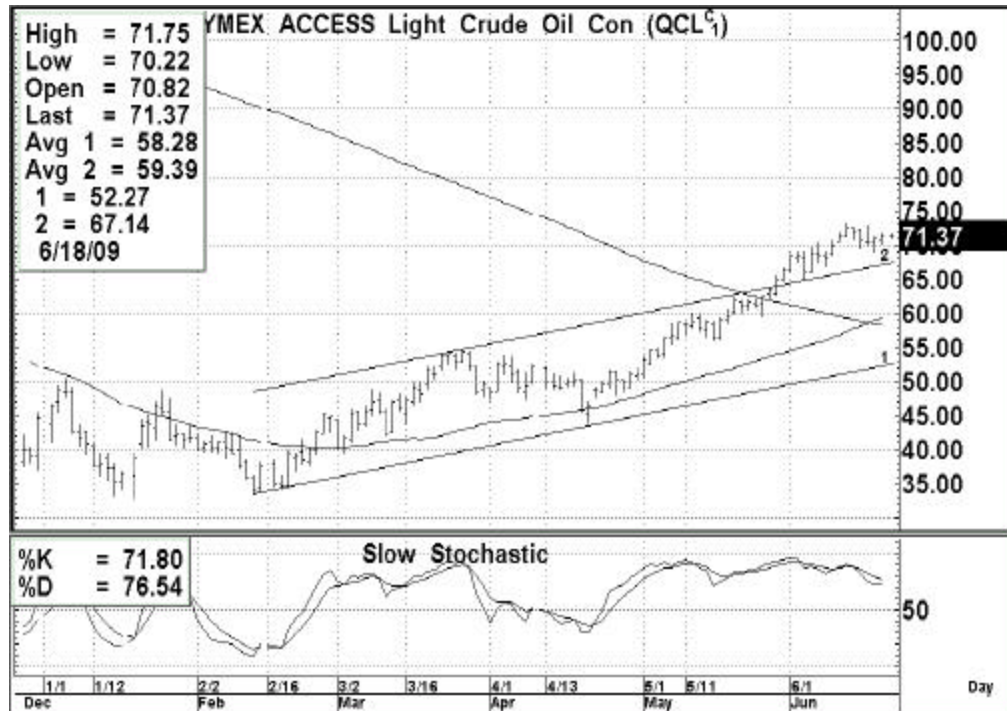
Market Commentary

After fluctuating most of the day, crude oil rose in response to reports that indicated the U.S. economy would rebound later this year. A manufacturing report in the Philadelphia region showed signs of contraction from minus 22.6 in May to minus 2.2 in June. This news is coupled with news that unemployment claims dropped for the first time since January. According to OPEC President Jose Maria Botelho de Vasconcelos, oil prices are satisfactory at \$70.00 a barrel for producers and consumers, adding that higher oil prices are a positive sign for the world economy. OPEC is expected to reduce exports by 0.2 percent in the month ending July 2. Despite this supportive news, world demand has not shown signs of recovering. Without signs of recovery in demand, this market will find

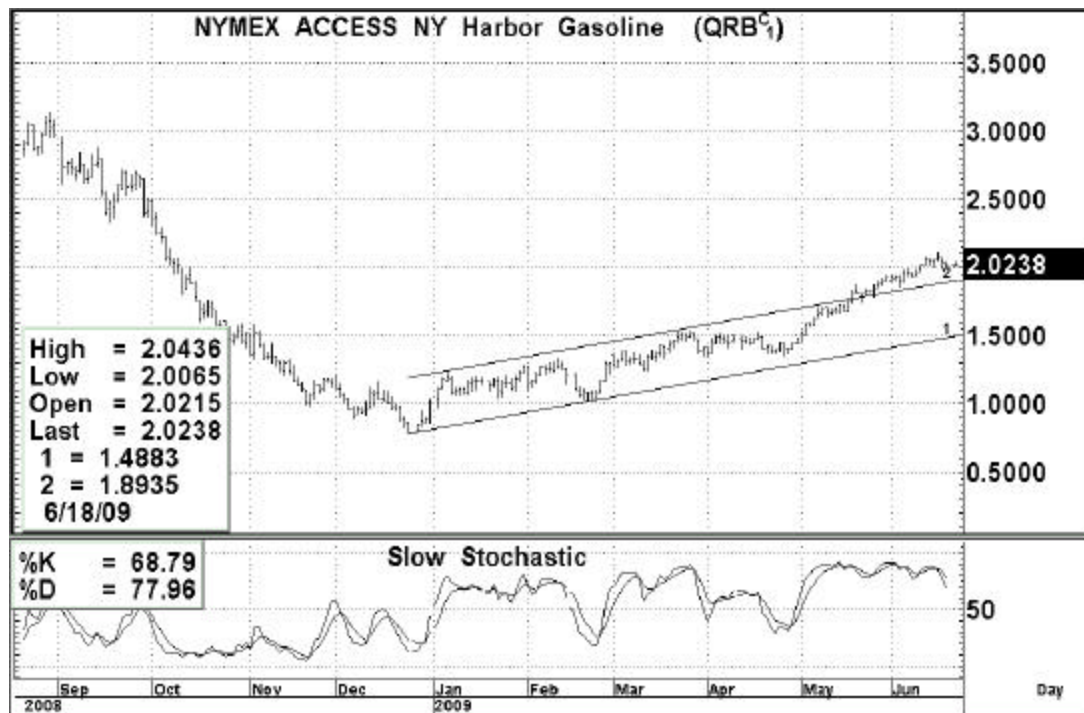
it difficult to sustain strength. Stagnant demand at a time when prices are rising would have a negative impact on the economy.

Crude Oil (CL) JUL.09 75,657 -26,621 AUG.09 266,489 +8,396 SEP.09 132,227 +6,216 OCT.09 44,779 -287 Totals: 1,184,974 -13,208 N.Y. Heating Oil (HO) JUL.09 40,309 -1,424 AUG.09 48,477 +2,521 SEP.09 34,301 +320 OCT.09 22,874 +837 Totals: 289,492 +2,500 NEW YORK HARBOR RBOB (RB) JUL.09 46,453 -7,121 AUG.09 69,458 +535 SEP.09 43,250 +466 OCT.09 20,495 -946 Totals: 220,771 6,551

Spot continuation chart. The 50 - day moving average continues to edge higher, pulling away from the 200 -day. Slow stochastics are just above the over bought territory. Technically we would look for prices to work a little higher, working towards resistance at \$78.89.



Spot continuation chart for gasoline. Prices remain above the ascending channel and have yet to reach to projected upside objective of \$2.1759, based upon the channel breakout. Slow stochastics continue to head lower since crossing to the downside. Any failed attempt to trade back within the channel should be considered a buy opportunity, with successful attempts selling opportunities.



NEW YORK MERCANTILE EXCHANGE(r)
 NYMEX OPTIONS CONTRACT LISTING FOR 06/18/2009

				TODAY'S	PREVIOUS	ESTIMATED	DAILY	DAILY	
-----CONTRACT-----				SETTLE	SETTLE	VOLUME	HIGH	LOW	
AO	10	9	C	74.5	6.92	6.83	350	0	0
AO	12	9	C	74.5	8.59	8.5	350	0	0
AO	11	9	C	74.5	7.82	7.73	350	0	0
LC	8	9	P	65	1.29	1.43	800	0	0
LC	10	9	P	160	86.5		600	0	0
LC	10	9	C	160	0.01		600	0	0
LC	9	9	P	67	2.99		500	0	0
LC	9	9	P	60	1.28	1.32	500	0	0
LC	8	9	P	70	2.81	3.03	400	0	0
LO	12	9	C	100	1.43	1.36	11820	1.5	1.32
LO	12	9	C	80	5.66	5.55	8447	5.45	5.45
LO	12	9	C	63	15.06	14.99	7950	0	0
LO	12	9	C	75	7.79	7.68	7303	0	0
LO	12	9	C	71	9.91	9.81	7000	0	0
LO	12	9	C	74	8.29	8.18	4401	8.05	8.05
LO	9	9	P	60	1.28	1.32	4269	1.45	1.24
LO	8	9	P	60	0.54	0.62	3794	0.73	0.49
LO	12	9	C	90	2.85	2.75	3748	2.9	2.9
LO	12	9	P	50	1.1	1.05	3652	1.2	1.15
LO	9	9	P	65	2.38	2.42	3325	2.58	2.45
LO	8	9	P	55	0.2	0.24	3220	0.3	0.2
LO	8	9	P	65	1.29	1.43	2429	1.6	1.1
LO	8	9	P	70	2.81	3.03	2377	3.11	2.7
LO	8	9	C	80	0.99	1.06	2237	1.05	0.88
LO	12	9	P	55	1.83	1.76	2150	1.95	1.95
LO	9	9	C	63	11.56	11.52	2006	0	0
LO	9	9	C	65	10.06	10.03	2001	0	0
LO	2	10	C	100	2.19	2.1	1950	0	0
LO	12	9	P	60	2.85	2.76	1794	2.93	2.93
LO	12	9	P	74.5	8.06	7.92	1791	8.1	8.1
LO	12	9	C	74.5	8.03	7.92	1790	0	0
LO	8	9	C	72	3.61	3.65	1661	3.74	3.45
OB	9	9	P	1.99	0.1596		610	0.16	0.155
OB	8	9	P	0.99	0.0001	0.0001	160	0	0
OH	11	9	P	1.65	0.0749	0.0657	210	0.072	0.072
OH	12	9	C	2.25	0.1372	0.1388	150	0	0
OH	12	9	P	2.01	0.2254		150	0	0
OH	9	9	P	1.92	0.1551		150	0	0
OH	12	9	C	2.01	0.2224	0.2267	150	0	0
OH	12	9	C	2.75	0.0469	0.0466	150	0	0
OH	9	9	C	1.92	0.1491		150	0	0

Crude Support	Crude Resistance
Spot 200 day MA 63.33 60.50 , 59.85, 58.90, 56.75,55.45,54.49,	74.50, 76.10, 81.80
Heat Support	Heat resistance
1.6780, 1.6512, 1.6235, 1.5615	1.9090
Gasoline support	Gasoline resistance
1.5370, 1.5260, 1.3560, 1.3400, 131.80,1.2700, 1.2625 1.1680,1.0128, .9590	2.0650, 2.1600

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