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ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR JUNE 19, 2009

Iran's Supreme Leader Ayatollah Ali Khamenei appealed for calm following days of protests against the results of a presidential election won by Mahmoud Ahmadinejad. He demanded an end to street protests and said any bloodshed will be their leaders' fault. He defended President Mahmoud Ahmadinejad as the winner of the election and denied any possibility that it had been rigged. He said any election complaints should be raised through legal channels. Iran's Guardian Council

is considering complaints by the three losing candidates but has said it will only recount some disputed ballot boxes. Iran's Supreme Leader also condemned the interference by foreign powers, which have questioned the result of the election.

Nigeria's main militant group, the Movement for the Emancipation of the Niger Delta said it attacked an oil pipeline. It said it sabotaged Italy's Eni pipeline, which delivers crude to the Brass export terminal at the Nembe Creek in Bayelsa state this morning, causing a loss of production of 33,000 bpd of crude. Security sources said some personnel were being evacuated from offshore installations as a precautionary measure. On Thursday, Shell said some oil production was halted following the attack on the Trans Ramos pipeline in Bayelsa. Chevron shut down its operations around Delta state after MEND's first pipeline attack in its latest campaign on May 24th, halting about 100,000 bpd of output.

Market Watch

According to the Labor Department, US non-farm payrolls fell in 39 states and increased in 11 states and the District of Columbia in May. California lost the most jobs at 68,900, while Florida lost 61,000, Texas lost 24,700 and Michigan lost 23,900 jobs. Friday's data however showed that Michigan has the highest jobless rates in May at 14.1%.

Goldman Sachs said Gulf Cooperation Council countries and Russia can enjoy large windfalls if oil prices increase to as much as \$63/barrel this year and \$90/barrel next year. Goldman's analysts increased their oil price forecasts to \$63/barrel from \$50.50/barrel for 2009 and expect prices to reach \$90/barrel in 2010, given increasing supply constraints in the sector and a likely return of demand.

Credit Suisse Group AG increased its forecast for Brent crude oil to \$54.73/barrel in 2009, up 14% from its previous forecast.

The US Transportation Department said US highway travel was up 0.6% in April, rising 1.4 billion miles to 249.5 billion miles. For the first four months of the year, driving was still down 1.1% or 10 billion miles from the same period last year.

The Nigerian army said a militant group traveling in speed boats attacked a unit of men in Obioko. It said the militant attack was botched and heavy casualties were inflicted on the attackers, who were forced to flee.

June Calendar Averages
CL – \$69.85
HO – \$1.8062
RB – \$1.9870

Refinery News

Trade union sources said contracts for about 647 workers at Total's 223,000 bpd Lindsey refinery in the UK have been terminated. About 1,200 contract workers walked off a construction project at the refinery last week in protest at planned redundancies, causing similar walkouts by contractors at some British power plants. Production has not been affected by the walkout. Royal Dutch Shell said 450 maintenance and construction contractors at its Stanlow refinery in Cheshire, England staged an unofficial walkout.

Japan's Idemitsu Kosan Co and Showa Denko increased its naphtha cracker output to 95% or higher due to recovering demand for petrochemicals.

Japan's Fuji Oil Co Ltd will restart the 140,000 bpd No. 2 crude distillation unit at its Sodegaura refinery in eastern Japan as scheduled on Sunday.

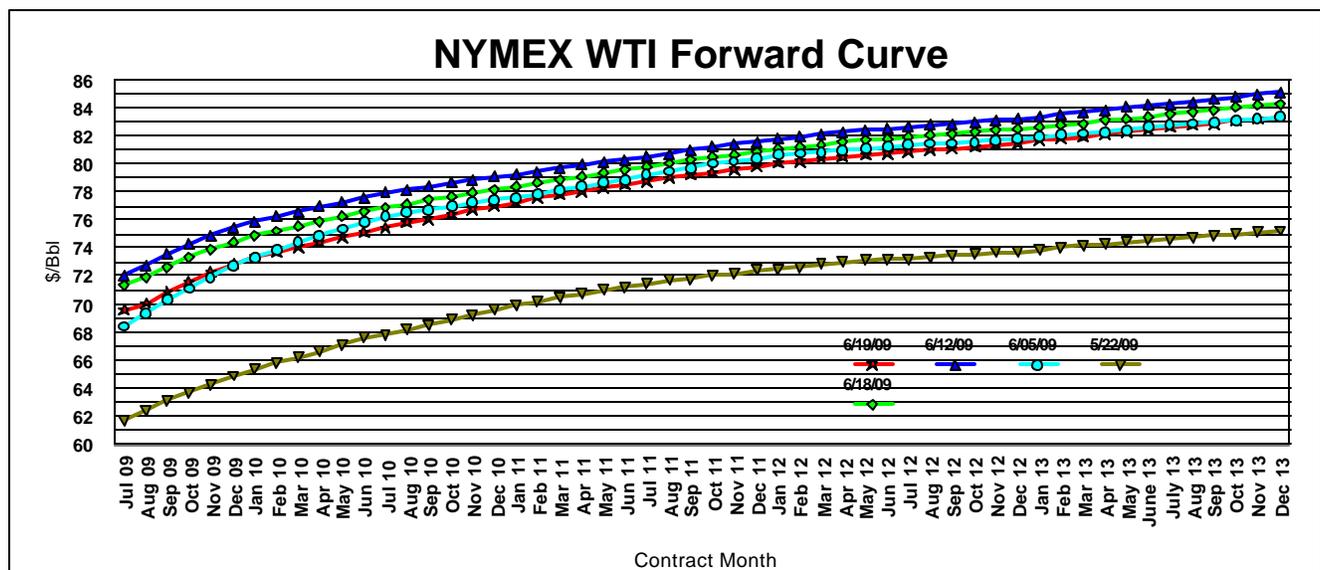
Japan's Nippon Oil Corp will halt operations of a 110,000 bpd crude distillation unit at its 250,000 bpd Mizushima refinery for at least a month from early July due to low domestic demand. Nippon Oil expects to refine 3.3 million kiloliters or 670,000 bpd of crude oil in July to meet domestic demand, down 25% on the year.

South Korea's Yeochun Naphtha Cracking Center shut its 555,000 ton/year No. 2 naphtha cracker due to an outage on Friday.

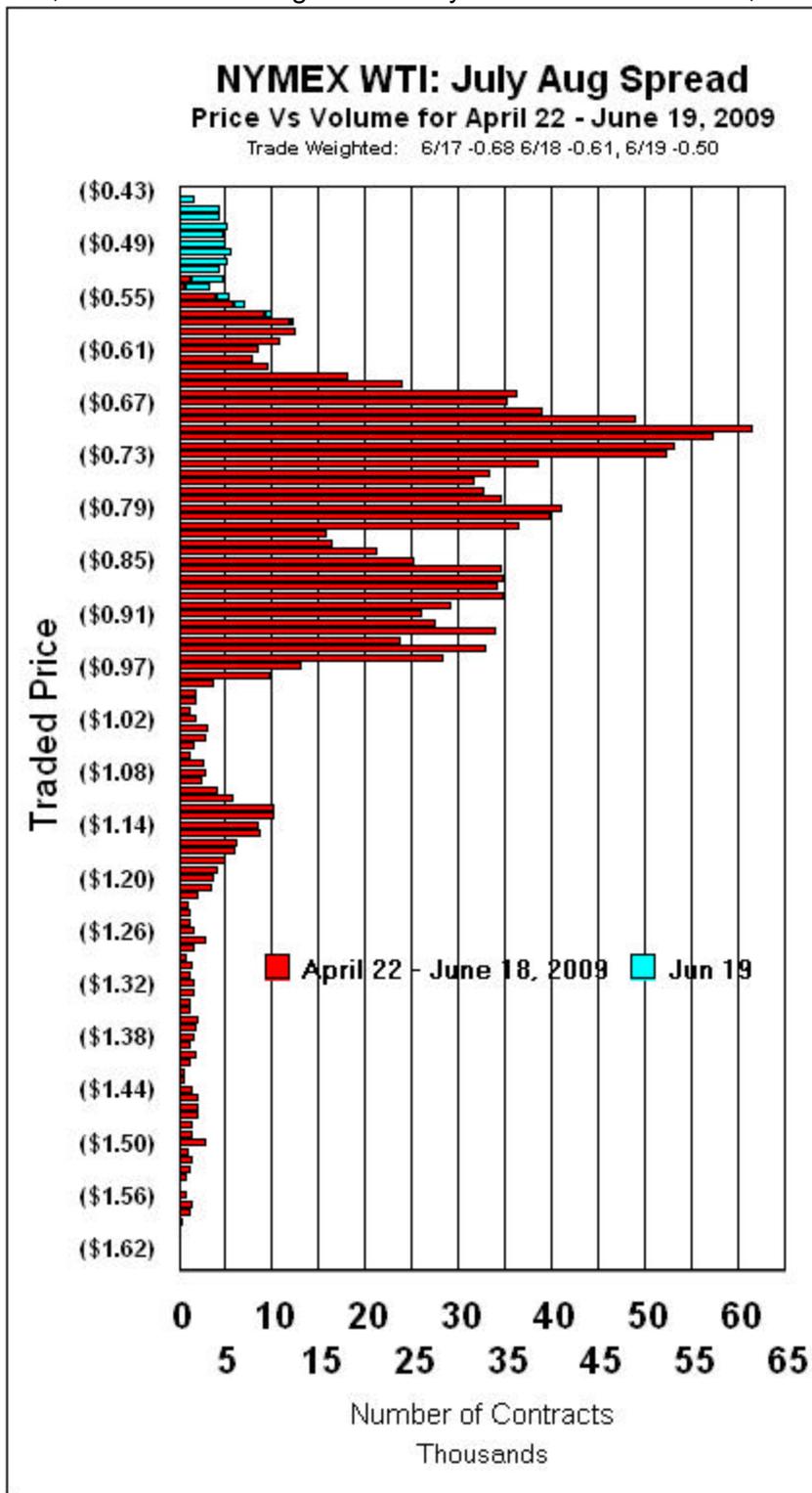
According to Russia's Energy Ministry, Russia's oil refining runs increased by 3.7% in May to 4.59 million bpd, up from 4.43 million bpd in April. Russia's refinery runs increased by 4.6% on the year.

Ukraine's Energy Ministry reported that the country's oil and gas refineries processed 4.485 million tons of crude oil and gas condensate in January-May 2009, up 1.9% on the year. It said refineries received 3.828 million tons of crude in January-May, including 1.097 million tons of Ukrainian oil, 2.698 million tons of Russian oil and 32,800 tons from Kazakhstan.

Middle East refiners are shipping large volumes of jet fuel to Europe in June, with the latest fixtures of



369,000 tons increasing the monthly total to more than 500,000 tons.



China National Petroleum Corp and Myanmar's Ministry of Energy signed a memorandum of understanding to build a crude pipeline with designed capacity of 22 million tons or 442,000 bpd. A 300,000 deadweight ton crude port and an oil tank with storage capacity of 600,000 cubic meters will be built in Myanmar by 2010. Construction of oil and gas pipelines will start in September.

Production News

According to Baker Hughes, the number of rigs for oil and natural gas increased to 899, up 23 from the previous week. The number of rigs searching for oil increased by 13 to 196 while the number of rigs searching for natural gas increased by 7 to 692.

Nigeria is expected to export about 348,000 bpd of its Qua Iboe crude in August, steady from July levels. Nigeria's Amenam grade is expected to load four cargoes in August or about 130,000 bpd, one less than in July. Excravos crude is set to load five cargoes or 158,000 bpd, down from six cargoes in July.

Russia's Rosneft plans to significantly increase its oil output and geological exploration in 2010-2011. It said it expects its oil output to increase 2% on the year to 112.3 million metric tons in 2009.

Indonesia's Pertamina said its crude oil output reached a new record high of 128,618 bpd on

Wednesday. It said most of the increase in crude oil production was contributed by concessions in the eastern part of Indonesia.

Pemex said Mexico's oil production fell by 7.9% during the first five months of the year to an average of 2.65 million bpd. Exports fell by 15% to 1.24 million bpd from 1.46 million bpd during the first five months of 2008.

Brazil's Petrobras said domestic oil production increased by 0.7% in May to 1.99 million bpd from 1.98 million bpd in April. Production outside Brazil increased by 2,000 bpd on the month to 136,300 bpd, increasing Petrobras' total production in May to 2.13 million bpd. Separately, Petrobras expects to bring up to four more drilling rigs to prospect in the offshore Santos Basin in the second half of the year. The rigs will be used to complete studies of the Tupi as well as other subsalt drill targets. Tupi is estimated to hold recoverable reserves of between 5 billion and 9 billion barrels of oil equivalent.

BP Plc and its partners in Colombia will produce an average of between 75,000 and 80,000 bpd of crude in 2009. It will also produce an average of about 230 million cubic feet of gas/day in the fields of Cusiana and Cupiagua this year.

OPEC's news agency reported that OPEC's basket of crudes increased to \$70.28/barrel on Thursday from \$69.37/barrel on Wednesday.

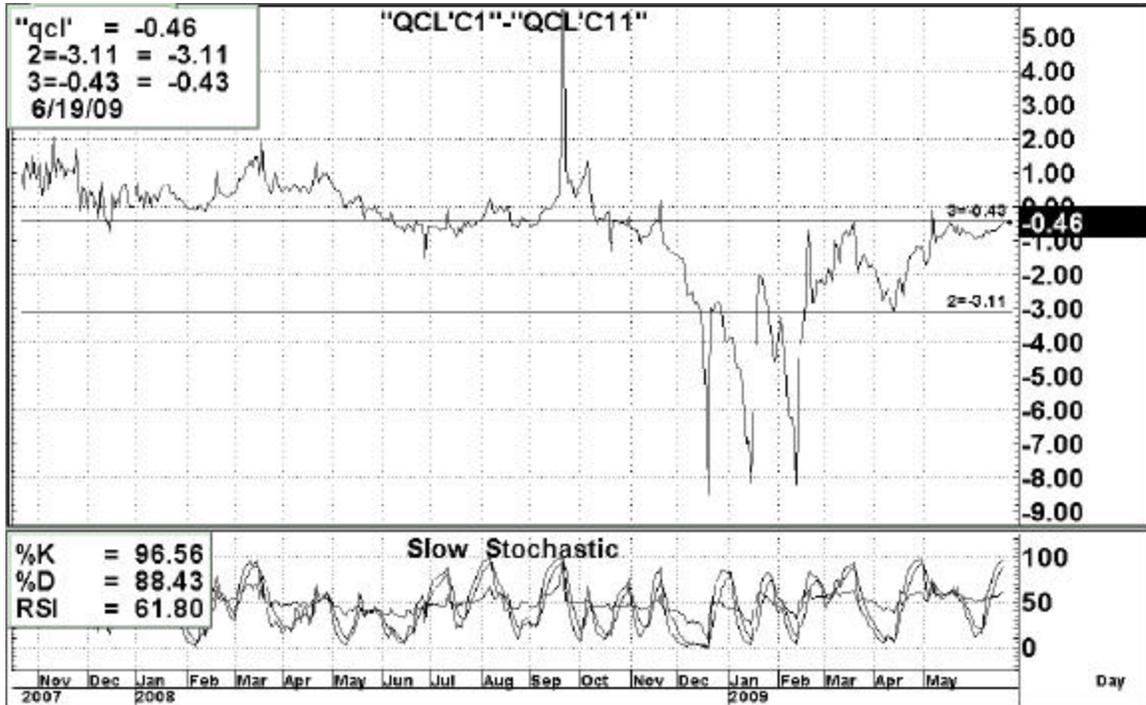
Market Commentary

Today's market fallout was led by gasoline. With gasoline inventories increasing the most in five months, the profit margin for turning crude oil into gasoline narrowed. This crushed the value of gasoline crack spreads sending the July crack to its lowest level since May 12th. Gasoline imports remain relatively high and are just over 1 million barrels a day. Demand for this product, based on a four-week average, is running 1.1% greater than last year when prices were 66% higher. Despite this, demand is still poor due to economic constraints. The July/August crude oil spread peaked at key resistance set at -.43. A penetration of this level may force the release of crude oil that is in storage, bringing it to the open market. We would look to use this number as a pivotal area, buying the July, selling the August upon breaks to the upside and selling the July, buying the August upon failures to penetrate the -.43 level.

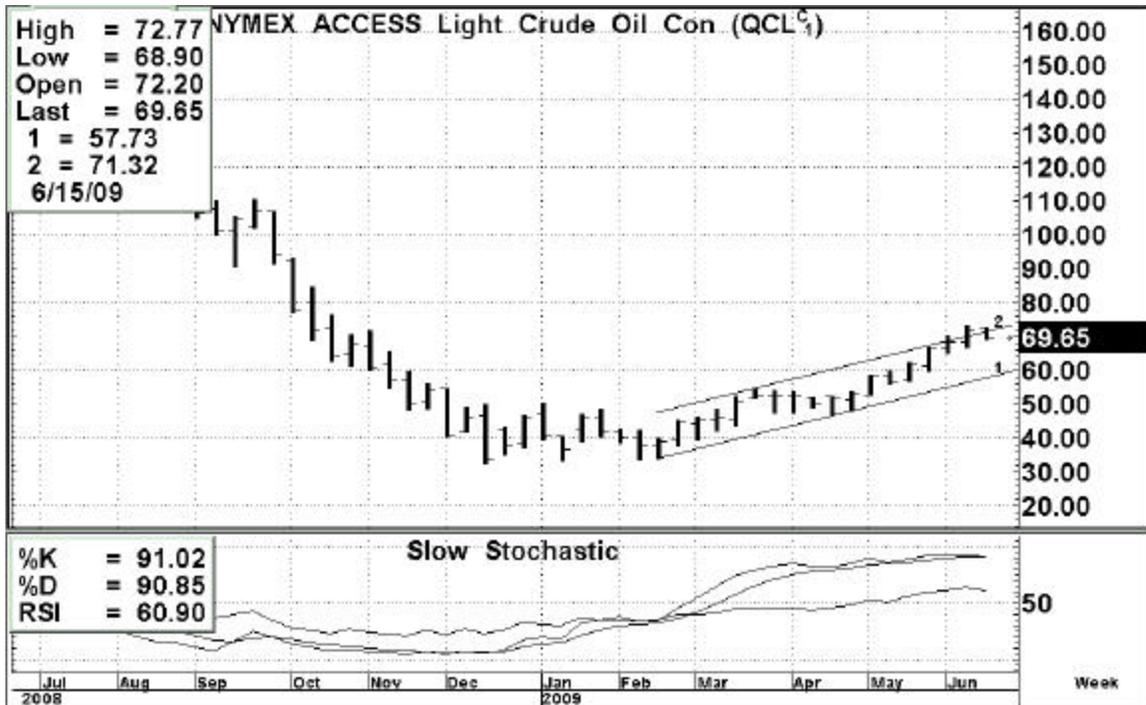
Crude Oil (CL) JUL.09 53,282 -22,375 AUG.09 268,886 +2,397 SEP.09 128,422 -3,805 OCT.09 45,925 +1,146 Totals: 1,164,861 -20,113 N.Y. Heating Oil (HO) JUL.09 37,682 -2,627 AUG.09 50,622 +2,145 SEP.09 33,873 -428 OCT.09 23,354 +480 Totals: 289,254 - 238 NEW YORK HARBOR RBOB (RB) JUL.09 45,081 -1,372 AUG.09 70,701 +1,243 SEP.09 43,654 +404 OCT.09 21,281 +786 Totals: 224,163 +3,392

The Commitment of Traders report showed that non-commercials in the oil market cut their net long position by 21,453 contracts to 26,430 contracts in the week ending June 16th. It reported that the funds' total short positions increased by 18,325 contracts to 174,932 contracts on the week. The combined futures and options report also showed that non-commercials cut their net long position by 25,704 contracts to 92,290 contracts on the week. The increased their total short position by 11,872 contracts to 100,204 contracts. The non-commercials have likely cut their net long position further as it traded off its recent high. The non-commercials in the heating oil market increased their net long position by 2,399 contracts to 28,918 contracts on the week while funds in the RBOB market cut their net long position by 124 contracts to 62,876 contracts on the week.

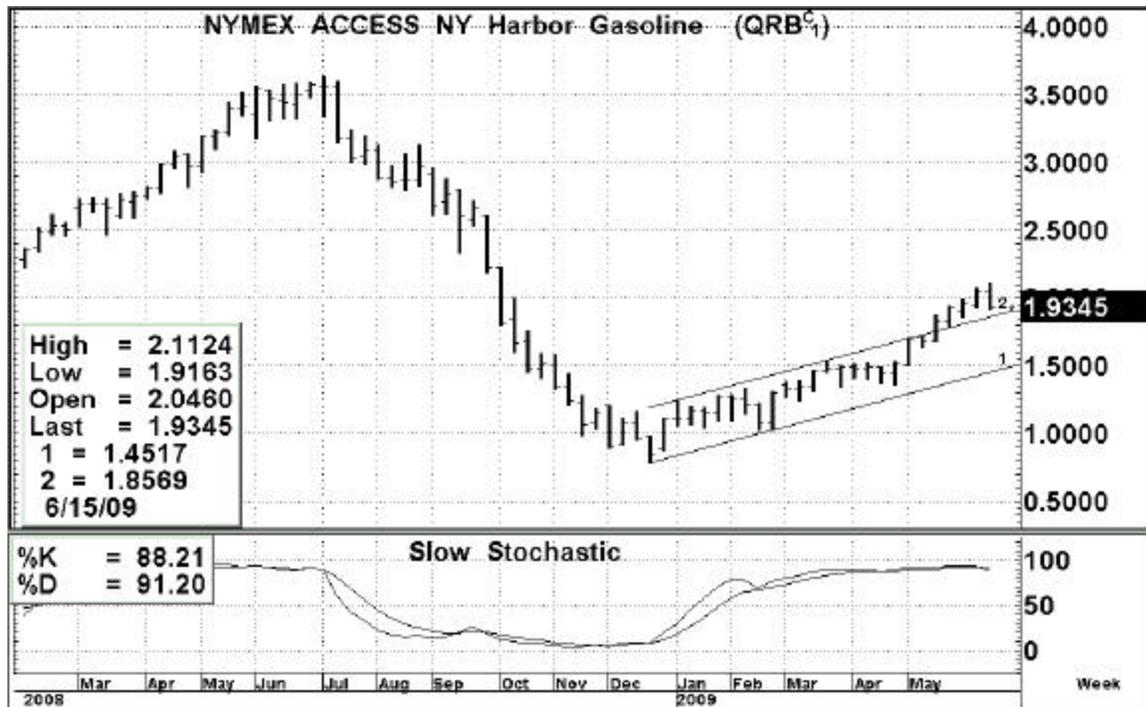
Continuation chart for spot crude spread. The -.43 level has proven to be a key pivotal area. Today's high on the July/August was -.43. Any penetrations above this level would present buying opportunities, with failures presenting selling opportunities.



Weekly spot continuation chart. Prices failed to settle above the ascending channel for the second week in a row. Slow stochastics are in over bought territory, but have not crossed to the downside. Coming into next week we would look for further downside movement and for a cross of the moving oscillators.



Weekly spot continuation chart for gasoline. Slow stochastics have crossed to the downside and prices are approaching the channel top. We would look for further downside movement as we come into next week and for prices to test the channel top.



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| Crude Support | Crude Resistance |
| Spot 200 day MA 58.08 67.35, 64.85, 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 |
| 1.7150, 1.6960, 1.5370, 1.5260, 1.3560, 1.3400, 1.3180, 1.2700, 1.2625 1.1680 | 2.0650, 2.1600 |

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