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ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR JUNE 22, 2009

OPEC President Jose Botelho de Vasconcelos said the group's goal is still to achieve \$75/barrel by the end of the year. Saudi Arabia's Oil Minister Ali al-Naimi established that level as a goal at OPEC's most recent meeting in May. Meanwhile OPEC's Secretary

General Abdullah al-Badri said it is too soon to say whether OPEC may consider changing its output ceiling when it next meets in September. He said compliance with existing production targets is 75% but added that it will likely increase this month.

Market Watch

The World Bank said prospects for the world economy remained uncertain as it cut 2009 growth forecasts for most economies, adding to concerns of a slower turnaround.

An Iraqi oil industry revolt against Iraq's upcoming auction of contracts to develop its oil fields widened on Saturday and the head of the country's main oil producing unit proposed an alternative plan. A petition against the auction by engineers at South Oil Co has gathered 200 signatures and other workers at the company said they were starting their own petition.

Iran's Revolutionary Guards threatened to crackdown on street protests after opposition leader Mirhossein Mousavi called on supporters to stage more demonstrations over the disputed June 12th election. The opposition leader called late on Sunday for new protests by his supporters. He called for a national strike if he is arrested and added that he is "ready for martyrdom." He said the mass arrest of his supporters will create a rift between society and the country's armed forces. The Revolutionary Guards said they will not hesitate to confront illegal protests organized by defeated presidential candidates and warned the West to stop supporting rioters. Meanwhile, Iran's Guardian Council conceded that in some constituencies the number of votes had surpassed eligible voters. A spokesman said this may be due to Iranians being able to vote wherever they want as well as other factors. He said inspectors would look into the issue. Iran's President Ahmadinejad accused the US and Britain of interfering in Iran's affairs. US President Barack Obama expressed concern about violence and unjust actions against Iranian demonstrators on Sunday in a meeting with foreign policy advisers. He urged the Iranian government to stop all violent and unjust actions against its own

June Calendar Averages

CL – \$69.66

HO – \$1.8013

RB – \$1.9790

people as protests continued in Iran. Britain's Foreign Secretary David Miliband rejected Ahmadinejad's charge and German Chancellor Angela Merkel urged Iran to allow peaceful protests and conduct a recount. Russia called for a constitutional resolution to Iran's post-election crisis following a warning from the Revolutionary Guards that it will crush further protests.

Nigeria's main militant group, the Movement for the Emancipation of the Niger Delta, said it attacked three oil installations belonging to Royal Dutch Shell in the Niger Delta. It said it attacked Shell pipelines at Adamakiri and Kula early Sunday morning. It also attacked the Afremo offshore oilfields, which is 14 miles from an export terminal through which crude oil from Shell's Forcados fields is pumped. Shell said it is investigating reports of attacks against its installations at three locations and was carrying out flyovers to try to assess any impact on output or the extent of any environmental damage from potential spillage.

According to the Center for Global Energy Studies, OPEC should increase its crude production in response to increasing oil prices. It said OPEC has the capacity to moderate the rise in oil prices but are choosing not to do so. It forecast that oil prices will rise steadily through the rest of the year, reaching \$80/barrel in the fourth quarter as OPEC continues to maintain its current levels of quota compliance. However prices are expected to fall back to \$72/barrel early next year. It sees forward stock cover, which OPEC would like to see at 52-53 day, peaking at 72 days in the current quarter and then declining to 69 days by the fourth quarter as rising demand depletes inventories.

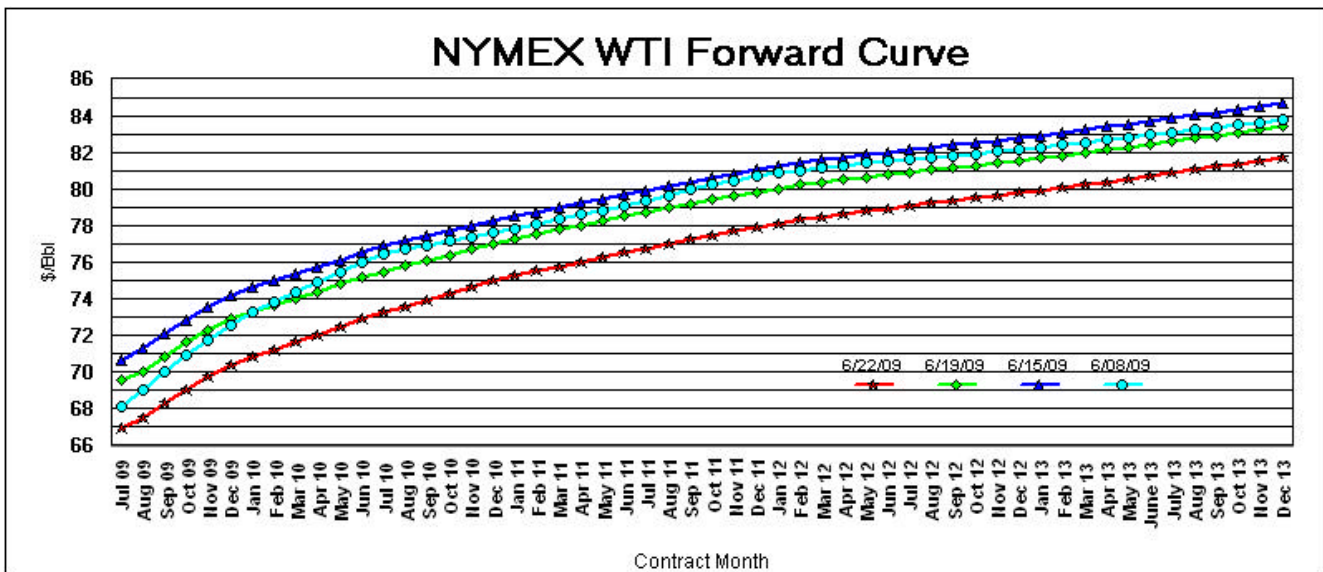
Iran's air force will begin a four day exercise over the Persian Gulf and Gulf of Oman on Monday. The "Milad-e Nouri-e Velayat" drill involves fighter jets and interceptor aircraft performing combat operations in three separate stages.

The EIA reported that the US average retail price of gasoline increased by 1.9 cents to \$2.691/gallon in the week ending June 22nd. It is the highest price since October 20, 2008. It also reported that US average retail price of diesel increased by 4.4 cents/gallon to \$2.616/gallon on the week. It is the highest average price since November 24, 2008.

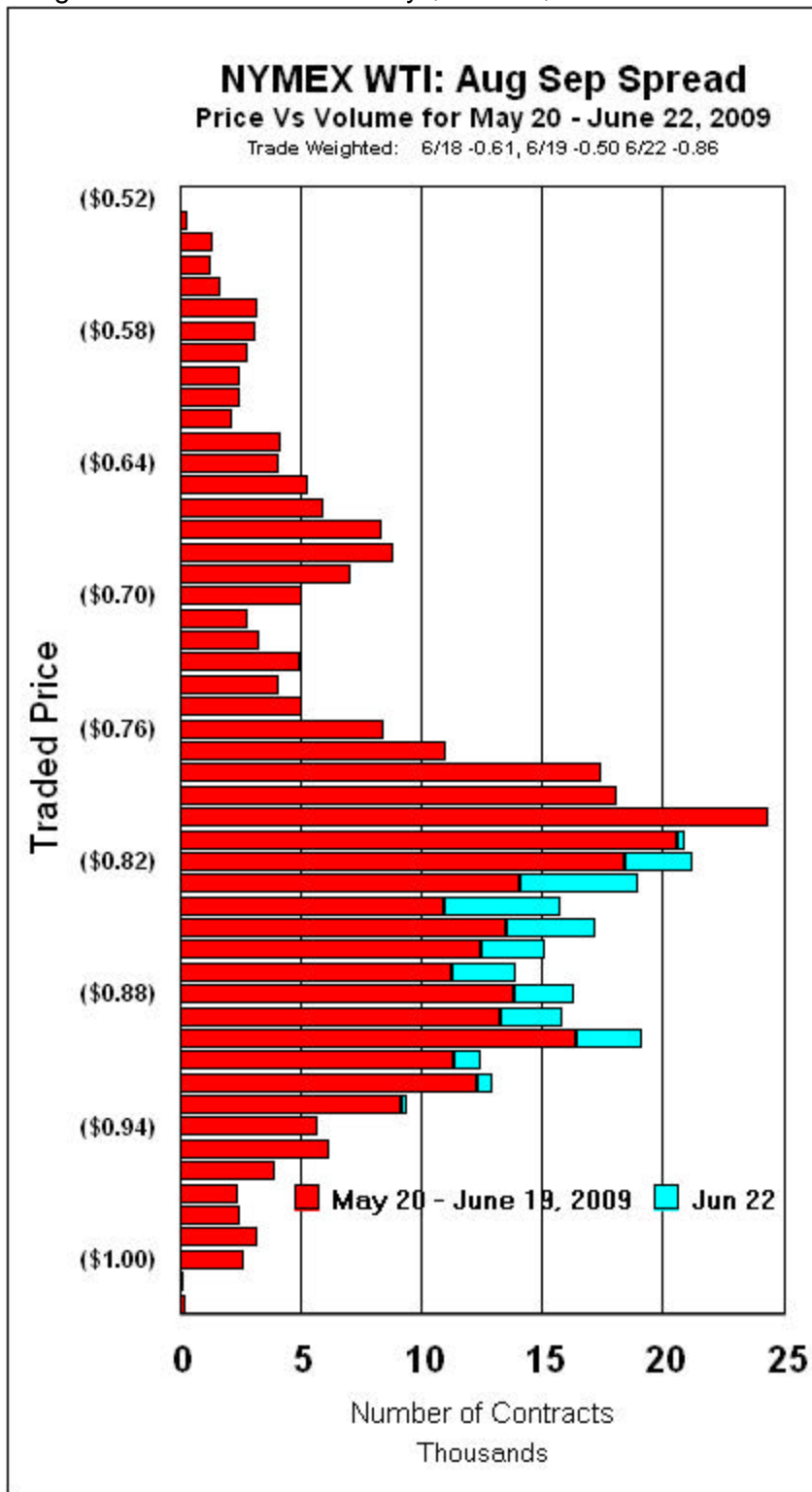
Refinery News

The Louisiana Offshore Oil Port will double its onshore crude storage capacity to 7.2 million barrels by the end of the year. An industry source said the LOOP should have all six of its new 600,000 barrel tanks online by the end of the year. Three of the new tanks, each with 1.8 million barrels of storage, were already brought into service over the last months.

Credit Suisse said US refining margins were mixed last week, with higher gasoline prices lifting profits in the Northeast and the Rockies. Margins in the Northeast increased by 93 cents to \$7.85/barrel while margins in the Rockies increased by \$2.25 to \$19.42/barrel. Margins in the Gulf Coast increased by 45 cents to \$10.42/barrel. Margins in the Midwest fell by 23 cents to \$12.95/barrel while



margins in the West Coast fell by \$1.39 to \$13.08/barrel.



ExxonMobil Corp said a boiler unit at its 567,000 bpd Baytown, Texas refinery suffered a problem over the weekend. However production was not impacted. On Friday, the refinery restarted one boiler unit only to have another trip off. The boilers are located at the refinery's fluid catalytic cracking unit #3.

Valero Energy Corp reported that it suffered a problem at its 182,200 bpd Delaware City, Delaware refinery, resulting in flaring. It said it has no material impact on production.

Tesoro expects its 72,000 bpd Kenai, Alaska and Martinez, California refineries to return to normal capacity by the end of the week after it began its restart operations. On June 4th, two units at the Alaska refinery were shut down due to a power failure while a hydrocracker and reformer units at its 166,000 bpd Golden Eagle refinery were shut down for planned maintenance in May.

According to Euroilstock, oil refinery production in 16 European countries fell by 622,000 bpd in May from a year earlier. Total refinery output averaged 11.96 million bpd in May, down 4.9% on the year and 3.2% on the month. The average refinery utilization rate fell to 85.19% in May.

Hundreds of contract workers burned their dismissal letters outside Lindsey oil refinery on Monday in a symbolic act of defiance against Total. Total said

nearly 650 workers were fired after taking unofficial strike action last week in a dispute over threatened redundancies on a construction project. Total said worker can reapply for their jobs at the Lincolnshire plant. However many contract workers seemed intent on defying the call. Production has not been affected at the 223,000 bpd refinery, which is operating normally. Separately, a total of

230 contract workers at the UK's South Hook liquefied natural gas terminal are on strike on Monday. The action is linked to the recent industrial relations activity at the Lindsey oil refinery.

China's implied oil demand in May increased by 6% on the year and 2.4% on the month to 7.77 million bpd, according to official data. Gasoline demand increased by 19% on the year and 6.2% on the month in May to 1.63 million bpd along with a 30% increase in output on the year to 1.715 million bpd. Kerosene demand increased by 28.7% on the year and by 17% on the month to 328,576 bpd while diesel demand increased by 1.1% on the year and by 9% on the month to 2.794 million bpd. China's refinery runs in May increased by 10.7% on the year and by 2.6% on the month to 7.344 million bpd.

China's General Administration of Customs said Iran overtook Saudi Arabia in May as China's top crude supplier. Iran exported 3.088 million tons or 727,000 bpd of crude to China in May, up 88% on the year. Saudi Arabia's exports to China fell by 15.5% on the year to 2.76 million tons or 650,000 bpd.

South Korea's STX Corp is in talks with Indonesia's Pertamina, on joining a \$3 billion oil refinery project. Pertamina signed a preliminary deal last year on a joint venture to build a new refinery with the National Iranian Oil Refining and Distribution. The refinery, which is due to come on stream in 2015, will have a capacity of 150,000 bpd in the first phase.

Production News

Iraq's South Oil Co said Iraq has started oil production from the Nassiriyah oil field in southern Iraq for the first time, in a bid to increase the country's oil output. The field, whose production capacity can reach 300,000 bpd if its properly developed is currently subject to direct negotiations between the Iraqi Oil Ministry and Italy's Eni SpA, Japan's Nippon Oil Corp and Spain's Repsol YPF SA.

Norway's Troll crude oil stream is set to load about 255,000 bpd in July, up from 220,000 bpd in June. The July program lists a total of about 7.9 million barrels, up from 6.6 million barrels in June.

Nigeria's central bank reported that the country's oil production including condensates and natural gas liquids totaled 1.68 million bpd in the first quarter, down from 1.87 million bpd in the previous quarter. It said its crude exports were estimated at 1.23 million bpd in the first quarter of 2009, down from 1.42 million bpd in the previous quarter. Nigeria's central bank governor said he is comfortable with world oil prices around \$69-\$70/barrel, which he said it helping offset production shortfalls.

Nigeria's Finance Ministry said lower oil production and weaker global energy prices increased Nigeria's federal government revenues down 32% below target in the first quarter. Total revenues stood at just over 384 billion naira or \$2.62 billion compared with budget expectations of 566 billion, while oil revenues were 22% below expectations.

India's Oil Minister Murli Deora said the government has no immediate plans to raise retail prices of petrol and diesel.

Enbridge Inc will develop a pipeline system for Kearl project. It will provide for transportation of blended bitumen from Athabasca Oil Sands region of Northern Alberta to the Edmonton, Alberta area.

OPEC's news agency reported that OPEC's basket of crudes fell just 1 cent to \$70.27/barrel on Friday from \$70.28/barrel on Thursday.

Market Commentary

The oil market settled in negative territory for the second consecutive session on a bearish revision by the World Bank and the strength in the dollar. The World Bank said prospects for the global economy remained uncertain as it cut 2009 growth forecasts for most economies. The market was further pressured by the weakness in the equities market. The crude market, which posted a high of \$69.89 in overnight trading, continued to erase its previous gains. It sold off to a low of \$66.25 in afternoon trading amid the bearish news and ahead of the expiration of the July crude contract at the close. It later retraced some of its losses and settled down \$2.62 to \$66.93. The August crude contract settled down \$2.52 at \$67.50 after it sold off to a low of \$66.67. Technically, the crude market is seen trending lower, with support seen at \$65.08, its 38% retracement level off a low of \$50.82 and a high of \$73.90 followed by \$62.36 and \$59.64, its 50% and 62% retracement level, respectively. The product markets also settled sharply lower amid the losses seen in the oil market, with the RBOB market settling down 6.47 cents at \$1.8597 and the heating oil market settling down 5.92 cents at \$1.7275. The RBOB market retraced little more than 38% of its move from a low of \$1.8267 to a high of \$1.9384 as it sold off to a low of \$1.8267 by midday amid the World Bank's revision, prompting concerns about demand. It later retraced some of its losses ahead of the close. It too is seen continuing to trend lower, with support seen at \$1.8267, followed by its 50% retracement level at \$1.7415 and its 62% retracement level at \$1.6539. Meanwhile the heating oil was also pressured and sold off sharply to a low of \$1.7132. The market is seen finding support at \$1.7125, its 38% retracement level off a low of \$1.4408 to a high of \$1.8805 followed by further support at \$1.6607 and \$1.6088.

Crude Oil (CL) JUL.09 23,650 -29,632 AUG.09 277,906 +9,020 SEP.09 132,773 +4,351 OCT.09 48,189 +2,264 Totals: 1,161,516 -3,345 N.Y. Heating Oil (HO) JUL.09 32,890 -4,792 AUG.09 52,561 +1,939 SEP.09 34,710 +837 OCT.09 23,368 +14 Totals: 288,935 -319 NEW YORK HARBOR RBOB (RB) JUL.09 36,429 -8,652 AUG.09 74,163 +3,462 SEP.09 44,645 +991 OCT.09 21,781 +500 Totals: 223,533 -630

Crude Support	Crude Resistance
Spot 200 day MA 58.08 66.67, 65.08, 64.85, 62.36, 60.50, 59.85, 59.64, 58.90, 56.75, 55.45, 54.49	68.00, 69.10, 70.30, 74.50, 76.10, 81.80
Heat Support	Heat resistance
1.7125, 1.6780, 1.6607, 1.6512, 1.6235, 1.6088, 1.5615	1.74, 1.7670, 1.8058, 1.8590, 1.8805, 1.9090
Gasoline support	Gasoline resistance
1.8267, 1.7415, 1.7150, 1.6960, 1.6539, 1.6200, 1.5370, 1.5260, 1.3560, 1.3400	1.8790, 1.9075, 1.9384, 2.0375, 2.0650, 2.1600