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ENERGY MARKET REPORT FOR JULY 9, 2009

Iran's President Mahmoud Ahmadinejad said the "enemies" of Iran are obliged to deal with his government. He said the enemies of the Iranian people are angry because despite their propoganda the government is back in power with the support of 40 million votes.

Iranian police used tear gas and fired into the air to disperse about 250 pro-reform protesters, in favor of defeated presidential candidate Mirhossein Mousavi, gathered near Tehran University in defiance of a ban on gatherings for the anniversary of 1999 student unrest. A witness

Market Watch

The US Climate Prediction Center said an El Nino weather pattern has developed and will last through the northern hemisphere winter of 2009/10. It said current trends favor development of a weak to moderate strength El Nino, which could strengthen further. The CPC report said El Nino may help to suppress Atlantic hurricane activity by increasing the vertical wind shear over the Caribbean Sea and tropical Atlantic Ocean.

The US Labor Department reported that initial claims for unemployment benefits fell by 52,000 to a seasonally adjusted 565,000 in the week ending July 4th. It is the lowest level since early January. The four week average of new claims fell by 10,000 to 606,000. The total continuing claims increased by 159,000 to 6,883,000 on the week, the highest level on records dating from 1967. It reported that the unemployment rate for workers with unemployment insurance increased by 0.1% to 5.1%.

The US Commerce Department reported that US wholesale inventories fell again in May as distributors continue to work to clear excess supply built up by the reduced demand of the recession. Wholesalers cut inventories by 0.8% to a seasonally adjusted \$402.2 billion. April inventories fell 1.3%, revised from an originally reported 1.4% decline. Sales increased 0.2% in May to a seasonally adjusted \$311.3 billion after remaining flat in April. Inventories of durable goods fell for the eighth consecutive month in May by 1.5%. It is down 8.2% from a year earlier. Inventories of nondurable goods increased by 0.3% after being unchanged in April.

The Baltic Exchange's main sea freight index fell to a new six week low on Thursday with a lack of strong interest for cargoes weighing on the market. The index fell by 2.86% or 89 points to 3,018 points on Thursday and was at its lowest level since May 26th when it reached 2,942 points. The Baltic's Capesize index fell by 5.6% on Thursday, also hitting a six week low.

The Intercontinental Exchange said it welcomed the opportunity to present its views in upcoming US Commodity Futures Trading Commission hearings that could help determine new regulations to be placed on commodities trading. However it warned that placing too many restrictions on trading in commodities could drive traders away from regulated exchanges. The CFTC plans to call hearings within weeks to debate further regulation on commodities trade.

July Calendar Averages

CL – \$63.93
HO – \$1.6278
RB – \$1.7367

said police, riot police and Islamic militia loyal to Iran’s Supreme Leader Ayatollah Ali Khamenei were out in force.

Nigeria’s militant leader Henry Okah, who is on trial, has accepted a government offer for unconditional amnesty. A spokesman for President Umaru Yar’Adua said Nigeria will the militant leader after he accepted the amnesty offer.

Oil Movements said OPEC’s exports, excluding Angola and Ecuador, are expected to fall by 50,000 bpd to 22.8 million barrels in the four week ending July 25th. Exports from Middle East producers are expected to increase by 50,000 bpd to 16.64 million bpd in the four week period. It estimates OPEC is complying with 70-75% of the promised cutbacks.

Refinery News

Seaway crude pipeline flows have been reduced, possibly due to high storage levels at Cushing, Oklahoma. Shipments totaled 122,000 bpd in June, down 30% from the average for the first quarter, and July nominations remain low at 164,000 bpd. Some traders cited economic reasons more than a storage squeeze as reasons for reduced Seaway shipments, citing the recession, low fuel demand and weak refining margins.

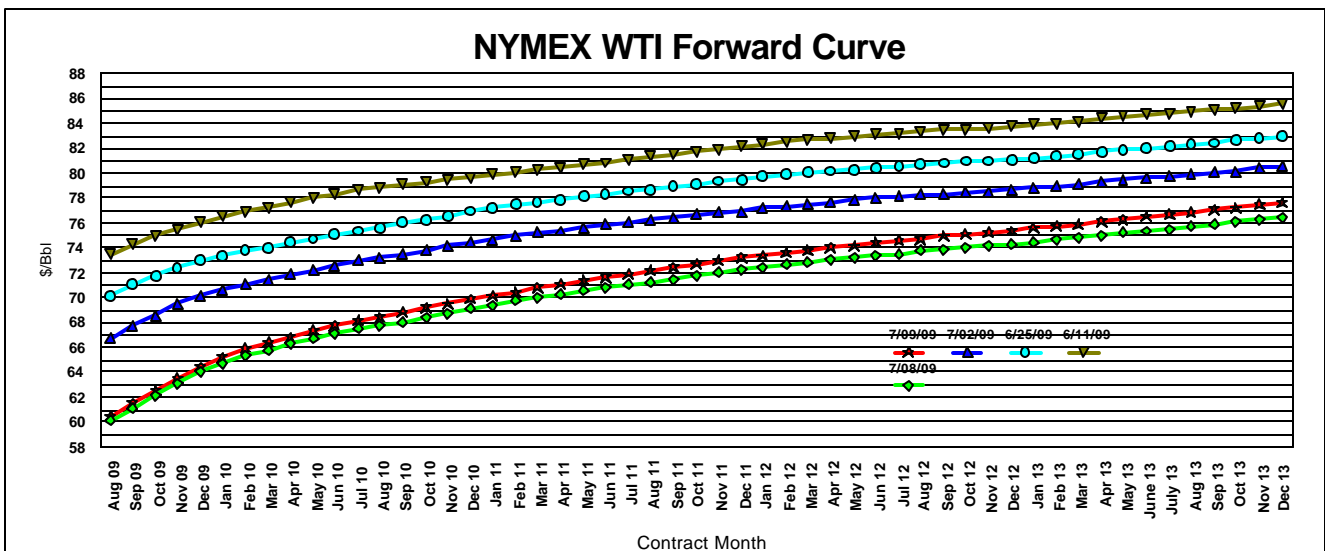
Valero Energy Corp said its 275,000 bpd Aruba refinery has started the process of shutting down for two to three months, mainly due to economic reasons. The refinery has shut one of its two 38,000 bpd coking units and a 65,000 bpd hydrotreater.

A problem at a fluid catalytic cracking unit at ExxonMobil Corp’s 567,000 bpd Baytown, Texas refinery did not impact production.

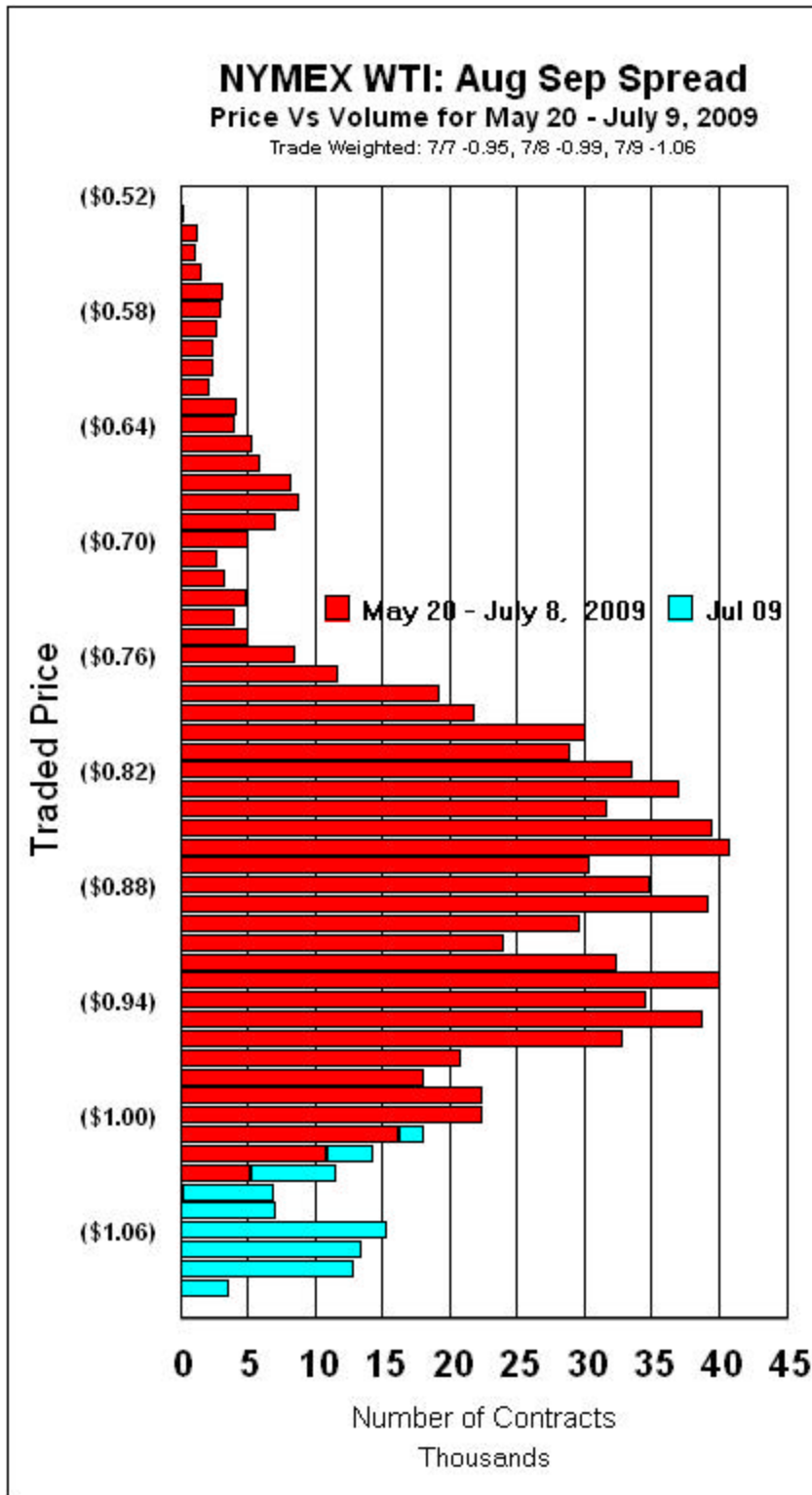
Chevron Corp plans to appeal a California judge’s ruling that halted a project to build a hydrogen plant at its San Francisco Bay refinery in Richmond, California last week.

Royal Dutch Shell Plc may close or sell its Montreal East refinery in Quebec, Canada as it carries out a global review of assets. Other options include converting the 130,000 bpd refinery into a terminal, establishing a joint venture or continuing to operate the plant. The review could take some months and no decisions have yet been taken.

Total SA’s 153,000 bpd Vlissingen refinery will start the process of restarting over the weekend after undergoing maintenance.



South Korea's GS Caltex shut a 93,000 bpd residual fluid catalytic cracking unit at Yosu on Thursday due to a technical problem. The unit will be shut for 10 days. A 10 day shutdown of the unit will cut a total of 500,000 barrels of gasoline.



Gasoline, diesel and kerosene stocks held by China's Sinopec and CNPC at the end of June increased by 4.7% on the month to above 12 million tons while oil product sales increased by 5.9%. Gasoline inventories held by Sinopec and CNPC increased by 7.6% in June from 5.4 million tons at the end of May while diesel inventories increased by 1.4% in the same period from about 6.3 million tons. Sales of gasoline by the two oil majors increased by 4.2% in June while sales of diesel increased by 4.7% in the same month.

Singapore's International Enterprise reported that the country's residual fuel stocks fell by 1.234 million barrels to 18.436 million barrels in the week ending July 8th. It also reported that the country's light distillate stocks fell by 1.213 million barrels to 9.851 million barrels while middle distillate stocks fell by 522,000 barrels to 12.817 million barrels on the week.

The BP Plc led Baku-Tbilisi-Ceyhan pipeline exported 17.7 million metric tons of Azeri and Kazakh oil in the first six months of 2009, up 1.1% on the year. Oil shipments through the Turkish port of Ceyhan fell by 4.3% to 17.5 million tons in the first half of the year. It is expected to pump 26.02 million barrels of crude in August or 839,354 bpd, falling from 877,419 bpd planned in July.

Royal Dutch Shell Plc may ship about 195,000 metric tons of jet fuel from South Korea to Europe in July. Shell has booked three tankers to ship jet fuel in the first half of July.

NEW YORK MERCANTILE EXCHANGE(r)									
NYMEX OPTIONS CONTRACT LISTING FOR 07/09/2009									
				TODAY'S	PREVIOUS	ESTIMATED	DAILY	DAILY	
-----CONTRACT-----				SETTLE	SETTLE	VOLUME	HIGH	LOW	
LC	9	9	P	40	0.14	0.16	1500	0	0
LC	9	9	P	60	3.64	3.89	950	0	0
LC	10	9	P	50	1.62	1.74	750	0	0
LC	9	9	P	65	6.37	6.68	700	0	0
LC	9	9	P	67	7.71	8.04	650	0	0
LC	12	9	P	64	7.56	7.79	500	0	0
LC	8	9	P	60	1.64	2	500	0	0
LC	12	9	C	64	8.03		500	0	0
LO	12	9	C	90	1.42	1.4	6857	1.47	1.35
LO	9	9	C	65	2.86	2.84	6634	3.18	2.5
LO	12	9	C	110	0.37	0.36	5700	0	0
LO	9	9	P	40	0.14	0.16	4809	0.19	0.14
LO	8	9	P	60	1.64	2	4628	2.13	1.25
LO	12	9	C	100	0.72	0.71	4580	0.76	0.75
LO	12	9	P	50	2.53	2.64	3833	2.75	2.32
LO	12	9	P	55	3.92	4.07	3143	4.2	4
LO	10	9	P	50	1.62	1.74	3084	1.8	1.5
LO	9	9	P	50	0.88	0.99	3083	1.1	0.88
LO	9	9	P	60	3.64	3.89	2837	4.1	3.35
LO	10	9	C	90	0.43	0.46	2502	0.55	0.55
LO	12	9	C	75	3.85	3.75	2460	3.81	3.7
LO	8	9	P	55	0.34	0.52	2365	0.53	0.25
LO	9	9	C	70	1.44	1.46	2352	1.65	1.22
LO	9	9	C	64	3.24	3.21	2293	3.7	3.1
LO	9	9	P	58	2.83	3.05	2094	3.1	2.62
LO	12	9	P	30	0.18	0.2	2008	0.31	0.16
LO	12	9	C	80	2.77	2.71	1886	2.65	2.55
LO	12	9	P	40	0.85	0.9	1858	1	0.8
LO	12	9	C	85	1.99	1.95	1852	1.88	1.88
LO	1	10	P	40	0.94	0.99	1801	1	1
LO	10	9	P	60	4.67	4.91	1792	5.15	4.27
LO	12	10	P	60	6.89	7.19	1751	6.5	6.5
OB	9	9	C	2	0.0346	0.0285	631	0.033	0.026
OB	10	9	P	1.38	0.0706	0.0758	100	0	0
OB	12	9	P	1.19	0.0462	0.0489	100	0	0
OB	10	9	P	1.57	0.1528		100	0.1575	0.1575
OH	12	9	P	1.5	0.1192	0.1199	315	0	0
OH	9	9	P	1.6	0.1391	0.1392	300	0	0
OH	12	9	C	2.15	0.0806	0.0813	300	0	0
OH	1	10	P	1.5	0.1227	0.1235	211	0	0
OH	1	10	C	2	0.1411	0.1411	211	0	0

Euroilstock reported that the total oil and oil product stocks in 16 European countries in June increased by 0.7% on the month and by 3.7% on the year to 1.156 billion barrels. It reported that crude stocks increased by 0.2% on the month and by 1.6% on the year to 488.44 million barrels while gasoline stocks increased by 4.3% on the month but fell by 0.7% on the year to 123.42 million barrels. Europe's middle distillate stocks increased by 0.7% on the month and by 11.8% on the year to 403.13 million barrels while fuel oil stocks increased by 0.2% on the month but fell by 5.8% on the year to 113.3 million barrels. Crude intake increased by 2.7% on the month but fell by 4.4% on the year to 11.288 million bpd, with capacity utilization increasing to 86.17% from 83.85% in May.

Oil product inventories stored in independent storage in the Amsterdam-Rotterdam-Antwerp terminal increased in the week ending July 9th due to the reduced

arbitrage export opportunities and weak spot demand. Gas oil inventories increased by 6.01% on the week and by 80.95% on the year to 2.698 million tons. Gasoline stocks increased by 12.68% on the week but fell by 3.5% on the year to 800,000 tons while fuel oil stocks increased by 27.51% on the week but fell by 25.66% on the year to 533,000 tons. Naphtha stocks increased by 34.57% on the

week and by 5.83% on the year to 109,000 tons and jet fuel stocks increased by 9.52% on the week and by 105.87% on the year to 702,000 tons.

Production News

Royal Dutch Shell said there were no injuries or impact on its crude oil production from attacks on an oil pipeline in Nigeria. The trunkline attacked was in Nembe Creek in Bayelsa state. Nigerian militants sabotaged oil pipelines operated by Shell and Agip on Wednesday. Agip's parent company, Eni said the attack caused a production loss of about 24,000 bpd. Separately, Italy's Eni SpA has declared force majeure after rebels sabotaged the pipeline.

Saudi Arabia will cut its oil supply to two major Asian refiners for August by the largest level so far in this round of OPEC cuts while supplies to other customers are expected to remain steady or increase slightly. Overall, Saudi Arabia's oil production in August is expected to remain at about 8 million bpd. Two North Asian refiners and major lifters of Saudi crude were informed of a 20% and 30% cut from fully contracted volumes for August. In Europe, refineries expect volumes to remain mostly steady while several US buyers also said Saudi Arabia planned to keep oil shipments to the US unchanged in August.

The North Sea Forties crude oil system is scheduled to load 310,000 bpd or 9.6 million barrels of crude oil in August, down from 658,000 bpd in July and 680,000 bpd in June. The decline is due to oilfield maintenance. The North Sea Ekofisk crude oil stream is set to load about 394,000 bpd or 12.2 million barrels in August, up from 379,000 bpd or 11.75 million barrels in July and 355,000 bpd or 10.65 million barrels in June. The North Sea Statfjord crude stream is scheduled to load about 165,500 bpd or 5.13 million barrels in August, down from 221,000 bpd or 6.84 million barrels in July. The North Sea Oseberg crude oil stream is scheduled to load 6.009 million barrels, down 41,000 barrels on the month.

StatoilHydro said the StatoilHydro Houston subsidiary received first oil and gas from the Murphy Oil-operated Thunder Hawk field in the US Gulf of Mexico. The field has a production capacity of 45,000 bpd of oil and 70 million cubic feet/day of natural gas. The field will initially produce from three subsea wells connected via flow lines to the facility.

According to Deloitte's North West Europe Review, oil and gas drilling operations in the UK Continental Shelf have fallen more than 50% in the last year. It said only 15 exploration and appraisal wells were started in the UK between the beginning of April and the end of June, down 57% year on year and a 17% fall from the first quarter of this year. It said in a worst case scenario, UK oil and gas output could fall to about 500,000 bpd of oil equivalent by 2020 but added that if sufficient investment were made it could be as high as 2 million bpd of oil equivalent.

Indonesia's Pertamina said it is planning to revive oil projects it was involved in Iraq that were put on hold due to the security situation in the country. Iraq and Pertamina signed an oil exploration agreement in block 3 in Iraq's Western desert in 2002, however the US led invasion of the country prevented Pertamina from starting exploration. Pertamina is under government pressure to increase its oil production and has been seeking to increase its overseas projects. It plans to produce 169,750 bpd of oil this year, up from 156,000 bpd in 2008.

Kuwait cut the official selling price of its crude sales to Asian buyers for August by 30 cents/barrel to parity to the average of the Oman/Dubai average.

OPEC's news agency reported that OPEC's basket of crudes fell further to \$61.11/barrel on Wednesday, down from \$62.97/barrel on Thursday.

Market Commentary

The oil market retraced some of Wednesday's losses in overnight trading amid the weakness in the dollar. The market also got a further boost from the Labor Department report showing that initial claims for unemployment benefits fell by 52,000 to a seasonally adjusted 565,000 in the week ending July 4th. The market however shrugged off the fact that the total number of continuing claims increased by 159,000 to 6,883,000 on the week. The crude market quickly posted a high of \$61.62. The oil market however erased its gains and sold off once again, this time breaching its support at the \$60 level. It posted a low of \$59.25, the lowest level since May 19th. The market, which held support above a trendline that stood at \$59.12, later bounced off its low and retraced more than 50% of its earlier move. It traded mostly sideways and settled in positive territory for the first time in seven sessions, up 27 cents at \$60.41. While the crude market may see some profit taking, its gains are seen limited amid the lack of supportive fundamentals. The market is seen finding support at its low of \$59.25, followed by \$58.66, its 50% retracement level off a low of \$43.42 and high of \$73.90, followed by a double bottom at \$57.52-.57. More distant support is seen at \$55.06. Meanwhile, the product markets ended mixed with the heating oil market settling down 35 points at \$1.5344 and the RBOB market settling up 3.05 cents at \$1.6638. The heating oil market also posted its high of \$1.5689 early in the session before it continued on its downward trend. The market sold off sharply to a low of \$1.5109. It however bounced off that level and traded in a 2 cent trading range ahead of the close. The heating oil market is seen continuing to trend lower, with support seen at its low of \$1.5109 followed by \$1.4869, its 62% retracement level off a low of \$1.223 and \$1.9138, and \$1.4760. The RBOB market posted a high of \$1.6791 and similar to the rest of the complex sold off to a low of \$1.6241. The market however erased most of its losses ahead of the close and settled in positive territory. The RBOB market is seen finding support at \$1.6241, \$1.6185, its 50% retracement level off a low of \$1.1525 and a high of \$2.0844, \$1.5773, \$1.5283 and \$1.5085, its 62% retracement level.

Crude Oil AUG.09 208,279 -14,587 SEP.09 190,561 +14,828 OCT.09 71,831 +3,842 NOV.09 31,223 +3,169 Totals: 1,169,753 +7,156 N.Y. Heating Oil (HO) AUG.09 54,051 -2,777 SEP.09 44,042 +3,114 OCT.09 31,592 +1,848 NOV.09 16,570 +295 Totals: 285,421 +3,234 NEW YORK HARBOR RBOB (RB) AUG.09 62,849 -6,467 SEP.09 52,854 +5,600 OCT.09 27,276 -397 NOV.09 11,649 -212 Totals: 195,610 -624.

Crude Support	Crude Resistance
60.00, 59.25, 58.96, 57.57-57.52, 56.75, 55.45, 55.06, 54.49, 50.82	60.60, 61.62, 62.68, 64.91, 65.65, 67.17, 68.50, 69.74, 70.10, 72.15, 73.90
Heat Support	Heat resistance
1.5109, 1.4869, 1.4758, 1.4590, 1.4062	1.5430, 1.55, 1.5689, 1.582, 1.591, 1.61, 1.6370, 1.6421, 1.6705, 1.6750, 1.7099, 1.77, 1.8291, 1.9090
Gasoline support	Gasoline resistance
1.6435, 1.6241, 1.6185, 1.5773, 1.5283, 1.5260, 1.5085, 1.4689, 1.3810	1.6675, 1.6791, 1.72, 1.74, 1.75, 1.7677, 1.80, 1.8696, 1.9506, 1.9807, 2.0650, 2.1600

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