



## ***ENERGY RISK MANAGEMENT***

Howard Rennell, Pat Shigueta,  
& Karen Palladino

**(212) 624-1132 (888) 885-6100**

**www.e-windham.com**

---

### **ENERGY MARKET REPORT FOR JULY 24, 2009**

---

A member of Iran's Assembly of Experts, Ahmad Khatami said there were plots in the country to weaken Supreme Leader Ayatollah

#### **Market Watch**

According to shipbroker Simpson Spence & Young Ltd, at least 61 tankers were chartered to store oil products worldwide by mid-July. The vessels are believed to be mainly carrying distillate products including gasoil, diesel and jet fuel. Europe has the majority of the tankers anchored offshore with products onboard, with 42 of the 61 ships stationed in the North Sea or the Mediterranean. The 61 tankers could be carrying as much as 44 million barrels of product.

Ali Khemenei's position following the disputed election last month. Akbar Hashemi Rafsanjani, a former president and the head of the Assembly of Experts which in theory can dismiss the supreme leader, declared Iran in crisis last Friday and said there were doubts about the election result.

A spokeswoman for militants, the Joint-Revolutionary Council, said they will not join a government peace effort in the Niger Delta and threatened to attack a planned oil studies institute. It said militants will attack the Kaduna College of Petroleum Studies due to the decision to locate the training institution outside the Niger Delta.

#### **Refinery News**

BP Plc is restarting a 102,500 bpd fluid catalytic cracking unit at its 265,000 bpd Carson, California refinery on Friday. The restart began on Thursday and is expected to be complete next week.

Valero Energy Corp said a flaring event occurred Thursday at its 135,000 bpd Wilmington, California refinery. However a report filed with California State environmental regulators did not indicate what unit was involved or whether the incident had an impact on operations.

Coffeyville Resources LLC shut a fluid catalytic cracking unit and an alkylation unit at its 115,700 bpd refinery in Coffeyville, Kansas.

Shell Oil Co has shut a flexicoker unit at its 158,000 bpd Martinez, California refinery. The unit was shut at the same time as the crude distillation unit on July 14 and is expected to resume operations in mid-August.

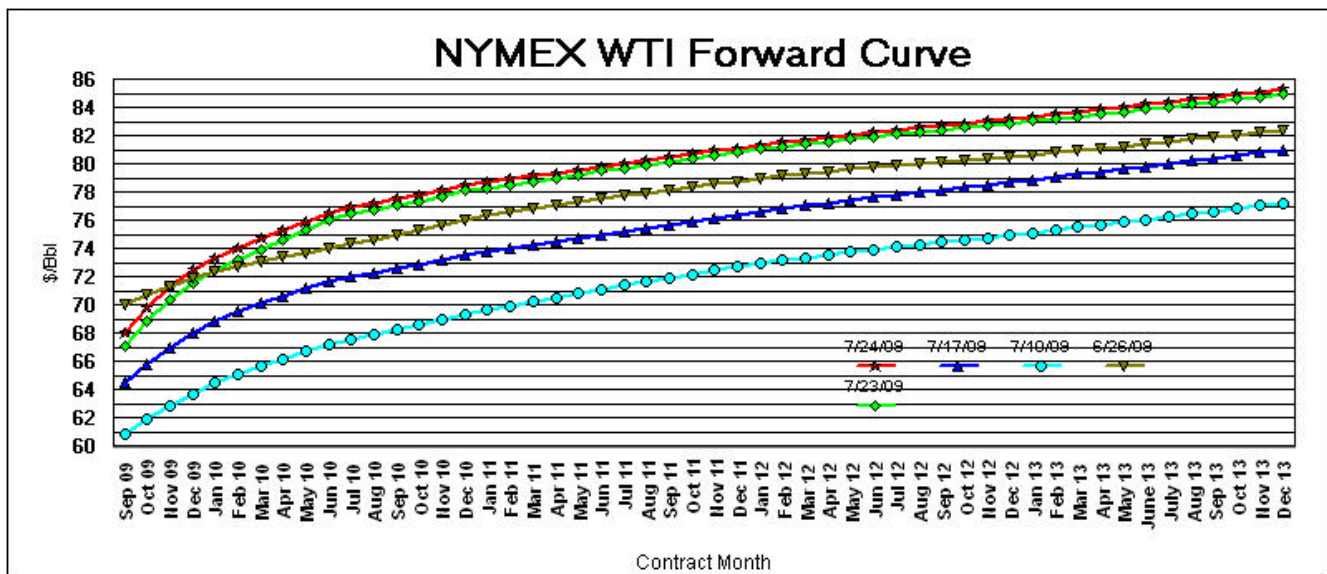
#### **July Calendar Averages**

**CL – \$63.48**

**HO – \$1.6343**

**RB – \$1.7539**

India's Reliance Industries restarted a crude unit at its 660,000 bpd refinery in Gujarat state on Thursday. It shut the 325,000 bpd crude unit for routine maintenance starting July 3<sup>rd</sup>.



Japan's Nippon Oil Corp said it shut a 110,000 bpd No. 2 crude distillation unit at its Mizushima refinery as planned on Friday to cut refining amid lower domestic demand.

Saudi Arabia's Rabigh Refining and Petrochemical Co is facing problems at its new residual fluid catalytic cracking unit. It will continue importing two or three cargoes per month of gasoline into the Red Sea region until September, when they hope gasoline production will start to increase at PetroRabigh.

### **Production News**

China National Petroleum Corp will take the majority stake from BP in a project in Iraq awarded in a bidding round at the end of June to develop the Rumaila oilfield. Sources said BP will remain part of the project but not with the majority stake under its initial bid made in partnership with CNPC.

Norway's DNO International said its net entitlement production from the Tawke oilfield in the Kurdish region of Iraq in June is running at 13,723 bpd with output continuing to rise this month. It said so far in July, gross production from Tawke has been running at about 40,000 bpd of which about 32,000 bpd have been delivered for export.

Ecuador has signed an agreement to export crude oil to China for which it will receive \$1 billion as an advance payment in the first week of August. Under the terms of the agreement, Ecuador has agreed to export about 3 million barrels of crude a month to China. Petroecuador said the \$1 billion represents about 28% of the total value of oil that Ecuador has agreed to export to China.

Ecuador's central bank reported that the country's average oil production fell by 3% to 496,000 bpd in the first five months of 2009 from 511,000 bpd last year. Petroecuador averaged 282,603 bpd in the first five months while private companies' output totaled 213,397 bpd.

OPEC's news agency reported that OPEC's basket of crudes increased to \$66.46/barrel on Thursday from \$64.68/barrel on Wednesday.

### **Market Commentary**

The latest Commitment of Traders report showed that non-commercials in the crude market cut their net long position by 13,939 contracts to 2,218 contracts in the week ending July 21<sup>st</sup>. The combined futures and options report also showed that non-commercials in the crude market cut their net long

position by 9,624 contracts to 72,640 contracts on the week. The funds increased their total short position by 18,304 contracts to 125,936 contracts. Meanwhile the combined futures and options report also showed that non-commercials in the heating oil market increased their net long position by 4,659 contracts to 22,650 contracts while non-commercials in the RBOB contract increased their net long position by 4,485 contracts to 41,882 contracts on the week.

The information contained in this letter is taken from sources, which we believe to be reliable, but is not guaranteed by us as to accuracy or completeness and is sent to you for information purposes only. The Windham Group bases its market recommendations solely on the judgment of its personnel. Reproduction in whole or part or other use without written permission is prohibited.