



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta,
& Karen Palladino

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

www.e-windham.com

ENERGY MARKET REPORT FOR AUGUST 25, 2009

MasterCard Spending Pulse said US gasoline demand in the week ending August 21st fell by 2.2% on the week despite lower prices. Gasoline demand averaged about 9.4 million bpd on the week. The four week moving average for gasoline demand was down 1.7% on the year. The average US gasoline price fell to \$2.61/gallon, down 29.5% from last year's level.

Market Watch

WSI Corp said it still sees a quiet 2009 Atlantic hurricane season with conditions not conducive to an active year for violent storms. It predicts a season of 10 named storms, five hurricanes and two intense hurricanes of category 3 or greater, unchanged from its July forecast.

The US National Hurricane Center said a tropical wave in the western Atlantic Ocean northeast of Puerto Rico has a high chance, greater than 50%, of becoming a tropical cyclone during the next 48 hours. It said the system has become better organized and upper level winds are expected to become more conducive for development over the next day or so as it moves west northwest at about 20 mph. While private forecasters agreed the system has the potential to strengthen into a tropical depression or a tropical storm, most see it steering in a more northerly direction toward the East Coast.

According to a Reuters survey, higher demand as the world economy improves will push US crude oil to average more than \$73/barrel in 2010. The average price estimate for 2009 is \$59.28/barrel, up from \$58.23/barrel in the previous survey.

China may increase domestic retail gasoline and diesel prices by about 6-8% this week, the fourth increase this year. The government may increase prices by 400-500 yuan or \$58.60-\$73.20/ton to track a basket of global crude prices.

Operators have requested surcharges for freight shipping on part of the Rhine River in Germany due to low water levels.

Diplomats said Iran has not expanded the number of centrifuges enriching uranium at its Natanz nuclear site since the end of May.

API Stocks

Crude – up 4.347 million barrels
Distillate – down 146,000 barrels
Gasoline – down 1.798 million barrels
Refinery runs – down 0.9%, at 82.3%

Refinery News

Colonial Pipeline said it froze cycle 49 nominations on its main gasoline line from the Gulf Coast as demand for space exceeds line capacity. The Line 01 freeze went into effect Tuesday morning between Collins, Mississippi and Greensboro, North Carolina.

ExxonMobil Corp reported unplanned flaring at its 150,000

bpd Los Angeles refinery in Torrance, California on Tuesday due to an equipment malfunction. Separately, ExxonMobil Corp suffered an unplanned emergency shutdown of a hydrocracker at its 348,500 bpd Beaumont, Texas refinery on Tuesday. It expects a minimal amount of impact on production from the unplanned emergency shutdown on Tuesday of its hydrocracking unit.

August Calendar Averages
CL – \$71.02
HO – \$1.8961
RB – \$2.0187

Suncor Energy Inc reported a vapor release in a coker unit at its 135,000 bpd Edmonton refinery on Monday. It does not expect a significant impact on production.

ConocoPhillips said that operations returned to normal at its 285,000 bpd Bayway refinery in Linden, NJ following a brief power outage on Monday afternoon.

India's refinery runs in July fell by 14% on the year, the largest decline this year, due to refinery shutdowns and a large drop in production from Reliance Industries Ltd's 600,000 bpd refinery. India's refineries processed 12.252 million metric tons of crude or 2.9 million bpd in July, down from 14.31 million metric tons in July 2008. Output at Reliance Industries Ltd's 660,000 bpd Jamnagar refinery fell for the ninth consecutive month, falling by 38% to 475,000 bpd due to falling margins and as the company increased its output from its 580,000 bpd refinery. Meanwhile, India's crude oil output fell 0.4% on the year in July to 659,700 bpd.

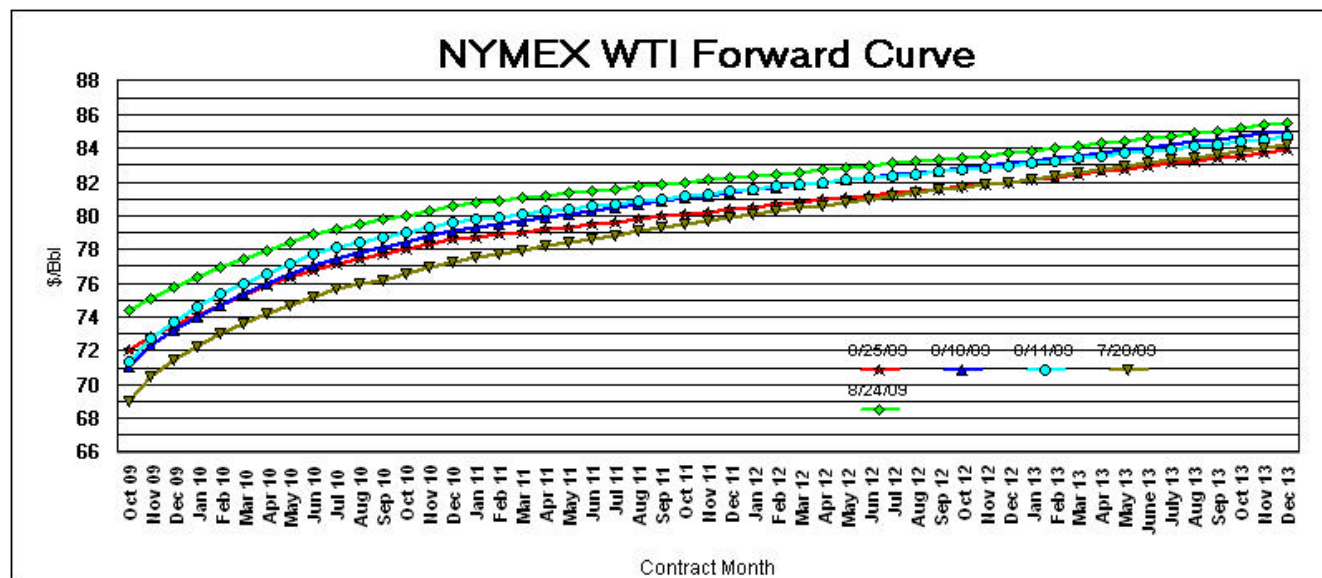
Iran's gasoline imports in September are expected to remain steady. Iran will import about 128,000 bpd of gasoline next month or about 15 cargoes, unchanged from August's shipments.

Production News

ExxonMobil Corp said that inspections of the Sable Offshore Energy Project off the coast of Nova Scotia has not turned up any damage from Hurricane Bill, which passed over the region on Saturday. Further inspection on Sable's platforms will be done this week.

Iran may struggle to put its latest oil field discovery into production due to a lack of technology and commercial sanctions. On Monday, Iran's Oil Minister Gholam Hossein Nozari said a new oil field holding 8.8 billion barrels of oil has been discovered.

Iraq's Oil Minister Hussein al-Shahristani said Iraq is studying options to reoffer contracts to develop five oil fields that were not awarded in the first bidding round which was concluded in June. Iraq is



seeking to hold the second bidding round process at the end of November or beginning of December. Only one deal was awarded out of the eight oil and gas fields offered by the ministry in the first bidding round. A consortium of BP Plc and CNPC won a deal to develop the Rumaila oil field in southern Iraq. Iraq's Oil Minister said the Iraqi cabinet expects to approve soon the Rumaila oilfield deal. Separately, Iraq's Oil Ministry is offering international oil companies service contracts to develop 10 groups of the country's oil and gas fields.

Japan's Nippon Oil Corp and the Iraqi government agreed on financial terms, removing a hurdle to sign a develop Iraq's Nasiriyah oil field in southern Iraq. Iraq's Deputy Oil Minister Abdul Kareem Leaby said he expects to sign the deal to develop the oilfield in September.

According to Reuters, the loading rate for the nine main North Sea crude oil systems will average 1.957 million bpd in September, up 9.5% from a revised 1.788 million bpd in August. The loading rate for Brent crude in September is expected to fall by 11.9% on the month to 3.7 million bpd while the loading rate for Forties crude is expected to increase by 62.5% on the month to 15.6 million bpd. The Oseberg crude system is expected to load 5.45 million bpd, down 9.32% on the month; the Ekofisk crude system is scheduled to load 10 million bpd, down 18%; the DUC crude system is scheduled to load 5.4 million bpd, up 28.57% on the month; while the Flotta crude system is expected to load 1.2 million bpd, down 53.85% on the month; the Gullfaks crude system is expected to load 6.46 million bpd, up 18.1% on the month; the Staffjord crude system is expected to load 3.4 million bpd, up 3.03% on the month and the Troll crude system is expected to load 7.5 million bpd, down 5.66% on the month.

Transneft said Russia's oil production this year will not be less than that of 2008. Russia's oil output fell by about 1% in 2008 to 488 million tons, the first decline in a decade.

The National Iranian Oil Co cut its official selling prices for September term supply to Asia and Northwest Europe but increased its price for crude bound for the Mediterranean. Its Iranian Light crude bound for Asia was priced at the Oman/Dubai average plus 9 cents, down \$1.75 on the month; its Iranian Heavy crude was priced at the Oman/Dubai crude minus \$1.12, down \$1.50 and its Forozan crude was priced at the Oman/Dubai crude minus \$1.07, down \$1.50 on the month. Its Iranian Light crude bound for Northwest Europe was priced at BWAVE minus \$2.35, down 70 cents; its Iranian Heavy crude was priced at BWAVE minus \$2.75, down 65 cents and its Forozan crude was priced at BWAVE minus \$2.60, down 65 cents on the month. Its Iranian Light crude bound for the Mediterranean was increased to BWAVE minus \$2.00, up 25 cents; its Iranian Heavy crude was increased by 40 cents to BWAVE minus \$2.50 and its Forozan Blend crude was priced at BWAVE minus \$2.35, down 40 cents.

OPEC's news agency reported that OPEC's basket of crudes increased to \$72.89/barrel on Monday, up 62 cents from \$72.27/barrel on Friday.

Market Commentary

With October crude oil failing to take out the \$75.00 level, speculators deciding to do some profit taking today, selling this market off. Sell stops were triggered adding to the sell – off momentum. The October crude oil experienced an outside trading session, obtaining a higher high and a lower low, settling lower on the day. This is typically an indication that this market will head lower. We would look for this market to work towards the support area of \$66.75. Both heating oil and gasoline supplies are running higher than a year ago, with demand continuing to be weak. The U.S. summer driving season is winding down and demand for gasoline should continue to diminish, thereby putting additional pressure on prices.

Crude Oil SEP.09 0 -3 OCT.09 272,421 -2,792 NOV.09 130,001 +4,222 DEC.09 160,627 -733
 JAN.10 38,489 +878 FEB.10 28,397 +225 Totals: 1,156,660 +5,130 Heating SEP.09 29,389 -4,996
 OCT.09 67,599 +2,370 NOV.09 36,128 +264 DEC.09 45,216 +139 JAN.10 24,006 +517 FEB.10
 16,007 +75 Totals: 316,978 - 283 Harbor SEP.09 34,931 -4,905 OCT.09 75,783 +3,384 NOV.09
 33,069 +513 DEC.09 31,793 +1,362 JAN.10 14,225 +512 FEB.10 4,347 +110 Totals: 222,257 +1,492

The API reported an unexpected build in crude stocks of 4.347 million barrels on the week, with a large build of 4.283 million barrels in Padd 3 alone. It reported the build in stocks as crude runs fell by 146,000 bpd to 14.363 million bpd on the week. It also reported the build in stocks as imports increased by 475,000 bpd to 9.351 million bpd. Meanwhile the API reported a small draw in distillate stocks of 146,000 barrels. It reported the draw in stocks as apparent demand increased slightly 8% on the week to 4.28 million bpd. It however reported that production increased by 101,000 bpd to 4.045 million bpd. Gasoline stocks saw a larger than expected draw of 1.798 million barrels as apparent demand increased by 4.6% on the week and by 5.3% on the year to 9.854 million bpd and apparent demand basis its three week moving average increased by 2.3% to 9.584 million bpd.

Crude Support	Crude Resistance
66.75, 63.38, 62.70, 61.61, 60.95,	75.00, 76.13
Heat Support	Heat resistance
1.7340, 1.4220, 1.4130, 1.3720	2.0420, 204.65
Gasoline support	Gasoline resistance
1.8450, 1.7989, 1.7895, 1.5887, 1.5370, 1.5260, 1.3560, 1.3400,	2.0210, 2.0400 20.567, 2.1100, 2.1600, 2.3350