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ENERGY MARKET REPORT FOR NOVEMBER 17, 2009

OPEC's President Jose Botelho de Vasconcelos, who is also Angola's Oil Ministers, and the UAE's Oil Minister Mohammed bin Dhaen al-Hamli stressed the importance of compliance with the group's production targets. They also said that full global economic recovery would require more time.

Kuwait's Oil Minister Sheikh Ahmed Al-Abdullah Al-Sabah said OPEC will leave its crude oil production target "as is" at its December meeting and will ask members for better adherence to quotas. He said OPEC's average compliance with its quotas should be more than 65%.

The IEA's Executive Director, Nobuo Tanaka said the IEA has not observed

Market Watch

According to a Dow Jones survey, analysts expect oil prices to continue trading sideways until mid 2010. Most analysts see crude oil prices trading between \$70 and \$75 until the second quarter of 2010. They expect a median oil price for Brent of \$74/barrel in the fourth quarter of 2009. The price should fall to \$72.50 in the first two quarter of 2010 and increase again to \$76/barrel in the following quarter. Light sweet crude is seen at an average price of \$74.80/barrel between October and December 2009. It is seen falling to \$71.40 in the first quarter of 2010 and increasing to \$72/barrel in the second quarter then to \$76/barrel in the third quarter. For 2010, analysts expect an average Brent and light sweet crude price of \$75/barrel.

The Labor Department reported that the Producer Price Index for finished goods increased 0.3% on a seasonally adjusted basis in October. It reported that core PPI, excluding food and energy prices, fell 0.6% in October.

The Federal Reserve said US industrial production in October increased by 0.1% following a revised increase of 0.6% in September. Economists had expected a 0.4% increase. It reported that capacity utilization increased to 70.7% in October from September's 70.5%. Over the 12 months ended in October, industrial production was 7.1% lower.

The Chairman of the Commodity Futures Trading Commission, Gary Gensler noted possible duplication of authority under administration and congressional proposals and said Congress should closely consider whether it is best to set up multiple regulators or equities and futures markets. He said the CFTC and the Securities and Exchange Commission ought to remain the sole regulators of clearinghouses affiliated with futures and equities exchanges. He said legislative proposals for a systemic risk regulator may have unintentionally encompassed regulated markets such as securities and futures exchanges.

According to a study by IHS Cambridge Energy Research Associates, global oil capacity will grow over the next 20 years but after that supply may not meet demand. Capacity could increase to as much as 115 million bpd or 25% over current levels of 92 million bpd. The report challenges assertions that crude production has peaked or will peak in the coming years due to declining output from older fields and limited resources.

The Baltic Exchange's main sea freight index reached a new 2009 high on Tuesday supported by firm cargo activity. The index increased by 3.82% or 161 points to 4,381 points, exceeding the previous 2009 peak set on June 3^d and was at its highest since September 24th last year. The Baltic's capsizes index increased 4.87% on Tuesday and was at its highest level since June 22.

API Stocks

Crude – down 4.367 million barrels
Distillate – up 507,000 barrels
Gasoline – down 963,000 barrels
Refinery runs – down 1%, at 79.6%

much recovery in actual oil demand in OECD countries and added that the pace of world recovery may not justify OPEC increasing production at its next meeting.

Russia’s Foreign Minister Sergei Lavrov said it is premature to say that diplomatic efforts aimed at defusing tensions over Iran’s nuclear program have failed.

Israeli Prime Minister Benjamin Netanyahu warned about the dangers of a nuclear Iran. He was quoted as saying that “the threat that Iran poses is very grave for the state of Israel, for peace in the Middle East and the whole world.”

MasterCard Advisors LLC reported that US gasoline demand increased by 1.4% in the week ending November 13th to 9.224 million bpd. Gasoline demand was up 2.1% on the year. It reported that the four week moving average of US gasoline consumption increased by 3.2% on the year. On a nationwide average, the retail price of gasoline fell by 3 cents to \$2.64/gallon in the latest week.

Iraqi leaders postponed a cabinet meeting that was scheduled to approve two major oil deals with international companies because several ministers are out of the country. Approval of an initial agreement with Eni SpA to develop the Zubair oil field was expected at the cabinet meeting November 10th but Prime Minister Nouri al-Maliki said the decision was postponed until November 17th. He then said the deal was postponed because there were some legal issues in the text of the deal that needed to be clarified by the legal office of the prime minister and the oil ministry. Another decision to approve an initial agreement for the West Qurna-1 oil field signed with ExxonMobil Corp and Royal Dutch Shell Plc was also expected November 17th.

Refinery News

Colonial Pipeline allocated shipments for cycle 67 on its main gasoline line north of Collins, Mississippi.

Shell Oil Co reported a pinhole leak in a hydrotreater at its chemical plant in Deer Park, Texas.

Valero Energy Corp shutdown its coker unit at its 310,000 bpd Port Arthur, Texas refinery for repairs. It said all three modules of the refinery’s 105,000 bpd coker unit are currently down to repair cracks in the coke drum. Valero Energy also said a fluid catalytic cracking unit at its 245,000 bpd Texas City, Texas refinery that was restarted over the weekend has resumed normal operations.

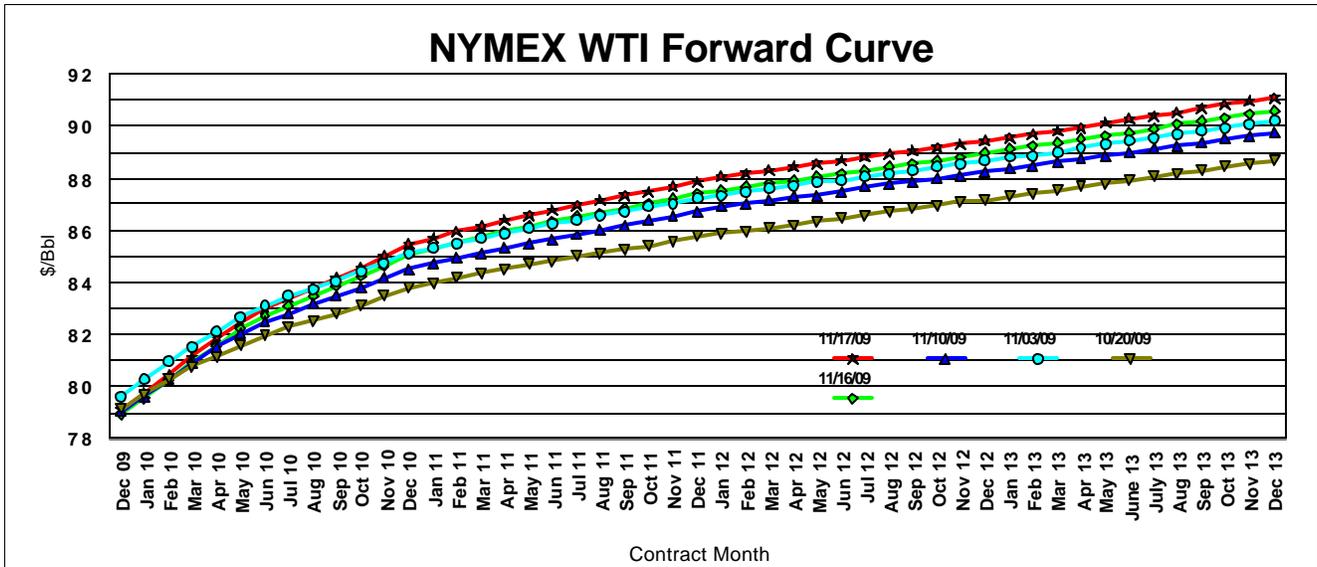
ConocoPhillips reported that a unit shutdown at its 135,000 bpd Rodeo, California refinery caused flaring. It did not specify which unit was shut or if the incident had an impact on production at the refinery.

Flint Hills Resources will conduct maintenance on a condensate stripper reboiler at its Port Arthur, Texas starting Tuesday. The repair work will last until November 18th.

Frontier Oil said its 130,000 bpd refinery in El Dorado, Kansas will run at 76,000 bpd in November, down from a previous estimate of 81,500 bpd due to an extended turnaround. The refinery has been undergoing planned work on its 42,000 bpd fluid catalytic cracking unit and the start up of the unit has taken longer than scheduled.

Venezuela’s PDVSA has started repairs to a boiler leaking water at one of its heavy oil upgraders that has caused a drop in production levels. It started work on the boiler on Monday at the Jose Antonio Anzoategui industrial

**November
Calendar Averages**
CL – 78.69
HO – 2.0408
RB – 1.9763



complex in the Orinoco belt. Production levels at the 130,000 bpd Petroanzoategui upgrader remain 15,000 bpd under capacity. Repairs are expected to be completed this week.

ConocoPhillips said it will delay a planned upgrade of its 260,000 bpd Wilhelmshaven refinery in Germany as part of a bid to cut costs. The project, designed to increase the diesel output of the refinery as well as allow it to process less expensive crude, will be re-evaluated as market conditions warrant.

Iran's refining capacity has increased by 30,000 bpd since 2008 to 1.677 million bpd. Installed oil and condensates refining capacity at Iran's nine refineries currently stands at 1.425 million bpd. An average of 1.707 million bpd of oil and condensates have been delivered to Iran's nine refineries since the beginning of this year as feedstock.

Iran's Oil Minister Massoud Mirkazemi said it temporarily increased gasoline production by about 30% or 14 million liters/day to 58.5 million liters on Tuesday to show the West it can cope with any sanctions targeting its fuel imports. Iran's domestic consumption stands at about 66.5 million liters/day. He said Iran faces no problems in importing gasoline as it has a "good list" of suppliers and added that it has at least 1.5 billion liters in storage at all times.

China's coastal city of Tianjin plans to build an oil storage base with a capacity of 20 million tons by 2023. The oil terminal will be used for storage of both crude oil and refined oil products and both for state strategic reserves as well as commercial reserves.

Production News

Angola will export about 1.83 million bpd of crude oil in January, up from 1.81 million bpd in December. A total of 60 full or part cargoes are due to load crude oil from the 13 Angolan production streams in January.

Brazil's Petrobras and Angola's Sonangol EP discovered "excellent quality" oil in well off Angola's coast. The oil was discovered in the deepwater Manganes-01 well in a block known as Bloco 18/06.

Russia will launch a new Asian oil export route in December. It will sell its first tanker of Siberian oil from a new Pacific port in December.

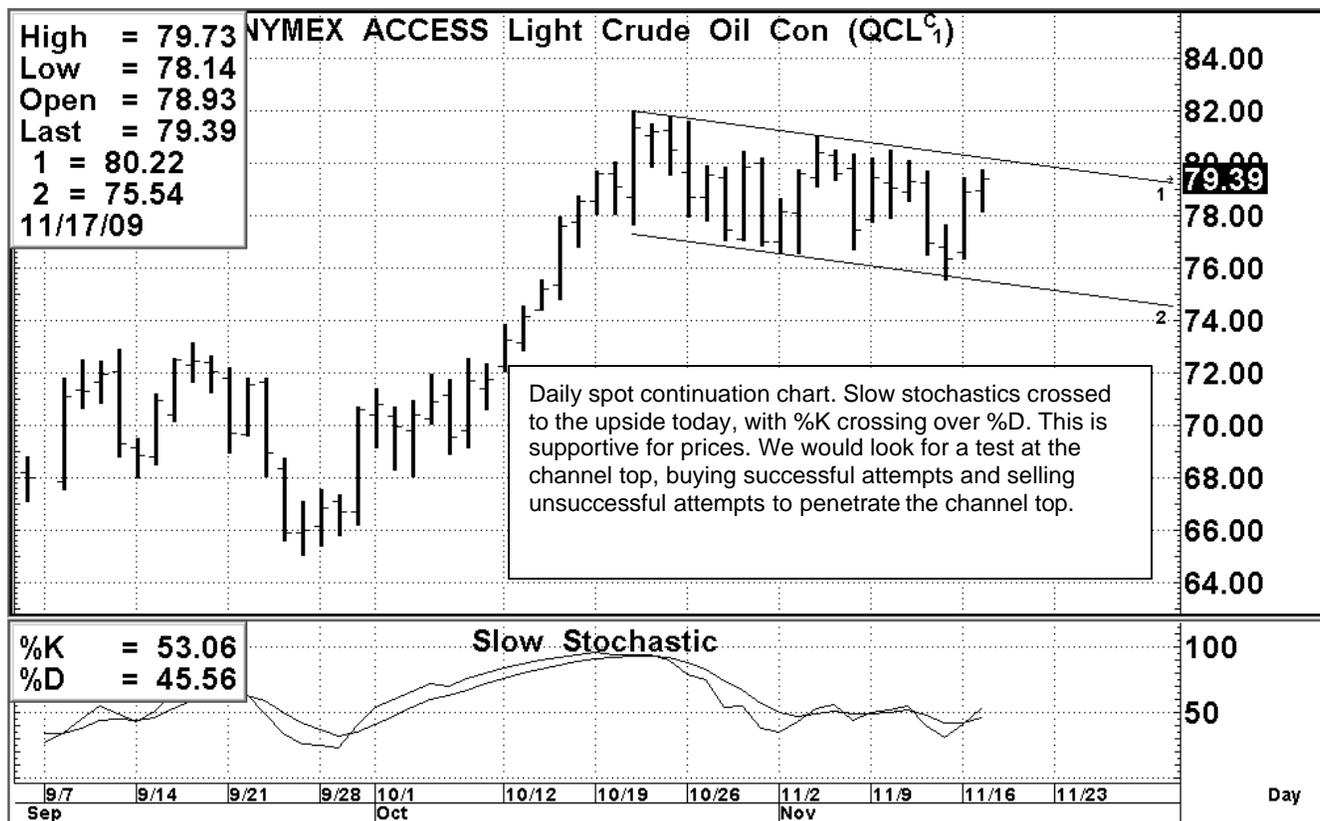
Ecuador's central bank said it expects the country's oil production to increase 1.3% next year to 178.4 million barrels. It estimates Ecuador's 2009 oil production at 176.1 million barrels. The government has forecast an average price for crude of \$65.90/barrel for 2010.

OPEC's news agency reported that OPEC's basket of crudes increased to \$76.49/barrel on Monday, up from \$75.26/barrel on Friday.

Market Commentary

Crude oil rose for the second straight day as market participants await the release of the DOE numbers, which are expected to reflect a draw on inventories. The earlier release of the API numbers indicated that crude oil inventories for the week ending November 13th decreased by 4.367 million barrels. This decrease comes despite runs being down 104,000 bpd, imports increasing by 165,000 bpd and the fact the LOOP was closed for two days. Where are inventories going?? Perhaps next week we will see a correction in inventory numbers. As usual, when Goldman speaks, everybody listens and this time Goldman predicts that U.S. diesel demand will increase by 11 million barrels, upon the return of demand by farmers. This statement continues to lend strength to the heating oil market. Prices held their strength, despite a strong dollar, perhaps gaining strength due to option expiration and market participants trying to take the crude oil market up to the \$80.00 level. Technically, prices should head higher in crude oil, working towards the channel top, which is set tomorrow at \$80.13.

Crude DEC. 162,516 -25,955 JAN.10 311,053 +10,531 FEB.10 77,340 +1,037 MAR.10 68,643 +2,745 Totals: 1,244,695 -10,679. Heating oil DEC.09 47,042 -2,765 Jan.10 81,374 +3,159. FEB 10 36,039 +922 MAR.10 26,943 +1,071 Totals: 324,178 +3,839 Gasoline DEC.09 43,847 -3,475 JAN.10 98,948 +5,797 FEB.10 24,392 +1,328 MAR.10 25,411 +608 Totals: 261,118 +5,250.



Crude Support	Crude Resistance
75.63, 73.52, 71.52, 64.70, 63.38, 62.70, 61.61, 60.95	76.55, 80.50, 84.83, 85.40, 86.60, 88.80
Heat Support	Heat resistance
1.8570, 1.7670	2.2110, 2.2575, 2.4200
Gasoline support	Gasoline resistance
1.9060, 1.8840, 1.8480, 1.7900	2.1100, 2.1600, 2.3350

The API reported a large unexpected draw in crude stocks of over 4.3 million barrels on the week. It showed that crude stocks in Padd 3 alone fell by 8.053 million barrels amid the shut-ins due to Hurricane Ida. Stocks in Padd 1 and 2 however built by 1.559 million barrels and 1.922 million barrels, respectively. The API reported the draw in stocks despite the increase in imports of 165,000 bpd to 9.009 million bpd. It also showed that crude runs fell by 104,000 bpd to 13.834 million bpd on the week. Meanwhile the API reported an unexpected build in distillate stocks of 507,000 barrels on the week. It reported a large build of 1.235 million barrels in Padd 3 while stocks in Padd 1 fell by 1.382 million barrels. It reported the build as production increased by 24,000 bpd or 0.6% on the week to 4.009 million bpd and imports increased by 85,000 bpd or 41.5% to 290,000 bpd. Apparent demand however increased by 3.1% on the week to 4.227 million bpd while apparent demand basis its three week moving average fell by 0.2% to 4.105 million bpd on the week. Gasoline stocks fell by 963,000 barrels on the week as apparent demand increased by 5.3% on the week to 9.344 million bpd while apparent demand basis its three week moving average increased by 1% to 9.047 million bpd. The API reported that gasoline production increased by 233,000 bpd or 2.6% on the week to 9.133 million bpd while imports fell by 98,000 bpd or 57.3% to 73,000 bpd on the week.

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