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ENERGY MARKET REPORT FOR NOVEMBER 20, 2009

The director general of the UN's IAEA, Mohammed ElBaradei urged Iran to accept an offer to process its enriched uranium abroad by the end of 2009. He said the plan brokered by the IAEA in which Iran would send low-enriched uranium to Russia and France for conversion into fuel for a Tehran medical reactor was a rare chance to defuse mistrust over its nuclear program. He advised Western powers not to impose further sanctions against Iran.

Meanwhile, the six world powers met in Brussels on Friday to discuss what to do about Iran's rejection of the draft fuel deal. US President Barack Obama warned Iran it would have to face "consequences." Senior officials from six world powers expressed disappointment that Iran has not responded positively to an IAEA offer for the provision of nuclear fuel for its Tehran research reactor.

BP Plc chief executive Tony Hayward said US gasoline demand will never return to 2007's peak as greater use of biofuels and increased engine efficiency cut consumption of the fuel. In 2007, BP sold an average of 1.57 million bpd of its gasoline products, with sales falling by 4.6% in 2008.

Refinery News

Valero Energy Co reported flaring at its 210,000 bpd Delaware City, Delaware refinery on Friday. Separately, Valero said it plans to permanently close its Delaware City, Delaware refinery amid weak

Market Watch

The US Labor Department said unemployment increased by 29 states in the US during October while unemployment in 13 states fell and unemployment remained unchanged in 8 states. Of all 50 states, Michigan has the highest jobless rate at 15.1%. In a separate report, the Labor Department said mass layoffs events in October totaled 2,127 on a seasonally adjusted basis, down from 2,561 in September.

The US Transportation Department said US highway travel in September increased by 2.5% or 5.8 billion miles on the year to 240.7 billion miles. For the first nine months of the year, the number of miles driven increased by 0.3% or about 6.7 billion miles.

Barclays Capital said commodities investments will reach a record \$60 billion by the end of the year, after a fall in oil prices provided an entry point for investors seeking to diversify into riskier assets. Barclays Capital's figures showed strong inflows in October continuing into November with total money into commodities year to date already approaching a record \$55 billion. It said commodity investment returns are at their highest level since the second quarter. Barclays portfolio of selected commodity exposures is up an average of 12.2% since its initiation in late September. It also said that over the course of the fourth quarter so far, total returns on the S&P GSCI are up almost 11%.

Oman Central Bank Executive President Hamood Sangour al-Zadjali said the country plans to stick to its currency peg to the US dollar. On Tuesday, Kuwait said Gulf Arab countries will discuss pegging their planned single currency to a basket instead of the US dollar.

**November
Calendar Averages**
CL – 78.54
HO – 2.0340
RB – 1.9785

demand and increasing oil inventories. Valero has been impacted by rising heavy crude oil costs and is targeting unprofitable plants for production cuts and shutdowns, including its Paulsboro, NJ and Aruba refineries. Meanwhile, Valero Energy reported that a hydrodesulfurization unit at the west plant of its Corpus Christi, Texas refinery was shut after inclement weather caused pumps to stop operating.

BP Plc reported a problem involving a sulfur recovery unit at its 475,000 bpd refinery in Texas City, Texas. No details on the incident's impact on production were provided in the filing with the Texas Commission for Environmental Quality.

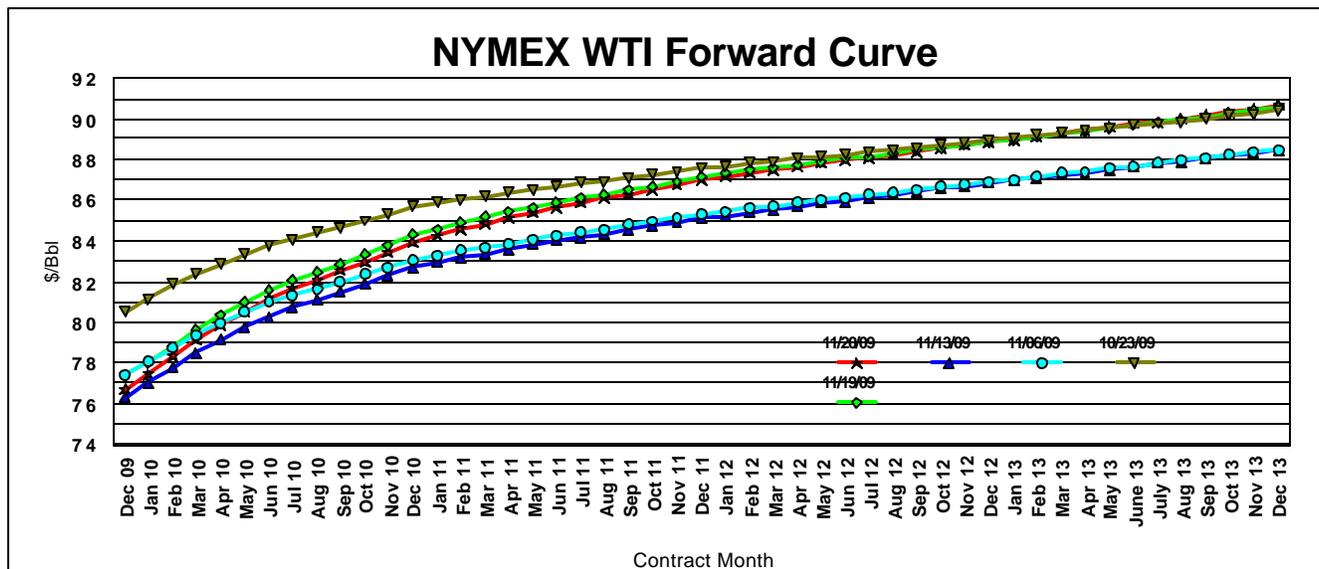
The Ohio Environmental Protection Agency reported that Husky Energy Inc is restarting its 160,000 bpd Lima, Ohio refinery following seven weeks of maintenance. The work started on October 1st. However Husky Energy disputed the report of the restart.

Euroilstock reported that oil refinery output in 16 European countries during October fell by 3.5% on the month and by 9.2% on the year to 11.419 million bpd. It reported that gasoline production fell by 3.5% on the month and by 8.4% on the year to 2.898 million bpd while middle distillate production fell by 3% on the month and by 8.1% on the year to 5.647 million bpd. Fuel oil production fell by 2.5% on the month and by 17.9% on the year to 1.407 million bpd while naphtha production fell by 5.1% on the month and by 7.2% on the year to 710,000 bpd. It reported that crude intake fell by 2.2% on the month and by 8% on the year to 10.757 million bpd. Refinery utilization rate fell to 82.11% in October from 83.96% in September.

Chinese state oil firms have agreed to increase its crude imports from Saudi Arabia in 2010 by about 12% to 1.04 million bpd. Growth is set to increase from under 10% seen this year but still much more modest versus high increases as fewer refining capacities will be added in 2010 as China remains as a net exporter of gasoline and diesel.

China National Petroleum Corp signed agreements to expand the 100,000 bpd Khartoum refinery in Sudan and change stakes in an oil block in the country. The parent of PetroChina also signed a memorandum with Sudan and Malaysia's Petronas to partly swap equity stake in CNPC's oil block 6 with Petronas' block 5A.

South Korea's Korea National Oil Corp said the country's crude imports in October increased by 6.3%



on the year to 75.23 million barrels or 2.427 million bpd. It reported that domestic oil product demand in October increased by 9.9% to 66.27 million barrels on the year. South Korea's private oil stocks at the end of October increased by 9.9% on the year to 67.83 million barrels as crude oil inventories increased by 61.4% on the year to 15.138 million barrels.

Turkey's Dardanelles Strait and the Bosphorus Strait in Istanbul were reopened to traffic on Friday after they were closed due to heavy fog earlier in the day. Turkey's Bosphorus and Dardanelles Straits provide the only navigable waterways for oil from Black Sea ports such as Poti, Supsa and Novorossiisk to reach international markets.

Azerbaijan's SOCAR said it may start shipping crude from its terminal on Georgia's Black Sea coast from the beginning of 2010 after expanding the port for larger tankers. An official said tests are underway now and added that the Kulevi terminal will be able to ship more than 80,000 tons of oil in each shipment on large tankers, beginning with crude from the Tengiz oilfield in Kazakhstan.

Indian Oil Corp lost oil products worth \$31.3 million in a fire that broke out at its terminal in Jaipur. The terminal had 11 storage tanks for gasoline, diesel and kerosene oil and all the tanks have been completely destroyed in the first, which occurred on October 29th.

Production News

According to Baker Hughes, the number of rigs searching for oil and natural gas increased by 12 rigs to 1,113 in the week ending November 20th. The number of rigs searching for natural gas fell by 2 to 726 while the number of rigs searching for oil increased by 14 to 375.

Nigeria plans to export at least 11 full cargoes of Qua Iboe crude in January. Each Qua Iboe cargo will be filled with 950,000 barrels. In addition, Nigeria will ship seven cargoes of Agbami crude and five of Akpo crude, which will each contain 975,000 barrels. In total, Nigeria aimed to export at least 69 cargoes or 1.95 million bpd.

Nigeria renewed three shallow water oil licenses jointly operated with ExxonMobil, granting the company leases of a further 20 years with the option to renew again. The three oil leases produce over 550,000 bpd of oil.

Mexico's Pemex produced 2.602 million bpd of crude in October, down 5.6% on the year. Its crude production in the first ten months of the year averaged 2.61 million bpd, down 7.5% on the year. Pemex said its oil exports averaged 1.238 million bpd in October, down 13.7% on the year while exports in the first ten months averaged 1.22 million bpd, down 13% on the year.

According to Angola's draft budget plan, the country's oil revenues from taxes and fees charged to oil companies operating in the country are expected to increase to \$16.6 billion in 2010 from \$15.7 billion this year. Angola has calculated the oil revenues based on an average oil price of \$58/barrel for 2010. It expects to export 1.9 million bpd in 2010, up from about 1.8 million bpd this year.

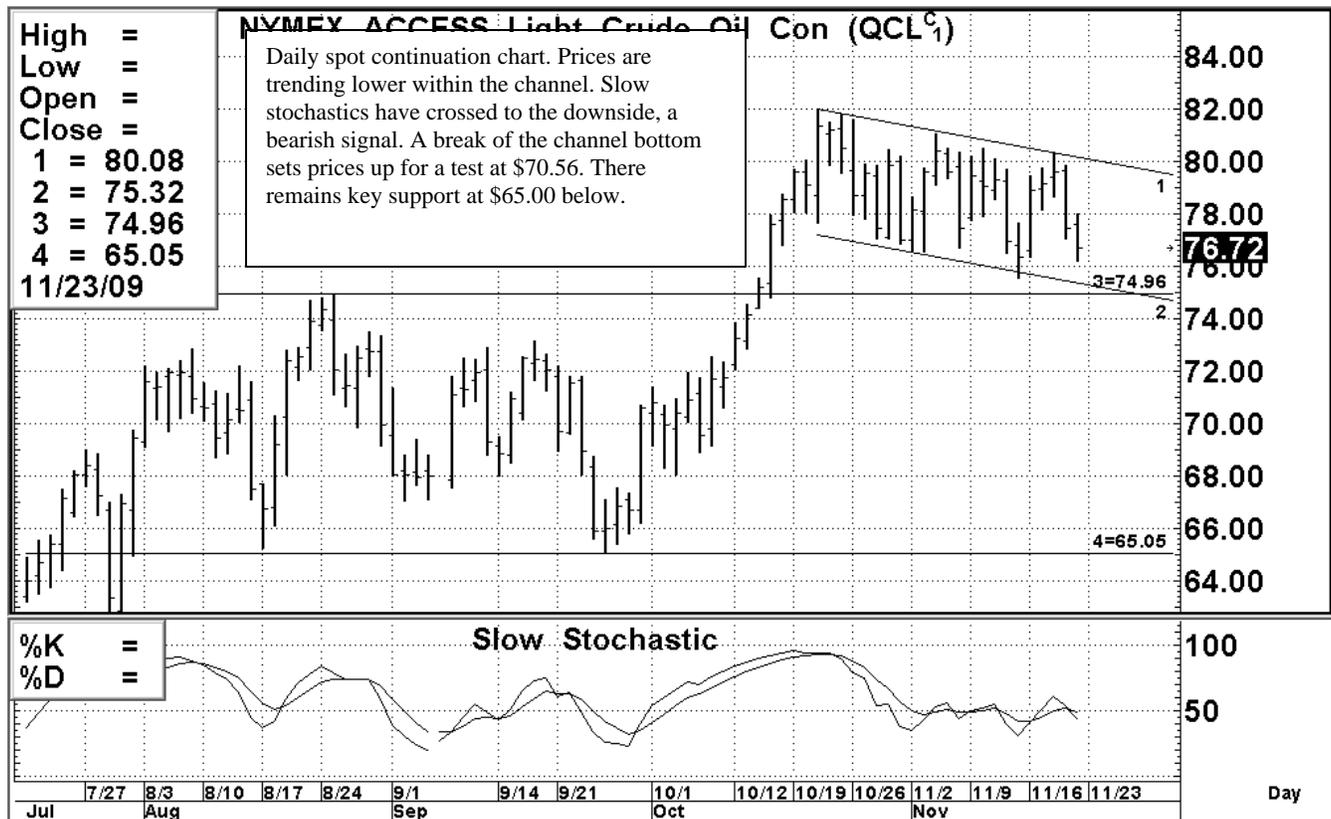
Colombia's oil licensing agency, ANH, said that Colombian and foreign companies operating in the country produced an average 704,000 bpd in October. It said oil production increased as the government lifted restrictions on foreigners operating in Colombia's oil industry, attracting private companies with lower royalties and improved security in the country's jungles and mountains.

OPEC's news agency reported that OPEC's basket of crudes fell to \$76.77/barrel on Thursday from Wednesday's \$77.87/barrel level.

Market Commentary

Crude oil posted its second straight day of losses as the dollar strengthened against the euro. Prices continue to keep their close ties to the equities markets, which succumbed to concerns over economic recovery. As we get closer to year-end and the end of the fourth quarter, we would look for crude oil to come under additional pressure as investors look to square their books. Volume should taper off and perhaps option plays may become more enticing. Crude oil continues to trade within the range of \$80.00 and \$75.00 and is currently working towards the bottom of the descending channel. Mild weather across the U.S. Northeast and economically pressured demand has helped to keep a lid on product prices. Steady signs of economic recovery are needed in order to boost fuel demand. With the fundamentals of this market looking ever bearish and a slow recovering economy, we would look for a definite test at the channel bottom and not be surprised at a breakthrough, with additional downside moves towards \$65.00.

The Commitment of Traders report showed that non-commercials in the crude market cut their net long position slightly by 1,697 contracts to 86,348 contracts in the week ending November 17th. The combined futures and options report showed that non-commercials cut their net long position by 23,248 contracts to 153,627 contracts on the week. The funds increased their total short position by 11,877 contracts to 111,920 contracts. The combined futures and options disaggregated report showed that producers/merchants increased their net short position by 21,663 contracts to 219,449 contracts while swap dealers switched from a net short position to a net long position of 37,860 contracts on the week. It also showed that managed money funds cut their net long position by 7,652 contracts to 149,136 contracts while other reportables cut their net long position by 15,597 contracts to 4,491 contracts on the week. Meanwhile, non-commercials in the product markets also cut their net long positions. The funds in the heating oil market cut their net long position by 6,726 contracts to 36,194 contracts while funds in the RBOB market cut their net long position by 2,270 contracts to 59,894 contracts on the week.



Crude JAN.10 332,713 +6,694 FEB.10 86,896 +4,534 MAR.10 77,733 +2,608 Totals: 1,169,343 – 19,284. Heating oil DEC.09 37,068 –3,638 Jan.10 90,273 +3,099 FEB 10 35,853 +942 MAR.10 29,435 +776 Totals: 328,846 +3,723 Gasoline 31,714-5,467 JAN.10 110,460+1,762 FEB.10 26,757 +767 MAR.10 27,804 +1,083 Totals: 268,537 -976.

Crude Support	Crude Resistance
75.40, 74.96, 73.52, 71.52, 65.05, 64.70, 63.38, 62.70, 61.61, 60.95	80.50, 84.83, 85.40, 86.60, 88.80
Heat Support	Heat resistance
1.9500, 1.9175, 1.8570, 1.7670	2.1580, 2.2110, 2.2575, 2.4200
Gasoline support	Gasoline resistance
1.9060, 1.8840, 1.8480, 1.7900	2.1100, 2.1600, 2.3350

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