

W The
Windham Group



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta,
& Karen Palladino
(212) 624-1132 (888) 885-6100

www.e-windham.com

ENERGY MARKET REPORT FOR NOVEMBER 22, 2010

Venezuela's Energy Minister Rafael Ramirez said OPEC ministers do not plan to discuss production quotas at their next meeting in Ecuador in December. He said he believes all OPEC members agree on the consensus to keep quotas unchanged. Venezuela still believes oil at \$100/barrel is a fair price for crude. In regards to Venezuela, he said the country's output is currently 3 million bpd.

The API stated that US gasoline prices should start to soften

leading into the December holiday season as crude oil prices give up their recent gains. The API's chief economist John Felmy did not forecast how much prices would decline or in what time frame. He said the average US consumer will likely spend more than \$2,700 this year on gasoline or 4.8% of his or her annual budget. Separately, the AAA reported that the average price of gasoline was \$2.872/gallon, down 2 cents on the week but up from \$2.641/gallon a year ago.

The EIA reported that the US average retail price of diesel fell by 1.3 cents to \$3.171/gallon in the week ending November 22nd. The price is up 13.8% or 38.4 cents above a year ago. The EIA also reported that the US average retail price of gasoline fell by 1.6 cents to \$2.876/gallon on the week. The price of gasoline is up 9% or 23.7 cents above a year ago.

Market Watch

The National Association for Business Economics said its survey showed economists expect real gross domestic product to increase 2.7% this year compared with the October estimate of 2.6%. The forecast for 2011 was unchanged at 2.6%.

The FBI raided three hedge funds in connection with a widening probe into insider trading. Diamondbank Capital Management LLC and Level Global Investors LP, two Connecticut funds run by former managers of Steven Cohen's SAC Capital Advisors, were among those raided. Loch Capital Management, a Boston-based fund was also raided. The raids come as federal prosecutors prepare to unveil a series of new insider trading cases against hedge fund traders, consultants and Wall Street bankers.

The American Trucking Association reported that its advance seasonally adjusted For-Hire Truck Tonnage Index increased by 0.8% in October after rising a revised 1.8% in September. It was at its highest level in three months.

The IEA's chief economist Fatih Birol said new European Union proposals for a tough cut in carbon dioxide emissions would have only a limited impact on the global warming process. The EU has agreed to a goal to cut greenhouse gas emissions by at least 20% by 2020 compared with 1990 levels. He said the gains from the stricter EU reduction target would roughly equal only two weeks of China's emissions.

Weather Services International expects temperatures for December-February to average colder than normal for Britain and western continental Europe. It said it expected the coldest weather in December, with the potential for a relatively warm spell in January or February.

**October
Calendar Averages**
CL – \$84.49
HO – \$2.3414
RB – \$2.1767

A former leader of the Movement for the Emancipation of the Niger Delta, Government Tompolo, condemned an alleged decision by some of the group's ex-deputies to rearm after they lost patience over the implementation of an amnesty program. Separately, the Movement for the Emancipation of the Niger Delta said that one of its commanders arrested over the weekend had surrendered in return for the promise of a financial reward and denied that the Nigerian army had raided his camp.

The White House welcomed Ireland's intention to seek financial assistance and for Europeans to address similar problems in other countries.

Refinery News

Shell Oil said the pipeline from Houma, Louisiana to Houston, Texas remained shut in, pending completion of repairs and Department of Transportation inspection.

Enbridge Inc said Line 6B is expected to resume operations on Wednesday. The line was shut when a routine smart pig run detected potential anomalies that required the company to excavate portions of the line. It said it is working to minimize impact of the line closure on its customers.

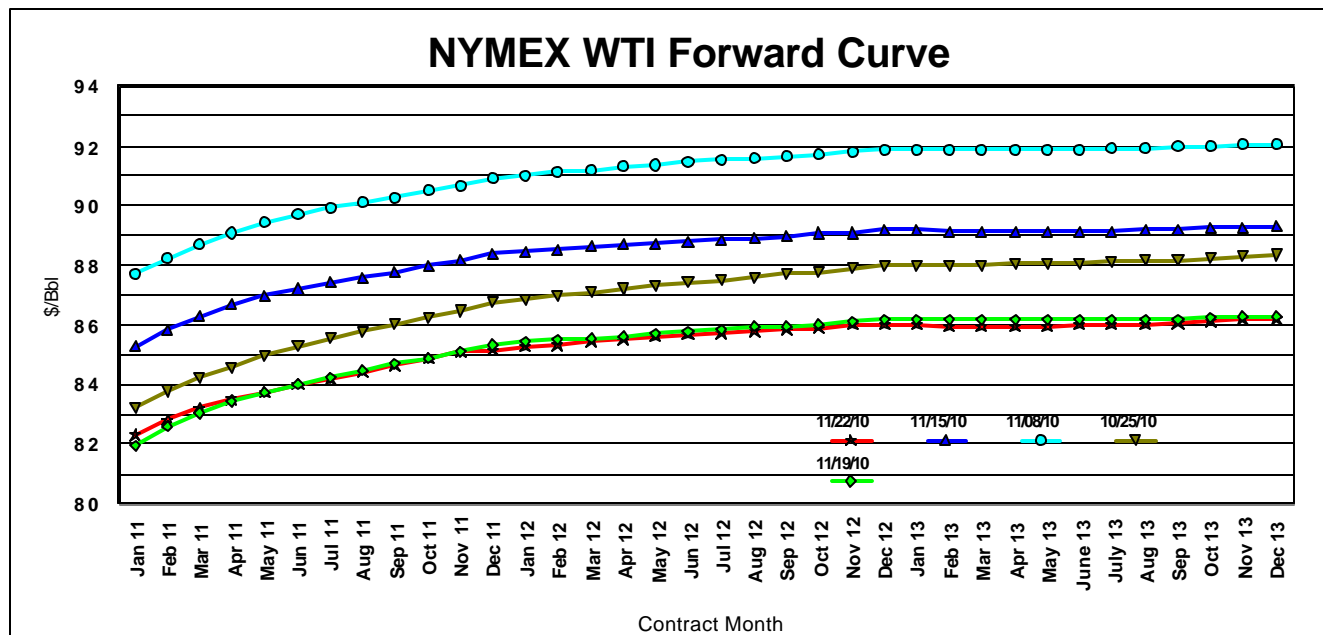
Houston Refining suffered a power outage at its 105,000 bpd refinery in Houston, Texas on Saturday. There was a loss of steam from the refinery's supplier due to the power failure.

Hess Corp's 70,000 bpd Port Reading, NJ refinery returned to service on Friday following unplanned maintenance due to a brief power outage on November 10th.

LyondellBasell restarted its 280,700 bpd refinery in Houston, Texas after a power outage on Saturday. An equipment failure at the refinery's electricity supplier caused the unit shutdown.

Nigeria's 110,000 bpd Kaduna refinery was shut after the crude oil pipeline feeding the facility was damaged. The refinery has been shut for at least a week.

Japan's Fuji Oil Co Ltd will skip planned maintenance on its 140,000 bpd No. 2 crude distillation unit at its Sodegaura refinery in 2011.



Indian Oil Corp floated its first spot tender for sweet crude for February loading.

China's apparent oil demand in October increased by 11.3% on the year to 8.913 million bpd, a record high.

China's commercial crude oil stocks at the end of October fell by 3.4% or 512,000 bpd on the month due to record high refinery runs and relatively low crude imports during the month. Crude stocks are expected to fall for a third consecutive month in November. China processed 8.75 million bpd of crude in October, up 12.2% on the year. Imports fell by 15% to 3.88 million bpd. Diesel inventories at the end of October fell by 10.7% on the month while kerosene stocks fell by 6.5% and overall oil product stocks fell by 5.2%.

China's General Administration of Customs reported that China's crude oil imports in October reached 16.39 million metric tons or 3.88 million bpd, down 15% on the year. Liquefied natural gas imports in October totaled 831,013 tons, up 91.5% on the year. China imported 261,042 tons of natural gas in October. It also reported that the country's coal imports growth slowed in October. Its coal imports increased by 11.5% on the year to 12.32 million metric tons compared with 22% in September and 13% in August. China's diesel exports increased by 0.9% on the year but fell by 2% on the month to 359,414 metric tons while its gasoline exports increased by 8.7% on the year but fell by 2.8% on the month to 385,695 tons.

South Korea's Korea National Oil Corp said the country's crude imports in October increased by 1.9% on the year to 76.6 million barrels. Its crude runs increased by 6.9% on the year to 76.7 million barrels.

Production News

Whiting Petroleum Corp said its leaking well in the Bakken shale was flowing about 120-168 bpd of oil, down 75% from its initial flow rate, two days following a valve failure. It said flow from the well had fallen to about 1,200-1,680 bpd, with oil accounting for about 10% of it.

Production of Nigeria's Bonny Light crude is currently between 210,000 and 220,000 bpd after Royal Dutch Shell declared force majeure on exports on Friday. Shell's declaration of force majeure due to damage caused to the Trans-Niger Pipeline in the Niger Delta. Nigeria was scheduled to export up to 10 cargoes or 317,000 bpd in November.

Venezuela's PDVSA and Italy's ENI SpA signed a joint venture deal to refine heavy crude oil they plan to extract from the Junin 5 block in the eastern Orinoco region. The companies previously stated that the block would involve investments of \$18 billion and said it could produce 75,000 bpd of heavy crude by 2013 and reach a peak of 240,000 bpd by 2016.

Brazil's Petrobras will start building the first part of an ethanol pipeline that should help the company meet its targets. The first part of the pipeline will connect Ribeirao Preto to Paulinia, a fuel distribution and refining hub in Brazil. The first part of the pipeline is expected to be operational by mid-2012. The pipeline will then be extended northward through some states in the center-west such as Goias. This part of the pipeline is expected to be operational by early 2014.

Iraq has proposed a 2011 budget to be based on an oil price of \$73/barrel and exports of 2.3 million bpd from the current 2 million bpd. The 300,000 bpd increase over this year's export figures is expected to be achieved from southern oilfields. Iraq's Oil Ministry said the country's revenues from oil sales in 2011 are expected to reach about \$60 billion. Iraq's oil revenues for the first ten months of the year reached \$42.4 billion.

Nigeria has increased its official selling price for its Bonny Light and Qua Iboe crude grades for December to Dated Brent plus \$1.55/barrel, up 5 cents on the month.

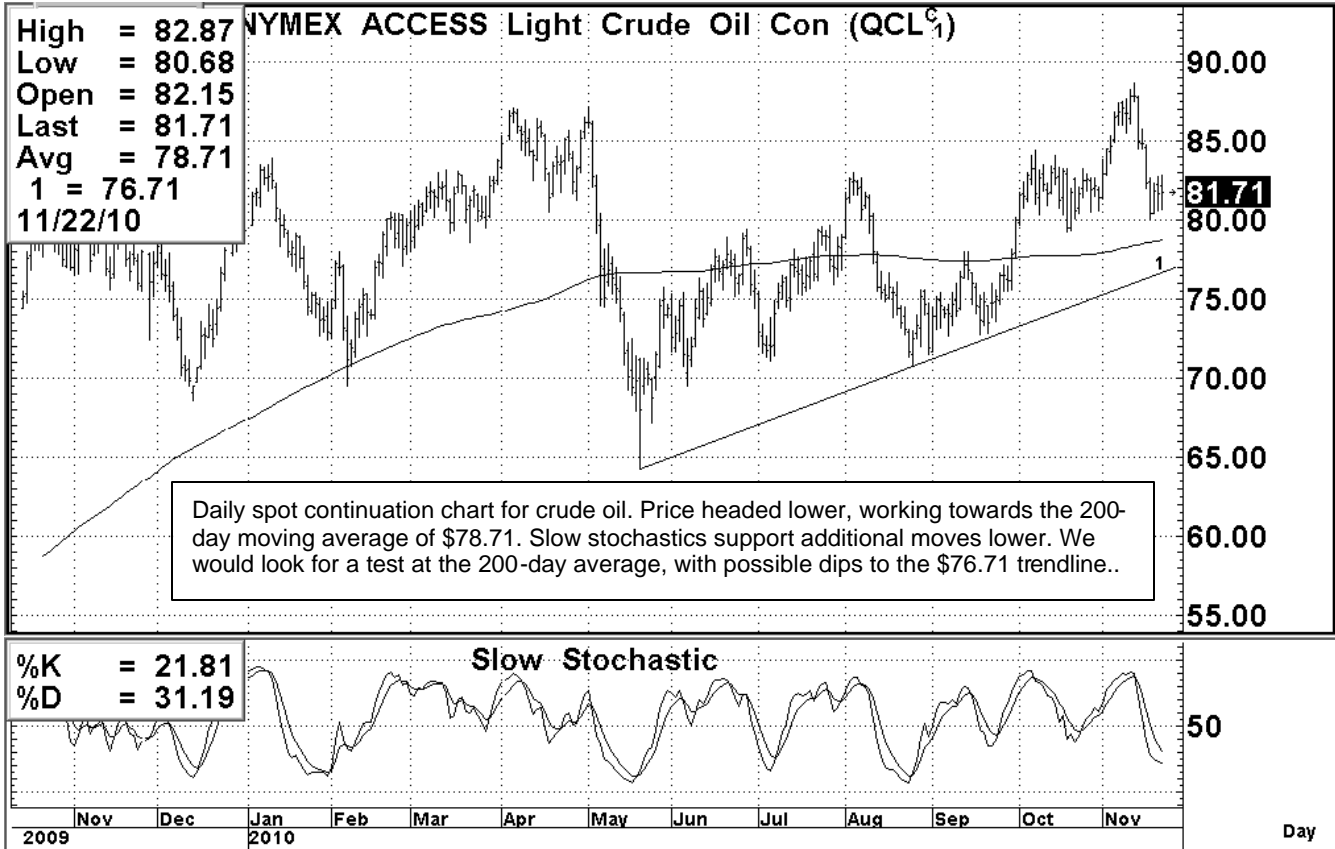
OPEC's news agency reported that OPEC's basket of crudes increased by 32 cents to \$81.49/barrel on Friday from \$81.09/barrel on Thursday. It also reported that OPEC's basket of crudes fell by \$2.83/barrel to \$82.03/barrel in the week ending November 19th.

Market Commentary

Prices headed lower once again as concern regarding the European debt crisis mounted. Crude oil for January delivery fell as much as 1.5 percent during the trading session, falling to \$80.68. Hedge funds last week shaved their long positions by 15 percent on expectations that the Irish debt crisis and China's efforts to slow inflation will greatly impact demand. With concern increasing in regards to the Q2 easing and its ability to stabilize the economy, we should continue to see further length lightening. It is apparent by the shape of the forward curve that the initial belief that demand going forward is not as strong. Prices are approaching the 200-day moving average of \$78.71, making this our near term target. Failure to trade below this level signals a buying opportunity. Should prices trade and settle below this level, \$76.71 would be the next near-term level to the downside.

Crude oil: Jan 11 353,708 +3,391 Feb 11 110,002 -1,695 Mar 11 114,521 +1,656 Totals 1,342,636 - 8,666 Heating oil: Dec 10 48,454 -4,614 Jan 11 91,927 +2,933 Feb 11 36,873 -717 Totals 320,270 +2,618 Rbob: Dec 10 38,423 -5,871 Jan 11 99,610 -552 Feb 11 32,003 +734 Totals 286,015 -4,478

Crude Oil		Heating Oil		Rbob	
Support	Resistance	Support	Resistance	Support	Resistance
7993		22040	24680		22770
7871	8890	21860	24950	20300	23050
7783	9050	21375	26740	20130	24880
7671	9100	21140		18750	27085
7601	9385	20702		18240	
				16010	



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. 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.