



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, 2011

OPEC's Secretary General Abdullah al-Badri said the global oil market is balanced and prices are comfortable.

Saudi Arabia's Oil Minister Ali al-Naimi said he is very happy with oil prices and that the country will adapt to whatever oil prices are determined by the market.

Separately, Saudi Arabia's governor for OPEC, Majid al-Moneef said that crude markets have recently seen an increase in speculative activities.

Iraq's Oil Minister Abdul-Kareem Luaibi said OPEC will likely decide to cut oil production at its December 14th meeting

as global oil demand is expected to decline next year. He said he expects oil prices to trade between

API Stocks
Crude – down 5.569 million barrels
Distillate – down 886,000 barrels
Gasoline – up 5.416 million barrels
Refinery runs – down 0.5%, at 83%

Market Watch

The US Commerce Department reported that corporate profits in the US increased even as the economy grew less than initially thought during the third quarter. GDP grew at an inflation adjusted annual rate of 2% in the third quarter. While still the strongest performance of the year, the Commerce Department's second estimate of GDP is lower than the previous estimate of 2.5%. A downward revision to inventory investment cut the GDP number. It also reported that the price index for personal consumption expenditures increased by 2.3% in the second quarter compared with a previous estimate of 2.4%. The core PCE Price Index increased 2% from the previous quarter. Similarly, the price index for gross domestic purchases was lowered to 1.9% from 2%. The chain weighted GDP price index was unrevised at a 2.5% gain.

The International Council of Shopping Centers and Goldman Sachs reported that US chain store sales fell 0.9% in the week ending November 19th to 517.8.

The American Trucking Association said its seasonally adjusted truck tonnage index in October increased by 0.5% on the month after rising a revised 1.5% in September. On a year to year basis, tonnage increased 5.7% in October.

According to the minutes of the Federal Reserve meeting on November 12, most Federal Reserve officials supported providing the public with more details about the likely path of monetary policy and interest rates but rejected the idea of tying their actions to targets for growth or the price level. A few Fed officials believed the outlook for modest growth may warrant further policy accommodation.

Nebraska lawmakers voted unanimously to reroute a proposed US to Canada oil pipeline away from an ecologically sensitive region in the state. Governor Dave Heineman signed bills to reroute TransCanada Corp's proposed Keystone XL pipeline away from the ecologically sensitive Sandhills region and Ogallala aquifer and to fund an environmental study for a new pipeline route. After working with Nebraska lawmakers last week, TransCanada Corp agreed to find a new route for its pipeline that would deliver 700,000 bpd of crude from Alberta's oil sands to Texas refineries.

\$100 and \$120/barrel. Meanwhile, Iraq's Deputy Prime Minister for Energy Hussain al-Shahristani said Iraq does not see the need for a production cut at OPEC's meeting scheduled in December. However he said there is concern over the outlook for demand. Separately, he stated that Iraq is considering imposing sanctions on ExxonMobil after its decision to sign a deal with the country's Kurdish region. He

said oil and gas contracts must be approved by the Iraqi government.

The IEA's executive director Maria van der Hoeven said high oil prices for a longer period of time could endanger the global economic recovery.

November Calendar Averages CL - \$96.78 HO - \$3.0886 RB - \$2.6038
--

According to a MasterCard Spending Pulse report, US gasoline demand continues to decline. Gasoline demand fell 1% on the week and 4.5% year on year in the week ending November 18th to 8.706 million bpd. The four week demand fell by 3.8% on the year to 8.737 million bpd. It reported that the price of gasoline was down 3 cents at \$3.40/gallon, up 18.1% on the year. The retail price of gasoline averaged \$3.34/gallon, according to AAA's Daily Fuel Gauge.

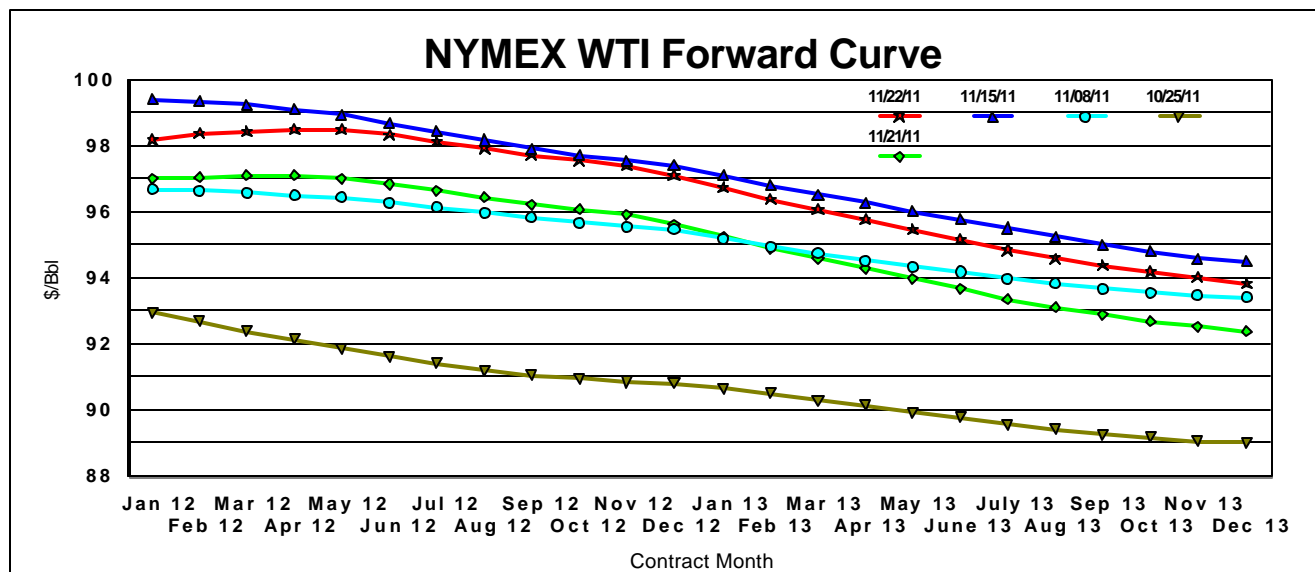
Iran dismissed a new wave of sanctions on Tuesday, saying the West's attempts to isolate its economy would only serve to unite Iranians behind their government's nuclear program. The US, Britain and Canada announced new measures against Iran's energy and financial sectors on Monday and France proposed unprecedented new sanctions, including freezing the assets of its central bank and suspending purchases of its oil. The latest sanctions were prompted by a UN nuclear agency report that suggested Iran had worked on an atomic bomb design. The managing director of the National Iranian Oil Co Ahmed Ghalehbandi said Iran is not concerned over the new sanctions potentially impacting its crude sales to the European Union. Iran's Deputy Oil Minister Abdolhossein Bayat said new sanctions on its petrochemical sector will not stop it from selling to European markets but would push up global market prices and generate more export revenues.

Meanwhile, Russia dismissed new US sanctions targeting Iran's financial and energy sectors as unacceptable and said they would damage any chances of renewing negotiations with Iran over its nuclear program. A Russian statement underscored the country's longstanding opposition to sanctions beyond those endorsed by the UN Security Council.

The EU is considering sanctions on 200 Iranian firms and individuals as Western countries impose further sanctions on Iran over its nuclear program. The new measures are expected to be announced by EU foreign ministers on December 1st.

Refinery News

Kinder Morgan Energy Partners LP reported a fire at its petroleum coke terminal in Port Arthur, Texas on Monday.



Valero Energy Corp reported a release of sulfur dioxide when a sulfur train malfunctioned at its 132,000 bpd refinery in Benicia, California. It said there was no material impact to production at the refinery.

ConocoPhillips reported a wet gas compressor trip resulting in flaring on Monday at its 362,000 bpd refinery in Wood River, Illinois.

Sunoco said there was no restart time for the hydrotreater at the Point Breeze section of its 335,000 bpd Philadelphia refinery. The unit was shut on November 15th. Sunoco Inc said some refinery assets of its shut Eagle Point refinery in New Jersey were up for sale but that there was no news related to the former refinery.

Suncor Energy Inc said it was conducting maintenance on units at its 130,000 bpd Montreal refinery. It said maintenance started on November 18th and is expected to take two weeks to complete.

Royal Dutch Shell said it was working on a unit at its 100,000 bpd Scotford refinery in Alberta. Flaring is expected at the refinery until late Wednesday evening. It also said it is restarting a unit at its 255,000 bpd Scotford oil sands upgrader in Alberta.

Iran has offered its first supertanker load of low density, low water fuel oil, totaling 270,000 tons in six months with the parcel bound for East Asia in December. The total December loading volumes from Iran to East Asia is expected to total 650,000-700,000 tons, its highest since June.

Libyan crude is set to travel to Australia amid the gradual return of the country's crude exports. According to a shipping fixture report, Royal Dutch Shell has chartered a tanker to carry Libyan crude to Australia on November 22.

Production News

The proportion of crude oil from Nexen Inc's Buzzard oil field entering the Forties Pipeline System fell to 17% in the week ending November 20th from 35% in the previous week.

Nigerian exports of Bonny Light crude are set to fall in January compared with December. Volumes of Bonny Light are set to decline to 4.9 million barrels or 158,065 bpd compared with 6.65 million barrels or 214,516 bpd originally scheduled to load in December.

Pemex said its crude oil output in the first three weeks of November averaged 2.533 million bpd. In the November 1-21 period, Pemex sent an average of 1.398 million bpd to its crude oil export terminals and kept 1.15 million bpd for its national refinery system. Pemex said its Ku-Maloob-Zaap complex in the Gulf of Mexico produced an average of 849,000 bpd in the November period compared with 858,000 bpd in the full month of October. The Cantarell fields produced 416,000 bpd in the November period compared with 431,000 bpd in October. Its onshore Chicotepec fields averaged 63,000 bpd in the November period compared with 62,000 bpd in October.

Russia's TNK-BP will load 140,000 tons of Urals crude blend extra in November from the Black Sea port of Novorossiisk. The port of Novorossiisk had been scheduled to handle 3.01 million tons of Urals crude in November and 3.7 million tons in December.

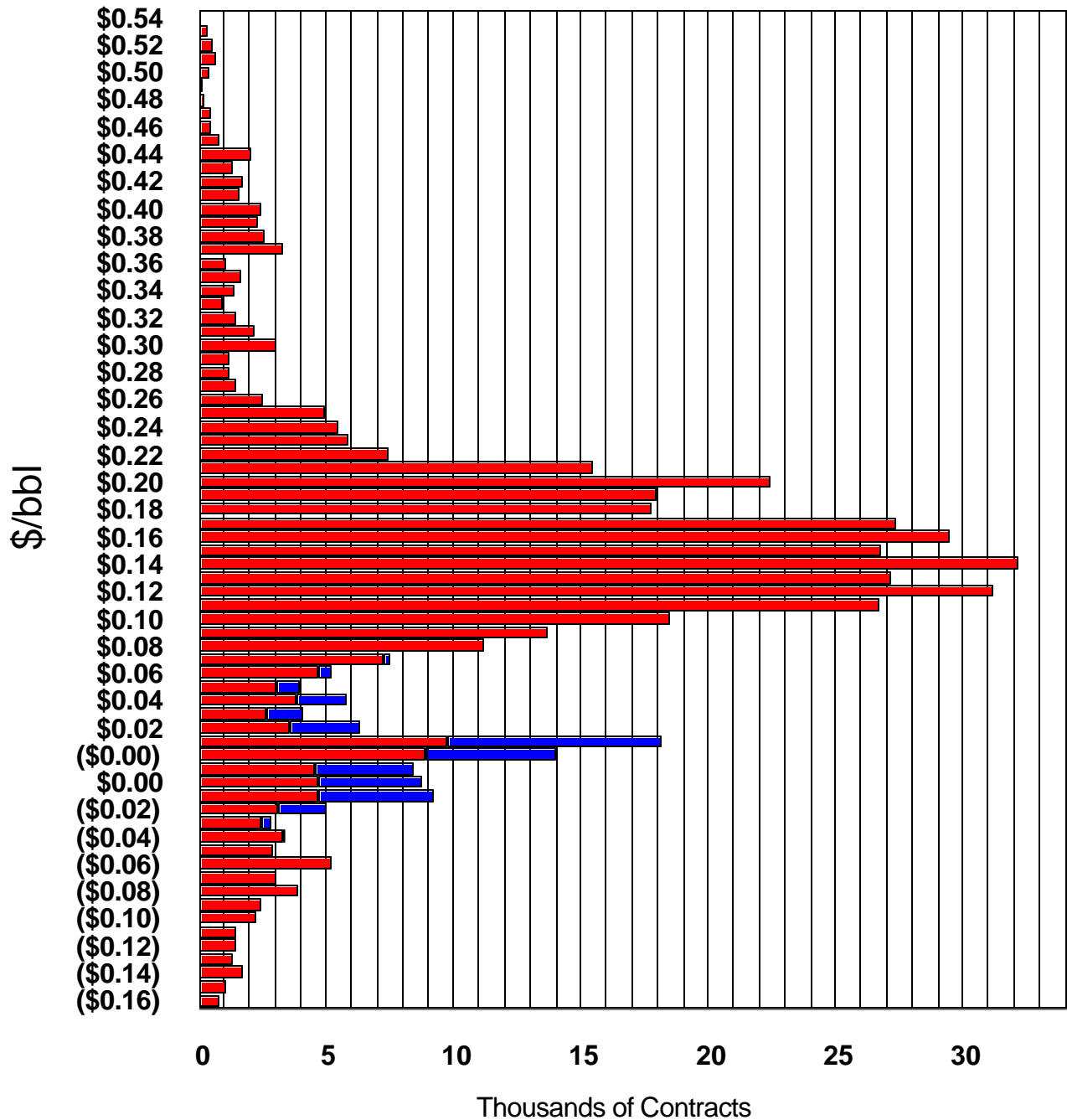
Chevron Corp said it has tested propane as an agent for hydraulic fracturing of various shale gas wells in Colorado, a move that could potentially reduce the large amounts of water used to extract oil and natural gas.

Ecopetrol's board approved an \$8.477 billion investment plan for the year 2012. The company plans

NYMEX Jan-Feb WTI Spread Volume Skew

October 24, 2011-November 22, 2011

■ Sept 24 - Nov 21 ■ Nov 22



to spend 94% of the approved amount on projects in Columbia.

Market Commentary

After taking a back seat to the global economic crisis, Mid-East tensions stepped to the forefront, propping up prices. The U.S., the U.K. and Canada increased sanctions against Iran due to the UN's latest report, which indicated that Iran is still in the process of obtaining and making nuclear weapons. This, combined with the uprising in Egypt, temporarily swept the global economic crisis under the rug. The January crude oil contract gained 1.2 percent, curtailing three days of losses. We are still of the opinion that a short-term top was achieved last week and therefore are looking for a test at the initial support level of \$94.93. The front month spread should experience further weakness, with a pull back to -.43.

Crude oil: Jan 12 339,048 +7,445 Feb 12 82,756 +3,928 March 12 95,850 +370 Total 1,276,661 +13,104 Heating oil: Dec 11 43,938 -6,809 Jan 12 83,775 +2,015 Feb 12 35,781 +1,321 Totals 293,411 -3,717 Rbob: Dec 11 39,866 -3,616 Jan 12 84,392 +2,077 Feb 12 27,982 +1,779 Totals 285,650 +1,612

Crude Oil		Heating Oil		Rbob	
Support	Resistance	Support	Resistance	Support	Resistance
9493	9960	26975	32777	24240	33369
8917	10134	26680	33370	23631	35915
8507	11483	27375	33510	23414	36310
8337		23685			
7570		22960			
7487					
7365					
50-day MA	89.14				
100-day MA	89.85				
200-day MA	95.46				

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 permission is prohibited.