



ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR NOVEMBER 24, 2009

According to a Reuters survey of ten oil-tracking analysts and organizations, oil demand is estimated to increase by 1.3 million bpd in 2010 to 85.9 million bpd. At the same time, the rise in production from outside OPEC and output of natural gas liquids from OPEC members is estimated to increase by just 800,000 bpd. Non-OPEC output is seen averaging 51 million bpd in 2010, up from 50.8 million bpd while OPEC output of NGLs are expected to increase to 5.6 million bpd, up from 20% since

2008. It stated that if OPEC members can maintain current adherence levels to present output quotas with production at around 28.9 million bpd, crude oil inventories could fall by about 150 million barrels next year. Demand for OPEC's crude is seen at 29.3 million bpd.

Market Watch

The US Commerce Department reported that GDP increased at a 2.8% annual rate in the third quarter, in line with expectations, after falling by 0.7% in the second quarter. A month ago, the Commerce Department first estimated that GDP increased by an annual 3.5% in the third quarter. It was the fastest rate since the third quarter of 2007. Overall consumer spending increased a quarterly 2.9% in the third quarter and contributed 2.1% to GDP at annual rates. The government's price index for personal consumption increased 2.7% in July through September compared to the previously estimated 2.8% increase and the second quarter's 1.4% increase. The core PCE gauge, which excludes food and energy prices, increased by 1.3% in the third quarter compared to the previously estimated 1.4% increase and the second quarter's 2% increase.

The Conference Board said its index of consumer confidence for November increased to 49.5 from a revised 48.7 in October. The October index had previously been reported 47.7. The current month's reading was above economists' expectations for a 47 reading.

Kuwaiti oil officials said Kuwait could switch the pricing of its crude sold to US customers to the Argus Sour Crude Index or ASCI from Platt's WTI following in the footsteps of Saudi Arabia. Argus launched the ASCI in May this year to reflect the US Gulf Coast medium sour crude. Saudi Arabia will implement the new policy of using the ASCI for January oil sales to the US. Argus and Platts have argued for years that increasing production in the Gulf of Mexico makes the region better suited for setting oil prices than Cushing, Oklahoma.

A senior adviser to Nigeria's President Umaru Yar'Adua said Nigeria's 2010 budget will be based on an oil price of \$57/barrel.

Oman's National Economy Minister, Ahmad Mekki said the country expects oil prices to range between \$70 and \$80/barrel in 2010, up 40-60% from the \$50 estimate the country is using to calculate its budget. Oman is aiming for oil output of 870,000 bpd, up from a target of 800,000 bpd in 2009.

API Stocks

Crude – up 3.347 million barrels
Distillate – down 2.36 million barrels
Gasoline – up 1.707 million barrels
Refinery runs – up 2.6%, at 82.2%

Nigeria's Oil Minister Rilwanu Lukman said that to maintain balance in the oil market OPEC must not pump too much oil because it will push prices lower. In regards to Nigeria's oil production, he said the country is currently producing 1.7 million bpd. He said it is possible for Nigeria to increase its production by 500,000 bpd by the end of next year if OPEC decided to increase its production.

Iranian officials said Iran is ready to send its low-enriched uranium abroad provided there is simultaneous exchange on its own soil of nuclear fuel processed by world powers. Iran's Vice President and nuclear chief Ali Akbar Salehi said Iran will not accept any imposed conditions and will not accept that Iran is treated as an exceptional case. Foreign Ministry spokesman Ramin Mehmanparast said Iran is ready to send off its 3.5% low-enriched uranium but would want a simultaneous exchange on its soil with 20% pure uranium processed abroad. Meanwhile, a Russian diplomatic spokesman said Russia expects Iran to agree to enrich uranium abroad under the supervision of the IAEA. Later on Tuesday, diplomats said six world powers have drafted a resolution urging Iran to clarify the purpose of its previously secret uranium enrichment site and confirm it has no more hidden atomic work. The draft, backed by the US, Germany, France, Britain, Russia and China, will be presented at the year-end meeting of the IAEA's governing board that starts on Thursday. The resolution will call on Iran to provide the agency with a timeline on the Fordow enrichment plant's design and construction.

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| November Calendar Averages CL – 78.33 HO – 2.0258 RB – 1.9762 |
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According to MasterCard Advisors LLC, US gasoline fell by 1.6% in the week ending November 20th to 9.076 million bpd. On a four week basis, demand increased by 1.6% on the year. On a year to date basis, demand increased by 0.6% on the year. On a nationwide average, the retail price of gasoline fell by 2 cents to \$2.62/gallon in the latest week.

Refinery News

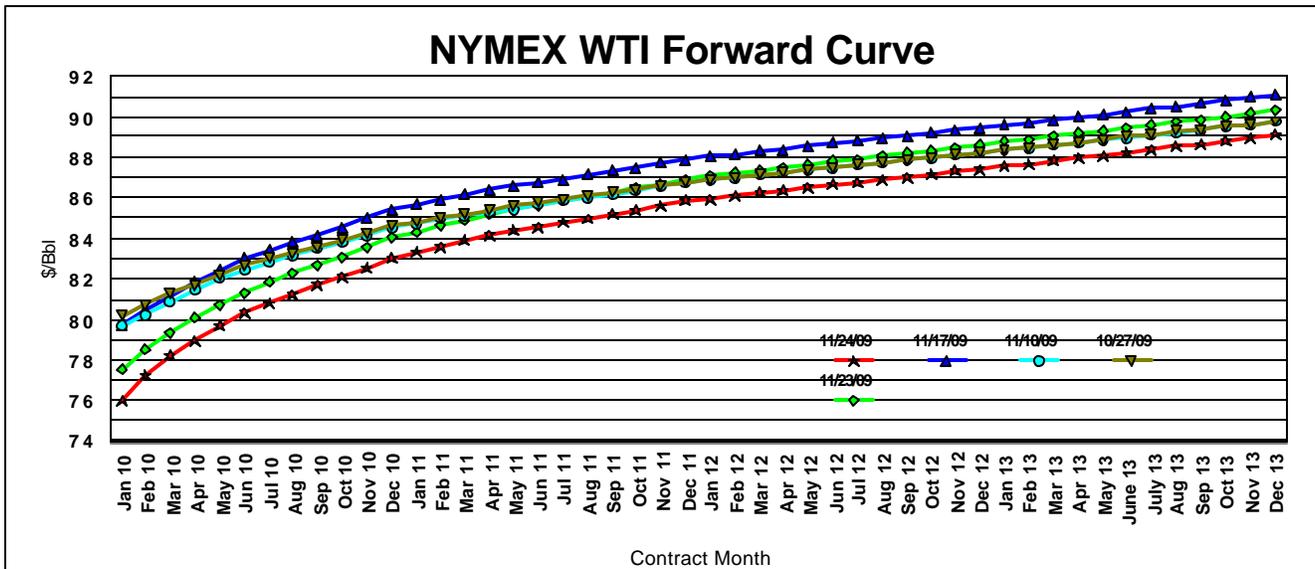
Colonial Pipeline is allocating shipping space on its main distillate pipeline north of Collins, Mississippi for cycle 68 as demand for space exceeds pipeline capacity.

The EIA said about 514,347 bpd of oil refining capacity will be shut in November, slightly more than the typical 500,000 bpd shut during the month. Crude refining outages are expected to reach 399,212 bpd in December. Peak outages of crude distillation units are expected to occur in January when total outages are projected to be well above typical levels at 712,903 bpd compared to the usual 640,000 bpd. The EIA said US crude oil refining capacity will be adequate to meet demand through January 2010 and scheduled refinery outages should not create any significant price increase. It said weak product demand, widely available imports and ample US gasoline and distillate stocks mitigate any concerns from seasonal refinery turnarounds. It said there is a surplus of crude distillation capacity of at least 10%.

ConocoPhillips was forced to shut a crude unit at its Ponca City, Oklahoma refinery that recently returned to service from turnaround to make repairs. A reformer unit, which is also down for maintenance, is expected to resume operations next week.

An isocracker at Husky Energy Inc's 160,000 bpd refinery in Lima, Ohio was damaged during a fire on Sunday that was quickly extinguished.

Royal Dutch Shell is conducting routine maintenance at its 98,000 bpd Scotford refinery in Alberta. It said it expects intermittent flaring from the work, which has been ongoing at the refinery since the beginning of September, causing sporadic gasoline shortages in the region.



Japan's Idemitsu Kosan Co restarted a 160,000 bpd crude distillation unit at its Aichi refinery in western Japan on November 21st after scheduled maintenance. The unit, which was shut since September 27th, was set to be restarted in late November.

Russia's Lukoil plans to shut its 142,000 bpd Bulgarian refinery for month long maintenance in February. Some of the refinery's units will be temporarily shutdown in February due to a lack of raw materials. The refinery at the Black Sea port of Burgas, will shutdown one of its three crude distillation units on January 15th for a 50 day annual maintenance. It other two crude distillation units will be shut in February and restarted in early March and early June, respectively.

Production News

Royal Dutch Shell Plc is planning to expand exploration in the US Gulf of Mexico and Kazakhstan as the company seeks to maintain its output. It is designing a development plan for its West Boreas discovery in the Gulf of Mexico, which may hold 100 million barrels resources. It is also evaluating plans for a second platform at the deepwater Mars field in the Gulf, which may add 100,000 bpd of oil equivalent production.

An Iraqi Oil Ministry official said a bomb attack in Salahuddin province damaged the Iraq-Turkey oil pipeline more than four days ago and will take up to four additional days to fix. The bombing was the second in less than a month. A shipping source said the flow of oil stopped on Saturday. The source said one vessel was waiting at Ceyhan to load Kirkuk crude but no loading was taking place. Storage tanks held 1.9 million barrels of Iraqi crude.

Turkey's Bosphorus Strait in Istanbul was reopened to shipping after it was closed to northbound vessels earlier on Tuesday due to low visibility. Heavy fog closed the Bosphorus and Dardanelle Straits for much of last week, causing delays on the waterways that make up the only navigable route for tankers carrying oil from Black Sea ports such as Poti, Supsa and Novorossiisk to international markets.

Nigeria raised the official selling price for most of its crude grades in December. The December official selling price for Nigeria's Bonny Light and Qua Iboe crude grades were both raised to dated Brent plus \$1.40/barrel, up 10 cents on the month. The Brass Blend crude price was cut to dated Brent plus \$1.10, down 20 cents on the month while the price of Pennington crude was cut to dated Brent plus \$2.30, down 10 cents. Its Forcados crude price was raised to dated Brent plus 95 cents, up 10 cents while its Escravos crude price was raised to dated Brent plus 80 cents, up 10 cents.

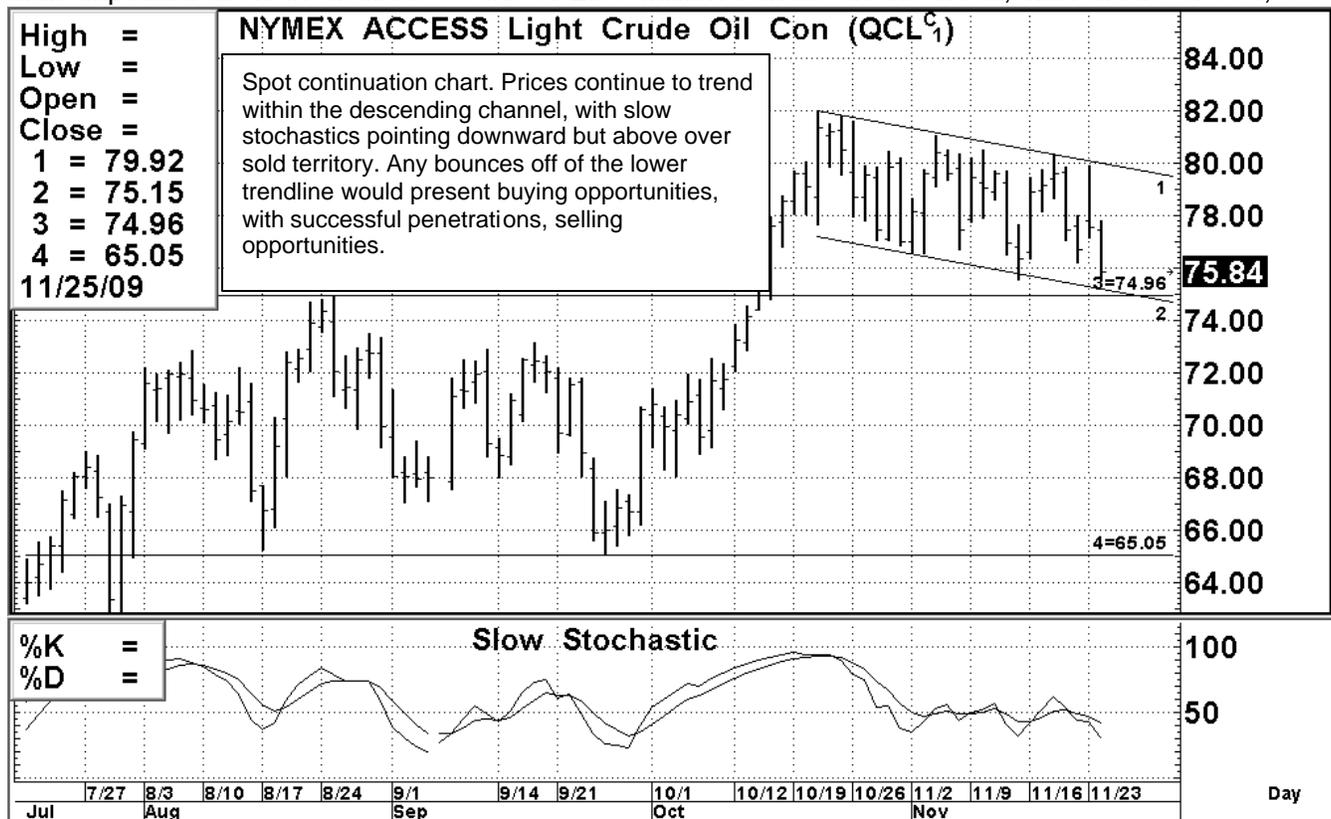
OPEC's news agency reported that OPEC's basket of crudes increased to \$76.73/barrel on Monday from \$75.78/barrel on Friday.

Market Commentary

A report that indicated the U.S. economy is recovering at a slower pace than previously estimated, along with expectations of inventory gains pushed crude oil to its lowest level since November 16th. Recent economic news and the current supply/demand scenario have kept a lid on the upside potential and have forced crude oil prices towards the lower end of the range. Due to the upcoming Thanksgiving holiday, volume has been light, which may exaggerate price moves. The closure of Valero's Delaware City refinery and Sunoco's Philadelphia refinery brings with it less demand for crude oil, adding further pressure on prices. As we await the depth of the U.S. heating season, distillate supply is plentiful. All the aforementioned do not add up to \$80.00 crude oil. The downward channel that we have included in our recent reports continues to work well and we would look for prices to trade within this channel, working towards the bottom. The \$75.00 level is an area where this market broke away from. Should prices dip, test this level and hold, we would look to be buyers with tight stops. Our overall outlook remains bearish and would not be surprised should crude oil trade below \$75.00 and work towards \$65.00.

Crude Jan. 10 338,312 11,114 FEB.10 97,274 6,941 MAR.10 79,595 11 Totals: 1,163,343 20,781.
 Heating oil Jan.10 85,411, -1,973 FEB 10 37,857 758 MAR.10 32,882 1,908 Totals: 323,635 -3,843
 Gasoline JAN.10 112,153 2,697 FEB.10 26,787,-1,680 MAR. 10 28,946 1,606, Totals: 267,997 -495.

The API reported a larger than expected build in crude stocks of 3.347 million barrels on the week. It reported large builds of 3.026 million barrels in Padd 2 and 3.372 million barrels in Padd 3 while crude stocks in Padd 5 fell by 2.859 million barrels on the week. It reported the build in stocks as imports increased by 666,000 bpd to 9.675 million bpd on the week. It however reported the build despite the increase in crude runs of 437,000 bpd to 14.271 million bpd. Meanwhile, the API reported a larger than expected draw in distillate stocks of 2.36 million barrels on the week, with draws of 591,000



barrels and 787,000 barrels reported in Padds 2 and 3, respectively. Distillate stocks are up 29.7% on the year. It reported the draw in stocks as apparent demand increased by 12.9% on the week to 4.77 million bpd while apparent demand basis its three week moving average increased by 6.3% to 4.365 million bpd on the week. Days of forward supply fell from 41.2 days to 38.2 days. The API reported that distillate production increased by 171,000 bpd or 4.3% on the week to 4.18 million bpd while imports fell by 37,000 bpd or 12.8% on the week to 253,000 bpd. Gasoline stocks saw a larger than expected build, with a build of 1.707 million barrels on the week. It reported the build as apparent demand fell by 0.5% on the week to 9.301 million bpd while apparent demand basis its three week moving average increased by 1.4% on the week to 9.172 million bpd. It also reported the build as gasoline production increased by 278,000 bpd or 3% to 9.411 million bpd while imports increased by 61,000 bpd or 83.6% to 134,000 bpd on the week.

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| 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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