



ENERGY RISK MANAGEMENT

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

www.e-windham.com

NATURAL GAS & POWER MARKET REPORT FOR DECEMBER 19, 2011

NATURAL GAS MARKET NEWS

North America

El Paso Corp is projecting to produce 830 to 840 million cubic feet equivalent in 2011. The company expected to have oil and natural gas reserves of approximately 4 trillion cubic feet equivalent by the end of 2011.

Noble Energy has announced successful appraisal results on its Leviathan unit. The company announced that #3 well encountered about 290 net feet of natural gas pay in multiple intervals with a greater quantity and thickness than previously estimated. The company hopes to return Leviathan #1 to service in the first quarter to 2012.

The National Weather Service forecast that US heating demand this week is expected to be 19.6% below normal. Demand for heating oil this week will average 18.8% below normal while heating demand for natural gas will average 18.7% below normal.

International News

Gas flows through the Langeled pipeline from Norway to the UK returned to normal after three hours in which little to no gas arrived at the Easington terminal in England. In-flows measured at zero at 1500GMT before beginning to rise at 1745GMT and returning to about 70 million cubic meters per day around 1900GMT. The halt in flows caused the British prompt gas price to rise 2% as supplies were already tight due to cold weather.

Statoil said it plans to increase its safety efforts after conducting an evaluation of a well control incident at one of its gas field last year. The company indentified seven areas where it hopes to improve.

Iran has excluded Poland's state controlled PGNiG from developing the Lavan gas field because Iran believe the company was dragging its feet and missed several deadline. Negotiations between the two parties had been ongoing for 4 years but after recent developments Iran is likely to cede the project to a

Generation Outages

NPCC- Constellation Energy Nuclear Group's Unit 2 at the Nine Mile Point nuclear power plant in New York increased to full power on Monday from 20% power on Friday. The unit was shut on December 9th due to a rise in an unidentified drywell leakage and drywell pressure.

PJM- Exelon Corp's 1,130MW Unit 1 at the Limerick nuclear power plant shut early on Monday from full power on Friday.

SERC- The 1,129MW units 1 and 2 at the Catawba nuclear power plant exited an outage over the weekend and increased to full power on Monday. The units were shut on Friday after the 'B' train on the plant's water system tripped and the 'A' train was isolated for maintenance. Entergy Corp's River Bend nuclear power plant increased to full power early on Monday from 63% power on Friday.

MRO- Entergy Corp's Palisades nuclear power plant increase to full power on Monday from 22% power on Friday. The unit was shut on Dec 14th after a reactor tripped due to loss of both main feedpumps at the plant.

The NRC reported this morning that some 89,868 Mw of nuclear generation was online, up 1.78% from yesterday and down 4.42% from the same day a year ago.

LNG TANKERS HEADING TO BRITAIN				
LNG Tanker	Capacity (CUBIC METERS)	Expected Arrival	LNG From	Destination
Al Mayeda	266000	12/19/2011	Qatar	South Hook
Al Aamriya	210000	12/21/2011	Qatar	Dragon
Duhail	210000	12/23/2011	Qatar	South Hook
Al Ghashamiya	217000	12/23/2011	Qatar	South Hook
Clean Power	150000	12/25/2011	Qatar	Milford Haven

consortium of domestic contractors. Iran made a similar move in October when it barred Gazprom from the Azar field after it believed the company was not performing the duties of its contract.

Ukraine's Prime Minister has announced that he expects that Ukraine will be able to reach a compromise with Russia on gas deliveries within several days.

Leaked Gazprom documents show that the company is planning on spending \$124.8 billion in capital spending over the next three years. Gazprom did not confirm but said it will make an official statement on Tuesday. The investment is expected to spend on developing gas fields to supply Asia despite not having a long-term contract with China, initial preparation for the South Stream pipeline, and a new gas pipeline from the Far East region of Yakutia to Vladivostok on Russia's Pacific coast.

Natural Gas Cash Market						
ICE Next Day Cash Market						
Location	Volume	Avg	Change	Basis	Change	Basis 5-Day
	Traded	Price		(As of 12:30 PM)		Moving Avg
Henry Hub	562,200	\$3.026	\$0.017	(\$0.074)	\$0.041	\$0.055
Chicago City Gate	583,200	\$3.165	\$0.041	\$0.066	\$0.070	\$0.028
NGPL- TX/OK	520,800	\$2.988	\$0.023	(\$0.111)	\$0.052	(\$0.129)
SoCal	674,800	\$3.346	(\$0.058)	\$0.247	(\$0.029)	\$0.329
PG&E Citygate	610,600	\$3.382	(\$0.095)	\$0.283	(\$0.066)	\$0.382
Dominion-South	552,600	\$3.125	(\$0.017)	\$0.025	\$0.012	(\$0.006)
USTRade Weighted	17,531,000	\$3.180	\$0.012	\$0.081	\$0.04	\$0.055

Australia's Woodside Petroleum is still committed to developing the Browse LNG project at James Price Point. Earlier this year Woodside warned that it may need to delay the final investment decision to 2013 which sparked speculation that the Woodside may not develop the project.

Electric News

US power output increased by 2.8% in the week of December 15th from the prior week. Power output declined by 4.5% when compared to the same week a year ago.

The US Northwest River Forecast Center has stated that projected river runoff at The Dalles Dam on the Columbia river in Oregon was 85 percent of normal for January-July on Monday.

US COAL CONSUMPTION				
		National	East	West
This week	12/15/2011	18.33	15.64	2.6
Last Week	12/8/2011	17.99	15.33	2.58
Last Year	12/16/2010	21.1	18.5	2.48

Economic News

The National Association of Home Builders said US homebuilder sentiment increased in December for the third month to its highest level in a year and a half. The NAHB/Wells Fargo Housing Market index increased to 21 from a downwardly revised 19 the previous month.

Market Commentary

The natural gas market continued its downward trend amid expectations that demand will remain limited. The market opened lower and settled in a sideways trading pattern before posting a low of \$3.05 early in the session. The mild weather forecasts pushed the market to a new low for the fourth consecutive trading session. It however bounced off that level and retraced some of its losses as it traded to a high of \$3.118 in afternoon trading. The natural gas market settled down 3.1 cents at \$3.096.

With the lack of any severe winter weather in the horizon, the natural gas market will remain pressured. Accuweather expects temperatures in the Northeast and Midwest to remain above normal this week. The extended forecasts are calling for below normal readings in Texas and part of the Southwest next week with milder temperatures elsewhere. The market is seen finding resistance at its high of \$3.118, \$3.126, \$3.156, \$3.176 followed by \$3.194 and \$3.204. Support is seen at its low of \$3.05, \$3.02, \$2.99 and \$2.911, basis a support line.