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ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR SEPTEMBER 17, 2009

Russia's Finance Minister Alexei Kudrin said the current oil price is too high and he expects a correction in three to six months.

US President Barack Obama unveiled a new anti-missile defense approach in Europe, as he warned that Iran's ballistic missile program remained a threat. He said the new approach will provide capabilities sooner, build on proven systems and offer greater defenses against the threat of missile attack than the 2007 European missile defense program.

Iran's Foreign Ministry lashed out at French President Nicolas

Market Watch

BNP Paribas increased its US oil price forecast to \$87/barrel for next year, up \$3/barrel from its previous forecast. Brent crude is also expected to average \$78/barrel next year, up \$2/barrel from its previous forecast.

According to the US Labor Department, initial claims for unemployment benefits fell by 12,000 to 545,000 in the week ending September 12th. The previous week's level was revised from 550,000 to 557,000. The four week average of new claims fell by 8,750 to 563,000 from the previous week's revised figure of 571,750. It reported that the number of continuing claims increased by 129,000 to 6,230,000 from the preceding week's revised level of 6,101,000. The unemployment rate for workers with unemployment insurance increased for the week ending September 5th to 4.7%, up 0.1% from the prior week's unrevised rate of 4.6%.

The Commerce Department said housing starts increased by a less than expected 1.5% to a seasonally adjusted 598,000 annual rate compared to the prior month. Year over year, housing starts were 29.6% lower than the pace of construction in August 2008. Building permits in August increased 2.7% to a 579,000 annual rate. The National Association of Home Builders said its housing market index increased 1 point to 19 in September. The gauge measures builder confidence of sales prospects for new, single family homes.

A bill introduced by Democrat Senator Maria Cantwell will allow the CFTC to use the same "reckless conduct" standard employed by the Securities and Exchange Commission and other regulatory agencies instead of the more difficult to prove specific intent practice it now uses. She said the measure could be added to broader regulatory reform in the Senate or attached to other legislation. Currently, the CFTC must prove an individual intended to manipulate prices. In addition, the CFTC must show an individual had the market power to move the price of a commodity and that they caused an artificial price to occur.

The Futures Industry Association said the US Commodity Futures Trading Commission should not impose aggregate position limits on holdings even if financial reform legislation allows them. Regulators would have the authority to set position limits across all markets as part of an Obama administration proposal. The plan also would bring over-the-counter derivatives under US regulation. The administration would require standardized OTC derivatives to go through central clearinghouses and encourage trading in them to move to regulated exchanges.

The IntercontinentalExchange called for the Commodity Futures Trading Commission to set new position limits in commodity exchanges and rejected the position of its competitor, CME Group Inc, which wants exchange operators to regulate themselves. ICE said the CFTC should set and enforce aggregate position limits across commodity trading forums and should have sole authority to grant hedging exemptions to those limits.

**September
Calendar Averages**
CL – \$70.04
HO – \$1.7708
RB – \$1.8010

Sarkozy for saying France’s intelligence services are certain Iran is working on a nuclear weapons program. France’s President said Iran cannot be allowed to acquire nuclear weapons because it would be a threat to Israel. Iran’s Foreign Ministry said the French President’s remarks are far from a realistic and correct understanding of Iran’s peaceful nuclear program.

The UN’s IAEA said it has no proof that Iran has or once had a covert nuclear weapon program, dismissing a news report that it had concluded Iran was on its way to producing nuclear weapons.

According to Oil Movements, OPEC’s oil exports, excluding Angola and Ecuador, are expected to increase by 200,000 bpd to 22.57 million bpd in the four weeks ending October 3^d. It expects shipments to gradually increase as the US, Europe and Asia start to prepare for winter. Separately, Lloyd’s Marine Intelligence Unit estimated average OPEC seaborne exports fell to 20.24 million bpd in the four weeks ending September 6th from 20.68 million bpd in the four weeks ending August 9th.

Refinery News

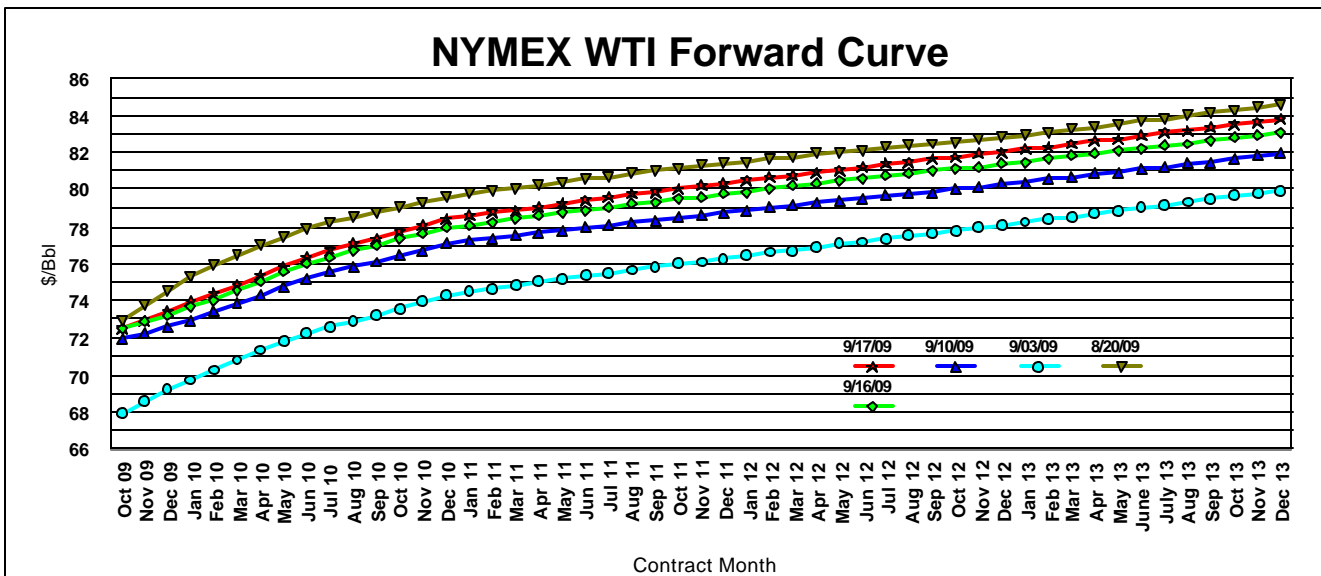
A section of Enbridge Inc’s crude oil pipeline from Canada to the US was operating normally after it was shut by a power outage last week. Volumes were reduced Monday by activities associated with restoring oil flows to the affected 125 mile segment after repair following the September 10 electrical failure. Line 4 volume as of Tuesday was 755,639 barrels, up from 454,395 barrels on Monday.

The pipeline unit of Shell said it repaired and restarted the Eugene Island pipeline on September 10th after it was shut by a leak on July 25th in the Gulf of Mexico. Shell has not stated what caused the leak in the line, which was carrying about 100,000 bpd of oil at the time of the incident. Most of the interrupted flow was rerouted pending repairs through the Amberjack and Cougar/Whitecap pipeline systems.

ConocoPhillips reported a process upset in the fluid catalytic cracking unit at its 146,000 bpd Borger, Texas refinery.

ExxonMobil Corp said operations of a fluid catalytic cracking unit at its 238,600 bpd refinery in Joliet, Illinois are returning to normal following a snag. It said in the course of planned maintenance on a diesel hydrotreater, it experienced a problem with the FCC that required the unit to be taken offline for a minor equipment repair.

BP Plc said its 265,000 bpd Carson refinery is operating normally after a compressor snag resulted in



a flare event.

Chevron Phillips Chemical has shut an exchanger at its Port Arthur, Texas plant. The maintenance work is scheduled to end on October 3rd. The maintenance will involve ethylene units.

Japan's Idemitsu Kosan Co plans to extend the scheduled maintenance period at its 160,000 bpd Aichi refinery from its original plans. The company, which last month said it would move up the start of maintenance by about one week from initial plans to the end of September, will keep the end of the shutdown period in the last 10 days of November, unchanged from its original schedule.

Singapore's International Enterprise reported that the country's residual fuel stocks built by 283,000 barrels to 20.386 million barrels in the week ending September 16th. It also reported that light distillate stocks fell by 329,000 barrels to 9.077 million barrels while middle distillate stocks built by 518,000 barrels to 14.634 million barrels on the week.

Gas oil inventories in the independent tanks in the Amsterdam-Rotterdam-Antwerp area in the week ending September 17th fell by 0.43% on the week but increased by 44.88% on the year to 3.012 million tons. Gas oil cargo imports into ARA tanks came from Russia and Sweden, with outflows shipped to Gibraltar. Fuel oil stocks increased 6.35% on the week and year to 586,000 tons due to lack of arbitrage exports to Asia and elsewhere. Gasoline inventories fell by 8.17% on the week but increased by 23.04% on the year to 753,000 tons while naphtha stocks fell by 17.24% on the week and by 15.29% on the year to 72,000 tons and jet fuel stocks fell by 5.06% on the week but increased by 46.41% on the year to 713,000 tons.

Production News

A senior Libyan official European-Libyan consortium Akakus Oil Operations will not increase its Libyan Oil production capacity to an average 400,000 bpd of oil equivalent for 2010 as initially planned. Instead it will likely continue pumping about 100,000 bpd less as long as the country's OPEC quota remains at current levels or decreases. Spain's Repsol, the operator with a 20% stake in the Akakus consortium, has trimmed its Libyan oil production in keeping with Libya's reduced OPEC production quota.

Maersk Oil said that DUC oil and condensate production in August totaled 235,800 bpd. It said production totaled 56.9 million barrels in the year to date.

Anadarko Petroleum Corp's Chief Executive James Hackett said it is very optimistic about the potential of its new oil discovery off the coast of Sierra Leone and confirmed the existence of an active petroleum system in the area.

Russian and transit oil exports via Transneft will remain virtually unchanged in the fourth quarter from July-September at 3.99 million bpd. The schedule also shows that Russia will start crude exports via the new Pacific oil terminal of Kozmino in the fourth quarter. The schedule showed Russian seaborne exports from the Black Sea port of Novorossiisk will fall by 6.6% to 11.26 million tons or 900,000 bpd. Loadings in the Ukrainian port of Yuzhny will be unchanged at 3 million tons. Urals exports from the Baltic Sea crude terminal, Primorsk, are scheduled at 18.35 million tons, down 100,000 tons from the third quarter and 800,000 tons on the year.

Russia's OAO Lukoil Holdings plans to keep its 2010 oil production at this year's level.

Brazil's Petrobras notified the country's National Petroleum Agency that it found traces of oil in a wildcat well in the offshore Santos Basin. The first discovery was made in the BM-S-7 offshore block.

The block also contains the Piracuca discovery, estimated to hold light oil and natural gas reserves of about 550 million barrels of oil equivalent.

China's CNOOC Ltd and its foreign partners will strike seven to 12 deepwater wildcat wells in the South China Sea next year. The firm's first deepwater semi-submersible platform would be ready next year and put into operation in 2011.

A new oil and gas terminal will be built at Jakarta's Tanjung Priok port by 2012. The port in North Jakarta, is Indonesia's largest and most strategic port, handling 50 million tons of cargo a year. The proposed terminal will be used to store oil products and liquefied petroleum gas shipped from other parts of Indonesia and will cut down on storage costs.

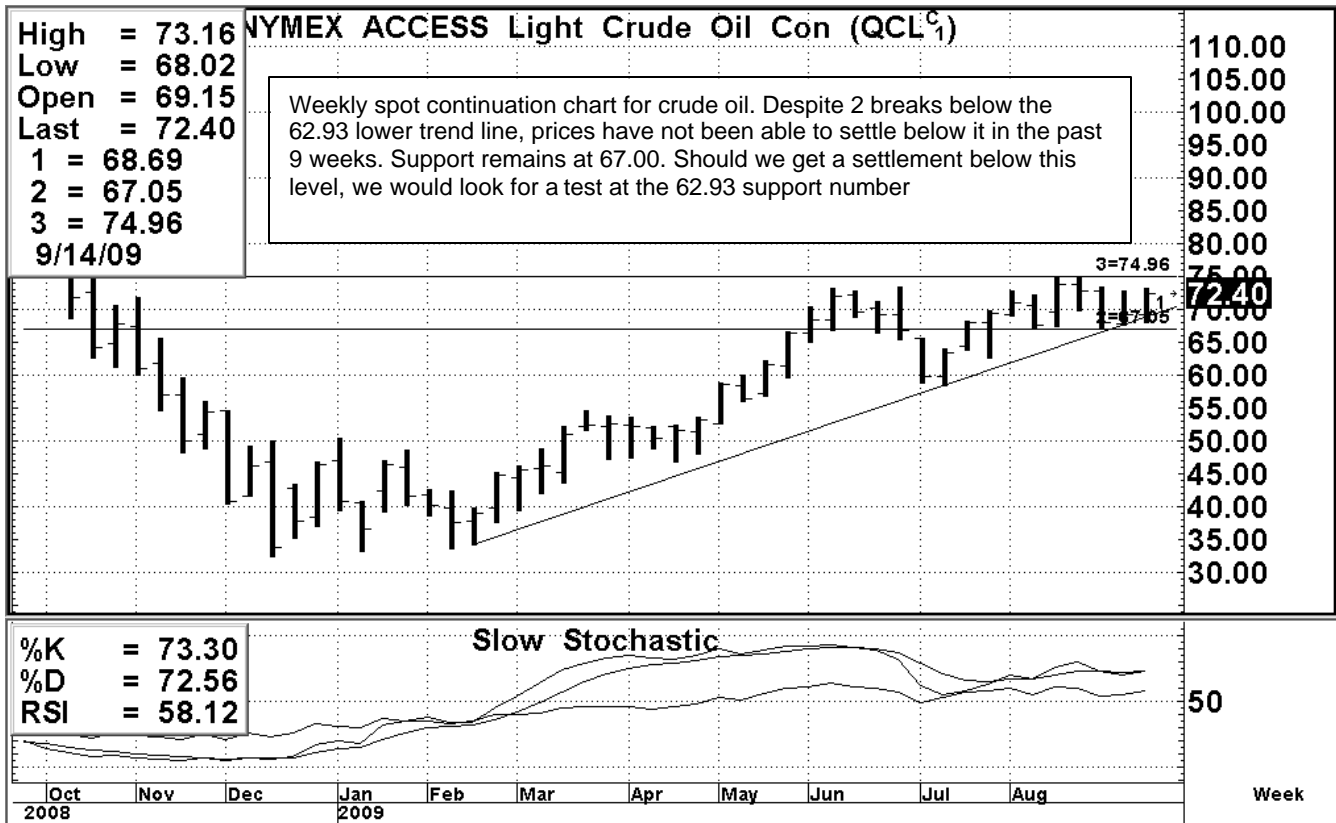
Iran has increased the official selling prices of all its crudes for October loading to Asia and Northwest Europe.

OPEC's news agency reported that OPEC's basket of crudes increased further to \$68.69/barrel on Wednesday from \$66.95/barrel on Tuesday.

Market Commentary

Crude oil once again took on the role of a financial instrument as it responded to a weak dollar and rising equities markets, despite bulging inventories and stagnant demand. Bearish fundamentals have limited upside movement, pushing prices lower, allowing large speculators to enter the market. Stockpiles for both distillates and gasoline remain high as refiners enter turnaround, gearing up for the winter heating oil season. As the energy markets continue to react to both the true fundamentals and the investment aspects we would look for choppy market conditions to remain. Both moves to the upside and moves to the downside may very well remain limited as the underlying true fundamentals and the financial fundamentals struggle to be the driving force behind this market.

Crude OCT.09 92,318 -19,605 NOV.09 285,854 +11,043 DEC.09 165,951 -4,303 JAN.10 55,811 -1,555 FEB.10 28,935 -253 MAR.10 31,770 +24 Totals: 1,184,722 -12,907 Heating OCT.09 37,406 -3,839 NOV.09 58,789 +1,021 DEC.09 54,906 +912 JAN.10 30,376 -76 FEB.10 17,355 +495 MAR.10 15,774 -68 Totals: 316,418 - 644 GASOLINE (RB OCT.09 50,600 +198 NOV.09 68,315 +6,047 DEC.09 32,934 +1,862 JAN.10 20,078 +1,185 FEB.10 5,614 +459 MAR.10 9,943 +346 Totals: 214,423 +10,639



Crude Support	Crude Resistance
67.00, 66.23, 64.70, 63.38, 62.70, 61.61, 60.95	73.24, 73.85, 75.00, 76.13
Heat Support	Heat resistance
1.6600, 1.4870, 1.4220, 1.4130, 1.3720	1.8480, 1.9440, 2.0420, 2.0465
Gasoline support	Gasoline resistance
1.6010, 1.5887, 1.5370, 1.5260, 1.3520, 1.3400	1.9551, 2.0210, 2.0400, 2.0567, 2.1100, 2.1600, 2.3350

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