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ENERGY MARKET REPORT FOR MARCH 15, 2007

OPEC formally agreed on Thursday to hold its current production unchanged. OPEC ministers said OPEC's President may call another meeting in June to review the state of the market. Ahead of the OPEC meeting, the oil ministers said they were united on the need to fully comply with their existing supply constraints. Meanwhile, OPEC's President Mohammed bin Dhaen al-Hamli said OPEC was monitoring the movements of world financial and equities markets and the dollar for their impact on oil markets. Separately, he stated that OPEC was concerned about climate change and hoped that new technology to capture and store carbon would succeed in helping to secure energy supplies and clean up the environment.

Venezuela's Oil Minister Rafael Ramirez said he saw no need for OPEC to increase its oil production in the coming months.

Market Watch

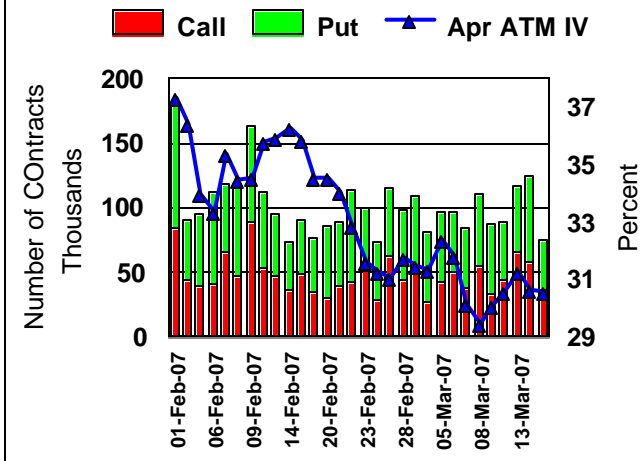
BNP Paribas said OPEC would not need to increase its oil production later in 2007. It expects benchmark crude to fall back to the low \$50s by the middle of 2007.

The IntercontinentalExchange unexpectedly proposed a \$9.9 billion acquisition of CBOT Holdings Inc. ICE said CBOT shareholders would own 51.5% of the combined company. The bid comes at a time when the CBOT is thought to be in the final stages of combining with the CME. CBOT members are expected to vote in early April on whether to approve the CME deal, which is awaiting approval from the US Department of Justice. ICE said that beside an improved offer price, its offer is more attractive than the CME's bid because of lessened antitrust scrutiny. ICE said it expected the deal to generate at least \$240 million annual cost savings and adding to cash per share earnings within 18 months of the takeover's closing.

France's Total and Norway's Statoil set up a transition team to hand over the operations at the Sincor project over to PDVSA and meet a June 26 deadline to draft a new corporate structure. Partners in the three other Orinoco ventures have set up similar technical and negotiating teams over the past month. The upcoming negotiations encompass future equity stakes, compensation and financial, commercial and operational arrangements. The six companies have an estimated value of \$30 billion in the projects, with production of about 525,000 bpd of synthetic crude.

Separately, ExxonMobil Corp said it has not decided whether to take a stake in an Orinoco oil project it currently operates after Venezuela takes majority ownership. Exxon said it would comply with a Venezuelan decree to hand over by May 1 the operation of the Cerro Negro crude upgrading project. Exxon said it was in talks with the government on the takeover including issues such as value, contract sanctity and compensation.

NYMEX WTI Option Volume Vs May ATM IV



Angola's Oil Minister said it has not yet been allocated a production quota within OPEC. He said Angola is an OPEC member and would respect the principals of the group. He added that he did not know when the quota issue would be discussed. He said Angola's production is expected to reach 2 million bpd next year from current production levels of about 1.5 million bpd.

In OPEC's monthly oil report, OPEC raised its forecast for world oil demand growth to 1.3 million bpd, up 100,000 bpd from its previous estimate. World demand is estimated to total 85.5 million barrels. It also predicted demand for its crude would average 30.4 million bpd this year, up from its previous estimate of 30.25 million bpd. It reported that the ten OPEC members produced 29.96 million bpd in February, relatively

unchanged from the previous month. It reported that Saudi Arabia's oil production fell by 120,000 bpd to 8.54 million bpd.

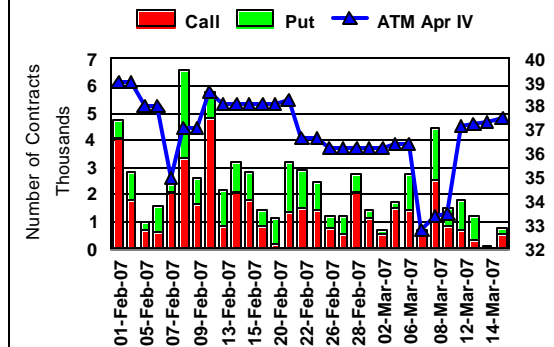
The permanent members of the UN Security Council and Germany reached an agreement to impose further sanctions on Iran and sent the draft to the Security Council for a possible vote next week. The new sanctions include a ban on Iranian arms exports, an assets freeze on individuals and firms involved in Iran's nuclear and ballistic missile programs and a call to nations and institutions to bar new grants or loans. A key element is a new list of individuals and entities subject to financial sanctions such as firms owned by Iran's Revolutionary Guards and the state-owned Bank Sepah.

The measure would suspend the sanctions if Iran complied with the council's demand within 60 days. If Iran does not comply, further action would be considered.

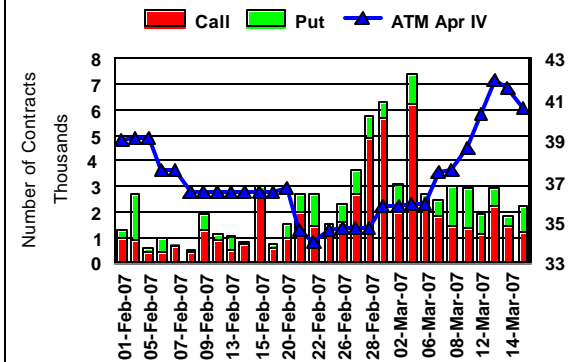
Iran's President Mahmoud Ahmadinejad has dismissed any new UN sanctions resolution and stated that it would not stop Iran's nuclear work. Meanwhile, Iran's Oil Minister Kazem Vaziri-Hamaneh insisted that tougher UN sanctions would fail to halt the development of Iran's oil and gas industry. He also stated that Iran would sell its oil in all currencies. Iran has previously stated that it would carry out all its oil industry related equipment purchases in euros instead of dollars.

Russia's nuclear power agency reported that some Russian specialists were leaving Iran's Bushehr nuclear power plant while subcontractors were withholding equipment after Russia decided to postpone a shipment of fuel for the reactor due to Iran's payment delays.

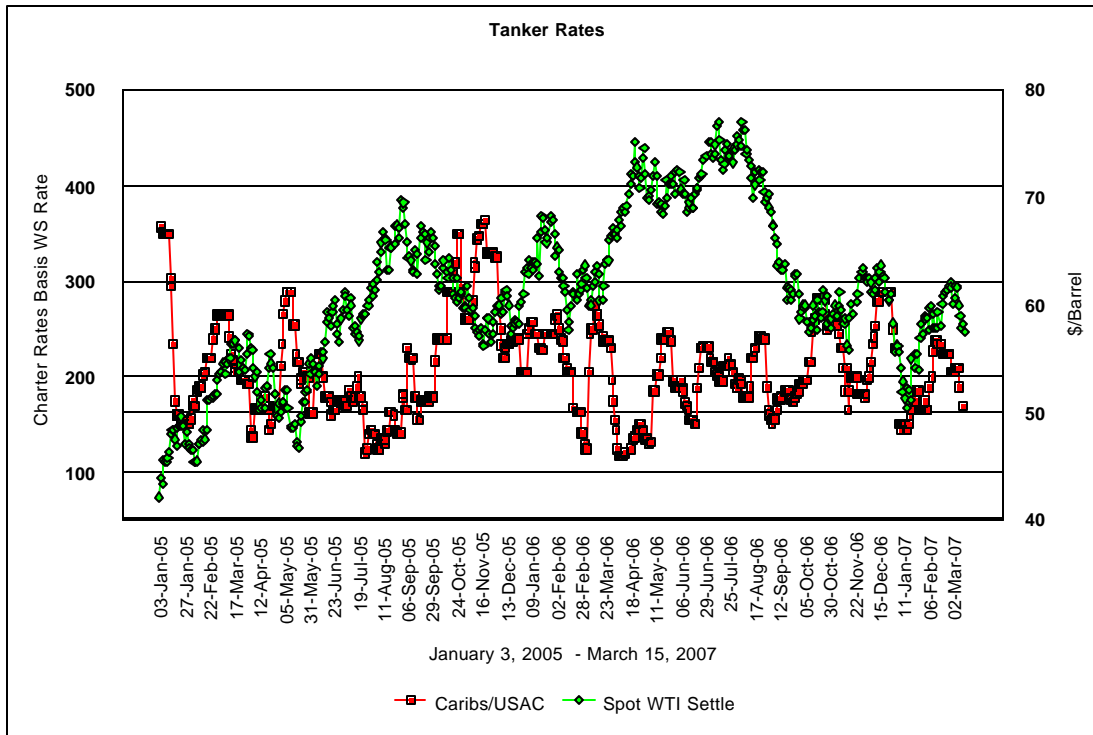
NYMEX Heat Options Daily Traded Volume Vs ATM IV



NYMEX RBOB Options Daily Traded Volume Vs ATM IV



According to Oil Movements, OPEC's oil exports are expected to total 24 million bpd in the four weeks ending March 31. The head of Oil Movements said he did not expect OPEC compliance to go beyond 1 million bpd.



The EIA said US gasoline prices are expected to continue to increase. However it said the national weekly average is not likely to exceed last spring's peak of \$2.95/gallon due to sufficient supplies. Gasoline prices peaked last spring at \$2.95/gallon in mid-May.

The Movement for the Emancipation of the Niger Delta on Thursday released two Italian oil workers they had seized in a raid on an oil export terminal on December 7. MEND said it would increase its attacks on the facilities and stage bombings across the delta.

Algeria's President Abdelaziz Bouteflika played down recent rebel attacks targeting the country's energy sector, saying that the security situation was under control. Islamist rebels have attacked foreigners working in the oil and gas sector twice in the last three months. On December 10, insurgents set off a roadside bomb beside a bus carrying western oil workers, killing an Algerian and a Lebanese and injuring four others. The second attack on March 3 was on a bus carrying workers for a Russian gas pipeline construction company, killing three Algerians and a Russian worker.

Refinery News

Ships continued to transit along the Houston Ship Channel on Thursday as thickening fog raised the possibility of a halt to vessel movement. Ship pilots have not called a formal halt to ship movement as no ships are scheduled to transit the central portion of the ship channel where dense fog has formed.

ExxonMobil Corp said it shutdown a crude distillation unit at its 563,000 bpd Baytown, Texas refinery on Wednesday for two months of planned maintenance.

According to a report filed with the Texas Commission on Environmental Quality, equipment associated with a fluid catalytic cracking unit at Valero Energy's Houston refinery began the restart process on Wednesday. The event had no impact on fuel production at the refinery.

A Petrobras official said the company planned to start exporting anhydrous ethanol to the US in 2007. Petrobras said it expected to export about 850 million liters of ethanol in 2007 to Nigeria, Venezuela and Japan. Separately, Petrobras is expected to start construction of an ethanol pipeline as early as August. The pipeline, which would take about two years to complete, is expected to have a capacity of 8 billion liters of ethanol.

UK based bioethanol developer Ensus Group said the Carlyle Group and Riverstone Holdings would fund the development of an ethanol plant that would use wheat. The plant would have an annual

NYMEX Petroleum Options Most Active Strikes for March 15, 2007								
Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
LO	12	7	P	42	11/13/2007	0.29	5,400	32.46
LO	12	7	C	90	11/13/2007	0.55	3,350	28.31
LO	5	7	P	50	04/17/2007	0.09	3,050	34.43
LO	12	7	P	50	11/13/2007	1.12	2,700	30.99
LO	6	7	C	70	05/17/2007	0.66	2,682	31.29
LO	10	7	C	75	09/17/2007	1.66	2,655	28.73
LO	5	7	P	54	04/17/2007	0.4	2,549	32.49
LO	5	7	C	72	04/17/2007	0.05	2,251	30.37
LO	12	7	P	62.5	11/13/2007	4.82	2,200	29.15
LO	5	7	C	67.5	04/17/2007	0.26	2,104	30.25
LO	5	7	P	59	04/17/2007	1.73	2,083	30.69
LO	6	7	C	75	05/17/2007	0.25	1,994	32.14
LO	12	8	C	40	11/17/2008	26.09	1,700	48.58
LO	5	7	P	58	04/17/2007	1.34	1,534	30.99
LO	9	7	P	63.5	08/16/2007	4.84	1,500	30.05
LO	5	7	P	60	04/17/2007	2.2	1,339	30.53
LO	5	7	P	53	04/17/2007	0.28	1,322	32.85
LO	5	7	P	52	04/17/2007	0.19	1,314	33.16
LO	5	7	P	77.5	04/17/2007	17.54	1,300	46.70
LO	6	7	C	85	05/17/2007	0.05	1,102	35.72
LO	5	7	C	75	04/17/2007	0.01	1,025	29.19
LO	5	7	P	57.5	04/17/2007	1.16	1,011	30.98
LO	5	7	C	63.5	04/17/2007	0.9	1,002	30.36
LO	5	7	P	48	04/17/2007	0.04	1,000	35.72
LO	7	7	C	72	06/15/2007	0.9	1,000	30.47
OB	9	7	P	1.65	08/28/2007	0.0777	387	32.30
OB	6	7	P	1.85	05/25/2007	0.1097	258	33.99
OB	5	7	C	2	04/25/2007	0.0368	150	35.99
OB	4	7	C	1.9	03/27/2007	0.047	130	40.84
OB	6	7	C	1.9	05/25/2007	0.088	110	34.45
OB	7	7	C	1.86	06/26/2007	0.1135	110	31.67
OB	7	7	P	1.86	06/26/2007	0.1297	110	31.72
OB	4	7	C	1.96	03/27/2007	0.025	100	40.14
OB	5	7	P	1.7	04/25/2007	0.0282	100	35.22
OB	5	7	C	1.9	04/25/2007	0.0658	100	35.03
OH	6	7	C	1.95	05/25/2007	0.0192	210	30.53
OH	5	7	C	1.7	04/25/2007	0.0708	200	34.18
OH	7	7	C	1.8	06/26/2007	0.0689	101	28.38
OH	7	7	P	1.69	06/26/2007	0.0851	100	28.03
OH	8	7	P	1.65	07/26/2007	0.0717	100	28.36

production capacity of over 400 million liters and would use 1.2 million tons of wheat. Construction is expected to start in the second quarter, with full production expected to begin in early 2009.

Production News

BP said it has no restart estimate for its 50,000 bpd Mad Dog oilfield in the Gulf of Mexico. The field was shut on February 28 due to an equipment malfunction.

Nigeria's Oil Minister Edmund Daukoru said most of Nigeria's shut in oil production should resume by the end of 2007. He said Royal Dutch Shell has gained access to a pipeline spill that cut production by 187,000 bpd in the Niger Delta. Shell has yet to determine what caused the spill in the Nembe creek on March 4.

Iraq's Oil Minister Hussain al-Shahristani said Iraq was not conducting negotiations with major oil companies on developing its energy sector yet. He said it was waiting for its new oil sector law to pass through parliament.

A Marathon Norway official said its 120,000 bpd Alvheim oil development was delayed due to the tight market for oil services equipment and

personnel on the Norwegian continental shelf. Alvheim was due to come onstream in the first quarter of 2007, however first oil has been delayed until the end of the second quarter due to difficulties in securing contracts and vendors. Separately, Marathon's plan for development and operation for the Volund oil development which would be tied back to Alvheim, has been approved by the Norwegian authorities and is on target for first oil in the second quarter of 2009.

The BP-led AIOC is scheduled to carry out two weeks of maintenance in September at an Azeri Caspian Sea field, responsible for 80% of its total production in Azerbaijan. An official said the maintenance is needed to connect new gas processing facilities to three offshore oil producing platforms. AIOC, which is developing the Azeri-Chirag-Guneshli group of fields, wants to increase production to an average of 708,000 bpd this year from 472,000 bpd last year.

Greece, Russia and Bulgaria signed a deal to build a trans-Balkan pipeline that would pump crude to the Mediterranean. Once launched in 2009, the pipeline would run from the Bulgarian Black Sea port of Burgas to the north Aegean port of Alexandroupolis, bypassing the congested Turkish Bosphorus Straits. It is expected to pump 700,000 bpd or 35 million tons of crude a year, with the potential to increase to 50 million tons/year.

China's National Bureau of Statistics reported that China processed 6.36 million bpd in the first two months of the year, up 5.7% on the year. China pumped 14.34 million tons of crude from its own oilfields in February, up 2.3% from a year earlier, which in the January through February period production increased by 2.5% to 30.44 million tons. According to Reuters, China's apparent oil demand in January increased by 6.6% on the year to 6.83 million bpd. Meanwhile, China's General Administration of Customs said China imported 30,000 tons of diesel. For the January to February period, diesel imports increased by 43.2% on the year to 150,000 tons while kerosene imports increased by 45.8% to 890,000 tons.

Singapore's International Enterprise reported that the country's residual fuel stocks built by 1.19 million barrels to 11.65 million barrels in the week ending March 14. It also reported that its light distillate stocks fell by 1.012 million barrels to 8.691 million barrels while its middle distillate stocks fell by 161,000 barrels to 8.275 million barrels.

Ecuador's central bank stated that its oil export revenues totaled \$417.04 million in January, down 28% from the \$580.17 million reported last year. It exported 10.3 million barrels in January, down 17% from the 12.43 million barrels shipped a year earlier.

German gas supplier, E.ON Ruhrgas said securing liquefied natural gas supplies from Iran was vital for Europe's future energy security. However it said political tensions between Iran and the rest of the world was making it difficult. It said Europe's gas production was declining while its demand was increasing, leaving a supply gap of 200 billion cubic meters/year in the next few decades. It said it would open representative offices in Dubai and Doha in order to secure LNG exports from the Middle East region.

Gas flows from Norway's new Ormen Lange field is expected to begin at a rate of 30 million cubic meters/day by October 1. Flows would ramp up to 50 million cubic meters/day by April 2008.

Market Commentary

The oil market opened slightly higher and remained supported following OPEC's expected announcement that it would maintain its current production level unchanged. The OPEC ministers vowed to comply with the 1.7 million bpd cut agreed to previously. The market was also supported by concerns over the standoff over Iran's nuclear program, as Iran's President continued to state that it would not halt its nuclear work, even if new sanctions were imposed on the country. The crude market traded slightly breached Wednesday's high as it posted a high of 58.45. However it erased its gains and posted a low of 57.50 in afternoon trading amid the losses in the gasoline market. The market traded off its high on profit taking. It saw a late bout of selling and settled down 61 cents at 57.55. Volume in the crude market was lighter today with 302,741 lots booked on Globex during the open outcry session. The RBOB market ended the session sharply lower, down 4.67 cents at 188.16. The market opened down 53 points at 192.30 posted a high of 192.50 early in the session. It however erased its gains and sold off to low of 188.00 on profit taking ahead of the close. Meanwhile, the heating oil market gapped higher from 171.30 to 171.60 and quickly posted a high of 171.90. However the market gave up its gains and sold off to a low of 168.60 ahead of the close. The market was pressured amid the losses seen in the gasoline market. It settled down 2.05 cents at 168.85. Volumes in the product markets were also lighter with 57,599 lots booked on the RBOB market and 27,409 lots booked in the heating oil market.

The oil market, which failed to sustain its gains early in the session amid the OPEC announcement that they would comply with their previous output cut agreements and the concerns over Iran's nuclear standoff, will likely continue to trend lower as the market settled near its low. The market is also still seen trading lower as stochastics are still trending lower. The market is seen finding support at its lows of 57.50-57.30, 57.20 and 56.70. More distant support is seen at 55.97 followed by 55.30.

Meanwhile resistance is seen at its high of 58.45 followed by 59.95-60.00. More distant resistance is seen at 61.72 and 62.30.

Technical levels		
	Levels	Explanation
CL 57.55, down 61 cents	Resistance 59.95-60.00, 61.72, 62.30	Previous highs
	Support 57.50	Thursday's high
	Support 57.30, 57.20, 56.70, 55.97, 55.30	Thursday's low Previous low, 50% (52.00 and 62.40), Previous low, 62%, Previous low
HO 168.85, down 2.05 cents	Resistance 172.70, 176.35	Previous highs
	Support 170.00, 171.90	Thursday's high
	Support 168.60 168.40, 167.30, 164.25, 163.70	Thursday's low Previous lows, 50% (149.70 and 178.80), Previous low
RB 188.16, down 4.67 cents	Resistance 194.00, 195.50	Previous highs
	Support 189.50, 192.50	Thursday's high
	Support 188.00 187.00, 185.90, 181.50, 181.00	Thursday's low Previous lows, Double bottom