

W The
Windham Group



ENERGY RISK MANAGEMENT

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

www.e-windham.com

ENERGY MARKET REPORT FOR MARCH 24, 2005

OPEC's President Sheikh Ahmad Fahad al-Ahmad al-Sabah, said OPEC does not need to increase its production ceiling yet as oil prices have eased. He said OPEC was still in the consultation stage.

According to a shipping agent, normal operations resumed at Iraq's Basra oil terminal following a two day protest by terminal staff. Berthing and unberthing of tankers started early Thursday, allowing Iraqis to resume crude oil loading from the terminals. Pilots and tugs escorting tankers to the Basra and Khor al-Amaya terminals refused to work for two days to protest against US led forces guarding the terminals.

Market Watch

China's Central Bank said that inflationary pressure in the economy had not fundamentally eased and that fixed asset investment could yet rebound. Meanwhile, the People's Bank of China's research department said potential bubbles in the real estate and manufacturing industries threaten the stability of the yuan.

South Korea's Energy Minister expressed concern over persistent high oil prices. He said high oil prices were factors affecting a recovery in consumer spending.

Chicago Board of Trade corn based ethanol futures contract closed firm on Thursday. However the trading volume was down sharply from Wednesday's level. It ended up 2 cents in the July and the most active nearby June contract ended 2.5 cents higher at \$1.245/gallon. Sources stated that the volume was about 25% of the 194 lots traded during the contract's initial launch on Wednesday.

OPEC's news agency reported that OPEC's basket of crudes fell by \$1.94/barrel to \$49.09/barrel on Wednesday from \$51.03/barrel on Tuesday.

Oil Movements reported that OPEC shipments in the four weeks ending April 9 fell by 140,000 bpd to 23.78 million bpd. The fall in shipments was due to a sharp decline in westbound shipments as the northern winter ends while Asian spot supplies were increasing. Demand from fast growing economies China, India and to a lesser degree Japan and South Korea were fueling the increase in a seasonal switch to oil flows away from western refiners. Spot shipments from the Gulf are due to increase by 978,000 bpd in the first 10 days of April to 8.199 million bpd, up from 7.221 million bpd in the first 10 days of March.

Iraqi Foreign Minister Hoshyar Zebari said Iraqi Kurds are requesting the oil ministry portfolio and creation of a Northern Oil Co in Kurdish areas as a condition for joining a coalition government with the country's Shi'ite Muslim majority and including the Sunni Muslims. A Shi'ite party alliance and the

Kurds are at odds over who will fill the post of oil minister. A misstep in choosing a minister could further delay the recovery of the country's oil industry.

Refinery News

BP officials stated that the death toll in Wednesday's explosion at its Texas City refinery increased to 15. They stated the 15 people who died in the blast were contractors doing servicing work. BP chief executive John Browne said up to 5% of the gasoline production capacity was shut following Wednesday's incident. He said the impact of lost output will be very small and would not affect US gasoline supply. He said BP will make up the lost volumes elsewhere in its US refining system. He also stated that the refinery is a very safe plant. Earlier, a spokesman said the 470,000 bpd refinery continued to produce gasoline. BP said the fire at the facility was isolated to an isomerization unit, used to upgrade gasoline quality. BP said it could not immediately state the cause of the explosion, but it ruled out a terror attack. The Occupational Safety and Health Administration, the Environmental Protection Agency and Federal Bureau of Investigation all will investigate the incident. However a source said the explosion was caused by a build up of gas at the EAU gas purification unit. The problem first arose during the attempt restart of the isomerization unit, when a gas leak was detected. The leak was believed to have been repaired and there were repeated restart attempts of the unit. He stated that a worker attempting to restart the unit did not hear the warning to halt his efforts and as the unit was restarted, the explosion occurred. Separately, two Islamist groups have claimed responsibility for the explosion at the refinery. However the FBI said there is no evidence of any criminal or terrorist activity.

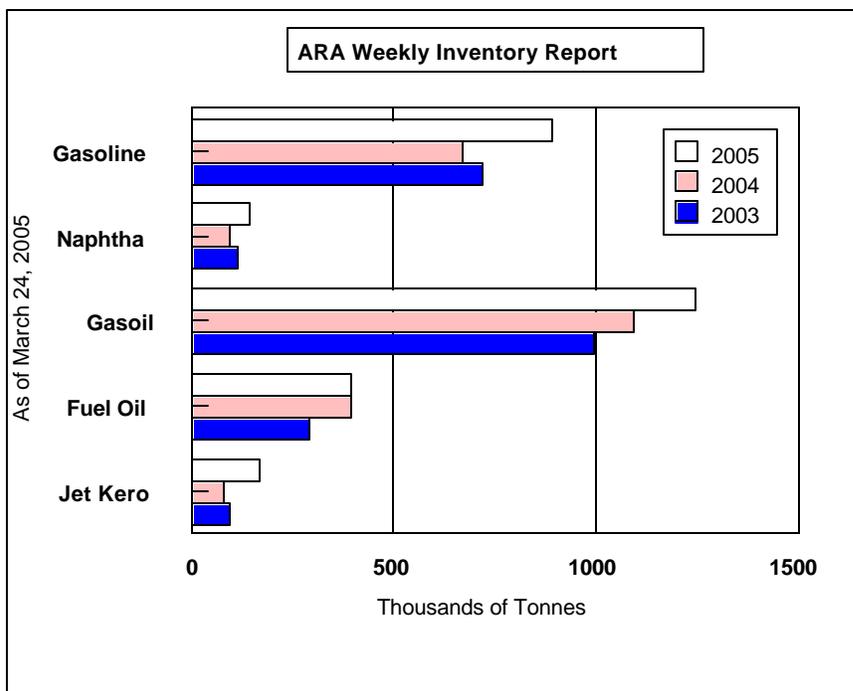
ConocoPhillips said it is in the processing of restarting its heavy oil cracker at its 233,000 bpd Sweeny, Texas refinery following its maintenance turnaround. The unit was shut on February 10.

Premcor Inc said in a filing with the Texas Commission for Environmental Quality that it will start to resume operations at a gasoline hydrotreater at its 255,000 bpd Port Arthur, Texas refinery following a turnaround. It will begin restarting the unit on Thursday and complete startup by April 13.

Total SA's Milford Haven refinery will partially shutdown for several weeks of maintenance starting April 2. Total was unable to specify when the 108,000 bpd refinery would resume normal operations.

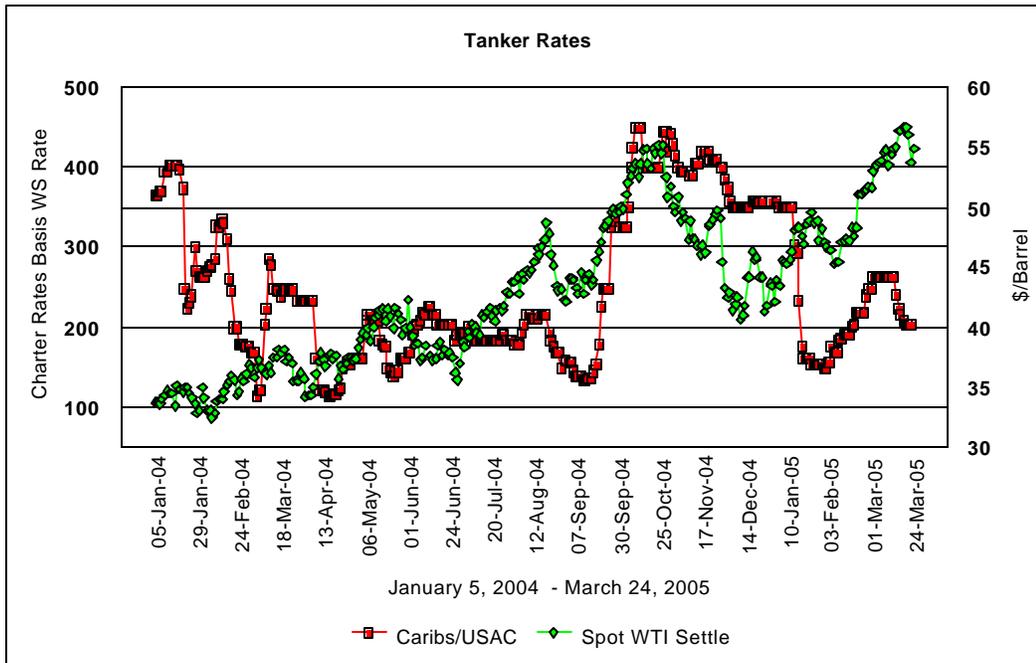
Production News

ExxonMobil's California crude oil pipeline is returning to service after it was shut on Wednesday. The pipeline, which runs from the San Joaquin Valley to the 150,000 bpd Torrance refinery was shut as a precaution following a rupture to Pacific Energy Partners LP's Line 63 from Bakersfield to Los Angeles. Pacific Energy said the release was likely caused by a landslide due to recent heavy rainfall. It stated that about 42,000 gallons of oil were released and the pipeline was shutdown. Line



63 is expected to return to service within a week.

According to Petrologistics, OPEC's production in March is expected to total 29.3 million bpd, down 200,000 bpd from February. Production by the ten OPEC members, excluding Iraq, is expected to total 27.44 million bpd, just below its new ceiling of 27.5 million bpd. It said Saudi Arabia cut its March supply by 300,000 bpd to 8.95 million bpd. Kuwait's production increased by 100,000 bpd to 2.45 million bpd. Meanwhile, Iraq's production is expected to total 1.86 million bpd, down from 1.75 million bpd.



A source stated that Kuwait's crude oil production is now close to 2.7 million bpd, up from 2.4-2.5 million bpd previously. Kuwait has increased its supplies as part of the OPEC agreement to increase its production by 500,000 bpd.

An analyst reported that gas oil inventories in the

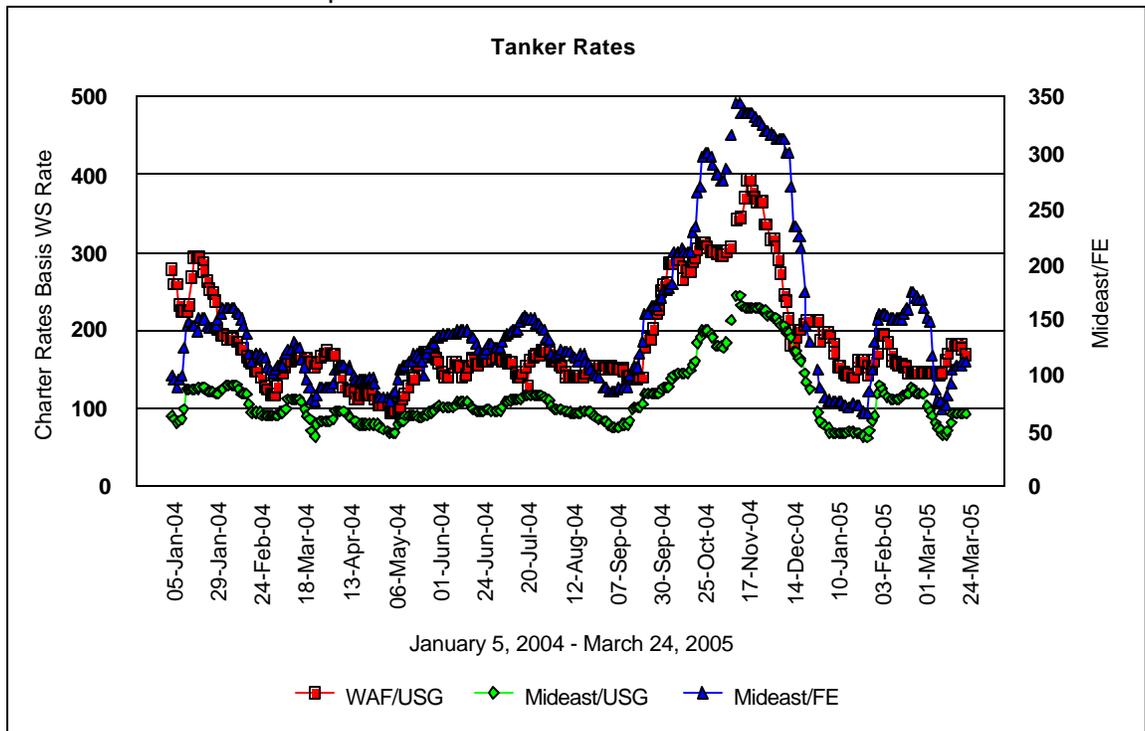
Amsterdam-Rotterdam-Antwerp area fell by 100,000 tons to 1.25 million tons in the week ending March 24. Gasoline inventories fell by 50,000 tons to 900,000 tons while fuel oil stocks fell by 25,000 tons to 400,000 tons. Naphtha stocks remained unchanged at 150,000 tons while jet fuel stocks fell by 25,000 tons to 175,000 tons on the week.

Russia's Economic Development and Trade Ministry reported that Russian companies' oil and gas condensate production is expected to increase by 3.8% on the year to 114.4 million tons in the January-March. Gasoline output is expected to increase by 8.3% on the year to 7.8 million tons in the period while diesel output is expected to increase by 5.8% on the year to 14.5 million tons. In January-February, Russian companies' crude refining increased by 6.5% on the year.

According to a government official, India's crude oil imports fell by less than 1% to 7.03 million metric tons in February from 7.08 million tons last year. Crude imports in the first 11 months of the current financial year increased by 6.5% to 88.11 million tons compared with 82.73 million tons last year. India's oil product imports increased to 1.21 million metric tons in February, up 93.57% from 625,100 tons last year. Oil product imports in the first 11 months of the current financial year increased by 5.41% on the year, totaling 7.01 million tons compared with 6.65 million tons last year. Meanwhile, India's state-run and private refiners exported a total of 1.66 million metric tons of oil products in February, up 30.71% on the year. In February, refiners exported 674,900 tons of diesel, up 11.8% on the year while 202,900 tons of gasoline were exported, down 33.7%.

The Nigeria National Petroleum Corp said it increased its April official crude selling prices. Its Bonny Light and Qua Iboe were increased to Dated Brent-Forties-Oseberg crude plus 57 cents. Its Escravos

crude was increased to the dated BFO plus 45 cents while its Brass River crude was increased to the dated BFO plus 65 cents and its Pennington crude was increased to dated BFO plus \$1.10. Its Forcados crude was increased to dated BFO plus 45 cents.



Japan's Petroleum Association of Japan reported that gasoline stocks fell by

0.26% in the week ending March 19 to 2.467 million kiloliters or 15.52 million barrels. It reported that Japan's kerosene stocks fell by 6.9% to 1.58 million barrels, the lowest level since mid-April 2004, due to strong heating demand. A late winter cold snap has increased heating demand by about 10% so far this month compared with a year earlier. Refiners processed 4.8 million kl or 4.31 million bpd of crude, down 3.8% on the week. The average operating rate was 90.5% in the week ending March 19.

Singapore's International Enterprise reported that the country's residual fuel stocks fell by 1.337 million barrels to 11.473 million barrels in the week ending March 23. It said middle distillate stocks increased to 7.42 million barrels, up 954,000 barrels on the week while its light distillate stocks increased by 656,000 barrels to 8.608 million barrels.

Shipping agents and traders said fuel oil imports into Huangpu will increase by nearly 25% on the month in March to just under 1 million tons. The monthly import levels in January and February, both sharply lower than January's 1.65 million tons, have thinned stocks in the southern province of Guangdong.

Ecuador's Energy Ministry reported that the country's average oil production increased by 2.8% to 537,229 bpd in February from 522,841 bpd reported last year. Its oil production was up 1% on the month.

Market Commentary

The energy complex ended the session sharply higher ahead of the long holiday weekend in light of the explosion at BP's Texas City refinery on Wednesday afternoon. The crude market, which posted an inside trading day, opened up 49 cents at 54.30 in follow through strength seen in overnight trading amid the refinery news. The market traded to a high of 54.55 where it held good resistance. The market erased its gains and sold off to a low of 53.48. However as the market failed to test its downside at Wednesday's low of 53.40, the market bounced off its low and rallied back to its earlier high. The market later breached its resistance and rallied to an intraday high of 54.90 ahead of the

close amid the strength in the gasoline market. The May crude contract settled up \$1.03 at 54.84. Volume in the crude market was good with over 197,000 lots booked on the day. Meanwhile, the gasoline market, which supported the energy complex, settled up 2.43 cents at 159.92. The market gapped higher on the opening from 158.50 to 158.70 in follow through buying seen in overnight trading in light of the incident in the BP refinery. The market traded to a high of 159.30 early in the session before it retraced its gains and sold off to a low of 154.90. However the market bounced off its low and rallied to its high of 160.20 on further buying ahead of the long weekend as traders remained concerned over the impact to supplies. This was despite assurances by BP's head that the impact would be minor. The heating oil market also settled up 1.48 cents at 154.84. The market opened up 64 points at 154.00 and traded to a high of 155.20. It however retraced its gains and sold off to a low of 152.30 amid the losses seen in the natural gas market. The natural gas market was pressured following the release of the EIA natural gas storage report, which showed a draw of 89 bcf, below market expectations. However similar to the gasoline market, the heating oil market bounced off its low and rallied to a high of 156.00 ahead of the close. Volumes in the product markets were good with over 71,000 lots booked in the gasoline and 54,000 lots booked in the heating oil.

The energy complex will remain headline driven as the markets remains concerned over the impact to supplies despite the company's statement that it will have minimal effect on supplies following Wednesday's deadly explosion at the refinery. The crude market will be driven by the gasoline market. The May crude contract is seen finding resistance at its high of 54.90 followed by its gap from 55.30-55.69, 55.75, 56.30 and 57.58. Meanwhile support is seen at 53.48-53.40 followed by its previous low of 52.20.

Technical Analysis		
	Levels	Explanation
CL 54.85, up \$1.03	Resistance 55.75, 56.30, 57.58 54.90, 55.30-55.69	50% and 62% (58.10 and 53.40), Previous high Thursday's high, Remaining gap (March 23rd)
	Support 53.48, 53.40 52.20	Double bottom Previous low
HO 154.84, up 1.48 cents	Resistance 157.90, 158.50 156.00	Tuesday's high, Monday's high Thursday's high
	Support 152.30, 150.10 149.80	Thursday's low, Wednesday's low Previous low
HU 159.92, up 2.43 cents	Resistance 161.83 160.20 to 160.30	Basis trendline Double top
	Support 158.40 154.90, 153.50	Thursday's low, Previous low