



ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR APRIL 7, 2006

OPEC's President and Nigeria's Oil Minister Edmund Daukoru said it was highly unlikely OPEC would cut its output this year, given the prevailing prices and the geopolitical problems. In regards to Nigeria, he said he expected oil production halted by militant attacks to resume in about a month. He was optimistic the 120,000 bpd EA field would resume operations by the beginning of next week and also held out hope that Shell's Forcados oilfield and export terminal would resume work in about a month. A total of about 500,000 bpd of production remains at a standstill. Meanwhile, Royal Dutch Shell also said it hoped to restart the EA field soon. However it gave no indication on when the Forcados oilfield would resume operations and has stated that it would not send its staff back until violence eased. Separately, Nigerian militants warned oil workers not to return to the abandoned platforms. They threatened to execute anyone found on previously attacked oil platforms operated by Royal Dutch Shell.

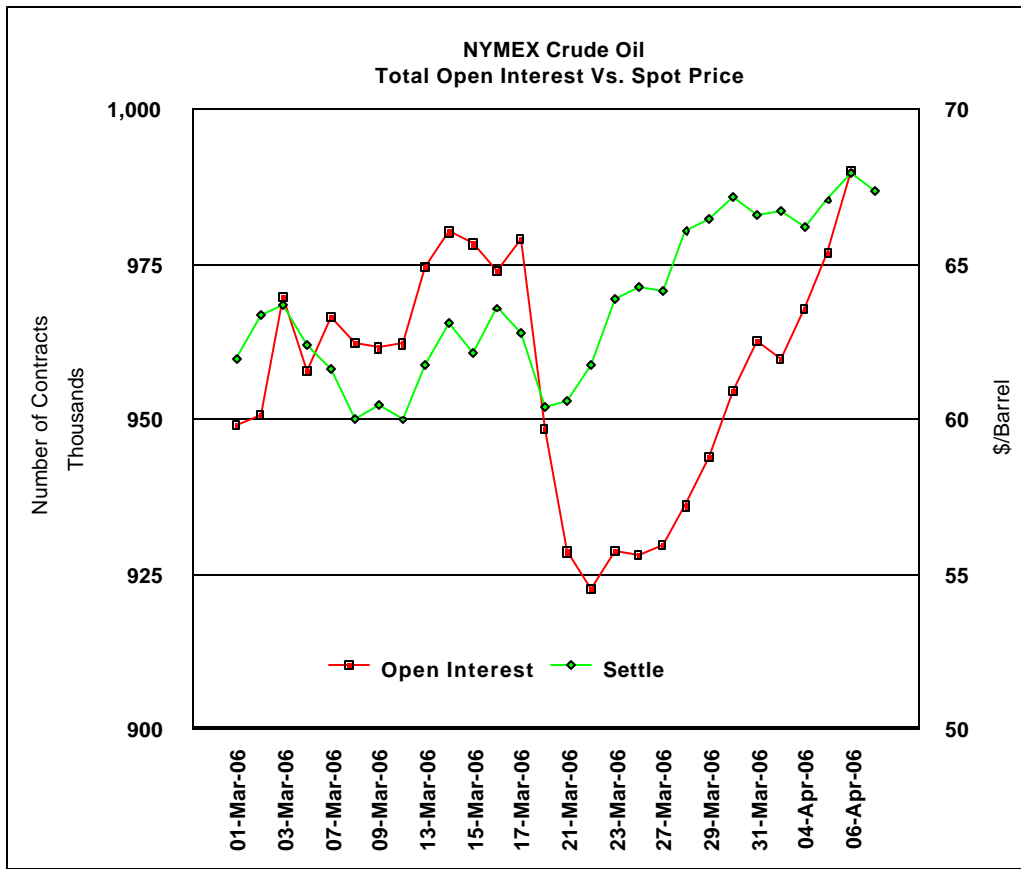
Market Watch

OPEC ministers warned that high oil prices helped to spur investment needed to calm world markets however increasing project development costs could threaten oil projects. While US crude prices are hovering around \$67/barrel, within sight of a record \$70.85/barrel reached in August last year, other raw materials have also soared, increasing the price of projects in the oil industry.

Total's exploration and production chief, Christophe de Margerie, said it would not resort to legal action against PDVSA yet. Venezuela recently took control of the Total operated Jusepin oil field after the company refused to change to a profit-sharing structure. Total said legal action should be the last resort. Total said its employees continued to work on the Jusepin field.

Exxon Mobil Corp, BP Plc, and Chevron Corp were among the bidders of a \$1.6 billion heavy oil project planned by Colombia's Ecopetrol SA. Ecopetrol also took bids from Petrobras, Total, Repsol, OAO Lukoil and China Petroleum & Chemical Corp. The winner would help explore and develop the project with unproven reserves of as much as 3 billion barrels. The heavy crude project in Meta province is part of Ecopetrol's effort to increase its domestic production. It said the project would tap at least 452 million barrels of proven reserves in the plains of Meta province. Ecopetrol also has another project to develop existing reserves in Tibu oil field. The auction for its development is also scheduled to June or July.

The head of the IEA, Claude Mandil, said the renewed surge in oil prices does not mean there is a shortage of oil in the world market. He said he saw no need to release government held strategic oil stocks now. He reiterated the IEA policy that it would consider coordinating a release of oil stocks from its member countries in the case of political disruption to supply. He also stated that OPEC's plea



to have in place guarantees of oil demand in order to underpin multibillion dollar investments in expansion was not a serious issue.

The head of the UN's IAEA, Mohamed ElBaradei is scheduled to go to Iran next week and get concessions from Iran on its nuclear program. He expects to get positive results from his visit to Iran. Meanwhile, Russia's Defense Minister Sergei Ivanov expressed confidence that the Iranian nuclear issue could be solved by

diplomatic means. He said Iran has medium range missiles, not intercontinental ballistic missiles as he sought to allay concerns about Iran's recent weapons tests.

Two suicide attackers detonated explosives at a Shiite mosque on Friday killing at least 40 people and wounding many others. It was the second major attack against Shiite targets in as many days. On Thursday, a car bomb exploded about 300 meters from the Imam Ali mosque.

Refinery News

ConocoPhillips began the process of restarting a 145,000 bpd fluid catalytic cracking unit at its 238,000 bpd Bayway refinery in Linden, NJ on Friday. The catcracker was shut for about five weeks of planned turnaround maintenance at the end of February. The unit is expected to resume normal operations by Monday. Separately, the restart of its 99,000 bpd fluid catalytic cracking unit at its Belle Chase, Louisiana refinery failed earlier this week. The unit's restart was part of the refinery's final start up activities since its total shutdown in August.

ExxonMobil is expected to begin 30 days of turnaround maintenance on April 20 at its Joliet, Illinois refinery.

The National Cooperative Refinery Association is planning to move forward its full refinery maintenance at its 80,000 bpd refinery in McPherson, Kansas to July from October.

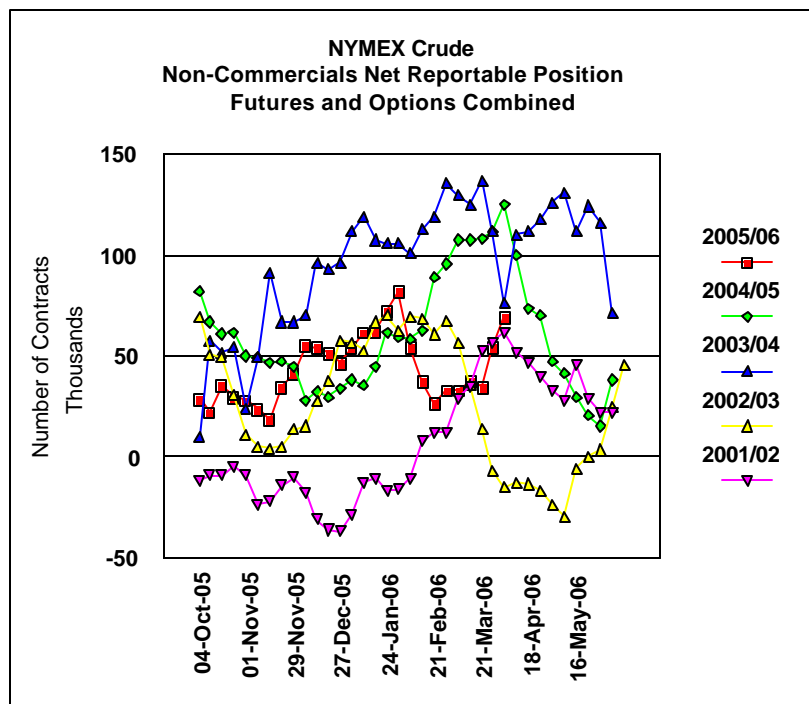
South Korea's GS Caltex Corp plans to increase May crude runs by 35,000 bpd from April to 610,000 bpd. Meanwhile, SK Incheon Oil Ltd plans to increase its crude runs for May to 165,000 bpd from 160,000 bpd in April. Also, S-Oil Corp said it planned to keep its May crude runs steady from April at 560,000 bpd.

Production News

The North Sea Brent crude oil system is scheduled to load an average of 221,000 bpd in May, down 32,000 bpd on the month. It is scheduled to load a total of 6.9 million barrels, down from 7.6 million barrels in April.

Norway's Petroleum Directorate said the country's average daily oil production fell to 2.41 million bpd in March from 2.44 million bpd in February.

Indonesia's Pertamina said it expected oil product imports to total between 7 and 8 million barrels in May. Its product imports in April are expected to total about 7.5 million barrels.



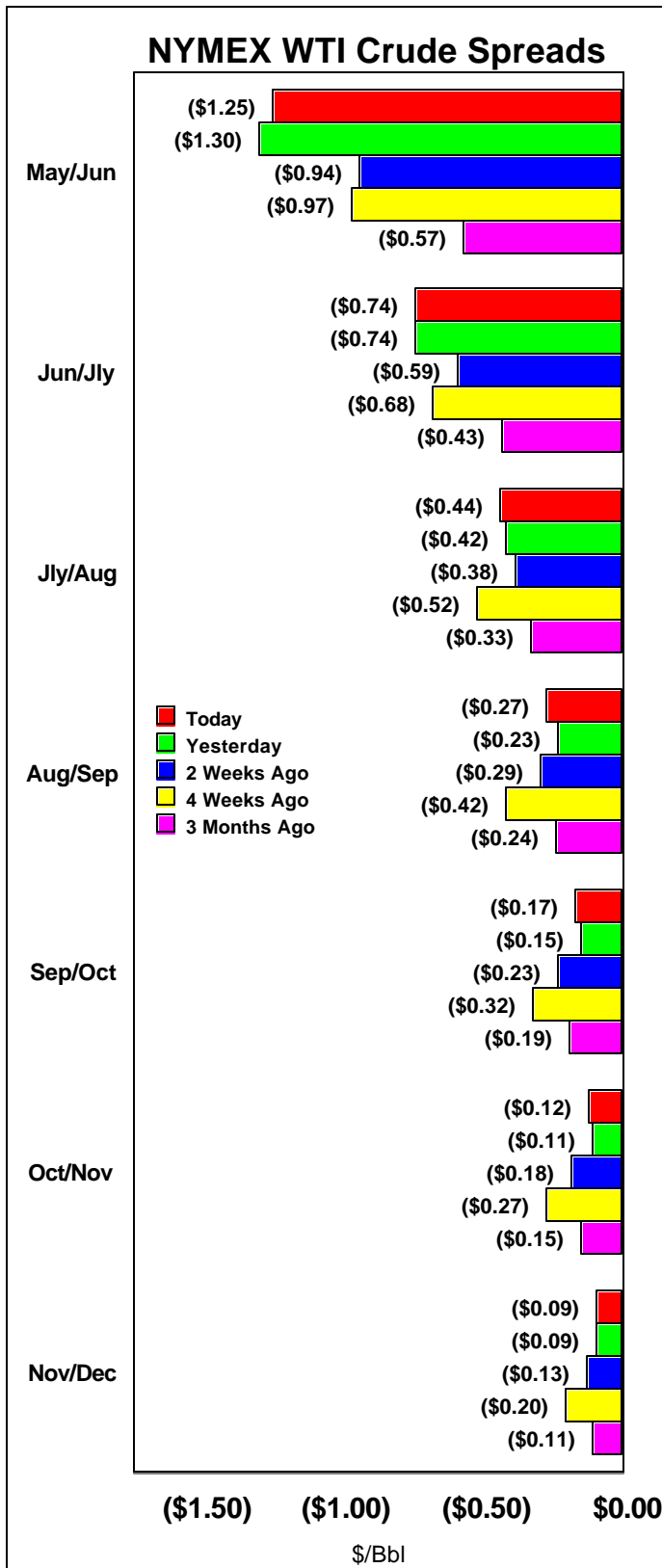
Russia's OAO Lukoil Holdings said it discovered a new oil field named Sharonovskoye in Russia's Perm region. The field holds recoverable reserves of about 731,000 metric tons or about 5.3 million barrels.

Azerbaijan's oil exports increased by 78% on the year to 4.2 million tons in January-March, according to data from Azerbaijan's Socar and Azerbaijan International Operating Co. Socar's oil exports via the Baku-Novorossiisk pipeline amounted to 162,381 tons in January-March, down from 660,000 tons a year earlier. AIOC exported 993,251 tons of oil via the Baku-Novorossiisk pipeline in January-March. AIOC also exported 1.315 million tons of oil via railroad to Georgia's port of Batumi and 130,051 tons of oil from the Azeri-Chirag-Guneshli field into the Baku-Tbilisi-Ceyhan pipeline in March.

China's Shengli has found an oilfield containing 7 million tons or 51.1 million barrels of crude. The No. 2 well at Kuitun is expected to produce

Technical Analysis		
	Levels	Explanation
CL 67.39, down 55 cents	Resistance 68.20, 68.48, 70.10	Previous high, Basis trendline, Previous high
	Support 67.60	Friday's high
	67.00, 66.65	Friday's low
HO 188.26, down 81 points	Resistance 189.50, 191.83, 192.75	Previous high, Basis trendline, Previous high
	Support 188.80	Friday's high
	188.00, 186.00, 185.75	Friday's low
HU 197.68, down 2.31 cents	Resistance 200.40, 202.18	Thursday's high, Basis trendline
	Support 198.90	Friday's high
	196.00, 195.20	Friday's low
	191.00, 185.00, 184.90	Previous lows

100,000 tons of crude this year, increasing to a planned 300,000 tons by 2008.



China's wholesale diesel is seen holding near record highs in coming weeks on speculation that the government would soon announce another price increase following the modest increase two weeks ago. China's government increased retail diesel and gasoline prices by 3 and 5%, respectively, bringing its total increase to about 20% since the start of 2005 but still lagging the increase in crude by 40%.

OPEC's news agency reported that OPEC's basket of crudes increased sharply to \$62.13/barrel on Thursday, up from Wednesday's \$61.08/barrel.

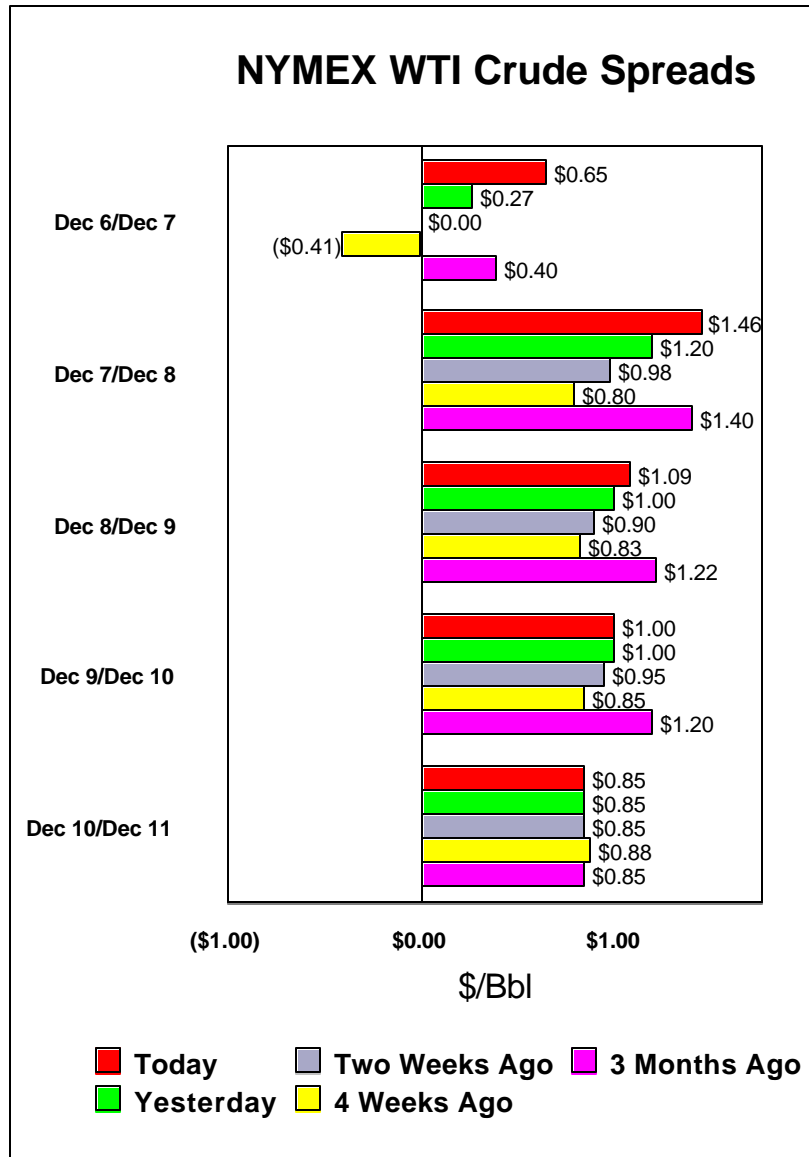
Market Commentary

The crude market gapped lower from 67.25 to 67.15 as it gave up its previous gains on profit taking. The market eased off its high amid comments made by OPEC's President and Nigeria's Oil Minister, Edmund Daukoru, that OPEC may not cut its output this year and that Nigeria's shut in oil production may resume in about a month. The market held some support at 67.05 and backfilled its opening gap as it traded to a high of 67.60 within the first hour of trading. However the market once again found some selling pressure which pushed it to a low of 66.65 by mid-day. The market later retraced its losses ahead of the close as it traded back towards its high of 67.60. It settled down 55 cents at 67.39. Volume in the crude was good with 213,000 lots booked on the day. Open interest continued to build in the crude by a total of 13,169 lots as of Thursday's session. While open interest in the May contract fell by 3,130 contracts, open interest in the June and July contract built by 11,968 contracts and 2,886 contracts, respectively as it rallied above the 68.00 level. The gasoline market, which was leading the complex lower during the past few sessions, settled down 2.31 cents at 197.68. The market opened down close to 3 cents at 197.00 as it erased its previous gains. The market partially backfilled its previous gap as it sold off to a low of 195.20. The market however bounced off its low and traded to a high of 198.90 ahead of the close. Similar to the crude market, the heating oil market

gapped lower from 187.10 to 186.75. The market backfilled its gap early in the session as it traded to 187.70. However it traded off its early high and sold off to a low of 185.75. The market later retraced

its losses on short covering and rallied to a high of 188.80 ahead of the close. It settled down 81 points at 188.26. Volumes in the product markets were good with 41,000 lots booked in the gasoline market and 46,000 lots booked in the heating oil market.

The Commitment of Traders report showed that that non-commercials in the crude market increased their net long position by 22,807 contracts to 30,025 contracts in the week ending April 4th as open interest continued to increase. The market rallied towards the 68.00 level during the week. The combined futures and options report also showed that non-commercials in the crude market increased their net long position by 15,020 contracts to 69,065 contracts. Non-commercials in the product market also increased their net long positions, with non-commercials in the gasoline market increasing their net long positions by 172 contracts to 15,099 contracts and non-commercials in the heating oil market increasing their net long positions by 1,070 contracts to 10,125 contracts on the week.



The crude market on Monday will be driven by the headlines over the weekend. The market will remain concerned over the continuing geopolitical problems, including the situations in Iran, Iraq and Nigeria. The oil market is seen finding support at 67.00 followed by its low of 66.65, 66.23 and 65.60. More distant support is seen at a gap from 64.95 to 64.45. Meanwhile, resistance is seen at its high of 67.60, 68.20 and 68.48. More distant resistance is seen at 70.10.