



ENERGY RISK MANAGEMENT

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

www.e-windham.com

ENERGY MARKET REPORT FOR APRIL 10, 2007

Two inspectors from the UN's IAEA arrived in Iran to visit its uranium enrichment plant. An official of Iran's Atomic Energy Organization confirmed their arrival and said the visit was routine. On Monday, Iran announced that it had reached industrial scale production of enriched uranium by the operation of 3,000 centrifuges. The US and the EU protested the move as it showed Iran's defiance of repeated requests from the UN Security Council. However analysts outside Iran doubt the government's statement. As last as last week, diplomats accredited to or connected with the IAEA said Iran's nuclear program is far less advanced than the version presented by Iranian President Mahmoud Ahmadinejad. Russia voiced skepticism about

Market Watch

The Bush administration finalized rules requiring oil refiners to blend at least 7.5 billion gallons of renewable fuels in the country's gasoline supply by 2012. The renewable fuels standard is estimated to cut oil use by 3.9 billion gallons and reduce greenhouse gas emissions by up to 13.1 million metric tons by 2012.

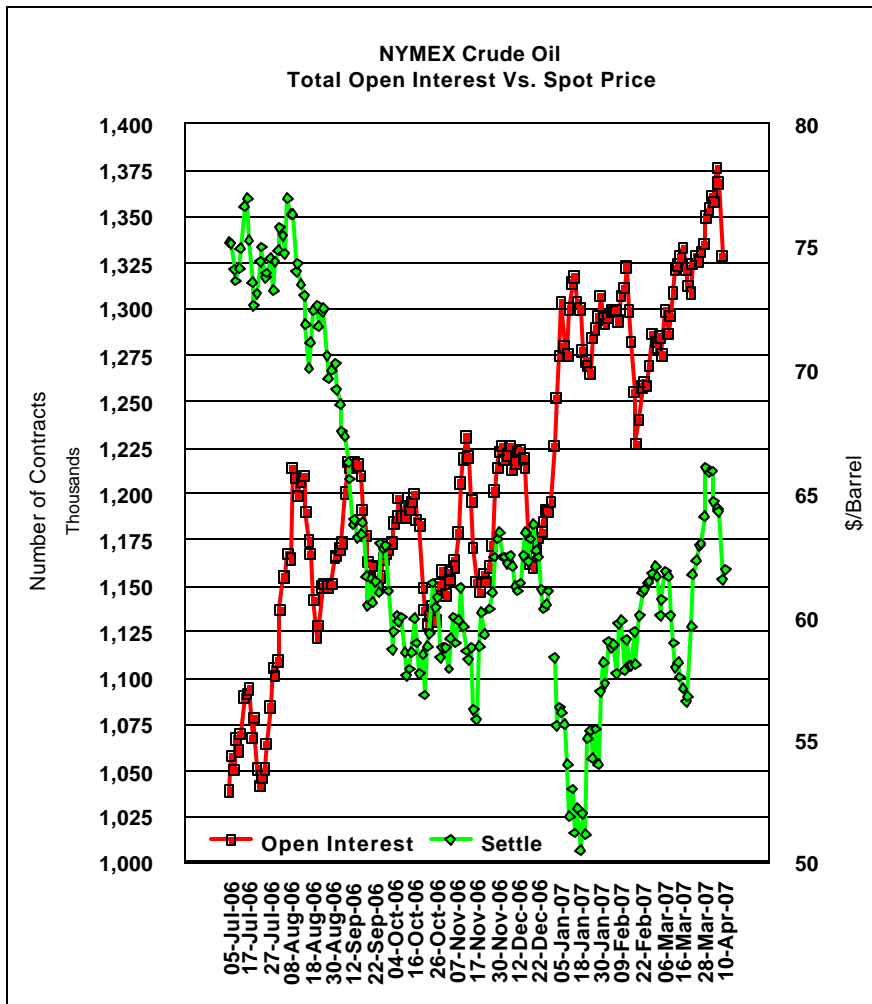
According to analysts, the amount of corn used for ethanol continues to increase. However the supply of corn is beginning to rebound as livestock feeders seek cheaper sources of animal feed. The US Department of Agriculture said the amount of corn in the US at the end of the current 2006/07 marketing year on August 31 would total 877 million bushels. It left unchanged its outlook for the amount of corn to be used in the ethanol sector at 2.15 billion bushels. Last year, 1.6 billion bushels of corn was used in the ethanol sector.

Meteorlogix said cold weather is expected to continue this week in the northeastern part of the US, while demand for heat is likely to fall in Europe where the weather is expected get warmer. The Northeast is expected to remain cool into next week.

According to a Saudi official, Saudi Arabia's King Abdullah told visiting Iranian President Mahmoud Ahmadinejad that Iran would have to bear the consequences of its actions and should not underestimate the power or will of the US and the rest of the international community. Saudi Arabia said Iran could not count on Saudi Arabia's help if the international community imposes harsher measures because of its defiance. Saudi Arabia's King Abdullah was equally blunt with Syrian President Bashar Assad.

Antitrust lawyers at the US Federal Trade Commission are recommending that the agency block plans by Western Refining Inc to acquire Giant Industries Inc.

Investor's Business Daily and TechnoMetrica Market Intelligence said their IBD/TIPP economic optimism index fell to 45.5 from 50.8 in March. It is the lowest level since late 2004.



Iran's announcement, saying it had not received independent confirmation of the claim. Russia's Foreign Ministry said Russia was unaware of any recent technological breakthroughs in the Iranian nuclear program that would change the format of its enrichment effort. Meanwhile, the French Foreign Minister Philippe Douste-Blazy denounced Iran's announcement of a dramatic expansion in its uranium enrichment work as a bad sign and urged Iran to respect UN demands to halt such activity.

US Energy Secretary Sam Bodman said US gasoline supplies appear to be adequate to meet summer demand. He noted that a recent rise in prices reflected the rally in crude prices and some refining capacity outages. However overall, supply should continue to be adequate. In regards to the SPR, the US Energy Secretary

said the US government was on track to begin in July supply royalty oil to fill the SPR to its current capacity of 727 million barrels. In addition to using royalty in kind oil, the Energy Department plans to buy 11 million barrels of crude that would be put into the SPR.

The EIA said in its Summer Fuels Outlook that US gasoline inventories totaled 205.1 million barrels at the April 1 start of summer driving season, down 4.4 million barrel from last year's level. Gasoline stocks were within the previous five year average. The EIA said US gasoline imports should average 1.1 million bpd. However it warned that increasing demand for imported gasoline by Iran, Nigeria and Venezuela could constrain the availability of gasoline shipments to the US. It forecast the price of regular gasoline this summer at \$2.81/gallon, up 20 cents from its previous estimate. The estimated \$2.81/gallon level is three cents below the average 2006 level. It forecast the gasoline price would peak at an average of \$2.87/gallon in May compared with \$2.98/gallon last July. It estimated gasoline demand at 9.5 million bpd, up 110,000 bpd or 1.2% on the year. It estimated that ethanol production this summer would average about 399,000 bpd, up from last summer's average of 313,000 bpd. The EIA also stated that WTI prices are expected to average \$65.33/barrel in the second quarter, \$2.50/barrel higher than the March estimate and \$1.83/barrel higher at \$65.83/barrel in the third quarter. Its estimate for 2007 was \$63.90/barrel, up \$1.67/barrel from its previous estimate.

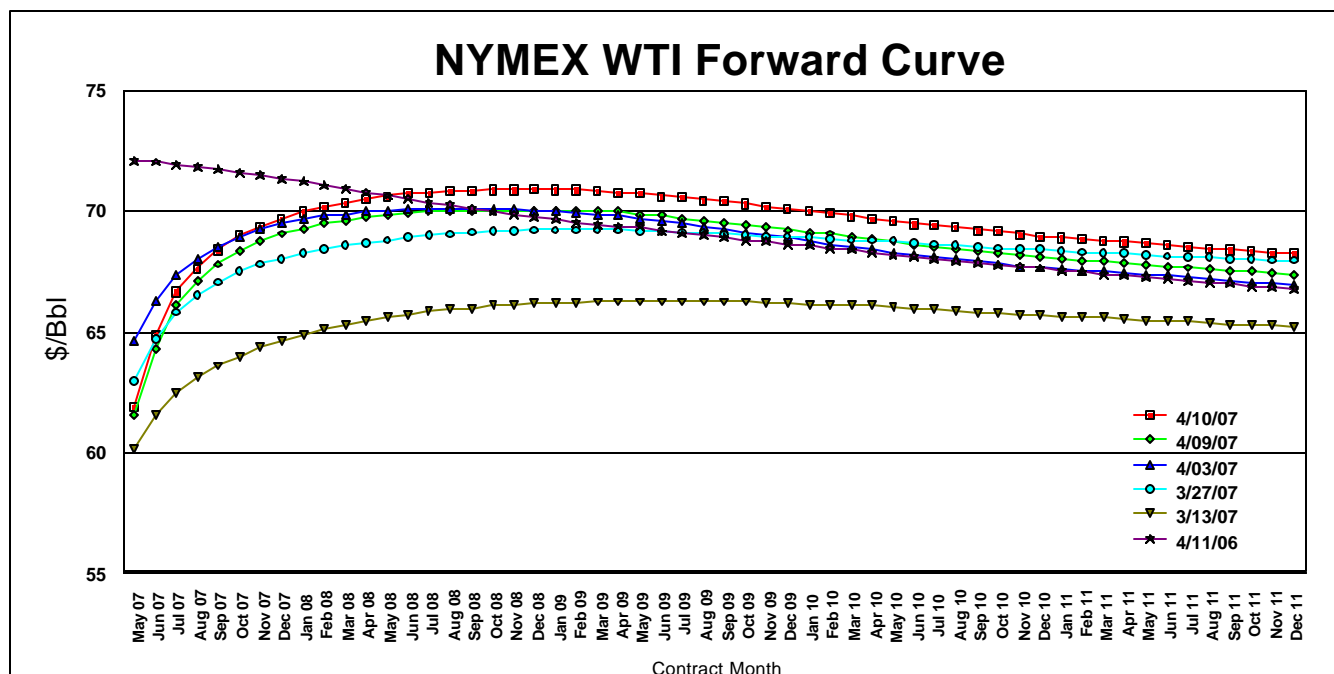
Meanwhile according to the Short Term Energy Outlook, the EIA cut its world demand estimates for 2007 and 2008 by 500,000 bpd each to 86.1 million bpd and 87.6 million bpd, respectively. It said there were expectations for a tight summer oil market due to rising oil demand, sluggish oil output growth from non-OPEC producers and OPEC output cuts. It said OPEC increased its output by 90,000 bpd to 26.575 million bpd and added that the group would be required to consider raising production to stem declining inventories and moderate prices in the second half of the year. In regards to the US, the EIA cut its total demand for 2007 and 2008 by 30,000 bpd to 20.9 million bpd and 21.18 million bpd, respectively. It estimated demand in the second quarter at 20.68 million bpd. Gasoline demand in 2007 totaled 9.35 million bpd while demand in 2008 totaled 9.46 million bpd. Meanwhile its distillate demand was cut by 100,000 bpd to 4.26 million bpd in 2007 and 4.33 million bpd in 2008. In regards to stocks, total US commercial stocks are estimated at 1.038 billion barrels at the end of the current quarter compared with 1.044 billion barrels a year ago. At year end, US oil inventories are expected to be 1.007 billion barrels, down from 1.034 million barrels last year. Gasoline stocks are expected to be even with year ago levels of 214 million barrels at the end of the second quarter.

Refinery News

Feedstock to a fluid catalytic cracking unit at ConocoPhillips' 247,000 bpd Sweeny, Texas refinery was reduced last week following a process upset.

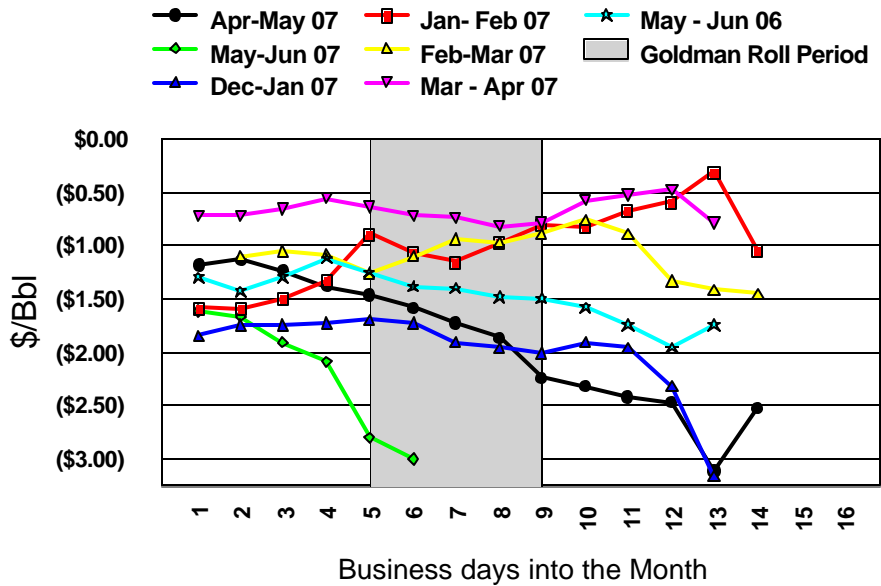
BP Plc said a power outage at its Texas City, Texas refinery caused an upset at a fluid catalytic cracking unit on Tuesday. The refinery was working to restart the unit on Tuesday afternoon.

Valero Energy Corp is scheduled to restart several units following planned maintenance at the West plant of its Corpus Christi, Texas refinery between Tuesday and Saturday. The units in Complex 1 include a platform continuous catalytic reformer, a hydrotreater and a gasoil desulfurization unit. Separately, Valero said it proceeding with planned maintenance at its oil refineries. It is scheduled to perform seasonal work on a crude unit at its Paulsboro, NJ refinery in April for 15 days. In addition, Valero is scheduled to perform maintenance on diesel processing units at its Benicia, California refinery in March-April for 33 days and at the McKee refinery in Sunray, Texas in April-May for 38 days. The McKee refinery continues to move toward a partial restart by mid-April. Valero said it hoped to restore operations to a crude oil processing rate of about 85,000 bpd, half of design capacity,



NYMEX WTI Front Month Spread

Basis Settlement



by the end of April.

Ineos PLC is scheduled to partially shut its 200,000 bpd Grangemouth refinery in Scotland for three weeks of planned maintenance next month. It is scheduled to shut one of its crude distillation units on May 20 until June 10.

Indonesia's Pertamina has restarted its 200,000 bpd crude distillation unit at its Balikpapan refinery after scheduled maintenance. The maintenance had started on February 26. Separately, Pertamina was seeking 280,000 barrels of jet fuel in a spot tender for May loading. It imported a

total of 560,000 barrels of jet fuel in April.

Bulgarian refinery Neftochim Burgas said it put out a small fire that started last Friday in an atmospheric crude oil distillation unit. It saw no impact to production at the 140,000 bpd refinery.

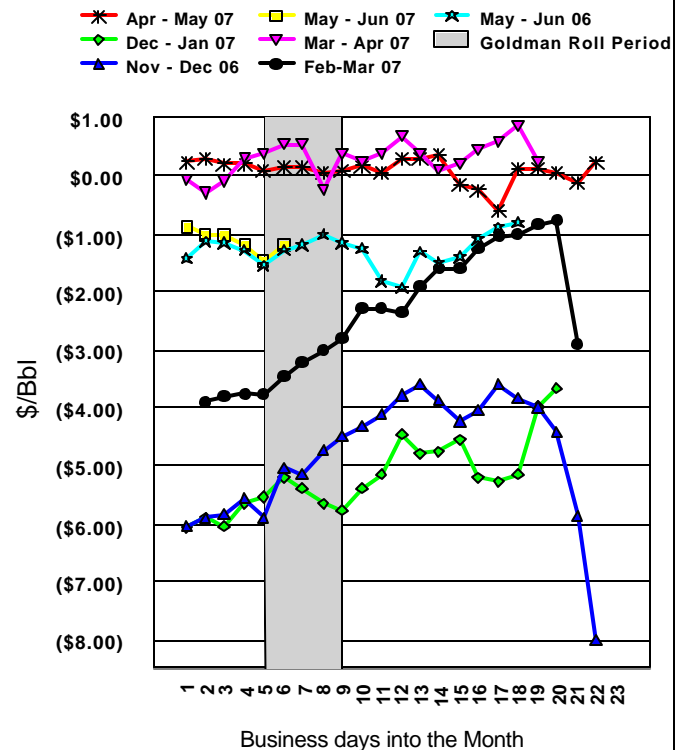
World refinery margins mostly fell over the past week, due to weaker gas oil and fuel oil prices relative to crude as refinery operations in southern France returned to normal after a port strike ended. In Europe, complex Rotterdam refineries saw profit margins fall to \$2.23/barrel, down from \$3.39 the previous week. Meanwhile, US Gulf refineries cracking US light crude saw margins increase \$1.40 to \$15.79/barrel, up from \$12.54/barrel in March. In Asia, refinery margins fell 35 cents to \$7.27/barrel.

Production News

An oil tanker remained grounded in Lake Maracaibo channel as of late Monday, even though local authorities expected to reopen the channel to normal shipping by Saturday. The tanker was loaded with 70,000 tons of heavy crude for delivery to Sweden. Another tanker,

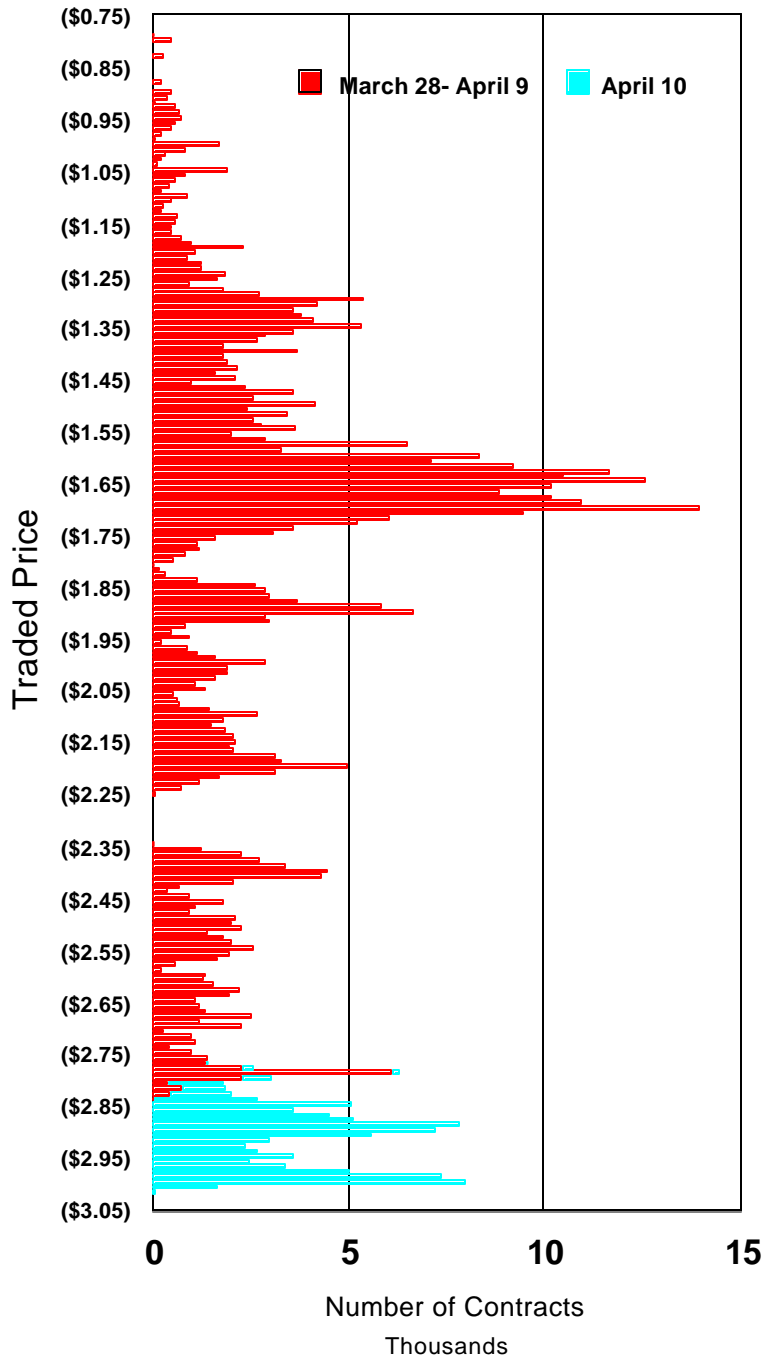
NYMEX HO Front Month Spread

Basis Settlement



NYMEX WTI: May June Spread
Price Vs Volume for Mar 28 - Apr 10, 2007

Trade Weighted Avg: 4/10 \$-2.918; 4/9 \$-2.576; 4/5 \$-2.119; 4/4 \$-1.687



was now anchored next to the grounded vessel to offload about 20,000 tons of crude in order to help the vessel refloat. Separately, two ships ran aground in the Orinoco river in Venezuela in the past three days due to shallow water.

Turkey's Bosphorus Strait was closed on Tuesday due to poor visibility. Round trip delays were three days. Ship and tanker traffic is expected to resume as weather conditions return to normal.

Norway's North Sea Gullfaks crude system is scheduled to load 331,000 bpd in May, down from 342,000 bpd the previous month. The North Sea Statfjord crude system is set to load about 276,000 bpd in May, down 9,000 bpd on the month. The North Sea Forties crude system is set to load about 600,000 bpd in May, up from 560,000 bpd in April. The North Sea Oseberg crude system is scheduled to load 5.37 million barrels in May, down from 6 million barrels in April.

The North Sea Brent crude system is scheduled to load about 223,000 bpd in May, up 50,000 bpd on the month. Britain's North Sea Flotta crude system is scheduled to load about 62,900 bpd in May, down 2,100 bpd on the month.

Denmark's North Sea DUC crude oil system is scheduled to load about 194,000 bpd in May, down 6,000 bpd on the month.

Azerbaijan's crude oil production increased by 51.5% on the year to 10.418 million tons or 858,022 bpd in January-March. The BP-led group said its output from the Chirag and Azeri oilfields increased to 8.227 million tons or 677,572 bpd in January-March from 4.659 million tons or 383,713 bpd last year. Azerbaijan's Socar said its output fell to 2.191 million tons or 180,450 bpd

NYMEX Petroleum Options Most Active Strikes for April 10, 2007

Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
LO	9	7	C	80	08/16/2007	1.16	7,636	28.49
LO	6	7	P	50	05/17/2007	0.04	7,100	38.27
LO	6	7	P	55	05/17/2007	0.17	6,843	33.70
LO	5	7	P	60	04/17/2007	0.27	4,727	27.44
LO	9	7	P	65	08/16/2007	2.84	3,818	28.12
LO	9	7	C	65	08/16/2007	6.22	3,818	28.43
LO	5	7	C	62	04/17/2007	0.88	2,934	27.33
LO	6	7	P	64.5	05/17/2007	2.19	2,575	29.13
LO	6	7	C	64.5	05/17/2007	2.57	2,226	29.17
LO	6	7	C	85	05/17/2007	0.02	2,066	34.84
LO	5	7	C	64	04/17/2007	0.26	2,045	27.96
LO	8	7	P	60	07/17/2007	1.12	2,003	28.96
LO	8	7	P	55	07/17/2007	0.38	2,000	29.75
LO	8	7	P	65	07/17/2007	2.64	2,000	28.38
LO	6	7	C	74	05/17/2007	0.23	1,924	29.31
LO	5	7	P	59	04/17/2007	0.11	1,815	27.18
LO	5	7	C	63	04/17/2007	0.49	1,804	27.36
LO	7	7	P	55	06/15/2007	0.22	1,801	30.04
LO	5	7	P	61	04/17/2007	0.55	1,632	27.36
LO	6	7	C	70	05/17/2007	0.71	1,568	28.96
LO	5	7	C	65.5	04/17/2007	0.09	1,425	28.91
LO	6	7	C	65	05/17/2007	2.32	1,361	29.09
LO	5	7	C	62.5	04/17/2007	0.66	1,330	27.20
LO	5	7	P	62	04/17/2007	0.99	1,280	27.34
LO	12	7	C	90	11/13/2007	0.9	1,276	27.61
LO	6	7	C	68	05/17/2007	1.19	1,259	29.05
LO	6	7	P	60	05/17/2007	0.72	1,238	30.58
LO	10	7	C	68.5	09/17/2007	5.12	1,225	27.84
LO	10	7	P	68.5	09/17/2007	4.63	1,225	27.80
LO	6	7	C	67	05/17/2007	1.51	1,223	29.11
LO	5	7	P	59.5	04/17/2007	0.18	1,210	27.49
LO	5	7	C	64.5	04/17/2007	0.18	1,114	28.02
LO	9	8	C	80	08/15/2008	4.04	1,100	23.76
LO	9	8	P	60	08/15/2008	3.4	1,100	26.84
OB	7	7	C	2.06	06/26/2007	0.1239	202	31.82
OB	6	7	C	1.85	05/25/2007	0.2618	200	39.49
OB	7	7	P	1.84	06/26/2007	0.0396	200	34.34
OB	7	7	C	2.3	06/26/2007	0.045	200	32.32
OB	7	7	C	2.5	06/26/2007	0.0196	200	34.11
OB	5	7	P	2	04/25/2007	0.0267	161	43.37
OB	8	7	C	2.24	07/26/2007	0.078	138	33.41
OB	8	7	C	2.18	07/26/2007	0.0939	138	32.84
OB	6	7	P	1.87	05/25/2007	0.0317	101	38.64
OB	6	7	C	2.09	05/25/2007	0.1019	100	36.03
OH	7	7	C	2	06/26/2007	0.0673	300	32.07
OH	5	7	C	1.9	04/25/2007	0.0383	230	38.03
OH	5	7	P	1.7	04/25/2007	0.009	150	38.45

in the first quarter from 2.216 million tons or 182,509 bpd last year.

Russia's Natural Resources Ministry warned that oil companies were taking so long to explore and develop oilfields in Russia's East Siberia region that a major pipeline to the Pacific coast could be delayed. The ministry plans to gather all the main oil firms working in East Siberia for a meeting next month to discuss preparations for building the pipeline, which would transport 50 million tons of oil a year or 1 million bpd to the Pacific coast.

China's net import of oil products, excluding liquefied petroleum gas, increased by 64.4% on the month in March to 1.43 million tons. According to China's General Administration of Customs, China's import of crude oil in the first quarter increased by 6.8% on the year to 39.65 million tons. For March alone, crude imports stood at 13.86 million tons. Imports of refined oil products fell by 2.2% in the first quarter to 7.98 million tons and in March alone were 2.92 million tons.

Traders stated that China was keeping April gas oil exports steady to March levels at 60,000 tons and was skipping imports due to abundant domestic supplies.

Taiwan's energy bureau said the country's oil product

demand in February was 803,680 bpd, down 5.1% on the year. Meanwhile its crude imports in February increased by 5.5% to 957,000 bpd.

Brazil's Petrobras is expected to issue a tender in the summer seeking a floating production, storage and offloading vessel for its US Gulf deepwater oil output. It is already in the market seeking two 450,000 barrel capacity shuttle tankers to deliver the deepwater crude to the US Gulf Coast.

Ecuador's central bank stated that the country's oil export revenue totaled \$839.8 million between January and February, down 24% from the \$1.102 billion reported last year. It exported a total of 19.5 million barrels in the first two months of 2007, down 19% on the year.

OPEC's news agency reported that OPEC's basket of crudes fell to \$63.55/barrel on Monday from Friday's \$64.01/barrel level.

Market Commentary

May crude opened slightly higher today, but was unable to gain enough momentum to take out the 62.24 resistance with convincing strength. Although there is a double bottom at 61.35, we would like to see the May contract break the 61.25 support area. With continued refinery snags, the demand for crude oil on that end is still low, and as long as this situation exists we would look for a test of 58.85. It is clear by the forward curve chart shown above that any length being put on is being done mostly in July on back. For the aforementioned reasons we would look for this pattern to continue. There is support in May crude starting at the double bottom of 61.35 thru 61.25 and then 60.88, 60.44, 60.25 59.95,

59.50, 59.15 and 58.85, with resistance set at 62.24, 62.40, 62.94, 63.35, 63.90 and 64.52. The weighted average on the K/M crude for

Technical levels		
	Levels	Explanation
CL 61.89, up 38 cents	Resistance 62.40, 62.94, 63.35, 63.98 62.19, 62.28	Tuesday's high
	Support 61.35 61.25, 60.88, 60.44, 60.25	Tuesday's low
HO 185.61, up 4.04 cents	Resistance 187.86, 188.40, 190.55 186.50	Previous highs Tuesday's high
	Support 185.25, 184.00, 181.71 181.26, 181.00, 180.00, 178.11	Tuesday's low Previous lows, 50% (165.67 and 190.55)
RB 212.30, up 2.84 cents	Resistance 215.55, 218.91 213.20	Previous high, Basis trendline Tuesday's high
	Support 211.45, 209.70 208.46, 207.67, 205.94, 204.20	Tuesday's low Previous low, Retracement levels (198.57 and 213.30)

today was -2.92 with resistance at -2.77, should this level be broken this spread could strengthen quickly to -2.41. Volume in the crude market was excellent with over 332,000 lots booked on Globex during the open outcry session. Open interest in the crude market fell by a total of 39,641 lots amid the sharp sell off on Monday. Open interest in the May contract fell by a total of 54,767 lots as traders liquidated or rolled some of their their positions to the back months. The product markets settled in positive territory as the market's retraced Monday's losses amid some reports of further refinery problems. The markets were also supported ahead of the release of the weekly petroleum stock reports, which are expected to show draws of 1.5 million barrels in gasoline stocks and 600,000 barrels in heating oil stocks. Both the RBOB market and heating oil market posted inside trading days as traders positioned themselves ahead of the Wednesday's reports. The May RBOB crack spread is still seen trading higher amid the continuing refinery problems and the expected draws in stocks.