



⁵**ENERGY RISK MANAGEMENT**

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ENERGY MARKET REPORT FOR APRIL 19, 2007

The EIA's administrator Guy Caruso said the plan to add up to 4 million barrels of oil to the SPR in June would not have much effect on gasoline supplies or prices this summer. The Energy Department this week issued a solicitation to buy 4 million barrels of oil for the SPR, which would be delivered at a rate of about 133,000 bpd in June. He said taking that amount of crude off the market could impact prices around 50 cents/barrel.

A main opposition party in Nigeria rejected a proposed boycott of the presidential elections, saying that opting out would only help the governing party. The All Nigeria

Market Watch

China's economy grew by 11.1% in the first three months of the year, increasing fears that it has started to overheat. China's main share index closed 4.5% lower amid concerns interest rates would have to increase to slow inflation. Interest rates have increased three times in the past year and the government has pursued other measures to prevent the economy from overheating. However investment in fixed assets increased 25% in the first three months of the year.

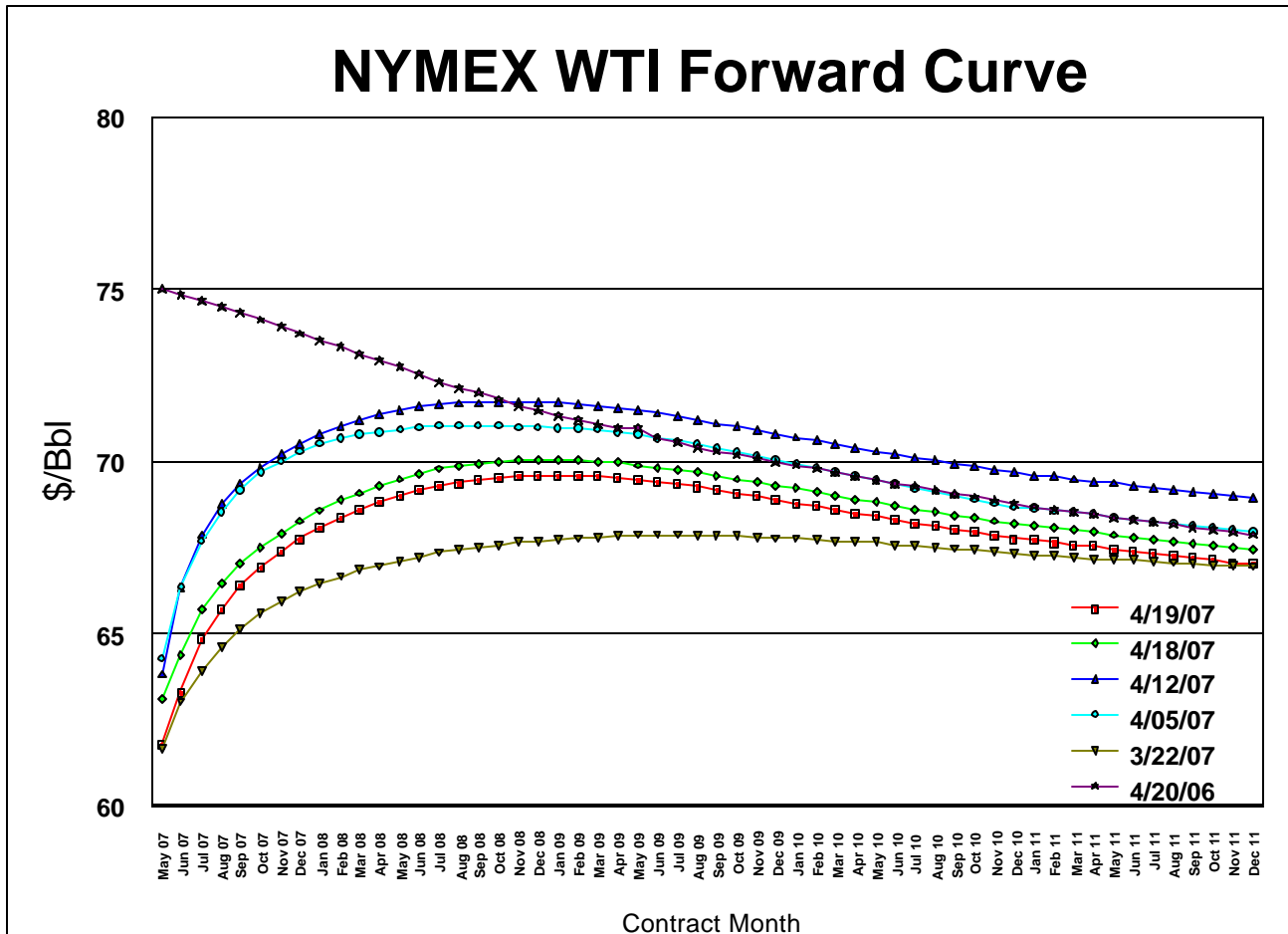
According to a shipping agency, the number of tankers loading ethanol in Brazilian ports increased to 22 ships during the month of March and carried a cargo of about 218,990 metric tons or 273.7 million liters, up 21% on the month. It said at least eight ships registered the US as their destination, with loadings of about 75,603 tons or 94.5 million liters compared with four ships in February carrying 77.6 million liters. Meanwhile, Brazil's Trade Ministry estimated export shipments for March at 224.3 million liters, up 7.9% on the month.

Platts said it would include Ekofisk crude oil in its benchmark North Sea Dated quotation starting June 8. The addition of Ekofisk in the Dated BFO basket would add liquidity to a quote that is involved in pricing over 60% of the world's oil transactions. It said the addition of Ekofisk into the benchmark assessment would not have an immediate price impact.

ConocoPhillips' CEO James Mulva said US oil prices would remain in the \$55-\$65/barrel range over the next year. He said gasoline prices may be more difficult to predict because even as pump prices increase to about \$3/gallon, US motorists continue to drive more. He agreed with industry consensus that a spate of refinery outages has helped thin US gasoline stocks. He added that any storms this summer would cause a gasoline supply crunch.

The Dubai Mercantile Exchange has deferred the launch of its Oman crude futures contract to June 1 from an initial launch forecast on May 1. The launch remains subject to regulatory approvals of its clearing arrangement. Meanwhile, the IntercontinentalExchange said it would launch a Middle East sour crude oil futures contract on May 21, less than two weeks before the launch of the NYMEX Oman crude contract. ICE Futures said the contract would be based on the price of physical Dubai crude assessed by oil industry pricing agency Platts and would be cash settled.

People's Party led by presidential candidate Gen. Muhammadu Buhari was among 18 opposition parties that threatened in a joint statement earlier this week to boycott unless the government



postponed Saturday's vote pending the creation of a new electoral commission. Opposition party delegates were still scheduled to meet to consider a boycott.

According to Oil Movements, OPEC's crude oil exports are expected to fall by 90,000 bpd to 24.1 million bpd in the four weeks ending May 5. It said that despite the sailings still being higher by the beginning of May than the low in March, oil supplies are still down 130,000 bpd compared with the same period last year. It said OPEC's compliance stood at about 900,000 bpd.

Refinery News

Enbridge Inc said it restarted on Wednesday its 490,000 bpd Line 3, which carries heavy crude from northern Alberta to refineries in the Midwest. It restarted the line under reduced pressure of 80% and expected to operate it under reduced pressure until further analysis was completed.

Citgo began shutting several units at its 165,000 bpd Corpus Christi, Texas refinery in preparation for a 6 day maintenance period. The company was shutting down a unibon unit and the east plant sulfur recovery unit for work starting April 19. On Wednesday, Citgo said it was shutting down a platformer for 6 days.

Valero Energy Corp said its fire damaged McKee refinery reached its initial goal of 85,000 bpd in crude oil throughput. Separately, Valero said it had a problem with a unit at its 160,000 bpd refinery in Lima,

Ohio. It said there was no material impact to production. Also, a coker at Valero's 210,000 bpd refinery in Delaware City, Delaware was operating at reduced rates while a boiler leak was fixed. A company spokesman said there was no material impact on production.

A 58,000 bpd fluid catalytic cracking unit at Shell's 145,000 bpd Anacortes, Washington refinery was shut on Wednesday for unexpectedly.

ConocoPhillips' 63,000 bpd refinery in Billings, Montana is expected to restart in mid-June following a 60 day turnaround. The refinery was shut last week for upgrading works on its crude unit.

According to the California Energy Commission, operating rates at California's refineries increased for the second consecutive week. Refineries increased their crude oil processing rates to 1.72 million bpd in the week ending April 13, up 4.9% on the week. In the past two weeks, crude runs have increased 21.6% as refinery units returned from scheduled maintenance and operational problems.

A Houston Ship Channel dispatcher said a fire near a chemical plant along the shipping channel was not affecting vessel traffic. Two tanker trucks were burning at a chemical wholesaler's terminal north of the Houston Ship Channel.

Russia's Energy Ministry reported that the country's refinery runs fell 4.7% on the month in March to 4.48 million bpd. In March 2006, refining runs stood at 4.24 million bpd. The fall was partly due to a 10.4% decrease in oil processing by Russia's Kirishi refinery. The refinery processed 370,449 bpd in March, down from 413,438 bpd in February.

TNK-BP said its Saratov refinery is expected to resume normal operations on Thursday following a small fire. It said the fire did not impact production.

South Korea's SK Corp said it would delay maintenance scheduled for its 250,000 bpd No. 5 crude distillation unit from June this year to May or June of next year.

Production News

According to Petrologistics, the ten OPEC members are expected to produce 26.9 million bpd in April, down from an upwardly revised level of 27.05 million bpd in March. It said Iran is set to cut supply to 3.9 million bpd in April from 4.15 million bpd in March. Meanwhile Saudi Arabia is expected to keep its output relatively unchanged in April at 8.64 million bpd. Total OPEC production, including Iraq and Angola, is expected to fall to 30.5 million bpd from 30.7 million bpd in March.

Four Nigerian Forcados grade crude cargoes have been included in Nigeria's June loading program. Each cargo consists of 950,000 barrels of crude. The grades inclusion confirmed Shell Petroleum was ready to bring production from the 380,000 bpd Forcados field back on stream.

Contract workers employed by Ecuador's Petroecuador threatened to strike in May if the government did not improve working conditions and raise their salaries. A leader of the oil contract workers union said Petroecuador and the government have not kept their promises to extend their contracts and raise salaries. He said the workers were willing to hold talks with the government to put off the strike.

Danish Underground Consortium's oil production from the Danish part of the North Sea increased by 4.9% on the month in March to 281,300 bpd.

The Shetland Island Council said Brent crude loadings from Sullom Voe fell to 219,052 tons in the week ending April 17 from 286,832 tons in the previous week.

NYMEX Petroleum Options Most Active Strikes for April 19, 2007								
Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
LO	6	7	C	63.5	05/17/2007	1.83	5,910	27.55
LO	6	7	C	75	05/17/2007	0.06	5,701	31.55
LO	6	7	P	63.5	05/17/2007	2.01	5,466	27.57
LO	8	7	C	70	07/17/2007	1.85	3,880	27.17
LO	8	7	C	67	07/17/2007	2.9	3,800	27.22
LO	7	7	C	80	06/15/2007	0.17	3,200	31.59
LO	6	7	C	70	05/17/2007	0.27	3,083	29.02
LO	6	7	P	60	05/17/2007	0.72	2,620	28.66
LO	12	7	C	68.5	11/13/2007	4.96	2,350	27.09
LO	12	7	P	68.5	11/13/2007	5.67	2,350	27.15
LO	6	7	P	80.5	05/17/2007	17.18	1,650	46.08
LO	9	7	P	66.5	08/16/2007	4.04	1,650	27.09
LO	9	7	C	66.5	08/16/2007	3.94	1,650	27.07
LO	6	7	C	80	05/17/2007	0.01	1,616	32.72
LO	7	7	C	70	06/15/2007	1.05	1,609	27.75
LO	6	8	P	50	05/15/2008	1.08	1,600	28.44
LO	6	8	C	70	05/15/2008	6.21	1,550	24.99
LO	9	7	C	67	08/16/2007	3.72	1,500	27.09
LO	9	7	P	67	08/16/2007	4.31	1,500	27.12
LO	12	7	C	68	11/13/2007	5.19	1,500	27.18
LO	7	7	P	62	06/15/2007	1.59	1,400	28.14
LO	7	7	C	65	06/15/2007	2.7	1,390	27.40
LO	6	8	P	70	05/15/2008	7	1,350	25.13
LO	12	7	P	55	11/13/2007	1.19	1,300	29.30
LO	12	10	P	50	11/16/2010	3.13	1,300	24.73
OB	7	7	C	2.6	06/26/2007	0.0119	1,020	38.07
OB	7	7	C	2.15	06/26/2007	0.0778	614	34.53
OB	7	7	C	2.05	06/26/2007	0.1147	609	33.78
OB	7	7	P	1.7	06/26/2007	0.0191	600	37.68
OB	8	7	C	2.7	07/26/2007	0.0149	500	38.22
OB	6	7	C	2.15	05/25/2007	0.0629	450	38.34
OB	9	7	C	1.99	08/28/2007	0.1424	405	30.53
OB	9	7	P	1.99	08/28/2007	0.1396	405	30.51
OB	10	7	P	1.87	09/25/2007	0.1424	405	29.59
OB	10	7	C	1.87	09/25/2007	0.1383	405	29.59
OB	6	7	C	2.1	05/25/2007	0.0807	254	37.91
OB	5	7	C	2.08	04/25/2007	0.0495	232	42.22
OB	5	7	P	2.05	04/25/2007	0.0283	212	42.60
OB	5	7	C	2.2	04/25/2007	0.0112	200	43.30
OB	10	7	P	1.6	09/25/2007	0.0435	200	30.68
OH	5	7	C	1.9	04/25/2007	0.0072	200	38.45
OH	5	7	P	1.83	04/25/2007	0.0487	200	37.99
OH	6	7	P	1.7	05/25/2007	0.0255	200	30.03
OH	5	7	P	1.76	04/25/2007	0.0165	137	37.99
OH	5	7	P	1.9	04/25/2007	0.1013	100	38.45
OH	6	7	C	1.85	05/25/2007	0.0483	100	29.69

Gasoline stocks in the independent storage tanks in the Amsterdam-Rotterdam-Antwerp area fell by 35,000 tons to 780,000 tons in the week ending April 19. Shipping brokers stated that about 1.9 million tons of European gasoline have been booked to load in April bound for the US, up from 1.5 million-1.7 million tons in March. The ARA data also showed that gas oil stocks fell by 10,000 tons to 1.936 million tons while fuel oil stocks fell by 137,000 tons to 474,000 tons and jet fuel stocks fell by 7,000 tons to 418,000 tons on the week.

China's National Bureau of Statistics said the country's crude oil production increased by 1.5% on the year in the first quarter. China has stated that it aimed to increase output to 193 million tons or 1.41 billion bpd by the end of the decade.

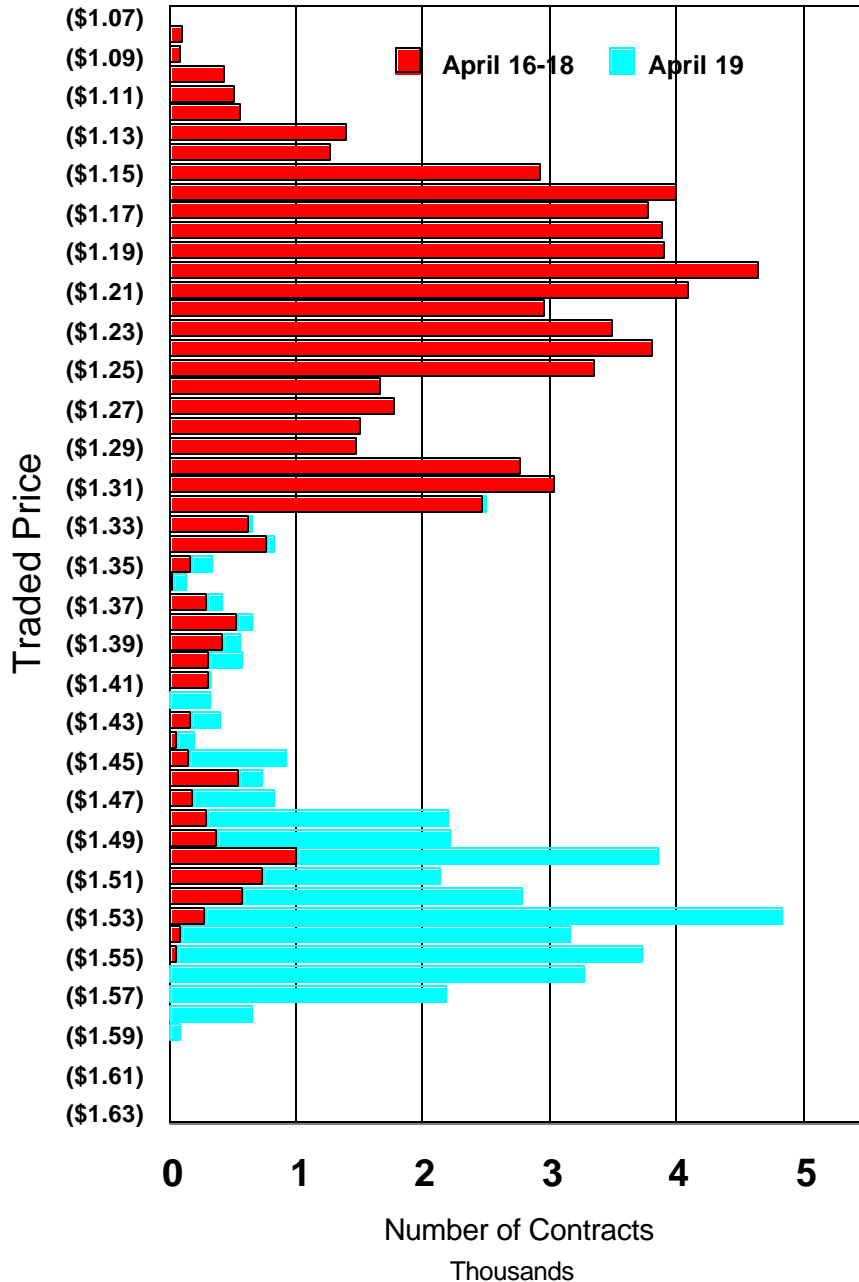
Korea National Oil Corp said South Korea's emergency crude stocks fell by about 2 million barrels to 25.6 million barrels after Kuwait ended its joint storage deal with the company. The new stockpile volume would meet about 10 days of South Korea's demand, down from 13 days.

Singapore's International Enterprise stated that the country's residual fuel stocks built by 850,000 barrels to 12.446 million barrels in the week ending April 18. It also reported that Singapore's light distillate stocks fell by

NYMEX WTI: June July Spread

Price Vs Volume for April 16 - April 19, 2007

Trade Weighted Avg: 4/19 -1.519 4/18 -1.25 4/17 -1.19 4/16 \$-1.30



478,000 barrels to 8.746 million barrels while middle distillate stocks built by 934,000 barrels to 8.459 million barrels on the week.

Brazil's Petrobras said it planned to double its output from 2 million bpd over the next 10 years. It also stated that it planned to export oil worth \$1 billion to China this year. Petrobras said its production from domestic fields increased to 1.811 million bpd in March from 1.805 million bpd in February. The company said that its international oil production fell to 119,280 bpd in March from 131,300 bpd in February.

OPEC's news agency reported that OPEC's basket of crudes fell further to \$61.84/barrel on Wednesday from \$62.99/barrel on Tuesday.

Belarus said it was planning to import crude oil via Lithuania's terminals, starting in 2008. Belarus may import via Lithuania up to 7 million tons of crude per year, with the first shipment possibly starting in 2008.

Russia's environmental regulator Rosprirodnadzor filed a request to pull production licenses belonging to subsidiaries of Imperial Energy Corp over licensing violations. It accused the company of carrying out exploratory work without the appropriate documentation and of not exploring some sites quickly enough to meet

requirements set out in the licensing agreements.

Russia's Lukoil Holdings said it hoped to take part in projects to explore and develop oilfields in Angola. Separately, Lukoil stated that world oil prices could rally to as much as \$150/barrel if the risk of a military strike on Iran became a reality.

Market Commentary

The crude market settled sharply lower as traders unwound positions ahead of the May contract's expiration on Friday. The market was also pressured by the reports that Enbridge resumed shipments through its 490,000 bpd pipeline late Wednesday. The oil market may have also been pressured amid the concerns that China's economy has started to overheat and possibly cause the government to undertake efforts to cool the economy. The market continued to retrace Wednesday's early losses overnight and traded to a high of 64.84, basis the June contract. However its gains were limited by the bearish news. The June contract extended its losses to over \$1.30 as it posted a low of 63.04 amid the liquidation of the May contract, which sold off to a low of 61.34 and settled down \$1.30 at 61.83. The May/June spread came in some and settled at -1.31. The crude market is seen trading lower ahead of the May contract's expiration. The June crude contract is seen finding support at its low of 63.04 followed by 62.56 and 61.90, basis a trendline. Resistance is seen at 63.50, 64.00, 64.45 and 64.84. More distant resistance is seen at 65.56. The product markets were mixed with the RBOB market settling up 55 points at 208.88 and the heating oil market settling down just 8 points at 180.58. The RBOB market, which ended at its highs on Wednesday, continued to retrace its losses as it rallied to a high of 210.20. It retraced more than 50% of its move from a high of 221.34 to a low of 198.20. The June RBOB crack spread also bounced off its support and settled at 23.48. It is seen finding resistance at 24.65. The heating oil market also retraced some of its previous losses as it posted a high of 183.30 in afternoon trading.

Technical levels		
	Levels	Explanation
CL 63.32, down \$1.06	Resistance 64.84, 65.56 63.50, 64.00, 64.45	Thursday's high, Basis trendline
	Support 63.04 62.56, 61.90	Thursday's low Previous low, Basis trendline
HO 180.58, down 8 points	Resistance 184.48, 186.39, 187.71 181.00, 182.15, 183.30	50%(192.57 and 176.38), 62%, Previous high Thursday's high
	Support 179.44 176.38, 176.05, 172.87	Thursday's low Previous lows, Basis trendline
RB 208.88, up 55 points	Resistance 212.50, 214.67 209.14, 210.20	62%(221.34 and 198.20), Previous high Thursday's high
	Support 206.23 205.25, 203.80, 198.20, 198.12	Thursday's low Previous low, Basis trendline