



ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR APRIL 20, 2007

Iran's top negotiator Ali Larijani and EU foreign policy chief Javier Solana are scheduled to meet on Wednesday for talks on Iran's nuclear program. A European Union official said they would have preliminary discussions with a view to seeing if it would be possible to restart negotiations. Separately, Iran's Vice President Gholam Reza Aghazadeh invited western nations to participate in the construction of nuclear power plants across Iran. He said the invitation would test the West's good will and restore Iran's trust in the West. The nuclear plants would be light water reactors, each with the capacity to generate up to 1,600 Mw of electricity and would cost up to \$1.7 billion and take up to 11 years to construct.

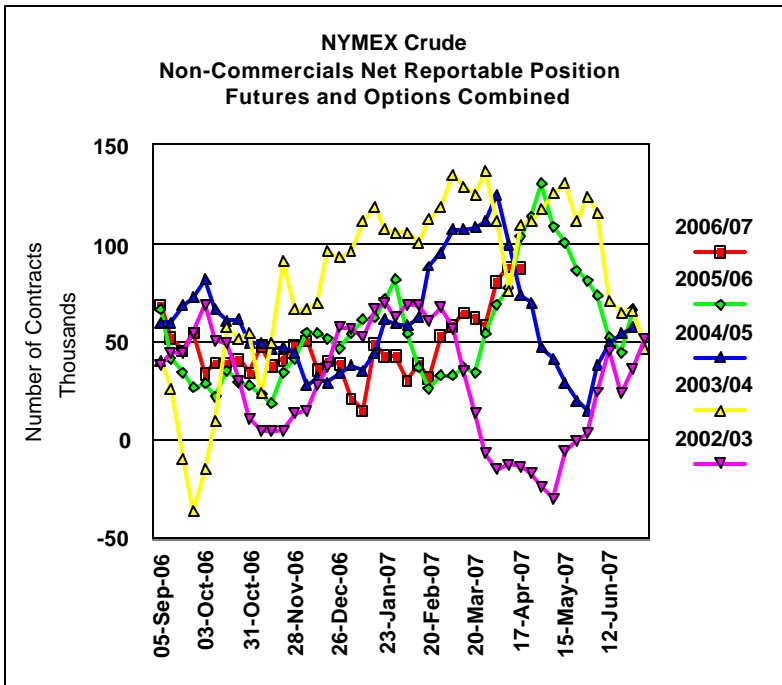
Market Watch

Standard & Poor's said reduced dependence on oil could push prices as high as \$120/barrel without causing a recession. It said spikes in oil prices do not have the same impact they used to. It said prices could surge past \$120/barrel if the conflict between the US and Iran escalates.

The NYMEX reported that its RBOB gasoline futures contract traded on Globex set a daily volume record on Wednesday of 101,724 contracts, exceeding the 92,139 contracts traded on April 17. Separately, the NYMEX said it would list additional natural gas, RBOB and Heating Oil American-style options on its Clearport platform next month. The options would be listed alongside traditional open outcry trading on the NYMEX trading floor. The new listings would take place on May 6 for trade date May 7.

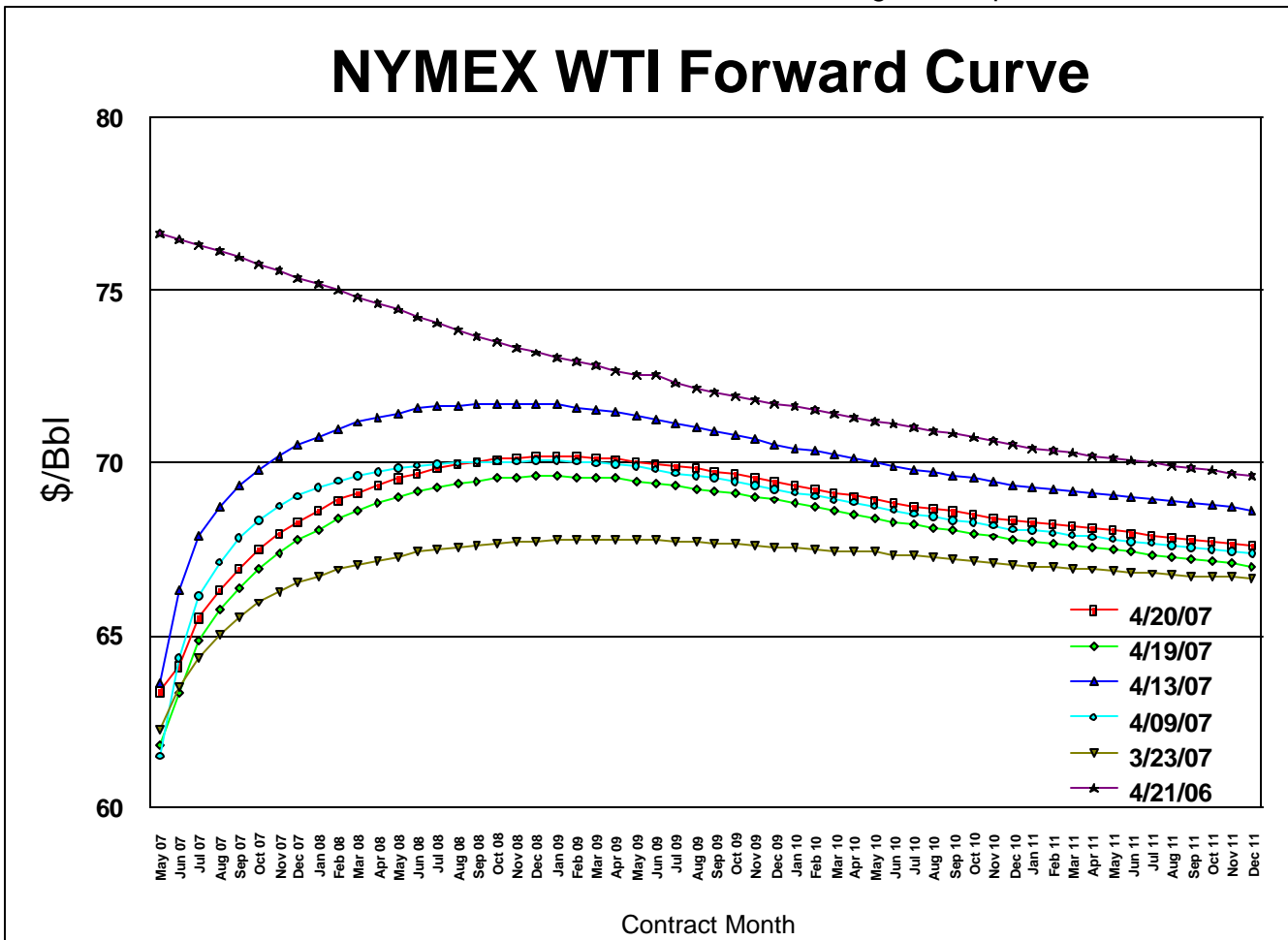
Officials in North Dakota, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, Ohio, South Dakota and Wisconsin plan to coordinate policy and research efforts to make the region a bigger player in renewable energy and biofuels.

The Washington Post reported that companies are hoping to turn wood waste into "bio-oil" that could replace conventional heating oil. The new fuel is one of many varieties of petroleum alternatives moving closer to commercial production as concerns over global warming makes them more attractive. President George W. Bush has set a goal of 35 billion gallons of alternative fuels produced annually by 2017. The most recognized biofuel is ethanol. Researchers have also been looking at other methods to convert cellulose such as grass or weeds or discarded lumber into fuels. The wood debris can be converted to oil that is drawn off and sold, gases that are re-burned and char that can be mixed with the oil or used as a fertilizer. The process is carbon neutral because it uses carbon that is in the wood and that through natural decay would one day contribute to carbon dioxide emissions anyway. While the process works in a laboratory, there are pitfalls to making it successful on a scale large enough to be commercially profitable.



Gunmen attacked a vessel supporting a Transocean drilling rig in Nigeria's Niger Delta, abducting three oil workers and seizing weapons and equipment. Six people were injured during the attack late Thursday. Security sources said the Trident 8 rig has been shutdown however no oil flow was affected. Sources stated that the attack on the oil vessel appeared to be criminal rather than politically motivated.

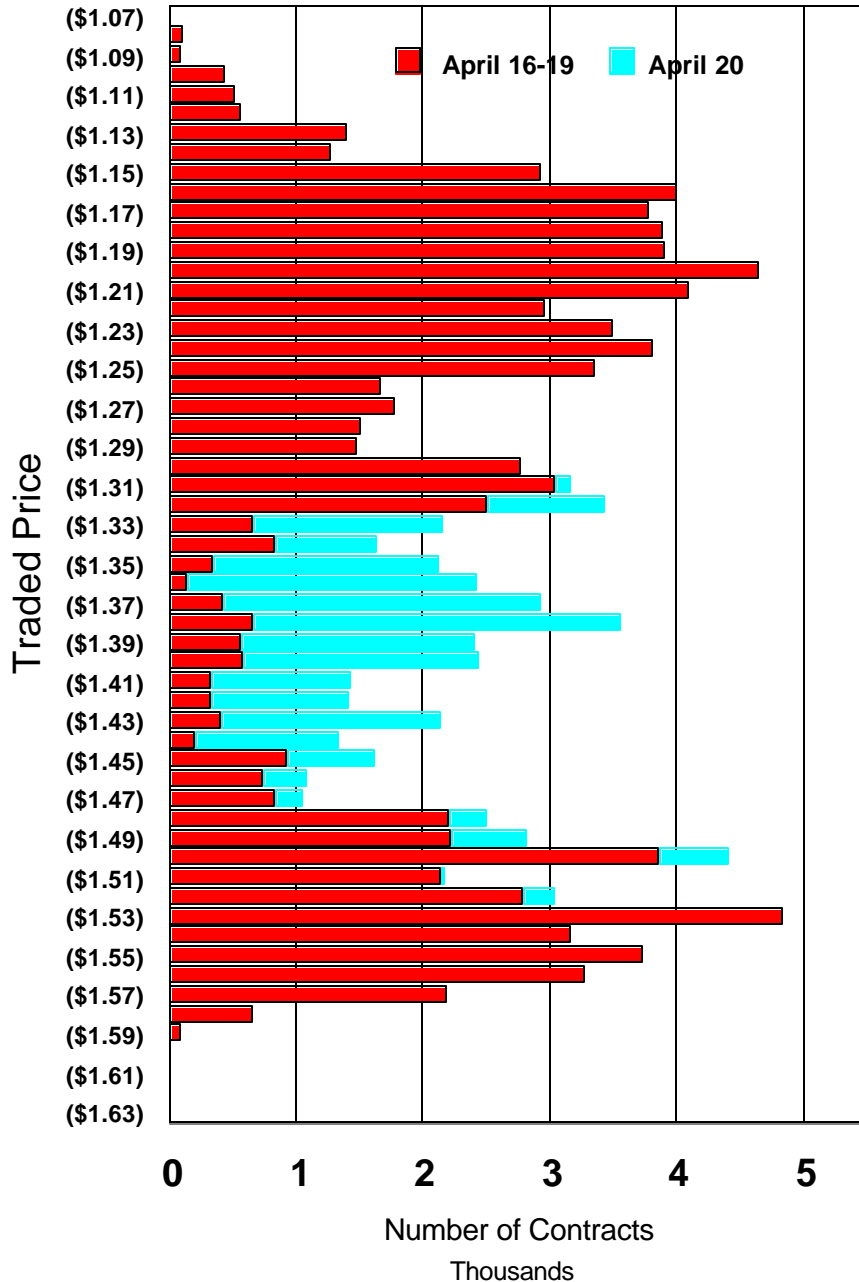
Nigeria's President Olusegun Obasanjo called on Nigerians to exercise restraint to ensure the conclusion of the planned presidential elections on Saturday. Later on Friday, gunfire broke out in the southern Nigerian city of Yenagoa, the capital of Bayelsa state. A top militant said fighters hoped to scuttle weekend



NYMEX WTI: June July Spread

Price Vs Volume for April 16 - April 20, 2007

Trade Weighted Avg: 4/20 -1.39 4/19 -1.519 4/18 -1.25 4/17 -1.19 4/16 \$-1.30



presidential elections.

Separately, analysts stated that any unrest surrounding Nigeria's presidential election on Saturday is not expected to interrupt the flow of oil from the country. Analysts stated that as long as the Western Delta region remained relatively stable in the wake of the vote there is unlikely to be an interruption to oil production.

Refinery News

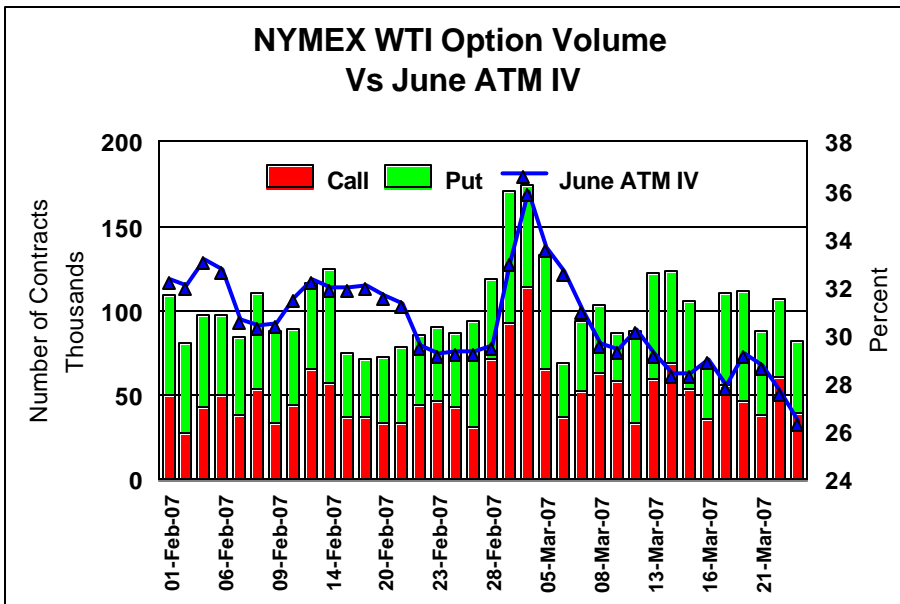
Los Angeles wholesale gasoline differentials rebounded after prices fell this past week amid rumors of that Shell's 156,000 bpd refinery in Martinez, California cut its production by 10% due to a shutdown of a pipeline feeding oil to the refinery. A Shell spokesperson however was not immediately available to discuss operations at the refinery.

BP Plc said that operations at its Texas City, Texas refinery were normal after 90 workers went to the hospital late Thursday, complaining of dizziness and nausea while they were performing maintenance and repair work on Pipestill 38, which has been down since Hurricane Rita. Initial checks found no leaks at the site and that investigations were continuing. Environmental testing by the Texas City fire department did not find evidence of air contamination.

A leak in an exchanger at a processing unit at ExxonMobil

Corp's Baytown, Texas refinery resulted in emissions Thursday. The leaking exchanger was isolated

to stop the flow of oil. According to a report filed with the Texas Commission on Environmental Quality, the incident's impact to fuel production was minimal and noted that all customers' needs were met.



ConocoPhillips shut part of a processing unit and has reduced the processing rates of several other units at its Sweeny refinery in Old Ocean, Texas for two-three weeks following a problem on Thursday. A tube failure in a boiler associated with sulfur reduction equipment resulted in the shutdown of a portion of a sulfur recovery unit. The 17 other units, including a fluid catalytic cracking unit and two coker units, are expected to continue operating at reduced rates while the boiler is repaired.

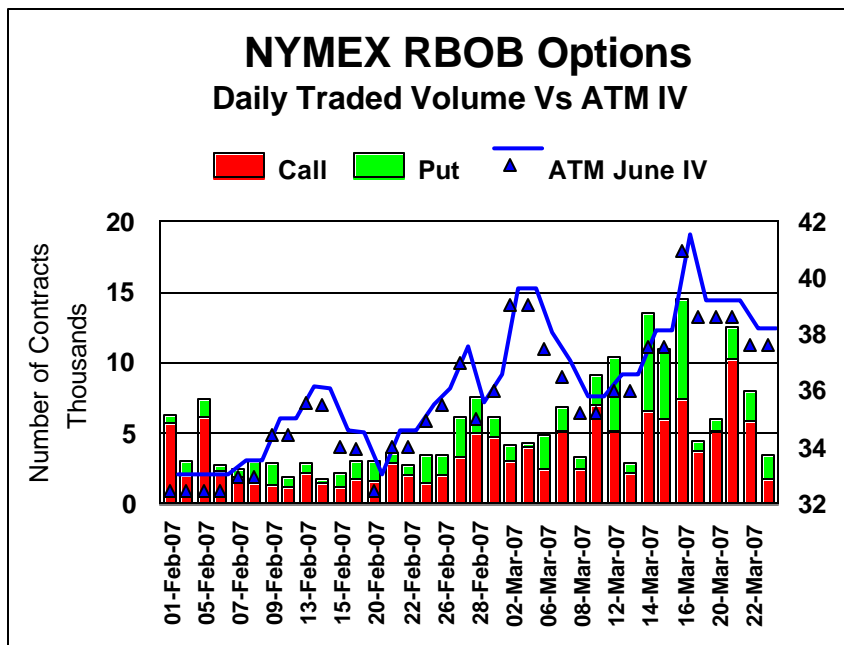
Oil traders stated that units that have been shut for turnaround, including a fluid catalytic cracking unit, at Sunoco Inc's Philadelphia refinery are expected to resume operations this weekend.

Citgo restarted a 120,000 bpd crude distillation unit at its 425,000 bpd Lake Charles, Louisiana on Friday, four days later than planned. The unit was shut early last week for unplanned maintenance.

A Royal Dutch Shell official said he hoped a \$5 billion project to more than double the capacity at its Motiva refinery in Texas would be granted final approval this year. Motiva Enterprises, a joint venture between Shell and Saudi Aramco, has been considering expanding the 285,000 bpd Port Arthur, Texas refinery to as much as 600,000 bpd.

The EIA reported that ethanol imports to the US fell by 8.4% to 939,000 barrels in February. It was the lowest level since May 2006. It reported that four shipments totaling 572,000 barrels sailed from Brazil and six, totaling 212,000 barrels, came from El Salvador.

China's National Bureau of Statistics, the country's refineries processed 27.11 million tons of oil in March, up 6.4% on the year. It



reported that crude throughput in the first three months of the year increased by 5.6% on the year to 78.36 million tons. It also stated that domestic crude production fell by 0.3% to 15.65 million tons in March and increased 1.5% in the January through March period to 46.04 million tons.

China's Shanghai Securities News reported that China may start filling tanks at its third strategic oil reserve base this month as work on the 3.2 million cubic meter facility is completed ahead of schedule. The fourth and final tank farm planned as part of an initial phase of reserves, able to hold about a month of imports at current rates, would also likely be finished before 2008.

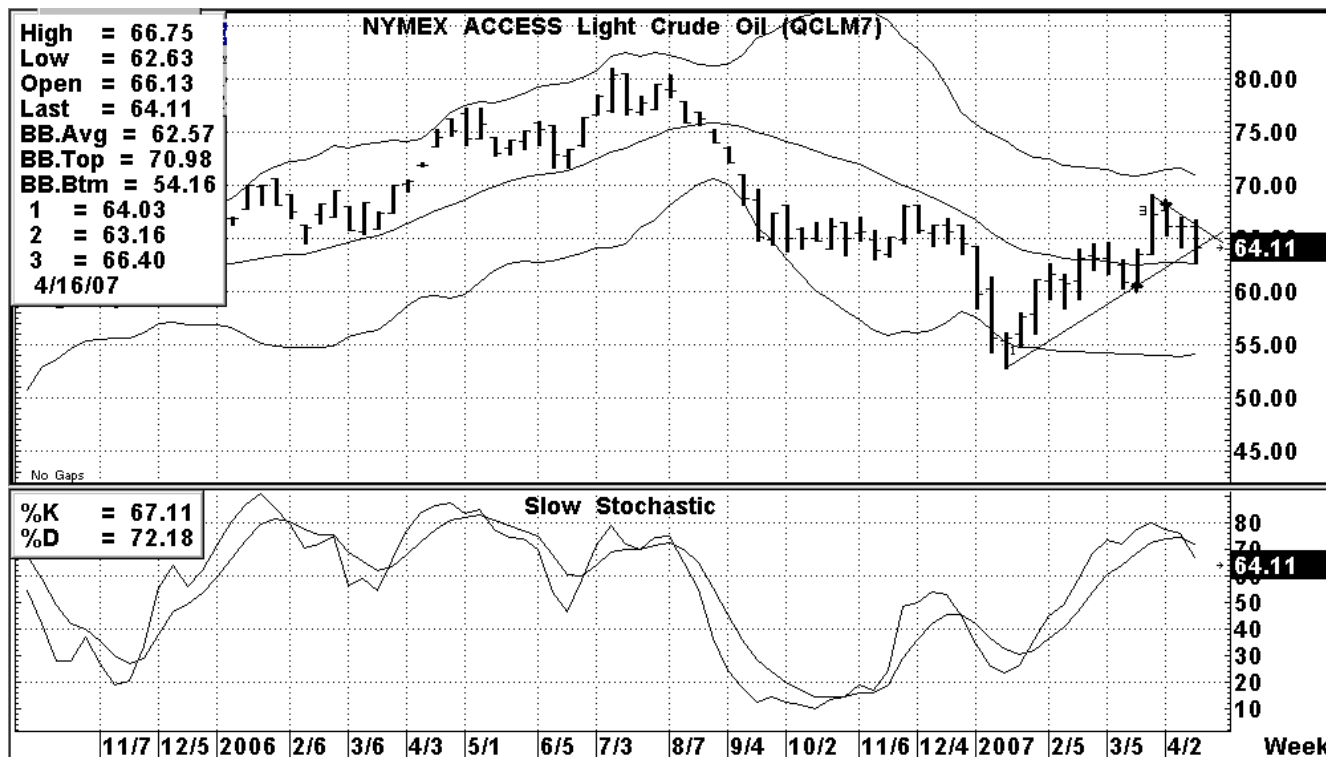
Traders said the Baltic market would likely face a second year of scarce Russian fuel oil supplies in the 2007 navigation season due to problems at a shipping firm and increased supplies to the south. River shipments fell last year after Volgotanker, had to mothball its fleet due to back tax claims which arose as part of a state investigation into Yukos. Fuel oil deliveries by river to the Baltic market this year is expected to total 2.7-2.8 million tons.

PDVSA reportedly has shut at least one crude unit at its 320,000 b/d Isla refinery for maintenance work. The work reportedly began last week..

Production News

Alaska's Department of Revenue said oil production in Alaska is expected to rebound from the current fiscal year's level. Production is expected to average 764,000 bpd in the next fiscal year compared with 740,000 bpd in the current fiscal year. Production during the current fiscal year has been cut by a partial shutdown in August of the Prudhoe Bay oilfield. It forecasted that by fiscal 2016, average daily production would fall to 682,000 bpd.

Statoil said that new drilling technology has allowed it to double to 50 million barrels its estimate for recoverable oil at Glitne. The company said it planned to drill a seventh well at Glitne this summer, which would start producing in October, doubling its output.



BP has booked a Very Large Crude Carrier on a voyage from Turkey's port of Ceyhan to Chile in early May. The 260,000 ton tanker has been confirmed to load crude on May 4 for \$5.5 million. Traders said the crude tanker would likely load Azeri Light crude.

Total SA said it has been awarded 32 offshore exploration blocks in an oil and gas lease sale in Alaska. Award of the blocks is subject to final approval by the Minerals Management Service. The exploration period would last 10 years. Total said it was considering conducting a seismic survey to identify the main prospects and possible drilling locations for the exploration wells.

OPEC's news agency reported that OPEC's basket of crudes increased by 1 cent/barrel to \$61.85/barrel on Thursday.

Technical levels		
	Levels	Explanation
CL	Resistance 63.38, up \$1.55	64.64, 64.84, 65.08, 65.35, 65.55 64.27
	Support	63.55, 63.16, 62.85, 62.63 62.56, 62.25, 61.75
HO	Resistance 183.25, up 2.67 cents	184.48, 186.39, 187.71 183.40
	Support	182.85, 182.00, 179.55 179.44, 176.38, 176.05
RB	Resistance 213.74, up 4.86 cents	214.67, 218.90, 221.34 213.89
	Support	212.00, 208.15 207.90, 206.23, 206.05, 204.19

Market Commentary

For the first time in 14 weeks, June crude oil traded below the trend line drawn off of the lows of January 15th. Throughout most of the session, prices traded in a 25-point range, on moderate volume. It seemed unlikely that this range would be breached, but as news hit the wire about a leak in a crude pipeline at Shell's San Francisco Bay area refinery, prices pushed above the 64.01 top of the downward channel on a daily chart. As long as prices can settle below 64.45 and barring any new bullish fundamentals, we would look for a continuation to the downside. At this point in time, we would look for a test of the bottom of the downward daily channel, which is set at 61.75. Currently support is set at 63.55, 63.16, 62.85, 62.55, 62.25, 61.75. Resistance is set at 64.45, 64.85, 65.08, 65.35, 65.55, 65.95, 66.10, and 66.30. As is evident by the forward curve chart it appears that the back end gained back strength lost over the past two days. With our expected weakness on the front end, we would look for a continuation of this pattern. Meanwhile, the RBOB market settled sharply higher, up 4.86 cents at 213.74 in light of the refinery news. The market retraced more than 62% of its move from a high of 221.34 to a low of 198.20 as it extended its gains over 5 cents and rallied to a high of 213.89 late in the session. Similar to the crude market, the product markets are seen retracing some of their gains barring any further bullish refinery news. The markets will however be concerned over the Nigerian presidential elections over the weekend.

The Commitment of Traders report showed that non-commercials increased their net long positions by 5,631 contracts to 80,815 contracts in the week ending April 17. The combined futures and options report however showed that non-commercials cut their net long position slightly by 570 lots to 87,968 contracts amid the market's sell off. The non-commercials in the product markets cut their net long positions amid the markets' recent sell off. Non-commercials in the heating oil market cut their net long position by 8,048 contracts to 6,356 contracts while non-commercials in the RBOB market cut their positions by 2,964 contracts to 30,570 contracts on the week.

NYMEX Petroleum Options Most Active Strikes for April 20, 2007								
Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
LO	6	7	C	68	05/17/2007	0.55	4,140	26.47
LO	6	7	C	70	05/17/2007	0.3	3,984	27.67
LO	6	7	P	63.5	05/17/2007	1.53	3,905	26.41
LO	6	7	C	63.5	05/17/2007	2.14	3,850	26.46
LO	6	7	C	79	05/17/2007	0.02	3,450	32.70
LO	12	8	P	65	11/17/2008	5.34	3,250	24.88
LO	6	7	P	62	05/17/2007	0.96	3,019	26.76
LO	6	7	P	60	05/17/2007	0.52	2,990	28.48
LO	6	7	P	61	05/17/2007	0.71	2,833	27.60
LO	6	7	P	55	05/17/2007	0.09	2,692	32.66
LO	12	7	P	65	11/13/2007	3.76	2,450	27.17
LO	6	7	P	64	05/17/2007	1.76	2,042	26.26
LO	6	7	C	67	05/17/2007	0.77	1,900	26.39
LO	6	7	C	65	05/17/2007	1.42	1,717	26.26
LO	12	7	P	60	11/13/2007	2.12	1,577	28.02
LO	12	7	P	55	11/13/2007	1.07	1,500	28.93
LO	10	7	C	67	09/17/2007	4.67	1,225	26.68
LO	10	7	P	67	09/17/2007	4.2	1,225	26.64
LO	7	7	C	67	06/15/2007	2.1	1,104	27.18
LO	7	7	C	66	06/15/2007	2.52	1,002	27.21
LO	12	7	C	70	11/13/2007	4.48	1,002	26.48
LO	7	7	P	62	06/15/2007	1.33	1,000	27.62
LO	6	7	P	63	05/17/2007	1.32	935	26.54
LO	6	7	C	64	05/17/2007	1.87	892	26.27
LO	8	7	P	55	07/17/2007	0.35	850	28.53
LO	6	7	C	64.5	05/17/2007	1.64	849	26.35
LO	6	7	P	57	05/17/2007	0.19	819	31.08
LO	9	7	P	57	08/16/2007	0.78	800	27.99
LO	7	7	P	63.5	06/15/2007	1.86	750	27.49
LO	9	7	P	60	08/16/2007	1.37	750	27.45
LO	12	8	P	55	11/17/2008	2.39	750	26.21
OB	6	7	P	2.1	05/25/2007	0.0926	640	37.76
OB	5	7	P	2.07	04/25/2007	0.0173	375	43.60
OB	5	7	C	2.1	04/25/2007	0.064	200	43.22
OB	7	7	P	1.8	06/26/2007	0.0245	200	34.99
OB	5	7	C	2.15	04/25/2007	0.0368	173	42.84
OB	6	7	C	2.1	05/25/2007	0.1024	128	37.76
OB	7	7	C	2.1	06/26/2007	0.1124	110	33.78
OB	7	7	P	2	06/26/2007	0.0821	100	34.88
OH	5	7	C	1.9	04/25/2007	0.0103	135	38.91
OH	8	7	P	1.7	07/26/2007	0.0402	100	29.03
OH	7	7	C	1.84	06/26/2007	0.0909	85	27.30
OH	7	7	P	1.84	06/26/2007	0.079	85	27.26