



ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR APRIL 23, 2008

Iran's President Mahmoud Ahmadinejad said Iran was ready to discuss its nuclear program with any country. However he stated that it would not yield to international pressure to halt the project. His statement was a shift from his previous

position that Iran would only discuss its nuclear program with the IAEA. Meanwhile, Iran also agreed to cooperate with an IAEA investigation into allegations that it tried to make nuclear weapons. An IAEA spokeswoman said the agency hoped Iran would provide the necessary clarifications about the allegations in May. An agreement on the issue was reached during talks earlier this week between Iranian officials and the IAEA's deputy director general, Olli Heinonen. The IAEA's director general, Mohamed ElBaradei said Iran's decision to discuss allegations it tried to make nuclear weapons was a milestone. He is expected to issue the next of his quarterly reports on Iran in late May.

Meanwhile, Iran's Oil Ministry said the country's oil sector has not been affected by UN Security Council sanctions imposed on the country over its nuclear program. It said that Iran's oil production of 4.2 million bpd showed that the sanctions were not effective. Meanwhile, Iran's leading shipping company, Bonyad Shipping Co said US sanctions against Iran have hurt the shipping industry.

Turkish warplanes attacked Kurdish rebel targets in northern Iraq on Wednesday. Four Turkish warplanes attacked the Hakurk region of northern Iraq.

DOE Stocks

Crude – up 2.4 million barrels
Distillate – down 1.4 million barrels
Gasoline – down 3.2 million barrels
Refinery runs – up 4.2%, at 85.6%

Refinery News

ExxonMobil Corp cut processing rates on a fluid catalytic cracking unit at its 563,000 bpd Baytown, Texas refinery after three boilers tripped offline. Two of the boilers have been restarted. It said the incident had a minimal impact on production.

A union official said the closure of Ineos' Grangemouth oil refinery in Scotland was at a critical point as talks between the union and the company continued on Wednesday to avoid a strike. He said the union was willing to negotiate up until Sunday. Ineos started shutting down the 200,000 bpd Grangemouth refinery on safety concerns ahead of a planned 48 hour strike starting April 27. Ineos has stated that the shutdown would have a significant impact on supply of crude oil through BP's Forties Pipeline System. If the refinery is completely shut, Scotland and northern England could face shortages of motor fuel, especially diesel. It has declared force majeure on chemical shipments coming from the Grangemouth facility after the strike threat by workers forced the shutdown of the chemical plant last weekend. BP said it was preparing for a possible shutdown of the Forties crude pipeline system.

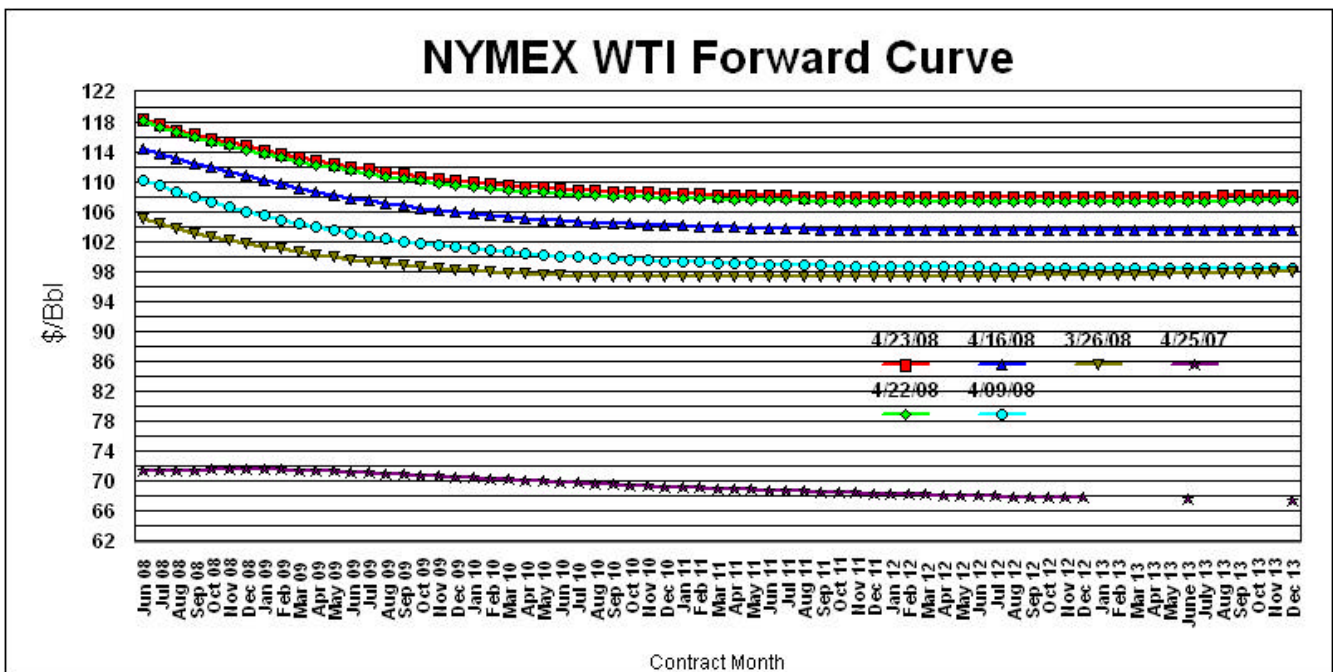
April Calendar Averages	
CL	111.28
HO	316.70
RB	284.92

A 24 hour strike at France's state run ports has blocked more than 100 ships. Port officials stated that 67 ships in the port of Marseille were blocked, including 39 oil shipments in the Fos-Lavera oil terminal. A Fos-Lavera official said the total oil shipments blocked from entering the port included 11 crude oil, 17 refined oil and 5 chemical tankers. Another 19 oil vessels were stuck at the terminal, including 3 oil tankers, 2 refined oil shipments and 7 cargoes. The strike has blocked 10 ships from entering the port of Dunkirk, including three chemical tankers and one shipment with oil to be refined. The strike action has also impacted operations at the port of Le Havre, Nantes, La Rochelle and Bordeaux. Officials said another 5 shipments were prevented from exiting the port, including four carrying refined oil products. Meanwhile, Ineos' 207,000 bpd refinery in Fos-Lavera is unaffected by the port strike and is operating at full capacity.

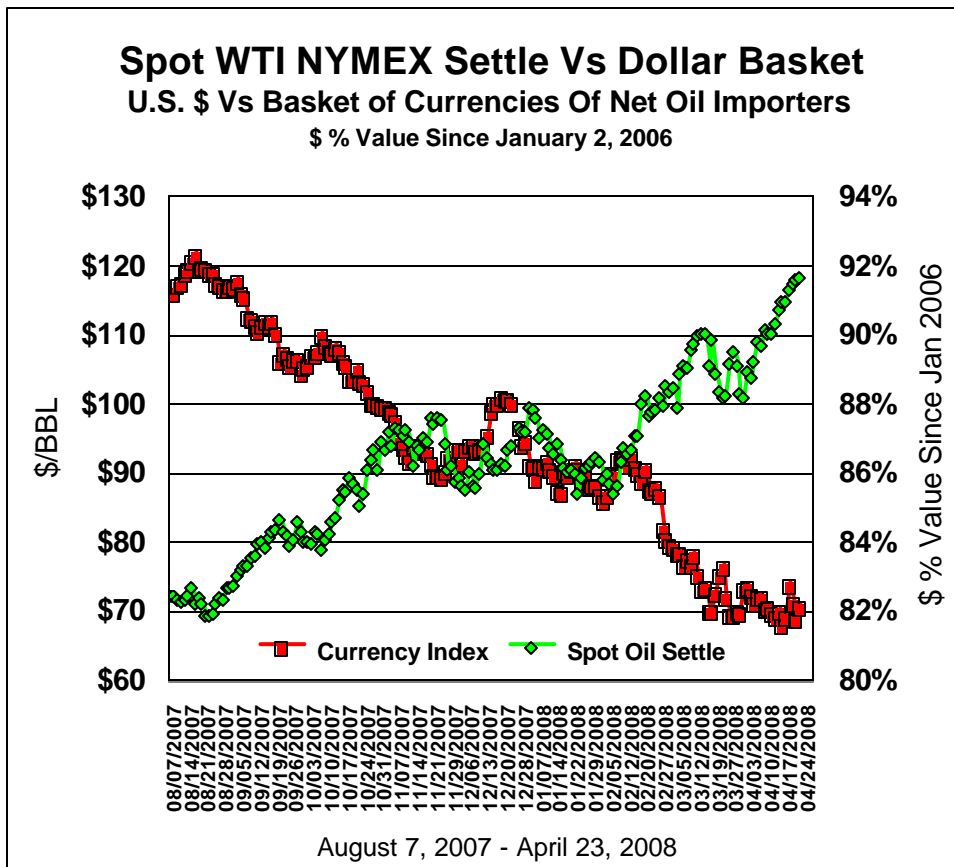
Tesoro Corp said it was restarting units at its 100,000 refinery in Los Angeles, California following a power outage on Wednesday morning.

Petro-Canada said it is expected to complete scheduled maintenance on an 18,000 bpd fluid catalytic cracking unit at its 130,000 bpd Montreal refinery next Wednesday. The unit has been offline for about a month of maintenance.

According to Wood Mackenzie, world oil refining margins may narrow starting next year as new



capacity comes onstream. It said new refineries and the increased use of ethanol in gasoline could cause refining margins to fall through 2012. Refining margins in the first quarter this year averaged 86 cents/barrel. Refiners using Brent crude in northwest Europe have earned \$1.10/barrel so far this year.



Production at the Greka oil and gas facility in Santa Maria, California resumed a day after authorities found another leak and issued a stop work order.

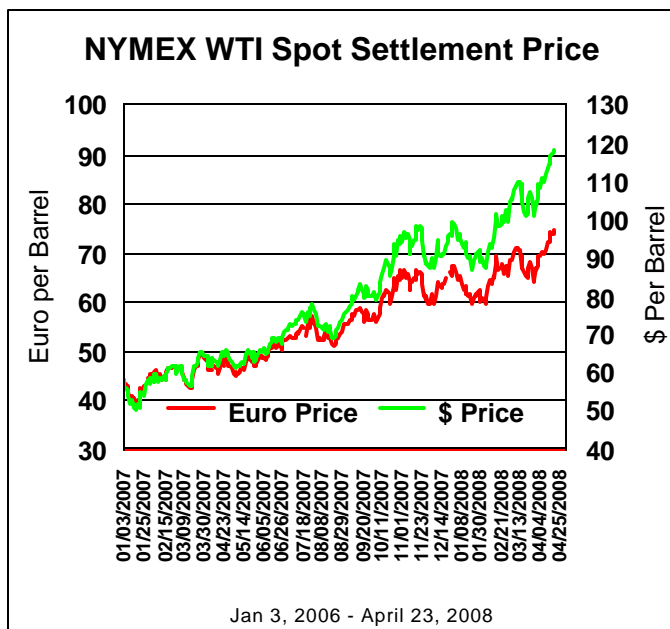
Saudi Aramco's 88,000 bpd Jeddah refinery is due for a full maintenance shutdown in May.

A refinery official said the 400,000 bpd expansion of Saudi Arabia's Ras Tanura refinery would add 100,000 bpd to world gasoline flows in the fourth quarter of 2012. The refinery is expected to launch a 100,000 bpd diesel hydrotreater in the final quarter of 2010, increasing the refinery's

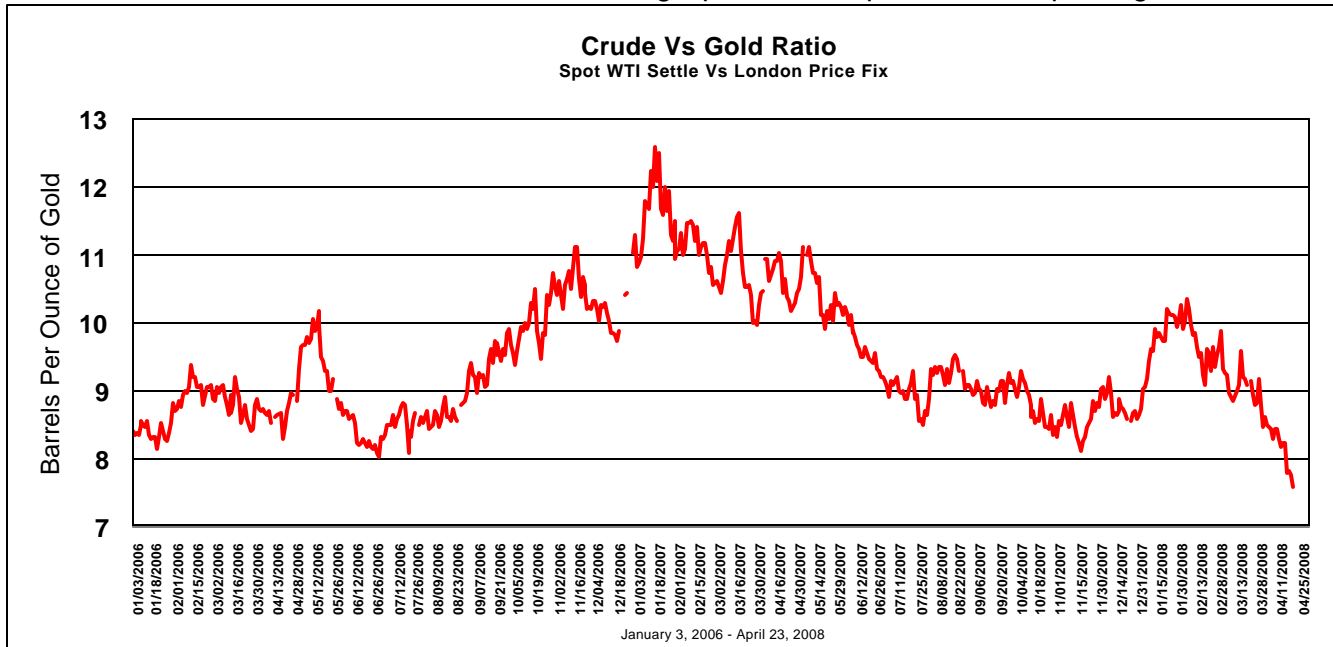
output of high quality diesel.

The Nigerian National Petroleum Corp said the country planned to build two crude oil refineries by 2013. The refineries are likely to have a capacity of between 200,000 and 300,000 bpd. Meanwhile, a Nigerian National Petroleum Corp official said the country was planning legislation to oblige international oil companies to refine a proportion of their crude in Nigeria. It is seeking to reduce its dependence on imported fuel.

Japan's Ministry of Finance reported that the country's customs cleared crude oil imports in March increased by 3.2% on the year to 22.253 million kiloliters or 4.52 million bpd. Imports from the Middle East fell by 1.2% to 18.81 million kl while imports from Asia increased by 73.6% to 1.53 million kl.



The Petroleum Association of Japan reported that the country's crude oil stocks built by 3.63 million barrels to 95.59 million barrels in the week ending April 19. It reported that Japan's gasoline stocks



built by 210,000 barrels to 14.6 million barrels on the week as refiners built inventories to avoid a shortage as demand is expected to increase if a recently expired domestic tax is restored. Kerosene stocks for heating fell by 530,000 barrels to 10.89 million barrels while naphtha stocks fell by 820,000 barrels to 12.3 million barrels on the week. The PAJ reported that crude runs fell by 60,000 bpd to 4.08 million bpd.

Production News

Norway's Deputy Oil and Energy Minister Liv Monica Stubholt said Norway would support an oil price decline and would not regret if oil prices fell slightly.

The average daily loading rate of the nine main North Sea crude oil streams is expected to fall to 2.412 million bpd, down 15,000 bpd on the month. The Brent loadings are expected to increase to 178,000 bpd, up from 145,000 bpd in April while Forties loadings are expected to increase by 19,000 bpd to 619,000 bpd. Loading of Oseberg is expected to fall by 26,000 bpd to 194,000 bpd while Ekofisk loadings are expected to fall by 13,000 bpd to 397,000 bpd and DUC loadings are expected to fall by 26,000 bpd to 174,000 bpd. Loadings of Flotta crude is expected to fall by 2,000 bpd to 63,000 bpd, Gullfaks loading are expected to fall by 25,000 bpd to 289,000 bpd while Statfjord crude loadings are expected to increase by 49,000 bpd to 248,000 bpd. Norway's Troll oil stream is scheduled to load 250,000 bpd in May, down from 274,000 bpd in April.

Indonesia's BPMIGAS reported that the country's crude oil production is likely to fall marginally in April from March due to maintenance shutdowns at some wells. Crude oil production is likely to fall to 854,800 bpd in April from 859,000 bpd in March.

A Socar official said BP failed to reach an agreement with the company on an expansion of the Baku-Tblisi-Ceyhan pipeline.

Ecuador's Central Bank reported that the country's oil export revenue totaled \$984.79 million in February, up 131% on the year. It exported 12.26 million barrels in February, up 33% on the year.

NYMEX Petroleum Options Most Active Strikes for April 23, 2008								
Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
LC	12	8	C	150	11/17/2008	2.49	1,900	29.90
LC	9	8	P	70	08/15/2008	0.08	1,000	41.60
LC	6	8	P	100	05/15/2008	0.24	1,000	41.98
LC	8	8	P	102	07/17/2008	2.36	850	38.92
LC	8	8	C	127	07/17/2008	4.19	850	31.80
LO	6	8	C	120	05/15/2008	3.47	6,305	35.92
LO	6	8	P	100	05/15/2008	0.24	5,613	41.03
LO	12	8	P	80	11/17/2008	0.82	5,502	33.65
LO	6	9	P	73	05/14/2009	1.3	5,500	32.42
LO	7	8	C	135	06/17/2008	1.7	4,926	37.48
LO	6	8	P	95	05/15/2008	0.1	4,607	43.82
LO	8	8	P	89	07/17/2008	0.62	4,531	38.80
LO	6	8	P	110	05/15/2008	1.24	4,484	36.23
LO	6	8	C	75	05/15/2008	43.3	4,150	93.56
LO	7	8	C	84	06/17/2008	33.62	3,750	52.76
LO	6	8	C	78	05/15/2008	40.3	3,750	85.48
LO	7	8	C	125	06/17/2008	3.72	3,731	36.14
LO	7	8	P	105	06/17/2008	1.93	3,553	36.66
LO	8	8	P	90	07/17/2008	0.7	3,425	38.65
LO	7	8	C	80	06/17/2008	37.59	3,150	59.58
LO	6	8	C	102	05/15/2008	16.62	3,000	41.64
LO	7	8	C	102.5	06/17/2008	16.5	3,000	38.38
LO	12	8	C	115	11/17/2008	10.35	2,739	31.71
LO	6	8	C	125	05/15/2008	1.86	2,401	36.45
LO	6	8	P	80	05/15/2008	0.01	2,400	55.52
LO	12	8	P	115	11/17/2008	10.62	2,205	31.75
LO	6	8	P	115	05/15/2008	2.73	2,010	35.87
LO	8	8	P	116.5	07/17/2008	7.53	1,800	34.85
LO	8	8	C	116.5	07/17/2008	7.92	1,800	34.89
LO	6	8	P	90	05/15/2008	0.04	1,750	46.70
LO	6	9	P	92	05/14/2009	4.82	1,600	30.87
LO	6	8	C	105	05/15/2008	13.84	1,504	39.39
OB	6	8	C	3.25	05/27/2008	0.0666	1,002	38.22
OB	6	8	C	3.05	05/27/2008	0.1317	414	36.30
OB	5	8	C	3.05	04/25/2008	0.0395	400	35.53
OB	9	8	C	3.1	08/26/2008	0.1886	295	35.22
OB	9	8	C	3.16	08/26/2008	0.171	295	35.78
OB	9	8	C	3.12	08/26/2008	0.1825	255	35.41
OB	9	8	C	3.18	08/26/2008	0.1656	253	35.97
OB	8	8	C	3.25	07/28/2008	0.1288	252	36.22
OB	8	8	P	2.71	07/28/2008	0.0818	250	33.74
OB	12	8	P	2.4	11/21/2008	0.0711	250	27.59
OH	5	8	P	3.25	04/25/2008	0.0205	500	41.37
OH	6	8	C	3.28	05/27/2008	0.154	350	34.72
OH	6	8	C	3.35	05/27/2008	0.1228	330	35.07
OH	6	8	P	3.28	05/27/2008	0.1268	300	34.66
OH	5	8	P	3.3	04/25/2008	0.0378	250	41.22

Iran's state news agency, IRNA reported that Turkmenistan was ready to resume gas exports to Iran after it halted its shipments on December 29.

OPEC's news agency reported that OPEC's basket of crudes increased further to \$109.92/barrel on Tuesday from \$108.93/barrel on Monday.

Market Commentary:

As we approach the summer driving season, the less likely it is that crude oil prices will fall below \$100.00 per barrel, Goldman Sachs reports. The banking institution had originally forecasted that the price of crude oil would dip to a "floor" of \$90.00 per barrel this spring. Although crude oil stocks built by 2.4 million barrels, total stock levels are at 316.1 million barrels and are set in the lower half of the average range. Imports, which totaled 10 million barrels, up 1.2 million barrels a day from last week's figure, are 711,000 below last year's level. Global demand is not expected to slow down in the near future, as economic growth is healthy in areas like China and India. For the fourth day in a row the June crude oil contract penetrated the bottom trendline of the upward channel on the daily chart, however it failed to settle below this line. Slow stochastic, although in over bought territory, have not yet crossed to the downside. There is no change in the formation of the forward

curve, which is still supportive of this market. Based on these factors and uncertainty of the dollar, we would be buyers of dips at listed support

		Explanation	
CL	Resistance 118.30, up 23 cents	118.98, 123.29, 124.62 118.56	Previous high, Basis trendlines Tuesday's high
	Support	116.66, 116.45 115.94, 115.01, 114.45, 113.74, 111.74, 109.15	Basis trendline, Wednesday's low Previous lows, 38%(99.33 and 118.98), 50%
HO	Resistance 332.50, up 81 points	346.72, 347.69 332.85	Basis trendline Wednesday's high
	Support	329.26, 327.20, 327.88 326.06, 325.23, 322.47, 321.16, 317.13, 315.57	Wednesday's low Previous lows
RB	Resistance 305.07, up 3.43 cents	307.92, 309.92 305.44	Basis trendline Wednesday's high
	Support	304.00, 301.80, 299.25 295.56, 292.73, 288.90, 288.79, 286.81, 286.61	Wednesday's low Previous low, Basis trendline, Previous lows.

numbers. Now that June is the spot contract, we could see a bit of a pull back in the June/July spread, but do not see it going below .40 cents. Overall our outlook for this spread is to widen looking for a test of \$1.30 and possibly, \$1.94. Gasoline responded positively to the release of the DOE/API numbers, achieving another record high for the seventh straight day. Total gasoline stocks decreased by 3.2 million barrels from last week and are still in the upper limit of the average range. Demand for gasoline based on a 4-week average, is 9.3 million barrels per day, up 0.9 from the same 4 - week period a year ago. With the May contract settling above the top of the upward channel on the spot continuation chart, we would look for further gains, with a test to \$332.75. The June gasoline/June crude oil crack spread gained as we expected, edging towards our objective of \$11.48. Should this crack spread settle below \$7.84, then we would rethink our position. Heating stocks decreased by 1.4 million barrels last week and remain in the lower half of the average range. Distillate demand is running 4.3 million barrels a day, 0.5% greater than that of last year. Based on the May contract, a new high was not made, but we believe that the rest of the market will pull heating oil along, especially given the demand for diesel fuel. Our objective for this market still remains \$347.69. Total open interest for crude oil is 1,337,055 down 5,528, May08 6,222 down 21,663, June08 373,624 up 4,261 and Dec08 197,111 down 410. Total open interest for heating oil 233,804 up 4,250, May 29,052 down 3,730 and June 79,592 up 5,056. Total open interest for gasoline, 274,657 up 7,455, May 41,904 down 4,502 and June 90,410 up 7,616.