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ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR APRIL 24, 2007

Iran's defiance over its nuclear program has further dampened hopes of a breakthrough in talks with the European Union on Wednesday. Iran's President Mahmoud Ahmadinejad said Iran would not accept any suspension of its nuclear program. Wednesday's meeting between EU foreign policy chief Javier Solana and Iran's chief nuclear negotiator

Ali Larijani would be their first meeting since the UN imposed further sanctions on Iran last month. Separately, foreign government officials said the US, Russia, China and key European powers may be ready to allow Iran to keep some of its uranium enrichment program instead of halting it completely. They could try to sidestep the deadlock over enrichment by trying to agree on a new way of defining enrichment. However the US denied that it has changed its position that Iran fully halt its uranium enrichment activities. The State Department said the conditions to enter restart negotiations were the same.

An official said Nigeria's oil unions were being pressured by politicians to strike over dissatisfaction with the results of the general elections. The elections for Nigeria's leaders, which saw the ruling People's Democratic Party win most of the seats, including the presidency, have caused controversy and some of the candidates have called for protests against the results. Opposition parties have denounced the elections, accusing the ruling PDP of vote rigging and other malpractices. An opposition alliance called for street protests following the Nigerian elections. Opposition candidate Muhammadu Buhari told the BBC that he did not think the president elect would be sworn in as scheduled on May 29 but did not give details on how this would be prevented. Nigeria's President

Market Watch

The US EPA agreed to consider a California request to limit greenhouse gas emissions from vehicles. EPA Administrator Stephen Johnson said the decision to take up California's request was a consequence of the April 2 US Supreme Court ruling that found the agency has the power to treat climate-warming gases as pollutants and regulate them accordingly. California's Governor Arnold Schwarzenegger has stated that he believed the EPA could make a decision as early as this summer on the state's plan to regulate greenhouse gas emissions.

Assistant secretary at the US Department of Commerce said China needs to free power and fuel prices and provide better protection for intellectual property if it wants to meet targets for cleaner, more efficient energy. China has previously stated that it planned to eventually liberalize prices but it has refused to set a timeline. China is set to overtake the US as the world's top carbon dioxide emitter this year or next and any commitment it makes to curb the output of greenhouse gases would be a key driver for the market in clean technology.

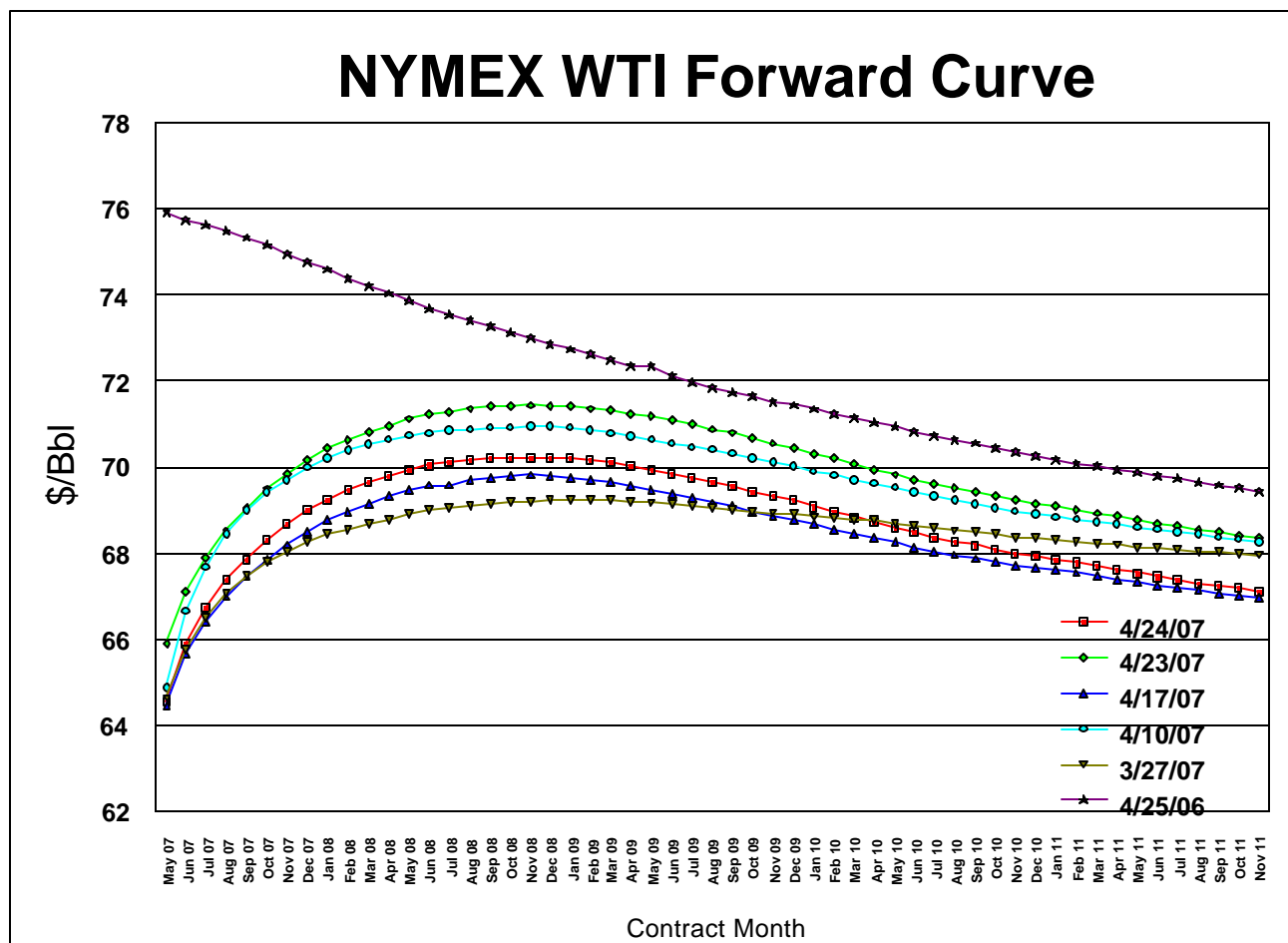
Olusegun Obasanjo said that the country's presidential elections should not be voided. He reiterated his acknowledgement that the vote had been flawed but added that the magnitude did not make the results null and void. He said election observers should not criticize, but help.

Separately, the people of the Niger Delta expect vice president elect, Goodluck Jonathan to reduce poverty and violence in the region. They expect him to bring development to the Niger Delta. However members of the Movement for the Emancipation of the Niger Delta said they had low expectations. They said he is a member of the Nigerian government that continues to oppress the people of the Niger Delta.

Refinery News

Valero Energy Corp said it was attempting another restart of a fluid catalytic cracking unit at its McKee refinery in Texas. The ramping up process of the unit started April 15, stalled Friday evening when electrical problems surfaced. The refinery successfully restarted a crude processing unit and a reformer unit last week. It has been operating at about 85,000 bpd.

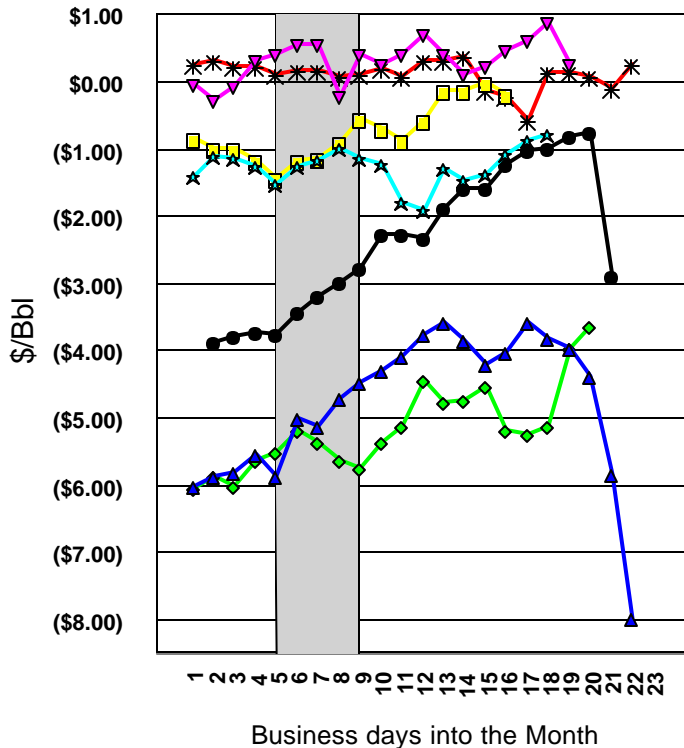
BP Plc said its 420,000 bpd Whiting, Indiana refinery cut its operations by about 50% or 200,000 bpd after the refinery's hydrotreating unit failed in March. It is expected to continue operating at the current rate until the necessary repairs are completed. A BP official said full production may not resume for months. An industry source said it would continue to operate at reduced rates until mid-June. Problems at the plant were exacerbated when a crane hit a power line and cut off its power on April 4.



NYMEX HO Front Month Spread

Basis Settlement

* Apr - May 07 □ May - Jun 07 ★ May - Jun 06
 ◆ Dec - Jan 07 ▼ Mar - Apr 07 ◻ Goldman Roll Period
 ▲ Nov - Dec 06 ● Feb-Mar 07



According to California's Office of Emergency Services, a 27,000 bpd hydrocracker unit at ConocoPhillips' 135,000 bpd refinery in Wilmington, California was unexpectedly shutdown Tuesday morning.

According to a notice filed with the Texas Commission on Environmental Quality, Total Petro Chemicals USA is expected to restart a unit at its 232,000 bpd refinery in Port Arthur, Texas on Tuesday evening. Unit 820 was shut on April 12 for catalyst change.

ExxonMobil Corp said a planned two month turnaround of a crude distillation unit at its 563,000 bpd Baytown, Texas refinery was on schedule for an early June completion. It said there was no equipment supply problems or difficulties with overtime in the planned turnaround. A source stated earlier that maintenance work at the refinery was extended for several weeks due to problems with equipment deliveries and overtime being accrued by workers.

Suncor Energy Products said it planned to begin maintenance on its Sarnia, Ontario refinery's alkylation unit and catcracker units on Wednesday. Suncor said the work is expected to be completed in June.

Singapore Petroleum Co said it would shut its 90,000 bpd No. 1 crude distillation unit at its joint venture refinery for 25 days in May for maintenance.

Saudi Arabia's refining capacity is expected to reach 3.4 million bpd by the start of 2012, up 61.9% from its level in 2006.

Vitol is in talks with the government of Fujairah in the UAE to buy a mothballed 100,000 bpd refinery. The refinery was forced to shutdown when its former owner, Metro Oil Corp, went bankrupt in February 1998.

The Sao Paulo Cane Agroindustry Union said Brazil's sugar cane crop in the 2007/08 crop season should exceed 2006/07 by more than 13%, reaching 420 million tons. It said Brazil's main cane region would produce 27.5 million tons of sugar, up from 25.8 million tons in the previous season. Output of cane based fuel ethanol totaled 18.6 billion liters, up from 15.9 billion liters.

Merchant Sucden said the share of ethanol produced from Brazilian sugarcane in 2007/08 is expected to increase to 52-53.5% from 49.5% in the previous year.

NYMEX Petroleum Options Most Active Strikes for April 24, 2007

Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
LO	7	7	C	75	06/15/2007	0.42	12,015	28.58
LO	6	7	C	70	05/17/2007	0.28	9,604	27.59
LO	6	7	C	65	05/17/2007	1.52	5,855	26.66
LO	7	7	C	67	06/15/2007	2.16	4,577	27.03
LO	3	8	P	55	02/14/2008	1.49	4,000	28.74
LO	6	7	P	60	05/17/2007	0.37	3,351	29.05
LO	6	7	C	68	05/17/2007	0.55	2,779	26.50
LO	6	7	P	62	05/17/2007	0.74	2,697	27.42
LO	8	7	C	70	07/17/2007	2.03	2,582	26.46
LO	6	7	P	57	05/17/2007	0.12	2,550	31.70
LO	7	7	C	70	06/15/2007	1.16	2,523	26.94
LO	12	7	P	60	11/13/2007	2.01	2,500	28.11
LO	6	7	P	59	05/17/2007	0.26	2,456	30.02
LO	8	7	P	60	07/17/2007	0.97	2,018	27.46
LO	3	8	P	61	02/14/2008	2.84	2,000	27.40
LO	12	7	C	80	11/13/2007	1.63	1,900	25.62
LO	6	7	P	65	05/17/2007	1.94	1,558	26.69
LO	7	7	P	60	06/15/2007	0.69	1,490	28.22
LO	6	7	P	66	05/17/2007	2.53	1,409	26.64
LO	12	8	C	85	11/17/2008	2.57	1,400	21.48
LO	6	7	P	64	05/17/2007	1.44	1,316	26.75
LO	12	7	P	50	11/13/2007	0.44	1,250	30.03
LO	12	8	C	78	11/17/2008	4.25	1,200	21.99
LO	12	8	C	71	11/17/2008	6.94	1,200	23.44
LO	6	7	P	54	05/17/2007	0.03	1,179	33.57
LO	6	7	C	66	05/17/2007	1.11	1,145	26.52
LO	6	7	C	67	05/17/2007	0.8	1,071	26.64
LO	7	7	P	63.5	06/15/2007	1.61	1,050	27.26
LO	10	7	P	65	09/17/2007	3.08	1,025	26.74
LO	6	7	C	67.5	05/17/2007	0.67	1,008	26.65
OB	8	7	C	2.3	07/26/2007	0.066	325	33.95
OB	10	7	C	2.1	09/25/2007	0.082	325	31.30
OB	11	7	C	2.3	10/26/2007	0.0481	325	33.86
OB	9	7	C	2.2	08/28/2007	0.0926	317	32.49
OB	7	7	C	2.2	06/26/2007	0.0927	316	36.24
OB	6	7	C	2.15	05/25/2007	0.1009	237	38.84
OB	6	7	P	1.85	05/25/2007	0.0125	220	42.45
OB	6	7	C	2.05	05/25/2007	0.1608	207	40.14
OB	6	7	C	2.5	05/25/2007	0.016	200	42.14
OB	6	7	P	2.15	05/25/2007	0.0923	151	38.80
OB	6	7	P	2.1	05/25/2007	0.0705	122	39.41
OB	8	7	C	2.06	07/26/2007	0.1465	106	32.22
OB	9	7	C	2.22	08/28/2007	0.0875	103	32.68
OB	5	7	P	2.15	04/25/2007	0.0071	102	59.06
OH	5	7	C	1.72	04/25/2007	0.126	130	39.38
OH	6	7	P	1.8	05/25/2007	0.0417	130	29.76
OH	6	7	C	1.8	05/25/2007	0.0895	130	29.84
OH	5	7	C	1.76	04/25/2007	0.0866	102	49.22

Sugar and ethanol consultancy, Datagro said Brazil's ethanol market is expected to remain profitable even with the dollar hovering close to 2 Brazilian reals. It said so long as oil prices are over \$39/barrel, Brazilian ethanol is expected to remain profitable.

Production News

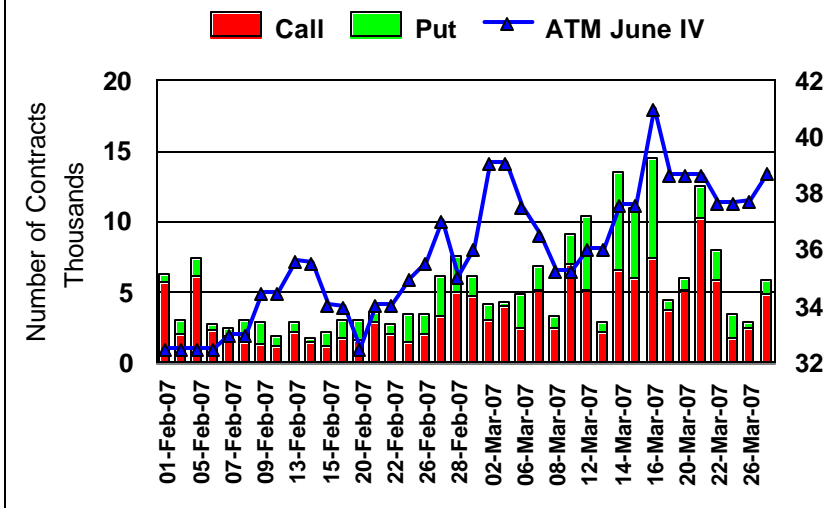
Petro-Canada said its 100,000 bpd Terra Nova oilfield off the coast of Newfoundland would be shut for 10 days for maintenance, starting in May. The company also stated that its 125,000 bpd White Rose field is also scheduled to undergo maintenance. The field is scheduled to be shut beginning in early July for 14 days.

According to Wood Mackenzie, non-OPEC production is expected to continue increasing until about 2015, while world output would continue to expand at least through 2025. World oil production outside OPEC is expected to increase to about 52 million bpd by 2015 from 47 million bpd. It said with oil demand estimated to increase an average of 1.8% annually up to 2015, non-OPEC production would force OPEC to hold back some 8 million bpd of capacity by early next decade, a factor that could send prices down to \$45/barrel. By 2025, non-OPEC production is expected to fall back to 47.2 million bpd.

Venezuela is currently disputing the value of four oil

projects that would come under state control on May 1, an issue that could determine if western oil

NYMEX RBOB Options Daily Traded Volume Vs ATM IV



companies remain in the country as minority partners. It said it would only recognize the accumulated amount of these companies invested in the ventures instead of the market value for the assets. According to Wood Mackenzie, the absolute, current value for international oil company assets is about \$15 billion in the Orinoco. However if PDVSA increases its stake to 60%, international oil companies would be left with smaller equity stake equaling \$10 billion to \$11 billion in value. There is about \$4-\$5 billion of potential value lost.

OPEC's news agency reported that OPEC's basket of crudes increased

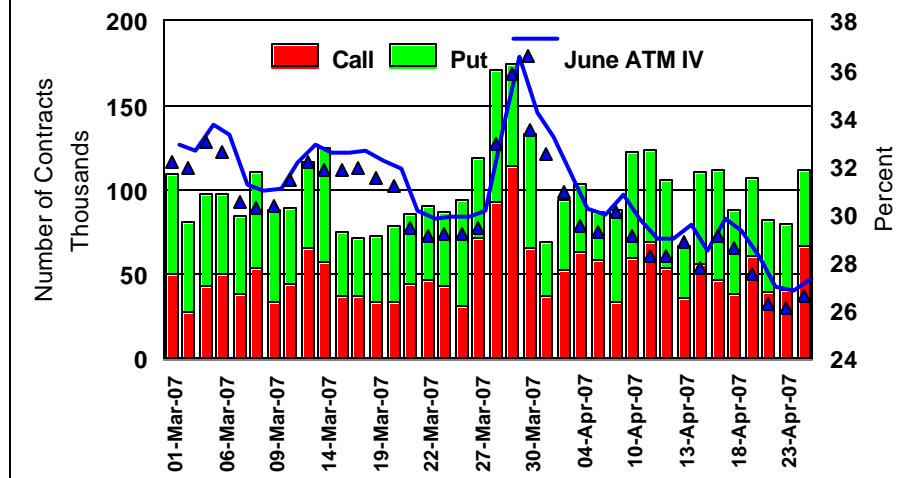
to \$62.92/barrel on Monday, up from Friday's \$62.06/barrel.

Russia's Lukoil Holdings posted a net profit of \$7.48 billion for 2006 due to higher crude prices and increased refining margins. Its earnings increased to \$12.3 billion from \$10.4 million in 2005. Total revenue increased to \$68.11 billion from \$56.22 billion in the previous year.

Market Commentary

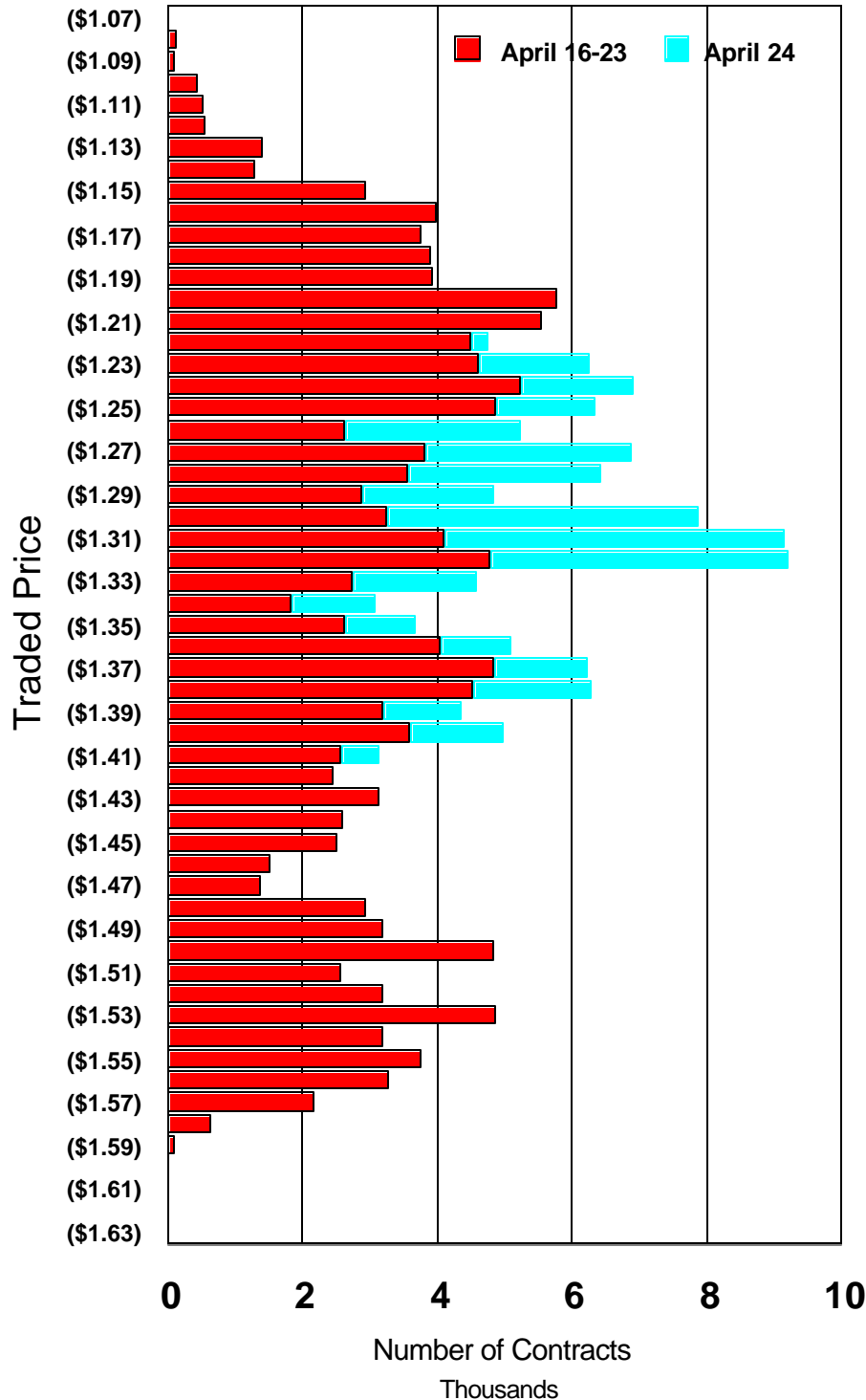
There weren't any new fundamentals today behind the sell off in the crude oil and heating oil markets. A quick look at API expectations doesn't even justify the sell off. Expectations are as follows: CI - 400,000, Dist. +1.5 and Rbob -100,000. We believe the sell off today was a result of the run up in prices yesterday, which really wasn't backed by any convincing reason. In yesterday's wire we indicated that we expected a pull back in prices to the 64.65, which did take place. Based on NYMEX, the June contract now has a double bottom at 64.10. Currently we would look for a consolidation in prices somewhere between 62.00 and 66.00. Should June settle above 66.00, 68.40 would be our upside objective. Resistance is set at 64.75, 65.35, 65.90, 66.30, 66.50, 67.05, 67.55 and 68.20. Support is set at 64.37, 64.15, 63.70, 63.10, 62.65, 62.00, 61.45, 61.25 and 60.70. Today there was heightened interest in buying Dec07/Dec08 between -1.25 and -1.61, selling the Nov08/Dec08 spread, selling Nov premium

NYMEX WTI Option Volume Vs June ATM IV



NYMEX WTI: June July Spread Price Vs Volume for April 16 - April 24, 2007

Trade Weighted Avg: 4/24 -1.308 4/23 -1.33 4/20 -1.39 4/19 -1.519 4/18 -1.25



from +.3 to flat, and buying the Dec08/Jan09 spread at +3. Based just on these three spreads it appears that owning the Dec 08 contract is of interest. A point worth mentioning in the options today, the June 07 70.00 calls traded 5000 times between 26 and 29, and the July 07 75.00 calls traded several thousand at 40.

Meanwhile, the RBOB market continued to trend higher in light of further refinery glitches. BP Plc reported that its 420,000 bpd Whiting, Indiana refinery cut its operations by about 50% or 200,000 bpd and is expected to remain at reduced rates until necessary repairs are completed. This followed reports late Monday that a fluid catalytic cracking unit at Valero's St. Charles refinery was shutdown for two weeks of maintenance, cutting gasoline production by 60,000 bpd and diesel by 15,000 bpd. The RBOB markets extended its gains to 5.4 cents as it rallied to a high of 224.49 early in the session. The market gave up some of its gains and sold off to a low of 216.89 before it retraced some of its losses ahead of the close. It settled up 1.82 cents at 220.89 as traders positioned themselves ahead the release of the weekly petroleum stock reports on Wednesday. The heating oil market however settled down 4.83 cents at 184.60 after the market failed to breach its

Technical levels		
	Levels	Explanation
CL Resistance 64.58, down \$1.31 Support	66.30, 66.50, 66.75, 67.05 64.75, 65.35, 65.90	Tuesday's high, Previous highs
	64.11 63.70, 63.10, 62.65	Tuesday's low Previous lows
HO Resistance 184.60, down 4.83 cents Support	189.79, 191.26, 192.57 185.55, 188.75, 189.68	Previous highs Tuesday's high
	183.91 182.00, 179.55, 179.44	Tuesday's low Previous lows
RB Resistance 220.89, up 1.82 cents Support	226.54 224.49	Basis trendline Tuesday's high
	219.50, 216.89 213.00, 208.15, 206.23	Tuesday's low Previous lows

previous high and posted an inside trading day. It retraced more than 38% of its move from a low of 176.38 to a high of 189.79 as it sold off to a low of

183.91. The RBOB market is seen continuing its upward trend as long as refineries continue to report further glitches and the weekly inventory reports show draws in gasoline stocks. The RBOB market is seen finding resistance at its high of 224.49 followed by 226.54, basis a trendline.

