



## ***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 25, 2007**

---

Senior Iranian and Western envoys scheduled a new round of talks in two weeks following some progress in talks to break the deadlock over Iran's refusal to meet UN Security Council demands that it halt its uranium enrichment on

Wednesday. They agreed to meet again on Thursday following their constructive talks. Earlier, Iran's nuclear negotiator, Ali Larijani said he expected the European Union to suggest new ideas at talks on Wednesday. Hopes for a breakthrough during the talks were dampened in the run up by a renewed Iranian promise that it would not stop its nuclear program despite increasing sanctions pressure. The EU's foreign policy chief Javier Solana is expected to encourage Iran's nuclear negotiator to accept a double suspension or halt its nuclear program in exchange for a shelving of action to implement Security Council sanctions.

An opposition party in Nigeria called for Nigerians to mount peaceful protests to demand that the presidential election is voided. President Olusegun Obasanjo's party won state elections on April 14 and presidential and parliamentary elections on April 21, both of which were deemed not credible by local and international observers. The opposition did not say when protests would be held, saying that it was still under consideration. However May 1 was mentioned as a day when Nigerians should join with labor unions to reject the elections and call for its cancellation. Nigeria's opposition parties have asked the parliament to annul the presidential elections and set up an interim administration to take over the government. Fearing a possible outbreak of violence in Kaduna state, a ban on street demonstrations has been announced.

#### **DOE Stocks**

**Crude** – up 2.1million barrels  
**Distillate** – unchanged  
**Gasoline** – down 2.8 million barrels  
**Refinery runs** – down 2.88%, at 87.8%

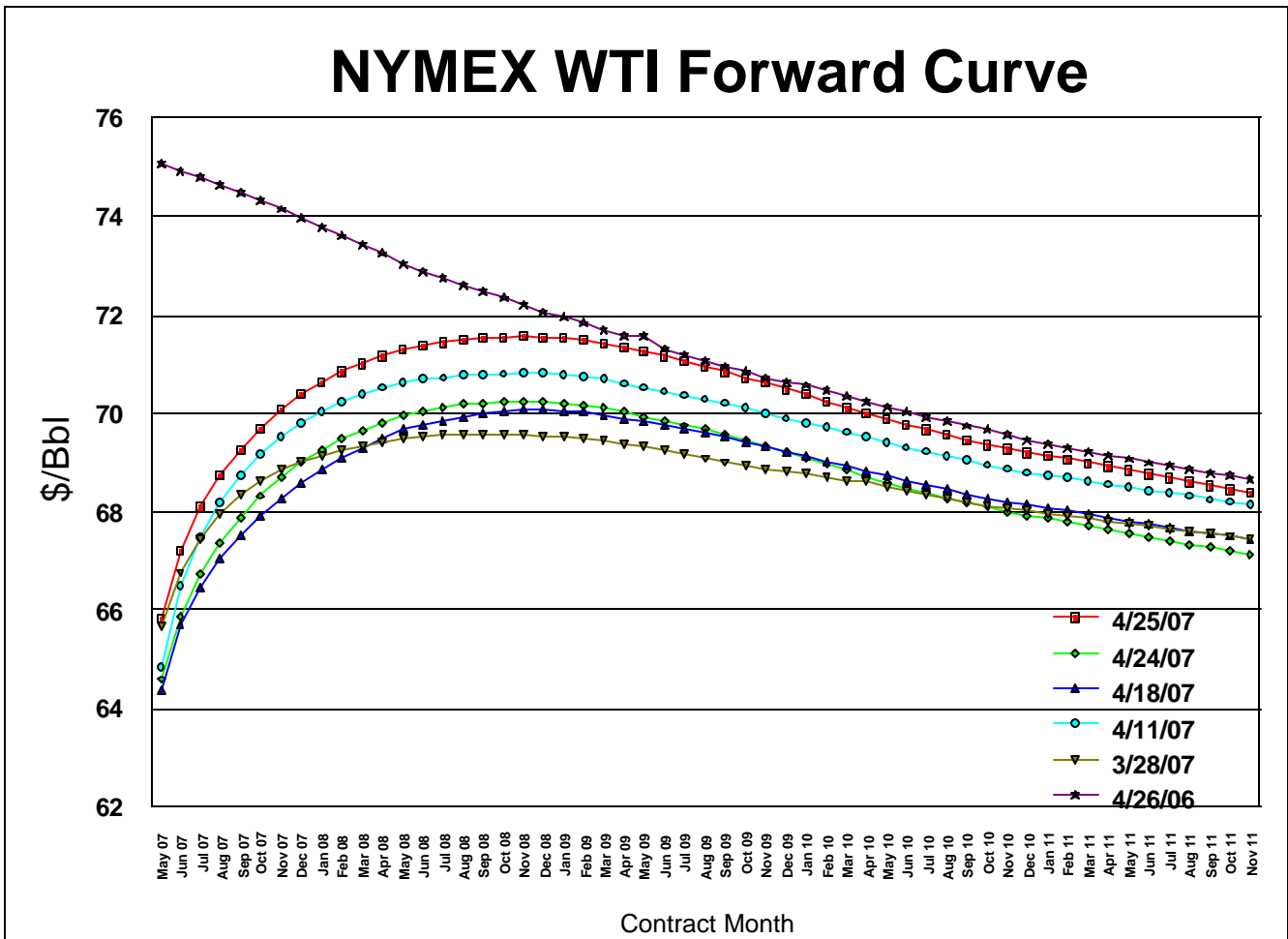
#### **Refinery News**

BP Plc shutdown a 60,000 bpd fluid catalytic cracking unit at its 165,000 bpd refinery in Toledo, Ohio after it lost power from an outside vendor over the weekend. Traders said the unit is expected to remain down for about 10 days while

#### **Market Watch**

T. Boone Pickens said that world oil demand would outstrip supply in the fourth quarter, leading US oil prices to increase to \$80/barrel or more. He however would not predict how much higher prices would trade above \$80/barrel this year or next year. He also stated that prices would reach \$100/barrel but would not say when.

A deputy governor of the People's Bank of China said China should invest more of its \$1.202 trillion in foreign exchange reserves in gold, oil and metals to broaden the investment channels.



operations at other units were also reduced. BP has cut back its intake of Canadian heavy sour crudes by 1 million barrels over the next two weeks due to the refinery problem.

Sinclair Oil Corp's refinery in Tulsa, Oklahoma shut a 25,500 bpd fluid catalytic cracking unit on Tuesday for repairs. The unit was shutdown after a power outage on Monday caused equipment associated with the unit to malfunction. The repairs are expected to take one week.

Flint Hills Resources' 288,000 bpd Corpus Christi, Texas refinery restored steam to several West Plant process units on Tuesday. Two steam boilers at the refinery unexpectedly shutdown on Monday night due to changes in the fuel gas system. A report filed with the Texas Commission on Environmental Quality did not say which units had to be shut.

Hess Corp said throughput at its 495,000 bpd joint venture Hovensa refinery is estimated at 425,000 bpd or 85% of capacity in the second quarter due to a coker overhaul. A coker unit is expected to be shut for 35 days.

Russia's Lukoil has resumed full crude processing at its 190,000 bpd Volgograd refinery, which had its operations reduced since mid-March due to a major fire. The fire damaged an 80,000 bpd primary processing unit at the refinery.

Cosmo Oil Co Ltd is on schedule for a full restart of its No. 1 crude distillation unit at its Chiba refinery following the completion of its planned maintenance, which started on March 10. The unit is scheduled to be shut again in October.

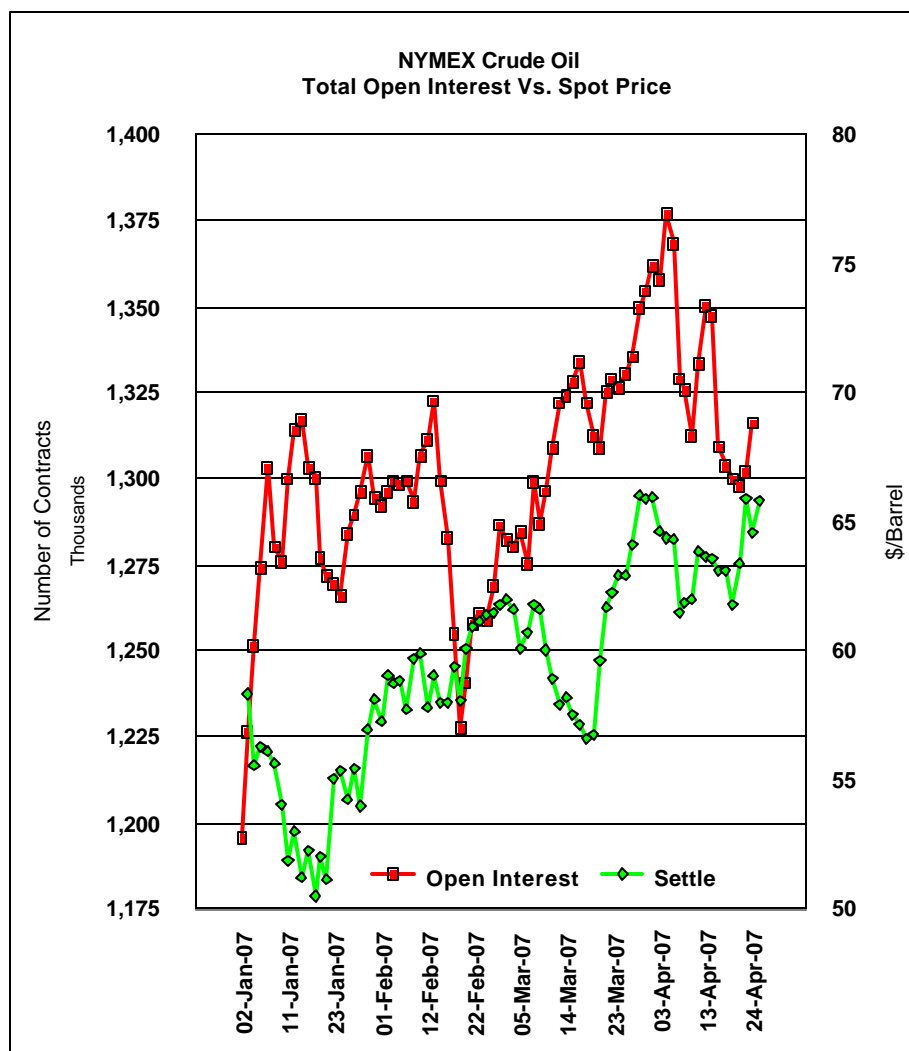
India's Reliance Petroleum Ltd has spent 189.4 billion rupees or \$4.6 billion so far to build a refinery, estimated to cost \$6 billion. Work on the 580,000 bpd refinery at Jamnagar is about 50% complete and is expected to be commissioned by December 2008.

**Production News**

Hess Corp said it expects its worldwide production to average between 350,000 and 360,000 barrels of oil equivalent/day in the second and third quarters of 2007. It said its average production would increase to more than 400,000 boe/d in the fourth quarter.

The Shetland Island Council reported that Brent crude loadings from Sullom Voe increased to 240,277 tons in the week ending April 23, up from 219,052 tons in the previous week.

Libya's Oil Minister Shokri Ghanem said the oil market was almost balanced and there was no cause for concern over fundamentals.



A Venezuelan government source said Venezuela has agreed to start formal discussions of the nationalization of the Orinoco crude projects with five of six oil companies involved. It has not reached a deal with ConocoPhillips. An industry source said the companies were expected to sign an agreement related to the Orinoco takeover but added that it was not clear if the companies were all signing the same agreement.

Russian pipeline oil exports are expected to increase by 100,000 bpd on the month in May to 3.13 million bpd.

Japan's Ministry of Finance said Japan's crude oil imports increased by 0.5% on the year in March to 21.837 million kiloliters or 4.43 million bpd.

The Petroleum Association of Japan reported that the country's gasoline inventories

fell by 270,000 barrels to 13.99 million barrels or 2.22 million kl in the week ending April 21 as more refiners shut down for spring maintenance. Gasoline inventories are at the low end of the 2.2-2.3 million kl seasonal range for the latter half of April and are expected to fall further in May, June and July. It reported that crude stocks fell by 3.27 million barrels on the week to 99.9 million barrels while kerosene stocks fell by 590,000 barrels to 12.08 million barrels. Crude runs fell by 310,000 bpd to 3.75 million bpd.

India's oil product exports increased by 21.4% on the year to 2.35 million tons in March while its crude imports increased by 6.4% to 9.6 million tons. India's government reported that the country's domestic oil product sales increased by 7.1% to 10.95 million tons in March.

Azerbaijan's Socar has tendered for 1 million barrels of Azeri Light crude for loading at the Turkish port of Ceyhan on May 29-31.

OPEC's news agency reported that OPEC's basket of crudes increased further to \$63.76/barrel on Tuesday from \$62.92/barrel on Monday.

Russia's Finance Ministry stated that the country is likely to increase its oil export duty by about 28% in June-July following an increase in world oil prices. The current oil export duty is set at \$156.40/ton. Export duties for refined products are also expected to be increased to about \$147-\$148/ton for light products and to \$79/ton for heavy products compared with the current export duties of \$117.70/ton and \$63.40/ton, respectively.

### **Market Commentary**

Gasoline once again took center stage today, reacting to both news of BP experiencing problems with a cat cracker at its Toledo, Ohio refinery and supportive API/DOE numbers indicating draws of -82,000 and -2.8 respectively. Throughout most of today's session the June crude seemed to migrate around 65.00 both before and after the numbers, and then showed late session gains. June crude finished the session unable to break through the daily trendline of 65.90 and settled up \$1.26 at 65.84. Volume in the crude market was good with over 253,000 lots booked on Globex during the open outcry session. It is interesting to note that open interest built by a total of 14,289 lots, with builds of 7,762 lots, 4,415 lots and 1,492 lots in the June, July and August contracts, respectively. The crude market, which posted an inside trading day and ended the session near its high, is seen remaining supported. Our upside objective is just above 68.00, if the June breaches its trendline and settles above the 66.00 level. The market will also be driven by the talks between Iran and the EU, which are scheduled to continue on Thursday and in the coming weeks. The RBOB market which drove the complex higher, settled up 7.37 cents at 228.26. The market, which rallied on the BP news and the weekly petroleum stock

reports, was further supported later in the session in light of the news that Sinclair Oil Corp's refinery in Tulsa, Oklahoma shut a

| <b>Technical levels</b> |                    |                                   |
|-------------------------|--------------------|-----------------------------------|
|                         | <b>Levels</b>      | <b>Explanation</b>                |
| <b>CL</b>               | <b>Resistance</b>  | 66.30, 66.50, 66.75, 67.05, 68.20 |
|                         | 64.58, down \$1.31 | 65.92                             |
|                         | <b>Support</b>     | 65.60, 64.52                      |
| <b>HO</b>               | <b>Resistance</b>  | 191.26, 192.57                    |
|                         |                    | 190.39                            |
|                         | <b>Support</b>     | 188.10, 186.80, 184.60            |
| <b>RB</b>               | <b>Resistance</b>  | 232.50                            |
|                         |                    | 228.50                            |
|                         | <b>Support</b>     | 226.00, 222.90, 220.70            |
|                         |                    | 216.89                            |

25,500 bpd fluid catalytic cracking unit on Tuesday for repairs. The market is seen trending higher after it settled near its high on continuing refinery glitches.