



ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR APRIL 30, 2007

Kuwait's Oil Minister Sheikh Ali al-Jarrah al-Sabah said Kuwait was in regular consultations with the US and the UN on security of its oil installations. He said Kuwait was enhancing its security before the latest threat to Saudi Arabia's oil infrastructure was uncovered Friday. In regards to oil prices, he stated that oil prices rallied on the geopolitical news and he expected prices to fall back again. He did not expect the rally in oil prices to cause OPEC to call an emergency meeting.

Market Watch

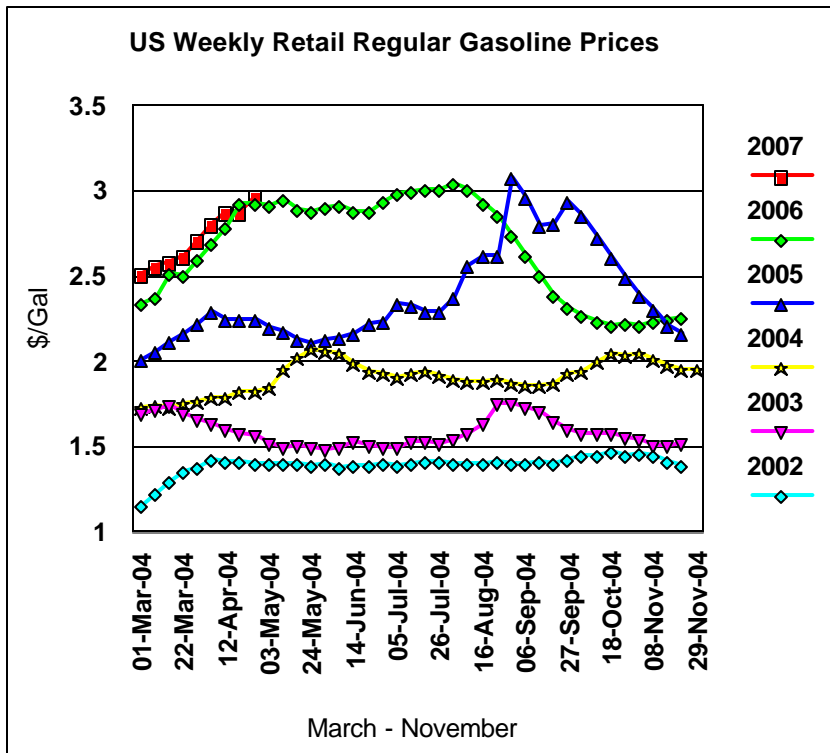
ExxonMobil Corp formally agreed to hand operations of the La Ceiba oilfield to PDVSA as of May 1. It has also agreed to hand operations at the Cerro Negro extra heavy oil venture to PDVSA on May 1. The La Ceiba oilfield is expected to eventually produce more than 40,000 bpd of medium grade crude oil.

IntercontinentalExchange Inc said it planned to form a wholly owned clearinghouse to be based in London. It said it expected to submit an application to the UK Financial Services Authority by July for the clearinghouse. ICE said it planned to move its energy futures and over-the-counter derivatives business to its own clearing operations at the end of the second quarter by transferring positions to ICE Clear Europe. It also said it planned to rename New York Clearing Corp, which it obtained through its January acquisition of the New York Board of Trade, as ICE Clear US on June 1. Clearing its energy futures and over-the-counter contracts on ICE Clear Europe would generate about \$25 million to \$30 million in revenue in 2008 and \$60 million in 2009.

AmeriGas Partners LP said its operating partnership has agreed to acquire US propane distribution business of Royal Dutch Shell. The sale is expected to occur during the second quarter. Shell Gas USA sells over 13 million gallons of propane annually.

Qatar's Oil Minister Abdullah bin Hamad al-Attiyah said oil prices were mostly supported by geopolitics, not tight crude oil inventories. He said there was no reason for OPEC to meet soon to review its oil output policy. He said he believed OPEC could wait until its scheduled September meeting to review its output policy.

Iraq's Kurdish region said it would try to block a draft oil law in parliament. The threat to fight the bill in Iraq's parliament comes days after Iraq's Oil Ministry warned regions against signing contracts until the law was passed. The minister of natural resources in Kurdistan, Ashti Hawrami said the annexes that would take oilfields from regional governments and place them under a new state oil company, were unconstitutional and would not be supported by the Kurdish regional government in the parliament. He threatened that Kurdistan would implement its own oil laws if no agreement was reached on the



dispute over the annexes. He also stated that the newly created Iraq National Oil Co would be a return to old regime methods.

Nigeria's Inspector General Sunday Ehindero said the country's government forces planned to put down any unauthorized protests over the elections with tear gas and greater force if needed. This followed calls from opposition leaders to turn Tuesday's May Day gatherings into political protests over local and national polls. He said 36 state police commissioners were asked to use minimum force but given discretion to deploy as needed.

The EIA reported that the US average retail price of gasoline increased by 10.2 cents to

\$2.971/gallon in the week ending April 30. It also reported that the US average retail price of diesel fell by 4 cents/barrel to \$2.811/gallon.

Refinery News

According to Credit Suisse, US refining margins increased last week amid concerns over gasoline supplies ahead of the summer driving season. Margins for refiners along the Gulf Coast increased by \$4.53/barrels to \$26.77/barrel while Midwest margins increased by \$3.78/barrel to \$27.83/barrel. Northeast margins increased by \$2.27/barrel to \$15.24/barrel while West Coast margins increased by \$3.25/barrel to \$37.99/barrel.

Valero Energy Corp said it would begin the process of restarting crude unit no. 3 in the Complex 1 portion of its Texas City, Texas refinery. The unit was shut for unplanned maintenance earlier this month. Valero said the crude unit's outage had no material impact on production.

Citgo Petroleum Corp cut feed to a delayed coking unit at its 156,000 bpd Corpus Christi, Texas refinery late on Thursday until early Friday following an upset in the unit.

Several units at ConocoPhillips' 247,000 bpd refinery in Sweeny, Texas were shut on Saturday due to an electrical power interruption. The refinery restarted units 28.2, 29.1 and 35 immediately after the power was interrupted on Saturday. ConocoPhillips also reported that it shut a hydrotreater at its 247,000 bpd refinery in Sweeny, Texas on Friday for two weeks of maintenance work. It was shutting the unit to change out catalyst.

Gary Williams Energy Corp said began the restart process of its 50,000 bpd Wynnewood, Oklahoma refinery on Sunday after a fire in two storage tanks were extinguished on Saturday night. The refinery shut the refinery in anticipation of a loss of electrical power being supplied through lines passing near the burning tanks.

Shell Oil reported that its Deer Park refinery was starting a new boiler on Monday.

Production News

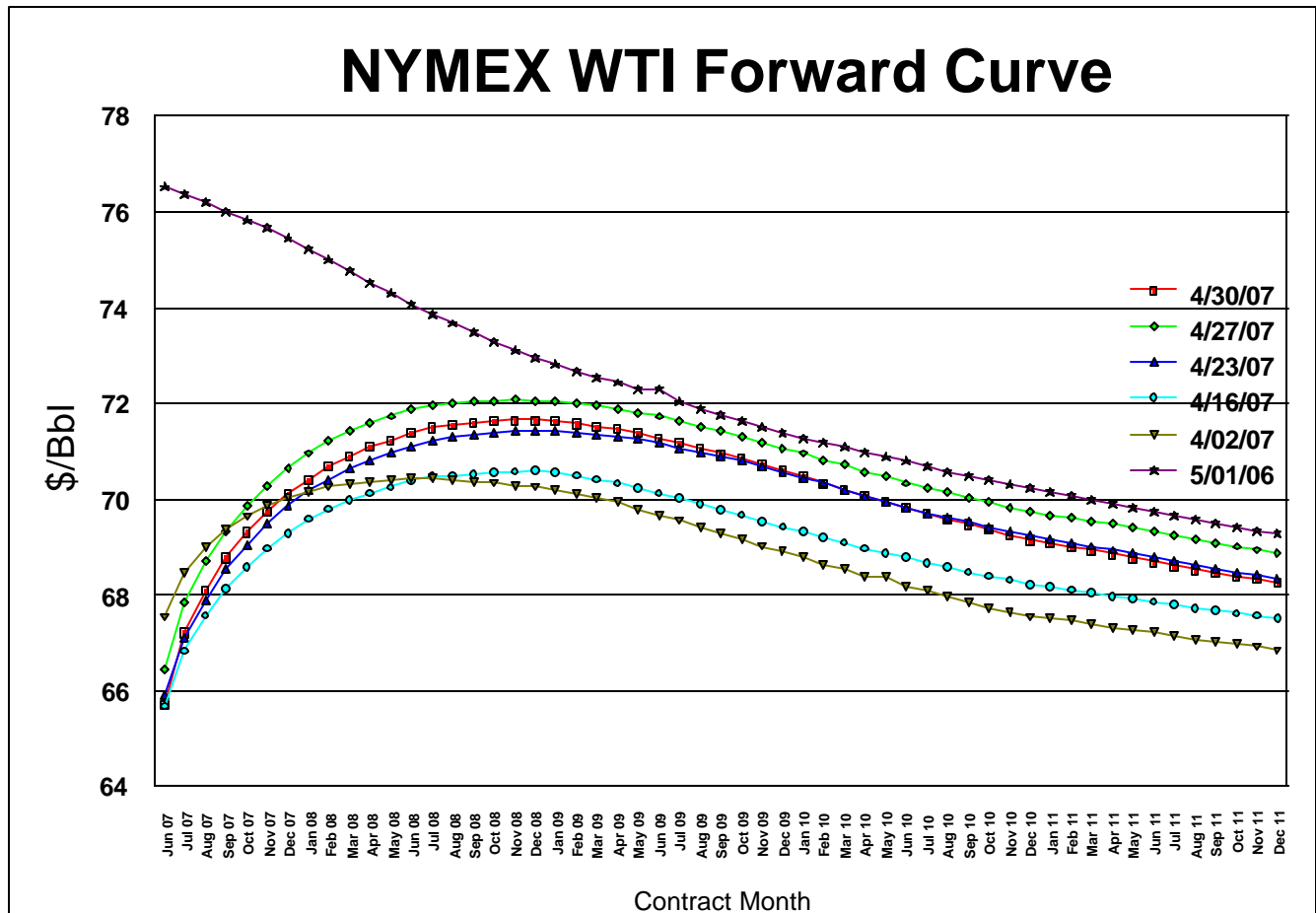
Kuwait's Oil Minister Sheikh Ali al-Jarrah al-Sabah announced a light oil and gas find in the Al-Dhabi region in the northern part of the country. Preliminary analysis indicated there was a large quantity of light crude and large amounts of associated gas. However he did not give an estimate of the size of the fields.

Iran's Oil Minister Kazem Vaziri Hamaneh said Iran's recent discovery of new oil fields has increased the country's oil reserves by about 10 billion and 13 billion barrels. He said the new finds were located that the Kish, Azar, Mehr and Paranj oilfields in southwestern Iran, but did not provide further details.

India's government reported that Indian refiners processed 13.52 million tons or 3.2 million bpd of crude oil in March, up 13.4% from 11.92 million tons or 2.82 million bpd last year.

France's oil consumption fell by 6.9% on the year to 7.93 million metric tons of oil equivalent in March. The country's oil consumption for the 12 month period ending in March fell to 92.657 million metric tons, down 1.9% on the year. Its gasoline demand fell by 3% on the year to 821,000 metric tons while diesel demand increased by 2.1% to 2.827 million tons. France's domestic oil production fell by 30.3% on the year to 65,000 metric tons in March.

OPEC's news agency reported that OPEC's basket of crudes fell to \$63.89/barrel on Friday, down from Thursday's \$64.03/barrel.



NYMEX Petroleum Options Most Active Strikes for April 30, 2007

Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
LO	6	7	C	70	05/17/2007	0.3	4,616	27.67
LO	6	7	P	65	05/17/2007	1.19	3,463	27.08
LO	6	7	C	68	05/17/2007	0.67	3,096	27.05
LO	6	7	P	60	05/17/2007	0.15	3,074	30.15
LO	9	7	C	85	08/16/2007	0.41	2,050	27.76
LO	6	7	C	67	05/17/2007	0.98	1,950	27.02
LO	7	7	P	60	06/15/2007	0.41	1,934	28.34
LO	7	7	P	58	06/15/2007	0.22	1,804	29.08
LO	7	7	P	65	06/15/2007	1.54	1,801	26.79
LO	7	7	P	56	06/15/2007	0.11	1,800	29.77
LO	7	7	P	54	06/15/2007	0.05	1,800	30.34
LO	6	7	C	66	05/17/2007	1.38	1,717	26.91
LO	7	7	C	70	06/15/2007	1.41	1,674	26.60
LO	8	7	P	57	07/17/2007	0.34	1,625	28.74
LO	6	7	C	72	05/17/2007	0.15	1,590	29.61
LO	8	7	P	56	07/17/2007	0.26	1,350	28.97
LO	10	7	C	75	09/17/2007	2.27	1,250	26.08
LO	10	7	P	64	09/17/2007	2.2	1,250	26.92
LO	12	8	C	85	11/17/2008	2.83	1,200	21.19
LO	9	7	P	55	08/16/2007	0.36	1,155	29.53
LO	6	8	P	55	05/15/2008	1.61	1,120	28.00
LO	6	8	P	60	05/15/2008	2.63	1,120	26.89
LO	6	7	P	64.5	05/17/2007	0.99	1,088	27.17
LO	6	7	P	66	05/17/2007	1.67	1,082	26.93
LO	6	7	P	65.5	05/17/2007	1.42	1,061	27.06
LO	12	7	C	90	11/13/2007	0.71	1,001	26.63
LO	12	7	C	41	11/13/2007	29.11	1,000	60.34
OB	7	7	P	1.95	06/26/2007	0.0365	900	38.18
OB	6	7	C	2	05/25/2007	0.2794	800	46.60
OB	6	7	C	2.5	05/25/2007	0.0306	504	45.30
OB	7	7	P	2.2	06/26/2007	0.1253	450	37.03
OB	7	7	P	2	06/26/2007	0.0486	337	37.91
OB	7	7	C	1.95	06/26/2007	0.2878	254	38.84
OB	6	7	C	1.85	05/25/2007	0.4143	250	49.68
OB	9	7	P	1.95	08/28/2007	0.086	250	33.20
OB	8	7	C	2.45	07/26/2007	0.059	187	37.26
OB	7	7	C	2.19	06/26/2007	0.1332	170	37.09
OB	7	7	C	2.26	06/26/2007	0.1042	170	37.59
OB	8	7	C	2.38	07/26/2007	0.0729	162	36.57
OB	6	7	P	1.85	05/25/2007	0.006	150	47.99
OH	6	7	C	1.9	05/25/2007	0.0499	200	26.61
OH	8	7	P	1.84	07/26/2007	0.0636	200	27.95
OH	9	7	P	1.8	08/28/2007	0.058	200	28.07
OH	12	7	C	2.05	11/27/2007	0.156	100	28.32

Market Commentary

Today's session was lackluster with no new developments as far as refinery situations go. June crude had a trading range of \$1.12 and set a double top at 66.65. The long-term trend line drawn off of the lows of January will come into tomorrow's trading session at 65.69. We would look to buy the June on an outright basis at or near this level, with stops set at 65.49. The initial upside objective would be the double top at 66.65 and then 67.85. The June/July spread had a range today of -1.40 - -1.57. As we mentioned in Friday's wire we were looking for a test of the -1.60 area, and now feel that this spread could hit -1.80. We also would like to buy the 4th quarter of 2008 and sell the 3rd or 4th quarter of 2009. We would consider buying the Dec08/Dec09 spread looking for a dip into .75 stopping out just below .60. Our initial upside objective would be 1.20 and then 1.45 and beyond. The heating oil, which posted a high of 192.20, traded back towards its low ahead of its expiration. It settled down 1.75 cents at 189.67 while the June heating oil contract settled down 1.79 cents at 189.48. Unlike the crude and heating oil market, the RBOB market breached its resistance levels as it rallied

ahead of the May contract's expiration at the close. The May RBOB contract extended its gains to over 8.9 cents to a high of 245.04 late in the session. It gave up most of its gains as it traded back towards the 238.00 level on the close. It settled up up 7.92 cents at 244.05. Meanwhile, the June RBOB market settled down 4 points at 225.94 after it gave up its gains ahead of the close. It rallied to

a high of 229.55 amid the strength in the May contract before it sold off back towards its low. The RBOB market may continue to

Technical levels		
	Levels	Explanation
CL 65.71, down 75 cents	Resistance	66.75, 67.05, 67.55, 68.00, 68.20
		66.65
	Support	65.53
		64.58, 64.52, 64.10, 63.70, 63.35
HO 189.48, down 1.79 cents	Resistance	191.85, 193.38
		189.75, 191.94
	Support	188.71
		186.88, 184.78, 183.99
RB 225.94, down 4 points	Resistance	236.93
		226.00, 229.55
	Support	225.02
		219.05, 217.22, 215.83

Monday's low
Double top
Monday's low
Previous lows
Previous highs
Monday's high & double top
Monday's low
Previous lows
Basis trendline
Monday's high
Monday's low
Previous low, 38% retracement(197.26 and 229.55),Previous low

retrace its recent gains on Tuesday as the market looks overbought and stochastics look ready to cross to the downside.