



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta
& Karen Palladino

(212) 624-1132 (888) 885-6100

www.e-windham.com

ENERGY MARKET REPORT FOR JUNE 27, 2008

A strike by Nigeria's senior oil workers, Pengassan, against Chevron entered a fifth day though production has not yet been affected. The union and Chevron held talks on Thursday with Nigeria's Oil Minister of State H. Odein Ajumogobia. They are scheduled to hold talks with the head of Nigeria's state-owned oil company, Abubakar Yar'Adua on Friday.

Market Watch

Barclays Capital said investors added to their holdings in commodities at a slower pace in the second quarter, with investments in agriculture and precious metals increasing the most. Net flows into European exchange traded products linked to commodities were \$800 million in the quarter, compared with \$1.9 billion in the first quarter.

EU Economic and Monetary Affairs Commissioner Joaquin Almunia said euro zone inflation will remain high for longer than previously expected and oil and food prices may rise further. Inflation increased to a record high of 3.7% in the euro zone in May and economists expect it may rise further in June. The European Union's statistics office will release its estimate of June inflation on Monday.

Venezuela's Oil Minister Rafael Ramirez said Saudi Arabia's attempt to reassure the market with the prospect of more oil is a sovereign decision however he insisted any output increase should come from within OPEC.

Nigeria's President Umaru Ya'Adua said he intends to meet his Venezuelan counterpart Hugo Chavez soon to discuss the current world energy situation.

The US House of Representatives on Thursday approved 402 to 19 legislation directing the Commodity Futures Trading Commission to use its authority, including its emergency powers to cut immediately the role of excessive speculation in the energy futures markets. The House legislation requires the CFTC to act against sudden or unreasonable fluctuations in energy futures prices and other trading activities that prevent the market from accurately reflecting the forces of supply and demand. The Senate must still vote on the measure. The Senate is not expected to vote on the legislation until next month at the earliest.

Refinery News

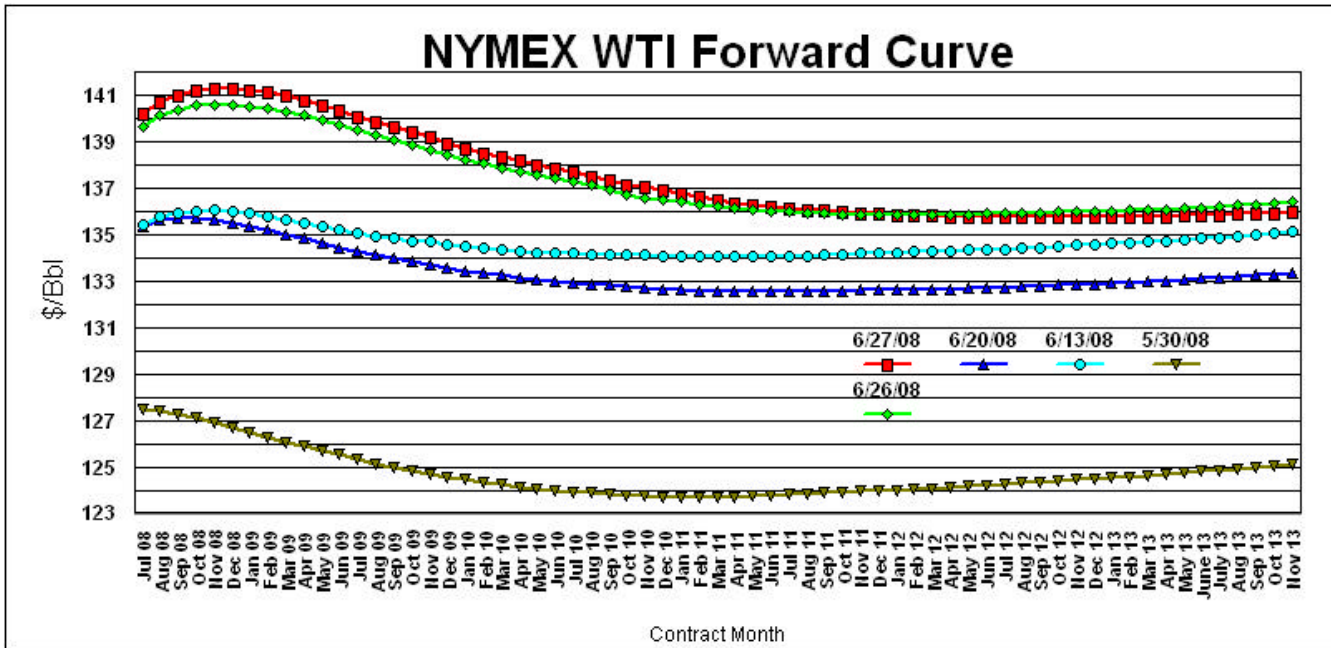
June Calendar Averages

CL – 133.72

HO – 380.75

RB – 342.14

Delek restarted a fluid catalytic cracking unit and a boiler at its 55,000 bpd refinery in Tyler, Texas after a brief power outage. During the restart, its crude rates were kept as low as possible.



BP has shut part of its 400,000 bpd Nerefco refinery in the Netherlands in an unplanned outage.

US ethanol capacity has increased 45% since June 2007 to more than 9.25 billion gallons/year. The US has a total of 160 distilleries on Friday with 43 plants under construction and 7 undergoing expansion. If all the new plants and expansions come on line total US capacity would be about 13.6 billion gallons/year.

India's refiners processed 3.2 million bpd of crude oil in May, almost flat on the year as higher runs at the expanded Essar Oil plant offset lower fuel production by state oil firms. Essar Oil processed 250,000 bpd in May, almost twice as much as a year ago, after it raised processing and offered the output in the domestic market. Output at Indian Oil Corp's Mathura refinery was down 12% on the year due to an emergency shutdown at some of its units while at Hindustan Petroleum Corp's Mumbai refinery output fell by 82% due to planned maintenance. Meanwhile official data showed that India produced 2.91 million metric tons or 687,601 bpd of crude oil in May, up 3.2% on the year.

Japan's Idemitsu Kosan Co will restart its 140,000 bpd crude distillation unit at its Hokkaido refinery later on Friday. The unit has been shut since mid-June for planned maintenance. The rest of the refinery units, also undergoing maintenance will resume operations on July 2.

Japan's Nippon Oil Corp plans to refine 3.94 million kiloliters or 799,000 bpd of crude in July to meet domestic demand, down 4% on the year due to slow domestic sales and high inventories of gasoline. It said it expected domestic gasoline sales to fall at least 5% from a year earlier this month, as the country's refiners have tried to pass on crude import costs.

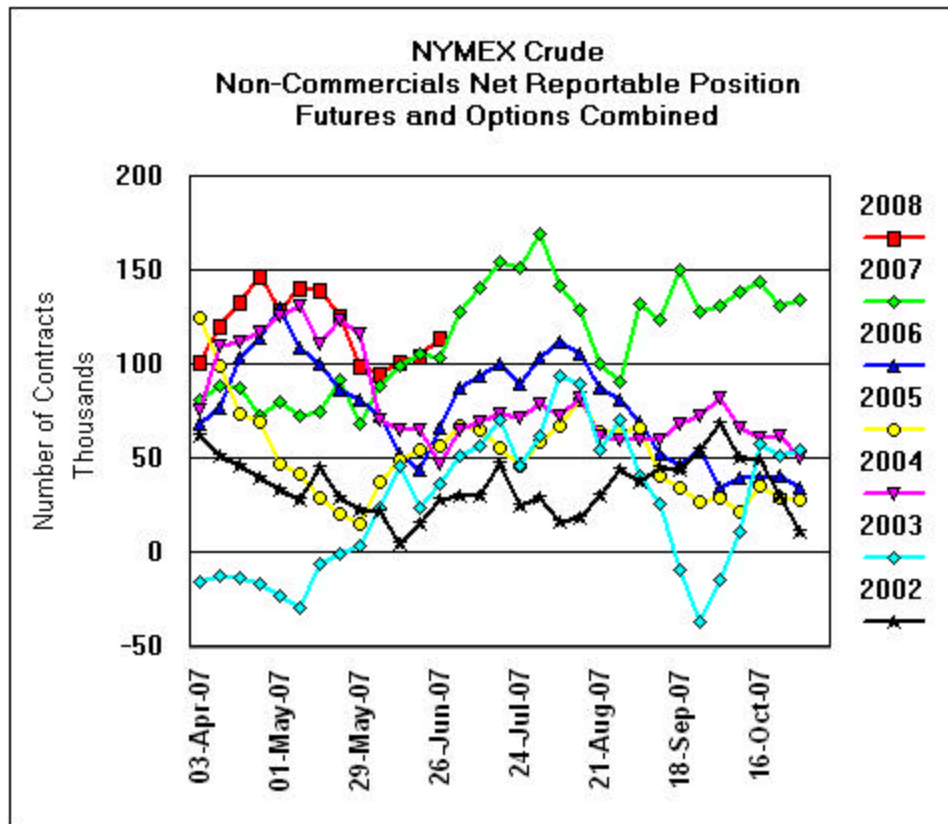
China National Petroleum Corp plans to refine 880,000 metric tons or 3% more crude in the third quarter than it refined last year. It plans to increase its refined oil output in the third quarter by 580,000 tons or 3.3% in the next quarter compared with 17.6 million tons a year earlier.

China Petroleum & Chemical Corp or Sinopec plans to increase diesel output by 20% in July to meet shortages. It will reduce naphtha and petrochemicals output by 20% to divert more feedstock to produce diesel.

Production News

A project to develop the Kashagan oilfield is facing new delays and cost overruns as oil prices continue to increase, forcing the group of oil majors working on it to accept new requests from Kazakh authorities. The start of commercial production, currently scheduled for 2011, has been delayed again until 2012 if not 2013.

Colombia's Cano Limon-Covenas pipeline has resumed operations following rebel bomb attacks shut it down about a week ago. The pipeline, which has a capacity to transport 225,000 bpd of crude, was transporting an average of 96,000 bpd when it was attacked.



Abu Dhabi National Oil Co will deliver full contracted term volumes of crude to North Asian lifters for August. Seven North Asian lifters said they received full term volumes and had not requested additional volumes.

Indonesia's BPMIGAS said the country's oil production is likely to fall slightly in June as a result of ageing wells. It said crude oil production is likely to fall to 859,000 bpd in June from 861,000 bpd in May. Indonesia's condensate output is expected to fall to 126,500 bpd in June from 128,600 bpd in May.

StatoilHydro ASA submitted a plan for development and operation for the Troll gas field, which aims to improve oil recovery on Troll West and maintain gas exports of 120 million cubic meters/day from Troll East. Gas injection at Troll West will increase oil reserves at Troll by 17 million barrels. It expects the new gas injection plant to be up and running by late 2010 or early 2011, while a planned pipeline is expected onstream in 2011.

Norway will offer 79 offshore blocks in the Norwegian and Barents seas in its 20th oil and gas licensing round, seeking to strike a balance between the oil industry, fisheries and environmental concerns. The deadline for applications is November 7, 2008 and the blocks will be awarded in the spring of 2009.

OPEC's news agency reported that OPEC's basket of crude increased to \$130.77/barrel on Thursday, up from \$129.87/barrel on Wednesday.

Market Commentary

As the stock market plummeted and the dollar weakened again today, the attraction of commodities as a hedge drew investors to the market. With this influx of investors into the energy markets, the price of crude oil was pushed to another record high, reaching \$142.26. The physical aspects of this market have long moved to the side, allowing economics to take center stage. Trying to pick a top is becoming more and more difficult. After spending four weeks in a period of consolidation, the August08 crude oil contract has finally continued higher. Although the market is still trending higher, it is experiencing longer periods of consolidation in between each move higher. We cannot buck this trend however and must run with the bulls. Once again, we would look to buy and sell against the listed support and resistance numbers. We would do so however with tight protective stops due to the volatile nature of this market. As with the crude oil, gasoline also achieved a new record high, topping out at \$3.5850. With strikes in Nigeria, and unscheduled maintenance at BP's Dutch refinery, shortages of products should help hold up both the gasoline and heating oil markets. Demand for diesel, although showing signs of slowing, is still at unprecedented highs. This has been at the forefront of unseasonable highs for heating oil. We would look for periods of consolidation in both of these markets, with the trend still to the upside. Coming into next week, August gasoline will begin the week trading within the ascending channel on a spot continuation chart. This channel is set between \$3.4184 and \$3.9230. Slow stochastics, along with the rsi's on this chart are trending higher, in neutral territory. This is a bullish scenario and therefore we would look for gasoline to continue higher at the onset of next week. Heating oil was the only market not to make a new record high this week and is still trading within its range of consolidation. This could be based on the aforementioned waning diesel demand overseas. For next week we would look for the August08 heating oil to hang onto the coat tails for crude oil and gasoline and to continue higher, attempting to break above the \$4.0150 consolidation top. Open interest for crude oil is 1,296,974 up 9,153, August08 310,154 down 6,935, September08 144,815 up 2,172 and December 08 179,790 up 7,823. Total open interest for heating oil is 229,264 up 3,501, July08, 13,479 down 4,901, August08, 66,047 up 5,913. Total open interest for gasoline, 260,583 down 423, July 15,764 down 4,577, August08, 78,291 up 2,823.

The Commitment of Traders report showed that non-commercials in the crude market increased their net long position by 11,505 contracts to 24,217 contracts in the week ending June 24th. The funds increased their total long position by 7,331 contracts to 211,137 contracts on the week. The combined futures and options report showed that non-commercials increased their net long position by 9,732 contracts to 114,851 contracts on the week. The funds have likely continued to add to their net long position in the last few trading sessions as the market continued to trade to new highs. Meanwhile, non-commercials in the RBOB market increased their net long position slightly by 538 contracts to 54,926 while non-commercials in the heating oil market increased their net long position by just 76 contracts to 14,662 contracts on the week.

August Crude Support	July Crude Resistance
138.60, 133.70, 131.95, 127.76, 126.77, 122.05, 120.60, 114.85, 108.95, 98.20, 85.40	143.29, 150.00
Heating oil support	Heating oil resistance
3.8215, 3.6800, 3.5450, 3.5100, 3.3500, 3.1680, 3.0980	4.0338, 4.0475, 4.0640, 4.1200
Gasoline support	Gasoline resistance
3.4500, 3.3400, 3.3250, 3.3000, 3.1760, 309.20, 3.0730, 3.0400, 3.0250, 2.9255	3.63.45, 3.755, 3.4655