



ENERGY RISK MANAGEMENT

Howard Rennell & Pat Shigueta
(212) 624-1132 (888) 885-6100

www.e-windham.com

ENERGY MARKET REPORT FOR JULY 15, 2005

Weather forecasters said they were expecting Hurricane Emily to veer more north in the Gulf of Mexico than earlier predicted, moving closer to US offshore oil and gas production by early next week. A senior energy meteorologist at Planalytics Inc said models are starting to indicate a weakness in the high pressure ridge over the Gulf starting to develop early next week. He said it beginning to open up the door for

Emily to shift her track more northwestward into central and western parts of the Gulf with landfall into Texas. Meanwhile a meteorologist at Meteorogix said that the power of a Category 3 hurricane could affect offshore production even if the path steers to the south. However he stated that there is still plenty of time for more uncertainty for its final path. Meanwhile, Accuweather said is expected to near the Yucatan peninsula as Category 3 or higher and then track towards the northern coastline of Mexico once it passes the peninsula.

An Iraqi oil official stated that Iraq pumped a total of 470,000 barrels of crude to the Turkish port of Ceyhan since Thursday. The official said there was a total of 1.35 million barrels of Iraqi crude in storage at Ceyhan. Meanwhile Iraq's southern exports are normal.

Market Watch

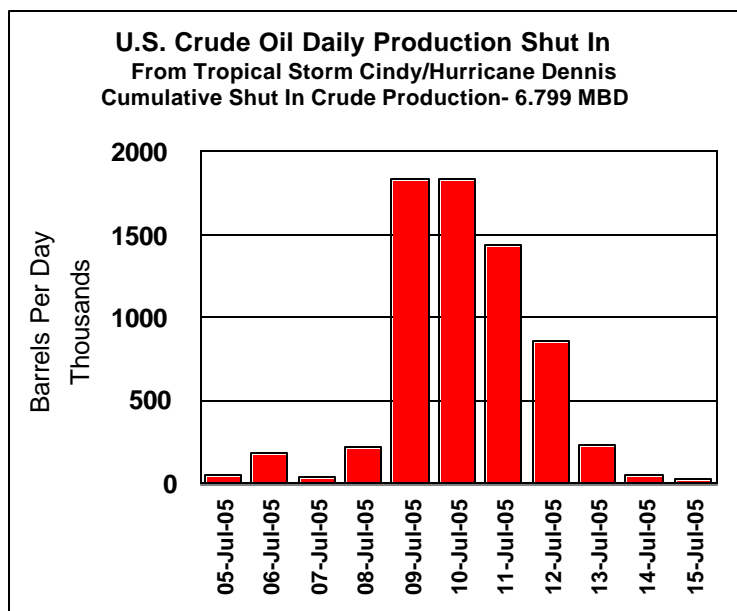
Gasoline remained scarce across much of the Florida Panhandle five days after Hurricane Dennis shut off power to filling stations and blocked access to the port that supply fuel to the northern Gulf Coast. Electricity was back in most places but it could be late this weekend before all depleted gasoline terminals receive shipments. Barges that bring fuel into the region were unable to get into Panhandle ports until Wednesday.

The EIA is considering lowering its forecast of China's oil consumption for the second time in three months. The EIA, which last month lowered its estimate of China's oil demand growth by 100,000 bpd to 700,000 bpd, will likely cut it again by at least another 100,000 bpd. The change could as early as next month when it releases its next monthly energy market outlook.

China on Friday formally protested against Japan's decision to give private oil companies drilling rights in a part of the East China Sea also claimed by China. Japan on Thursday approved Teikoku Oil Co's request to drill for natural gas in the East China Sea.

The NYMEX announced that it will postpone the migration of its NYMEX miNY oil and natural futures contracts to NYMEX ClearPort from the CME Globex electronic trading platform until August 22.

The Economic Cycle Research Institute said its weekly leading index fell to 133.5 in the week ending July 8 compared with 134.4 in the prior week.



Refinery News

Valero Energy Corp said there was no impact on production from a fire at its 85,000 bpd Houston refinery.

Royal Dutch/Shell's 416,000 bpd Pernis refinery in Rotterdam remains shut on Friday following a power outage on Thursday. A restart is scheduled to take place over the course of the next few days. The company declined to comment on how production would be affected but said it had a contingency plan in place. Separately, traders estimated Shell bought up to 15,000 tons of gasoline on the ARA barge market on Thursday and at least 6,000 tons on Friday morning.

Production News

Venezuelan authorities said that restrictions on small vessels and oil tankers were lifted following the passing of Hurricane Emily. The restrictions were lifted at all ports along the Caribbean coast of the country. No damage was reported at oil refineries or ports as a result of the storm. Operations and shipments from the 940,000 bpd Amuay-Cardon refining complex continued uninterrupted.

BP Plc warned that the weather would worsen in the Gulf of Mexico with the arrival of Hurricane Emily as it tries to right its listing Thunder Horse platform. A BP spokesman said the Thunder Horse platform has slightly risen. It has contracted a Dutch vessel recovery contractor, Smit International NV to level the platform.

Pemex said it was continuing to watch the developments on Hurricane Emily as the storm moves towards the Yucatan peninsula. The Communications and Transport Ministry said the storm was not affecting Mexico's shores yet but added that it would probably hit the Yucatan Peninsula's Caribbean coast on Sunday night. Much of Pemex's 3.4 million bpd of crude production comes from the other side of the peninsula, in the southern Gulf of Mexico.

The MMS reported that there was 30,379 bpd of oil production still shut in the Gulf of Mexico. The shut in production is equivalent to 2.03% of the daily oil production in the Gulf. The cumulative shut in production stood at 5,297,404 barrels from July 8th to July 15th.

Baker Hughes reported that the number of rigs searching for oil and natural gas in the US increased by 10 to 1,404 in the week ending July 15. The number of rigs searching for oil in the US increased by 11 to 168 while the number of rigs searching for natural gas fell by 1 to 1,234.

First oil from Chevron's Benguela-Belize production unit in Block 14 offshore Angola is expected to come on onstream in December this year. Benguela-Belize is the first phase of the \$2.2 billion Benguela Belize Lobito Tomboco project with expected peak production of 220,000 bpd.

Norwegian independent oil producer DNO has started producing oil at its Nabrajah oilfield in Yemen. The field's initial production capacity will be 5,000 bpd, increasing to 15,000 bpd in August. Its full capacity of 50,000 bpd is expected to be reached during the fourth quarter of 2006.

OPEC's news agency reported that OPEC's basket of crudes fell by \$1.16/barrel to \$53.37/barrel on Thursday.

Russia's Federal Service for State Statistics reported that Russian companies' oil production increased by 3.2% to 191.4 million tons in the January-May. In May, oil production was up 3% on the month and up 2.1% on the year at 39.2 million tons. Oil exports were up 2% on the year to 103.8 million tons in January-May with exports in May at 22.7 million tons, up 10.5% on the month and up 11.6% on the year.

Nigeria's NNPC will buy about 40 cargoes for

delivery in September-November in its latest supply tender, a decrease in import volumes compared to its last tender. In its last tender it bought 60 cargoes to be delivered from May to July or early August.

Oil product sales by Indian state firms fell by 0.6% in June. Diesel sales fell by 3.9% as some freight traffic shifted to the railways and many retail customers opted to fill their tanks at new private gas stations. Naphtha sales fell by 15.5% as power plants and fertilizer manufacturers switched to liquefied natural gas. Meanwhile jet fuel sales increased by 14% while fuel oil sales increased by 10% to 1.1 million tons due to higher industrial demand.

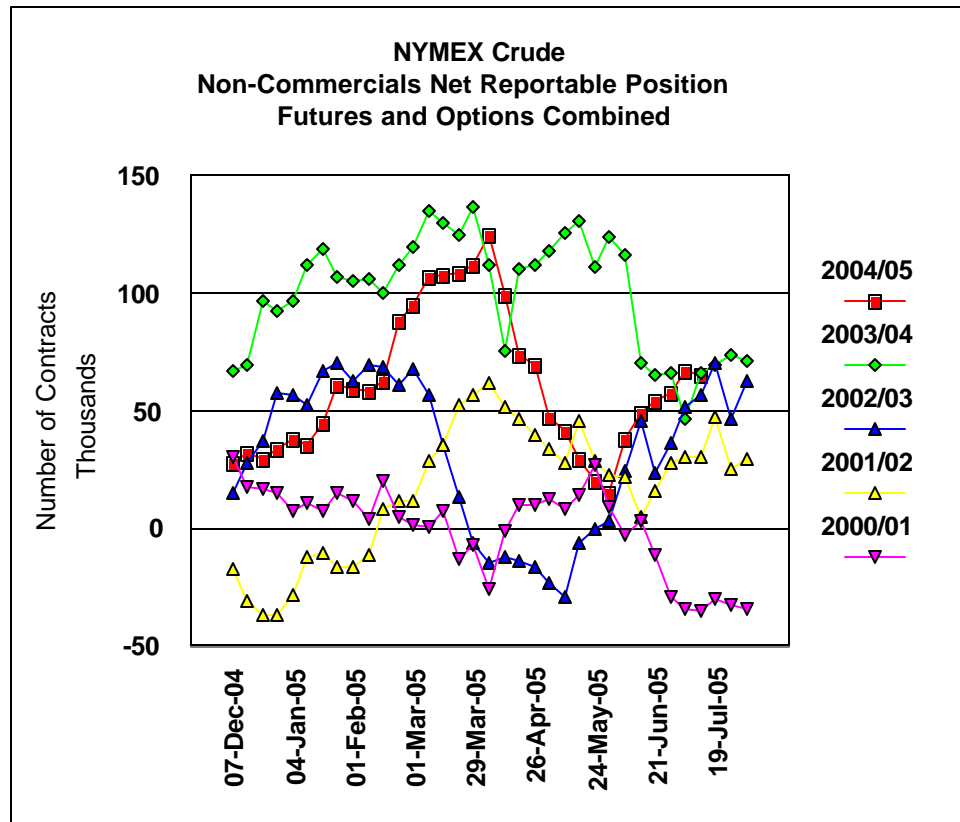
India's Oil and Natural Gas Corp's plans to bid for Canadian oil company, PetroKazakhstan Inc is supported by Kazakhstan's government.

China's Unipecc has resold at least 3 million barrels of prompt crude due to reduced refinery demand. The sell off increased concerns that oil demand growth in China is slowing more quickly than previously forecast. Unipecc started reselling July loading crude delivered into Asia two weeks ago as refineries were cutting operations by 4-5% to reduce losses on domestic sales.

Ecuador's Energy Ministry reported that the country's average oil production increased by 0.7% to 541,507 bpd in June from 537,553 bpd last year. Oil production in June was also up 3% on the month from May's production level of 525,749 bpd.

Market Commentary

The oil markets posted inside trading days amid the uncertainty of the ultimate path Hurricane Emily will take as makes it way towards the Gulf of Mexico early next week and its impact on production. The crude market early in the session was well supported by the hurricane updates stating that Hurricane Emily was upgraded to a category 4 storm, which triggered renewed concerns over its



potential impact on supplies. The market opened up 55 cents higher at 58.35 in follow through buying seen in overnight trading after the market sold off more than \$2 during Thursday's trading session. The market quickly posted an intraday high of 58.90. It found good resistance at that level and traded off to a low of 57.60 following the 11am National Hurricane Center update stating that the storm had been downgraded to a Category 3 storm. The August crude contract, which bounced off its low, was once again pressured as it traded back towards its low late in the session. However the market quickly bounced back into positive territory. It settled up 29 cents at 58.09. Volume in the crude was good with over 194,000 lots booked on the day. The product markets ended mixed with the heating oil market settling up 52 points at 166.21 and the gasoline market settling down 52 points at 168.83. Volumes in the product markets were good with 45,000 lots booked in the heating oil market and 51,000 lots booked in the gasoline market.

The latest Commitment of Traders report showed that non-commercials in the crude market increased their net long positions by 1,271 contracts to 34,029 contracts in the week ending July 12th. However the combined futures and option report showed a fall in net long positions of 2,032 contracts to 65,267 contracts on the week. Non-commercials in the heating oil market also cut their net long positions slightly from 7,852 contracts to 6,187 contracts while non-commercials in the gasoline market increased their net long position from 35,304 contracts to 39,035 contracts on the week.

The market on Monday will be driven by the developments of Hurricane Emily over the weekend. It is forecast to move into the Gulf of Mexico by Monday morning. Hurricane Emily weakened to a Category 2 later on Friday but is expected to regain some of its strength as it moves into the western Caribbean Sea. The National Hurricane Center stated that the hurricane has been moving westward and is anticipated to make a gradual turn to the west-northwest. If it does begin to make its turn to the west-northwest, the market will be supported by concerns over supplies. Technically, the market is seen finding support at its lows of 57.60, 57.25 followed by 56.70 and 55.90. Meanwhile resistance is

Technical Analysis			seen at
	Levels	Explanation	
CL 58.09, up 29 cents	Resistance 59.90 58.50, 58.90	Thursday's high Friday's high	58.50, 58.90 and 59.90.
	Support 57.60, 57.25 56.70, 55.90	Friday's low, Thursday's low Previous lows	
HO 166.21, up 52 points	Resistance 171.10 169.90	Thursday's high Friday's high	
	Support 165.00, 163.30 162.50, 159.90	Friday's low, Thursday's low Previous lows	
HU 168.83, down 52 points	Resistance 175.50 173.70	Thursday's high Friday's high	
	Support 167.40, 167.00 165.30 to 165.20	Friday's low, Thursday's low Gap (July 5th)	