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ENERGY MARKET REPORT FOR JULY 17, 2007

Iran's Oil Minister Kazem Vaziri-Hamaneh said OPEC members were in contact with each other and believed there was no oil shortage in the market. However he stated that due to shortages in refining products, crude oil prices could increase to \$80/barrel. He also stated that holding an emergency meeting was not on OPEC's agenda. The

Market Watch

Traders and shipping agents stated that almost 400,000 tons of Russian gas oil has loaded in the Baltics and set sail for the US and South America. The shipments should help plug unusually low heating oil stocks in the US. The flows have also helped to absorb some of the oversupply of gas oil supplies in Europe. About 260,000 tons of gas oil is bound for the US and the rest for Brazil.

The international affairs director of National Iranian Oil Co, Hojjatollah Ghanimifard said Iran would cut its gasoline imports by at least 14% from August. He said Iran has halted purchases of petrol in the spot market and could make deeper cuts in imports if demand continued to fall following its decision to ration the oil product.

According to the European Biodiesel Board, European Union biodiesel production capacity increased to 10.2 million tons in 2007, up 70% from 2006 capacity of 6.1 million tons. It estimated that EU biodiesel production in 2006 stood at 4.9 million tons, up 54% from 3.2 million tons produced in 2005.

According to the Federal Reserve, US industrial output increased by 0.5% in June. Total output at the country's factories, mines and utilities fell by a revised 0.1% in May compared with flat reading initially.

group is scheduled to hold its next meeting in September. Separately, Iran's Oil Minister stated that the country's oil industry was not facing any shortages of financing to implement energy projects, despite US pressure to deter foreign banks and energy firms from investing. Iran has previously stated that it was planning to set up an overseas investment fund in Bahrain or Dubai to help finance the country's massive South Pars gas field.

Libya's National Oil Corp's chairman Shokri Ghanem said the country saw no need for OPEC to increase its oil production to lower prices. He said a strain on oil refining and political tension have pushed prices higher, not a lack of crude oil.

Refinery News

Explorer Pipeline Co said it delayed the restart of its Houston to Chicago fuel pipeline for a second time until early Wednesday because of slower than expected progress repairing a leak. The pipeline

was shut Saturday following the discovery of a leak. The pipeline was originally expected to resume operations on Tuesday morning and was then pushed back until midnight.

ExxonMobil's 240,000 bpd crude distillation unit at its Beaumont, Texas refinery resumed operations following a weekend restart. The restart of the crude unit was delayed for about three weeks.

Pasadena Refining Systems Inc shut a 100,000 bpd sulfur recovery unit at its Pasadena, Texas refinery between Sunday and Monday. The shutdown of the unit was unplanned. A report filed with the Texas Commission on Environmental Quality did not indicate the duration of the sulfur unit shutdown.

Valero Energy Corp shut a 15,000 bpd alkylation unit at its 210,000 bpd Texas City, Texas refinery Sunday following a small fire. However it is not expected to cause a reduction in fuel output. The unit is expected to resume operation later on Tuesday.

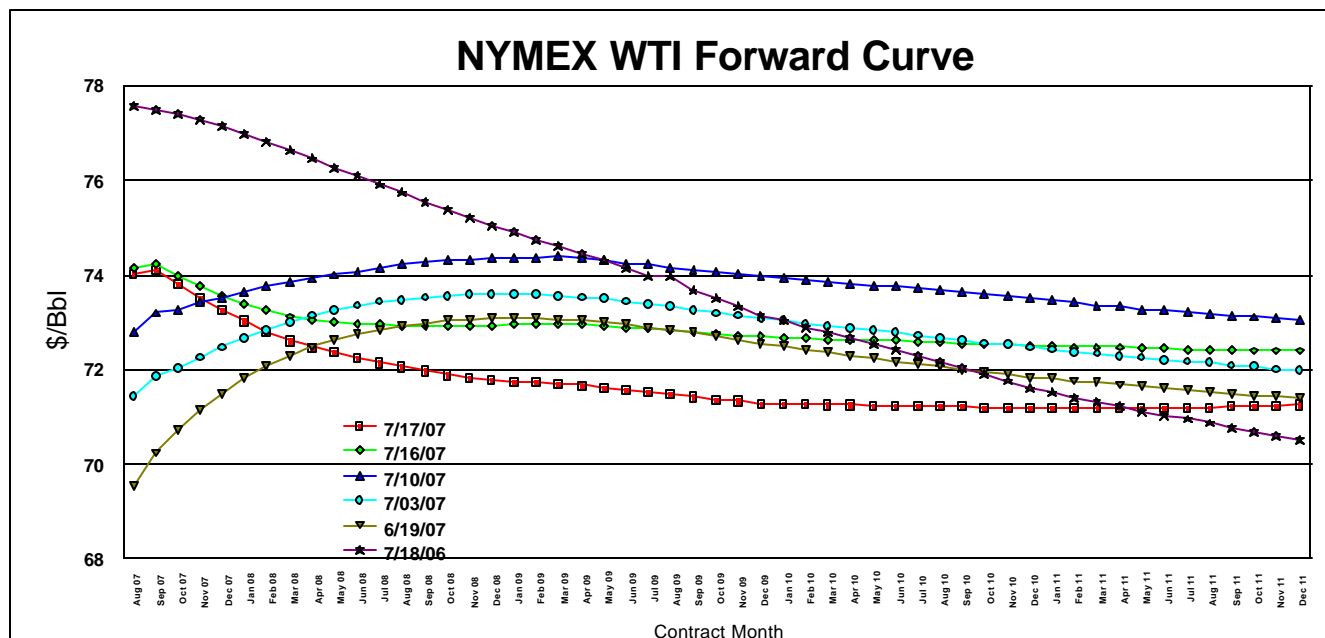
Citgo Petroleum Corp has restarted a coker unit at its Corpus Christi, Texas refinery after it was shut on Monday due to a power failure at the West Plant.

A power outage shut a sulfur plant at Big West LLC's 66,000 bpd Bakersfield, California refinery on Tuesday morning. The refinery was working on resuming operations.

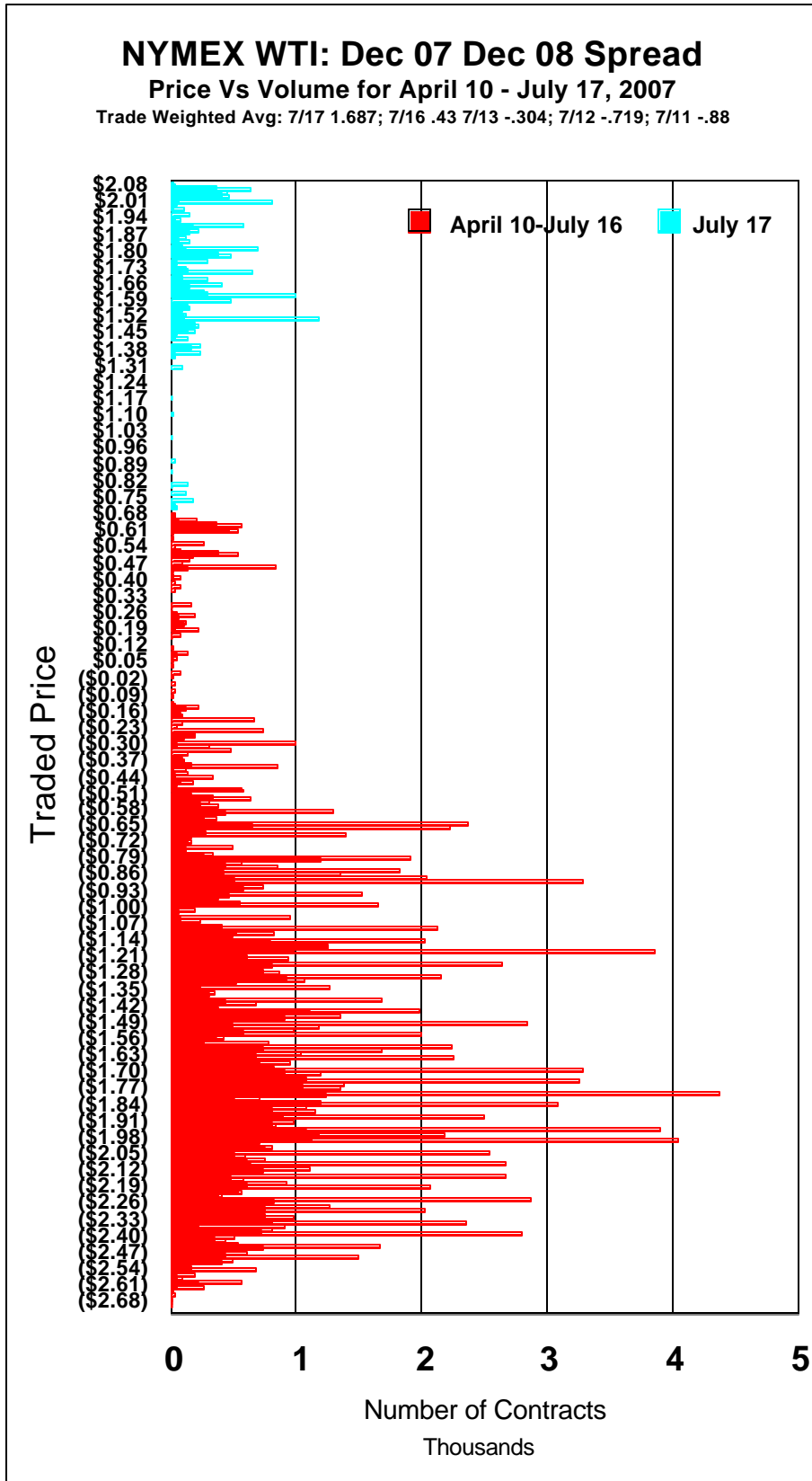
Total said its oil refining margins increased by 11.8% in the second quarter on the year. European refining margins increased to \$42.80/ton on average in the three months ending June 30 from \$38.30/ton in the second quarter of 2006.

ExxonMobil's Nansei Sekiyu KK has further delayed the restart of its 100,000 bpd crude distillation unit for inspection and repair damage sustained from a typhoon. The Nishihara refinery was previously scheduled to restart on July 15.

Sinopec Corp's Gaoqiao refinery is expected to shut down a 160,000 bpd crude unit for three months of repairs starting in late August. Following the completion of the retooling work, the refinery would be able to process more high sulfur crude. The refinery is also expected to add a coking unit and a sulfur



recovery unit due to be completed around late November when the revamp of the crude unit is completed.



Production News

Shell said an oil pipeline feeding its Bonny export terminal was burning in six different places. However there was no impact on production. Shell became aware of the fires on the Trans-Niger pipeline in early June and has been negotiating with local communities in the Ogoni area to try and gain access to the sites. Local rights group the Movement for the Survival of the Ogoni People has called for the closure of the pipeline. It said Shell has not done enough to try to extinguish the fires.

Qatar's oil export terminal at Al-Shaheen was reopened after high winds disrupted crude exports on Monday. The closure delayed the loading of two tankers scheduled to take combined exports of 1 million barrels of oil.

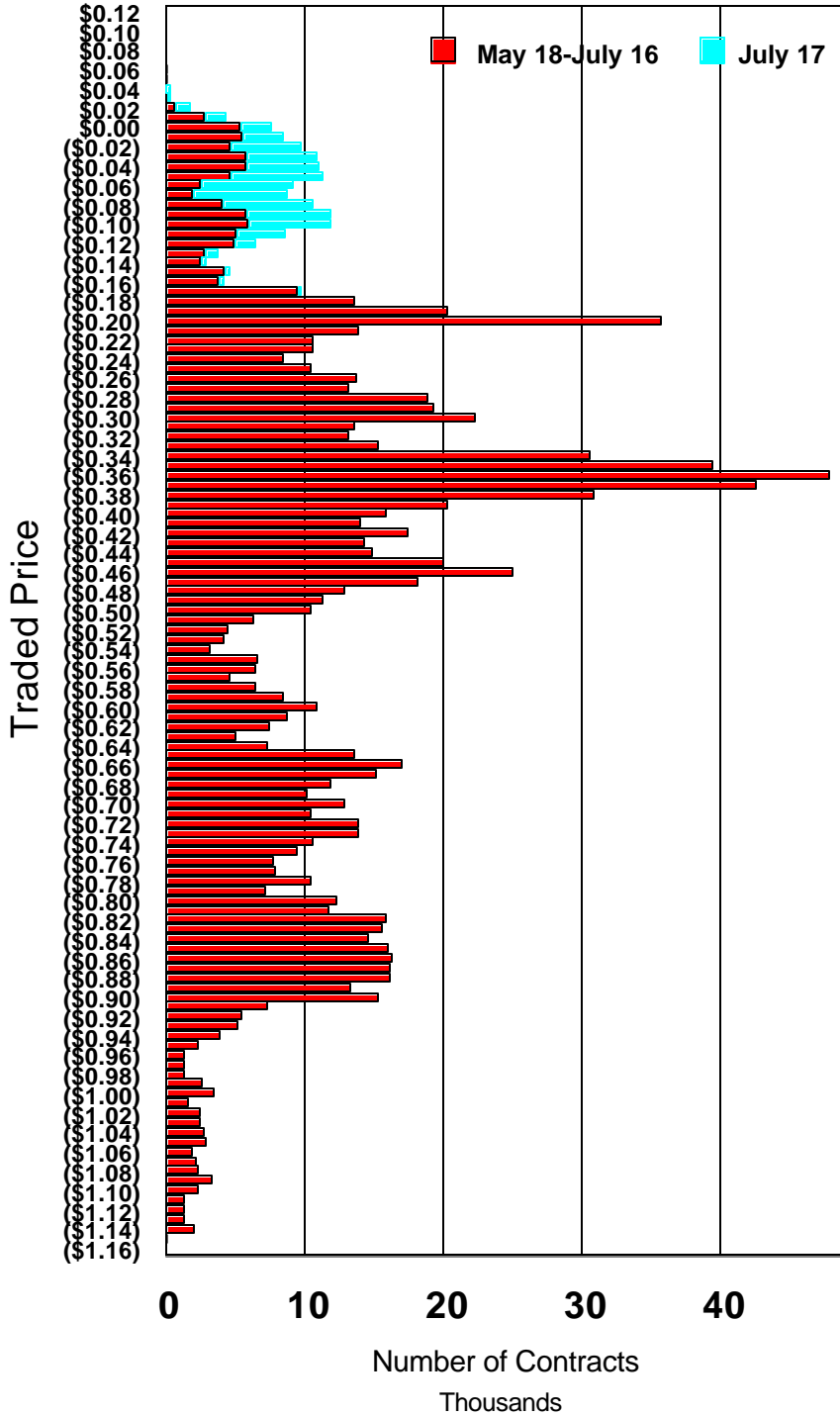
A.P. Moeller-Maersk said Danish Underground Consortium's oil production from the Danish part of the North Sea fell about 9% on the year in June to 273,800 bpd from 298,100 bpd last year. Total oil production so far this year stood at 49.6 million barrels.

Angola is expected to export a record 1.7 million bpd of crude in September, up about 50,000 bpd from the previous month.

NYMEX WTI: August September Spread

Price Vs Volume for May 18 - July 17, 2007

Trade Weighted Avg: 7/17 -.06 7/16 -.127 7/13 -.206 7/12 -.356 7/11 -.365



Planned maintenance at Australia's Cossack oilfield is expected to reduce crude available for September loading to two to three cargoes, down from the usual four to five cargoes of 650,000 barrels each. The last of the three cargoes to be lifted in September is scheduled to load at the end of the month and could be delayed into October.

Industry and trade sources stated that Russia's state railways have ordered exporters to cut their exports of refined oil products, metals and coal via Estonia by 50% amid renewed political tensions. Oil traders said major exporters of refined products on the route had already halved shipments.

Indonesia's parliament approved a new energy law to guarantee energy stockpiles from domestic sources and imports, as the country struggles with regular power outages and declining oil production. Under the law, Indonesia's government would form a national energy council that would be headed by the president. It would plan and set a national energy policy and would take action if there was an energy crisis and emergency.

The Business Times reported that Singapore was investigating the feasibility of building very large floating oil storage platforms anchored out at sea. The building of offshore storage is aimed at

meeting demand by Singapore's increasing oil trading community and also to free up land for more petrochemical complexes, chemical plants and refineries on Jurong Island.

According to official data, India's provisional domestic oil product sales in June increased by 10.9% on the year to 9.63 million tons. Diesel sales in June increased by 19.9% on the year to 3.93 million tons.

Ecuador's Central Bank reported that the country's average oil production fell by 6% to 511,677 bpd in May from 546,677 bpd in May 2006. Petroecuador's oil production averaged 251,774 bpd in May while private companies' oil production stood at 259,903 bpd.

OPEC's news agency reported that OPEC's basket of crudes increased further to \$72.83/barrel on Monday, up from Friday's \$72.49/barrel level.

Market Commentary

The oil market ended the session in negative territory as the gasoline market traded lower for the fifth consecutive session ahead of Wednesday's release of the weekly petroleum stock reports. Early in the session, the crude market continued to trend higher as the market seemed to be targeting the 75.00 level ahead of option expiration at the close. There were 11,000 lots of open interest in the 75 calls as of Monday. The market extended its gains to \$1.20 as it rallied to a high of 75.35. However the market erased its gains and sold off to a low of 73.55 amid the weakness in the product markets, particularly the RBOB. The market traded lower as it also seemed to shrug off the news of the continuing fires on a pipeline in Nigeria. It later bounced off its low and settled in a sideways trading pattern ahead of the close. The crude market settled down 13 cents at 74.02. The crude is seen finding support at 74.00, 73.75, 73.55 followed by 72.26, 71.92 and 71.60. Resistance is however seen at 74.70, 75.00 and its high of 75.35. More distant resistance is seen at 76.35 followed by 76.52. Open interest in the crude market continued to build by 8,403 lots as of Monday as traders continued to roll their August positions and add to their long positions. Open interest in the August contract fell by 12,390 lots while open interest in the September to November contracts built by a total of 16,301 lots. The product markets ended the session sharply lower, with the RBOB market settling down 2.55

cents at 210.07 and the heating oil market settling down 2.24 cents at 203.32. The RBOB market, which rallied to a high of 216.96, sold off by mid-day amid

		Levels	Explanation
CL	Resistance	76.35, 76.52	Basis trendline, Previous high
		74.70, 75.00, 75.35	Tuesday's high
	Support	74.00, 73.75, 73.55	Tuesday's low
HO		72.26, 71.92, 71.60	Previous lows
	Resistance	212.48, 212.84, 214.29	Previous highs
		205.95, 207.98	Tuesday's high
RB	Support	203.50, 202.50, 202.40	Tuesday's low
		202.30, 198.08, 196.60	Previous lows
	Resistance	216.96, 219.52, 223.12, 224.08	Tuesday's high, 38% (207.88 and 238.36), 50%, Previous high
	210.45, 213.10, 214.50		
	Support	209.00, 207.88	Tuesday's low
		207.00, 205.40, 202.80	Previous lows

reports of some refinery units resuming operations as well as expectations that the DOE report would show a build in gasoline stocks. The market posted a low of 207.88. It later bounced off that level and held support above 210.00 late in the session. The August RBOB crack spread continued to sell off and settled down at 14.05. The spread is seen finding some support at 12.90. The oil complex will likely continue to trade lower on Wednesday in light of the expected builds in gasoline and distillate stocks of 900,000 barrels and 1.1 million barrels, respectively. The RBOB market is seen finding

support at 209.00, 207.88 followed by 207.00, 205.40 and 202.80. Resistance is however seen at 210.45, 213.10, 214.50 and 216.96. Further resistance is seen at 219.52, 223.12 and 224.08.