



ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR AUGUST 3, 2007

An OPEC delegate said world oil markets were adequately supplied even though prices reached a new record this week and added that there was no need for OPEC to increase supply in the fourth quarter.

Security sources stated that at least three people were

killed after Nigerian gunmen attacked two boats traveling between an oil terminal and the Niger Delta. Meanwhile, the mother of a local politician has been freed after she was kidnapped 10 days ago. Bayelsa State government spokesman Ebimo Anungo denied that a ransom had been paid to secure the release of the elderly mother of the speaker of the state parliament.

Refinery News

ConocoPhillips said its 240,000 bpd refinery in Lake Charles, Louisiana suffered a small upset early Friday. However it said the incident did not impact its production.

Holly Corporation said it experienced an operational malfunction related to its fluid catalytic cracking unit at the Navajo refinery in Artesia, New Mexico. An electrical ground fault initially caused the unit to shutdown due to lightning. The malfunction occurred during the attempt to restart the unit following the shutdown. It is expected to take 10-14 days to repair and return the unit to service.

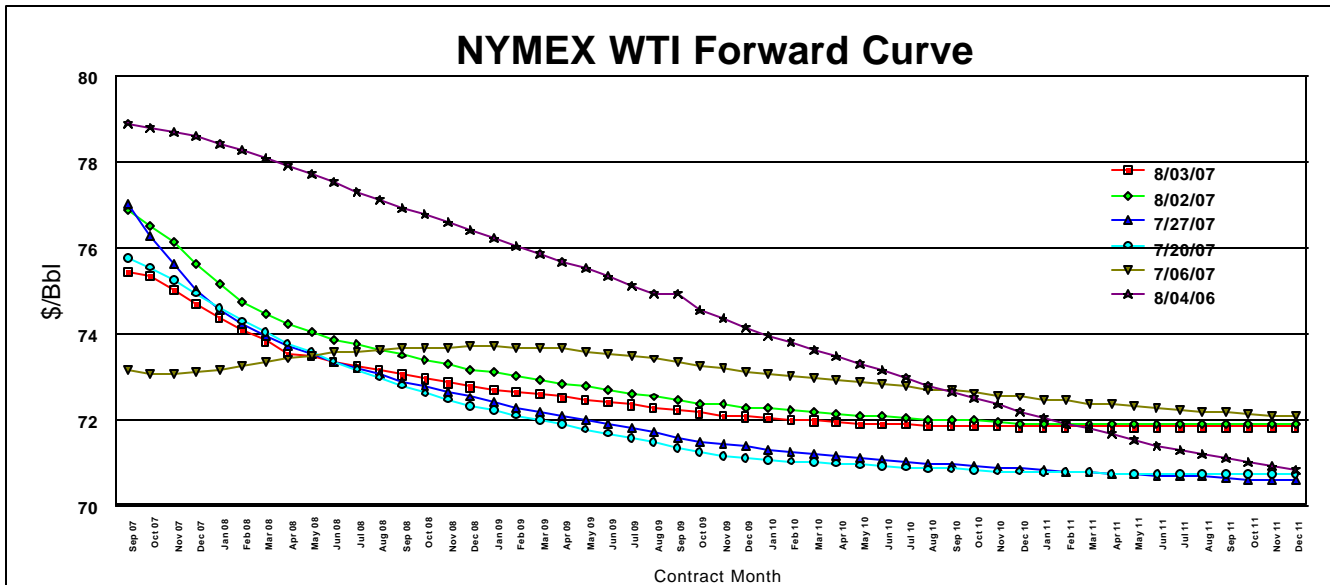
Sunoco Inc said it had no major maintenance outages planned for the rest of the year following the first half repair and upgrade work due to an increase in refining profits.

ExxonMobil Corp has completed the restart of operations at its 300,000 bpd Fawley refinery in the UK. The refinery was shut following a fire on July 25.

Market Watch

Forecasters at Colorado State University said the current Atlantic hurricane season is still expected to be much more active than the 50 year average despite the cut to its expectations, with two fewer storms and one less hurricane than previously predicted. The forecasters expect 15 named storms, 8 hurricanes and 4 intense hurricanes. Forecasters also lowered the assessment of the likelihood of a major hurricane making landfall somewhere in the US to 68% from the previously estimated 74%. In the Gulf Coast region, the probability of an intense hurricane making landfall was 44% compared with 30% long term but down from 49% in the earlier forecast.

Russia's Foreign Minister said Russia was not using its oil and gas exports to blackmail its neighboring countries and added that it would make its energy resources accessible to the world. Belarus avoided a cut in Russian gas supplies on Friday by partially repaying its debt to Moscow. However Russia kept pressuring Belarus by warning it had to pay its debt in full within a week or face punishment.



Indonesia's Pertamina is scheduled to shut its 60,000 bpd Balikpapan refinery next week for five to seven days of maintenance. The official said the unscheduled maintenance would only affect one of the two crude distillation units in Balikpapan.

Venezuela's PDVSA denied a rumor that the 130,000 bpd El Palito refinery would be shutdown for a year starting in September as part of an expansion project. An El Palito refinery source however confirmed that there was a plan under consideration to expand the refinery's capacity to 200,000 bpd.

Japan's Cosmo Oil Co said it planned to restart a 24,000 bpd fluid catalytic cracking unit at its Sakai refinery on August 7. The unit has been shut since July 134 for an unplanned inspection.

Separately, Cosmo Oil Co said it would not import low sulfur fuel oil for Tokyo Electric Power Co as it could cover the extra demand from its own plant. TEPCO said it planned to double its oil purchase volumes for 2007/08 to about 10.5 million kiloliters or 181,000 bpd after the nuclear plant shutdown.

Production News

Russian fuel oil, gas oil and gasoline exports increased in July as some plants completed turnarounds to produce more products. The oil companies exported larger volumes to take advantage of higher world prices. Russia's Energy Ministry reported that gasoline exports increased by 4.8% from June to 499,700 tons. Shipments of gas oil increased by 15% to 3.145 million tons while fuel oil exports increased by 7.8% to 3.813 million tons.

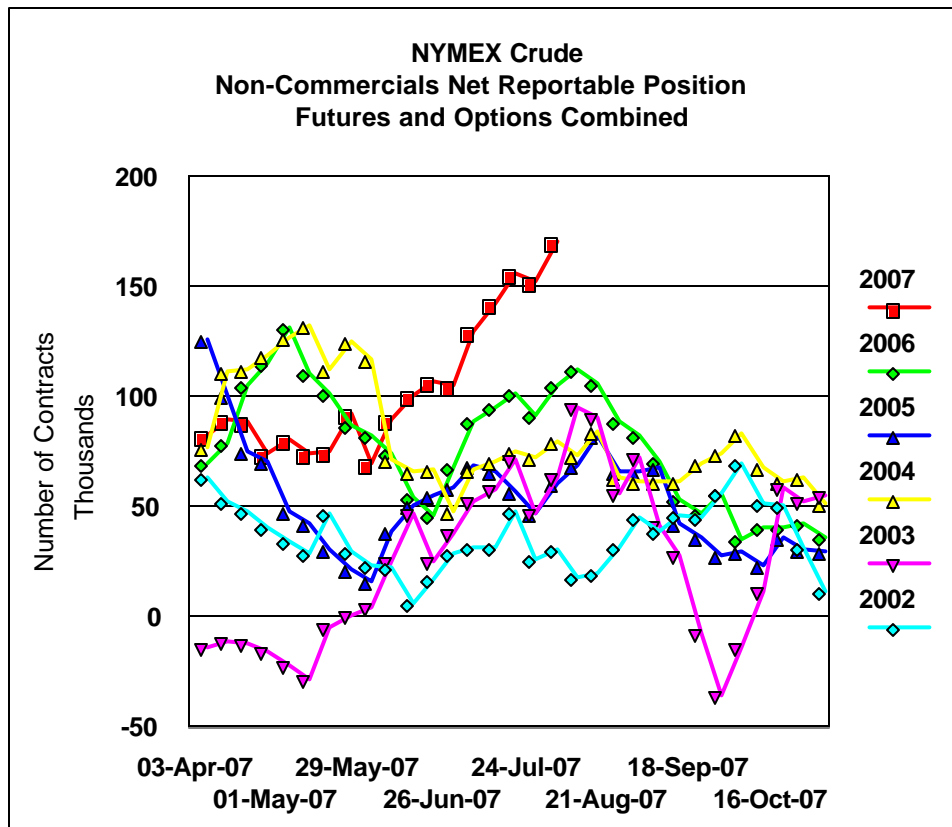
Royal Dutch Shell Plc has held initial talks on possible investments in oil and natural gas exploration and production in Turkmenistan.

Ecuador's central bank reported that the country's oil product export revenue between January and May increased by 3% to \$249.26 million from \$241.79 million reported last year. Ecuador exported 5.63 million barrels in the first five months of 2007, up 9% from the 5.18 million barrels during the same period last year.

OPEC's news agency reported that OPEC's basket of crudes fell to \$72.17/barrel on Thursday from \$73.04/barrel on Wednesday.

Market Commentary

For the first time in seven weeks, the spot month crude oil settled lower on the week. Coming into next week, we still remain bearish and would look for a test of the 74.50 support area with recoveries up to 76.70, providing us with an opportunity to sell this market short. Support is set at 74.50, 73.80, 72.80, 72.00 and 71.20, with resistance set at 78.00, 78.40, and 78.77. The September/October spread continued to weaken, trading into 10 cents. Should this spread break through +. 9 cents, we feel confident in seeing the negative side. Overall open interest for



crude oil fell by 10,319 to 1,527,326. Open interest in September fell by 12,307 to 346,257, October built by 154,820 to 624 and November built by 71,938. Meanwhile, the RBOB market traded higher early in the session after the market settled higher on Thursday. The market rallied to a high of 206.00 amid talk of a refinery problem. However the market erased its gains and sold off to a low of 201.61 by mid-day. The market later bounced off that level and traded in a sideways pattern as it held support above the 202.00 level ahead of the close. It settled down 72 points at 202.90. The RBOB crack spread found some support as it settled at 9.634, up from Thursday's settlement at 8.679 amid the crude market's sharp losses. It is still seen holding support at 7.637. Unlike the RBOB market, the heating oil market continued to breach its previous lows. The market posted a high of 207.98 early in the session before it tumbled throughout the session. The heating oil market extended its losses to over 4.5 cents as it sold off to a low of 202.95 ahead of the close and settled down 4.06 cents at 203.40.

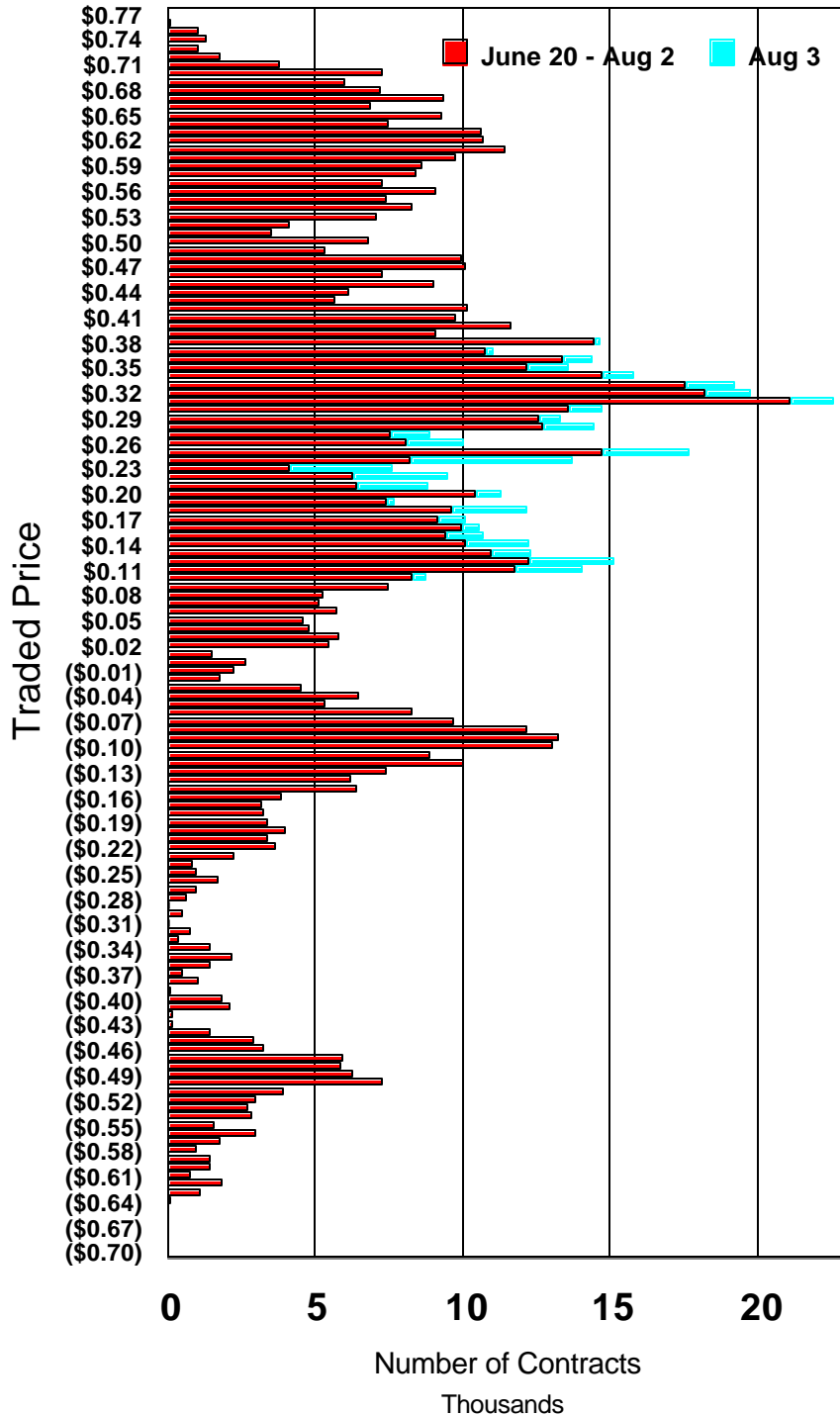
Barring any supportive news over the weekend, the product markets are likely to test their support levels as stochastics have

		Levels	Explanation
CL	Resistance	78.00, 78.40, 78.77	Previous high
	Support	76.20, 77.36	Friday's high
		75.05	Friday's low
		74.50, 73.80, 72.80, 72.00, 71.20	Previous lows
HO	Resistance	208.89, 212.10, 212.72, 214.00, 214.04	Previous highs
	Support	205.20, 207.00, 208.50, 207.98	Basis trendline, Friday's high
		202.95	Friday's low
		201.75, 199.82, 199.02, 194.13	Basis trendline, Previous lows
RB	Resistance	207.00, 210.45, 210.66, 211.62	Previous highs
	Support	204.50, 206.00	Friday's high
		202.00, 201.61	Friday's low
		200.05, 200.00, 198.20, 194.78, 192.31	Previous lows

NYMEX WTI: September October Spread

Price Vs Volume for June 20 - August 3, 2007

Trade Weighted Avg: 8/3 .229 8/2 .366 8/1 .519 7/31 .629 7/30 .659



crossed to the downside. The RBOB market is seen finding support at 202.00, 201.61 followed by 200.00. More distant support is seen at 198.20, 194.78 and 192.31. Meanwhile resistance is seen at 204.50, 206.00 and 207.00. More distant resistance is seen at 210.45, 210.66 and 211.62.

The Commitment of Traders report showed that non-commercials in the crude market built their net long positions by 18,709 contracts to 127,491 contracts in the week ending July 31. The funds increased their total long position by 11,451 contracts while they cut their short by 7,258 contracts. The combined futures and options report also reported that non-commercials increased their net long position by 18,870 contracts to a new record high of 169,966 contracts on the week. Given the market's move in the last few trading sessions, non-commercials have cut some of the large increase in their net long position. Meanwhile, non-commercials in the product markets also increased their net long positions. Funds in the RBOB market increased their net long position by 2,219 contracts to 37,126 contracts while non-commercials the heating oil market increased their net long position by 4,847 contracts to 19,726 contracts.