



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta,
Zachariah Yurch & Karen Palladino
(212) 624-1132 (888) 885-6100

www.e-windham.com

ENERGY MARKET REPORT FOR AUGUST 23, 2007

Indonesia's Oil Minister Purnomo Yusgiantoro said OPEC has 5 million bpd of spare capacity but may not necessarily decide to increase its production despite calls for increased supply. He said OPEC wants a stable crude oil market to sustain global economic growth.

According to Oil Movements, OPEC's oil exports are expected

to increase by 610,000 bpd in the four weeks ending September 8 to 24.2 million bpd. Sailing from OPEC Middle East countries are forecast to increase by 540,000 bpd to 17.35 million bpd in the four weeks ending September 8. It said most of the exports were heading west to replenish falling US stocks. It said about 400,000 bpd were bound for the US with the balance flowing to Asia. An analyst estimated that OPEC was adhering to about 840,000 of the pledged 1.7 million bpd cut.

Market Watch

Iran has threatened to bar major German banks that were pulling out of Iran due to pressure and high administration costs from returning to the country. Deutsche Bank and Commerzbank have gradually withdrawn investments from Iran in recent months. Also Dresdner Bank has stated that it planned to withdraw its investments from Iran. Meanwhile, other European banks, such as Credit Suisse and UBS have already taken similar decisions, paring back or ceasing altogether their operations with Iran.

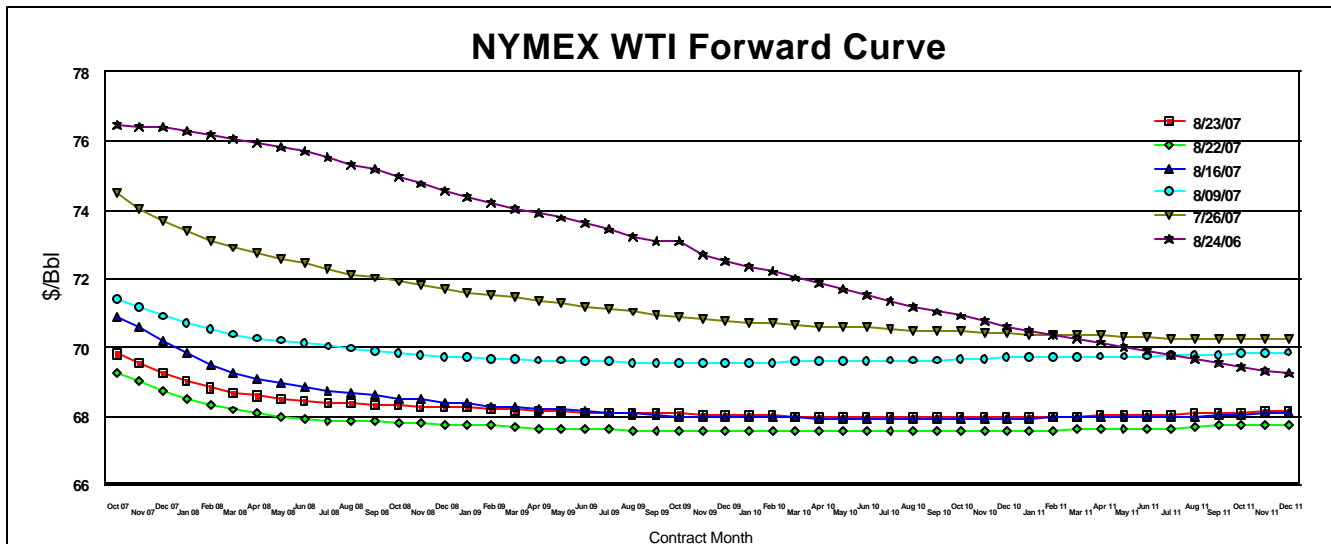
Iraq's Sunni vice president, Tariq al-Hashemi arrived in Turkey to discuss Turkish concerns over Kurdish rebels in northern Iraq and the sectarian divide in the country. Iraq's Sunni vice president was scheduled to meet with Prime Minister Recep Tayyip Erdogan late Thursday and hold talks with Foreign Minister Abdullah Gul on Friday.

The curfew imposed on Nigeria's southern Rivers state following the clashes in Port Harcourt has been extended by one week. The curfew was imposed August 18 by the state government.

Refinery News

Prices of US Gulf Coast conventional gasoline rallied as traders reported strong buying by refiners. Chevron was also seen as a strong buyer of gasoline to make up for the output loss after a fire cut operations at its 325,000 bpd Pascagoula, Mississippi refinery by 50%. Also, Valero previously stated that it would not operate one of two crude units and would run a coker at reduced rates at its Port Arthur, Texas refinery for an indefinite period of time.

Shell Oil Co said Deer Park Refining has started to increase its crude processing rates at its 333,700 bpd Deer Park, Texas refinery after it reduced crude oil runs in anticipation of an interruption in



Mexico's crude supplies due to Hurricane Dean. The refinery should reach normal operating levels by the weekend.

Kinder Morgan Energy Partners LP said its Canadian unit has started building the Anchor Loop expansion of its Trans Mountain oil pipeline connecting central Alberta to the west coasts of British Columbia and Washington state. The Anchor Loop project would increase pipeline capacity by 40,000 bpd to 300,000 bpd. It is expected to start operations in November 2008.

BP Plc has pledged to mitigate the discharge of chemicals into Lake Michigan from its Whiting, Indiana refinery. However BP also held out the possibility that the effort may force the company to cancel plans to modify the refinery to process greater quantities of Canadian oil. During the next 18 months, BP would continue to seek other permits, proceed with project design and explore options for operating within the lower discharge limits.

US ethanol production capacity has increased almost 25% this year to about 6.7 billion gallons per year. The US currently has 127 ethanol distilleries, with 78 plants under construction and 8 undergoing expansion. If all the new plants and expansions come on line in 2008 or later, total capacity would total almost 13.5 billion gallons/year.

Germany's Schwedt refinery was seeking other crude supplies after Russian oil supplies to Germany were disrupted. The refinery, which usually obtains its crude oil from the Drushba pipeline, was purchasing its supplies from North Sea sources.

PetroChina shut a 70,000 bpd crude unit at its Daqing refinery on Monday for a month long planned maintenance.

Separately, PetroChina Co Ltd said it expects its pace of crude oil production to increase in the second half of the year following the 0.1% pace of output expansion in the first six months.

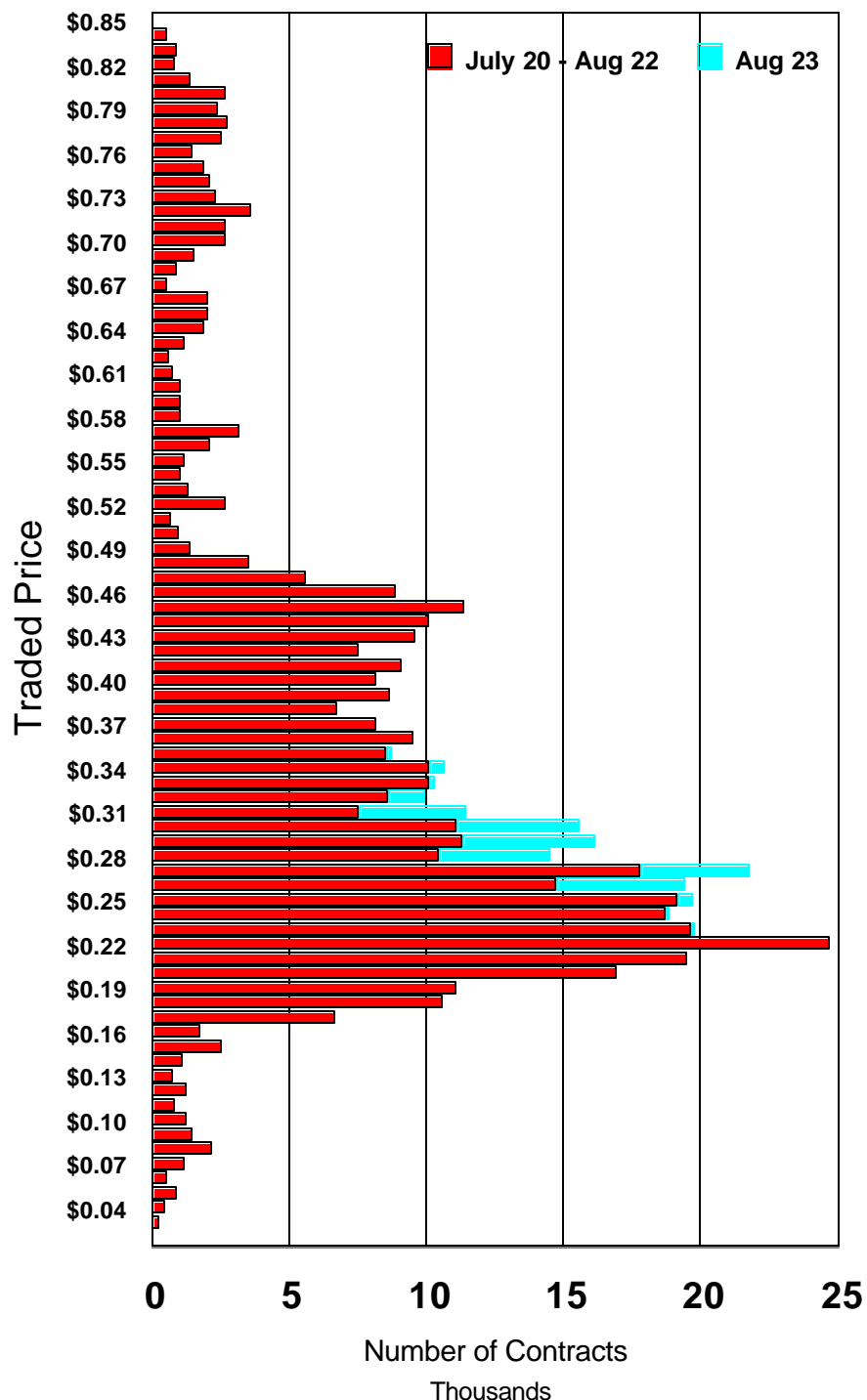
Indonesia's Pertamina said its gasoline imports are expected to increase by 10% on the month in October due to increased demand. It said it would import about 3.8 million barrels of gasoline in September, down from 4.1 million barrels in August.

According to India's Oil Ministry, India's crude oil imports in July increased by 11.3% on the year to 10.63 million tons. Domestic sales increased by 3.9% on the year to 9.72 million tons, driven by sales

NYMEX WTI: October November Spread

Price Vs Volume for July 20 - August 23, 2007

Trade Weighted Avg: 8/23 .287 8/22 .21 8/21 .22 8/20 .27 8/17 .35



of transport fuels as dealers stocked up ahead of an anticipated increase in prices. It reported that petrol sales in July increased by 17.9% on the year while diesel sales increased by 14%. It also reported that refined product imports increased by 1.66 million tons from 1.5 million tons in June and 1.55 million tons reported last year. India's crude oil imports increased to 10.63 million tons in July from 9.78 million tons in June and 9.55 million tons last year.

Production News

According to the US Minerals Management Service, a small amount of oil and gas production remained shut in across the US Gulf of Mexico. It reported that 11,053 bpd of oil and 38 mmcf/d of natural gas remained shut in.

Mexico's Pemex said it would resume production on Friday after Hurricane Dean moved through the Gulf of Mexico, forcing the company to evacuate hundreds of platforms and cut production. It is expected to resume about 80% of its normal oil and gas production by early next week and resume normal production later in the week. Meanwhile port officials stated that Mexico has reopened its three oil exports ports in the Gulf of Mexico after they were shut ahead of Hurricane Dean. Two of the ports, Dos Bocas and Cayo Arcas were reopened late Wednesday while the port of Pajaritos reopened early Thursday.

However port officials said tankers were still not leaving the port of Cayo Arcas.

Gas oil inventories in independent storage in the Amsterdam-Rotterdam-Antwerp area in the week ending August 23 fell by 121,000 tons on the week and by 310,000 tons on the year to 1.845 million tons. Gasoline stocks fell by 31,000 tons on the week but increased by 61,000 tons on the year to 691,000 tons. Meanwhile fuel oil stocks increased by 142,000 tons on the week to 599,000 tons while naphtha stocks increased by 11,000 tons to 116,000 tons on the week and jet fuel stocks fell by 33,000 tons to 402,000 tons on the week.

Turkey's Energy Ministry stated that the crude oil flow from Iraq to Turkey would soon reach 500,000 bpd under an agreement between the two countries.

Azerbaijan's Socar has tendered to sell a 605,000 barrel cargo of Russian Urals crude to be loaded in Russia's Black Sea port of Novorossiisk in September. The cargo is scheduled to load on September 28-29.

Italy's Prime Minister Romano Prodi said he hoped the government of Kazakhstan and a consortium led by Italy's Eni would resolve an environmental dispute on the offshore Kashagan oilfield. Earlier in the week, Kazakhstan threatened to revoke the consortium's permit to exploit the oilfield due to environmental law violations.

Singapore's International Enterprise stated that the country's residual fuel stocks fell by 116,000 barrels to 12.921 million barrels in the week ending August 22. It also reported that the country's light distillate

stocks fell by 111,000 barrels to 8.017 million barrels while middle distillate stocks fell by 790,000 barrels to 7.995 million barrels.

		Explanation	
CL	Resistance	70.30, 71.08, 71.55, 72.40, 73.01, 74.00	Previous high, Basis trendline, Previous highs
	Support	69.26, down 31 cents	Thursday's high
HO	Resistance	69.50, 69.03	Thursday's low
	Support	68.63, 68.06, 67.20, 66.85, 66.55, 65.67	Previous lows, basis trendline
RB	Resistance	200.10, 200.83, 202.37, 204.98	Previous highs
	Support	194.83, down 37 points	Thursday's high
RB	Resistance	194.83	Thursday's low
	Support	193.13, 192.90, 192.04, 189.16	Previous lows
RB	Resistance	193.74, 194.31, 196.62, 200.50, 204.10	Previous high, 50% retracement(204.10 and 184.52), 62%, Previous highs
	Support	188.90, up 2.53 cents	Thursday's high
RB	Resistance	192.54	Thursday's high
	Support	190.00, 187.90	Thursday's low
		185.60, 184.52, 181.50, 178.25	Previous lows

Japan's Economy, Trade and Industry Minister Akira Amari and New Zealand Associate Minister of Energy Harry Duynhoven signed a joint statement to start negotiations for bilateral cooperation on oil reserves. New Zealand said it aimed to sign an oil sharing agreement with Japan that would allow it to buy crude oil, diesel and jet fuel from Japanese companies in case of an emergency.

OPEC's news agency reported that OPEC's basket of crudes fell further to \$66.58/barrel on Wednesday from \$67.11/barrel on Tuesday.

Market Commentary

The oil market, which posted an inside trading day, settled in positive territory following three consecutive down days as renewed economic confidence spilled over to the oil complex. The crude market opened unchanged in overnight trading and rallied to a high of 70.08 as the open outcry session started. The market however erased some of its gains as it failed to sustain its gains above the 70.00 level. It sold off to a low of 69.03 and settled in a sideways trading pattern as it traded back towards 70.00 late in the session. The October crude contract settled up 57 cents at 69.83.

Meanwhile, the Oct/Nov spread continued to widen to 30 cents. Even though the market settled near its highs, it still remains in its downward trend. The market is seen finding resistance at 70.08, 70.30, 71.08 and 71.55 followed by more distant resistance at 72.40, 73.01 and 74.00. Meanwhile support is seen at 69.50, 69.03, 68.63 and 68.06. More distant support is seen at 67.20, 66.85, 66.55 and 65.67. The RBOB market, which continued to trade within Tuesday's trading range, opened at a low of 187.90 in overnight trading and rallied higher early in the session. It traded just over the 192.00 level, as it remained supported following Wednesday's gains. It was also supported amid reports of some refinery run cuts. The market however erased its gains and traded to 189.00 before some late short covering pushed the market to a high of 192.54. It settled up 3.42 cents at 192.32. Meanwhile, the heating oil market also rallied early in the session to a high of 196.80 before it erased its gains and sold off to a low of 194.83. It later bounced off that level and settled in a sideways trading pattern in afternoon trading. It settled up 1.27 cents at 196.10. Similar to the crude market, the product markets may find that their gains are limited as the markets continue to trend lower. The RBOB market is seen finding resistance at 192.54, 193.74 and 194.31. More distant resistance is seen at 196.62, 200.50 and 204.10. Meanwhile support is seen at 190.00, 187.90, 185.60, 184.52, 181.50 and 178.25.