



ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR AUGUST 24, 2007

Indonesia's representative on OPEC's board of governors said that OPEC's current production was enough to meet demand. He said there was a balance in the market.

Refinery News

Chevron Corp declared force majeure on purchases of some crude oil for its 325,000 bpd Pascagoula, Mississippi refinery following a fire at one of the refinery's crude units last week. The force majeure covered purchases of some foreign crude and US medium sour South Green Canyon crude from the US Gulf of Mexico. The refinery has been operating at reduced rates following the fire.

Market Watch

The UK's Met Office stated that this autumn in the UK is likely to be cooler than last year but warmer than the long term average for 1971-2000. Its forecast for autumn reflects the Met Office's prediction in July that this winter is likely to be colder than last winter in western Europe but still warmer than the long term average.

Alon began two weeks of planned maintenance at its Big Spring, Texas refinery to repair a steam generator at its 22,500 bpd fluid catalytic cracking unit.

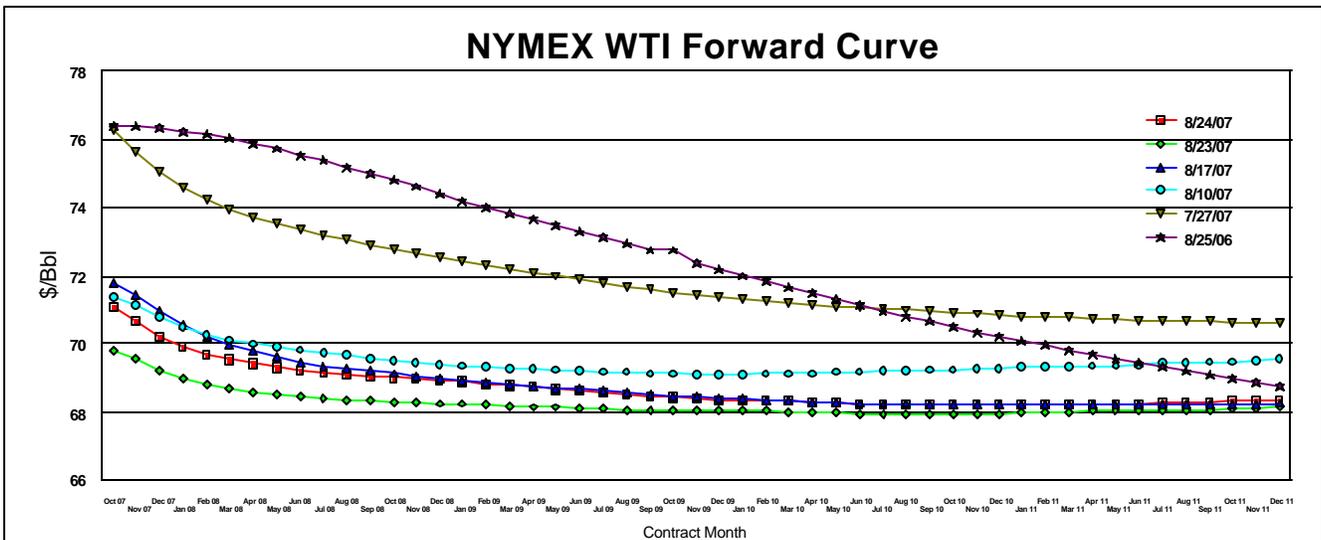
Citgo Petroleum Corp said it agreed to sell its Eagle pipeline and several terminals to Explorer Pipeline.

Russia's Lukoil has cut oil supplies to Germany in the past month by a third. Traders said Lukoil's cut was an attempt to obtain better terms from Germany's monopoly importer of Russian crude, Sunimex. However they expected the move to be short lived and supplies to return to normal in September. It was due to supply Germany with 5.45 million tons or 434,000 bpd of oil in the third quarter. Of that Lukoil was due to supply 1.8 million tons or 600,000 tons per month. Meanwhile, oil supply from Russia to Germany's PCK oil refinery at Schwedt was cut. The refinery has been operating normally as it uses its own inventory and other supply sources.

China's fuel oil demand fell following a sudden rally over the past week for September loading cargoes after margins of the refinery feedstock narrowed versus gas oil.

Production News

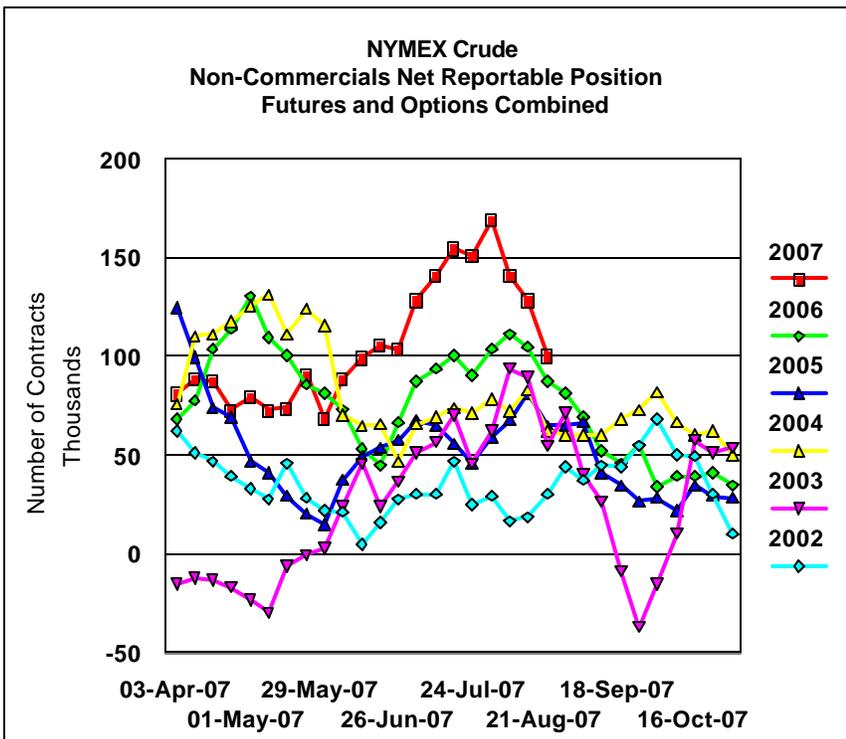
The US Minerals Management Service reported that only about 20 bpd and 2 mmcf/d of natural gas production remained offline on Friday in the Gulf of Mexico. The cumulative amount of crude shut in due to the hurricane stood at 159,762 barrels.



Pemex reported that Mexico's Gulf oil rigs suffered only minor damage from Hurricane Dean and restarted production in the Bay of Campeche on Thursday. Pemex said its 18,000 Gulf workers would all be back at work on Friday. It said it produced 342,000 bpd as of Thursday night and was expected to increase in the coming days to reach pre-shutdown levels.

Mexico's Cayo Arcas oil export port resumed operations on Friday after it was shut due to Hurricane Dean. The port remained shut longer than Mexico's two other oil ports in the Gulf of Mexico because the hurricane caused low tides, preventing tankers from docking.

Italy's Eni denied a report stating that it was ready to increase royalties to Kazakhstan to 20-25% from 10% to continue operating in the Kashagan oilfield.



Dalian Port Co said it signed a letter of intent to form a joint venture with PetroChina Co to build and operate oil terminals on the eastern coast of Liaoning province. The planned oil terminals would have a combined berthing capacity of 300,000 metric tons of crude oil and an annual handling capacity of 21.1 million tons of crude oil.

OPEC's news agency reported that OPEC's basket of crudes increased by 42 cents/barrel to \$67.00/barrel on Thursday.

Market Commentary

News of force majeure declared by Chevron Corp, gave strength to gasoline today, which in turn spilled over into crude oil. Adding

to the rise in prices was the Commerce Department's release that new homes sales and durable goods rose. Despite concerns of a slowing economy, these two reports showed signs that the U.S. economy is still healthy. Prices moved higher today, with the October contract falling shy of testing the 71.45 long - term trend line on the daily chart and 71.42 on the weekly chart. Slow stochastics on the daily chart have crossed to the upside, which could be a sign that the fall in prices might be subsiding. We will have to wait for next week to see if the economy is indeed strong and if this recent price recovery will hold. Support comes in at 68.06, 67.20, 66.85, 66.55 and **65.10**. Resistance is set at **71.55**, 72.40, 73.01 and 74.00. The RBOB market settled sharply higher in light of the refinery problems. The market posted a low of 191.57 in overnight trading on Globex and rallied higher throughout the session. The market extended its gains to 7 cents as it traded to a high of 199.32 on reports that Alon shut a fluid catalytic cracking unit at its Big Spring, Texas refinery while Chevron declared force majeure on some crude purchases after a fire hit a crude unit at its Pascagoula, Mississippi refinery last week. The market later gave up some of its gains and settled up 5.82 cents at 198.14. The heating oil market also bounced off a low of 195.15 and rallied to a high of 199.79 amid the strength in the RBOB market. It settled up 3.62 cents at 199.72. The product markets, which will remain headline driven, are seen retracing some of their sharp gains on Monday. The gasoline market is seen finding resistance at 198.39, basis its trendline followed by its high of 199.32. More distant resistance is seen at 200.50, 202.19 and 204.10. Meanwhile support is seen at 197.40, 195.50, 194.80 and its low of 191.57. More distant support is seen at 187.90, 185.60 and 184.52.

The Commitment of Traders report showed that non-commercials in the oil market cut their net short position by 40,549 contracts to 40,761 contracts in the week ending August 21. It showed that non-commercials continued to liquidate their long positions and increased their total short positions by 26,941 contracts on the week. The combined futures and options report showed that non-commercial cut their net long position by 28,566 contracts to 100,445 contracts on the week. The non-commercials have likely continued to cut their net long positions during the past few trading sessions. Non-commercials in the RBOB market also continued to cut their net long positions by 2,721 contracts to 22,822 contracts while non-commercials in the heating oil market increased their net long position by 1,580

contracts to 8,164 contracts on the week.

		Explanation	
CL	Resistance	71.55, 72.40, 73.01, 74.00	Previous high, Basis trendline, Previous highs
		71.33	Friday's high
	Support	69.52	Friday's low
		68.06, 67.20, 66.85, 66.55, 65.10	Previous lows
HO	Resistance	200.10, 200.83, 202.37, 204.98	Previous highs
		199.79	Friday's high
	Support	197.25, 196.40, 195.15	Friday's low
		194.83, 193.13, 192.90, 192.04	Previous lows
RB	Resistance	200.50, 202.19, 204.10, 206.08, 207.65	Previous high, 38%(230.77 and 184.52), Previous highs, 50%
		198.39, 199.32	Basis trendline, Friday's high
	Support	197.40, 195.50, 194.80, 191.57	Friday's low
		187.90, 185.60, 184.52	Previous lows