



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 SEPTEMBER 5, 2007

Iran's acting oil minister said today that there was no need for OPEC to increase its crude production levels at next week's meeting.

Morgan Stanley overnight released its latest WTI oil price forecast. The company noted that given the weaker dollar and higher costs in the service industry, it now sees WTI averaging around \$65.00 per barrel through 2008, up from its previous estimate of \$55.00 per barrel.

Market Watch

Global Advisors LP, a hedge fund manager specializing in commodities, said today it would close two funds, Global Advisors Commodity Investment and Global Commodity Index Plus, by September 30th due to "poor performance" that led to investor redemptions.

MasterCard Advisors said that its weekly SpendingPulse report issued today that it sees U.S. retail gasoline demand slipped last week for the second week in a row. They estimated motorists pumped 9.736 million barrels of gasoline per day, down 1.3% from the previous week.

Refinery News

Chalmette Refining said today that work on its 71,600 b/d FCC unit in Louisiana, which was originally slated to begin back on August 20th, had actually been started on August 29th. The work is expected to take several weeks.

ConocoPhillips has restarted operations at its Wilhelmshaven refinery in Germany over this past weekend. The refinery had been down nearly for one month for maintenance. Currently the company said the refinery is operating at normal rates.

ExxonMobil restarted its 60,000 b/d refinery in Billings, Montana on September 1st.

Motiva said late yesterday that they will later this month ask its board for final investment approval for a 325,000 b/d expansion at its Port Arthur refinery. This expansion would more than double the capacity of the refinery to 600,000 b/d.

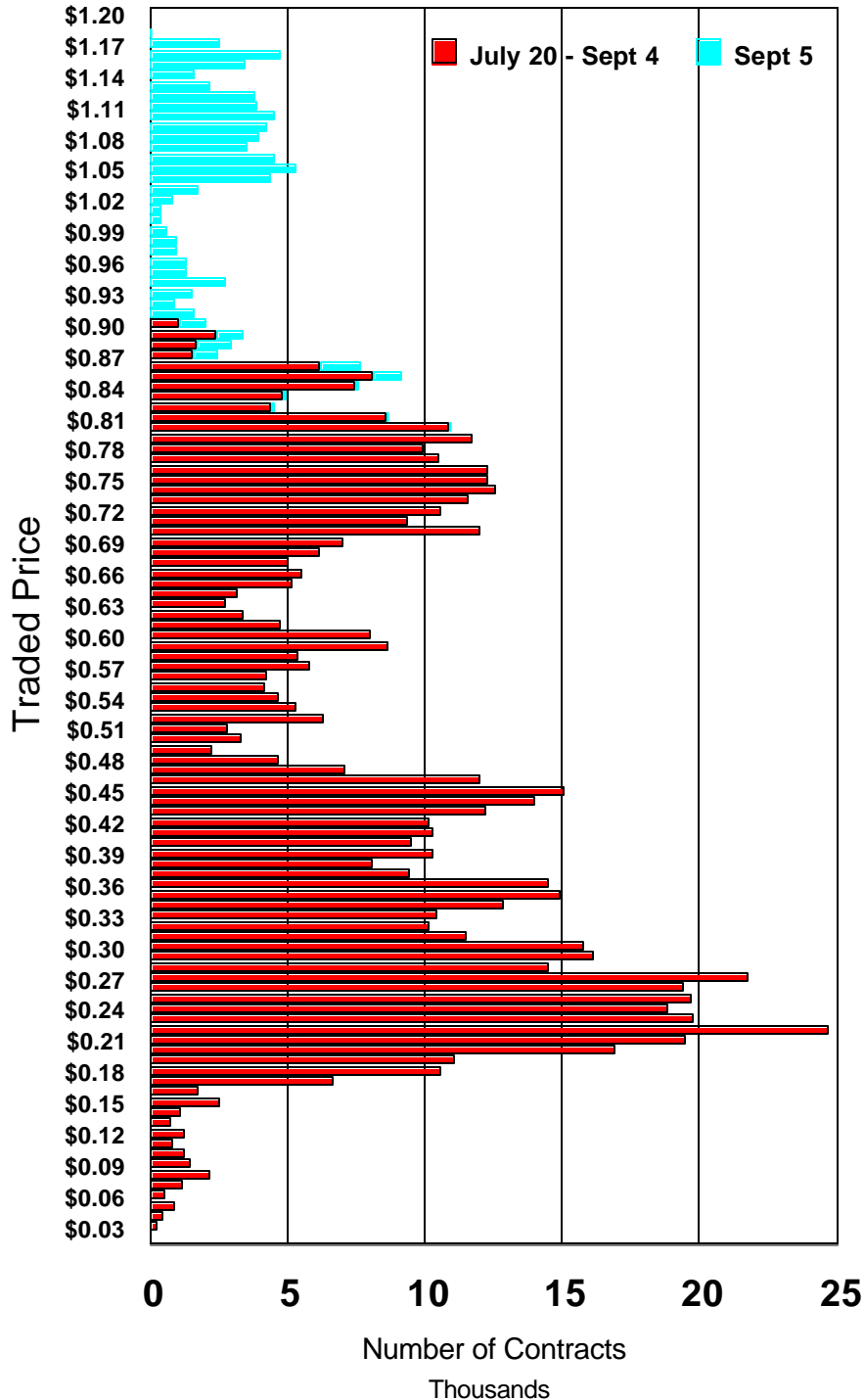
Production News

Total said on Wednesday that talks between a consortium of oil groups and Kazakhstan's government on the Kashagan oilfield needed to resume quickly and added it would not compromise on a need for the project to be profitable. The government last week suspended work at the field in a dispute with the consortium over delays in oil production and cost over runs.

NYMEX WTI: October November Spread

Price Vs Volume for July 20 - September 5, 2007

Trade Weighted Avg: 9/5 1.05 9/4 .796 8/31 .81 8/30 .76 8/29 .697



Shell reported that production at the Shearwater oil and gas field in the central North Sea was restarted overnight after completion of planned maintenance. Production levels were being ramped higher. The field which feeds into the British gas network at Bacton through the SEAL pipeline, produced about 2 million cubic meters of gas and 12,500 barrels of oil a day back in April.

Saudi Arabia raised the premium it charges its Asian customers for Arab Extra Light by 75 cents to \$4.25 per barrel over the price average of Oman and Dubai crude. This was the highest price since the company began linking its selling price to this spot average since 1986. Arab Light's price was raised by 60 cents per barrel. For U.S. customers, Arab Light, Medium and Heavy grades were cut between 5 cents and 90 cents.

Total today trimmed its average annual hydrocarbon output growth target for 2006-2010, blaming the impact of rising oil prices on some of its production sharing agreements and project delays. It now looked for annual production growth of 4% down from its earlier target of 5% annual growth for the period. Production of oil and gas this year had been targeted at just under 6% and will most likely come in near 1.5-2.0% growth.

OPEC's basket oil price on

Tuesday increased by 46 cents and stood at \$70.78 per barrel.

Brent crude oil exports for the week ending September 4th jumped to 337,854 tonnes up from 83,132 tonnes booked the previous week.

ConocoPhillips said today it still had not reached an agreement on compensation for its Venezuelan operations with the government and that the company still left open the option of arbitration. But they did note that the Venezuelan government was willing to pay “market value” the Orinoco based project.

Market Commentary

In anticipation of further draws in stocks, crude oil traded higher again today, posting its fifth straight gain. Using the range of 68.63 to 78.15, October crude oil settle above the 62% retracement of 74.51 and appears poised to go higher. All eyes and ears will be on the stock levels released tomorrow, with the average expectation calling for a draw of 500,000 barrels. With draws of 1.3 million expected in gasoline at a time when stock levels are below the average norm and demand still high, this will only help the crude oil to work higher.



Distillate stocks are expected to build by 1 million barrels as refiners focus on the upcoming heating oil season. Ahead of the rolls, the October/September crude oil spread traded over a \$1.00 premium trading as high as \$1.19. This all could be due to the expected draws and the upcoming OPEC meeting, which is leading to concerns of a roll over in production. Over all open interest in crude oil built by 23,102, with November posting the largest gain of 17,930. This could be short covering on the spread with new length in November. Support comes in 74.44, 72.75, 72.08, 71.53, 71.20, 70.67 and **69.96** Resistance is set at 75.9, 76.33, 76.63, 76.97, 77.39 and 78.15.