



ENERGY RISK MANAGEMENT

Howard Rennell & Pat Shigueta
(212) 624-1132 (888) 885-6100

www.e-windham.com

ENERGY MARKET REPORT FOR SEPTEMBER 8, 2005

The executive director of the IEA, Claude Mandil said its plan to release 2 million bpd of oil from its emergency reserve is sufficient for now. He could not say whether the plan would need to be extended beyond the initial 30 day period. The IEA is tapping member stockpiles for about 700,000 bpd of refined products and about 1.3 million bpd of crude. Meanwhile, Spain's cabinet approved the release of 70,000 bpd of oil for 30 days from its strategic petroleum reserve. Meanwhile, Exxon Mobil's

Market Watch

The EIA reported that US fuel inventories may extend their declines in the weeks ahead. It said that with gasoline shipments bound for the US as soon as this week, retail gasoline prices have either reached a peak or are nearing a peak. It said some of the foreign gasoline shipments could arrive late this week. It also reported that damage from Hurricane Katrina may keep up to 5% of US oil refining capacity offline for several months.

Tesoro Petroleum Corp's chairman and CEO said that higher gasoline prices were cutting demand.

The European Commission said the recent rise in oil prices would slow economic growth in the European Union but not by much. It said the impact should be limited.

Deutsche Bundesbank President Axel Weber said high oil prices are still a challenge. However he stated that it has not hit the economy hard and should have less of an impact than they had in the past.

Indonesia's Finance Minister Jusuf Anwar said Indonesia has yet to make a decision on the size of fuel subsidy cuts in the current 2005 fiscal year.

Japanese unit said it would export small volumes of gasoline and gas oil in September and October, the first visible signs of Japan's contribution to the IEA's stockdraw. It will export about 140,000 barrels of gasoline blendstock alkylate to the US and 630,000 barrels of gas oil to Europe in September or October. The shipments follow the Japanese government's request that domestic refiners draw down their inventories to fulfill its share of a 2 million bpd stockdraw.

Venezuela's Oil Minister Rafael Ramirez said a quota increase by OPEC would not help lower prices because there is a shortage of refined oil products, not crude. He also stated that the amount of US refineries shutdown by Hurricane Katrina would tighten the gasoline supplies and that Venezuela will send 1 million barrels of gasoline to the US.

An Iraqi port agent reported that Iraq's southern oil exports remain suspended due to bad weather.

According to Oil Movements, OPEC crude oil shipments are expected to increase by 160,000 bpd to 24.55 million bpd in the four weeks ending September 24.

Refinery News

Motiva Enterprises' 225,000 bpd Convent, Louisiana refinery is operating at 75% of capacity and shipping gasoline, diesel and aviation fuel to the market. It will return to full production over the next few days. It also plans to begin the restart process at its 240,000 bpd Norco, Louisiana refinery over the next few days.

The head of PDVSA, Rafael Ramirez said an evaluation of its jointly owned 183,000 bpd Chalmette, Louisiana refinery is ongoing but added that it does not appear that operations at the facility will return to normal until near the end of the year. He said repairs would take time. The facility suffered flooding during Hurricane Katrina. A full evaluation will take a few weeks. Meanwhile, Murphy Oil has stated that it will be months before it can restart its 120,000 bpd refinery in Meraux, Louisiana.

Industry analysts stated that oil refineries and chemical plants are slowly recovering but flooding, power outages and damaged equipment at the refineries could cost more than \$2 billion to repair.

Indonesia's Pertamina shut its 230,000 bpd refinery in Central Java's town of Cilacap for 20 days of maintenance.

Production News

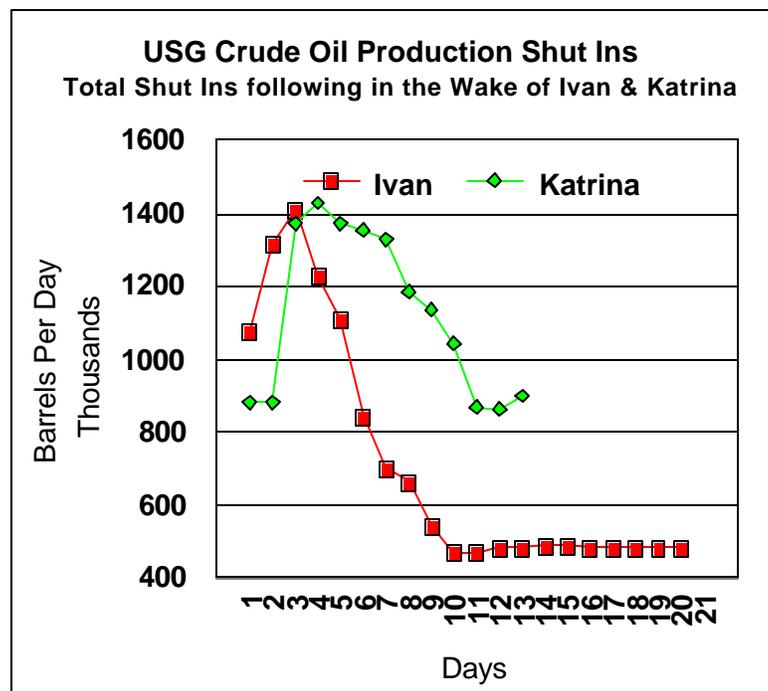
The MMS reported that the amount of oil production shut in the Gulf of Mexico increased to 901,726 bpd on Thursday, up from 860,568 bpd on Wednesday. It said 60.12% of daily production is shut in. It stated that the 41,158 bpd increase in shut in production was produced by a filing from a company that was not able to provide the information previously.

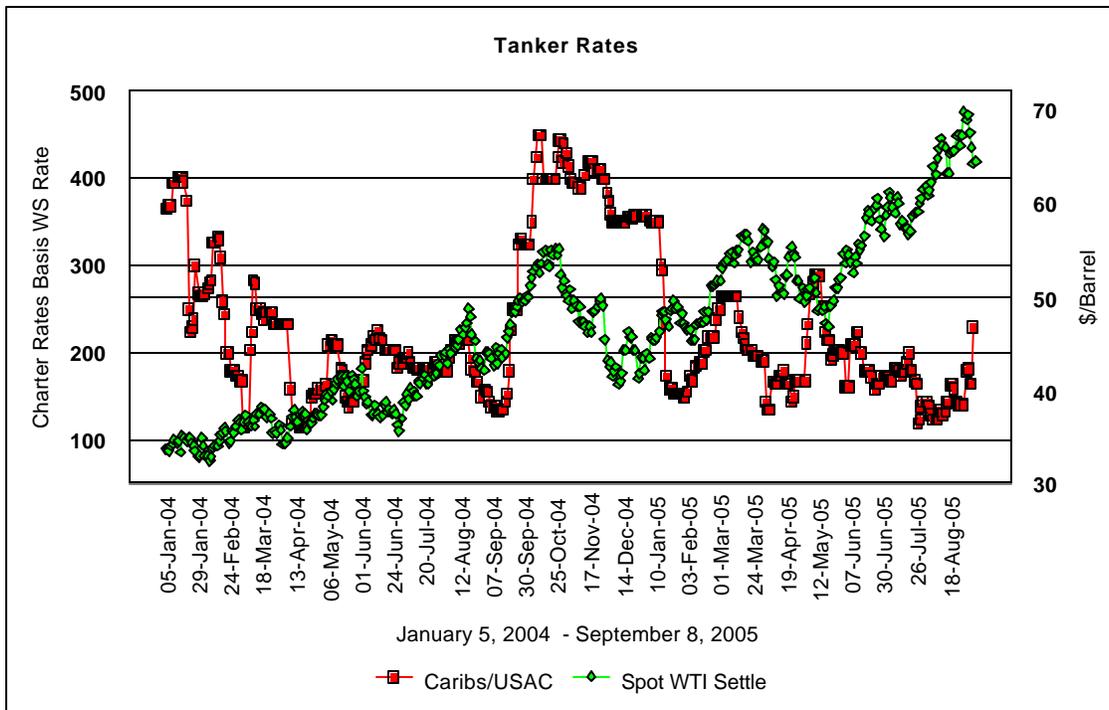
Royal Dutch/Shell said that while some production is flowing from its western Gulf of Mexico fields, 64.5% of its oil and gas production remains shut in as a result of Hurricane Katrina. Its net Gulf of Mexico production returned to about 160,000 bpd of oil equivalent compared with an average output of 450,000 bpd of oil equivalent in the first half of 2005. It said four offshore platforms, a system of pipelines and various onshore facilities that transport and receive oil and gas production remain shut in.

Chevron Corp said oil and gas production at the Petronius production platform is ready to go but remains shut in, with no changes expected until next week.

Schlumberger Ltd expects to reach operational capacity in the US Gulf of Mexico within five weeks.

National Iranian Oil Co has cut its official selling prices for October term crude supply to Europe and the Mediterranean. The price for its Iranian Light crude bound for Europe was cut by \$1.95 to BWAVE





minus \$6.30, while its Iranian Heavy was set at BWAVE minus \$8.60, down \$2.25 and its Forozan Blend was set at BWAVE minus \$8.50, down \$2.25 on the month. Its Iranian Light crude bound for the Mediterranean was set at BWAVE minus \$8.00,

down \$3.40, its Iranian Heavy was set at BWAVE minus \$10.80, down \$3.95 and its Forozan Blend was set at BWAVE minus \$10.70, down \$3.95 on the month.

Kuwait Petroleum Corp has posted its crude oil official selling price at a \$3/barrel discount to the average of Oman and Dubai assessments for October term supply bound for Asia.

The October loading program for North Sea Ekofisk scheduled 17.2 million barrels to load, up 550,000 barrels on the month. Meanwhile, the North Sea Statfjord crude system plans to load 13 cargoes in October, up from 12 in September. It is expected to load 359,000 bpd, up from 342,000 bpd the previous month.

The Norwegian Petroleum Directorate said Norway's crude production in August fell by 61,000 bpd to 2.497 million bpd from the same month last year.

Russian refining runs increased by 7% in July from June as oil companies rerouted more volumes to the domestic market due to very high crude oil export duties. The Energy Ministry reported that oil processing increased to 18.2 million tons or 4.3 million bpd.

Russia's Federal Customs Service reported that oil product exports from Russia to countries outside the Commonwealth of Independent States increased by 16.7% on the year to 51.96 million tons in January-July. Russian oil companies' oil exports increased by 13.2% on the year to 135.793 million tons in January-July.

Azerbaijan International Operating Co said the oil exports from Azerbaijan increased by 30% on the year to 7.666 million tons in January-August. Socar's oil exports via the Baku-Novorossiisk pipeline was down to 1.175 million tons in January-August from 1.726 million tons in the same period of 2004.

South Korean refiners will nearly double exports of high sulfur fuel oil in October as S-Oil shuts down a desulfurization unit while other refiners raise their output. The country's five refiners plan to export

265,000 tons of October HSFO compared with 134,000 tons booked for September. Some traders said exports could more than double to about 330,000 tons in October.

Ecuador's average oil production increased by 2.5% to 534,603 bpd in the first seven months of the year from 521,493 bpd in the same period last year.

OPEC's news agency reported that OPEC's basket of crudes fell by \$0.62/barrel to \$58.43/barrel on Wednesday.

Market Commentary

The oil market ended in positive territory following a late bout of short covering in light of the MMS report showing that production recovery in the US Gulf of Mexico was stalling. The MMS reported an increase in production shutin due to a filing by a company that was not able to provide its information before. The crude market opened 53 cents higher at 64.90 as traders anticipated large draws in crude and product stocks following the impact of Hurricane Katrina. It immediately posted a high of 65.15 but sold off sharply as traders were disappointed with the lighter than expected draws in gasoline stocks. However the DOE did reported a large draw of over 14 million barrels in total petroleum stocks. The market sold off to a low of 63.10. The market however bounced off its low and remained range bound before it recovered some of its earlier losses ahead of the close. It settled up 12 cents at 64.49. Volume in the crude was good with 230,000 lots booked on the day. The product markets ended mixed with the gasoline market settling up 1.33 cents at 203.55 and the heating oil market settling down 3.27 cents at 192.96. The gasoline market posted a high of 207.00 on the opening and settled in a sideways pattern before it saw a sharp sell off. It traded to a low of 196.50 following the reports showing smaller than expected draws in gasoline stocks of about 4 million barrels. The market however retraced its losses and settled in a sideways trading pattern during the remainder of the session. It traded back toward s the 205 level on the close. Unlike the crude and gasoline market, the heating oil market failed to settle in positive territory after it sold off to a low of 190.00 early in the session. Volumes in the product markets were good with 50,000 lots booked in the gasoline and 52,000 lots booked in the heating oil market.

The oil market on Friday will likely remain supported ahead of the weekend. The market will watch for further development of Tropical Storm Ophelia. The National Hurricane Center said the storm strengthened to a hurricane and is expected to drift northward off the coast of Florida. However two forecast models continued to show the hurricane moving into the Gulf of Mexico. The forecasts showed it moving across Florida and into the Gulf of Mexico. The market is technically seen finding support at 63.50, 63.10 followed by 62.75 and 62.41. Meanwhile support is seen at 64.70, 65.15 and 66.50. More distant resistance is seen at 67.30.

Technical Analysis		
	Levels	Explanation
CL 64.49, up 12 cents	Resistance 66.50, 67.30	Wednesday's high, Previous high
	Support 64.70, 65.15	Thursday's high
HO 192.96, down 3.27 cents	Resistance 198.00 193.50, 195.00	Thursday's high
	Support 190.00 189.50, 186.80, 184.85	Thursday's low Previous lows, 62% (162.50 and 221.00)
HU 203.55, up 1.33 cents	Resistance 207.00, 212.00 205.00	Thursday's high, Wednesday's high
	Support 196.50 191.00 to 188.70	Thursday's low Gap (August 29th)