



ENERGY RISK MANAGEMENT

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

www.e-windham.com

ENERGY MARKET REPORT FOR SEPTEMBER 30, 2005

US Energy Secretary Samuel Bodman said the US may face spiking energy prices and possibly shortages as a result of Hurricanes Katrina and Rita during the next six months. He said the Bush administration is prepared to use its SPR and the Northeast Heating Oil Reserve if needed. He also stated that he did not expect high energy prices to push the US economy into a recession.

The IEA's deputy executive director Bill Ramsay said IEA members remain in consultations about whether to release more oil stocks to compensate for production and refinery outages due to Hurricane Rita. He added that the IEA was still waiting for a full assessment of damage from Hurricane Rita before it could decide whether a further release was needed.

Iraq's Oil Minister Ibrahim al-Uloum survived an apparent assassination attempt on Monday when a roadside bomb exploded. In the latest attack against Oil Ministry officials, at least two bodyguards were killed when a bomb exploded near

Market Watch

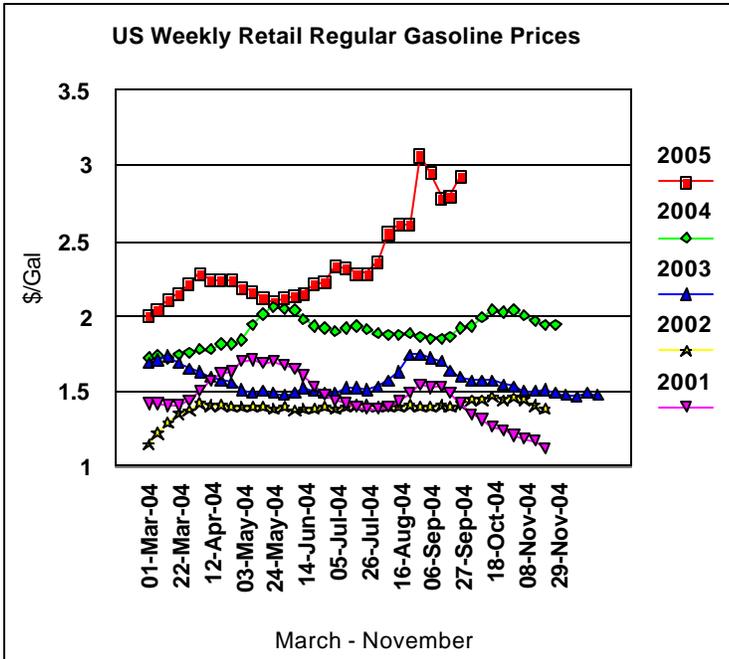
Citgo said a 240,000 barrel shipment of gasoline from Venezuela will arrive in Houston on Monday to alleviate fuel shortages caused by the hurricanes. The cargo, one of four, will be distributed throughout Texas and the US Southeast through the Colonial and Eagle Pipelines. It is expected to send up to four cargoes for a total of 1 million barrels of gasoline.

Dr. William Gray of Colorado State University said the Atlantic hurricane season may produce two more hurricanes in October. He said October may produce three tropical storms, two of which would become hurricanes. One of the hurricanes is forecast to be a major hurricane with winds of over 110 mph. There was a 49% chance of a tropical storm or hurricane hitting the US coast in October.

Indonesia's Oil Minister Purnomo Yusgiantoro said the government wants domestic gasoline and gas oil prices to start tracking the world oil market next year while kerosene would follow suit in 2007. The government increased gasoline, gas oil and kerosene prices by about 126% effective October 1 in effort to cut fuel subsidies.

High oil prices are prompting governments to resort to price freezes, tax cuts and other measures to soothe voter resentment. Nigeria's President Olusegun Obasanjo over the weekend promised that the cost of gasoline would not increase further until the end of 2006, no matter what happens in world oil markets. This followed demonstrations that shutdown whole sections of major cities around the country over the past several weeks. The antagonism over the strains inflicted by escalating energy costs stretches from rich countries in western Europe to poor countries in Asia and Africa where rising oil prices have driven up the cost of bus rides and kerosene used for cooking.

According to the Institute for Supply Management, US manufacturing expanded in September to 59.4 from 53.6 in August.



the convoy. A week ago, a suicide bomber drove a car into a bus carrying Oil Ministry employees, killing at least six people. US forces launched an attack on insurgents on Saturday, sending about 1,000 troops to root out insurgent fighters that US and Iraqi officials say have come in from Syria.

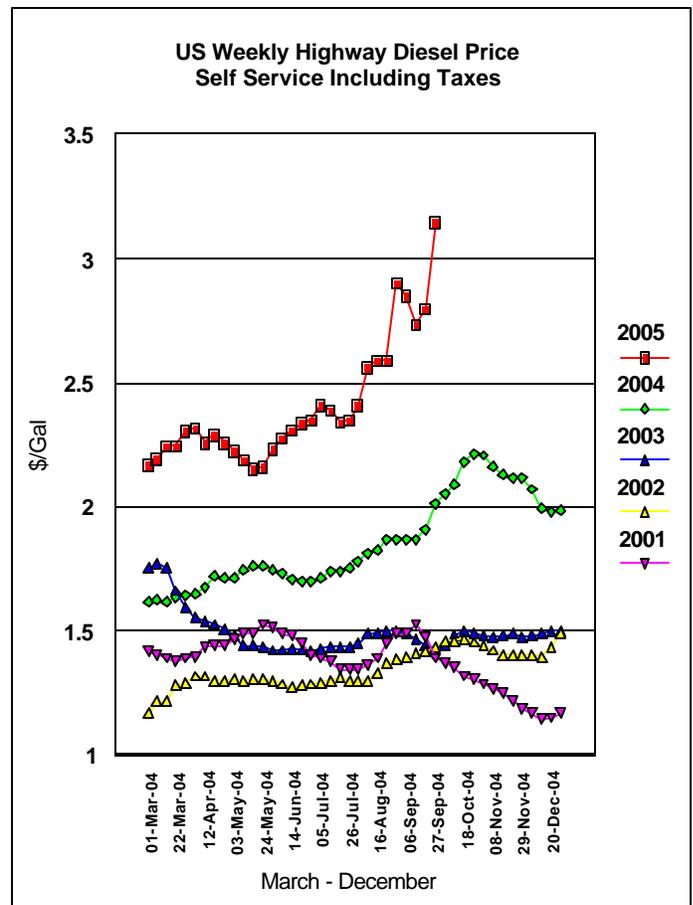
The EIA reported that the US average retail price of gasoline increased by 12.5 cents/gallon to \$2.928/gallon in the week ending October 3rd. It also reported that the US average retail price of diesel increased by 3.46 cents/gallon to a record high of \$3.144/gallon.

Refinery News

ConocoPhillips expects hurricane damaged refineries to return to full capacity by early 2006. Its 247,000 bpd Alliance refinery in

Belle Chase, Louisiana is still shut after being damaged by Hurricane Katrina. It is expected to remain down until December and is not expected to reach normal operating rates until early next year. Its Lake Charles, Louisiana refinery is expected to resume in mid-October, provided power is restored. It said the shutdown caused by the hurricanes likely will leave ConocoPhillips' third quarter production slightly lower than in the previous quarter. It said it had 20,000 barrels of oil equivalent per day shutdown in the third quarter due to the hurricanes. It added that the final impact of hurricane related damages is still being evaluated.

BP Plc has cut production runs at its 220,000 bpd Lavera refining complex due to a strike. It said it may have to shut the refinery completely if the strike continues after the middle of the week. Meanwhile, a crude oil cargo has unloaded at Royal Dutch Shell's 126,000 bpd Berre l'Etang refinery in southern France, delaying a strike's threat to its operations. Workers, who have blocked the southern Fos-Lavera oil and petrochemical refining hub for over a week, will continue to strike on Tuesday in spite of the withdrawal of police forces. The withdrawal of police force was one of the conditions necessary to start negotiations.



Neste Oil said its Porvoo refinery is resumed normal operations following its scheduled maintenance turnaround.

Japan's Cosmo Oil Co shut a 75,000 bpd crude distillation unit at its Yokkaichi refinery on Monday for regular maintenance. It is scheduled to restart the crude distillation unit on November 10.

Maintenance at PetroChina's refineries and efforts to cut refining losses are set to marginally lower China's fuel output in October. However this is not expected to cause a supply problem as it reduces its exports. China has put a temporary curb on oil product exports from September through the end of 2005 by removing tax rebates for overseas shipments of gasoline and naphtha. It is expected to cut runs by a total of 70,000 bpd due to extensive plant shutdowns from mid-September through October, mostly delayed from the third quarter to ease the supply squeeze in August. Meanwhile, Wepec is expected to cut its throughput by 20% to 141,000 bpd next month due to a shutdown at a major secondary processing unit. Lanzhou is also expected to process 9% less crude in October than in September due to repairs at a crude processing unit.

Russia's Omsk refinery has halted production until November 4 due to planned repair work at its advanced fuel oil processing facility.

Production News

An MMS official said oil and natural gas production in the US Gulf of Mexico could be in good shape within a month. However it cautioned that it could be months before some facilities such as ChevronTexaco's Mars platform resumes operations. The MMS later reported that a total of 1.392 million bpd of crude production remained shut in, down from 1.468 million bpd reported on Friday. The cumulative shut in oil production stood at 45.119 million barrels.

Louisiana's Department of Natural Resources stated that crude oil production in Louisiana totaled 17,643 bpd or 8.7% of normal but more than double the level reported on Friday. However about 185,500 bpd of crude production still may be shut in.

The Colonial Pipeline Co is running at below 70% of capacity due to post hurricane supply shortages. A company spokesman said the pipeline stood ready to increase volumes as soon as supplies become available. Meanwhile, the Explorer Pipeline is operating at 50% of capacity due to a lack of fuel inputs.

Pemex said it has evacuated 270 workers from five platforms in the Gulf of Mexico as Tropical Storm Stan approaches.

An Iraqi oil official said Iraq is aiming to export 55 million barrels or 1.77 million bpd of crude oil in October. Iraq's SOMO exported 47.68 million barrels in September from its southern and northern oil ports, generating revenues of \$2.63 billion. Higher September exports were due to the sale of about 4.43 million barrels from the northern export terminal of Ceyhan.

Venezuela's President Hugo Chavez warned oil companies holding operating contracts that they must change the deals to comply with new terms offered by the government or give up their projects. The Venezuelan government has ordered 22 companies holding 32 operating contracts to convert them to joint ventures with PDVSA by the end of 2005. Energy Minister Rafael Ramirez said last week that oil companies had until the end of the year to move to transitory contracts, the first step in converting them into joint venture deals.

Russia's Industry and Energy Ministry reported that crude refining in Russia increased to 152.835 million tons in January-September from 143.835 million tons a year ago. In September, crude oil

refining in Russia totaled 17.343 million tons. Russia produced an average of 9.53 million bpd of crude in September, up 40,000 bpd on the month. Oil production is expected to increase by 2.5% on the year to 470 million tons. Its oil exports in January-September fell to 8.861 million tons from 25.6 million tons in the same period last year. In September, oil exports from Russian refineries amounted to 213,500 tons. It also reported that the oil transit through Russia increased by 11.8% on the year to 17.6 million tons in January-September. In September, oil transit increased by 18.2% to 2.024 million tons. It stated that Russia's oil exports and transit to countries outside the Commonwealth of Independent States via oil pipeline Transneft increased by 10.5% on the year to 18.367 million tons in September. In regards to its oil product output, Russia's gasoline production increased to 23.686 million tons in January-September from 22.273 million tons a year ago. Its diesel production increased to 43.692 million tons from 40.625 million tons while fuel oil production increased to 41.329 million tons from 39.114 million tons last year.

OPEC's news agency reported that OPEC's basket of crudes fell by 15 cents/barrel to \$58.02/barrel on Friday. It also reported that OPEC's basket of crudes fell by 50 cents to \$57.63/barrel in the week ending September 29th.

Market Commentary

The NYMEX oil complex traded lower during today's quiet trading session amid reports that the Bush administration offered to tap the US SPR and the Northeast Heating Oil Reserve if needed to prevent a shortage. The crude market opened slightly lower at 66.10 and continued to trend lower as it posted a lower high and lower low. The market quickly posted a high of 66.50. However the market erased its gains and gradually sold off amid light volume trading. The market traded lower despite the reports that several refineries in the Gulf coast still remained shut while strikes threatened to cut supplies at refineries in France. The November crude contract held some support at 65.50 but it later breached that level and sold off to a low of 64.99. The market retraced some of its losses ahead of the close and settled down 77 cents at 65.47. Volume was light with 157,000 lots booked on the day. The gasoline market also settled down 3.46 cents at 206.22. The market opened 82 points higher and immediately posted a high of 213.50. It retraced its gains and sold off to a low of 203.50 late in the session. It however retraced some of its losses ahead of its close. Unlike the crude and gasoline markets, the heating oil market posted an inside trading

session. It however retraced some of its losses ahead of its close. Unlike the crude and gasoline markets, the heating oil market posted an inside trading

Technical Analysis			
	Levels	Explanation	
CL 65.47, down 77 cents	Resistance	67.20, 67.40, 67.90, 68.10 65.90, 66.50, 66.65	Previous highs Monday's high, Previous high
	Support	64.99 64.70, 64.60	Monday's low Double bottom
	Resistance	218.45 213.50	Previous high Double top
HO 208.09, down 4.87 cents	Support	207.00, 206.40 205.70	Monday's low Friday's low
	Resistance	221.00 208.50, 210.00, 213.50	Previous high Monday's high
	Support	203.50 202.00	Monday's low Friday's low

day. The market opened 46 points lower at 212.50 and posted a double top at 213.50. However the market erased its gains and sold off to a low of 206.40 amid the Bush administration statements that it would use the SPR and heating oil reserve if needed. The market retraced its losses and settled down 4.87 cents at 208.09. Volumes in the product markets were light with 33,000 lots booked in the gasoline and 30,000 lots booked in the heating oil market.

Despite the reports that refineries remain closed, the market continued to trend lower. The market, which will likely continue to see light volume trading, will remain pressured in light of statements that the SPR will be used if needed. The market is seen finding resistance at 65.90, 66.50 and 66.65. More distant resistance is seen at 67.20-67.40, 67.90 and 68.10. Meanwhile support is seen at 64.99 followed by 64.70 and 64.60. More distant support is seen at 63.90.