



ENERGY RISK MANAGEMENT

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

www.e-windham.com

ENERGY MARKET REPORT FOR OCTOBER 4, 2005

Iraq's Basra Light crude exports are expected to run at about 1.45 million bpd in October. There were no indications on whether Kirkuk crude would be available for shipment from Turkey this month but a source said storage tanks at the Ceyhan terminal were nearly empty.

Refinery News

A CGT union spokesman said strikers have cut runs by 40% at five of Total's refineries, which refine a total of 760,000 barrels. The union official said output may be reduced by about 80% on Tuesday. Total's la Mede and Feyzin refineries were slowing down to minimum rates. Meanwhile

Total's sixth and largest refinery, the 328,000 bpd Gonfreville refinery remained down due to a dispute over wages. Meanwhile, BP's 220,000 bpd Lavera refinery is still operating at reduced capacity due to the strike at the port of Fos-Lavera.

Exxon Mobil's President Rex Tillerson said US refineries recovering from Hurricane Rita and Katrina need electricity supplies to resume normal operations but added that they are not short of crude oil. He said the resumption of electricity supplies could take a month in some cases. However he added that further government efforts to increase crude supplies were unlikely to bring any benefit. Exxon Mobil has stated that it plans to resume operations at its Chalmette, Louisiana refinery in November while its 557,000 bpd Baytown, Texas refinery restarted last week and is expected to return to full operations within days.

BP Plc expects Hurricane Katrina and Rita to cost it over \$700 million in repair bills and lost profits and put its 2005 production goal out of reach. It said its third quarter oil and gas production would average

Market Watch

Venezuela's PDVSA will ship two more gasoline cargoes to the US this month as part of a pledge to ship 1 million barrels of additional gasoline to the US to ease shortages caused by recent hurricanes.

A global investment strategist at Citigroup Asset Management said there is a 20% chance oil prices will increase to \$80/barrel, particularly is world growth and especially China's growth remains strong.

According to the Commerce Department, new orders at US factories increased by 2.5% in August as demand increased. The increase in factory orders reflected a 3.4% increase in demand for durable goods and a 1.6% increase in non-durable goods.

Japanese ministers have discussed initiatives to mitigate the economic impact of high oil prices. The measures include energy conservation, switchovers to alternate energy resources, financial support to small and medium sized companies as well as stabilizing supply of oil products to domestic market for the winter season and strengthening diplomatic relations with oil producers.

about 3.8 million barrels of oil equivalent/day compared with 4.1 million boe/d in the second quarter and 3.9 million boe/d in the third quarter last year.

Lyondell Chemical said its joint venture refinery with Citgo was operating at only 50% of capacity due to equipment problems encountered when it was restarted in the wake of the hurricanes. It is expected to continue operating at similar rates for several weeks.

Teppco Partners LP said it has increased throughput rates on its mainline refined products system. The throughput rates were cut due to the impact of Hurricane Rita. Its mainline system running from the Texas Gulf Coast to the Midwest is pumping at 60% of capacity while its pipelines delivering gasoline and distillates to the Midwest are pumping at 75% of capacity.

Kuwait's Mina Abdullah refinery restarted an 80,000 bpd crude distillation unit on Monday following more than three weeks of planned maintenance. It is expected to reach full capacity on Tuesday.

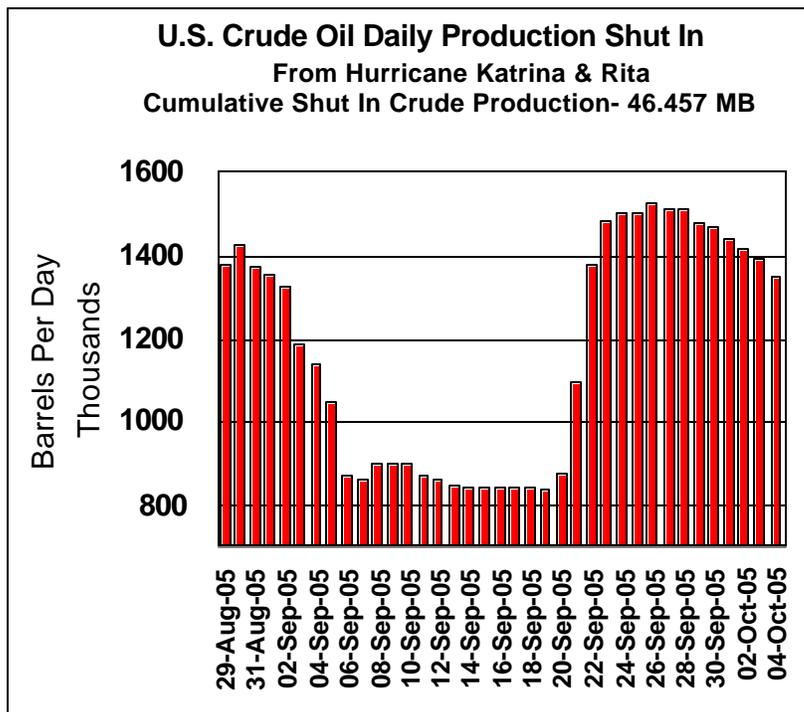
Production and exports from Algeria's 335,000 bpd Skikda refinery were not affected by an explosion in a gas storage tank. The explosion at a gas reservoir, which was followed by a fire, left one dead and four injured.

Indian Oil Corp Ltd is scheduled to shut its 120,000 bpd Barauni refinery for 30 days of maintenance in February.

Production News

According to the MMS, the cumulative shut in oil and gas production has far exceeded the amount lost to Hurricane Ivan between September 2004 and February 2005. Oil production lost to Katrina and Rita since August 26 reached 45.12 million barrels or 8.24% of the yearly total compared with 43.84 million barrels or 7.24% of the annual total had been lost as of February 14, 2005, five months after Ivan. It however stated that Hurricanes Katrina and Rita caused less damage to oil and gas pipelines in the US Gulf production basin than Hurricane Ivan. The MMS reported a slight improvement in the amount of oil production still shut in. A total of 1.35 million bpd of crude production remained shut in as of Tuesday. It stated that the cumulative amount of crude production shut in stood at 46.457 million barrels. The head of the MMS said the US oil and natural gas production in the Gulf of Mexico may never fully recover from Hurricane Katrina and Rita. He said there were 108 platforms that were destroyed.

According to an Enbridge official, the Mars oil and natural gas production platform in the Gulf of Mexico probably will not resume operations until the second half of 2006. The two other Shell platforms, Ursa and Mensa, are expected to resume operations in November.



sold off to a low of 63.00, before it bounced off its support and retraced some of its losses ahead of the close. It settled down \$1.57 at 63.90. Volume in the crude was light with 177,000 lots booked on the day. The product markets also settled sharply lower, with the gasoline market settling down 4.65 cents at 201.57 and the heating oil market settling down 3.12 cents at 204.97. The gasoline market gapped lower from 203.50 to 200.00 on the opening and traded to a low of 196.25. It settled in a sideways trading pattern amid the light volume before it erased some of its losses. It partially backfilled its gap as it traded to a high of 203.25 late in the session. Similarly, the heating oil market also staged a recovery late in the session amid the renewed strength in the natural gas market. The heating oil market gapped lower from 206.40 to 202.80 on the opening and traded to a low of 199.00. However the market which settled in a sideways trading pattern for much of day, retraced its losses and posted a high of 205.25 on the close in follow through strength seen in the natural gas market. Volumes in the product markets were light with 27,000 lots booked in each the gasoline and heating oil markets.

The oil complex will seek further direction from the weekly petroleum stock reports, which are expected to show draws of 2 million barrels in gasoline stocks and draws of 1.5 million barrels in distillate stocks. If the market fails to show the expected draws in product stocks, similar to last week's report, the market is seen trending lower and breaching its support at 63.00. Technically, the market is seen finding

support at 63.50, 63.00 and 62.93. Meanwhile, resistance is seen at its gap from 64.55 to 64.99 followed by 65.90, 66.50, 66.65 and 67.20.

Technical Analysis		
	Levels	Explanation
CL 63.90, down \$1.57	Resistance 65.90, 66.50, 66.65, 67.20 64.55 to 64.99	Previous highs Remaining gap (October 4th)
	Support 63.50, 63.00 62.93	Tuesday's low Previous low
HO 204.97, down 3.12 cents	Resistance 213.50 205.25 to 206.40	Double top Remaining gap (October 4th)
	Support 202.00, 200.00 199.00, 195.00	Tuesday's low, Previous low
HU 201.57, down 4.65 cents	Resistance 208.50, 210.00, 213.50 203.25 to 203.50	Monday's high Remaining gap (October 4th)
	Support 196.25 193.50, 189.20	Tuesday's low 62% retracement (176.50 and 221.00), Previous low