The Windham Group
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ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR NOVEMBER 1, 2005

According to the head of the IEA, Claude Mandil, the world oil market is well balanced as a result of lower than expected demand growth. He said the IEA remained on alert for signs that oil supplies were insufficient. Separately, the IEA chief economist, Fatih Birol said its oil price outlook through 2030 would be substantially revised up when released on November 7. He said unless the investment efforts in the Middle East are increased substantially in the next few years, the market may experience high oil prices for some time.

Market Watch

Traders stated that diesel selling by Total is pushing European price premiums down, compounding bearish pressures caused by weak demand for the product. The strike at Shell's massive Rotterdam refinery is failing to halt the downward move. Rising shipping rates have started to limit spot arbitrage imports of diesel, especially from Asia, but they have also restricted opportunities for export of surplus European barrels to the US.

According to Samba Financial Group, Saudi Arabia's 2005 oil revenues are expected to increase 54% compared with 2004 due to high prices. Its export revenues reached $163 billion, up from 2004's record $106 billion.

The Institute for Supply Management said its index of national factory activity eased to 59.1 in October from 59.4 in September.

Libya's Oil Minister Fathi Shatwan said US oil prices are likely to remain between $55 and $60/barrel for the medium term and played down concerns that world oil supplies may not be sufficient to cope with winter demand. He said concerns that there are not adequate supplies of petroleum products to cope with rising demand are probably unfounded. He said OPEC is making every effort to bring additional spare capacity on stream as quickly as possible.

Shipping sources reported that Iraq's oil exports in October fell to their lowest level in two years as bad weather disrupted exports from the south and sabotage halted shipments from the north. Its oil exports totaled 1.24 million bpd in October, down 280,000 bpd on the month. It exported about 38.4 million barrels from the southern Basra and Khor al-Amaya terminal in October, down from 41.8 million barrels in September. An Iraqi oil official however stated that Iraq's crude oil exports in October fell by 19% on the month to 1.33 million bpd. It exported 41.25 million barrels in October from its southern oil terminal.

Refinery News

Motiva said its 275,000 bpd refinery in Port Arthur, Texas has completed its start up with most units at or near normal rates. The refinery was previously expected to return to full rates by the end of October.

Exxon Mobil's oil refinery is Chalmette, Louisiana is restarting and should be at full production by mid-November. It leaves only three refineries with a total oil processing capacity of 804,00 bpd still completely shutdown due to Hurricanes Katrina and Rita.

Valero Energy Corp reported run cuts at its 85,000 bpd Houston refinery on Monday following a compressor problem. A loss of pressure in the high pressure steam system caused a compressor at the refinery to shutdown.

Shell continued to scale down production at its 418,000 bpd Pernis refinery on Tuesday due to a strike. The Dutch Social Ministry said the government could not interfere and it was up to the two sides to solve the dispute. Traders have stated that the strike will not immediately create a fuel shortage but if it continues it could cut stocks and hit supplies of winter heating oil and gasoline. The strike is not expected to completely shut down production at the Pernis refinery due to safety measures. Separately, the chemical arm of Shell said its manufacturing operation have declared force majeure on several chemical products from the 420,000 bpd Pernis refinery and its Moerdijk petrochemicals plant.

Saudi Aramco said that a 35 day shutdown of its 235,000 bpd Yanbu refinery for maintenance was expected to start on November 12. In September, Aramco said it would shut the refinery for 35 days in November for maintenance and to tie in three units to increase gasoline production by 20,000 bpd to 60,000 bpd. Meanwhile, Aramco's 44,000 bpd hydrocracker unit at its 550,000 bpd Ras Tanura refinery, which was shut on September 30, is expected to resume operations on November 10 after maintenance.

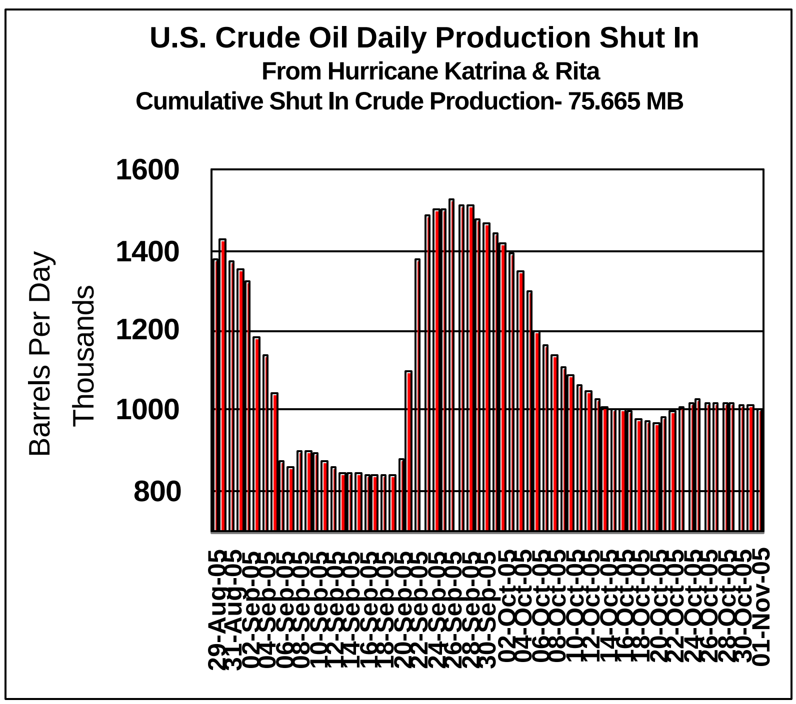
Japan Energy Corp said it raised the crude refining ability of its Mizushima facility to avoid importing expensive oil products. It increased the capacity of the No. 2 crude distillation unit to 95,200 bpd from 90,200 bpd in late October. The capacity of the other Mizushima crude distillation unit remained at 110,000 bpd.

Japan's Cosmo Oil Co said it will process 2.3 million kiloliters or 482,000 bpd of crude in November, down 6% on the year.

Production News

The MMS reported that shut in oil production in the Gulf of Mexico improved slightly to about 1 million bpd on Tuesday, down from 1.016 million bpd on Monday.

Russia's Energy Ministry stated that Russia's oil production in October increased by 70,000 bpd or 0.7% on the month to 9.6 million bpd. The final data for October is scheduled to be released on Wednesday.



Russia's state railway company said it was ready to lower tariffs on crude oil shipments to China if Russian companies increase export volumes. Crude railway shipments to China are subject to a $39/ton tariff via the Naushki route and a $56/ton tariff via the Zabaikalsk route. It said it is ready to lower the tariff on crude transportation to China to $28/ton. Russian Railways can transport about 19 million tons or 382,000 bpd of crude to China a year. Russian Railways has already agreed with Rosneft a gradual lowering of the tariff to $24/ton, providing it supplies 5 million tons of crude a year.

China's oil imports for 2005 are expected to increase by 3.5% to 127 million metric tons. Its imports of oil products are expected to fall by 16% on year to 31.8 million tons. Its crude oil production is increased to increase by 4% to more than 180 million tons this year while crude processing is likely to grow 5% to 287 million tons.

Colombia is scheduled to load 2 million barrels of sour crude Vasconia for export in December, down 500,000 barrels. Ecopetrol also planned to load two 500,000 barrel cargoes of heavy sour Castilla Blend.

Abu Dhabi National Oil Co has lowered the October retroactive official selling price for its key Murban crude by $3.05/barrel to $58/barrel. It also cut the Lower Zakum and Umm Shaif October official selling price by $3.10 to $58 and $57.30, respectively. It set the Upper Zakum price at $53.90, down from $56.70 in September.

Meanwhile, Oman has lowered the official selling price for its crude sold in October to $54.39/barrel, down from a high of $57/barrel in September.

Market Commentary

The crude market ended slightly higher after the market bounced off its earlier losses ahead of Wednesday's release of the weekly petroleum stock reports. The market, which remained on its downward trend, opened down 56 cents at 59.20 in follow through selling. It quickly settled in a sideways trading range before it breached its support levels and sold off to a low of 59.05, the lowest level seen since late July. The market however bounced off its low on some short covering and rallied to a high of 60.30 late in the session. The crude market later erased some of its gains ahead of the close and settled up just 9 cents at 59.85. Volume in the crude market was light with 179,000 lots booked on the day. The December gasoline contract, on its first session as the spot contract, settled up 1.35 cents at 160.36. The gasoline market opened down 1.51 cents at 157.50 and quickly posted its intraday low of 157.30. However the market bounced off that level and settled in a sideways trading pattern. It later erased its losses and posted a high of 161.00 on further buying ahead of the close. Meanwhile, the heating oil market settled in negative territory after it failed to trade in positive territory during the day. It opened down 3.39 cents at

Technical Analysis			
		Levels	**Explanation**
		60.50 to 60.55, 61.40	Remaining gap, Previous high
	Resistance	60.30	Tuesday's high
CL	59.85, up 9 cents		
	Support	59.50, 59.05	Tuesday's low
		58.30, 57.26	Previous low, Basis downward channel
		186.00 to 187.50	Gap (October 31st)
	Resistance	182.00	Tuesday's high
HO	180.50, down 1.89 cents		
	Support	178.50	Tuesday's low
		176.40, 173.25	Previous low, downward trendline
		162.20, 164.50, 167.00	downward trend line, Previous highs
	Resistance	161.00	Tuesday's high
HU	160.36, up 1.35 cents		
	Support	157.30	Tuesday's low
		156.30, 155.50	Previous lows

179.00 and sold off to a low of 178.50 after it failed to breach its resistance at 182.00. Volumes in the product markets were light with 35,000 lots booked in the gasoline market and 40,000 lots booked in the heating oil market.

The crude market will continue to trade in its downward trend if the DOE and API reports fail to support the oil complex. The market is expecting to see a build in crude stocks of about 2 million barrels, a build of about 500,000 barrels and a draw of close to 1 million barrels in distillate stocks. The market is however seen finding initial support at 59.50 followed by its low of 59.05. Meanwhile more distant support is seen at 58.30 and 57.26. Meanwhile resistance is seen at 60.30 followed by its gap from 60.50 to 60.55 and 61.40.