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ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR NOVEMBER 21, 2005

Gulf oil leaders said that there was no need to cut back on production despite recent crude price declines. Officials from leading oil producers, consumers and companies gathered on Saturday to discuss the oil market and attend the launch of a new database in order to increase the transparency of oil supply, demand and stockpiles data from non-Organization of Economic Cooperation and Development countries. OPEC's President Sheikh Ahmad al-Sabah said he expects OPEC to cut its output when it meets on December 12. He said he expects oil prices to increase this winter after recent falls but that \$70/barrel was the likely ceiling. OPEC's President and Saudi Arabia's Oil Minister Ali al-Naimi said OPEC would maintain its offer of using its 2 million bpd spare capacity should demand warrant it.

Market Watch

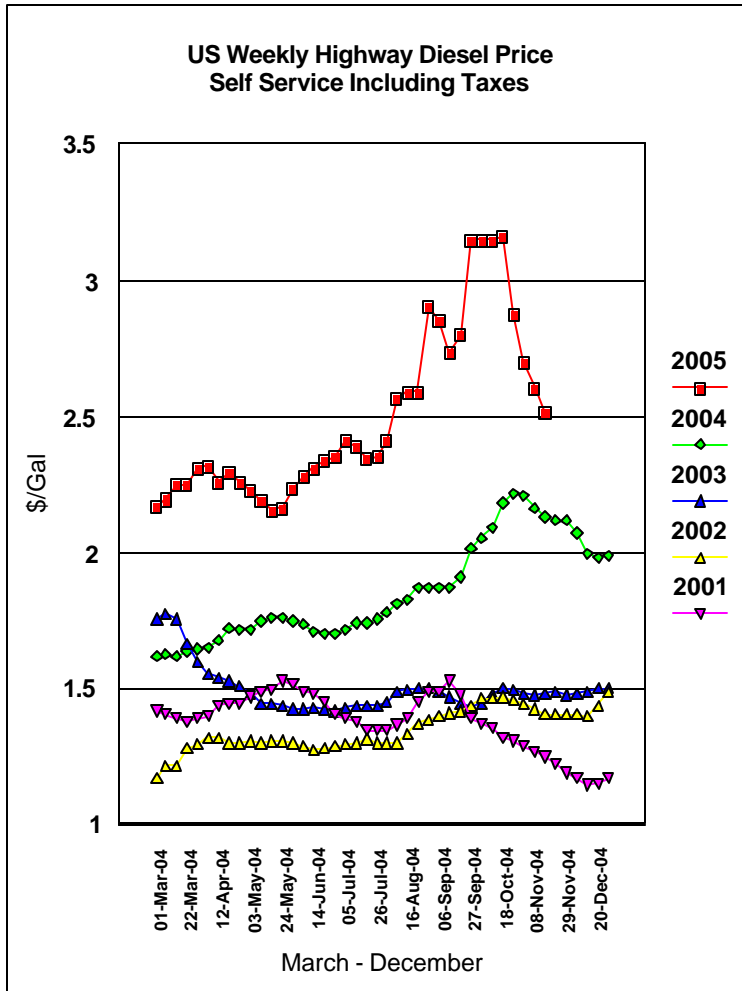
French Finance Minister Thierry Breton said the cost of oil was still too high. He said he hoped producer and consumer countries would work together to find a more acceptable level for oil prices. Meanwhile, Kuwait's Finance Minister Badr al-Humaidi said after talks with Breton that he expected more stable prices in the coming months.

An Iraqi Foreign Ministry official said Iraq and Kuwait have agreed to open talks on border security and disputed oil reservoirs at the Abdali oilfield, which straddles the Kuwait-Iraq border.

Water levels on the Rhine River remain far below normal following a generally dry weekend and vessel operators are still imposing cargo surcharges. Water levels are below the minimum that vessels need to sail fully loaded at several key points.

According to the US National Weather Service, US demand for heating oil is expected to be about 7% above normal this week amid colder than normal temperatures in the Northeast. In the Northeast, heating oil demand should be nearly 5% above normal.

Petroleum Intelligence Weekly reported that OPEC's Secretary General Adnan Shihab-Eldin said it is early to define the new stability range for prices but added that crude at \$60/barrel or above is too high and potentially damaging to the world economy. OPEC's Secretary General said OPEC does not see prices coming down too much next year but moderate more in line with fundamentals. He said in an effort to moderate prices, OPEC is actively adding to spare production capacity to increase it to 4 million bpd from 2 million bpd. He said that while OPEC countries have plans underway for an additional 3 million to 4 million bpd of refinery capacity, international oil companies and consumer countries have the main responsibility in increasing refining capacity to adequately supply products markets.



Qatar's Oil Minister Abdullah bin Hamad al-Attiyah said he is concerned about a possible oversupply of oil in the world market in the second quarter of 2006. He also stated that he does not foresee \$70/barrel to be a long term price for oil.

OPEC's news agency reported that OPEC's basket of crudes fell by 62 cents/barrel to \$49.49/barrel on Friday from \$50.11/barrel on Thursday.

The EIA reported that the average retail price of diesel fell 8.9 cents/gallon to \$2.513/gallon in the week ending November 21st. It reported that the average retail price of gasoline fell by 9.5 cents/gallon to \$2.201/gallon on the week.

Refinery News

According to a report filed with the Texas Commission on Environmental Quality, to trains at a sulfur recovery unit at Valero Energy Corp's Port Arthur, Texas refinery was shutdown on Saturday. An investigation will be conducted to determine the cause. Neither the duration of repairs nor a restart date were indicated.

Valero Energy Corp shut a couple of units at its Houston, Texas refinery Monday afternoon following a power outage. The refinery later in the afternoon returned to normal operations. It said production was not affected by the outage.

Delek US plans to temporarily shut a fluid catalytic cracking unit in Tyler, Texas on November 28 ahead of scheduled maintenance. The shutdown of the unit is expected to cause some flaring. It is also expected to shutdown an alkylation unit.

UAE Oil Minister Mohammed al-Hamli said the UAE plans to build a new refinery with a capacity of 300,000 bpd. He said the UAE would increase its oil production capacity to more than 3.5 million bpd in the next few years through investments in upstream projects.

Indian Oil Corp has commissioned a hydrogen unit at Panipat, where its refinery capacity will be doubled to 120,000 bpd by March.

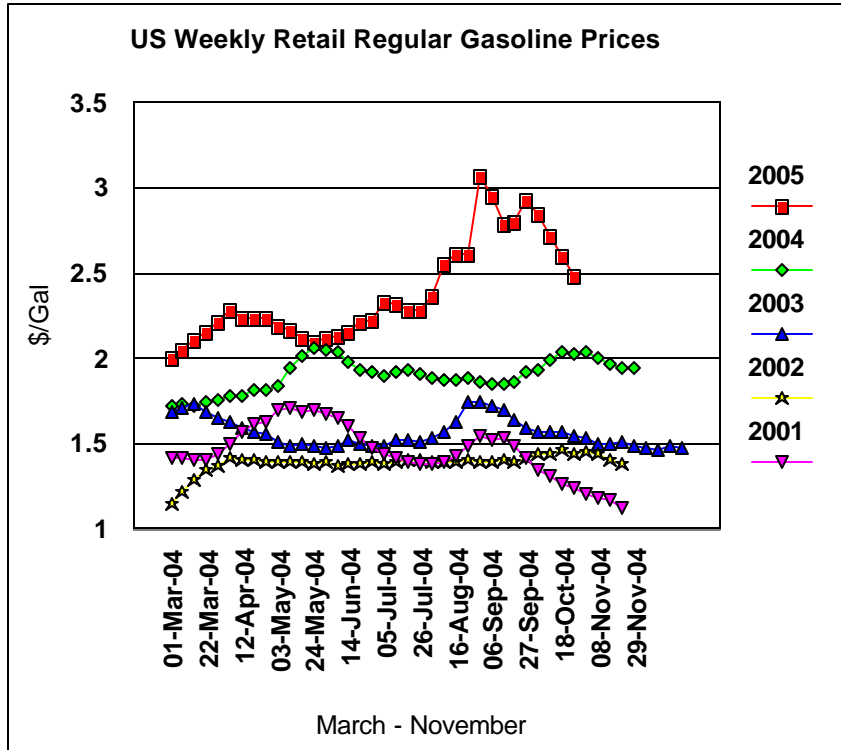
Production News

Colonial Pipeline said it would allocate space on its distillate line for the 34th cycle which schedules from November 29 through December 8. When the amount of product to be shipped exceeds the capacity of the pipeline, Colonial assigns space on a prorated basis determined by the amount the shipper has shipped over the past year.

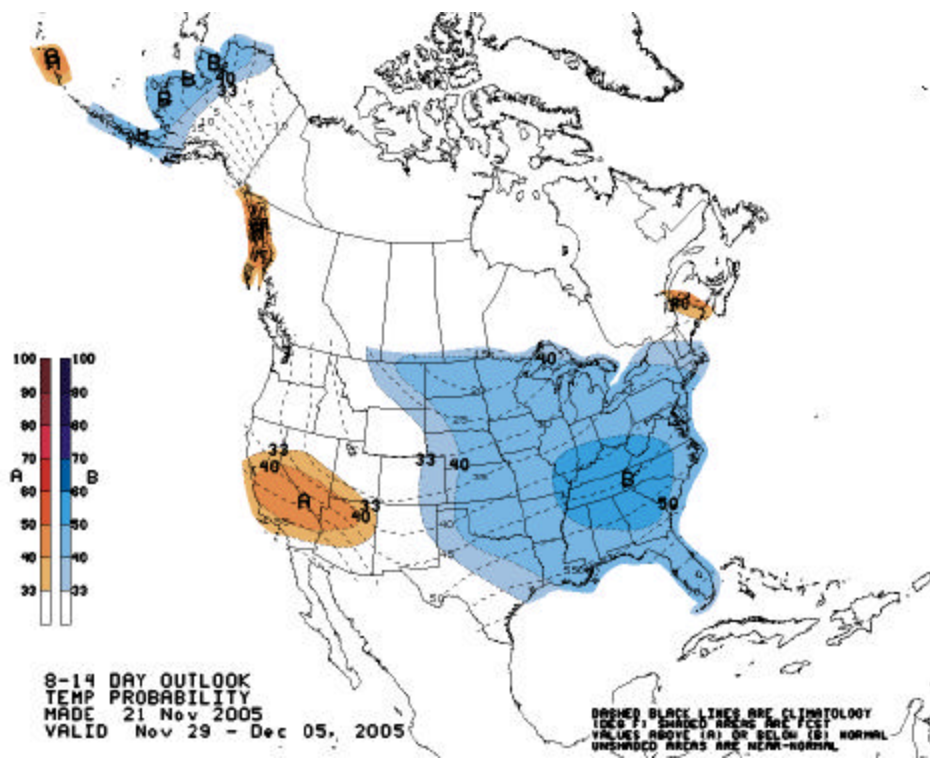
According to the MMS report, a total of 633,064 bpd of crude production remained shut in on Monday, down from 702,556 bpd on Friday.

Petrologistics revised its estimate of OPEC's production in October by 400,000 bpd to 29.9 million bpd, down from its preliminary estimate of 30.3 million bpd. It said Saudi Arabia's crude production fell sharply in October to 9.15 million bpd from about 9.5 million bpd. Iraq's output also fell in October on the month by about 200,000 bpd to 1.7 million bpd due to problems with exports in the south of the country.

Mexico's Communications and Transport Ministry reported that two of Mexico's three main Gulf Coast oil export ports were closed on Monday due to adverse weather conditions. It said that the port of Pajaritos and Dos Boca were closed.



The North Sea Forties Charlie platform was expected to reopen shortly after a brief closure that shut in Forties production of about 70,000 bpd as well as the Brae gas field. The platform was shut for safety reasons after monitors detected gas. Also scheduled maintenance was brought forward.



Iraq has increased the official selling price for its Basra Light crude for shipments to the US and Europe. It set the December price of Basra Light to US buyers at a discount of \$10.80/barrel to the second month WTI, up 10 cents on the month. Meanwhile, it set the price of Basra Light to European buyers at Dated BFO minus \$8.30/barrel, up 50 cents on the month.

Abu Dhabi National Oil Co's Yousef Omair Bin Yousef said the UAE is expected to produce 2.7 million bpd of crude,

excluding condensate next year. It is currently producing 2.5 million bpd.

Russia's Prime Minister Mikhail Fradkov signed a government ruling to increase oil export duty to \$179.60/ton as of December 1 from the current export duty of \$179.90/ton.

Russia's President Vladimir Putin called for stronger economic ties with Japan and said Russia was committed to a pipeline that would supply crude oil to Japan and other countries in East Asia. He said the project would significantly strengthen the energy infrastructure of the entire region.

Russia's Black Sea export terminal resumed normal operations on Monday after it was shut since Thursday due to stormy weather.

Russia's Slavneft's said its oil production increased by 10.8% on the year to 20.048 million tons in January-October. In October, its oil production increased by 8.2% on the year to 2.099 million tons.

Lithuanian officials said Yukos has notified the government it has received four firm bids to take over its controlling stake in the country's Mazeikiu Nafta refinery. Yukos wants to sell its 53.7% stake in Mazeikiu Nafta.

India's Petroleum Minister Mani Shankar Aiyar said that Indian oil demand is still excessively strong. He also stated that oil prices are higher partly due to speculation by mutual funds.

Indonesia's Pertamina bought a total of 12.36 million barrels of oil products for December, down from about 12.68 million barrels for November.

Venezuela will supply Argentina with 5 million barrels a year of diesel for the agricultural sector. It is the latest step to increase trade between the two countries.

Market Commentary

The oil market ended today's light trading session in positive territory amid the cold weather forecasts. The January crude contract

| Technical Analysis | | |
|----------------------------------|-------------------|------------------------|
| | Levels | Explanation |
| CL 57.70, up 49 cents | Resistance | 59.05, 59.10 to 59.50 |
| | Support | 57.95 |
| | | 57.10 |
| HO 170.95, up 1.33 cents | Resistance | 173.50, 176.40 |
| | Support | 172.00, 172.50 |
| | | 170.25 |
| HU 145.73, down 47 points | Resistance | 149.00 |
| | Support | 146.80, 147.00, 148.00 |
| | | 145.50 |
| | | 144.00 |

gapped higher this morning from 57.40 to 57.56, which it quickly backfilled as it traded to 57.30 early in the session. However the market rallied to a high of 57.95 on light volume trading. The market, which failed to find further upside momentum, retraced its gains and sold off to a low of 57.10 amid the sharp losses seen in the natural gas market. However the oil market bounced off its low and traded back above the 57.50 level ahead of the close. It settled up 49 cents at 57.70. Volume was light with only

108,000 lots booked on the day. The heating oil market also settled in positive territory, up 1.33 cents at 170.95 in light of the weather forecasts. The market posted a low of 170.25 early in the session before it retraced its losses and rallied to a high of 173.50 within the first hour of trading. The market later retraced its gains and traded back towards its low ahead of the close. The market posted a mostly neutral trading session as it settled near its opening price. Meanwhile, the gasoline market opened up 1.05 cents at 147.25 and quickly rallied to a high of 149.00 within the first hour of trading. However it erased its gains and traded to a low of 145.50 ahead of the close. It settled down 47 points at 145.73. Volumes in the product markets were also light, with 30,000 lots booked in the heating oil and 27,000 lots booked in the gasoline market.

The oil complex on Tuesday is seen trading mostly sideways and with light volume ahead of the long Thanksgiving holiday weekend. The market may remain supported as it continues to hold its support line as the weather forecasts are calling for colder than normal temperatures in the eastern half of the country. The market is seen finding support at its low of 57.10 followed by more distant support at 56.35 and 55.72, basis its support line. Meanwhile resistance is seen at 57.95 followed by 59.05 and its gap from 59.10 to 59.50.