



## ***ENERGY RISK MANAGEMENT***

Howard Rennell, Pat Shigueta,  
Zachariah Yurch & Karen Palladino  
**(212) 624-1132 (888) 885-6100**

**www.e-windham.com**

---

## **ENERGY MARKET REPORT FOR NOVEMBER 21, 2007**

---

Iran's President

Mahmoud

Ahmadinejad warned that Iran would not give even the

slightest concession in its standoff over its nuclear program ahead of a new round of talks with the EU on the crisis. Meanwhile, a meeting between Iran's top nuclear negotiator Saeed Jalili and European Union foreign policy chief Javier Solana is scheduled for November 30 in London.

### Market Watch

The head of Total, Christophe de Margerie warned that oil prices would remain high as crude oil prices continue to rally.

Saudi Crown Prince Sultan began a three day visit to Russia on Wednesday to discuss regional issues with Russia's President Vladimir Putin on Middle East issues, including Iran's nuclear program. He is expected to discuss the six Gulf Arab nations' offer to Iran to set up a consortium to provide Iran with enriched uranium to help resolve its conflict with the West over its nuclear program.

Iraqi Kurds brushed off threats by the central government in Iraq to blacklist oil firms that sign contracts with the Kurdish regional government. The regional government has signed 15 contracts with 20 international companies after it passed its own oil law in August. The Kurdish regional government said the deals it signed with foreign oil firms were constitutional and legal within the framework of the Kurdistan Oil and Gas Law.

The director general of Iraq's State Oil Marketing Organization, Falah Alamri said Iraq has increased its oil exports to 1.8-1.9 million bpd after reopening its pipeline to Turkey. He said Iraq was producing about 2.5 million bpd of oil and was planning to increase its production to 3 million bpd by the end of 2008. He said production could be increased to 6 million bpd within six years.

### **Refinery News**

The Houston Pilots Association said more than a dozen ships were still waiting to enter the Houston Ship Channel early Wednesday after dense fog clogged traffic on Monday and Tuesday. There was no fog impeding vessel movement on Wednesday. It said 18 ships were waiting inbound because it

### DOE Stocks

**Crude** – down 1.1 million barrels

**Distillate** – down 2.4 million barrels

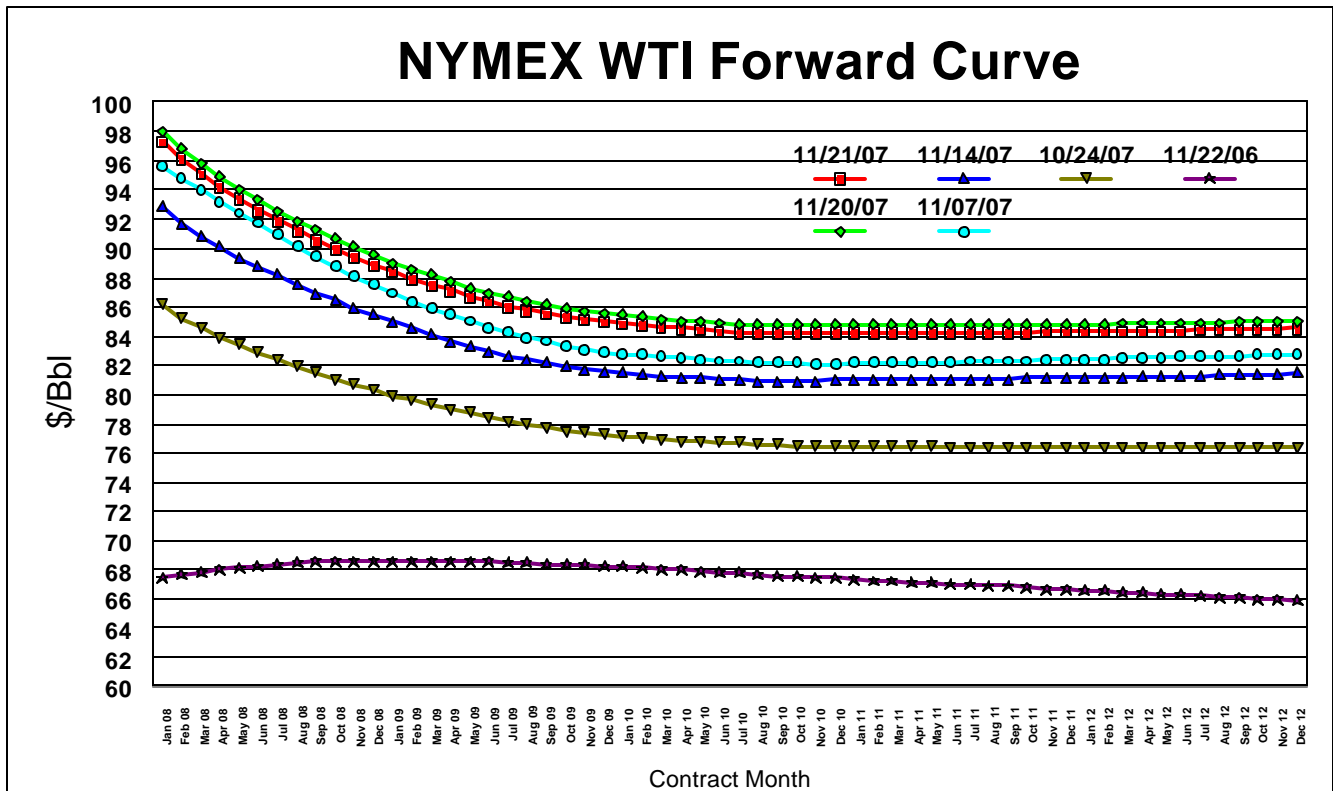
**Gasoline** – up 200,000 barrels

**Refinery runs** –down 0.7%, at 87%

took time to clear out the build up of 50 ships inbound and outbound delayed by the fog.

Japan's Nippon Oil Corp shut the 25,000 bpd No. 5 platformer at its Mizushima refinery on November 18.

Ukraine's Kremenchug refinery has increased its output



after securing alternative Russian crude. The refinery was short of oil since an ex-manager reinstated himself at Kremenchug using a court decision and armed police, which prompted Russia's Tatneft to cut supplies. The refinery was operating at 50% of its capacity. The refinery normally processes 500,000-600,000 tons of oil a month and its oil products normally account for about 40% of Ukrainian production.

Russia's main Black Sea port of Novorossiisk was closed following forecasts for severe weather.

Russia may impose limits on oil products shipments by river in 2008 following a fuel oil spill from a river barge in the Kerch Strait earlier in the month. Russian refiners use river barges and floating storage facilities to export about 3 million tons of fuel oil from ports on the Baltic Sea and another 2 million tons of refined products towards the Mediterranean market.

Russia's Industry and Energy Ministry said the country's oil refining increased by 4.3% on the year to 187.692 million metric tons in January-October. In October, oil refining fell by 3.2% on the year to 18.405 million tons. It also reported that the country's fuel oil exports in October increased by 11.3% on the year to 3.275 million metric tons.

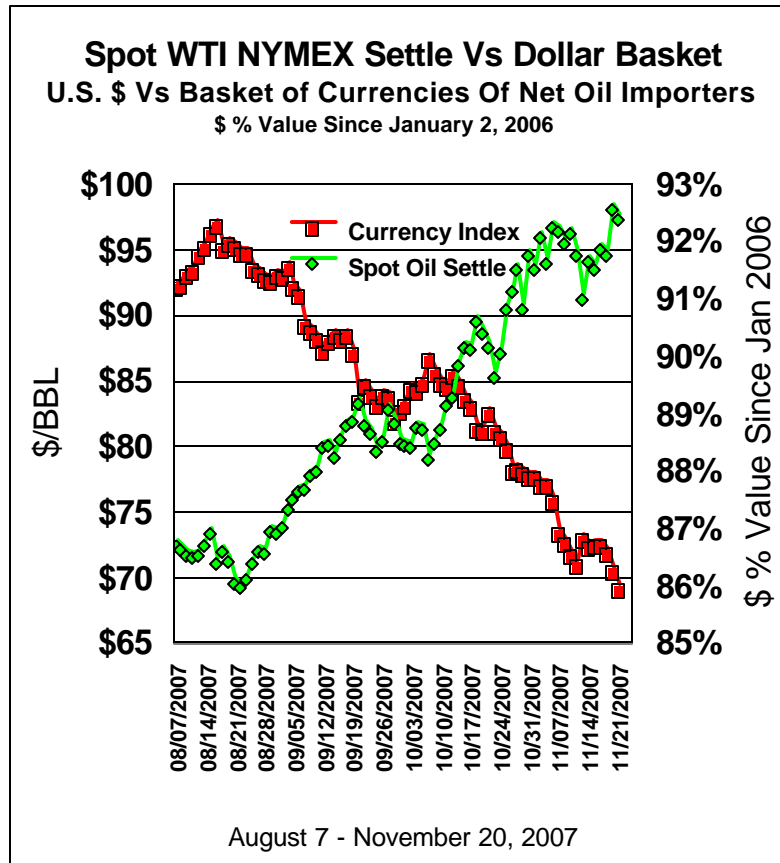
China's Premier Wen Jiabao said the country would increase its fuel supply to ease shortages and saw room for further price rises as domestic rates lag world oil markets.

The Petroleum Association of Japan reported that the country's crude oil inventories fell by 630,000 barrels to 102.26 million barrels in the week ending November 17. Its crude stocks fell despite a decline in refinery output. It reported that Japanese refiners operated their facilities at an average 81.3% of total capacity of 4.84 million bpd, down 2.2% on the week. Crude runs fell by 110,000 bpd to 3.93 million bpd. It reported that gasoline stocks fell by 280,000 barrels to 12.98 million barrels, while

kerosene stocks built by 740,000 barrels to 28.14 million barrels and naphtha stocks increased by 1.23 million barrels to 11.38 million barrels on the week.

Japan's Ministry of Finance said Japan's crude oil imports increased by 3.5% on the year to 19.365 million kiloliters or 3.93 million bpd.

India's Mangalore Refinery and Petrochemicals Ltd has issued sale tenders for 196,000 tons of oil products, including fuel oil, naphtha, jet fuel, gas oil and mixed xylene.



**Production News**

The North Sea Flotta crude system scheduled the loading of a total of 2.6 million barrels of crude in December.

Pemex said a fire on a Mexican offshore oil platform cut 422 bpd of production on Tuesday. The fire started at the Kab-121 well on the Kab-101 platform, which was damaged in an earlier blaze on October 23 that killed 21 workers. The platform was still being repaired on Tuesday when the fire started.

Brazil's Petrobras said oil production fell by 23% on the month in October to 1.73 million bpd. It expects the production decline to be reversed soon after two rigs on the light oil fields of Piranema and Golfinho started working in October and November while two platforms are due to start operations on the Roncador field before the end of the year. It expects an average annual

output growth of over 7% through 2012. Its overall domestic and international production of oil and gas fell to 2.23 million bpd of oil equivalent in October.

OPEC's news agency reported that OPEC's basket of crudes fell further to \$90.04/barrel on Tuesday from \$88.71/barrel on Monday.

**Market Commentary**

It appeared, initially at first, that the January contract was going to reach the \$100.00 mark. Although the inventory numbers showed a draw of 1.1 million in crude stocks, Cushing, Ok crude stocks were up 1.14 million barrels. Long anticipated thoughts of \$100.00 crude oil diminished as the market sold off after re-evaluation of the current stock situation. Despite an overwhelming spate of seemingly bullish fundamentals looming over the marketplace, the \$100.00 level is proving difficult to obtain. Today was the third attempt at new highs and still this level has not been reached. Should the \$90.00 level be broken, longs should start to bail and could possibly take prices down to the \$78.00 support area. Total open interest in crude oil is 1,397,984 up 16,004, JAN.08 396,351 up 2,957, FEB.08 103,854 up 2,707. Support for January, comes in 95.35, 94.45, 93.99, 93.15 and 92.05. Projected

resistance is set 100.00, 101.45, 104.28 and 107.11. The product markets also ended the session in negative territory, with the RBOB market settling down 1.44 cents at 243.71 and the heating oil market settling

down 27 points at 268.74. The RBOB market posted a high of 247.20 in overnight trading amid the sharp gains seen

		<b>Explanation</b>	
<b>CL</b>	<b>Resistance</b>	100.00, 101.45, 104.28, 107.11	Wednesday's high
	<b>Support</b>	97.95, 98.80, 99.29	Wednesday's low
<b>HO</b>	<b>Resistance</b>	96.31	Previous lows
	<b>Support</b>	95.35, 94.45, 93.99, 93.16, 92.05	Basis trendline
<b>RB</b>	<b>Resistance</b>	279.73	Wednesday's high
	<b>Support</b>	270.50, 271.54	Wednesday's low
<b>RB</b>	<b>Resistance</b>	266.64	Previous low, Basis trendline, Previous lows
	<b>Support</b>	258.80, 258.27, 257.05, 255.05, 253.35	Previous high, Basis trendline
<b>RB</b>	<b>Resistance</b>	248.81, 259.99	Wednesday's high
	<b>Support</b>	245.30, 246.45, 247.20	Wednesday's low
<b>RB</b>	<b>Resistance</b>	241.75	Previous lows, Basis trendline, Previous lows
	<b>Support</b>	236.80, 235.95, 234.43, 233.20, 231.04	

in the crude market. However the market gave up its gains and traded to a low of 241.75 late in the session amid the profit taking ahead of the Thanksgiving Day holiday. The heating oil market, which remained in positive territory of most of the day, rallied to a high of 271.54 amid the draw reported in distillate stocks. It however erased its gains and sold off to a low of 266.64 ahead of the close. The markets are seen retracing some of today's losses and remain supported during Thursday's Globex session and into Friday's session. In the heating oil market, support is seen at 266.64, 262.55, 258.80, 258.27, 257.05, 255.05 and 253.35. Resistance is seen at 270.50, 271.54 and 279.73. In the RBOB, support is seen at 241.75, 236.80, 235.95, 234.43, 233.20 and 231.04 while resistance is seen at 245.30, 246.45, 247.20, 248.81 and 259.99.