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ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR NOVEMBER 27, 2007

An OPEC delegate said Gulf members of OPEC were in discussions about how much of a possible output increase the group may agree to during their meeting on December 5. He said they were discussing an increase in production of 750,000

bpd. Iraq's Oil Minister said a 500,000 bpd increase in oil production is on the agenda for the OPEC meeting. Meanwhile, Saudi Arabia's Oil Minister Ali al-Naimi said the country has increased its output to 9 million bpd in line with OPEC's November 1 agreement. However he declined to comment on what action the group would take during its December 5 meeting. Separately, Qatar's Oil Minister Abdullah al-Attiyah said there is no need for OPEC to increase its oil output when the group meets on December 5, as oil supply is already sufficient. However Indonesia's Energy Minister Purnomo Yusgiantoro said Indonesia would support OPEC if it decided to increase its oil production. He said he would support a 500,000 bpd increase in production.

Market Watch

According to a study by CIBC World Market economist Jeff Rubin, energy production efficiency may lead to an overall increase in greenhouse gases and energy consumption. He said the only way of reducing energy consumption and cutting greenhouse emissions is to shrink the economy.

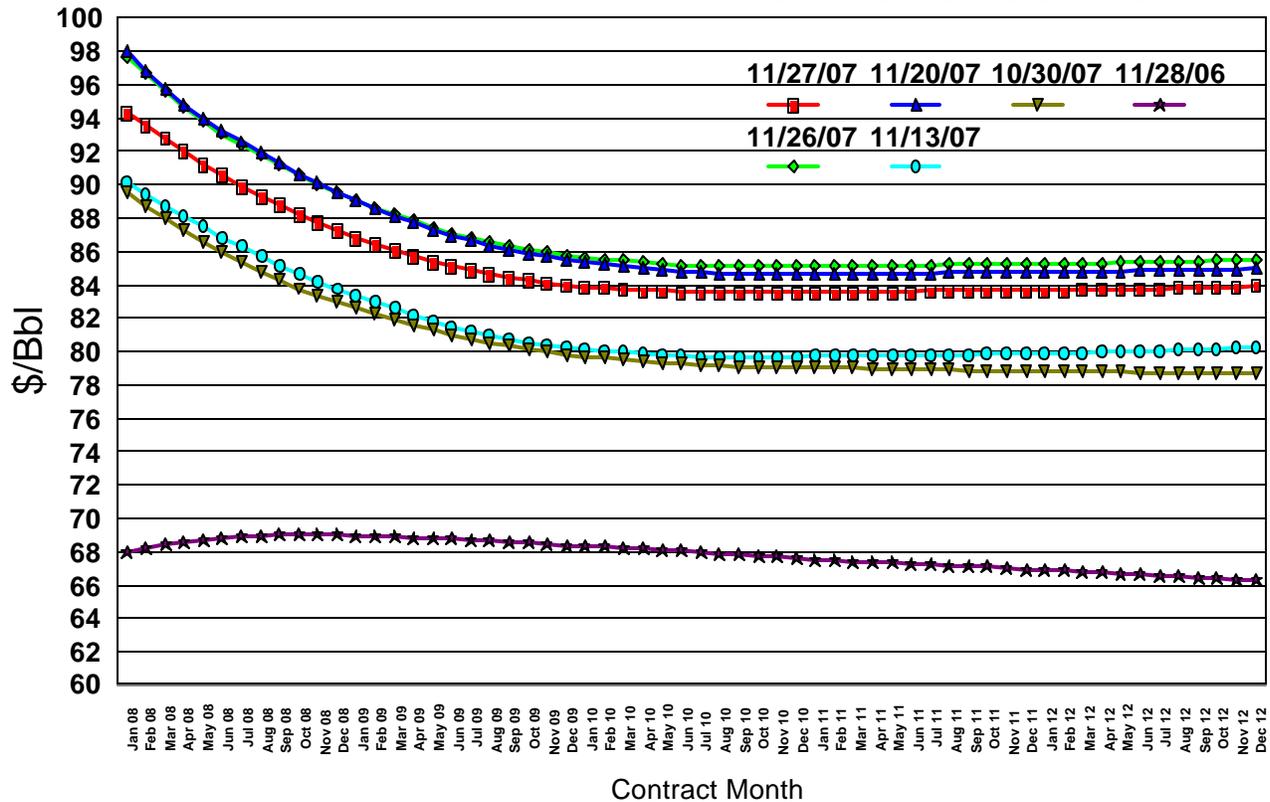
A member of the Bank of England's Monetary Policy Committee said oil prices were likely to put upward pressure on inflation at least in the short term if they remain near recently elevated levels. However it remains uncertain to what extent financial market turmoil would weigh on growth.

The head of Kuwait Petroleum Corp, Saad al-Shuwayib said oil prices would increase further in coming months as winter demand peaks against a backdrop of international political tension.

Venezuela's Energy Minister Rafael Ramirez called for oil to be priced and billed in currencies other than the US dollar. He said OPEC should price its oil in a basket of currencies. He also blamed the US for the record high oil prices, saying its political pressure on some oil producing countries had helped push crude prices towards the \$100/barrel level. Separately, he stated that Venezuela was taking steps to sell its Borco oil storage facility in the Bahamas. The Borco terminal has a total operational capacity of 20 million barrels but actively uses between 13 million and 15 million barrels of the total.

Iran ruled out discussing a suspension of uranium enrichment in this week's talks with European Union foreign policy chief Javier Solana. Iran's top nuclear negotiator, Saeed Jalili is scheduled to meet with the EU foreign policy chief on Friday in an effort to resolve the standoff over Iran's nuclear program.

NYMEX WTI Forward Curve



According to a report by MasterCard Advisors LLC, US gasoline demand increased by 0.02% on the week to 65.217 million barrels or 9.317 million bpd in the week ending November 23. The four week average demand level was 65.232 million barrels or 9.319 million bpd. It also stated that retail gasoline prices fell by 1 cent to an average \$3.09/gallon over the week. It is up 38% on the year.

Refinery News

The EPA has increased the amount of renewable fuels that suppliers must blend into gasoline during 2008 to 4.66% from 4.02%. The change in the Renewable Fuel Standard was made to meet the 2005 Energy Policy Act's mandate that at least 5.4 billion gallons of renewable fuels such as ethanol be blended into gasoline in 2008.

Suncor Energy Inc's 70,000 bpd Sarnia, Ontario refinery was resuming full operations following three months of work to integrate it with the company's Alberta oil sands operation.

ConocoPhillips said it was canceling a North Slope project because a new oil tax denies deductions for the work. The company planned to upgrade a refinery in the Kuparuk oilfield to make ultra low sulfur diesel.

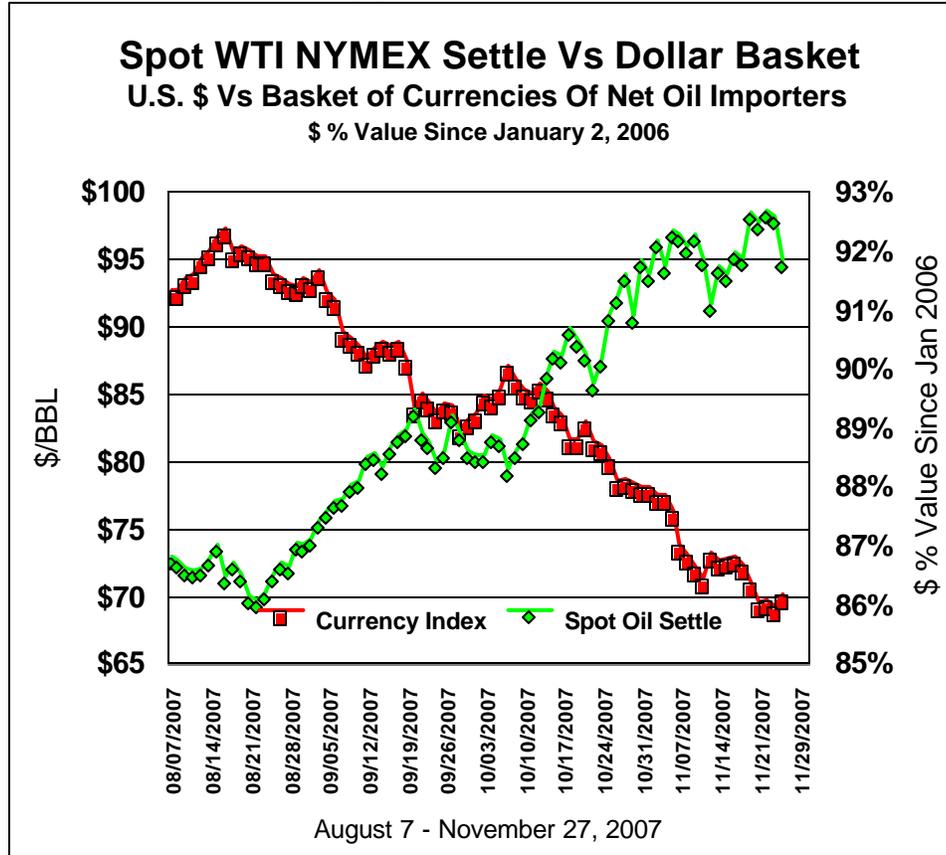
China's Shaanxi Yanchang Petroleum Group recently lifted its crude runs by 12% to 270,100 bpd to increase its domestic fuel supplies.

South Korea's S-Oil Corp will keep its December crude runs steady from November at 565,000 bpd.

China's CNPC said it aimed to expand its oil and gas production capacity at its cooperative projects in Indonesia to 10 million tons a year.

Russia's Black Sea port of Novorossiisk was closed for a second day on Tuesday due to high winds and strong sea swells. Russia's port of Tuapse was also closed.

India's Oil Ministry reported that the country's oil product sales in October increased by 9.9% on the year to 10.69 million tons, with domestic diesel sales increasing by 17.2% to 4 million tons from a year earlier. It reported that India imported 9.79 million metric tons of crude oil in October, down 1.4% from 9.92 million tons imported last year. India's oil product exports fell by 0.1% to 3.36 million tons in October. India domestically produced 2.92 million tons of crude oil during the month.



Production News

According to the Aberdeen Petroleum Report, UK oil production increased by 5.5% on the month to 1.35 million bpd in September.

A small fire broke out on Royal Dutch Shell's North Cormorant platform in the UK on Tuesday. Shell said the fire was quickly contained.

Petroecuador has lost about 19,000 bpd of production as a result of protests in Orellana province, which started on Saturday. Its production stood at about 155,609 bpd. A Petroecuador official said the resumption of normal production levels could take several

weeks after the strike ends. The local residents were demanding road paving, improvement projects at wells and jobs, among other things.

Pemex has started dismantling a damaged oil platform off the Gulf coast because heat from near constant fires have made the structure unstable. It said the platform has been spilling an average of about 430 bpd of oil into the Gulf of Mexico, almost 13,000 barrels to date.

China plans to build tanks in the country's western Chongqing municipality to store strategic supplies of refined oil products. The Sichuan Management Bureau of Material Reserves has signed an investment deal with the local government to build the oil products tanks.

OPEC's news agency reported that OPEC's basket of crudes increased to \$91.84/barrel on Monday from \$91.52/barrel on Friday.

Market Commentary

With consumer confidence falling, possibly leading to a decrease in oil demand and OPEC indicating that it will raise its oil production levels, the market sold off today. Bulls took this as an opportunity to lighten up on some of their length, pressuring the January contract to a low of \$94.21 as of 4:00 pm on electronic trading. Adding to today's bearish sentiment was the MasterCard release of its gasoline demand figure, which was down 1.7, set at 9.32 million barrels per day. This is the fifth straight week that their demand figure fell from that of the previous year. At this point, both technically and fundamentally, the market outlook is indicating a further slide in prices. Based on the upward channel on the spot continuation chart, a penetration of \$89.83 is needed to bring prices back into this channel and a

penetration of \$78.39 is needed for confirmation that the bullish trend could be over. Total open interest in crude oil is 1,408,317 up 2,130,

		Explanation	
CL	Resistance	99.11, 99.29, 100.00, 101.45, 104.28	Tuesday's high
	94.42, down \$3.28	95.00, 95.45, 96.80, 97.28	
	Support	94.21	Tuesday's low
		93.99, 93.16, 92.05	Previous lows
HO	Resistance	272.72	Previous high
	265.34, down 5.32 cents	267.85, 269.00, 269.45	Tuesday's high
	Support	264.87	Tuesday's low
		263.55, 258.80, 257.05, 255.50	Basis trendline, Previous lows
RB	Resistance	248.44, 248.81, 250.00	Previous highs
	237.30, down 6.84 cents	239.60, 242.00, 243.21	Tuesday's high
	Support	236.54	Tuesday's low
		235.95, 233.20, 231.04, 230.40	Previous lows

JAN.08 386,904 down 4,574, FEB.08 107,204 down 1,543. Support for January, comes in 93.99, 93.15 and 92.05. Projected resistance is set 100.00, 101.45, 104.28 and 107.11. Meanwhile, the product markets ended in negative territory in light of the sharp losses in the oil market. The bearish OPEC signals overshadowed the upcoming release of the weekly petroleum stock reports, which are expected to show draws in crude stocks and distillate stocks. The heating oil market traded off its overnight high of 269.45 and continued to trend lower. It extended its losses to over 5.7 cents as it tumbled to a low of 264.87 early in the morning. The market however bounced off its low and settled in a sideways trading range. The heating oil market settled down 5.32 cents at 265.34. The RBOB market also settled down 6.84 cents at 237.30. Similar to the heating oil market, the RBOB market sold off to a low of 236.54 early in the session. However it retraced some of its losses and settled in a 2.5 cent trading range for much of the day. The markets are seen holding their support above the previous lows posted when the oil market failed to test the \$100 level. In the heating oil market, support is seen at 264.87, 263.55, 258.80, 257.05 and 255.50 while resistance is seen at 267.85, 269.00, 269.45 and 272.72. In the RBOB, support is seen at 236.54, 235.95, 233.20, 231.04 and 230.40 while resistance is seen at 239.60, 242.00, 243.21, 248.44, 248.81 and 250.00.