



ENERGY RISK MANAGEMENT

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

www.e-windham.com

ENERGY MARKET REPORT FOR NOVEMBER 29, 2004

Shipping sources stated that storage tanks for Kirkuk crude at the Turkish port of Ceyhan have been depleted and pumping from Iraq has been halted once again. Pumping has been sporadic after recent sabotage attacks on Kirkuk oil wells and the export pipeline. Firefighters have been battling fires at six oilwells in northern Iraq that supply the Kirkuk pipeline. Meanwhile, southern Iraqi crude exports were continuing as normal despite reports of an explosion on a southern crude export pipeline. A fire started on one of the main export pipelines on Sunday.

Saudi Arabia's Oil Minister Ali al-Naimi said world crude oil supply is a little ahead of demand. He said world crude inventories were building comfortably. He said world stocks of heating oil would become more balanced as refineries returned from seasonal maintenance. He added that Saudi Arabia planned to lift its sustainable oil production capacity to 12.5 million bpd from its current 11 million bpd. Separately, he

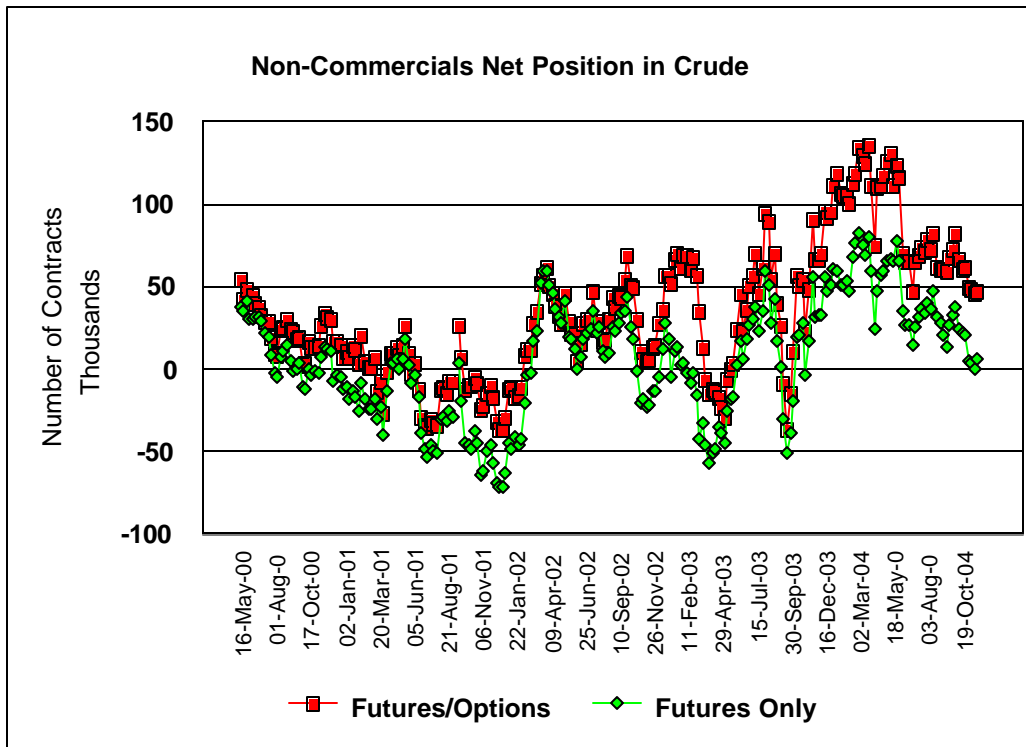
Market Watch

Coast Guard officials stated that two tugboats guiding a Greek owned tanker, Athos I, were 250 feet from the tanker's berth at the Citgo refinery dock in Paulsboro, NJ where Venezuelan crude was being delivered to a Citgo asphalt refinery, when tugboat operators spotted a leak late Friday. Divers found a six foot long gash in the tanker that spilled 30,000 gallons of oil into the Delaware River. The worst spill in nearly a decade stalled commercial vessels trying to move cargo through the Port of Philadelphia. The Pilots Association for the Bay & Delaware River plans to open the Delaware River to commercial traffic on Monday afternoon. It will likely be reopened to one way alternating ship traffic. Six inbound ships are waiting at the Delaware breakwater and 12 more are waiting offshore. Six of the 18 ships are oil tankers.

Russia's OAO Transneft will transport Yukos' crude on credit in November. Transneft originally planned to take Yukos' crude in exchange for transit service but has so far has been unable to sell the 400,000 metric tons it received from Yukos for October. Meanwhile, Yukos has filed an appeal to the Moscow Arbitration Court against the sale of its core production unit, Yuganskneftegaz. The case is scheduled to be heard on Friday.

According to the Dutch president of the EU energy council, Laurens Jan Brinkhorst said a large majority of European Union energy ministers do not want to take specific fiscal measures to offset oil price increases. He said that all agreed there should be more investment upstream and downstream.

The Climate Prediction Center estimated that for the week ending November 27th, the US saw 147 heating degree days based on oil home heating customer population weighted basis, up from 141 HDD in the previous week. It is down 7% on the year and down 17% from normal. For the week ending December 4th, it forecast 185 HDD, down 20.9% on the year.



stated that oil companies need \$30-\$34/barrel for oil to meet rising production and exploration costs. He estimated that oil prices were being inflated by about \$10-\$15/barrel by fears of shortage and geopolitical tension. He also stated that there was no need to replace dollar denominated oil with another currency, despite the recent record weakening in the US dollar.

Iran's OPEC

governor, Hossein Kazempour Ardebili said OPEC members should agree to fully comply with their quotas. He said the market is currently oversupplied by 2 million bpd. Separately, a senior Iranian Oil Ministry official said Iran favors high prices for OPEC crude oil and does not regard \$50-\$70/barrel of oil as a high price in light of the weakening US dollar. He said maintaining high OPEC prices would require cutting back on production. However given current high demand for oil he added that there was no reason to cut oil production.

Qatar's Oil Minister Abdullah bin Hamad al-Attiyah said OPEC is concerned about the impact of the weakening dollar on oil producers.

OPEC's news agency reported that OPEC's basket of crudes fell by 17 cents/barrel on Friday to \$38.89/barrel from \$39.06/barrel on Thursday. It also reported that the OPEC basket of crudes increased by \$1.68/barrel to average \$38.57/barrel in the week ending November 25 from \$36.89/barrel the previous week.

The EIA reported that the US average retail price of diesel remained at \$2.116/gallon in the week ending November 29th. The EIA also reported that the US average retail price of gasoline fell by 0.3 cents/gallon to \$1.945/gallon in the latest week.

Refinery News

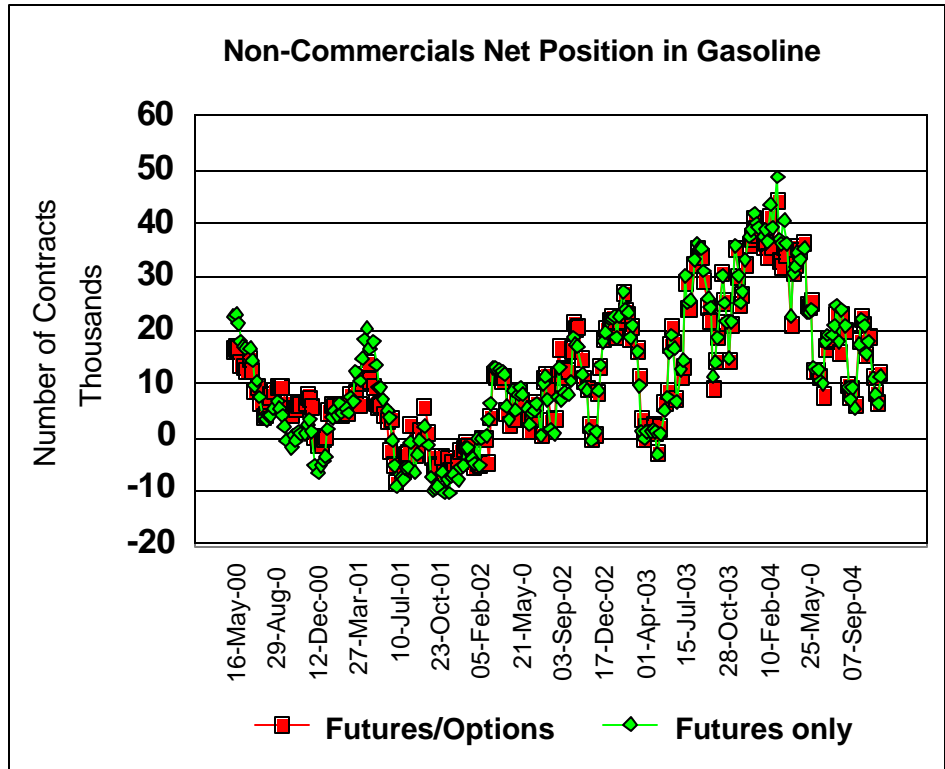
Shell Deer Park said its 70,000 bpd crude unit is at normal operations at its 340,000 bpd Deer Park, Texas refinery despite maintenance that started Saturday on an adjunct debutanizer column. The maintenance work is still seen completed by December 6.

Valero said its 166,000 bpd Paulsboro, NJ refinery was not impacted by the oil spill in New Jersey. It said it has plenty of oil inventory on hand. Separately, it has delayed for another 7-10 days returning to normal its 240,000 bpd Aruba refinery following a power failure on November 19. The refinery is

operating at about 65% of capacity while the 48,000 bpd diesel hydrotreater is still out of service due to problems with an associated operation.

ExxonMobil's 238,000 bpd Joliet, Illinois refinery was restarting a fluid catalytic cracker on Monday after it was shut on Friday due to a fire. There was no estimate on when the unit would return to full capacity. Separately, it stated that it expects to return its 182,000 bpd Chalmette, La refinery to normal operations after a storm related power failure on Wednesday.

Murphy Oil said its 125,000 bpd Meraux, La refinery returned to normal after shutting down on Wednesday due to a power loss.



A platformer and alkylation unit will both be out of service for 3-4 weeks at PDVSA's La Isla refinery in Curacao following a fire and blackout on November 18, while the 52,000 bpd catcracker is seen returning on December 5.

China's Jinzhou Petrochemical Co plans to run at full rates in December and aims for record operations in 2005.

EnCana announced Monday that it is in talks with Premcor on the possibilities of expanding the Lima, Ohio by adding equipment to the facility allowing it to process 200,000 b/d of heavy crude under a long term supply contract. EnCana is looking for processing options for its oil sands production which it hopes to increase to 200,000 b/d from current levels of 35,000 b/d.

Production News

Colonial Pipeline Co. Inc. restricted the amount of gasoline products it will allow its shippers to move to the Northeast as demand for space on its gasoline mainline, Line 1, exceeds available capacity.

According to the Minerals Management Service, there was no change in the amount of crude oil and natural gas production that remained shut in during the past week. It reported that the amount of crude still shut in stood at 196,222 bpd while the amount of natural gas shut in stood at 678.4 mmcf/d.

Norway's Statoil was forced to shut in about 205,000 bpd of crude production and a small amount of natural gas production in the North Sea following a gas leak at its Snorre A platform Sunday evening. It shut in about 130,000 bpd of crude produced at the Snorre A platform and 75,000 bpd from the Vigdis field. Separately, the Brae oil and gas field in the North Sea has been closed since Saturday following the discovery of a gas leak on the Brae Alpha platform. However natural gas access through

Marathon Oil Corp's Brae system may be available as early as Tuesday. Also, about 4,000 bpd of North Sea crude from Royal Dutch/Shell's Kingfisher field is shut in due to a closure of the Brae oil and gas field.

Canada's 160,000 bpd Terra Nova oil project remained idle on Monday as regulators continued to investigate the cause of an oil spill eight days ago to determine if it was safe to restart operations. Petro-Canada and its partners are awaiting approval from the Canada-Newfoundland Offshore Petroleum Board to resume production.

Russia has scheduled a total of 2.610 million bpd of seaborne crude exports in December, up from 2.539 million bpd in November. Russia's Black Sea port of Novorossisk is expected to load 909,000 bpd of crude in December, up from 904,000 bpd while Tuapse is expected to load 111,000 bpd, up from 88,000 bpd in November. Crude exports through Primorsk is expected to total 1.069 million bpd, up from 1.030 million bpd on the month while exports through Butinge are expected to fall to 45,000 bpd from 71,000 bpd. Exports through Gdansk and Yuzhny are expected to total 187,000 bpd and 74,000 bpd, respectively. Crude exports in Odessa are expected to total 215,000 bpd, up from 182,000 bpd in November.

Nigeria's President Olusegun Obasanjo said that the high cost of operating the country's four refineries as well as fixed prices of refined products inside Nigeria, are the factors that have made investors reluctant to buy the refineries, slated for privatization. He said Nigeria would continue to depend on imports until it deregulates and allow private investors to establish refineries. He said the four refineries with a combined capacity of 445,000 bpd are currently producing at less than 30% of its capacity. He said even if the four refineries operated at full capacity, Nigeria would still import 40% of its requirements.

Saudi Aramco has cut its December contract price for propane to \$417/ton, down \$46/ton from the November level. It also cut its December price for butane by \$46/ton to \$427/ton.

India's crude oil production fell marginally on year in October to 2.88 million tons, just short of the government's output target of 2.92 million tons. Its output was relatively unchanged from last year's level of 2.89 million tons. However domestic crude production in the April-October period, the first seven months of the current fiscal year, increased to 19.88 million tons from 19.18 million tons last year.

Nippon Oil Corp said it will process 5.6 million kiloliters of crude in December, up 2% on the year. It stated that it plans to import 100,000 kl of kerosene and jet fuel from South Korea to supplement its supply for primary refined products. In November, it imported 170,000 kl of kerosene and jet fuel and 10,000 kl of gasoil.

Market Commentary
 The oil market opened 16 cents higher in follow through buying seen in overnight trading on Access amid the strength

| Technical Analysis | | | |
|--------------------|------------------------|------------------------|---|
| | | Levels | Explanation |
| CL | Resistance | 50.40, 50.85, 51.00 | 50% retracement (55.30 and 45.50), Previous highs Monday's high, Previous high |
| | 49.76, up 32 cents | 49.95, 50.00, 50.25 | |
| | Support | 49.15 | Monday's low |
| | | 47.80, 46.75 | Previous lows |
| HO | Resistance | 148.30, 148.80, 149.20 | Previous highs |
| | 144.37, down 79 points | 146.50 | Monday's high |
| | Support | 143.10 | Monday's low |
| | | 140.50, 138.50 | Previous lows |
| HU | Resistance | 134.20, 135.53, 136.00 | Previous high, 62% (144.70 and 120.70), Previous high Monday's high |
| | 130.29, up 72 points | 130.80 | |
| | Support | 129.00 | Monday's low |
| | | 126.40, 124.20 | Previous lows |

seen in the Brent market. The market was supported by news that a gas leak forced the closure of the 130,000 bpd Snorre A platform and the 75,000 bpd Vigdis field in the North Sea. Also, Iraq's northern crude exports were halted as crude stored in tanks were depleted. There were also reports that the tanker traffic in the Delaware River was halted due to an oil spillage over the weekend. However tanker traffic was expected to resume on Monday afternoon. The market quickly posted an intraday high of 49.95. However as the oil market failed to test its resistance at the 50.00 level, the market erased its gains and posted an intraday low of 49.15 on light volume trading. The market later settled in a trading range after it retraced its earlier losses. It settled 32 cents higher at 49.76. Volume in the crude was light with only 115,000 lots booked on the day. Meanwhile, the product markets ended the session mixed, with the heating oil market settling down 79 points at 144.37 and the gasoline market settling up 72 points at 130.29. The December heating oil contract, which expires on Tuesday, also posted the day's high of 146.50 early in the session. However the market erased its early gains and sold off to a low of 143.10 as the natural gas market also erased its recent gains amid reports that private weather forecasters may moderate their weather forecasts for December. The heating oil market however bounced off its low and settled in a range from 144.00-145.00 ahead of the close. The gasoline market, which ended in positive territory, also posted an intraday high of 130.80 early in the session before it traded to a low of 129.00 and settled in a range during the remainder of the session. Volumes in the products were moderate with 52,000 lots booked in the heating oil market and 45,000 lots in the gasoline market.

According to the latest Commitment of Traders report, non-commercials in the crude market increased their net long positions by about 5,000 contracts to 5,753 contracts in the week ending November 23rd. Non-commercials in the crude market, cut their total short positions by about 6,000 contracts to 79,162 contracts on the week. The combined futures and options report showed that non-commercials in the crude market increased their net long position just slightly from 46,662 contracts to 47,390 contracts. Meanwhile, non-commercials in the heating oil market cut their net short positions from 10,997 contracts to 10,139 contracts. More interestingly, non-commercials in the gasoline almost doubled their net long positions from 6,213 contracts to 11,418 contracts.

The oil complex will likely be driven by the expiration of the December product contracts on Tuesday. Technically, the oil market may continue to trade higher as its stochastics continue to trend higher. The market may also remain supported amid the news of the continued problems in Iraq and the North Sea production shut ins. It is seen testing its resistance at its high of 49.95 followed by its previous high of 50.25. More distant resistance is seen at 50.40 followed by 50.85. Meanwhile support is seen at its low of 49.15 followed by 47.80.