



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 29, 2007

An explosion on Wednesday afternoon shut Enbridge's pipeline supplying Canadian crude to US Midwest refineries, shutting in 1.1 million bpd of medium and heavy oil imports to the US. The fire near the Clearbrook terminal in Minnesota was put out and Lines 1 and

2, with a combined capacity of 646,000 bpd, on Enbridge's Lakehead system resumed shipments. The cause of the explosion was not immediately known. Enbridge later stated that Line 4, which ships nearly 700,000 bpd, was restored on Thursday afternoon. Line 3, with a capacity of 450,000 bpd, had been shut earlier to inspect a leak and was still shut. It estimates that it may require two to three days to return Line 3 to service. With only Line 3 down, Enbridge has restored more than 75% of the 1.8 million bpd capacity on the pipeline network. The US Department of Transportation said it would not order Enbridge to run at reduced pressure following initial inspections of damage to the pipeline. Earlier, traders said European oil firms expect to ship spot arbitrage gasoline cargoes to the US following the shut in of Enbridge's pipeline. Also, while the US may have sufficient oil to supply refiners, bottlenecks may prevent efforts to replace Canadian supplies lost. The largest pipelines out of the storage hub at Cushing, Oklahoma have been running at full capacity similar to the pipelines out of the Rockies. Kinder Morgan Energy Partners LP's Express and Platte pipeline system was also running at full capacity and is unable to handle additional volumes. The line, which runs from Hardisty, Alberta to Wood River, Illinois, is at its 280,000 bpd capacity. Also the Capline Pipeline that runs from the Gulf Coast to the Midwest is not running more crude yet, according to a spokesman from Royal Dutch Shell. However the 350,000 bpd Seaway Crude Pipeline between the Texas Gulf Coast and Cushing, Oklahoma has excess capacity shippers could call upon to transport oil. The amount of excess capacity was not immediately available.

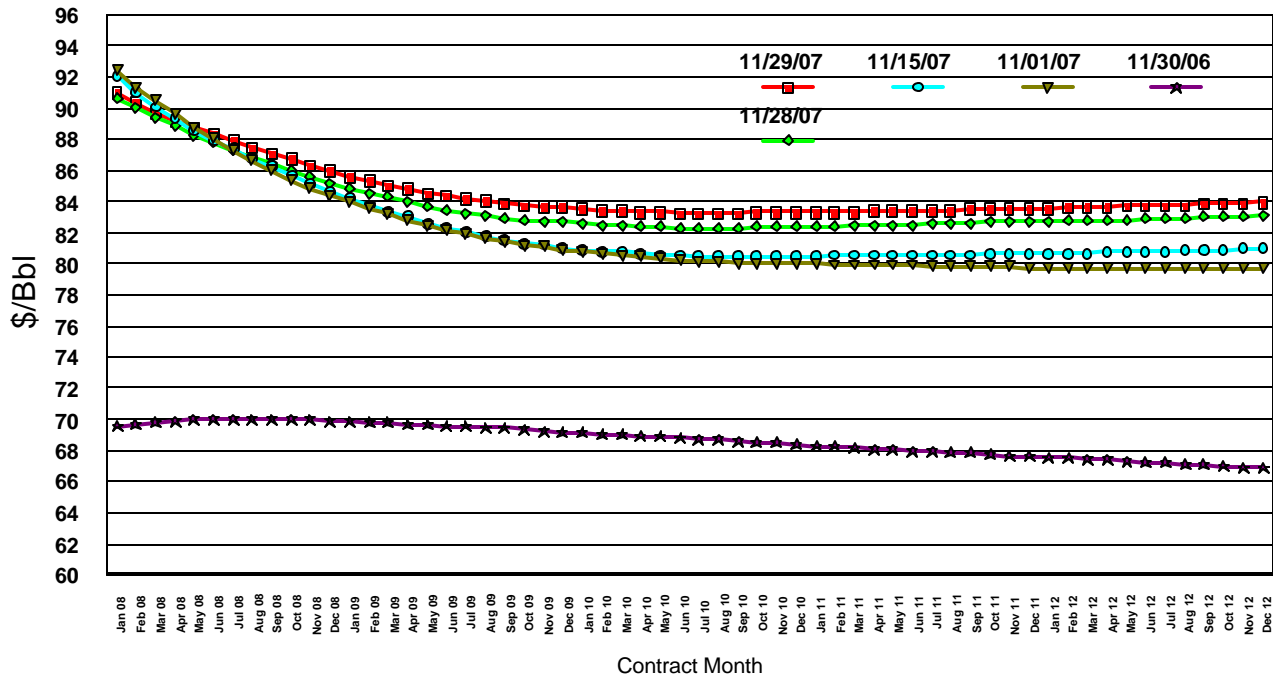
Market Watch

The White House raised its US economic growth forecast for 2007 but lowered its projection for next year as trouble in the housing and credit markets along with high energy prices impact the economy. It expects 2007 real gross GDP of 2.7%, up from its June forecast of 2.3%. For 2008, it expects real GDP growth of 2.7% compared with its earlier outlook of 3.1%.

The IMF said it would likely revise down its world growth forecast for 2008 amid the rally in oil prices and continuing problems in the financial markets. It previously forecast that world growth in 2007 would reach 5.2% and slow to 4.8% next year.

The head of the IEA, Nobuo Tanaka said a pipeline outage was not substantial. He said the IEA was monitoring the situation closely and added that it would use its emergency measures if necessary.

NYMEX WTI Forward Curve



The IEA said it was ready to tap into its 4.1 billion barrels of strategic oil reserves in the event of a supply disruption.

The US Energy Department said it was prepared to use the SPR to offset the disruption in Canadian oil imports caused by an explosion at the Enbridge pipeline. A spokeswoman said the Energy Department was reaching out to Midwest refineries to assess their supply situation and see if there is a need to release SPR oil.

Qatar's Oil Minister Abdullah bin Hamad al-Attiyah said OPEC could discuss the shutdown of Enbridge Inc's pipeline if it remains shut in. Meanwhile, Nigeria's Oil Minister Odein Ajumogobia said OPEC could decide to push more oil onto the markets if significant volumes of crude remain shut in for several days following the Enbridge pipeline incident.

Oil Movements reported that OPEC is expected to increase its oil shipments by 480,000 bpd in the four weeks ending December 15 to 24.53 million bpd. Sailings from OPEC's Middle Eastern members are forecast to increase by 500,000 bpd to 17.62 million bpd in the four weeks ending December 15.

A Pentagon official expressed concern about Iran's claim to have a new long range missile. Iran's military on Tuesday said it built a new missile with a range of 1,200 miles that was capable of reaching Israel and US bases across the Middle East. Iranian officials did not say whether Iran had test fired the missile.

A Russian nuclear official said inspectors from the IAEA are set on Thursday to finish sealing uranium fuel that Russia intends to send to Iran's Bushehr nuclear power station. Once sealed, Russia could ship the fuel to Iran. Russia has not given any date for when it would send the nuclear fuel to Bushehr but has stated that shipment would need to occur six months ahead of the plant's repeatedly delayed startup.

The Kurdish regional government's oil deals with foreign companies drew sharp criticism in Iraq's parliament with some lawmakers saying the contracts set a dangerous precedent for other Iraqi provinces to sign contracts without the knowledge of the central government. Kurdish authorities have signed more than a dozen contracts with foreign companies. Kurdish lawmaker Saad Barazanji argued that the contracts are constitutional and accused Iraq's Oil Minister Hussein al-Shahristani of failing to carry out his duties to stop the smuggling of oil. Another Kurdish lawmaker has called for negotiations between the Kurdish and Baghdad officials to solve the dispute.

The EIA reported that US revised oil demand in September was 20.385 million bpd, down 0.8% on the year and the lowest for any month since April 2006. It reported that gasoline demand averaged 9.244 million bpd in September, in line with estimated data. It was up from last year's level of 9.236 million bpd. Distillate demand was 4.15 million bpd, up 0.2% on the year. Demand for ultra low sulfur diesel fuel averaged 3.099 million bpd, down 0.9% from the record set in August.

In an audio tape aired by al Jazeera television, Al Qaeda leader Osama bin Laden urged European countries to end their military cooperation with US forces in Afghanistan.

Tens of thousands of Venezuelans were protesting a referendum that would eliminate term limits for President Hugo Chavez. The rally marked the close of the opposition's campaign against the proposed constitutional changes, which are expected to be submitted to a vote on Sunday. President Hugo Chavez plans to lead rallies in favor of the reforms on Friday.

Refinery News

ConocoPhillips said production at its 306,000 bpd Wood River refinery in Illinois would not be affected by the explosion on Enbridge's pipeline that disrupted crude oil imports from Canada.

Valero Energy Inc reported an exchanger malfunction in a cooling tower at its 245,000 bpd Texas City, Texas refinery that resulted in an emissions event.

Finland's Neste Oil said the continued shut in of a diesel line at its Porvoo refinery would significantly hurt its fourth quarter results. The pipeline's startup has been delayed due to a leakage. It was shut in for repairs in September.

Nippon Oil Corp said it planned to refine 4.77 million kiloliters in December, about 2% less crude than a year earlier. Its November crude refining volume was estimated at 4.19 million kl, up 2% on the year.

Russia's largest refineries are ending their maintenance shutdowns, however traders said oil product exports may not follow as the country faces a deficit of some fuels and export duty increases. TNK-BP's 340,000 bpd Ryazan refinery and 130,000 bpd Saratov refinery, Lukoil's 359,000 bpd Nizhny Novgorod refinery, Rosneft's 108,000 bpd Komsomolsk and 440,700 bpd Angarsk refinery have completed their maintenance in recent days. Export duties on light products are expected to increase to \$197.80/ton from the current \$181 while fuel oil exports are expected to increase to \$106.60/ton, up from \$97.50/ton.

Vitol Group said it planned to invest in Latvia's Ventspils oil terminal to make it the most advanced reloading terminal the Baltics and serve new customers. In the first 10 months of this year transshipment through the Ventspils oil terminal more than doubled compared to last year, reaching 11.2 million tons of crude and oil products.

Production News

The Nigerian National Oil Co said Nigeria's current crude oil production stood at 2.2-2.3 million bpd. It said about 500,000-600,000 bpd of Nigerian oil production remains shut in as a result of attacks on oil facilities by local militants.

Indonesia's PT Pertamina said it planned to increase its oil production by 16.4% next year to 170,000 bpd from this year's estimated 146,000 bpd as the government tries to limit the impact of high oil prices on its budget. Rising oil prices have caused the fuel subsidy bill in Indonesia to balloon, with some officials warning it could reach \$9.56 billion this year if prices reach \$100/barrel.

A fire occurred on a drill ship working at an oilfield run by Brazil's Petrobras on Wednesday night, injuring at least four workers. Petrobras said the fire had been extinguished. It said the wellhead was shut to prevent larger problems. Separately, Petrobras reported that it started production at its P-52 platform in the Campos Basin. The platform is expected to pump an initial 20,000 bpd from the Roncador light oil field and is likely to reach a peak of 180,000 bpd in the second half of 2008.

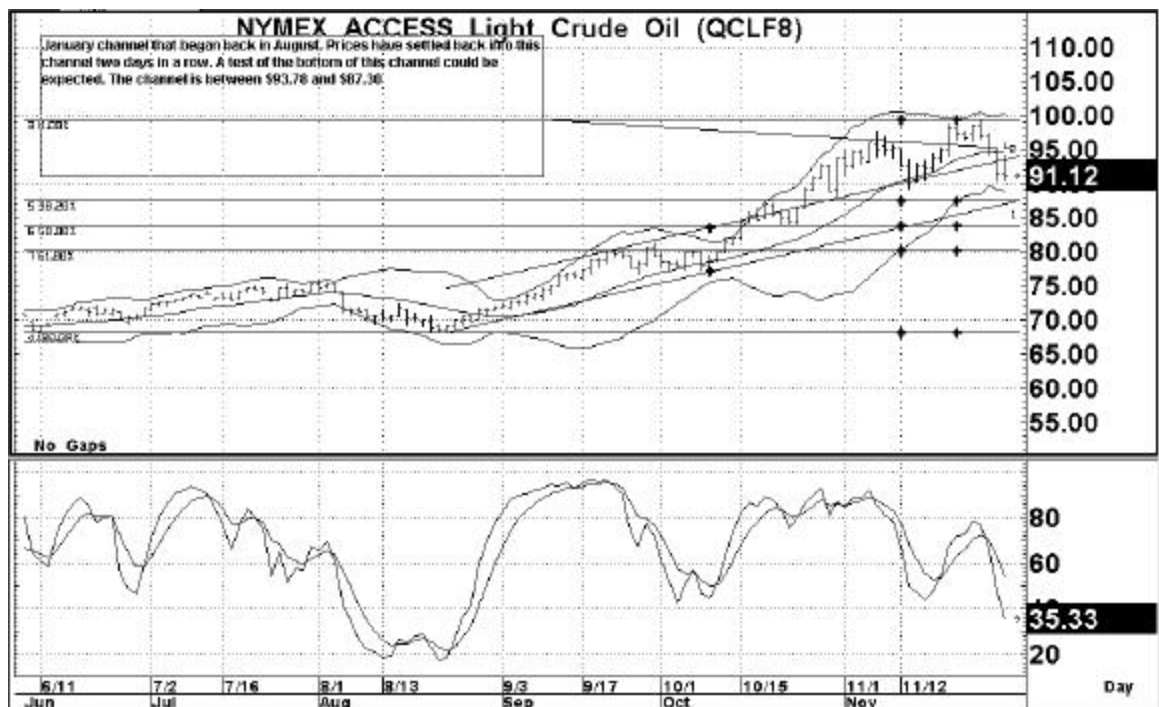
OPEC's news agency reported that OPEC's basket of crudes fell further to \$88.08/barrel on Wednesday from \$90.27/barrel on Tuesday.

Libya's National Oil Co raised its December official selling price for its Essider crude by 20 cents to a discount of \$0.50 against Dated Brent.

Market Commentary

Just when we thought it might be safe to go short, the market traded higher today on news of an explosion at Enbridge's Minnesota pipeline location. The number 3 pipeline, which has a capacity of 450,000 barrels per day, experienced a fire late last night forcing the closure of that pipeline. A spokesman for Enbridge said that the pipeline might take 2 to 3 days to return. This should have little or no effect on supplies to the U.S. as the U.S. Department of Energy said that reserves from the Strategic Petroleum Reserves are available if need be. This is the second day in a row that the January contract has settled back into the upward channel that began back in August. Barring any major fundamentals, we would look for a test of the bottom of this channel, which comes in tomorrow at \$87.30.

The fibonacci retracement numbers from the beginning of this channel, \$68.22, and the recent high, \$99.29, are as follows;
 38.2% - \$87.42, 50% - \$83.76 and 61.8% - \$80.09.
 Total open interest in crude oil is



1,404,009 down 419, JAN.08 372,715 down 8,055, FEB.08 114,659 up 5,710. Support for January, comes in 89.98, 89.00, and 88.30. Projected resistance is set 100.00, 101.45, 104.28 and 107.11. Similar to the crude market, the heating oil market posted an inside trading day after it too rallied in overnight trading in follow through strength seen in the crude. The heating oil market however gave up its gains and traded to 258.97, where it held some support. However the market extended its losses further as it sold off to a low of 256.85 ahead of the close. It later retraced some of its losses and settled up 33 points at 257.71. The RBOB market however settled down 1.09 cents at 226.48 after it sold off an overnight of 235.56 to a low of 225.88 late in the session. Given the news that Enbridge has restarted all but one of the lines, the markets are seen holding their resistance at their recent highs

following the crude market's failure to trade even higher on the overnight news that Enbridge shut its pipeline network.

		Explanation	
CL	Resistance	97.28, 99.11, 99.29, 100.00, 101.45	Previous highs
	Support	91.93, 93.65, 95.17-95.22	Thursday's high, Wednesday's high
HO	Resistance	90.43, 90.33	Thursday's low
	Support	90.33, 90.20, 89.98, 89.00, 88.30	Previous lows
HO	Resistance	268.04, 269.45, 272.72	Previous highs
	Support	260.00, 264.25, 265.30	Thursday's high
RB	Resistance	256.85, 256.71	Thursday's low, Wednesday's low
	Support	256.62, 255.50, 253.35, 251.65, 250.40	38% (230.58 and 272.72), Previous lows, 50%, Previous low
RB	Resistance	239.83, 243.21, 248.44, 248.81	Previous highs
	Support	227.85, 230.50, 234.00, 235.56	Thursday's high
RB	Resistance	225.88	Thursday's low
	Support	225.25, 222.21, 216.02	62%(210.68 and 248.81), Previous lows