



ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR NOVEMBER 30, 2007

Saudi Arabia's Oil Minister Ali al-Naimi reiterated that an oil price of near \$90/barrel was set by market forces. He said price movement had nothing to do with fundamentals. He also

stated that there was ample supply. He added that an OPEC output increase next week remained to be seen. Meanwhile Kuwait's Oil Minister Mohammad al-Olaim said OPEC may agree to increase its oil production if required by market fundamentals. He however said prices were falling in reaction to its production increase that took effect this month. Qatar's Oil Minister Abdullah al-Attiyah also stated that the fall in oil prices below \$90/barrel on Friday was proof the market was adequately supplied. Separately, Nigeria's Oil Minister Odein Ajumogobia said OPEC could decide to increase its output at next week's meeting.

Market Watch

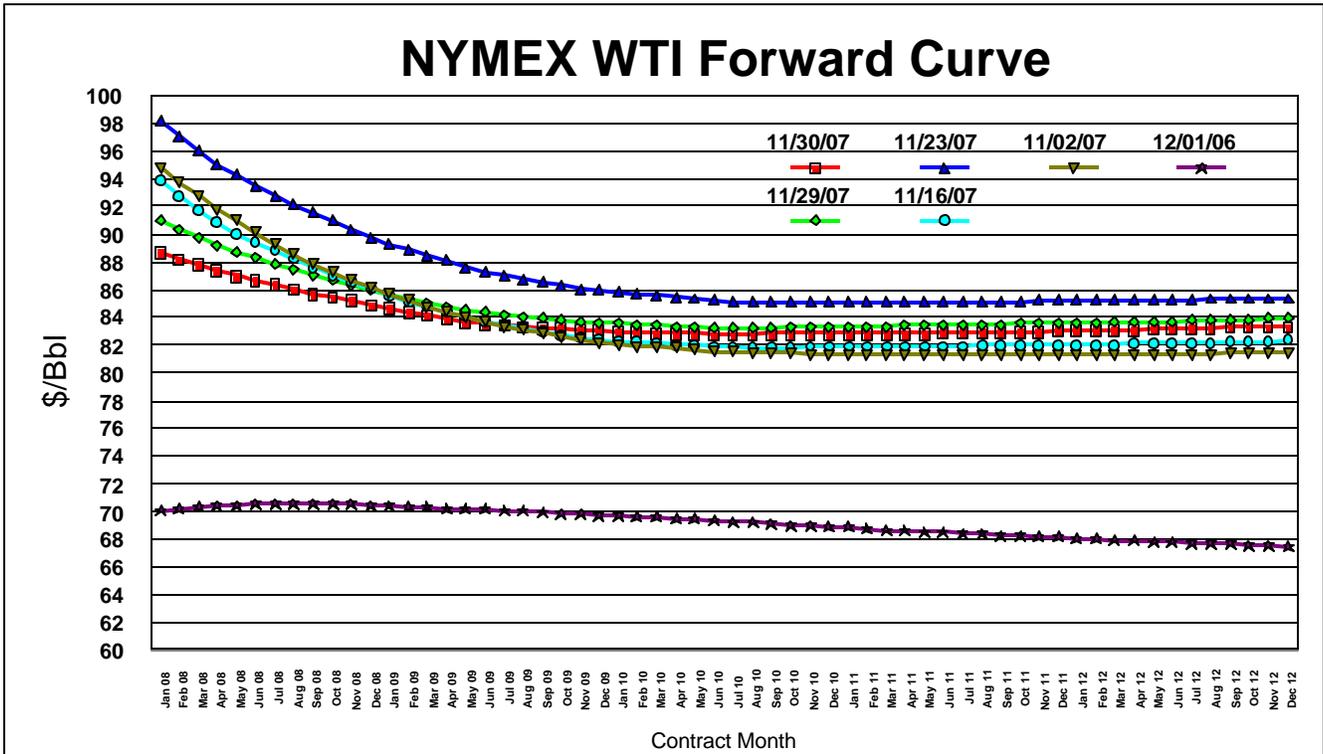
The Economic Cycle Research Institute said its Weekly Leading Index fell to 138.1 in the week ending November 23 from a downwardly revised 139.1 in the previous week. The index fell due to higher jobless rates and lower commodities prices. The annualized growth rate fell to minus 1.8 from minus 1.2% to its lowest level since March 14, 2003.

Indonesia's Energy Minister Purnomo Yusgiantoro said OPEC countries should focus on increasing oil production to meet their existing targets when they meet next week. He previously stated that Indonesia would support any move in Abu Dhabi to increase production.

Iran's Oil Minister Gholamhossein Nozari said the country had oil reserves of 138 billion barrels and gas reserves of 28.2 trillion cubic meters.

Angola is expected to receive a supply allocation of about 2 million bpd at OPEC's meeting on December 5, according to analysts and industry officials. Angola is producing close to 1.8 million bpd and should have a supply capacity of 2 million bpd in January.

Turkey's Prime Minister Tayyip Erdogan said his cabinet has given the country's armed forces the authority to conduct a cross border operation against Kurdish rebels based in northern Iraq. Turkey has repeatedly vowed to hunt down the Kurdistan Workers Party guerillas who use northern Iraq as a base to launch attacks on Turkish authority despite US opposition to a major operation. However analysts stated that major action did not appear imminent. Turkey has amassed up to 100,000 troops near the border, supported by tanks, artillery and warplanes for a possible strike.



The European Union's foreign policy chief, Javier Solana and Iran's top nuclear negotiator, Saeed Jalili held talks on Iran's nuclear plans on Friday. They agreed to continue with their negotiations and to arrange for a meeting next month. However Iran's top nuclear negotiator said it would pursue its atomic program even if the UN Security Council imposed new sanctions on Iran. He said it was unacceptable to expect Iran to abandon its nuclear program.

UN IAEA officials completed five days of inspections of the first consignment of Russian fuel for Iran's nuclear power plant at Bushehr. Russian officials sealed the containers of nuclear fuel in the presence of a team from the IAEA. Iran's Foreign Minister Hoshyar Zebari is scheduled to travel to Moscow December 13-14 for talks. Iran's top nuclear negotiator Saeed Jalili may also travel to Russia in the coming weeks for talks.

Refinery News

Enbridge Inc made progress overnight toward restarting a pipeline carrying Canadian crude to the Midwest. However Enbridge said it could still be days away from resuming normal operations.

The US Coast Guard said the Houston Ship Channel was closed early Friday due to heavy fog. About 20 ships were waiting to transit the waterway, with fifteen ships waiting to enter the channel and five waiting to leave the waterway.

BP began preparations to start up a fluid catalytic cracking unit at its Texas City, Texas refinery on Friday and the unit is seen fully online by this weekend. The unit is being restarted after undergoing major refurbishment from damages in the 2005 Hurricane Rita.

The No. 1 reformer at BP's 260,000 bpd refinery in Carson, California has been in restart mode over the last 24 hours after it shutdown on November 17 for maintenance.

BP's Nerefco refinery in Rotterdam has restarted on time after a scheduled maintenance shutdown. The 400,000 bpd refinery was shut for scheduled maintenance on October 15.

A fire at Petroplus' Coryton refinery in England in October was continuing to significantly impact production at the plant. The unit damaged by the fire at the 220,000 bpd plant remains shut.

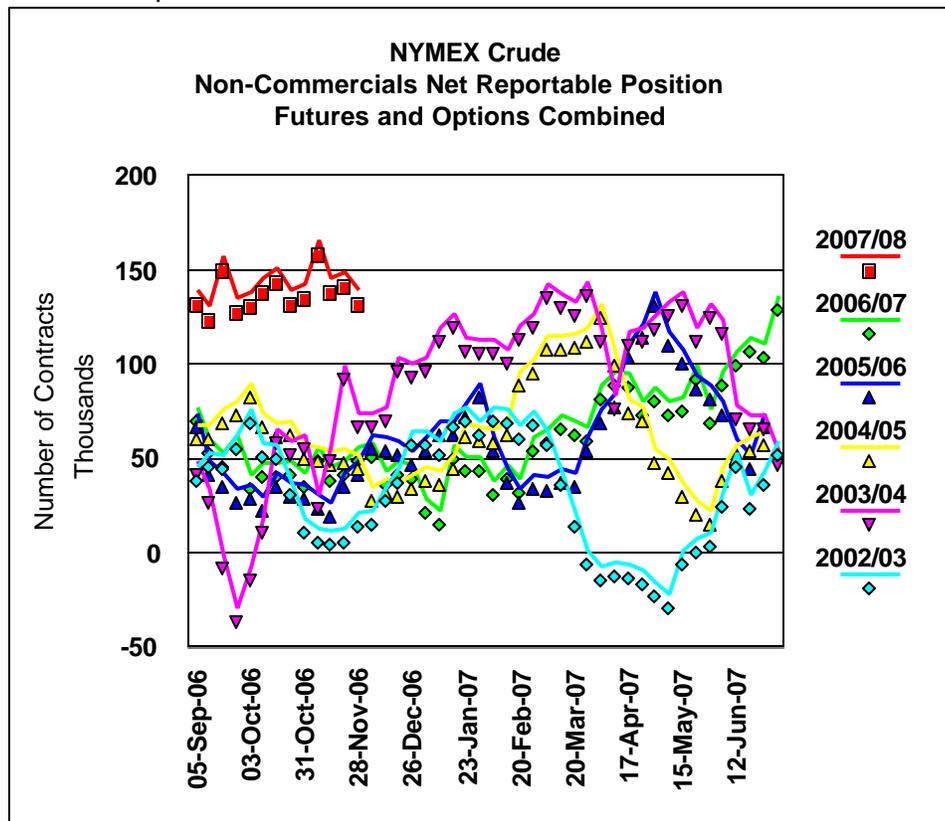
Ukratnafta, the company running Ukraine's largest refinery, said that plant would increase processing of crude by 20% to 360,000 tons a month as of December. It also said the Kremenchug refinery, short of oil from Russia's Tatneft due to a management dispute, is working to restart a second distillation unit that had been closed due to the shortage. It normally processes 500,000-600,000 tons of crude.

Indonesia's Energy Minister Purnomo Yusgiantoro said it planned to use three small refineries to process crude oil at the Cepu project where initial production of 10,000 bpd is expected in late 2008. It has estimated recoverable oil reserves in the Banyu Urip field in the Cepu block stand at 350 million barrels. It is expected to process up to 180,000 bpd at its peak.

Japan's Ministry of Economy, Trade and Industry stated that the country's oil imports in October increased by 8.3% on the year to 4.157 million bpd. Japan's crude throughput increased by 7.5% to 3.801 million bpd while its refinery output increased by 6.6% to 3.582 million bpd. It also reported that its oil product sales increased by 1.9% on the year to 3.71 million bpd, with gasoline sales increasing by 1% to 1.021 million bpd and kerosene sales increasing by 23.3% to 318,000 bpd. Japan's METI also reported that the country's crude oil inventory at the end of October was down 11.1% on the year but up 7.4% on the month at 103.79 million barrels.

China imported 1-1.1 million tons of November fuel oil, a second straight month of year low volumes.

Kazakhstan's Deputy Finance Minister Daulet Yergozhin said talks were continuing with a group of Western oil companies to resolve a dispute over the Kashagan oilfield before the November 30 deadline expires. He said Kazakhstan still wanted KazMunaiGas to be co-operator of the field.



Production News

An Iraqi oil official said Iraq has allocated about 300,000 bpd of Kirkuk crude in term deals to 11 firms starting January 1. Iraq's State Oil Marketing Organization awarded 3.75 million barrels in its 10th tender of Kirkuk crude this year to three companies. Total SA was awarded 1 million barrels, ExxonMobil Corp was awarded 750,000 barrels and the third company was awarded 2 million barrels bound to the US.

The Terra Nova oil field offshore Newfoundland said it would shut down for about a week for repairs

on one of the production vessel's flow lines. Production would be taken down either later Friday or early next week. It has been pumping 50,000-75,000 bpd since the faulty seal was discovered last Saturday. Separately, traders said shippers were facing delays of up to five days in loading dates for January cargoes of Canadian east coast offshore Terra Nova crude on fresh mechanical problems at the facility.

According to Ecuador's central bank, the country exported 1.38 million barrels of oil products in September, up 16% from 1.19 million barrels last year. Its oil product export revenue in September totaled \$77.36 million, up 79% on the year.

OPEC's news agency reported that OPEC's basket of crudes fell further to \$87.78/barrel on Thursday from \$88.08/barrel on Wednesday.

Market Commentary

Crude oil prices experienced the largest weekly drop since April of 2005, falling to a low of \$88.52. Anticipations of an economic slowdown, less than expected consumer spending and income growth at it's lowest level in 6 months lead prices to these recent lows. Late session rallies towards the highs of the day were short lived, as no concrete reason for this rally surfaced. Based upon the spot continuation chart, crude oil prices settled back into the upward channel that began back in January of this year. At this point, we could possibly see a test of the 78.35 key support level. The forward curve clearly indicates a weakening of the front end with the front month spread at its lowest level since the beginning of October. This is indicating further strength and the January/February spread appears to be setting up for a test of minus 0.18. Fibonacci retracement numbers based on the low of \$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 1,406,628 up 2,619, JAN.08 369,045 down 3,670, FEB.08 119,562 up 4,903. The heating oil market continued to retrace its previous gains ahead of the December contract's expiration at the close. The December heating oil contract traded to 251.00 before it bounced off that level and traded back towards the 255.00 level. However its gains were quickly reversed as traders liquidated their positions ahead of the close. It settled down 4.75 cents at 252.96. The January heating oil contract also settled down 6.41 cents at 251.50. Meanwhile the December RBOB contract, which posted a low of 221.60 early in the session, retraced its earlier losses and rallied to a high of 227.92. However its gains were short-lived as traders liquidated their positions ahead of its expiration at the close. It settled down 57 points at 225.91. The January RBOB contract settled down 3.51 cents at 223.06. The market traded to a high of 228.53 late in the session before a late sell off pushed it back towards its earlier low. The markets are seen retracing some of their losses and remain range bound ahead of OPEC's December 5 meeting.

The Commitment of Traders report showed that non-commercials in the crude market built their net long position by 9,262 contracts to 59,102 contracts in

		Explanation	
CL	Resistance	93.38, 95.17, 97.28, 99.29	Friday's high
	Support	88.45	
HO	Resistance	266.65, 268.61, 270.57	Friday's high
	Support	251.00	
RB	Resistance	236.09, 239.77	Friday's high
	Support	221.00	

the week ending November 27 as they cut their total short positions by 14,306 lots. However, the combined futures and options report showed that non-commercials cut their net long positions by 9,154 contracts to 132,400 contracts. Meanwhile non-commercials in the product markets cut their net long positions, with funds in the heating oil market cutting their net longs by 441 contracts to 22,454 contracts and non-commercials in the RBOB market cutting their net longs by 3,000 contracts to 50,593 contracts on the week. Non-commercials have continued to cut their net long positions in the last few trading sessions, given the market's failure to maintain its previous gains and continue trending higher.