



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 DECEMBER 6, 2007

US Secretary of State Condoleezza Rice started talks with NATO allies and Russian officials Thursday to urge greater international pressure on Iran to halt uranium enrichment and answer questions about its nuclear program.

Market Watch

The National Oceanic and Atmospheric Administration said temperatures in New England are expected to moderate from below normal by mid-month, in line with the entire Northeastern US. In its 8-14 day forecast, temperatures in the Northeast are expected to be in line with 30 year averages. Its forecast has a high confidence rating.

The NYMEX said it would announce a plan to launch carbon emissions trading in the coming weeks. On Wednesday, the NYMEX Chairman Richard Schaeffer said the NYMEX was in the advanced stages of launching a global plan for emissions trading.

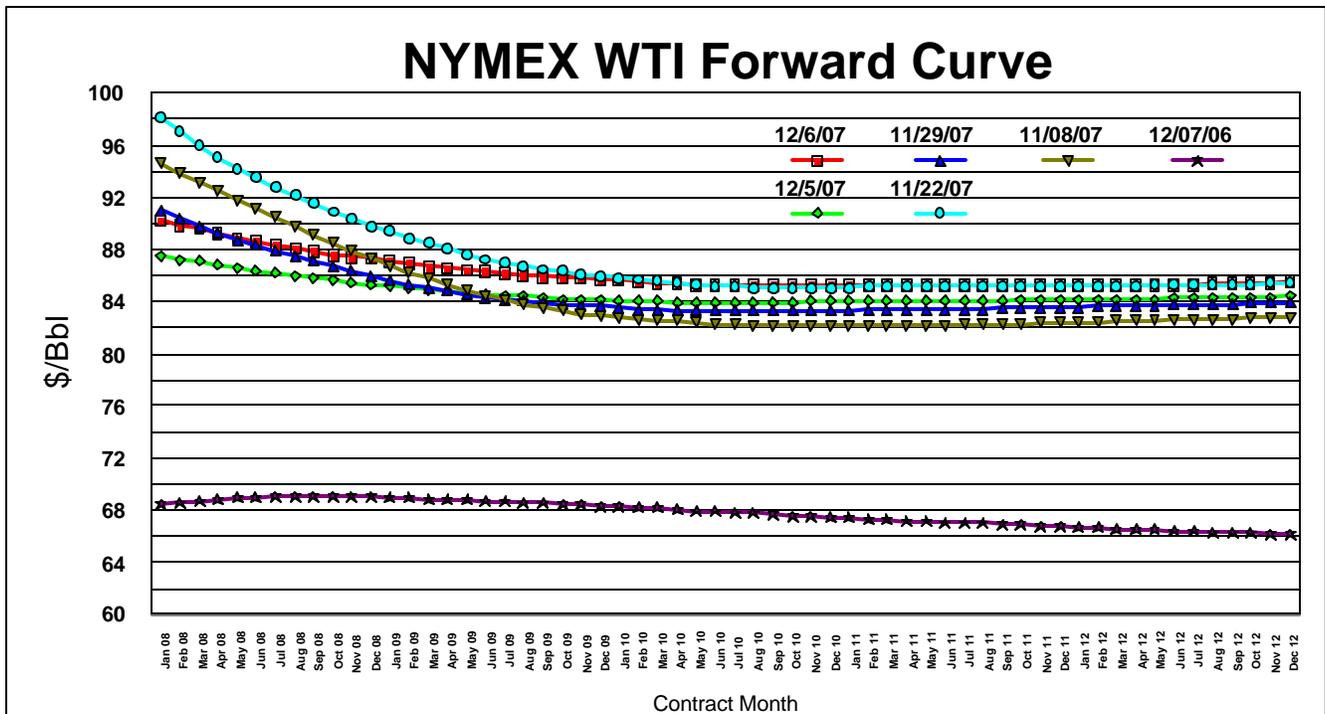
China's Foreign

Ministry said it was studying the National Intelligence Estimate report that concluded Iran stopped developing nuclear weapons in 2003. It said dialogue was the best route to solving the Iranian nuclear crisis. Earlier this week, China's ambassador to the UN said the report raised concerns about new sanctions.

Algeria's Oil Minister Chakib Khelil said OPEC may need to cut its oil production next year if the US economy weakens more than expected. He said he was optimistic that the US would avoid sinking into a recession. He said there was a widespread belief that the US faced a 40% risk of recession. Separately, an OPEC official said the ministers were satisfied they met demand and were benefiting from a near record price they have no power over.

According to Oil Movements, OPEC's oil exports are expected to increase by 380,000 bpd in the four weeks ending December 22 to 24.54 million bpd, the second highest export total for this year. Sailings from OPEC's Middle East members are expected to increase by 300,000 bpd in the four week period to 17.63 million bpd.

Nigeria's Minister of State for Petroleum, Odein Ajumogobia said Nigeria has halted 900,000 bpd of its crude production as a result of unrest in the Niger Delta and oilfield closures. He said about 500,000 bpd has been shut by militant attacks while the remaining 400,000 bpd has been shut due to technical disruptions. He said Nigeria's production stood at 2.1 million bpd.



The Movement for the Emancipation of the Niger Delta said it was not involved in a peace ceremony aimed at ending attacks on the oil sector. It said the ceremony was simply a publicity stunt to impress the international community. It said peace could only be achieved if one of its leaders was released from prison in Angola. The governor of Bayelsa State was hosting the three day ceremony, which is supposed to end with an agreement between the government and various armed groups operating within its boundaries.

The US House of Representatives passed an energy bill that would require the first mandated increase in US car and truck fuel efficiency standards in over three decades. The legislation would increase vehicle fuel efficiency by 40% to 35 miles per gallon by 2020. The bill would also increase the use of renewable motor fuels, like ethanol and require electric utilities to generate more power from renewable sources like solar energy and wind. Earlier, the White House said it would veto the energy bill.

Refinery News

BP Plc's 400,000 bpd Nerefco refinery in Rotterdam has restarted following the completion of planned maintenance. The refinery was shut for scheduled maintenance on October 15.

Gas oil inventories in independent storage in the Amsterdam-Rotterdam-Antwerp area fell by 411,000 tons on the year and by 16,000 tons on the week to 1.224 million tons in the week ending December 6. Gasoline stocks fell by 87,000 tons on the year but increased by 82,000 tons on the week to 708,000 tons while fuel oil stocks increased by 2,000 tons on the year and by 15,000 tons on the week to 494,000 tons. Naphtha stocks fell by 28,000 tons on the year and by 34,000 tons on the week to 45,000 tons while jet fuel stocks fell by 237,000 tons on the year and by 8,000 tons on the week to 153,000 tons.

Singapore's International Enterprise stated that the country's residual fuel stocks increased by 338,000 barrels to 13.584 million barrels in the week ending December 5. It also reported that light distillate

stocks built by 1.13 million barrels to 7.29 million barrels while middle distillate stocks fell by 730,000 barrels to 6.67 million barrels on the week.

Production News

Total said it planned to invest about \$800 million in exploring and developing the area near its Alwyn offshore field in the UK over the next three years. Total said the Jura field, discovered in 2006 and set to come on stream in 2008, would produce up to 45,000 bpd of oil equivalent.

China's National Development and Reform Commission said the country's production of energy products is expected to reach 2.37 billion metric tons of coal equivalent in 2007. Separately, the commission stated that China would give subsidies to oil refiners to help offset the gap between high international oil prices and controlled domestic fuel prices. The companies would receive rebates and would be exempt from paying oil import duties. Last month, China's government raised retail prices for gasoline and diesel by about 10%. It also ordered PetroChina and Sinopec to produce more fuel. However oil companies have still been facing operating losses in their refining businesses while some of the smaller, independent refiners have stopped or reduced production.

OPEC's news agency reported that OPEC's basket of crudes increased by 17 cents/barrel to \$85.50/barrel on Wednesday.

Market Commentary

Bouncing off of a six week low, crude oil prices rebounded today, setting off a round of technical buying. Although there wasn't one specific

		Explanation	
CL	Resistance 90.23, up \$2.74	91.52, 93.38, 94.32, 95.17, 97.28, 99.29 90.73	Thursday's high
	Support	88.00, 87.30, 86.43, 85.82 84.65, 84.00, 78.30	Thursday's low
HO	Resistance 248.93, down 2.25 cents	257.29, 259.86, 266.65, 268.61, 270.57 255.40	Previous highs Thursday's high
	Support	250.00, 245.85, 244.50 243.61, 239.49, 238.79, 232.90	Thursday's low Previous low, 62% retracement, Previous low
RB	Resistance 230.13, up 8.43 cents	236.09, 239.77 231.00	Previous highs Thursday's high
	Support	225.00, 220.00, 218.75 218.20, 217.52, 212.90, 212.82	Thursday's low Previous low, 62%(198.39 and 248.48), Previous lows

reason behind this move higher, several factors may have contributed. There were reports of unrest at Nigeria's Niger Delta, with estimates of up to 900,000 barrels per day of losses, draws of 88 bcf in the EIA report for natural gas storage and decline value of the dollar. The January/February spread has bounced off of the lows of 17 cents differential set back in August prior to widening to \$1.34. A penetration of 0.53 on this spread could lead to a test of the \$1.34 differential again. With rolls technically beginning tomorrow, this level may be difficult to ascertain. Indeed, this market could go either way at this point, but our objectives remain the same. The \$93.38 resistance level is our upside objective and our initial downside objective still remains the \$84.65 support area and ultimately \$78.35. 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 1,388,065 up 5,539, JAN.08 309,127 down 13,750, FEB.08 161,426 up 11,843. Similar to the crude market, the RBOB market posted an outside trading day. The market continued to trade lower in overnight trading and posted a low of 218.75. However it bounced off that level and retraced Wednesday's losses. The market extended its gains to 8.70 cents as it traded to a high of 230.40 and settled up 8.43 cents at 230.13. The market later posted a high of 231.00 in afternoon trading. The January RBOB crack bounced back towards its resistance of 6.50 as it settled at 6.4246. The heating

oil market also settled up 5.57 cents at 254.50 after it retraced its earlier losses. In overnight trading, the market continued to trend lower and posted a low of 244.50. However it bounced off that level and rallied to a high of 255.40 amid the strength in the crude market. The markets on Friday are seen retracing some of their sharp gains however their losses are seen limited. Technically, the markets are seen holding their support levels, as their stochastics look ready to cross back to the upside. In the RBOB market, support is seen at 225.00, 220.00, 218.75 followed by 218.20, 217.52, 212.90 and 212.82. Resistance is seen at 231.00, 236.09 and 239.77. In the heating oil market, support is seen at 250.00, 245.85, 244.50 followed by 243.61, 239.49, 238.79 and 232.90 while resistance is seen at 255.40, 257.29, 259.86, 266.65, 268.61 and 270.57.