



ENERGY RISK MANAGEMENT

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

www.e-windham.com

ENERGY MARKET REPORT FOR DECEMBER 20, 2005

Shell reported this morning that an attack by unidentified gunmen occurred on its Nigerian oil pipeline in the southern delta region. The blast caused a major oil spill and fire. The company reported that it has closed two oilfields to help curb the fire and as a result some 170,000 b/d of oil production has been "deferred". Originally the company had reported that just 170 b/d had been impacted. The pipeline connects to the Bonny Light export terminal. Shell also reported that two other security incidents had occurred as well today in other areas of the country.

Refinery News

Suncor Energy Inc expects repairs on one of three crude units at its Commerce City, Colorado refinery to take a week following a fire Saturday. The company does not expect much of an impact to fuel production at the 90,000 bpd refinery.

South Korean refiner, Incheon, said it plans to increase its crude runs in January by 15,000 b/d to 155,000 b/d, as stronger demand for middle distillates has revised its decision to scale back production.

Chinese refiners reportedly are seeking government approval to remove constraints on gasoline exports, as domestic stocks of gasoline have swelled considerably over the last three months. In the 4Q2005 China reportedly exported only 200,000 tonnes per month, less than half of its monthly average posted in 2004.

The Nigerian government called for fresh bids for the Port Harcourt refinery after canceling the previous bids submitted by four different consortiums. The government had previously scheduled

Market Watch

The White House defended Tuesday the controversial insertion of a measure to allow oil and gas drilling in Alaska's Arctic National Wildlife Refuge into a defense spending bill, saying the legislation is important to fighting the war on terror and reducing the US dependence on foreign energy. While some lawmakers have threatened a filibuster, the White House called on the Senate to proceed with the bill. The ANWR provision would allow energy companies to drill on 2,000 acres of ANWR's 1.5 million acres.

The Chinese government reported today that it has revised up the size of its economy by 16.8% as a result of the use of better collection of data from the services sector and small business sector. Officials though said that these sweeping revisions would not have any impact on conducting its macro economic policy.

OPEC's President Sheik Ahmad Fahad al-Sabah said he would start an official visit to China and Russia on Wednesday to further deepen discussions between world oil producers and consumers.

privatization of the refinery to be completed by Wednesday. The government plans to privatize the country's refineries by selling 51% equity in the refinery with the exception of Warri refinery to strategic investors.

Production News

Louisiana's Department of Natural Resources said restored crude oil production in hurricane stricken areas of Louisiana was 59.5% of normal on Tuesday, unchanged from Monday. In terms of volume, it said output was 120,837 bpd, up from 120,818 bpd on Monday.

The Russian Black Sea oil export terminal of Novorossiisk reopened late Monday evening after being shut for two days due to stormy weather.

Reuters reported today that crude oil exports from the northern Iraqi oil fields remains on hold with shipping sources quoted as saying there is no expectation near term for these exports to resume. Exports from the north part of the country have been basically negligible for most of the past four months. Exports from the south which had been basically running "normally" have slowed in recent days due to congestion at the Basra oil terminal. Oil tankers have seen their waiting times increase to 15 days recently.

OPEC's daily reference crude price on Monday stood at \$51.62 down \$1.63 from Friday's level.

Reuters reported that Saudi Arabia today booked two more VLCC's for export shipments to the United States in January. Currently it is believed that Vela has booked tanker space to carry 8 million barrels of spot barrels in January versus 12.5 million barrels in December.

Azerbaijan's State Statistics Committee stated that Azerbaijan's oil product output increased by 13.7% on the year to 6.651 million tons in January-November. The oil product exports of Azeri companies increased by 3.06% on the year to 1.988 million tons in the period.

Brazil's Petrobras said it set a record high for oil production on Monday. Petrobras produced 1.857 million barrels of oil, surpassing the previous record high of 1.835 million barrels.

Petroecuador exported 5.29 million barrels of crude in November, up 16% from 4.58 million barrels reported last year. Petroecuador exported 48.13 million barrels of crude in the first eleven months, up from 46.29 million barrels reported last year.

Market Commentary

The January crude contract settled in positive territory as traders covered their short positions ahead of the contract's expiration at the close. The market, which posted an inside trading day, opened slightly higher at 57.51, up 17 cents on the day. It traded to a low of 57.30 early in the session before it bounced off that level and never looked back. The market was supported amid the news of an attack on an oil pipeline that shut in 170,000 bpd of production in Nigeria. The crude market bounced off its low several times and extended its gains to over 80 cents as it posted a high of 58.20 ahead of its expiration. The January crude contract settled up 64 cents at 57.98. The February crude contract also settled in positive territory, up 4 cents at 58.09 after it traded to a high of 58.70. Volume in the crude market was lighter today with 174,000 lots booked on the day. Meanwhile the product markets ended mixed, with the heating oil market ending the session up 1.70 cents at 172.03 and the gasoline market settling down 1.81 cents at 150.88. The heating oil market also posted an inside trading day as volume was light and traders positioned themselves ahead of the weekly petroleum stock reports. The market traded to a low of 169.80 early in the session before it rallied to a high of 172.80. It however retraced some of its gains and settled in a sideways trading pattern ahead of the close. The market

was supported as the temperatures in the Northeast were forecast to average near to below normal through Thursday before turning

Technical Analysis		
	Levels	Explanation
CL 57.98, up 64 cents	Resistance 60.80 to 61.00 58.70, 59.30	Remaining gap Tuesday's high, Monday's high
	Support 57.90 57.75, 56.90	Tuesday's low Previous lows
HO 172.03, up 1.70 cents	Resistance 173.80, 176.50 to 178.50 172.80	Monday's high, Remaining gap (December 16th) Tuesday's high
	Support 169.80, 169.60 168.25, 165.25	Tuesday's low, Monday's low Previous lows
HU 150.88, down 1.81 cents	Resistance 160.20 to 160.75 153.00, 154.00, 156.50	Remaining gap (December 16th) Tuesday's high, Monday's high
	Support 150.50 150.00, 144.80	Tuesday's low Previous lows

above normal for the weekend. The gasoline market gapped lower from 152.50 to 152.00 and quickly backfilled the gap as it traded to a high of 153.00. It erased its gains and traded to 150.70, where it held some support. The market however bounced off that level and traded near its high before it once again sold off ahead of the close. Volumes in the product markets were light with 36,000 lots booked in the heating oil and 34,000 lots booked in the gasoline market.

The oil market on Wednesday will be driven by the weekly petroleum stocks reports on Wednesday following today's inside trading session. The reports are expected to show draws in crude stocks of about 1 million barrels, draws in distillate stocks of about 1 million barrels and a build of less than 1 million barrels in gasoline stocks. Trading volume is likely to contract further as a transit strike in New York keeps traders at home ahead of the holidays. The market is seen finding support at 57.90, 57.75 and 56.90. Meanwhile resistance is seen at 58.70, 59.30 and its gap from 60.80 to 61.00.

FYI the NYMEX will be closing early on Friday, December 23rd, at 1 pm and will be closed on December 26th for the Christmas holiday.