



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 21, 2007

OPEC's Secretary General Abdalla Salem el-Badri said the slowing world economy poses a new challenge to OPEC in maintaining oil market stability amid financial market

turmoil that has caused volatile oil prices in 2007. He said the phenomenon of high prices in contrast with a balanced supply and demand situation was temporary. However he added that OPEC would have to accept that oil prices would remain volatile for some time.

Venezuela's Petroleum Minister Rafael Ramirez said that OPEC countries were producing the necessary level to maintain price equilibrium.

The Niger Delta Vigilante, a militant group, claimed responsibility for Wednesday's attack on a jetty operated by the Nigerian National Petroleum Corp.

Euroilstock reported that Europe's oil refinery production increased by 3.8% to 13.150 million bpd in November from 12.674 million bpd in October. The average refinery utilization rate increased to 91.91% in November from October's 87.89%. It reported that gasoline production increased by 204,000 bpd to 3.448 million bpd while middle distillate production increased by 326,000 bpd to 6.253 million bpd. It also reported that fuel production increased by 22,000 bpd to 1.718 million bpd and naphtha production increased by 28,000 bpd to 880,000 bpd on the week.

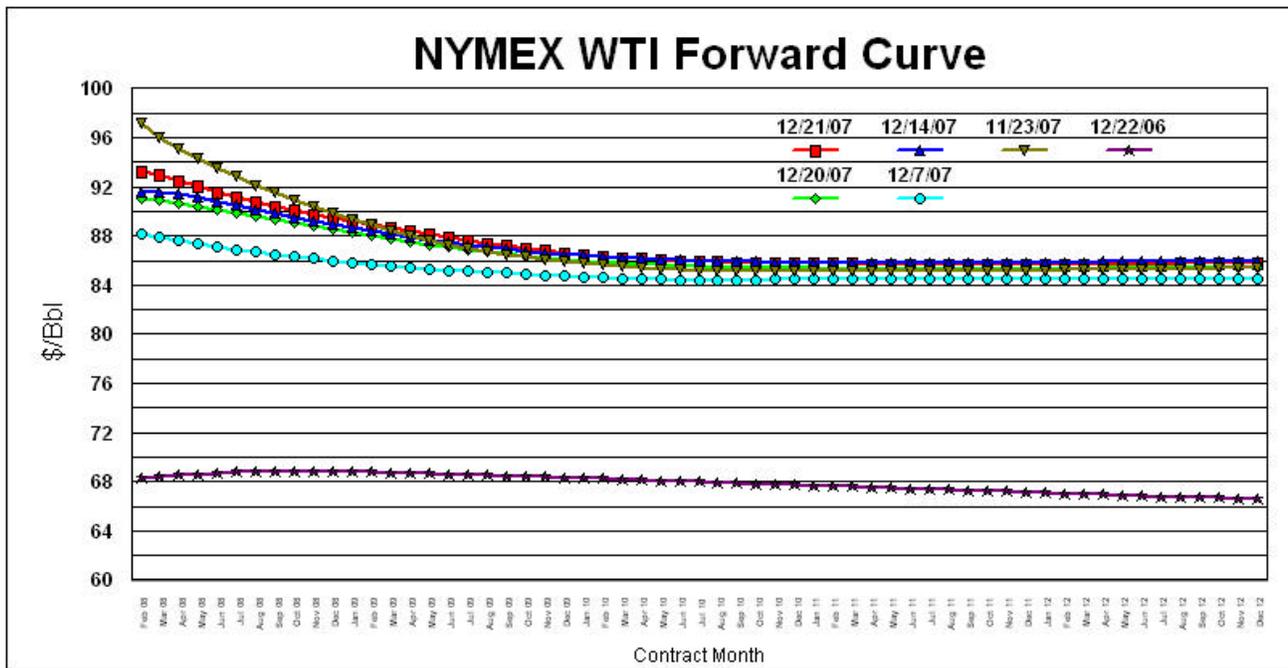
Refinery News

The Environmental Administration Centre of Southwestern Finland said Neste Oil would be required to carry out an environmental impact study to expand its diesel production by 2011-2012 at its Naantali refinery. Neste has stated that it was considering building a new diesel line at the smaller of its two refineries in Finland with an annual capacity of 1 million tons.

Dec Calendar Averages

CL – 90.41
HO – 255.85
RB – 230.92

Construction of a new refinery is scheduled to start in the first quarter of 2008 at the Onne Oil and Gas Free Zone in the city of Port Harcourt. The Starex Petroleum Nigeria Ltd refinery would process 100,000 bpd when it reaches full production.



South Korea's Korea National Oil Corp said the country's crude runs increased to 76.934 million barrels in November, up from 70.793 million barrels in October and up from 74.747 million barrels last year. South Korea's total crude and oil product stocks fell to 69.549 million barrels in November from 70.192 million barrels in October and from 73.769 million barrels last year. Its crude oil stocks in November increased to 16.585 million barrels from 16.002 million barrels in October but fell from 19.908 million barrels last year. Its crude imports increased by 2.4% on the year to 78.14 million barrels. Domestic oil products demand in November fell to 67.86 million barrels from 68.70 million barrels a year ago.

Production News

Nigeria's provisional loading plan for February indicates 13 cargoes of Bonga crude would be exported in addition to three Forcados cargoes. The plan also includes 11 full cargoes, each carrying 950,000 barrels of Qua Iboe grade crude and nine cargoes of Bonny Light crude.

A Royal Dutch Shell and ExxonMobil Corp joint venture said oil production would resume at the Dutch Schoonebeck field in 2010. The decision to restart the oil field comes as rising oil prices and new technologies improve the economics of previously unprofitable oil and gas projects. Shell said the field would be able to produce another 100-120 million barrels over the next 25 years.

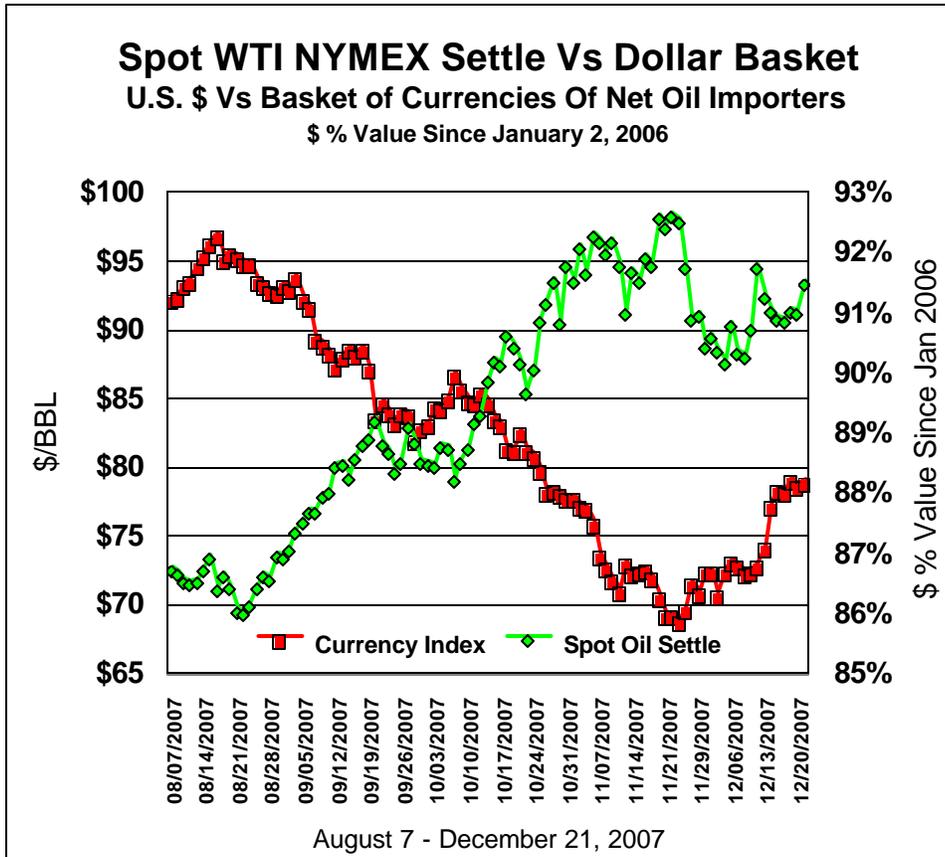
An Exxon Mobil led group developing Russia's Sakhalin-1 oil block is likely to reduce production to about 200,000 bpd next year from the peak of 250,000 bpd in 2007.

Kazakhstan's State Statistics Agency reported that the country's crude oil and gas condensate production totaled 61.658 million tons in January-November 2007, up 4.2% on the year. It reported that its oil production increased by 2.1% on the year to 50.669 million tons in the January-November period while its crude production in November increased by 2% on the year to 4.669 million tons.

Kazakhstan and an Eni-led consortium of oil majors have extended indefinitely their talks over the Kashagan oilfield after failing to strike a deal by the latest deadline. Kazakhstan has been seeking a larger stake in the Kashagan oilfield or cash compensation for cost overruns and delays in starting

output. Kazakhstan and the consortium aimed to reach a deal by December 20 after extending the talks beyond earlier deadlines.

Norway's DNO said its share of production from the Tawke oilfield, an oilfield in northern Iraq, increased to 5,882 bpd from 2,632 bpd in October. It raised its estimate of recoverable oil at the field by more than double earlier estimates to 230 million barrels of oil.



The China Petroleum and Chemical Industry Association said China may experience a fuel storage in 2008 if it maintains a tight lid on domestic oil prices, which would likely keep the country's diesel imports high.

China's Ministry of Finance said the country would continue to levy a tax on exports of coal, crude oil and ores for 2008 at tentative rates set earlier to curb exports of the products.

Russia's Gazprom said it would try its best to being its first exports of liquefied natural gas from Sakhalin-2 to contracted customers by the end of 2008.

Ecuador's central bank reported that the country's average oil production fell by 1% to 513,903 bpd in October from 519,194 bpd in October 2006. Petroecuador's oil output averaged 262,774 bpd in October while private companies' oil production was 251,129 bpd.

OPEC's news agency reported that OPEC's basket of crudes increased to \$87.38/barrel on Thursday, up from Wednesday'

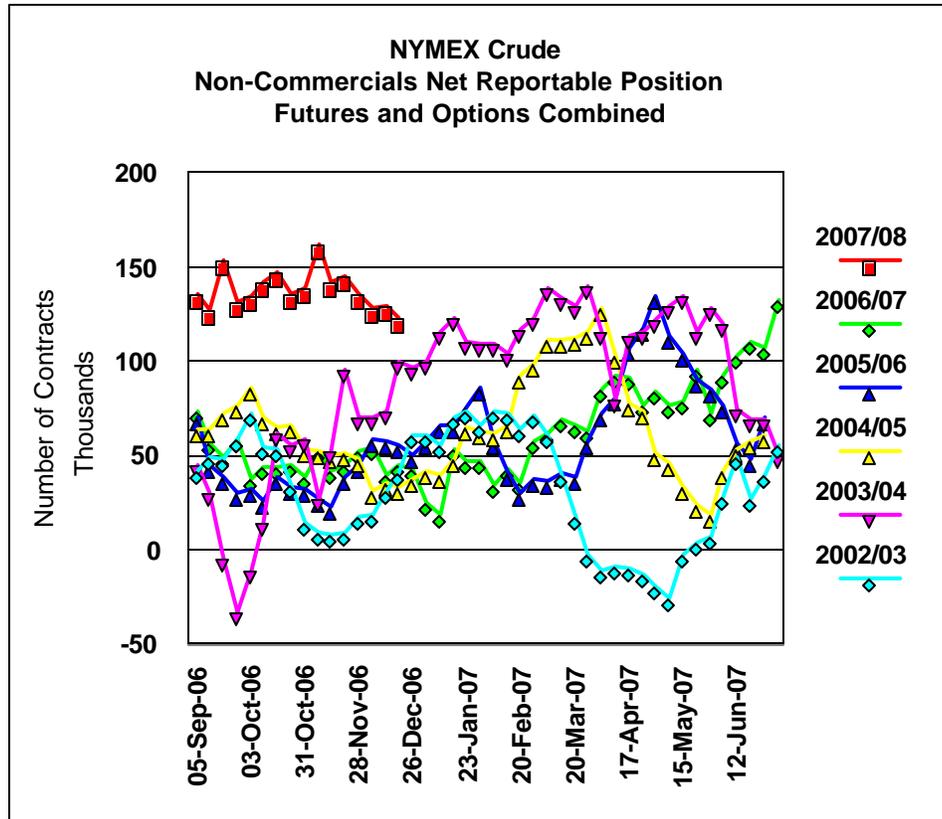
		Explanation	
CL	Resistance	94.85, 95.72, 96.32, 98.12, 99.29	Friday's high
	Support	93.84	Friday's low
HO	Resistance	90.38, 88.15, 87.50, 86.63, 85.55, 83.00, 76.19	Previous highs
	Support	264.77, 266.46, 266.86, 268.61, 270.57, 273.85	Friday's high
RB	Resistance	260.58, 259.55, 258.21	Friday's low
	Support	253.91, 253.32, 253.04, 250.32, 247.50, 246.24	Previous low, 62%(244.50 and 266.86), Previous lows
CL	Resistance	241.79, 241.98, 243.29, 248.40	Previous highs
	Support	240.75	Friday's high
HO	Resistance	237.65, 235.50, 233.10	Friday's low
	Support	231.05, 229.93, 228.90, 227.62, 226.90	Previous lows, 62%(218.75 and 241.98), Previous low

s \$87.38/barrel.

Market Commentary

Gaining momentum off of the government's release concerning consumer spending, which indicated a 1.1 growth, crude oil prices rose by more than \$2.00. Once again, fears of a slowing economy putting a damper on demand were put to the side, enabling the bulls to take the February contract to within .16 cents of \$94.00. As mentioned in yesterday's wire, a break above \$91.86 could take prices to \$93.35. This objective was met, which could now lead us to 95.72. The front end of the forward curve has pulled slightly away from the balance for the first time in a week, with the February/March spread settling .23 cents higher. We do not expect this spread to gain much strength beyond the .34 cents

level and therefore would consider selling the February contract and buying the March. Next week should be a quiet one with light volume and tight ranges. Total open interest in crude oil is 1,333,296 up 3,179, FEB.08 331,799, down 6,724, March 154,724, up 3,586. The product markets also rallied higher during today's session in follow through strength seen in the crude market. The heating oil market posted a low of 258.21 early in the morning and quickly bounced off that level. The market extended its gains to 5.44 cents as it rallied to a high of 264.39 in afternoon trading. The heating oil market however retraced



62% of its earlier move ahead of the close and settled up 1.96 cents at 260.91. Similarly, the RBOB market bounced off its low of 233.10 and rallied over 7.9 cents as it posted a high of 240.75. The market later retraced some of its gains later in the session and settled up 5.19 cents at 237.95. The product markets are seen holding their support during next week's light trading. The heating oil market is seen holding support at 260.58, 259.55, 258.21 followed by 257.20. More distant support is seen at 253.91, 253.32, 253.04, 250.32, 247.50 and 246.24. Meanwhile resistance is seen at 264.39, 264.77, 266.46, 266.86, 268.61, 270.57 and 273.85. The RBOB is seen finding support at 237.65, 235.50, 233.51 and 233.10. More distant support is seen at 231.05, 229.93, 228.90 and 227.62 and 226.90.

The Commitment of Traders report showed that non-commercials in the crude market cut their net long positions by 11,931 contracts to 34,983 contracts in the week ending December 18. The funds increased their total short positions by 10,841 contracts to 178,120 contracts on the week. The combined futures and options report showed that non-commercials cut their net long position by 6,860 contracts to 119,164 contracts on the week. Meanwhile, the non-commercials in the heating oil market

increased their net long position by 3,622 contracts to 23,048 contracts while non-commercials in the RBOB market increased their net long position by 4,949 contracts to 43,010 contracts on the week.