



ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR NOVEMBER 17, 2006

Refinery News

Alyeska Pipeline Services was forced to halt loading of Alaska North Slope for the second time due to bad weather conditions at the port of Valdez. High inventories in the storage tanks at the port have forced the Trans Alaska Pipeline to ask North Slope crude producers to temporarily reduce the amount of crude they ship on the line.

According to a report filed with the Texas Commission for Environmental Quality, Total began restarting units at its 240,000 bpd refinery in Port Arthur, Texas. It said it was

working to restore destabilized units to normal operations and was looking into the shutdown of the units and the wet gas compressor.

In a filing with the Texas Commission on Environmental Quality, Citgo said a boiler at its 165,000 bpd Corpus Christi, Texas refinery was inadvertently shutdown and its No. 1 fluid catalytic cracking unit was taken to a minimum charge. Trade sources stated that the fluid catalytic cracking unit was shutdown with estimates for its return to service in about three weeks. Separately, Citgo Petroleum said it shut a fluid catalytic cracking unit at its 425,000 bpd refinery in Lake Charles, Louisiana last Thursday for 10 days of maintenance. It also stated that it was planning to shut several major processing units at its 167,000 bpd Lemont, Illinois refinery for 40 days of maintenance starting in the

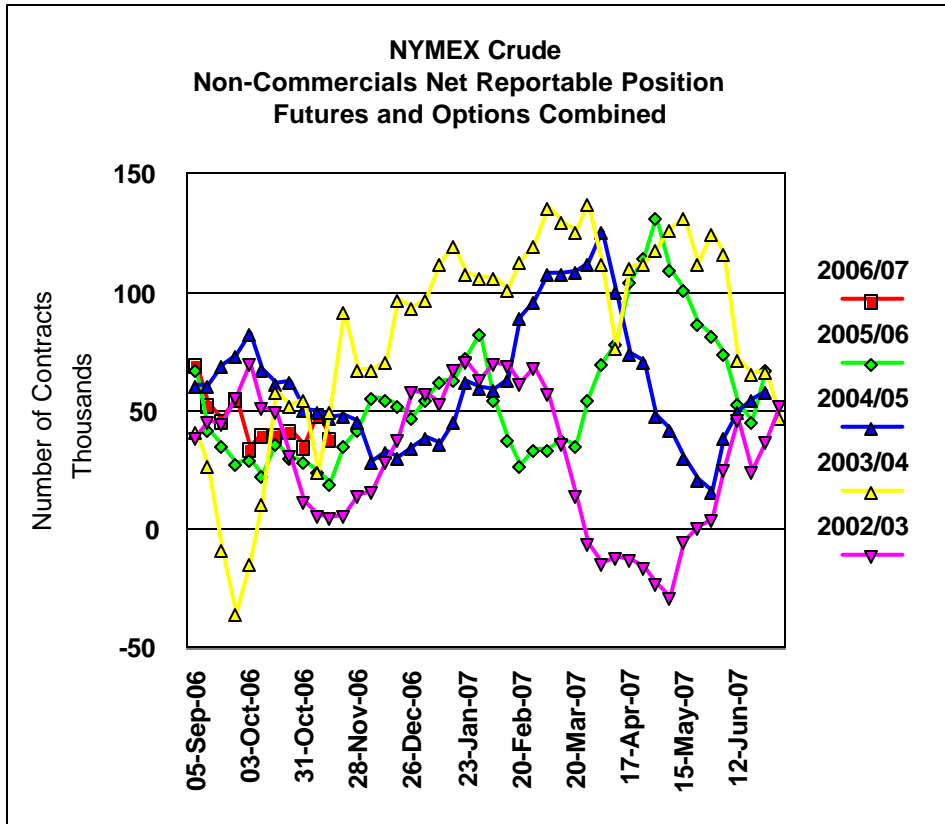
Market Watch

According to a Reuters survey, analysts lowered their oil price forecasts to below \$64/barrel in 2007 to reflect lower oil prices, in part prompted by high world oil stocks. Analysts forecast US crude prices would average \$67.27/barrel in 2006 while prices in 2007 are forecast to fall to \$63.80/barrel.

Analysts stated that the fall in oil prices to their lowest levels seen in nearly two years has not ended a sustained bull run however it could prompt OPEC into further defensive action. An analyst stated that support would also come from a return of political risk.

Goldman Sachs said its commodities index would increase to about \$110 billion by January.

Traders stated that some cargo surcharges have been removed for shipping on the Rhine River in central Germany after rain raised water levels in recent days. Surcharges at key points of Cologne and Duisburg were removed after water levels increased. However water levels at the critical point of Kaub near Koblenz remained below the minimum that vessels needed to sail fully loaded and surcharges remain in force.



second week of December. Its fluid catalytic cracker would be among the units shut for work in December.

Meanwhile, a Citgo spokesman said a lawsuit accusing Citgo Petroleum of price fixing has no merit. The federal suit, filed in Texas earlier this week by companies who purchase oil products from Citgo, alleged that the company conspired with OPEC to implement anti-competitive supply contracts in the US and manipulate the price of oil to anti-competitive levels. It also alleged that Citgo provided OPEC with technical services and with information that assisted OPEC in its effort to fix the price of oil.

BP evacuated about 800 nonessential workers at its Texas City, Texas refinery late Thursday after a pinhole leak was discovered in a hydrogen sulfide pipeline. It said there was no disruption to operations.

Taiwan's Chinese Petroleum Corp is expected to shut down its 230,000 ton per year No. 3 naphtha cracker for 20 days from early January to fix a mechanical problem.

Sinopec Corp has added a new crude unit at its Beijing plant and was nearing completion of three secondary facilities to process lower cost crude and produce cleaner fuels. Its Yanshan refinery recently built a 160,000 bpd crude distillation unit, doubling its primary crude refining capacity. A 1.4 million ton per year delayed coking unit and a 2 million tpy hydrocracker are expected to be completed by the end of the year. It is also expected to complete a 1.2 million tpy desulfurization unit.

Iraq's Oil Minister, Hussain al-Shahristani said Iraq's government was working on an alternative oil pipeline project with Turkey as the Kirkuk-Yumurtalik pipeline has been rendered unusable due to sabotage attacks. The Turkish section of the pipeline would remain the same while the changes would only affect the Iraqi side.

Stocks of gas oil in independent storage tanks in the Amsterdam-Rotterdam-Antwerp area rebounded in the week ending November 17 after a month of pre-winter buying from the German market. Gas oil stocks increased by 55,000 tons to 1.795 million tons despite continuing heavy barge flows up the Rhine. However stocks were still 460,000 tons below the 2.255 million tons reported last year. Gasoline stocks in ARA storage tanks increased by 82,000 tons on the week and by 43,000 tons on the year to 738,000 tons. Fuel oil stocks increased by 31,000 tons to 635,000 tons while naphtha

stocks fell by 52,000 tons to 63,000 tons and jet fuel stocks increased by 53,000 tons to 400,000 tons on the week.

NYMEX Petroleum Options Most Active Strikes for November 17, 2006								
Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
GO	12	6	P	1.45	11/27/2006	0.0072	39	36.15
GO	12	6	C	1.52	11/27/2006	0.0476	25	35.84
GO	12	6	P	1.5	11/27/2006	0.0191	13	35.84
GO	12	6	C	1.6	11/27/2006	0.0155	11	36.61
LO	3	7	C	75	02/14/2007	0.29	5,582	27.17
LO	4	7	C	65	03/15/2007	2.78	2,850	27.14
LO	1	7	C	60	12/14/2006	1.36	2,680	28.47
LO	4	7	C	63	03/15/2007	3.61	2,600	27.31
LO	3	7	C	62	02/14/2007	3.16	2,372	27.68
LO	1	7	P	55	12/14/2006	0.5	2,294	29.91
LO	6	7	C	63.5	05/17/2007	4.96	2,280	27.31
LO	6	7	P	63.5	05/17/2007	4.43	2,280	27.25
LO	2	7	C	65	01/17/2007	1.15	2,228	27.95
LO	2	7	C	62	01/17/2007	2.09	2,120	27.91
LO	1	7	C	59	12/14/2006	1.78	2,110	28.22
LO	12	7	C	85	11/13/2007	1.41	2,001	24.48
LO	12	7	C	75	11/13/2007	3.25	2,000	24.63
LO	9	7	P	60	08/16/2007	3.37	2,000	27.64
LO	9	7	P	50	08/16/2007	1.1	2,000	30.41
LO	2	7	P	55	01/17/2007	0.83	1,936	29.49
LO	1	7	P	54	12/14/2006	0.35	1,833	30.67
LO	3	7	C	65	02/14/2007	1.98	1,601	27.42
LO	1	7	P	58	12/14/2006	1.36	1,592	28.56
LO	1	7	C	62	12/14/2006	0.73	1,585	28.54
LO	1	7	P	52	12/14/2006	0.16	1,484	32.06
LO	1	7	P	56	12/14/2006	0.71	1,323	29.32
LO	4	7	P	60	03/15/2007	2.61	1,300	27.72
LO	2	7	P	60	01/17/2007	2.46	1,263	28.04
LO	4	7	P	61	03/15/2007	3.02	1,200	27.56
LO	1	7	C	65	12/14/2006	0.24	1,178	28.56
LO	1	7	P	59	12/14/2006	1.81	1,164	28.22
LO	2	7	C	70	01/17/2007	0.38	1,151	28.48
LO	2	7	C	63	01/17/2007	1.73	1,122	27.95
LO	3	7	P	57	02/14/2007	1.47	1,100	28.57
LO	1	7	C	64	12/14/2006	0.35	1,064	28.40
OB	4	7	P	1.84	03/27/2007	0.1666	230	33.16
OB	1	7	C	1.64	12/26/2006	0.0403	160	33.38
OB	12	6	P	1.45	11/27/2006	0.0058	150	35.68
OB	7	7	C	1.84	06/26/2007	0.1675	115	29.80
OB	7	7	P	1.84	06/26/2007	0.157	115	29.76
OB	1	7	P	1.44	12/26/2006	0.0191	95	32.99
OB	1	7	P	1.45	12/26/2006	0.0214	50	32.99
OH	1	7	C	1.9	12/26/2006	0.0208	205	34.84
OH	1	7	P	1.5	12/26/2006	0.0095	200	33.91
OH	1	7	P	1.6	12/26/2006	0.0281	125	33.45
OH	1	7	C	1.8	12/26/2006	0.0425	100	33.80

ConocoPhillips said it may expand its Russian operations beyond its alliance with Russia's Lukoil. It said it was interested in seeking partnerships with other Russian companies.

Production News

Statoil ASA's head of Venezuelan operations said Venezuela's government was serious about cutting its domestic oil production to comply with OPEC's decision to cut production by a total of 1.2 million bpd. Statoil has a stake in the Sincor project in the Orinoco heavy oil belt. He said Sincor has not been affected by the cut in output, however the joint venture has been notified of impending cutbacks and is awaiting instructions in December as to what the cuts would be.

KazMunaiGas E&P said it increased its oil production by 2.2% on the year to 7.965 million tons in the first 10 months of 2006. It exported 5.585 million tons or 139,000 bpd in the period, up 2.4% on the year.

Iranian political and industry sources stated that Iran was expected

to offer up to 24 oil exploration projects to foreign companies early in 2007 in a bid to quickly pump extra barrels as it remained nervous of losing market share to fellow OPEC members.

Brazil's Petrobras stated that its domestic oil production increased by 2% on the month in October to an average of 1.82 million bpd. Meanwhile, it pumped about 137,700 bpd of oil abroad in October, down 1.3% on the month. In total, Petrobras produced more than 2.34 million bpd of oil and natural gas in crude equivalent in Brazil and abroad in October.

OPEC's news agency reported that OPEC's basket of crudes increased by 14 cents to \$55.47/barrel on Thursday.

Market Commentary

The December crude contract remained pressured and gapped lower from 56.15 to 55.35 as traders continued to liquidate their positions ahead of its expiration at the close. This followed Thursday's sharp sell off amid the record amount of open interest still left ahead of its expiration. The crude market partially backfilled its gap as it traded above the 56.00 level early in the session. However the market extended its losses to \$1.18 as it posted a low of 55.08, a level not seen since June 2005. A fund was rumored to have been unwinding its positions, adding to the pressure on the market. The market later bounced off that level and retraced some of its losses as it posted a high of 55.35 ahead of its

expiration. The December crude contract went off the board down 45 cents at 55.81. The January crude contract settled up 40 cents at

		Levels	Explanation
CL	Resistance	60.10, 61.40	Previous high
	58.97, up 40 cents	59.00	Friday's high
	Support	58.15	Friday's low
		56.15, 55.08	Previous lows
HO	Resistance	173.25, 173.50	Thursday's high, Previous high
	166.89, up 84 points	167.80	Friday's high
	Support	164.50	Friday's low
		162.40	Previous low
RB	Resistance	162.70	Thursday's high
	154.93, up 82 points	155.25	Friday's high
	Support	154.00, 150.00	Friday's low
		149.50, 145.50	Previous low, Double bottom

58.97 after it retraced its earlier losses. The contract gapped lower from 58.50 to 58.43, which it quickly backfilled as it traded to 58.90. However the market once again sold off and posted a low of 58.15 amid the selling seen in the December contract. It later bounced off that level and rallied to a high of 59.00, where it held resistance ahead of the close. Volume in the crude market was light with 127,000 lots booked on the day, while volume on Globex was also light with about 100,000 lots booked during the open outcry session. The heating oil market gapped slightly lower from 165.80 to 165.75 and traded to a low of 164.50 amid the weakness in the oil market. However it bounced off that level and rallied to a high of 167.80 ahead of the close. It settled up 84 points at 166.89. The RBOB market traded to 154.50 early in the session before it extended its losses to over 4 cents as it posted a low of 150.00. The market later bounced off its low and rallied to a high of 155.25 on the close and settled up 82 points at 154.93. Volumes in the product markets were light with 22,500 lots booked in the heating oil market and 16,500 lots booked in the RBOB market.

The latest Commitment of Traders report showed that non-commercials in the crude market switched from a net short position of 4,794 contracts to a net long position of 17,353 contracts in the week ending November 14th. This was amid the market's sideways trading as it continued to hold its support level. The combined futures and options report showed that non-commercials cut their net long

positions by 10,407 contracts to 38,298 contracts on the week. The non-commercials in the heating oil market however increased their net short positions by 378 contracts to 5,541 contracts while non-commercials in the gasoline market increased their net long positions by 4,099 contracts to 7,199 contracts on the week.

The oil market, which was pressured ahead of the December contract's expiration the past few trading sessions, is seen retracing its recent losses early next week as the January contract takes over as the spot contract. The market is seen holding its support levels as the market continues to await for further development on the Iranian front. The market is seen finding support at its low of 58.15 followed by more distant support at 56.15 and 55.08. Meanwhile resistance is seen at 59.00 followed by 60.10 and 61.40. The market is seen holding its support levels as