

Energy Situation Analysis Report

Last Updated: May 8, 2003

Next Update: May 13, 2003

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Latest Oil Price Information

- As of 8:45 am Thursday, the near-month WTI futures contract was at \$26.06 per barrel in overnight ACCESS trading, down \$0.17 per barrel from yesterday's closing price.
- The near-month (June) West Texas Intermediate (WTI) crude oil futures contract on NYMEX rose \$0.51 per barrel to settle at \$26.23 per barrel on Wednesday, May 7. EIA reported Wednesday morning that U.S. crude inventories fell by 800,000 barrels for the week ending May 2, while gasoline stocks rose by 2.2 million barrels. Many traders were reportedly expecting crude oil stock increases.

[Latest Oil Price Table](#)

Iraq Oil Developments

- The newly appointed head of Iraq's oil sector, Thamir Ghadban, said on May 6 that "Our target is to go up to 1.5 million barrels a day within weeks." Ghadban also said that [Iraq's](#) current production, which he pegs at 200,000 barrels per day, is being processed by three refineries -- Baiji, Basra, and Daura -- with pre-war capacity of 500,000 barrels per day.
- The U.S. Central Command said in late April that Iraq's southern oilfields could be pumping at 800,000 barrels per day within 3-6 weeks, while northern oilfields could be at 800,000 barrels per day within a matter of weeks.
- The current phase of the U.N. "oil-for-food" program is set to expire on June 3. The United States reportedly will introduce a U.N. Security Council resolution within days aimed at lifting sanctions on Iraq immediately and phasing out the "oil-for-food" program over several months.

World Oil Market Issues

- Production in [Nigeria](#) remains constrained due to ethnic unrest in the Niger Delta. The volume of production currently disrupted is estimated at around 160,000 barrels per day, with production at 2.04 million barrels per day (MMBD) compared to 2.20 MMBD in February 2003.
- Despite recent increases, ChevronTexaco and Shell have not reached pre-shutdown production levels at the Escravos and Forcados fields. ChevronTexaco has said it would not increase production at Escravos to the pre-shutdown level of 440,000 barrels per day until it is sure that the region is safe.
- TotalFinaElf has shut down around 7,500 barrels per day of its Nigeria production, and has stated that it will only return when Nigeria's security situation has stabilized.
- ExxonMobil reportedly declared force majeure yesterday (5/7) on exports of Oso condensate and natural gas liquids following a fire last week at its Oso offshore platform. The shut-in will affect 95,000 bbl/d of condensate and 45,000 bbl/d of natural gas liquids. The company gave no indication of how long production would be disrupted. Note: This does not change the Nigeria crude oil production estimate shown on the attached table.
- [Venezuelan](#) production is widely believed -- by striking workers and independent analysts -- to be around 2.6 MMBD. State oil company PdVSA, on the other hand, estimates current production at over 3 MMBD, close to pre-strike output levels.
- OPEC plans to meet on June 11 in Doha, Qatar.

[Latest OPEC Production Table](#)

Latest U.S. Petroleum Information

- U.S. crude oil refinery inputs increased to 15.7 million barrels per day during the week ending May 2, up 297,000 barrels per day from the previous week, and the highest average since the week ending September 7, 2001. Crude oil imports have averaged 9.9 million barrels per day over the last four weeks, which is 743,000 barrels per day more than averaged over the same period last year. With a large amount of crude oil going into refineries last week, U.S. commercial crude oil inventories (excluding those in the [Strategic Petroleum Reserve](#)) decreased by 0.8 million barrels last week. Even with increases in gasoline and distillate fuel inventories for the week ending May 2, total commercial petroleum inventories are 117.7 million barrels less than last year at this time.
- The U.S. average retail price for regular gasoline fell last week for the seventh week in a row. Prices dropped by 4.4 cents per gallon as of May 5 to hit 151.3 cents per gallon, which is still 11.8 cents per gallon higher than a year ago. Over the past seven weeks, the average price for regular gasoline has declined by 21.5 cents per gallon. The recent reductions in gasoline prices are largely due to continuing decreases in crude oil prices.

[U.S. Petroleum Supply Table](#)

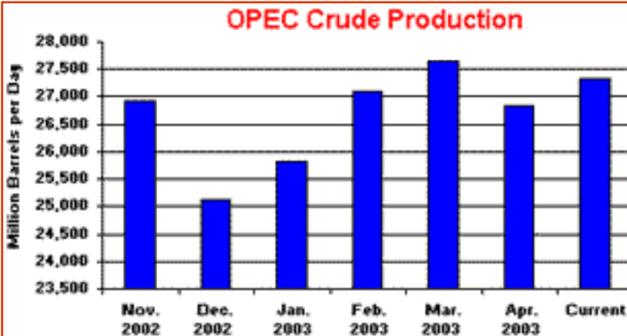
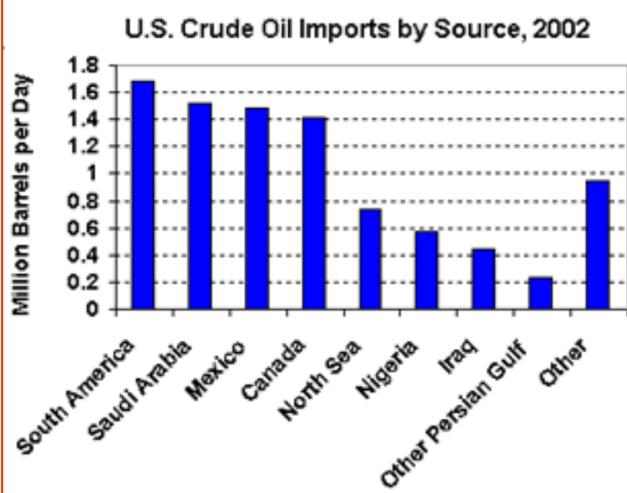
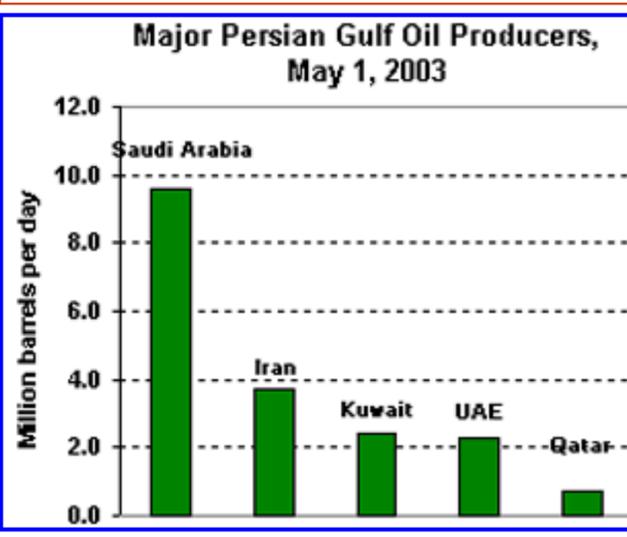
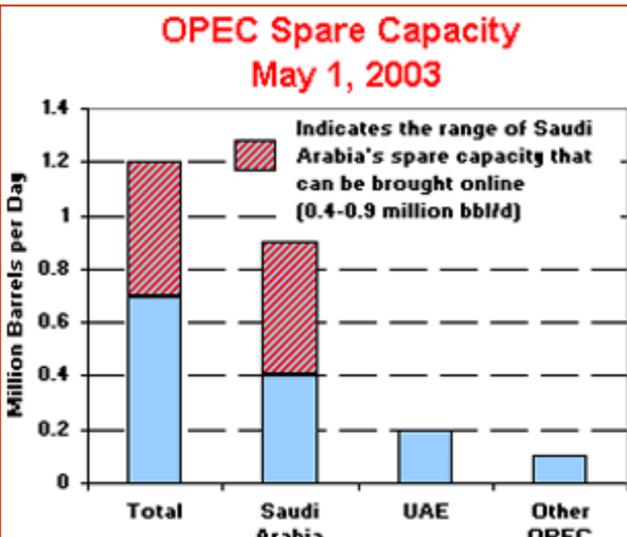
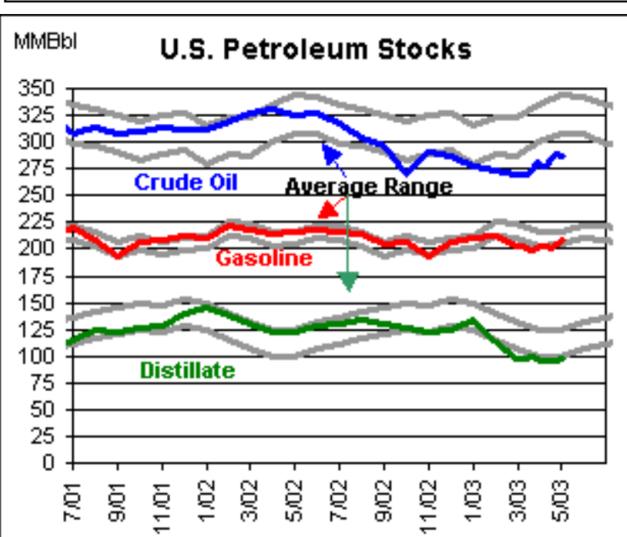
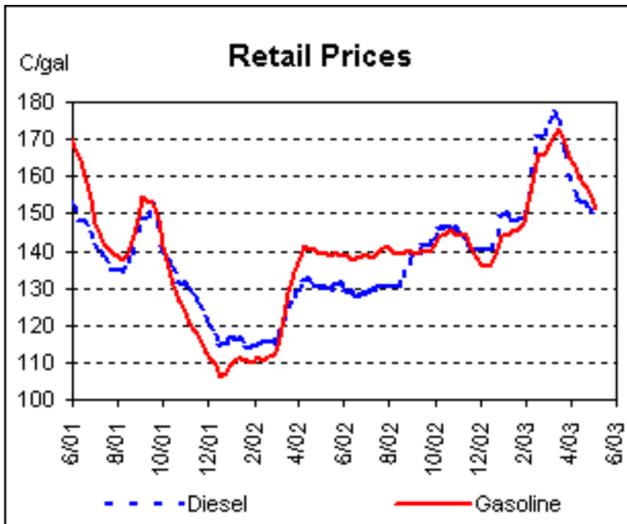
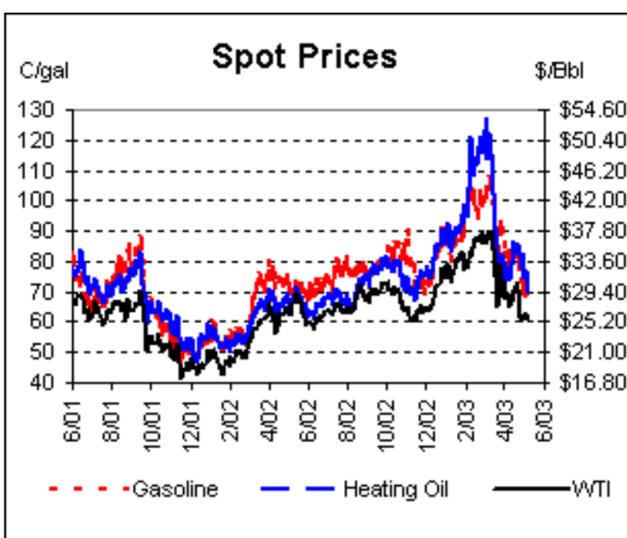
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Energy Prices*

NYMEX Futures	5/7/03	5/6/03	Change	3/12/03
WTI (\$/Bbl)	26.23	25.72	+0.51	37.83
Gasoline (C/gal)	77.96	76.85	+1.11	111.39
Heating Oil (C/gal)	68.93	67.78	+1.15	103.52
Natural Gas (\$/MMBtu)	5.66	5.57	+0.09	5.87

Spot Prices				
WTI (Cushing, OK)	26.24	25.65	+0.59	37.87
Gasoline (NYH)	70.58	69.13	+1.45	105.08
Heating Oil (NYH)	70.70	70.05	+0.65	115.45
Jet Fuel (NYH)	73.95	73.30	+0.65	112.45
Natural Gas (Henry Hub)	5.49	5.64	-0.15	5.80

*Definitions





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Date	WTI Crude Oil		Gasoline		Heating Oil		Kerojet	Propane		EIA Weekly Retail	
	Spot	Futures	Spot	Futures	Spot	Futures	Spot	Spot	US Average		
	Cushing		NYH		NYH		NYH	Mt. Belvieu	Conway	Gasoline	Diesel
	\$/bbl	\$/bbl	cents per gallon		cents per gallon		c/gal	cents per gallon		cents per gallon	
3/20/2003	\$28.62	\$28.61	85.85	90.99	88.00	82.44	87.50	57.88	53.50		
3/21/2003	\$27.18	\$26.91	80.10	85.25	78.75	75.56	79.75	55.25	53.69		
3/24/2003	\$29.51	\$28.66	84.58	89.79	80.45	78.37	82.70	56.63	54.75	169.0	166.2
3/25/2003	\$33.42	\$27.97	83.25	88.49	75.85	73.49	76.85	57.00	54.75		
3/26/2003	\$28.71	\$28.63	88.75	92.42	75.55	74.41	76.05	55.38	53.25		
3/27/2003	\$30.31	\$30.37	92.75	97.47	81.00	81.15	81.75	54.75	52.07		
3/28/2003	\$30.21	\$30.16	91.05	95.39	82.08	83.25	83.70	52.63	51.82		
3/31/2003	\$31.14	\$31.04	90.92	94.44	79.62	79.24	80.12	51.82	49.94	164.9	160.2
4/1/2003	\$29.48	\$29.78	86.24	91.42	75.78	74.09	76.65	50.38	49.63		
4/2/2003	\$28.55	\$28.56	81.90	86.39	73.90	71.86	74.15	48.50	48.50		
4/3/2003	\$29.05	\$28.97	81.83	87.16	75.30	73.17	75.55	48.38	48.38		
4/4/2003	\$28.41	\$28.62	81.35	87.03	74.90	72.60	75.40	47.88	48.00		
4/7/2003	\$27.76	\$27.96	78.05	84.25	74.43	71.64	75.80	47.25	47.38	163.0	155.4
4/8/2003	\$27.97	\$28.00	78.80	83.84	75.43	71.80	76.80	48.01	47.38		
4/9/2003	\$28.93	\$28.85	83.50	87.57	77.50	74.29	79.25	48.94	49.25		
4/10/2003	\$27.20	\$27.46	78.54	83.46	74.30	71.61	74.80	48.94	49.75		
4/11/2003	\$28.28	\$28.14	80.53	85.04	79.10	72.45	79.10	49.50	50.13		
4/14/2003	\$28.41	\$28.63	79.53	84.91	81.18	74.75	80.56	50.50	51.38	159.5	153.9
4/15/2003	\$29.46	\$29.29	81.70	85.88	86.00	77.26	86.00	51.38	52.50		
4/16/2003	\$29.16	\$29.18	81.43	87.27	83.98	76.49	81.60	51.44	53.00		
4/17/2003	\$30.10	\$30.55	84.68	90.66	83.33	77.36	81.95	51.88	50.75		
4/18/2003	NA	NA	NA	NA	NA	NA	NA	NA	NA		
4/21/2003	\$30.76	\$30.87	83.96	90.98	84.79	80.08	84.29	53.25	52.50	157.4	152.9
4/22/2003	\$29.92	\$29.91	81.00	87.74	85.20	77.86	83.45	53.25	52.25		
4/23/2003	\$28.04	\$26.65	78.35	84.81	82.20	75.07	79.95	52.13	51.25		
4/24/2003	\$27.52	\$26.64	79.10	87.93	83.30	77.30	81.80	51.88	51.25		
4/25/2003	\$25.92	\$26.26	78.38	88.36	82.05	76.60	80.80	52.25	51.75		
4/28/2003	\$25.25	\$25.49	74.00	84.24	78.20	73.14	76.45	51.25	50.25	155.7	150.8
4/29/2003	\$25.32	\$25.24	73.07	82.94	79.20	73.04	77.45	49.75	48.82		
4/30/2003	\$26.09	\$25.80	72.78	84.28	81.64	76.14	79.89	51.75	50.75		
5/1/2003	\$26.05	\$26.03	70.24	79.02	75.80	69.10	77.30	48.63	51.57		
5/2/2003	\$25.74	\$25.67	68.50	76.78	74.20	67.92	75.70	48.50	50.50		
5/5/2003	\$26.43	\$26.49	70.98	79.20	76.25	70.51	77.25	50.25	51.38	151.3	148.4
5/6/2003	\$25.65	\$25.72	69.13	76.85	70.05	67.78	73.30	50.25	51.82		
5/7/2003	\$26.24	\$26.23	70.58	77.96	70.70	68.93	73.95	51.75	53.63		

Source: Spot and futures closing quotes as reported by Reuters News Service, retail prices reported by EIA

World Oil Production (Thousand barrels per day)

	Year Ago Production	November 2002 Production	Last Month Production	Current Production May
Algeria	830	938	1,200	1,200
Indonesia	1,120	1,100	1,030	1,030
Iran	3,360	3,500	3,750	3,750
Kuwait	1,880	1,940	2,400	2,400
Libya	1,310	1,350	1,430	1,430
Nigeria	1,920	2,000	1,800	2,040
Qatar	640	695	750	750
Saudi Arabia	7,450	8,100	9,600	9,600
UAE	1,960	2,000	2,300	2,300
Venezuela	2,680	2,922	2,500	2,600
OPEC 10 Crude Oil	23,150	24,545	26,760	27,100
Iraq	1,860	2,390	50	200
OPEC Crude Oil	25,010	26,935	26,810	27,300
Rest of World*	50,927	51,547	52,027	52,027
Total World	75,937	78,482	78,837	79,327

***Rest of World includes the production of crude oil in non-OPEC countries, natural gas liquids, and other liquids.**

U.S. Petroleum Supply

(Thousand Barrels per Day)	Four Weeks Ending		vs. Year Ago	
	5/2/2003	5/2/2002	Diff.	% Diff.
Refinery Activity				
Crude Oil Input	15,478	15,331	147	1.0%
Operable Capacity	16,800	16,787	13	0.1%
Operable Capacity Utilization (%)	93.1%	92.8%	0.3%	
Production				
Motor Gasoline	8,297	8,611	-314	-3.6%
Jet Fuel	1,431	1,492	-61	-4.1%
Distillate Fuel Oil	3,769	3,639	130	3.6%
Imports				
Crude Oil (incl. SPR)	9,886	9,142	744	8.1%
Motor Gasoline	1,055	843	212	25.1%
Jet Fuel	104	135	-31	-22.9%
Distillate Fuel Oil	205	218	-13	-6.0%
Total	12,364	11,527	837	7.3%
Exports				
Crude Oil	10	8	2	25.6%
Products	960	883	77	8.8%
Total	970	891	79	8.9%
Products Supplied				
Motor Gasoline	8,642	8,755	-113	-1.3%
Jet Fuel	1,532	1,653	-121	-7.3%
Distillate Fuel Oil	3,798	3,796	2	0.1%
Total	19,814	19,428	386	2.0%
Stocks (Million Barrels)				
	5/2/2003	5/2/2002	vs. Year Ago	
			Diff.	% Diff.
Crude Oil (excl. SPR)	287.2	325.0	-37.8	-11.6%
Motor Gasoline	207.8	216.9	-9.1	-4.2%
Jet Fuel	35.8	40.4	-4.6	-11.4%
Distillate Fuel Oil	97.3	122.8	-25.5	-20.8%
Total (excl. SPR)	905.2	1,022.9	-117.7	-11.5%

Definitions

Petroleum

WTI – West Texas Intermediate (for the purposes of this table, prices provided are near month futures price) Cushing OK.

Bbl – Barrel (42 gallons).

C's – cents.

Natural Gas

Henry Hub – A pipeline hub on the Louisiana Gulf coast. It is the delivery point for the natural gas futures contract on the New York Mercantile Exchange (NYMEX).

Electricity

COB – average price of electricity traded at the California-Oregon and Nevada-Oregon border.

Palo Verde - average price of electricity traded at Palo Verde and West Wing Arizona.

Average - average price of electricity traded at all locations.