

## Energy Situation Analysis Report

**Last Updated: May 13, 2003**

**Next Update: May 15, 2003**

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### Latest Oil Price Information

- As of 8:45 am, Tuesday, the near-month WTI futures contract was at \$27.64 per barrel in overnight ACCESS trading, up \$0.29 per barrel from yesterday's closing price in reaction to a series of explosions that ripped through Western residential compounds in Riyadh, Saudi Arabia.
- The near-month futures price for West Texas intermediate (WTI) crude oil decreased by \$0.37 per barrel on May 12 following the International Energy Agency (IEA) release of its monthly oil market report showing a cut in demand forecasts for 2003, but a drop in global oil stocks.

[Latest Oil Price Table](#)

### Iraq Oil Developments

- In comments on Sunday (5/11), Thamir Ghadhban, the newly-appointed head of [Iraq's](#) oil sector, was more pessimistic about prospects for a quick recovery in oil production. After saying last week that crude oil production could reach 1.5 million barrels per day by the end of June, he now reportedly believes that it will take longer to reach that level of production. He said he was still confident that Iraq could reach its prewar production levels by the end of 2003.
- It was reported on Monday (5/12) that Iraq has been importing gasoline and propane gas from Kuwait, Turkey, and Jordan since last week.
- The current phase of the U.N. "oil-for-food" program is set to expire on June 3. On Friday (5/09), the U.S. delegation to the U.N. introduced a draft resolution to the Security Council concerning trade sanctions, Iraqi oil revenue, and the "oil-for-food" program. The Security Council is scheduled to begin debate on Wednesday (5/14).

### 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 200,000 barrels per day, with production at 2.0 million barrels per day (MMBD) compared to 2.20 MMBD in February 2003. This figure includes 30,000 bbl/d shut-in last Friday at Shell's Forcados field due to a pipeline ruptured by saboteurs. A Shell spokesman said on Monday (5/12) that the damage from Friday's incident should be repaired today (5/13).
- 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* last Wednesday (5/7) on exports of Oso condensate and natural gas liquids following a fire last week at its Oso offshore platform. The shut-in reportedly affects 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.
- On Monday (5/12) Saudi Arabia informed markets that its international oil shipments will be cut significantly in June in compliance with last month's OPEC decision.
- OPEC plans to meet on June 11 in Doha, Qatar. On Monday (5/12), Kuwait's acting oil minister said that he expects OPEC to make further cuts at the cartel's next meeting, while on Tuesday (5/13) Iran's oil minister stated that OPEC members had not yet decided about decreasing output. It was reported on Tuesday (5/13) that Russia will attend the meeting as an observer.

[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 eighth week in a row. Prices dropped by 2.2 cents per gallon as of May 12 to hit 149.1 cents per gallon, which is still 10.3 cents per gallon higher than a year ago. Over the last eight weeks, the average price for regular gasoline has declined by 23.7 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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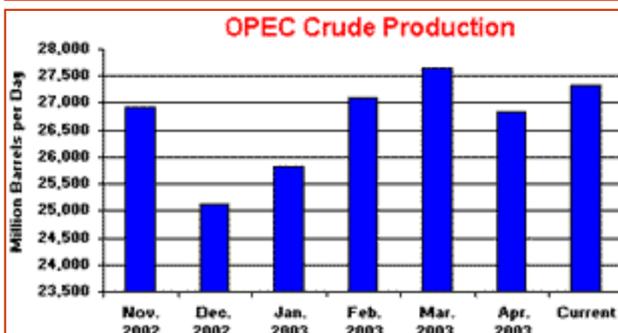
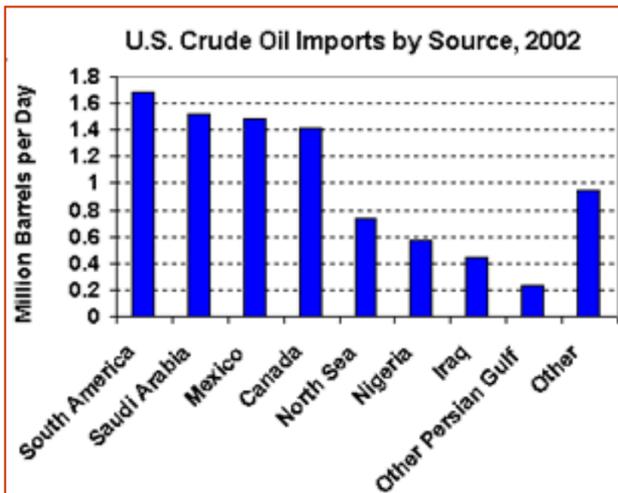
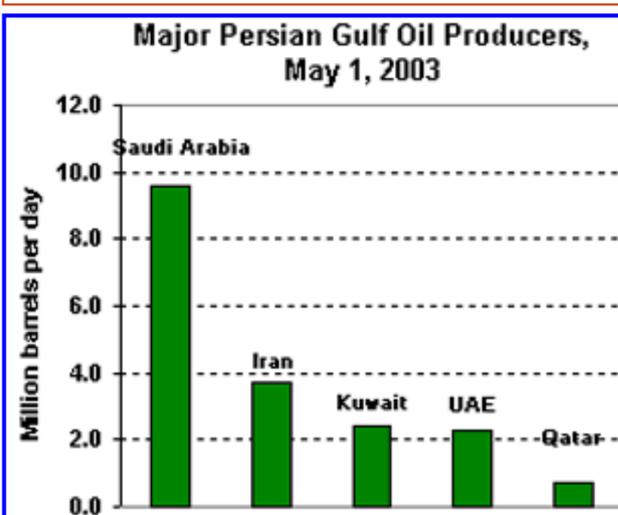
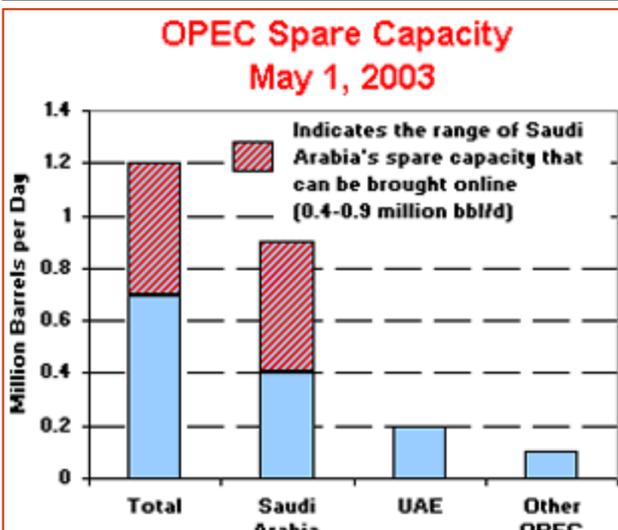
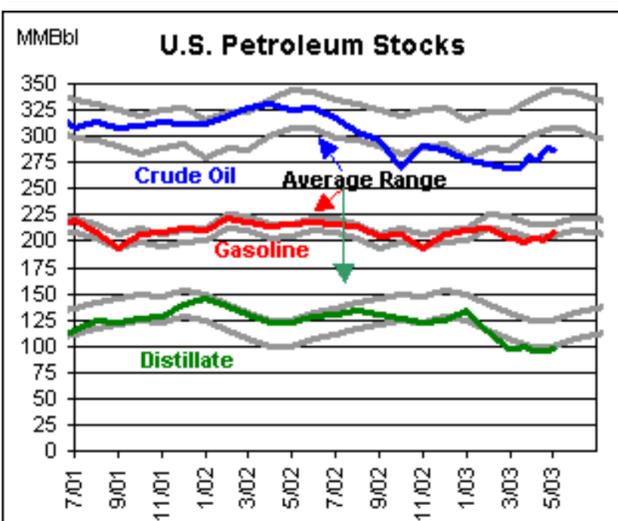
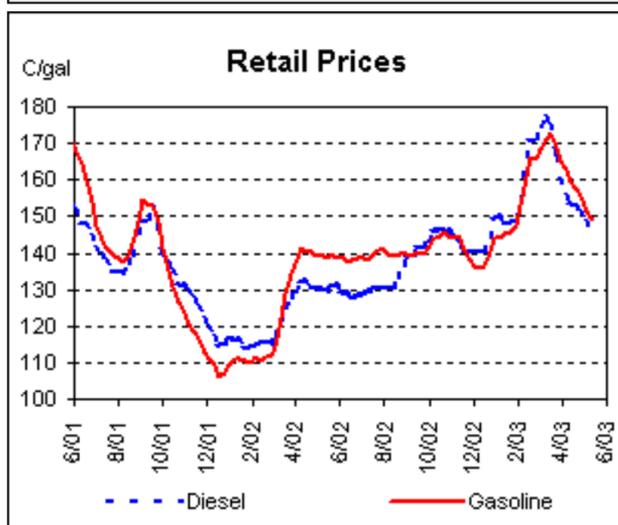
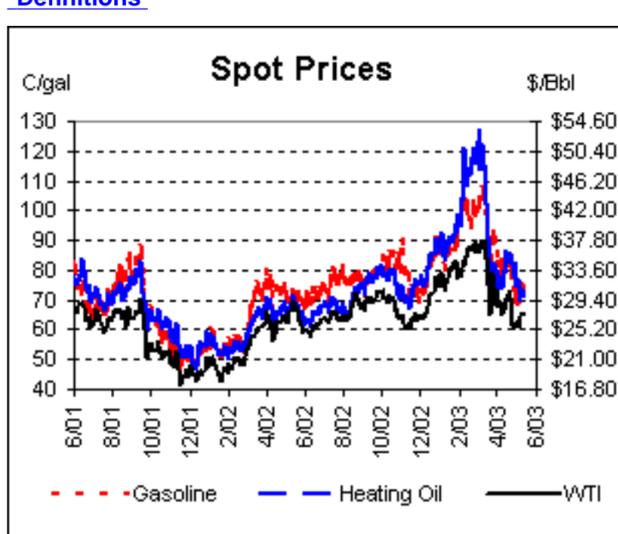
### Energy Prices\*

NYMEX Futures	5/12/03	5/9/03	Change	3/12/03
WTI (\$/Bbl)	27.35	27.72	-0.37	37.83
Gasoline (C/gal)	81.40	83.39	-1.99	111.39
Heating Oil (C/gal)	70.82	71.89	-1.07	103.52
Natural Gas (\$/MMBtu)	5.98	5.81	+0.18	5.87

Spot Prices				
WTI (Cushing, OK)	27.34	27.65	-0.31	37.87
Gasoline (NYH)	73.94	75.25	-1.31	105.08
Heating Oil (NYH)	71.25	73.20	-1.95	115.45
Jet Fuel (NYH)	74.25	74.95	-0.70	112.45
Natural Gas (Henry Hub)	5.91	5.73	+0.18	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	Coaway	Gasoline	Diesel
	\$/bbl	\$/bbl	cents per gallon		cents per gallon		c/gal	cents per gallon		cents per gallon	
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		
5/8/2003	\$26.94	\$26.98	73.29	80.84	71.92	70.97	74.89	53.25	54.57		
5/9/2003	\$27.65	\$27.72	75.25	83.39	73.20	71.89	74.95	54.25	55.75		
5/12/2003	\$27.34	\$27.35	73.94	81.40	71.25	70.82	74.25	55.13	56.25	149.1	144.4

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

**World Oil Production (Thousand barrels per day)**

	<b>Year Ago Production</b>	<b>November 2002 Production</b>	<b>Last Month Production</b>	<b>Current Production</b>
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	2,000
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
<b>OPEC 10 Crude Oil</b>	<b>23,150</b>	<b>24,545</b>	<b>26,760</b>	<b>27,060</b>
Iraq	1,860	2,390	50	250
<b>OPEC Crude Oil</b>	<b>25,010</b>	<b>26,935</b>	<b>26,810</b>	<b>27,310</b>
<b>Rest of World*</b>	<b>50,967</b>	<b>51,587</b>	<b>51,896</b>	<b>51,896</b>
<b>Total World</b>	<b>75,977</b>	<b>78,522</b>	<b>78,706</b>	<b>79,206</b>

**\*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.
<b>Refinery Activity</b>				
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%	
<b>Production</b>				
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%
<b>Imports</b>				
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%
<b>Total</b>	<b>12,364</b>	<b>11,527</b>	<b>837</b>	<b>7.3%</b>
<b>Exports</b>				
Crude Oil	10	8	2	25.6%
Products	960	883	77	8.8%
<b>Total</b>	<b>970</b>	<b>891</b>	<b>79</b>	<b>8.9%</b>
<b>Products Supplied</b>				
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%
<b>Total</b>	<b>19,814</b>	<b>19,428</b>	<b>386</b>	<b>2.0%</b>
<b>Stocks (Million Barrels)</b>				
	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%
<b>Total (excl. SPR)</b>	<b>905.2</b>	<b>1,022.9</b>	<b>-117.7</b>	<b>-11.5%</b>

## 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.