

Energy Situation Analysis Report

Last Updated: May 22, 2003

Next Update: May 27, 2003

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Latest Oil Price Information

- As of 8:45 am, Thursday, the near-month WTI futures contract was at \$28.69 per barrel in overnight ACCESS trading, down \$0.34 per barrel from yesterday's closing price.
- The near-month futures price for West Texas intermediate (WTI) crude oil decreased by \$0.25 per barrel, to \$29.03 per barrel, on May 21, as it moved from the expired June contract to the July contract. Comparing the close of the July contract on May 21 to the close of the July contract on May 20, showed an increase of \$0.62 per barrel.

[Latest Oil Price Table](#)

Iraq Oil Developments

- Iraq is producing approximately 310,000 barrels per day, according to statements made by Thamir Ghadhban, the newly-appointed head of Iraq's oil sector.
- The senior U.S. advisor to the Iraqi oil ministry, Philip Carroll, said on Monday (5/19) that Iraqi oil production could recover to 2.0-2.5 million barrels per day by the beginning of September.
- The US-led civil administration in Baghdad announced the creation on Thursday (5/22) of the Development Fund for Iraq, designed to take the place of the United Nations in managing Iraq's oil revenues, as well as manage frozen Iraqi financial assets held abroad. The Development Fund will be advised by a board including representatives from the International Monetary Fund, the World Bank, the UN, and the Arab Fund for Social and Economic Development.
- Iraq's State Oil Marketing Organization, or SOMO, will have a new director for foreign oil sales, Mohammed al-Jibury, replacing Ali Hassan. Other elected officials include Mobdir al-Khudhair and Kadim Razouki, both of whom will head the crude oil marketing department. Hashim al-Wardi will be director of marketing refined products. SOMO announced that it plans to sell most of its oil to refiners through long-term contracts rather than to traders on a spot basis in a bid to secure a steady source of income.
- The Basra refinery is set to reach full capacity of 140,000 bbl/d by May 27, according to British engineers. However, resumption of operation of the refinery is contingent upon whether a pipeline from Baghdad to Basra is brought into operation on May 25.

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 2.2 MMBD in February 2003.
- [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, and expects to cut its oil output in June to comply with its new OPEC quota of 2.9 MMBD, according to PdVSA president Ali Rodriguez.
- OPEC plans to hold a meeting of oil ministers on June 11 in Doha, Qatar.

[Latest OPEC Production Table](#)

Latest U.S. Petroleum Information

- U.S. crude oil imports averaged nearly 10.1 million barrels per day for the week ending May 16, up 739,000 barrels per day from the previous week. Although the origins of weekly crude oil imports are preliminary and thus not published, it appears that only one small shipment of Iraqi oil arrived last week. However, crude oil imports from Saudi Arabia appear to have averaged more than even the high amounts seen in recent weeks, possibly reflecting high production levels in April. Meanwhile, U.S. crude oil refinery inputs averaged 15.7 million barrels per day, down 44,000 barrels per day from the previous week. With crude oil imports exceeding 10 million barrels per day, and refinery inputs declining slightly, U.S. commercial crude oil inventories (excluding those in the [Strategic Petroleum Reserve](#)) increased by 0.6 million barrels, but are 40.5 million barrels less than last year at this time. Even with a record level of gasoline imports last week, motor gasoline inventories declined by 0.2 million barrels, but remained above the low end of the normal range. Distillate fuel inventories increased by 2.8 million barrels, with most of the increase seen in low-sulfur (diesel fuel) distillate fuel. As of May 16, total commercial petroleum inventories are 118.8 million barrels less than last year.
- The U.S. average retail price for regular gasoline rose last week after eight weeks of falling prices. Prices increased by 0.7 cent per gallon as of May 19 to hit 149.8 cents per gallon, which is still 9.4 cents per gallon higher than a year ago. Over the previous eight weeks, the average price for regular gasoline declined by 23.7 cents per gallon. This price increase may be related to the fact that U.S. gasoline stocks remain below average as Memorial Day, the traditional start of the summer driving season, approaches.

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

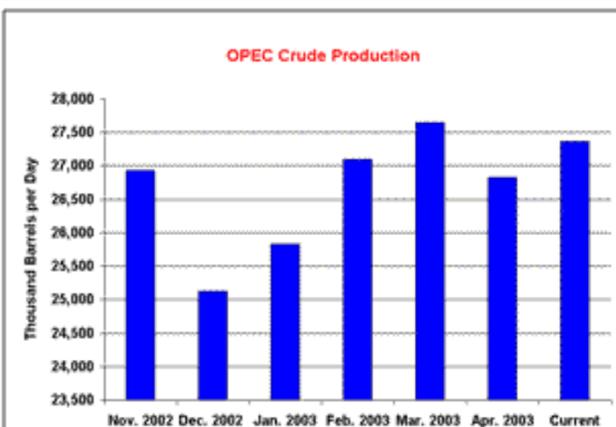
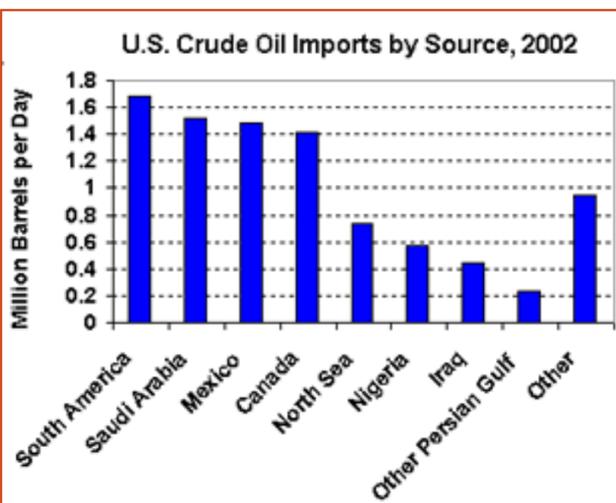
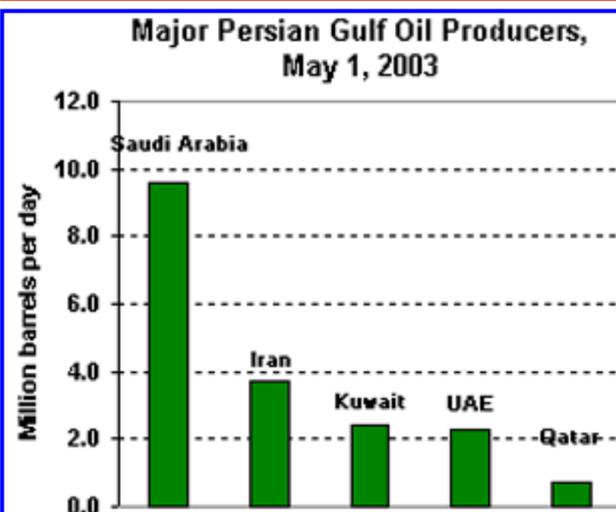
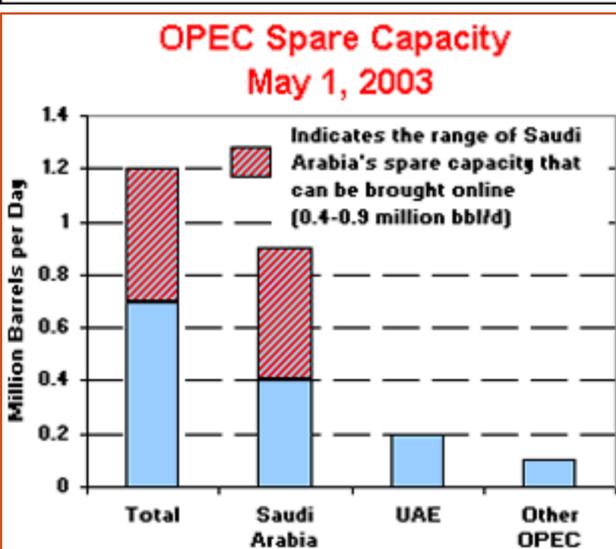
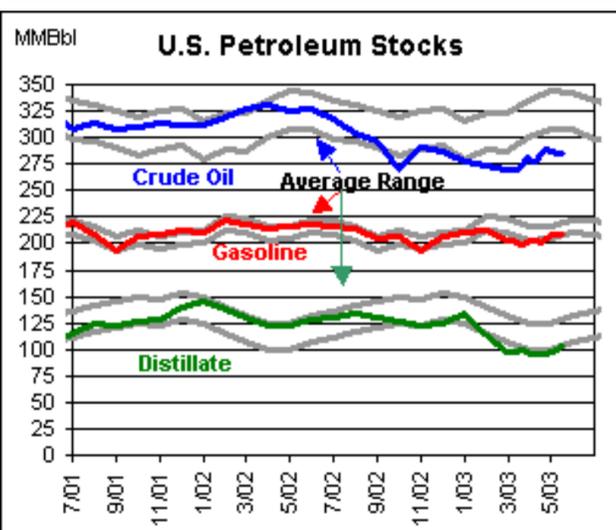
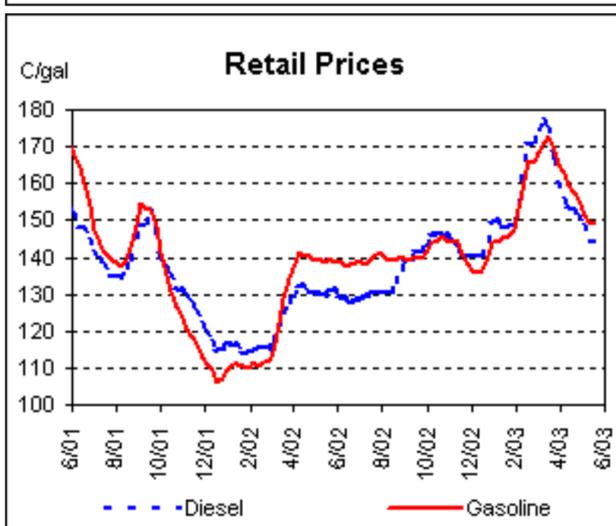
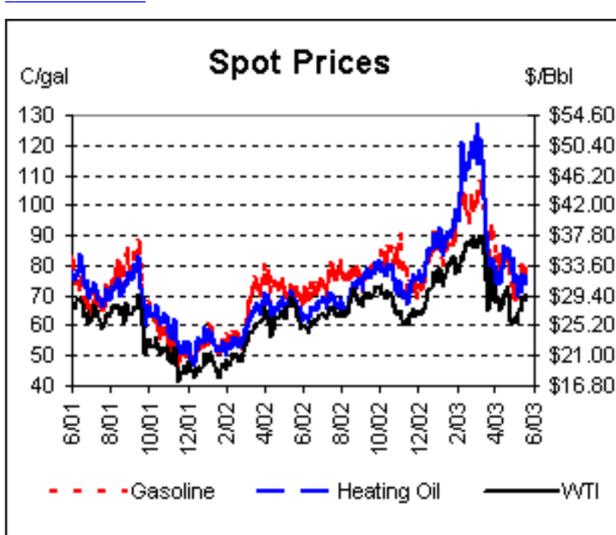
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Energy Prices*

NYMEX Futures	5/21/03	5/20/03	Change	3/12/03
WTI (\$/Bbl)	29.03	29.28	-0.25	37.83
Gasoline (C/gal)	86.83	85.02	+1.81	111.39
Heating Oil (C/gal)	74.75	73.31	+1.44	103.52
Natural Gas (\$/MMBtu)	6.20	6.06	+0.14	5.87

Spot Prices				
WTI (Cushing, OK)	29.51	29.29	+0.22	37.87
Gasoline (NYH)	77.36	75.70	+1.66	105.08
Heating Oil (NYH)	75.29	74.20	+1.09	115.45
Jet Fuel (NYH)	77.32	76.23	+1.09	112.45
Natural Gas (Henry Hub)	6.08	5.93	+0.15	5.80

*Definitions





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Date	WTI Crude Oil		Gasoline		Heating Oil		Kerojet	Propane		EIA Weekly Retail US Average	
	Spot	Futures	Spot	Futures	Spot	Futures	Spot	Spot	Spot	Gasoline	Diesel
	Cushing		NYH		NYH		NYH	Mt. Belvieu	Conway		
	\$/bbl	\$/bbl	cents per gallon		cents per gallon		c/gal	cents per gallon		cents per gallon	
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
5/13/2003	\$28.51	\$28.50	76.80	84.45	74.50	74.18	77.15	56.07	57.57		
5/14/2003	\$29.21	\$29.17	79.60	87.37	76.45	76.41	79.10	56.88	58.00		
5/15/2003	\$28.57	\$28.74	77.82	86.73	75.38	75.04	78.03	55.69	57.25		
5/16/2003	\$29.07	\$29.14	79.10	87.90	76.55	75.56	79.30	56.00	57.25		
5/19/2003	\$28.84	\$28.83	75.77	85.39	73.85	72.92	76.20	55.94	56.88	149.8	144.3
5/20/2003	\$29.29	\$29.28	75.70	85.02	74.20	73.31	76.23	55.63	56.75		
5/21/2003	\$29.51	\$29.03	77.36	86.83	75.29	74.75	77.32	55.63	56.75		

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
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
OPEC 10 Crude Oil	23,150	24,545	26,760	27,060
Iraq	1,860	2,390	50	310
OPEC Crude Oil	25,010	26,935	26,810	27,370
Rest of World*	50,967	51,587	51,896	51,896
Total World	75,977	78,522	78,706	79,266

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

Energy Situation Analysis Report

U.S. Petroleum Supply

(Thousand Barrels per Day)	Four Weeks Ending		vs. Year Ago	
	5/16/2003	5/16/2002	Diff.	% Diff.
Refinery Activity				
Crude Oil Input	15,662	15,314	348	2.3%
Operable Capacity	16,800	16,787	13	0.1%
Operable Capacity Utilization (%)	94.4%	92.1%	2.3%	
Production				
Motor Gasoline	8,507	8,682	-175	-2.0%
Jet Fuel	1,440	1,485	-45	-3.0%
Distillate Fuel Oil	3,861	3,675	186	5.1%
Imports				
Crude Oil (incl. SPR)	9,733	9,175	558	6.1%
Motor Gasoline	1,047	872	175	20.1%
Jet Fuel	130	106	24	22.7%
Distillate Fuel Oil	254	204	50	24.5%
Total	12,269	11,571	698	6.0%
Exports				
Crude Oil	10	7	3	34.0%
Products	953	893	60	6.7%
Total	963	901	62	6.9%
Products Supplied				
Motor Gasoline	8,770	8,919	-149	-1.7%
Jet Fuel	1,477	1,588	-111	-7.0%
Distillate Fuel Oil	3,745	3,731	14	0.4%
Total	19,962	19,558	404	2.1%
Stocks (Million Barrels)				
	5/16/2003	5/16/2002	vs. Year Ago	
			Diff.	% Diff.
Crude Oil (excl. SPR)	285.1	325.6	-40.5	-12.4%
Motor Gasoline	208.4	217.7	-9.3	-4.3%
Jet Fuel	37.4	40.7	-3.3	-8.1%
Distillate Fuel Oil	102.7	125.0	-22.3	-17.8%
Total (excl. SPR)	912.1	1,030.9	-118.8	-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.