

## Energy Situation Analysis Report

**Last Updated: May 27, 2003**

**Next Update: May 29, 2003**

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### Latest Oil Price Information

● As of 8:45 am, Tuesday, the near-month WTI futures contract was at \$29.50 per barrel in overnight ACCESS trading, up \$0.34 per barrel from Friday's closing price.

[Latest Oil Price Table](#)

### Iraq Oil Developments

- On Saturday (5/24) acting Iraqi postwar oil minister Thamir Ghadhban said that he expects Iraqi oil production to double within one month.
- Press reports from Iraq's two main export terminals, Mina al-Bakr in the south and the Turkish port of Ceyhan in the north, indicate that both facilities are operational and currently ready to resume exports.
- On Tuesday (5/27) the head of Iraq's State Oil Marketing Organization (SOMO) reportedly said that he expects Iraq's first post-war oil exports to come from storage tanks at the port of Ceyhan in mid-June.
- It was reported on Monday (5/26) that SOMO has re-established lines of communication with international buyers after losing its connections at the onset of war.
- According to statements by Abass Al Aani of the Iraqi oil ministry on Monday (5/26), an agreement with Russia's Lukoil to develop the West Qurna field, which had been terminated under the previous regime, will not be reinstated. However, other agreements with Russian firms will remain. Lukoil is reportedly considering taking the case to an international arbitration court. It was also reported on Saturday (5/26) that Thamir Ghadhban said that Iraq's deal with the Chinese Oil and Gas Exploration and Development Corporation (CNODC) to develop the Al-Ahdbad field had been suspended. CNODC could not confirm.

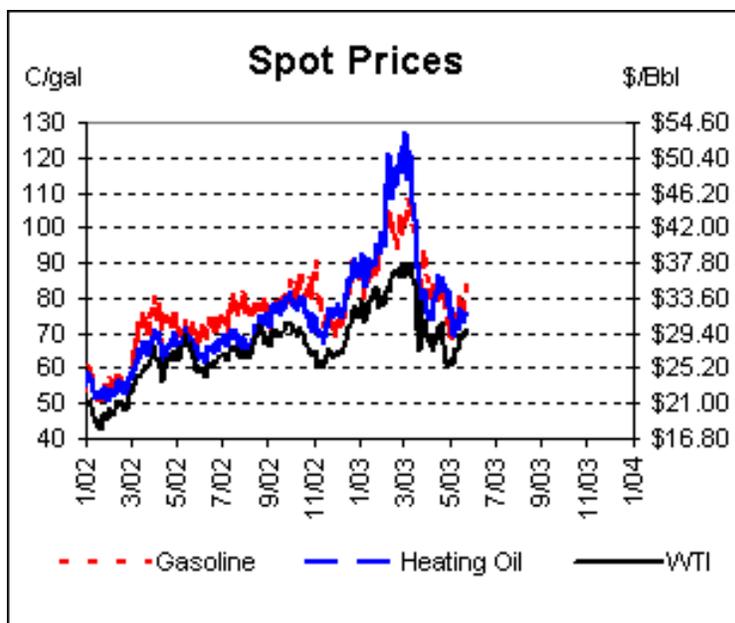
### Energy Prices\*

<b>NYMEX Futures</b>	5/23/03	5/22/03	Change	3/12/03
WTI (\$/Bbl)	29.16	28.85	+0.31	37.83
Gasoline (C/gal)	90.65	89.32	+1.33	111.39
Heating Oil (C/gal)	74.40	74.37	+0.03	103.52
Natural Gas (\$/MMBtu)	6.12	6.04	+0.08	5.87

<b>Spot Prices</b>				
WTI (Cushing, OK)	29.74	29.09	+0.65	37.87
Gasoline (NYH)	83.30	82.60	+0.70	105.08
Heating Oil (NYH)	74.85	74.85	0.00	115.45
Jet Fuel (NYH)	76.20	76.10	+0.10	112.45
Natural Gas (Henry Hub)	5.92	6.09	-0.17	5.80

\*Definitions



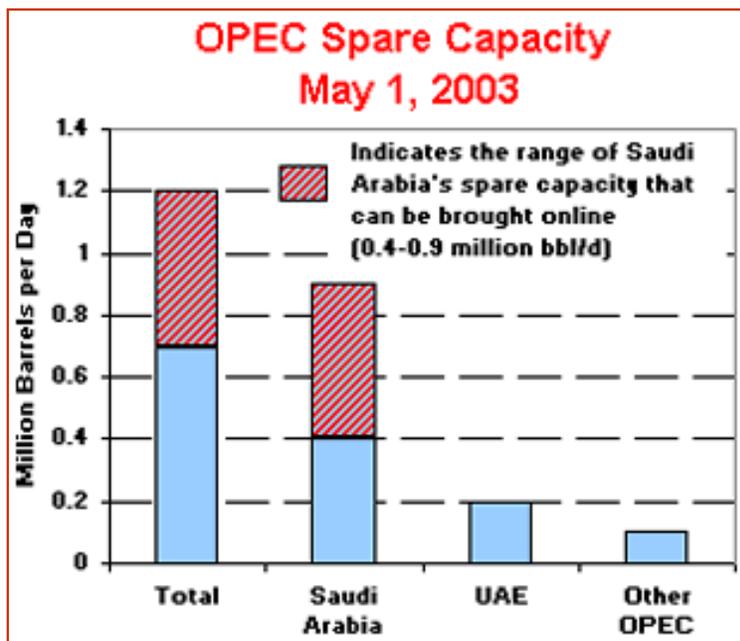
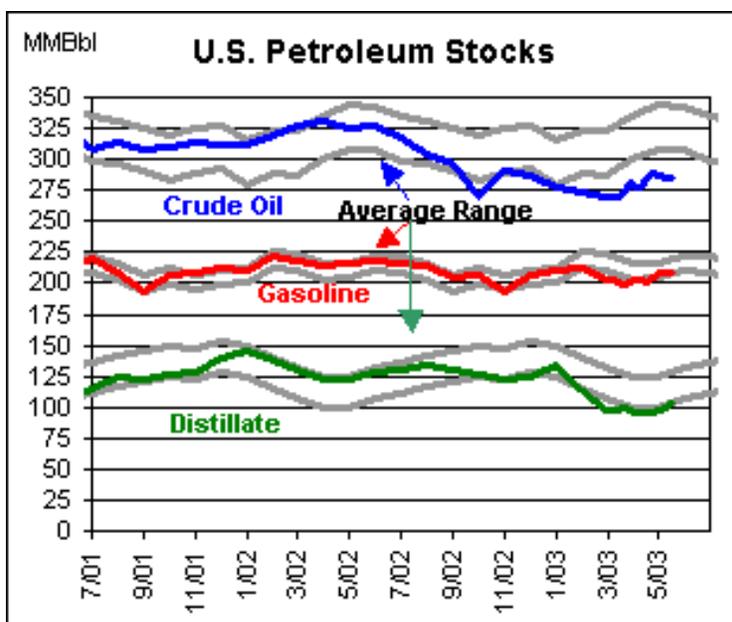
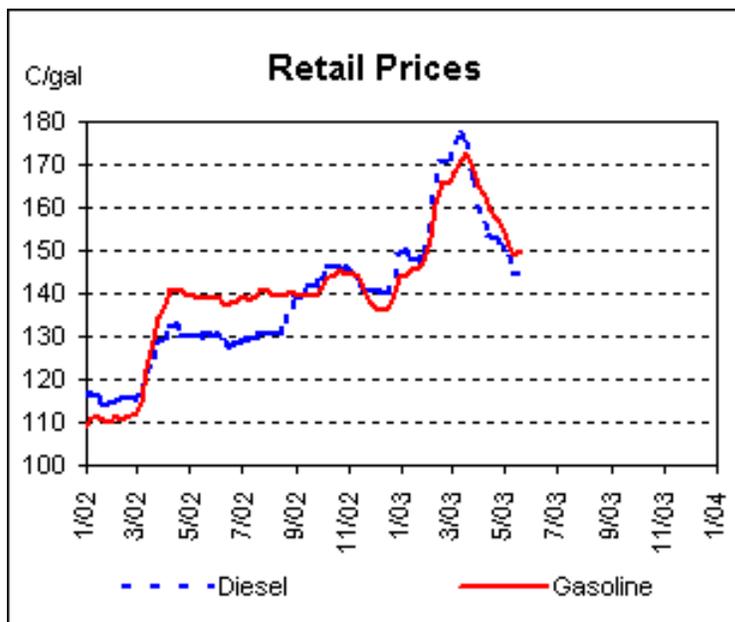
## World Oil Market Issues

- 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.
- Oil industry consultant Petrologistics reported on Tuesday (5/27) that OPEC oil output remained steady in May with declining production in Saudi Arabia being offset by greater supply from Venezuela and Nigeria.
- On Tuesday (5/27) OPEC president Abdullah al-Attiyah indicated that members of the cartel are considering a cut at their next scheduled meeting saying, "I believe that maybe we will cut it because we believe that in all earnestness there will be more oil in the market and the market cannot accept it." 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

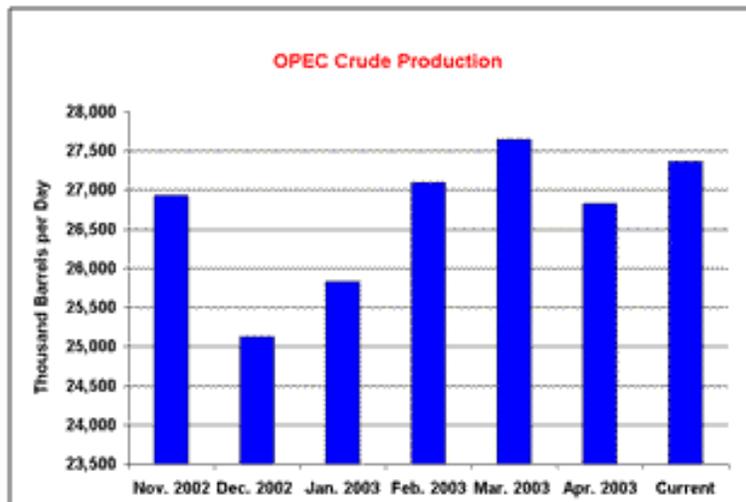
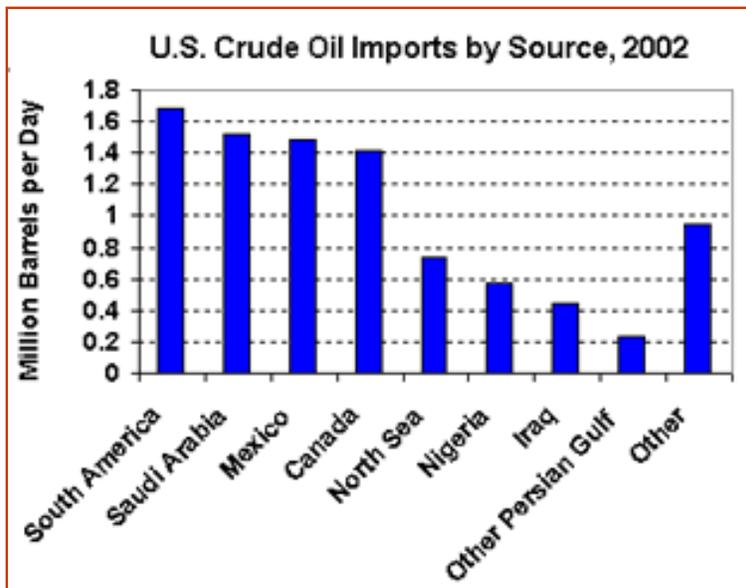
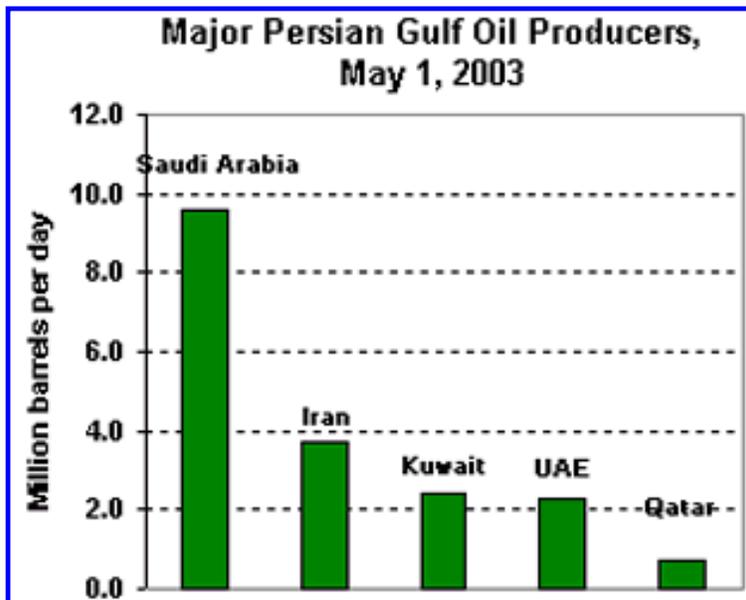


week, motor gasoline inventories declined by 0.2 million barrels, but remained above the low end of the normal range. Distillate fuel inventories increased by 2.8 million barrels, with most of the increase seen in low-sulfur (diesel fuel) distillate fuel. As of May 16, total commercial petroleum inventories 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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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	
4/7/2003	\$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		
5/22/2003	\$29.09	\$28.85	82.60	89.32	74.85	74.37	76.10	55.57	57.19		
5/23/2003	\$29.74	\$29.16	83.30	90.65	74.85	74.40	76.20	55.88	56.75		

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

## 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.

**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	420
<b>OPEC Crude Oil</b>	<b>25,010</b>	<b>26,935</b>	<b>26,810</b>	<b>27,480</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>79,376</b>

**\*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.
<b>Refinery Activity</b>				
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%	
<b>Production</b>				
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%
<b>Imports</b>				
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%
<b>Exports</b>				
Crude Oil	10	7	3	34.0%
Products	953	893	60	6.7%
Total	963	901	62	6.9%
<b>Products Supplied</b>				
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%
<b>Stocks (Million Barrels)</b>				
	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%