

Energy Situation Analysis Report

Last Updated: June 3, 2003

Next Update: June 5, 2003

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Latest Oil Price Information

- As of 8:45 am, Tuesday, the near-month WTI futures contract was at \$30.50 per barrel in overnight ACCESS trading, down \$0.21 per barrel from yesterday's closing price.

[Latest Oil Price Table](#)

Iraq Oil Developments

- The interim head of Iraq's oil ministry, Thamer Ghadban, said Monday (6/2) that Iraq should reach about half of its prewar oil production and begin exports by mid-June.
- Iraq has started exports of small quantities of fuel oil to Jordan and Turkey, in barter exchanges for gasoline.
- The first postwar exports of Iraqi crude oil are likely to be drawn from stocks held at the port of Ceyhan in Turkey. Iraq's State Oil Marketing Organization (SOMO) is expected to provide details later this week on contract terms and payment methods, though a firm date for bids to be received has not been set.
- Iraq's Basra refinery is set to resume its full output of 140,000 barrels per day this week, according to its general manager, Thair Ibrahim.
- Iraq will not be represented at next week's OPEC ministerial meeting, according to Philip Carroll, the senior U.S. advisor at Iraq's oil ministry.

World Oil Market Issues

- [Venezuelan](#) production is widely believed -- by striking workers and independent analysts -- to be around 2.6 MMB/D. In contrast, Venezuela's Vice Energy minister, Luis Vierma, said last week that the country's current

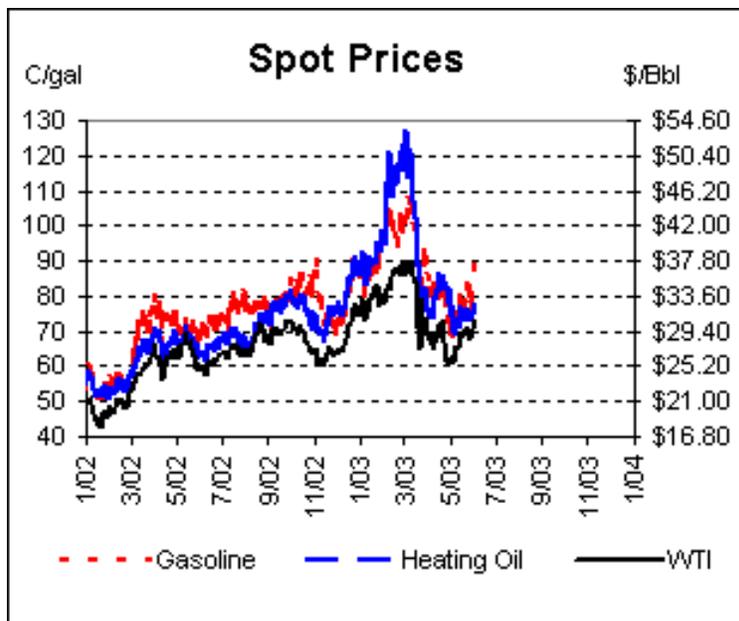
Energy Prices*

NYMEX Futures	6/2/03	5/30/03	Change	3/12/03
WTI (\$/Bbl)	30.71	29.56	+1.15	37.83
Gasoline (C/gal)	88.67	86.77	+1.90	111.39
Heating Oil (C/gal)	76.59	75.42	+1.17	103.52
Natural Gas (\$/MMBtu)	6.41	6.25	+0.16	5.87

Spot Prices

WTI (Cushing, OK)	30.72	29.56	+1.16	37.87
Gasoline (NYH)	88.68	79.50	+9.18	105.08
Heating Oil (NYH)	77.08	75.00	+2.08	115.45
Jet Fuel (NYH)	77.58	75.55	+2.03	112.45
Natural Gas (Henry Hub)	6.22	5.99	+0.23	5.80

*Definitions



crude oil production was 2.8 MMBD (not counting around 500,000 barrels per day of synthetic crude oil, Orimulsion, and natural gas liquids), just below Venezuela's OPEC quota of 2.9 MMBD.

- Saudi Arabian oil minister Ali Naimi said today that OPEC ministers will need to consider overall supply and demand at their meeting next week, not just the likely resumption of Iraqi oil exports.
- IEA Secretary General Claude Mandil said today that there was no need for OPEC to cut production, citing the summer driving season and generally low oil stocks among OECD member countries.

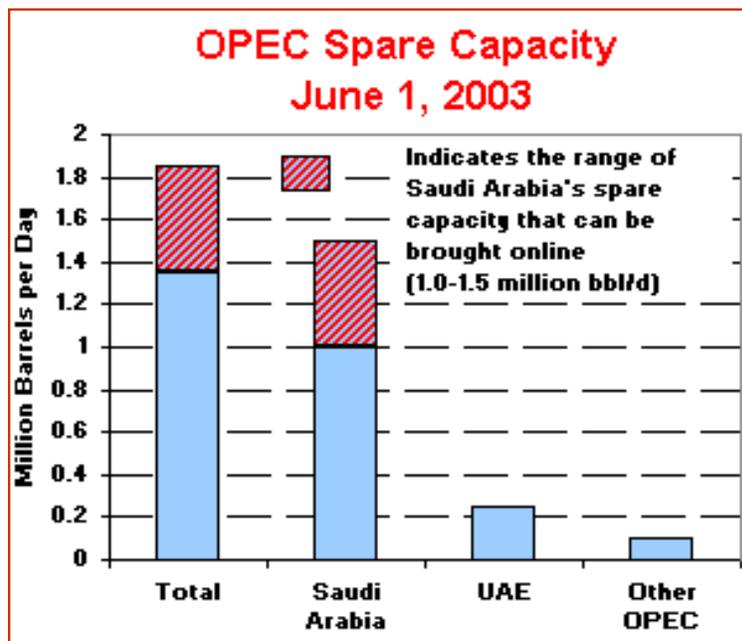
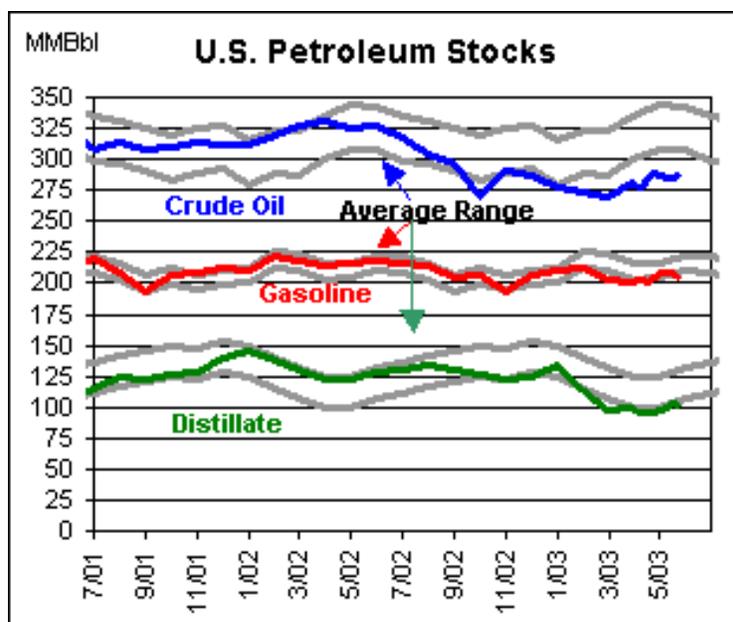
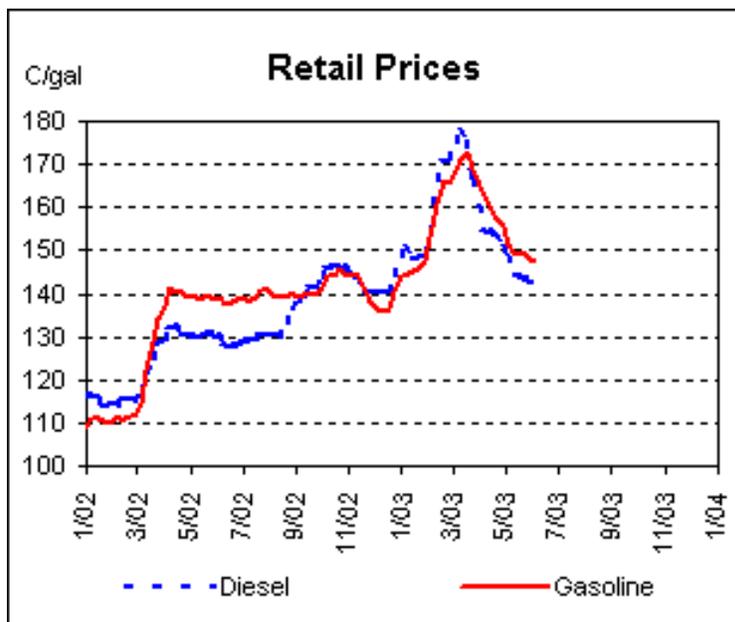
[Latest OPEC Production Table](#)

[Latest U.S. Petroleum Information](#)

- Crude oil imports have averaged over 9.8 million barrels per day over the past four weeks, which is 634,000 barrels per day more than averaged over the same period last year. Meanwhile, U.S. crude oil refinery inputs averaged 15.6 million barrels per day during the week ending May 23, down 111,000 barrels per day from the previous week.

U.S. commercial crude oil inventories (excluding those in the [Strategic Petroleum Reserve](#)) increased by 1.1 million barrels the week ending May 23, but are 39.8 million barrels less than last year at this time. Meanwhile, motor gasoline inventories declined by 3.4 million barrels, and fell back below the low end of the normal range, while distillate fuel inventories decreased by 1.2 million barrels. As of May 23, total commercial petroleum inventories are 122.2 million barrels less than last year. Gasoline demand (or more accurately the amount of gasoline that was supplied into the U.S. gasoline market) got a jump start on the unofficial beginning of the peak summer driving season, averaging 9.3 million barrels for the week leading up to the Memorial Day weekend. This level of gasoline demand represents the highest weekly average since the week ending November 1, 2002, and is more than 600,000 barrels per day more than averaged during the week leading up to Memorial Day last year.

- The U.S. average retail price for regular gasoline fell last week for the tenth time in eleven weeks. Prices decreased by 1.4 cents per gallon as of June 2 to reach

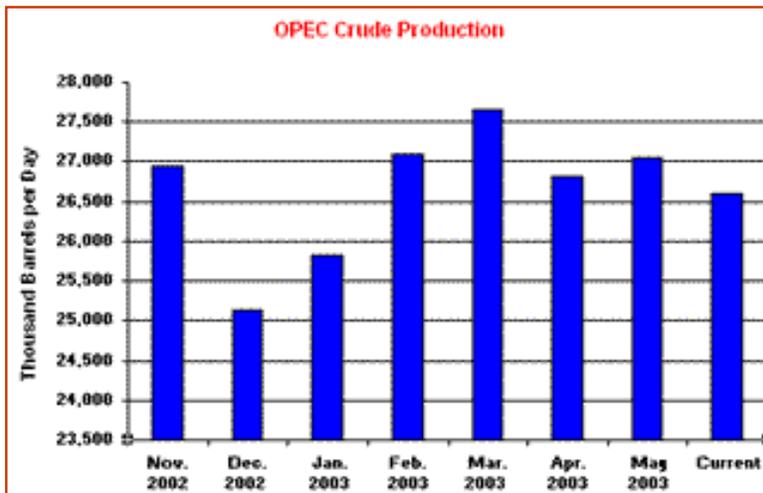
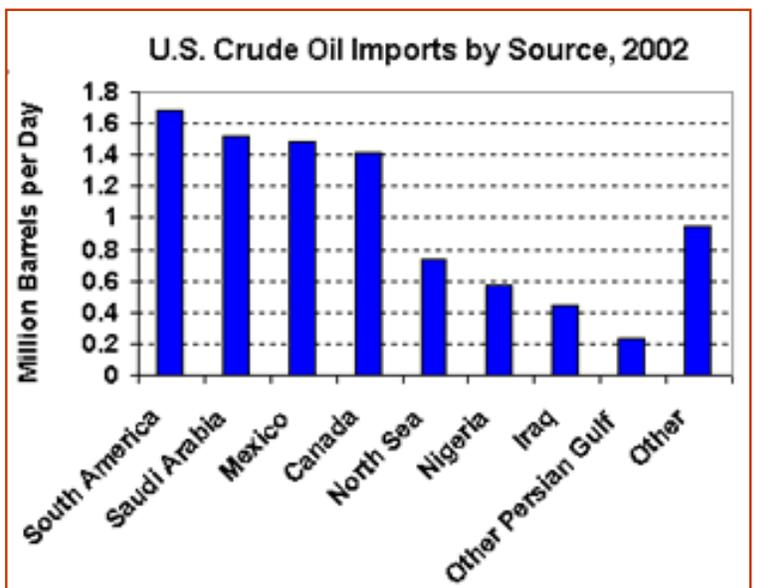
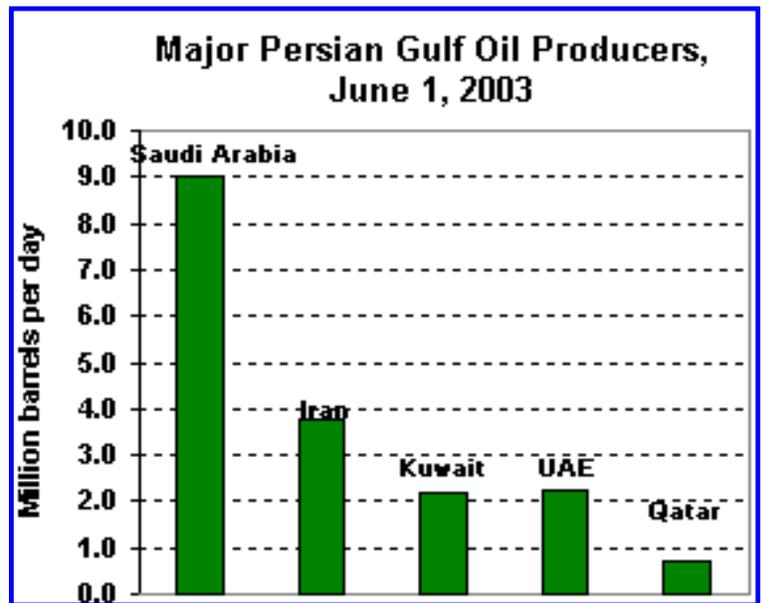


147.3 cents per gallon, which is 8.1 cents per gallon higher than a year ago. Since March 17, the average price for regular gasoline has declined by 25.5 cents per gallon. Retail prices fell again this week despite a significant draw in gasoline inventories last week. If gasoline inventories remain low and continue to decrease, price spikes are possible during the upcoming months.

Retail diesel fuel prices decreased for the twelfth consecutive week, falling 1.1 cents per gallon as of June 2 to a national average of 142.3 cents per gallon, which is still 12.3 cents per gallon higher than a year ago. Diesel fuel prices continue to fall as market conditions improve.

[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	
4/15/2003	\$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		
5/26/2003	NA	NA	NA	NA	NA	NA	NA	NA	NA	148.7	143.4
5/27/2003	\$29.24	\$29.35	81.05	89.52	74.58	74.60	76.00	55.50	56.50		
5/28/2003	\$28.46	\$28.58	78.00	87.80	73.15	72.96	74.35	54.69	55.13		
5/29/2003	\$29.15	\$29.10	76.65	86.15	74.69	74.65	75.62	55.00	55.00		
5/30/2003	\$29.56	\$29.56	79.50	86.77	75.00	75.42	75.55	56.00	56.32		
6/2/2003	\$30.72	\$30.71	88.68	88.67	77.08	76.59	77.58	57.00	57.75	147.3	142.3

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)

	Year Ago Production	November 2002 Production	Last Month Production	Current Production
Algeria	840	938	1,200	1,200
Indonesia	1,120	1,100	1,025	1,025
Iran	3,380	3,500	3,750	3,750
Kuwait	1,890	1,940	2,300	2,200
Libya	1,320	1,350	1,430	1,430
Nigeria	1,910	2,000	2,000	2,000
Qatar	630	695	750	700
Saudi Arabia	7,500	8,100	9,400	9,000
UAE	1,960	2,000	2,300	2,250
Venezuela	2,685	2,922	2,600	2,600
OPEC 10 Crude Oil	23,235	24,545	26,755	26,155
Iraq	1,520	2,390	290	450
OPEC Crude Oil	24,755	26,935	27,045	26,605
Rest of World*	50,885	51,587	52,084	52,084
Total World	75,640	78,522	79,129	78,689

***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	
	5/23/2003	5/23/2002	Diff.	% Diff.
Refinery Activity				
Crude Oil Input	15,715	15,305	410	2.7%
Operable Capacity	16,800	16,787	13	0.1%
Operable Capacity Utilization (%)	94.8%	91.7%	3.1%	
Production				
Motor Gasoline	8,552	8,718	-166	-1.9%
Jet Fuel	1,472	1,482	-10	-0.7%
Distillate Fuel Oil	3,837	3,693	144	3.9%
Imports				
Crude Oil (incl. SPR)	9,826	9,191	635	6.9%
Motor Gasoline	1,000	887	113	12.8%
Jet Fuel	129	91	38	41.1%
Distillate Fuel Oil	271	197	74	37.6%
Total	12,404	11,593	811	7.0%
Exports				
Crude Oil	10	7	3	38.6%
Products	950	899	52	5.7%
Total	960	906	54	6.0%
Products Supplied				
Motor Gasoline	9,005	9,001	4	0.0%
Jet Fuel	1,518	1,555	-37	-2.4%
Distillate Fuel Oil	3,773	3,699	74	2.0%
Total	20,262	19,623	639	3.3%
Stocks (Million Barrels)				
	5/23/2003	5/23/2002	vs. Year Ago	
			Diff.	% Diff.
Crude Oil (excl. SPR)	286.2	326.0	-39.8	-12.2%
Motor Gasoline	205.0	218.2	-13.2	-6.0%
Jet Fuel	38.4	40.8	-2.4	-5.9%
Distillate Fuel Oil	101.5	126.0	-24.5	-19.4%
Total (excl. SPR)	912.7	1,034.9	-122.2	-11.8%