

Energy Situation Analysis Report

Last Updated: June 12, 2003

Next Update: June 19, 2003

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Latest Oil Price Information

- As of 8:45 am, Thursday, June 12, the near-month WTI futures contract was at \$32.06 per barrel in overnight ACCESS trading, down \$0.30 per barrel from the June 11 closing price.

[Latest Oil Price Table](#)

Iraq Oil Developments

- Iraq's State Oil Marketing Organization (SOMO) announced today the results of its tender for exports currently held in storage. SOMO has reportedly awarded 4 million barrels for the United States to Total SA and ChevronTexaco Corp. (2 million barrels each), and 5.5 million barrels for Europe to Repsol (Spain), Cepsa SA (Spain), Turpas (Turkey), and Eni SpA (Italy). Loading is set for June 17-30.

- Press reports indicate that Iraq's South Oil Co., formerly the country's largest producer, has suffered significant damage in post-war looting and destruction, and is currently producing at only 10% of its capacity. The majority of Iraq's current production is coming from the country's northern fields.

- Iraq's Basrah refinery could reach its full pre-war capacity this week, after a third attempt was made on Friday (6/7) to start the facility's second processing line. Output from the Basrah refinery is expected to alleviate domestic shortages of liquefied petroleum gas and gasoline.

World Oil Market Issues

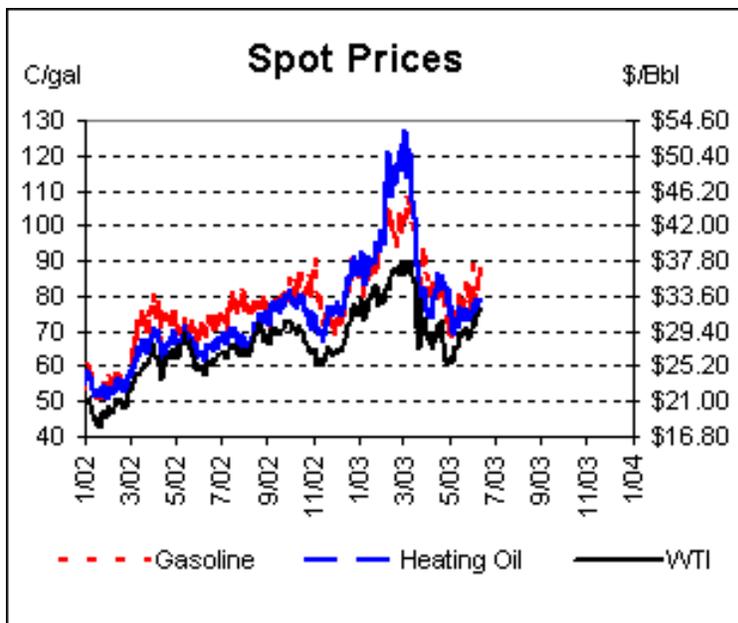
- Delegates to this week's OPEC meeting decided yesterday (6/11) to leave output quotas unchanged at 25.4

Energy Prices*

NYMEX Futures	6/11/03	6/10/03	Change	3/12/03
WTI (\$/Bbl)	32.36	31.73	+0.63	37.83
Gasoline (C/gal)	93.41	91.71	+1.70	111.39
Heating Oil (C/gal)	79.10	78.74	+0.36	103.52
Natural Gas (\$/MMBtu)	6.21	6.33	-0.12	5.87

Spot Prices				
WTI (Cushing, OK)	32.17	31.72	+0.45	37.87
Gasoline (NYH)	87.43	86.09	+1.34	105.08
Heating Oil (NYH)	78.45	78.48	-0.03	115.45
Jet Fuel (NYH)	79.53	79.43	+0.10	112.45
Natural Gas (Henry Hub)	6.06	6.08	-0.02	5.80

*Definitions



million barrels per day. OPEC members also decided to hold another extraordinary meeting on July 31, ahead of the next ordinary conference scheduled for September 24.

- Venezuela's Oil Minister, Rafael Ramirez, said on Wednesday (6/11) that OPEC is likely to cut production by 1 million barrels per day at its next extraordinary meeting on July 31 if Iraq seems likely to produce 1 million barrels per day by the end of the year.

- [Venezuelan](#) production is widely believed -- by striking workers and independent analysts -- to be around 2.5 MMBD. In contrast, the President of state oil company PdVSA, Ali Rodriguez, said yesterday (6/11) that the country's current crude oil production was 2.92 million barrels per day, in compliance with the country's current OPEC quota.

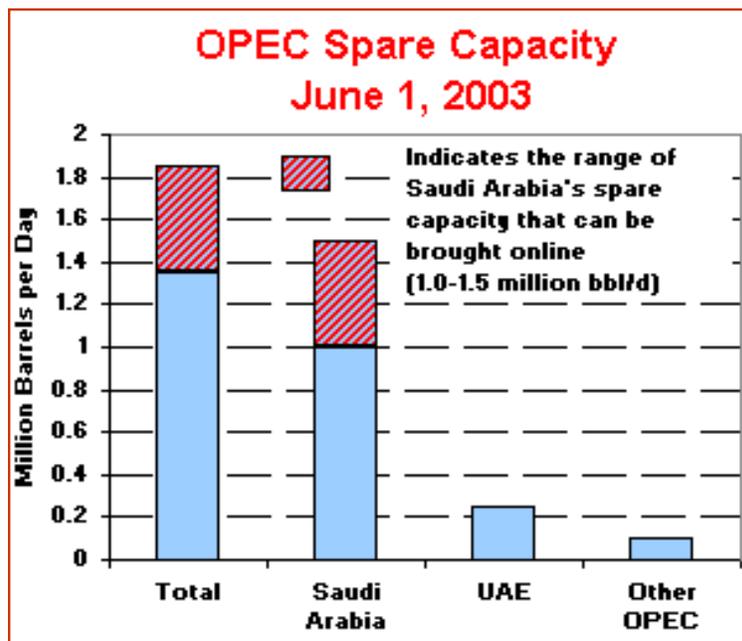
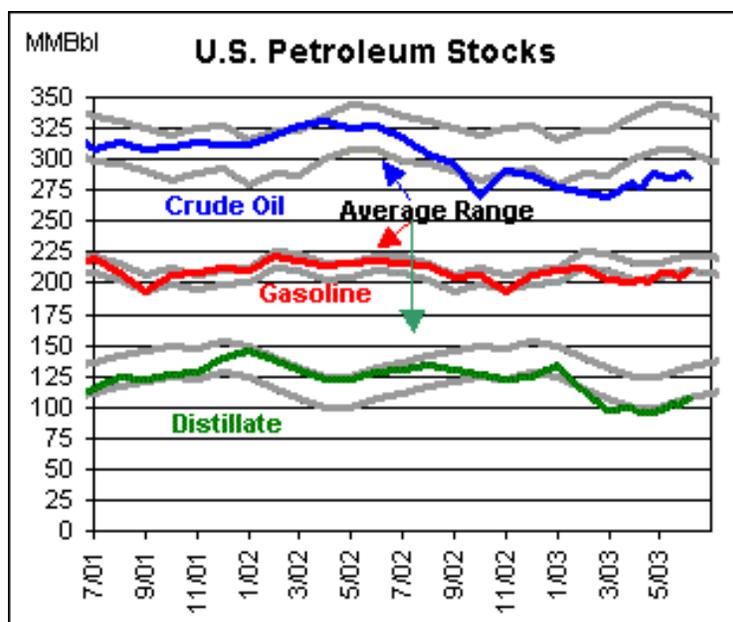
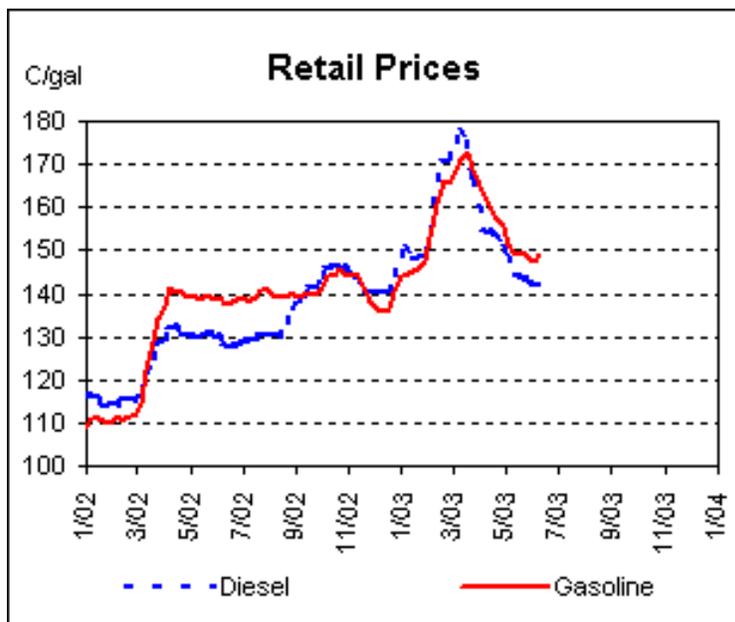
- Ecuador's major crude oil export pipeline, the Transecuadorean Pipeline (SOTE), which runs from the Amazon jungle to the Pacific coast, reportedly is operating at 30-40% percent (roughly 120,000-160,000 barrels per day) below capacity due to a 4,000-person strike at Petroecuador, the state oil company. The country reportedly has enough oil in reserves to guarantee exports for 4-5 days.

[Latest OPEC Production Table](#)

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

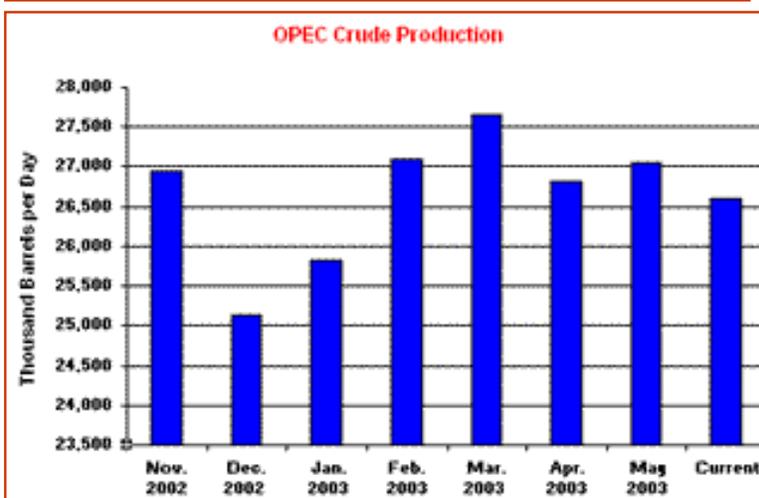
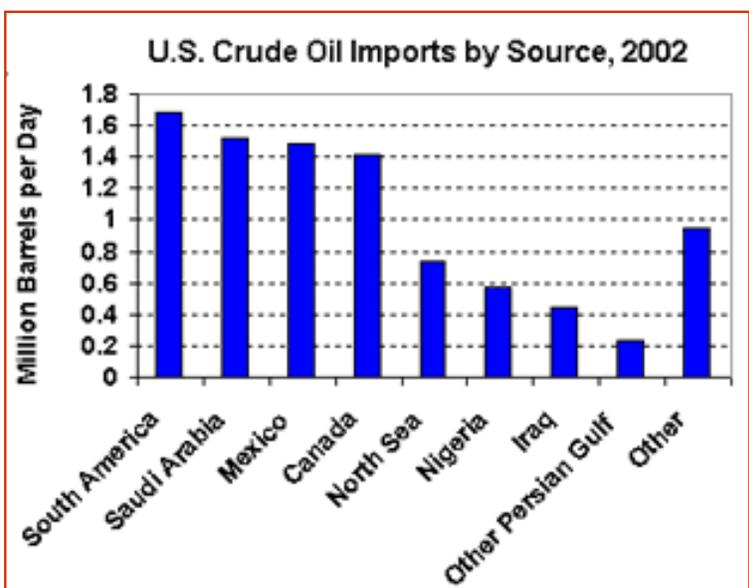
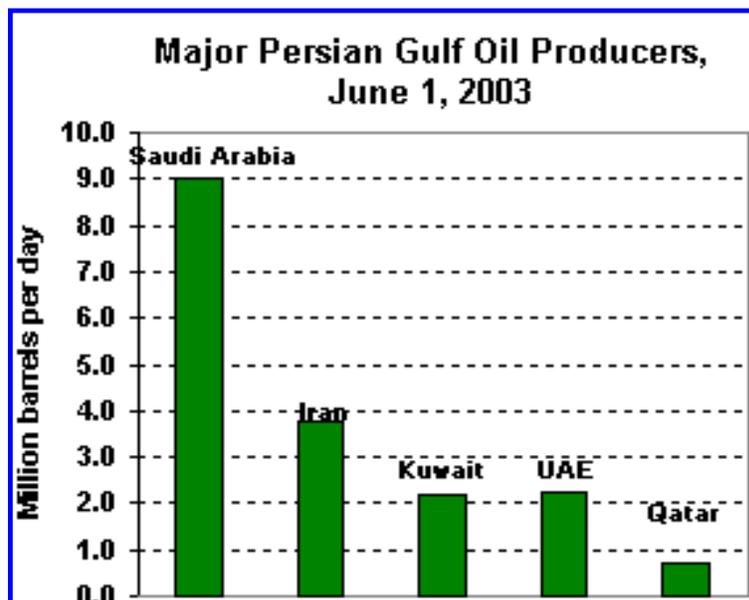
- Crude oil imports have averaged over 10.1 million barrels per day over the last four weeks, which is 921,000 barrels per day more than averaged over the same period last year. Although the origins of weekly crude oil imports are preliminary and thus not published, no Iraqi crude oil was imported into the United States last week. Crude oil imports from Saudi Arabia appear to have remained relatively large, and imports from Venezuela were not abnormally high or low. Meanwhile, U.S. crude oil refinery inputs averaged 15.9 million barrels per day during the week ending June 6, down 199,000 barrels per day from the record set the previous week.

- With crude oil imports down considerably from the previous week, U.S. commercial crude oil inventories (excluding those in the [Strategic Petroleum Reserve](#)) fell by 4.6 million barrels, and are 40.4 million barrels less than last year at this time. However, motor gasoline inventories rose by 2.6 million barrels, and are now back



above the low end of the normal range. Distillate fuel inventories increased by 2.8 million barrels, with most of the increase seen in high-sulfur (heating oil) distillate fuel and are at the lower end of the normal range. As of May 30, total commercial petroleum inventories are 117.2 million barrels less than last year. As of June 6, total commercial petroleum inventories are 115.4 million barrels less than last year.

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





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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	
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
6/3/2003	\$30.78	\$30.67	82.06	88.79	76.53	76.52	77.23	57.13	58.94		
6/4/2003	\$29.81	\$30.05	78.43	86.43	74.58	75.22	75.45	57.13	59.50		
6/5/2003	\$30.84	\$30.74	81.73	88.52	76.98	77.23	78.00	58.50	60.50		
6/6/2003	\$31.26	\$31.28	82.10	89.35	77.90	78.18	78.83	59.00	62.63		
6/9/2003	\$31.36	\$31.45	83.02	89.65	77.45	77.90	78.33	58.75	62.69	149.0	142.2
6/10/2003	\$31.72	\$31.73	86.09	91.71	78.48	78.74	79.43	58.75	62.00		
6/11/2003	\$32.17	\$32.36	87.43	93.41	78.45	79.10	79.53	58.38	61.38		

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	2,500
OPEC 10 Crude Oil	23,235	24,545	26,755	26,055
Iraq	1,520	2,390	290	450
OPEC Crude Oil	24,755	26,935	27,045	26,505
Rest of World*	50,885	51,587	52,084	51,984
Total World	75,640	78,522	79,129	78,589

***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	
	6/6/2003	6/6/2002	Diff.	% Diff.
Refinery Activity				
Crude Oil Input	15,839	15,304	535	3.5%
Operable Capacity	16,800	16,788	12	0.1%
Operable Capacity Utilization (%)	95.7%	91.7%	4.0%	
Production				
Motor Gasoline	8,578	8,732	-154	-1.8%
Jet Fuel	1,487	1,485	2	0.1%
Distillate Fuel Oil	3,839	3,704	135	3.7%
Imports				
Crude Oil (incl. SPR)	10,130	9,209	921	10.0%
Motor Gasoline	934	900	34	3.8%
Jet Fuel	137	79	58	72.6%
Distillate Fuel Oil	267	192	75	38.8%
Total	12,832	11,598	1,234	10.6%
Exports				
Crude Oil	10	7	3	50.5%
Products	956	898	58	6.5%
Total	966	905	61	6.8%
Products Supplied				
Motor Gasoline	8,834	9,090	-256	-2.8%
Jet Fuel	1,457	1,546	-89	-5.8%
Distillate Fuel Oil	3,702	3,671	31	0.8%
Total	20,080	19,702	378	1.9%
Stocks (Million Barrels)				
	6/6/2003	6/6/2002	vs. Year Ago	
			Diff.	% Diff.
Crude Oil (excl. SPR)	284.4	324.8	-40.4	-12.4%
Motor Gasoline	209.9	218.3	-8.4	-3.8%
Jet Fuel	41.1	40.8	0.3	0.7%
Distillate Fuel Oil	107.3	128.0	-20.7	-16.2%
Total (excl. SPR)	924.1	1,039.5	-115.4	-11.1%