Major Trends in Oil and Natural Gas Markets

State Heating Oil and Propane Program Conference

North Falmouth, Massachusetts

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Energy Information Administration

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www.eia.doe.gov

Crude Oil Prices Likely to Remain Around $70 Through 2007

West Texas Intermediate Crude Oil Price (Base Case and 95% Confidence Interval)

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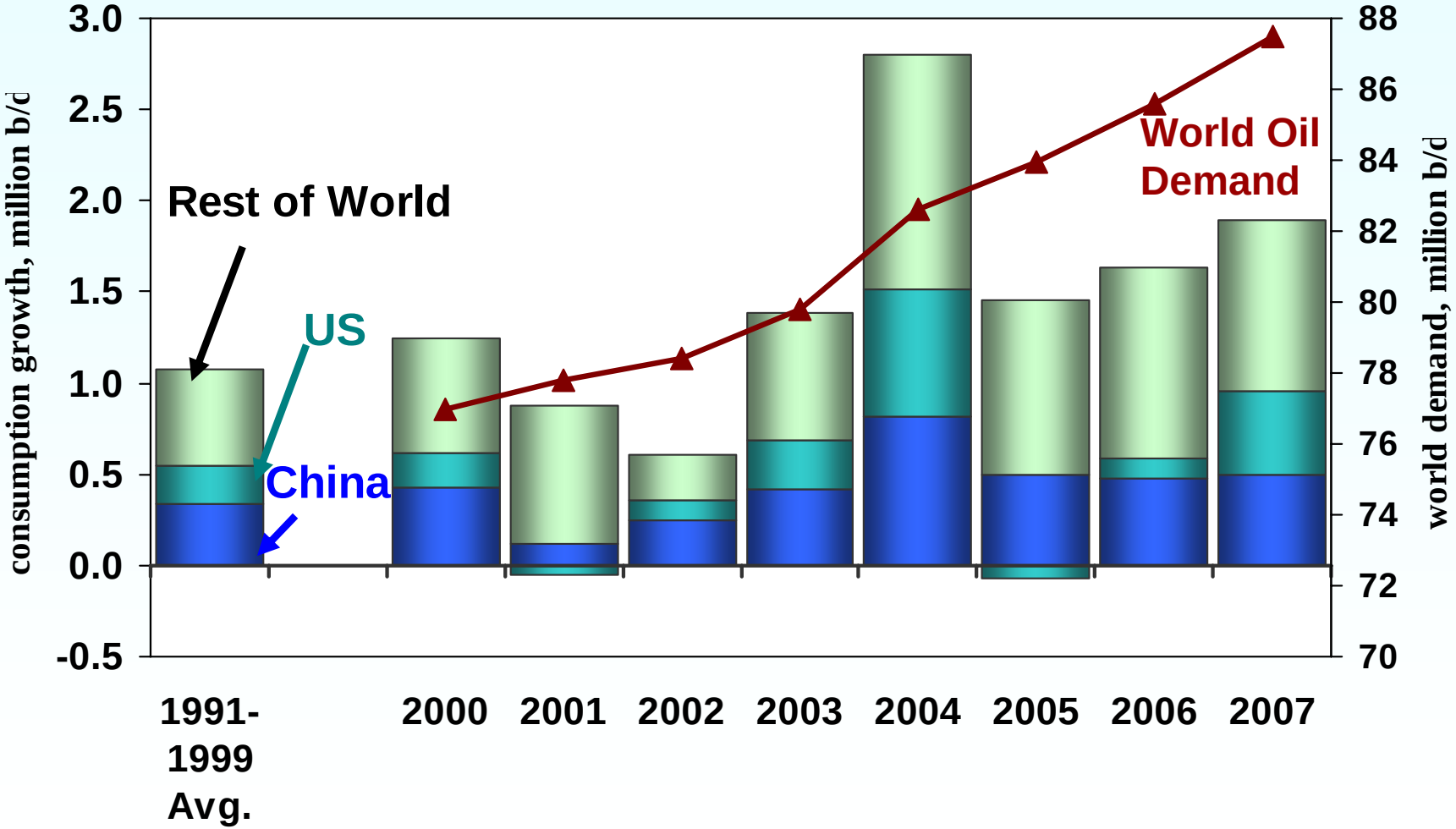
Sources: History: EIA; Projections: Short-Term Energy Outlook, July 2006.

World Oil Consumption Growth



Source: EIA Short-Term Energy Outlook, July 2006.

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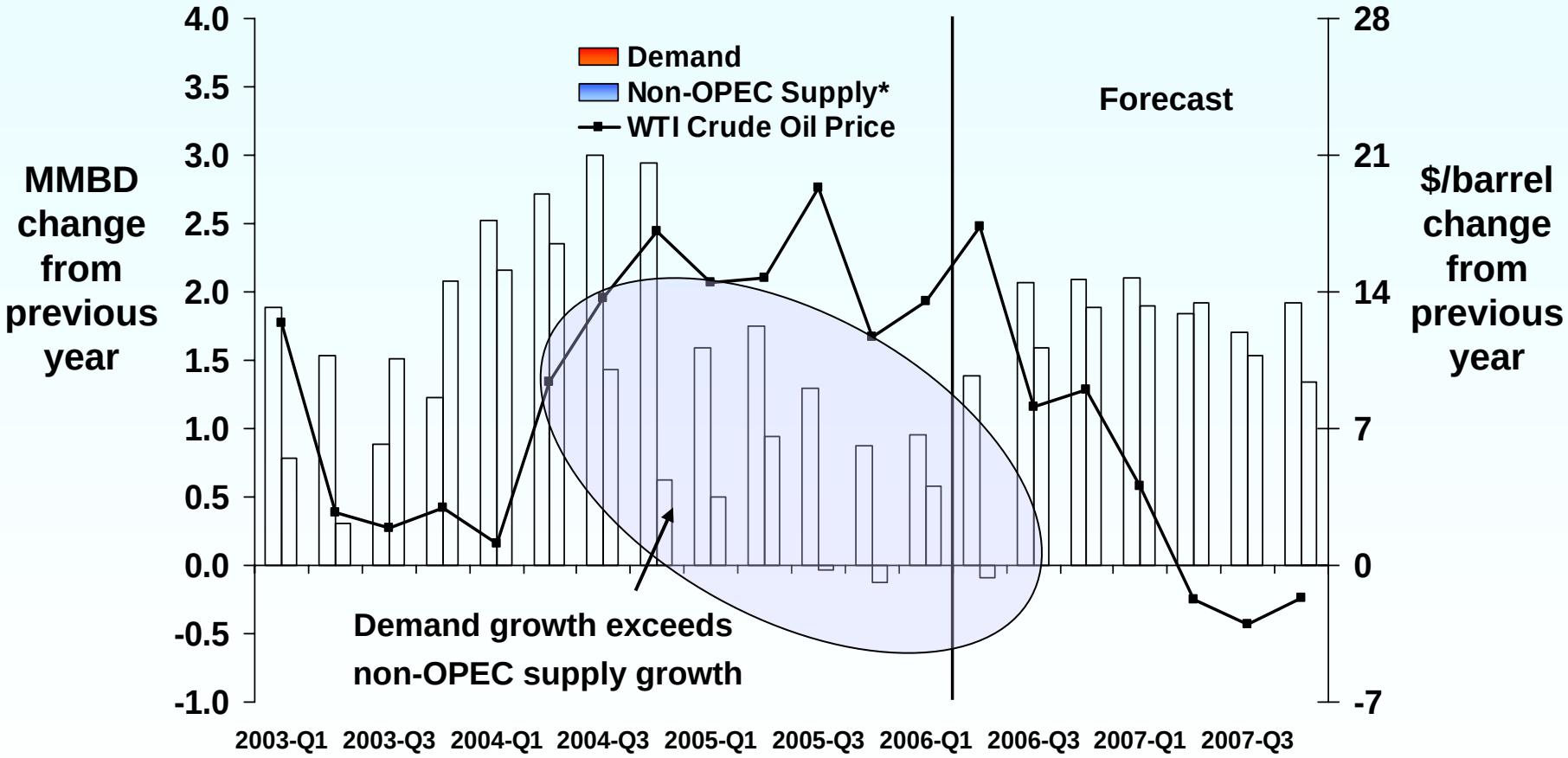
Growth in World Consumption & Non-OPEC Production



**Includes OPEC non-crude production, MMBD= million barrels per day*

Source: EIA Short-Term Energy Outlook, July 2006.

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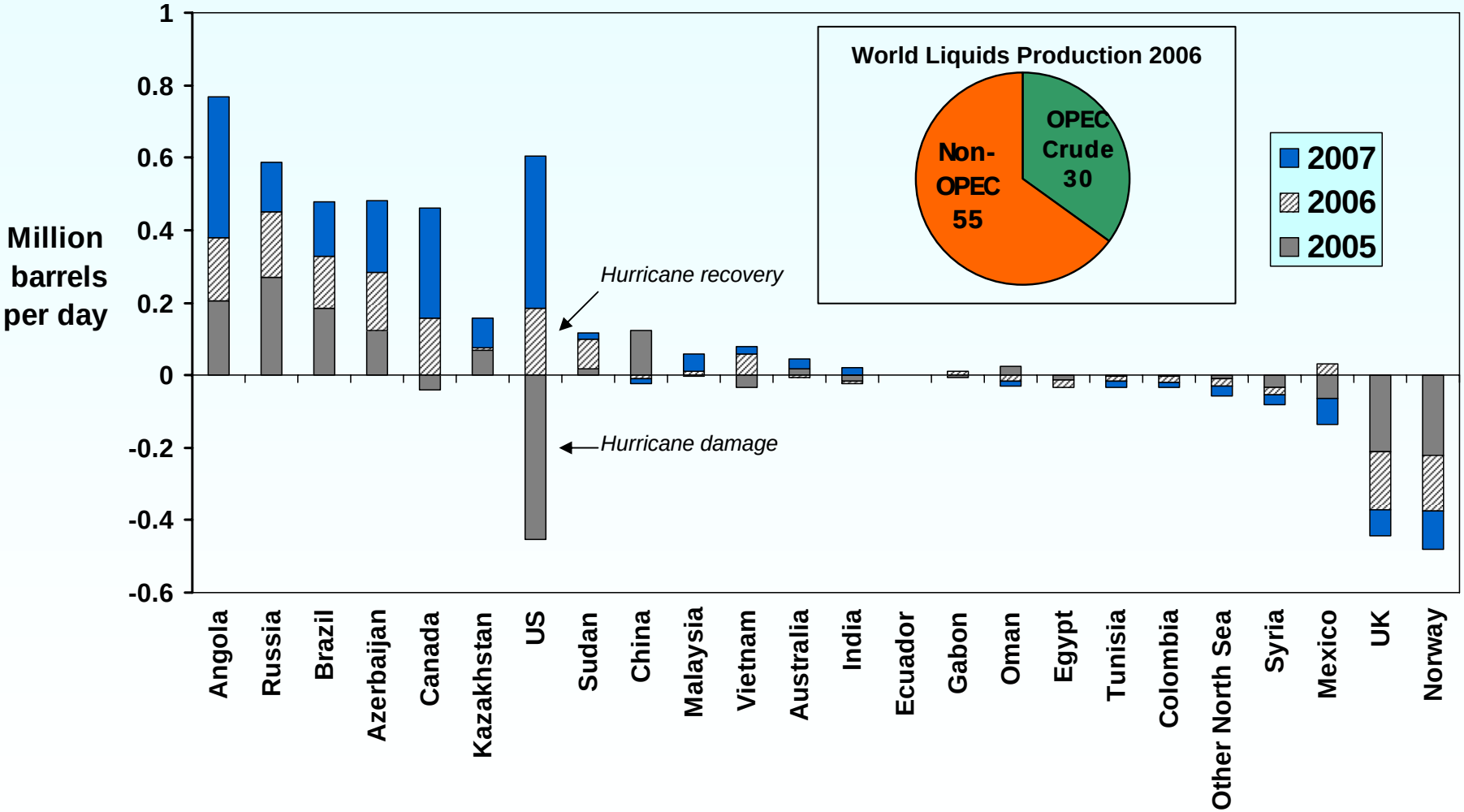
World Oil Supply Growth (Change from Previous Year)



Source: EIA Short-Term Energy Outlook, July 2006.

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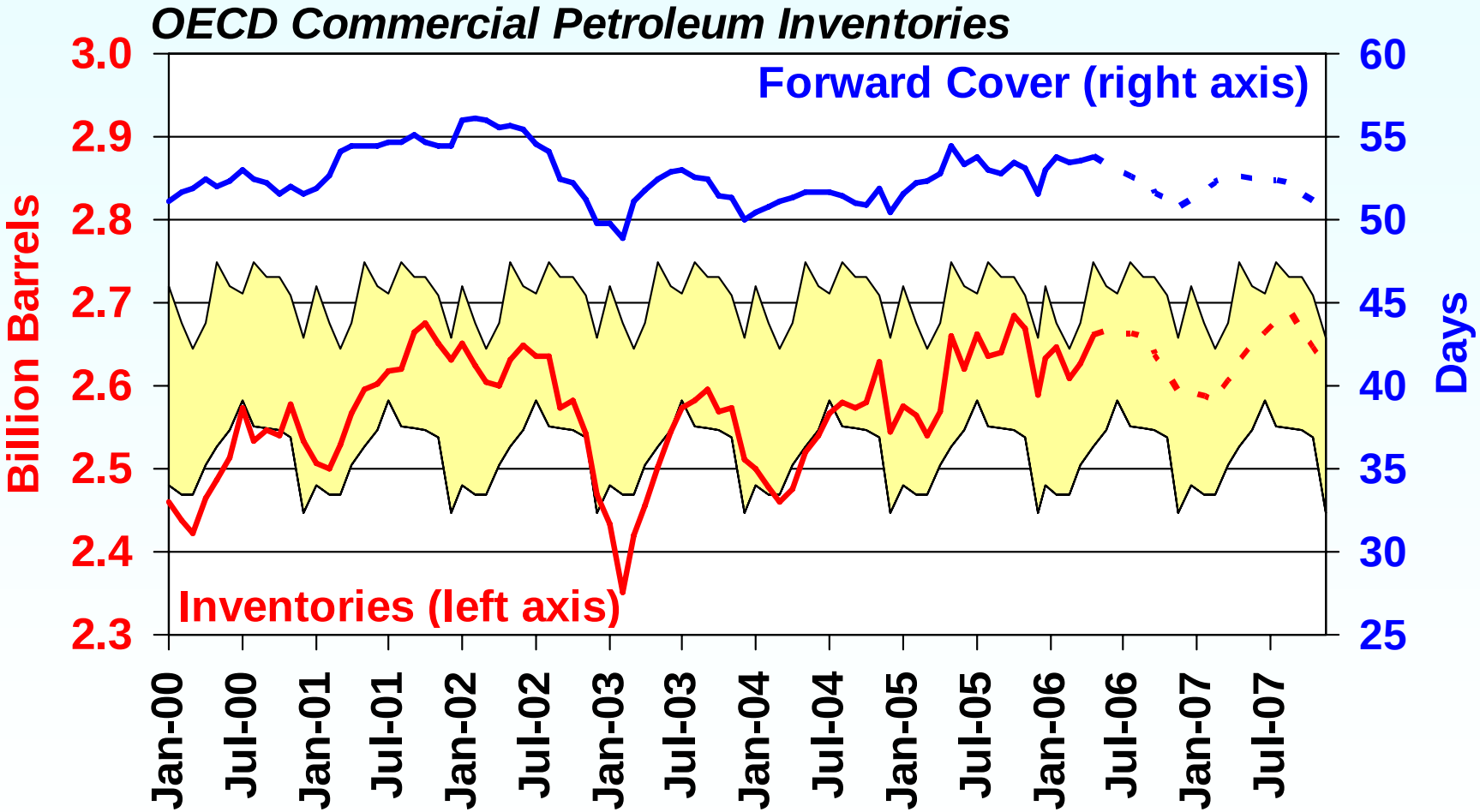
OECD Inventories in Normal Range, But Forward Cover Is Expected to Decline



NOTE: Colored Band is Normal Stock Range (5 Year Average +/- 1 standard deviation).

Source: EIA Short Term Energy Outlook July 2006; International Energy Agency

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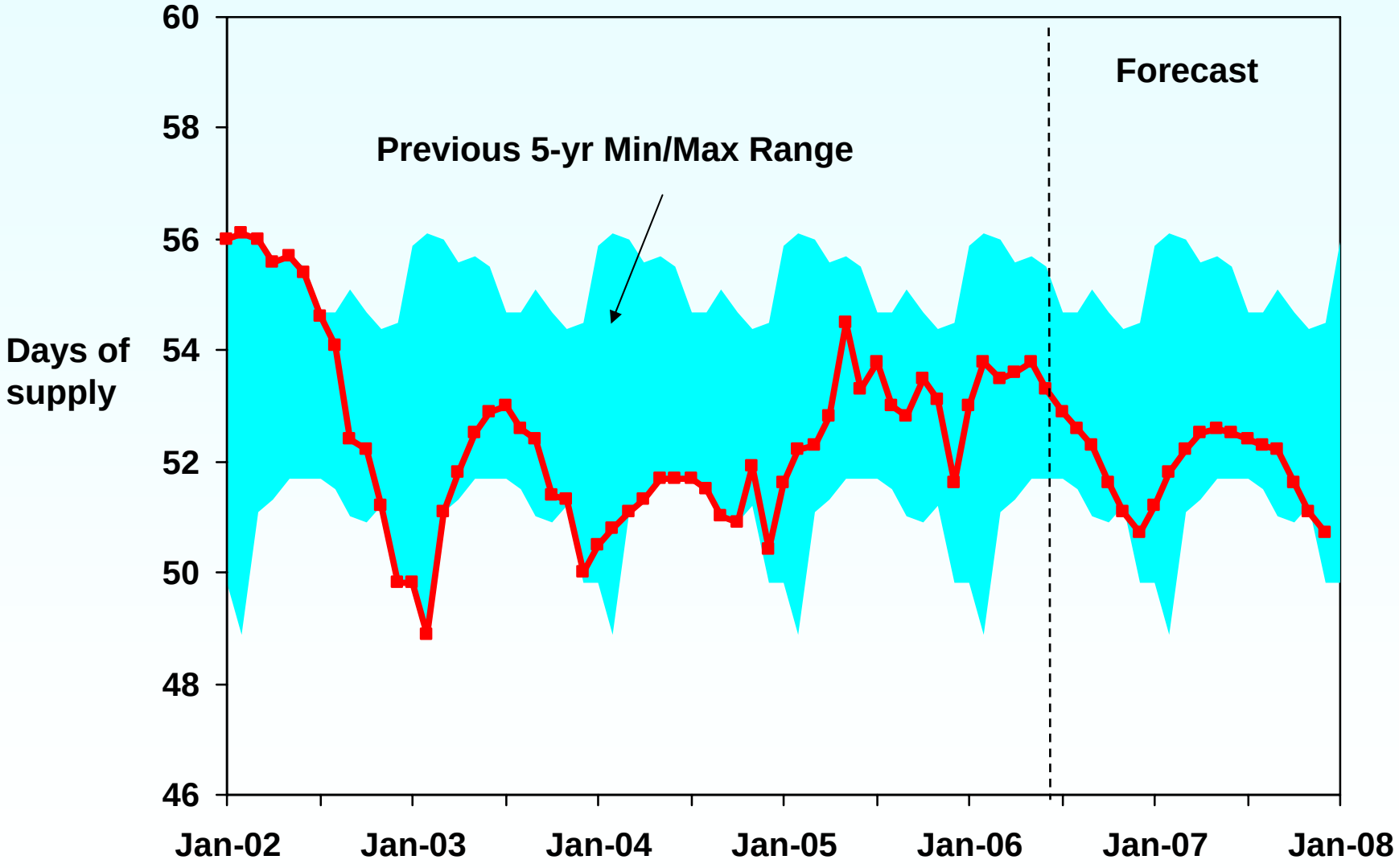
Days of Supply of OECD Commercial Oil Stocks



Source: EIA Short Term Energy Outlook July 2006; International Energy Agency

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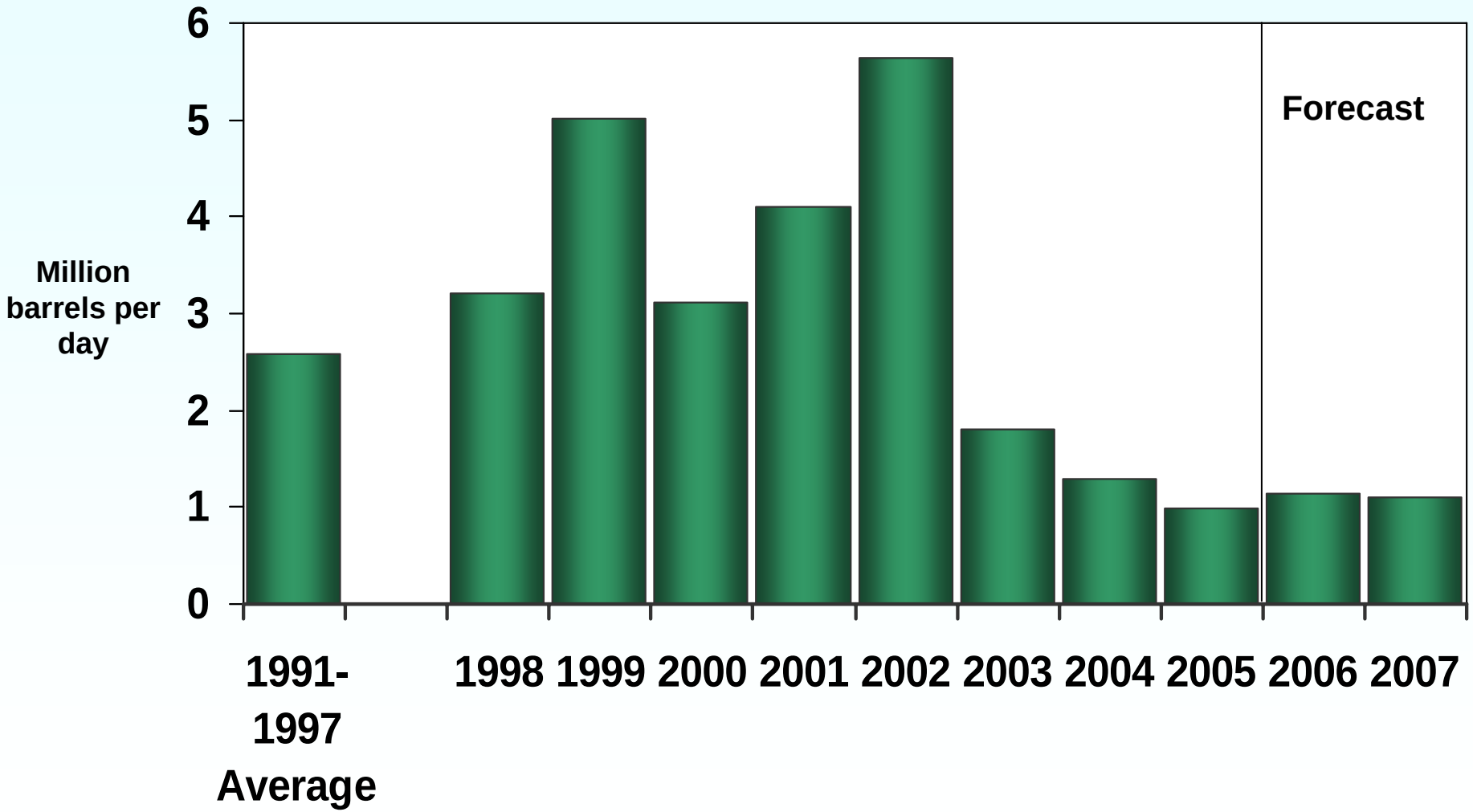
World Oil Surplus Production Capacity



Source: EIA Short-Term Energy Outlook, July 2006.

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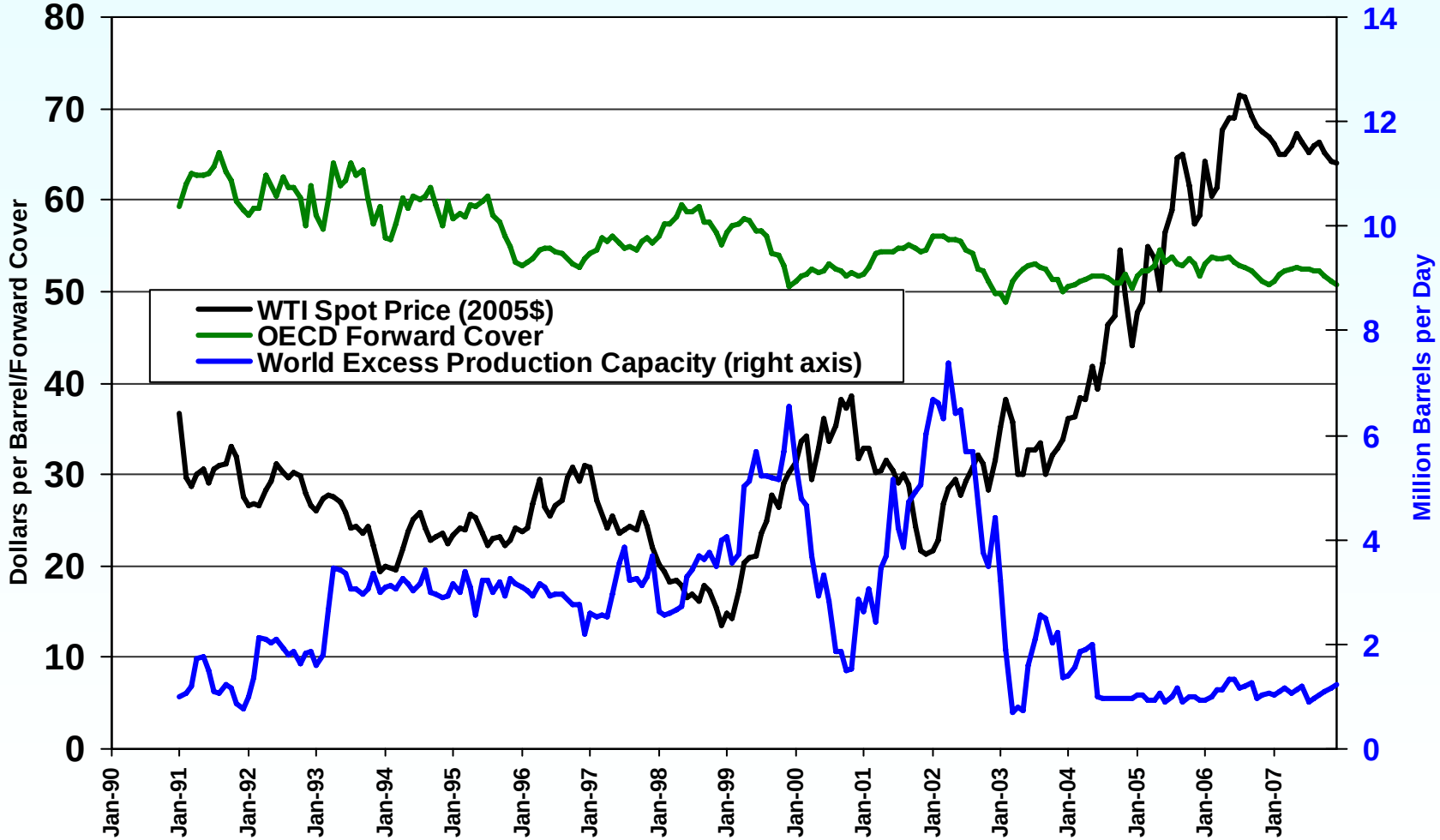
Lack of Excess Capacity and Low Forward Cover Thrust Prices Upward



Sources: WTI: Reuters; OECD Forward Cover: International Energy Agency; World Excess Production Capacity: U.S. Energy Information Administration estimates.

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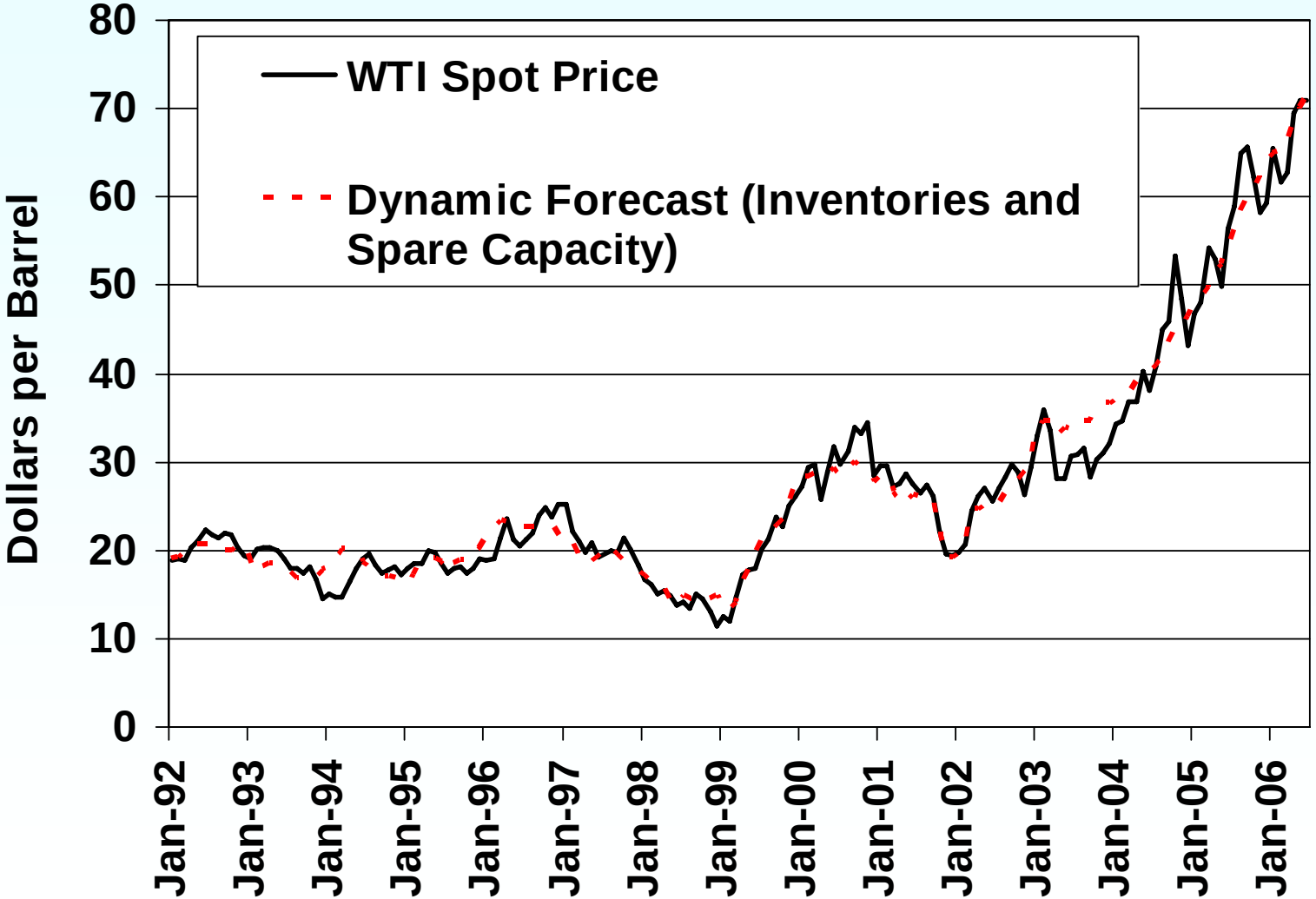
OECD Inventories and Spare Production Capacity Have Explained Most of Recent Price Variation



Source: Reuters spot prices, EIA modeling.

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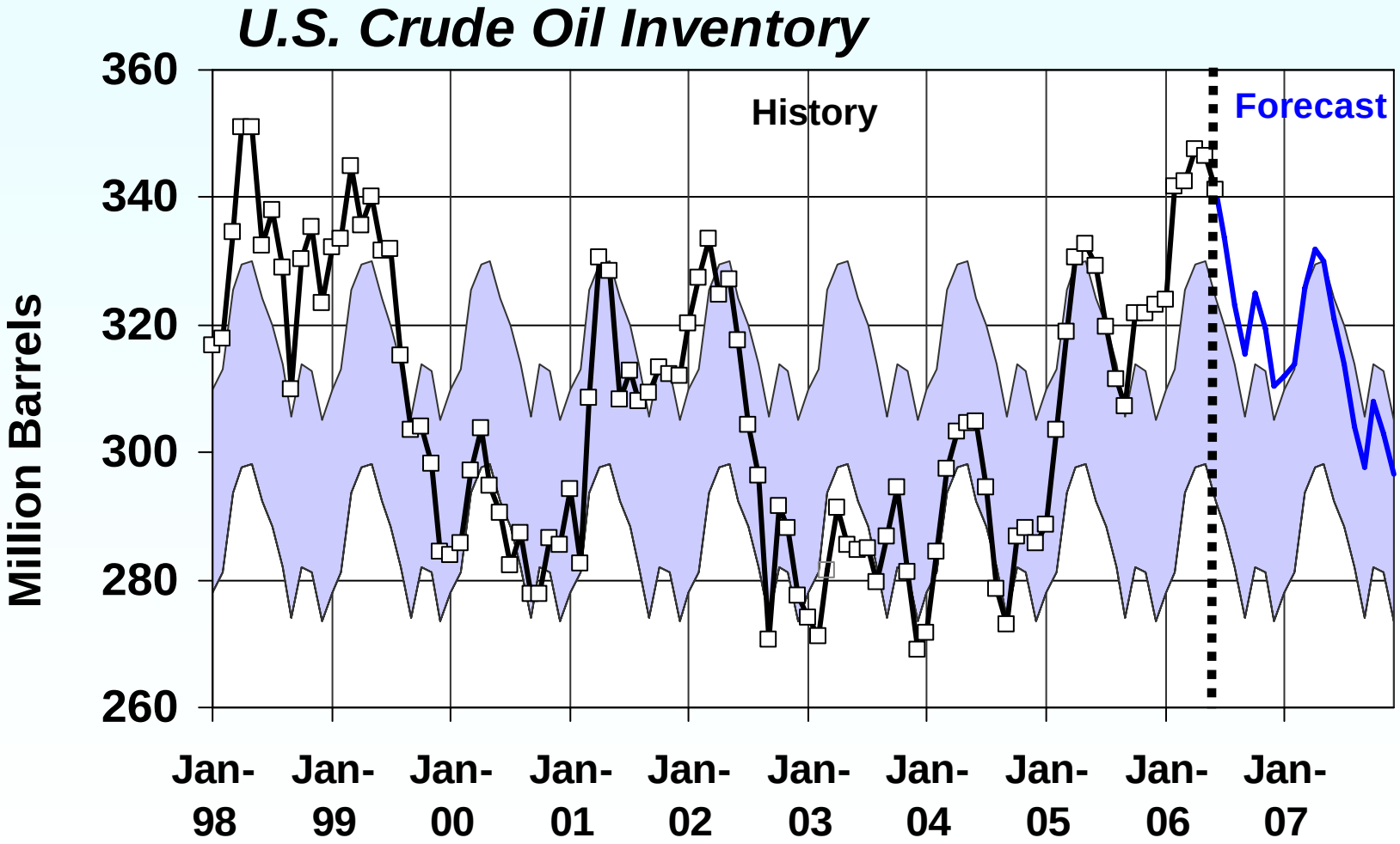
U.S. Crude Inventories Projected to be on the High End of Normal Range



NOTE: Colored band is the normal inventory range.

Sources: EIA, Short-Term Energy Outlook, July 2006

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Consumer Prices and Expenditures – Heating Oil (Northeast)

	2003-2004	2004-2005	2005-2006	2006-2007
	Actual	Actual	Actual	Forecast (est.)
Consumption (gals.)	642	642	589	633
Average Price	$1.46	$1.93	$2.44	$2.50
Expenditures	$935	$1,237	$1,438	$1,580

Sources: History: EIA; Projections: Short-Term Energy Outlook, July 2006.

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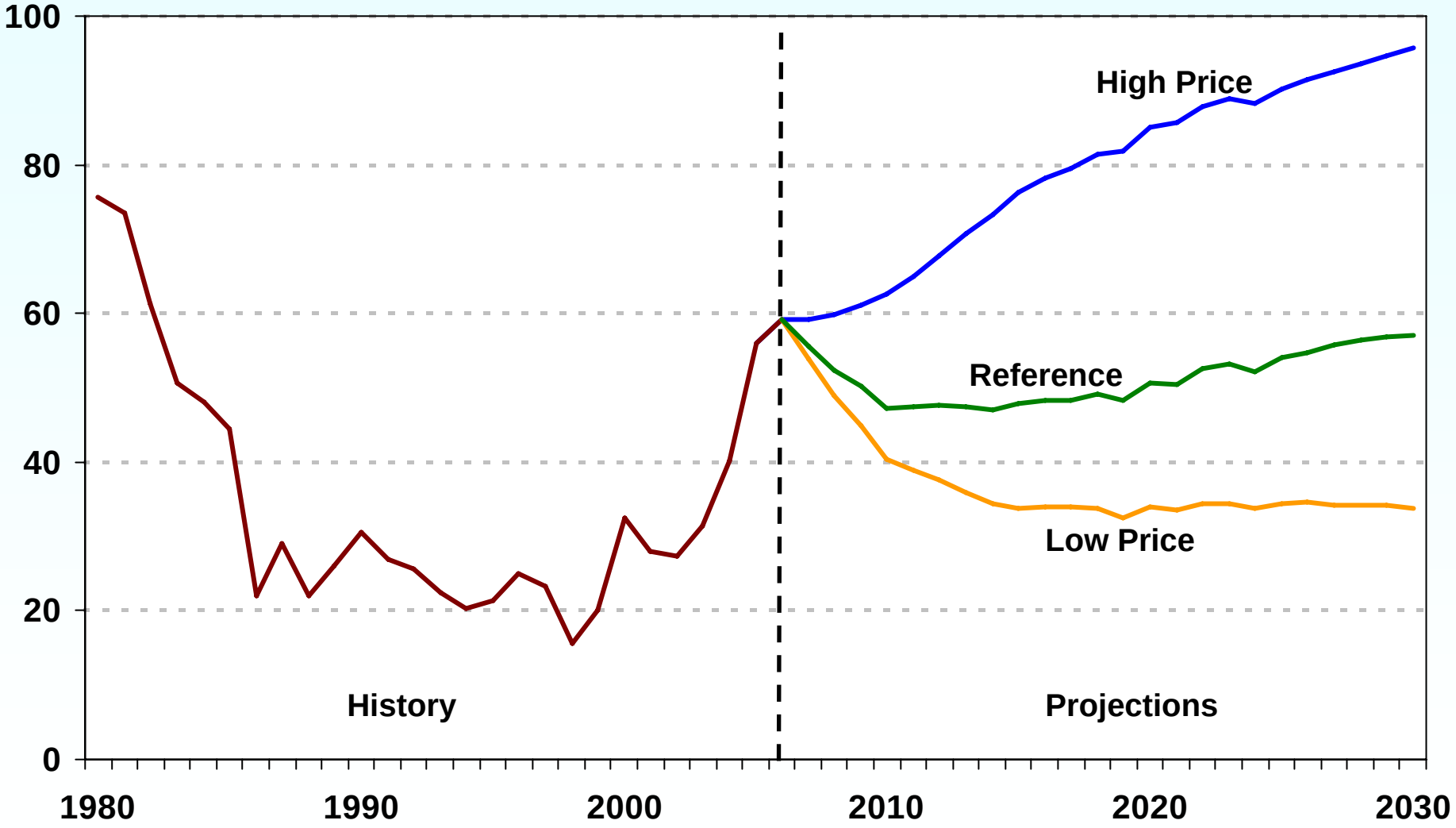
World Oil Prices in Three Cases
(2004 dollars per barrel)



Source: Annual Energy Outlook 2006

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