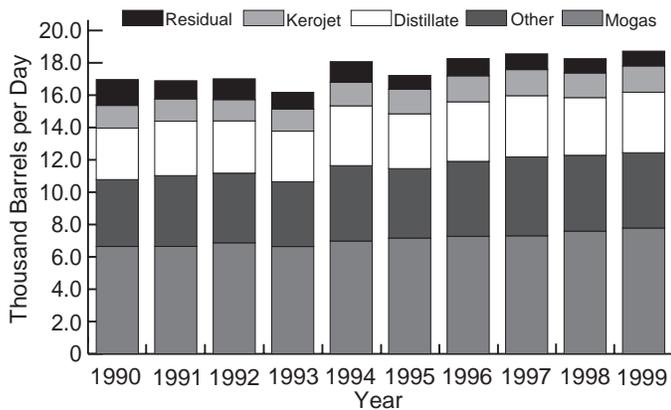


Highlights

Total demand for refined petroleum products, measured as product supplied for January 1999¹, averaged 18.7 million barrels per day (Table & Figure H1). Demand for refined petroleum products reached the highest average for the month since 1980. Demand for both finished motor gasoline and kerosene-type jet fuel set January record high averages along with distillate fuel oil and residual fuel oil which were both up compared to last year.

Data collected by the National Oceanic Atmospheric Administration (NOAA) during the month show that temperatures in the U.S. remained warmer than normal for this time of year. On average, temperatures were 9.3 percent warmer than normal although 14.1 percent cooler than this time last year.² Another important factor affecting petroleum product supplied is the continuing strength of the U.S. economy. In the most recent summary of commentary on the current economic conditions released by the Federal Reserve Board in *The Beige Book*, most regions reported "solid economic growth."³

Figure H1. Total Demand, 1990-Current, Comparison in January for Petroleum Products



Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

January 1999 highlights include:

- **Demand** for finished motor gasoline averaged 7.8 million barrels per day, a record high for the month. **Production** averaged 8.0 million barrels per day, also a record January high. End-of-month **stocks** of finished motor gasoline totaled 178.8 million barrels, the highest January total since 1995.
- Distillate fuel oil **demand** averaged 3.7 million barrels per day, a 5 percent increase over last year. Although **production** of distillate fuel oil was only 82 thousand barrels per day from breaking the January record high set back in 1977, the average was less than last January's. **Stocks** of distillate fuel oil ended the month totaling 143.6 million barrels, 10.5 million barrels more than last year.

¹January 1999 data are monthly-from-weekly estimates based on the Energy Information Administration's Weekly Petroleum Supply Reporting System.

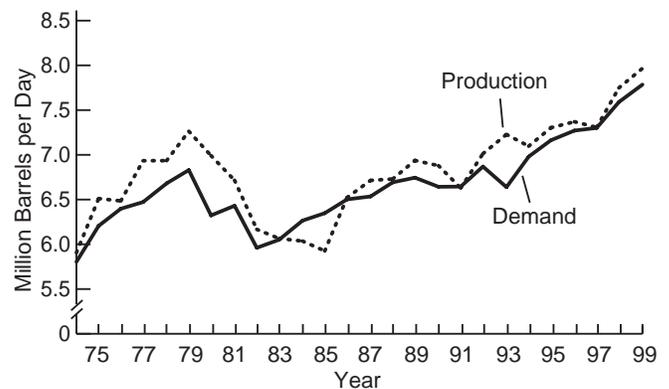
²"Heating Degree Day Data Monthly Summary, Monthly Data for January 1999", *National Oceanic Atmospheric Administration*, accessible via the Internet at <http://nic.fb4.noaa.gov>.

³"The Beige Book", *The Federal Reserve Board*, January 20, 1999, accessible via the Internet at <http://www.bog.frb.fed.us>.

⁴See Table B1 for explanation on revision of "Initial Interim" domestic crude oil production estimates.

- Residual fuel oil **demand** was up nearly 4 percent compared to last January, averaging 916 thousand barrels per day. Residual fuel oil end-of-month **stocks** totaled 42.4 million barrels, the highest level for the month since 1995.
- **Demand** for kerosene-type jet fuel set a record high for the month at an average of 1.6 million barrels per day. Kerosene-type jet fuel **production** reached the second highest average for the month ever, as well as, one of the highest levels ever at 1.6 million barrels per day. Kerosene-type jet fuel **stocks** were at 45.3 million barrels by month's end, a January record.
- Propane inventories ended the month 10.5 million barrels higher than this time last year at 45.2 million barrels.
- Domestic **production** of crude oil averaged 6.0 million barrels per day during January, the lowest average for the month in 48 years.⁴ Crude oil **imports** set a January record high at an average of 8.6 million barrels per day. Excluding the Strategic Petroleum Reserve (SPR), crude oil end-of-month **stocks** totaled 333.1 million barrels, the highest January level since 1994. Crude oil **inputs** reached the second highest level for the month ever, at an average of 14.6 million barrels per day.

Figure H2. Finished Motor Gasoline, Year-to-Year January Comparisons, 1974-1999



Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

Motor Gasoline

Demand for finished motor gasoline continues to break new ground as gas prices remain low. **Demand** for finished motor gasoline set a record high for the month at an average of 7.8 million barrels per day (Figure H2). The retail price for conventional motor gasoline started the year off 14 percent below this time last year. At an average of only 94.9 cents per gallon (including taxes), the retail price for conventional motor gasoline remains

Table H1. Petroleum Supply Summary
(Million Barrels per Day, Except Where Noted)

Category	1999	1998	Difference ^a	1998
	Estimated January	December		January
Products Supplied	18.7	19.2	-0.5	18.3
Finished Motor Gasoline.....	7.8	8.4	-0.6	7.6
Distillate Fuel Oil.....	3.7	3.5	0.3	3.6
Residual Fuel Oil.....	0.9	0.8	0.1	0.9
Jet Fuel.....	1.6	1.7	-0.1	1.5
Other Petroleum Products ^b	4.7	4.8	-0.2	4.7
Crude Oil Inputs	14.6	14.8	-0.2	14.3
Operating Utilization Rate (%)	95.8	96.0	-0.2	94.3
Imports	10.3	10.0	0.3	9.9
Crude Oil	8.6	8.3	0.3	8.2
Strategic Petroleum Reserve	0.0	0.0	0.0	0.0
Other	8.6	8.3	0.3	8.2
Products	1.7	1.7	(s)	1.7
Finished Motor Gasoline	0.3	0.3	(s)	0.3
Distillate Fuel Oil	0.3	0.2	(s)	0.2
Residual Fuel Oil.....	0.2	0.2	0.1	0.2
Jet Fuel	0.1	0.1	(s)	0.1
Other Petroleum Products ^c	0.8	0.9	-0.1	1.0
Exports	1.0	0.9	0.1	1.1
Crude Oil	0.1	0.1	(s)	0.2
Products	0.9	0.8	0.1	0.9
Total Net Imports	9.3	9.1	0.2	8.8
Stock Change^d	0.1	-0.9	1.0	0.5
Crude Oil	0.5	-0.4	0.8	0.5
Products	-0.3	-0.5	0.2	-0.1
Total Stocks	1,632	1,647	-15	1,576
(million barrels)				
Crude Oil	904	894	10	884
Strategic Petroleum Reserve ^e	571	571	0	563
Other.....	333	323	10	321
Products	727	753	-26	692
Finished Motor Gasoline.....	179	172	7	175
Distillate Fuel Oil.....	144	156	-13	133
Residual Fuel Oil	42	44	-2	40
Jet Fuel.....	45	45	1	44
Other Petroleum Products ^e	317	336	-19	299

^a Difference is equal to volume for current month minus volume for previous month.

^b Includes crude oil product supplied, natural gas liquids, liquefied refinery gases (LRG's), other liquids, and all finished petroleum products except finished motor gasoline, distillate fuel oil, residual fuel oil, and jet fuel.

^c Includes natural gas liquids, liquefied refinery gases (LRG's), other liquids, and all finished petroleum products except motor gasoline, jet fuel, distillate fuel oil, and residual fuel oil.

^d A negative number indicates a decrease in stocks and a positive number indicates an increase.

^e Crude oil stocks in the SPR include non-U.S. stocks held under foreign or commercial storage agreements.

(s) = Less than 0.05 million barrels per day, or less than 0.05 percent, or less than 0.5 million barrels.

Note: Totals may not equal sum of components due to independent rounding.

Source: Energy Information Administration (EIA), 1997, *Petroleum Supply Annual*, Volume II; appropriate issues of the *Petroleum Supply Monthly* and the *Weekly Petroleum Status Report*.

Data for the current month are preliminary estimates, based on weekly submissions. For an explanation of estimation methodology and accuracy, see Appendix A of *Weekly Petroleum Status Report* and the article, "Accuracy of Petroleum Supply Data", published in the October 1998, *Petroleum Supply Monthly*.

Table H2. U.S. Refinery Inputs, Capacities¹ and Utilization Rates: 1997-1998
(Thousand Barrels per Day, Except Where Noted)

Item	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
1997												
Gross Refinery Inputs	13,771	13,601	14,156	14,465	15,232	15,300	15,190	15,465	15,533	15,127	14,939	15,188
Operating Refinery Capacity ²	15,168	15,205	15,233	15,229	15,449	15,461	15,462	15,452	15,464	15,464	15,452	15,424
Idle Capacity ³	284	247	399	387	167	177	177	189	139	139	150	204
Idle Three Months or Less	197	160	220	180	0	10	10	22	12	12	12	66
Idle More than Three Months	87	87	179	207	167	167	167	167	127	127	139	139
Operable Refinery Capacity	15,452	15,452	15,632	15,616	15,616	15,638	15,639	15,641	15,602	15,602	15,602	15,628
Utilization Rate (percent)												
Operating Capacity	90.8	89.5	92.9	95.0	98.6	99.0	98.2	100.1	100.4	97.8	96.7	98.5
Operable Capacity	89.1	88.0	90.6	92.6	97.5	97.8	97.1	98.9	99.6	97.0	95.7	97.2
1998												
Gross Refinery Inputs	14,655	14,340	14,851	15,170	15,305	15,651	15,704	15,806	15,041	14,241	15,089	15,168
Operating Refinery Capacity ²	15,538	15,555	15,547	15,587	15,617	15,687	15,695	15,689	15,703	15,346	15,481	15,797
Idle Capacity ³	167	158	184	144	144	135	135	143	129	537	449	154
Idle Three Months or Less	41	20	46	0	0	0	0	14	0	420	369	37
Idle More than Three Months	127	138	138	144	144	135	135	129	129	117	80	117
Operable Refinery Capacity	15,705	15,713	15,732	15,732	15,761	15,822	15,830	15,832	15,832	15,883	15,930	15,951
Utilization Rate (percent)												
Operating Capacity	94.3	92.2	95.5	97.3	98.0	99.8	100.1	100.7	95.8	92.8	97.5	96.0
Operable Capacity	93.3	91.3	94.4	96.4	97.1	98.9	99.2	99.8	95.0	89.7	94.7	95.1

¹Capacities are on a calendar day basis.

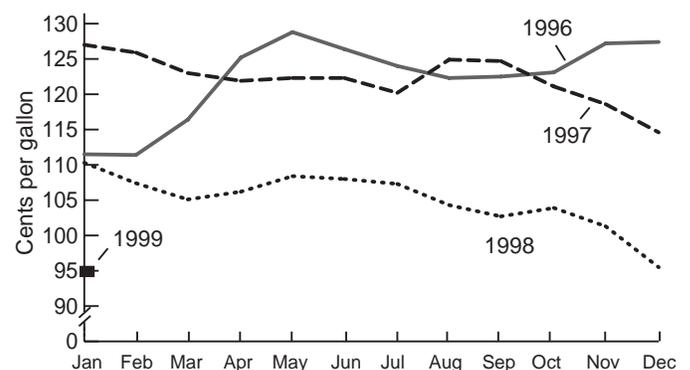
²Operating capacity equals the operable capacity less the total idle capacity.

³Idle capacity is the component of operable capacity that is not in operation and not under active repair, but is capable of being placed in operation within 30 days; and capacity not in operation but is under active repair that can be completed within 90 days.

Note: Totals may not equal sum of components due to independent rounding.

Sources: Energy Information Administration (EIA), 1997, *Petroleum Supply Annual*, Volume 2, Table 16; EIA, *Petroleum Supply Monthly*, 1998 data issue, Table 28.

Figure H3. Prices for Conventional Motor Gasoline 1996-current



Source: Energy Information Administration, *Weekly Petroleum Status Report*, DOE/EIA-0208 (various issues).

inexpensive due to low crude oil prices (Figure H3).⁵ **Production** of finished motor gasoline also set a record January high averaging 8.0 million barrels per day. Due to slack heating demand and to correct the excess supplies of heating fuels, refiners have been focusing on maximizing motor gasoline production at the expense of distillates.⁶ Finished motor gasoline **imports** were up slightly compared to last year, but within the normal seasonal range at an average of 289 thousand barrels per day. **Stocks** ended the month at their highest level since February 1995 at 178.8 million barrels. Price differentials have provided an incentive to store gasoline ahead of the summer driving season.⁷

⁵“Table 16. U.S. Retail Motor Gasoline and On-Highway Diesel Fuel Prices, 1998 to Present”, *Weekly Petroleum Status Report*, February 5, 1999, p. 27.

⁶“Winter Chills Refining Margins, Fails to Heat Distillate Demand”, *The Oil Daily*, February 1, 1999, p. 9.

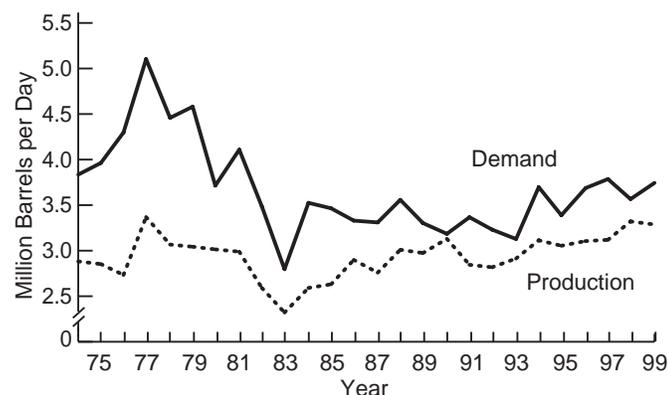
⁷“MARKETVIEW-Time To Tackle Product Stocks”, *Petroleum Intelligence Weekly*, February 1, 1999, p. 8.

Distillate Fuel Oil

Despite the weather being warmer than normal, it was cooler than last year's unusually warm year, lending some support for heating oils. **Demand** for distillate fuel oils averaged 3.7 million barrels per day, 178 thousand barrels per day higher than this time last year (Figure H4). Refineries, focusing on production of motor gasoline, produced fewer distillates compared to this time last year. On top of refineries shifting production focus, early turnarounds and maintenance also limited the amount of distillate fuel oil produced during the month.⁸ January's distillate fuel oil **production** average of 3.3 million barrels per day was slightly less than a year ago. **Imports** of distillate fuel oils were within the normal seasonal range at an average of 270 thousand barrels per day.

Total **stocks** of distillate fuel oil ended the month at 143.6 million barrels, **10.5 million barrels more than this time last year**. Of the total, high-sulfur or heating fuels accounted for slightly less than half of the total or 71.3 million barrels.

Figure H4. Distillate, Year-to-Year January Comparisons, 1974-1999

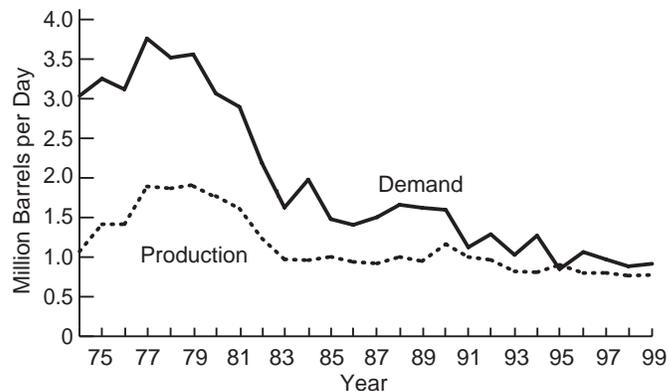


Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

Residual Fuel Oil

Demand for residual fuel oil averaged 916 thousand barrels per day, the highest level for the month in two years (Figure H5). **Production** of residual fuel oil was also up compared to last January, averaging 775 thousand barrels per day. **Imports** of residual fuel oil were within the normal seasonal range at an average of 234 thousand barrels per day. Residual fuel oil **stocks** ended the month at their highest level for January in four years, totaling 42.4 million barrels.

Figure H5. Residual, Year-to-Year January Comparisons, 1974-1999

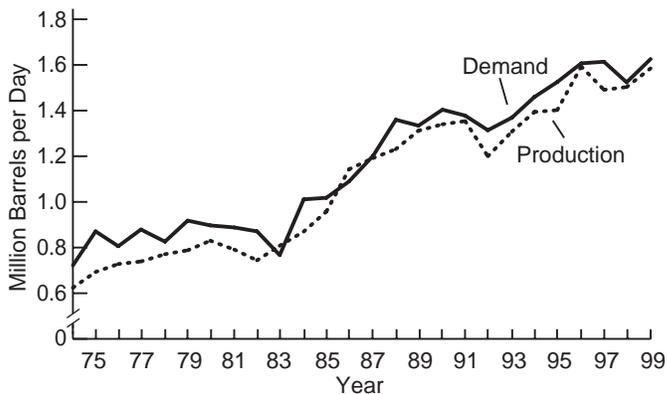


Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

Kerosene-Type Jet Fuel

Demand for kerosene-type jet fuel set a record high for January, as well as, one of the highest averages ever at 1.6 million barrels per day (Figure H6). Kerosene-type jet fuel **production** was also high in January, averaging 1.6 million barrels per day. Total **imports** of jet fuel were within the normal seasonal range at an average of 93 thousand barrels per day. Kerosene-type jet fuel **stocks** set a record high for January at a total of 45.3 million barrels.

Figure H6. Kerojet, Year-to-Year January Comparisons, 1974-1999



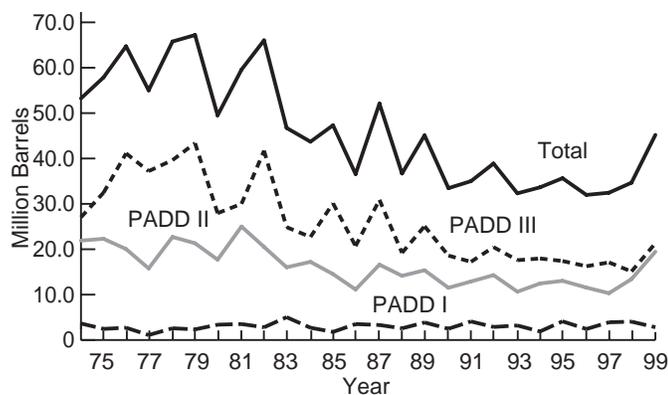
Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

⁸“Distillate Watch Summary”, *Energy Information Administration*, January 27, 1999, via e-mail.

Propane

January's propane inventories were drawn down at an all-time record pace for the month, 19.8 million barrels, to end January at 45.2 million barrels (Figure H7). End of the month stocks were 10.5 million barrels higher than last year's level. Stocks along the Gulf Coast declined 9.1 million barrels to end the month at 21.3 million barrels. Midwest stocks were drawn down 7.5 million barrels in January to end the month at 19.5 million barrels. Both the Midwest and Gulf Coast regions remain above their normal ranges for this time of year, while inventories in the East Coast region ended the month slightly below the normal range. Propane inventories along the East Coast declined 2.3 million barrels during January to end the month at 2.8 million barrels.

Figure H7. Propane Stocks, Year-to-Year January Comparisons, 1974-1999



Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

Crude Oil

Domestic crude oil **production** continues at levels similar to those from the 1950's. January's average of 6.0 million barrels was the lowest level for the month since 1951. Field production in Alaska also remains low at 1.2 million barrels per day, the lowest level for the month since 1978. Crude oil production in both Alaska and the lower 48 continues to feel the pains of sustained low prices and global over supply. The effects of sustained low crude oil prices are becoming more and more apparent as many states are reporting declines in drilling and some well shut-ins, as the cost of recovery is higher than the price for the crude.⁹ In Alaska, low crude oil

⁹"Fall in US Oil Output Bigger Than DOE Thinks", *Petroleum Intelligence Weekly*, February 1, 1999, p. 1 & 2.

¹⁰"Cold, Hard Spending Cuts Hit Alaska's North Slope", *Petroleum Intelligence Weekly*, January 18, 1999, p. 7.

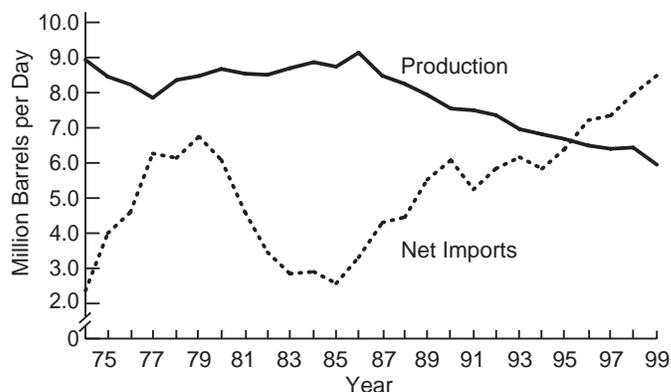
¹¹"Imports Add to Woes of Louisiana Sweets; Gulf Prices Hold Steady", *The Oil Daily*, February 1, 1999, p. 4.

¹²"Drop in Oil Production in Western Canada Leaves Space on Pipelines", *The Oil Daily*, February 5, 1999, p. 5.

prices have been blamed for reductions in output, delays in new production projects, and cut backs in explorations.¹⁰ **Imports** of crude oil started the year off at an average of 8.6 million barrels per day, **an increase of 5 percent from the prior January high.** Refineries found foreign crude oil attractive due to the trans-Atlantic price differences.¹¹ Net imports of crude oil, one measure of U.S. reliance on foreign oil, also set a record high for January at an average of 8.5 million barrels per day (Figure H8).

Not including crude oil held in the SPR, January's end of month stock level was 333.1 million barrels. Total crude oil stocks ended the month at 904.5 million barrels, the highest January total since 1995. Total crude oil stocks include non-U.S. stocks held under foreign or commercial storage agreements.

Figure H8. Crude Oil, Year-to-Year January Comparisons for Production and Net Imports, 1974-1999



Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

Refinery Operations

Crude oil **inputs** averaged 14.6 million barrels per day, only 221 thousand barrels per day from the January record set in 1979. Although inputs of crude oil in January were at a near record rate, they declined from December's average due in part to a leak in the Capline pipeline system and the start of seasonal turnarounds. The leak caused some Midwest refiners problems getting crude oil from the Gulf Coast.¹² January's estimated refinery **operable utilization rate** (gross input divided by operable capacity) averaged 92.6 percent which compares to 93.3 percent a year ago.