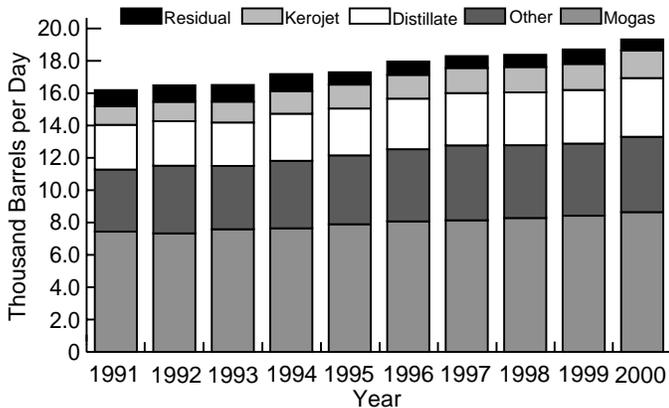


Highlights

The summer driving season got off to a strong start in May. Along with the increased demand for finished motor gasoline and the U.S.'s continuing economic boom¹, temperatures across the nation were much warmer than usual² adding to the overall increased demand for petroleum products. Total demand for refined petroleum products, measured as product supplied, jumped to an average of 19.3 million barrels per day setting a **record high for May**³ (Table H1).

Figure H1. Total Demand, 1991-Current, Comparison in May for Petroleum Products



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

May 2000 highlights include:

- **Demand** for finished motor gasoline set a **record high for May** at an average of 8.6 million barrels per day. **Production** also set a **record high for May** at 8.4 million barrels per day. By month's end, **stocks** of finished motor gasoline declined to a total of 157.6 million barrels.
- **Demand** for distillate fuel oil set another **record high for May** at 3.6 million barrels per day. **Production** averaged 3.7 million barrels per day, a **record high for May**. **Imports** of distillate fuel averaged 293 thousand barrels per day, setting a **record high for the month**. **Stocks** ended the month totaling 101.9 million barrels.
- **Demand** for residual fuel oil averaged only 681 thousand barrels per day, the **lowest average for the month in over 37 years**. End-of-month **stocks** totaled 36.9 million barrels.
- **Demand** for kerosene-type jet fuel set a **record high for the month** at 1.7 million barrels per day. **Production** of kerosene-type jet fuel also set a **May record** at 1.6 million barrels per day. **Stocks** of kerosene-type jet fuel ended the month at 41.8 million barrels.

¹"Fed Officials Say Soft Landing in Sight", *Reuters*, June 6, 2000, accessible via the Internet at <http://dailynews.yahoo.com/>.

²"Cooling Degree Day Data Monthly Summary, Monthly Data for May 2000", *National Oceanic and Atmospheric Administration*, accessible via the Internet at <http://www.cpc.ncep.noaa.gov/>.

³May 2000 data are monthly-from-weekly estimates based on the Energy Information Administration's Weekly Petroleum Supply Reporting System.

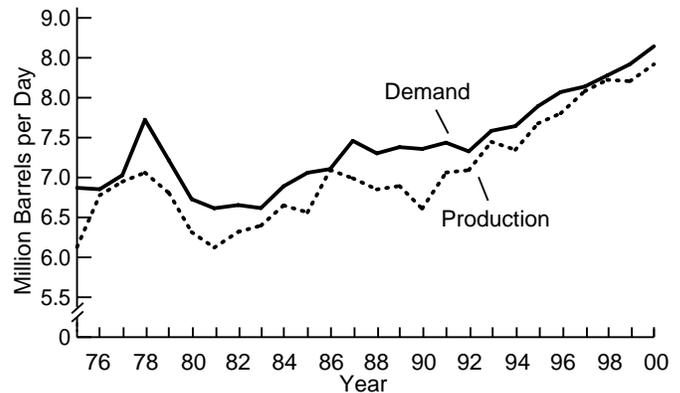
⁴Table 16. U.S. Retail Motor Gasoline and On-Highway Diesel Fuel Prices, 1999 to Present", *Weekly Petroleum Status Report*, May 26, 2000, p. 27.

⁵"Early Look at Winter Distillate Market Show Tight Supplies, Refining Roadblocks", *The Oil Daily*, May 30, 2000, p. 6.

⁶"Tight Gasoline Shakes Both Sides of Atlantic", *The Oil Daily*, May 22, 2000, p. 1 & 2.

- An additional 9.7 million barrels of propane were added to U.S. **inventories** by month's end for a total of 35.5 million barrels.
- Crude oil **production** averaged only 5.8 million barrels per day, **the lowest average for the month since 1952**. **Imports** were 136 thousand barrels per day lower than the record high for the month at 9.0 million barrels per day. End-of-month **stocks** of crude oil, excluding the Strategic Petroleum Reserves (SPR), totaled 301.8 million barrels.
- Refinery **inputs** of crude oil set a **record high for May** at an average of 15.5 million barrels per day.

Figure H2. Finished Motor Gasoline, Year-to-Year May Comparisons, 1975-2000



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

Motor Gasoline

The summer driving season got off to a record start with **demand** for finished motor gasoline setting a **record high for this time of year** at an average of 8.6 million barrels per day (Figure H2). This record demand was reached despite the increasing cost of the fuel at the pumps. Conventional motor gasoline prices climbed higher this month, costing motorists an average of \$1.491 a gallon (Figure H3).⁴ Yields for gasoline were also high this month as producers worked to keep up with demand.⁵ **Production** of finished motor gasoline also set a **record for the month** averaging 8.4 million barrels per day. Production of reformulated motor gasoline was little changed compared to this time last year as producers are facing uncertainty over the ramifications⁶ of Unocal's patent for the super clean gasoline. Production of reformulated motor gasoline averaged 2.6 million barrels per day, down 1.5 percent compared to last May. Finished motor gasoline **imports** were normal for the month at 386 thousand barrels per day.

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

Category	2000			1999	January - May	
	Estimated May	April	Difference ^a	May	2000	1999
Products Supplied	19.3	18.6	0.7	18.7	19.0	19.1
Finished Motor Gasoline.....	8.6	8.2	0.4	8.4	8.2	8.2
Distillate Fuel Oil.....	3.6	3.4	0.2	3.3	3.6	3.6
Residual Fuel Oil	0.7	0.7	(s)	0.9	0.7	0.9
Jet Fuel.....	1.7	1.7	0.1	1.6	1.7	1.7
Other Petroleum Products ^b	4.7	4.5	0.1	4.5	4.8	4.8
Crude Oil Inputs	15.5	15.1	0.5	15.0	14.6	14.7
Operating Utilization Rate (%)	95.8	96.0	-0.2	95.6	91.6	93.1
Imports	11.1	11.1	(s)	11.5	10.6	11.0
Crude Oil	9.0	9.1	-0.1	9.1	8.5	8.8
Strategic Petroleum Reserve	0.0	0.0	0.0	0.0	(s)	0.0
Other.....	9.0	9.1	-0.1	9.1	8.5	8.8
Products	2.1	2.0	0.1	2.4	2.1	2.2
Finished Motor Gasoline.....	0.4	0.4	(s)	0.5	0.4	0.4
Distillate Fuel Oil.....	0.3	0.2	0.1	0.3	0.3	0.3
Residual Fuel Oil	0.2	0.2	(s)	0.3	0.2	0.3
Jet Fuel.....	0.1	0.1	(s)	0.1	0.1	0.1
Other Petroleum Products ^c	1.1	1.1	(s)	1.2	1.2	1.1
Exports	1.0	1.1	-0.2	0.9	1.0	0.9
Crude Oil	0.1	0.1	(s)	0.1	0.1	0.1
Products	0.9	1.0	-0.1	0.8	0.9	0.8
Total Net Imports	10.1	10.0	0.2	10.6	9.6	10.1
Stock Change^d	0.7	1.0	-0.3	1.1	0.3	0.1
Crude Oil	-0.1	0.2	-0.3	0.2	0.1	0.1
Products	0.8	0.8	(s)	0.9	0.2	-0.1
Total Stocks	1,515	1,508	7	1,658	—	—
(million barrels)						
Crude Oil	871	873	-1	914	—	—
Strategic Petroleum Reserve ^e	569	569	0	574	—	—
Other.....	302	303	-1	340	—	—
Products	644	635	9	744	—	—
Finished Motor Gasoline.....	158	162	-4	177	—	—
Distillate Fuel Oil.....	102	100	2	132	—	—
Residual Fuel Oil	37	35	2	41	—	—
Jet Fuel.....	42	41	(s)	48	—	—
Other Petroleum Products ^c	306	297	8	347	—	—

^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 finished 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 Strategic Petroleum Reserve 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.

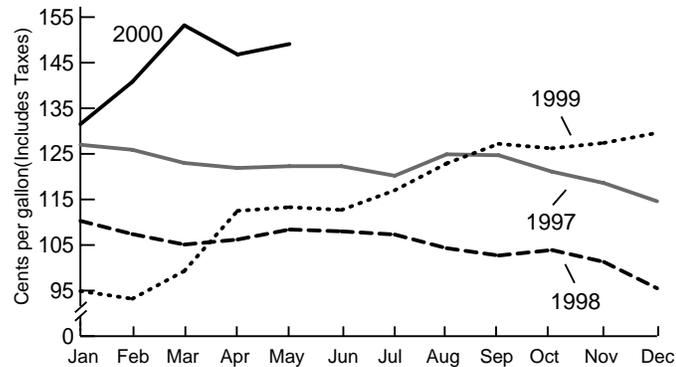
Note: Totals may not equal sum of components due to independent rounding.

Source: Energy Information Administration (EIA), 1999, *Petroleum Supply Annual*, Volume 2; 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 December 1999, *Petroleum Supply Monthly*.

Finished motor gasoline inventories remain tight, ending the month at their **lowest month-end total for May since the EIA began tracking the series in 1981**. Stocks of finished motor gasoline ended the month at 157.6 million barrels. Other finished motor gasoline stocks ended the month at 115.2 million barrels, down from last May's month-end total of 129.1 million barrels. Reformulated stocks ended the month at 41.5 million barrels versus 46.2 million barrels last May and oxygenated stocks ended the month at 866 thousand barrels compared to 1.3 million barrels a year ago.

Figure H3. Retail Prices for Conventional Motor Gasoline, 1997-current



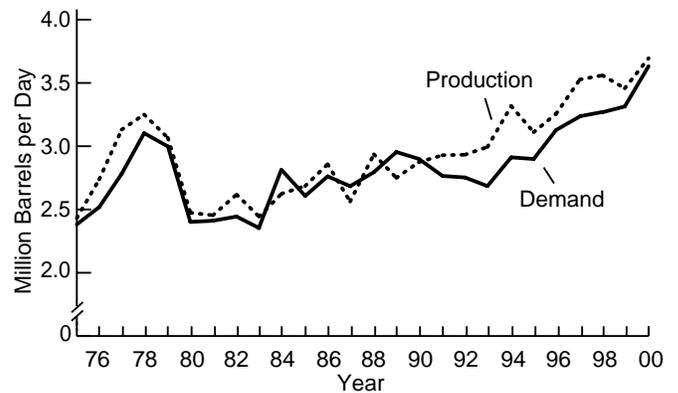
Source: Energy Information Administration, *Weekly Petroleum Status Report*, DOE/EIA-0208 (various issues).

Distillate Fuel Oil

Demand for distillate fuel oil remained strong this month, setting **a record high for this time of year**. Demand for distillate fuel oil averaged 3.6 million barrels per day, an **9.6 percent increase from the prior record for the month** set last year (Figure H4). Along with the increases in transportation demand that go along with a strong economy, demand from the utilities has also been healthy. The warmer weather brought with it increased demand for power from the utilities to meet increasing air conditioning requirements.⁷ **Production** of distillates set a record high for the month averaging 3.7 million barrels per day. **Imports** of distillate fuel oil also reached **a record high for the month** at an average of 293 thousand barrels per day. Total distillate fuel oil **stocks** ended the month at 101.9 million barrels, **down 29.9 million barrels from this time last year**. Low-sulfur stocks accounted for 65.2 million barrels, compared to 70.2 million barrels last year. Stocks of high-sulfur distillate fuel oil ended the month totaling 36.7 million barrels, compared to 61.6 million barrels a year ago.

⁷“Early Look at Winter Distillate Market Show Tight Supplies, Refining Roadblocks”, *The Oil Daily*, May 30, 2000, p. 6.

Figure H4. Distillate, Year-to-Year May Comparisons, 1975-2000

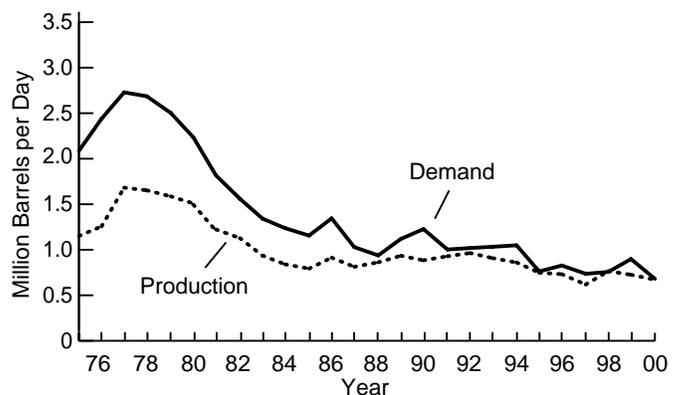


Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

Residual Fuel Oil

Demand for residual fuel oil averaged 681 thousand barrels per day, the **lowest average for the month in more than 37 years** (Figure H5). **Production** averaged 671 thousand barrels per day, the lowest average for the month since 1997. Residual fuel oil **imports** were normal for this time of year at 193 thousand barrels per day. While **stocks** increased to 36.9 million barrels by month's end, they remained down compared to last May.

Figure H5. Residual, Year-to-Year May Comparisons, 1975-2000

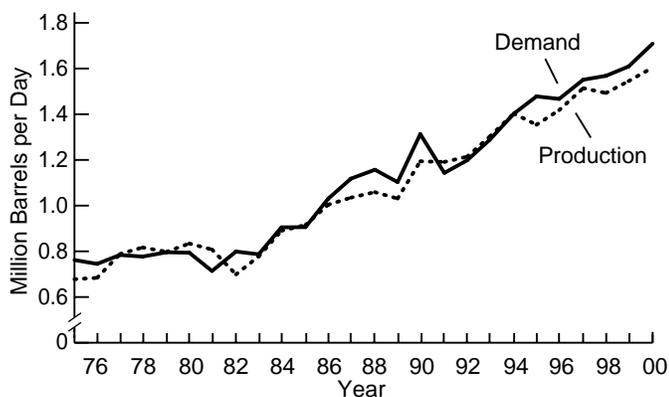


Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

Kerosene-Type Jet Fuel

Domestic demand for air travel remains strong. The latest data on the number of seats available, known as available seat miles, and the percentage of those that are filled both continue to reflect year-on-year increases.⁸ This **demand** for kerosene-type jet fuel reached an average of 1.7 million barrels per day in May, not only **a record high for the month but close to the all time high** (Figure H6). **Production** of kerosene-type jet fuel also set **a record high for the month** averaging 1.6 million barrels per day. Total jet fuel **imports**, including both kerosene- and naphtha-type, averaged 122 thousand barrels per day. **Stocks** of kerosene-type jet fuel ended the month at 41.8 million barrels, **down 12.0 percent compared to last May**.

Figure H6. Kerojet, Year-to-Year May Comparisons, 1975-2000

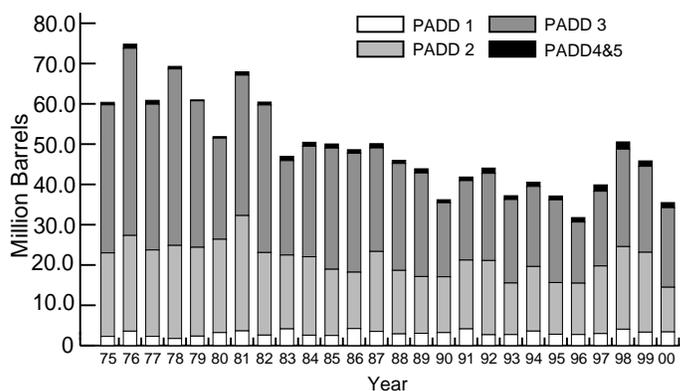


Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

Propane

Propane inventories experienced a strong build in May, increasing 9.7 million barrels for a total of 35.5 million barrels by month's end (Figure H7). While May's build was the second largest for the month in at least 27 years, U.S. propane inventories remain below normal for this time of year. Regionally, Midwest inventories ended the month below normal compared to inventories in both the East Coast and Gulf Coast that ended the month within their normal seasonal ranges. Midwest inventories ended the month at their lowest total for this time of year in over 27 years at 11.1 million barrels despite their 2.5 million barrel build. Gulf Coast inventories increased 6.5 million barrels to end the month at 19.7 million barrels. Along the East Coast, propane inventories ended the month at 3.4 million barrels, an increase of 703 thousand barrels.

Figure H7. Propane Stocks by PAD District, Year-to-Year May Comparisons, 1975-2000



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

Crude Oil

Domestic **production** of crude oil declined to an average of 5.8 million barrels per day, **the lowest average for the month since 1952**. In May, Alaskan production was hindered by maintenance work at the Lisburne Production Center and at Prudhoe Bay, well work at Point McIntyre, and a short shut down at Kuparuk.⁹ As a result, Alaska field production of crude oil averaged 959 thousand barrels per day for the month. Crude oil **imports**, at an average of 9.0 million barrels per day, were 136 thousand barrels per day below the record high for the month. Net imports, one measure of U.S. reliance on foreign crude oil, averaged 8.9 million barrels per day. The markets uneasiness with the tight supply situation for motor gasoline, OPEC's success in controlling crude oil supply and the uncertainty over future production levels has U.S. refineries paying considerably more for crude while they face increased demand.¹⁰ This month, the composite refiners' acquisition cost of crude oil increased 4.5 percent to an average of \$26.64 per barrel (Figure H8).¹¹

Primary **stocks** of crude oil, excluding the SPR, ended the month at 301.8 million barrels. Non-SPR crude oil stocks ended the month **down 11.2 percent compared to last May** and are at their lowest total for this time of year since 1976. Total crude oil stocks, including stocks held in the SPR and non-U.S. stocks held under foreign or commercial storage agreements, totaled 871.2 million barrels by month's end.

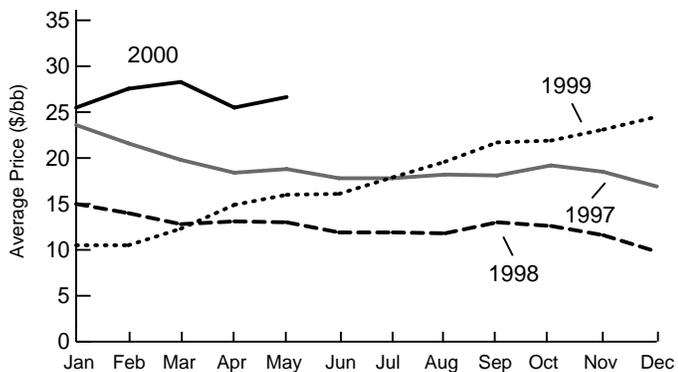
⁸“Preliminary Scheduled Passenger Traffic Statistics”, *Air Transport Association*, June 14, 2000, accessible via the Internet at <http://www.air-transport.org/>.

⁹“FY 2000 ANS Production”, *Alaska Department of Revenue*, May 2000, accessible via the Internet at <http://www.revenue.state.ak.us/tax/production/>.

¹⁰“Market Movement Sustaining \$30/bbl possible?”, *Oil & Gas Journal*, June 5, 2000, p. 5 & 6.

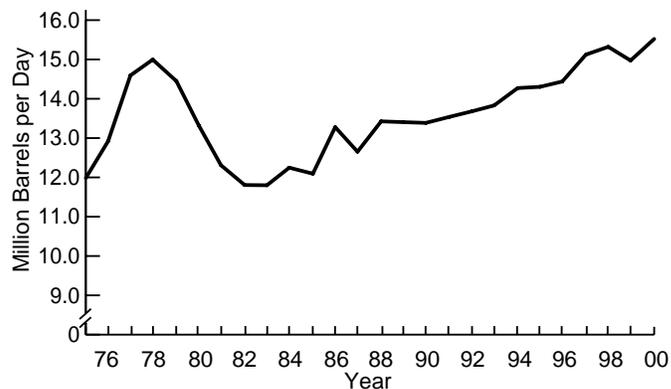
¹¹Table 19. Prices of Crude Oil and Petroleum Products by PADD”, *Weekly Petroleum Status Report*, June 16, 2000, p. 31 & 32.

Figure H8. Refiners' Composite Acquisition Cost for Crude Oil, 1997-current



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

Figure H9. Crude Oil Inputs, Year-to-Year May Comparisons, 1975-2000



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

Refinery Operations

Refinery **inputs** of crude oil set a **record high for the month** averaging 15.5 million barrels per day (Figure H9). The estimated refinery **operable utilization rate** (gross input divided by operable capacity) was up from last May's average of 93.9 percent to an average of 94.5 percent of capacity.