Missouri Department of Natural Resources
Division of Energy

MISSOURI ENERGY BULLETIN

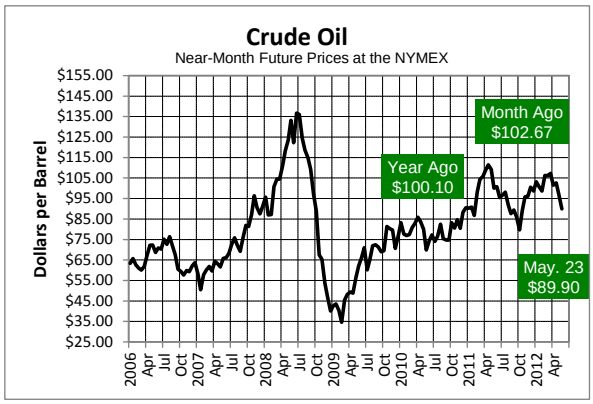
May 25, 2012

Crude Oil

U.S. crude oil prices decreased $12.77, or 12 percent, to $89.90 per barrel in the past month and stand 10 percent lower than at this time last year.

Crude Oil - Near Month Future Prices (dollars per barrel)					
	05-23-12	04-18-12	change	05-18-11	change
NYMEX	$89.90	$102.67	down 12%	$100.10	down 10%

- At the New York Mercantile Exchange (NYMEX), crude oil futures for July delivery ended $1.95, or 2.1 percent, lower May 23 to close at $89.90 per barrel, erasing all price increases through 2011, as the weekly federal fuel inventory report showed domestic oil supplies at near historic highs and the potential economic downturn in Europe. Crude prices are down 10 percent compared to the same period last year.



- U.S. oil inventories climbed to 382.5 million barrels (MMB). That number is the highest since August 3, 1990. The all-time record for crude oil stocks occurred weeks before, when inventories flirted with 392 MMB in late July 1990.

- European leaders met to discuss the euro region's debt crisis, the 18th since Greece was shaken by debt and the first since an anti-austerity campaign carried Francois Hollande to France's presidency. The euro sank to the lowest level in almost 2 years. Hollande teamed with Spanish Prime Minister Mariano Rajoy to press for the meeting of EU leaders to break with budget-cutting policies backed by German Chancellor Merkel that have failed to stabilize the 17-nation euro area and led to speculation that Greece might be forced out. A Congressional Budget Office report issued May 22 warned that if Congress does not address an impending 'fiscal cliff,' (referring to the Bush-era tax cuts scheduled to expire and $1.2 trillion in automatic government spending cuts set to being taking effect in January), the economy would contract at an annual rate of 1.3 percent in the first half of 2013. Worries about Europe and the Greek contagion are getting worse. There are also concerns about the Chinese economy.

- Compared to this time last year, the U.S. crude oil futures settlement price of $89.90 is $10.20, or 10 percent, lower.

- Total petroleum products supplied to market over the last four-week period ending May 18 averaged 18.7 MMB/D, up 1.2 percent, compared to the similar period last year.

- According to the May 18 Energy Information Administration (EIA) weekly fuels report, U.S. oil inventories increased 0.9 MMB at 382.5 MMB for the week ending May 18. U.S. crude supplies are now 11.6 MMB higher than at this time last year.

- Crude imports for the week ending May 18 were 8.6 MMB/D, down 0.3 MMB/D from the prior week. Imports at this time last year averaged nearly 9.2 MMB/D. Crude oil inventories represent 25.7 days of forward cover compared to 25.9 days at this time last year.

- U.S. refinery crude runs were down 23,000 barrels per day with refiners processing 15.3 MMB/D of crude for the week ending May 18. U.S. refinery capacity use was 88.1 percent, down 0.1 percent from the prior week and up 1.8 percent compared to this time last year.

- Gasoline output was up at 9.0 MMB/D on the week as West Coast refineries ramped up production. Gasoline output was up 0.12 MMB/D on the week but down 260,000 per day compared to last year at this time. Distillate output increased slightly at 4.5 MMB/D for the week ending May 18, and stands 247,000 barrels per day higher compared to the production level at this time last year.

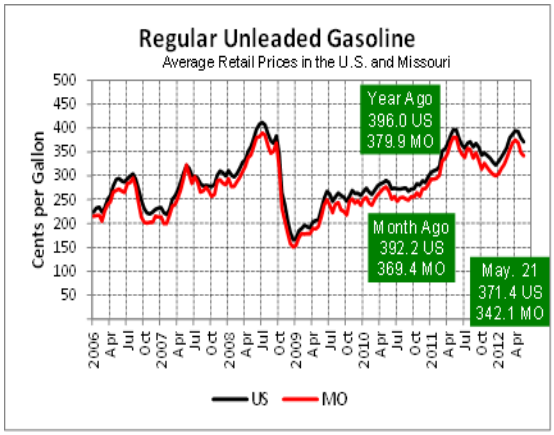
Transportation Fuels

On May 21, Missouri's statewide average retail price for gasoline was $3.42 per gallon, down 27.3 cents or 7 percent in the past month.

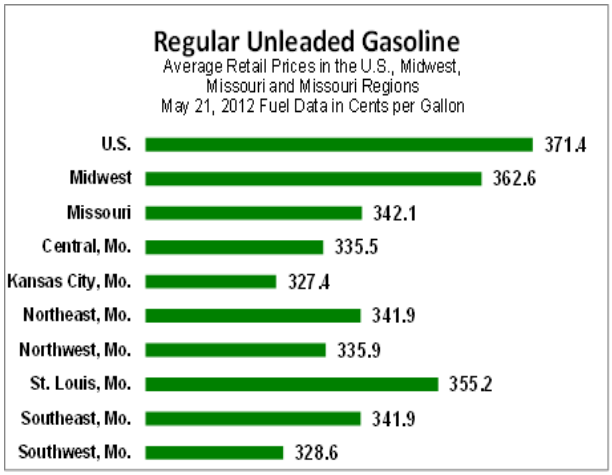
Regular Unleaded Gasoline - Retail Prices (cents per gallon)					
	05-21-12	04-16-12	change	05-16-11	change
US	371.4	392.2	down 5%	396.0	down 6%
Missouri	342.1	369.4	down 7%	379.9	down 10%

Diesel Fuel - Retail Prices (cents per gallon)					
	05-21-12	04-16-12	change	05-16-11	change
US	395.6	412.7	down 4%	406.1	down 3%
Missouri	374.7	391.0	down 4%	388.5	down 4%

- On May 21, Missouri's average retail price for gasoline was $3.42, a decrease of 27.3 cents in the past month. The average price for diesel fuel was down by 16.3 cents in the past month. Missouri's average retail gasoline price is $0.38, or 10.0 percent, lower, while the average diesel fuel price is $0.14, or 4 percent, lower for the comparable period in May 2011.



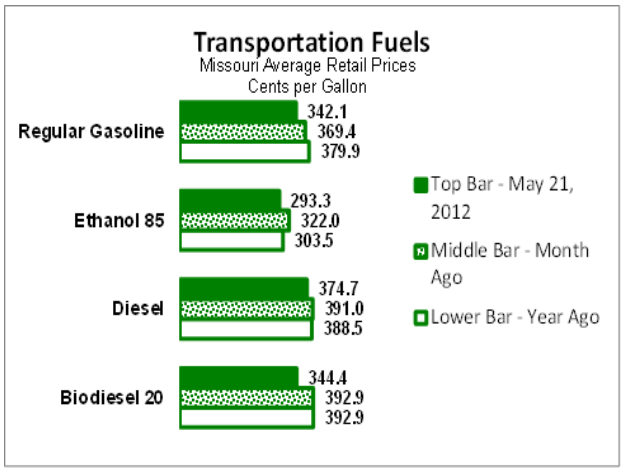
- The U.S. average price for regular gasoline was down by 20.8 cents per gallon, or 5 percent, compared to last month at $3.71 per gallon. The U.S. average was about $0.25, or 6 percent, lower compared to this time last year. In the past week, the U.S. average decreased by 4 cents per gallon.



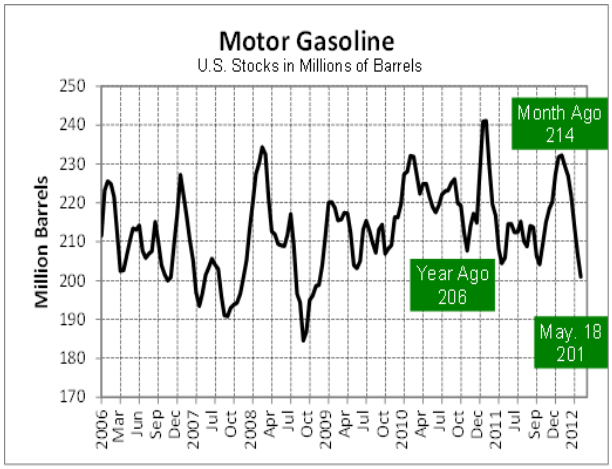
- Gasoline imports decreased to 0.6 MMB/D for the week ending May 18; about 100,000 barrels per day lower compared to the prior week, and 871,000 barrels per day lower than last year at this time.

- Implied demand for gasoline decreased the week ending May 18 at nearly 8.6 MMB/D, down 338,000 barrels per day from the prior week and about 392,000 barrels per day lower compared to this same period last year. In the past 4 weeks, U.S. gasoline demand has averaged about 8.8 MMB/D, 171,000 barrels per day, or 1.9 percent, lower compared to the same 4-week period last year.

- U.S. gasoline supplies decreased 3.3 MMB at 201.0 MMB for the week ending May 18. Gasoline inventories represent 22.9 days of supply for the U.S. based on implied demand during the past 4-week average. U.S. gasoline inventories are down 8.7 MMB compared to this time last year and trend at the bottom of the five-year average for this time of year.



- Distillate stocks decreased at 119.5 MMB and stand 21.6 MMB lower compared to the same period last year. Distillate demand was down at 3.6 MMB/D for the week ending May 18 and down 376,000 barrels per day compared to the same period last year. On the week, distillate demand, which includes diesel fuel, kerosene and home heating oil, was down about 40,000 barrels per day. On a four-week average, distillate demand was down 126,000 barrels per day compared to the same period last year at 3.7 MMB/D.



- On May 21, Missouri's average retail price for E85 motor fuel, conventional motor fuel containing 85 percent ethanol, was about $2.93 per gallon, 49 cents or about 17 percent lower than the average price for conventional motor gasoline.

- On May 21, the average retail price for B20, diesel fuel containing 20 percent biofuel, was $3.44 per gallon, or about 31.0 cents or about 9 percent lower than the statewide average retail price for conventional diesel fuel.

- According to EIA's May 8, 2012, *Short Term Energy Outlook*, regular-grade motor gasoline retail prices are estimated to average $3.71 per gallon in 2012, compared with $3.53 per gallon last year. During the April through September peak driving season, prices are forecast to average about $3.79 per gallon.

Natural Gas

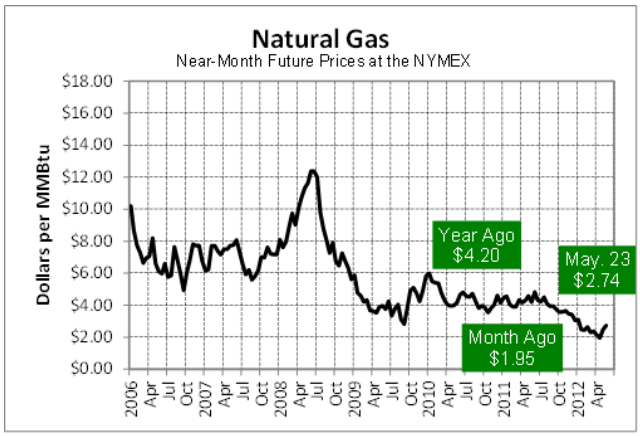
Approximately 58 percent (1,261,397) of Missouri households use natural gas to heat their homes. Natural gas is also used to produce goods and electricity.

On May 23, natural gas futures closed at $2.74 per million British thermal units (MMBtu), up 79 cents from a month ago and down $1.46 compared to last year at this time.

Natural Gas - Near Month Future Prices (dollars per MMBtu)					
	05-23-12	04-18-12	change	05-18-11	change
NYMEX	$2.74	$1.95	up 41%	$4.20	down 35%

- Natural gas futures for June delivery increased $0.79 in the past month to a final closing price of $2.74 per MMBtu on May 23.

- At the NYMEX, the June 2012 contract during the trading week increased 11.9 cents to close at $2.74 per MMBtu on May 23.



- At the NYMEX, the June 2012 contract increased from $2.618 per MMBtu last Wednesday to $2.737 per MMBtu on May 23, an increase of 11.9 cents per MMBtu or 4.5 percent. The June 2012 contract led the futures market upturn with a 4.5 percent rally on expectations that hotter weather (and greater consumption for electricity generation) was approaching and that weekly inventory builds seemed to be moderating compared to the five-year average.

- According to EIA, domestic natural gas consumption fell by 0.9 percent from last week. The residential/commercial sector led the decrease, posting a 9.1 percent decline, and the industrial sector registered a 0.8 percent decrease. The power sector, however, showed a partially offsetting 3.5 percent week-over-week gain attributed to increased power burn in Texas and key regions including the Northeast, Southeast, Midcontinent, and Rockies.

- Working gas in storage as of May 18 totaled 2,744 billion cubic feet (Bcf), 37.8 percent above the 5-year average inventory level for the week according to EIA's *Weekly Natural Gas Storage Report*. U.S. natural gas supplies are 750 Bcf, or 37.6 percent, higher than last year at this time.

Propane

Approximately 13 percent (293,603) of Missouri households heat with propane, which is also used to support commercial operations, produce goods, dry grain harvests and fuel vehicles.

*(**Note**: From April through September, residential retail propane prices are reported only for the first full week of each month.)*

On May 7, the average Missouri retail price for residential propane was about $1.88 per gallon, down 14.9 cents in the past month.

Propane - Retail Prices (cents per gallon)					
	05-07-12	04-02-12	change	05-02-11	change
Missouri	188.0	202.9	down 7%	202.9	down 7%

- According to the Division of Energy's statewide propane price survey conducted May 7, Missouri retail residential propane prices were down 14.9 cents, or 7 percent, in the past month.

- According to the survey, the highest Missouri retail residential price for propane was nearly $2.10 per gallon, while the lowest retail price was about $1.65 per gallon.

- For the week ending May 18, U.S. inventories of propane increased 1.3 MMB to end at nearly 54.0 MMB. Propane inventories are now 22.4 MMB higher compared to the same period last year. Implied demand for propane increased 66,000 barrels per day at 0.99 MMB/D for the week ending May 18, and up 146,000 barrels per day compared to the demand level for this time last year.

- For the week ending May 18, Midwest propane inventories increased over 0.5 MMB. At 21.0 MMB, Midwest inventories are 7.0 MMB, or about 50.0 percent, higher than the 14.0 MMB reported at this time last year. The inventory build may be the result of the beginning of the seasonal domestic propane supply build that takes place this time of year and lower consumer demand for propane.

The Missouri Energy Bulletin is distributed twice a month by the Missouri Department of Natural Resources' Division of Energy. The Division of Energy collects transportation and propane heating fuel prices from several retail providers located throughout the state. To preserve confidentiality, price data are averaged and reported by region. The Bulletin is a public resource made available to state government decision-makers, other interested individuals upon request and on-line at the division's Web address. The department thanks each of the following in helping to provide accurate, timely data on fuel supplies and prices: the U.S. Department of Energy's Energy Information Administration; the National Association of State Energy Officials; the St. Louis AAA Auto Club; and Missouri's energy retailers. For more information, contact: MO Dept. of Natural Resources, Division of Energy, P.O. Box 176, Jefferson City, MO 65102-0176; Phone: (573) 751-3443 or (800) 361-4827; Fax: (573) 751-6860; E-mail: energy@dnr.mo.gov; Web Address: www.dnr.mo.gov/energy/transportation/fb.htm