Missouri Department of Natural Resources
Division of Energy

MISSOURI ENERGY BULLETIN

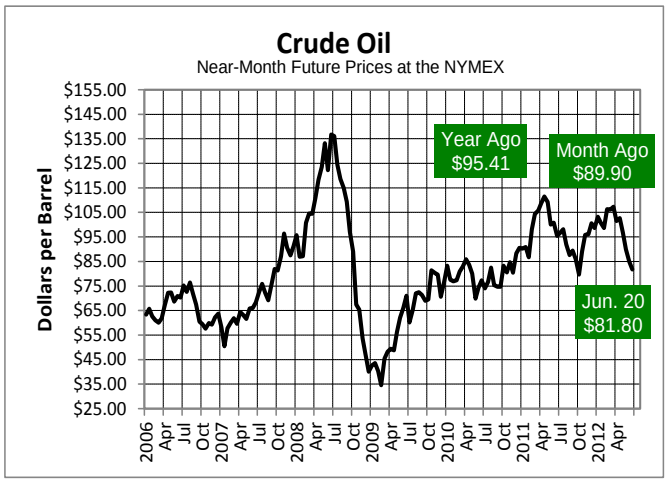
June 25, 2012

Crude Oil

U.S. crude oil prices decreased $8.10, or 9 percent, to $81.80 per barrel in the past month and stand 14 percent lower than at this time last year.

Crude Oil - Near Month Future Prices (dollars per barrel)					
	06-20-12	05-23-12	change	06-22-11	change
NYMEX	$81.80	$89.90	down 9%	$95.41	down 14%

- At the New York Mercantile Exchange (NYMEX), crude oil futures for July delivery ended $2.23, or 2.7 percent, lower June 20 to close at $81.80 per barrel, after the Energy Department reported that crude oil inventories climbed to the highest level in 22 years. Crude prices are down 14 percent compared to the same period last year and down 17 percent this calendar year.



- U.S. oil inventories increased at 387.3 million barrels (MMB). The increase in stockpiles was the first in 3 weeks. The July contract expired June 20. The more actively traded August contract dropped $2.90, or 3.4 percent, to $81.45.

- U.S. crude prices remain soft on domestic and European economic news. The Federal Reserve forecast the US jobless rate to average 8 to 8.2 percent in the 4th quarter of 2012, up from a previous estimate of 7.8 to 8 percent. The Fed said it will expand the Operation Twist stimulus program by $267 billion through the end of the year. In Operation Twist, the central bank sells short-term securities and buys the same amount of longer-term debt to lengthen the average maturity of its holdings and keep borrowing costs low. Crude values remain soft as Europe's financial woes have raised concern about the region's economic recovery and future energy demand. The European Union meeting is scheduled for June 28-29 in Brussels at which leaders will discuss the path to further financial integration, including proposals for closer banking cooperation. Futures climbed early in the session after Iran and world powers failed to reach a breakthrough after two days of talks in Moscow aimed at alleviating the threat of military action.

- Compared to this time last year, the U.S. crude oil futures settlement price of $81.80 is $13.61, or 14 percent, lower.

- Total petroleum products supplied to market over the last four-week period ending June 15 averaged 18.6 MMB/D, down 2.2 percent, compared to the similar period last year. According to the June 20 Energy Information Administration (EIA) weekly fuels report, U.S. oil inventories increased 2.9 MMB at 387.3 MMB for the week ending June 15. U.S. crude supplies are now 23.5 MMB higher than at this time last year.

- Crude imports for the week ending June 15 were 9.4 MMB/D, up 0.329 MMB/D from the prior week. Imports at this time last year averaged 9.15 MMB/D. Crude oil inventories represent 25.0 days of forward cover compared to 24.2 days at this time last year.

- U.S. refinery crude runs were down 9,000 barrels per day with refiners processing 15.8 MMB/D of crude for the week ending June 15. U.S. refinery capacity use was 91.9 percent, down 0.9 percent from the prior week and up 2.7 percent compared to this time last year.

- Gasoline output was down at 8.9 MMB/D on the week as refiners continue to balance production with falling demand. Gasoline output was down 0.3 MMB/D on the week and down 510,000 barrels per day compared to last year at this time. Distillate output decreased slightly at 4.7 MMB/D for the week ending June 15, and stands 392,000 barrels per day higher compared to the production level at this time last year.

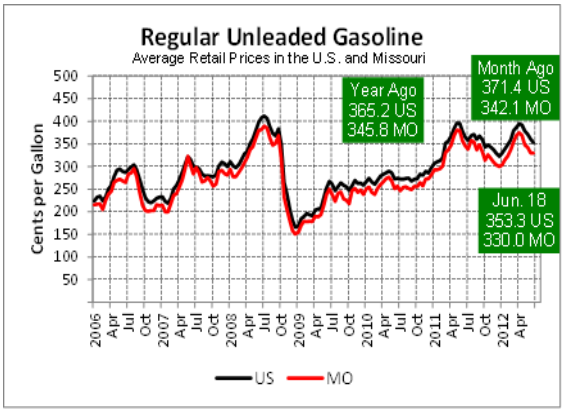
Transportation Fuels

On June 18, Missouri's statewide average retail price for gasoline was $3.30 per gallon, down 12.1 cents or 5 percent in the past month.

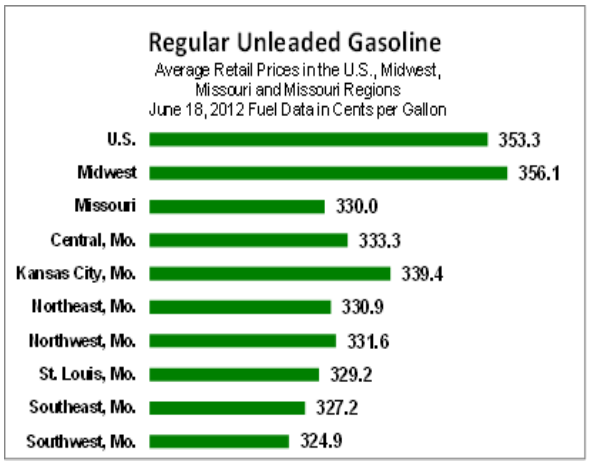
Regular Unleaded Gasoline - Retail Prices (cents per gallon)					
	06-18-12	05-21-12	change	06-20-11	change
US	353.3	371.4	down 5%	365.2	down 3%
Missouri	330.0	342.1	down 4%	345.8	down 5%

Diesel Fuel - Retail Prices (cents per gallon)					
	06-18-12	05-21-12	change	06-20-11	change
US	353.3	395.6	down 11%	395.0	down 11%
Missouri	347.3	374.7	down 7%	379.9	down 9%

- On June 18, Missouri's average retail price for gasoline was $3.30, a decrease of 12.1 cents in the past month. The average price for diesel fuel was down by 27.4 cents in the past month. Missouri's average retail gasoline price is $0.16, or 5.0 percent, lower, while the average diesel fuel price is $0.33, or 9 percent, lower for the comparable period in June 2011.



- The U.S. average price for regular gasoline was down by 18.1 cents per gallon, or 5.0 percent, compared to last month at $3.53 per gallon. The U.S. average was about $0.12, or 3 percent,

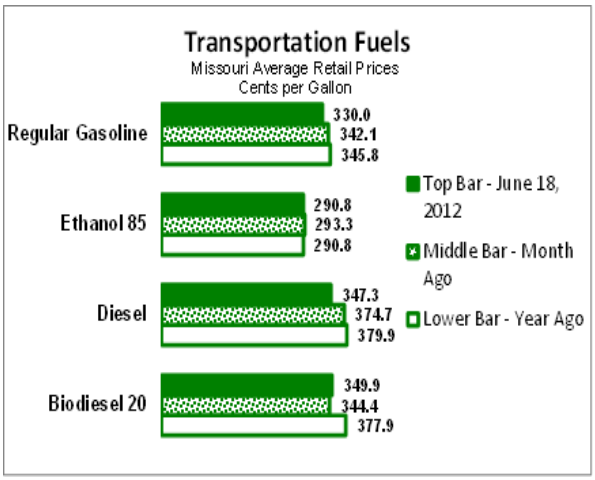


lower compared to this time last year. In the past week, the U.S. average decreased by about 4 cents per gallon.

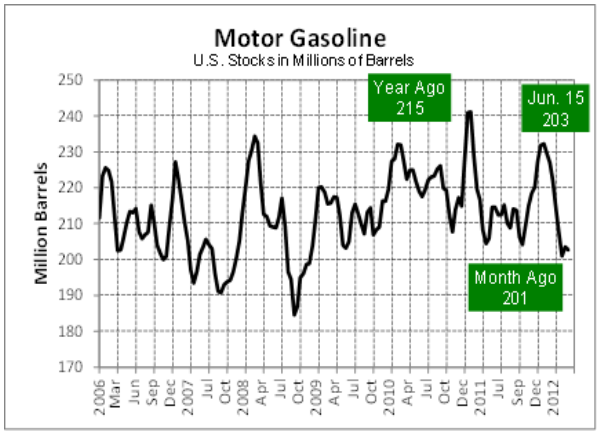
- Gasoline imports increased to 0.98 MMB/D for the week ending June 15; about 303,000 barrels per day higher compared to the prior week and 121,000 barrels per day higher than last year at this time.

- Implied demand for gasoline decreased the week ending June 15 at nearly 8.7 MMB/D, down 437,000 barrels per day from the prior week and about 626,000 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, 470,000 barrels per day, or 5.0 percent, lower compared to the same 4-week period last year.

- U.S. gasoline supplies increased 0.9 MMB at 202.7 MMB for the week ending June 15. 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 11.9 MMB compared to this time last year and trend below the five-year average for this time of year.



- Distillate stocks increased at 121.1 MMB and stand 20.9 MMB lower compared to the same period last year. Distillate demand was down at 3.5 MMB/D for the week ending June 15 and down 86,000 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 180,000 barrels per day. On a four-week average, distillate demand was down 26,000 barrels per day compared to the same period last year at 3.6 MMB/D.



- On June 18, Missouri's average retail price for E85 motor fuel, conventional motor fuel containing 85 percent ethanol, was about $2.91 per gallon, 39 cents or about 12 percent lower than the average price for conventional motor gasoline.

- On June 18, the average retail price for B20, diesel fuel containing 20 percent biofuel, was $3.50 per gallon, 2.6 cents or less than 1.0 percent, higher than the statewide average retail price for conventional diesel fuel.

- According to EIA's June 12, 2012, *Short Term Energy Outlook*, regular-grade motor gasoline retail prices are estimated to average $3.56 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 $3.60 per gallon.

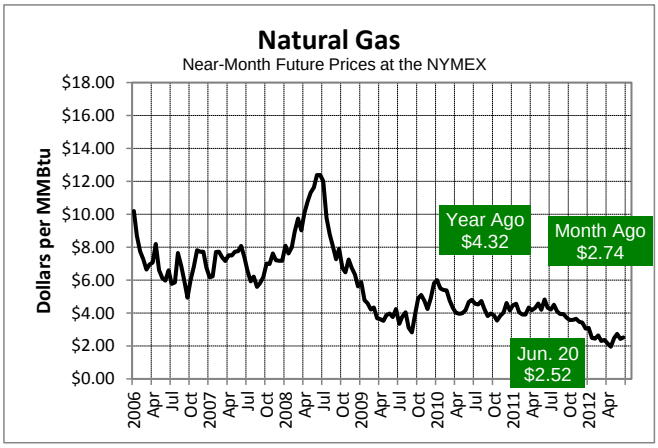
Natural Gas

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 June 20, natural gas futures closed at $2.52 per million British thermal units (MMBtu), down 22 cents from a month ago and down $1.80 compared to last year at this time.

Natural Gas - Near Month Future Prices (dollars per MMBtu)					
	06-20-12	05-23-12	change	06-22-11	change
NYMEX	$2.52	$2.74	down 8%	$4.32	down 42%

- Natural gas futures for July delivery decreased $0.22 in the past month to a final closing price of $2.52 per MMBtu on June 20.



- The July 2012 contract led the futures market increase with a 31 cent per MMBtu (14.2 percent) gain last Thursday and finished the week up 33.2 cents per MMBtu (15.2 percent), closing at $2.517 per MMBtu.

- According to EIA, domestic natural gas consumption increased by 2.3 percent for the week ending June 15. The increase was attributed primarily to a 7.1 percent increase in natural gas consumption for power generation, with natural gas consumption in the industrial and residential/commercial sectors down 0.9 and 5.0 percent, respectively. With temperatures in the 100-degree range hitting parts of the Northeast on June 13 and June 14, natural gas used for power burn in this region increased significantly, gaining 47.2 percent between June 18 and June 19.

- Working gas in storage as of June 15 totaled 3,006 billion cubic feet (Bcf), 27.1 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 680 Bcf, or 29.2 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 June 4, the average Missouri retail price for residential propane was about $1.76 per gallon, down 37.0 cents in the past month.

Propane - Retail Prices (cents per gallon)					
	06-04-12	05-07-12	change	06-06-11	change
Missouri	176.4	188.0	down 6%	203.1	down 13%

- According to the Division of Energy's statewide propane price survey conducted June 4, Missouri retail residential propane prices were down 37.0 cents, or 6 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 $1.51 per gallon.
- For the week ending June 15, U.S. inventories of propane increased 1.3 MMB to end at 59.6 MMB. Propane inventories are now 22.1 MMB higher compared to the same period last year. Implied demand for propane decreased 119,000 barrels per day at 1.01 MMB/D for the week ending June 15, and up 279,000 barrels per day compared to the demand level for this time last year.
- For the week ending June 15, Midwest propane inventories increased 1.03 MMB. At 24.6 MMB, Midwest inventories are 8.3 MMB, or 50.9 percent, higher than the 16.3 MMB reported at this time last year. The seasonal growth in domestic propane stocks continue with growth occurring in the Midwest region, which added 1.0 million barrels. Gulf Coast inventories grew by 0.4 million barrels, while Rocky Mountain/West Coast stocks grew slightly and East Coast regional stocks dropped by 0.1 million barrels.

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