



Missouri Department of Natural Resources Division of Energy

MISSOURI ENERGY BULLETIN

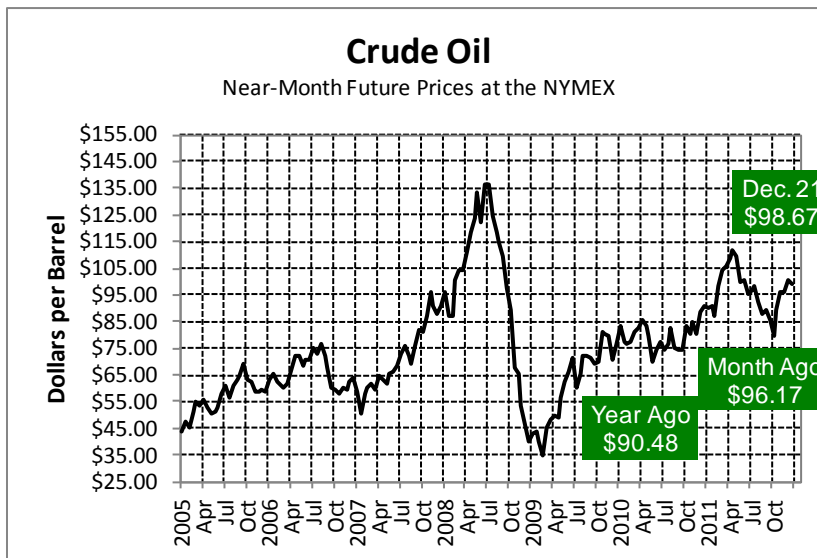
Dec. 23, 2011

Crude Oil

U.S. crude oil prices increased \$2.50, compared to last month, but remained below the \$100 per barrel mark. Crude oil prices stand 3 percent higher than this point last month and 9 percent higher than this time last year.

Crude Oil - Near Month Future Prices (dollars per barrel)					
	12-21-11	11-23-11	change	12-22-10	change
NYMEX	\$98.67	\$96.17	up 3%	\$90.48	up 9%

- At the New York Mercantile Exchange (NYMEX) crude oil futures for Jan. delivery ended \$2.50, or 3 percent, higher on Dec. 21 to close at \$98.67 per barrel, as U.S. refiners shed crude stocks before the end of the calendar year to avoid tax liabilities and on very soft consumer fuel demand.
- Analysts are anticipating low demand for Crude Oil in the near term. Futures on Dec.21 fell after the



US, the UK and Canada, reflecting both the holiday season and changes in the Middle East. Social unrest in Egypt persists, as protestors continue their occupation of Tahrir Square, despite the beginning of parliamentary elections intended to return the nation to civilian rule. The US, UK and Canada targeted Iran's central bank and oil industry with sanctions aimed at cutting the regime off from international financial transactions. The actions are in response to a United Nations' atomic agency

report concluding that previous efforts have not stopped the regime from clandestine nuclear-bomb work. The new sanctions target companies that provide goods or services to Iran's oil and natural gas industries. On the positive side, Libyan production is returning to the global market, and expectations are high for the resumption of Iraqi production after the first of the year. Prices pared gains in intraday trading after a government report showed the US economy expanded less than previously

estimated in the 3rd quarter. Gross domestic product climbed at a 2% annual rate, down from a 2.5% prior estimate, revised Commerce Department figures showed.

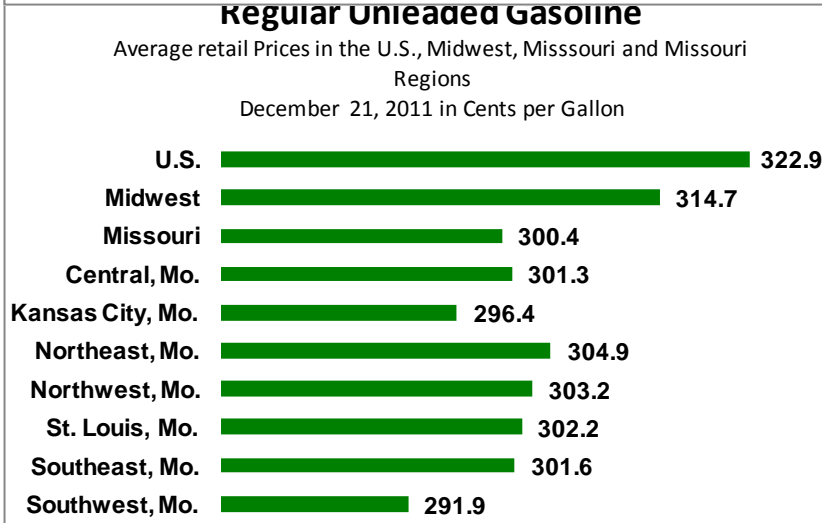
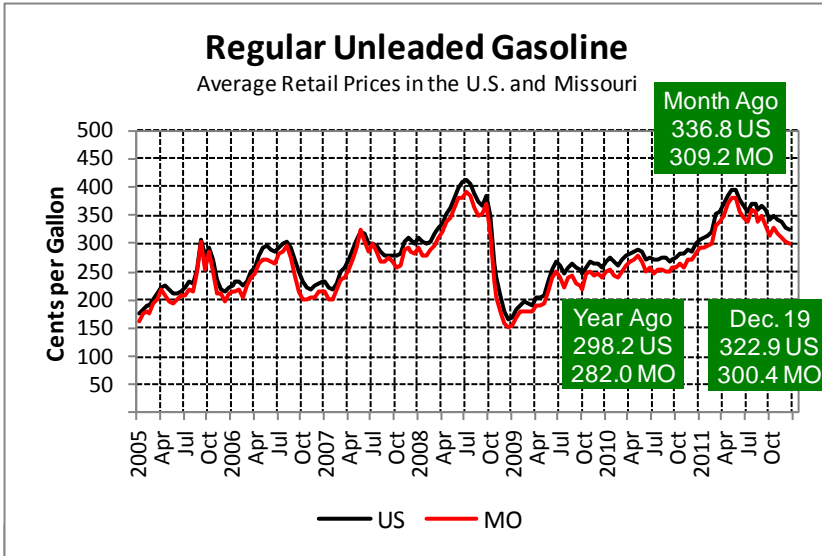
- Compared to this time last year, the U.S. crude oil futures settlement price of \$90.48 is \$12.21, or 9 percent, higher.
- Crude oil stocks fell by 13 million barrels between Nov. 11, 2011 and December 19, 2011, a decrease of 1 percent. Crude oil stocks fell by nearly 17 million barrels, or 5 percent, compared to the similar period last year.
- According to the Dec. 21 Energy Information Administration (EIA) weekly fuels report, U.S. oil inventories decreased 10.6 MMB to 323.6 for the week ending Dec. 16. U.S. crude supplies are at the upper limit of the average range for this time of year. Since Jan. 2009 total stocks of crude oil have been this low for ten of the past 69 weeks.
- Crude imports for the week ending Dec.16 were 7.6 MMB/D, a decrease of nearly 1.1 MMB from the prior week. Imports at this time last year averaged 8.6 MMB/D. Crude oil inventories represent 21.9 days of forward cover compared to 23.1 days at this time last year.
- U.S. refinery crude runs were up 228,000 barrels per day with refiners processing 14.8 MMB/D of crude for the week ended Dec. 16.
- Gasoline output decreased by 1.6 percent on the week as refiners drew down existing crude stocks. Gasoline output is down 0.15 MMB/D compared to last week and up 0.26 MMB/D compared to last year at this time. Distillate output increased at 0.032 MMB/D for the week ending Dec.16 and stands 0.24 MMB/D lower compared to the production level at this time last year.

Transportation Fuels

On Dec. 5, Missouri's statewide average retail price for gasoline was \$3.00 per gallon, down 9 cents or 3 percent in the past month.

<i>Regular Unleaded Gasoline - Retail Prices (cents per gallon)</i>					
	<u>12-19-11</u>	<u>11-21-11</u>	<u>change</u>	<u>12-20-10</u>	<u>change</u>
US	322.9	336.8	down 4%	298.2	up 8%
Missouri	300.4	309.2	down 3%	282.0	up 7%

<i>Diesel Fuel - Retail Prices (cents per gallon)</i>					
	<u>12-19-11</u>	<u>11-21-11</u>	<u>change</u>	<u>12-20-10</u>	<u>change</u>
US	382.8	401.0	down 5%	324.8	up 18%
Missouri	361.4	386.0	down 6%	308.1	up 17%



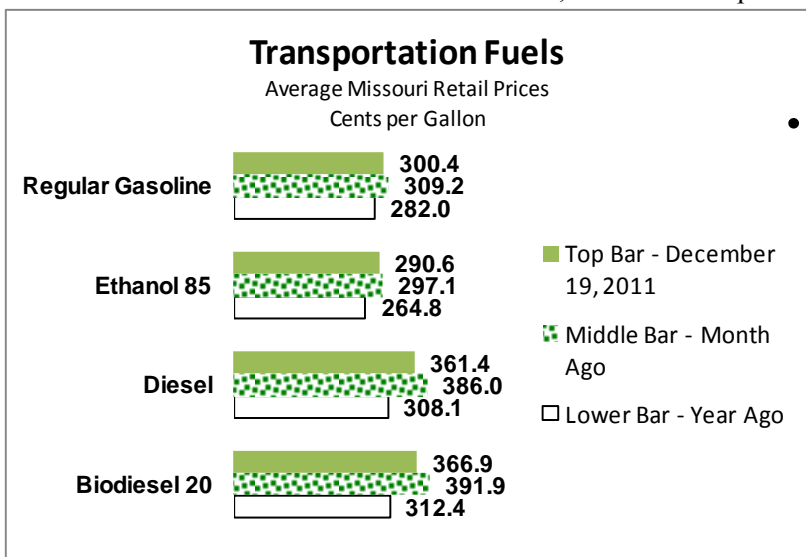
week average basis. In the same four weeks in 2010, gasoline demand averaged 9.20 MMB/D; in 2009 the number was 9.05 MMB/D; and in the deepest throes of the Great Recession in 2008,

- On Dec. 19, Missouri's average retail price for gasoline was \$3.00, a decrease of 8.8 cents in the past month. The average price for diesel fuel fell by 0.24 cents in the past month. Compared to the first week in Dec. 2011 Missouri's average retail gasoline price is \$0.18 or 7 percent higher, while the average diesel fuel price is \$0.53, or 17 percent, higher for the comparable period in Dec.2010.

- The U.S. average price for regular gasoline was down by about 14 cents per gallon, or 4 percent compared to last month at \$3.22 per gallon. The U.S. average was about \$0.24 or 18 percent higher compared to this time last year.

- Gasoline imports fell to nearly 0.60 MMB/D for the week ending Dec. 16; about 175,000 barrels per day lower compared to the prior week, and 406,000 barrels per day lower than last year at this time.

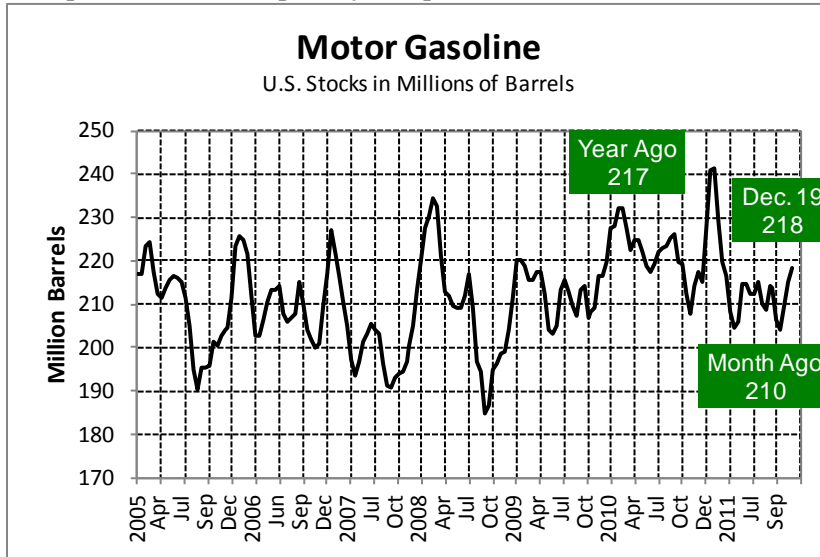
- The U.S. is unfamiliar with gasoline demand numbers that are barely above 8.7 MMB/D on a four-week average basis. In the same four weeks in 2010, gasoline demand averaged 9.20 MMB/D; in 2009 the number was 9.05 MMB/D; and in the deepest throes of the Great Recession in 2008, motorists managed to use 8.98 MMB/D.



- U.S. gasoline supplies increased 8.8 MMB to 218 MMB for the week ending Dec. 19. Gasoline inventories represent 25.0 days of supply for the U.S. based on implied demand during the past 4-week average. U.S. gasoline inventories are unchanged compared to this time last year and trend in the middle of the five-year average for this time of year.

- Distillate stocks decreased 2.4 MMB to 131.9 MMB and stand 19.2

MMB lower compared to the same period last year. Distillate demand increased to 4.4 MMB/D for the week ending December 16 and was up 351,000 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 up 447,000 barrels per day compared to Dec.9.



- On Dec. 16, Missouri’s average retail price for E85 motor fuel, conventional motor fuel containing 85 percent ethanol, was \$2.90 per gallon, 10 cents or 3.3 percent lower than the average price for conventional motor gasoline.
- On Dec. 2, the average retail price for B20, diesel fuel containing 20 percent biofuel, was \$3.66 per gallon, 5.5 cents or 1.5 percent, higher than the statewide average retail price for conventional diesel fuel.

- According to EIA’s Dec. 6, 2011 *Short Term Energy Outlook*, regular-grade gasoline retail prices have fallen by 52 cents per gallon from their peak monthly average this year of \$3.91 per gallon for May to \$3.38 per gallon for November. This drop in prices results from falling crude oil prices as well as the normal seasonal decline in consumption and the switch in production from summer-grade gasoline to lower-cost winter-grade gasoline. EIA projects gasoline retail prices to continue to decline, albeit slightly, through the end of the year.

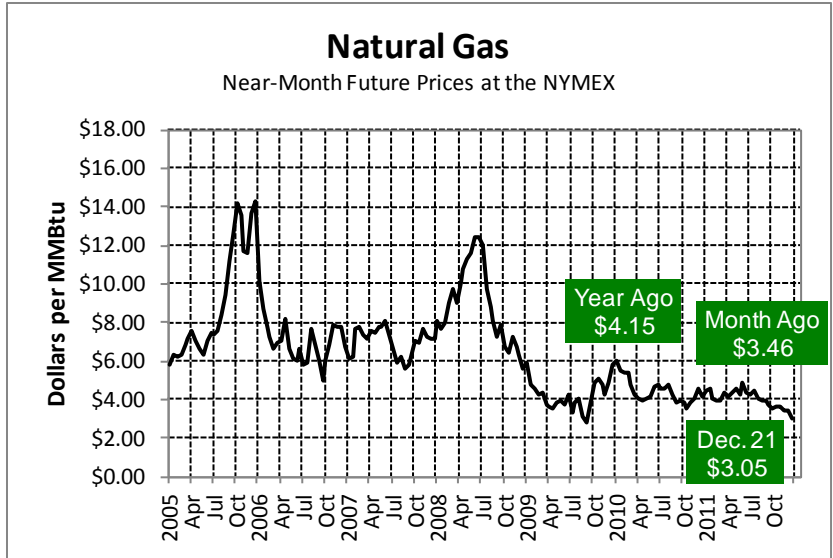
Natural Gas

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 Dec. 21, natural gas futures closed at \$3.05 per MMBtu, down 41 cents from a month ago and down \$1.10 compared to last year at this time.

Natural Gas - Near Month Future Prices (dollars per MMBtu)					
	12-21-11	11-23-11	change	12-22-10	change
NYMEX	\$3.05	\$3.46	down 12%	\$4.15	down 27%

- At the NYMEX, the Jan. 2012 contract during the trading week fell about 41 cents from \$3.05 per MMBtu on December 21 to \$3.46 per MMBtu on Nov. 23.
- Natural Gas stocks fell by about 202 billion cubic feet less on Dec. 16 compared to Nov. 23. The relatively steady state in domestic stock is atypical for this time of year as warmer temperatures helped to abate demand for space heat as well as power generation.



heating season based on a reduction in consumption of approximately 1.3 percent.

Working gas in storage as of Dec. 16 totaled 3,629 Bcf, 11 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 100 Bcf or 2.6 percent lower than last year at this time.

According to EIA's *Short Term Energy Outlook* released Dec. 6, 2011, Midwest households that heat with natural gas may realize a fall in natural gas expenditures by 0.7 percent to \$774 for the

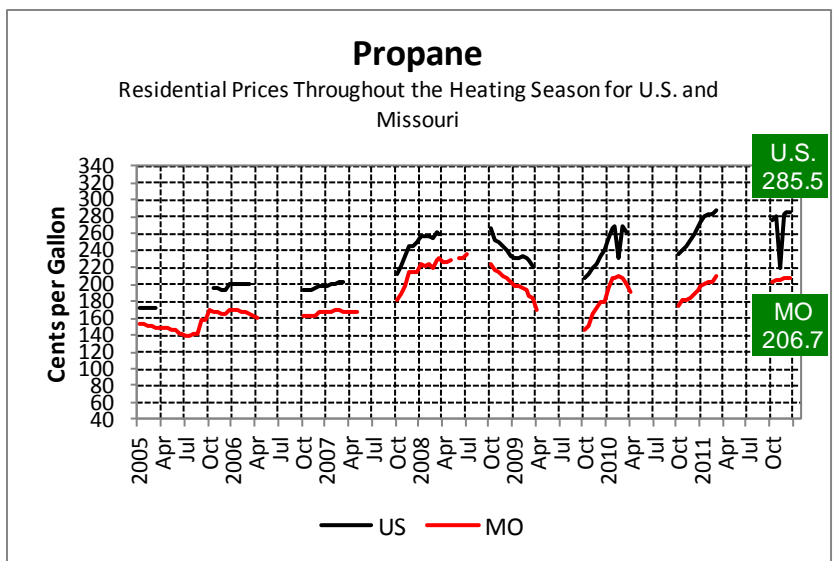
Propane

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.

On Dec. 19, the average Missouri retail price for residential propane was about \$2.07 per gallon, down 0.2 cents per gallon from last month and 7 percent higher compared to last year at this time.

Propane - Retail Prices (cents per gallon)					
	<u>12-19-11</u>	<u>11-21-11</u>	<u>change</u>	<u>12-20-10</u>	<u>change</u>
Missouri	206.7	206.9	down 0%	192.9	up 7%

According to the Division of Energy's statewide propane price survey conducted Dec. 19, retail residential propane prices were down by 0.2 cents from last month and stand 13.8 cents per gallon or 7 percent higher than last year at this time.



According to the survey conducted Dec. 19, the highest Missouri retail residential price for propane was nearly \$2.749 per gallon while the lowest retail price was \$1.809 per gallon.

For the week ending Dec. 16, U.S. inventories of propane decreased as total stocks were down 66 MMB to end at 1,187 MMB. Propane inventories are now 143 MMB higher compared to the same period last year.

For the week ending Dec. 2,

Midwest propane inventories decreased 43 million barrels. At 255 MMB, Midwest inventories are 21 MMB or about 9 percent lower than the 234 MMB reported at this time last year.

- According to EIA's *Short Term Energy Outlook* released Dec. 6, 2011, Midwest households that heat with propane may realize an increase in propane expenditures by 8.1 percent to \$1,817 for the heating season based on an increase in price of 9.5 percent to \$2.32 per gallon.

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