



Missouri Department of Natural Resources

MISSOURI ENERGY BULLETIN

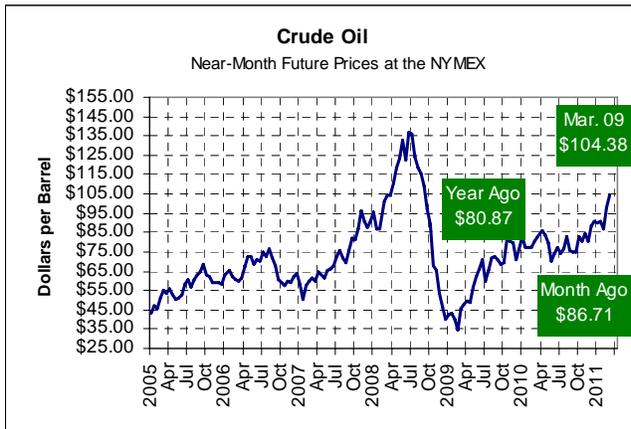
March 14, 2011

Crude Oil

U.S. crude oil prices increased \$17.67 to \$104.38 per barrel in the past month and stand 29 percent higher than at this time last year. Futures are near \$100 per barrel today due to the earthquake in Japan.

Crude Oil - Near Month Future Prices (dollars per barrel)					
	03-09-11	02-09-11	change	03-03-10	change
NYMEX	\$104.38	\$86.71	up 20%	\$80.87	up 29%

- At the New York Mercantile Exchange (NYMEX) crude oil futures for Apr. delivery ended \$0.64 per barrel lower Mar. 9, to close at \$104.38 per barrel, as crude supplies at Cushing, Oklahoma, the physical site NYMEX prices are based, surged to 40.3 million barrels(MMB), the highest since the federal government monitored supplies since 2004. Crude values remain high as tensions in Libya and other Mideast countries continue.



- Violence in Libya has cut oil output by 1 million barrels per day (MMB/D). The North African country pumped 1.39 (MMB/D) in February, down from 1.59 million the previous month. Demonstrations

have toppled leaders in Tunisia and Egypt, and protests have erupted in energy-exporting countries including Iran, Iraq, Yemen and Oman. Saudi Arabia is capable of providing additional oil output if needed to counter supply disruptions caused by the unrest in the region. The kingdom has increased oil production by 1 MMB/D and has the capacity to pump an additional 3.5 MMB/D.

- A Mar. 11 earthquake struck Japan’s northern coast near the city of Sendai, and the tsunami that followed engulfed towns along the northern coast. A storage-tank fire shut Cosmo Oil’s 220,000 barrels per day refinery outside Tokyo. JX Nippon Oil & Energy closed refineries that shut have a combined processing capacity of about 600,000 barrels per day (B/D). Japan consumed 4.42 MMB/D in 2010. China used 9.39 MMB/D and the US consumed 19.25 MMB/D.
- Compared to this time last year, this crude oil futures settlement price was \$23.51, or 29 percent, higher.

- Total petroleum products supplied to market over the last four-week period ending Mar. 4 averaged 19.5 million barrels per day (MMB/D), up 0.6 percent compared to the similar period last year.
- According to the EIA report, U.S. oil inventories increased 2.5 MMB for the week ending Mar. 4. U.S. crude supplies are now 5.9 MMB higher than at this time last year.
- Crude imports for the week ending Mar. 4 were 8.3 MMB/D, up 0.3 MMB/D from the prior week. Imports at this time last year averaged 8.5 MMB/D. Crude oil inventories represent 25.3 days of forward cover compared to 24.6 days at this time last year.
- U.S. refinery crude runs were up 0.19 MMB/D with refiners processing about 14.4 MMB/D of crude for the week ended Mar. 4. U.S. refinery capacity was 82 percent, up 1.1 percent from the prior week and 1.3 percent higher than the 80.7 percent figure at this time last year.
- Gasoline output decreased at 8.9 MMB/D on the week and is up by 229,000 barrels per day compared to last year at this time. Distillate output decreased slightly at 4.1 MMB/D for the week ending Mar. 4 and stand 417,000 barrels per day higher compared to the production level at this time last year.

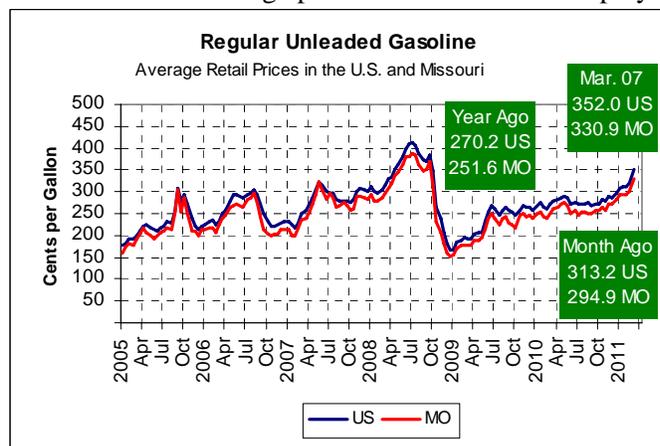
Transportation Fuels

On Mar. 7, Missouri's statewide average retail price for gasoline was \$3.31 per gallon, up 36 cents or 12 percent in the past month and \$0.79 per gallon higher than at this time last year.

Regular Unleaded Gasoline - Retail Prices (cents per gallon)					
	03-07-11	02-07-11	change	03-01-10	change
US	352.0	313.2	up 12%	270.2	up 30%
Missouri	330.9	294.9	up 12%	251.6	up 32%

Diesel Fuel - Retail Prices (cents per gallon)					
	03-07-11	02-07-11	change	03-01-10	change
US	387.1	351.3	up 10%	286.1	up 35%
Missouri	371.0	335.0	up 11%	267.1	up 39%

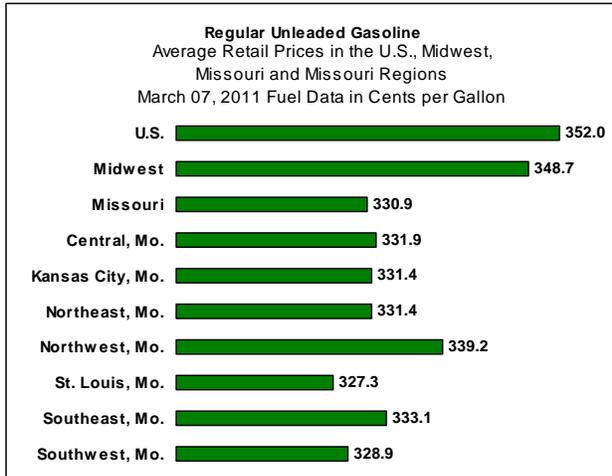
- On Mar. 7, Missouri's average retail price for gasoline was \$3.31, an increase of 36 cents in the past month. The average price for diesel fuel was up by nearly 36 cents in the past month. Missouri's



average retail gasoline price is \$0.79 or 32 percent higher, while the average diesel fuel price is nearly \$1.04, or 39 percent, higher for the comparable period in Mar. 2010.

- The U.S. average price for regular gasoline was up 39 cents per gallon or about 12 percent compared to last month at \$3.52 per gallon. The U.S. average was about 82 cents or 30 percent higher compared to last year. In the past week, the U.S. average was up about 14 cents per gallon.

- Gasoline imports decreased to 0.8 MMB/D for the week ending Mar. 4, nearly 46,000 barrels per day lower compared to the prior week and about 44,000 barrels per day lower than last year at this time.

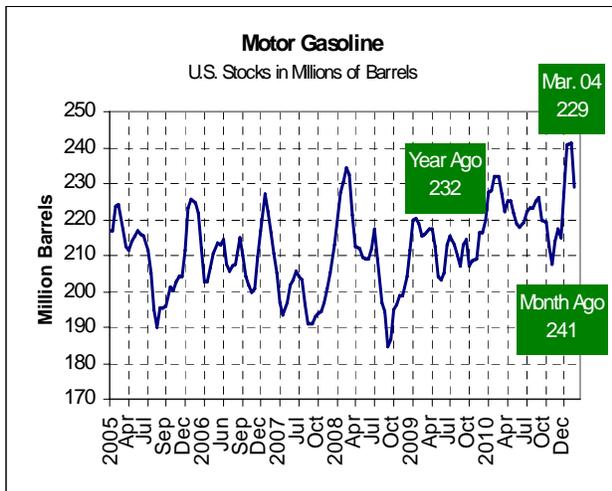
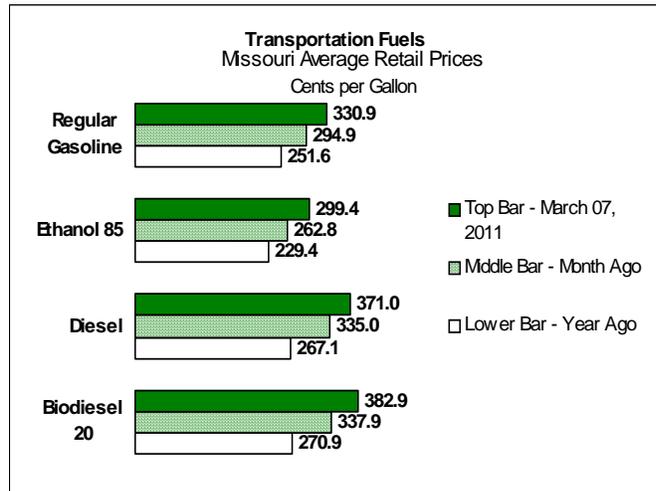


- Implied demand for gasoline increased the week ending Mar. 4 at 9.2 MMB/D, up 30,000 barrels per day from the prior week and up 200,000 barrels per day compared to this same period last year. In the past 4 weeks, U.S. gasoline demand has averaged 9.1 MMB/D, 0.2 MMB/D compared to the same 4-week period last year.

- U.S. gasoline supplies decreased 5.5 MMB at 229 MMB for the week ending Mar. 4. Gasoline inventories represent 25.3 days of supply for the United States based on implied demand during the past 4-week average. U.S. gasoline inventories are 0.2 MMB higher than

at this time last year and trend at the upper range of the five-year average for this time of year.

- Distillate stocks decreased to 155 MMB and stand 5.6 MMB higher compared to the same period last year. Distillate demand was up at 4.2 MMB/D compared to 3.6 MMB/D for the same period last year. On a four-week average, distillate demand is higher compared to the same period last year at 3.9 MMB/D. On the week, distillate demand, which includes diesel fuel, kerosene and home heating oil, was up 509,000 barrels per day or 14 percent at 4.2 MMB/D for the week ending Mar. 4.



- On Mar. 7, Missouri's average retail price for E85 motor fuel, conventional motor fuel containing 85 percent ethanol, was \$2.99 per gallon, 32 cents or about 11 percent lower than the average price for conventional motor gasoline.

- On Mar. 7, the average retail price for B20, diesel fuel containing 20 percent biofuel, was \$3.83 per gallon, 12 cents or about 3 percent, higher than the statewide average retail price for conventional diesel fuel.

- According to EIA Mar.8, 2011 *Short Term Energy Outlook*, EIA projects U.S. gasoline

prices to average about \$3.70 per gallon during the peak driving season (Apr. through Sept.) with considerable regional and local variation. There is also significant uncertainty surrounding the forecast, with the current market prices of futures and options contracts for gasoline suggesting a 25-percent probability that the national monthly average retail price for regular gasoline could exceed \$4.00 per gallon during summer 2011.

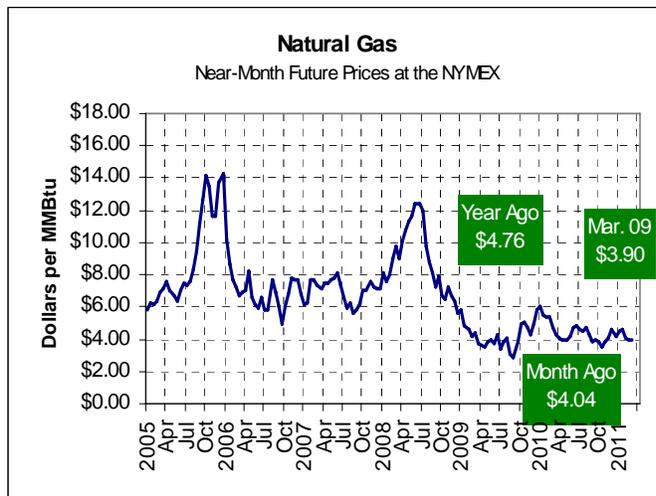
Natural Gas

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 Mar. 9, natural gas futures closed at \$3.90 per MMBtu, down 14 cents from a month ago and 18 percent lower compared to last year at this time.

Natural Gas - Near Month Future Prices (dollars per MMBtu)					
	03-09-11	02-09-11	change	03-03-10	change
NYMEX	\$3.90	\$4.04	down 3%	\$4.76	down 18%

- Natural gas futures for Apr. delivery decreased \$0.14 in the past month to a final closing price of \$3.90 per MMBtu on Mar. 9.
- At the NYMEX, for the trading week ending Mar. 9, natural gas futures increased 11 cents per MMBtu to \$3.90. Natural gas prices fell at most market locations throughout the U.S.



- An overall falloff in natural gas consumption, likely due to moderating temperatures during the week, was a prime catalyst causing the recent general price softness to continue. Domestic consumption for the week ending Mar. 4 decreased by 4.9 percent from the previous week. A decrease in the residential and commercial sector of 7.1 percent led the decline, followed by a reduction of 2.7 percent in the industrial sector, and a drop of 1.6 percent in the power sector.

- Working gas in storage as of Mar. 4 totaled 1,674 Bcf, 1.3 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 32 Bcf or 1.9 percent higher than last year at this time.
- According to the EIA's *Short Term and Winter Fuels Outlook* released Mar. 8, EIA expects Midwest households heating primarily with natural gas to spend an average of \$2, or 0.2 percent, less this winter. The decrease in natural gas expenditures reflects a 0.9-percent decrease in prices and a 0.7-percent increase in consumption. Heating expenditures are projected at \$803 for the winter heating period.

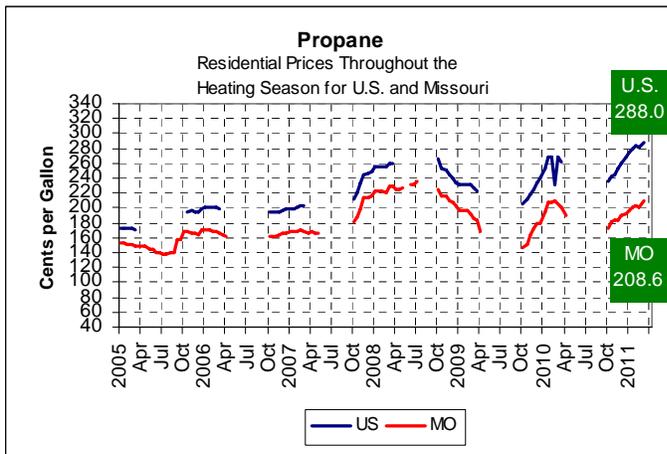
Propane

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 Mar. 7, the average Missouri retail price for residential propane was about \$2.09 per gallon, up 6 cents from last month and 2 percent higher compared to last year at this time.

Propane - Retail Prices (cents per gallon)					
	03-07-11	02-07-11	change	03-01-10	change
Missouri	208.6	202.4	up 3%	206.3	up 1%

- According to the Division of Energy's statewide propane price survey conducted Mar. 7, retail residential propane prices were 6.2 cents per gallon higher in the past month and stand over 2 cents



per gallon or 1 percent higher than last year at this time. The average U.S. residential propane price increased in the past month, rising nearly \$0.05 per gallon to reach \$2.88 per gallon. This was an increase of \$0.20 per gallon compared to the \$2.68 per gallon average from the same period last year.

- U.S. inventories of propane fell last week as total stocks were down about 1.4 million barrels to end at 27 million barrels. Propane inventories are now 1.8 million barrels higher compared to the

same period last year. Implied demand for propane was unchanged at 1.2 MMB/D for the week ending Mar. 4 and about 0.3 MMB/D lower compared to the demand level for this time last year.

- According to the survey, the highest Missouri retail residential price for propane was \$2.80 per gallon while the lowest retail price was \$1.80 per gallon.
- For the week ending Mar. 4, Midwest propane inventories decreased 0.4 MMB. At 9.2 MMB, Midwest inventories are 0.3 MMB or about 3 percent lower than the 9.5 MMB reported at this time last year.
- According to the EIA's *Short Term and Winter Fuels Outlook* released Mar. 8, EIA expects Midwest households heating primarily with propane to spend an average of \$207, or 12 percent, more this winter. The increase in propane gas expenditures reflects a 11.7 percent increase in price and a 0.1 percent increase in consumption. Heating expenditures are projected at \$1,997 for the winter heating period.

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