

Gas Oil Liquids Daily

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Daily News & Market Information

Friday, June 4, 2010

No. 2557

Crude Oil Futures Higher After EIA Inventory Report

Crude oil futures for July delivery on the NYMEX ended \$1.75, or 2.4%, higher yesterday to settle at \$74.61 per barrel, rising after the weekly EIA report showed crude and gasoline inventories dropped more than expected as fuel consumption surged. July RBOB gasoline gained \$0.0551 to settle at \$2.0812 per gallon, and July heating oil futures rose \$0.0332 to \$2.0391 per gallon. Oil advanced after the Department of Energy said gasoline supplies fell 2.65 million barrels to 219 million last week, the lowest level this year. Stockpiles were forecast to drop by 500,000 barrels, according to analysts surveyed. Fuel demand increased 1.6% to 20 million bpd, the highest level since January 30, 2009. Crude oil futures are poised for a small gain for the week, the second consecutive weekly increase. Oil prices also rose yesterday after the US government said producers will have to resubmit plans to drill in Gulf of Mexico waters less than 500 feet deep. The Obama administration is pulling back exploration plans and requiring updated information to ensure that new safety standards and risk considerations are incorporated, Bob Abbey, acting director of the Minerals Management Service, said in a statement. US crude oil supplies fell 1.9 million barrels to 363.2 million last week. Inventories were forecast to be unchanged. Stockpiles of crude oil at Cushing, Oklahoma, where New York-traded West Texas Intermediate oil is delivered, rose 0.7% to 37.9 million barrels, the second-highest level since the Energy Department started keeping records at the storage hub in 2004. Consumption of all fuels climbed 8.1% to 19.7 million bpd from a year earlier in the four weeks ended May 28th, according to the Energy Department. In London, the Brent contract for July delivery on ICE settled \$1.66 higher at \$75.41 per barrel yesterday.

NYMEX-Light Crude Oil Futures

Thursday, June 3, 2010

Month/Yr	Open	High	Low	Last	Chg	Volume	Open Int	Chg
Jul '10	73.70	74.95	72.32	74.61	+1.75	438588	370460	-4388
Aug '10	75.35	76.29	74.10	76.05	+1.55	110776	133953	+4141
Sep '10	76.46	77.29	75.42	77.11	+1.35	44421	104859	+1298
Oct '10	77.57	78.18	76.45	77.99	+1.32	18133	46665	+1431
Nov '10	78.05	78.91	77.40	78.80	+1.35	10029	37654	-401
Dec '10	78.84	79.70	77.92	79.54	+1.38	43617	200757	-613
Jan '11	80.00	80.09	78.88	80.09	+1.41	3648	36847	-118
Feb '11	79.81	80.60	79.70	80.60	+1.43	1730	17631	-137
Mar '11	80.60	81.11	80.25	81.08	+1.45	1815	18749	+650
Apr '11	80.59	81.52	80.47	81.52	+1.47	822	11376	+199
May '11	80.86	81.92	80.68	81.92	+1.47	892	7261	-103
Jun '11	80.85	82.31	80.85	82.29	+1.48	7947	40119	-25

\$/Barrel

NYMEX- Light Crude Oil Futures for July

NYMEX- Light Crude Oil Futures for July settled higher on Thursday as it extends the rebound off May's low. Thursday's high-range close sets the stage for a steady to firmer opening this morning. Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The crossover and close above the 18-day moving average indicates the intermediate-term trend has turned up. A positive setup occurred with the close over the 1st swing resistance. Multiple closes above the 20-day moving average crossing at \$74.60 are needed to confirm that a short-term low has been posted. If July renews the decline off May's high, last July's low crossing at \$66.11 is the next downside target. First resistance is the 20-day moving average crossing at \$74.60. Second resistance is last Friday's high crossing at \$75.72. First support is the 10-day moving average crossing at \$71.97. Second support is May 25th's low crossing at \$67.15.

CLEARPORT

WTI Calender Swap

Thursday, June 3, 2010

Month/Yr	Last	Chg
Jun '10	74.83	+1.54
Jul '10	76.45	+1.47
Aug '10	77.39	+1.34
Sep '10	78.26	+1.33
Oct '10	79.05	+1.36
Nov '10	79.70	+1.39
Dec '10	80.28	+1.42
Jan '11	80.77	+1.44
Feb '11	81.17	+1.45
Mar '11	81.64	+1.47
Apr '11	82.05	+1.47
May '11	82.38	+1.48

\$/Barrel

Today's Petro Bulletins

- * Exxon Delays Well Due to Drilling Moratorium
 - * BP Should Suspend Dividend Until Spill Costs Are Determined, Senators Say
 - * Valero Plans to Restart Aruba Refinery This Year
 - * US Gives BP July 1st Deadline for \$69 Million Bill
 - * Mexico Pemex Sees 2012 Crude Output at 2.7 Million bpd
 - * BP Bonds Climb From Record Low as Investors Reassess Risks From Oil Spill
 - * Suncor Oil Sands Output Up Despite Upgrader Work
 - * US Lawmaker Wants BP to Pay Royalties on Oil Spilled into Gulf
 - * LOOP Offshore Oil Port Staying Open Despite Spill
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U.S. Crude Spot Market

Thursday, June 3, 2010

Alaska North Slope (Pac-Del)	\$74.11
Bonito Sour	\$78.01
Eugene Island Sour	\$78.01
Light Louisiana Sweet	\$79.26
Heavy Louisiana Sweet	\$79.11
Mars Sour	\$75.01
Midland WTI	\$74.44
Poseidon Sour	\$74.94
West Texas Sour	\$72.74

\$0.00/Barrel

U.S. Crude Price Differentials

Thursday, June 3, 2010

	Low	High	Mid-Pt
Midland WTI	-0.2000	-0.1500	-0.1800
Light Louisiana Sweet	+4.5500	+4.7500	+4.6500
Heavy Louisiana Sweet	+4.2000	+4.8000	+4.5000
West Texas Sour	-1.9500	-1.8000	-1.8800
Eugene Island Sour	+3.2500	+3.5500	+3.4000
Bonito Sour	+3.2500	+3.5500	+3.4000
Mars Sour	+0.3000	+0.5000	+0.4000
Poseidon Sour	+0.2500	+0.4000	+0.3300

\$0.00/Barrel

Latin America Spot Market Crude

Thursday, June 3, 2010

Columbia Sweet Cusiana	\$75.61
Columbia Vasconia	\$72.86
Ecuador Oriente	\$66.86

\$/Barrel

Northwest European Spot Market Crude

Thursday, June 3, 2010

Bonny Light	\$75.22
Brent Crude	\$73.67
Forties	\$73.22
Urals-Mediterranean	\$72.62

\$/Barrel

U.S. Spot Market Refined Products

Thursday, June 3, 2010

Butane,Normal Mont Bel.Tx	\$1.4837
Chicago ULS-Diesel	\$2.0830
Chicago Unleaded	\$2.0316
Group 3 ULS-Diesel	\$2.0855
Group 3 Unleaded	\$2.0091
Gulf Coast ULS-Diesel	\$2.0655
Gulf Coast Heating Oil	\$1.9930
Gulf Coast Unleaded	\$2.0141
NY Harbor Diesel (500 ppm S)	\$2.0591
NY Harbor Diesel (15 ppm S)	\$2.1141
NY Harbor Heating Oil	\$2.0255
NY Harbor Jet 54	\$2.1191
NY Unleaded	\$2.0166
Propane,non-tet Mont Bel.Tx	\$1.1050
Regular, LA, CARBOB Gasoline	\$2.2450
RBOB Gasoline	\$2.0962
PBOB Gasoline	\$2.2037
Unleaded Regular Conventional	\$2.0187
Unleaded Premium Conventional	\$2.1087

\$/Gallon

NY Harbor Refined Products Price Differentials

Thursday, June 3, 2010

	Low	High	Mid-Pt
No.2 Heating Oil	-0.0125	-0.0075	-0.0100
No.2 Diesel	+0.0750	+0.0850	+0.0800
Ultra Low Sulfur Diesel	+0.0750	+0.0850	+0.0800
Jet 54	+0.0750	+0.0850	+0.0800
Regular Unleaded	-0.0650	-0.0600	-0.0625
Premium Unleaded	+0.0225	+0.0325	+0.0275
RBOB Gasoline	+0.0100	+0.0150	+0.0125
PBOB Gasoline	+0.1175	+0.1275	+0.1225

\$0.00/Gallon

U.S. Daily Refining Margins

	NYMEX	E.Coast	E.Coast	G.Coast	G.Coast	Midco
Date	3-2-1	3-2-1	6-3-2-1	3-2-1	6-3-2-1	3-2-1
06/03	12.21	09.41	06.41	09.43	06.27	10.72
06/02	11.95	09.09	06.36	08.94	06.14	10.51
06/01	10.52	07.49	05.04	07.25	04.67	08.89
05/28	13.71	10.65	08.02	10.32	07.50	12.00
05/27	13.93	10.33	07.78	10.65	07.74	12.15
05/26	13.95	10.38	07.97	10.59	07.84	12.34
05/25	15.77	12.03	09.64	12.71	09.85	14.23

Related Market Closing Prices

Thursday, June 3, 2010

DME Oman.....	\$75.05	+\$1.47
ICE Brent Crude.....	\$75.41	+\$1.66
ICE Gas-Oil.....	\$638.50	+\$1.50
US.\$/Euro:NY Close.....	\$1.2158	

Shallow-Water Drilling Halted Until Plans Resubmitted

The US suspended shallow-water drilling in the Gulf of Mexico until oil and natural gas producers resubmit plans to meet revised safety and environmental rules. The Obama administration is pulling back the exploration applications and requiring updated information for waters less than 500 feet deep to ensure that new safety standards and risk considerations are incorporated, said Bob Abbey, acting director of the Minerals Management Service. Exploration in shallow waters can proceed once new permits are approved and won't be subject to the 6-month moratorium imposed by President Obama on deepwater operations after a BP well exploded in the Gulf of Mexico, administration officials said. 'Shallow-water drilling may continue as long as oil and gas operations satisfy the environmental and safety requirements Secretary Salazar outlined in his report to the president and have exploration plans that meet those requirements,' Interior Department spokeswoman Kendra Barkoff said. 'There is no moratorium on shallow-water drilling.' Obama and Interior Secretary Ken Salazar announced the deepwater moratorium on May 27th. The administration also delayed planned exploration in the Arctic Ocean near Alaska and canceled plans to search for oil and gas off the Virginia coast. Oil and gas exploration companies fell in New York trading after the Washington Post reported that the moratorium had in effect been extended to shallow-water drilling. Houston-based Rowan, a drilling contractor, fell as much as 12% on the New York Stock Exchange, and EnSCO, a London-based driller, fell as much as 7%. (continued next page)

The shares erased most of the declines by the end of regular trading. Regulators had approved Wednesday a permit letting Hercules Offshore drill a well in 65 feet of water near the mouth of the Mississippi River. It was rescinded yesterday, Jim Noe, the company's senior vice president and general counsel, said. 'The information we are receiving right now from MMS is a little confusing,' Noe said. 'At this point, we don't fully understand what additional information will be required. We expect guidance shortly.' The Interior Department statement from Abbey received little attention when it was released. When offshore drilling companies began seeking clarification about the new procedures, MMS Regional Supervisor Michael Saucier said in to an oil industry representative that drilling permits were on hold at all depths, according to a person who received a copy of the comments and asked not be identified. 'Until further notice we have been informed not to approve or allow any drilling not matter the water depth,' Saucier said, responding to a question about an already approved permit. 'Hopefully more information to come.' Companies with leases will be receiving notices spelling out the new safety requirements within the next few days, the MMS said.

NYMEX- Henry Hub Natural Gas Futures

Thursday, June 3, 2010

03 Month Avg.....	4.7300	+0.2503
06 Month Avg.....	4.9360	+0.2110
12 Month Avg.....	5.1893	+0.1660
18 Month Avg.....	5.3350	+0.1448

Month/Yr	Open	High	Low	Last	Chg	Volume	Open Int
Jul '10	4.437	4.703	4.379	4.690	+0.266	98911	220222
Aug '10	4.499	4.750	4.440	4.735	+0.251	18063	72476
Sep '10	4.555	4.780	4.491	4.765	+0.234	18870	80608
Oct '10	4.659	4.850	4.592	4.841	+0.210	18686	83190
Nov '10	4.969	4.148	4.926	5.138	+0.170	4152	23732
Dec '10	5.310	5.458	5.270	5.447	+0.135	9235	36680
Jan '11	5.503	5.647	5.460	5.639	+0.133	8037	53635
Feb '11	5.483	5.605	5.428	5.604	+0.133	640	17353
Mar '11	5.363	5.490	5.322	5.489	+0.123	4343	44527
Apr '11	5.147	5.281	5.134	5.281	+0.113	3102	37723
May '11	5.185	5.296	5.185	5.296	+0.112	1005	22325
Jun '11	5.235	5.350	5.146	5.346	+0.111	747	8021

\$/MMBtu

NYMEX- Henry Hub Natural Gas Futures for July

NYMEX- Henry Hub Natural Gas Futures for July settled higher on Thursday and above the upper boundary of the Apr-May trading range crossing at \$4.433. Thursday's high-range close sets the stage for a steady to firmer opening this morning. Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The crossover and close above the 18-day moving average indicates the intermediate-term trend has turned up. A positive setup occurred with the close over the 1st swing resistance. If July extends this week's rally, the 38% retracement level of the Nov-May decline crossing at \$4.872 is the next upside target. Multiple closes below the 10-day moving average crossing at \$4.264 would confirm that a short-term high has been posted. First resistance is Thursday's high crossing at \$4.703. Second resistance is the 38% retracement level of the Nov-May decline crossing at \$4.872. First support is Wednesday's low crossing at \$4.217. Second support is the reaction low crossing at \$3.971.

Natural Gas Daily Price Index

Flow Date: **Friday, June 4th, 2010**

Eastern Region

<u>Delivery Point</u>	<u>Wtd Avg</u>
Algonquin Citygates	4.85
Clarlinton	4.57
Clarlinton-Tenn	4.68
Columbia Gas TCO Pool	4.58
Columbia Gas TCO-Seg Pool	4.57
Dominion-South	4.60
Dracut	4.75
Iroquois (Into)	4.89
Iroquois Zone 2	4.91
Leidy	4.76
New York Citygates	4.82
TETCO M2	4.73
TETCO M3	4.79
TGP Zone 6 200 Leg	4.76
TGP Zone 6 300 Leg	4.73
Transco Zone 5-non WGL	4.67
Transco Zone 5-WGL	4.67
Transco Zone 6-non NY	4.80
Transco Zone 6-NY	4.83

Gulf Coast/Texas Region

<u>Delivery Point</u>	<u>Wtd Avg</u>
Agua Dulce	4.35
ANR Louisiana	4.44
ANR Southeast-T	4.44
Carthage	4.34
Columbia Gulf Mainline	4.43
Columbia Gulf Onshore	4.43
FGT Zone 3	4.47
Henry Hub	4.45
Houston Ship Channel	4.43
Katy	4.41
Moss Bluff Interconnect	4.41
NGPL South Texas	4.35
Pine Prairie	4.45
Sonat Tier 1 Pool	4.46
TETCO East LA.	4.43
TETCO East Texas	4.25
TETCO M1 24"	4.40
TETCO M1 30"	4.47
TETCO South Texas	4.35
TETCO West LA.	4.41
TGP Zone 0	4.40
TGP Zone 1 500 Leg	4.43
TGP Zone 1 800 Leg	4.42
TGT Zone SL FT Pool	4.42
TGT Zone 1 FT Pool	4.42
Transco St.30	4.38
Transco St.45	4.42
Transco St.65	4.47
Transco St.85	4.46
Tres Palacios Hub	4.41
Trunkline East LA.	4.43
Trunkline West LA.	4.43
Trunkline Zone 1-A	4.43

Mid-Continent Region

<u>Delivery Point</u>	<u>Wtd Avg</u>
Alliance Delivered	4.52
ANR Southwest	4.26
Bluewater Hub	4.71
CEGT Flex	4.35
CEGT South	4.32
CEGT West	4.33
Chicago Citygates	4.51
Consumers Energy Citygate	4.55
Demarc	4.38
Lebanon	4.56
MichCon Citygate	4.61
NBPL Vector	4.51
NBPL Ventura	4.36
NGPL Amarillo Pool	4.32
NGPL Gulf Coast Mainline	4.37
NGPL Midcont Pool	4.27
NGPL TXOK	4.34
NGPL TXOK West	4.33
Oneok	4.34
PEPL	4.28
Southern Star	4.26
Ventura	4.35

Western Region/Canadian

<u>Delivery Point</u>	<u>Wtd Avg</u>
AECO	3.67
Cheyenne	3.07
CIG Mainline	3.97
El Paso Permian	4.19
El Paso San Juan-Blanco	4.03
El Paso San Juan-Bondad	4.03
El Paso South Mainline	4.21
El Paso Waha	4.18
Kern River-Del	4.16
Kern River-Rec	3.96
Kingsgate	3.98
Malin	4.07
Northwest Rocky Mtn	3.93
Northwest Wyoming	3.94
Oasis- Waha Pool	4.27
Opal	3.96
PG&E Citygate	4.44
PG&E Topock	4.17
Questar North	3.87
SoCal Border	4.20
SoCal Citygate	4.20
SoCal Ehrenberg	4.22
Stanfield Pool	4.02
Transwest Blanco	4.04
Transwest Central	4.14
Transwest West Texas	4.15
Waha Hub	4.29
White River Hub	4.02

\$/MMBtu

Drilling Halt May Be Worse Than Oil Spill

A backlash is building against the Obama administration's offshore drilling moratorium, which some argue worsens the harm to a Gulf Coast economy already losing fishing and tourism business to the oil spill. Louisiana politicians, including Senator David Vitter and Governor Bobby Jindal, have sent letters to President Obama urging reconsideration of the May 27th executive order. 'It's the wrong thing to do at the wrong time,' said Chris John, a former member of Congress who is now president of the Louisiana Mid-Continent Oil and Gas Association. 'It may be good politics, but it is bad economics,' said Bernard Weinstein, associate director of the Maguire Energy Institute at Southern Methodist University's Cox School of Business in Dallas. 'The last thing we need is to enact public policies that will certainly destroy thousands of existing jobs while preventing the creation of thousands more,' Jindal wrote in a letter dated Wednesday. Vitter sent a similar letter Thursday. The order to idle 33 deepwater rigs could sideline as many as 7,000 highly paid rig workers and cost four to five times as many support jobs at catering, service boat and drilling supply companies, the oil and gas association said. As a result, Royal Dutch Shell, Exxon Mobil, Chevron, Marathon and other companies have begun curtailing Gulf of Mexico operations to comply with the moratorium. John said great harm has been done to the environment, fishing and tourism, so care needs to be taken to avoid a repeat of the explosion. But John worries the moratorium could drag on longer than the announced 6 months as a special commission created by the president organizes and studies the disaster and companies work to comply with new regulations. 'If this is tied to the commission he's set up, I've never met a commission that's reported to Congress on time,' John said. Even in coastal areas partially dependent on fishing and tourism damaged by the spill, local officials want offshore drilling to continue. 'Quite frankly, if we can't get the president to reconsider, then the oil on the beach is the least of our worries. Our economy will be decimated,' said Charlotte Randolph, president of coastal LaFourche Parish. Nine out of 10 of the top taxpayers in LaFourche Parish have facilities at Port Fourchon, a huge offshore oil industry service port on the Gulf Coast, Randolph said. Seven of nine parish council members have oil-related jobs, she said. 'In terms of capital expenditures and wages, offshore drilling has to have a bigger economic impact than fishing,' Weinstein said. The moratorium could hurt the entire US economy and energy security, critics said. Thirty percent of US domestically produced oil and 13% of natural gas comes from the Gulf, and 80% of the Gulf's oil and 45% of its natural gas comes from waters deeper than 1,000 feet, government data show. 'This could have a serious and long-term negative impact on specific regions and industries and wind up increasing our reliance on imported oil,' Weinstein said.

NYMEX-RBOB Gasoline Futures

Thursday, June 3, 2010

Month/Yr	Open	High	Low	Last	Chg
Jul '10	2.0812	2.0812	2.0812	2.0812	+0.0551
Aug '10	2.0769	2.0769	2.0769	2.0769	+0.0490
Sep '10	2.0744	2.0744	2.0744	2.0744	+0.0459
Oct '10	1.9760	1.9760	1.9760	1.9760	+0.0444
Nov '10	1.9713	1.9713	1.9713	1.9713	+0.0425
Dec '10	1.9779	1.9779	1.9779	1.9779	+0.0405
Jan '11	1.9951	1.9951	1.9951	1.9951	+0.0401
Feb '11	2.0167	2.0167	2.0167	2.0167	+0.0399
Mar '11	2.0384	2.0384	2.0384	2.0384	+0.0397
Apr '11	2.1644	2.1644	2.1644	2.1644	+0.0397
May '11	2.1759	2.1759	2.1759	2.1759	+0.0394
Jun '11	2.1839	2.1839	2.1839	2.1839	+0.0394

\$/Gallon

NYMEX- RBOB Gasoline Futures for July

NYMEX- RBOB Gasoline Futures for July settled higher on Thursday and above the 20-day moving average crossing at \$2.0606 confirming that a short-term low has been posted. Thursday's high-range close sets the stage for a steady to firmer opening this morning. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The intermediate trend could be turning up with the close back above the 18-day moving average. A positive setup occurred with the close over the 1st swing resistance. If July extends this week's rally, the 38% retracement level of May's decline crossing at \$2.0995 is the next upside target. Multiple closes below Wednesday's low crossing at \$1.9668 are needed to confirm that a short-term high has been posted. First resistance is Thursday's high crossing at \$2.0853. Second resistance is the 38% retracement level of May's decline crossing at \$2.0995. First support is Wednesday's low crossing at \$1.9705. Second support is May 25th's low crossing at \$1.8880.

NYMEX- Heating Oil Futures

Thursday, June 3, 2010

Month/Yr	Open	High	Low	Last	Chg
Jul '10	2.0391	2.0391	2.0391	2.0391	+0.0332
Aug '10	2.0370	2.0417	2.0370	2.0580	+0.0328
Sep '10	2.0821	2.0821	2.0821	2.0821	+0.0320
Oct '10	2.1069	2.1069	2.1069	2.1069	+0.0315
Nov '10	2.1338	2.1338	2.1338	2.1338	+0.0316
Dec '10	2.1604	2.1604	2.1604	2.1604	+0.0313
Jan '11	2.1877	2.1877	2.1877	2.1877	+0.0306
Feb '11	2.2066	2.2066	2.2066	2.2066	+0.0307
Mar '11	2.2164	2.2164	2.2164	2.2164	+0.0308
Apr '11	2.2172	2.2172	2.2172	2.2172	+0.0311
May '11	2.2197	2.2197	2.2197	2.2197	+0.0316
Jun '11	2.2234	2.2234	2.2234	2.2234	+0.0318

\$/Gallon

NYMEX- Heating Oil Futures for July

NYMEX- Heating Oil Futures for July settled higher on Thursday and above the 20-day moving average crossing at \$2.0233 confirming that a short-term low has been posted. Thursday's high-range close sets the stage for a steady to firmer opening this morning. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market now above the 18-day moving average suggests the intermediate-term trend has turned up. The close over the pivot swing is a somewhat positive setup. If July extends this weeks rally, the reaction high crossing at \$2.1907 is the next upside target. Multiple closes below the 10-day moving average crossing at \$1.9584 would confirm that a short-term high has been posted. First resistance is Thursday's high crossing at \$2.0428. Second resistance is the reaction high crossing at \$2.1907. First support is the 10-day moving average crossing at \$1.9584. Second support is May 25th's low crossing at \$1.8483.

CBOT

Ethanol Futures

Thursday, June 3, 2010

Month/Yr	Open	High	Low	Last	Chg
Jul '10	1.585	1.596	1.580	1.595	+0.008
Aug '10	1.591	1.604	1.585	1.603	+0.009
Sep '10	1.590	1.594	1.580	1.591	+0.006
Oct '10	1.580	1.590	1.580	1.590	+0.008
Nov '10	1.584	1.592	1.584	1.588	+0.004
Dec '10	1.590	1.595	1.590	1.592	+0.001
Jan '11	1.590	1.595	1.590	1.593	+0.004

\$/Gallon

Anadarko May Shift Spending Elsewhere on Gulf Rig Ban

Anadarko Petroleum, the company that owns a stake in BP's leaking Gulf of Mexico well, said it may shift spending on capital projects to other regions after the US extended a ban on deep-water drilling. Capital spending this year will still total between \$5.3 billion and \$5.6 billion, as forecast before the rig explosion that triggered the oil spill, Anadarko said in a statement. The company said it will consider reallocating money that would have been spent in the Gulf this year to other projects around the world, including US onshore developments. 'We want to assure our stakeholders that we expect to meet our 2010 production targets and have already taken a number of actions to protect the value of our portfolio during the moratorium in the Gulf,' Anadarko Chief Executive Officer Jim Hackett said. Anadarko halted all Gulf drilling under a moratorium that President Obama ordered in the wake of the oil spill and extended by 6 months last week. The ban precludes issuance of new deep-water drilling permits, and companies were ordered to stop work on 33 wells that the government previously approved. Anadarko, which has offshore projects in West Africa and Brazil, gets about 25% of its output from the Gulf of Mexico. (Continued next page.)

Contracts were canceled on 3 rigs Anadarko had leased in the Gulf, using a force-majeure clause that can be triggered when events occur beyond the company's control. The cancellations allow Anadarko to stop paying rent on rigs it will no longer be able to use. Anadarko, which still has one Gulf rig under contract that it plans to use to complete a well, said it will incur costs of \$30 million to \$40 million related to the cancellations. Anadarko's Callisto prospect in the Gulf is scheduled to start production later this year at a rate of about 40 MMcf of natural gas per day, according to the statement. Anadarko, since the spill began, has lost 40% of its market value. US onshore projects that could be accelerated include developments in Texas, Colorado and Utah that are rich in gas liquids and oil, a spokesman said.

Weekly API Oil Statistics

Statistics Compiled by the American Petroleum Institute for Week Ending Friday, May 28th, 2010

Product	05/28/10	Chg: 05/21/10
<hr/>		
05/29/09		
Gasoline stocks	217,209,000	-962,000
205,527,000		
Gasoline prod	64,330,000	1,260,000
62,391,000		
Light fuel oil stocks	149,016,000	852,000
150,645,000		
Light fuel oil prod	30,254,000	1,596,000
29,701,000		
Heavy fuel oil stocks	43,789,000	-312,000
38,920,000		
Heavy fuel oil prod	3,339,000	-224,000
3,703,000		
Jet fuel stocks	43,548,000	-687,000
40,937,000		
Jet fuel production	10,325,000	-511,000
9,492,000		
Crude runs daily	14,870,000	114,000
14,548,000		
% Rated Capacity	86.6	0.7
82.9		
Domestic output daily	5,563,000	0
5,120,000		
Domestic crude stocks	362,705,000	-1,418,000
363,855,000		
Daily crude import (US)	8,702,000	-719,000
9,028,000		
Daily prod import (US)	2,254,000	-210,000
2,475,000		

r- revised

Financial Summary

- *The TSX 300 Index rose 31.20 to 11,811.87
- *The CRB Index gained 2.02 to 254.96
- *The US Dollar slipped 0.017 to 87.119
- *The Dow advanced 5.74 points to 10,255.28
- *The S&P 500 climbed 4.45 points to 1102.83
- *The Nasdaq increased 22.61 points to 2303.68
- *July NYMEX crude oil added 1.96 to 74.82
- *Canadian-US Exchange up 0.0012 to 1.0416

