Petroleum and Natural Gas Situation

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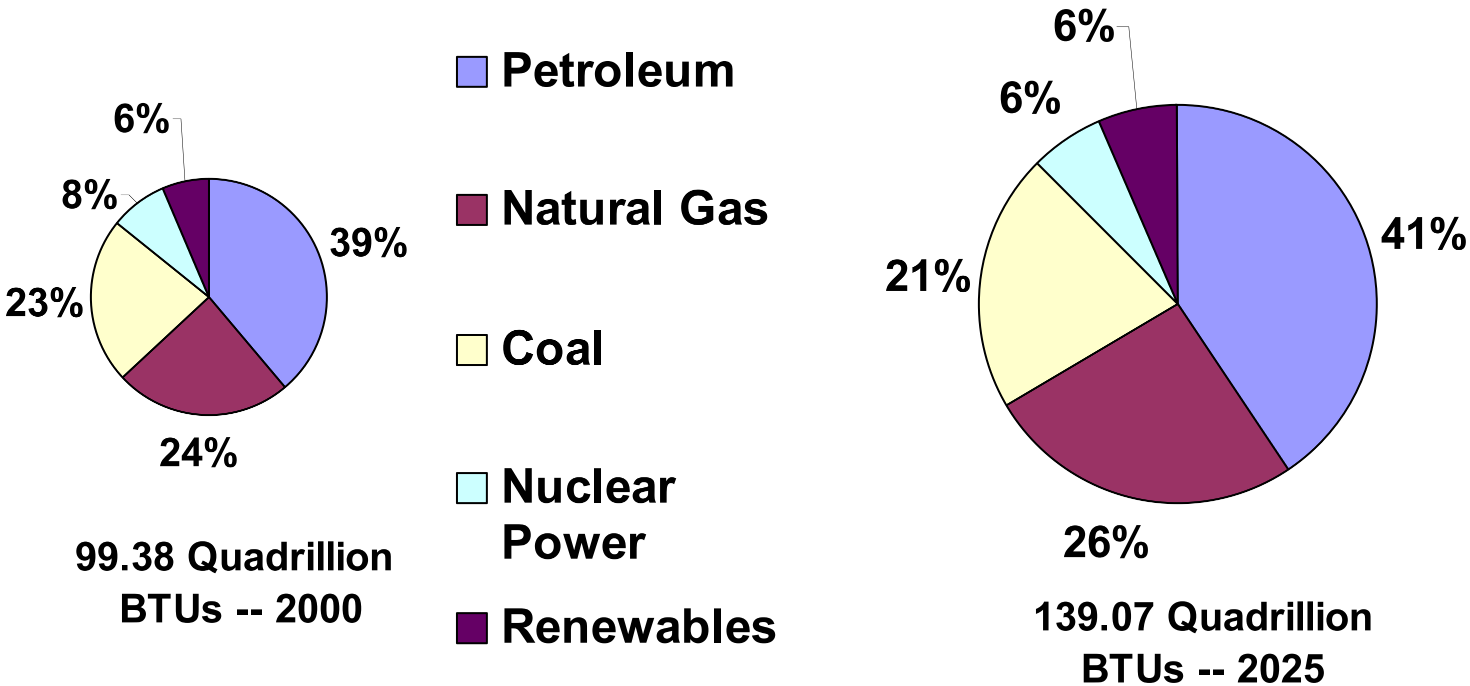
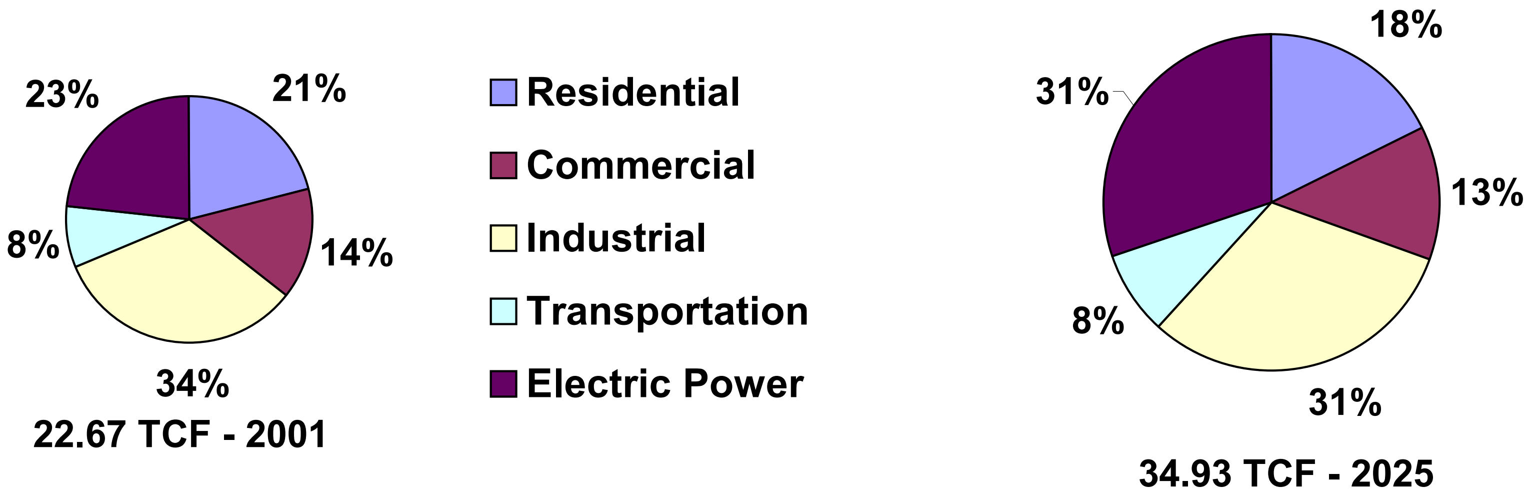
Energy Consumption by Fuel - 2000 and 2025



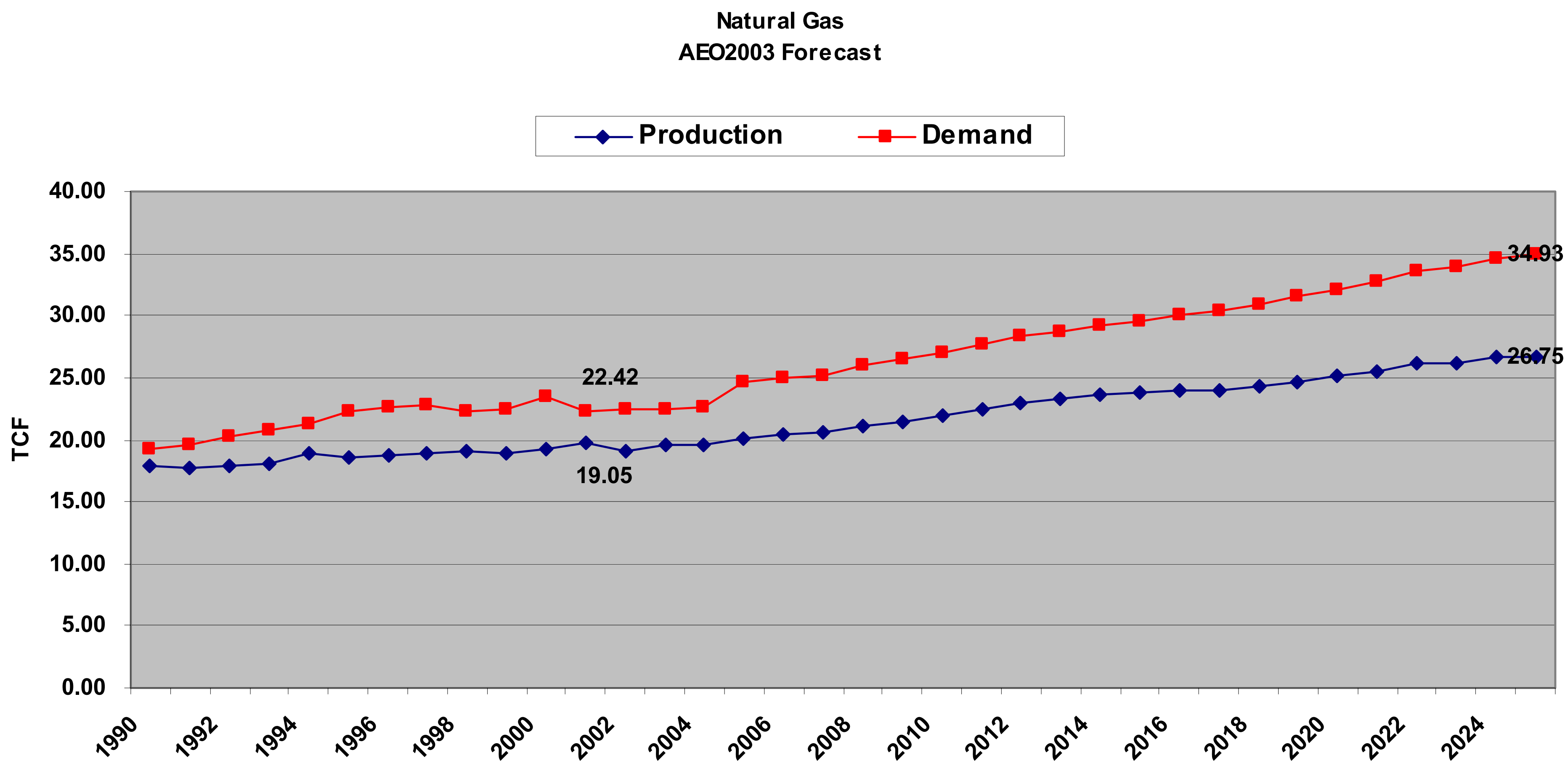
Source: Department of Energy/ Energy Information Administration

Natural Gas Consumption by Sector - 2001 and 2025

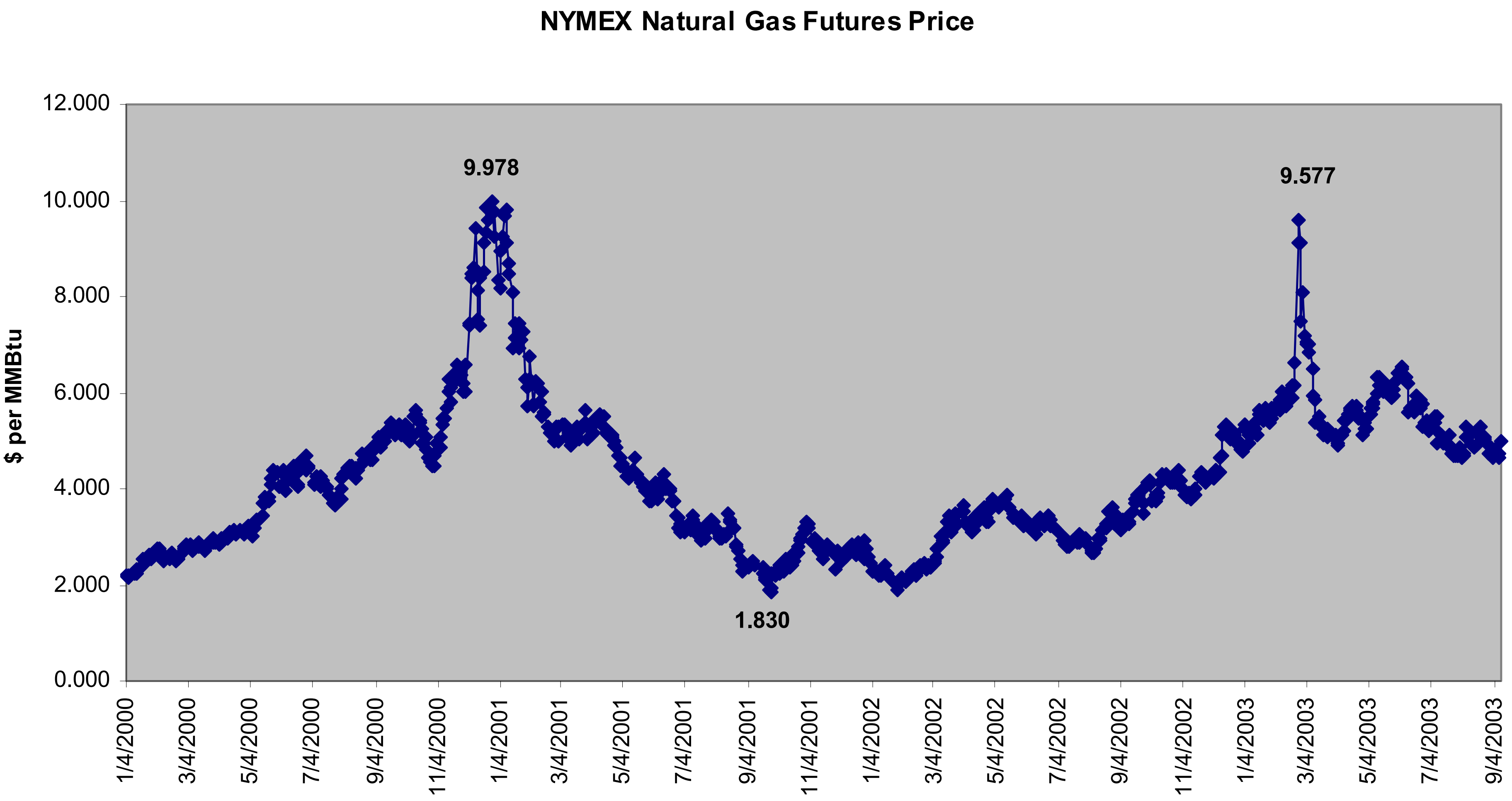


Source: Department of Energy/ Energy Information Administration

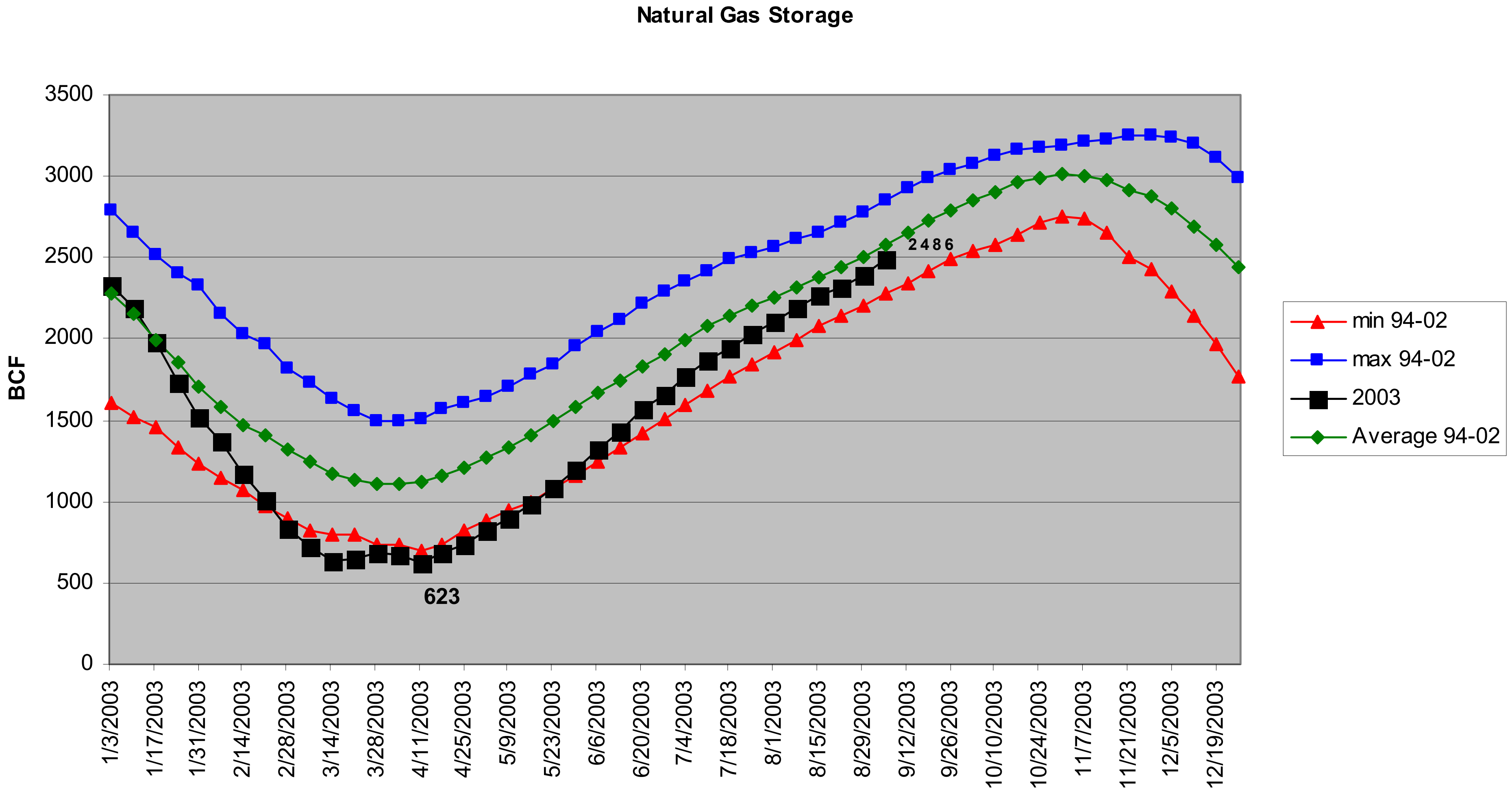
EIA's forecast shows large growth in gas demand AND production despite flat production for 9 years



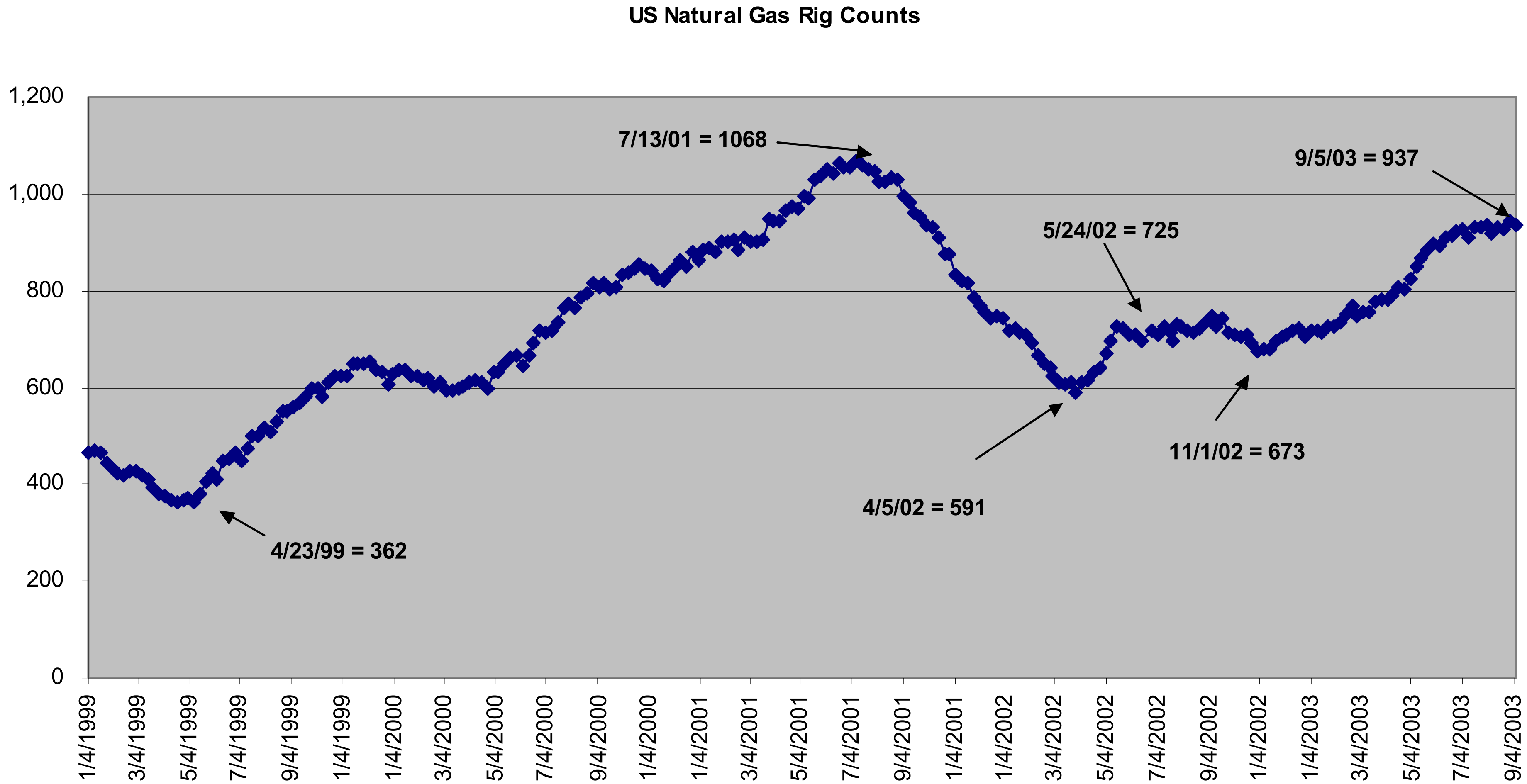
Natural gas prices have spiked twice in the past three years



Natural gas in storage is increasing from low levels



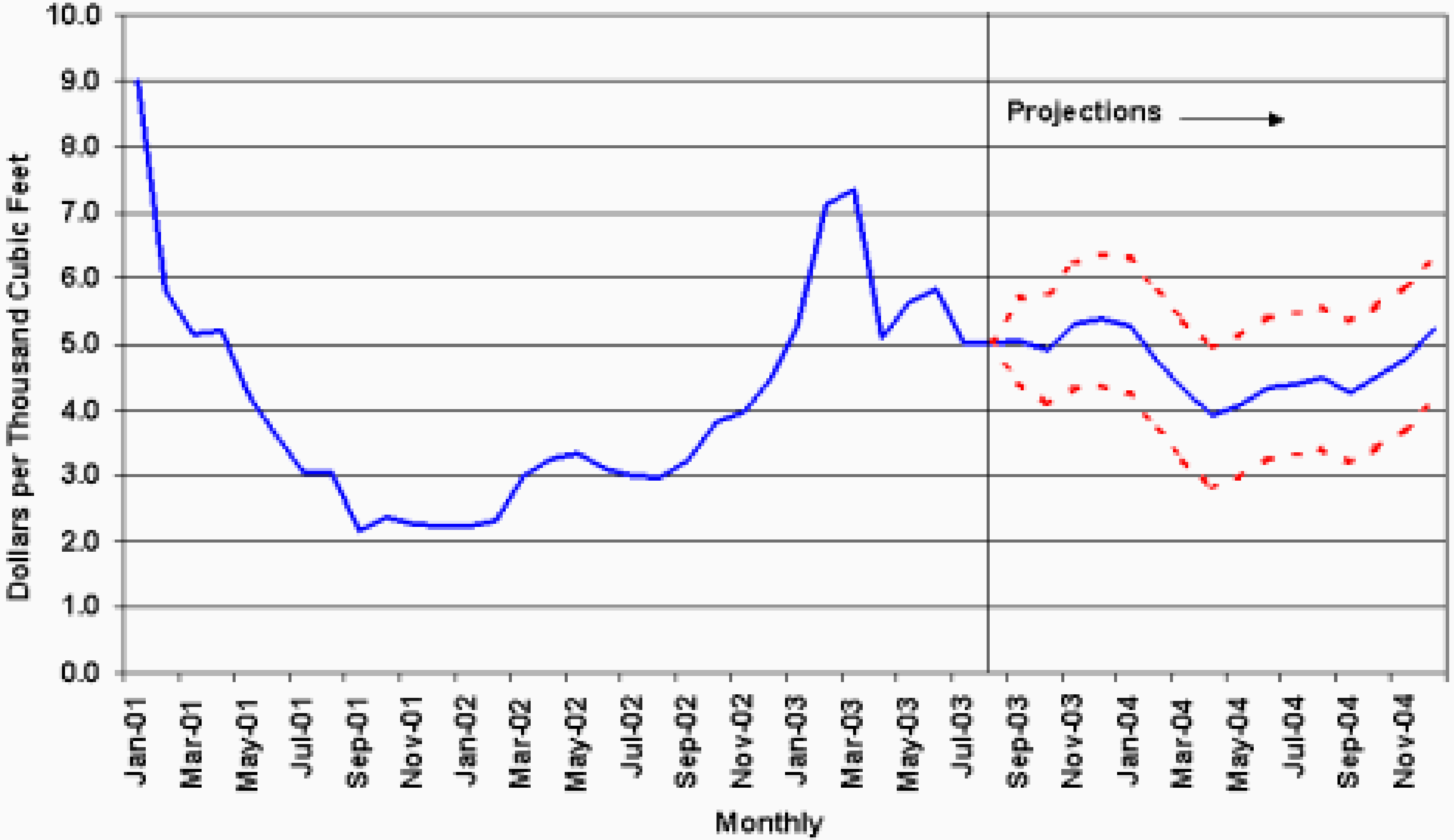
Rigs drilling for natural gas have increased by over 50 percent from the lows of last year



EIA projects modest production growth and slow demand growth in 2003 and 2004

Natural Gas Forecast
EIA - September 2003

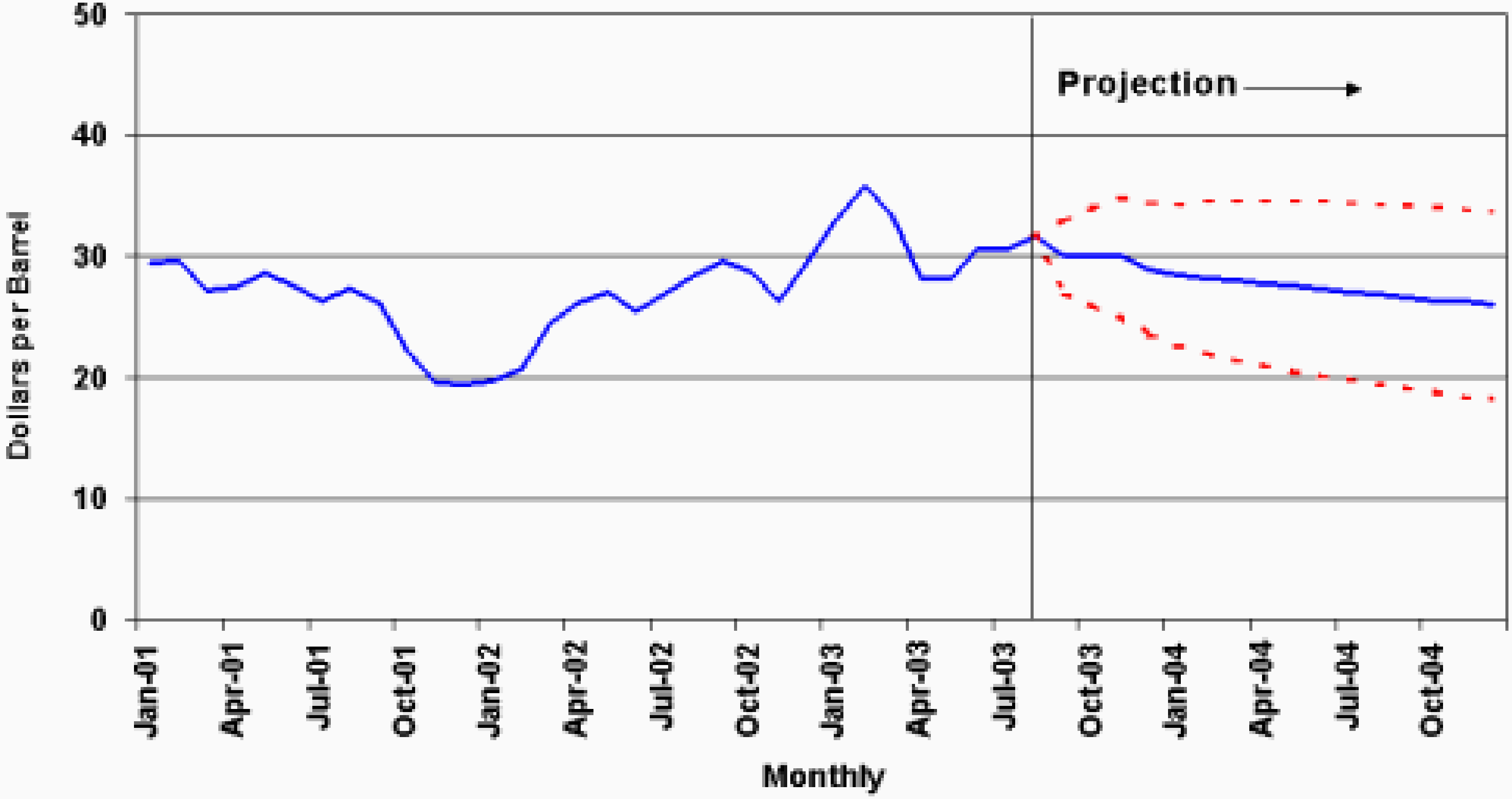
Figure 9. Natural Gas Spot Prices
(Base Case and 95% Confidence Interval*)



*The confidence intervals show +/- 2 standard errors based on the properties of the model. The ranges do not include the effects of major supply disruptions.

Sources: History: Natural Gas Week; Projections: Short-Term Energy Outlook, September 2003.

Figure 1. WTI Crude Oil Price
(Base Case and 95% Confidence Interval*)

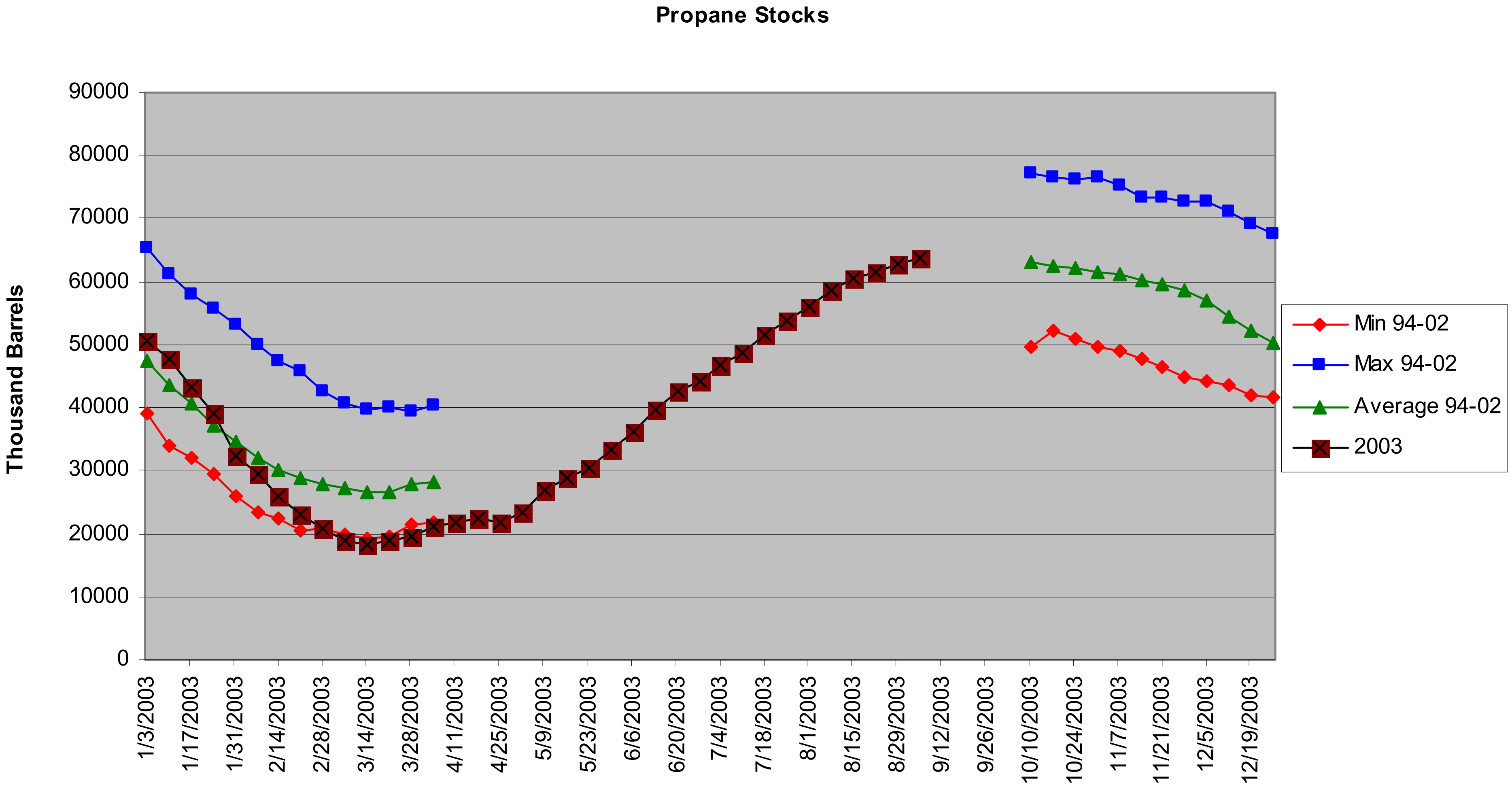


*The confidence intervals show +/- 2 standard errors based on the properties of the model. The ranges do not include the effects of major supply disruptions.

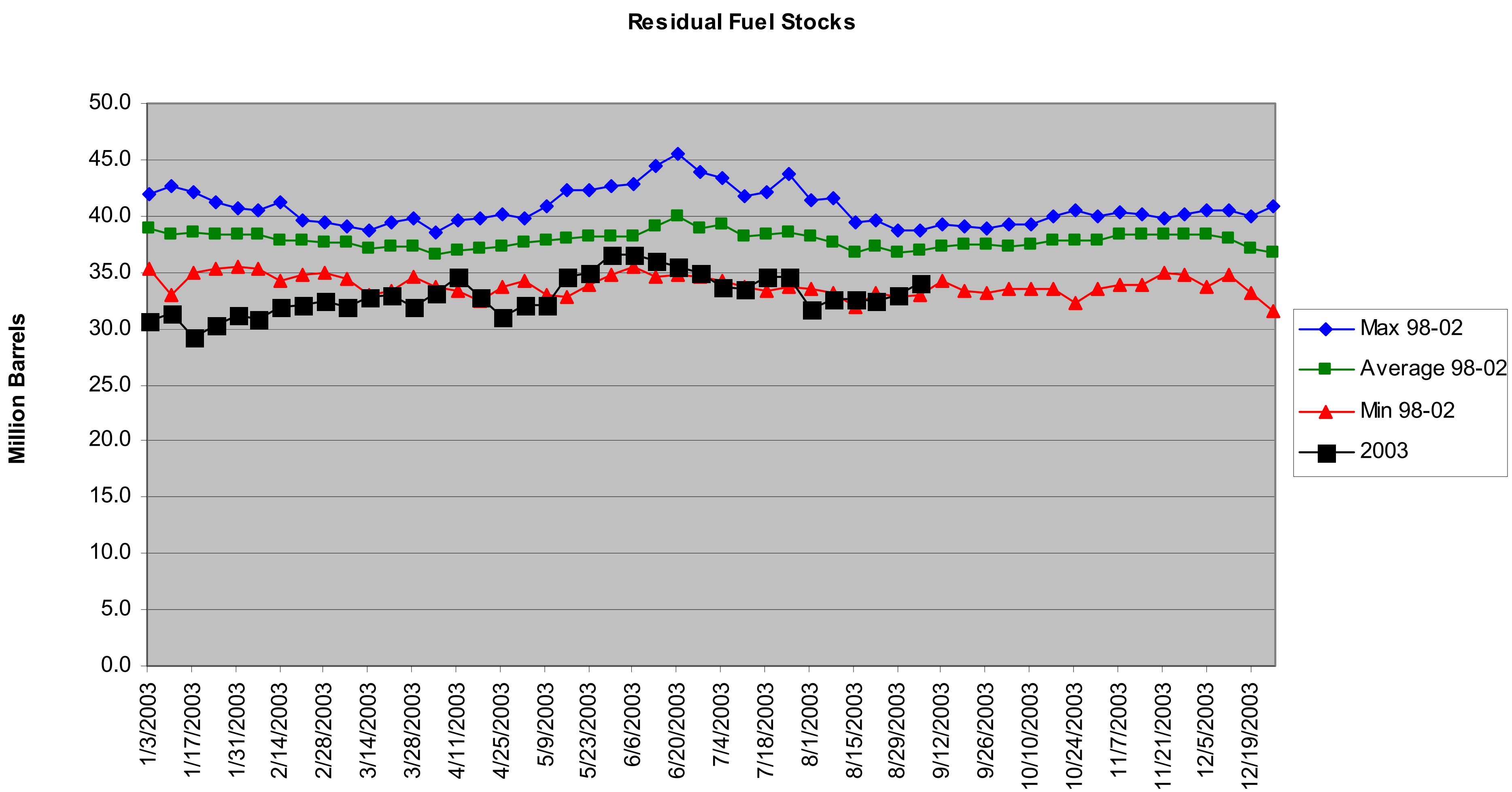
Sources: History: EIA; Projections: Short-Term Energy Outlook, September 2003.

www.eia.doe.gov

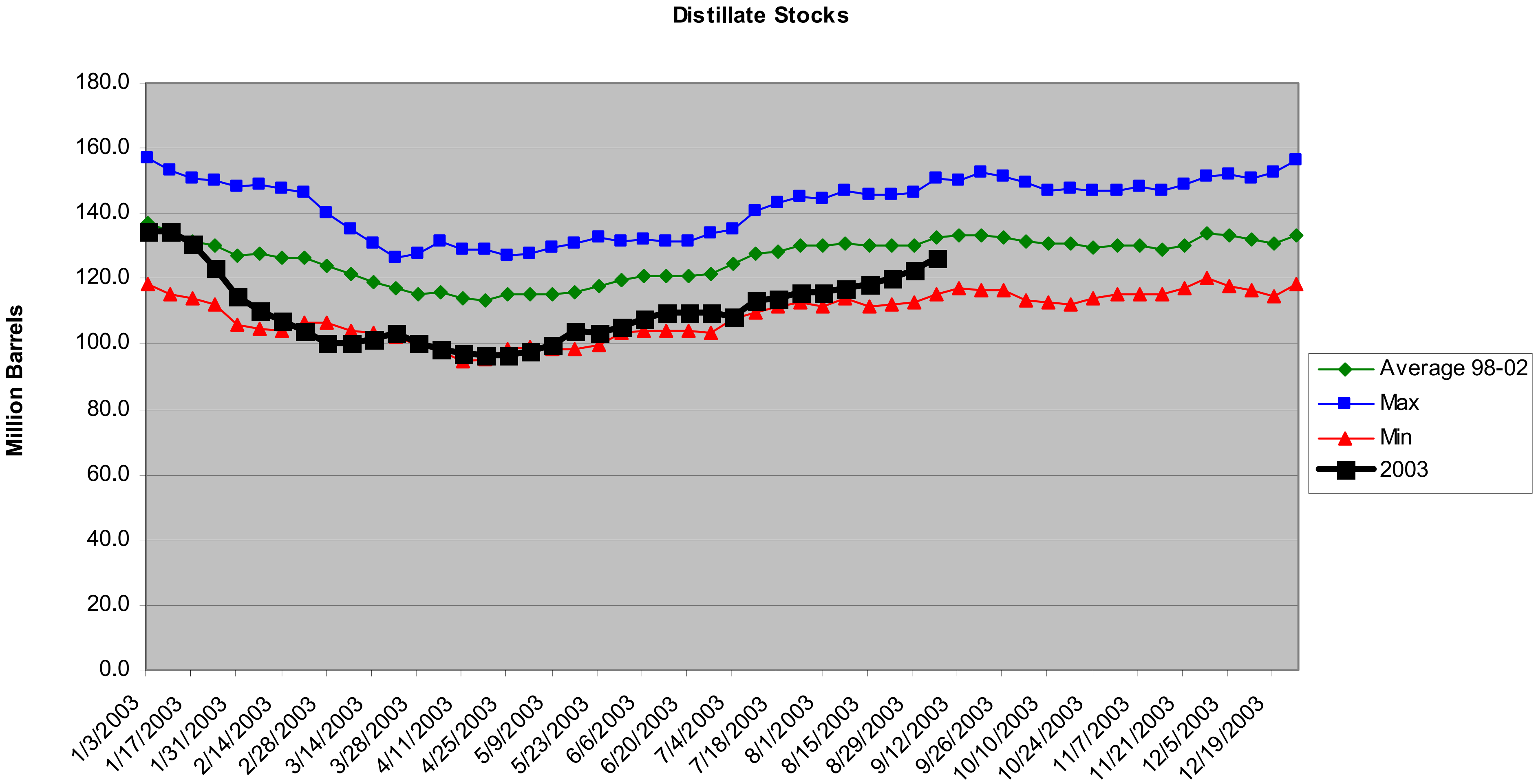
Propane in storage has recovered from low levels



Residual fuel in storage is also at low levels



Distillate oil in storage is at low levels



Distillate oil in storage is even lower in the Northeast

Total Distillate Inventories (heating oil and diesel fuel)						
	Week ended Sep 05 Million Barrels	Week ended Aug 29 Million Barrels	Year Ago Million Barrels	% Change from Last Year	Average 1998-2002 Million Barrels	% Change from Average
National	126.4	122.7	134.0	-6	132.8	-5
East Coast	48.6	47.6	57.2	-15	56.9	-15
New England	8.3	8.1	10.4	-20	11.5	-28
Mid-Atlantic	27.8	26.4	32.4	-14	32.4	-14
South Atlantic	12.5	13.2	14.4	-13	13.1	-4
Midwest	30.9	30.2	30.3	2	30.3	2
Gulf Coast	32.2	30.1	32.0	1	31.3	3
Mountain	2.7	2.6	2.8	-2	2.9	-5
West Coast	12.0	12.2	11.8	2	11.4	5

High Sulfur Distillate Inventories (heating oil)						
	Week ended Sep 05 Million Barrels	Week ended Aug 29 Million Barrels	Year Ago Million Barrels	% Change from Last Year	Average 1998-2002 Million Barrels	% Change from Average
National	47.5	45.9	59.5	-20	61.9	-23
East Coast	28.2	27.4	37.3	-24	38.0	-26
New England	5.6	5.6	7.9	-29	9.7	-42
Mid-Atlantic	18.2	16.4	23.4	-22	23.3	-22
South Atlantic	4.5	5.4	6.0	-25	5.1	-12
Midwest	7.6	7.5	8.4	-10	8.9	-15
Gulf Coast	8.9	8.1	11.2	-20	11.9	-25
Mountain	0.54	0.50	0.39	39	0.41	31
West Coast	2.2	2.5	2.2	1	2.6	-15

EIA Winter Outlook for Natural Gas

Expected to
Pay More For Gas Service This Winter

Winter	1999-00 Actual	2000-01 Actual	2001-02 Actual	2002-03 Actual	2003-04 Forecast
Consumption (Mcf)	81.7	99.1	81.3	95.2	91.8
Avg. Price ($/Mcf)	6.69	9.53	7.38	8.32	9.42
Expenditures ($)	546	944	600	792	865

Notes: Consumption based on typical per household use for the Midwest region. Prices shown are national average delivered-to-household prices.
Sources: History: EIA; Projections: *Short-Term Energy Outlook* August, 2003.

EIA Winter Outlook for Heating Oil

Consumer Prices and Expenditures – Heating Oil (Northeast)

	2000-2001	2001-2002	2002-2003	2003-2004
	Actual	Actual	Actual	Forecast (est.)
Consumption (gals.)	731	584	711	692
Average Price	$1.37	$1.10	$1.31	$1.29
Expenditures	$999	$643	$931	$893

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EIA Winter Outlook for Propane

Consumer Prices and Expenditures – Propane (Midwest)

	2000-2001	2001-2002	2002-2003	2003-2004
	Actual	Actual	Actual	Forecast (est.)
Consumption (gals.)	979	803	936	902
Average Price	$1.37	$1.11	$1.20	$1.20
Expenditures	$1,344	$887	$1,122	$1,082

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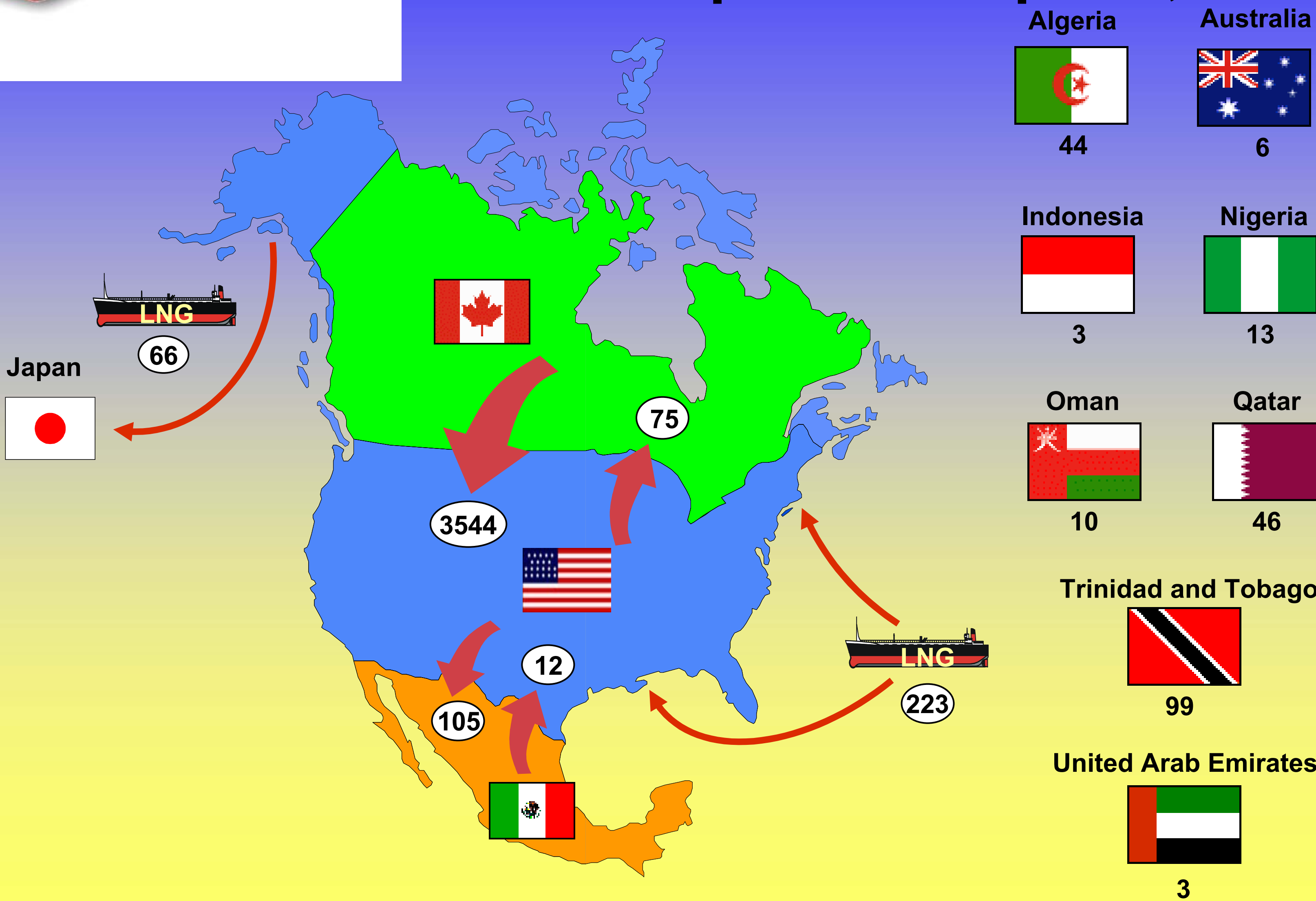
U.S. Department of Energy

ural Gas Imports & Exports, 2000



Only 4 LNG terminals will operate this year

U.S. LNG Import Facilities

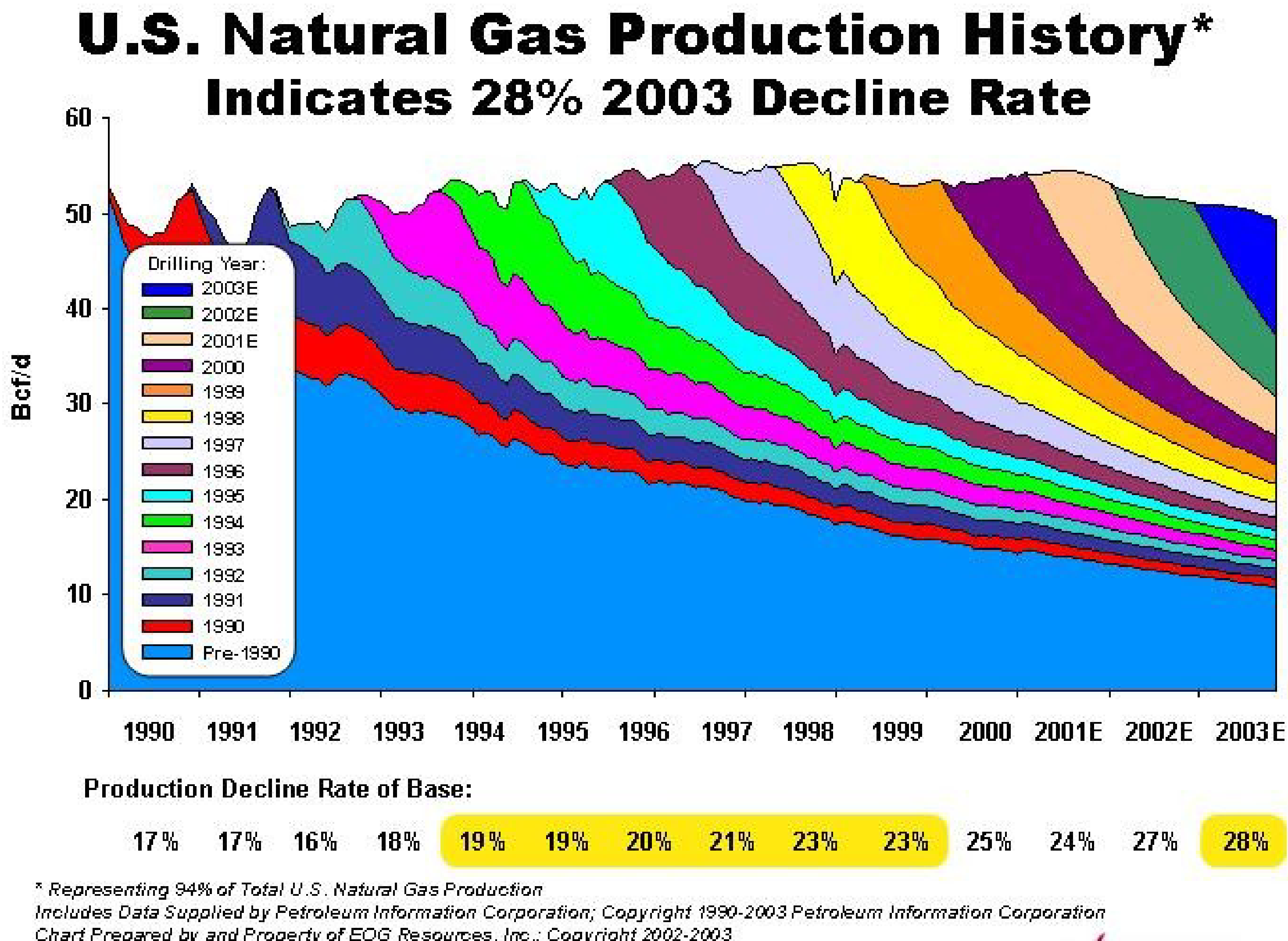
Current Capacity

Location	Status	Sendout (MMcf/Day)	Storage (Bcf)	Possible Capacity Expansion
Everett, MA	Active	450 100 by truck	3.5	165 MMcf/d– sendout
Lake Charles, LA	Active	700	6.3	300 MMcf/d– sendout
Elba Island, GA	Restarting operations	440	4.1	360 MMcf/d– sendout
Cove Point, MD	• Active for Storage • Planned opening for imports 2002	1,000 (nameplate)[1]	5.0	2.8 Bcf – storage

Note: Except where noted, sendout capacity is LNG vaporization which is then shipped via pipeline

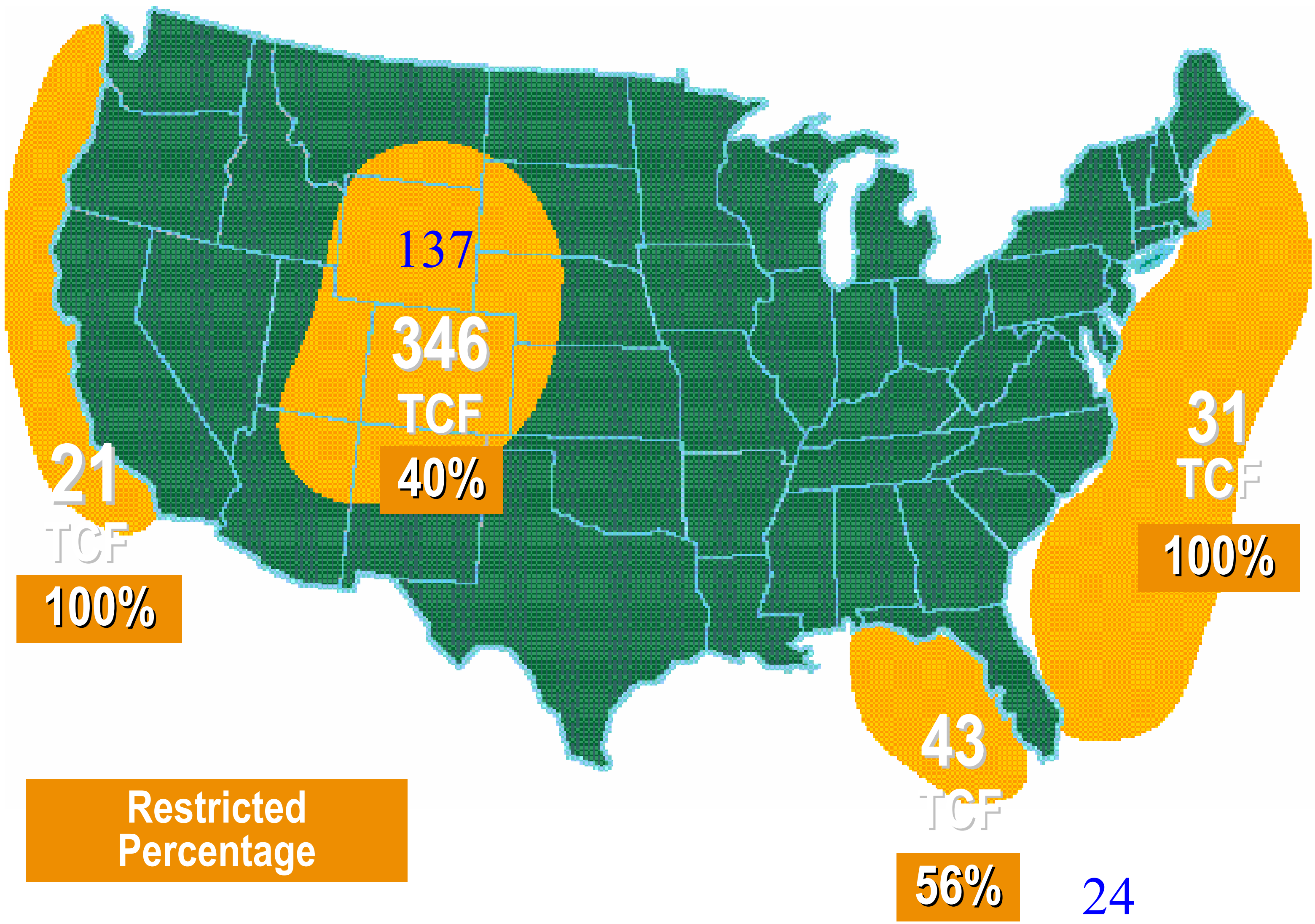
[1] This is Cove Point's nameplate capacity. Capacity for reopening has not yet been determined.

New natural gas reservoirs are being depleted faster each year



eog resources

The NPC estimates that 213 TCF of Lower 48 natural gas resources on Federal lands are restricted from access



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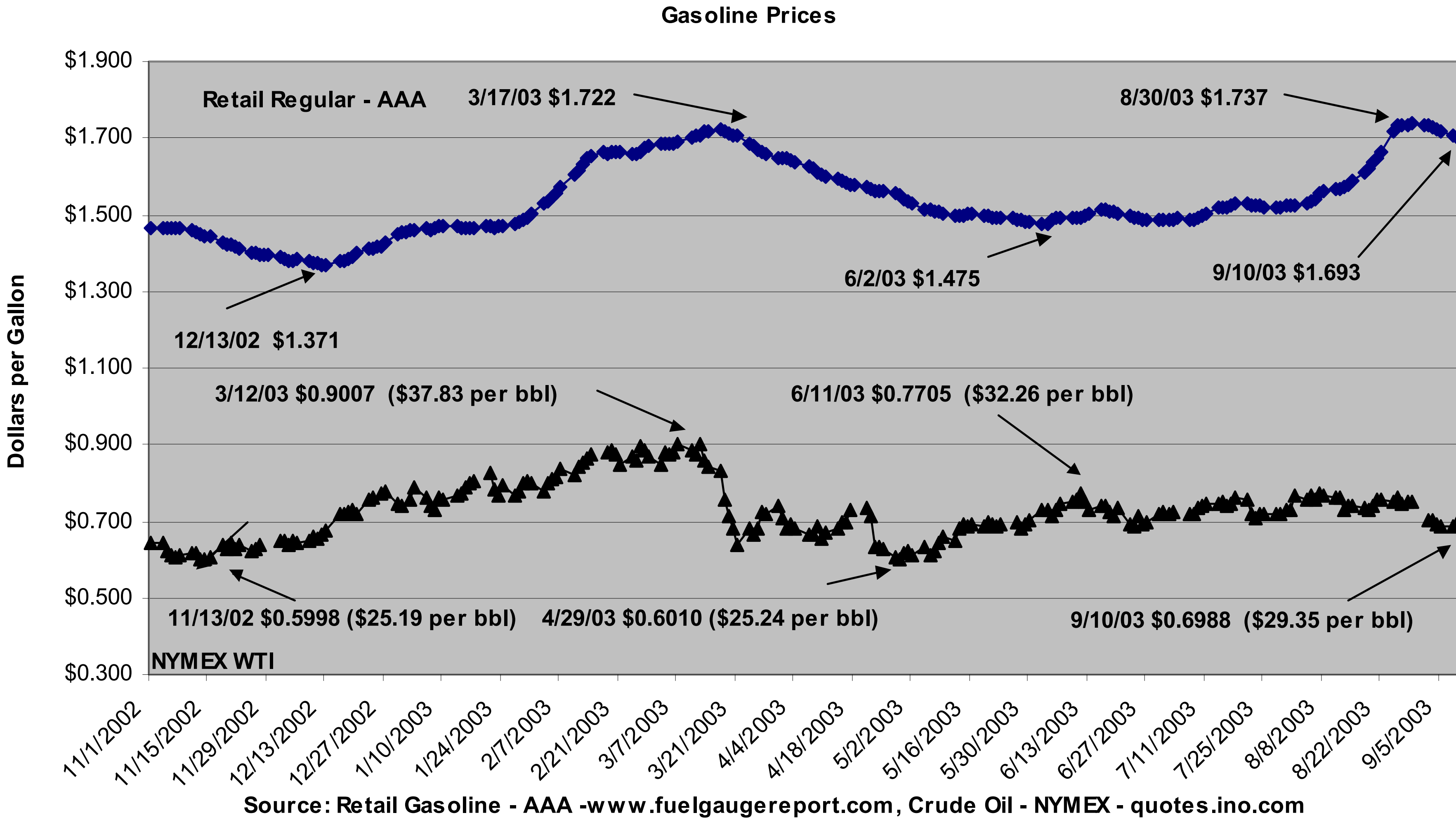
Due to high oil prices, refinery and pipeline problems, gasoline prices have reached record levels



Gasoline inventories are slightly below average

Total Gasoline Inventories						
Inventories listed in millions of barrels.	**Week Ended September 5**	**Week Ended August 29**	**Year Ago***	**Change from Previous Year**	**1998-2002 Average****	**Change from 1998-2002 Average**
National	195.9	194.7	206.5	-5.1%	201.1	-2.6%
East Coast	52.5	51.4	57.9	-9.3%	55.2	-4.9%
New England	3.8	3.8	4.8	-20.5%	4.3	-10.3%
Mid-Atlantic	24.4	23.4	31.0	-21.1%	27.9	-12.4%
South Atlantic	24.3	24.2	22.1	9.7%	23.1	5.2%
Midwest	50.2	49.2	50.4	-0.4%	52.4	-4.2%
Gulf Coast	58.8	60.1	60.7	-3.1%	59.0	-0.3%
Mountain	5.9	5.6	6.4	-7.0%	5.8	2.9%
West Coast	28.4	28.3	31.1	-8.6%	28.7	-0.9%

Reformulated Gasoline (RFG) Inventories						
Inventories listed in millions of barrels.	**Week Ended September 5**	**Week Ended August 29**	**Year Ago***	**Change from Previous Year**	**1998-2002 Average****	**Change from 1998-2002 Average**
National	32.1	31.0	42.0	-23%	40.4	-20%
East Coast	13.9	14.9	19.1	-27%	17.9	-22%
New England	2.5	2.7	3.6	-30%	3.3	-24%
Mid-Atlantic	7.8	7.5	12.4	-37%	10.3	-25%
South Atlantic	3.6	4.8	3.2	14%	4.2	-14%
Midwest	1.0	0.9	1.1	-11%	1.8	-46%
Gulf Coast	9.6	8.2	9.1	5%	9.2	4%
Mountain	-	-	-		-	
West Coast	7.7	6.9	12.6	-39%	11.4	-33%