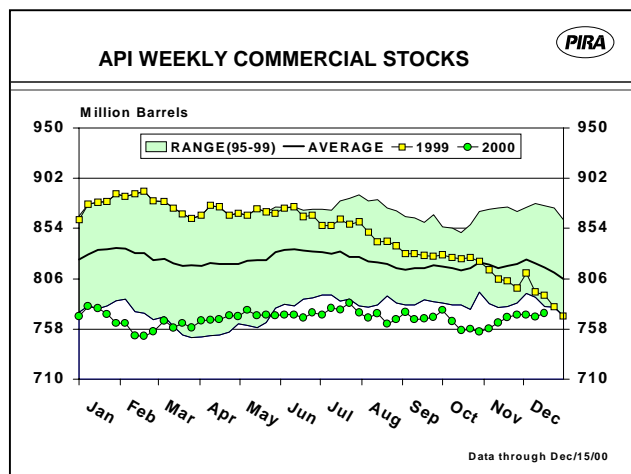


API Weekly Analysis

Week Ending December 15, 2000

INVENTORIES: JUST ABOUT REBALANCED

With this past weeks 3 million barrel inventory build, the year-on-year stock deficit has now narrowed to less than 18 million barrels or just 2%, by far the lowest gap all year long. Most of the deficit is in distillate with stocks this past week still roughly 14 million barrels below last year. Here too, the deficit is the narrowest compared with any other week this year.

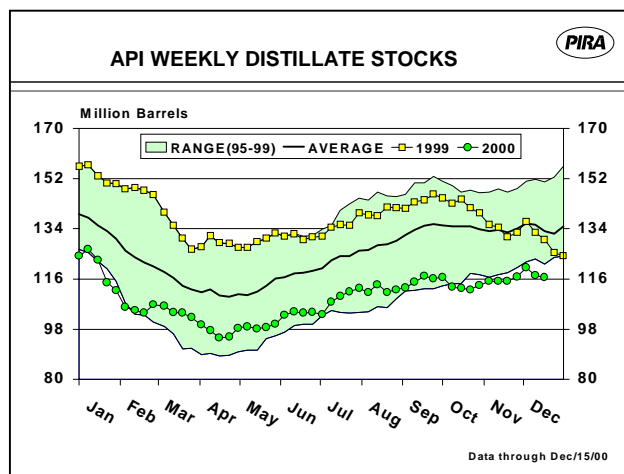


Total commercial stocks have stayed in a rather narrow range throughout the year with the minimum reached in mid-February (751 MMBBL) and the maximum in July (783 MMBBL), a difference of only 32 million barrels. The United States began 2000 with 770 million barrels and is expected to end the year at roughly a similar level. Inventory change is a byproduct of world supply and demand and thus OPEC, the marginal supply source, was clearly quite successful in managing inventories and

keeping markets relatively tight. The narrow range for inventories this year also points up the fact that stocks often approached minimum operating levels and, therefore, could not be drawn lower. In an effort to keep inventories from going below minimum operating levels, oil markets were periodically forced into enormous backwardation. If OPEC is to sustain prices in the high end of their price band, they will have to cut production and monitor inventory levels closely, especially with economic growth slipping.

DISTILLATE STOCKS STILL LOW BUT HAVE NOT CHANGED MUCH

For the past three months, U.S. distillate stocks have not changed all that much, hitting a low of 112 million barrels and a high two weeks ago of 120 million barrels. If next week's demand is about 4.0-4.1 MMB/D, as we expect, stocks should remain roughly flat. Some 8-9 million



December 19, 2000

GLOBAL OIL

barrels of imported distillate/jet over and above the 200-250 MB/D of distillate from base load sources (Venezuela, Virgin Islands and Canada) is expected over the next thirty days. The U.S. market will need cold weather to absorb these import volumes if distillate output remains 3.7-3.8 MMB/D.

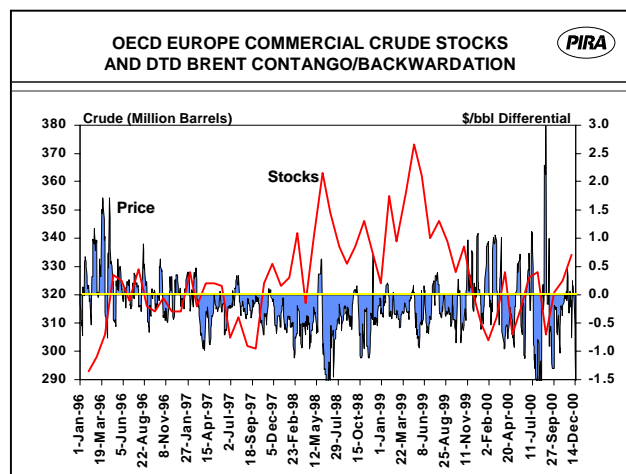
To support current NYMEX backwardation, Central Atlantic stocks, which have been essentially flat for eight weeks, need to draw. This may not be an easy task with these slated import volumes despite next week's expected colder weather.

GASOLINE: CAN THE TRADE LOOK BEYOND JANUARY?

Gasoline stocks are now 6 million barrels above last year. The demand outlook is shaky because of a weakening economy and bad weather and the traditional large January stock build is ahead. Nevertheless, gasoline has two huge factors going in its favor: 1) very strong natural gas prices which, as discussed last week, are forcing gasoline yields on crude run lower, and 2) a substantially larger upgrading turnaround season in the first quarter which will reduce gasoline make roughly 15 million barrels year-on-year other things being equal. PIRA has more than a sneaking suspicion gasoline will be significantly tighter than many in the industry currently believe.

CRUDE: ACTION IS IN EUROPE WHERE BACK UP REMAINS DESPITE NO DEC IRAQ CEYHAN EXPORTS

Crude stocks in Europe ended November some 15 million barrels higher than necessary for prompt price backwardation. Stocks have continued to build in the first half of December and only recently has the Iraqi oil export interruption out of Ceyhan, which looks like it will last for the whole month of December, begun to clear away some of the excess. The continued weakness in Urals prices relative to a depressed dated Brent illustrates how weak sour crude is in Europe, despite the Iraqi loss. With Asia slumping, the Middle East shoved oil West and the Atlantic Basin became saturated. Either Iraqi oil export losses will have to continue into January or some real cold weather will have to hit Europe or OPEC may indeed have to announce a cut at the January 17th meeting to move prices towards the upper end of the OPEC price band. PIRA believes OPEC will be up to the task if necessary.



December 19, 2000

GLOBAL OIL

API Recent and Year-earlier Statistics

MB/D Except Stocks MBBLs

	Last Yr. 4 Wk. Avg. ^a 12/17/99	11/24/00	12/1/00	12/8/00	12/15/00	This Yr. 4 Wk. Avg. 12/15/00	Change Last Wk. 12/8/00	From Last Yr. 12/17/99
INPUT								
Refinery Inputs	16,431	16,502	17,040	17,236	16,878	16,914	-358	417
Input to CDU	14,974	15,196	15,403	15,616	15,460	15,419	-156	627
Non Crude to CDU	229	305	263	370	352	323	-18	84
Crude Runs	14,745	14,891	15,140	15,246	15,108	15,096	-138	543
Cap Util.(%) ^b	91.1	91.8	93.0	94.3	93.4	93.1	-0.9	3.2
OUTPUT								
Total Gasoline	8,296	8,289	8,585	8,479	8,223	8,394	-256	-243
PADD I	1,137	1,175	1,199	1,254	1,283	1,228	29	211
PADD II	2,007	1,999	2,098	2,028	1,954	2,020	-74	-101
PADD III	3,539	3,622	3,768	3,692	3,573	3,664	-119	-222
PADD IV	256	266	251	257	241	254	-16	-13
PADD V	1,356	1,227	1,269	1,248	1,172	1,229	-76	-118
Distillate	3,600	3,665	3,928	3,774	3,755	3,781	-19	253
PADD I	433	420	516	443	457	459	14	16
PADD II	873	899	1,022	924	869	929	-55	55
PADD III	1,657	1,726	1,774	1,792	1,771	1,766	-21	137
PADD IV	158	175	162	138	148	156	10	-11
PADD V	479	445	454	477	510	472	33	56
Jet Kerosene	1,564	1,588	1,683	1,654	1,627	1,638	-27	-34
Residual	654	769	776	808	790	786	-18	61
STOCKS								
Gasoline	193,005	193,493	196,732	198,344	199,141		797	6,136
Total Finished	151,954	152,179	155,831	157,103	157,066		-37	5,112
Blend Comp.	41,051	41,314	40,901	41,241	42,075		834	1,024
Gasoline By PADD								
PADD I	52,526	49,621	51,408	53,616	55,760		2,144	3,234
o/w: Central Atlantic	25,389	24,465	25,427	26,898	28,998		2,100	3,609
PADD II	50,633	46,863	47,922	47,921	48,369		448	-2,264
PADD III	55,038	61,836	61,885	61,427	59,162		-2,265	4,124
PADD IV	7,163	6,363	6,209	6,287	6,096		-191	-1,067
PADD V	27,645	28,810	29,308	29,093	29,754		661	2,109
Distillate	130,103	116,844	120,133	117,405	116,514		-891	-13,589
<=.05%S	66,543	67,676	70,122	68,946	68,354		-592	1,811
> .05%S	63,560	49,168	50,011	48,459	48,160		-299	-15,400
Distillate By PADD								
PADD I	56,144	41,123	41,859	42,593	40,525		-2,068	-15,619
o/w: Central Atlantic	30,577	24,786	24,900	24,153	24,347		194	-6,230
PADD II	31,097	30,252	31,274	30,106	28,870		-1,236	-2,227
PADD III	28,727	31,720	33,100	31,189	33,907		2,718	5,180
PADD IV	3,001	3,239	3,067	3,063	3,131		68	130
PADD V	11,134	10,510	10,833	10,454	10,081		-373	-1,053
Jet Kerosene	40,353	40,982	40,927	42,373	42,922		549	2,569
Residual	37,795	38,580	39,178	37,995	36,601		-1,394	-1,194
Crude	294,922	291,494	287,765	286,669	289,077		2,408	-5,845
ANS in Transit	5,700	8,327	4,913	5,595	5,484		-111	-216

December 19, 2000

GLOBAL OIL

	Last Yr. 4 Wk. Avg. ^a					This Yr. 4 Wk. Avg.	Change Last Wk.	From Last Yr.
	12/17/99	11/24/00	12/1/00	12/8/00	12/15/00	12/15/00	12/8/00	12/17/99
Crude By PADD								
PADD I	12,666	14,507	14,693	12,143	12,581		438	-85
PADD II	65,254	60,151	60,022	60,500	59,776		-724	-5,478
PADD III	147,417	147,029	144,233	142,454	143,621		1,167	-3,796
PADD IV	11,987	11,821	12,130	12,003	12,207		204	220
PADD V	57,598	57,986	56,687	59,569	60,892		1,323	3,294
IMPORTS								
Crude	7,983	7,666	9,026	9,218	8,963	8,718	-255	986
Total Products	1,730	2,334	2,390	1,737	3,052	2,378	1,315	1,314
Total Mogas	257	418	430	319	501	417	182	363
Reformulated	109	99	266	173	295	208	122	224
Other Finished	148	319	164	146	206	209	60	139
Mogas Blend Stocks	222	221	182	164	390	239	226	210
Total Fin/Blend	479	639	612	483	891	656	408	573
Distillate	249	398	220	209	253	270	44	107
<=.05%S	151	109	72	91	86	90	-5	39
> .05%S	98	289	148	118	167	181	49	68
Jet Kerosene	99	156	54	174	128	128	-46	-27
Residual	115	231	243	68	652	299	584	444
Other	789	910	1,261	803	1,128	1,026	325	217
YIELDS ON CRUDE (%)								
Gasoline	56.3	55.7	56.7	55.6	54.4	55.6	-1.2	-3.7
Distillate	24.4	24.6	25.9	24.8	24.9	25.0	0.1	0.8
Jet Kerosene	10.6	10.7	11.1	10.8	10.8	10.9	-0.1	-0.6
Residual	4.4	5.2	5.1	5.3	5.2	5.2	-0.1	0.2
Other	4.3	3.9	1.1	3.5	4.7	3.3	1.2	3.3
APPARENT DEMAND^c								
Gasoline (Finished)	8,551	8,715	8,493	8,616	8,729	8,639	113	-187
Distillate	3,882	3,831	3,678	4,373	4,135	4,004	-237	120
Jet Kerosene	1,643	1,452	1,745	1,621	1,677	1,624	55	143
Residual	830	968	934	1,045	1,641	1,147	596	428

Note: a) Except stocks, which are for week ended on listed date.

b) Refinery capacity is 16.56 MMB/D and utilization is based on input to CDU

c) Apparent demand is based on finished gasoline stocks, no allowance is made for exports