

Crude Price Report - For the Period May 25, 2011 to May 31, 2011

Benchmark Crudes (US\$/bbl)	May 18- May 24 Average	Current Period					May 25- May 31 Average	May Month-to-Date	2011 Year-to-Date
		25-May	26-May	27-May	30-May	31-May			
West Texas Intermediate	\$98.57	100.78	100.18	100.58	N/A	102.70	\$101.06	\$100.90	\$98.46
Brent	\$111.93	114.47	115.06	114.85	N/A	117.18	\$115.39	\$114.99	\$110.61
<p>This Week's Price Action</p> <p>Price (US\$/Barrel)</p> <p>25-May 26-May 27-May 31-May</p> <p>— West Texas Intermediate — Brent</p>									
<p>Weekly Average Price Action Over Last 12 Months</p> <p>Price (US\$/Barrel)</p> <p>Jun-10 Jul-10 Aug-10 Sep-10 Oct-10 Nov-10 Dec-10 Jan-11 Feb-11 Mar-11 Apr-11 May-11</p> <p>— West Texas Intermediate — Brent</p>									
<p>Weekly Ending U.S. Crude Stocks & Days of Supply</p> <p>Millions of Barrels</p> <p>22-Apr 29-Apr 6-May 13-May 20-May 27-May</p> <p>— Week Ending Total Crude Stocks — Week Ending Total Gasoline and Distillate Stocks — Week Ending Days of Crude Supply</p> <p>Days of Supply</p>									
<p>Annual Average Prices</p> <p>Price (US\$/Barrel)</p> <p>2004 2005 2006 2007 2008 2009 2010 2011 YTD</p> <p>— West Texas Intermediate — Brent</p>									

Sources/Notes:

1. West Texas Intermediate and Brent Crude prices are spot prices as reported weekly by the Energy Information Administration (EIA) of the Department of Energy (DOE) in the United States.
2. Inventory stocks are reported weekly by the EIA and include all inventories held with "primary" enterprises such as refiners and wholesalers of crude. Secondary and tertiary inventories held by retailers or end users are not included. Crude stocks include all unrefined crude; gasoline stocks include all grades of gasoline; and distillate stocks include all grades of distillates (including home heating fuel and diesel fuel).
3. Annual and monthly average prices for spot WTI and Brent crude from 2004 to 2011 are simple averages calculated from daily prices as reported by EIA.

COMMENTARY:

- For the May 25 - May 31 period, the average price of West Texas Intermediate was up by \$2.49 week-over-week, at \$101.06/bbl. The average price of Brent was up by \$3.46 week-over-week, at \$115.39/bbl. The U.S. Energy Information Administration did not report any price data on May 30 for WTI and Brent due to the observation of the Memorial holiday.
- WTI began the period at \$100.78/bbl and ended higher at \$102.70/bbl on May 31. Brent began the period at \$114.47/bbl and ended higher at \$117.18/bbl on May 31.
- The average crude price for 2011 year-to-date for WTI increased from the previous period up \$0.10 to \$98.46/bbl. Brent increased from the previous period up \$0.20 to \$110.61/bbl.
- U.S. crude oil stocks increased by 2.878 million bbls this period. The days of crude supply decreased by 0.2 days to 25.7 days from 25.9 days in the previous period. U.S. gasoline and distillate stocks increased by 1.577 million bbls.
- On May 26, 2011, Oil and Gas UK, a representative body for the UK offshore oil and gas industry, reported that the results of a updated Activity Survey reinforce the need for the Treasury and the industry to move ahead swiftly to find ways to rebuild investor confidence and to reduce the impact of the unexpected tax change announced in the 2011 Budget. On March 23, the Chancellor announcement that the supplementary charge on corporation tax would be increased from 20% to 32%, resulting in a tax rate on UK oil and gas production of between 62% and 81%. The results of the survey showed that unless mitigating measures are put in place, at least 25 projects which account for over a billion barrels of oil and gas and investment worth £12 billion are unlikely to go ahead and the lives of at least 20 producing fields will be shortened by up to five years. The results showed that companies will continue with most of the projects to which they are contractually and commercially committed. However, compared with three months ago, the economics of a number of significant projects are now marginal and may not proceed. In the next ten years alone, the investment earmarked for projects considered likely to go ahead has fallen by 30% from £33 billion to £23 billion. The survey also revealed that the tax increase will also affect the ability of older fields to attract the investment they need. Oil & Gas UK's chief executive said that discussions must now proceed between the Treasury and the industry. The items to be addressed are new and extended field allowances, the resolution of the decommissioning issues, the construct and operation of the trigger mechanism and repairing the fiscal instability of the UK regime.
- On May 27, 2011, Reuters reported that OPEC crude oil output is expected to rise in May as extra oil from Saudi Arabia, Nigeria and Iraq counters a further decline in Libyan supply. Supply from all OPEC is expected to average 28.90 million barrels per day (mmbbls/day) in May, up from a revised 28.79 mmbbls/day in April. In May, Saudi Arabia increased supply by 100,000 barrel per day (bpd) partly due to increased demand from the country's power plants. In Nigeria, supply has rose as Royal Dutch Shell added extra cargoes of Bonny Light crude to exports for April and May. In Iraq, output was slightly higher due to higher production at the Rumaila field. Among the countries with lower output, Libya's production posted a further decline of 50,000 bpd in May to average 200,000 bpd. Angolan supply continued to reflect the impact of field maintenance, technical problems and declining output at some of the country's older fields. OPEC meets on June 8 in Vienna to review its output policy, which it has not changed since it agreed to a cut in production in December 2008. Most officials in the group say supplies are adequate, although a delegate from one of OPEC's Gulf countries has suggested OPEC could raise its output target in Vienna.