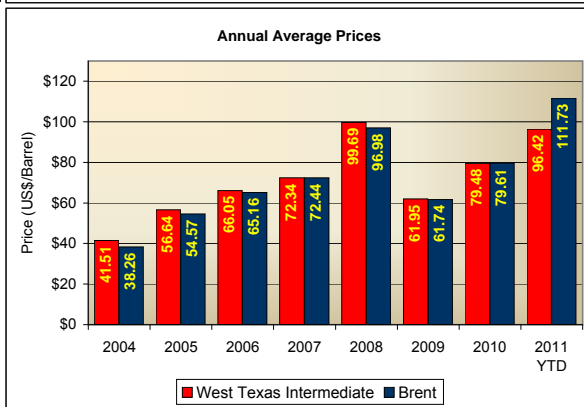
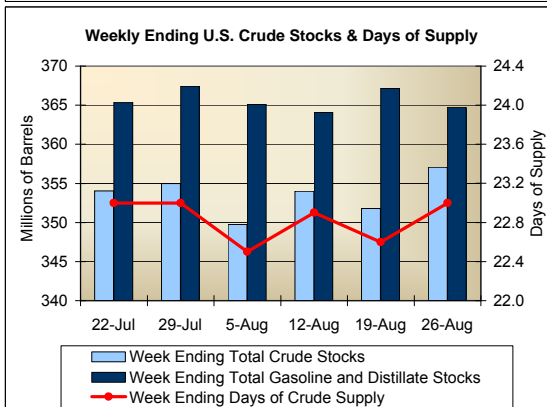
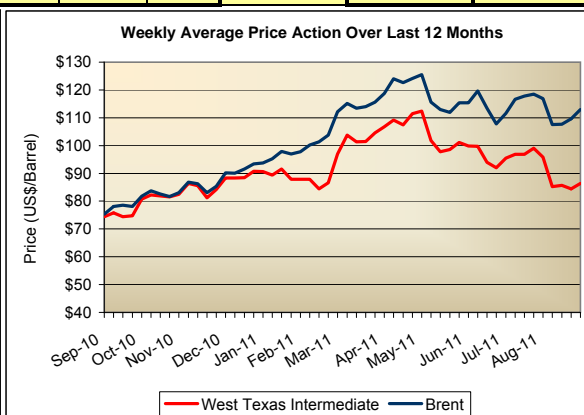
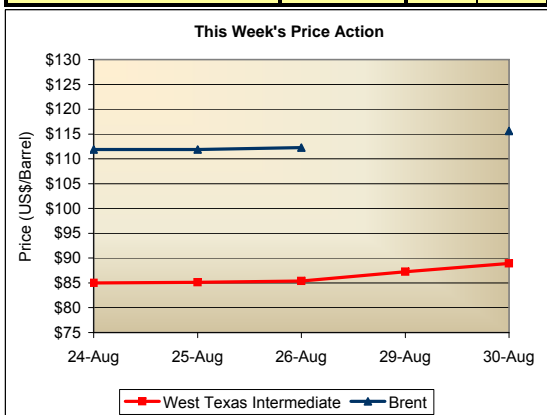


## Crude Price Report - For the Period August 24, 2011 to August 30, 2011

Benchmark Crudes (US\$/bbl)	August 17- August 23 Average	Current Period					August 24- August 30 Average	August Month-to-Date	2011 Year-to-Date
		24-Aug	25-Aug	26-Aug	29-Aug	30-Aug			
West Texas Intermediate	\$84.41	84.99	85.15	85.37	87.27	88.90	\$86.34	\$86.22	\$96.42
Brent	\$109.66	111.91	111.91	112.29	N/A	115.59	\$112.93	\$109.92	\$111.73



### Sources/Notes:

- 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.
- 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).
- 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 August 24 - August 30 period, the average price of West Texas Intermediate was up \$1.93 week-over-week, at \$86.34/bbl. The average price of Brent was up by \$3.27 week-over-week, at \$112.93/bbl. The U.S. Energy Information Administration reported the price data for August 23 for WTI and Brent in this week's data release which were not available last week. The associated averages for the period August 17- August 23 have been updated to reflect the new price point. The U.S. Energy Information Administration did not report any price data on August 29 for Brent due to the observation of the Summer Bank Holiday in the United Kingdom.

► WTI began the period at \$84.99/bbl and ended higher at \$88.90/bbl on August 30. Brent began the period at \$111.91/bbl and ended higher at \$115.59/bbl on August 30.

► The average crude price for 2011 year-to-date for WTI decreased from the previous period down \$0.31 to \$96.42/bbl. Brent increased from the previous period up \$0.03 to \$111.73/bbl.

► U.S. crude oil stocks increased by 5.281 million bbls this period. The days of crude supply increased by 0.4 days to 23.0 days from 22.6 days in the previous period. U.S. gasoline and distillate stocks decreased by 2.432 million bbls.

► On August 26, 2011, the Associated Press reported that according to a State Department report, the proposed 1,700-mile Keystone XL pipeline would have no significant environmental impacts on most natural resources in its six-U.S.-state path. Calgary-based TransCanada wants to build a pipeline to carry crude oil extracted from oil sands in Alberta to refineries in Texas. The pipeline would carry an estimated 700,000 barrels of oil per day, doubling the capacity of an existing pipeline from Canada. Supporters say it could significantly reduce U.S. dependence on Middle Eastern oil. Opponents of the pipeline have urged the Obama administration to block the project to show the President is serious about protecting the environment. TransCanada maintains that the project would create jobs and would be built to strict environmental standards, including 57 conditions above those required by law. The report endorses the current proposed route, which has drawn criticism because it passes through the Ogallala Aquifer, an environmentally sensitive formation that provides groundwater to eight states in the Great Plains. The report, the third environmental analysis submitted by the State Department since last year, begins a 90-day review of whether the project is in the "national interest" before a final decision is issued by the end of the year. If approved, the pipeline could be completed in 2013. In its analysis, the State Department dismissed concerns from environmental groups that the pipeline would increase emissions of greenhouse gases blamed for global warming. Canada's oil sands are likely to be developed with or without the pipeline, the report said, making concerns about climate change irrelevant.

► On August 30, 2011, Reuters reported that OPEC's oil output is expected to rise in August to its highest in almost three years due to an increase in Nigerian exports and smaller increases from Saudi Arabia and other Gulf producers. A Reuters survey found supply from all 12 members of the OPEC is expected to average 30.15 million barrels per day (mmbbls/day) in August. The survey indicated that there is no sign of Saudi Arabia and other Gulf countries cutting back on the supplies they provided to offset the loss of Libya's exports. OPEC's Gulf members boosted supplies unilaterally after African countries, Iran and Venezuela blocked a Saudi Arabia led proposal to increase output targets at OPEC's last meeting, which was held on June 8. OPEC expects demand for its oil to average 30.88 million bpd in the second half of 2011. Output has fallen in several OPEC countries in August including Angola, Iran and Libya. Libya's production declined to 10,000 barrels per day in August, although the collapse of Muammar Gaddafi's rule has raised hopes supplies will resume soon. A delegate from a Gulf OPEC country said last week the Gulf members are unlikely to reduce output in the early phases of a Libyan supply restart because it is unclear how long a significant recovery will take. Some survey participants say a fall in prices would focus minds in OPEC on supply curbs. Budgetary requirements in Saudi Arabia have risen after setting aside billions for extra social spending to prevent social unrest. OPEC has not officially changed its output policy since cutting output by a record 4.2 mmbbls/day in December 2008.

Government of Newfoundland and Labrador  
Department of Natural Resources  
Energy Branch  
Energy Economics Division

