

SUMMARY

Petroleum prices continue to increase at a steady rate and regular gasoline increased approximately four-cents/gallon over the weekend. The political unrest in several Middle Eastern/North African countries including: Algeria, Bahrain, Iran, Libya, and Yemen, are of interest to the security of our petroleum resources and may cause some speculation in the petroleum market. As the unrest continues, the uncertainty may cause continued speculation on the future availability of petroleum and place upward pressure on prices

Using the Energy Information Administration's Imports by Country of Origin for Petroleum Administration Defense District-3, the pipeline origin for North Carolina's petroleum supplies has Algeria at about 5% of the total Libya produces with less than a half of a percent. Bahrain and Yemen's production are negligible and Iranian oil is not used by the U.S.

Other factors that may affect the price of petroleum in the future are; Historical rise in prices as the spring/summer travel season approaches and the anticipated summer fuels change for some North Carolina cities. Summer weight gasoline (7.8 Reid Vapor Pressure) is traditionally more expensive than winter weight gasoline (9.0 Reid Vapor Pressure). The fuel change over occurs during May. However, refineries must increase production of summer fuels and terminals must expend winter fuels just in time. Terminals must "pre-plan" to have ample stocks of summer weight fuel on-hand and expend all winter weight fuels "just-in-time." Assuming a 60-day lead time to order, produce, and ship enough fuel to meet the May constraint, gasoline procured in today's market might be available as a summer fuel in North Carolina terminals by mid-April.

The Oil Price Information Service on Feb. 17 carried an announcement that QuikTrip Convenience markets would begin to operate in North Carolina. The report indicated that the petroleum for Quick Trips would be supplied out of the Charlotte and Spartanburg, S.C. terminals.

On average, regular gasoline prices within the state increased eight-cents/gallon over last report; eight-cents over the previous month; and 53-cents over February a year ago. Ultra low sulfur diesel increased seven-cents over last report, 20-cents over the previous month, and 79-cents over February a year ago.

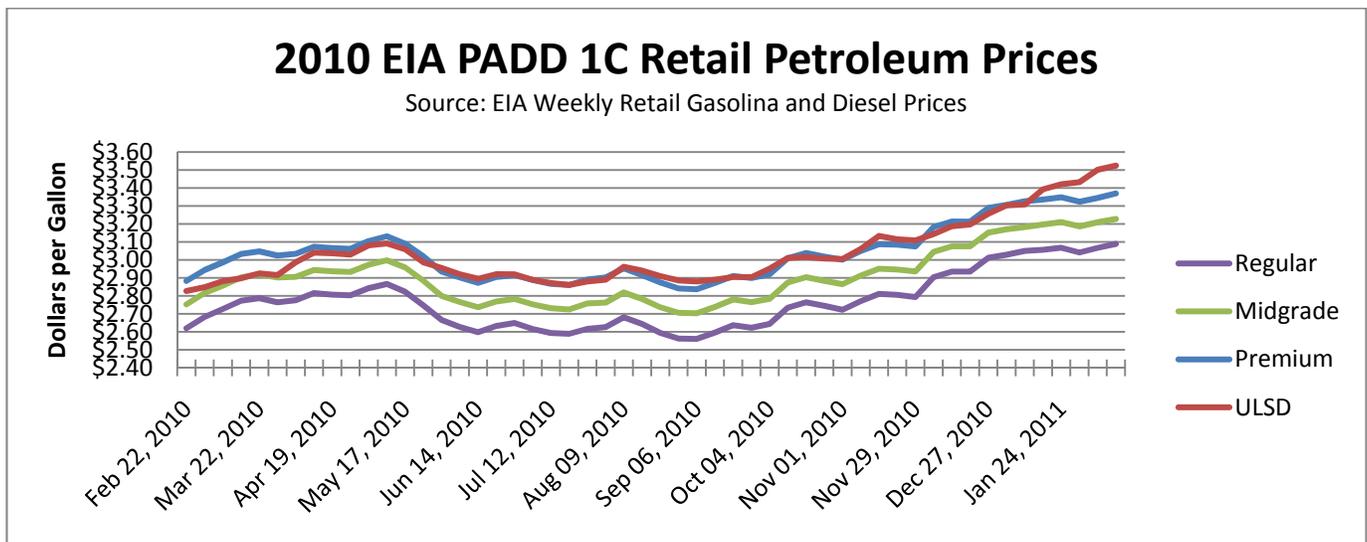
With only about one-month left of the winter fuels season and a reprieve from the cold temperatures there should be a leveling off of the winter fuel prices. Home heating oil increased seven-cents/gallon over last report, increased 13-cents over the January 2011 average, and 61-cents over February 2010. Propane did not increase over last report, remained three-cents over the January 2011 average and 14-cents over February 2010.

Current N.C. per gallon average for petroleum products

Road Fuels	Feb 22, 2011	Feb. 8, 2011	Jan. 2011	Feb. 2010
Regular gasoline	3.15	3.07	\$3.05	\$2.62
Mid-grade	3.27	3.21	\$3.19	\$2.75
Premium	3.39	3.35	\$3.33	\$2.88
Ultra low sulfur diesel	3.57	3.50	\$3.37	\$2.78
Winter Fuels				
Home heating oil	3.31	3.24	\$3.18	\$2.70
Propane	3.07	3.07	\$3.04	\$2.93

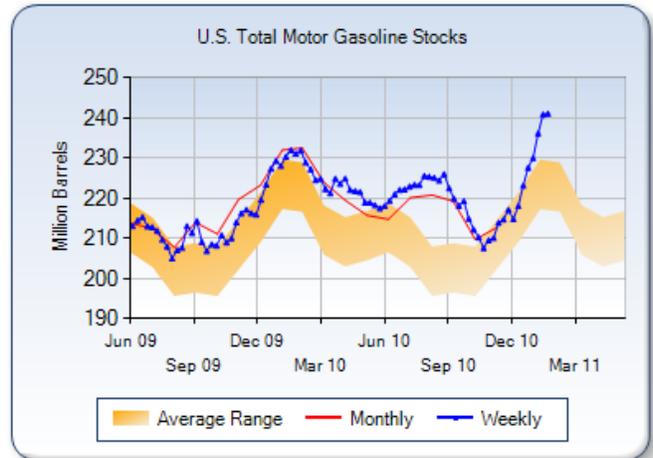
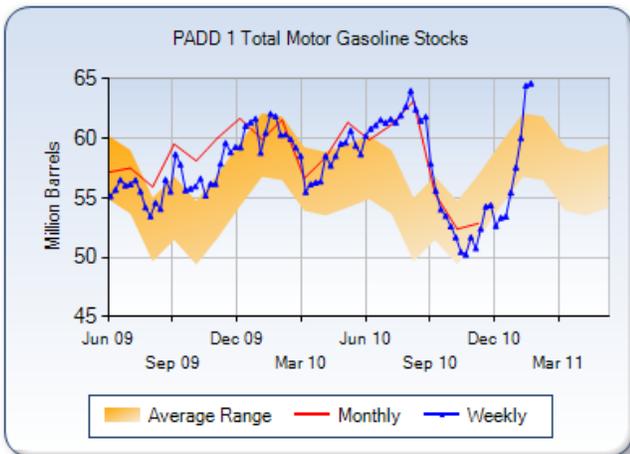
Source: EIA, Petroleum Navigator, Weekly Retail Gasoline and Diesel Prices and Weekly Heating Oil and Propane Prices

The Energy Information Administration divides the nation into several regions –Petroleum Administration Defense Districts. North Carolina is in District 1C, East Coast, Lower Atlantic; with Florida, Georgia, South Carolina, Virginia and West Virginia.



Gasoline Stocks

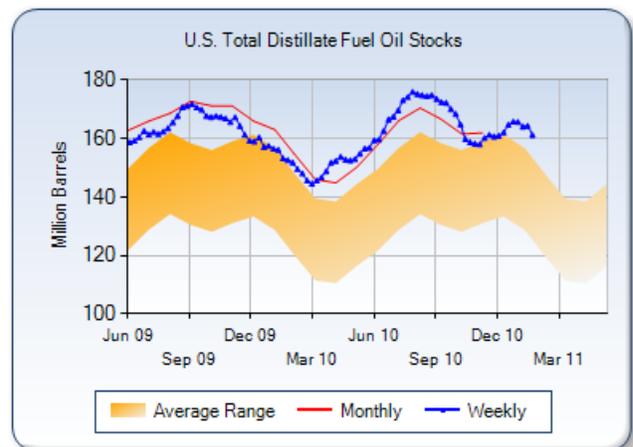
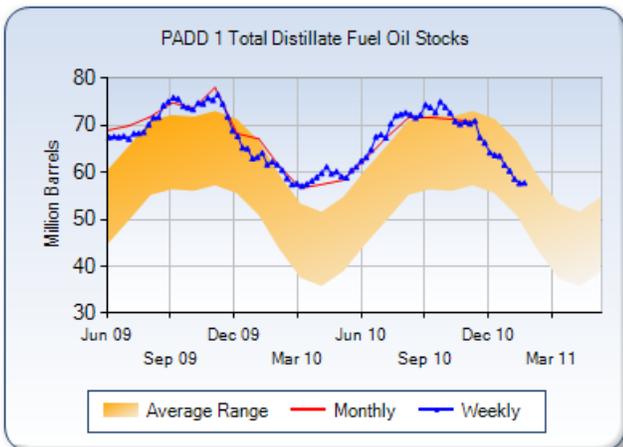
Monthly on-hand supplies in the East Coast, Lower Atlantic District are trending within the lower range of the 5-year average, although the weekly average appears to be trending upwards of the average. On a national basis, monthly gasoline stocks continue to trend upwards and weekly stocks exceed the 5-year average.



Source: Energy Information Administration, Stocks of Total Motor Gasoline by PAD District, June 2009 to Present

Diesel Stocks

The on hand supplies of diesel in the East Coast, Lower Atlantic District appear within the 5-year average range. The monthly trend appears to remain near the upper range of the 5-year average, while the weekly supplies show a downward trend. On a national basis, diesel stocks are well above the 5-year average.



Source: Energy Information Administration, Stocks of Distillate Fuel Oil by PAD District, June 2009 to Present

Editorial Note

The Monitor is a brief status report of the most recent week, with some analysis of causes for price changes. The North Carolina Energy Offices tracks supplies, prices and events that have an impact on petroleum products. Questions about the information in the Monitor can be directed to Bob Mielish at bmielish@nccommerce.com.