

Great Success In The U.S.A. At “Doing” Includes The Oil Industry Working Hard That Has Everyone Benefitting And UP The Direction We Head.

Figure 1

**West Texas Intermediate Crude Oil Spot Market Price
Versus Europe Brent Spot Price FOB
(Src: U.S. Department of Energy [DOE])**

\$/bbl

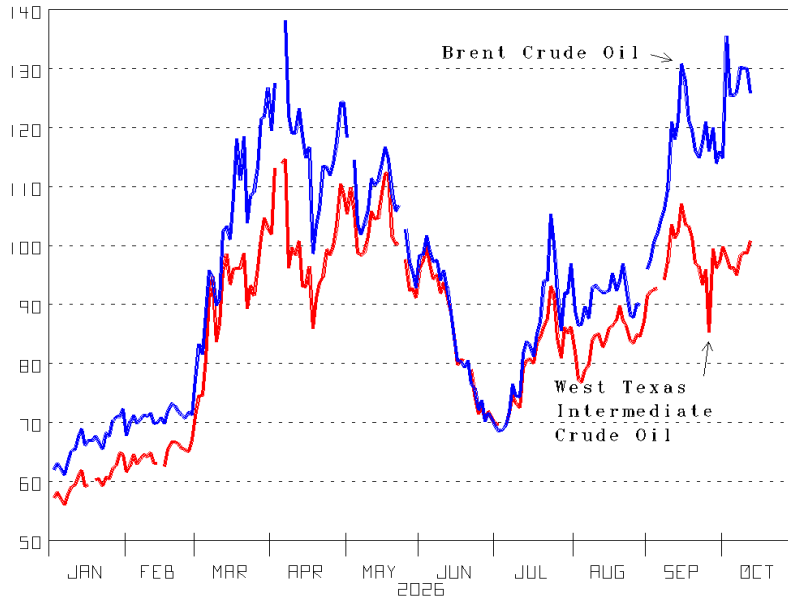
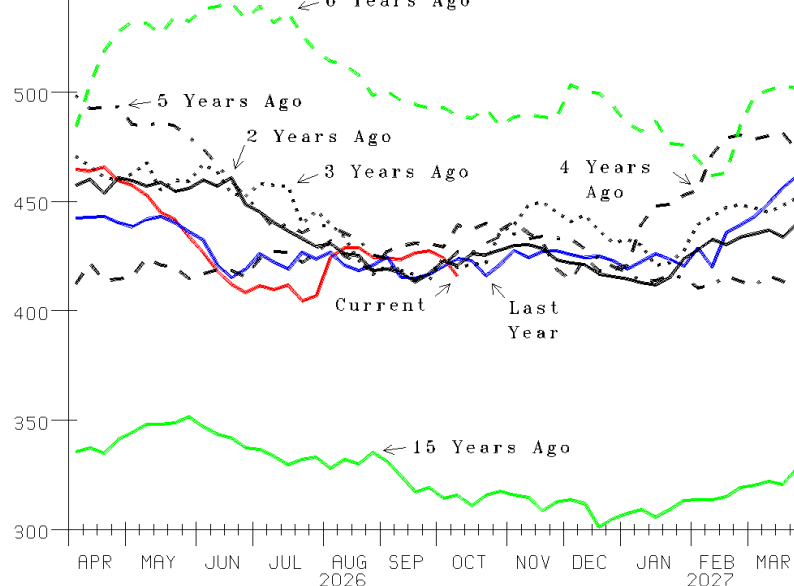


Figure 2

**U.S. Commercial Crude Oil Inventory
(Src: Department of Energy)**

Million barrels

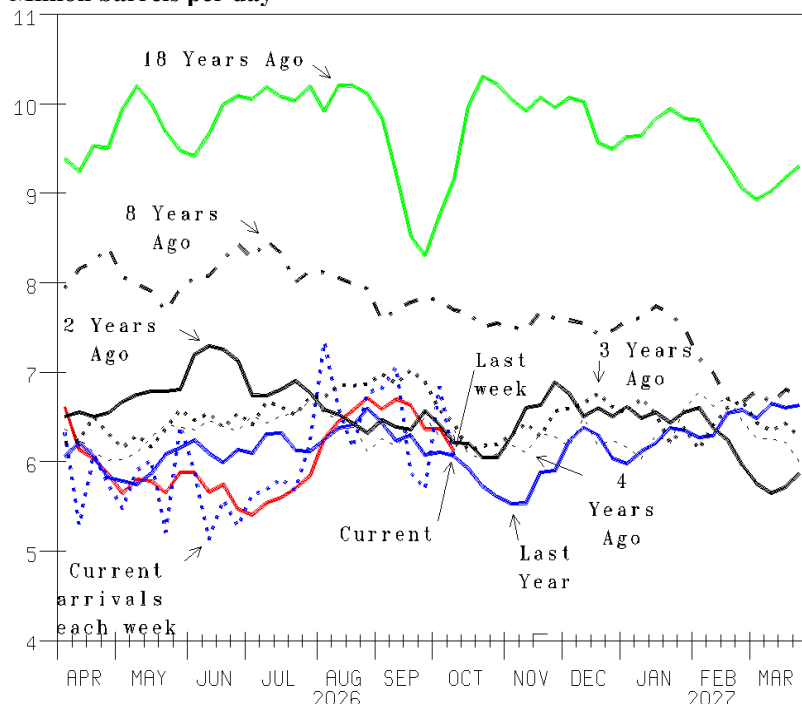


Great U.S. Oil Industry success has the price of U.S. crude oil about \$30 per barrel lower than North Sea Brent. The spot market price of North Sea Brent crude back up around \$130 per barrel (Figure 1, blue line) reflects more oil supply throttled by those ruling Iran’s 40+ years war against those who dare oppose them. More battling of late, highlighting the massive amounts of weapons and those willing to die using them oil money has funded, confirms finally ending the war so very important. So much death and destruction and that despite nuclear weapons not yet available. Great U.S. oil industry success and pro-growth policies have the West Texas crude rise just above \$100 (red line), nicely below its rise to \$115 in April.

The U.S. better off includes crude oil inventory near recent-year’s levels, greatly helped by elected officials dedicated to having the country well supplied. Especially, the U.S. SPR crude-oil reserve up to 726 mmb in 2010. U.S. commercial crude oil inventory at 415.6 million barrels (mmb) October 9 (Figure 2, red line), 98.1% of 423.8 last year (blue line) and 98.8% of 420.6 two years ago (bold line) is there because 132.2 mmb has been supplied from the U.S. Strategic Petroleum Reserve (SPR). 132.2 mmb drawn since mid-February has SPR inventory down at 283.0 mmb October 9. Officials dedicated to having the U.S. oil supplied built it up to 726.5 mmb when 2011 began.

Figure 3

U.S. Crude Oil Imports-Four-weeks moving average and the most recent weeks
(Src: Calculated from Department of Energy and DOE data)
Million barrels per day

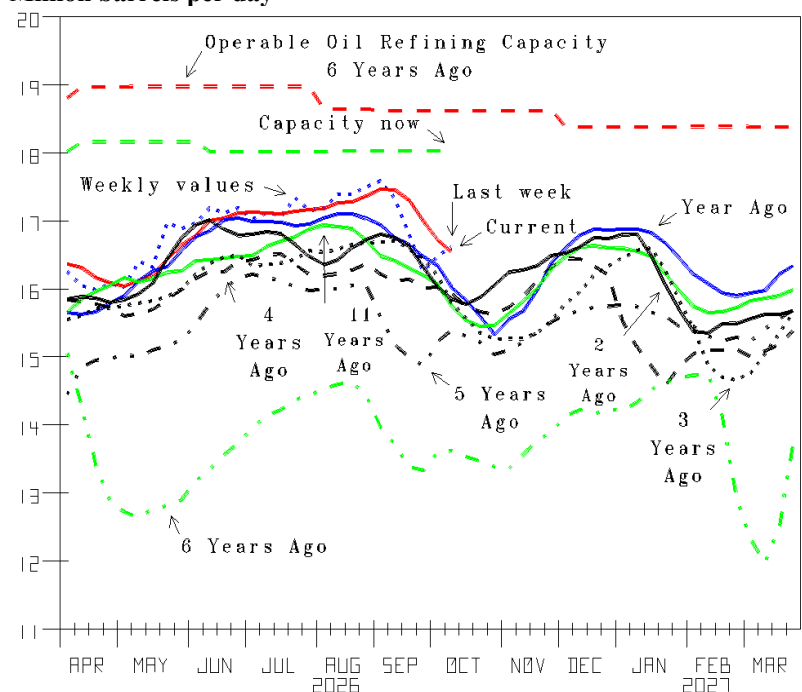


Last week's 8.6 mmb decline in Commercial crude oil inventory reflected significant, temporary, Gulf Coast and West Coast hurricane import disruptions.

U.S. Commercial crude oil inventory declining 8.6 mmb two weeks ago reflected Gulf Coast imports declining 0.195 million barrels per day (mmbd) and West Coast imports declining 0.757. We credit the two storms for imports in the Gulf Coast down 1.4 mmb for the week and the West Coast down 5.3. **We suspect the headline, that U.S. crude oil inventory declined 8.6 mmb, encouraged the crude oil futures price for November to increase** from \$91.85 per barrel October 9 to \$101.84 last Friday. We credit the contract about to expire for the tug above \$100.

Figure 4

U.S. Oil Refinery Runs – 4-weeks averages and the latest weeks
(Src: Department of Energy data and calculated from it)
Million barrels per day



The crude oil inventory decline also reflected U.S. oil refinery runs increasing 0.135 mmbd for the week. 0.9 mmb more crude oil needed.

The U.S. oil industry working hard to do more increased U.S. oil refining capacity from 16.317 million barrels per day (mmbd) when this century began to 18.976 in April of 2020 (Figure 4, red dash). The increase occurred at existing refineries. Success by those dedicated to reducing oil supply has prevented a new refinery from being built in the U.S. since the 1970s and has capacity now down at 18.015 (green dash). Nevertheless, the industry working hard increased runs two weeks ago 0.135 million barrels per day (mmbd) to average 16.615 (blue dot). That has 16.541 the average the last four weeks (red line), 0.523 more than last year (blue line) a 3.3% year-over-year (YOY) average increase.

Figure 5
U.S. Lower-48 State Weekly Crude Oil Production
 (Src: Department of Energy data)
 Million barrels per day

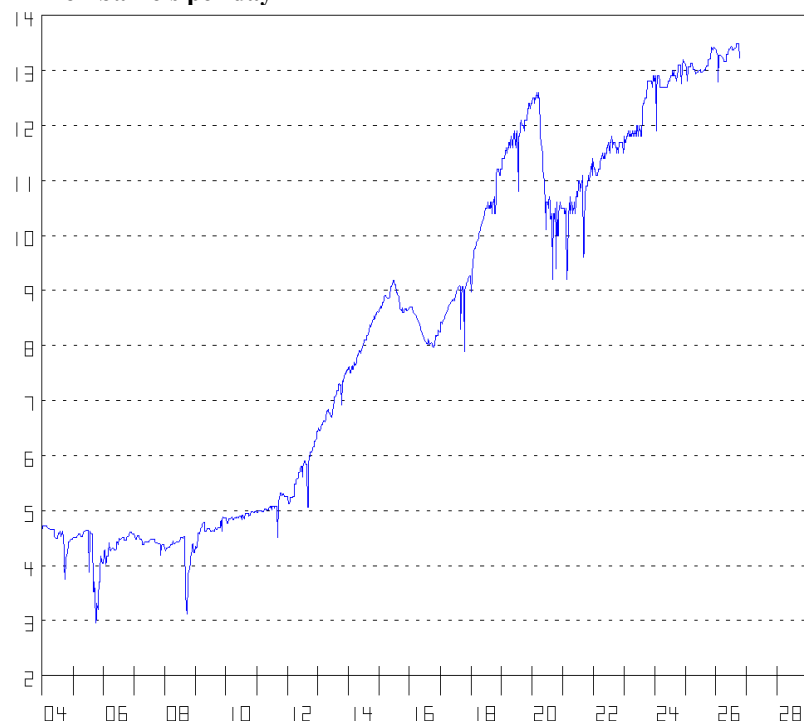
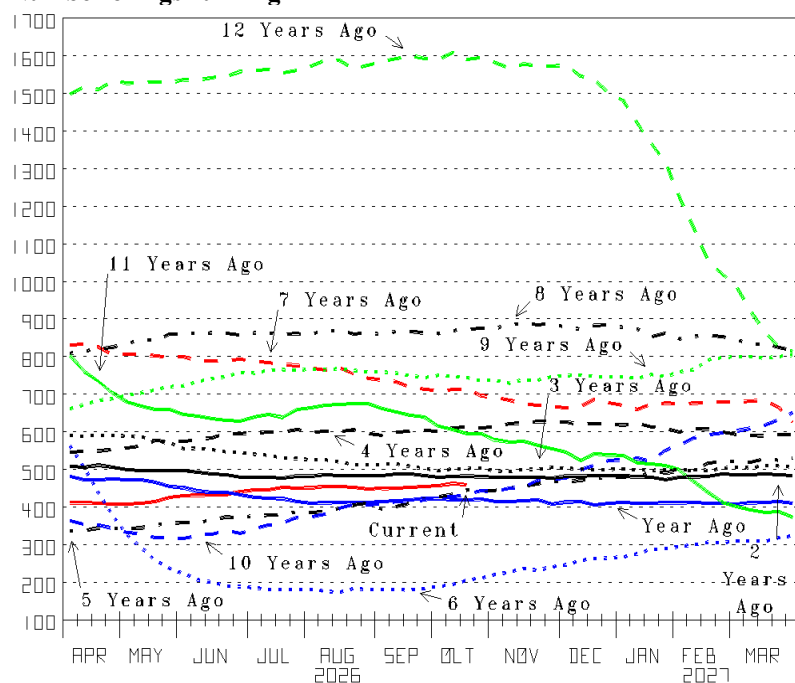


Figure 6
U.S. Rotary Rigs Drilling for Oil—Weekly
 (Src: Baker Hughes)
 Number of rigs running



The oil industry doing much, making the Fracking Revolution work in the U.S. for oil, has tripled crude oil production.

Back as this century began U.S. lower-48-state crude oil production was trending down toward 4.0 mmmbd (Figure 5). The Fracking Revolution made to work for oil increased it to 9.0 in 2014. The price of WTI crude oil collapsing from over \$100 in 2014 to less than \$30 as 2016 began reduced production to 8.0. More needed and more success increased it to 12.6 when the Coronavirus Recession dictated in 2020 collapsing activity and demand dropped it back down to around 10.0. Economic growth resuming and Russia invading Ukraine tugging up to \$120 per barrel had production growth resume.

However, production growth now notably slower than the prior increases supports our prediction: a profitable, multi-year drilling boom is the direction we head.

The Fracking Revolution working for oil in the U.S. had 1,600 rigs drilling for oil in 2014 (Figure 6, green dash). Rapid production growth success dropping crude oil prices then collapsed the number running to 316 in May of 2016. More needed again reflected in the crude oil price tugged up from around \$30 as 2016 began to \$75 in the Fall of 2018 increased it, up to 885 rigs as 2018 ended. The Coronavirus Recession dictated then dropped it to 172 in August of 2020 (blue dot) and the WTI price to less than \$20 per barrel. Episodes of the price now over \$100 has 459 drilling for oil last week (red line), 41 (+9.8%) more than last year (blue line). Nevertheless, the production growth rate now (Figure 5) notably slower than the prior increases fuels our bullish, Drilling-Boom-next outlook.

Figure 7
United States Weekly Retail Diesel Prices
 (Src: U.S. Department of Energy)
 Dollars per gallon

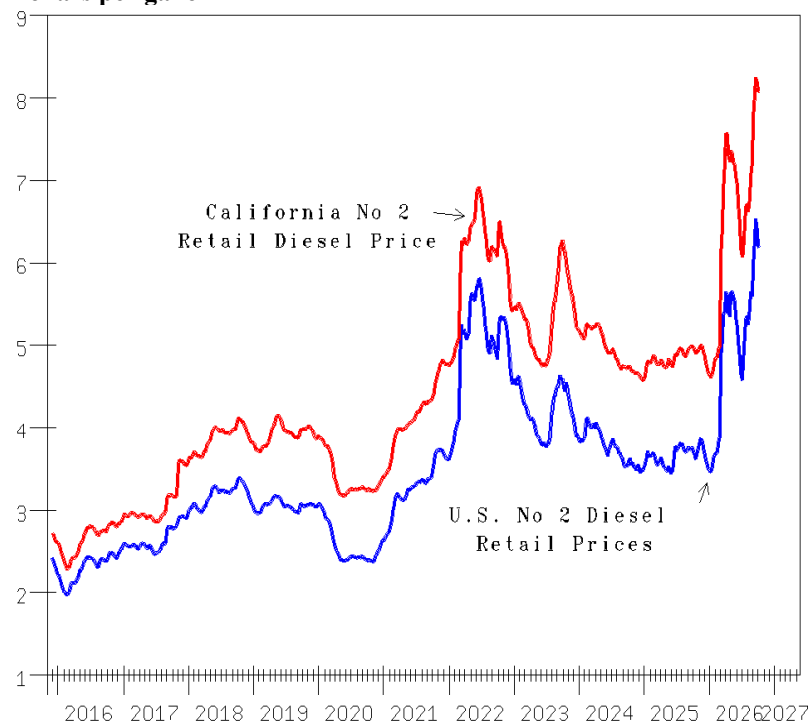
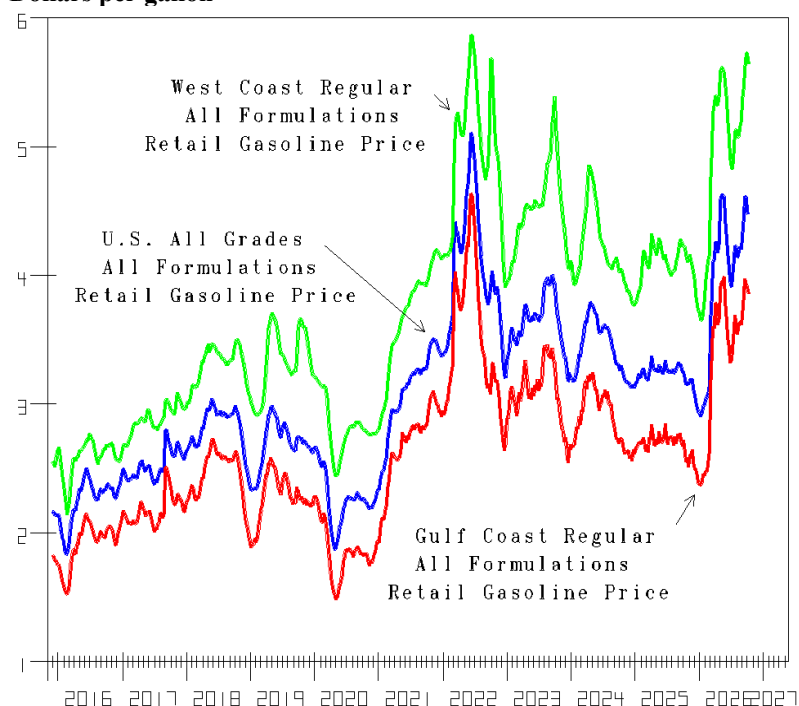


Figure 8
United States Weekly Gasoline Prices
 (Src: U.S. Department of Energy)
 Dollars per gallon



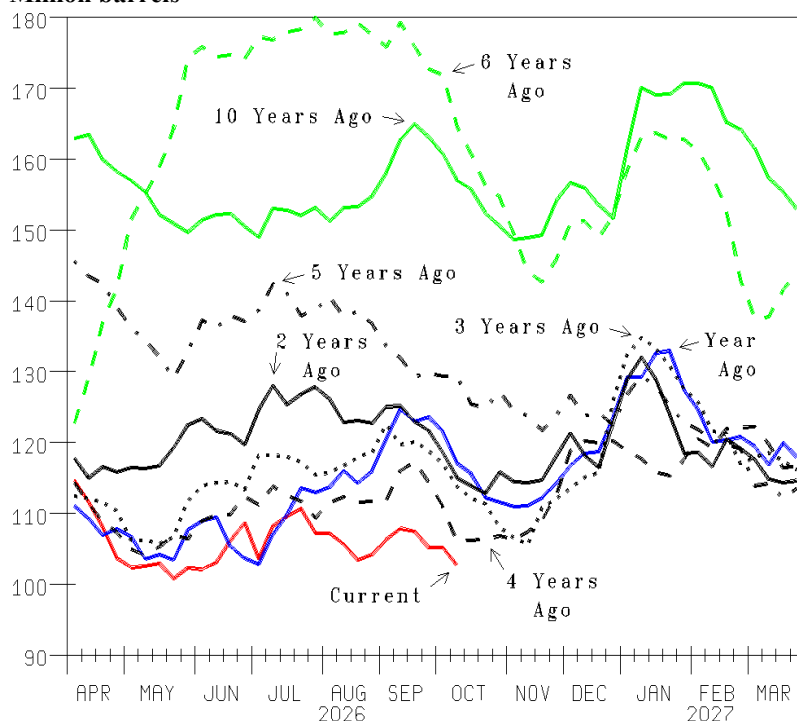
While crude oil prices and supply have dominated decades of oil market news, diesel now much noted highlights much taken for granted—few knowing/aware-of how and why things work the way they do.

Russia invading Ukraine in 2022 jumped the U.S. retail price of diesel fuel from its Coronavirus Recession low down near \$2 per gallon to above \$5.50 (Figure 7 blue line). The California retail price was tugged up from down near \$3 to almost \$7 (red line). Russia/Ukraine still at war and the goal, finally, to end those Ruling Iran's, 40+ years war with many has the U.S. average price \$6.179 per gallon last Monday and the California average \$8.091. The California price almost \$2 per gallon more than the U.S. average is another example of policies and actions by ruling elites. Also, opportunities for those who understand what/how/why to have many more prosper, much more.

The average U.S. retail price of gasoline \$1.708 per gallon less than diesel is also providing opportunities for those who understand what/how/why.

Warring of late, greatly disrupting oil supply, is evident in exceptional, retail gasoline price increases with Russia invading Ukraine in 2022 (Figure 8) and U.S. efforts to finally end the decades-long war by those insisting on ruling Iran now. While high costs are a major burden, this is all providing opportunity for America's cultural freedom to achieve much more prosperity-producing success.

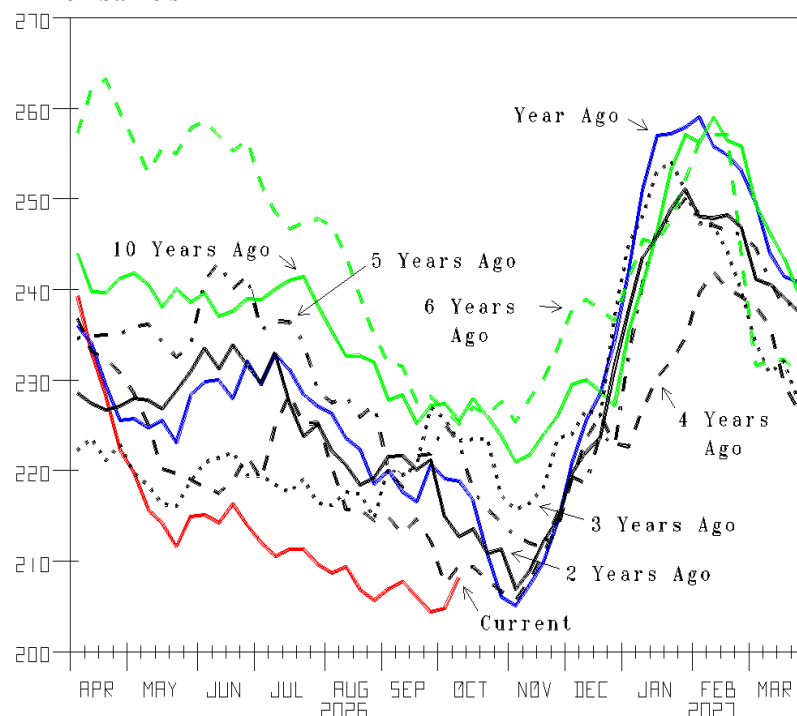
Figure 9
U.S. Distillate Oil (Diesel and Heating Oil) Inventory
 (Src: Department of Energy)
 Million barrels



The U.S. retail diesel fuel price average above \$6 reflects the extra tight market, with inventory extra low as all those living in the Northern Hemisphere head to Winter. The

Coronavirus Recession dropping oil demand had distillate oil inventory (diesel and heating) up at 160 mmb at this time in 2020 (Figure 9, green dash). Getting ready for Winter has it down to 102.6 now (red line), 14.4 less than 117.0 last year (blue line).

Figure 10
U.S. Gasoline Inventory
 (Src: Department of Energy)
 Million barrels



The U.S. Oil Industry working hard to provide distillate has U.S. consumers benefitting with gasoline's average retail cost \$1.98 per gallon less than diesel.

The U.S. oil market Free to work is providing gasoline cost relief. Gasoline inventory increased 3.5 mmb last week to 208.3 (Figure 10, red line). The opposite of distillate oil inventory declining 2.5 (Figure 9). Better supplied has Friday's national average retail gasoline price at \$4.31 per gallon, down 30 cents from its mid-September \$4.61 high and almost \$2 per gallon less than Friday's national average diesel price at \$6.33.

Figure 11

U.S. Distillate Oil Production—Four-weeks moving average and the current weeks

(Src: Calculated from Department of Energy data)

Million barrels per day

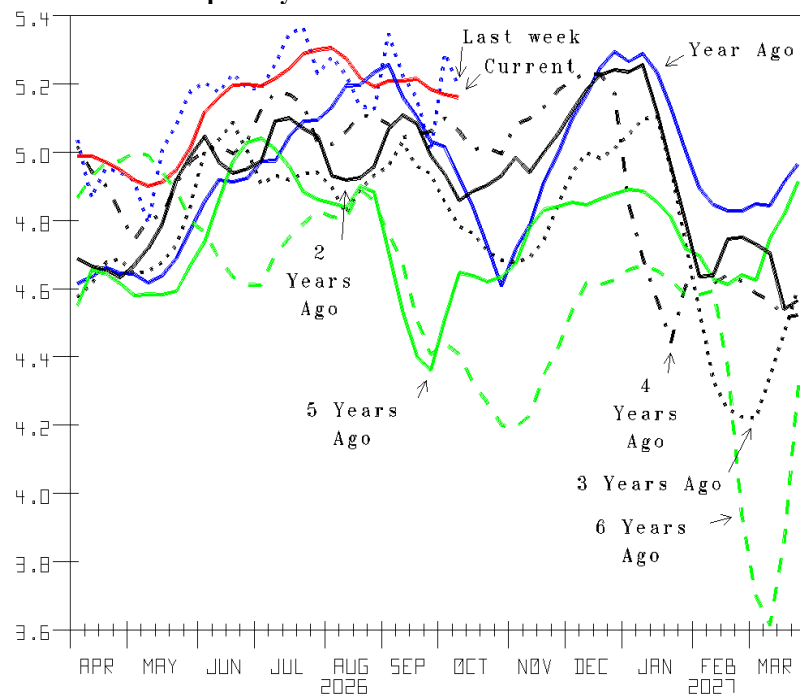
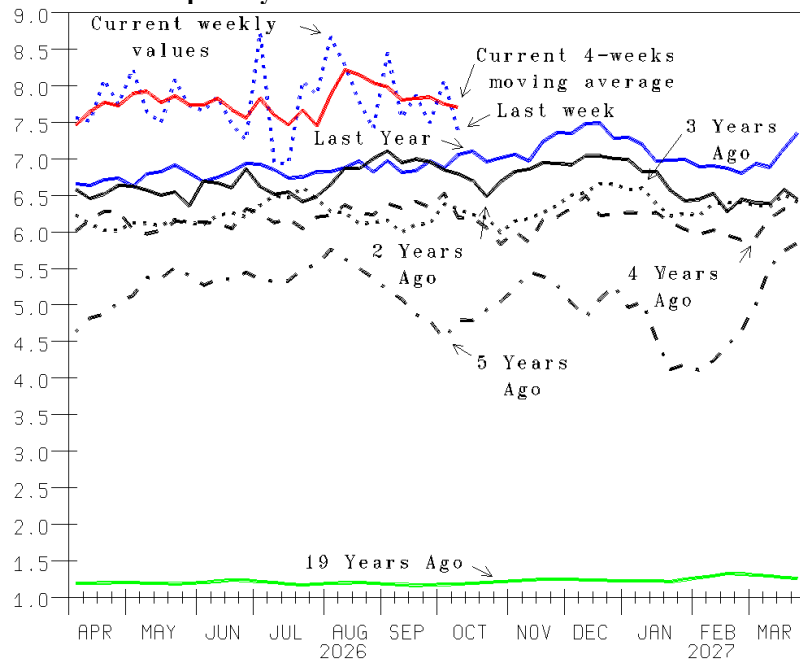


Figure 12

U.S. Total Petroleum-Product Exports, Latest weekly and 4-weeks moving averages

(Src: Calculated from U.S. Department of Energy data)

Million barrels per day



U.S. Free Markets and the Oil Industry making both those invested in supplying, and consuming oil better, is evident in distillate oil production being maximized. U.S. distillate oil production up the last two weeks (Figure 11, blue dot) has 5.160 the average the last four weeks (red line), 0.234 (4.8%) more than 4.926 last year (blue line). That is 45% of the 0.523 mmbd YOY increase in refinery runs. The Oil Industry stock market index (XOI) up 84% year to date (YTD) highlights those invested in supplying oil Wonderfully Blessed.

Those consuming oil being made better is evident in U.S. petroleum product exports up setting new record highs, up 0.644 mmbd (9.1%) YOY the last four weeks. All benefitting from U.S. Freedom has U.S. petroleum-product exports averaging 7.703 mmbd the last four weeks (Figure 12, red line). That is 0.644 more than 7.059 last year (blue line) and dramatic improvement versus down near 1.0 in 2007 (green line). **Much of late minimizing, infrastructure trends, AI activity increasing, Over There growing too with work to end/restore war destruction, conventional energy expectations low, + much poorly understood has conventional-energy-Bullish happening.** We rate nat gas, crude oil, oil-focused E&P, Oil Refining and Drilling & Oil Service Overweight Strong Buy.