



Leading The Way In Energy and Agronomy

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June 23, 2010

DOE Inventory:

This morning's report was a mixed bag with a larger than expected crude oil build and smaller product stocks. Demand is also mixed. Market reaction has been minimal to this point.

All Values in Bbl	CRUDE	GASOLINE	DISTILLATES
DOE	↑ 2.0 million	↓ 762,000	↑ 297,000
API	↑ 3.7 million	↑ 800,000	↑ 1.1 million
Expectations	↓ 800,000	↓ 100,000	↑ 1.3 million

Refinery Utilization: Up 1.5% to 89.4% capacity; expectations were for up 0.2%.

4-Week Average Demand: Gasoline: 9.237 million bpd up 0.8% from last year

Distillates: 3.891 million bpd up 12.8% from last year

Weekly Demands: Gasoline: 9.241 million bpd down from 9.338 million bpd last week

Distillates: 3.784 million bpd down from 3.845 million bpd last week

Total Product: 19.477 million bpd up 19.322 million bpd last week

Imports: Gasoline: 844,000 bpd up from 838,000 bpd last week

Distillates: 171,000 bpd down from 270,000 bpd last week

Crude: 10.112 million bpd up from 9.699 million bpd last week

For current prices for your petroleum needs, give myself a call at (507) 828-0164. If you would like to receive this newsletter via email, please contact to sign up.



Do you have water and sludge in your storage tank?

Is your fuel getting dark?

Are you plugging filters and injectors?

Losing horsepower?

Exhausting excessive black smoke?

Do any of these issues apply to you?

For tank cleaning, water removal, fuel conditioning, catalytic treatment and ongoing fuel quality maintenance.

- Removes fuel contaminants: Water; Fungus and bacteria growth; Sludge
- No wasted fuel – All returned
- Provides a video recording (CD) of entire cleaning verifying fuel quality and tank integrity
- Reduces maintenance costs – filters, etc.

Closing Market News:

The petroleum complex finished lower as crude stocks rose by 2 million bbls, new home sales dropped and as the IEA forecasted that crude supplies would be “comfortable” for the next 5 years.

NYMEX			Distillate Basis				UNL Basis			
Contract:	Close	Change	Market	Close	Change	Net Move	Market	Close	Change	Net Move
July HO	\$2.0684	(0.0445)	Group	0.0415	+0.0015	(0.0430)	Group	(0.0325)	+0.0100	(0.0410)
July RBOB	\$2.0823	(0.0512)	Chicago	0.0500	+0.0025	(0.0420)	Chicago	(0.0450)	+0.0000	(0.0510)
Aug Crude	\$76.35	(1.50)	Gulf	0.0135	+0.0010	(0.0435)	Gulf	(0.1050)	+0.0035	(0.0475)

Market Outlook:

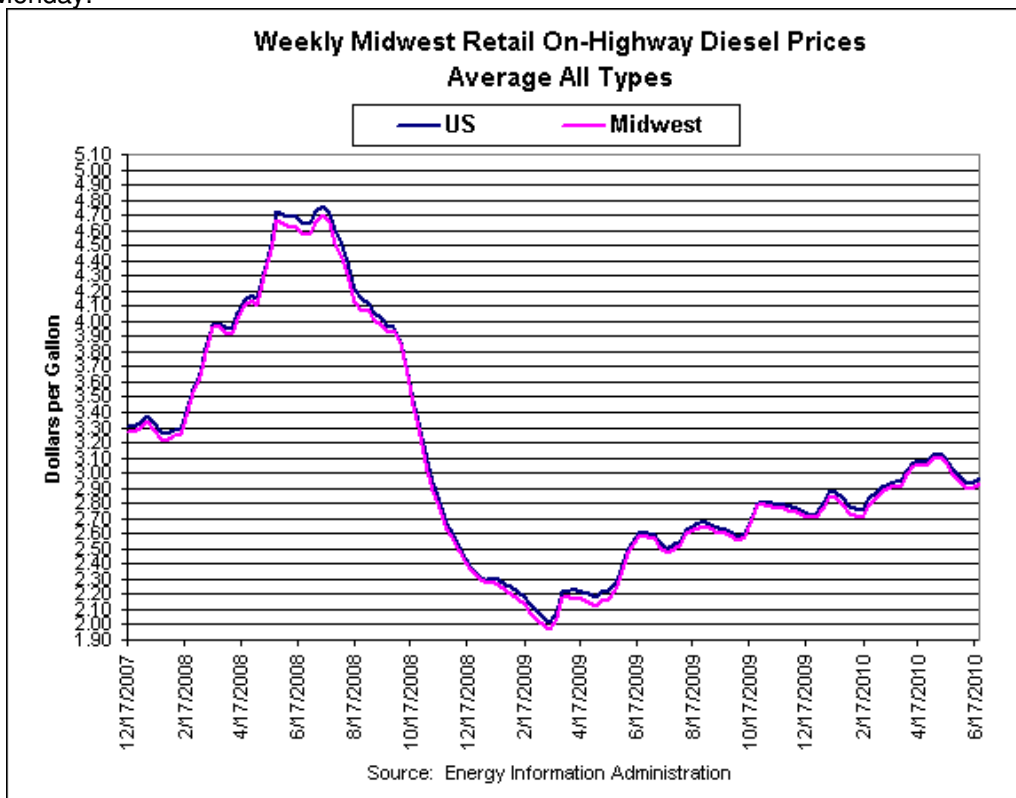
Crude stocks rose by 2 million bbls – beating expectations of an 800,000 bbl draw – and appeared to be enough to offset the seemingly bullish 800,000 bbl draw in gasoline stocks and improving year-over-

year demands (gasoline is up 0.8% while diesel is up 12.8% compared to the same 4-week periods last year).

According to the Commerce Dept., sales of new homes dropped a record 32.7% in May, stoking concerns over the sustainability of the economic recovery. Meanwhile, the International Energy Agency (IEA) was optimistic of the recent stability in the global economic picture, but only forecasted oil demand growth in China, India and the Middle East while suggesting demand in the OECD countries as being weaker or flat. The offsetting demand outlooks allowed the IEA to suggest a “more comfortable” supply/demand picture over the next few years, and thus reduced the bullish risk appetite.

The Federal Reserve said the economic recovery was “proceeding”, as it acknowledged pockets of weakness and volatile financial markets due to Europe’s debt woes. As expected, the Fed renewed its vow to continue to hold benchmark interest rates in the 0 to 0.25 percent range – a range that was set back in December 2008 – to support a recovery.

Expect the recent wave of bearish economic news to continue to weigh on the complex for the remainder of the week, setting up a retest of support at \$72.99 especially after technical resistance at \$78.40 held Monday.



Note: Charts are from Energy Information Administration



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