

Crude Facts

Oil prices have risen nearly 70% this year, topping \$55 a barrel this month for the first time. Economists warn that surging prices threaten the world's economic growth. But when adjusted for inflation, the cost of oil and two of its key products—gasoline and heating oil—still are below historic levels. Viewed in those terms, oil was briefly higher than it is now as recently as October 1990, before the first Gulf War. Only natural gas, amid rising demand, has reached new highs recently in today's dollars.

All prices are in August 2004 dollars.

November–December 1979
U.S. hostages are taken in Iran; Iran cancels U.S. oil contracts and Saudi Arabia raises prices

Second quarter of 1979
Amid price increase free-for-all among OPEC members, Saudi Arabia cuts production

Feb. 11, 1979
Iran is in revolution; the followers of Ayatollah Khomeini come to power

Sept. 22, 1980
Iran-Iraq war begins

Jan. 28, 1981
President Reagan lifts U.S. oil price and allocation controls

March 30, 1983
Crude-oil futures begin trading in New York

November–December 1985
OPEC decides to increase market share; price war begins

Jan. 16, 1991
U.N.-endorsed coalition invades Iraq

Aug. 2, 1990
Iraq invades Kuwait

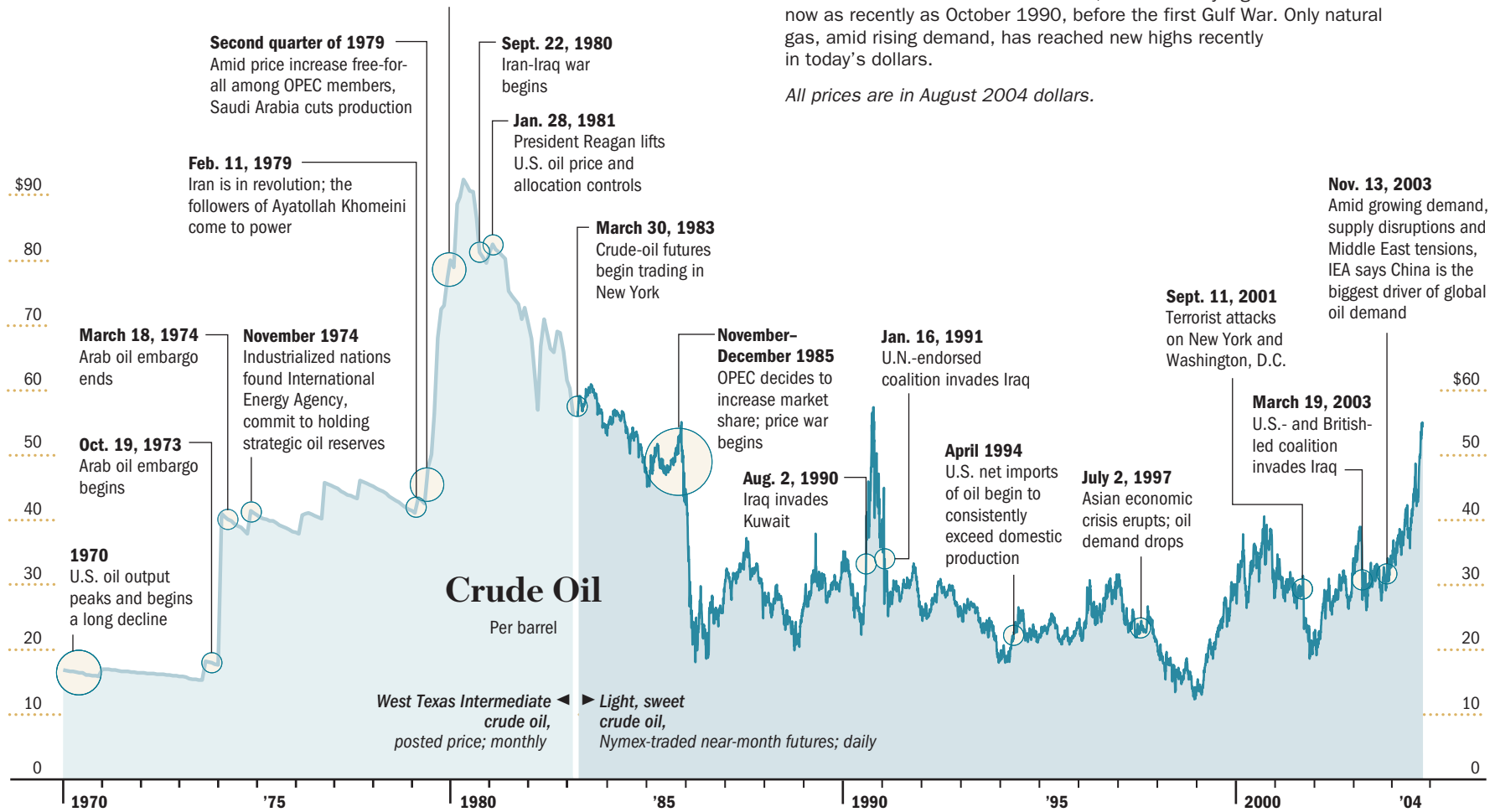
April 1994
U.S. net imports of oil begin to consistently exceed domestic production

July 2, 1997
Asian economic crisis erupts; oil demand drops

Sept. 11, 2001
Terrorist attacks on New York and Washington, D.C.

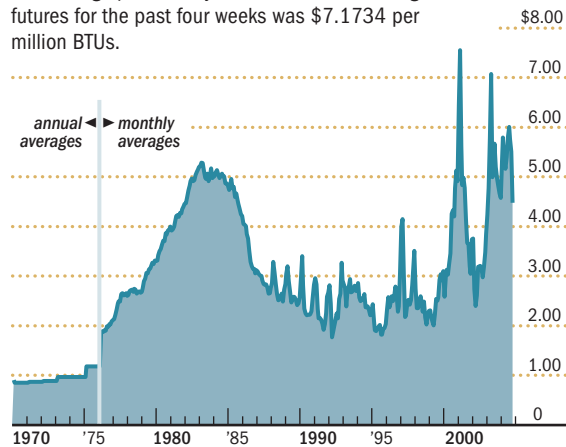
Nov. 13, 2003
Amid growing demand, supply disruptions and Middle East tensions, IEA says China is the biggest driver of global oil demand

March 19, 2003
U.S.- and British-led coalition invades Iraq



U.S. Natural Gas

Wellhead price per million British thermal units.* The average price for Nymex November natural-gas futures for the past four weeks was \$7.1734 per million BTUs.

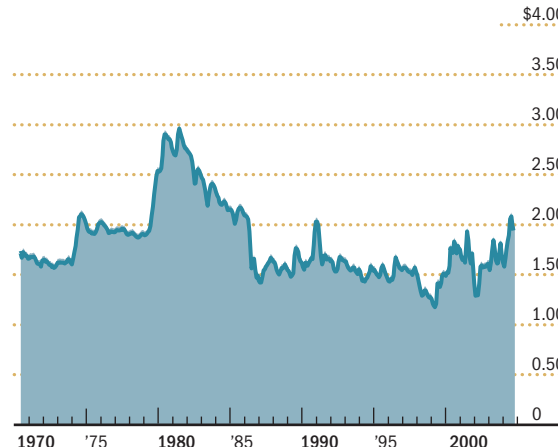


* August and September are Sept. 29 estimates. Converted from dollars per cubic feet using an average heat content of 1,027 BTUs per cubic foot

Notes: Prices are adjusted for inflation using the consumer-price index for all items; prices before January 1978 for gasoline and November 1978 for heating oil were extrapolated using subsequent average consumer prices and the consumer-price indexes for gasoline and heating oil.

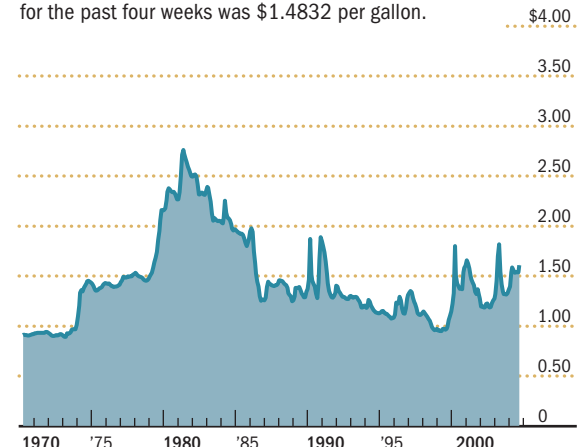
U.S. Gasoline

The average price per gallon paid by consumers for all types of gasoline; monthly data



U.S. Heating Oil

Average price paid by consumers per gallon; monthly data. The average price for Nymex-traded November futures for the past four weeks was \$1.4832 per gallon.



Sources: Oil & Gas Journal via the St. Louis Federal Reserve; Department of Energy's Energy Information Administration; New York Mercantile Exchange via Thomson Datastream; "The Prize: The Epic Quest for Oil, Money & Power"; Labor Department