

# OIL FUTURES: Crude Steady After 1st Oil Draw Since February

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*-By Gregory Meyer, Dow Jones Newswires*

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NEW YORK (Dow Jones)--Oil futures rose tentatively Wednesday after government data showed U.S. crude inventories shrank for the first time since February.

Light, sweet crude for June delivery traded at \$59.07, up 22 cents, or 0.4%, on the New York Mercantile Exchange. Brent crude on the ICE Futures exchange traded 28 cents higher at \$58.22 a barrel.

Domestic crude inventories fell 4.7 million barrels to 370.6 million barrels in the week ended May 8 as imports plunged, the U.S. Energy Information Administration said in a weekly report. The decline put an abrupt end to a pattern of weekly gains that had taken stockpiles to their highest level since September 1990.

While crude futures initially rallied, they pared gains within a few minutes of the data release.

"Inventories are still high, but the market is looking for a bullish rush now," said Chris Thorpe, managing partner at oil options dealer Hudson Capital Energy in New York. Money pouring in from investors spying a market bottom helped push crude futures to a six-month high on Tuesday.

The report showed gasoline stocks fell by 4.1 million barrels and stocks of distillates, which include heating oil and diesel, rose by 1 million barrels.

Other news hitting the market was mixed. In Nigeria, a major crude exporter, militants in the troubled Niger Delta region warned oil companies to evacuate staff to prevent casualties from what it called "an emerging civil war." Militant attacks have cut the country's oil output by at least 500,000 barrels a day.

Data from China's national statistics bureau indicated its demand was up in April, as refiners processed the highest amount of crude since October. But a source told Dow

Jones Newswires that in May oil product inventories held by China's two main fuel suppliers have risen, as demand slowed.

The EIA's short-term energy outlook, published Tuesday, said world oil demand will decline by 3.4 million barrels a day, or 3.9%, in the current quarter from a year ago. Against that backdrop, a report Wednesday from the Organization of Petroleum Exporting Countries could also dampen future rallies.

OPEC said its oil output last month rose for the first time since July 2008, with oil pumped by its 11 members subject to quotas up 224,300 barrels a day from March.

The output data, based on secondary sources but used as reference by OPEC, indicate many members are struggling to comply with 4.2 million barrels a day of cuts the cartel agreed to last year. That makes them likely to decide against any new formal reduction at the group's next meeting May 28.

Front-month June reformulated gasoline blendstock, or RBOB, rose 2.41 cents, or 1.4% to \$1.6920 a gallon. June heating oil rose 32 points, or 0.2%, to \$1.5102 a gallon.