

## Oil Price Differential Narrowing Less Than \$1 Between Brent and NYMEX

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The difference between the price of crude oil traded in New York and London has narrowed to less than \$1 per barrel, and even the posted price for lease crude oil has narrowed. In 2011, there was as much as a \$25 a barrel difference between crude oil prices in the U.S. and oil traded on the London exchange.

Clearly, the price of U.S. crude oil has increased, and the price has moved much closer to the international traded price for Brent crude on the London exchange. Oil closed at \$45.60 in London on May 10<sup>th</sup> and \$44.66 on NYMEX, which is a difference of \$0.94. The posted price for Kansas common crude oil on May 10<sup>th</sup> was \$35. The posted price for Eastern Kansas crude oil on May 10<sup>th</sup> was \$29.75.

Experts are trying to determine if the narrowing of the margin is because U.S. prices rose closer to the London price, or is it because the price of oil on the London exchange declined because of increase oil from U.S. forced prices down.

One factor in the change is that the 40-year-old ban on crude oil exports was lifted six months ago, which has allowed domestic oil producers to ship crude oil to foreign refineries. Before the ban was lifted, U.S. refiners had an oversupply of cheap oil produced in the U.S. Removing the ban allowed producers the ability to ship their crude to foreign markets where the price was higher.

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### Kansas Independent Oil & Gas Association

800 SW Jackson Street  
Suite 1400  
Topeka Kansas 66612-1216  
Phone: 785-232-7772  
Fax: 785-232-0917  
Email: kiogaed@gmail.com

### Upcoming Events

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**IOGCC Annual  
Business Meeting**  
May 15-17, 2016  
Denver, Colorado

**TORP Workshop**  
June 7, 2016  
Wichita, Kansas

**AAPG Annual  
Convention**  
June 19-22, 2016  
Calgary, Alberta,  
Canada

**IPAA Midyear  
Meeting**  
June 27-29, 2016  
Colorado Springs,  
Colorado