

### ***World Oil Price Concept Used in AEO2007***

The world oil price in *AEO2007* is defined as the average price of low-sulfur, light crude oil imported into the United States—the same definition used in *AEO2006*. This price is approximately equal to the price of the light, sweet crude oil contract traded on the NYMEX exchange and the price of West Texas Intermediate (WTI) crude oil delivered to Cushing, Oklahoma. Prior to *AEO2006*, the world crude oil price was defined on the basis of the U.S. average imported refiners' acquisition cost of crude oil (IRAC), which represented the weighted average of all imported crude oil. On average, the IRAC price is \$5 to \$8 per barrel less than the price of imported low-sulfur, light crude oil.