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February 23, 2007 8:18 AM ET

**Oil above \$61 on drop in U.S. fuel stocks, Iran****News Providers**[Associated Press](#)[bizjournals.com](#)[Briefing.com](#)[BusinessWeek](#)[Financial Times](#)[Forbes](#)[Motley Fool](#)[MSNBC](#)[Reuters](#)[TheStreet.com](#)[Business Wire](#)[Market Wire](#)[PrimeNewswire](#)[PR Newswire](#)**News by Topic**[Companies](#)[Stock Market](#)[Economy](#)[Industry](#)**Commentary**[This Week](#)[Index](#)**MSN Money Experts**[Jim Jubak](#)[Jon Markman](#)[Liz Pulliam Weston](#)[MP Dunleavy](#)[More Experts](#)

LONDON (Reuters) - Oil

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climbed above \$61 to a

seven-week high on Friday after top fuel

consumer the United States reported an

unexpected drop in gasoline stocks and Iran said

it would show 'no weakness' over its nuclear

program.

Strength in energy is also part of a broader

commodity rally, Petromatrix analyst Olivier Jakob noted, with corn, wheat, metals a

march in recent days.

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U.S. crude was up 16 cents at \$61.11 a barrel at 1302 GMT. It earlier hit \$61.52, the

January 2, taking gains for the week to \$3.48 or six percent. Some analysts had said

\$60.80 could presage further gains.

"The range on crude oil has now been broken and ... the positive momentum is back should attract further momentum investment," Jakob said.

London Brent crude was up 42 cents at \$61.04.

Weekly U.S. data on Thursday showed a surprise 3.1 million barrels fall in gasoline s investors ahead of the peak summer demand season. Nine tankers of European gas headed to the United States and more are likely to follow to take advantage of high

"Gasoline stocks drew for a second week, falling more than expected... U.S. gasoline continued to show surprising strength," said BNP Paribas in a research note.

More defiant words on Friday from Iran's President Mahmoud Ahmadinejad also unse

"If we show weakness in front of the enemy the expectations will increase but if we s them, because of this resistance, they will retreat," he said.

Tehran ignored a February 21 United Nations deadline to stop enriching uranium.

The five permanent members of the U.N. Security Council plus Germany will meet next week to discuss possible further steps against the world's fourth biggest oil exporter. Already the United States has imposed sanctions barring the transfer of nuclear technology and know-how.

"The risk is to the upside if the Iranian situation deteriorates a little bit, so just in case," said Dariusz Kowalczyk, chief strategist at CFC Seymour Ltd.

Problems at some U.S. refineries and the temporary closure of part of a fuel pipeline in the densely populated Northeast risk straining supplies in the United States.

A fire over the weekend at Valero Energy Corp.'s 170,000 bpd refinery on the Texas coast is expected to keep the plant shut for several weeks. Several other refineries were shut for regular seasonal maintenance.

TEPPCO told customers on Thursday it could restart the downed portion of its 240,000 bpd refined oil products pipeline by Friday morning, pending regulatory approval, a day sooner than expected.

(Additional reporting by Osamu Tsukimori in Tokyo)

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