

# Energy Situation Analysis Report

**Last Updated: January 7, 2003**

**Next Update: January 9, 2003**

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## Latest Oil Market Developments

Crude oil futures prices fell sharply on Monday, January 6, in response to indications that Saudi Arabia and other OPEC member states might increase production significantly to offset the losses to the world market from the disruption of exports from [Venezuela](#). West Texas Intermediate (WTI) front month (February) crude oil futures prices on the New York Mercantile Exchange (NYMEX) settled at \$32.10 per barrel, down 98 cents from Friday's close. Crude oil futures prices on the NYMEX continued their sharp decline today on expectations of OPEC production increases to compensate for Venezuela. Prices closed down \$1.02 per barrel at \$31.08 per barrel, a total of \$2.00 per barrel lower over the last two days. [more...](#)

## Latest U.S. Weekly EIA Petroleum Information

The U.S. average retail price for regular gasoline rose for the fourth week in a row last week, increasing by 0.3 cent per gallon as of January 6 to end at 144.4 cents per gallon. This price is 33.2 cents per gallon higher than last year. Retail diesel fuel prices increased last week, rising to a national average of 150.1 cents per gallon as of January 6. If supply pressure from the crude oil market continues in the coming months, it is likely that prices for both gasoline and distillate fuels will continue to rise. [more...](#)

## World Oil Market Highlights

According to fourth quarter 2002 estimates, the world (excluding Iraq) holds as much as 4.8 million barrels per day of excess oil production capacity that could be brought online. Nearly all of this excess capacity lies in OPEC member countries. [more...](#)

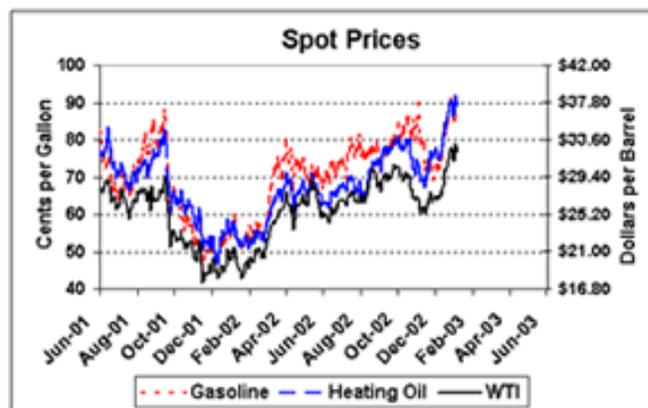
## Latest U.S. Weekly Natural Gas Information

Natural gas spot prices continued to fall in the first 2 days (December 30-31) of last week as the New Year's holiday

## Energy Prices\*

Petroleum Futures (near month)	1/6/03	1/3/03	Change
<b>WTI (\$/Bbl)</b>	<b>32.10</b>	<b>33.08</b>	<b>-0.98</b>
<b>Gasoline (c/gallon)</b>	<b>88.20</b>	<b>91.90</b>	<b>-3.70</b>
<b>Heating Oil (c/gallon)</b>	<b>88.79</b>	<b>91.82</b>	<b>-3.03</b>
Natural Gas (\$/MMBtu)			
<b>Henry Hub</b>	<b>4.95</b>	<b>5.13</b>	<b>-0.18</b>
<b>California</b>	<b>4.40</b>	<b>4.55</b>	<b>-0.15</b>
<b>New York City</b>	<b>6.38</b>	<b>6.26</b>	<b>+0.12</b>
Electricity (\$/Megawatthour)			
<b>COB</b>	<b>38.83</b>	<b>40.63</b>	<b>-1.80</b>
<b>PJM West</b>	<b>48.91</b>	<b>47.62</b>	<b>+1.29</b>
<b>NEPOOL</b>	<b>58.25</b>	<b>58.00</b>	<b>+0.25</b>
<b>Average</b>	<b>43.08</b>	<b>44.31</b>	<b>-1.23</b>

[\\*Definitions](#)



Source: Closing quote as reported by Reuters News Service

approached. But with the resumption of trading on Thursday (January 2), prices surged higher by up to 43 cents per MMBtu at most market locations, with gains in the Northeast higher still. Friday saw further increases, pulling prices in the Midwest and at most locations along the Gulf Coast above \$5.00 per MMBtu, and Northeast prices above \$6.00 per MMBtu. [more...](#)

### Latest U.S. Coal Information

Average spot prices for coal gained slightly in the two weeks between December 20, 2002, and the week ended January 3, 2003 (no new data were published for the Christmas holiday week). The Central Appalachian coal price gained \$0.85 per short ton, the Northern Appalachian indexed price inched up by ten cents and the Illinois Basin price gained \$0.50. [more...](#)

### Latest U.S. Electricity Information

In the Western United States, spot electricity prices fluctuated for the last two trading days. On January 6 electricity prices went back down as warmer temperatures reduced customer demand. In California, prices at the California Oregon Border (COB) increased to \$40.63 per megawatthour on January 3, but dropped to \$38.83 on January 6. In the Northeast, colder weather pushed prices upward over the past few days. PJM West's prices jumped to \$48.91 per megawatthour on January 6, up from \$36.31 per megawatthour on December 31. [more...](#)

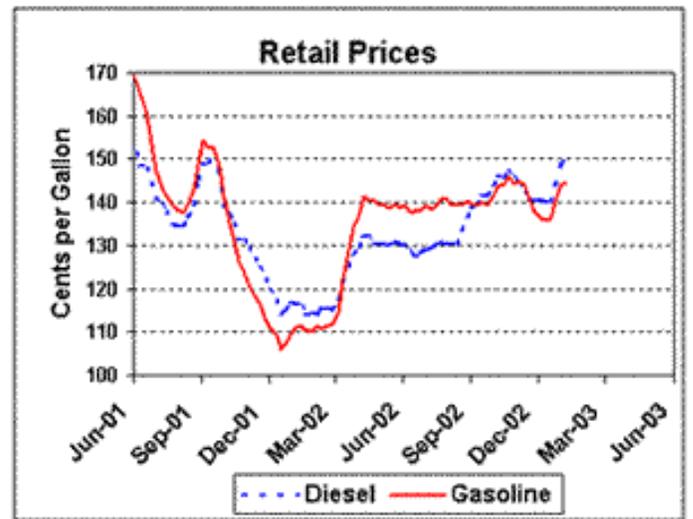
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## Special Topic -- Basic Facts on Venezuela

(updated December 17, 2002)

Venezuela, OPEC's only member located in the Western Hemisphere, produced about 2.9 million barrels per day of oil (total liquids) on average during the first nine months of 2002, representing almost 4% of total world oil production. By November, Venezuelan crude oil production was an estimated 400,000 barrels per day above its quota level of 2.5 million barrels per day.

Venezuela has also been one of the 5 largest oil exporters in the world, with net exports averaging 2.4 million barrels per day through the first 3 quarters of 2002. Venezuela's has ranked consistently as the last several years as one of the four top sources of U.S. oil imports (along with Canada, Mexico, and Saudi Arabia). Venezuelan exports to the U.S. peaked in 1997 at about 1.8 million barrels per day. In 1997, Venezuelan imports accounted for over 17% of total U.S. imports, compared to 12% during the first nine months of 2002.

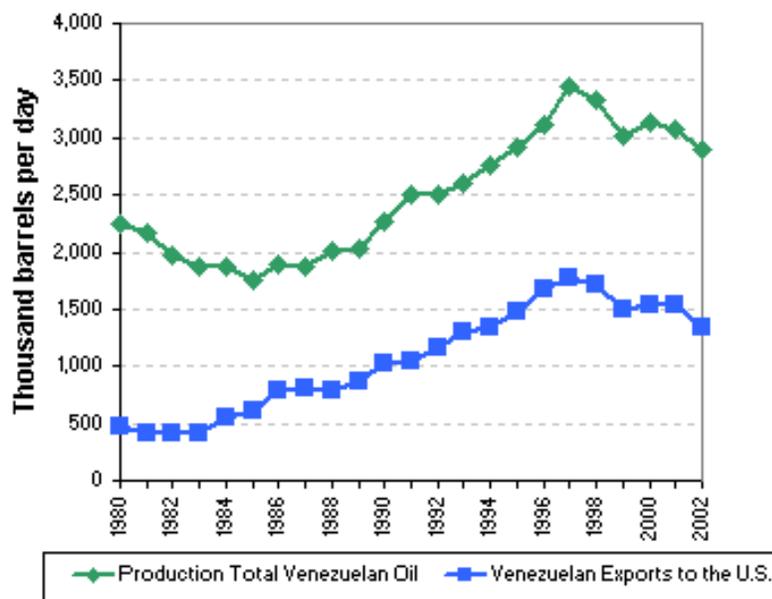
During the first nine months of 2002, oil from Venezuela supplied approximately 14% of U.S. net oil imports and ranked as the fourth largest source of U.S. oil imports (behind Canada, Saudi Arabia, and Mexico). The United States imported 1.5 million barrels per day of oil from Venezuela during this period. In addition to oil imported directly from Venezuela, the United States also imports oil products (i.e., motor gasoline, heating oil) refined in the Caribbean. The United States imports around 300,000 barrels per day of refined products from the Caribbean, of which roughly 200,000 barrels per day is refined from Venezuelan crude oil. Including this (see table), Venezuela supplies about 15% of U.S. net oil imports, about 15% of net gasoline imports, about 66% of net distillate imports, and about 276% of residual net fuel imports (total net residual fuel imports are small due to relatively high export volumes resulting in a large percentage).

Much of Venezuela's exports to the United States are destined for refineries operated by Citgo, a subsidiary of PdVSA, the Venezuelan national oil company. Over two-thirds of Venezuelan oil exports to the United States arrive at U.S. Gulf Coast facilities.

The U.S. East Coast region (Petroleum Administration for Defense District I, or PADD I) imported 238,000 barrels per day of oil from Venezuela. This represented approximately 8.5% of total PADD I net oil imports over that period. During the same nine months, U.S. PADD III (the Gulf Coast region) imported 1.1 million barrels per day of oil from Venezuela, making up approximately 19% of total PADD III net oil imports.

The U.S. Gulf Coast is particularly reliant on Venezuelan crude oil. During the first nine months of 2002, crude oil imports from Venezuela accounted for 21% of the Gulf Coast region's total crude oil imports. This compares to only 7% dependence

**Venezuelan Oil Production and Exports, 1980-2002\***



\*Production and export data for 2002 are through September 2002. Production data includes both crude oil and other liquids. Export data include both crude oil and refined products.

on Venezuelan crude oil for the East Coast region. The reason for this difference is mainly that the Gulf Coast is a major crude oil refining center, while the East Coast is more of a consuming region.

For refined products, the East Coast receives 57% of its asphalt and road oil, 21% of its jet fuel, and 15% of its distillate imports from Venezuela. Apart from crude oil, the Gulf Coast relies on Venezuelan imports most heavily for naphtha and petrochemical feedstock (17%), unfinished oils (12%), and gasoline blending components (8%).

<b>**Total U.S. Dependency on Venezuelan Crude Oil</b>	<b>2001</b>			<b>2002 (Jan-Sep)</b>		
	<b>Imports</b>	<b>% of Net Imports</b>	<b>% of Product Supplied</b>	<b>Imports</b>	<b>% of Net Imports</b>	<b>% of Product Supplied</b>
Crude Oil *	1291	13.9%	8.5%	1201	13.4%	8.0%
Gasoline (incl. Blending components)	139	22.8%	1.6%	105	15.2%	1.2%
Distillate Fuel	100	44.5%	2.6%	72	66.2%	1.9%
Residual Fuel	80	76.9%	9.8%	43	275.6%	6.8%
Other Products	<u>158</u>			<u>167</u>		
<b>Total Oil</b>	<b>1768</b>	<b>16.2%</b>	<b>9.0%</b>	<b>1588</b>	<b>15.4%</b>	<b>8.1%</b>
<b>* Crude oil product supplied is defined as crude oil refinery inputs.</b>						
<b>** Calculated using 100% of Venezuela imports, 50% of Virgin Island imports and 100% of Netherlands Antilles imports based on estimates on the share of Venezuelan crude oil used in these countries.</b>						

File last modified: December 17, 2002

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## Latest Oil Market Developments

(updated January 7, 2003)

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A senior OPEC delegate was quoted by Reuters on Monday as saying that "There is a plan now being circulated to increase production by 1.5 to 2 million barrels per day." The large size of the increase apparently is facing opposition from some OPEC members, who fear a price collapse in the second quarter or 2003. "There is no decision yet and there are several proposals on the table," another OPEC delegate was quoted as saying. Monday was the fourteenth consecutive day that the OPEC basket price was above the end of the \$22.00-\$28.00 "price band," which is supposed to trigger an increase in production quotas.

Conflicting information continues to be cited in the press on the situation in Venezuela. Venezuelan President Hugo Chavez said Sunday evening that production had recovered to 1.5 million barrels per day. Ali Rodriguez, the president of PdVSA, Venezuela's state oil company, said Monday that output currently was 600,000 barrels per day. Energy Minister Rafael Ramirez cited a production figure of 800,000 barrels per day on Monday. Leaders of the strike by PdVSA managers, by contrast, have put the current production figure at around 200,000 barrels per day. An estimate from Dow Jones released Monday put the country's average output for December 2002 at 933,000 barrels per day, while a Petrologistics estimate released last week put it at 1.0 million barrels per day.

In addition to Venezuela, oil prices have been pushed higher in recent weeks by continued fears that a war with Iraq could affect Middle Eastern oil supplies as well. Military forces have continued to deploy from the United States to bases in the Persian Gulf region. Oil markets fear that if a war with Iraq were to occur while the stoppage in Venezuelan oil exports continued, this could push the world's spare oil output capacity (around 4.2-4.7 million barrels per day, not including Iraq or Venezuela) to its limit. Around 85% of the world's spare oil production capacity lies in the Persian Gulf region, particularly Saudi Arabia (2-2.5 million barrels per day), the UAE (around 600,000 barrels per day), Kuwait (460,000

barrels per day), and Iran (350,000 barrels per day). Outside of the Persian Gulf, the largest source of excess production capacity lies in Nigeria (300,000 barrels per day) and Algeria (167,000 barrels per day).

Other issues related to **world oil markets** include:

- Venezuelan Energy Minister Rafael Ramirez said Monday that the Venezuelan government planned to reorganize and split up the state oil company, PdVSA. The reorganization would split the company into geographically into eastern and western halves, and reduce central management functions in Caracas. Such a move would eliminate the jobs of many striking PdVSA managers. Outside analysts have voiced concern that such a restructuring could do long-term damage to the company and to Venezuela's oil production capacity.
- According to press reports, the OPEC is likely to hold its emergency meeting to consider increases in production quotas on Sunday, January 12.
- Russian Energy Minister Igor Yusufov said Monday that the market faced a shortage of 1.0-1.5 million barrels per day, and that Russia would support increases in production to ensure market stability.
- A spokesman for Norway's Ministry of Petroleum said on Tuesday that the country was producing at its maximum capacity of 3.1 million barrels per day and could not increase production to help compensate for the disruption of Venezuelan exports.
- Press reports Tuesday indicated that Saudi Arabia had chartered seven tankers for deliveries to the United States in late January and early February. These tankers would be capable of carrying a combined total of approximately 17 million barrels of crude oil.
- As of January 6, 2003, the [U.S. Strategic Petroleum Reserve \(SPR\)](#) contained 599.1 million barrels of oil. The SPR has a maximum drawdown capability of 4.3 million bbl/d for 90 days, with oil beginning to arrive in the marketplace 15 days after a presidential decision to initiate a drawdown. The SPR drawdown rate declines to 3.2 million bbl/d from days 91-120, to 2.2 million bbl/d for days 121-150, and to 1.3 million bbl/d for days 151-180.

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## Latest U.S. Weekly EIA Petroleum Information

(last complete update January 7, 2003)

### Petroleum Inventories

With crude oil imports down sharply, but refinery inputs increasing, U.S. commercial crude oil inventories (excluding those in the Strategic Petroleum Reserve) dropped by 9.1 million barrels last week, and are 33.7 million barrels below the level last year at this time. Almost all of the drop was in PADD III (Gulf Coast), where crude oil inventories fell by 8.7 million barrels last week. Distillate fuel inventories increased by 1.9 million barrels, with most of the increase in low-sulfur distillate fuel (diesel fuel), while high-sulfur distillate fuel (heating oil) increased by 0.4 million barrels. However, distillate fuel inventories remain near the lower limit of the normal range for this time of year. Meanwhile, motor gasoline inventories remained relatively flat, falling by 0.4 million barrels last week.

U.S. inventories of propane reported the smallest weekly decline since late November despite winter storms that swept through major regions of the nation last week. The modest 0.6 million barrel stock draw pushed U.S. inventories of propane down to an estimated 52.2 million barrels as of week ending December 27, 2002, a level that remains well within the average range of inventories for this time of year. Preliminary estimates also show the December stock draw totaled about 8.9 million barrels, a level that was more than 16 percent below the 5-year monthly average of about 10.6 million barrels. Regional inventories were mixed with East Coast inventories rebuilding with a 0.5 million barrel gain, followed with declines in the Midwest and Gulf Coast regions that measured 0.4 million barrels and 0.7 million barrels, respectively. East Coast and Midwest inventories climbed back to within their respective average ranges last week while inventories in the Gulf Coast remained at the upper limit of the average range during this same time.

### Petroleum Imports

U.S. crude oil imports (including imports going into the Strategic Petroleum Reserve) averaged 7.6 million barrels per day last week, the smallest amount since the week ending January 28, 2000. Even with crude oil imports falling by 1.5 million barrels per day from the previous week, crude oil imports have averaged 9.0 million barrels per day over the last four weeks, or about 150,000 barrels per day more than averaged during the same four-week period last year. Although the source of weekly crude oil imports are very preliminary and thus not published, it does appear that crude oil imports from Venezuela last week were almost nonexistent. Total motor gasoline imports (including both finished gasoline and gasoline blending components) averaged 600,000 thousand barrels per day last week, while distillate fuel imports averaged 500,000 barrels per day last week.

Monthly data on the sources of U.S. crude oil imports in October 2002 was released recently and it shows that four countries imported more than 1.4 million barrels per day of crude oil to the United States that month. The top sources of U.S. crude oil imports in October 2002 were Saudi Arabia (1.633 million barrels per day), Canada (1.570 million barrels per day), Mexico (1.527 million barrels per day), and Venezuela (1.453 million barrels per day). The imports from Saudi Arabia were the most from any single country since Saudi Arabia crude oil imports averaged 1.826 million barrels per day in August 2001, and the amount of imports from Canada were the most ever from that country. Rounding out the top ten sources, in order, were Nigeria (0.549 million barrels per day), United Kingdom (0.486 million barrels per day), Norway (0.308 million barrels per day), Angola (0.246 million barrels per day), Colombia (0.232 million barrels per day), and Iraq (0.215 million barrels per day). Of the 9.495 million barrels per day of crude oil imported into the United States during the month of October 2002, the top four countries accounted for 65% of these imports, while the top ten sources accounted for nearly 87% of all U.S. crude oil imports. Russian crude oil imports averaged 0.209 million barrels per day, ranking 11th for the month, which is the 2nd largest amount since June 1994 (only exceeded by the 0.220 million barrels per day imported in May 2002).

### Refinery Inputs and Production

U.S. crude oil refinery inputs averaged nearly 15.0 million barrels per day during the week ending December 27, an increase of over 300,000 barrels per day from the previous week. Almost all of the increase came from PADD I (East Coast), PADD II (Midwest), and PADD V (West Coast). Despite this increase, motor gasoline refinery production dropped a little from the previous week, while jet fuel and distillate fuel refinery production increased slightly.

### Petroleum Demand

Total product supplied over the last four-week period averaged over 20.0 million barrels per day, or about 5.2 percent more than the same period last year. Over the last four weeks, motor gasoline demand is up 3.4 percent, kerosene-jet fuel demand is up 10.8 percent, and distillate fuel demand is up 11.6 percent compared to the same four-week period last year.

### Spot Prices

The average world crude oil price on January 3, 2003 was \$29.03 per barrel, up \$0.08 per barrel from the previous week and \$9.89 per barrel more than last year. The spot price for conventional gasoline in the New York Harbor was 89.78 cents per gallon on Friday, January 3, down 1.00 cent per gallon from last week and 29.68 cents per gallon higher than a year ago. The spot price for No. 2 heating oil in the New York Harbor was 90.80 cents per gallon, 0.62 cent per gallon higher than last week and 32.55 cents per gallon more than last year.

### Retail Gasoline and Diesel Fuel Prices Continue to Increase

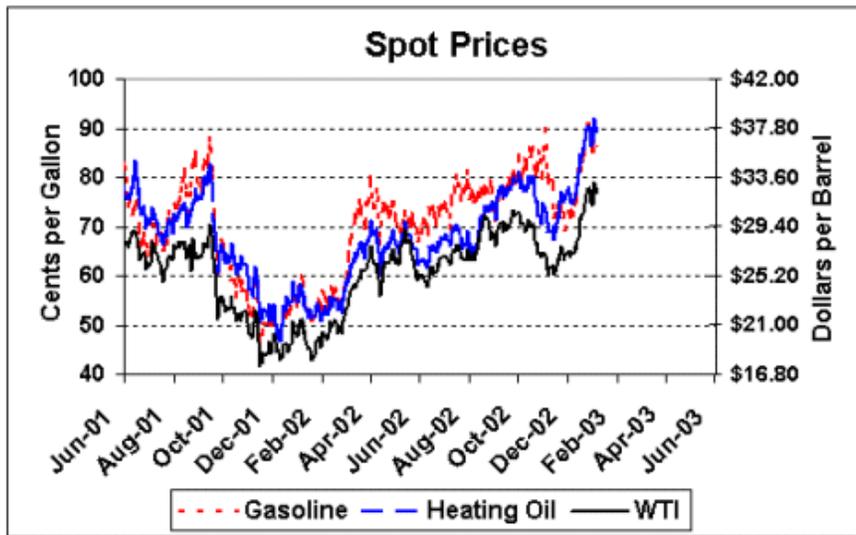
The U.S. average retail price for regular gasoline rose for the fourth week in a row last week, increasing by 0.3 cent per gallon as of January 6 to end at 144.4 cents per gallon. This price is 33.2 cents per gallon higher than last year. Prices throughout most of the country were up, with the largest increase occurring on the West Coast, where prices rose 3.0 cents to end at 150.0 cents per gallon. The Midwest was the only region that saw a price decrease, with prices falling by 3.1 cents to end at 141.9 cents per gallon. Retail diesel fuel prices increased last week, rising to a national average of 150.1 cents per gallon as of January 6. Retail diesel prices were up throughout the country, with the largest price increase occurring on the Gulf Coast, where prices rose by 2.5 cents per gallon to end at 147.3 cents per gallon. If supply pressure from the crude oil market continues in the coming months, it is likely that prices for both gasoline and distillate fuels will continue to rise.

**Low Stocks and Cold Weather Continue to Force Heating Fuels Prices Higher**

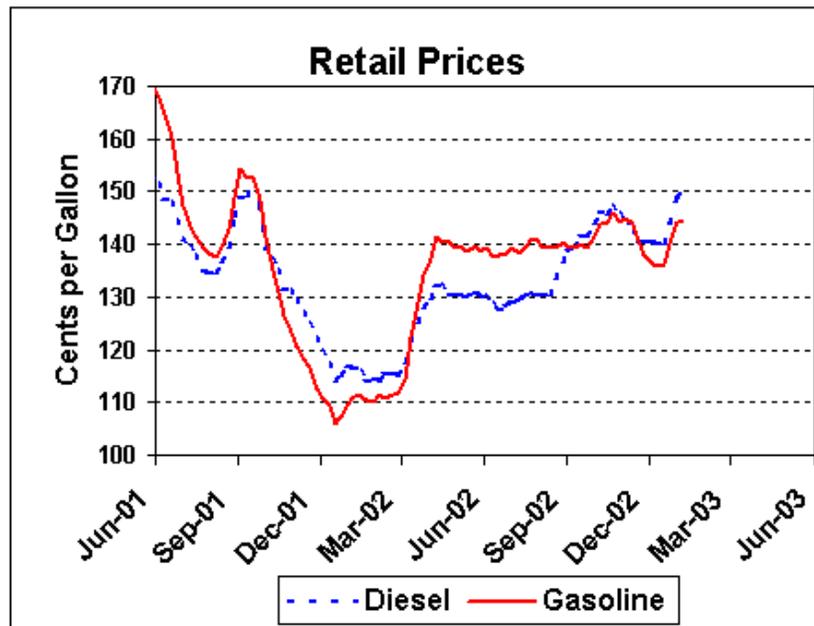
Residential heating fuel prices continued their increase for the period ending December 30, 2002. The average residential heating oil price was 140.7 cents per gallon, up 4.4 cents per gallon from the previous week. Residential propane prices also continued to move upward by 2.1 cents per gallon from 123.1 to 125.2 cents per gallon. Heating oil prices are 24.8 cents per gallon higher than last year at this time while residential propane prices are 12.5 cents per gallon higher than one year ago. Wholesale heating oil prices increased 5.2 cents per gallon this week, to 95.0 cents per gallon, while wholesale propane prices increased from 61.1 to 62.3 cents a gallon, up 1.2 cents per gallon.

**U.S. Petroleum Prices**

(updated January 7, 2003)



Source: Closing quote as reported by Reuters News Service



Source: Energy Information Administration (EIA)

## Crude Oil and Oil Products Price Table

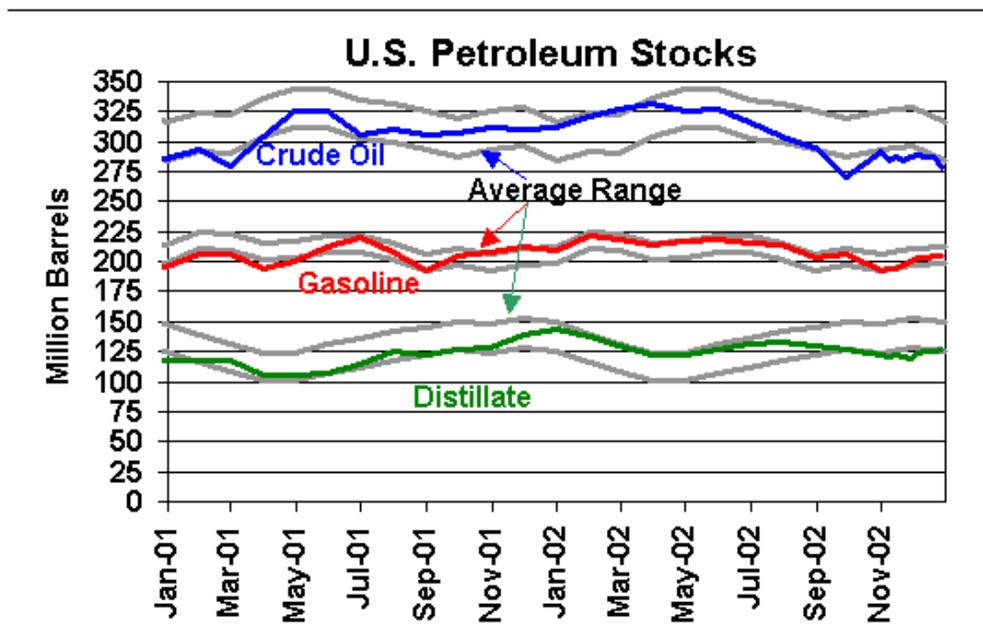
Date	WTI Crude Oil		Gasoline		Heating Oil		Kerojet	Propane		EIA Weekly Retail	
	Spot	Futures	Spot	Futures	Spot	Futures	Spot	Spot	US Average		
	Cushing		NYH		NYH		NYH	Mt. Belvieu	Conway	Gasoline	Diesel
	\$/bbl	\$/bbl	cents per gallon		cents per gallon		c/gal	cents per gallon		cents per gallon	
11/19/2002	\$26.41	\$26.42	71.75	70.16	71.90	72.17	74.38	47.25	48.25		
11/20/2002	\$27.00	\$26.98	72.85	71.29	74.80	74.51	76.93	47.82	48.94		
11/21/2002	\$27.07	\$26.35	73.13	72.42	74.80	74.93	76.18	48.25	49.51		
11/22/2002	\$27.73	\$26.76	74.70	74.87	76.80	76.64	78.18	48.25	49.32		
11/25/2002	\$27.01	\$26.11	71.70	71.55	74.85	75.04	76.10	47.75	48.25	138.0	140.5
11/26/2002	\$26.60	\$26.40	72.60	72.53	76.08	75.75	76.33	47.88	48.38		
11/27/2002	\$26.87	\$26.89	69.18	73.43	75.48	75.71	75.98	48.26	48.75		
11/28/2002	NA	NA	NA	NA	NA	NA	NA	NA	NA		
11/29/2002	NA	NA	NA	NA	NA	NA	NA	NA	NA		
12/2/2002	\$27.27	\$27.24	72.77	74.39	77.80	77.39	78.20	48.57	49.19	136.4	140.7
12/3/2002	\$27.34	\$27.30	72.95	75.32	76.78	77.50	77.28	49.38	49.69		
12/4/2002	\$26.80	\$26.71	71.63	72.93	75.05	74.54	75.23	48.88	49.38		
12/5/2002	\$27.27	\$27.29	73.35	75.27	75.70	75.62	76.03	49.38	49.57		
12/6/2002	\$27.03	\$26.93	72.15	74.03	74.83	74.73	75.15	49.32	49.44		
12/9/2002	\$27.29	\$27.20	74.23	76.21	75.60	75.82	75.98	49.38	49.32	136.0	140.5
12/10/2002	\$27.73	\$27.74	76.25	78.87	76.35	77.19	76.70	49.38	49.32		
12/11/2002	\$27.49	\$27.40	74.83	77.39	76.45	76.87	77.20	49.94	50.38		
12/12/2002	\$28.20	\$28.01	77.72	80.71	78.50	79.25	78.93	51.69	51.88		
12/13/2002	\$28.39	\$28.44	80.88	83.95	80.85	81.56	81.23	52.13	53.13		
12/16/2002	\$30.15	\$30.10	84.56	87.85	84.58	85.64	85.05	54.00	54.19	136.3	140.1
12/17/2002	\$30.04	\$30.10	81.30	85.39	83.00	83.95	83.50	53.69	53.50		
12/18/2002	\$30.41	\$30.44	83.10	87.54	84.60	85.53	85.25	53.88	53.88		
12/19/2002	\$30.57	\$30.56	84.15	87.81	85.65	86.06	85.55	53.88	54.25		
12/20/2002	\$30.57	\$30.30	84.55	87.92	85.65	85.95	87.23	54.19	53.94		
12/23/2002	\$32.09	\$31.75	89.04	91.86	89.20	89.62	91.58	54.82	54.32	140.1	144.0
12/24/2002	\$32.13	\$31.97	89.85	92.77	89.65	90.49	91.83	54.82	54.32		
12/25/2002	NA	NA	NA	NA	NA	NA	NA	NA	NA		
12/26/2002	\$32.61	\$32.49	90.95	92.97	90.25	90.91	92.13	56.25	54.88		
12/27/2002	\$32.68	\$32.72	90.78	93.25	90.18	90.79	93.58	55.88	54.44		
12/30/2002	\$31.41	\$31.37	86.15	87.92	86.25	86.74	88.80	55.25	54.38	144.1	149.1
12/31/2002	\$31.21	\$31.20	85.10	86.48	87.20	86.55	89.30	53.94	53.25		
1/1/2003	NA	NA	NA	NA	NA	NA	NA	NA	NA		
1/2/2003	\$31.97	\$31.85	86.75	88.30	88.45	88.09	90.07	55.44	54.88		
1/3/2003	\$33.26	\$33.08	89.78	91.90	91.80	91.82	93.40	57.25	55.50		
1/6/2003	\$32.29	\$32.10	86.25	88.20	89.08	88.79	90.70	55.94	54.00	144.4	150.1

Source: Spot and futures closing quotes as reported by Reuters News Service, retail prices reported by EIA

## Energy Situation Analysis Report

## U.S. Petroleum Supply

(Thousand Barrels per Day)	Four Weeks Ending		vs. Year Ago	
	12/27/2002	12/27/2001	Diff.	% Diff.
<b>Refinery Activity</b>				
Crude Oil Input	14,928	14,710	218	1.5%
Operable Capacity	16,800	16,512	288	1.7%
Operable Capacity Utilization (%)	89.7%	90.3%	-0.6%	
<b>Production</b>				
Motor Gasoline	8,758	8,306	452	5.4%
Jet Fuel	1,571	1,512	59	3.9%
Distillate Fuel Oil	3,926	3,760	166	4.4%
<b>Imports</b>				
Crude Oil (incl. SPR)	9,018	8,873	145	1.6%
Motor Gasoline	807	734	73	10.0%
Jet Fuel	112	95	17	18.3%
Distillate Fuel Oil	508	241	267	110.6%
<b>Total</b>	<b>11,378</b>	<b>11,039</b>	<b>339</b>	<b>3.1%</b>
<b>Exports</b>				
Crude Oil	10	12	-2	-15.2%
Products	1,013	1,087	-74	-6.8%
<b>Total</b>	<b>1,023</b>	<b>1,098</b>	<b>-75</b>	<b>-6.9%</b>
<b>Products Supplied</b>				
Motor Gasoline	8,881	8,592	289	3.4%
Jet Fuel	1,671	1,501	170	11.3%
Distillate Fuel Oil	4,032	3,614	418	11.6%
<b>Total</b>	<b>20,026</b>	<b>19,031</b>	<b>995</b>	<b>5.2%</b>
<b>Stocks (Million Barrels)</b>				
	12/27/2002	12/27/2001	Diff.	% Diff.
Crude Oil (excl. SPR)	278.3	312.0	-33.7	-10.8%
Motor Gasoline	205.0	210.2	-5.2	-2.5%
Jet Fuel	40.9	41.7	-0.8	-1.9%
Distillate Fuel Oil	126.8	143.6	-16.8	-11.7%
<b>Total (excl. SPR)</b>	<b>955.0</b>	<b>1,036.8</b>	<b>-81.8</b>	<b>-7.9%</b>



Source: Energy Information Administration, Weekly Petroleum Status Report, Petroleum Supply Monthly.

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## World Oil Market Highlights

(updated January 7, 2003)

According to fourth quarter 2002 estimates, the world (excluding Iraq) holds as much as 4.8 million barrels per day of excess oil production capacity that could be brought online. Nearly all of this "excess capacity" is located in OPEC member countries.

OPEC Crude Oil Production <sup>1</sup> (Thousand barrels per day)					
	4Q 2002 Production	1Q 2003 Production	1/01/02 Quota <sup>2</sup>	2002 Production Capacity <sup>3</sup>	4Q Surplus Capacity <sup>3</sup>
Algeria	933	950	693	1,100	167
Indonesia	1,100	1,090	1,125	1,200	100
Iran	3,500	3,500	3,186	3,850	350
Kuwait <sup>4</sup>	1,940	1,940	1,741	2,400	460
Libya	1,350	1,340	1,162	1,400	50
Nigeria	2,004	2,000	1,787	2,300	296
Qatar	690	690	562	850	160
Saudi Arabia <sup>4</sup>	8,000	7,834	7,053	10,000-10,500 <sup>5</sup>	2,000-2,500 <sup>5</sup>
UAE <sup>6</sup>	2,007	2,010	1,894	2,600	593
Venezuela <sup>7</sup>	2,905	2,905	2,497	3,000	95
<b>OPEC 10 Crude Oil Total</b>	<b>24,429</b>	<b>24,259</b>	<b>21,700</b>	<b>28,700-29,200<sup>5</sup></b>	<b>4,271-4,771<sup>5</sup></b>
Iraq <sup>8</sup>	2,364	2,400	N/A	2,900	536
<b>OPEC Crude Oil Total</b>	<b>26,793</b>	<b>26,659</b>	N/A	<b>31,600-32,100<sup>5</sup></b>	<b>4,807-5,307<sup>5</sup></b>
Other Liquids <sup>9</sup>	2,761	2,761	N/A		
<b>Total OPEC Production</b>	<b>29,554</b>	<b>29,420</b>	N/A		

NA: Not Applicable

<sup>1</sup>Crude oil does not include lease condensate or natural gas liquids.<sup>2</sup>Quotas are based on crude oil production only.<sup>3</sup>Maximum sustainable production capacity, defined as the maximum amount of production that: 1) could be brought online within a period of 30 days; and 2) sustained for at least 90 days.<sup>4</sup>Kuwaiti and Saudi Arabian figures each include half of the production from the Neutral Zone between the two countries. Saudi Arabian production also includes oil produced from its offshore Abu Safa field on behalf of Bahrain.

<sup>5</sup> Saudi Arabia is the only country with the capability to further increase its capacity significantly within 90 days. Saudi Arabia can increase its sustainable production capacity to 10 million barrels per day within 30 days and to 10.5 million barrels per day within 90 days. As a result, the estimates for Saudi Arabia are as shown as a range, with the lower figure using the 30 days' definition and the upper end reflecting Saudi Arabia's 90 days' capability. OPEC's surplus capacity estimates are also shown as a range for this reason.

<sup>6</sup>The UAE is a federation of seven emirates. The quota applies only to the emirate of Abu Dhabi, which controls the vast majority of the UAE's economic and resource wealth.

<sup>7</sup>Venezuelan capacity and production numbers exclude extra heavy crude oil used to produce Orimulsion.

<sup>8</sup>Iraqi oil exports are approved by the United Nations under the oil-for-food program for Iraq established by Security Council Resolution 986 (April 1995) and subsequent resolutions. As a result, Iraqi production and exports have not been a part of any recent OPEC agreements. Resolution 986 limited the sale of Iraqi crude oil over six-month periods to specified dollar amounts. However, the Security Council voted to remove any limits on the amount of oil Iraq could export in December 1999.

<sup>9</sup>Other liquids include lease condensate, natural gas liquids, and other liquids including volume gains from refinery processing.

<b>Major Sources of U.S. Petroleum Imports, Jan.-October 2002*</b>			
(all volumes in million barrels per day)			
	<b>Total Oil Imports</b>	<b>Crude Oil Imports</b>	<b>Petroleum Product Imports</b>
<b>Canada</b>	1.91	1.41	0.50
<b>Saudi Arabia</b>	1.53	1.50	0.03
<b>Mexico</b>	1.50	1.46	0.04
<b>Venezuela</b>	1.42	1.23	0.20
<b>Nigeria</b>	0.59	0.56	0.03
<b>United Kingdom</b>	0.46	0.39	0.08
<b>Iraq</b>	0.46	0.46	0.00
<b>Norway</b>	0.39	0.35	0.04
<b>Angola</b>	0.32	0.31	0.01
<b>Total Imports</b>	<b>11.32</b>	<b>9.04</b>	<b>2.28</b>

\* Table includes all countries from which the U.S. imported more than 300,000 barrels per day of total oil in Jan.-Oct. 2002.

<b>Top World Oil Net Exporters, Jan.-Sep. 2002*</b>		
	<b>Country</b>	<b>Net Exports (million barrels per day)</b>
1)	Saudi Arabia	6.80
2)	Russia	4.98
3)	Norway	3.11
4)	Iran	2.45

5)	Venezuela	2.40
6)	United Arab Emirates	1.93
7)	Nigeria	1.85
8)	Mexico	1.65
9)	Kuwait	1.62
10)	Iraq	1.46
11)	Algeria	1.23
12)	Libya	1.19

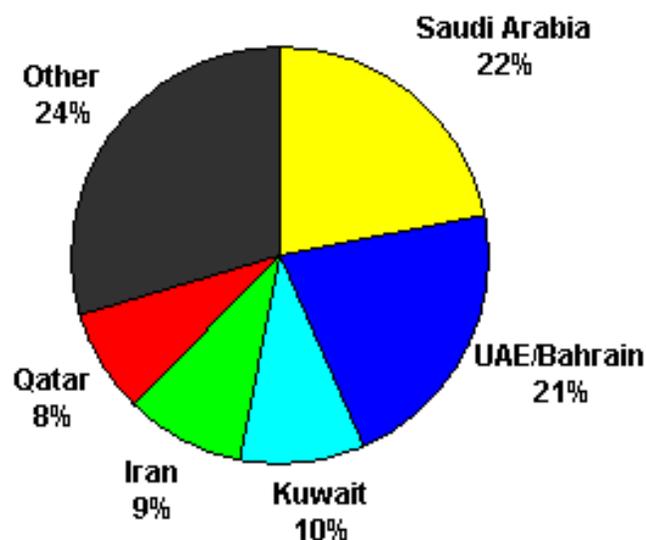
*\*Table includes all countries with net exports exceeding 1 million barrels per day in Jan.-Sep. 2002.*

During the first five months of 2002, about half of U.S. crude oil imports came from the Western Hemisphere (17% from South America, 16% from Mexico, 15% from Canada, 2% from the Caribbean), while 27% came from the Persian Gulf region (17% from Saudi Arabia, 8% from Iraq, 2% from Kuwait).

In general, OECD Europe depends far more heavily on the Persian Gulf and North Africa for oil imports than does the United States. Japan receives over three-quarters of its oil supplies from the Persian Gulf (mainly the UAE, Saudi Arabia, Kuwait, Iran, and Qatar) with the remainder coming from Indonesia, China, and other sources.

*Having provided this information, it is important to stress that oil is a "fungible" (interchangeable, traded on a world market) commodity, that a disruption of oil flows anywhere will affect the price of oil everywhere, and that the specific suppliers of oil to a particular country or region are not of enormous significance, at least from an economic point of view.*

### Japanese Gross Oil Imports by Country, 1H 2002



**Total = 5.532 million barrels per day**

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## Definitions

### Petroleum

**WTI** – West Texas Intermediate (for the purposes of this table, prices provided are near month futures price) Cushing OK.

**Bbl** – Barrel (42 gallons).

**C's** – cents.

### Natural Gas

**Henry Hub** – A pipeline hub on the Louisiana Gulf coast. It is the delivery point for the natural gas futures contract on the New York Mercantile Exchange (NYMEX).

### Electricity

**COB** – average price of electricity traded at the California-Oregon and Nevada-Oregon border.

**Palo Verde** - average price of electricity traded at Palo Verde and West Wing Arizona.

**Average** - average price of electricity traded at all locations.

## Latest U.S. Weekly Natural Gas Information

(updated January 7, 2003)

### [Industry/Market Developments](#)

*Natural Gas Rig Counts:* The number of rigs drilling for natural gas fell by 16 to 706 for the week ending January 3, according to Baker-Hughes Incorporated. This is the first week that the number of rigs drilling for gas has declined since the week ending November 8, when the rigs numbered 673. However, the number of rigs is still 19 percent higher than the 2002 low of 591, reached in the week ending April 5. The total number of rigs in the United States, including natural gas and oil drilling, declined 25 to 837 this week. Natural gas drilling continues to account for an increasingly larger portion of drilling activity with its share growing to 84.3 percent from 83.8 percent last week. This is the highest percentage of rigs dedicated to natural gas over oil production since the middle of September, when natural gas rigs accounted for 86.4 percent of rig activity.

### [Storage](#)

Working gas in storage was 2,417 Bcf or 3.8 percent below the 5-year average for the week ending December 27, according to EIA's Weekly Natural Gas Storage Report. The implied net withdrawal was 123 Bcf, which is 22 percent lower than the 5-year average withdrawal of 157 Bcf, and 3 Bcf lower than the comparable week last year.

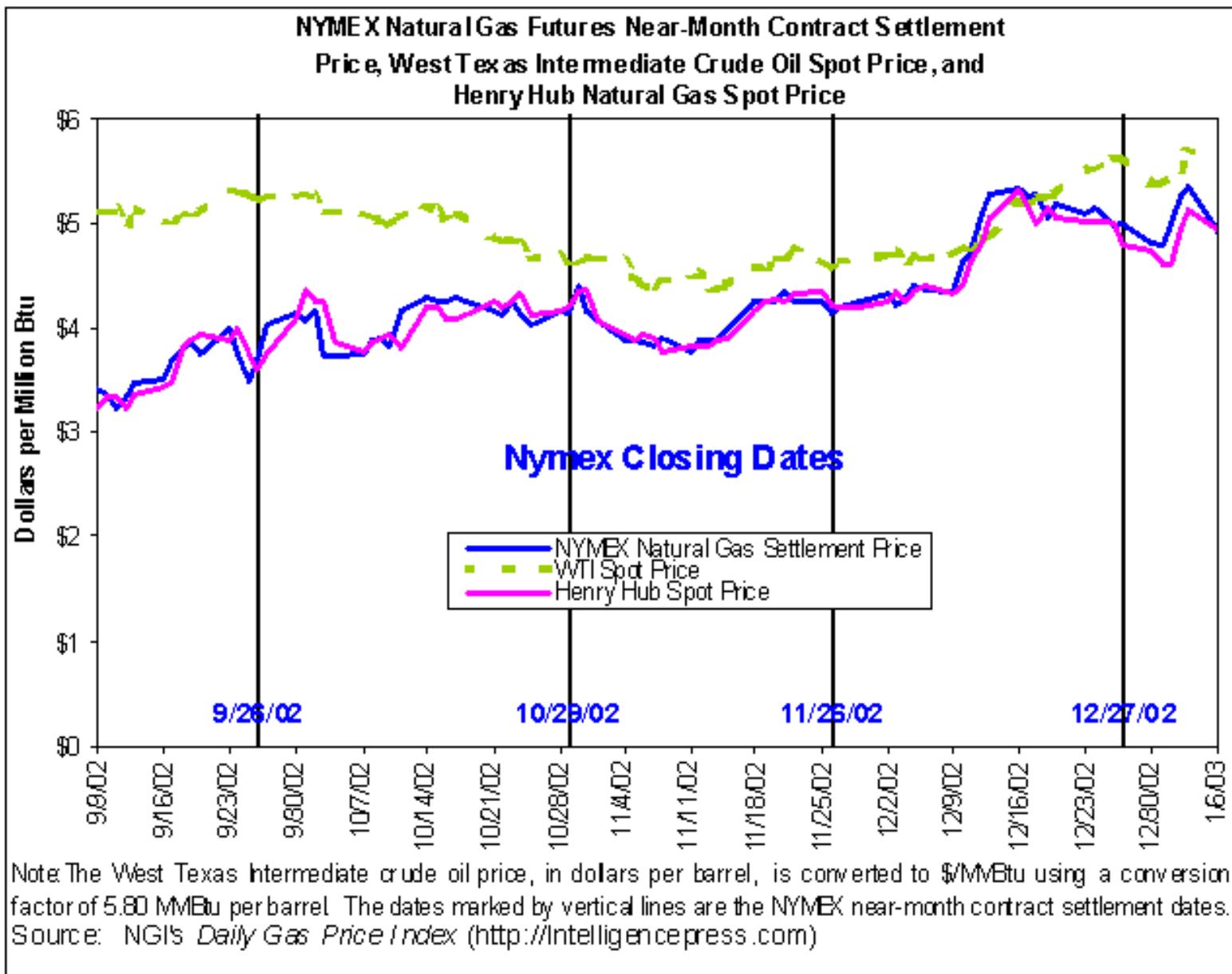
All Volumes in Bcf	Current Stocks 12/27/02	Estimated Prior 5-Year (1997-2001) Average	Percent Difference from 5 Year Average	Implied Net Change from Last Week	One-Week Prior Stocks 12/20/02
East Region	1,400	1,523	-8.4%	-68	1,468
West Region	353	309	15.0%	-26	379
Producing Region	664	678	-1.9%	-29	693
<b>Total Lower 48</b>	<b>2,417</b>	<b>2,511</b>	<b>-3.8%</b>	<b>-123</b>	<b>2,540</b>

Source: Energy Information Administration: Form EIA-912, "Weekly Underground Natural Gas Storage Report," and the Historical Weekly Storage Estimates Database. Column and/or row sums may not equal totals due to independent rounding.

### [Prices:](#)

Spot prices continued to fall in the first 2 days (December 30-31) of last week as the New Year's holiday approached. But with the resumption of trading on Thursday (January 2), prices surged higher by up to 43 cents per MMBtu at most market locations, with gains in the Northeast higher still. Friday saw further increases, pulling prices in the Midwest and at most locations along the Gulf Coast above \$5.00 per MMBtu, and Northeast prices above \$6.00 per MMBtu. The major exception to this trend was in the Rockies, where above normal daily temperatures kept prices on a downward path. The average spot price at the Henry Hub reached \$5.13 per MMBtu on Friday (January 3). However, the post-holiday rally was short-lived, as spot prices fell at nearly all market locations on Monday (January 6), with declines ranging mostly between a dime and a quarter. The major exception was at TRANSCO Zone 6 for New York delivery, which gained another 12 cents per MMBtu to \$6.38. Conversely, at the Henry Hub, the average spot price dropped 18 cents to \$4.95 per MMBtu.

Futures prices followed a similar path to spot prices during trading last week. On its first day of trading as the near-month contract, the futures contract for February delivery fell \$0.222 per MMBtu, settling at \$4.800 per MMBtu on Monday, December 30. However, as with spot prices, futures prices surged higher on Thursday (January 2) and added further gains on Friday, as near-term weather forecasts began calling for below-normal temperatures to engulf the East Coast and much of the Midwest. The February contract ended trading on Friday at \$5.344 per MMBtu. The rally in futures prices also ended yesterday (Monday, January 6), with the near-month contract falling nearly 41 cents per MMBtu, to settle at \$4.935 per MMBtu. Settlement prices for all out-month contracts for delivery through the end of the year also fell, by 10 to 35 cents per MMBtu.



<i>Trade Date (All prices in \$ per MMBtu)</i>	<b>California Composite</b>				<b>NYMEX futures contract-February delivery</b>	<b>NYMEX futures contract-March delivery</b>
	<b>Average Price*</b>	<b>Henry Hub</b>	<b>New York City</b>	<b>Chicago</b>		
12/6/02	4.09	4.39	5.92	4.30	4.351	4.276
12/9/02	4.09	4.32	5.49	4.19	4.332	4.259
12/10/02	4.13	4.39	5.23	4.26	4.594	4.484
12/11/02	4.33	4.64	5.39	4.43	4.675	4.539
12/12/02	4.40	4.82	5.43	4.59	5.020	4.790
12/13/02	4.52	5.04	5.63	4.75	5.235	4.935
12/16/02	4.83	5.31	6.46	5.03	5.297	4.967
12/17/02	4.70	5.14	6.12	4.79	5.179	4.879
12/18/02	4.61	4.98	5.56	4.72	5.249	4.949
12/19/02	4.80	5.14	5.63	4.97	5.073	4.868
12/20/02	4.80	5.05	5.69	4.96	5.203	5.000
12/23/02	4.85	5.03	6.00	4.96	5.176	5.011
12/24/02	4.85	5.03	6.00	4.96	5.209	5.039
12/26/02	4.86	5.00	6.01	4.89	4.990	4.880
12/27/02	4.58	4.78	5.39	4.71	5.022	4.892
12/30/02	4.50	4.75	5.28	4.61	4.800	4.710
12/31/02	4.29	4.60	5.44	4.55	4.789	4.692
1/2/03	4.37	4.94	6.10	4.81	5.251	5.131
1/3/03	4.55	5.13	6.26	5.01	5.344	5.220
1/6/03	4.40	4.95	6.38	4.81	4.935	4.870

\* Average of NGI's reported average prices for: Malin, PG&E citygate, and Southern California Border Average.

Source: NGI's Daily Gas Price Index (<http://intelligencepress.com>)

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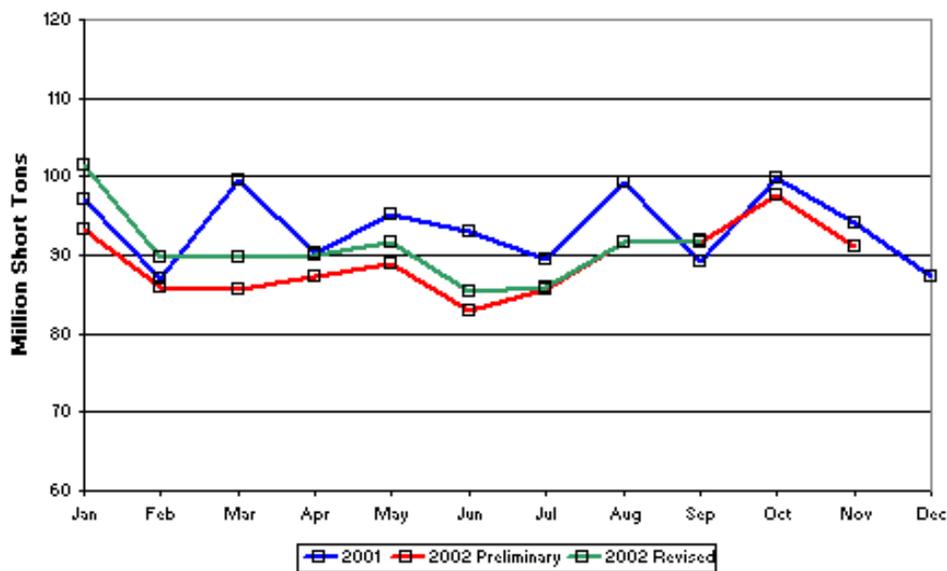
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## Latest U.S. Coal Information

### Coal Production (Updated January 7, 2003)

For the week ended December 28, 2002, coal-related statistics were significantly higher than in the same (Christmas holiday) week in 2001. Railcar loadings of coal were 5.3% higher than year-ago levels while estimated national coal production was 19.5% higher. Year-to-date, estimated western U.S. coal production is 0.8% above the levels of a year ago; eastern U.S. coal production is estimated now to be 5.4% below last year's level. The estimated production for the first 11 months of 2002 is 1,005.9 million short tons (mmst), 2.7% lower than the 1,034.0 mmst in the first 11 months of 2001. This estimate incorporates coal production survey data of the Mine Safety and Health Administration through the third quarter 2002.

U.S. Monthly Coal Production

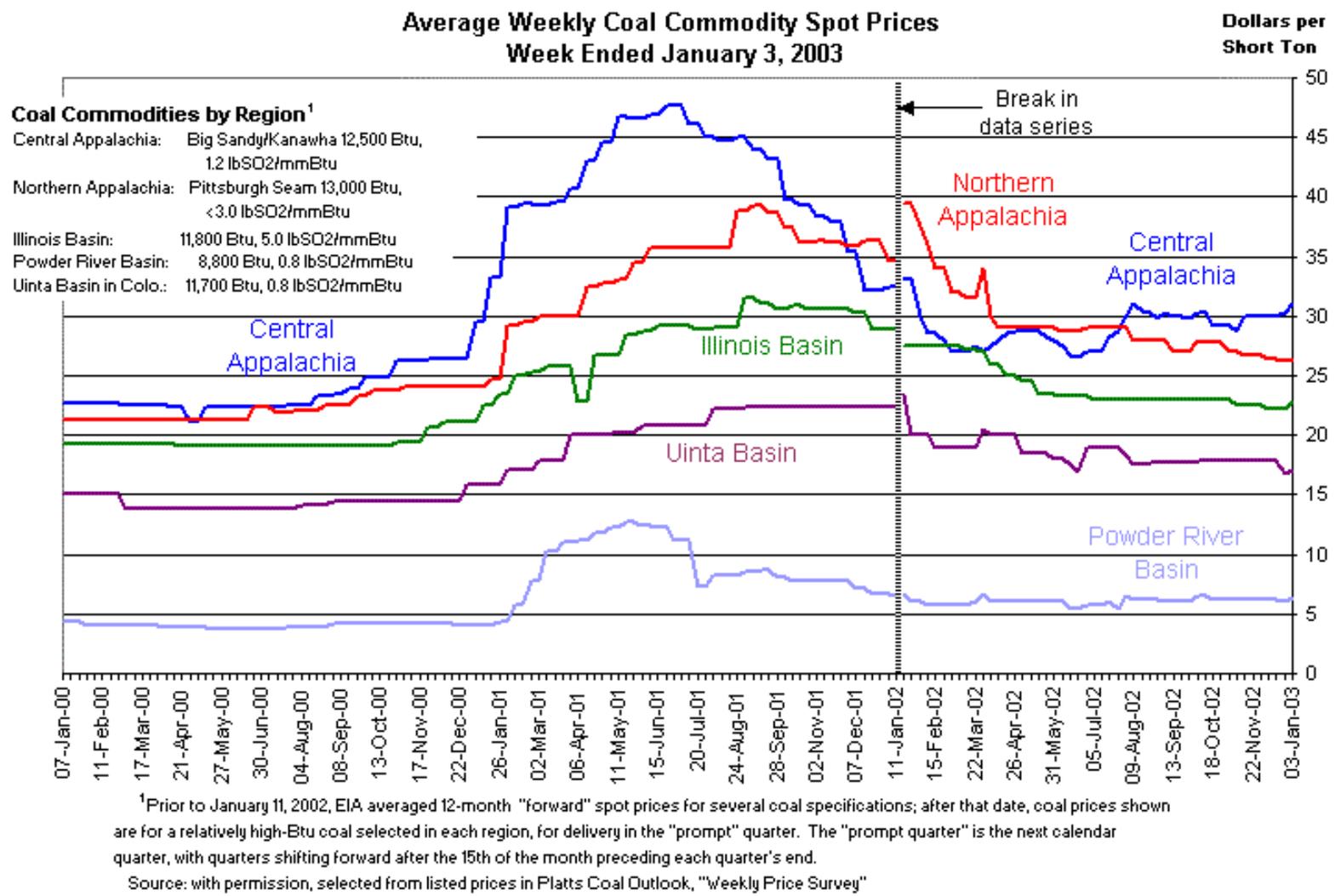


### Coal Prices (Updated January 7, 2003)

It appears that spot coal prices closed out the year on an up note. The average spot prices indexed by EIA (plotted below) all gained slightly in the two weeks between December 20, 2002, and the week ended January 3, 2003 (no new data were published for the Christmas holiday week). The Central Appalachian coal price gained \$0.85 per short ton, the Northern Appalachian indexed price inched up by ten cents and the Illinois Basin price gained \$0.50. The Powder River Basin prices advanced by twenty cents and the Uinta Basin price gained twenty-five cents. Compared to peak prices in summer 2001, Central and Northern Appalachian coal prices are lower by about \$16.50 and \$13.00 per short ton, respectively, or 35% and 33% lower. The largest difference in percentage is for the Powder River Basin coal prices, about half the late Spring 2001 peak price (down by \$6.45 per short ton, or 51%). Compared to previous price floors, in the summer of 2000, the latest EIA-indexed spot prices of \$31.10 per short ton for Central Appalachian and \$26.30 per short ton for Northern Appalachian coal are now higher by 40% and 23% respectively. Other prices also remain higher than the summer 2000 base: by 24% for the Uinta Basin, 19% for the Illinois Basin, and 68% for the Powder River Basin.

The weekly spot price survey done by Energy Argus Coal Daily, noted a "holiday lull" had settled over spot markets last week. "As expected, spot market activity in Central Appalachia and the Powder River Basin was extremely slow. . . resulting in little to no change in prices (Coal Daily, December 30, 2002). Like EIA's spot prices, indicators cited by commercial coal analysts have been mixed of late. Coal producers were encouraged that, as of December 20, over-the-counter prices for NYMEX look-alike

coals (12,500 Btu/lb, 1% sulfur) rose from \$27.25 to \$29.50 per short ton during the month. Coal trade volumes reportedly had picked up also, and those looking for hopeful signals were pleased. The fact that NYMEX prices returned to \$30.00 per short ton for the prompt quarter also gave encouragement to coal sellers, along with completion of 160 trades during the prior 2 weeks (compared with virtually none). At the same time, fuel buyers are not concerned. The anecdotal information is that large coal-consuming power plants just did not need any coal at that point and that some of them had even sold excess inventory to other coal consumers. It would take a long spell of sub-zero temperatures to change their outlooks. There is reportedly evidence "that some utilities are opting to secure low-cost (natural gas) generating capacity as a hedge. . . instead of maintaining higher coal stockpiles" (Platts Coal Outlook, December 23, 2002: pp. 1, 6, 14).



Over-the-counter (OTC) trading volumes on the [NYMEX](#) since September have been the lowest since trade was initiated in coal in July 2001. The settled prices for near-month deliveries reached \$30.00 per short ton as of December 19 and remain there as of December 27, 2002, although no trades were transacted during Christmas week. That price holds for February and March deliveries then rises to \$31.25 per short ton for April through June 2003. Continuing tepid trade volumes, however, render OTC and NYMEX prices only marginally relevant.

### Market Trends

Even though trade volumes are low overall, markets for medium- and high-sulfur coals continue to hold their shares during 2002. One reason is the low cost of emission allowances. The bottom-line costs for combustion and emissions using the higher-sulfur products can be less than burning compliance coal. According to Energy Argus' Coal Daily (December 9, 2002: p.7), for compliance coal, emitting 1.2 lbs of sulfur dioxide/mmBtu, for a \$28.35 per short ton spot price, 12,500 Btu/lb coal, the cost

adjusted for purchased allowances would be \$30.32 per short ton. For the same heating value, a coal emitting 1.5 lbs of sulfur dioxide/mmBtu, spot priced at \$26.50 per short ton, the adjusted cost would be \$28.96 per short ton, while for the analogous coal emitting 2.0 lbs of sulfur dioxide/mmBtu, spot priced at \$24.75 per short ton, the bottom-line cost would be \$28.03 per short ton. Despite the forward-costs savings, not every coal-fired generator is in a position to use this strategy.

According to comments on third quarter performance by Peabody CEO, Irl Engelhardt, many customers were believed to be bringing stockpiles down to levels lower than historical norms. Arch Energy president and CEO, Steven Leer, voiced similar observations. Arch estimated that utility coal stocks were already in line with the same point in 1999, 2000, and 2001. "It is possible . . . that power producers are planning to operate with stockpiles at levels lower than the historical range," he said. If so, "the long run impact is likely to be a positive one for coal producers, as the market moves toward better overall supply-demand balance" (Coal Transportation Report, November 4, 2002). For much of 2002, however, broad problems have depressed the coal industry: the overall economy; failure or bankruptcies among independent power producers (IPPs) and online energy traders; low electricity prices and post-Enron credit problems for electric power producers; relatively low gas prices; operational expediences of combined-cycle natural gas generators, which sometimes keep them online even when coal-fired dispatch would be cheaper; and reluctance of investors to finance new or innovative coal-based generation, with longer lead-times, greater capital requirements, and uncertain eventual environmental compliance costs.

Would-be buyers in the second half of 2002 found major coal producers generally unwilling to commit beyond existing contracts at current prices. With some eastern mines off line, supplies of eastern compliance coal reportedly remained tight and many buyers, either with a stockpile cushion or credit problems, delayed buys. Citing the high capital costs of opening new coal mines, Consol Energy disclosed on September 24, 2002, that the company does not intend to invest in new mines until contract coal prices in Appalachia go above \$30 per short ton and buyers are willing to commit to contracts longer than 2 or 3 years (Energy Argus Coal Daily, September 26, 2002). Meanwhile, stock market prices for energy trading companies and some utilities took heavy losses due to bankruptcy announcements and credit downgrades. One effect of these trends was a tightening of new capital, credit, and short-term cash for expansions as well as coal purchases and operating expenses. Concurrently, power plant operators delayed some of their fuel purchase due to continuing slack demand. The outlook for delayed growth in electricity demand is reflected in EIA's figures for [electricity generation capacity additions: 37.0 gigawatts delayed past 2002 and 5.5 gigawatts canceled](#). Most of that planned capacity was natural gas-fired. Coal-fired plants are similarly affected but not reflected in 2002 capacity changes because they are longer-term projects.

### Coal Producer Issues

Energy Argus' *Coal Daily* (December 9, 2002) reported that some coal producers in the Colorado Plateau broke with suppliers trying to put a floor beneath coal prices. Citing continued lack of demand from Western utilities the report identified RAG Coal in Colorado and Andalex Resources in Utah as the rumored sources of low-priced coal. Energy Argus reported Green River Basin (Colorado) spot coal with 11,100 nominal Btu/lb dropping to \$12.00 per short ton, while the Uinta Basin 11,700 Btu product declined to \$15.00 per short ton. In Utah, the Uinta Basin coal dropped to \$17.00 per short ton. Energy Argus uses a different pricing index for spot coal than does EIA (EIA does not track Green River, lower-Btu coal). EIA's indexed spot Uinta coal in Colorado averaged \$17.80 per short ton for the week ended December 6.

Peabody Energy COO Richard Whiting commented at the American Coal Council's 20th annual Coal Market Strategies Conference in October 2002, that his company had moved away from the philosophy of producing as much coal as possible at all times, to tailoring production to meet demand. That is, they will be return-on-investment-driven rather than cash-flow driven. In the past few years, companies like Peabody and Consol used IPOs to raise money to pay down debt; now they are more focused on profitability. Mr. Whiting noted that productivity gains will inevitably flatten out. Peabody continues to push mining equipment vendors for better technology, but he was concerned about a lack of capital investment in the industry and about low rates of return. Meanwhile, some eastern coal producers groused that some of their fellow producers were not being disciplined, and that they continue to produce unwanted coal at a time when the market is virtually nonexistent. The major problem for producers, however, has been too much "coal on the ground," (in consumers' stockpiles). Until cold weather takes hold in the East, with significant consumption of those stocks, buyers simply cannot justify contracting for more coal, even at bargain prices. If consumer stocks were drawn down rapidly, however, producers hoped to get the \$30+ per short ton they have been seeking (*Coal Outlook*, November 18, 2002).

John Dean of JD Consulting displayed a graph at the Conference showing that productivity at Powder River Basin (PRB) high-Btu mines (8800 Btu/lb) peaked in 1998 and has declined since. This would reverse the general trend, as PRB productivity had been increasing for many years. An Arch coal speaker was pessimistic about the productivity outlook in both the East and West. Key factors are higher stripping ratios in the PRB as mines progress, thinner seams in the East, tighter environmental restrictions in the East, and the introduction of inexperienced new miners in the PRB. The one area he was optimistic about was northern Appalachia, where he said there is significant opportunity to increase output at the longwall mines by upgrading the conveyor systems that move coal out of the mines.

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## Latest U.S. Electricity Information

(updated January 7, 2003)

**Selected Wholesale Electricity Prices:** In the Western United States, spot electricity prices fluctuated for the last two trading days. A drop in natural gas prices and reduced demand over the holidays contributed to a decrease in electricity prices early last week, but higher natural gas prices pushed electricity prices back up on January 3. On January 6 electricity prices went back down as warmer temperatures reduced customer demand. In California, prices at the California Oregon Border (COB) increased to \$40.63 per megawatthour on January 3, but dropped to \$38.83 on January 6. At California's NP-15 and SP-15, prices also increased after the holiday, but went down again on January 6. Prices at Mid-Columbia, located in the Northwest, and 4 Corners, located in the Southwest, experienced a pattern similar to California prices over the past couple of days.

Despite forecasts of milder weather, midwestern electricity prices increased before and after the holiday. Although few power plants burn oil these days, the Venezuela oil strike has put upward pressure on the region's natural gas prices by increasing demand for natural gas, a main fuel used by power plants in the region. At the Cinergy Trading Center, prices increased to \$34.75 per megawatthour on January 3. Similar to the Midwest, southeastern prices increased over the past several trading days. Prices within the SERC trading area went up to \$35.47 per megawatthour on January 6.

In the Northeast, colder weather pushed prices upward over the past few days. PJM West's prices jumped to \$48.91 per megawatthour on January 6, up from \$36.31 per megawatthour on December 31. At Nepoch, colder temperatures led to a seven-day high of \$58.25 per megawatthour on January 6. New York's prices continued to remain stable at \$66.00 per megawatthour.

Over the past seven days, average prices at all trading centers ranged between \$39.69 and \$44.31 per megawatthour with an overall weekly average of \$42.21 per megawatthour.

**U.S. Regional Electricity Prices at Major Trading Centers (Dollars per megawatthour)**

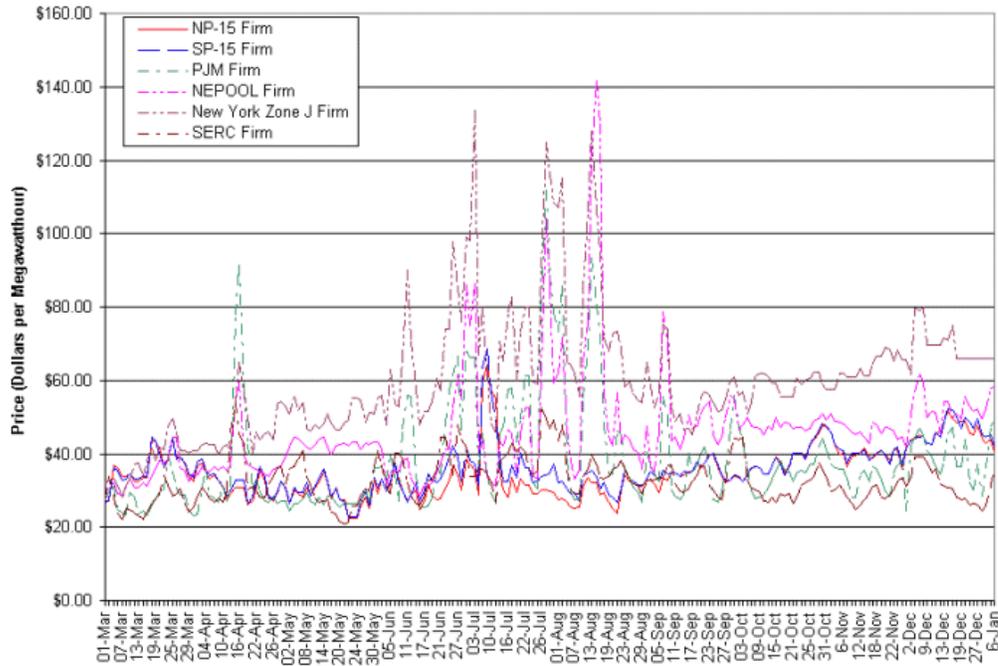
Trading Centers	Date							Price Range		
	12/27/02	12/30/02	12/31/02	1/1/03*	1/2/03*	1/3/03	1/6/03	Max	Min	Average
	<b>Holiday</b>									
<b>COB</b>	44.75	40.20	38.92	n.a.	n.a.	40.63	38.83	44.75	38.83	40.67
<b>Palo Verde</b>	44.25	40.75	39.86	n.a.	n.a.	41.97	38.51	44.25	38.51	41.07
<b>Mid-Columbia</b>	42.15	38.75	36.50	n.a.	n.a.	37.11	35.42	42.15	35.42	37.99
<b>Mead/Marketplace</b>	46.58	42.88	42.50	n.a.	n.a.	44.30	40.33	46.58	40.33	43.32
<b>4 Corners</b>	44.50	39.83	39.50	n.a.	n.a.	40.70	38.06	44.50	38.06	40.52
<b>NP 15</b>	47.87	44.14	42.82	n.a.	n.a.	44.00	40.41	47.87	40.41	43.85
<b>SP 15</b>	49.50	45.35	44.41	n.a.	n.a.	45.20	41.95	49.50	41.95	45.28
<b>PJM West</b>	37.06	28.43	36.31	n.a.	n.a.	47.62	48.91	48.91	28.43	39.67
<b>NEPOOL</b>	52.25	49.50	52.33	n.a.	n.a.	58.00	58.25	58.25	49.50	54.07
<b>New York Zone J</b>	66.00	66.00	66.00	n.a.	n.a.	66.00	66.00	66.00	66.00	66.00
<b>Cinergy</b>	17.61	16.08	24.16	n.a.	n.a.	34.75	34.79	34.79	16.08	25.48
<b>SERC</b>	26.25	24.31	25.91	n.a.	n.a.	31.45	35.47	35.47	24.31	28.68
<b>Average Price</b>	43.23	39.69	40.77	n.a.	n.a.	44.31	43.08	44.31	39.69	42.21

**Sources:** COB, Palo Verde, Mid-Columbia, Mead/Market Place, Four Corners, NP-15, SP-15, PJM-West, NEPOOL, New York Zone J, Cinergy, and SERC trading centers. Used with permission from Bloomberg L.P. ([www.bloomberg.com](http://www.bloomberg.com)).

**COB:** Average price of electricity traded at the California-Oregon and Nevada-Oregon Borders.  
**Palo Verde:** Average price of electricity traded at Palo Verde and the West Wing, Arizona.  
**Mid-Columbia:** Average price of electricity traded at Mid-Columbia.  
**Mead/Market Place:** Average price of electricity traded at Mead Market Place, McCullough and Eldorado.  
**Four Corners:** Average price of electricity traded at Four Corners, Shiprock, and San Juan, New Mexico.  
**NP-15:** Average price of electricity traded at NP-15.  
**SP-15:** Average price of electricity traded at SP-15.  
**PJM-West:** Average price of electricity traded at PJM Western hub.  
**NEPOOL:** Average price of electricity traded at Nepoch.  
**New York Zone J:** Average price of electricity traded at the New York Zone J - New York City.  
**Cinergy:** Average price of electricity traded into the Cinergy control area.  
**SERC:** Average price of electricity traded into the Southeastern Electric Reliability Council.

\*Bloomberg did not publish the Power Lines report on January 1 or January 2, 2003.

Average Wholesale Electricity Prices in the U.S.



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