



# ENERGY SITUATION ANALYSIS REPORT



April 22, 2002

*(next scheduled update: April 23, 2002)*

Energy Information Administration  
US Department of Energy  
Washington, DC 20585  
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[Petroleum](#)   [Natural Gas](#)   [Coal](#)   [Electricity](#)

## Latest Energy Market Developments

(updated April 22, 2002)

Crude oil prices increased for their fifth straight day Friday, with the May futures price for West Texas Intermediate (WTI) on the NYMEX reaching \$26.38 per barrel. WTI prices on the NYMEX now have gained \$2.91 per barrel (12%) since April 12. A larger-than-expected 5.6 million barrel stock draw in the United States, reported by EIA on April 17, is contributing to current price strength, as are lower U.S. crude oil imports due in large part to OPEC oil export cutbacks which began on January 1, 2002. Tightening oil market fundamentals and international political conditions in the Middle East and Venezuela have increased oil prices in recent weeks as well.

Topics affecting **world oil markets** include:

- After days of rumors, OPEC Secretary General Ali Rodriguez has publicly and officially decided to leave OPEC and to become the new president of Venezuelan state oil company PdVSA. A new company board is expected to be announced this week. Operations and exports appear to have returned to normal levels after serious political and labor unrest last week.
- Iraq's unilateral embargo of oil exports under the UN "Oil-for-Food" program, announced and enacted on April 8, continues, despite a withdrawal of Israeli troops from much of the West Bank. On a related subject, the U.S. State Department Friday said that it was opposed to an amendment -- adopted by the U.S. Senate a day earlier -- which would prohibit direct or indirect US oil imports from Iraq. A State Department spokesman said, "If you bar U.S. importation of Iraqi oil it will decrease money in the (U.N. 'Oil-for-Food') escrow account and worsen the humanitarian conditions in Iraq."
- To date, no other country has shown much interest in joining the Iraqi embargo. The secretary-general of the Gulf Cooperation Council said Monday morning that "this (oil) weapon is outdated and not beneficial and we will be the losers."
- Saudi Arabia's oil minister, Ali Naimi, said Monday that he is satisfied with the current level of world oil prices and sees no shortage of oil in the market.

Other recent developments in **U.S. energy markets** include:

- Spot prices for natural gas declined at nearly all market locations on Friday, April 19, as temperatures moderated following a heat wave that gripped

much of the eastern United States. Declines in prices ranged between 10 and 24 cents per MMBtu at most market locations east of the Rockies, with larger drops occurring in the western United States.

- Coal production for the week ending April 13 was 8% below the same week last year. About 1% of U.S. coal consumption is supplied by Venezuela. There have been no Venezuelan coal import disruptions related to the political problems at PdVSA and Venezuela as a whole.
- Wholesale electricity prices in the Northeast have continued to fall, as the market has responded to a return to mild temperatures. A period of unseasonably hot weather the previous week had caused prices to rise substantially.

## Special Topic -- Basic Facts on Venezuela

(updated April 15, 2002)

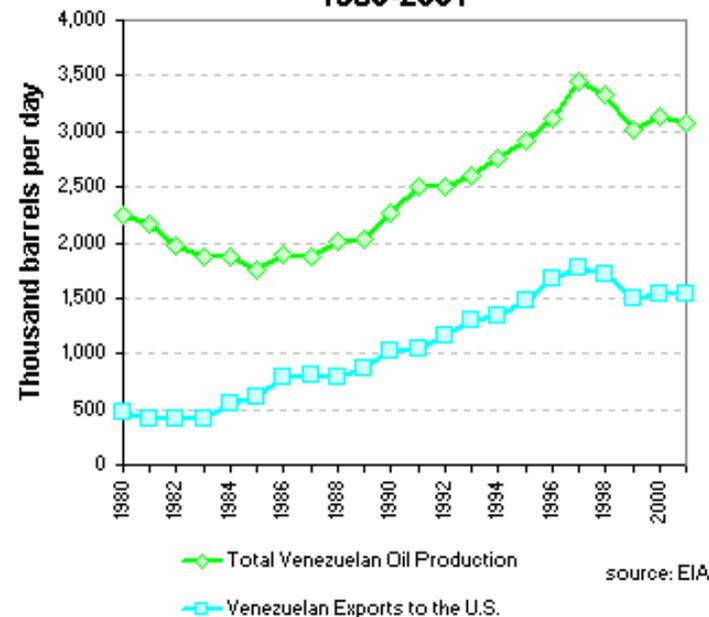
Venezuela, OPEC's only member located in the Western Hemisphere, has ranked consistently in the last several years as one of the four top sources of U.S. oil imports (along with Canada, Mexico, and Saudi Arabia). Venezuelan exports to the U.S. peaked in 1997 at about 1.8 million barrels per day. While total US petroleum imports have risen by about 1.5 million barrels per day since 1997, imports from Venezuela have decreased by about 235,000 barrels per day. In 1997, Venezuelan imports accounted for over 17% of total U.S. imports, whereas they accounted for about 13% of that total in 2001.

In 1998, OPEC began implementing a series of output restrictions that ultimately are credited with ending the "oil glut" that saw prices spiral downwards in 1997-1998. Also in 1998, Hugo Chavez was elected president of Venezuela. Venezuela had a history of poor quota compliance prior to and through 1998, but the country (under the Chavez administration) showed markedly increased compliance to OPEC quotas.

Venezuela has an estimated 15-20 million barrels of oil in storage. PdVSA began storing oil in April 2001, to help the country meet its OPEC production quota reductions.

The labor disputes at PdVSA that were reducing Venezuelan oil output began in January, when Chavez replaced the head of PdVSA with a more loyal appointee. In February, five of PdVSA's seven board members were replaced with people considered more loyal to Chavez. The recent full-scale nationwide strike, which began on April 9, was in reaction to those replacements. In what is seen as a conciliatory gesture to PdVSA employees, Chavez accepted the resignations of PdVSA president Gaston Parra and the entire Board of Directors shortly after being reinstated as president on April 14.

**Venezuelan Oil Production and Exports, 1980-2001**



## Special Topic -- Basic Facts on Iraq

(updated April 9, 2002)

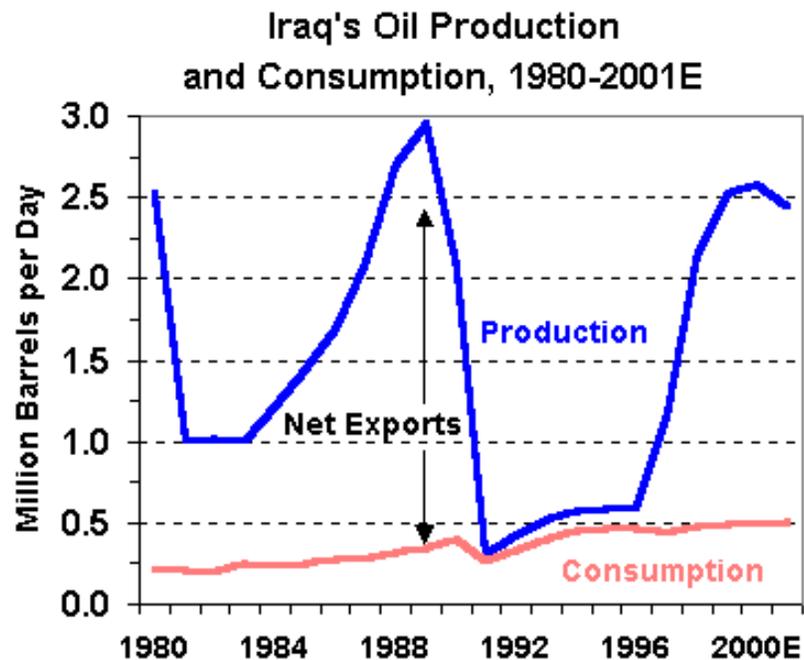
While Iraq's weekly export levels fluctuate, the country remains an important world oil player, with net exports so far this year of about 1.7 million barrels per day. <http://www.eia.doe.gov/security/esar/esar.html> (2 of 18) [4/23/2002 7:43:44 AM]

day. The United States is the largest single market for Iraqi oil, with almost half of Iraqi oil exports bound for the United States in 2001. Imports from Iraq accounted for an average 8% of total U.S. imports in 2001. In 2001, Iraq was the sixth-largest source of U.S. crude oil imports, behind Saudi Arabia, Mexico, Canada, Venezuela, and Nigeria.

The current phase of the "Oil-for-Food" program expires at the end of May 2002. Temporary downturns in Iraqi exports in association with program rollovers are common. Iraqi efforts to generate oil revenues outside the United Nations' "Oil-for-Food" program continue. A U.S./U.K. effort to end Iraq's practice of adding a surcharge on top of the sales price for its oil appears to be having an effect. Iraq had been charging a sales price low enough that its crude oil would still be priced competitively with a small surcharge added. Only the sales price would go into the UN "Oil-for-Food" account, while the surcharge could support the Iraqi government.

In order to prevent this practice, the U.S./U.K. launched an initiative to price Iraqi crude retroactively. The one-month time lag allows the UN to know exactly how much should be paid for any given shipload of Iraqi crude. However, it also requires traders to buy and begin to transport the oil before they know how much the shipment will be worth. This could explain Iraq's reduced exports in recent weeks. In February, retroactive pricing for Asian delivery was dropped, while it remains in effect for European and American delivery.

In addition to the pricing scheme, Iraqi methods of circumventing UN sanctions reportedly include secretly piping oil to Syria. Suspicions continue that the long-dormant pipeline between Iraq and Syria now is in use to export Iraqi oil, unobserved by the UN.

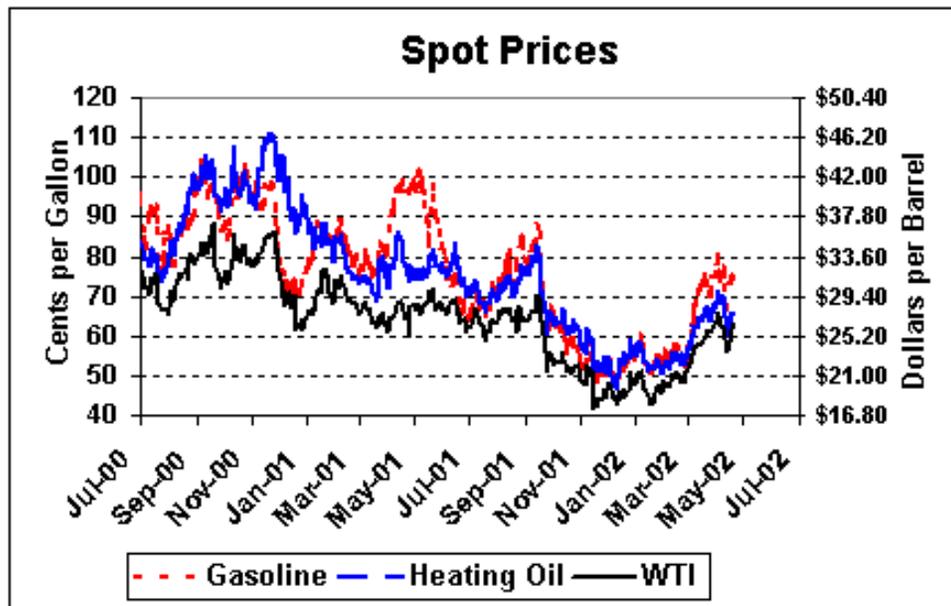


*Note: Production includes crude oil, lease condensate, natural gas liquids, ethanol, and refinery gain.*

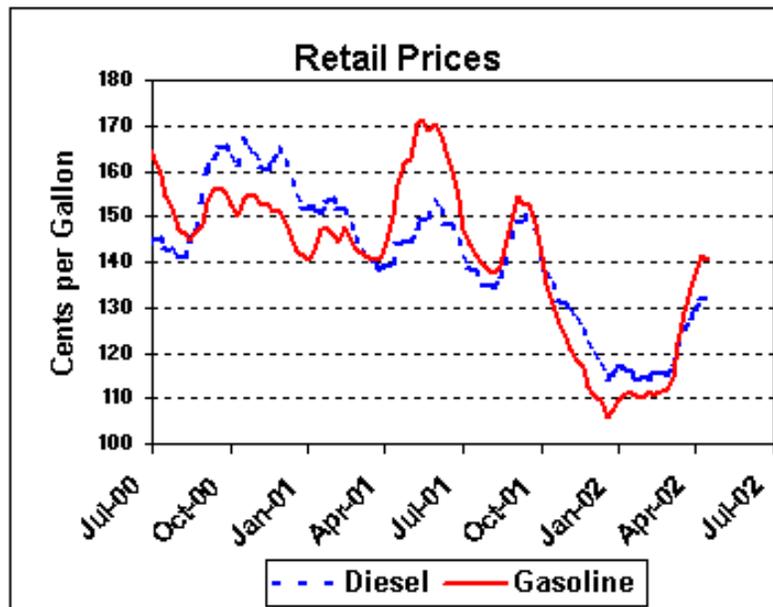
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# U.S. Petroleum Prices

(updated April 22, 2002)



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	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	
3/4/2002	\$22.55	\$22.45	60.00	70.71	58.80	58.45	60.65	34.57	32.26	114.4	117.3
3/5/2002	\$23.18	\$23.17	62.90	73.10	59.93	60.14	61.09	35.13	32.82		
3/6/2002	\$23.32	\$23.15	64.05	74.03	59.75	59.93	60.50	35.44	32.57		
3/7/2002	\$23.62	\$23.71	66.50	76.38	61.53	61.89	62.78	37.38	35.00		
3/8/2002	\$23.87	\$23.84	67.60	76.81	61.85	61.94	63.20	37.13	34.25		
3/11/2002	\$24.36	\$24.31	70.34	79.10	62.85	63.45	64.25	38.63	35.13	122.3	121.6
3/12/2002	\$24.55	\$24.20	72.38	78.54	64.40	63.49	65.60	37.88	35.25		
3/13/2002	\$24.14	\$24.16	71.63	79.20	64.15	64.82	65.43	37.82	34.63		
3/14/2002	\$24.48	\$24.56	71.85	79.95	63.73	65.70	65.18	37.88	34.88		
3/15/2002	\$24.47	\$24.51	72.63	80.90	64.28	64.76	65.73	38.26	35.32		
3/18/2002	\$25.03	\$25.11	75.28	83.36	66.00	66.48	67.40	38.07	35.75	128.8	125.1
3/19/2002	\$25.02	\$24.88	74.23	83.16	66.20	66.12	67.30	39.63	37.13		
3/20/2002	\$24.92	\$24.90	72.30	81.92	65.60	66.57	66.60	39.82	37.57		
3/21/2002	\$25.74	\$25.61	73.88	82.93	66.80	67.14	67.80	38.69	37.00		
3/22/2002	\$25.56	\$25.35	70.82	80.08	64.83	65.27	65.45	39.69	38.25		
3/25/2002	\$25.69	\$24.99	69.55	78.81	63.60	64.16	64.60	39.00	37.75	134.2	128.1
3/26/2002	\$25.75	\$25.36	70.81	80.08	65.23	65.68	66.26	39.75	38.25		
3/27/2002	\$25.79	\$25.87	74.55	82.05	66.40	66.72	67.80	40.50	39.63		
3/28/2002	\$26.21	\$26.31	74.88	82.49	67.05	66.89	67.95	40.63	41.00		
3/29/2002	NA	NA	NA	NA	NA	NA	NA	NA	NA		
4/1/2002	\$26.82	\$26.88	78.25	84.90	68.40	68.69	68.05	42.38	41.88	137.1	129.5
4/2/2002	\$27.75	\$27.71	80.15	86.98	70.65	70.95	72.75	44.82	44.63		
4/3/2002	\$27.55	\$27.56	76.35	84.84	70.40	70.83	72.50	44.38	44.25		
4/4/2002	\$26.64	\$26.58	74.75	82.33	68.40	68.66	70.50	44.01	44.50		
4/5/2002	\$26.21	\$26.21	73.70	81.70	68.15	68.22	70.05	43.00	42.19		
4/8/2002	\$26.16	\$26.54	77.57	84.19	69.57	69.30	71.20	43.82	42.94	141.3	132.3
4/9/2002	\$25.45	\$25.82	75.13	83.39	66.80	67.80	68.50	41.19	40.13		
4/10/2002	\$26.15	\$26.13	76.00	83.44	67.35	67.84	68.98	41.00	40.13		
4/11/2002	\$24.93	\$24.99	72.53	78.87	64.73	64.71	66.50	39.00	37.69		
4/12/2002	\$23.51	\$23.47	66.48	72.96	60.03	60.05	61.93	38.07	36.63		
4/15/2002	\$24.53	\$24.57	73.00	78.63	63.07	63.34	65.09	39.50	38.00	140.4	132.0
4/16/2002	\$24.92	\$24.75	74.73	79.29	64.23	63.78	66.25	39.50	38.00		
4/17/2002	\$25.94	\$25.94	74.70	80.77	65.10	65.40	67.25	40.25	38.75		
4/18/2002	\$25.86	\$26.18	74.57	81.13	65.30	65.58	67.25	41.13	39.13		
4/19/2002	\$26.43	\$26.38	73.95	80.40	65.65	65.91	67.75	40.38	37.88		

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

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## Latest U.S. Weekly EIA Petroleum Information

(updated April 17, 2002)

## **As the World Turns**

Beginning with Iraq's announcement on April 8 that it would suspend oil exports under the U.N. "Oil-for-Food" program for at least 30 days or until Israel withdrew from the West Bank, it was a lively period for oil markets. A national strike in Venezuela, the fourth largest crude oil import source to the United States, led to a drop in oil production and shipments. With world events unfolding rapidly before our eyes, so are oil markets. Whereas U.S. total commercial petroleum inventories (excluding those in the Strategic Petroleum Reserve) for the week ending April 5 were 58 million barrels more than year-ago levels, just one week later, they are 43 million barrels higher than year-ago levels. This gap should continue to close throughout the rest of this month and into May, when we will likely see a deficit to year-ago levels for the first time since the week ending December 29, 2000! This should occur since, while markets are currently tightening, last year the reverse was true, with a 40 million barrel build in April and a 35 million barrel build in May. What's different?

First, crude oil imports are down considerably this year compared to last year. Over the last four weeks, crude oil imports are down 1.1 million barrels per day from the same period last year. While delays in oil exports from Venezuela early this month almost certainly impacted the import data last week to some degree, most of the reason for the crude oil import deficit rests with OPEC's decision to cut their quotas by 1.5 million barrels per day (effective on January 1), which has clearly reduced imports into the United States. Assuming a 40-45 day lag for oil to be shipped from the Persian Gulf to the United States, EIA was expecting a decline in crude oil imports beginning in mid-February. Over the last nine weeks, beginning with the week ending February 15, crude oil imports into the United States have done just that, averaging 8.3 million barrels per day, down about 0.4 million barrels per day from the preceding nine-week period. While this doesn't sound like too large a decline, it varies greatly from what has occurred in recent years. A similar comparison last year would have seen an increase of 0.4 million barrels per day, while in 2000, we would have seen an increase of 0.5 million barrels per day. So, at a time when imports are usually increasing to supply increased refinery production as the gasoline season begins, this year, crude oil imports are declining. And while crude oil inventories started this period in much better position than in the previous two years, at this rate, it won't be long until crude oil inventories become tight once again, thus putting more pressure on crude oil prices.

Second, petroleum demand seems to be increasing. While the United States is still experiencing deficits to year-ago demand levels, largely due to last year's special circumstances, this gap is also closing. Over the most recent four-week period, demand is now just 1.3 percent below year-ago levels, and generally increasing as the economy continues to rebound from the downturn experienced last year. EIA is expecting total demand to continue to increase compared to year-ago levels throughout the remainder of the year. If this indeed happens, this will also represent a difference to the pattern seen in 2001, and result in added price pressure.

## **Jet Fuel Demand Nears Year-Ago Levels**

An example of the improving situation in petroleum demand is jet fuel. Jet fuel demand continues to rebound from year-ago levels, averaging 1.6 million barrels per day over the last four-week period or less than 4 percent below the comparable period last year. The last time jet fuel demand was this close to a prior-year level was the week ending August 17, 2001, when demand was less than 2 percent below the prior year period. But if jet fuel demand continues to close the gap from the effects of the September 11 terrorists' attacks, it may act as a barometer for future growth in petroleum product demand as the U.S. economy continues to rebound from its recent downturn.

## **Are Gasoline Prices Declining?**

After eight consecutive weeks of increasing (or flat) prices, the price for regular gasoline fell by 0.9 cent per gallon to a national average of \$1.404 per gallon on April 15. However, this was solely due to a rather large 4.4 cents per gallon decrease in the Midwest. Every other region of the country saw prices continue to increase, albeit by relatively small amounts (with the West Coast only seeing an increase of 0.1 cent per gallon). The decline nationally, in some part, reflected an improving inventory situation towards the end of last month and early this month. However, with gasoline inventories declining last week and the large amount of uncertainty that currently exists in global crude oil markets, it is an open question as to the very short-term direction of gasoline prices. A brief

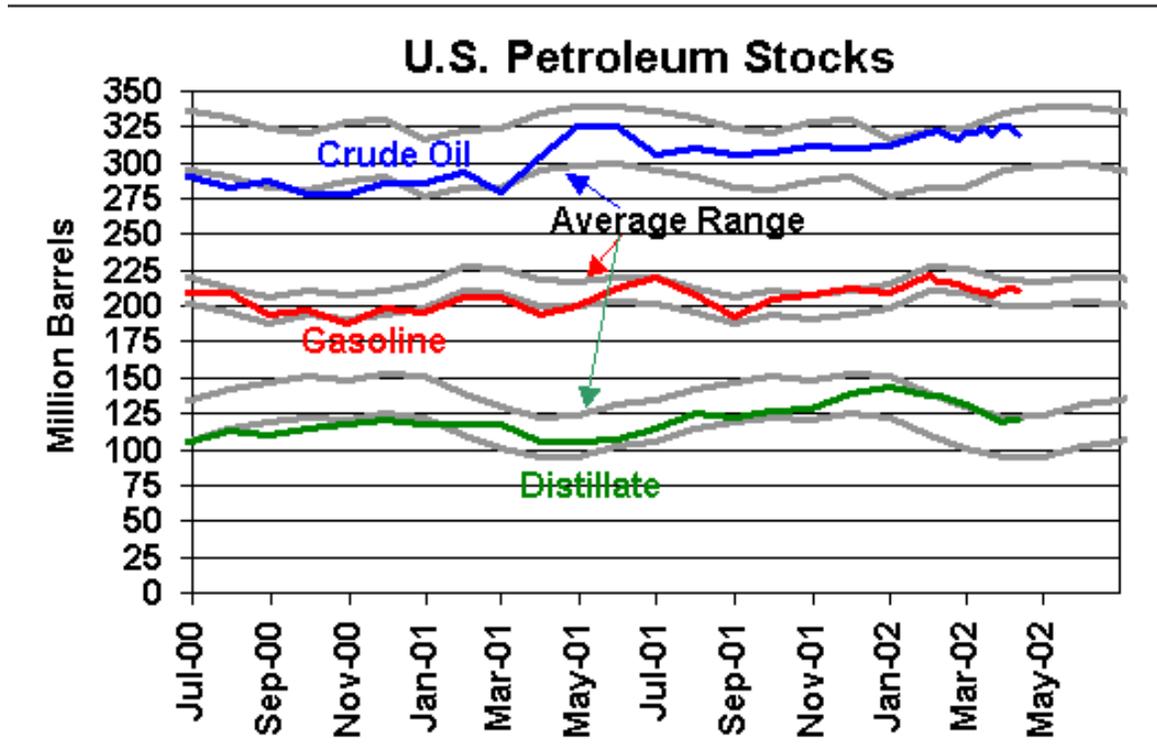
respite from upward movements would seem plausible, but if the anticipated crude oil and product inventory pattern develops, further increases should be expected as the peak gasoline season nears. For further information, see the [Summer Motor Gasoline Outlook](#), released on April 8, which anticipates that gasoline prices are likely to rise further, although they are expected at this time to remain below levels seen the last two years. However, with the season just beginning it is difficult to know how events will unfold this summer. Last year, after rising in the spring and then falling in the middle of summer, gasoline prices rose again towards the end of summer. Suffice it to say that the consumers who experienced declining gasoline prices in recent days should not let out too large a sigh of relief yet.

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## U.S. Petroleum Supply

(Thousand Barrels per Day)	Four Weeks Ending		vs. Year Ago	
	4/12/2002	4/12/2001	Diff.	% Diff.
<b>Refinery Activity</b>				
Crude Oil Input	14,821	14,994	-173	-1.2%
Operable Capacity	16,800	16,642	158	0.9%
Operable Capacity Utilization (%)	89.2%	91.5%	-2.3%	
<b>Production</b>				
Motor Gasoline	8,255	8,153	102	1.2%
Jet Fuel	1,519	1,526	-7	-0.5%
Distillate Fuel Oil	3,497	3,551	-54	-1.5%
<b>Imports</b>				
Crude Oil (incl. SPR)	8,525	9,612	-1,087	-11.3%
Motor Gasoline	795	689	106	15.3%
Jet Fuel	137	148	-11	-7.5%
Distillate Fuel Oil	209	327	-118	-36.1%
<b>Total</b>	<b>10,896</b>	<b>12,087</b>	<b>-1,191</b>	<b>-9.9%</b>
<b>Exports</b>				
Crude Oil	33	24	9	35.1%
Products	917	924	-7	-0.7%
<b>Total</b>	<b>950</b>	<b>948</b>	<b>2</b>	<b>0.2%</b>
<b>Products Supplied</b>				
Motor Gasoline	8,678	8,505	173	2.0%
Jet Fuel	1,623	1,686	-63	-3.7%
Distillate Fuel Oil	3,749	4,001	-252	-6.3%
<b>Total</b>	<b>19,509</b>	<b>19,774</b>	<b>-265</b>	<b>-1.3%</b>
<b>vs. Year Ago</b>				
<b>Stocks</b> (Million Barrels)	<b>4/12/2002</b>	<b>4/12/2001</b>	<b>Diff.</b>	<b>% Diff.</b>
Crude Oil (excl. SPR)	319.4	312.1	7.3	2.3%
Motor Gasoline	244.4	238.2	6.2	2.6%

Motor Gasoline	211.1	196.2	14.9	7.0%
Jet Fuel	39.8	40.0	-0.2	-0.5%
Distillate Fuel Oil	120.1	105.0	15.1	14.4%
Total (excl. SPR)	992.3	949.6	42.7	4.5%



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

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## World Oil Market Highlights

(updated April 22, 2002)

According to second quarter 2002 estimates, the world holds about 7 million barrels per day of excess oil production capacity outside of Iraq, over 90% of which lies in OPEC countries. As of April 22, 2002, the [U.S. Strategic Petroleum Reserve \(SPR\)](#) contained 564.9 million barrels of oil. The SPR has a maximum drawdown capability of 4.18 million barrels per day for 90 days, with oil beginning to arrive in the marketplace 15 days after a presidential decision to initiate a drawdown.

<b>Major Sources of U.S. Petroleum Imports, 2001*</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>	1.79	1.32	0.47
<b>Saudi Arabia</b>	1.66	1.61	0.05
<b>Venezuela</b>	1.54	1.28	0.26
<b>Mexico</b>	1.42	1.38	0.04
<b>Nigeria</b>	0.86	0.81	0.04
<b>Iraq</b>	0.78	0.78	0.00
<b>Norway</b>	0.33	0.27	0.06
<b>Angola</b>	0.32	0.31	0.07
<b>United Kingdom</b>	0.31	0.23	0.08
<b>Total Imports</b>	11.62	9.15	2.47

\* Table includes all countries from which the U.S. imported more than 300,000 barrels per day in 2001.

<b>Top World Oil Net Exporters, 2001*</b>		
	<b>Country</b>	<b>Net Exports (million barrels per day)</b>
1)	Saudi Arabia	7.38
2)	Russia	4.76
3)	Norway	3.22
4)	Iran	2.74
5)	Venezuela	2.60
6)	United Arab Emirates	2.09
7)	Nigeria	2.00
8)	Iraq	2.00

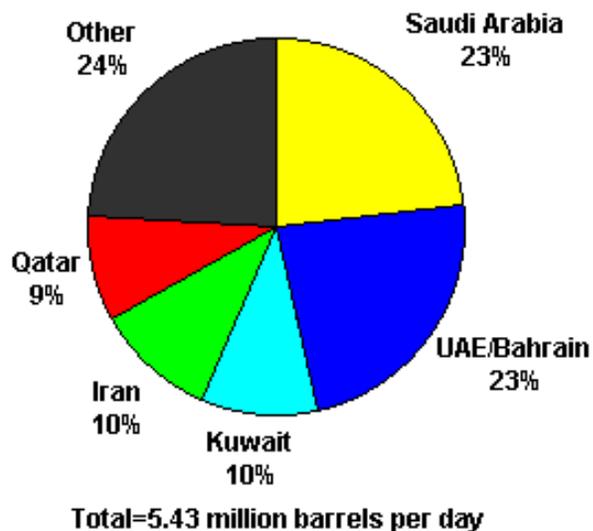
9)	Kuwait	1.80
10)	Mexico	1.65
11)	Libya	1.24
12)	Algeria	1.24

*\*Table includes all countries with net exports exceeding 1 million barrels per day in 2001.*

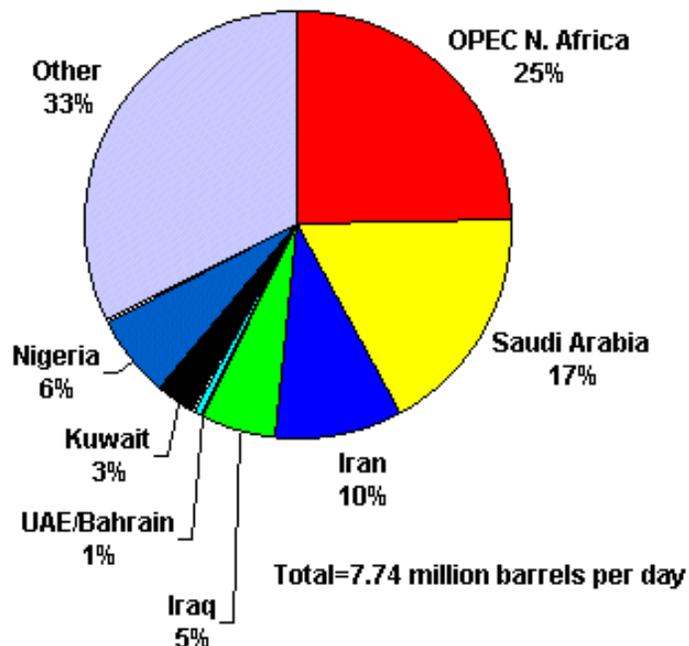
During 2001, about 48% of U.S. crude oil imports came from the Western Hemisphere (19% from South America, 15% from Mexico, 14% from Canada), while 30% came from the Persian Gulf region (18% from Saudi Arabia, 9% from Iraq, 3% from Kuwait).

In general, OECD Europe depends far more heavily on the Persian Gulf and North Africa for oil imports than the United States. During the first nine months of 2001, about 36% of OECD Europe's net oil imports came from the Persian Gulf (mainly Saudi Arabia, Iran, Iraq, and Kuwait), around one-third from Africa (mainly Libya, Algeria, and Nigeria), and much of the remainder from Russia. 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.

**Japanese Net Oil Imports by Country,  
January-September 2001**



**OECD European Net Oil Imports  
by Country, January-September 2001**



## Latest U.S. Weekly Natural Gas Information

(updated April 22, 2002)

### Industry/Market Developments

Update on EIA weekly storage data series: The Energy Information Administration (EIA) will begin releasing weekly estimates of natural gas in underground storage for the United States and three regions of the United States on May 9, 2002. This new survey ensures that there will be no lapse in coverage of this important market indicator, since a similar weekly survey conducted by the American Gas Association (AGA) will be discontinued with their final release of weekly storage estimates on May 1, 2002 (with data for April 26). General information on the weekly storage survey, including weekly release time, a sample of the presentation format, EIA's policy on using automated retrieval programs (or robots) against the EIA site, and related information products is available at <http://tonto.eia.doe.gov/oog/info/ngs/information.html>. A paper discussing the Form EIA-912, "Weekly Underground Natural Gas Survey" and the estimation methods used will be available through this Web site on May 1, 2002. A second paper, comparing the AGA and EIA surveys and methods, will be available through this Web site on May 9, 2002.

### Natural Gas Storage

Total net injections into storage were 10 billion cubic feet (Bcf) for the week ending Friday, April 12, according to American Gas Association (AGA) estimates. This is the first week of the refill season in which storage operations resulted in net injections. The net additions nearly matched the 5-year average (1997-2001) of 9 Bcf.

	Current Stocks (Fri, 4/12)	Estimated Prior 5-Year (1997-2001) Average	Percent Difference from 5 Year Average	Net Change from Last Week	One-Week Prior Stocks (Fri, 4/5)
<b>All Volumes in Bcf</b>					
<b>East Region</b>	775	585	32.6%	-2	777
<b>West Region</b>	250	179	39.7%	6	244
<b>Producing Region</b>	553	384	44.1%	6	547
<b>Total Lower 48</b>	1,578	1,147	37.6%	10	1,568

*Note: Net change data are estimates published by AGA on Wednesday of each week.*

*All stock-level figures are EIA estimates based on EIA monthly survey data and weekly AGA*

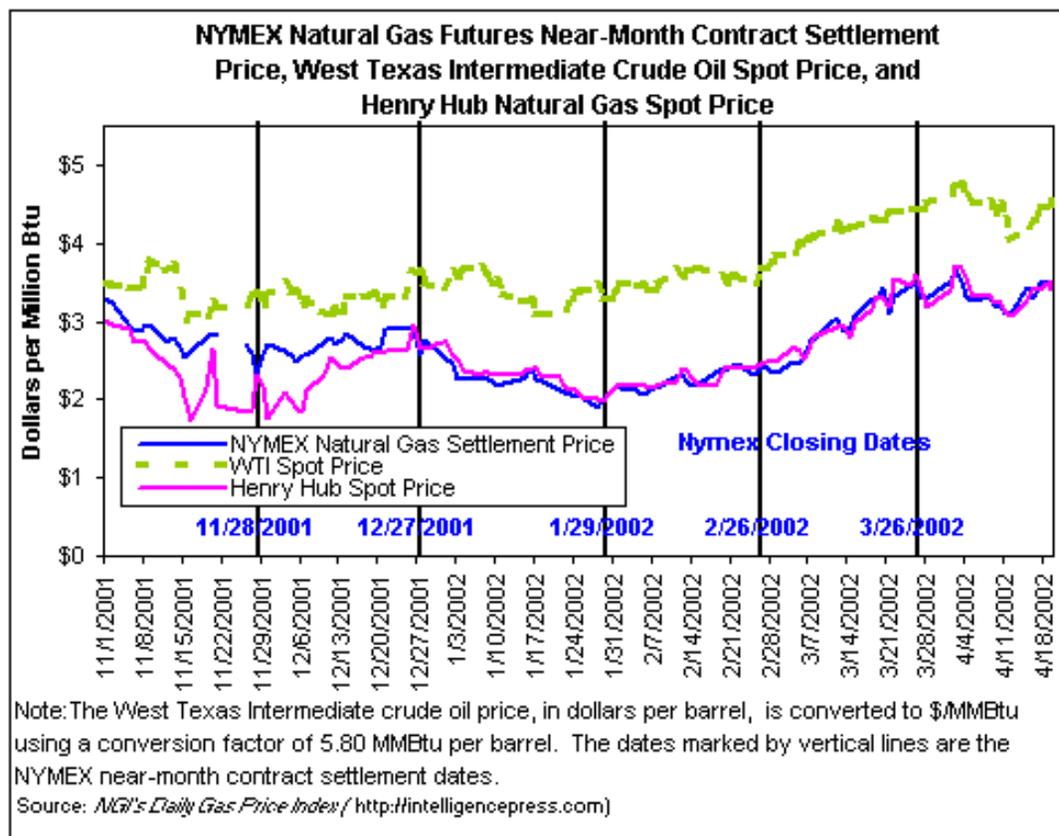
*net-change estimates. Column sums may differ from Totals because of independent rounding.*

### Prices:

Spot prices declined at nearly all market locations on Friday, April 19, as temperatures moderated following a heat wave that gripped much of the eastern United States. Declines in prices ranged between 10 and 24 cents per MMBtu at most market locations east of the Rockies with larger drops occurring in the western United States. In California, falling electric demand for natural gas contributed to price declines that ranged between 24 and 35 cents per MMBtu. Prices in the Rocky Mountains region continued to be the most variable as losses were between 19 cents and 43 cents per MMBtu at most locations in the region, while losses at other locations in the region were less than 13 cents per MMBtu. The Henry Hub spot price averaged \$3.40 per MMBtu, an 11-cent decline per MMBtu from the previous day.

At the NYMEX, the settlement prices of the futures contracts for delivery at the Henry Hub in each month remaining in the refill season (May-October) gained

a little over 3 cents per MMBtu. Rising prices for crude oil futures, along with the short-term National Weather Service forecast that called for warmer-than-normal temperatures later this week, may have contributed to the modest rally in futures prices. The price of the natural gas futures contract for May delivery had the largest gain of the day, climbing 4.2 cents per MMBtu to settle at \$3.527 per MMBtu.



All prices in \$ per MMBtu	Southern California					NYMEX	NYMEX
	Bdr. Average	PG&E Citygate	Henry Hub	New York Citygate	Chicago Citygates	futures contract- May delivery	futures contract- June delivery
3/22/2002	3.53	3.60	3.54	3.99	3.69	3.356	3.386
3/25/2002	3.47	3.60	3.45	3.81	3.55	3.462	3.484
3/26/2002	3.57	3.67	3.59	3.89	3.65	3.374	3.394
3/27/2002	3.31	3.38	3.38	3.67	3.39	3.290	3.315
3/28/2002	3.14	3.14	3.19	3.65	3.22	3.283	3.309
3/29/2002	3.14	3.14	3.19	3.65	3.22	closed	closed
4/1/2002	3.32	3.23	3.42	3.80	3.46	3.531	3.549
4/2/2002	3.59	3.54	3.72	4.12	3.76	3.654	3.674
4/3/2002	3.60	3.54	3.68	4.07	3.69	3.506	3.528
4/4/2002	3.50	3.47	3.56	4.08	3.61	3.333	3.371
4/5/2002	3.14	3.17	3.31	3.80	3.34	3.275	3.313
4/8/2002	3.26	3.23	3.36	3.72	3.40	3.327	3.365
4/9/2002	3.17	3.16	3.25	3.59	3.28	3.201	3.240
4/10/2002	3.21	3.15	3.25	3.59	3.28	3.184	3.223
4/11/2002	3.09	3.06	3.14	3.56	3.17	3.103	3.141
4/12/2002	2.67	2.68	3.08	3.35	3.09	3.125	3.163
4/15/2002	3.17	3.18	3.27	3.74	3.30	3.430	3.465
4/16/2002	3.35	3.35	3.43	3.88	3.44	3.294	3.329
4/17/2002	3.28	3.28	3.40	3.76	3.38	3.477	3.511
4/18/2002	3.36	3.35	3.51	3.81	3.50	3.485	3.523
4/19/2002	3.01	3.04	3.40	3.68	3.41	3.527	3.562

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

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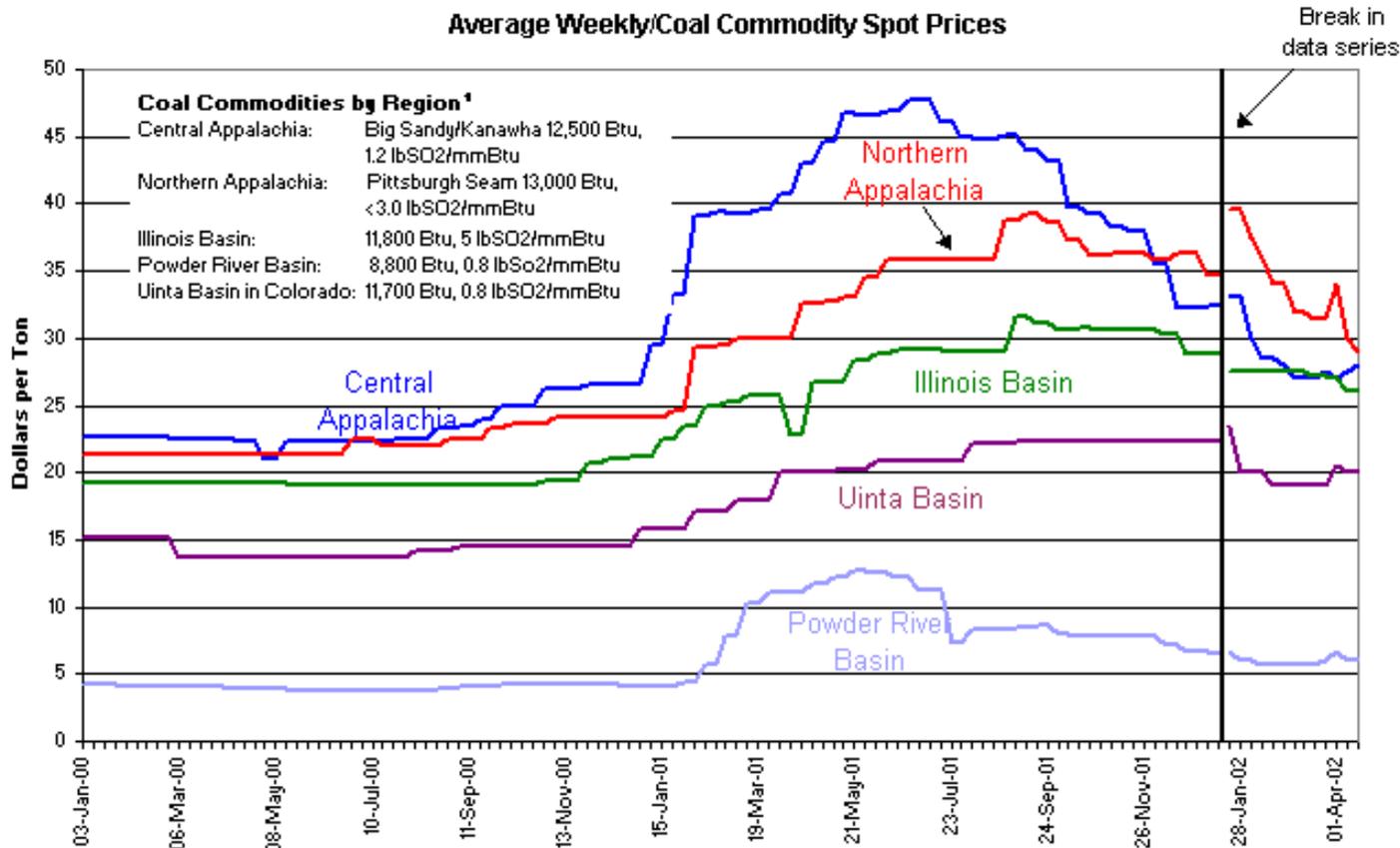
## Latest U.S. Coal Information

(updated April 18, 2002)

U.S. coal supplies are more than adequate for anticipated needs. For the week ending April 13, EIA estimates U.S. [coal production](#) at 19.9 million short tons (mst). This was 8% lower than in the comparable week in 2001. Year-to-date as of April 13th, rail car loadings of coal and national coal production have fallen by 4.2% and 4.9%, respectively, compared to their levels a year ago. Year-to-date, western U.S. coal production is less than 1% below the levels of a year ago, whereas eastern U.S. coal production is estimated to be 9.4% below last year's level. The estimated production for the first quarter of 2002 was 268.8 mst. Restrained production at this time accommodates higher-than-usual coal stockpiles at consuming facilities, coinciding with the spring period of low seasonal demand.

While crude oil prices have fluctuated, mostly upward, in recent weeks, U.S. coal prices have held relatively steady. Although price criteria changed since last summer, Illinois, Uinta, and Powder River Basin coals are holding to the level-to-slowly-declining price profiles established with the 2001 spot data. This year, Central and Northern Appalachian coal prices have fallen significantly (by about \$7.00 per ton) since January 21. The latest prices are nearing the range for prices in the summer of 2000, prior to escalation. Spot prices currently indexed are about 20% and 40% above summer 2000, respectively, for Central and

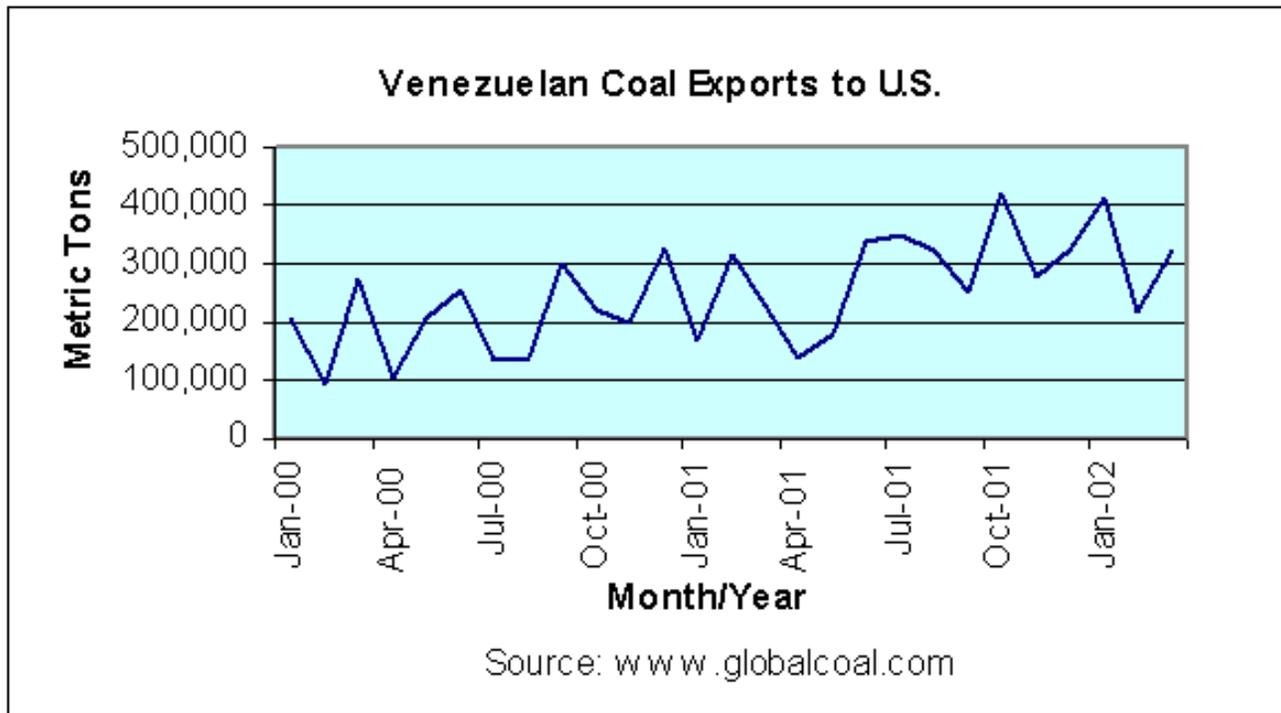
Northern Appalachia, and 30% to 35% above summer 2000 for the Illinois, Uinta, and Powder River Basins. In the latest week, coal prices have mostly moved down by small amounts. Uncertainty over the course of events in the Middle East continues to add a security margin to energy prices. Although [NYMEX](#) trade volumes are nominal and erratic, the trend since mid-November 2001 has been toward lower prices, with a recent leveling of prices since early February 2002.



**Source: with permission, selected from listed prices in Platts Coal Outlook, "Weekly Price Survey"**

<sup>1</sup>Prior to January 14, 2002 EIA averaged 12-month "forward" spot prices for several coal specifications; after that date, the values shown are based on a single specification in each region for delivery by the end of the next quarter.

Although the United States can produce sufficient coal for domestic needs, 12.5 mst were imported in 2000, about 1 percent of consumption. A few electric power generators situated near the Atlantic and Gulf coasts purchase imported coal because their location allows them to cash in on low mine-level prices and ocean shipping rates and because the imported coals are low in sulfur, with high heat content. In 2000, 2.0 mst of coal was imported from Venezuela. If disruptions of these coal shipments were to occur, the national impact would be insignificant. In any case, unlike with recent strikes against Venezuelan oil exports, we have seen no curtailment of Venezuelan coal shipments.



A March 28 ruling by U.S. District Judge James Robertson, of the federal district court in Washington, DC, would restrict underground coal mining under national parks, inhabited residences, and other protected areas. The court ruled in favor of the Citizens Coal Council, an environmental advocacy group, in its suit challenging the way the Department of the Interior has allowed permitting of underground coal mining that may cause ground subsidence in specified protected areas. The effect of this ruling would negate permitting practices that have been followed, but challenged, almost since the initiation of the Surface Mining Control and Reclamation Act of 1977. The National Mining Association, which along with Gale Norton, Secretary of the Interior, is one of the Defendants, claims that the ruling ignores long-standing interpretation of the 1977 statute and would devastate eastern U.S. coal production. It pledges to appeal the ruling.

In the long term, however, EIA expects domestic coal supplies to be more than adequate for projected consumption. Most coal is still sold under multi-year contracts, and average prices for all coal supply contracts, incorporating spot and long-term, are projected to stabilize at well below current spot prices. EIA's projections of average coal prices decline slightly in inflation-adjusted dollars because nominal prices rise more slowly than the rate of inflation between 2000 and 2020.

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## Latest U.S. Electricity Information

(updated April 22, 2002)

**Selected Wholesale Electricity Prices (April 15 – April 21):** Wholesale electricity prices have continued to fall in the Northeast, as temperatures have remained seasonable. ISO New England's price decreased from \$36.63 per megawatthour on April 17 to \$25.53 per megawatthour on April 21. New York's

prices decreased from \$60.56 per megawatthour on April 17 to \$30.11 per megawatthour on April 21.

### Weighted Average Wholesale Electricity Prices at Major Trading Centers (Dollars per megawatthour)

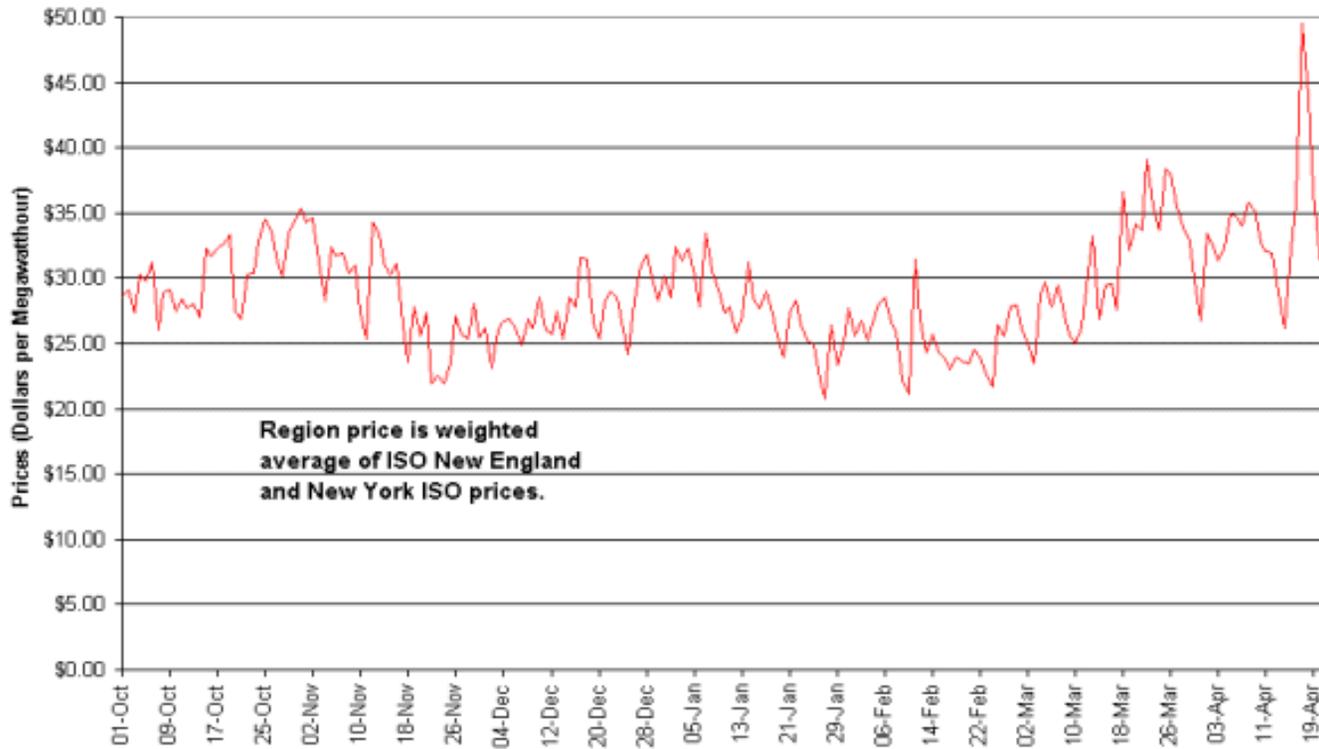
Trading Centers	DATES							Price Range		
	4/15/02	4/16/02	4/17/02	4/18/02	4/19/02	4/20/02	4/21/02	Max	Min	Average
<b>ISO New England</b>	28.40	29.23	36.63	36.15	34.23	29.09	25.53	36.63	25.53	31.67
<b>New York ISO</b>	33.09	36.48	60.56	50.37	38.56	34.22	30.11	60.56	30.11	41.10

**Source:** ISO New England (<http://www.iso-ne.com>), and New York ISO (<http://www.nyiso.com>) web pages.

**ISO New England:** Average price of electricity traded at the ISO New England.

**New York ISO:** Average price of electricity traded at the New York ISO.

### Weighted Average Wholesale Electricity Prices in the Northeast Region



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