



# ENERGY SITUATION ANALYSIS REPORT



April 25, 2002

(next scheduled update: April 26, 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 25, 2002)

West Texas Intermediate (WTI) oil prices for June delivery fell 24 cents per barrel Wednesday on the NYMEX, to close at \$26.38 per barrel, following the release of weekly data from the American Petroleum Institute (API) and the Energy Information Administration (EIA) showing little apparent impact on U.S. oil stocks or imports from Venezuela's recent unrest. Market attention today, however, is focused on the meeting in Texas between President Bush and Crown Prince Abdallah of Saudi Arabia. Crude oil futures have been trading higher on the NYMEX today, mostly in response to an article in the New York Times which suggested that Saudi Arabia might reassess its relations with the United States in light of recent Israeli-Palestinian violence. This has raised renewed concerns in the market about the possibility of Arab oil producers cutting supplies for political reasons. Saudi Arabia's oil minister, Ali Naimi, had said on Tuesday that "Saudi Arabia and OPEC will make up any shortage due to any reason - political, military or natural disasters." However, the consulting firm Petrologistics, which tracks oil tanker movements, reportedly has not seen an increase in Saudi Arabia's oil exports in response to Iraq's unilateral one-month embargo on oil exports, which began on April 8.

Other topics affecting **world oil markets** include:

- Iraq's unilateral embargo of its U.N.-sanctioned "Oil-for-Food" oil exports continues, and Iraqi President Saddam Hussein reportedly is considering an extension. In addition, Iraq called on Monday for Arab producers to cut output by 50%, and to cut exports to the United States and Israel altogether. To date, no other country has joined the Iraqi oil embargo.
- Qatari oil minister Abdullah bin Hamad Al-Attiyah said early Thursday that he saw no need for OPEC to raise its production quotas at its ministerial meeting in June.
- International Energy Agency director Robert Priddle warned today that any delay by OPEC beyond June in raising production could negatively impact the global economic recovery.

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

- Spot prices for natural gas declined on all major markets yesterday, reversing the trend of the previous 10 days. On the NYMEX, the near-month

contract for May delivery, which closes tomorrow, settled down over 17 cents per MMBtu at \$3.419 per MMBtu.

- The seven-day trend in electricity prices is down as weather in the Northeast has returned to normal from last week's unusually warm weather.
- U.S. coal supplies are more than adequate for anticipated needs. U.S. coal prices have either fallen or held relatively steady in recent weeks.

## Special Topic -- Basic Facts on Venezuela

(updated April 24, 2002)

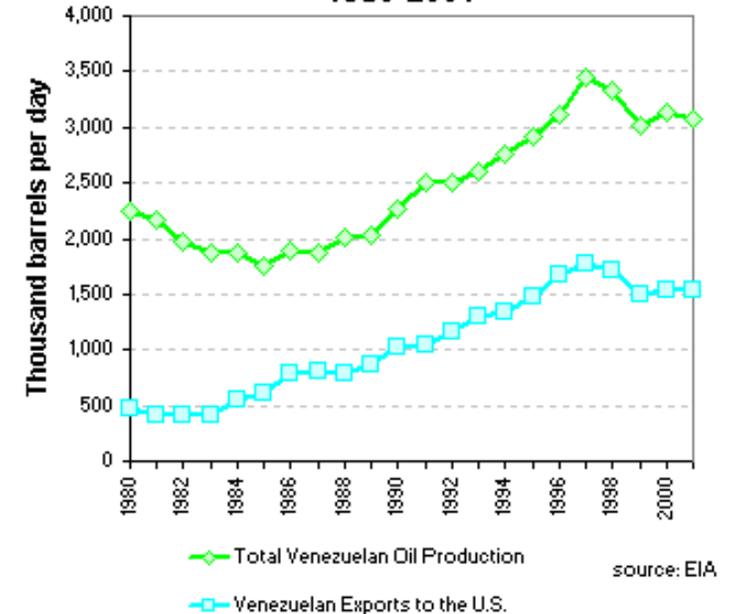
Venezuela, OPEC's only member located in the Western Hemisphere, has ranked consistently in the last several years as one of the four top sources of U.S. oil imports (along with Canada, Mexico, and Saudi Arabia). Venezuelan exports to the U.S. peaked in 1997 at about 1.8 million barrels per day. While 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. On April 23, a new PdVSA board was sworn in, with OPEC Secretary General Ali Rodriguez as its head.

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



## Special Topic -- Basic Facts on Iraq

(updated April 9, 2002)

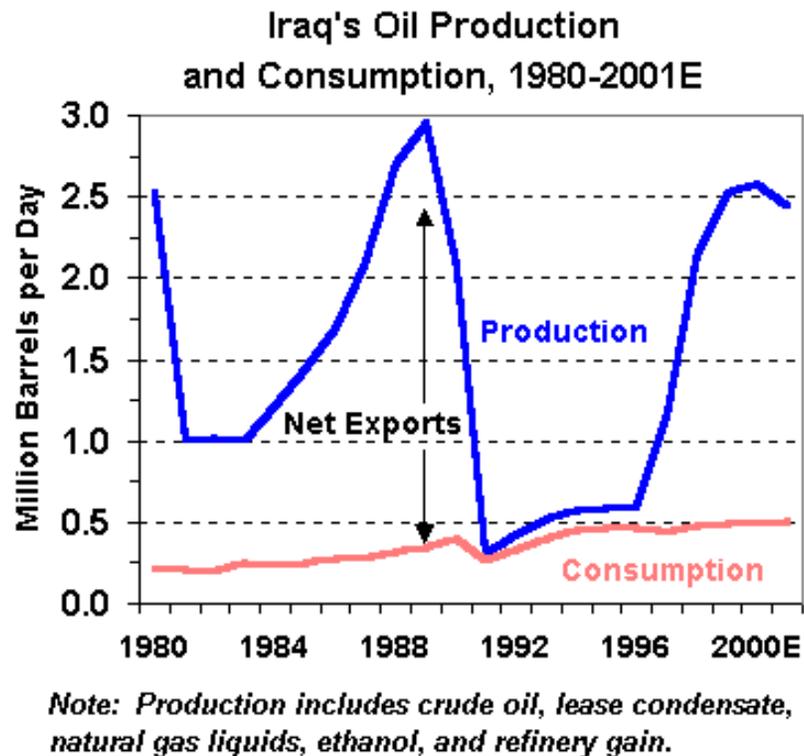
While Iraq's weekly export levels fluctuate, the country remains an important world oil player, with net exports so far this year of about 1.7 million barrels per day. The United States is the largest single market for Iraqi oil, with almost half of Iraqi oil exports bound for the United States in 2001. 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.

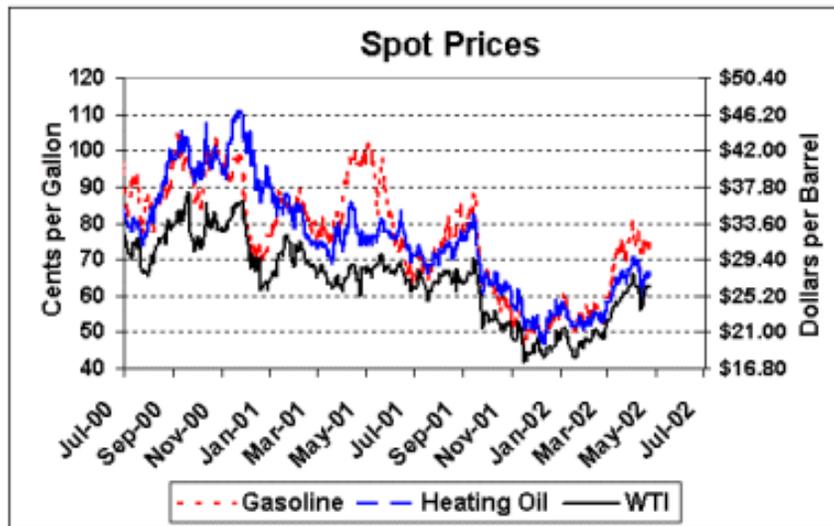
In order to prevent this practice, the U.S./U.K. launched an initiative to price Iraqi crude retroactively. The one-month time lag allows the UN to know exactly how much should be paid for any given shipload of Iraqi crude. However, it also requires traders to buy and begin to transport the oil before 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.

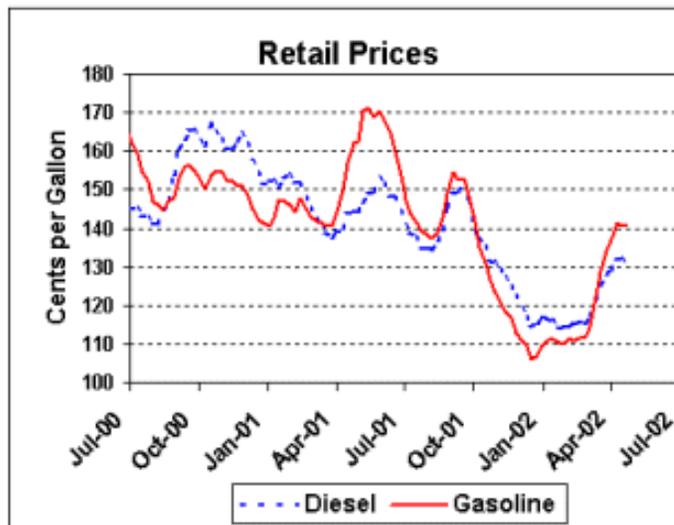


## U.S. Petroleum Prices

(updated April 25, 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	
3/7/2002	\$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		
4/22/2002	\$26.28	\$26.27	72.82	79.02	65.55	65.81	67.65	41.00	38.50	140.4	130.4
4/23/2002	\$26.28	\$26.62	74.11	80.16	66.40	66.53	69.07	41.69	39.32		
4/24/2002	\$26.28	\$26.38	71.89	78.76	66.10	66.12	68.28	41.13	39.19		

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 24, 2002)

### When Up Is Down

U.S. commercial crude oil inventories (excluding those in the Strategic Petroleum Reserve) rose by 1.5 million barrels last week. Total commercial petroleum inventories increased by 5.0 million barrels. So how do these increases actually represent a declining inventory situation? It is by looking at the shrinking surplus to year-ago levels. Even with these increases, the petroleum inventory surplus that has existed in the United States for over a year is shrinking fast.

U.S. crude oil inventories, which were about 40 million barrels above year-ago levels as recently as the week ending March 1, stand at just 3.9 million barrels above year ago levels for the week ending April 19. Because of the nearly 21 million barrel increase in crude oil inventories last April, unless crude oil inventories increase about another 1 million barrels next week, we will see the first deficit to year-ago levels since the week ending March 16, 2001. How has the situation turned so dramatically in recent weeks? Crude oil imports into the United States continue to track well below year-ago levels. Even with an increase of 0.9 million barrels per day last week to average over 9.1 million barrels per day, U.S. crude oil imports over the last four weeks have averaged just 8.8 million barrels per day, or nearly 850,000 barrels per day less than over the same period last year. With OPEC 10 (excluding Iraq) crude oil production in the first quarter of 2002 averaging 22.6 million barrels per day, this is the lowest quarterly average since the second quarter of 1992! With less crude oil being produced by these countries after a series of cuts in production quotas, they are exporting less, and so it is no surprise to see the world's largest importing country experiencing declining imports. Of course, with the large stock surpluses that were in the United States earlier this year, this was not a concern, since inventories were available to supply refineries. However, now that the crude oil inventory surplus is all but gone, how much longer can the system rely on inventories before U.S. refiners need to go out and bid against European and Asian refiners for more imports, thus putting increased pressure on prices?

The situation is similar when looking at total commercial petroleum inventories (commercial crude oil plus refined product inventories). A surplus to year-ago levels that was as high as 87.7 million barrels as of the week ending January 4, and was as high as 83 million barrels as recently as the week ending February 8, is now just 38 million barrels above the level last year. With large increases in commercial petroleum inventories last April and May, this surplus could also disappear by next month. With the peak of the gasoline season still ahead, the year-over-year inventory surpluses we've become accustomed to may be fading away.

### Retail Gasoline Prices Stay Put

The retail price for regular motor gasoline was static this week, staying at \$1.404 per gallon after dropping to that level last week. This price is 21.5 cents per gallon lower than last year. Prior to last week's drop, prices had been flat or rising for the previous eight weeks. Prices remained rather stable throughout the country, with New England and the Central Atlantic seeing slight increases (1.0 and 0.8 cents per gallon, respectively), while the rest of the country stayed flat or saw slight decreases. Prices in the Midwest stayed flat at \$1.379 per gallon. While inventories are currently above last year's level, they are just slightly above the 5-year average level, and experienced a decline last week. In addition to inventory levels, ongoing strife in major crude oil producing regions such as the Middle East and Venezuela, as well as OPEC's reluctance to raise their quota in the coming months, have the potential to disrupt crude oil and product markets. 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.

### Jet Fuel Demand Maintains Status Quo

Despite the week over week drop in jet fuel demand, the overall picture remains robust as the most recent four week period continues to show demand trailing

less than 4% below the comparable period last year. Jet fuel demand over the four-week period ending April 19, 2002, maintained the 1.6-million-barrel-per-day average reported the previous week. Continuation of cheap airfares appears to be one of the drivers behind the recent rebound seen over the past several weeks. But it is still uncertain whether the upward trend can be maintained during the summer travel season if major airlines abandon this practice and return to more normal pricing policies.

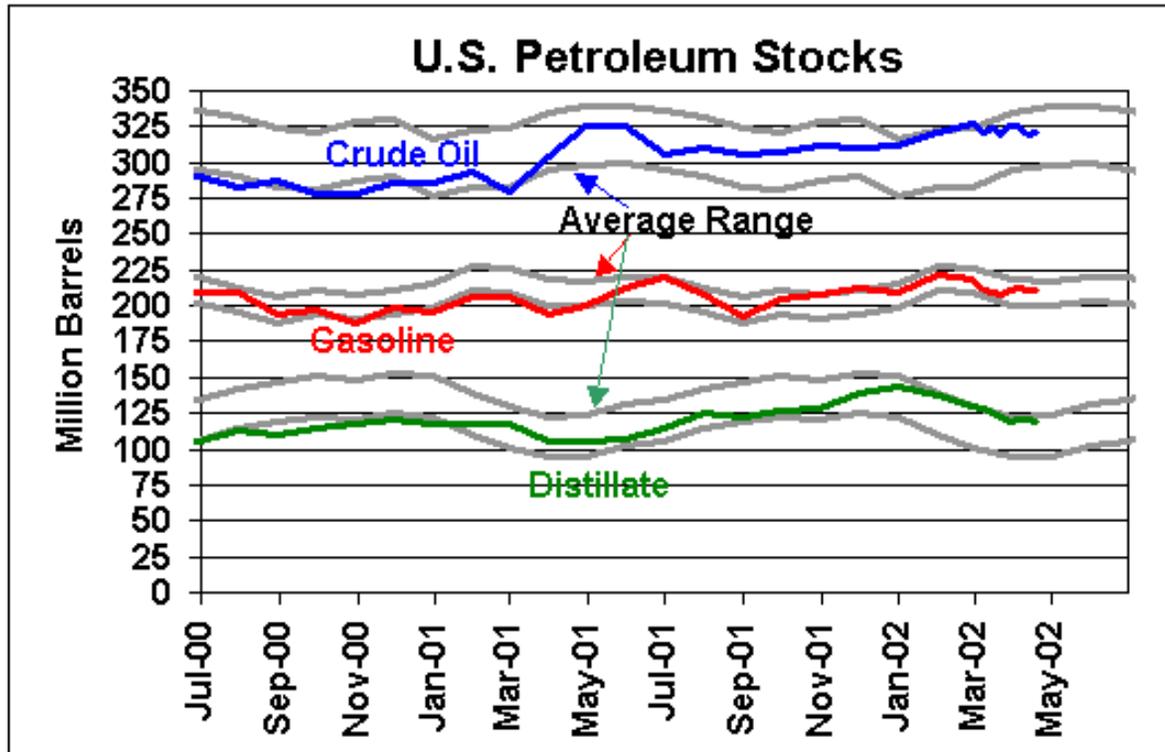
Over the last four weeks, total demand for petroleum products was less than 2% below the same period last year, continuing a trend of declining differentials that started during the first quarter of the year as petroleum demand began approaching year-ago levels.

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## U.S. Petroleum Supply

(Thousand Barrels per Day)	Four Weeks Ending		vs. Year Ago	
	4/19/2002	4/19/2001	Diff.	% Diff.
<b>Refinery Activity</b>				
Crude Oil Input	14,984	15,218	-234	-1.5%
Operable Capacity	16,800	16,639	161	1.0%
Operable Capacity Utilization (%)	89.9%	92.8%	-2.9%	
<b>Production</b>				
Motor Gasoline	8,377	8,274	103	1.2%
Jet Fuel	1,487	1,535	-48	-3.1%
Distillate Fuel Oil	3,572	3,592	-20	-0.6%
<b>Imports</b>				
Crude Oil (incl. SPR)	8,844	9,698	-854	-8.8%
Motor Gasoline	814	725	89	12.3%
Jet Fuel	130	150	-20	-13.4%
Distillate Fuel Oil	226	317	-91	-28.6%
<b>Total</b>	<b>11,240</b>	<b>12,179</b>	<b>-939</b>	<b>-7.7%</b>
<b>Exports</b>				
Crude Oil	33	16	17	100.9%
Products	928	933	-5	-0.5%
<b>Total</b>	<b>961</b>	<b>949</b>	<b>12</b>	<b>1.3%</b>
<b>Products Supplied</b>				
Motor Gasoline	8,694	8,522	172	2.0%
Jet Fuel	1,606	1,671	-65	-3.9%
Distillate Fuel Oil	3,748	3,923	-175	-4.5%
<b>Total</b>	<b>19,404</b>	<b>19,699</b>	<b>-295</b>	<b>-1.5%</b>
<b>vs. Year Ago</b>				
<b>Stocks (Million Barrels)</b>	<b>4/19/2002</b>	<b>4/19/2001</b>	<b>Diff.</b>	<b>% Diff.</b>
Crude Oil (incl. SPR)	320 0	317 0	3 0	1 2%

Crude Oil (excl. SPR)	320.5	317.0	3.5	1.2%
Motor Gasoline	210.6	197.9	12.7	6.4%
Jet Fuel	40.0	40.2	-0.2	-0.5%
Distillate Fuel Oil	119.7	105.0	14.7	14.0%
Total (excl. SPR)	997.3	958.8	38.5	4.0%



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

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## World Oil Market Highlights

(updated April 24, 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 25, 2002, the [U.S. Strategic Petroleum Reserve \(SPR\)](#) contained 565.4 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>	<b>11.62</b>	<b>9.15</b>	<b>2.47</b>

\* 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

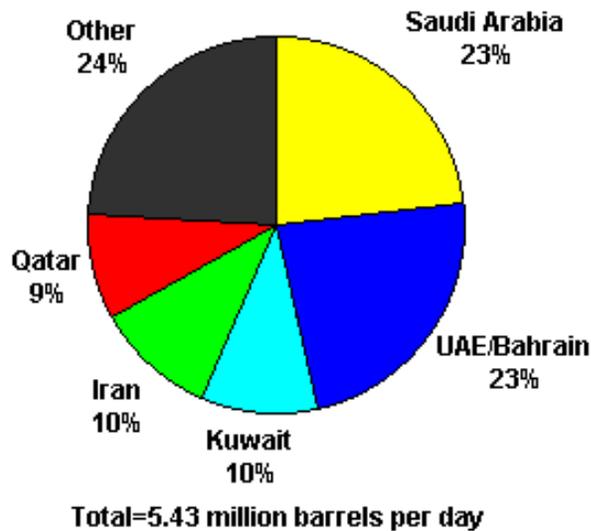
10)	Mexico	1.65
11)	Libya	1.24
12)	Algeria	1.24

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

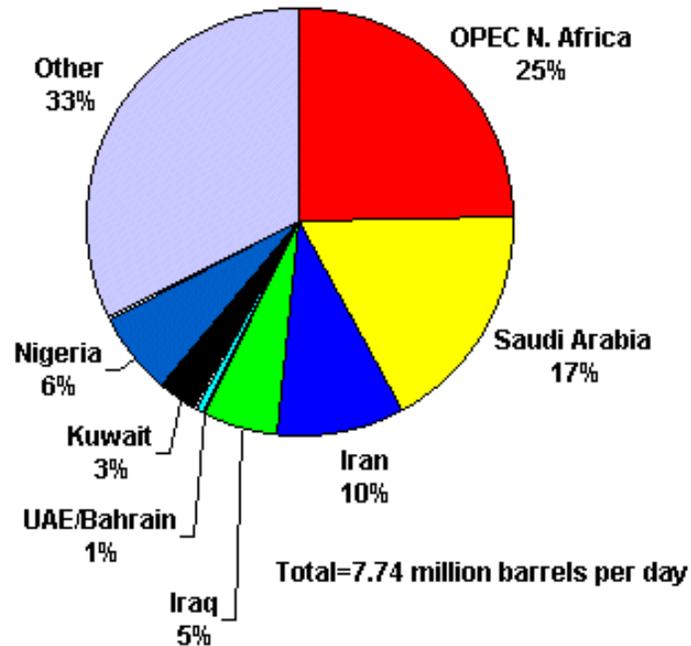
During 2001, about 48% of U.S. crude oil imports came from the Western Hemisphere (19% from South America, 15% from Mexico, 14% from Canada), while 30% came from the Persian Gulf region (18% from Saudi Arabia, 9% from Iraq, 3% from Kuwait).

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**



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## Latest U.S. Weekly Natural Gas Information

(updated April 25, 2002)

### Industry/Market Developments

*Gas drilling activity:* The number of rotary rigs drilling gas prospects rose for the second week in a row, to 613, according to the latest Baker Hughes rig count released Friday, April 19. This is the first time in nearly a year that the natural gas rig count has recorded consecutive weekly increases. Since reaching its all-time high of 1,068 rigs running for the week ended July 13, 2001, the rig count has fallen quite consistently, recording only 4 weekly increases in the 36 weeks through April 5. As of that date, the rig count had dropped to 591—its lowest level since October 15, 1999 when it reached 579. For the month of March 2002, the average number of natural gas rigs was 613, compared with 917 for March 2001, or a decline of about 33%.

*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.

*Storage:* Net injections for the week ended Friday, April 19, were 69 Bcf according to American Gas Association (AGA) estimates. While this volume of net injections is 60 percent greater than the 43 Bcf that was added to inventory during the same week last year, it is triple the 5-year average of 23 Bcf. The latest EIA estimate for total working gas is 1,655 Bcf, more than 40% higher than the 5-year (1997-2001) average for this week.

All Volumes in Bcf	Current Stocks (Fri,4/19)	Estimated Prior 5-Year (1997-2001) Average	Percent Difference from 5 Year Average	Net Change from Last Week	One-Week Prior Stocks (Fri, 4/12)*
East Region	812	600	35.4%	37	775
West Region	258	181	42.3%	8	250
Producing Region	585	397	47.5%	24	561
<b>Total Lower 48</b>	<b>1,655</b>	<b>1,178</b>	<b>40.5%</b>	<b>69</b>	<b>1,586</b>

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

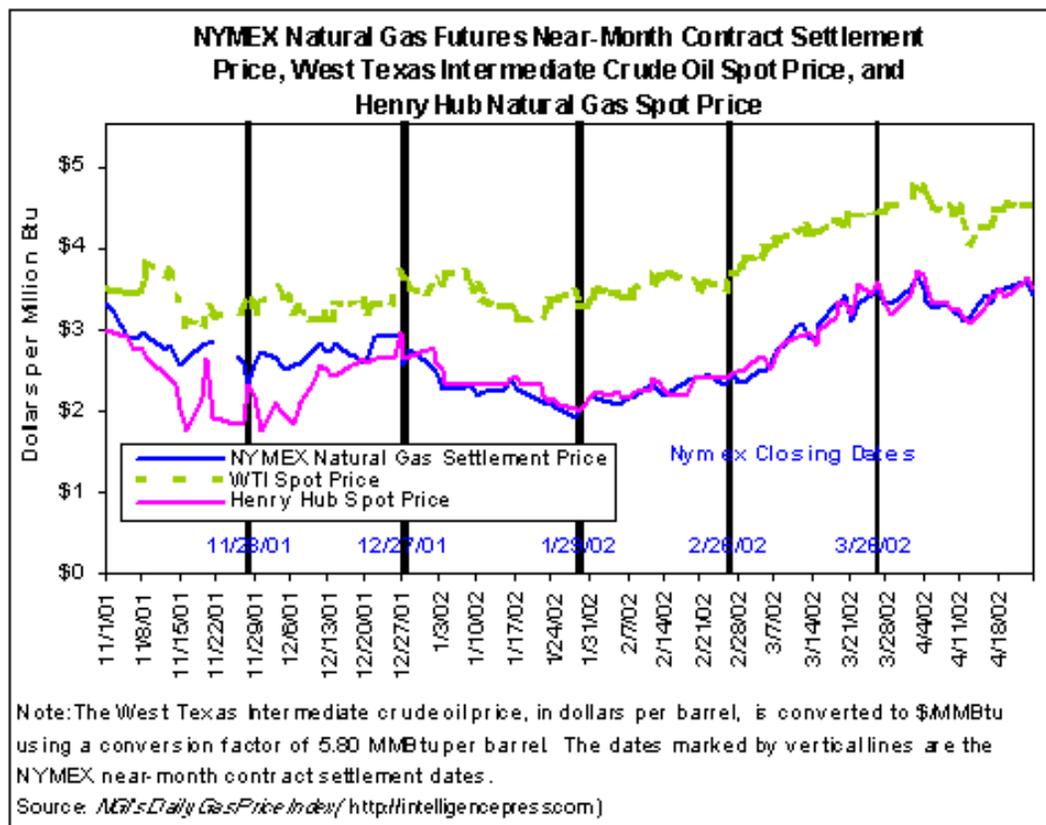
*All stock-level figures are EIA estimates based on EIA monthly survey data and weekly AGA net-change estimates. Column sums may differ from Totals because of independent rounding.*

*\*Incorporates AGA revision to storage estimates for the week ended 4/12/02.*

### Prices:

Spot prices at all major natural gas market locations declined yesterday, reversing the increases of the previous two days and the general upward trend of the last 10 days. Prices moved down between 10 and 15 cents per MMBtu at a majority of the markets. Trading points in the Rocky Mountain region reported declines on Wednesday of 20 to 30 cents per MMBtu as several market locations reported prices ranging between \$2.35 and \$2.63. Demand for gas in the region and in northern California continued to be soft as PG&E projected that gas volumes in the pipelines would stay at their present high level.

On the NYMEX, the near-month contract for May delivery, which closes tomorrow, settled down over 17 cents at \$3.419 per MMBtu. All NYMEX contracts for the remainder of the year declined below \$4.00, as yesterday's settlement prices ranged from May's \$3.419 to December's \$3.935 per MMBtu.



All prices in \$ per MMBtu	California Composite				NYMEX futures contract-	NYMEX futures contract-
	Average Price*	Henry Hub	New York City	Chicago	May delivery	June delivery
3/28/02	3.10	3.19	3.65	3.22	3.283	3.309
3/29/02	3.10	3.19	3.65	3.22	closed	closed
4/1/02	3.23	3.42	3.80	3.46	3.531	3.549
4/2/02	3.54	3.72	4.12	3.76	3.654	3.674
4/3/02	3.53	3.68	4.07	3.69	3.506	3.528
4/4/02	3.45	3.56	4.08	3.61	3.333	3.371
4/5/02	3.14	3.31	3.80	3.34	3.275	3.313
4/8/02	3.23	3.36	3.72	3.40	3.327	3.365
4/9/02	3.14	3.25	3.59	3.28	3.201	3.240
4/10/02	3.15	3.25	3.59	3.28	3.184	3.223
4/11/02	3.04	3.14	3.56	3.17	3.103	3.141
4/12/02	2.68	3.08	3.35	3.09	3.125	3.163
4/15/02	3.11	3.27	3.74	3.30	3.430	3.465
4/16/02	3.31	3.43	3.88	3.44	3.294	3.329
4/17/02	3.23	3.40	3.76	3.38	3.477	3.511
4/18/02	3.31	3.51	3.81	3.50	3.485	3.523
4/19/02	3.01	3.40	3.68	3.41	3.527	3.562
4/22/02	3.32	3.58	3.97	3.59	3.596	3.616
4/23/02	3.31	3.63	3.97	3.64	3.591	3.615
4/24/02	3.21	3.53	3.85	3.55	3.419	3.431

\* 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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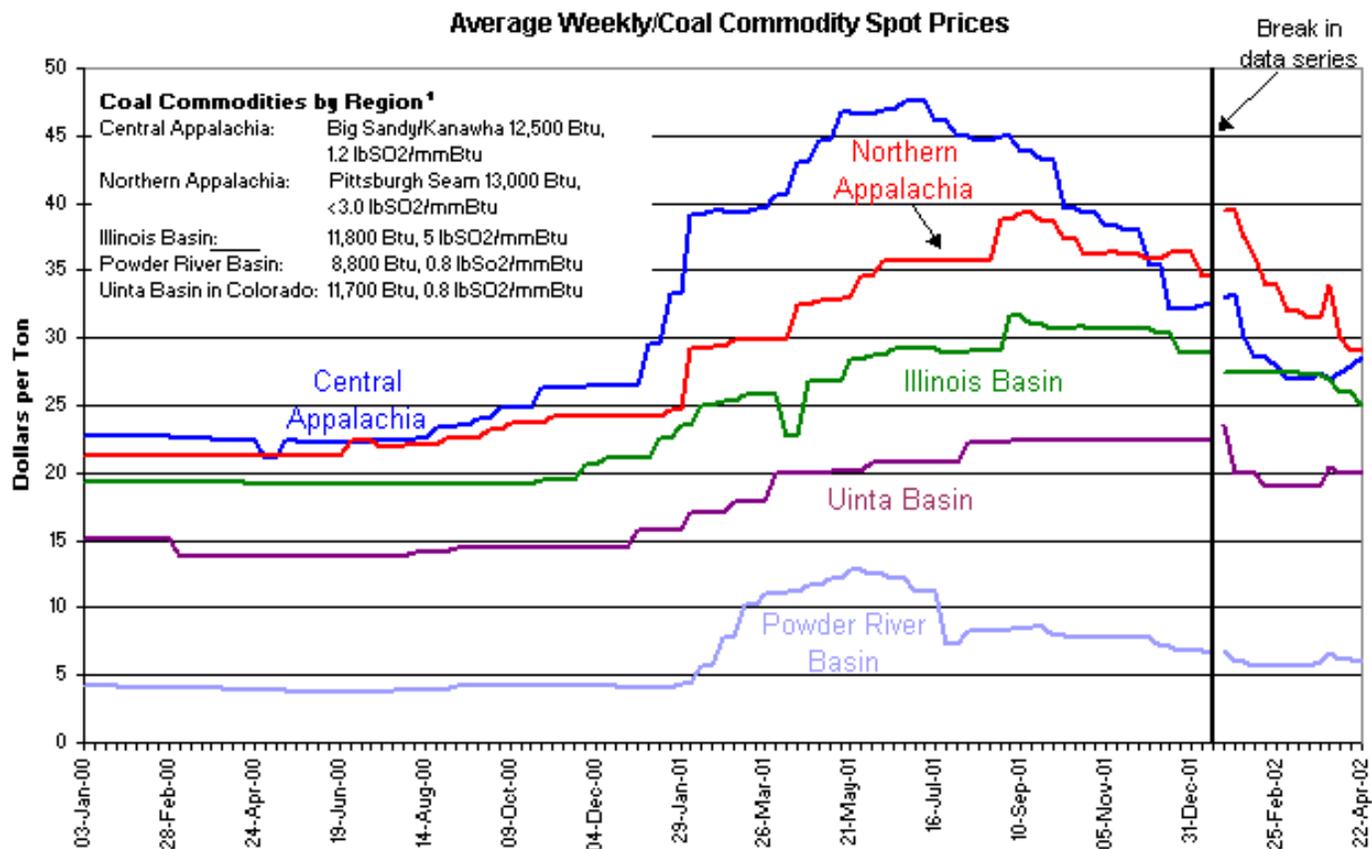
## Latest U.S. Coal Information

(updated April 25, 2002)

U.S. coal supplies are more than adequate for anticipated needs. For the week ending April 20, EIA estimates U.S. [coal production](#) at 20.0 million short tons (mst). This was 8% lower than in the comparable week in 2001. Year-to-date as of April 20, rail car loadings of coal and national coal production have fallen by 4.4% and 5.2%, respectively, compared to their levels a year ago. Year-to-date, western U.S. coal production is 1.3% 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 either fallen or held relatively steady. Although price criteria

changed since last summer, Illinois, Uinta, and Powder River Basin coals are continuing the level-to-slowly-declining price profiles established with the 2001 spot data. Since summer 2001 peaks, Central and Northern Appalachian coal prices have fallen significantly (by about \$19.00 and 10.00 per short ton, respectively). The latest prices, \$28.50 per short ton for Central Appalachian and \$29.00 per short ton for Northern Appalachian coal, are 28% and 36% above prices in the summer of 2000, prior to escalation. Spot prices currently indexed are about 25% and 40% above the summer 2000 baseline, respectively, for Central and Northern Appalachia, and about 10% for the Uinta Basin, 20% for the Illinois Basin, and 50% for the Powder River Basin, above summer 2000 levels. In the latest week, coal prices either did not change or moved down by small percentages, with the exception of Central Appalachian coal, which has extended a 3-week rise totaling \$1.50 per short ton. Uncertainty over the course of events in the Middle East continues to add a security margin to other 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 off of prices since early February 2002.

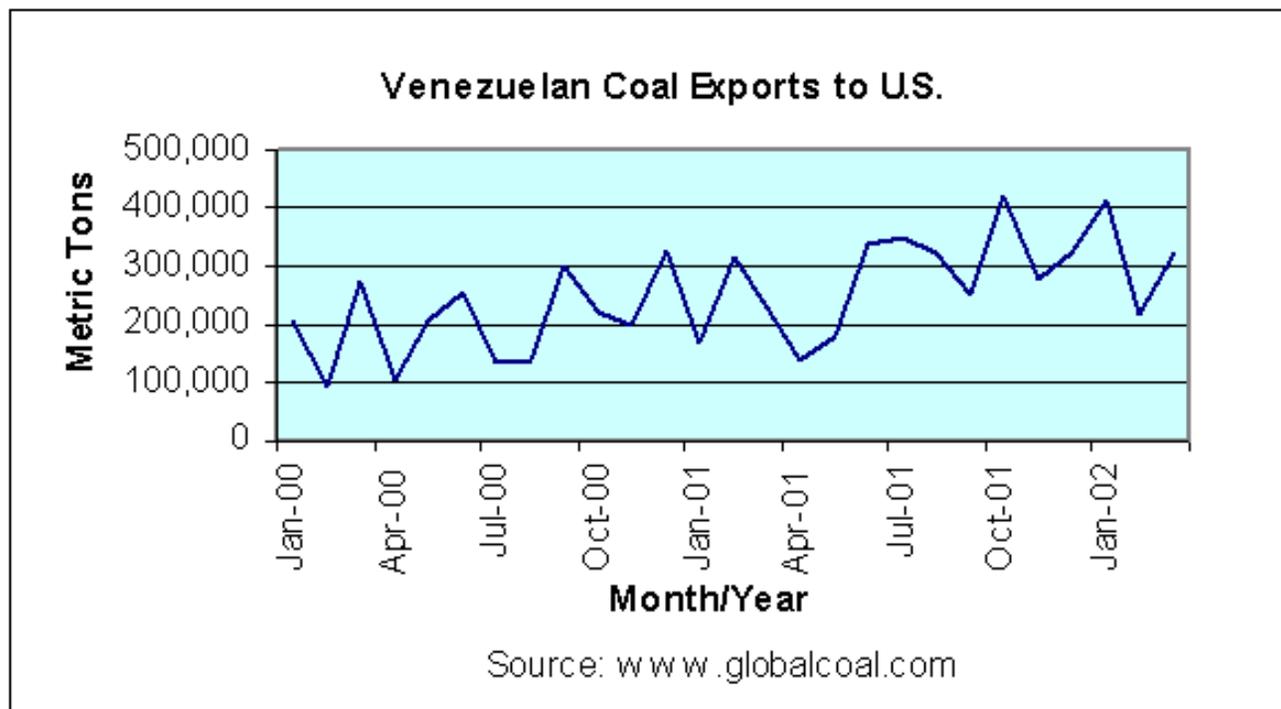


Source: with permission, selected from listed prices in Platts Coal Outlook, "Weekly Price Survey"

<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.

Principals from the over-the-counter (OTC) markets say the wide volatility of coal prices during the past 2 years indicates the need for a "more mature" OTC trading market, according to Platts Coal Trader, April 23, 2002. The prices tracked in the Average Weekly Coal Commodity Spot Prices (above) are estimated from near-term OTC spot prices, for delivery by the end of the coming quarter, or generally within 30 to 120 days.

Although the United States can produce sufficient coal for domestic needs, 12.5 mst were imported in 2000, about 1% 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.

## Latest U.S. Electricity Information

(updated April 25, 2002)

**Selected Wholesale Electricity Prices (April 18 – April 24):** Wholesale electricity prices varied in the Northeast. ISO New England's price fell 11% from \$33.07 per megawatthour on April 23 to \$29.38 per megawatthour on April 24. New York's prices increased slightly from \$35.61 per megawatthour on April 23 to \$35.63 per megawatthour on April 24. The seven-day trend in electricity prices is down as weather in the Northeast has returned to normal from last week's unusually warm weather.

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

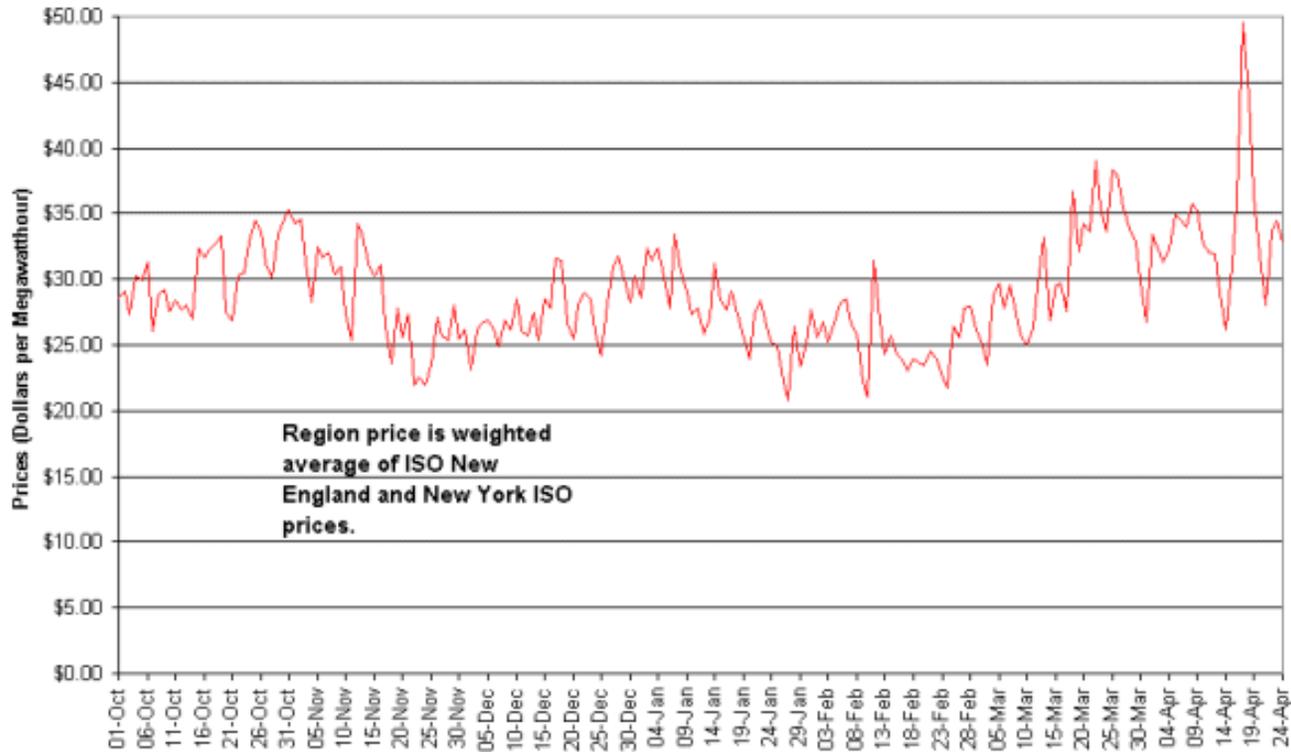
Trading Centers	DATES							Price Range		
	4/18/02	4/19/02	4/20/02	4/21/02	4/22/02	4/23/02	4/24/02	Max	Min	Average
ISO New England	36.15	34.23	29.09	25.53	30.31	33.07	29.38	36.15	25.53	31.70
New York ISO	50.37	38.56	34.22	30.11	36.38	35.61	35.63	50.37	30.11	37.61

**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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