

# Energy Situation Analysis Report

Last Updated: July 9, 2002

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## Latest Oil Market Developments

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## Latest U.S. Weekly EIA Petroleum Information

The U.S. average retail price for regular gasoline fell 1.0 cent last week, ending at 138.2 cents per gallon as of July 8. Prices have remained relatively flat over the past few months, but reports of strengthening gasoline demand in Europe, problems with a crude oil pipeline from Canada, and decreases in crude oil exports from Iraq all could lead to a tightening gasoline market in the future.

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## World Oil Market Highlights

According to third quarter 2002 estimates, the world holds about 5.8 million barrels per day of excess oil production capacity that could be brought online within 30 days, over 90% of which lies in OPEC countries. This figure does not include Iraqi spare capacity. [more...](#)

## Latest U.S. Weekly Natural Gas Information

Natural gas spot prices declined by 5% and more at major trading locations along the Gulf Coast and at key citygate market centers since Tuesday, July 2. Prices collapsed in some Western regions last week owing to little weather-driven demand and an excess of Canadian supplies being diverted West. [more...](#)

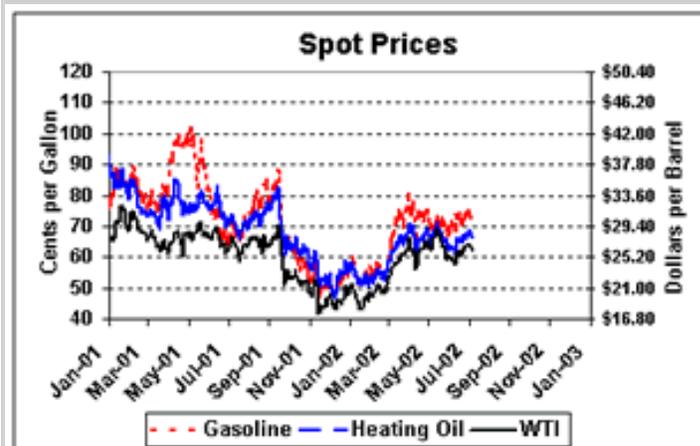
## Latest U.S. Coal Information

For the week ending June 29, rail car loadings of coal went down by 3.1% while national coal production was

## Energy Prices\*

Petroleum Futures	07/08/02	07/03/02	Change
WTI (\$/Bbl)	26.07	26.80	-0.73
Gasoline (c/gallon)	76.14	78.60	-2.46
Heating Oil (c/gallon)	66.80	68.77	-1.97
<b>Natural Gas (\$/MMBtu)</b>			
Henry Hub	3.06	3.10	-0.04
California	2.71	2.13	+0.58
New York City	3.73	3.64	+0.09
<b>Electricity (\$/Megawatthour)</b>			
COB	33.32	18.83	+14.49
Palo Verde	64.46	38.36	+26.10
Average	52.55	49.63	+2.92

[\\*Definitions](#)

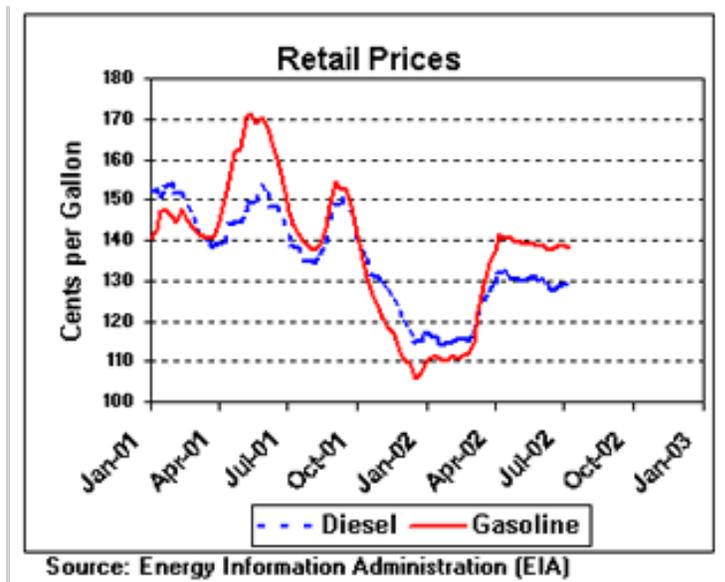


Source: Closing quote as reported by Reuters News Service

lower by 7.7%, compared to their levels a year ago. Lower production at this time corresponds with high coal stockpiles at mines and at consuming facilities due to slowed economic activity and a long spring period of low seasonal demand at electric power plants. [more...](#)

### Latest U.S. Electricity Information

Over the past seven days, the average electricity price at all trading centers has ranged between \$31.82 per megawatthour and \$52.55 per megawatthour. Prices at the New York Zone J, New York City have ranged from a low of \$67.00 per megawatthour on July 5 to a high of \$133.67 per megawatthour on July 3. [more...](#)



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## Latest Oil Market Developments

(updated July 9, 2002)

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

- Loadings of Iraqi crude oil have come to a standstill since the middle of last week at the Mina al-Bakr terminal, one of Iraq's two UN approved oil export terminals. No ships are slated to arrive for loading at the terminal until July 10.
- EIA revised downward crude oil production capacity estimates for Venezuela by 350,000 barrels per day, to 2.75 million barrels per day.
- EIA revised downward estimates for world oil demand growth for 2002 by roughly 200,000 barrels per day, now forecasting under 500,000 barrels per day of growth. OPEC has indicated that it will not raise current production quotas without significantly larger oil demand growth.
- As of July 9, 2002, the U.S. Strategic Petroleum Reserve (SPR) contained 576.3 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.

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## Latest U.S. Weekly EIA Petroleum Information

(updated July 9, 2002)

### Refinery Inputs

U.S. crude oil refinery inputs averaged 15.5 million barrels per day during the week ending June 28, up nearly 200,000 barrels per day from the previous week. Increases in PADD I (East Coast) and PADD V (West Coast) more than compensated for minor decreases in the other regions. Over the last four weeks, crude oil inputs have averaged 15.4 million barrels per day, or over 200,000 barrels per day less than last year. Motor gasoline and total distillate fuel refinery production were both up significantly last week, with the distillate refinery production at the second highest weekly level seen this year.

### Petroleum Imports

U.S. crude oil imports continued their up-and-down trend over the last several weeks, rising to nearly 9.6 million barrels per day, the most since the week ending November 30, 2001. During the most recent four weeks, crude oil imports have averaged 9.1 million barrels per day, or about the same as during the same four-week period last year. Although the sources of weekly crude oil imports are very preliminary and thus not published, it appears that some Iraqi crude oil entered the United States last week, but was once again less than would be normal, reflecting reduced Iraqi exports in the last couple of months due both to a self-imposed embargo and disputes over the pricing of their exports. Total motor gasoline imports (including both finished gasoline and gasoline blending components) topped 1 million barrels per day last week for the second week in a row.

### Petroleum Inventories

U.S. commercial crude oil inventories (excluding those in the Strategic Petroleum Reserve) increased by 1.6 million barrels last week, due to the rise in crude oil imports, but remain near the middle of the normal range for this time of year. U.S. crude oil inventories are now 10.9 million barrels above year-earlier levels. Motor gasoline inventories were flat last week, but are 3.5 million barrels below year-ago levels. Distillate fuel inventories fell by 0.3 million barrels last week, with declines in both high-sulfur (often referred to as heating oil) and low-sulfur distillate fuel.

### Product Supplied

Total product supplied over the last four-week period averaged over 19.6 million barrels per day, or about 0.5 percent more than last year. This is the largest year-over-year growth rate since the four weeks ending May 25, 2001. Motor gasoline demand has averaged 2.7 percent above last year's level over the last four weeks, while distillate fuel demand now is 0.3 percent above last year's level. Jet fuel demand over the last four weeks has been 7.7 percent less than during the same period a year ago.

### Crude Oil Prices

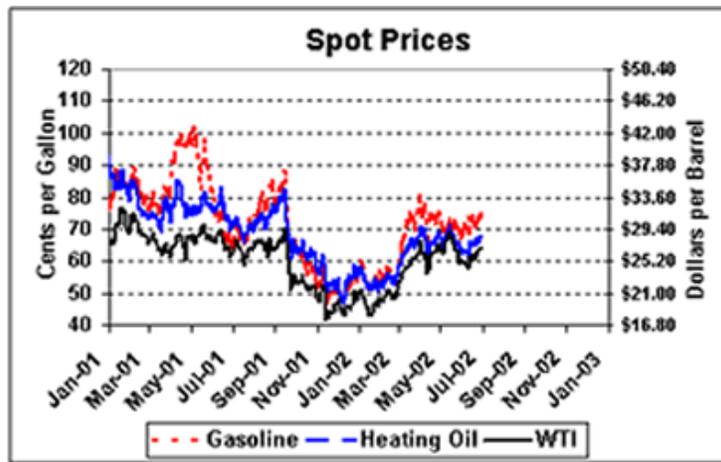
The average world crude oil price on June 28, 2002 was \$24.06 per barrel, up \$0.68 from the previous week but \$0.50 less than last year. WTI was \$26.79 per barrel on June 28, 2002, \$1.28 more than last week and \$0.42 more than last year.

### Gasoline Prices

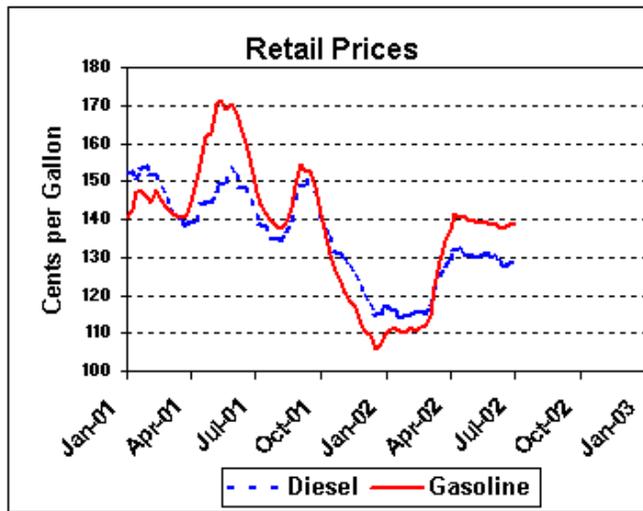
The U.S. average retail price for regular gasoline fell 1.0 cent last week, ending at 138.2 cents per gallon as of July 8. This price is 5.5 cents per gallon lower than last year. Prices were down throughout most of the country, with the largest decrease occurring in the Midwest, where prices fell 2.7 cents to end at 137.2 cents per gallon. The Rocky Mountain region saw an increase, where prices rose 0.3 cent to end at 140.3 cents per gallon. Prices have remained relatively flat over the past few months, but there could be price increases ahead if we see a decrease in gasoline imports and steady or rising gasoline demand. Reports of strengthening gasoline demand in Europe, problems with a crude oil pipeline from Canada, and decreases in crude oil exports from Iraq all could lead to a tightening gasoline market. Retail diesel fuel prices increased by 0.5 cent per gallon to a national average of 129.4 cents per gallon as of July 8.

## U.S. Petroleum Prices

(updated July 9, 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	
5/21/2002	\$27.35	\$27.33	69.90	78.44	66.35	66.77	69.10	40.82	37.76		
5/22/2002	\$27.01	\$26.37	72.70	79.68	66.80	66.95	69.80	40.44	37.07		
5/23/2002	\$26.60	\$26.15	71.38	78.83	65.90	66.50	69.30	40.57	36.57		
5/24/2002	\$26.69	\$25.88	70.80	79.01	65.45	65.95	69.03	39.57	36.75		
5/27/2002	NA	NA	NA	NA	NA	NA	NA	NA	NA	138.7	130.8
5/28/2002	\$25.08	\$25.27	68.43	75.85	65.45	63.99	69.03	39.13	35.57		
5/29/2002	\$25.64	\$25.76	69.48	77.21	64.90	65.31	68.15	35.32	38.50		
5/30/2002	\$24.78	\$24.67	66.86	73.36	62.20	62.15	65.40	37.88	35.38		
5/31/2002	\$25.37	\$25.31	68.50	73.83	63.00	62.97	66.20	38.13	35.38		
6/3/2002	\$25.10	\$25.08	68.87	74.64	62.77	63.50	65.82	38.07	35.13	139.2	130.0
6/4/2002	\$25.32	\$25.33	70.50	75.34	63.25	64.28	66.15	38.01	35.00		
6/5/2002	\$25.02	\$24.89	71.57	75.13	63.03	63.60	65.58	37.26	34.32		
6/6/2002	\$24.89	\$24.79	71.40	75.70	62.70	63.48	65.43	36.94	34.32		
6/7/2002	\$24.72	\$24.75	70.82	75.09	62.65	63.17	65.38	37.07	34.25		
6/10/2002	\$24.24	\$24.29	68.78	73.79	61.65	62.33	64.15	36.38	33.57	137.5	128.6
6/11/2002	\$24.21	\$24.12	68.36	73.29	61.70	61.86	65.07	34.76	33.25		
6/12/2002	\$24.79	\$24.64	69.20	75.10	62.93	63.07	66.33	36.75	33.63		
6/13/2002	\$25.54	\$25.64	72.43	77.85	65.40	66.03	68.80	37.82	35.19		
6/14/2002	\$25.90	\$25.94	73.65	78.70	65.80	66.40	69.63	37.82	35.19		
6/17/2002	\$25.98	\$26.09	73.90	79.10	66.05	66.49	69.77	38.50	36.50	137.8	127.5
6/18/2002	\$25.36	\$25.43	73.15	77.66	65.18	65.49	68.50	37.57	36.50		
6/19/2002	\$25.57	\$25.31	72.05	76.84	65.03	65.24	68.23	37.75	36.13		
6/20/2002	\$25.62	\$25.53	71.60	76.96	65.75	66.03	69.48	37.44	35.63		
6/21/2002	\$25.51	\$25.82	70.30	75.57	64.80	64.89	68.53	37.38	35.94		
6/24/2002	\$26.31	\$26.47	73.50	77.77	66.75	66.64	70.80	37.88	36.00	138.4	128.1
6/25/2002	\$26.06	\$26.32	72.13	77.32	65.68	65.89	69.28	38.25	36.13		
6/26/2002	\$26.67	\$26.76	73.57	78.51	66.33	66.63	70.82	38.00	35.50		
6/27/2002	\$26.77	\$26.86	74.04	79.37	67.00	67.29	70.38	37.88	35.63		
6/28/2002	\$26.79	\$26.86	73.82	79.38	67.50	67.96	70.88	37.63	35.50		
7/1/2002	\$26.79	\$26.81	74.82	79.19	67.60	68.02	70.93	37.38	35.76	139.2	128.9
7/2/2002	\$26.83	\$26.77	74.07	78.98	67.98	68.71	71.28	37.13	35.75		
7/3/2002	\$26.82	\$26.80	73.63	78.60	68.38	68.77	71.82	37.01	35.19		
7/4/2002	NA	NA	NA	NA	NA	NA	NA	NA	NA		
7/5/2002	NA	NA	NA	NA	NA	NA	NA	NA	NA		
7/8/2002	\$26.14	\$26.07	69.60	76.14	66.15	66.80	69.65	36.19	34.38	138.2	129.4

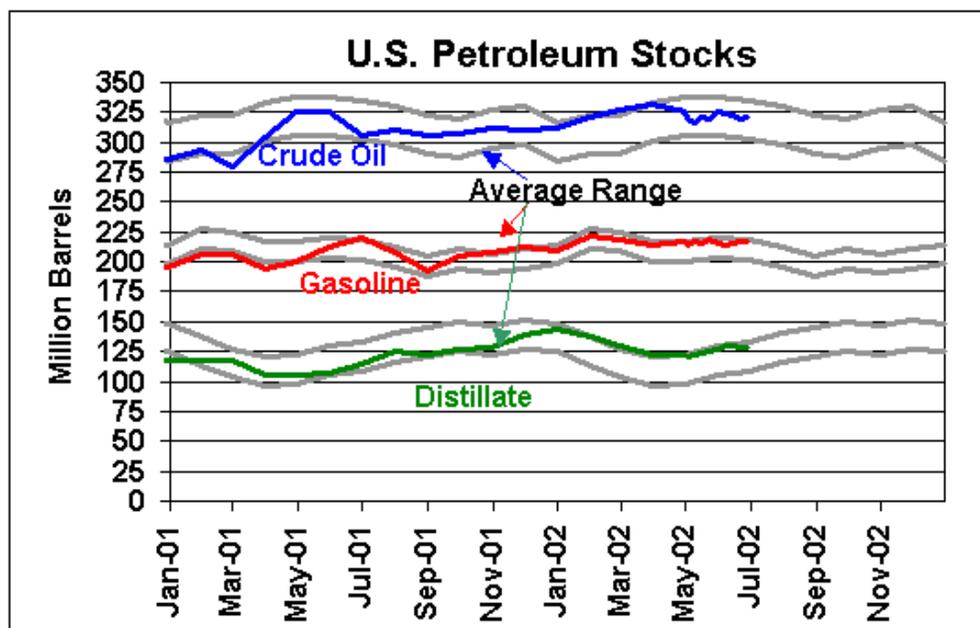
Source: Spot and futures closing quotes as reported by Reuters News Service, retail prices reported by EIA

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## Energy Situation Analysis Report

## U.S. Petroleum Supply

(Thousand Barrels per Day)	Four Weeks Ending		vs. Year Ago	
	6/28/2002	6/28/2001	Diff.	% Diff.
<b>Refinery Activity</b>				
Crude Oil Input	15,424	15,654	-230	-1.5%
Operable Capacity	16,800	16,627	173	1.0%
Operable Capacity Utilization (%)	93.1%	95.6%	-2.5%	
<b>Production</b>				
Motor Gasoline	8,439	8,637	-198	-2.3%
Jet Fuel	1,499	1,636	-137	-8.4%
Distillate Fuel Oil	3,665	3,700	-35	-1.0%
<b>Imports</b>				
Crude Oil (incl. SPR)	9,142	9,133	9	0.1%
Motor Gasoline	881	860	21	2.4%
Jet Fuel	122	162	-40	-24.5%
Distillate Fuel Oil	194	302	-108	-35.8%
<b>Total</b>	<b>11,472</b>	<b>11,760</b>	<b>-288</b>	<b>-2.5%</b>
<b>Exports</b>				
Crude Oil	30	17	13	79.1%
Products	934	963	-29	-3.0%
<b>Total</b>	<b>964</b>	<b>979</b>	<b>-15</b>	<b>-1.6%</b>
<b>Products Supplied</b>				
Motor Gasoline	8,925	8,691	234	2.7%
Jet Fuel	1,613	1,748	-135	-7.7%
Distillate Fuel Oil	3,674	3,662	12	0.3%
<b>Total</b>	<b>19,648</b>	<b>19,559</b>	<b>89</b>	<b>0.5%</b>
<b>Stocks (Million Barrels)</b>				
	<b>6/28/2002</b>	<b>6/28/2001</b>	<b>Diff.</b>	<b>% Diff.</b>
Crude Oil (excl. SPR)	321.2	310.3	10.9	3.5%
Motor Gasoline	216.4	219.9	-3.5	-1.6%
Jet Fuel	40.3	43.1	-2.8	-6.5%
Distillate Fuel Oil	128.3	113.2	15.1	13.3%
<b>Total (excl. SPR)</b>	<b>1,031.4</b>	<b>1,019.0</b>	<b>12.4</b>	<b>1.2%</b>



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

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## World Oil Market Highlights

(updated July 9, 2002)

According to third quarter 2002 estimates, the world holds about 5.8 million barrels per day of excess oil production capacity that could be brought online within 30 days, over 90% of which lies in OPEC countries. This figure does not include Iraqi spare capacity.

<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>	1.83	1.36	0.47
<b>Saudi Arabia</b>	1.66	1.61	0.05
<b>Venezuela</b>	1.55	1.29	0.26
<b>Mexico</b>	1.44	1.39	0.05
<b>Nigeria</b>	0.89	0.84	0.04
<b>Iraq</b>	0.80	0.80	0.00
<b>Norway</b>	0.34	0.28	0.06
<b>Angola</b>	0.33	0.32	0.01
<b>United Kingdom</b>	0.32	0.24	0.08
<b>Total Imports</b>	<b>11.87</b>	<b>9.33</b>	<b>2.54</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

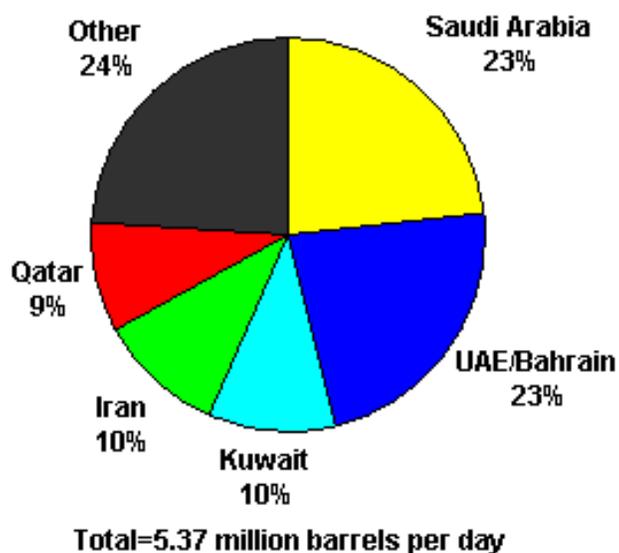
11)	Libya	1.24
12)	Algeria	1.24

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

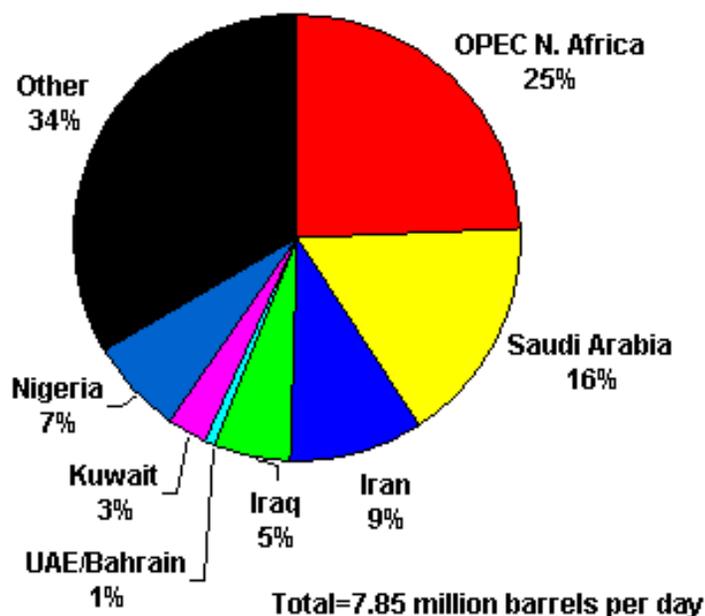
During 2001, about 48% of U.S. crude oil imports came from the Western Hemisphere (19% from South America, 15% from Mexico, 14% from Canada), while 30% came from the Persian Gulf region (18% from Saudi Arabia, 9% from Iraq, 3% from Kuwait).

In general, OECD Europe depends far more heavily on the Persian Gulf and North Africa for oil imports than the United States. During 2001, about 35% 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, 2001**



**OECD European Net Oil Imports by Country, 2001**



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# Latest U.S. Weekly Natural Gas Information

(updated July 9, 2002)

## Industry/Market Developments

*Elements of Local Distribution Company Supply Surveyed:* The American Gas Association (AGA) released the report *LDC Supply Portfolio Management During the 2001-2002 Winter Heating Season*, which outlines survey responses received from 32 natural gas utilities in 25 states. To balance the need to minimize gas acquisition risk and the obligation to provide low-cost reliable service, LDCs manage a portfolio of supply, storage, and transportation service contracts. Of the 29 LDCs reporting, 24 indicated that long-term contractual agreements (1 year or longer) were a part of their peak-day purchases during the 2001-2002 heating season. Twenty-two companies reported using mid-term contracts, while 16 companies reported using daily contracts. In addition, over half of the LDC respondents reported that they use financial instruments, fixed price contracts, and gas in storage as price hedges. Over three-fourths of the respondents indicated that for the 2002-2003 winter heating season they plan to hedge the same or more of their purchased gas volumes.

## Storage

Natural gas in storage totaled 2,260 Bcf in the Lower 48 States for the week ended Friday, June 28, 2002, according to EIA's Weekly Natural Gas Storage Report. With the implied injection of 69 Bcf for the week, stocks are now 393 Bcf higher than last year at this time and 368 Bcf higher than the 5-year average of 1,892 Bcf.

All Volumes in Bcf	Current Stocks 6/28/2002	Estimated Prior 5-year (1997-2001) Average	Percent Difference from 5-Year Average	Net Change from Last Week	One- Week Prior Stocks 6/21/2002
East Region	1,171	1,057	10.8%	49	1,122
West Region	320	265	20.8%	6	314
Producing Region	769	571	34.7%	14	755
<b>Total Lower 48</b>	<b>2,260</b>	<b>1,892</b>	<b>19.5%</b>	<b>69</b>	<b>2,191</b>

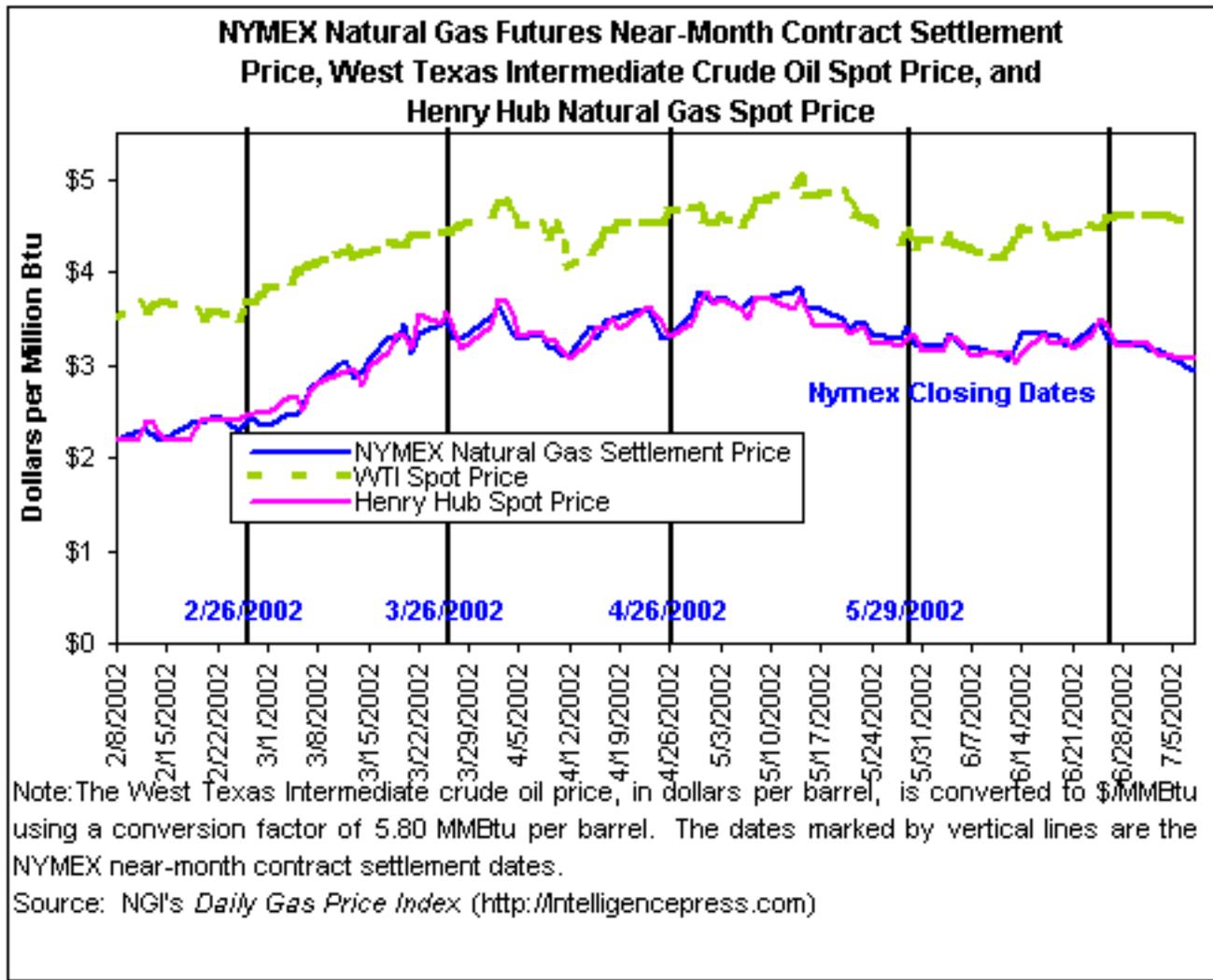
Source: Energy Information Administration: Form EIA-912, "Weekly Underground Natural Gas Storage report," and the Historical Weekly Storage Estimates Database.

## Prices:

Spot prices declined by 5 percent and more at major trading locations along the Gulf Coast and at key citygate market centers since Tuesday, July 2. The Henry Hub spot price fell 4 cents to average \$3.06 per MMBtu during trading at the beginning of this week. The New York citygate price, which traded as high as \$4.16 per MMBtu last week owing to high cooling demand, has dropped about 10 percent from that high to \$3.73. A mild recovery appears underway in the Northwest and Rockies after prices tumbled to

new lows for the year at several trading locations last week. In the first trading session this week, the price of gas increased 32 cents at Sumas, Washington, for an average of \$1.10 per MMBtu, and 22 cents at Opal, Wyoming, for an average price of \$0.98. Prices collapsed in the regions last week owing to little weather-driven demand and an excess of Canadian supplies being diverted West.

At the NYMEX, the settlement price of the futures contract for August delivery at the Henry Hub fell about 6 percent on Monday to \$2.939 per MMBtu. This is the first time since March that the August contract has settled below the \$3-mark. The futures contract for January 2003 closed on Monday at \$3.787 per MMBtu, a decline of 13.7 cents on the day and a new 3-month low.



<i>Trade Date (All prices in \$ per MMBtu)</i>	<b>California Composite Average Price*</b>	<b>Henry Hub</b>	<b>New York City</b>	<b>Chicago</b>	<b>NYMEX futures contract- August delivery</b>	<b>NYMEX futures contract- September delivery</b>
6/7/2002	2.61	3.11	3.37	3.07	3.280	3.294
6/10/2002	2.71	3.14	3.51	3.15	3.203	3.235
6/11/2002	2.64	3.10	3.49	3.10	3.197	3.228
6/12/2002	2.76	3.14	3.46	3.14	3.124	3.153
6/13/2002	2.65	3.03	3.29	3.00	3.280	3.303
6/14/2002	2.61	3.12	3.36	3.10	3.408	3.435
6/17/2002	2.81	3.34	3.64	3.33	3.447	3.472
6/18/2002	2.69	3.23	3.52	3.19	3.385	3.412
6/19/2002	2.76	3.23	3.53	3.20	3.387	3.417
6/20/2002	2.91	3.29	3.66	3.29	3.276	3.307
6/21/2002	2.72	3.17	3.51	3.17	3.294	3.324
6/24/2002	2.99	3.33	3.80	3.34	3.480	3.501
6/25/2002	2.99	3.49	4.15	3.53	3.495	3.515
6/26/2002	2.85	3.42	4.01	3.42	3.353	3.373
6/27/2002	2.56	3.23	3.61	3.21	3.236	3.266
6/28/2002	2.58	3.20	3.69	3.20	3.245	3.273
7/1/2002	2.66	3.27	3.95	3.27	3.192	3.220
7/2/2002	2.37	3.17	4.16	3.18	3.145	3.177
7/3/2002	2.13	3.10	3.64	3.07	3.142	3.174
7/8/2002	2.71	3.06	3.73	3.00	2.939	2.982

\* 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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## 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. Coal Information

(updated July 9, 2002)

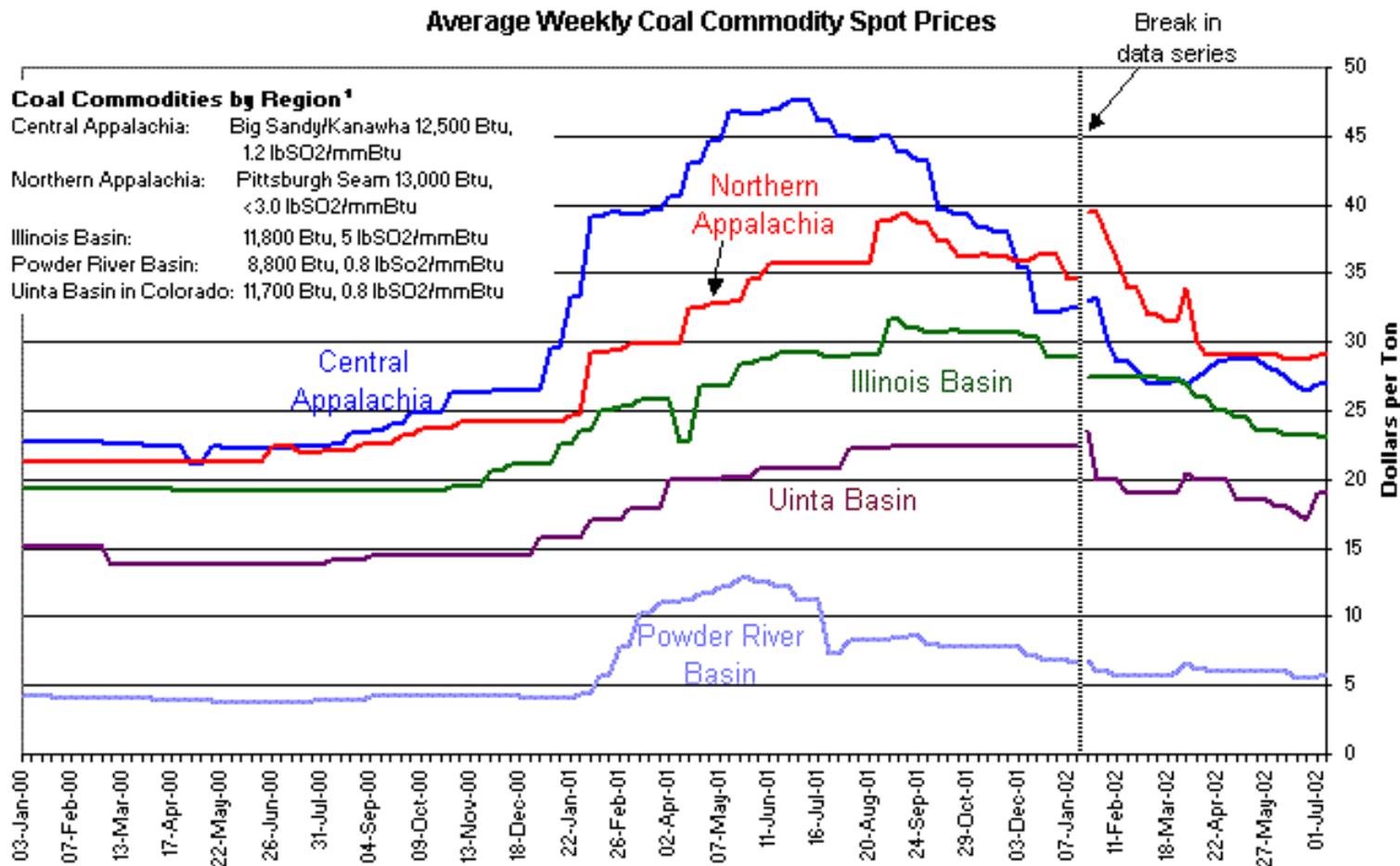
## Coal Production

For the week ending June 29, rail car loadings of coal went down by 3.1% while national [coal production](#) was lower by 7.7%, compared to their levels a year ago. Year-to-date, western U.S. coal production is 1.0% below the levels of a year ago, whereas eastern U.S. coal production is estimated to be 6.3% below last year's level. The estimated production for the first six months of 2002 was 540.4 million short tons (mst). Lower production at this time corresponds with large coal stockpiles at mines and at consuming facilities due to slowed economic activity and a long spring period of low seasonal demand at electric power plants. Weekly coal production volumes are down more (in absolute terms) than weekly rail car loadings. This reflects the rundown occurring now in producer and distributor stockpiles. In quarters 1 and 2 of 2002, growth in coal production exceeded growth in coal use and consequently stockpiles built up much above planned levels. The stock rundown (and the dampening impact on production) will continue until coal stockpiles attain normal levels. It appears that there is about a 30 million ton overhang in the supply chain, so it may take several months of curtailed production to reduce the excess stocks.

## Coal Prices

U.S. spot coal prices in recent months have alternately fallen or held relatively steady. Although prices for four of the five regional coals EIA tracks (all except Illinois Basin prices) firmed up over the most recent 2 weeks, it is too early to tell whether that represents a new trend. Allowing for changes in the price indexes since last summer, Illinois, Uinta, and Powder River Basin coals in 2002 have continued the level-to-slowly-declining price profiles established in mid- to late-2001, while spot prices for Central and Northern Appalachia have declined more steeply. Since peaking in summer 2001, Central and Northern Appalachian coal prices have fallen (by about \$21.00 and \$10.00 per short ton, respectively). The latest indexed spot prices, \$27.00 per short ton for Central Appalachian and \$29.00 per short ton for Northern Appalachian coal, are respectively 21% and 36% above prices in the summer of 2000, prior to escalation. Other prices are also running higher than the summer 2000 baseline: by 38% for the Uinta Basin, 20% for the Illinois Basin, and 53% for the Powder River Basin.

## Average Weekly Coal Commodity Spot Prices



<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.

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

In the latest week, near-quarter over-the-counter (OTC) coal prices mostly held steady or moved down by small percentages (graphic above). After a typical slow week on the [NYMEX](#), trade became active on Friday, June 14, as 180 trades were settled—the third highest daily volume in 2002—but the period ending on June 26 has seen little trading. By June 19, prices for near-month NYMEX trades had risen slightly to \$26.70 per short ton, after more than a week at \$26.50. Trading volumes during the week of the July 4 holiday were very low, with only five transactions during the week, which settled at \$27.50.

### Future Issues

Two legal rulings earlier this year that relate to coal mining practices have gained much attention and have the potential to lessen future productive capacity. The near-term effect of a March 28, 2002, ruling by U.S. District Judge James Robertson would be to halt mining that causes subsidence at the ground surface. This ruling could adversely affect future "longwall" mining, which is an important and efficient means to mine large volumes from deep-seated coal deposits. U.S. District Judge Charles H. Haden issued a far-reaching ruling on May 8, 2002, which prohibits further permitting of "valley fills" in surface mining operations. This ruling would be especially limiting to the "mountaintop removal" method of large-scale coal mining that is widely used in West Virginia to lower mining costs and produce competitively priced coal, including some low-sulfur coals. Both rulings are under appeal.

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## Latest U.S. Electricity Information

(updated July 9, 2002)

**Selected Wholesale Electricity Prices:** Western U.S. wholesale electricity prices have been mixed over the past seven-day period, with prices falling during the holiday weekend and then spiking as warm temperatures led to an increase in demand after the weekend. Prices at COB have ranged from a high of \$33.32 per megawatthour on July 8 to a low of \$10.50 per megawatthour on July 5. Palo Verde prices have ranged between a high of \$64.46 per megawatthour on July 8 to a low of \$33.74 per megawatthour on July 5.

Prices at the Cinergy Trading Center have been generally decreasing over the past seven days, as cooler temperatures have reduced demand. Prices at Cinergy have decreased 50 percent from a high of \$51.14 per megawatthour on July 2 to \$25.77 per megawatthour on July 8.

Prices in the Northeast region have also been mixed over the last seven-day period. Prices at the New York Zone J, New York City have ranged from a low of \$67.00 per megawatthour on July 5 to a high of \$133.67 per megawatthour on July 3. The high price on July 3 was attributed to high temperatures increasing the demand for electricity. Prices at the PJM West trading zone were also mixed and ranged from a low of \$36.73 per megawatthour on July 5 to a high of \$68.10 per megawatthour on July 1.

Over the past seven days, the average price at all trading centers has ranged between \$31.82 per megawatthour and \$52.55 per megawatthour.

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

Trading Centers	Date							Price Range		
	6/28/02	7/1/02	7/2/02	7/3/02	7/4/02	7/5/02	7/8/02	Max	Min	Average
COB	19.75	23.83	22.44	18.83	n.q.	10.50	33.32	33.32	10.50	21.45
Palo Verde	34.03	45.86	39.95	38.36	n.q.	33.74	64.46	64.46	33.74	42.73
Mid-Columbia	2.61	6.64	3.18	2.57	n.q.	1.18	17.35	17.35	1.18	5.59
Mead/Marketplace	37.33	50.44	44.06	44.68	n.q.	37.29	76.36	76.36	37.29	48.36
4 Corners	39.86	45.42	40.71	40.39	n.q.	34.79	68.96	68.96	34.79	45.02
NP 15	30.02	38.53	37.30	35.58	n.q.	28.92	59.27	59.27	28.92	38.27
SP 15	32.45	41.51	38.15	37.01	n.q.	31.62	63.38	63.38	31.62	40.69
PJM West	46.47	68.10	66.36	66.31	n.q.	36.73	45.44	68.10	36.73	54.90
NEPOOL	54.83	86.00	74.86	86.33	n.q.	40.56	43.75	86.33	40.56	64.39
New York Zone J	75.89	99.00	98.00	133.67	n.q.	67.00	80.00	133.67	67.00	0.00
Cinergy	31.19	50.30	51.14	42.18	n.q.	27.74	25.77	51.14	25.77	38.05
<b>Average Price</b>	36.77	50.51	46.92	49.63	n.q.	31.82	52.55	52.55	31.82	36.31

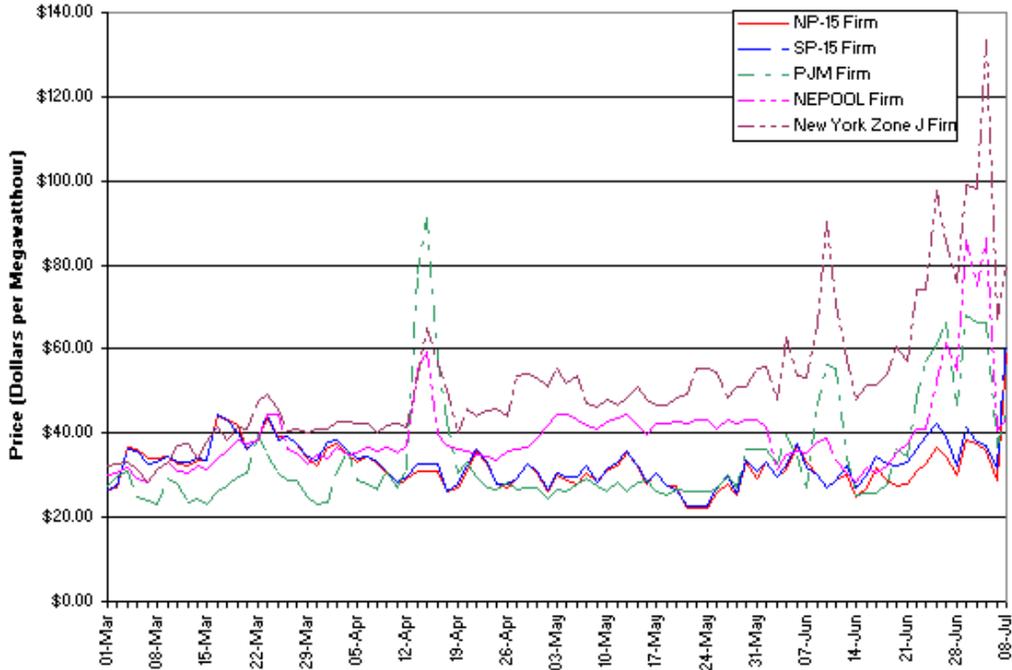
**Sources:** COB, Palo Verde, Mid-Columbia, Mead/Market Place, Four Corners, NP-15, SP-15, PJM-West, NEPOOL, New York Zone J, and Cinergy trading centers. Used with permission from Bloomberg L.P. ([www.bloomberg.com](http://www.bloomberg.com)).

**Notes:**

n.q. - No quotes available for the day.

**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 Nepool.  
**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.

Average Wholesale Electricity Prices in the U.S.



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