

Energy Situation Analysis Report

Last Updated: October 24, 2002

Next Update: October 29, 2002

[Energy Situation Analysis Report Archive \(PDF\)](#)

Latest Oil Market Developments

The West Texas Intermediate (WTI) front month (December) crude oil futures price on the New York Mercantile Exchange (NYMEX) settled at \$28.18 per barrel on Wednesday (10/23/02), up 26 cents per barrel from the day before (Note: the November contract expired Tuesday), but down sharply over the past week or so. Crude oil prices are now hovering around seven-week lows, more than \$2.50 per barrel below highs reached in late September and early October. [more...](#)

Latest U.S. Weekly EIA Petroleum Information

The U.S. average retail price for regular gasoline increased over the last week, rising by 1.8 cents per gallon as of October 21 to end at 145.8 cents per gallon, the highest since September 24, 2001. This price is 19.3 cents per gallon higher than last year. Retail diesel fuel prices increased for the tenth week in a row, rising by 0.8 cent per gallon to a national average of 146.9 cents per gallon as of October 21. This is also the highest price since September 24, 2001. [more...](#)

World Oil Market Highlights

According to fourth quarter 2002 estimates, the world (excluding Iraq) holds about 5 million barrels per day of excess oil production capacity that could be brought online, almost all of which lies in OPEC countries. [more...](#)

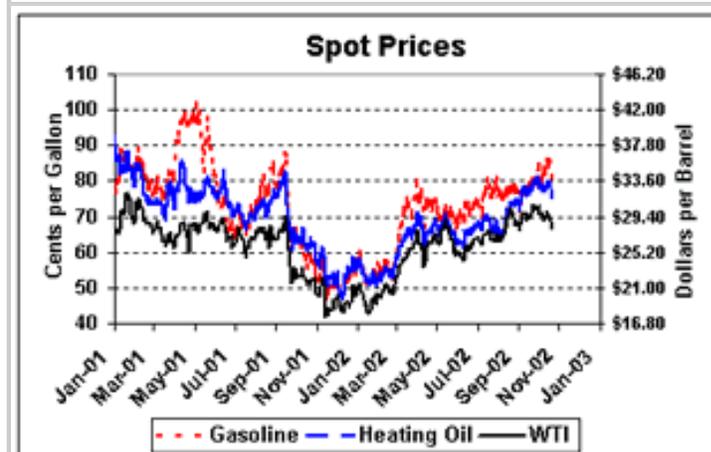
Latest U.S. Weekly Natural Gas Information

Spot natural gas prices at most trading locations this week strengthened 20 cents per MMBtu or less as a second early cold front moved into key market areas in the Midwest and Northeast. The Henry Hub spot price has gained 1 cent per MMBtu since Monday to an average of \$4.24 yesterday (October 23). At the NYMEX, the November contract for delivery at the Henry Hub closed

Energy Prices*

Petroleum Futures	10/23/02 10/22/02		Change
WTI (\$/Bbl)	28.18	27.92	+0.26
Gasoline (c/gallon)	81.40	79.85	+1.55
Heating Oil (c/gallon)	75.67	75.78	-0.11
Natural Gas (\$/MMBtu)			
Henry Hub	4.24	4.20	+0.04
California	4.04	4.00	+0.04
New York City	4.81	4.69	+0.12
Electricity (\$/Megawatthour)			
COB	37.50	37.50	0.00
PJM West	35.56	34.79	+0.77
NEPOOL	47.25	47.13	+0.12
Average	38.74	38.03	+0.71

[*Definitions](#)



on Wednesday, October 23, at \$4.260 per MMBtu, an increase of just over 10 cents since Monday. [more...](#)

Latest U.S. Coal Information

Over-the-counter (OTC) trading volumes of coal on the NYMEX throughout the months of September and October have been the lowest since the market initiated trade in coal in July 2001. The past week saw limited activity-15 trades for the week, all on October 18. Offered prices for November 2002 deliveries continue to settle at \$27.40, a price for Central Appalachian coal that major producers consider untenable. [more...](#)

Latest U.S. Electricity Information

Electricity prices were relatively stable in the Northeast U.S. over the last several trading days as steady temperatures stabilized electricity demand. Prices at PJM West averaged \$35.23 per megawatt-hour over the last seven trading days with a high of \$38.00 and low of \$32.56 per megawatt-hour. At the NEPOOL, prices ranged between \$46.92 per megawatt-hour and \$50.00 per megawatt-hour. In New York City, prices ranged between \$55.50 and \$60.75 per megawatt-hour. [more...](#)

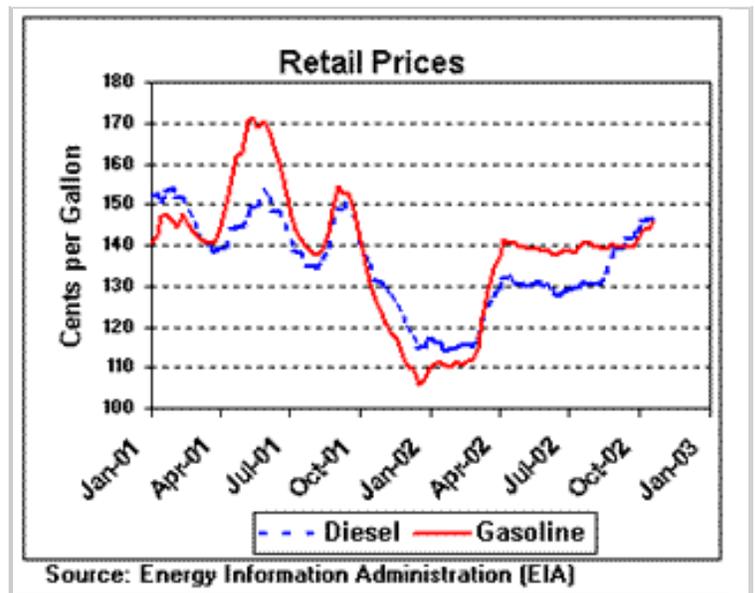
[Signup for e-mail subscription](#)

[Archives](#)

[EIA Home](#)

[Contact Us](#)

Page last modified on undefined





Energy Situation Analysis Reports

Previous Energy Situation Analysis Reports
(PDF Version 4/17/02-present; HTML text only 10/10/01-4/16/02)

Contact:

Lowell Feld

lowell.feld@eia.doe.gov

Phone: Lowell Feld: (202) 586-9502

Fax: (202) 586-9753

URL: <http://www.eia.doe.gov/emeu/security/esar/archive/esararchive.html>

*If you are having problems with this site, please contact the EIA Webmaster at
wmaster@eia.doe.gov*

Page last modified on undefined

[Back to the Current Energy Situation Analysis Report](#)

[E-Mail Subscription Lists](#)

Latest Oil Market Developments

(updated October 24, 2002)

The West Texas Intermediate (WTI) front month (December) crude oil futures price on the New York Mercantile Exchange (NYMEX) settled at \$28.18 per barrel on Wednesday (10/23/02), up 26 cents per barrel from the day before (Note: the November contract expired Tuesday), but down sharply over the past week or so. Crude oil prices are now hovering around seven-week lows, more than \$2.50 per barrel below highs reached in late September and early October. This drop in crude oil prices has been attributed by most oil market analysts to an easing of traders' concerns over the imminence of an attack on Iraq as discussions continue at the United Nations, and a consequent reduction in the so-called "war premium." Meanwhile, the Energy Information Administration (EIA) reported that U.S. crude oil stocks had increased by 6.8 million barrels last week, to 286.2 million barrels. In part, this was a rebound from the effects of Tropical Storm Isidore and Hurricane Lili, which struck the U.S. Gulf coast in late September and early October, respectively. Despite this increase, crude stocks remain 8% below year-earlier levels, according to EIA, and in PADD II (Midwest), crude oil inventories remained below 55 million barrels once again, returning close to the lowest level seen since at least 1990.

Oil markets continue to watch the situation in the Middle East, including U.N. Security Council discussions on an Iraq resolution, and the U.S. administration's statements on Iraq policy. Until their recent decline, oil prices had been driven sharply higher (up around 50%) since the beginning of 2002 due to several factors, including: 1) significant cuts in OPEC production quotas during 2001; 2) tensions in the Middle East, particularly speculation over the possibility of U.S. military action against Iraq (the so-called "war premium"); 3) relatively low U.S. crude oil inventories (see [Latest U.S. Weekly EIA Petroleum Information](#)); and 4) concerns in the wake of the recent attack on a French oil tanker that oil facilities will continue to be major terrorist targets.

Topics affecting **world oil markets** include:

- On Wednesday (10/23/02), the U.S. ambassador to the United Nations, John Negroponte, introduced a draft Security Council resolution on Iraq. Secretary of State Colin Powell said that U.S. "basic principles" in the draft included a warning to Iraq of "serious consequences" if Iraq remained in "material breach" of U.N. resolutions. The Security Council is scheduled to meet tomorrow (Friday) and may discuss the new U.S. draft, but Russia has stated that the new document still "doesn't meet Russia's criteria" for approval.
- Gulf Cooperation Council oil ministers are scheduled to meet on Saturday in Oman to discuss a new emergency oil strategy aimed at guaranteeing oil supplies in the event any possible disruption. Meanwhile, Algeria said that it planned to boost its oil output by 80,000 barrels per

day in the next three months, and to triple that by March 2003 as the new Ourhoud field comes online. Algeria has been pressing for a larger OPEC quota (as have Nigeria and Libya), and has been producing well over its current quota of 693,000 barrels per day. OPEC reportedly has postponed a meeting of technical experts to discuss reallocation of output quotas by four months, to March 2003.

- Unrest continues in Venezuela, with military officers and labor unions calling for President Chavez to step down. On Wednesday, the million-member Venezuela Workers Confederation and the Primera Justicia party threw their support behind the anti-Chavez movement. Venezuela is the fourth largest exporter of oil to the United States (see [petroleum section](#)).
- As of October 23, 2002, the [U.S. Strategic Petroleum Reserve \(SPR\)](#) contained 588.4 million barrels of oil. The SPR has a maximum drawdown capability of 4.3 million bbl/d for 90 days, with oil beginning to arrive in the marketplace 15 days after a presidential decision to initiate a drawdown. The SPR drawdown rate declines to 3.2 million bbl/d from days 91-120, to 2.2 million bbl/d for days 121-150, and to 1.3 million bbl/d for days 151-180.

File last modified: October 24, 2002

[Archives of past Energy Situation Analysis Reports are now available.](#)

Contact:

Lowell Feld

lowell.feld@eia.doe.gov

Phone: Lowell Feld: (202) 586-9502

Fax: (202) 586-9753

URL: <http://www.eia.doe.gov/emeu/security/esar/latem.html>

If you are having technical problems with this site, please contact the EIA Webmaster at wmaster@eia.doe.gov

Latest U.S. Weekly EIA Petroleum Information

(last complete update: October 24, 2002)

Petroleum Inventories

U.S. commercial crude oil inventories (excluding those in the Strategic Petroleum Reserve) rose by 6.8 million barrels last week, with the increase spread out among three different regions (PADDs I, III, and V). However, nationally, they are 25.3 million barrels below the level last year at this time. In PADD II (Midwest), crude oil inventories remained below 55 million barrels once again, returning close to the lowest level seen since at least 1990. With refinery production up, distillate fuel inventories rose by 0.2 million barrels last week, but motor gasoline inventories dropped by 3.6 million barrels, and have fallen by 13.0 million barrels in the last three weeks.

Chilly weather in the upper Midwest and East Coast last week combined with forecasts for more of the same for next week to apparently spur propane marketers to begin moving more propane out of primary storage to secondary (propane dealers) and tertiary (residential and commercial customers) storage. As such, U.S. propane inventories moved lower unexpectedly, by 1.9 million barrels, to end the week of October 18, 2002 at 67.8 million barrels. Combined with the prior week's stock draw, U.S. inventories of propane are down more than 3.3 million barrels since the start of the heating season on October 1. However, despite the early season stock draws, U.S. inventories still maintain a reasonable cushion for this time of year that shows inventories tracking well within the average range.

Petroleum Imports

U.S. crude oil imports last week averaged 10.0 million barrels per day, up by 500,000 barrels per day from the previous week, and the most since the week ending May 18, 2001. However, with crude oil imports reduced recently due to storm-related impacts, crude oil imports have averaged over 9.0 million barrels per day, or 200,000 barrels per day less over the last four weeks than averaged during the same four-week period last year. Total motor gasoline imports (including both finished gasoline and gasoline blending components) averaged 600,000 barrels per day last week, while distillate fuel imports increased sharply, averaging 400,000 barrels per day.

Monthly data on the sources of U.S. crude oil imports in August 2002, released recently, show that four countries imported more than 1.4 million barrels per day of crude oil to the United States that month. The top sources of U.S. oil imports in August 2002 were Canada (1.537 million barrels per day), Venezuela (1.514 million barrels per day), Mexico (1.475 million barrels per day), and Saudi Arabia (1.411 million barrels per day). Rounding out the top ten sources, in order, were Nigeria (0.792 million barrels per day), United Kingdom (0.480 million barrels per day), Norway (0.402 million barrels per day), Iraq (0.246 million barrels per day), Colombia (0.217 million barrels per day), and Angola (0.211 million barrels per day). Of the 9.545 million barrels per day of crude oil imported into the United States during the month of August 2002, the top four countries accounted for 62% of these imports, while the top ten sources accounted for nearly 87% of all U.S. crude oil imports. Iraqi crude oil imports were the 2nd lowest amount since May 1998 (June 2002 was the only recent month in which Iraq imported less), while Russian crude oil imports averaged 0.100 million barrels per day, ranking 14th for the month, but the 2nd largest amount since June 1994 (only exceeded by the amount imported in May 2002).

Refinery Inputs and Production

U.S. crude oil refinery inputs averaged 14.3 million barrels per day during the week ending October 18, an increase of over 1.0 million barrels per day from the previous week. Crude oil refinery inputs in PADD III (Gulf Coast) increased dramatically, averaging 6.9 million barrels per day last week, back to levels seen before recent storms caused refineries in the area to temporarily shutdown. Due to those storms, however, crude oil refinery inputs have averaged nearly 1.0 million barrels per day less over the last four weeks than last year at this time. However, with refinery inputs up sharply last week, refinery production for all major petroleum products increased last week.

Petroleum Demand

Total product supplied over the last four-week period averaged 19.2 million barrels per day, or about 1.6% less than the level last year. Over the last four weeks, motor gasoline demand is up 2.2%, kerosene-jet fuel demand is up 4.4%, but distillate fuel demand is down 4.1% compared to the same four-week period last year.

Spot Prices

The average world crude oil price on October 18, 2002 was \$26.81 per barrel, down \$0.04 from the previous week but \$7.33 more than last year. WTI was \$29.56 per barrel on October 18, 2002, \$0.20 per barrel higher than last week and \$7.57 up from last year. The spot price for conventional gasoline in the New York Harbor was 85.90 cents per gallon, up 3.10 cents per gallon from last week and 26.80 cents higher than a year ago. The spot price for No. 2 heating oil in the New York Harbor was 79.90 cents per gallon, 2.02 cents per gallon higher than last week and 17.65 cents per gallon more than last year.

Retail Gasoline and Diesel Fuel Prices

As most of the country prepares to turn their clocks back one hour this coming Saturday night (Spring forward, Fall back) reverting to Standard Time, gasoline prices are uncharacteristically high for this time of year. More specifically, the U.S. average retail price for regular gasoline increased over the last week, rising by 1.8 cents per gallon as of October 21 to end at 145.8 cents per gallon, the highest since September 24, 2001. This price is 19.3 cents

per gallon higher than last year. According to EIA's [weekly gasoline price survey](#), the average price for regular gasoline in the United States has increased 6.3 cents per gallon over the last four weeks. While an increase of this magnitude is hardly earth-shattering, it occurs at a time of year when gasoline prices are typically falling, and follows a spring and summer that were remarkable for how stable gasoline prices were. (Click [here](#) for more detail on why gasoline prices were so stable this spring and summer.) Dating back to the beginning of EIA's weekly gasoline price survey which started in August 1990, gasoline prices have never been this high (in nominal or current dollars) at this time of year except for in 2000, when the price for West Texas Intermediate crude oil averaged \$34 per barrel during the months of September, October, and November. The highest recorded weekly retail price in EIA's survey during the month of November was set on November 6, 2000 at \$1.526 per gallon, while the record for the month of December was set on December 4, 2000 at \$1.486 per gallon.

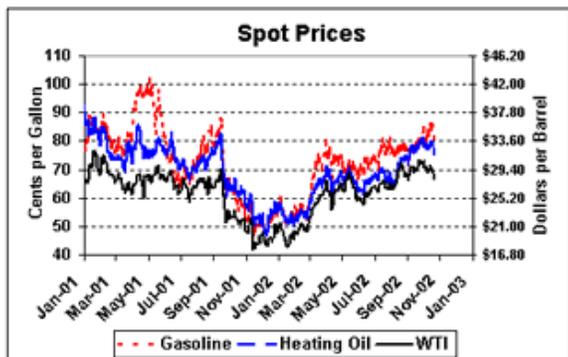
Retail diesel fuel prices increased for the tenth week in a row, rising by 0.8 cent per gallon to a national average of 146.9 cents per gallon as of October 21. This is also the highest price since September 24, 2001. U.S. diesel fuel prices have risen 16.6 cents per gallon since they started increasing ten weeks ago, and with distillate fuel stocks remaining well under 130 million barrels, it is unlikely that prices will decrease as the holiday shopping season approaches. Retail diesel prices were up throughout most of the country, with the largest price increase occurring in the Midwest, which saw the price rise by 1.2 cents per gallon to end at 147.1 cents per gallon. Prices on the West Coast fell by 0.1 cent per gallon to end at 152.6 cents per gallon.

Retail Heating Oil and Propane Prices Increase Slightly

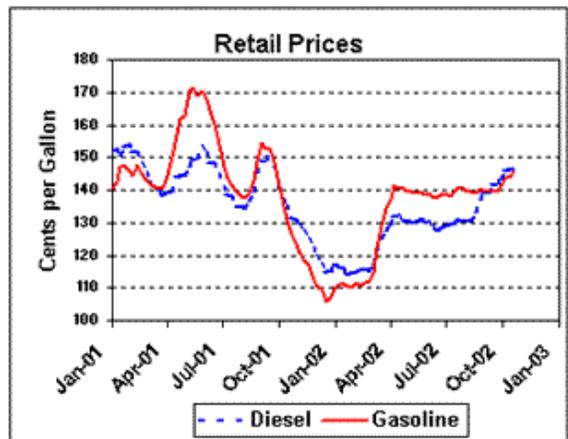
Residential heating oil and propane prices showed slight increases for the period ending October 21, 2002. The average residential heating oil price stood at 127.1 cents per gallon, up 0.7 cent, while the average residential propane prices increased from 113.1 to 113.5, up 0.4 cent. Heating oil prices are 3.1 cents per gallon higher than last year at this time while residential propane prices are the same as one year ago. Wholesale heating oil prices increased 1.0 cent, to 87.1 cents per gallon. Wholesale propane prices rose from 52.7 cents to 54.0 cents per gallon, up 1.3 cents.

U.S. Petroleum Prices

(updated October 24, 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	Belview	Conway	Gasoline	Diesel
	\$/bbl	\$/bbl	cents per gallon		cents per gallon		c/gal	cents per gallon		cents per gallon	
9/5/2002	\$29.06	\$28.98	75.18	77.66	76.03	77.31	80.18	45.63	44.38		
9/6/2002	\$29.51	\$29.61	76.68	78.63	77.00	78.39	81.15	46.75	45.50		
9/9/2002	\$29.80	\$29.73	77.20	79.00	77.55	78.62	82.05	46.82	45.75	139.5	139.6
9/10/2002	\$29.62	\$29.73	77.70	79.94	77.85	79.27	82.20	47.57	46.25		
9/11/2002	\$29.77	\$29.77	77.60	80.55	77.65	78.97	82.20	47.38	46.00		
9/12/2002	\$28.95	\$28.85	75.55	78.54	75.75	76.58	80.10	46.88	45.25		
9/13/2002	\$29.83	\$29.81	77.75	80.56	77.75	78.67	82.10	47.38	45.94		
9/16/2002	\$29.14	\$29.67	77.30	79.36	76.20	78.37	80.80	47.44	45.63	140.1	141.4
9/17/2002	\$29.08	\$29.08	77.50	77.63	76.85	77.23	81.53	46.50	45.00		
9/18/2002	\$29.57	\$29.48	79.10	79.82	77.90	78.91	82.83	47.57	46.44		
9/19/2002	\$29.49	\$29.50	79.30	80.08	77.85	78.81	82.63	47.57	46.32		
9/20/2002	\$29.65	\$29.61	79.78	81.41	77.45	78.70	82.00	47.88	47.25		
9/23/2002	\$30.85	\$30.71	79.95	84.27	79.00	80.57	83.05	48.75	47.75	139.5	141.7
9/24/2002	\$30.79	\$30.77	80.85	82.92	79.40	80.70	83.53	48.63	47.75		
9/25/2002	\$30.69	\$30.64	80.63	81.69	79.70	80.63	83.68	47.51	46.69		
9/26/2002	\$30.31	\$30.41	78.80	80.81	79.20	80.40	83.10	47.50	46.75		
9/27/2002	\$30.53	\$30.54	80.05	81.43	79.20	80.38	83.20	47.82	46.88		
9/30/2002	\$30.59	\$30.45	79.73	81.35	79.18	80.18	83.06	48.13	47.00	141.3	143.8
10/1/2002	\$30.71	\$30.83	83.03	82.71	81.05	82.04	85.43	48.75	47.75		
10/2/2002	\$30.59	\$30.49	84.53	82.50	80.20	81.35	86.83	48.25	47.44		
10/3/2002	\$29.73	\$29.76	80.25	80.25	77.72	79.43	83.10	47.50	46.25		
10/4/2002	\$29.65	\$29.62	80.10	79.72	79.20	79.19	83.18	47.57	46.00		
10/7/2002	\$29.65	\$29.64	80.80	80.47	78.08	79.16	82.78	47.57	46.25	143.9	146.0
10/8/2002	\$29.56	\$29.48	83.78	82.35	77.55	79.05	83.30	47.26	45.88		
10/9/2002	\$29.31	\$29.35	82.20	82.04	77.71	79.42	83.51	47.32	46.25		
10/10/2002	\$28.96	\$28.97	81.50	80.46	77.10	78.30	83.10	46.69	45.50		
10/11/2002	\$29.36	\$29.37	82.80	82.01	77.88	78.97	83.40	47.25	47.07		
10/14/2002	\$30.06	\$30.03	85.90	84.96	79.85	80.89	85.40	48.25	47.32	144.0	146.1
10/15/2002	\$29.73	\$29.72	84.47	83.99	78.80	79.98	84.35	47.94	46.88		
10/16/2002	\$29.28	\$29.47	84.65	83.93	78.79	79.96	83.64	48.25	47.00		
10/17/2002	\$29.61	\$29.62	85.75	83.98	79.85	80.77	84.05	48.63	47.00		
10/18/2002	\$29.56	\$29.60	85.90	85.17	79.90	80.35	83.25	48.82	47.50		
10/21/2002	\$28.31	\$28.37	80.54	81.03	75.66	76.29	79.49	47.68	46.75	145.8	146.9
10/22/2002	\$27.93	\$27.92	80.93	79.85	75.36	75.78	79.06	47.50	46.63		
10/23/2002	\$28.19	\$28.18	81.40	81.40	75.03	75.67	79.40	48.25	47.69		

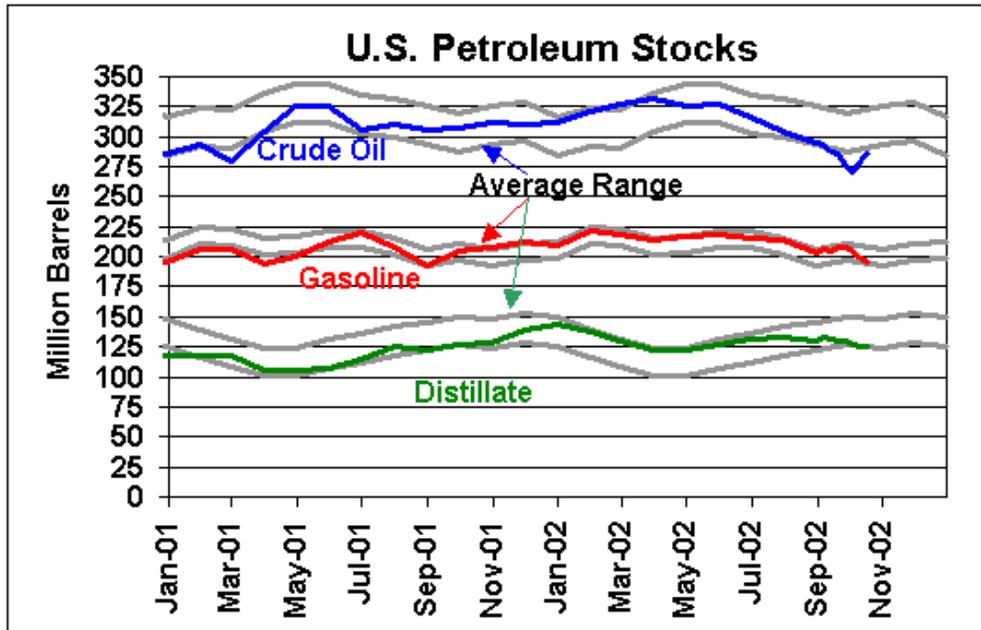
Source: Spot and futures closing quotes as reported by Reuters News Service, retail prices reported by EIA

U.S. Petroleum Supply

(Thousand Barrels per Day)	Four Weeks Ending		vs. Year Ago	
	10/18/2002	10/18/2001	Diff.	% Diff.
Refinery Activity				
Crude Oil Input	14,043	15,003	-960	-6.4%
Operable Capacity	16,800	16,510	290	1.8%
Operable Capacity Utilization (%)	84.7%	92.1%	-7.4%	
Production				
Motor Gasoline	8,193	8,420	-227	-2.7%
Jet Fuel	1,434	1,443	-9	-0.6%
Distillate Fuel Oil	3,362	3,729	-367	-9.8%
Imports				
Crude Oil (incl. SPR)	9,049	9,261	-212	-2.3%
Motor Gasoline	753	772	-19	-2.4%
Jet Fuel	136	103	33	31.4%
Distillate Fuel Oil	276	278	-2	-0.8%
Total	11,204	11,551	-347	-3.0%
Exports				
Crude Oil	30	10	20	205.5%
Products	922	889	33	3.8%
Total	951	898	53	5.8%
Products Supplied				
Motor Gasoline	8,805	8,617	188	2.2%
Jet Fuel	1,619	1,553	66	4.2%
Distillate Fuel Oil	3,642	3,784	-142	-3.8%
Total	19,196	19,507	-311	-1.6%

vs. Year Ago

Stocks (Million Barrels)	10/18/2002	10/18/2001	vs. Year Ago	
			Diff.	% Diff.
Crude Oil (excl. SPR)	286.2	311.5	-25.3	-8.1%
Motor Gasoline	195.4	206.9	-11.5	-5.6%
Jet Fuel	39.8	41.4	-1.6	-3.9%
Distillate Fuel Oil	125.6	128.0	-2.4	-1.9%
Total (excl. SPR)	982.1	1,032.9	-50.8	-4.9%



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

File last modified: October 24, 2002

[Archives of past Energy Situation Analysis Reports are now available.](#)

Contact:
 Doug MacIntyre
douglas.macintyre@eia.doe.gov
 Phone: Doug MacIntyre : (202) 586-1831
 Fax: (202) 586-9753

URL: <http://www.eia.doe.gov/emeu/security/esar/latpet.html>

If you are having technical problems with this site, please contact the EIA Webmaster at wmaster@eia.doe.gov

World Oil Market Highlights

(updated October 22, 2002)

According to fourth quarter 2002 estimates, the world (excluding Iraq) holds around 5 million barrels per day of excess oil production capacity that could be brought online, almost all of which lies in OPEC countries.

OPEC Crude Oil Production ¹ (Thousand barrels per day)					
	3Q 2002 Production	4Q 2002 Production	1/01/02 Quota ²	2002 Production Capacity ³	4Q Surplus Capacity ³
Algeria	903	950	693	1,100	150
Indonesia	1,110	1,095	1,125	1,200	105
Iran	3,390	3,390	3,186	3,850	460
Kuwait ⁴	1,926	1,960	1,741	2,400	440
Libya	1,330	1,330	1,162	1,400	70
Nigeria	1,933	2,033	1,787	2,300	267
Qatar	640	640	562	850	170
Saudi Arabia ⁴	7,749	7,800	7,053	10,000-10,500	2,200-2,700
UAE ⁶	1,980	1,980	1,894	2,600	620
Venezuela ⁷	2,746	2,800	2,497	2,900	100
OPEC 10 Crude Oil Total	23,708	23,978	21,700	28,600-29,100⁵	4,622-5,122⁵
Iraq ⁸	1,742	1,765	N/A	3,050	1,285

OPEC Crude Oil Total	25,450	25,743	N/A	31,650-32,150⁵	5,907-6,407⁵
Other Liquids ⁹	2,751	2,751	N/A		
Total OPEC Production	28,201	28,495	N/A		

NA: Not Applicable

¹Crude oil does not include lease condensate or natural gas liquids.

²Quotas are based on crude oil production only.

³Maximum sustainable production capacity, defined as the maximum amount of production that: 1) could be brought online within a period of 30 days; and 2) sustained for at least 90 days.

⁴Kuwaiti and Saudi Arabian figures each include half of the production from the Neutral Zone between the two countries. Saudi Arabian production also includes oil produced from its offshore Abu Safa field on behalf of Bahrain.

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

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

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

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

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

Major Sources of U.S. Petroleum Imports, Jan.-August 2002*

(all volumes in million barrels per day)

	Total Oil Imports	Crude Oil Imports	Petroleum Product Imports
Canada	1.89	1.39	0.50
Saudi Arabia	1.51	1.48	0.03
Mexico	1.50	1.46	0.04
Venezuela	1.39	1.19	0.20
Nigeria	0.60	0.57	0.03
Iraq	0.52	0.52	0.00
United Kingdom	0.46	0.39	0.07
Norway	0.41	0.36	0.05
Angola	0.32	0.31	0.01

Algeria	0.28	0.03	0.25
Total Imports	11.30	9.01	2.29

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

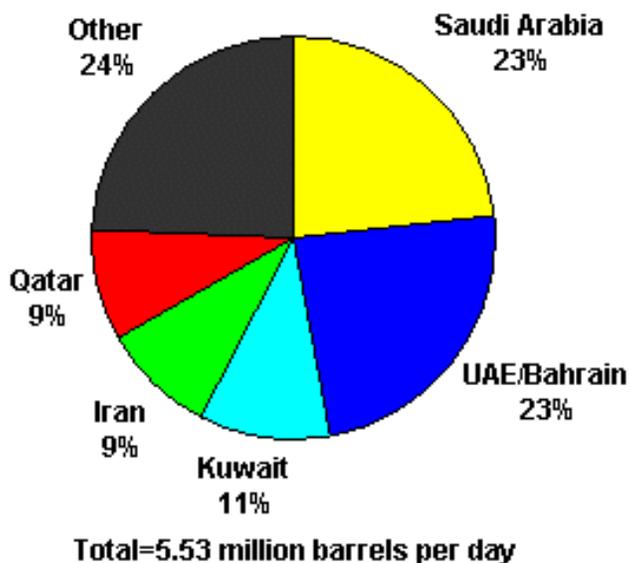
Top World Oil Net Exporters, Jan.-May 2002*		
	Country	Net Exports (million barrels per day)
1)	Saudi Arabia	6.64
2)	Russia	4.81
3)	Norway	3.18
4)	Iran	2.43
5)	Venezuela	2.34
6)	United Arab Emirates	1.92
7)	Nigeria	1.86
8)	Iraq	1.65
9)	Kuwait	1.60
10)	Mexico	1.67
11)	Algeria	1.21
12)	Libya	1.17

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

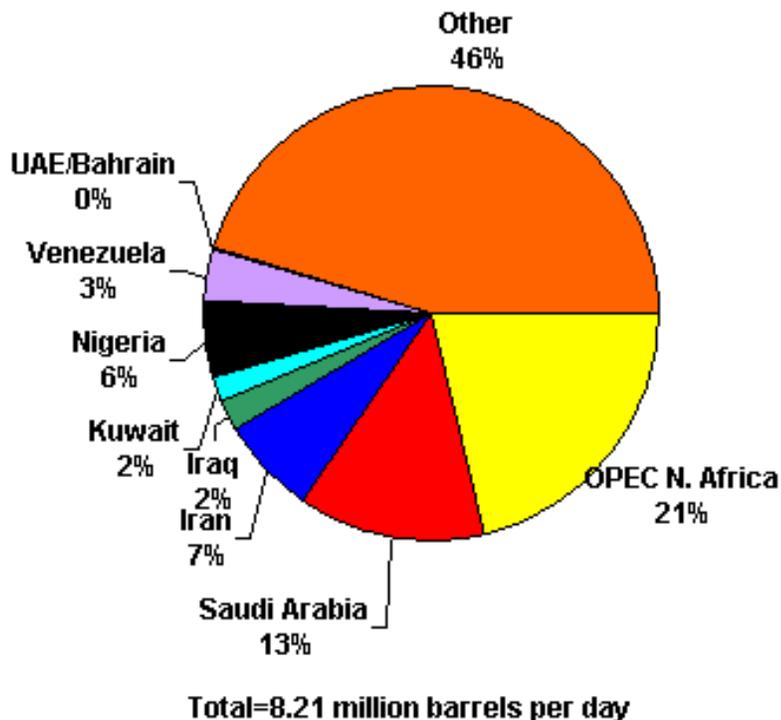
During the first five months of 2002, about half of U.S. crude oil imports came from the Western Hemisphere (17% from South America, 16% from Mexico, 15% from Canada, 2% from the Caribbean), while 27% came from the Persian Gulf region (17% from Saudi Arabia, 8% from Iraq, 2% from Kuwait).

In general, OECD Europe depends far more heavily on the Persian Gulf and North Africa for oil imports than the United States. During the first quarter of 2002, about 25% of OECD Europe's net oil imports came from the Persian Gulf (mainly Saudi Arabia, Iran, Iraq, and Kuwait), around 28% 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, 1Q 2002



OECD European Net Oil Imports by Country, 1Q 2002



File last modified: October 22, 2002

[Archives of past Energy Situation Analysis Reports are now available.](#)

Contact:

Lowell Feld

lowell.feld@eia.doe.gov

Phone: Lowell Feld: (202) 586-9502

Fax: (202) 586-9753

URL: <http://www.eia.doe.gov/emeu/security/esar/esar.html>

If you are having technical problems with this site, please contact the EIA Webmaster at wmaster@eia.doe.gov

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.



[Home](#) > [Energy Situation Analysis Report](#) > [Latest U.S. Weekly Natural Gas Information](#)

Latest U.S. Weekly Natural Gas Information

(updated October 24, 2002)

[Industry/Market Developments](#)

Minerals Management Service Issues Final Assessment of Storms' Production Impacts: On Friday, October 18, the U.S. Department of the Interior's Minerals Management Service (MMS) announced the effects of Hurricane Lili and Tropical Storm Isidore on offshore oil and gas production in the Gulf of Mexico (GOM). From September 23, 2002, through October 18, 2002, more than 88.9 billion cubic feet (Bcf) of natural gas and 14.4 million barrels of oil were unavailable for U.S. consumption because of the shutdown of oil and gas operations on the GOM Outer Continental Shelf. Using September 29, 2002, as the end date for Tropical Storm Isidore, the MMS reports that this storm caused about 27.5 Bcf of natural gas and 4.5 million barrels of oil to be shut-in (Monday, September 23 through Saturday, September 29). Hurricane Lili, a much more intense storm, led to production shut-ins of more than 61.5 Bcf of natural gas and 9.9 million barrels of oil from September 30 through October 18. These numbers are based on operator reports to MMS and reflect corrections to previous daily reports. As of October 18, production operations in the Gulf of Mexico had almost returned to pre-storm levels, with only 670 million cubic feet of natural gas and 105 thousand barrels of oil production still shut down. Total U.S. natural gas production is roughly 50 to 53 Bcf per day, so the shut-in total of almost 89 Bcf is the equivalent of less than 2 days of national production, or about 5%-6% of total production in a month.

[Storage](#)

Working gas in storage was 3,161 Bcf, or 7.4%, above the 5-year average for the week ending October 18, according to EIA's Weekly Natural Gas Storage Report. The implied net injection for the week was 33 Bcf, or about 25 Bcf below the 5-year average and 1 Bcf higher than last year. The relatively low injection came during a week when the first cold front of the season moved across the Lower 48, increasing demand in several key markets such as the Twin cities and Chicago. Across the country, temperatures were 35% colder than normal as measured by heating degree days, according to the Natural Weather Service.

All Volumes in Bcf	Current Stocks 10/18/2002	Estimated Prior 5-year (1997-2001) Average	Percent Difference from 5-Year Average	Implied Net Change from Last Week	One-Week Prior Stocks 10/11/2002
East Region	1,859	1,807	2.9%	20	1,839
West Region	415	357	16.2%	3	412
Producing Region	887	779	13.9%	10	877
Total Lower 48	3,161	2,942	7.4%	33	3,128

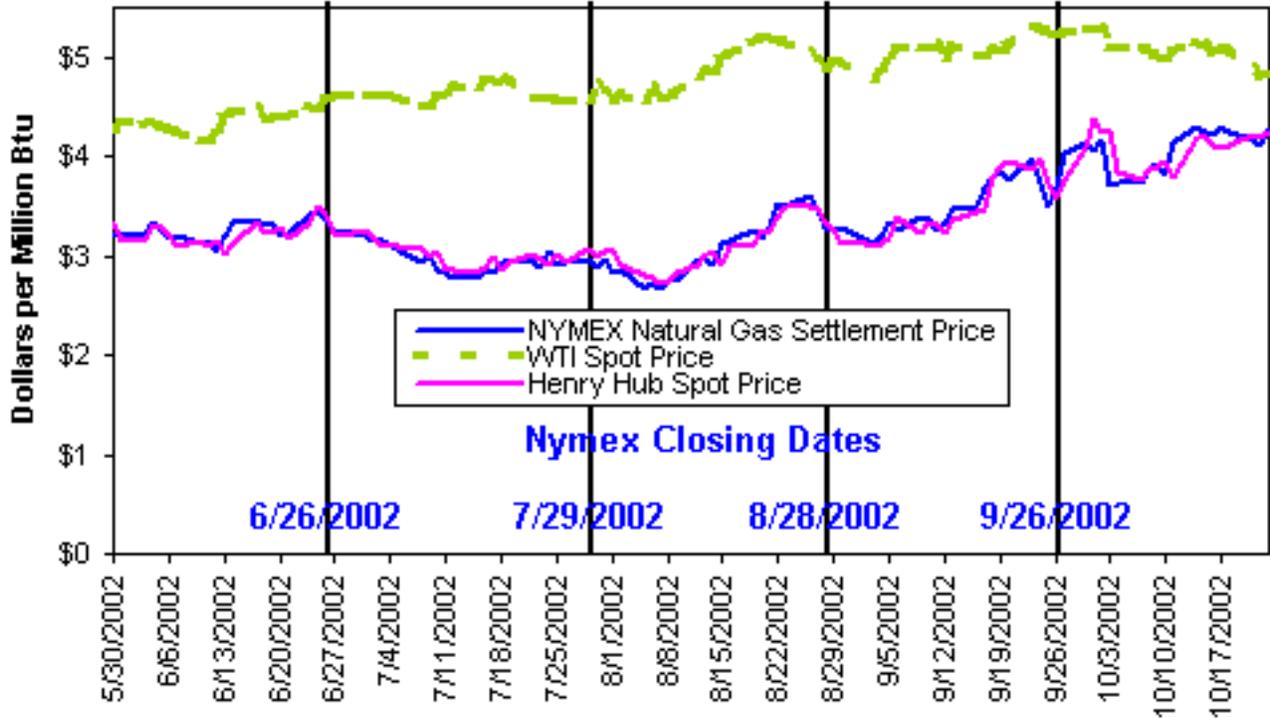
Source: Energy Information Administration: Form EIA-912, "Weekly Underground Natural Gas Storage Report," and the Historical Weekly Storage Estimates Database.

Prices:

Spot prices at most trading locations this week strengthened 20 cents per MMBtu or less as a second early cold front moved into key market areas in the Midwest and Northeast. The Henry Hub spot price has gained 1 cent per MMBtu since Monday to an average of \$4.24 per MMBtu yesterday (October 23). Indicating strong heating demand in markets, gas has been selling at the Chicago citygate at a dime or more above the Henry Hub this week. Prices on several pipelines into the Northeast region also increased to recent highs. Prices on Tennessee Gas Pipeline Zone 6 in the Northeast climbed to \$4.86 per MMBtu, an increase of 13 cents per MMBtu. In Northern California, the PG&E citygate price climbed \$0.12 per MMBtu to \$4.05 per MMBtu owing to the outage of the Diablo Canyon nuclear plant.

At the NYMEX, the November contract for delivery at the Henry Hub closed on Wednesday, October 23, at \$4.260 per MMBtu, an increase of just over 10 cents per MMBtu since Monday. The near-month contract registered a slight loss on Tuesday before rebounding 15 cents per MMBtu yesterday on news of more wintry weather in key eastern markets later this week. Strong cash market prices are also likely supporting the near-month contract as its expiration next week draws closer.

NYMEX Natural Gas Futures Near-Month Contract Settlement Price, West Texas Intermediate Crude Oil Spot Price, and Henry Hub Natural Gas Spot Price



Note: The West Texas Intermediate crude oil price, in dollars per barrel, is converted to \$/MMBtu using a conversion factor of 5.80 MMBtu per barrel. The dates marked by vertical lines are the NYMEX near-month contract settlement dates.

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

<i>Trade Date (All prices in \$ per MMBtu)</i>	California Composite Average Price*	Henry Hub	New York City	Chicago	NYMEX futures contract-November delivery	NYMEX futures contract-December delivery
9/26/2002	3.28	3.59	3.95	3.46	3.889	4.114
9/27/2002	3.26	3.76	4.02	3.57	4.041	4.245
9/30/2002	3.59	4.09	4.48	4.04	4.138	4.323
10/1/2002	3.75	4.38	4.94	4.24	4.067	4.240
10/2/2002	3.55	4.24	5.00	4.00	4.160	4.315
10/3/2002	3.40	4.26	4.97	3.97	3.724	3.959
10/4/2002	3.07	3.85	4.16	3.68	3.739	3.969
10/7/2002	3.33	3.77	4.12	3.75	3.740	3.990
10/8/2002	3.46	3.86	4.21	3.87	3.862	4.120
10/9/2002	3.48	3.91	4.24	3.94	3.918	4.158
10/10/2002	3.43	3.94	4.24	3.94	3.828	4.055
10/11/2002	3.23	3.79	4.05	3.81	4.146	4.336
10/14/2002	3.82	4.19	4.45	4.23	4.303	4.471
10/15/2002	3.87	4.20	4.53	4.25	4.247	4.440
10/16/2002	3.66	4.10	4.39	4.18	4.227	4.422
10/17/2002	3.68	4.09	4.39	4.19	4.299	4.507
10/18/2002	3.72	4.11	4.41	4.25	4.239	4.462
10/21/2002	3.93	4.23	4.59	4.33	4.157	4.378
10/22/2002	4.00	4.20	4.69	4.34	4.110	4.315
10/23/2002	4.04	4.24	4.81	4.38	4.260	4.440

* 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>)

File last modified: October 24, 2002

[Archives of past Energy Situation Analysis Reports are now available.](#)

Contact:

Jim Thompson

james.thompson@eia.doe.gov

Phone: Jim Thompson : (202) 586-6201

Fax: (202) 586-4420

URL: <http://www.eia.doe.gov/emeu/security/esar/latng.html>

If you are having technical problems with this site, please contact the EIA Webmaster at wmaster@eia.doe.gov

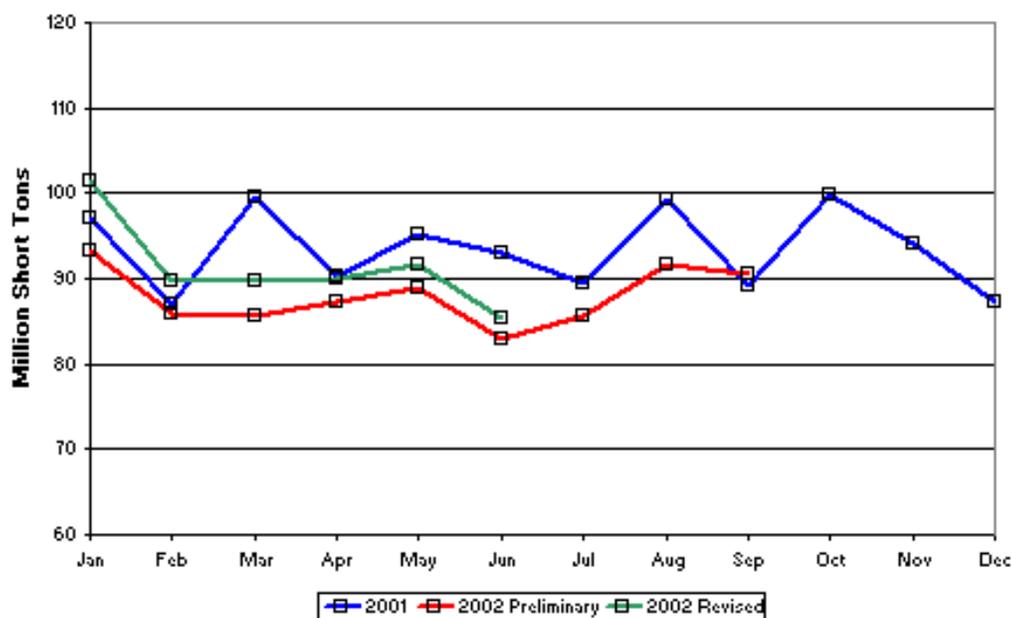
Latest U.S. Coal Information

(updated October 22, 2002)

Coal Production

For the week ended October 12, railcar loadings of coal were 2.0% lower while national [coal production](#) was about the same as year-ago levels. Year-to-date, estimated western U.S. coal production is 0.5% below the levels of a year ago, whereas eastern U.S. coal production is estimated to be 5.9% below last year's level. The revised production for the first 9 months of 2002 is 845.6 million short tons (mst), 2.9% lower than the 840.0 mst in the first 9 months of 2001. The revised estimate incorporates Mine Safety and Health Administration coal production survey data for the second quarter 2002.

U.S. Monthly Coal Production

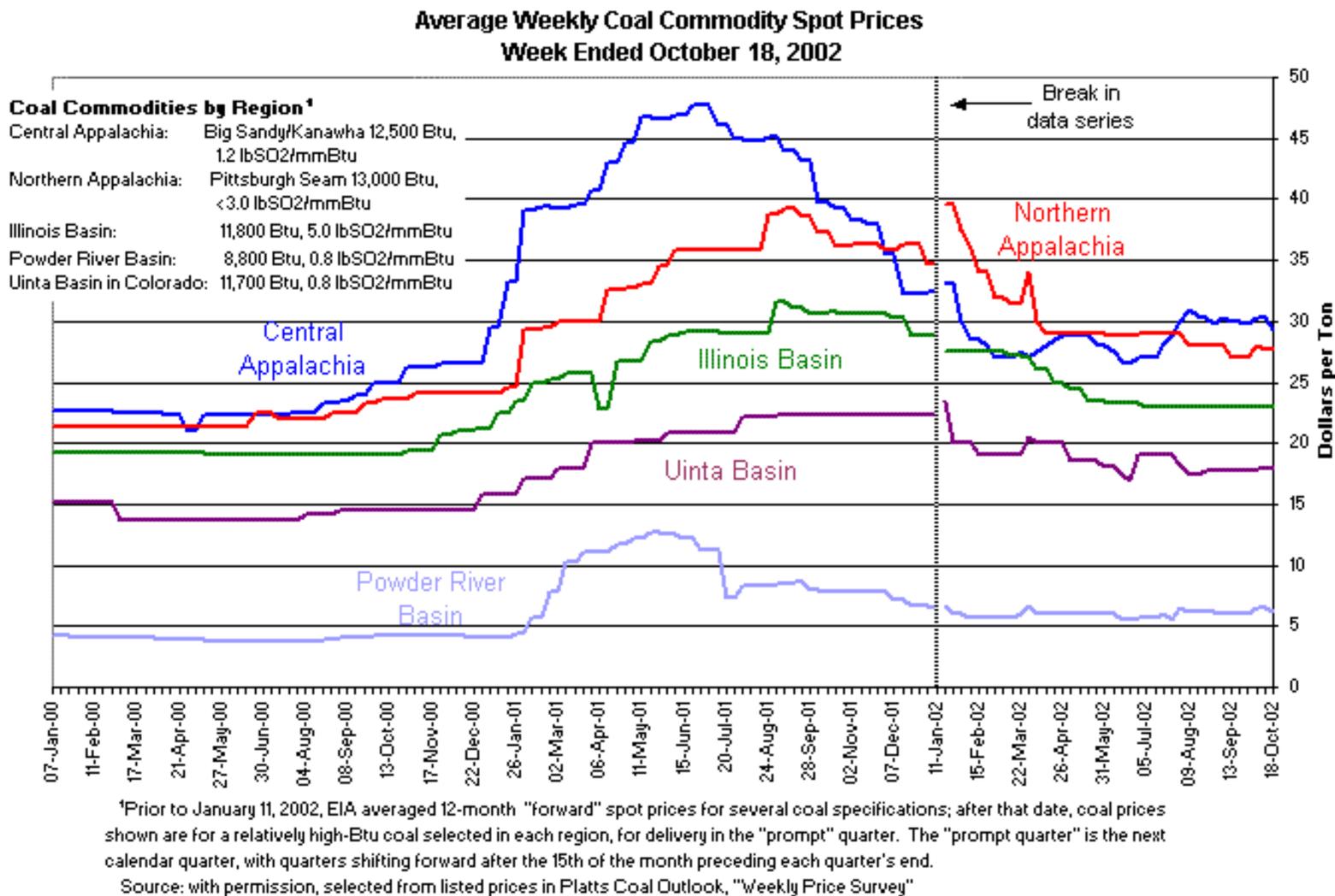


Coal production has been lower than in 2001 ever since the first quarter of 2002. Large coal stockpiles accumulated at mines and at consuming facilities due to slow economic activity and an extended period of seasonally low demand last spring at electric power plants. Hot weather starting in July spurred consumption but ate into only part of the high consumer stocks. Latest EIA estimates for the electric power sector are that 156.4 mst of coal were stockpiled at the end of March, which was 32.0.5% higher than in March 2001. By the end of June, an estimated 163.7 mst of stockpiled coal was 21.2% higher than 12 months earlier. In the first and second quarters of 2002 coal production exceeded coal use. Since March, coal shipments have included an increased proportion of previously mined production.

Coal Prices

The average spot coal prices tracked by EIA, after strengthening slightly for the week ended October 4, have stalled at or around those levels (graph below). Coal prices are mixed and lacking any clear direction as new buying activity remains tepid.

Compared to peak prices in summer 2001, Central and Northern Appalachian coal prices are down by about \$18.50 and \$11.50 per short ton, respectively. Compared to the previous floor in the summer of 2000, prior to the 2001 escalation, the latest indexed spot prices of \$29.25 per short ton for Central Appalachian and \$27.75 per short ton for Northern Appalachian coal are higher by 31% and 30% respectively. Other prices are also running higher than the summer 2000 base: by 30% for the Uinta Basin, 20% for the Illinois Basin, and 67% for the Powder River Basin.



Over-the-counter (OTC) trading volumes on the [NYMEX](#) throughout the months of September and October have been the lowest since the market initiated trade in coal July 2001. The past week saw limited activity—15 trades for the week, all on October 18. Offered prices for November 2002 deliveries continue to settle at \$27.40, a price for Central Appalachian coal that major producers consider untenable.

Market Trends

At the American Coal Council's 20th annual Coal Market Strategies Conference last week, coal market analysts emphasized the continuing impact of a host of negative factors on coal markets. It was generally agreed that the above normal coal stockpiles at power plants and a number of economically negative issues will keep coal prices and purchases low for the rest of 2002, even if the weather becomes colder than normal. Among the problems depressing the coal industry are some stubborn broader problems such as: the overall economy, failure or bankruptcies among last year's ebullient independent power producers (IPPs) and online energy traders, and post-Enron credit problems for energy

producers and for new or innovative coal-based generation.

In addition, the rush by IPPs to build new natural gas-fired units has resulted in a glut of shelved gas-fired generating equipment available at bargain prices. This will make new coal-fired plants—normally larger, more capital-intensive, and requiring more lead time than gas-fired plants to permit and build—less attractive for the next year or more and even harder to finance. Meanwhile, in the wings, preliminary estimates of probable costs of mercury abatement regulations being considered by the Environmental Protection Agency, are projected to be high for coal. Since final standards have not been promulgated, estimates are speculative, but could add \$2.6 million per year on the low end to \$10.6 million per year on the high end to annualized costs for a 250 megawatt coal-fired power plant. Because of the nature of the mercury and other minerals typically associated with western coal deposits, the higher costs are expected for plants burning western subbituminous coals (presentation by Michael Durham, ADA Environmental Solutions, October 16).

Peabody Energy COO Richard Whiting commented that his company has moved away from the philosophy of producing as much coal as possible at all times to tailoring production to meet demand. That is, they will be return-on-investment-driven rather than cash-flow driven. In the past few years companies like Peabody and Consol used IPOs to get the money needed to pay-down debt, so now they are more focused on profitability. Mr. Whiting also commented that productivity gains will inevitably flatten out. He said that Peabody continues to push mining equipment vendors for better technology, but he is concerned about the lack of capital investment in the industry and the low rates of return.

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

Would-be buyers have found coal producers generally unwilling to commit beyond existing contracts at current prices. With some eastern mines still off line, supplies of eastern compliance coal have reportedly been tight and most buyers, with still a stockpile cushion, have delayed buys. Citing the high capital costs of opening new coal mines, Consol Energy disclosed on September 24 that the company does not intend to invest in new mines until contract coal prices in Appalachia go above \$30 per short ton and buyers are willing to commit to contracts longer than 2 or 3 years (Energy Argus Coal Daily, September 26). Meanwhile, stock market prices for energy trading companies and some utilities took heavy losses on October 8 and 9 as investors reacted to a new wave of bankruptcy announcements and credit downgrades. As noted above, one effect of these trends is a tightening of new capital, credit, and short-term cash for expansions as well as coal purchases and operating expenses.

For the time being, coal producers continue to keep some capacity offline to stabilize prices, while coal-consumers plan for continuing diminished demand. The outlook for delayed growth in electricity demand is reflected in EIA's figures for electricity generation capacity additions: 37.0 gigawatts delayed past 2002 and 5.5 gigawatts canceled (<http://www.eia.doe.gov/cneaf/electricity/page/capacity/capacity.html>). While most of the planned capacity was natural gas-fired, coal-fired plants do not show up because they are longer-term projects.

File last modified: October 22, 2002

[Archives of past Energy Situation Analysis Reports are now available.](#)

Contact:

Bill Watson and Rich Bonskowski

william.watson@eia.doe.gov

richard.bonskowski@eia.doe.gov

Phone: Bill Watson: 202-287-1971; Rich Bonskowski: 202-287-1725

Fax: 202-287-1934

URL: <http://www.eia.doe.gov/emeu/security/esar/latcl.html>

If you are having technical problems with this site, please contact the EIA Webmaster at wmaster@eia.doe.gov

Latest U.S. Electricity Information

(updated October 24, 2002)

Selected Wholesale Electricity Prices: According to Bloomberg Power Lines Report, electricity markets for next-day delivery in the Western U.S. were closed as traders attended a two-day industry conference. The conference is focusing on changes in power line operations, rules for scheduling deliveries and use of new software.

On Monday October 21, utilities and suppliers in the West traded power for delivery Tuesday, Wednesday and Thursday. Day-ahead markets will reopen on Thursday, October 24.

In the Midwest, electricity prices have risen for the last two trading days as colder than normal weather increased the demand for electricity. Coinciding with the arrival of colder weather, Ameren Corp. shut down its 1,143-megawatt Callaway 1 reactor for routine maintenance. Prices in the Cinergy trading zone increased over \$8 per megawatthour for this two-day period to \$26.83 per megawatthour on October 23.

Similar to the Midwest, electricity prices in the Southeast also increased over the last two trading days as cooler weather has led to an increase in the demand for electricity. Prices at SERC increased almost \$5 per megawatthour the last two days to \$31.50 per megawatthour on October 23.

Electricity prices were relatively stable in the Northeast over the last several trading days as steady temperatures stabilized electricity demand. Prices at PJM West averaged \$35.23 per megawatthour over the last seven trading days with a high of \$38.00 and low of \$32.56 per megawatthour. At the NEPOOL, prices ranged between \$46.92 per megawatthour and \$50.00 per megawatthour. In New York City, prices ranged between \$55.50 and \$60.75 per megawatthour.

Over the past seven days, the average price at all trading centers ranged between \$34.94 and \$38.74 per megawatthour.

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

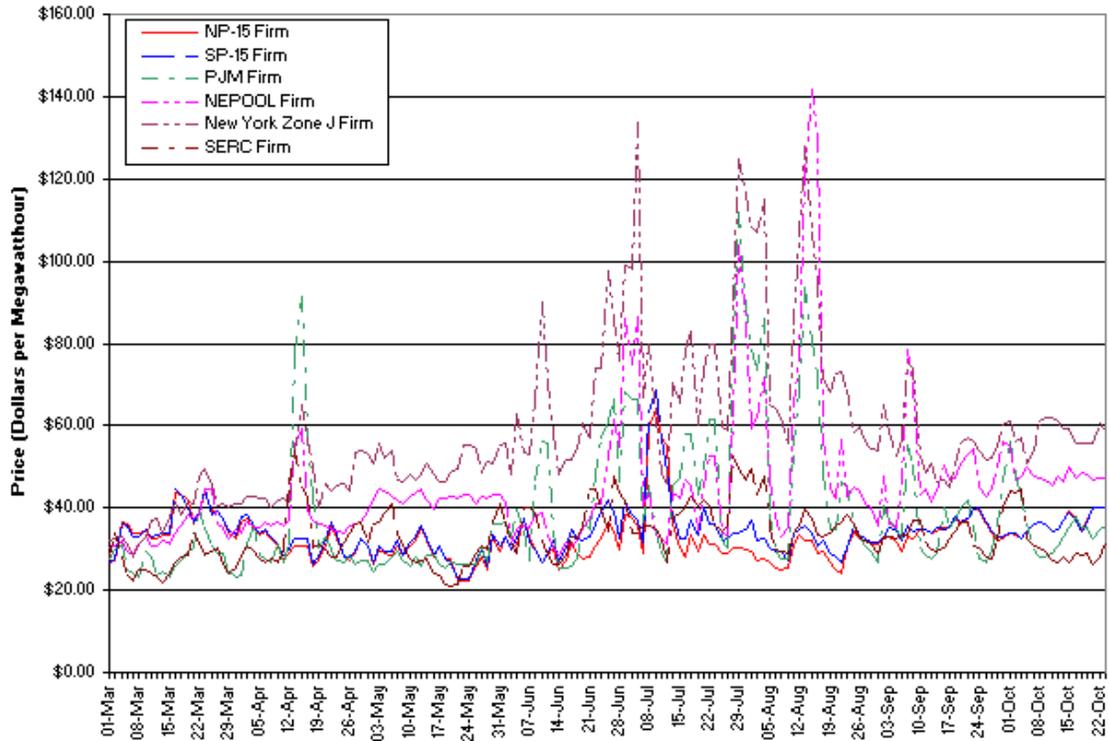
Trading Centers	Date							Price Range		
	10/15/02	10/16/02	10/17/02	10/18/02	10/21/02	10/22/02	10/23/02	Max	Min	Average
COB	36.00	33.75	32.00	33.42	37.50	37.50	37.50	37.50	32.00	35.38
Palo Verde	34.93	33.78	31.31	33.96	36.98	36.98	36.98	36.98	31.31	34.99
Mid-Columbia	33.99	33.19	30.69	30.95	34.41	34.41	34.41	34.41	30.69	33.15
Mead/Marketplace	35.57	34.19	31.88	34.75	38.11	38.11	38.11	38.11	31.88	35.82
4 Corners	34.94	33.48	30.73	33.08	37.35	37.35	37.35	37.35	30.73	34.90
NP 15	39.14	37.49	34.67	36.80	40.13	40.13	40.13	40.13	34.67	38.36
SP 15	38.84	37.18	34.25	36.40	40.24	40.24	40.24	40.24	34.25	38.20
PJM West	34.99	38.00	35.39	35.30	32.56	34.79	35.56	38.00	32.56	35.23
NEPOOL	50.00	47.13	48.50	48.25	46.92	47.13	47.25	50.00	46.92	47.88
New York Zone J	59.25	55.50	55.50	55.50	55.50	60.75	59.00	60.75	55.50	57.29
Cinergy	20.67	28.23	25.99	23.93	18.25	20.69	26.83	28.23	18.25	23.51
SERC	26.91	29.04	28.39	29.16	26.41	28.28	31.50	31.50	26.41	28.53
Average Price	37.10	36.75	34.94	35.96	37.03	38.03	38.74	38.74	34.94	36.94

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

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

- PJM-West:** Average price of electricity traded at PJM Western hub.
- NEPOOL:** Average price of electricity traded at Nepoch.
- New York Zone J:** Average price of electricity traded at the New York Zone J - New York City.
- Cinergy:** Average price of electricity traded into the Cinergy control area.
- SERC:** Average price of electricity traded into the Southeastern Electric Reliability Council.

Average Wholesale Electricity Prices in the U.S.



File last modified: October 24, 2002

[Archives of past Energy Situation Analysis Reports are now available.](#)

Contact:
 William Liggett
william.liggett@eia.doe.gov
 Phone: William Liggett: (202) 287-1727
 Fax: (202) 287-1934

URL: <http://www.eia.doe.gov/emeu/security/esar/latel.html>

If you are having technical problems with this site, please contact the EIA Webmaster at wmaster@eia.doe.gov