eia.doe.gov
Energy Information Administration

Energy Situation Analysis Report

Last Updated: December 10, 2002
Next Update: December 12, 2002
Energy Situation Analysis Report Archive (PDF)

Latest Oil Market Developments

Crude oil prices eased in early trading on Tuesday, December 10 as traders reacted with skepticism to a plan emerging among OPEC members to cut crude supplies but raise official group output limits to legitimize rampant quota-busting. However, by day's end, West Texas Intermediate (WTI) front month (January) crude oil futures prices on the New York Mercantile Exchange (NYMEX) rose 54 cents per barrel to $27.74 per barrel, a six-week high, as the nine-day strike in Venezuela continued to affect shipments from the fourth-biggest source of U.S. oil imports. more...

Latest U.S. Weekly EIA Petroleum Information

The average world crude oil price on December 6, 2002 was $24.27 per barrel, up $0.97 per barrel from the previous week and $6.63 per barrel more than last year. The U.S. average retail price for regular gasoline fell last week for the fifth week in a row, decreasing by 0.4 cent per gallon as of December 9 to end at 136.0 cents per gallon. Retail diesel fuel prices decreased last week, falling to a national average of 140.5 cents per gallon as of December 9. more...

World Oil Market Highlights

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

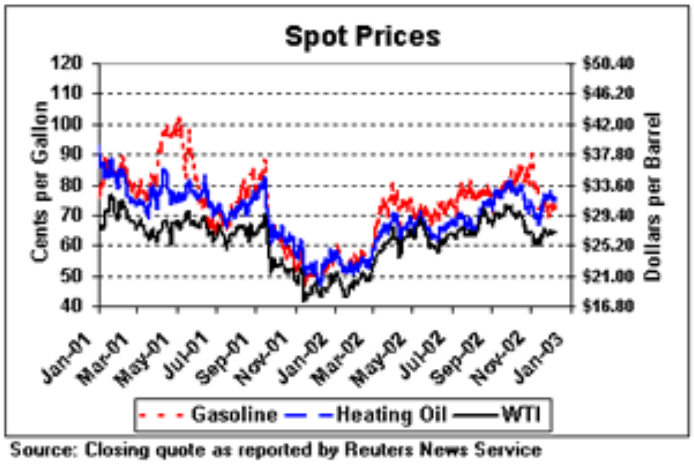
Latest U.S. Weekly Natural Gas Information

Natural gas spot prices have increased less than 14 cents per million Btu (MMBtu) at most market locations since Wednesday, December 4, with the exception of a number of market locations in the Rocky Mountains,

Energy Prices*

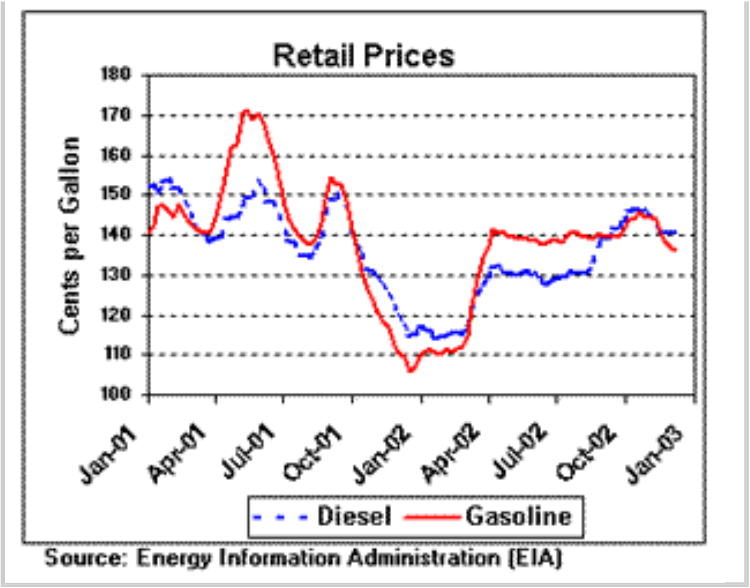
Petroleum Futures	12/9/02	12/6/02	Change
WTI ($/Bbl)	27.20	26.93	+0.27
Gasoline (c/gallon)	76.21	74.03	+2.18
Heating Oil (c/gallon)	75.82	74.73	+1.09
Natural Gas ($/MMBtu)			
Henry Hub	4.32	4.39	-0.07
California	4.09	4.09	0.00
New York City	5.49	5.92	-0.43
Electricity ($/Megawatthour)			
COB	39.94	41.75	-1.81
PJM West	40.74	45.05	-4.31
NEPOOL	50.00	60.00	-10.00
Average	42.54	46.08	-3.54

*Definitions



Source: Closing quote as reported by Reuters News Service

Midcontinent, and Northeast regions. At the NYMEX, the price of the futures contract for January delivery at the Henry Hub settled at $4.359 per MMBtu yesterday (December 9), which is an increase of more than 6 cents per MMBtu since Wednesday, December 4, despite a decline of close to 2 cents on Monday. more...



Latest U.S. Coal Information

Spot coal prices continue flat with no clear direction. Appalachian coal prices have been erratic in recent weeks. The Northern Appalachian prices we index were down 30 cents for the week ended December 6. Also down slightly were the Illinois Basin and Uinta Basin prices monitored by EIA, but no changes amount to a change in trend. Compared to peak prices in summer 2001, Central and Northern Appalachian coal prices are now about $17.50 and $13.00 lower per short ton, respectively, or 37% and 33% lower. more...

Latest U.S. Electricity Information

Spot electricity prices fluctuated across the Western United States over the past seven trading days. In the Midwest, electricity prices decreased over the past two trading days as milder weather caused a decrease in customer demand. In the Southeast, electricity prices were elevated last week as the winter storm took hold of the region. The Northeast also responded to last week's winter storm with higher prices.Over the past seven days, average prices at all trading centers ranged between $41.47 and $46.80 per megawatthour with an overall weekly average of $44.50 per megawatthour. more...

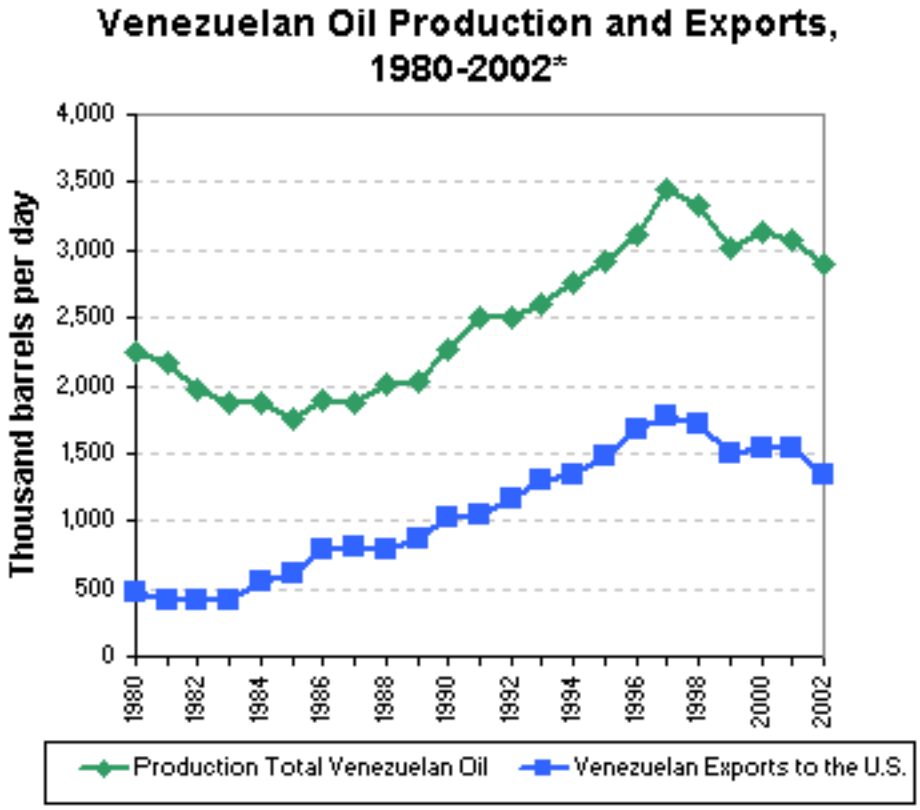
Signup for e-mail subscription
Archives
EIA Home
Contact Us

Page last modified on undefined

Special Topic -- Basic Facts on Venezuela

(updated December 10, 2002)

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



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

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

During the first nine months of 2002, oil from Venezuela supplied approximately 12% of U.S. net oil imports and ranked as the fourth largest source of U.S. oil imports (behind Canada, Saudi Arabia, and Mexico). The United States imported 1.5 million barrels per day of oil from Venezuela during this period. In addition to oil imported directly from Venezuela, the United States also imports oil products (i.e., motor gasoline, heating oil) refined in the Caribbean. Approximately 250,000 barrels per day of Venezuelan crude oil is refined in the Caribbean, of which about half is exported to the United States.

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

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

The U.S. Gulf Coast (PADD III) is particularly reliant on Venezuelan crude oil. During the first nine months of 2002, crude oil imports from Venezuela accounted for 20% of the Gulf Coast region's total crude oil imports. This compares to only 7% dependence on Venezuelan crude oil for the East Coast region. The reason for this difference is mainly that the Gulf Coast is a major crude oil refining center, while the East Coast is more of a consuming region..

File last modified: December 10, 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 Oil Market Developments

(updated December 10, 2002)

West Texas Intermediate (WTI) front month (January) crude oil futures prices on the New York Mercantile Exchange (NYMEX) rose by 27 cents per barrel to settle at $27.20 per barrel on Monday (12/9/02), as the market remained concerned over the nationwide strike in Venezuela, now entering its 9th day. Venezuelan oil production and exports have fallen, but there are conflicting reports as to the extent of the decline. Venezuelan President Hugo Chavez said he may call early elections to end a national strike that has hurt oil exports and shut-down much of its economy. The government said it is willing to discuss a timetable for a vote in talks brokered by the Organization of American States, according to OAS secretary general Cesar Gaviria.

Oil prices eased in early trading on Tuesday, December 10 as traders reacted with skepticism to a plan emerging among OPEC members to cut crude supplies but raise official group output limits to legitimize rampant quota-busting. However, by day's end WTI crude oil futures prices rose 54 cents per barrel to $27.74 per barrel, a six-week high, as the nine-day strike in Venezuela continued to affect shipments from the fourth-biggest source of U.S. oil imports.

Topics affecting **world oil markets** include:

- OPEC will meet on December 12 in Vienna, and Saudi Arabia wants OPEC producers to agree to a sizable cut in oil supplies when they meet this week to support prices near $25 per barrel. "Now there is a need to cut," Saudi Oil Minister Ali al-Naimi said, adding that "most (OPEC members) also agree the need to raise the (formal) ceiling." He added that ministers were likely to reduce actual production by 1.5-2.0 million barrels a day and raise the group's formal output target by 1.0-1.5 million barrels per day.
- In Venezuela, a general strike which began on December 2 continued to affect oil operations. National Guard troops took over gasoline distribution plants on Monday in an effort to break the strike as drivers lined up outside gas stations, some guarded by soldiers.
- As of December 10, 2002, the U.S. Strategic Petroleum Reserve (SPR) contained 595.9 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: December 10, 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 December 5, 2002)

Petroleum Inventories
U.S. commercial crude oil inventories (excluding those in the Strategic Petroleum Reserve) rose by 3.1 million barrels last week, continuing the up-and-down pattern seen over the last few weeks. Nationally, they are 25.0 million barrels below the level last year at this time. In PADD II (Midwest), crude oil inventories rose slightly to 54.4 million barrels, barely above the historical low level seen at the end of the previous week. Distillate fuel inventories dropped by 0.2 million barrels, with a decrease in high-sulfur distillate fuel (heating oil) nearly offset by an increase in low-sulfur distillate fuel (diesel fuel). Distillate fuel inventories are significantly below the lower limit of the normal range for this time of year. Motor gasoline inventories rose by 2.6 million barrels, and reached 200 million barrels for the first time since the week ending October 4.

U.S. inventories of propane continued nearly flat for the second week despite Arctic temperatures that blanketed many regions of the nation last week. The modest 0.1 million barrel stock draw pushed U.S. inventories slightly lower to an estimated 61.1 million barrels as of the week ending November 29, 2002, a level that remains near the upper limit of the average range for this period. While the second half of November has seen only flat to modest stock draws, the first half of the month was much different with inventories dropping at near record levels which contributed to the largest November draw on U.S. inventories since 1997. The unseasonably cold weather since late October that continued unabated through November added to the sharp inventory decline early in the month. But it could be reasonably expected that a resumption of steep inventory declines during December could occur ahead of anticipated cold weather as heating customers begin to replenish their propane tanks. Regional inventories were mixed last week with an offsetting 0.3 million-barrel gain in the East Coast region nearly matching the 0.3 million-barrel loss in the Gulf Coast region, while during this same period Midwest inventories reported a weekly decline of 0.1 million barrels. While the East Coast and Gulf Coast regions remain above the upper limit of the average range for this time of year, the Midwest region remained within the average range during this same period.

Petroleum Imports
U.S. crude oil imports (including imports going into the Strategic Petroleum Reserve) averaged 9.5 million barrels per day, up over 500,000 barrels per day from the average during the previous week. Crude oil imports have averaged over 9.4 million barrels per day over the last four weeks, or more than 100,000 barrels per day more than averaged during the same four-week period last year. Total motor gasoline imports (including both finished gasoline and gasoline blending components) averaged about 800,000 thousand barrels per day last week, a decrease from the previous week. Distillate fuel imports were once again relatively high, averaging 300,000 barrels per day last week.

Monthly data on the sources of U.S. crude oil imports in September 2002 was released recently and it shows that four countries imported more than 1.3 million barrels per day of crude oil to the United States that month. The top sources of U.S. oil imports in September 2002 were Saudi Arabia (1.512 million barrels per day), Mexico (1.417 million barrels per day), Canada (1.412 million barrels per day), and Venezuela (1.302 million barrels per day). Rounding out the top ten sources, in order, were Nigeria (0.489 million barrels per day), Angola (0.329 million barrels per day), Norway (0.294 million barrels per day), Kuwait (0.286 million barrels per day), United Kingdom (0.278 million barrels per day), and Colombia (0.263 million barrels per day). Of the 8.796 million barrels per day of crude oil imported into the United States during the month of September 2002, the top four countries accounted for 65% of these imports, while the top ten sources accounted for nearly 87% of all U.S. crude oil imports. Iraqi crude oil imports, which averaged just 0.148 million barrels per day (ranking 12th amongst crude oil import sources) were the lowest monthly average since May 1998, while Russian crude oil imports averaged 0.104 million barrels per day, ranking 13th 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 15.3 million barrels per day during the week ending November 29, the highest weekly average since the week ending September 6. Increases occurred in PADD I (East Coast), PADD II (Midwest), and PADD V (West Coast). However, the increase in refinery inputs did not affect products equally as a large increase in distillate fuel refinery production last week was vastly different from motor gasoline and jet fuel refinery production, which were relatively unchanged.

Petroleum Demand
Total product supplied over the last four-week period averaged 20.0 million barrels per day, or about 3.1 percent more than the level last year. Over the last four weeks, motor gasoline demand is up 0.9 percent, kerosene-jet fuel demand is up 16.1 percent, and distillate fuel demand is up 6.3 percent compared to the same four-week period last year.

Spot Prices (updated December 10)
The average world crude oil price on December 6, 2002 was $24.27 per barrel, up $0.97 per barrel from the previous week and $6.63 per barrel more than last year. The spot price for conventional gasoline in the New York Harbor was 72.15 cents per gallon on Wednesday, December 4, up 2.97 cents per gallon from last week and 22.97 cents higher than a year ago. The spot price for No. 2 heating oil in the New York Harbor was 74.83 cents per gallon, 0.65 cent per gallon lower than last week but 25.70 cents per gallon more than last year.

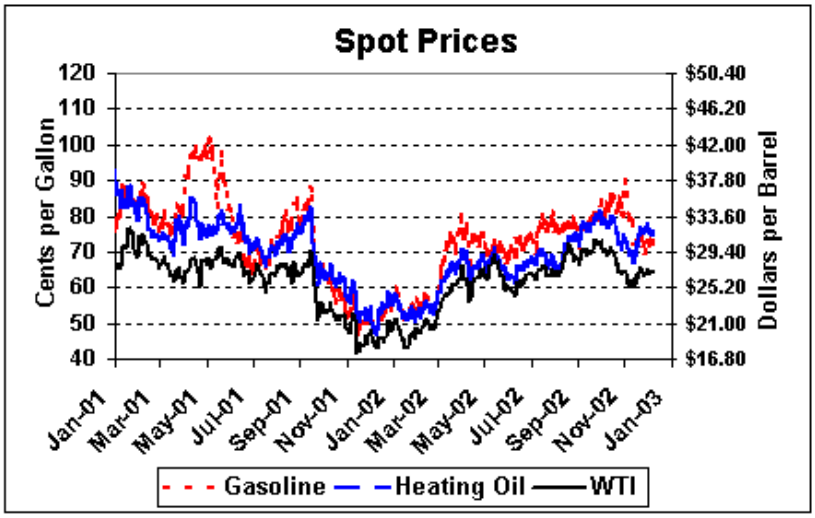
Retail Gasoline and Diesel Fuel Prices Fall Back Last Week (updated December 10)
The U.S. average retail price for regular gasoline fell last week for the fifth week in a row, decreasing by 0.4 cent per gallon as of December 9 to end at 136.0 cents per gallon. Although this price is 26.5 cents per gallon higher than last year, it has dropped by 7.9 cents per gallon over the last four weeks. The Rocky Mountain region saw the largest decrease in prices this week (1.9 cents), while the Midwest saw an increase of 1.4 cents per gallon over the last week.

Retail diesel fuel prices decreased last week, falling to a national average of 140.5 cents per gallon as of December 9. Diesel fuel prices are not expected to soften significantly during the coming months, as distillate fuel inventories have dropped below the normal range this winter and are expected to remain low through 2003. Retail diesel prices were down throughout most of the country, with the largest price decrease occurring on the West Coast, which saw the price fall by 0.9 cent per gallon to end at 147.8 cents per gallon. Prices rose on the East Coast, gaining by 0.2 cent to end at 140.4 cents per gallon.

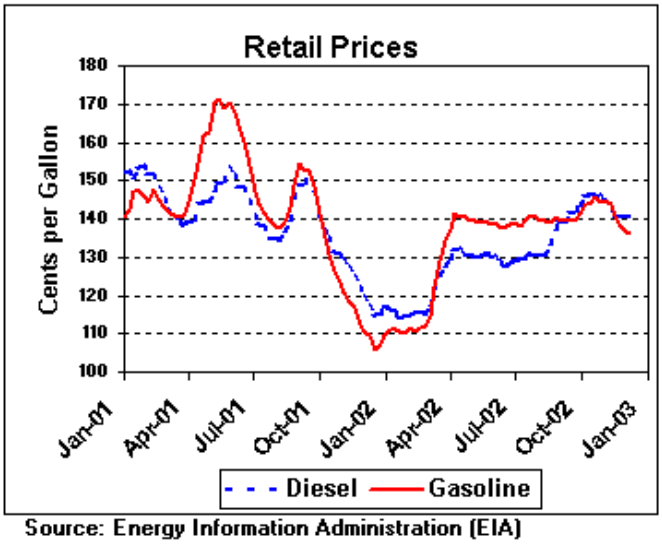
Residential Heating Fuel Prices Increase
Residential heating oil prices increased slightly for the period ending December 2, 2002. The average residential heating oil price was 128.4 cents per gallon, up 0.5 cent per gallon from the previous week. Residential propane prices continued to move upward by 0.7 cent per gallon, from 116.8 to 117.5 cents per gallon. Heating oil prices are 11.7 cents per gallon higher than last year at this time while residential propane prices are 4.9 cents higher than one year ago. Wholesale heating oil prices decreased 1.7 cents per gallon this week, to 82.1 cents per gallon, while wholesale propane prices decreased from 55.2 to 55.0 cents a gallon, down 0.2 cent per gallon.

U.S. Petroleum Prices

(updated December 10, 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	
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		
10/24/2002	$27.87	$28.20	82.23	84.17	74.73	75.97	79.10	48.50	48.32		
10/25/2002	$27.09	$27.05	85.45	86.09	72.05	72.76	76.28	47.88	47.94		
10/28/2002	$27.25	$27.29	83.60	85.30	71.95	73.08	76.10	47.75	48.00	144.4	145.6
10/29/2002	$26.81	$26.86	80.05	82.27	70.55	71.55	74.90	47.75	48.00		
10/30/2002	$26.85	$26.81	80.80	82.83	72.55	72.77	76.05	47.88	47.94		
10/31/2002	$27.18	$27.22	79.65	86.35	74.50	74.38	77.85	48.25	48.69		
11/1/2002	$27.04	$27.13	85.25	76.45	73.90	74.16	76.60	48.38	49.63		
11/4/2002	$26.89	$26.95	89.93	77.43	73.08	73.33	75.53	47.88	49.07	144.8	144.2
11/5/2002	$26.06	$26.14	86.50	74.07	71.41	71.80	74.33	47.25	48.50		
11/6/2002	$25.72	$25.77	80.60	71.78	70.72	70.79	73.50	46.57	47.75		
11/7/2002	$25.36	$25.38	78.85	70.14	69.80	69.62	72.35	46.50	47.63		
11/8/2002	$25.83	$25.78	79.45	71.28	69.08	68.88	71.03	46.32	47.00		
11/11/2002	$26.02	$25.94	79.25	71.04	69.00	68.85	70.90	46.69	46.94	143.9	142.7
11/12/2002	$26.19	$25.90	78.20	69.84	69.75	69.01	71.73	46.57	46.82		
11/13/2002	$25.28	$25.19	72.00	68.54	67.30	67.25	69.55	45.75	46.00		
11/14/2002	$25.40	$25.29	72.23	69.76	67.90	67.69	70.15	45.25	45.57		
11/15/2002	$25.50	$25.51	72.10	69.73	68.80	68.85	70.90	46.38	45.82		
11/18/2002	$26.71	$26.71	74.20	71.94	72.30	72.28	74.68	47.25	47.75	140.9	140.5
11/19/2002	$26.41	$26.42	71.75	70.16	71.90	72.17	74.38	47.25	48.25		
11/20/2002	$27.00	$26.98	72.85	71.29	74.80	74.51	76.93	47.82	48.94		
11/21/2002	$27.07	$26.35	73.13	72.42	74.80	74.93	76.18	48.25	49.51		
11/22/2002	$27.73	$26.76	74.70	74.87	76.80	76.64	78.18	48.25	49.32		
11/25/2002	$27.01	$26.11	71.70	71.55	74.85	75.04	76.10	47.75	48.25	138.0	140.5
11/26/2002	$26.60	$26.40	72.60	72.53	76.08	75.75	76.33	47.88	48.38		
11/27/2002	$26.87	$26.89	69.18	73.43	75.48	75.71	75.98	48.26	48.75		
11/28/2002	NA	NA	NA	NA	NA	NA	NA	NA	NA		
11/29/2002	NA	NA	NA	NA	NA	NA	NA	NA	NA		
12/2/2002	$27.27	$27.24	72.77	74.39	77.80	77.39	78.20	48.57	49.19	136.4	140.7
12/3/2002	$27.34	$27.30	72.95	75.32	76.78	77.50	77.28	49.38	49.69		
12/4/2002	$26.80	$26.71	71.63	72.93	75.05	74.54	75.23	48.88	49.38		
12/5/2002	$27.27	$27.29	73.35	75.27	75.70	75.62	76.03	49.38	49.57		
12/6/2002	$27.03	$26.93	72.15	74.03	74.83	74.73	75.15	49.32	49.44		
12/9/2002	$27.29	$27.20	74.23	76.21	75.60	75.82	75.98	49.38	49.32	136.0	140.5

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

****

Graph of U.S. Petroleum Stocks, January 2001 - Present. Having problems, call our National Energy Information Center at 202-586-8800 for help.

****

File last modified: December 10, 2002

Archives of past Energy Situation Analysis Reports are now available.

Contact:

esar041202

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 December 10, 2002)

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

OPEC Crude Oil Production [1]
(Thousand barrels per day)

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

NA: Not Applicable

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

[2]Quotas are based on crude oil production only.

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

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

[5] Saudi Arabia is the only country with the capability to further increase its capacity significantly within 90 days. Saudi Arabia can increase its sustainable production capacity to 10 million barrels per day within 30 days and to 10.5 million barrels per day within 90 days. As a result, the estimates for Saudi Arabia are as shown as a range, with the lower figure using the 30 days' definition and the upper end reflecting Saudi Arabia's 90 days' capability. OPEC's surplus capacity estimates are also shown as a range for this reason.
[6]The UAE is a federation of seven emirates. The quota applies only to the emirate of Abu Dhabi, which controls the vast majority of the UAE's economic and resource wealth.
[7]Venezuelan capacity and production numbers exclude extra heavy crude oil used to produce Orimulsion.
[8]Iraqi oil exports are approved by the United Nations under the oil-for-food program for Iraq established by Security Council Resolution 986 (April 1995) and subsequent resolutions. As a result, Iraqi production and exports have not been a part of any recent OPEC agreements. Resolution 986 limited the sale of Iraqi crude oil over six-month periods to specified dollar amounts. However, the Security Council voted to remove any limits on the amount of oil Iraq could export in December 1999.
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.-Sep. 2002*

	Country	Net Exports (million barrels per day)
1)	Saudi Arabia	6.13
2)	Russia	4.73
3)	Norway	2.77

4)	Iran	2.36
5)	Venezuela	2.21
6)	Nigeria	1.84
7)	United Arab Emirates	1.72
8)	Kuwait	1.45
9)	Iraq	1.40
10)	Mexico	1.21
11)	Libya	1.12
12)	Algeria	1.04

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

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

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

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

Graph of Japanese oil imports by country

File last modified: December 10, 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

Latest U.S. Weekly Natural Gas Information

(updated December 10, 2002)

Industry/Market Developments

Natural Gas Rig Counts: The number of rigs drilling for natural gas climbed by 10 to 705 for the week ending December 6, according to Baker-Hughes Incorporated. This is the third highest rig count recorded for the report week in the 15 years that Baker-Hughes has reported rigs separately by gas or oil drilling. Natural gas rigs are roughly 8 percent below last year at this time, when they numbered a near-record high of 769 for the report week. Natural gas rigs are almost 4 percent above the 5-year (1997-2001) average for the report week. The share of rigs drilling for natural gas has been consistently above 80 percent since early last year. Since the week ended May 17, 2002, rigs drilling for natural gas have comprised roughly 84 percent of total rigs drilling, which is close to a record for the split between gas and oil rigs. Rigs drilling for natural gas last week constituted 82.7 percent of rigs drilling in the United States, which is the second highest share of rigs drilling for natural gas for the report week in 15 years. The emphasis on gas prospects undoubtedly reflects a relative advantage in the economics of natural gas prospects compared with domestic crude oil prospects.

Storage

Working gas in storage was 2,956 Bcf or 0.9 percent above the 5-year average for the week ending November 29, according to EIA's Weekly Natural Gas Storage Report. The implied net withdrawal was 91 Bcf, the highest withdrawal for the week since 1996. Although this season's inventories have dropped 298 Bcf below last year's mark for this week, inventories currently remain more than 500 Bcf above the less than 2,500 Bcf in storage at this time in 2000.

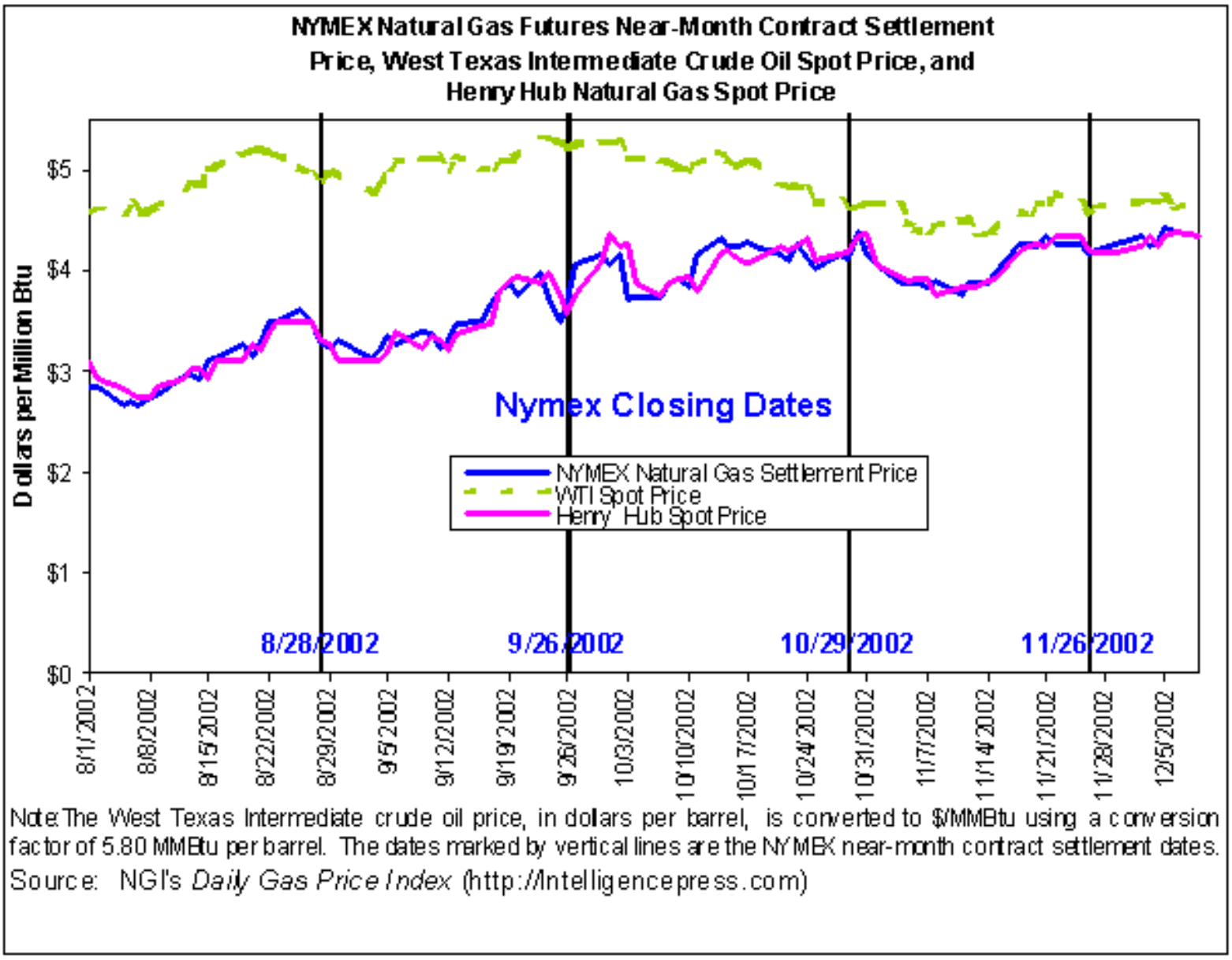
All Volumes in Bcf	Current Stocks 11/29/2002	Estimated Prior 5-year (1997-2001) Average	Percent Difference from 5-Year Average	Implied Net Change from Last Week	One-Week Prior Stocks 11/22/2002
East Region	1,751	1,791	-2.2%	-58	1,809
West Region	411	356	15.4%	-4	415
Producing Region	794	783	1.4%	-29	823
Total Lower 48	2,956	2,931	0.9%	-91	3,047

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

Prices:

Spot prices have increased less than 14 cents per MMBtu at most market locations since Wednesday, December 4, with the exception of a number of market locations in the Rocky Mountains, Midcontinent, and Northeast regions. On Monday, December 9, prices dropped between 4 and 14 cents per MMBtu at most market locations outside the Rocky Mountains. The largest declines posted on Monday, December 9 occurred in the Northeast region where prices fell more than 15 cents per MMBtu. Prices at the New York citygate fell 43 cents on Monday to $5.49 per MMBtu, a decline of 42 cents per MMBtu since last Wednesday.

At the NYMEX, the price of the futures contract for January delivery at the Henry Hub settled at $4.359 per MMBtu yesterday (December 9), which is an increase of more than 6 cents per MMBtu since Wednesday, December 4, despite a decline of close to 2 cents on Monday.



Trade Date (All prices in $ per MMBtu)	California Composite Average Price*	Henry Hub	New York City	Chicago	NYMEX futures contract-January delivery	NYMEX futures contract-February delivery
11/8/2002	3.70	3.77	4.03	3.72	4.032	3.975
11/11/2002	3.75	3.83	4.14	3.83	3.910	3.875
11/12/2002	3.72	3.83	4.20	3.85	3.991	3.948
11/13/2002	3.70	3.83	4.21	3.86	3.982	3.936
11/14/2002	3.74	3.90	4.25	3.96	3.984	3.939
11/15/2002	3.63	3.91	4.30	3.92	4.093	4.043
11/18/2002	3.87	4.18	4.60	4.20	4.356	4.271
11/19/2002	3.93	4.25	4.56	4.25	4.352	4.262
11/20/2002	3.92	4.27	4.61	4.26	4.352	4.262
11/21/2002	3.85	4.24	4.59	4.22	4.439	4.342
11/22/2002	3.88	4.32	4.77	4.33	4.357	4.285
11/25/2002	3.99	4.33	4.87	4.42	4.323	4.258
11/26/2002	3.94	4.21	4.90	4.28	4.236	4.186
11/27/2002	4.00	4.19	4.95	4.09	4.200	4.145
12/2/2002	4.01	4.23	6.14	4.17	4.320	4.259
12/3/2002	4.09	4.35	6.34	4.28	4.226	4.175
12/4/2002	4.01	4.23	5.91	4.20	4.298	4.243
12/5/2002	4.09	4.35	6.16	4.31	4.406	4.359
12/6/2002	4.09	4.39	5.92	4.30	4.383	4.351
12/9/2002	4.09	4.32	5.49	4.19	4.359	4.332

* 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: December 10, 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

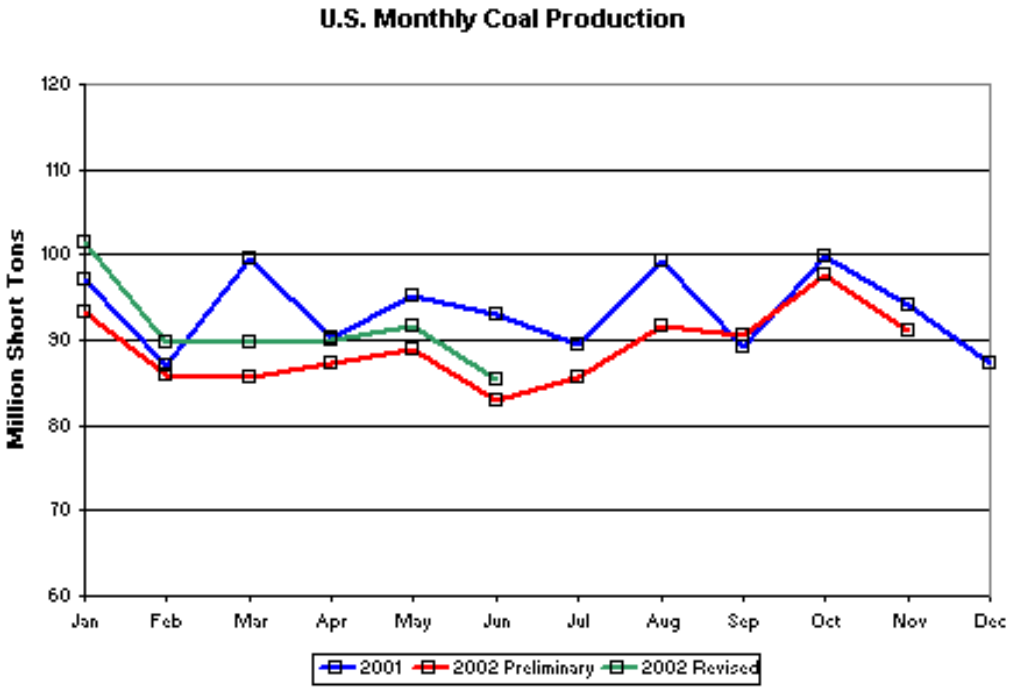
URL: http://www.eia.doe.gov/emeu/security/esar/latng.html

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

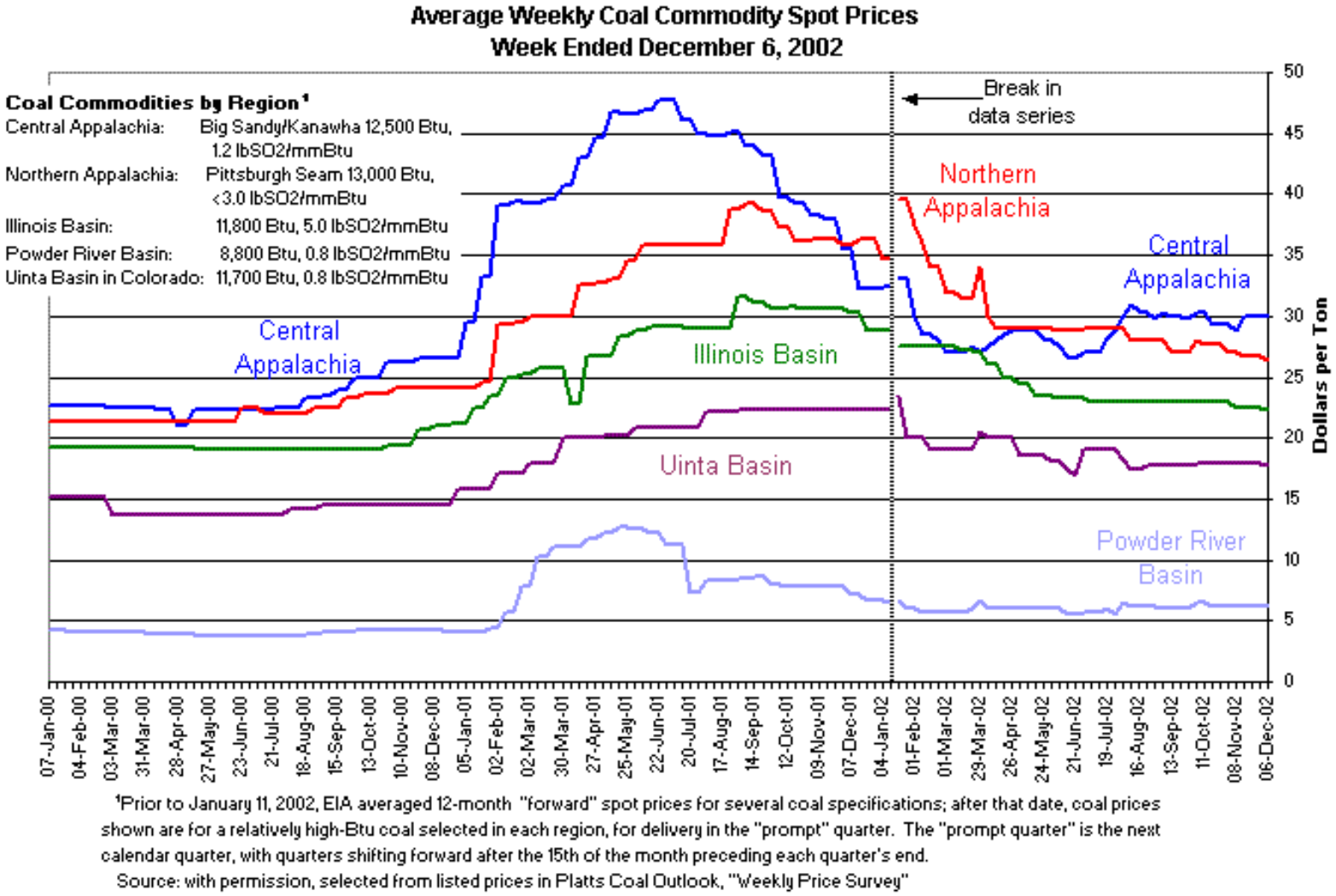
Latest U.S. Coal Information

(last complete update: November 21, 2002)

Coal Production (Updated December 10, 2002)
For the week ended November 30, coal-related statistics were widely divergent compared to the same week in 2001 because the Thanksgiving holiday occurred in this 48th week of the year in 2002 whereas it occurred in the the 47th week last year. Railcar loadings of coal were 15.3% lower than year-ago levels while estimated national coal production was 7.2% lower. Year-to-date, estimated western U.S. coal production is only 0.3% below the levels of a year ago; eastern U.S. coal production is estimated now to be 5.4% below last year's level. The estimated production for the first 11 months of 2002 is 1,004.4 million short tons (mmst), 2.5% lower than the 1,030.5 mmst in the first 11 months of 2001. The estimate incorporates Mine Safety and Health Administration coal production survey data through the second quarter 2002.



Coal Prices
Spot coal prices continue flat with no clear direction. Appalachian coal prices have been erratic in recent weeks. The Northern Appalachian prices we index were down 30 cents for the week ended December 6. Also down slightly were the Illinois Basin and Uinta Basin prices monitored by EIA, but no changes amount to a change in trend. Compared to peak prices in summer 2001, Central and Northern Appalachian coal prices are now about $17.50 and $13.00 lower per short ton, respectively, or 37% and 33% lower. The largest change in percentage is for the Powder River Basin coal prices, now settling at half of the late Spring 2001 peak (down by $6.50 per ton, or 51%). Compared to previous price floors in the summer of 2000, the latest EIA-indexed spot prices of $30.00 per short ton for Central Appalachian and $26.35 per short ton for Northern Appalachian coal are higher by 35% and 24% respectively. Other prices also remain higher than the summer 2000 base: by 29% for the Uinta Basin, 16% for the Illinois Basin, and 67% for the Powder River Basin.



¹Prior to January 11, 2002, EIA averaged 12-month "forward" spot prices for several coal specifications; after that date, coal prices shown are for a relatively high-Btu coal selected in each region, for delivery in the "prompt" quarter. The "prompt quarter" is the next calendar quarter, with quarters shifting forward after the 15th of the month preceding each quarter's end.

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

Over-the-counter (OTC) trading volumes on the NYMEX throughout the months of September to November were the lowest since trade was initiated in coal in July 2001. The settled prices for near-month deliveries during the week ended December 6 rose from around $28 per ton to $29.10, prices for Central Appalachian coal that are still below the $30 mark that major producers say they need. NYMEX prices for early 2003 are at $29.10, with offers rising above $30 starting in July 2003. Prevailing tepid trade volumes, however, render OTC and NYMEX prices only barely relevant.

Market Trends

At the American Coal Council's 20th annual Coal Market Strategies Conference in October, 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 economic concerns will keep coal prices and purchases low for the rest of 2002, even if the weather becomes colder than normal. A few weeks later, according to comments on third quarter performance by Peabody CEO, Irl Engelhardt, many customers were believed to be bringing stockpiles down to levels lower than historical norms. Arch Energy president and CEO, Steven Leer, voiced similar observations. Arch estimates that utility coal stocks are already in line with the same point in 1999, 2000, and 2001. "It is possible . . . that power producers are planning to operate with stockpiles at levels lower than the historical range," he said. If so, "the long run impact is likely to be a positive one for coal producers, as the market moves toward better overall supply-demand balance" (Coal Transportation Report, November 4).

Meanwhile, broad problems are currently depressing the coal industry, such as: the overall economy; failure or

bankruptcies among last year's ebullient independent power producers (IPPs) and online energy traders; low electricity prices and post-Enron credit problems for electric power producers; relatively low gas prices; operational expediencies of combined-cycle natural gas generators, which sometimes keep them online even when coal-fired dispatch would be cheaper; and reluctance of investors to finance new or innovative coal-based generation, with longer lead-times, greater capital requirements, and uncertain eventual environmental compliance costs.

In addition, the rush by IPPs to build new natural gas-fired units 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. 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-end costs are expected for plants burning western subbituminous coals (presentation by Michael Durham, ADA Environmental Solutions, October 16).

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 many buyers, either with a stockpile cushion or credit problems, 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 have taken heavy losses recently due to bankruptcy announcements and credit downgrades. 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. Concurrently, power plant operators are generally planning for continuing slack demand. The outlook for delayed growth in electricity demand is reflected in EIA's figures for electricity generation capacity additions: 37.0 gigawatts delayed past 2002 and 5.5 gigawatts canceled (http://www.eia.doe.gov/cneaf/electricity/page/capacity/capacity.html). Most of that planned capacity was natural gas-fired. Coal-fired plants are similarly affected but not reflected in 2002 capacity changes because they are longer-term projects.

Coal Producer Issues

Peabody Energy COO Richard Whiting commented at the Coal Market Strategies Conference 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 raise money needed to pay down debt; now they are more focused on profitability. Mr. Whiting noted that productivity gains will inevitably flatten out. Peabody continues to push mining equipment vendors for better technology, but he is concerned about a lack of capital investment in the industry and about low rates of return. Meanwhile, some eastern coal producers grouse that some of their fellow producers are not being disciplined, and that they continue to produce unwanted coal at a time when the market is virtually nonexistent. The major problem for producers, however, is that there is too much “coal on the ground,” (in consumers’ stockpiles). Unless and until colder weather takes hold in the East, with significant consumption of those stocks, buyers simply cannot justify contracting for more coal, even at bargain prices. If consumer stocks are drawn down rapidly, however, producers hope to get the $30+ per ton they are seeking (Coal Outlook, November 18).

John Dean of JD Consulting displayed a graph at the Conference showing that productivity at Powder River Basin (PRB) high-Btu mines (8800 Btu/lb) peaked in 1998 and has declined since. This would reverse the general trend, as PRB productivity had been increasing for many years. An Arch coal speaker was pessimistic about the productivity outlook in both the East and West. Key factors are higher stripping ratios in the PRB as mines progress, thinner seams in the East,

tighter environmental restrictions in the East, and the introduction of inexperienced new miners in the PRB. The one area he was optimistic about was northern Appalachia, where he believes there is significant opportunity to increase output at the longwall mines by upgrading the conveyor systems that move coal out of the mines.

Coal Import Prospects

During the 1980s and 1990s, the U.S. coal industry was often its own worst enemy. Hundreds of large and intermediate coal producers kept much more capacity operational than justified by demand. Hundreds more small producers were on the sidelines ready to fulfill spot and short-term contracts at marginal profits. As a result, coal buyers could shop around and generally find a lower price from a cash-strapped coal producer. Over time, this situation helped extend years of declining real-dollar coal prices. Now, according to a new trade report, Energy Publishing's "Coal Americas," another source of downward pressure on coal prices is in place. It may not be obvious from available 2002 coal import statistics, but foreign coal producers are looking to the United States to expand their markets significantly (Coal Americas, October 21).

Coal Americas' message makes sense. The same major factor EIA believes led to several years of declines in U.S. exports - low international coal prices - has not gone unnoticed by U.S. coal buyers. As fewer, larger leaders in the U.S. industry try to impose market discipline by taking less profitable units off line during the current period of low demand, offshore producers are now vying for a share of the expected market comeback. In 2001, the United States imported nearly 20 mmst of coal, largely from South America - a 58% jump from the 12.5 mmst a year earlier. Imports for January through June 2002 are 7.9 mmst and are on track to reach about 16 mmst, which would still represent growth over the 3-year period.

Energy Publishing lists 18 coal-fired power plants that currently burn at least some imported coal. Nearly every coastal State is represented from Maine to Texas, as well as the Rockport plant in Indiana. The article identifies 46 additional plants situated well to burn imported coal in the future and claims that "the list of U.S. utilities that are eager to explore the possibility of tapping offshore suppliers is continuously growing." As a prime example, the Southern Company with 35,000 megawatts of coal-fired capacity, has long-term contracts in place with American producer Drummond Coal's Colombian operations and has tested Australian and Polish coal. In addition, "valley fill" rulings by U.S. District Judge Charles Haden last summer, which have placed new mining permits in West Virginia on hold, could affect mines supplying both metallurgical coal and premium steam coal. An ongoing legal dispute over overweight coal haul trucks, also in West Virginia, is another factor whose outcome could raise operating costs and prices for domestic coal.

File last modified: December 10, 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 December 10, 2002)

Selected Wholesale Electricity Prices: Spot electricity prices fluctuated across the Western United States over the past seven trading days. Prices increased gradually from December 2 until December 4 as the colder weather led to higher customer demand and natural gas usage, which increased the cost of producing electricity. However, prices decreased on December 6 and December 9 because more moderate temperatures caused a reduction in customer demand. At Mid-Columbia, a benchmark for the Northwest, prices decreased $2.65 per megawatthour between December 4 and December 9. In California, prices were down by $2.37 per megawatthour at NP-15 during the same period and $1.96 per megawatthour at SP-15 between December 6 and December 9.

In the Midwest, electricity prices decreased over the past two trading days as milder weather caused a decrease in customer demand. Prices also went down because of increased production from nuclear power plants. Palisades Unit 1 came back on-line on December 5 after a ground wire in the switchyard was repaired. The plant is running at full capacity. At the Cinergy Trading Center, prices were 13 percent lower between December 4 and December 9.

In the Southeast, electricity prices were elevated last week as the winter storm took hold of the region. In the Carolinas, Duke Power had to restore power to approximately 1.2 million customers because ice was causing tree branches to fall on power lines. Prices were also affected by high customer demand and higher natural gas usage. Towards the end of the week, prices began to decline as more generating capacity became available. Prices on December 9 were even lower because of a decrease in customer demand. Within SERC, prices went down $1.33 per megawatthour between December 6 and December 9.

The Northeast also responded to last week's winter storm with higher prices. Cold temperatures increased customer demand. Natural gas prices jumped on December 5 and drove up power plant production costs. Nine Mile Point 1 was shut down in order to work on feedwater pumps. Starting December 6, however, electricity prices began to fall across the region as warmer weather developed and customer demand dropped. Electricity prices at PJM West decreased $4.31 per megawatthour between December 6 and December 9. New England and New York City's prices fell $10 and $10.25 per megawatthour, respectively.

Over the past seven days, average prices at all trading centers ranged between $41.47 and $46.80 per megawatthour with an overall weekly average of $44.50 per megawatthour.

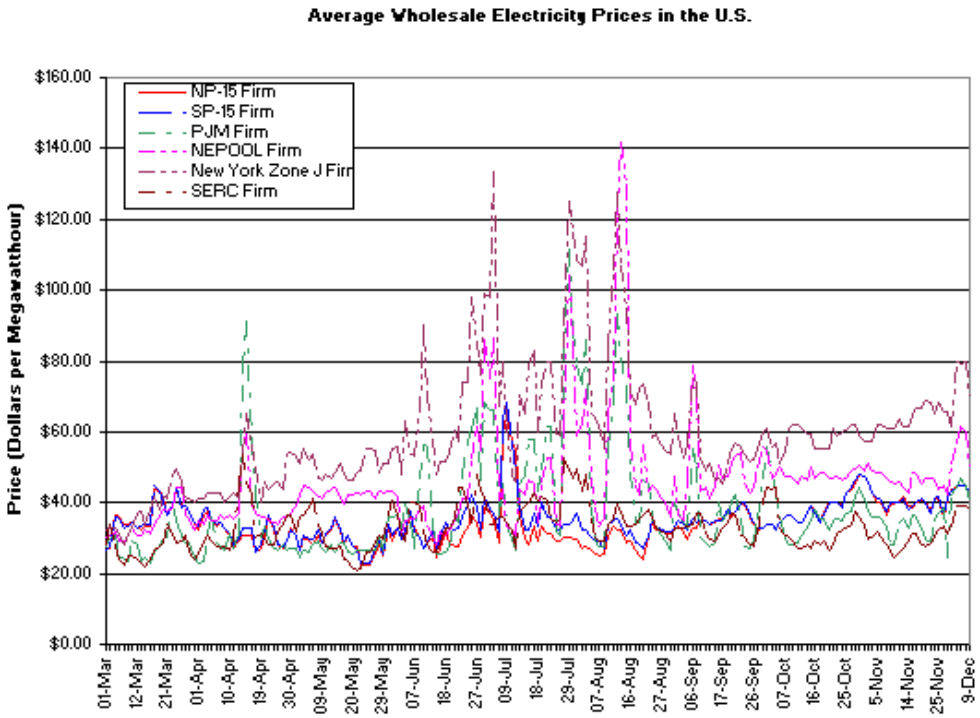
U.S. Regional Electricity Prices at Major Trading Centers (Dollars per megawatthour)

Trading Centers	Date							Price Range		
	11/29/02	12/2/02	12/3/02	12/4/02	12/5/02*	12/6/02	12/9/02	Max	Min	Average
	Holiday									
COB	n.a.	40.20	41.38	43.00	n.a.	41.75	39.94	43.00	39.94	41.25
Palo Verde	n.a.	36.14	39.48	39.73	n.a.	38.90	37.34	39.73	36.14	38.32
Mid-Columbia	n.a.	36.36	39.51	40.76	n.a.	39.70	38.11	40.76	36.36	38.89
Mead/Marketplace	n.a.	39.71	40.63	42.17	n.a.	42.05	40.38	42.17	39.71	40.99
4 Corners	n.a.	37.86	40.50	41.50	n.a.	39.50	38.25	41.50	37.86	39.52
NP 15	n.a.	43.81	44.30	45.08	n.a.	44.67	42.71	45.08	42.71	44.11
SP 15	n.a.	43.44	44.15	44.65	n.a.	44.74	42.78	44.74	42.78	43.95
PJM West	n.a.	42.23	44.20	46.94	n.a.	45.05	40.74	46.94	40.74	43.83
NEPOOL	n.a.	51.00	56.75	61.75	n.a.	60.00	50.00	61.75	50.00	55.90
New York Zone J	n.a.	61.50	79.75	79.13	n.a.	80.00	69.75	80.00	61.50	74.03
Cinergy	n.a.	32.08	37.23	37.57	n.a.	37.37	32.61	37.57	32.08	35.37
SERC	n.a.	33.36	39.15	39.33	n.a.	39.21	37.88	39.33	33.36	37.79
Average Price	n.a.	41.47	45.59	46.80	n.a.	46.08	42.54	46.80	41.47	44.50

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.
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.

***On December 5, 2002, a snow storm prevented the publication of the Bloomberg Power Lines Report.**



****

File last modified: December 10, 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