

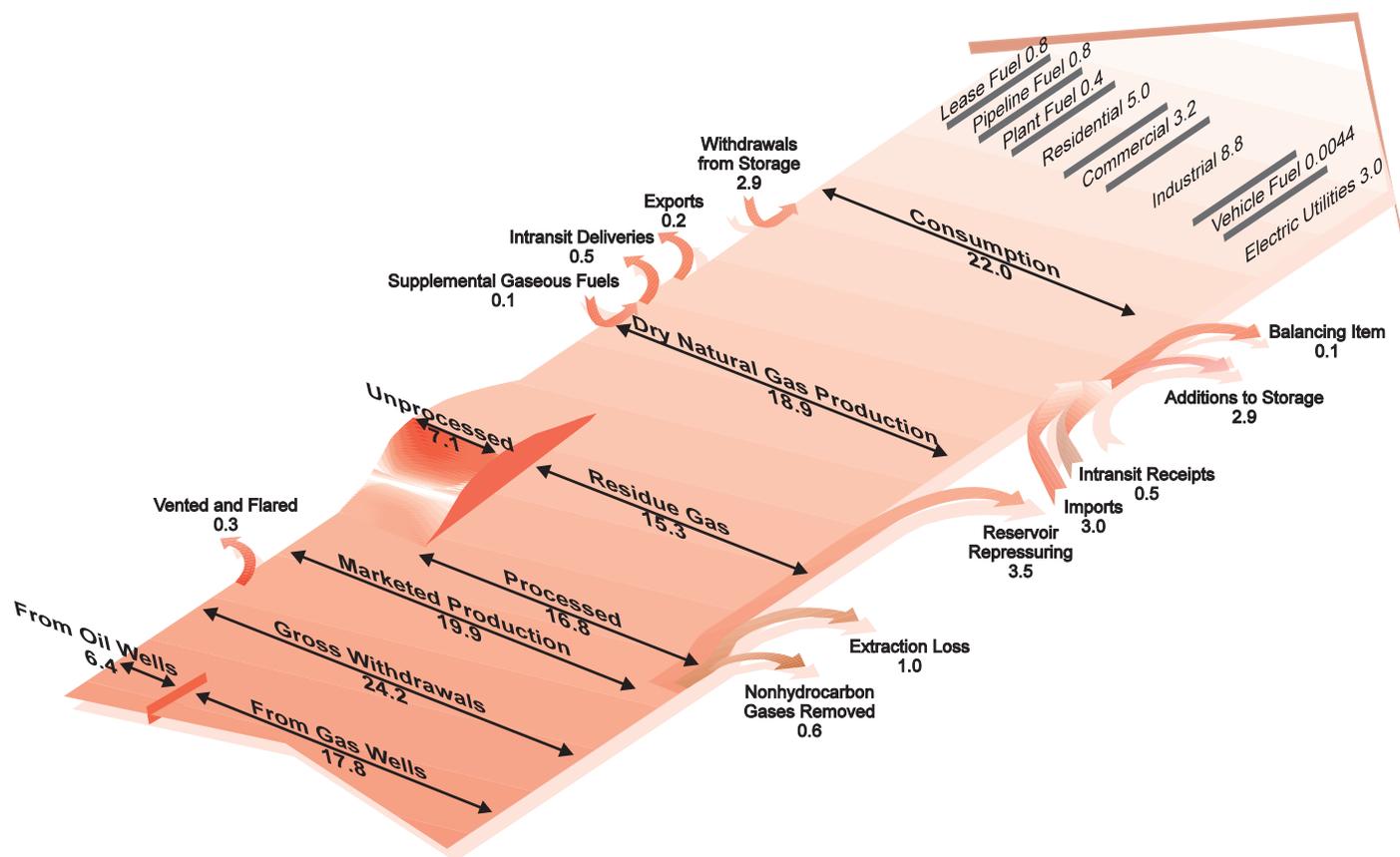
Overview

From 1996 to 1997, natural gas production and consumption, two major indicators of market activity, were fairly stable. Production rose slightly, by less than 1 percent, and consumption was virtually unchanged. Net imports also increased by a small amount and maintained a 13 percent share of consumption. Underground storage continued to play an integral role in the restructured competitive markets by enabling supply reliability during periods when demand was high. Prices also rose from the wellhead to the burner tip. Natural gas has accounted for 25 percent of total energy consumption in the United States since 1992, and this share was maintained in 1997.

Natural gas marketed production rose in 1997 to 19.9 trillion cubic feet, the highest level since 1981. Production has risen 3.0 trillion cubic feet since 1986, but current volumes remain 12 percent below the historical peak of 22.6 trillion cubic feet in 1973. For the fifth year in a row, the number of producing gas wells and gas-condensate wells rose, reaching 311,338 in 1997, 3 percent above the 1996 level.

During 1997, net imports rose for the 11th consecutive year, representing 13 percent of U.S. natural gas consumption. Canada continued its role as the major supplier of

Figure 1. Natural Gas Flow Diagram, 1997
(Trillion Cubic Feet)



Note: Totals may not add due to independent rounding.
Sources: Energy Information Administration (EIA), Form EIA-176, "Annual Report of Natural and Supplemental Gas Supply and Disposition"; Form EIA-895, "Monthly Quantity and Value of Natural Gas Report"; Form EIA-816, "Monthly Natural Gas Liquids Report"; Form EIA-759, "Monthly Power Plant Report"; Office of Fossil Energy, U.S. Department of Energy, Natural Gas Imports and Exports; *U.S. Crude Oil, Natural Gas, and Natural Gas Liquids Reserves, Annual Reports*, DOE/EIA-0216, and the U.S. Minerals Management Service.