

EIA's Short-Term Energy Outlook



For

Rocky Mountain Association of Geologists

January 13, 2021 | Washington, DC

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U.S. Energy Information Administration



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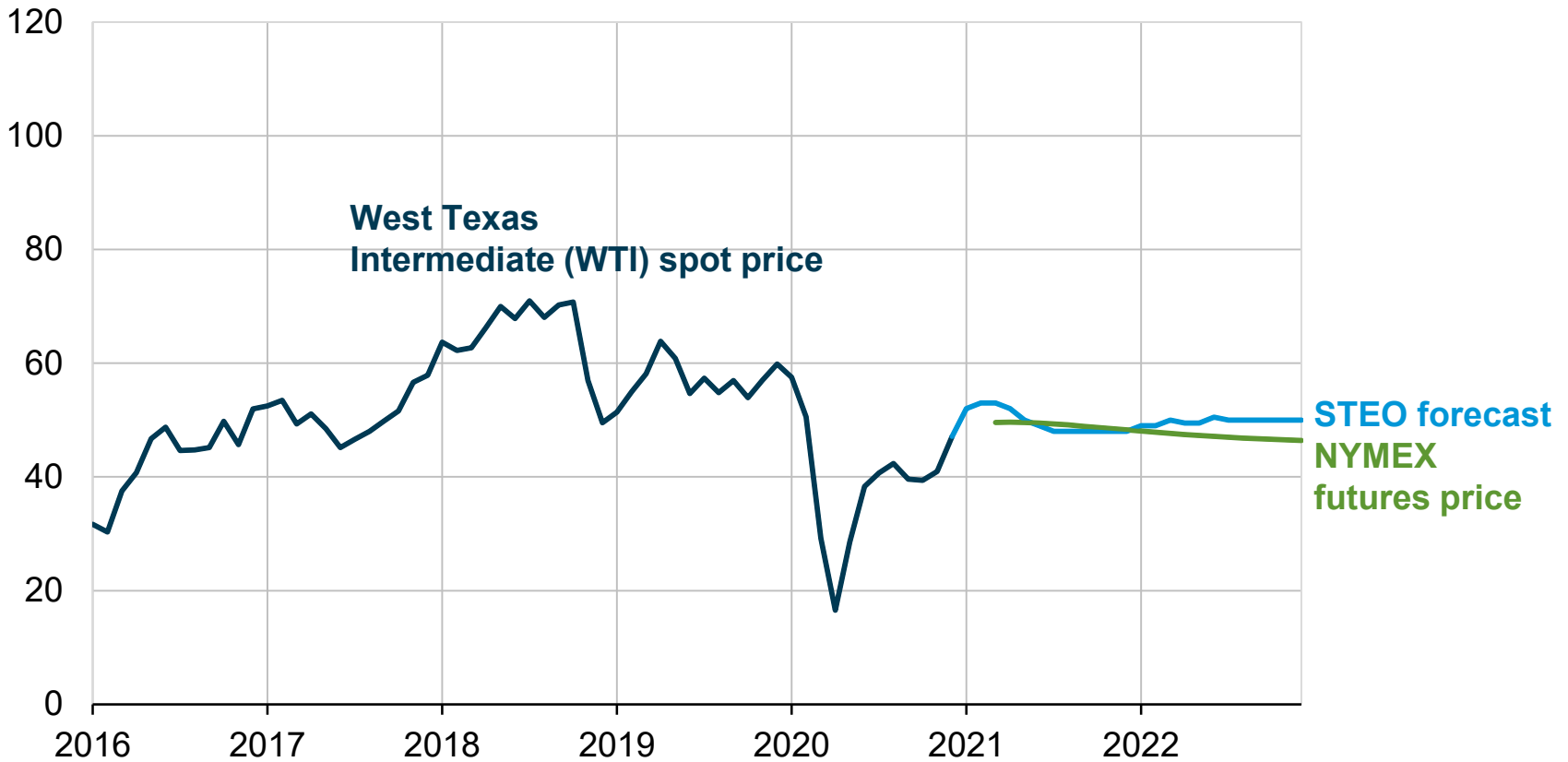


Key takeaways from our current forecast

- West Texas Intermediate crude oil spot prices will rise to an average \$49.70 per barrel in 2021 and increase slightly to \$49.81 per barrel in 2022.
- Expected U.S. crude oil production will fall to 11.1 million b/d in 2021, before recovering to 11.5 million b/d in 2022.
- Natural gas spot price at the Henry Hub will average \$3.01 per MMBtu in 2021 and will increase to \$3.27 per MMBtu in 2022.
- Production of natural gas in the United States will increase next year and will average 97.6 Bcf/d in 2022 from the forecast average of 95.9 Bcf/d in 2021. Growth in associated gas production will drive the increase in natural gas production in 2022.
- Natural gas consumption will fall in 2021 and in 2022. The decrease in consumption is driven by lower gas use for electric power generation, and to a lesser extent, lower use among residential and commercial consumers.
- Higher natural gas prices will result in less gas use for electric power generation in 2021 and 2022 relative to 2020. Natural gas will partly be replaced by coal generation.

Following a precipitous decline in the second quarter of 2020, crude oil prices recovered and will continue to rise slightly through our forecast period

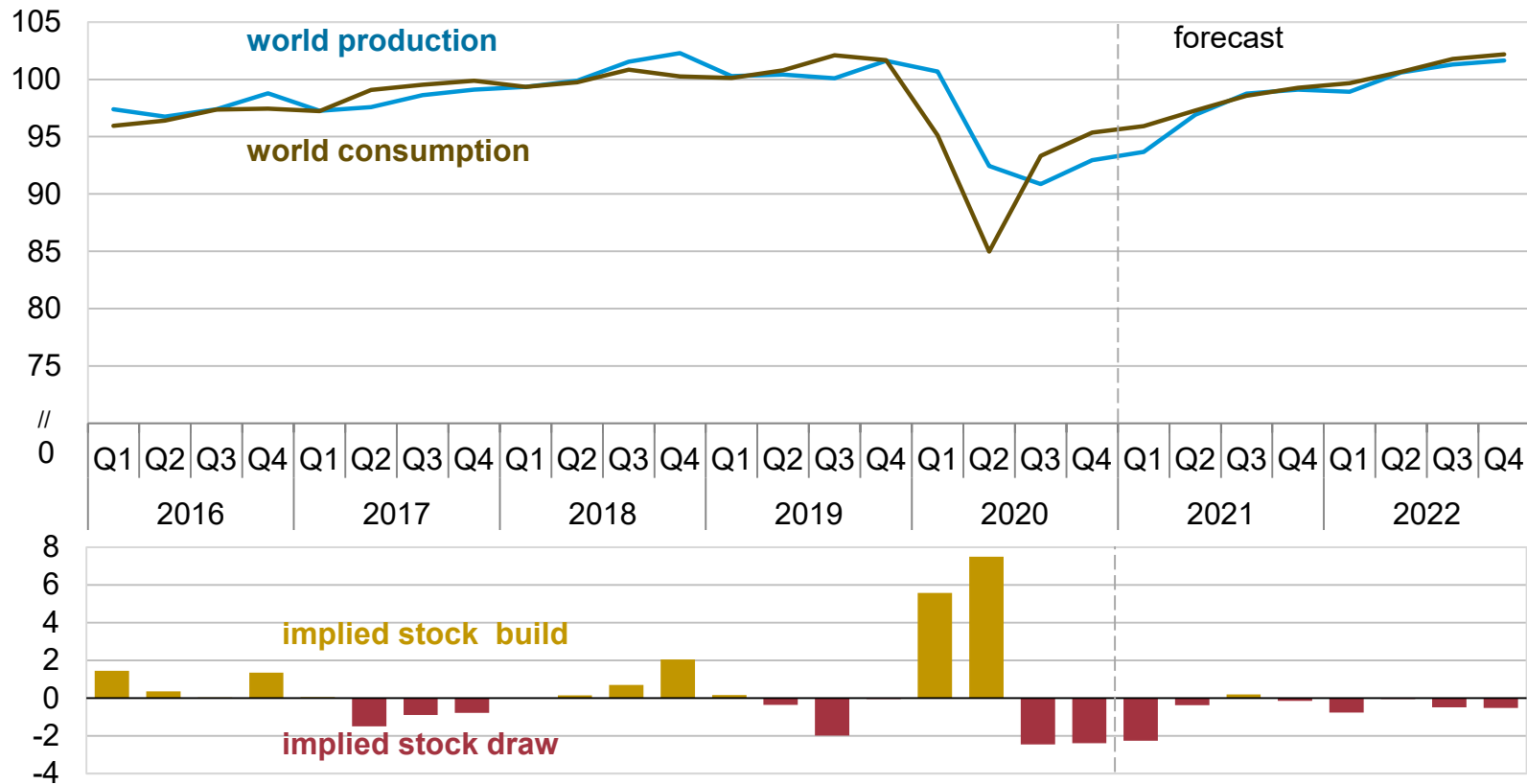
West Texas Intermediate (WTI) crude oil price and NYMEX confidence intervals
dollars per barrel



Sources: U.S. Energy Information Administration, Short-Term Energy Outlook, January 2021, CME Group, and Bloomberg, L.P.

Crude oil prices are driven by global petroleum supply and demand. Over the next 24 months, consumption will generally exceed production, limiting crude price increases

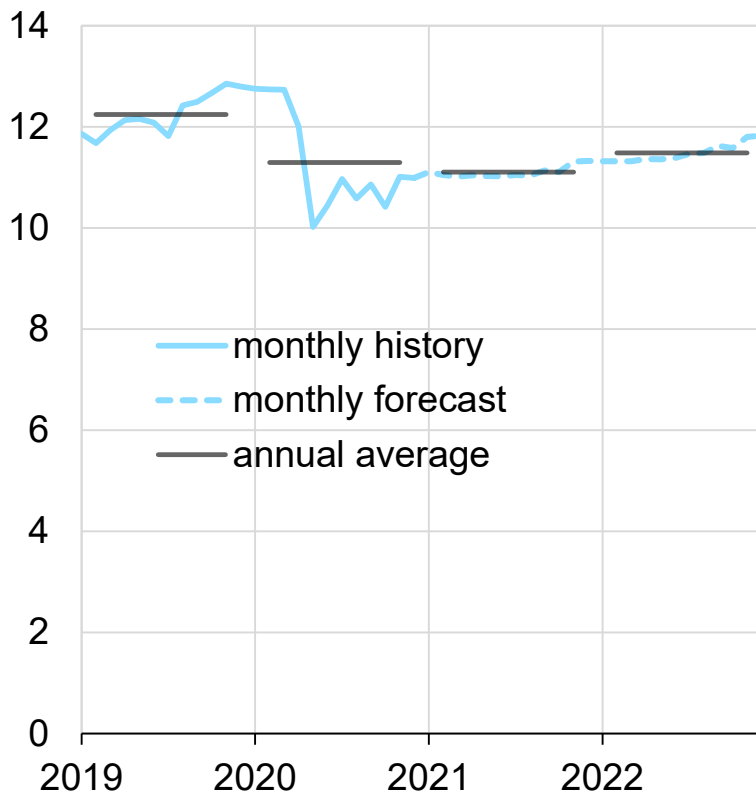
World liquid fuels production and consumption balance
million barrels per day



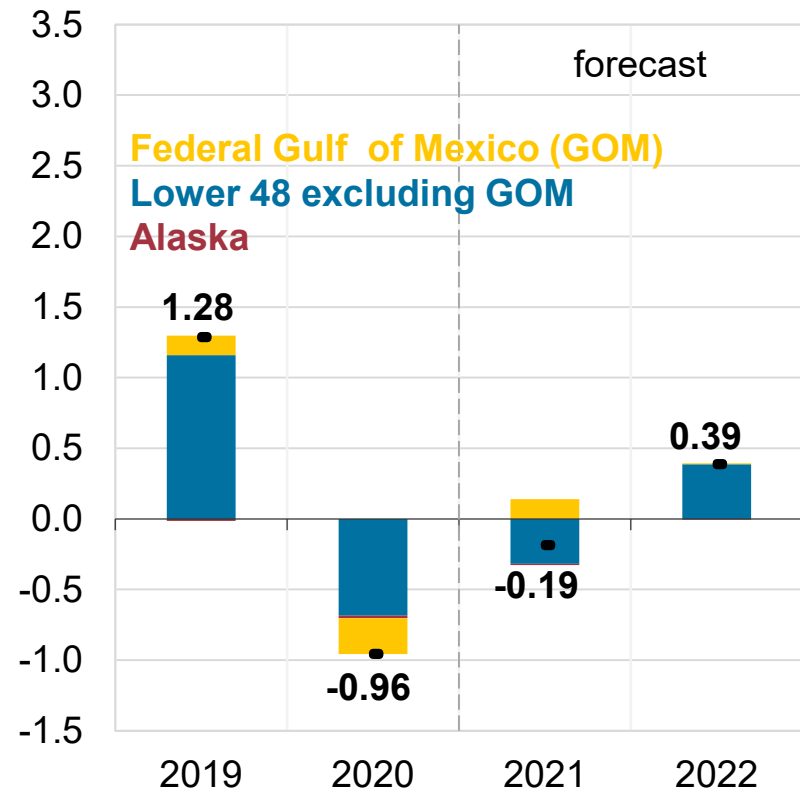
Sources: U.S. Energy Information Administration, Short-Term Energy Outlook, January 2021

U.S. crude oil production will decline in 2021 but recover somewhat in 2022. The year-over-year increases in 2022 will be driven by an increase in tight oil production

U.S. crude oil production
million barrels per day



Components of annual change
million barrels per day

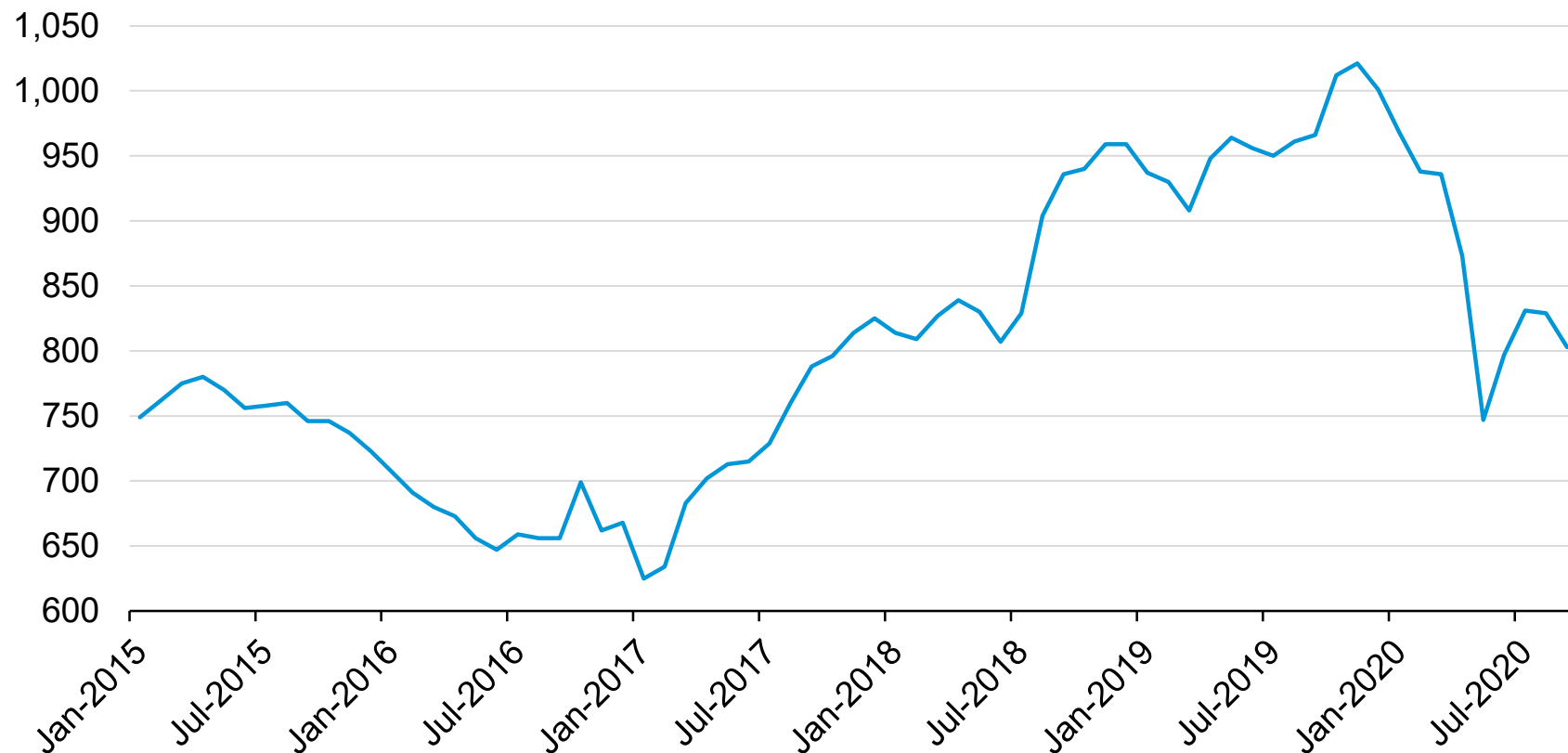


Source: U.S. Energy Information Administration, Short-Term Energy Outlook, January 2021

In the Rocky Mountain region, production has followed similar trends as the rest of the United States

Rocky Mountain crude oil production

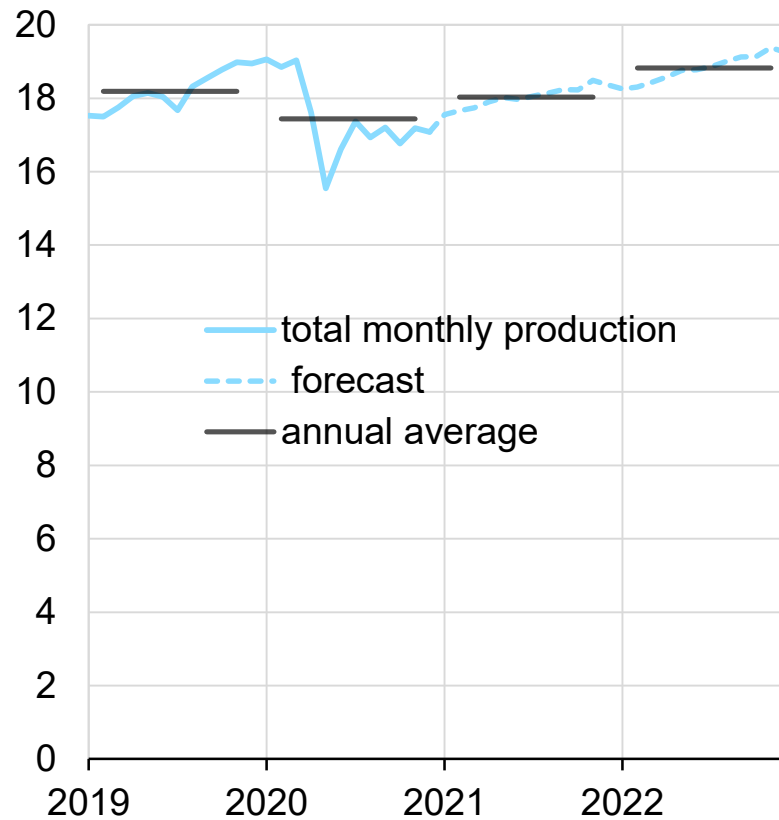
Thousand barrels per day



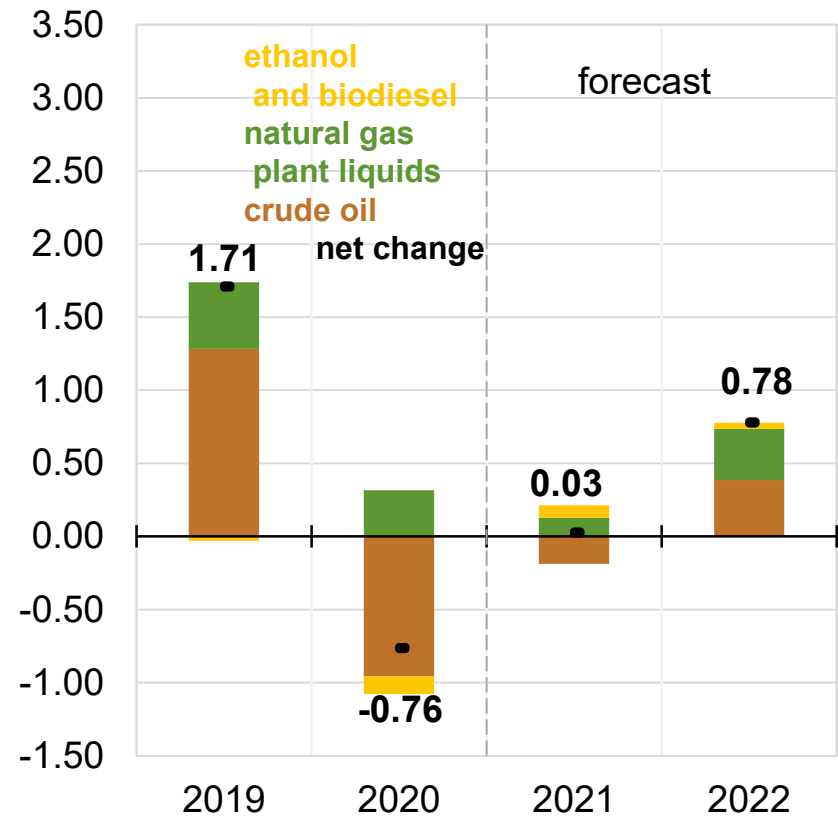
Source: U.S. Energy Information Administration, Petroleum Supply Monthly

Driven by an increase in natural gas liquids production, total liquids production in the United States will stay relatively flat in 2021 and increase in 2022.

U.S. crude oil and liquid fuels production
million barrels per day



Components of annual change
million barrels per day

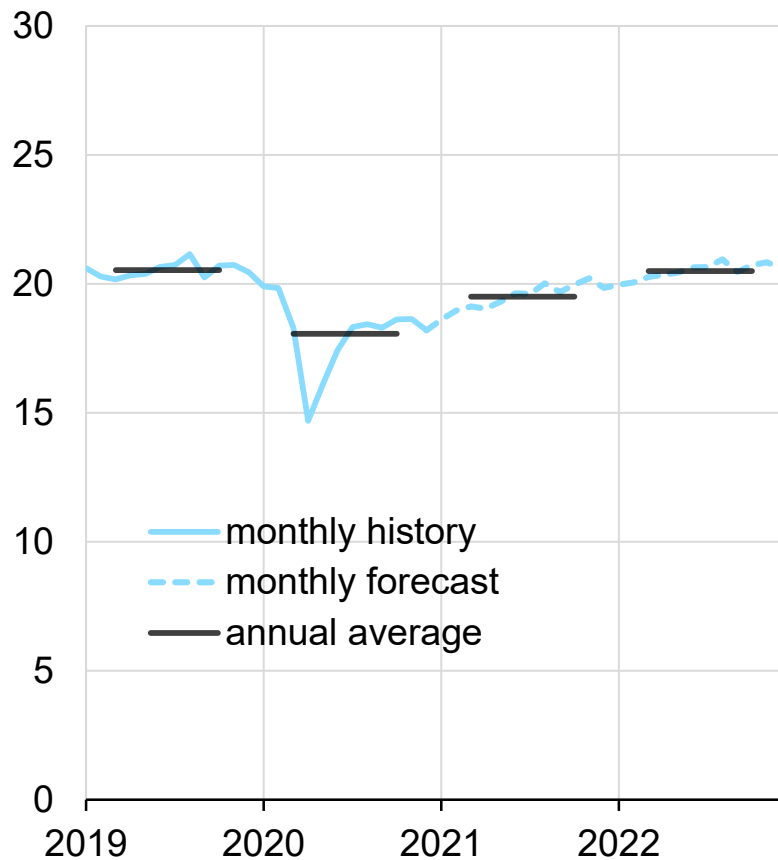


Source: U.S. Energy Information Administration, Short-Term Energy Outlook, January 2021

As the U.S. economy continues to recover, consumption of liquid fuels will continue to grow from the 2020 lows

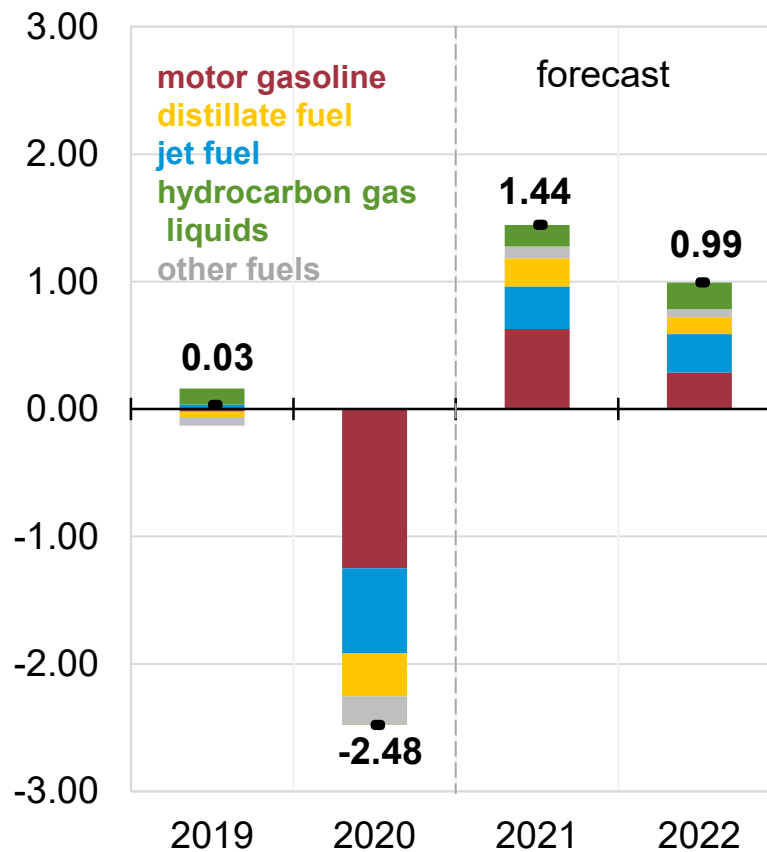
U.S. liquid fuels product supplied (consumption)

million barrels per day



Components of annual change

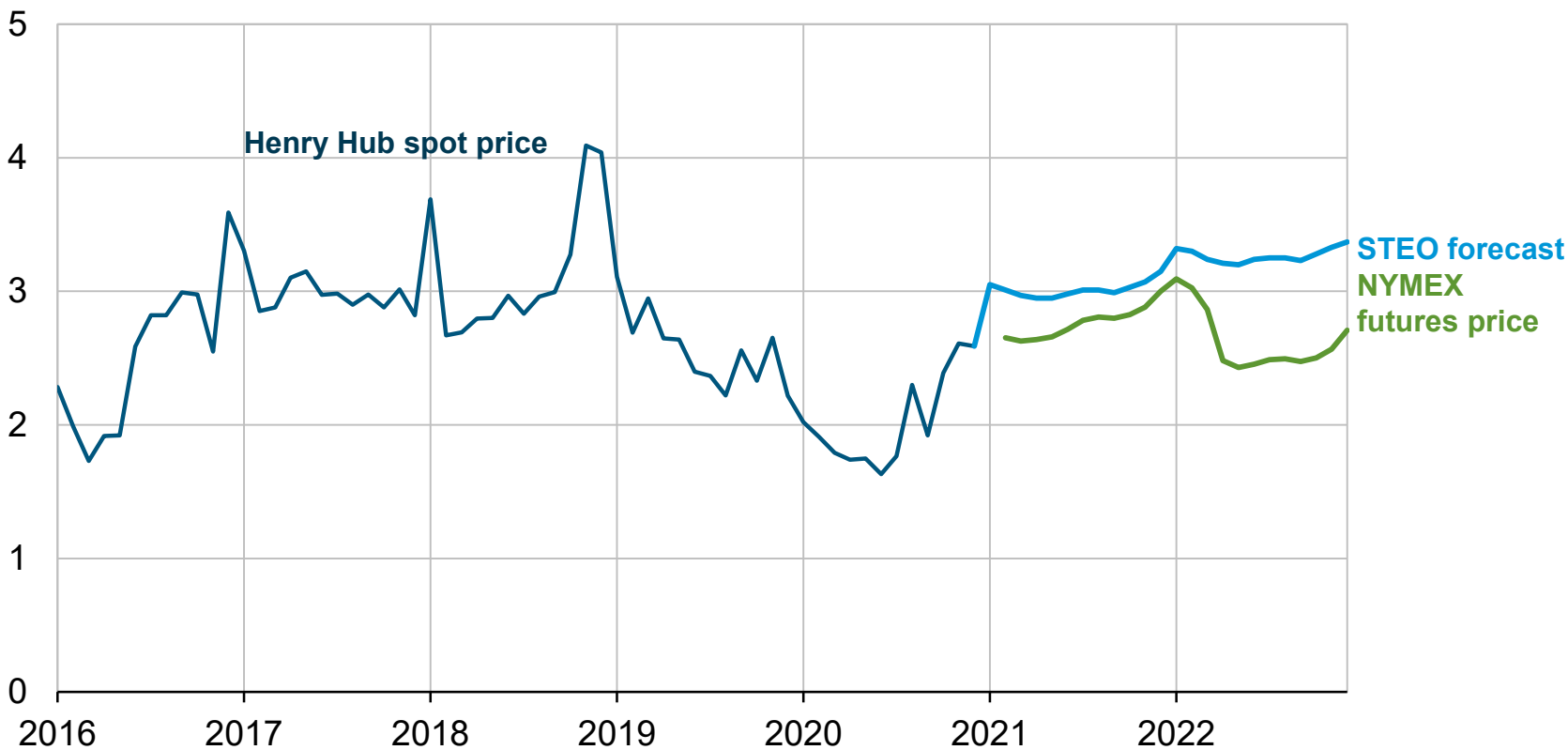
million barrels per day



Source: U.S. Energy Information Administration, Short-Term Energy Outlook, January 2021

Natural gas prices reached multi-year lows last year, but we expect them to rise to about \$3 per MMBtu as a result of lower production and increased economic activity

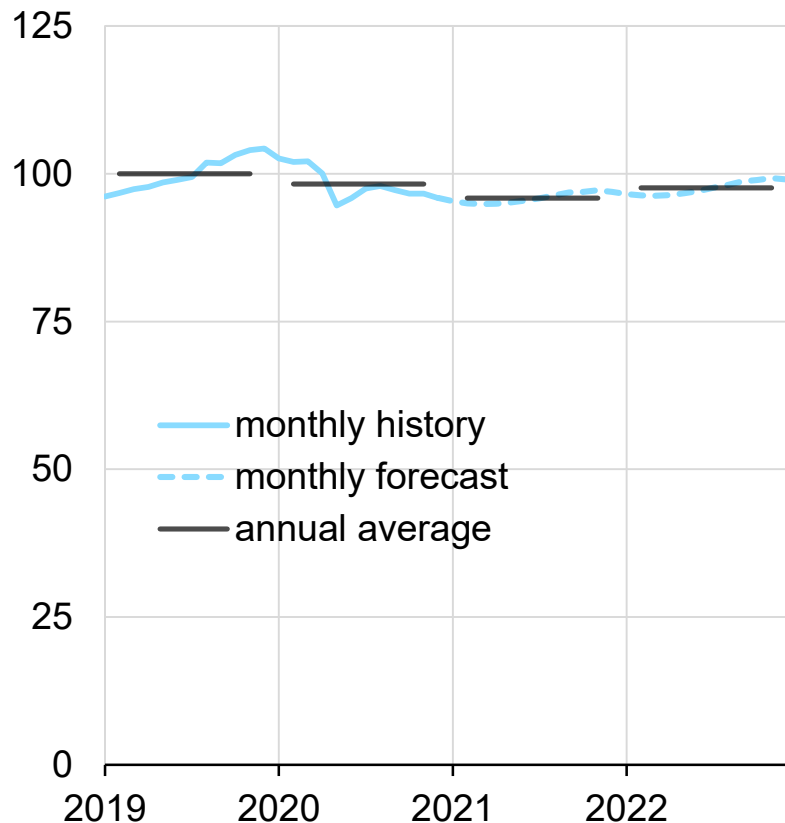
Henry Hub natural gas price and NYMEX confidence intervals
dollars per million Btu



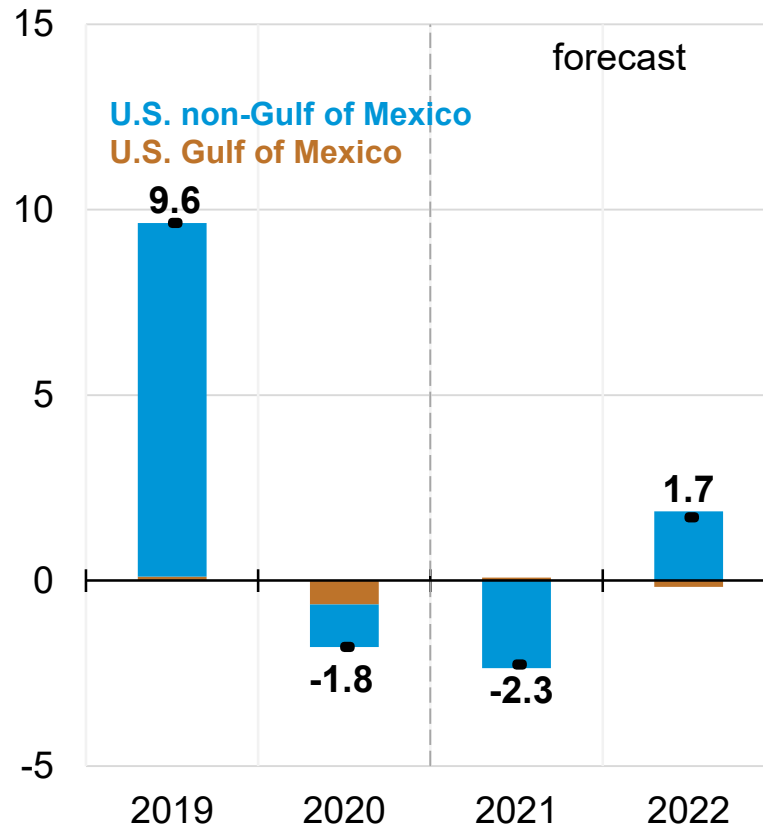
Sources: U.S. Energy Information Administration, Short-Term Energy Outlook, January 2021, and CME Group

U.S. natural gas production will fall as a result of continued declining shale gas production in 2021, but we see an increase in 2022

U.S. marketed natural gas production
billion cubic feet per day



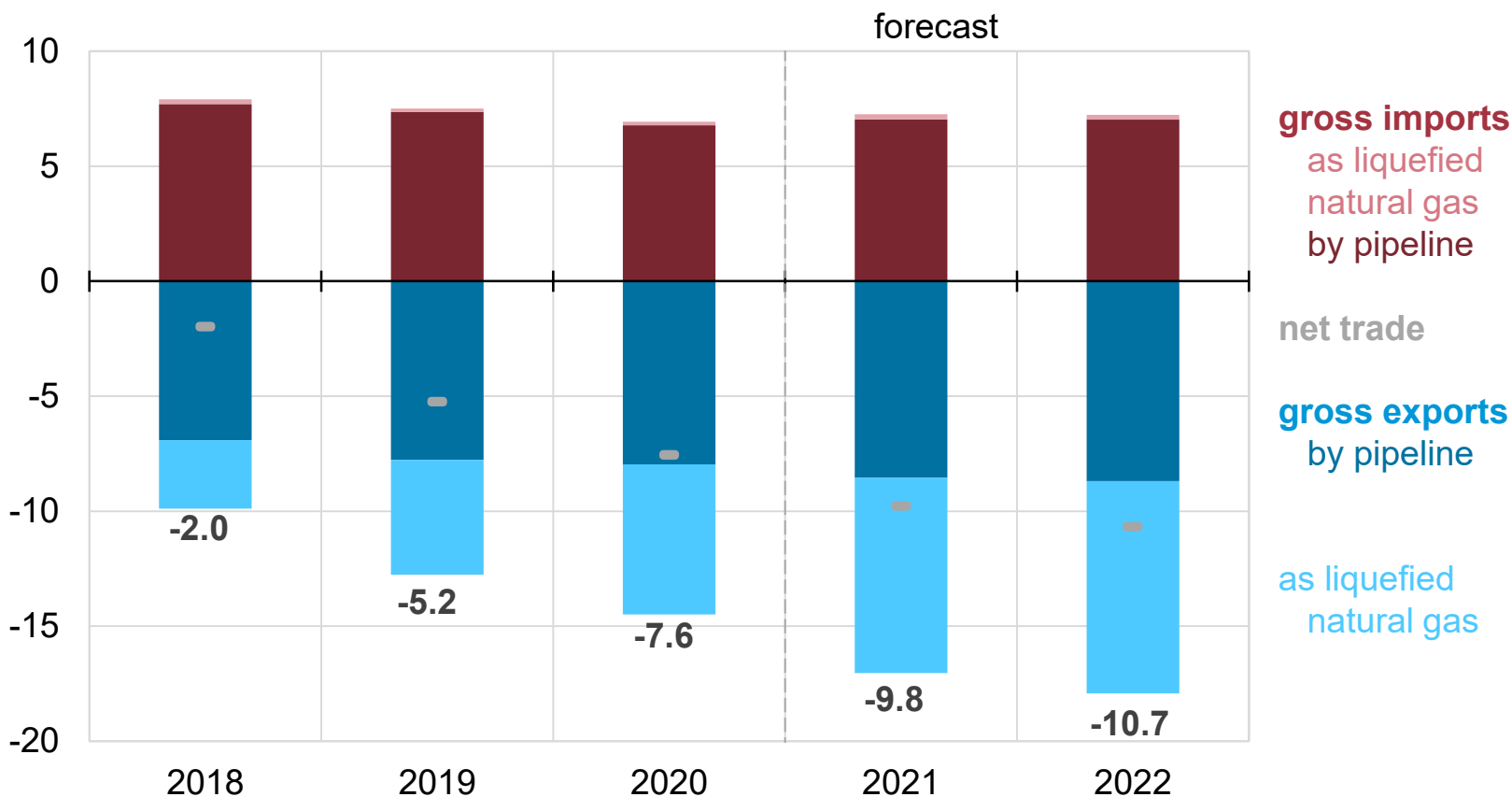
Components of annual change
billion cubic feet per day



Source: U.S. Energy Information Administration, Short-Term Energy Outlook, January 2021

Natural gas exports will continue to grow both by pipeline and as LNG in 2021 and 2022

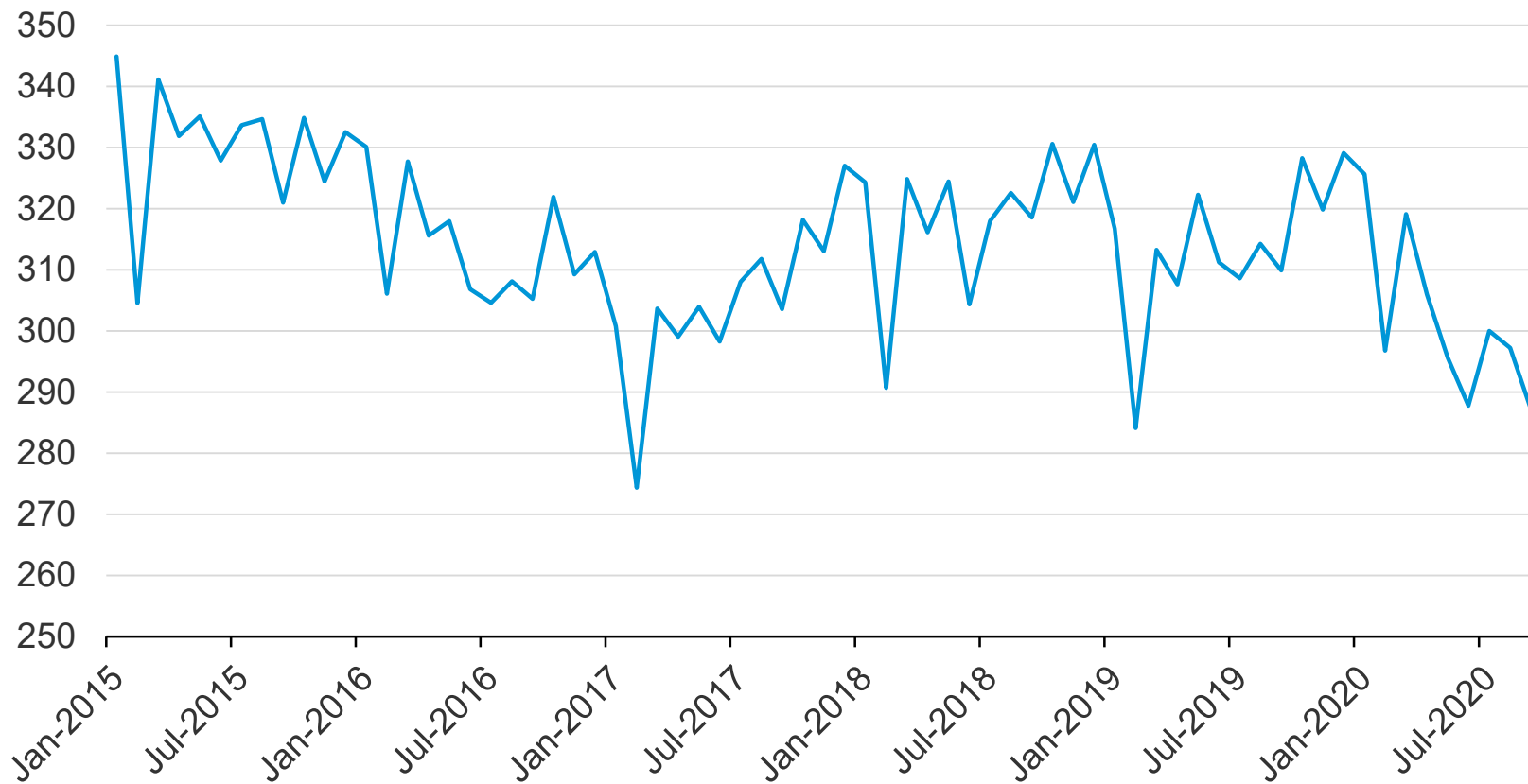
U.S. annual natural gas trade billion cubic feet per day



Source: U.S. Energy Information Administration, Short-Term Energy Outlook, January 2021

Rocky Mountain region accounts for about 10% of total U.S. production

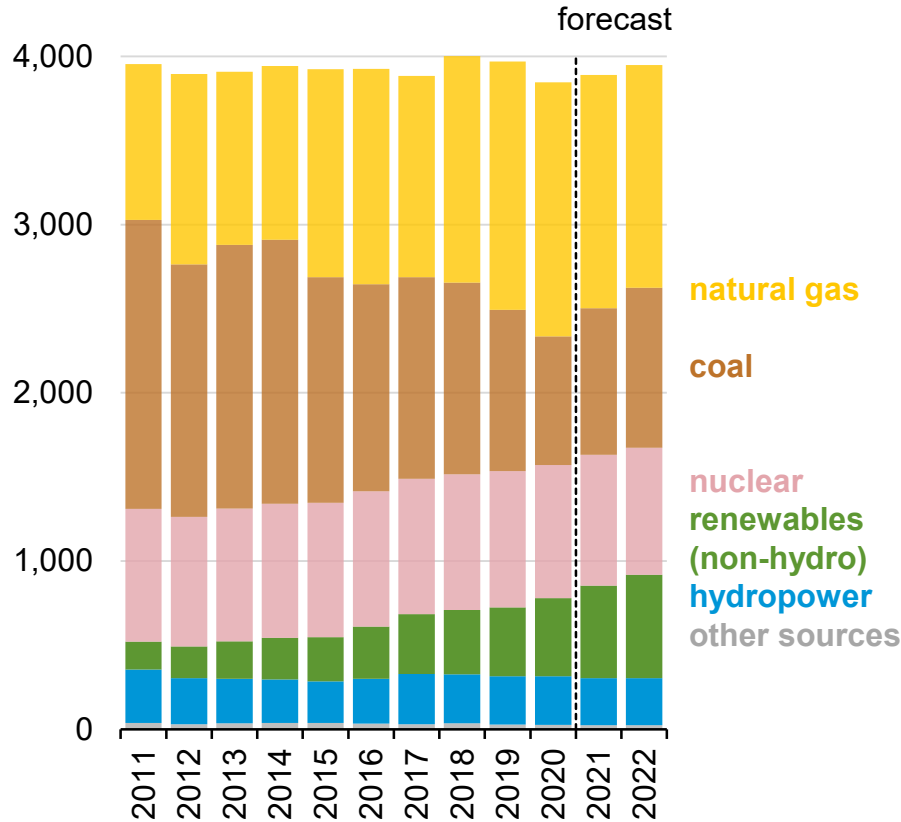
Rocky Mountain region marketed natural gas production
billion cubic feet



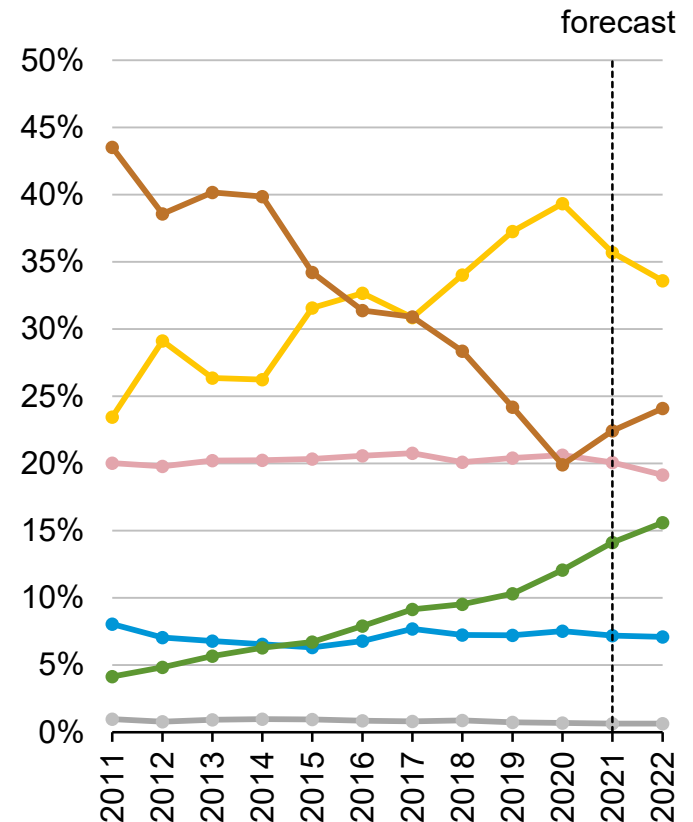
Source: U.S. Energy Information Administration, Natural Gas Monthly

Natural gas will continue to account for the largest share of electric power generation, but its use in this sector will fall in 2021 and 2022 as a result of higher prices.

U.S. electricity generation by fuel, all sectors
billion kilowatthours



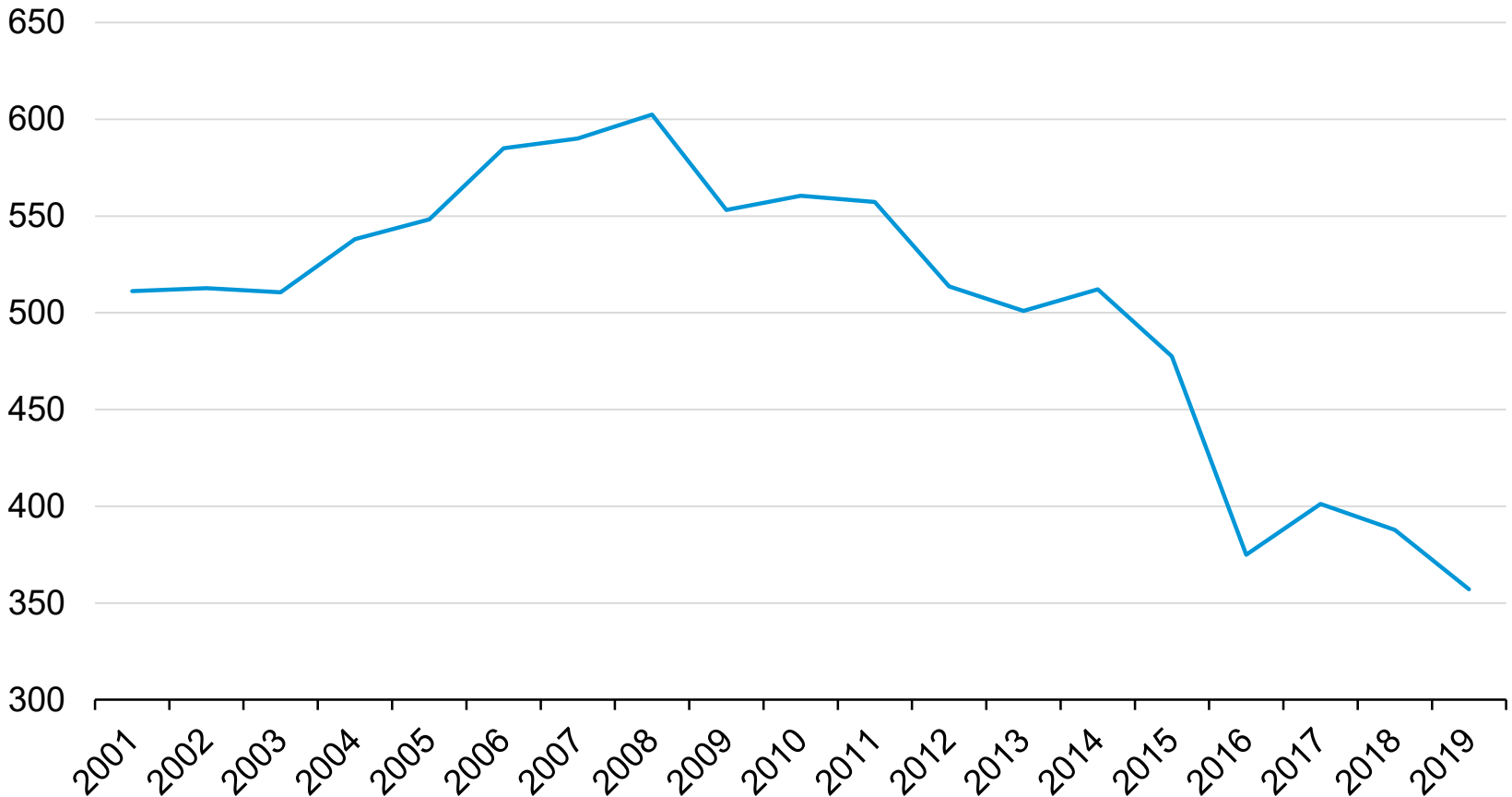
percent share



Source: U.S. Energy Information Administration, Short-Term Energy Outlook, January 2021

Coal production in the Mountain region accounts for half of the U.S. production and has been steadily declining since 2008

Mountain region coal production
million short tons



Source: U.S. Energy Information Administration, Annual Coal Report

For more information

U.S. Energy Information Administration home page | www.eia.gov

Short-Term Energy Outlook | www.eia.gov/steo

Annual Energy Outlook | www.eia.gov/aeo

International Energy Outlook | www.eia.gov/ieo

Monthly Energy Review | www.eia.gov/mer

Today in Energy | www.eia.gov/todayinenergy