

## U.S. gas production to drop for first time in 5 years

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Production of U.S. natural gas is forecasted to fall in 2021 after rising to record levels this year, according to a report out Tuesday from the U.S. Energy Information Administration.

The short-term energy outlook for January said natural gas production will rise to 94.74 billion cubic feet (bcf) per day in 2020, before dropping to 94.11 bcf per day next year. It would be the first annual decline in gas production since 2016. Growth in 2020 is owed to improved drilling efficiency, cost reductions and increased takeaway pipeline capacity from the Permian Basin and Appalachia, the outlook said.

"The decline in natural gas production in 2021 is in response to a forecast of low natural gas spot prices in 2020 that reduces drilling activity in the Appalachian Basin," the **report** found.

U.S. natural gas production set a new record in 2019, averaging 92 bcf per day. The outlook also noted that the United States exported more natural gas last year than it imported, with net exports up 2 bcf per day over 2018 levels.

Linda Capuano, the EIA administrator, said most of the growth will come from associated gas in the Permian region.

"We expect natural gas production to decline in 2021, as relatively low natural gas prices contribute to a reduction in natural gas directed drilling," Capuano said in a statement.

In 2018, natural gas made up more than 35% of U.S. electricity generation, **according** to EIA.

The report also forecasted increases for U.S. crude oil production, which is expected to average 13.3 million barrels per day in 2020 and 13.7 million barrels per day next year. Most of that growth, analysts said, will occur in the Permian region of New Mexico and West Texas.

While the rate of growth for crude oil production is expected to slow — stemming from a decline in drilling rigs over the past year — production will keep growing as rig efficiency improves and well-level productivity goes up.

The agency also estimated that U.S. coal production will decrease 14% from 2019 levels, down 93 million short tons. The report cited declining domestic demand for coal in the electric power sector and lower demand for U.S. exports. Coal will take another hit in 2021, the outlook found, dropping another 3% in 2021.

"EIA forecasts a 14% decrease in coal production in 2020, because of anticipated declines in both exports and domestic consumption in the power sector," Capuano said. "We expect to see the biggest production decrease in the Western production region."

Those forecasted declines would lower coal's share of U.S. electricity generation to 21% by 2021, down from nearly 28% in 2018.

Coal exports are also expected to see declines, dropping 11% in 2020 before stabilizing next year, the outlook said. Still, despite those forecasted declines in overall exports, the primary destinations for U.S. coal — including India, Japan and South Korea — are "expected to remain stable." Export to those countries made up 34% of exported coal in 2019 through October.

### **Energy-related CO2 to plunge**

In terms of energy-related carbon emissions, EIA expects a 2% decrease this year and 1.5% in 2021, following a 2.1% drop last year. The outlook said the declines would stem from a downturn in total U.S. energy consumption paired with "assumption of relatively normal weather."

"The decline in emissions reflect a forecast of slowing GDP growth and less weather-related demand, resulting in lower total U.S. energy consumption," said Capuano, EIA's administrator.

Still, scientists from NASA and NOAA issued an assessment of global temperatures yesterday and reported that 2019 was the second-hottest year on record.

Last year's average temperature was second only to 2016, their [report](#) said, which noted that the past five years have been the warmest of the last 140 years.

Gavin Schmidt, director of NASA's Goddard Institute for Space Studies, said the world moved into "2 degrees Fahrenheit warming territory" in 2015 and is "unlikely to go back."

"This shows that what's happening is persistent, not a fluke due to some weather phenomenon," Schmidt said in a statement.