

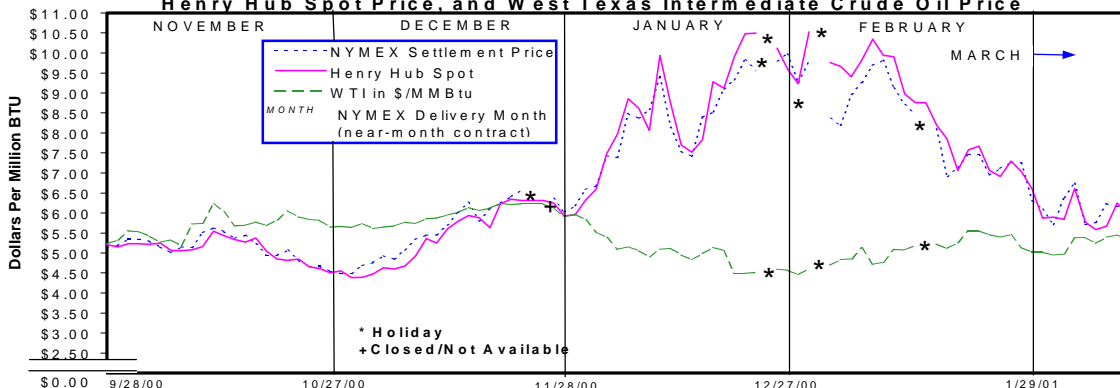
HENRY HUB PRICE

(\$ per MMBtu)

SPOT FUTURES

	February	March
	Del	Del
02/05	5.62-5.91	5.706
02/06	5.51-5.65	5.764
02/07	5.62-5.72	6.235
02/08	6.21-6.28	6.158
02/09	5.96-6.20	6.210

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

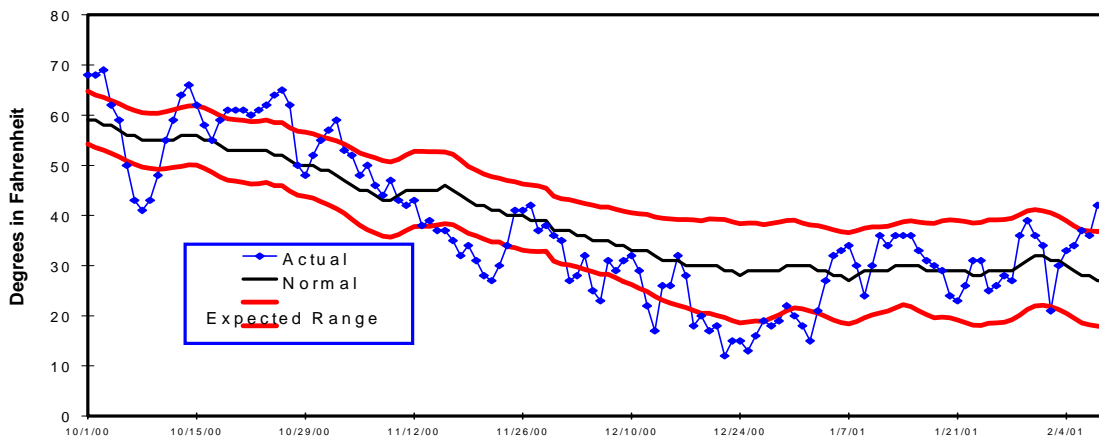


Note: The Henry Hub spot price is from the GAS DAILY and is the midpoint of their high and low price for a day. The West Texas Intermediate crude oil price, in dollars per barrel, is the "sell price" from the GAS DAILY, and is converted to \$/MMBtu using a conversion factor of 5.80 MMBtu per barrel. The dates marked by vertical lines are the NYMEX near-month contract settlement dates.

Average Temperature for Four Major Gas Consuming Areas

	Actual	Normal	Diff
02/03	30	31	-1
02/04	33	30	3
02/05	34	29	5
02/06	37	28	9
02/07	36	28	8
02/08	42	27	15
02/09	41	27	14

Average Temperature for Four Major Gas Consuming Metro Areas (Chicago, Kansas City, New York, and Pittsburgh)

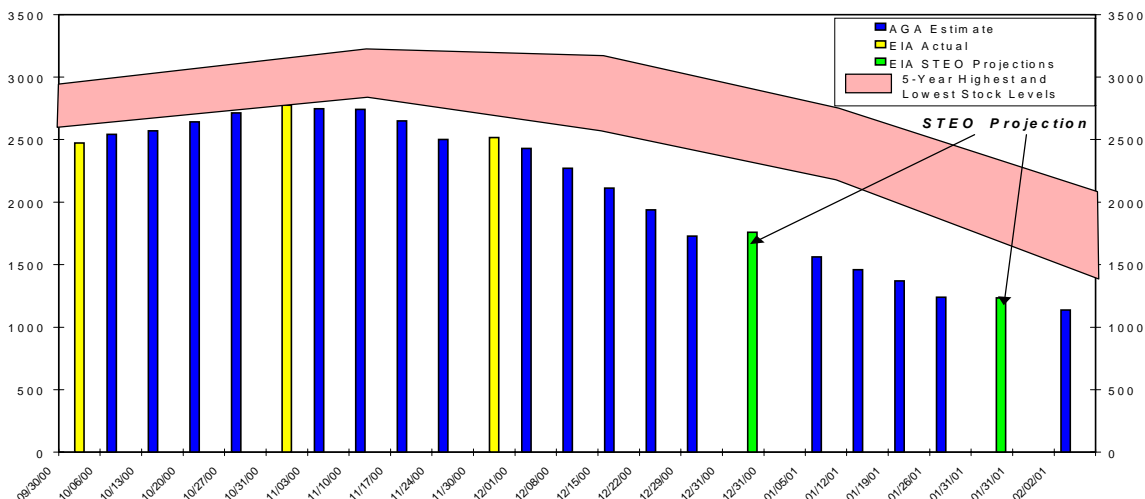


The bounds are computed by adding and subtracting from the average temperatures for the last 10 years an amount equal to twice an estimate of the standard deviation for temperatures on a day.

Working Gas Volume as of 02/02/01

	BCF	% Full
East	657	36
West	202	40
Prod Area	277	29
U. S.	1,136	34

Source: AGA



Spot prices at the Henry Hub began last week \$0.75 below the previous week's high, which occurred Friday at \$6.51 per MMBtu. Prices continued to trend down through midweek before bouncing up on Thursday only to decline again at the end of the week (see Price Graph). The futures market followed a somewhat similar pattern as it reached its weekly high for the March contract of \$6.235 per MMBtu on Wednesday. The price of West Texas Intermediate crude oil stayed above \$31.00 per barrel most days and ended the week at \$31.05 or about \$5.35 per MMBtu. The unusually cold temperatures in November and December and high natural gas prices in upstream markets resulted in higher prices to consumers. According to the latest Bureau of Labor Statistics (BLS) data for December, the seasonally adjusted price index for natural gas delivered to residential consumers increased sharply compared to December of last year. The BLS reports that prices increased by 43 percent nationally with several cities (Chicago, Los Angeles, and San Francisco) recording price index hikes of over 70 percent. Most areas in the Northeast had increases of between 20 and 30 percent while the index for Philadelphia increased by only 14.2 percent. An exception to these record price climbs occurred in Detroit where prices declined 0.4 percent; a 3- year cap on prices to residential consumers in Michigan is still in effect (it expires at the end of March 2001).

Storage: During the week ending February 2, 2001, 105 Bcf was withdrawn from underground storage facilities according to the most recent estimate from the American Gas Association (AGA). The latest week's estimate brings average daily net withdrawals for January to 16.6 Bcf per day—almost 3 Bcf or 15 percent below EIA's 5-year January average of 19.5 per day. The relatively low withdrawals for most of January reflect the moderate temperatures for the month (NWS has reported that January was 4 percent warmer than normal). Nearly two-thirds (66 Bcf) of the stock withdrawals occurred in the East with the remainder fairly evenly divided between the Producing and West regions, with respective net drawdowns of 19 and 20 Bcf. Stock withdrawals in the West continued at a relatively brisk pace, with the removal of 12.5 percent of stocks remaining at the beginning of the period compared to net draws of 7.5 percent and 6.6 percent from inventories in the East and Producing regions.

Spot Prices: Prices at the Henry Hub and at most other major markets reached their lowest level of the year last week. Prices at the Henry Hub traded on Wednesday at \$5.67 per MMBtu, which is 45 percent less than this year's high of \$10.34 on January 8. Prices at most markets moved up at the end of the week based partially on weather forecasts calling for a return of arctic air to some parts of the Midwest. Spot prices on Friday ranged from a low of \$6.08 at the Henry Hub to a high of \$6.25 in the Rocky Mountains. Citygate prices in California, though still quite high, moved down most days reaching \$12.94 on Thursday but bounced back on Friday to \$14.83 per MMBtu. In spite of low temperatures in the Midwest, citygate prices in Chicago moved down on Friday to \$6.35 per MMBtu—down \$0.23 for the day.

Futures Prices: After trading well below \$6.00 per MMBtu during the first 2 days of the week, the NYMEX futures contract for March delivery settled at \$6.210 on Friday. Even at the higher price level, the near-month contract remains below the final price for the February contract (\$6.293) and more than \$3.75 per MMBtu lower than January's \$9.978. The April contract also moved up but remained below \$6.00 at \$5.938.

Summary: The BLS reported that residential customers saw their gas bills increase by an average of 43 percent in December 2000 compared to year earlier levels. Prices softened at most spot market locations and traded near \$5.65 at midweek before climbing back over \$6.00 at week's end. The March futures contract settled up for the week but remains 38 percent below the January contract price. Stock withdrawals in January are estimated to have been 15 percent below average.