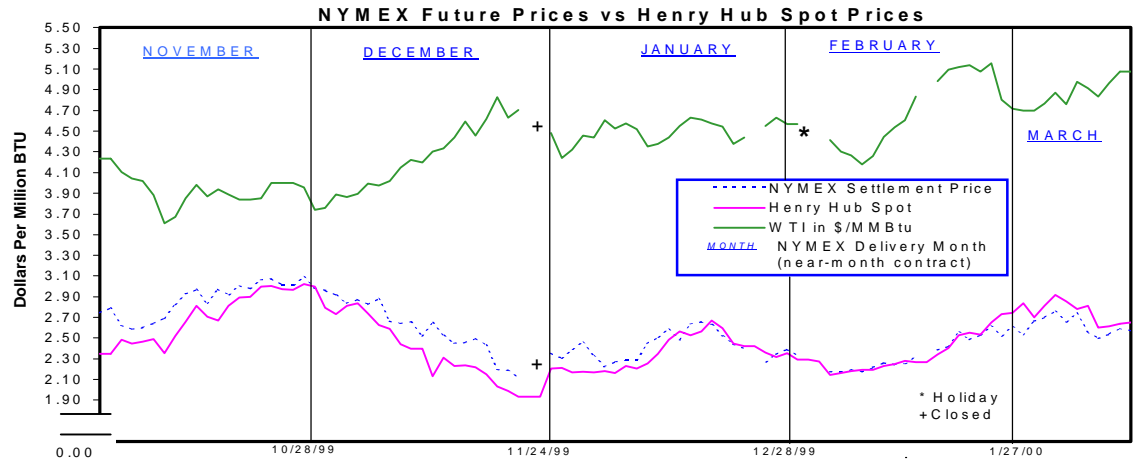
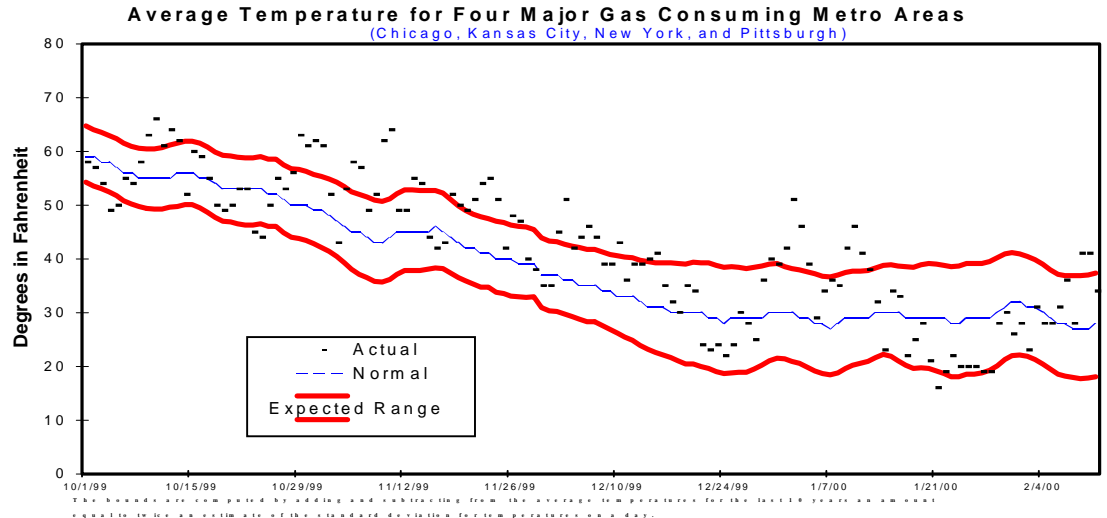


HENRY HUB PRICE (\$ per MMBtu)		
	SPOT	FUTURES
	February	March
	Del	Del
2/07	2.77-2.85	2.562
2/08	2.57-2.63	2.495
2/09	2.56-2.67	2.540
2/10	2.62-2.66	2.592
2/11	2.61-2.69	2.570

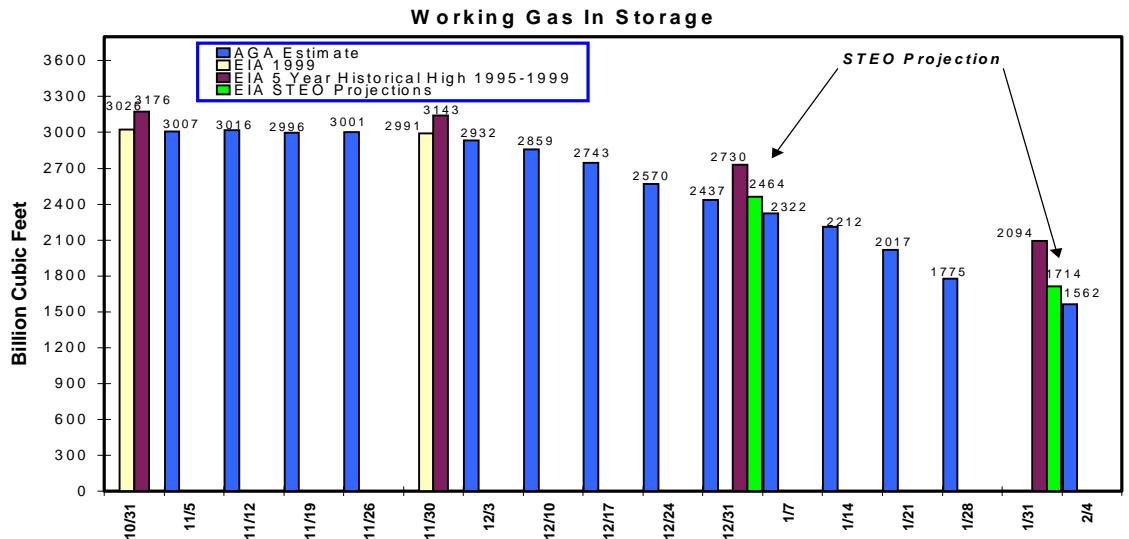


Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
2/05	28	29	-1
2/06	31	28	3
2/07	36	28	8
2/08	28	27	1
2/09	41	27	14
2/10	41	27	14
2/11	34	28	6



Working Gas Volume as of 2/04/00		
	BCF	% Full
EAST	780	43
WEST	310	63
Prod Area	472	50
U. S.	1562	48

Source: AGA



Moderating temperatures in much of the Northeast have lowered heating demand for natural gas, allowing suppliers to resume service to customers with interruptible contracts. The severe cold weather in the Northeast and Middle Atlantic regions from mid-January through early February caused space-heating demand to surge. Many customers with interruptible gas contracts were required to switch from gas use in order to ensure that the space-heating needs of residential and commercial gas users were met. Interruptible customers, primarily made up of large-volume commercial and industrial users and electric power generators with alternative fuel sources, are now largely back on gas. No customers with firm services contracts were reported to be affected. The composite average temperatures in the four cities monitored by this report (see temperature graph) were 6 to 14 degrees above normal most days last week. Spot and futures prices generally ended the week lower despite a mid-week increase in reaction to reported large storage withdrawals during the previous week. In contrast, the price of West Texas Intermediate crude oil moved up most days last week and ended the week near a 9-year high at \$29.45 or \$5.07 per MMBtu.

Storage: For a second consecutive week, estimated withdrawals from storage have exceeded 200 Bcf as the American Gas Association (AGA) reported that for the week ended Friday, February 4, the industry withdrew 213 Bcf. The cold weather during the second half of January brought total withdrawals for the month to an estimated record of 750 Bcf. The latest withdrawal estimate would bring the EIA end-of-January stock estimate to 1,714 Bcf. EIA estimates that 1,592 Bcf remained on hand on February 4, which is 49 percent of active working gas capacity of 3,248 Bcf. The end-of-January level is below the previous 5-year average (1995-99) of 1,762 Bcf but still 252 Bcf higher than the low of 1,462 Bcf recorded in 1996. Looking ahead, EIA data indicate that average withdrawals in February during the most recent 5 years were 390 Bcf. A comparable drawdown this year would leave 1,324 Bcf in stock at the beginning of March, the final month of the heating season.

Spot Prices: The return of above-normal temperatures in most parts of the Midwest and the Northeast appears to have ushered in a general decline in prices at most major market locations. Most markets had only an 8 to 10 cent per MMBtu decline compared with the almost 20 cent drop at the Henry Hub. Some examples of price decreases between Monday and Friday of last week were: Katy in East Texas, down 10 cents per MMBtu to \$2.51; Waha in West Texas, down 8 cents to \$2.45; and at Midcontinent in Oklahoma, down 9 cents to \$2.43. Prices in the Rockies, which may have received some upward support from a reported water problem at a major storage site in Utah, were generally flat or slightly up at about \$2.36 per MMBtu.

Futures Prices: During the first two days of trading last week, the price of the NYMEX futures contract for March delivery moved down almost \$0.25 per MMBtu from the previous Friday's settlement price. However this trend was reversed on Wednesday as speculation built regarding recent storage withdrawals. When these expectations were confirmed by the latest weekly withdrawal announcement, which indicated an average exceeding 30 Bcf per day, the futures contract moved up and gained back almost half of the earlier price decline and ended the week at \$2.57 per MMBtu. The NYMEX contracts for delivery in the next 5 months, March to July, all settled within a 3-cent range of \$2.57 to \$2.60 per MMBtu. The March contract opened today, Monday, February 14, at \$2.53 per MMBtu, perhaps reflecting the National Weather Service (NWS) 6-to-10-day forecast released late Friday, which calls for above-normal temperatures to prevail in most of the country beginning the middle of this week.

Summary: Moderating temperatures last week allowed natural gas suppliers to resume deliveries to previously interrupted customers. Spot prices moved down 8 to 20 cents per MMBtu early in the week at most market locations then stabilized. The near-month (March) futures price, which dropped \$0.25 in early trading last week, reversed the downward trend following another week of storage withdrawals exceeding 200 Bcf. Total net withdrawals in January were at a record high of 750 Bcf. Even with this very high monthly withdrawal, stocks remain over 250 Bcf above the 20-year record low for the end of January in 1996.