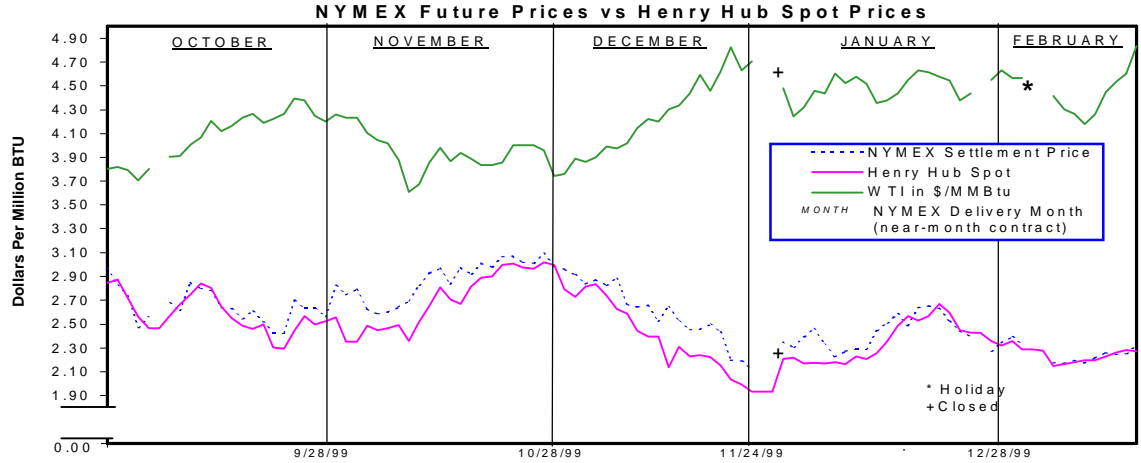
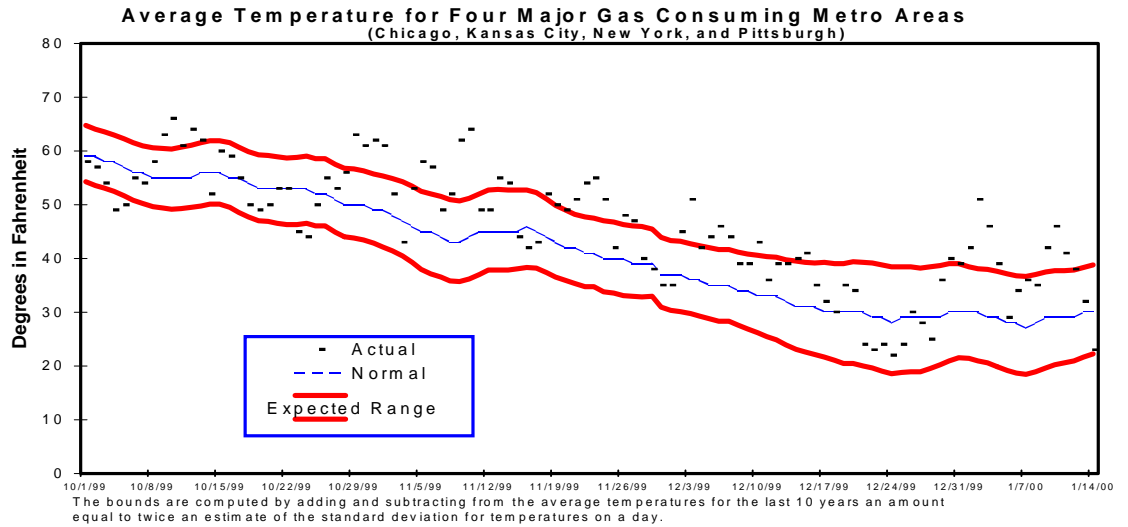


HENRY HUB PRICE (\$ per MMBtu)		
	SPOT	FUTURES
	January	February
	Del	Del
1/10	2.18-2.21	2.216
1/11	2.21-2.25	2.260
1/12	2.23-2.29	2.244
1/13	2.26-2.30	2.252
1/14	2.26-2.28	2.322



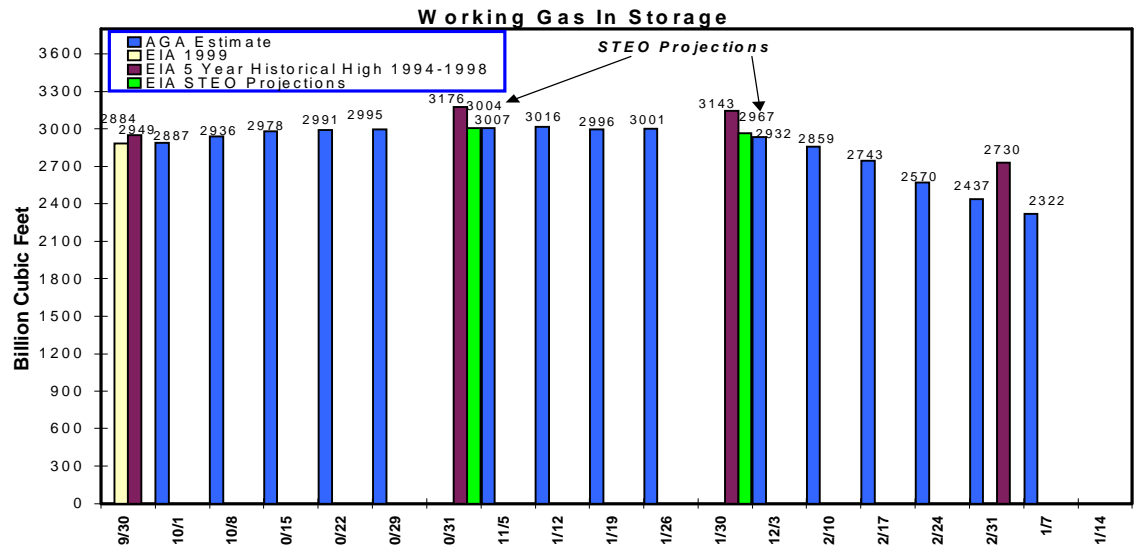
Note: The Henry Hub spot price is from the GAS DAILY and is the midpoint of their high and low price for a day. The dates marked by vertical lines are the NYMEX near-month contract settlement dates.

Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
1/08	35	28	7
1/09	42	29	13
1/10	46	29	17
1/11	41	29	12
1/12	38	29	9
1/13	32	30	2
1/14	23	30	-7



Working Gas Volume as of 1/7/00		
	BCF	% Full
EAST	1286	71
WEST	356	73
Prod Area	680	72
U. S.	2322	71

Source: AGA



The NYMEX futures contract for February delivery at the Henry Hub opened on Tuesday, January 18, at \$2.365 per MMBtu, \$0.043 more than Friday's settlement price. Temperatures remained above normal in most areas of the Midwest and the Northeast most days last week. On Friday, colder temperatures moved into the Northeast bringing nighttime lows in the single digits to several cities. The cold temperatures in the Northeast had only a minor impact at most major market locations. Spot prices at the Henry Hub moved up Wednesday then remained stable ending the week at \$2.27 per MMBtu—up \$0.07 from the previous Friday. The season's first cold snap in the Northeast did appear to apply some upward pressure on the near-month NYMEX contract but because of the good supply situation it was limited and may be short-lived if the temperatures begin to moderate this week as forecasted. The February futures contract moved up almost 5 cents per MMBtu early in the week, then remained flat before gaining 7 cents during Friday's trading to end the week at \$2.322 per MMBtu. The spot market price for West Texas Intermediate crude oil trended up each day gaining \$3.80 per barrel and reached its highest level in over 3 years as it ended the week at \$28.05 or about \$4.84 per MMBtu. The most recent Bureau of Labor Statistics (BLS) Consumer Price Index (CPI) for December indicates that the cost of natural gas to residential consumers decreased 2.9 percent nationally between November and December of 1999 but was 2.4 percent higher compared to December of 1998.

**Storage:** Storage declined by an estimated 115 Bcf for the week ended January 7. The previous week, which had generally colder weather most days, withdrawals were estimated at 133 Bcf. The decline in stock drawdown from the 133 Bcf of the previous week likely was influenced by the generally warmer temperatures (see weather graph) and the lowest spot market prices in a month. During the first week of January, prices at Henry Hub averaged \$2.15 per MMBtu (arithmetic average over 5 days) and most other major markets traded at their lowest levels since early December. With this latest American Gas Association (AGA) weekly report of net withdrawals, EIA estimates that 2,327 Bcf or over 71 percent of working gas capacity remains available at almost the halfway point in the heating season. In Canada, working gas in storage was estimated to be 380 Bcf or 67 percent of capacity on Friday, January 7.

**Spot Prices:** Due to the mostly warmer-than-normal temperatures during the first half of January, gas markets have not seen significant weather-related increases in demand. As a consequence, stocks were above 70 percent of full storage capacity in mid-January. These market fundamentals contributed to spot prices at the Henry Hub beginning the week flat at less than \$2.20 per MMBtu. Tuesday's weather forecasts calling for winter-like temperatures in much of the Northeast beginning on Friday had prices moving up to \$2.26 per MMBtu on Wednesday, but due to the good supply situation from pipelines, stocks, and imports, prices were stable for the remainder of the week. The January 14th spot prices ranged from a low of \$2.12 per MMBtu in the Rockies to a high of \$2.30 at Katy in East Texas. Prices at the Canadian border were US\$2.32 per MMBtu in the West and \$2.52 in the East.

**Futures Prices:** The February NYMEX futures contract moved up at the beginning of the week, then remained flat before adding 7 cents on Friday to end trading at \$2.322 per MMBtu. Forecasts predicting the arrival of the Northeast's coldest temperatures of the season over the weekend gave prices a boost. However, it appears that the increases were moderated somewhat by the continuing relatively strong supply situation as well as by longer-term weather forecasts calling for a warmer-than-normal first quarter. The February and March (\$2.354 per MMBtu) NYMEX contracts were trading about \$0.30 per MMBtu higher in mid-December.

**Summary:** Prices on the spot and futures market moved up last week prior to the winter's lowest temperatures spreading across many parts of the Northeast. The price increases were tempered at 7 and 12 cents per MMBtu, respectively, by the current good supply situation from both pipelines and stocks which were over 71 percent of capacity in early January.