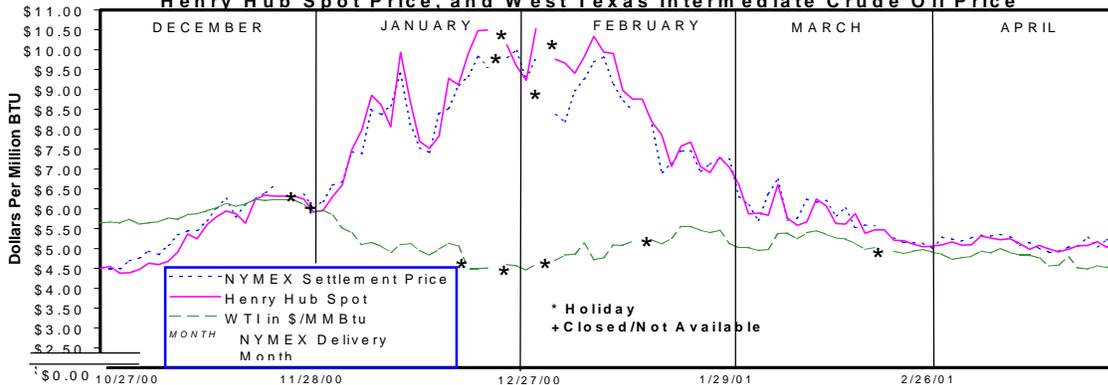


**NYMEX Natural Gas Futures Near-Month Contract Settlement Price, Henry Hub Spot Price, and West Texas Intermediate Crude Oil Price**



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.

**HENRY HUB PRICE**

(\$ per MMBtu)

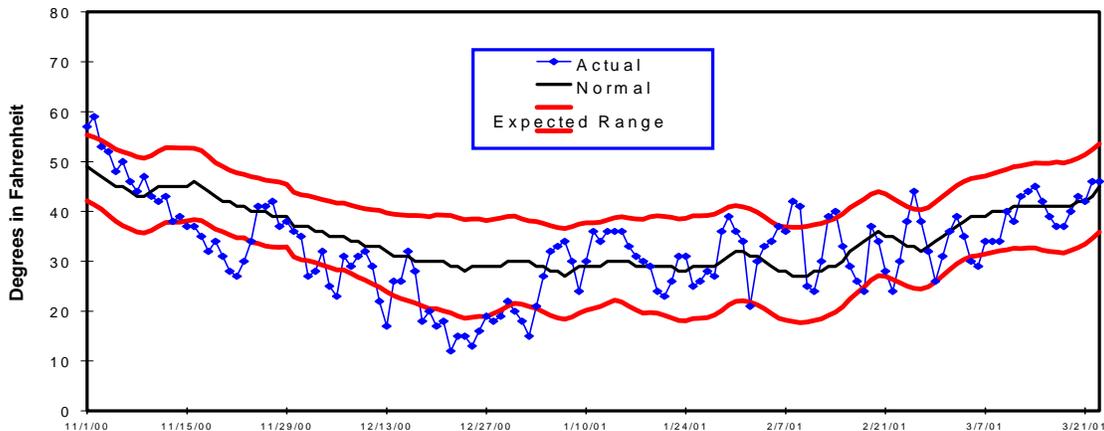
**SPOT FUTURES**

March April

Del Del

03/19	5.04-5.09	5.063
03/20	5.04-5.12	5.278
03/21	5.14-5.21	5.041
03/22	4.95-5.10	5.212
03/23	5.18-5.24	5.273

**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.

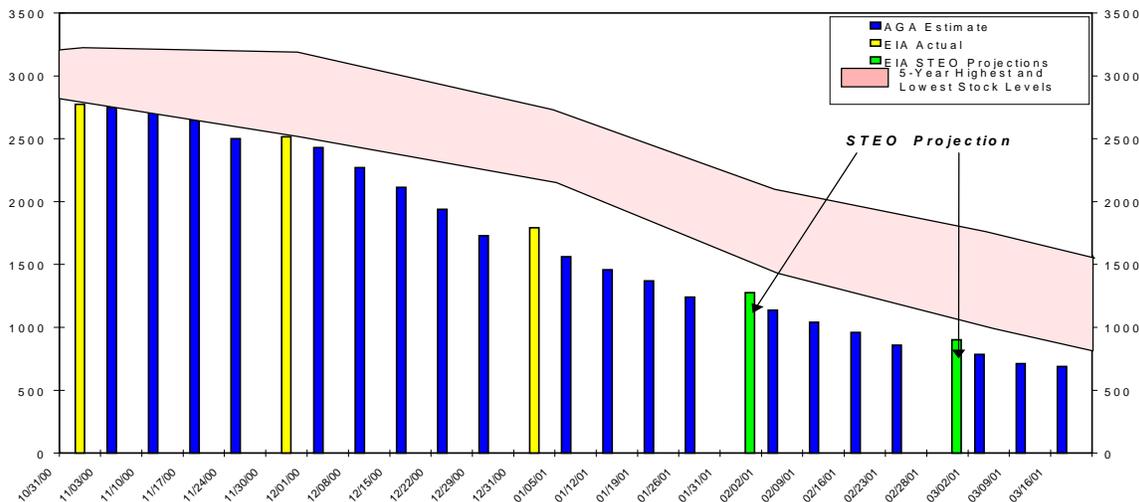
**Average Temperature for Four Major Gas Consuming Areas**

	Actual	Normal	Diff
03/17	37	41	-4
03/18	37	41	-4
03/19	40	41	-1
03/20	43	42	1
03/21	42	42	0
03/22	46	43	3
03/23	46	45	1

**Working Gas Volume as of 03/16/01**

	BCF	% Full
East	310	17
West	150	30
Prod Area	228	24
U. S.	688	21

Source: AGA



Spot prices moved up at most markets at the end of last week after weather forecasts predicted cooler temperatures in the Midwest and Northeast. The spot price at the Henry Hub, which had declined \$0.15 on Thursday, rebounded on Friday gaining \$0.17 to end the week at \$5.21 per MMBtu. The NYMEX futures contract for April delivery also moved up, increasing more than \$0.23 over the last 2 days of the week to settle on Friday at \$5.273 per MMBtu. Settlement prices for the April contract varied in a range of roughly a positive \$0.22 and negative \$0.24 per MMBtu. According to the latest Bureau of Labor Statistics (BLS) data for February 2001, the seasonally adjusted price index for natural gas delivered to residential consumers declined 3 percent nationally compared to January but was 54 percent higher than February of last year. The BLS reports that price changes were mixed with increases of over 25 percent in Boston and Houston and declines of 5 percent in Atlanta and 8 percent in San Francisco. BLS data indicate that most areas of the country had considerably higher prices than in February 2000. The one exception continues to be the Detroit area where prices were virtually unchanged from both January and February (2000). A 3-year cap on prices to residential consumers in Michigan is still in effect (it expires at the end of March 2001). West Texas Intermediate crude oil was below \$26.50 most days last week and traded on Friday at \$26.95 per barrel or \$4.65 per MMBtu.

**Storage:** Temperatures in most regions were seasonable to slightly warmer than normal during the week ended March 16, resulting in a net stock withdrawal estimate of 23 Bcf by American Gas Association (AGA) for that week which left 800 Bcf of working gas in storage. This drawdown was comparable to just over one-quarter of the average for the same week in the past 5 years. The estimated withdrawal included a 3 Bcf build in the Producing Region and a 5 Bcf build in the West Region during a week that typically averages net withdrawals in all regions. Despite the net build of 3 Bcf in working gas inventories in the Producing Region, 1 Bcf of base gas was withdrawn. Although there was a 31 Bcf withdrawal in the East Region, this was the lowest net drawdown ever recorded for the week. The previous 5-year average (1995-99) for net withdrawals during the last 2 weeks of March was 65 Bcf. Withdrawals at a comparable rate will leave working gas at the end of the heating season below the 758 Bcf level at the close of the 1996 heating season.

**Spot Prices:** At the Henry Hub, spot prices generally trended up during the first 3 days of trading last week before dropping sharply on Thursday to their low for the week. Elsewhere on Thursday, prices at most major upstream market locations traded below \$5.00. Contributing to this drop were signs of weakening demand with the AGA reporting that 2 regions had net additions during the week ending March 16, and news that many parts of the country were experiencing early spring-like warm weather. The release of Friday's revised weather forecasts calling for a return of lower temperatures to some parts of the country reversed Thursday's price declines as most market locations had increases of over \$0.20 per MMBtu on Friday. For example, prices at Katy in East Texas were \$4.96 per MMBtu on Thursday and rose to \$5.19 on Friday; at Waha in West Texas, prices went from \$4.89 to \$5.13; and in Oklahoma, from \$4.92 to \$5.14. Citygate prices at Chicago and New York fell to \$5.18 and \$5.49, respectively, on Thursday, then jumped to \$5.42 and \$5.79 on Friday. In southern California, prices were at or above \$11.00 per MMBtu most days trading and ended at \$11.13 on Friday. In northern California, a PG&E system-wide high linepack OFO (operational flow order) had prices dropping to \$5.71 per MMBtu on Tuesday-their lowest level since early November. When the OFO ended on Friday prices moved up sharply gaining over \$2.00 to end trading on Friday at \$8.15.

**Futures Prices:** The NYMEX futures contract for April delivery at the Henry Hub displayed considerable price variability last week. Daily settlement prices changed over \$0.20 per MMBtu on both Tuesday and Wednesday to end trading at mid-week at \$5.041 per MMBtu. During the last 2 days of trading for the week prices moved up to settle on Friday at \$5.273-up over \$0.23 per MMBtu as buyers and sellers explored prices for the first "shoulder month" of the year. The April contract will close on Wednesday, March 28 and should exceed last year's final April price of \$2.90 per MMBtu by a wide margin.

**Summary:** Spot prices remained below \$5.10 per MMBtu most days last week at the Henry Hub while the April futures price displayed some daily variability and ended the week up at its highest price in over 2 weeks. Two of the three storage regions reported net additions during the last full week of the winter. BLS reported natural gas prices to residential consumers declined 2.7 percent nationally between January and February.