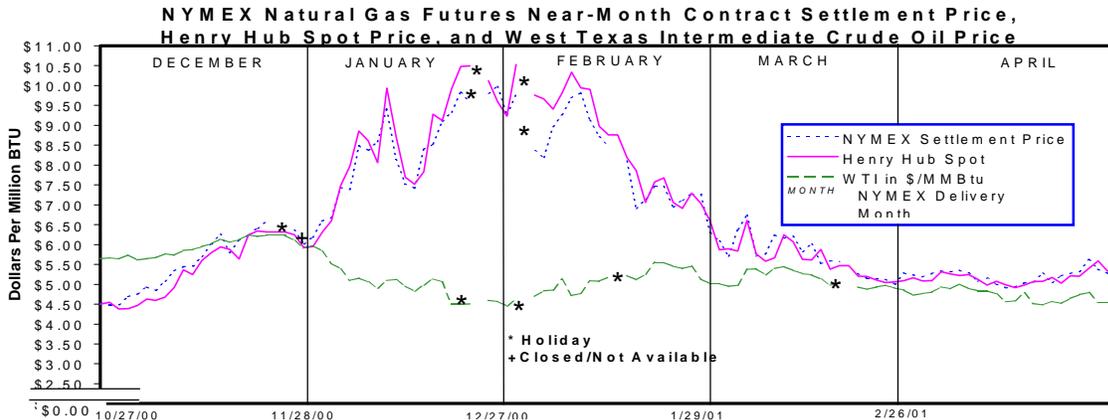


HENRY HUB PRICE
(\$ per MMBtu)

SPOT FUTURES

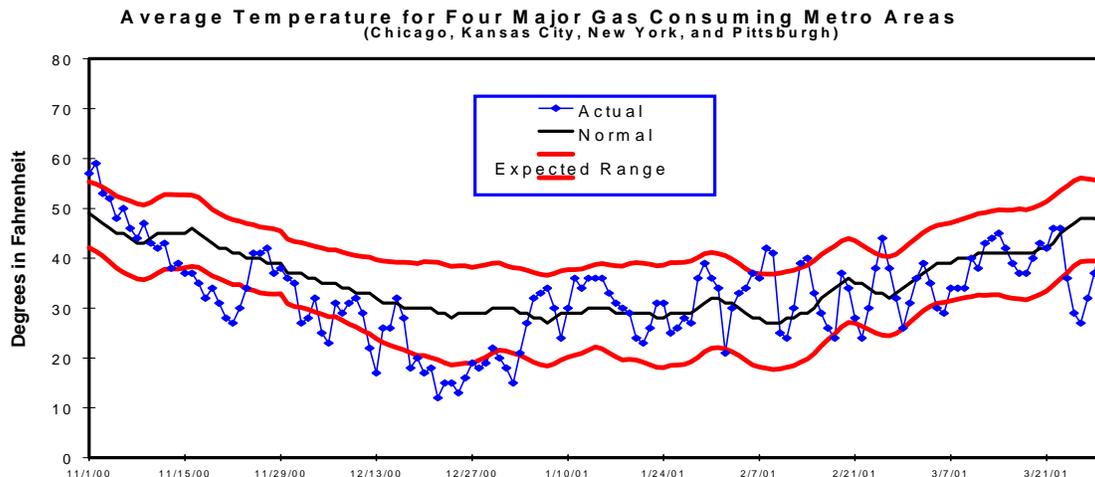
	March	April/May
	Del	Del
03/26	5.17-5.24	5.322
03/27	5.34-5.45	5.621
03/28	5.54-5.64	5.384
03/29	5.29-5.37	5.274
03/30	5.27-5.37	5.025



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
03/24	36	46	-10
03/25	29	47	-18
03/26	27	48	-21
03/27	32	48	-16
03/28	37	48	-11
03/29	43	47	-4
03/30	44	47	-3

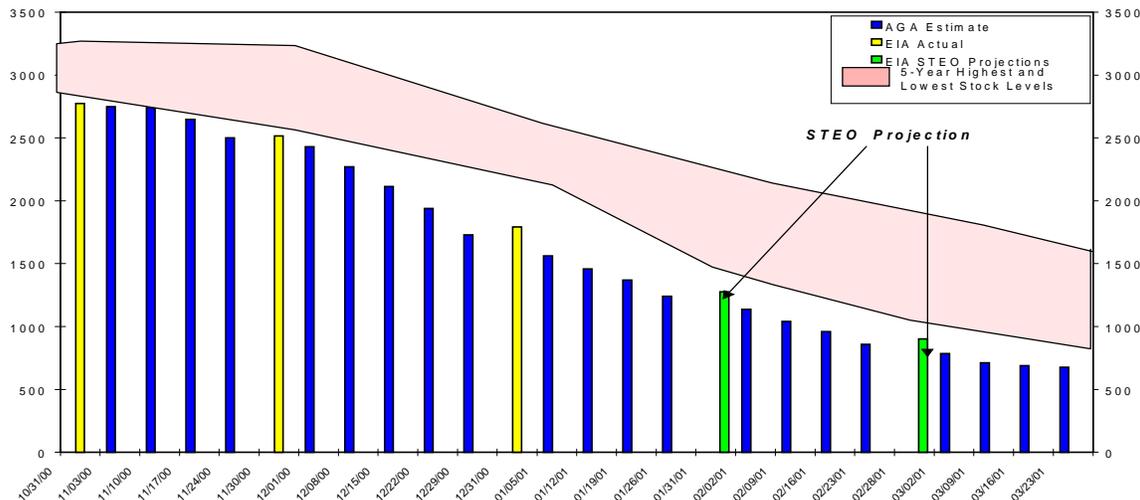


The bounds are computed by adding and subtracting from the average temperatures for the last 10 years an amount equal to twice an estimate of the standard deviation for temperatures on a day.

Working Gas Volume as of 03/23/01

	BCF	% Full
East	297	16
West	156	31
Prod Area	223	23
U. S.	676	21

Source: AGA



Despite the end of winter the week before, winter weather returned in force last week and lingered past midweek in much of the nation, driving demand and spot prices up through Wednesday, March 28. By then, the spot price at the Henry Hub had risen 38 cents from the previous Friday to \$5.59 per MMBtu. Likewise, the futures contract for April delivery continued its upward climb begun Thursday of the preceding week, culminating in Tuesday's surge of almost 30 cents per MMBtu to a settlement level (\$5.621) not seen for April gas since mid-February. But from these respective weekly high points, cash and futures prices trended downward for the rest of the week. The April contract closed out on Wednesday at \$5.384 per MMBtu—a one-day loss of \$0.237. Last year, the April contract closed at \$2.900. The spot price for West Texas Intermediate crude oil followed a similar path, but ended the week with a loss of \$0.60 per barrel from the previous Friday, ending trading on Friday, March 30 at \$26.35, or \$4.54 per MMBtu.

Storage: The rate of working gas withdrawals was much lower than normal for the week ended Friday, March 23, the next to last full week of the traditional heating season. The American Gas Association (AGA) estimated that working gas declined by 12 Bcf, which is just 25 percent of average net withdrawals for this week over the preceding 5 years. (According to AGA, an additional 1 Bcf of base gas was withdrawn in the Producing Region, making a total of 9 Bcf of base gas depleted over the past 4 weeks.) The West Region, continuing to enjoy warmer-than-normal temperatures, had a second week of net injections, yet stocks remained at half the EIA-estimated 5-year (1995-99) average. Estimated net withdrawals of 13 Bcf were reported for the East Region—just 29 percent of the average for the preceding 5 years. Also last week, EIA learned that a reclassification of 74 Bcf from base gas to working gas made by an operator in Michigan in January (retroactive to October 2000) had been reversed, thereby causing EIA-estimated inventory levels for the East Region and the national total to be reduced by this amount. With 8 more days remaining in the heating season, the revised EIA-estimated total stocks of 714 Bcf as of March 23 are 44 Bcf lower than EIA's previous record low end-of-season level of 758 Bcf on March 31, 1996.

Spot Prices: Gains mostly in the 20-to-45-cent range between Friday and last Wednesday at most market locations were offset at least partially by losses on Thursday in the 5-to-30-cent range in those same markets, as unusually cold temperatures began to moderate. By Friday, despite 2 days of losses, spot gas at the Henry Hub, trading at \$5.32 per MMBtu, was up \$0.11 from the previous Friday. The exceptions were in the Rockies and in the San Juan Basin in New Mexico, where prices generally had Friday-to-Friday declines in the vicinity of 75 cents. Most Rockies locations ended the week just under \$4.00, while El Paso-San Juan ranged from \$3.84-\$4.01. In Friday's trading session, covering a weekend containing the beginning of a new month, prices for delivery on SOCAL for the final day of March moved up \$3.12 from the previous Friday, but, at \$12.37 per MMBtu for Sunday and Monday delivery, the increase eroded to \$1.24. At the PG&E citygate, gas for next-day delivery was up \$1.48 from the previous Friday, but gas for delivery Sunday and Monday, at \$8.52, was actually down 25 cents.

Futures: The futures contract for April delivery ended trading \$0.105 higher than when it became the near-month contract (February 27), and its closing price of \$5.384 per MMBtu was the second highest settlement price since that date. The April contract had an impressive 4-day run of gains through Tuesday, increasing nearly 12 percent from the previous Thursday's settlement level (\$5.041), on the strength of unusually cold weather. However, the low storage withdrawal number seemed to reduce upward price pressures associated with low inventory concerns, and a flurry of traders liquidating long positions contributed to April's final-day \$0.237 decline. The May contract continued the downward trend during its first 2 days as the near-month contract, dropping \$0.428 to end the week at \$5.025 per MMBtu.

Summary: Colder-than-normal temperatures fostered cash-price increases that were partially offset late in the week as temperatures moderated and futures prices dropped significantly. With National Weather Service 6-10 and 8-14 day temperature outlooks calling for normal temperatures for most of the nation, the next several weeks are likely to experience low demand levels typical of the normally low-demand spring shoulder season.