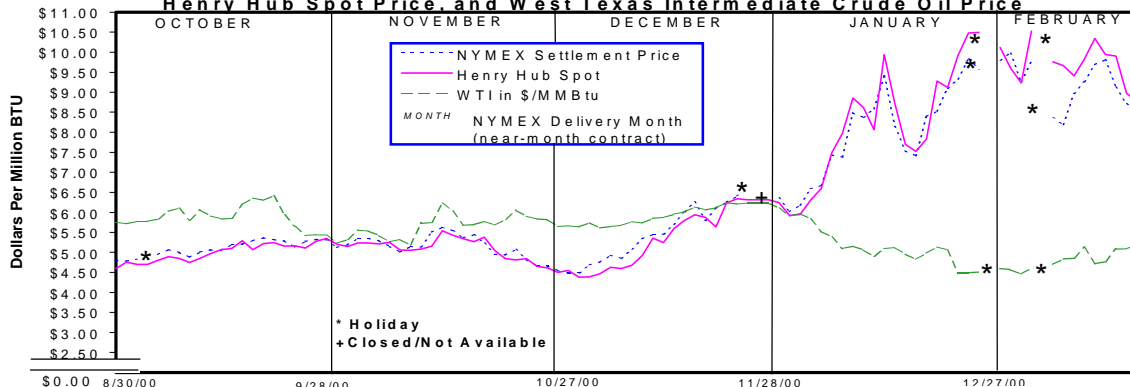


NYMEX Natural Gas Futures Near-Month Contract Settlement Price, Henry Hub Spot Price, and West Texas Intermediate Crude Oil Price



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)

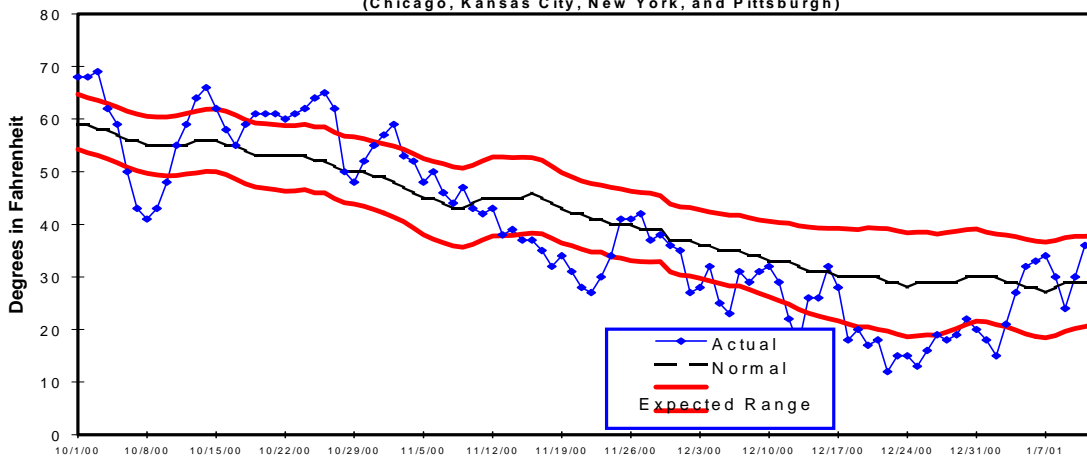
SPOT FUTURES

January February

Del Del

01/08	10.22-10.46	9.689
01/09	9.84-10.05	9.819
01/10	9.83- 9.97	9.128
01/11	8.82- 9.13	8.708
01/12	8.64- 8.88	8.472

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

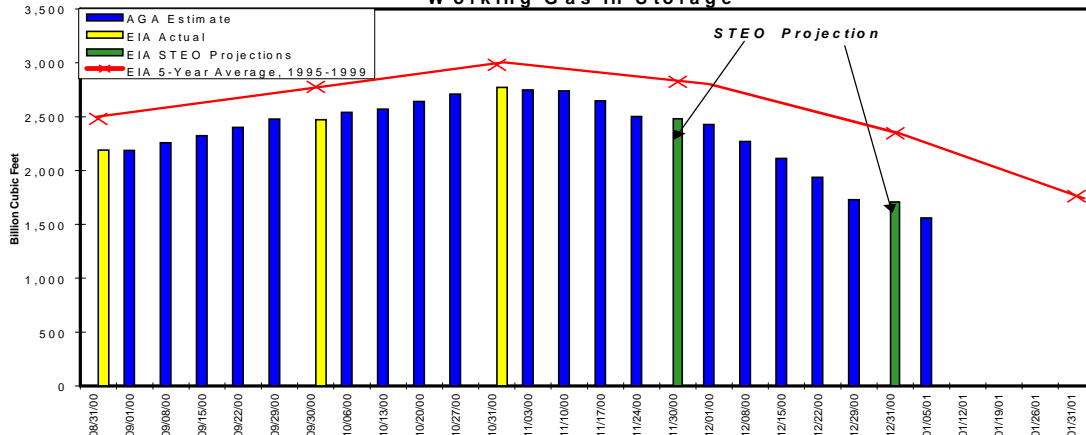
	Actual	Normal	Diff
01/06	33	28	5
01/07	34	27	7
01/08	30	28	2
01/09	24	29	-5
01/10	30	29	1
01/11	36	29	7
01/12	34	29	5

Working Gas Volume as of 01/05/01

	BCF	% Full
East	935	51
West	277	55
Prod Area	350	37
U. S.	1,562	47

Source: AGA

Working Gas in Storage



Storage worries and a prediction of colder weather by a private forecaster prompted the markets to open last week with across-the-board increases in natural gas prices from the previous Friday. As the week progressed, though, warmer temperatures in the Northeast and Midwest, a National Weather Service (NWS) forecast for continued above normal temperatures, and a lower-than-expected stock withdrawal combined to cause prices generally to drift downward through the week. By Friday (1/12), most prices were lower than a week earlier, with the spot price at the Henry Hub at \$8.76 per MMBtu, down \$1.07 from 7 days earlier, and the NYMEX contract for February delivery at \$8.472 per MMBtu, down \$0.789. The composite temperatures for our four select gas-consuming cities (Chicago, Kansas City, New York, and Pittsburgh) were above normal most of last week (see Temperature graph). Natural gas prices in California ran counter to the overall downward trend as a major storm, the worst in 3 years, reduced output from nuclear plants and induced higher electricity demand. The price of West Texas Intermediate crude oil pushed above \$30 last week to \$30.10 per barrel (\$5.19 per MMBtu) on Friday as more OPEC members called for a 2-plus million barrel cut in production quotas.

Storage: The pace of withdrawals from underground storage slowed last week with the arrival of warmer temperatures on the East Coast. The American Gas Association estimated that 167 Bcf of gas was removed during the week ended January 5, 2001, the lowest withdrawal since the 158 Bcf during the second week of December. The East and Producing Regions experienced withdrawals that exceeded weekly equivalent rates of EIA 5-year (1995-99) January averages, removing 98 and 60 Bcf, respectively, to close Friday at 1,090 and 308 Bcf. A State-ordered reclassification of 74 Bcf from base to working gas in Michigan for October 2000 increased estimated stocks since the start of the heating season. Although physical volumes are unaltered, this accounting change has given the appearance of a one-week improvement in the East Region's position relative to the 5-year average. Working volumes in the East at the end of last week are estimated at 20.5 percent below average, while last week they were 22.3 percent below.

Spot Prices: The spot price at the Henry Hub declined from Monday's (1/8) \$10.34 per MMBtu high to \$8.76 over the next 4 days. A one-day drop of almost \$1 followed the mid-week announcement of slower withdrawals from stocks. Prices at most other markets serving the Midwest and the East traced a similar pattern. Prices at Waha in West Texas were \$9.83 per MMBtu on Monday and \$8.72 by Friday, at Katy in East Texas \$9.96 on Monday and \$8.69 by Friday, and \$9.83 at a site in Oklahoma dropping to \$8.55 by Friday. As a result, city gate prices for New York City and Chicago were \$9.65 and \$8.99 on Friday, respectively, down \$2.53 and \$1.32 from the first day of the week. According to the NWS latest 6-to-10 day forecast, more moderate temperatures are expected through the 22nd in the Northeast and Midwest. In California, a storm caused prices to spike Wednesday. SOCAL's spot price climbed to \$11.25, a \$1.25 one-day increase and continued to climb to finish the week at \$11.45. Gas supplies to the near-bankrupt State distribution companies are reportedly thinning.

Futures Prices: Trading early in the week on the near-month contract approached the \$10 per MMBtu threshold last crossed during the December 27 trading day. By the closing bell Monday, the NYMEX price on natural gas for a February delivery had risen almost \$0.43 on Monday and increased another 13 cents on Tuesday. As temperatures in major gas consuming areas in the eastern United States warmed and with the forecast for warmer temperatures, the market shed more than a dollar in the next 4 days. In contrast, the March contract lost over \$0.95 since Monday as arrangements for out-month supplies shored up prices on this and other futures contracts.

Summary: This week, prices reflected the impact of a report of a lower-than-expected stock withdrawal, warmer weather in the Northeast and Midwest, and a forecast for above normal temperatures. Spot prices dropped by more than \$1.00 per MMBtu from the week before while NYMEX futures prices fell \$0.789.