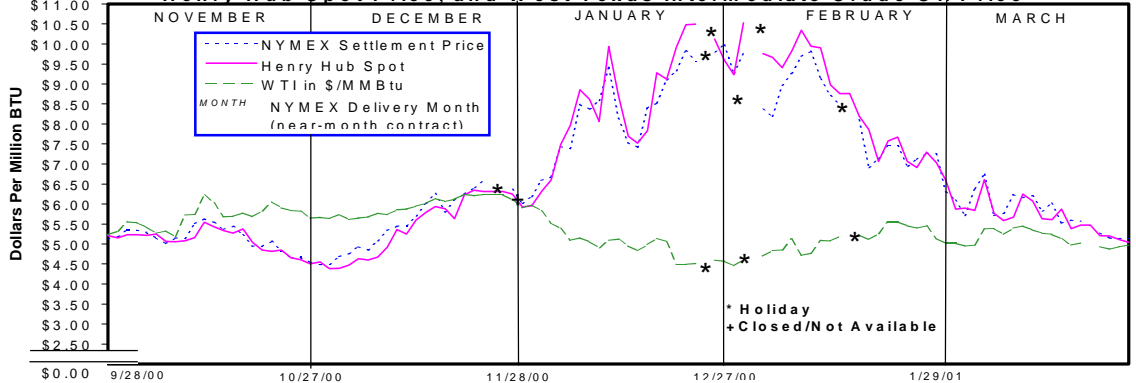


NYMEX Natural Gas Futures Near-Month Contract Settlement Price, Henry Hub Spot Price, and West Texas Intermediate Crude Oil Price



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.

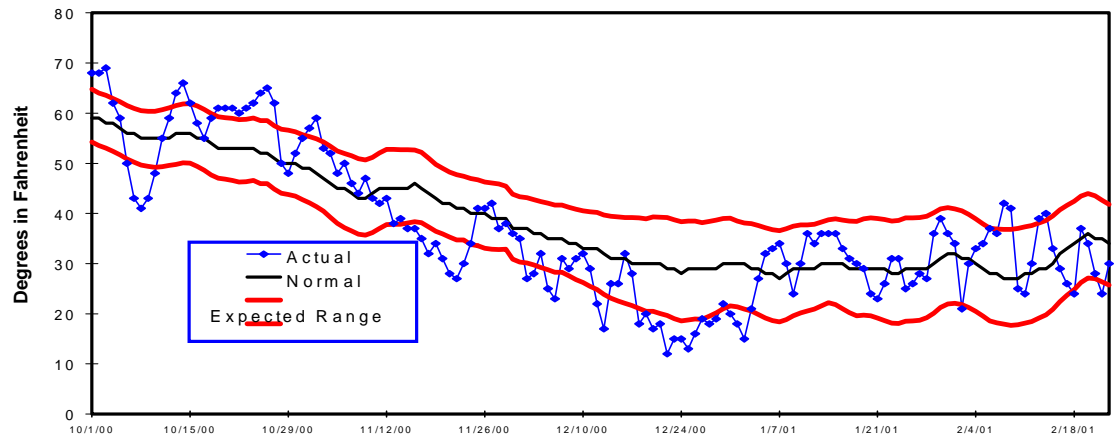
HENRY HUB PRICE

(\$ per MMBtu)

SPOT FUTURES

	February	March
	Del	Del
02/19	5.41-5.53	Holiday
02/20	5.14-5.27	5.278
02/21	5.17-5.23	5.146
02/22	5.07-5.15	5.142
02/23	5.00-5.09	5.131

Average Temperature for Four Major Gas Consuming Metro Areas (Chicago, Kansas City, New York, and Pittsburgh)

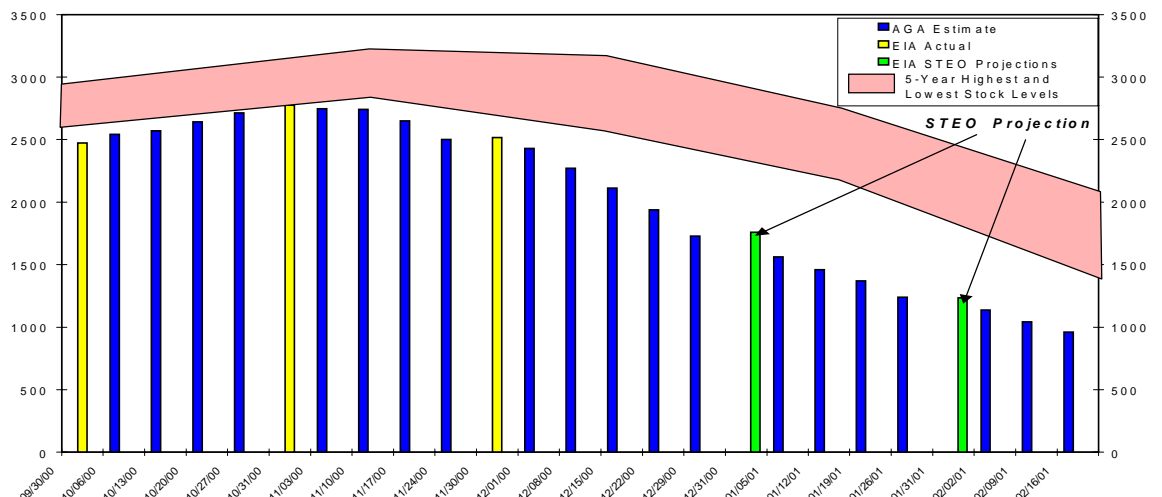


The bounds are computed by adding and subtracting from the average temperatures for the last 10 years an amount equal to twice an estimate of the standard deviation for temperatures on a day.

Working Gas Volume as of 02/16/01

	BCF	% Full
East	537	29
West	166	33
Prod Area	257	27
U. S.	960	29

Source: AGA



More record low prices for the year were established last week as the market reacted to forecasts for milder weather and expansion of domestic supply that is indicated by recent production statistics. Further price reductions in response to a lower-than-average draw on stocks may have been thwarted by a winter cold front that moved through the Northeast. The average temperature for the four cities monitored for this report was above normal only 1 of 7 days (see graph). Despite the cold front, the spot price at the Henry Hub ended Friday at \$5.05 per MMBtu, down \$0.42 from a week earlier and \$5.48 less than the annual high set on the first day of the year. The price for the March futures contract lost \$0.437 over the course of the week. A slowing economy is adding to the downward price pressure, and this trend is expected to continue. According to EIA's latest short-term forecast, industrial gas consumption in 3 out of 4 quarters this year is expected to be virtually equal to the same quarters a year prior. The overall increase in industrial consumption is forecast to be only 3.1 percent in 2001 compared to 5.7 percent in 2000. The price of West Texas Intermediate crude oil stayed around \$29.00 per barrel and ended the week at \$28.85 or about \$4.97 per MMBtu.

Storage: Gas storage withdrawals were estimated by the American Gas Association (AGA) to be 81 Bcf during the week ended February 16, 2001. This volume is 13 percent below the weekly equivalent of EIA's 5-year (1994-1999) average for February of 93 Bcf, and it was the lowest amount ever recorded for the period in the 8-year history of AGA estimates. The West region was the notable exception. Below-normal temperatures in California contributed to a 16 Bcf pull from underground supplies, nearly double the weekly equivalent of EIA's 5-year average. During March, historic patterns in AGA's weekly stock estimates show total stock withdrawals slow from almost 100 Bcf per week to half that amount by the end of the month, and turn into injections by mid-April. EIA estimated that as of February 16, 2001, the United States had 1,038 Bcf of natural gas in storage, 32.9 percent less than the 5-year average.

Spot Prices: Prices at the Henry Hub and at most other major markets continued to set record lows for the year. Prices at the Henry Hub traded on Friday at \$5.05 per MMBtu, which was \$0.42 less than last week's finish at \$5.47. A blast of winter weather in the Northeast appeared to counteract the effects of reported low stock withdrawals when the downward movement in spot prices at the Henry Hub and other important East Coast supply locations stalled somewhat midweek. The spot price for large packages from the SOCAL system dropped \$3 to \$5 dollars each day last week to \$12.68 per MMBtu on Friday, a level not seen since the end of January. By comparison, the PG&E citygate price was \$8.10 per MMBtu on Friday, dropping \$3.82 during the week.

Futures Prices: The Friday-to-Friday decline in the March contract price was \$0.437 per MMBtu, giving a \$5.131 per MMBtu settlement price February 23. After opening the holiday-shortened trading week almost \$0.30 below the previous week, the March contract dropped another \$0.13 in response to the lower-than-expected stock withdrawals. Prices stabilized the remainder of the week to settle at \$5.131 per MMBtu at the end of the trading day Friday. Comparatively lower spot prices are reportedly causing traders sell March futures for physical purchases in February at an apparent profit that more than compensates for possible storage costs. This differential may cause the price closing of the March contract on February 26 to go even lower. Prices on the April contract followed the same downward pattern established this week in the March contract to settle on Friday at \$5.173 per MMBtu.

Summary: Short and long term weather forecasts, possible supply expansion, and indications of a slowing economy could mean that prices will follow the seasonal trend downward. Though stocks are low, smaller-than-average stock withdrawals and the impending end of the heating season are limiting price responses to winter fronts.