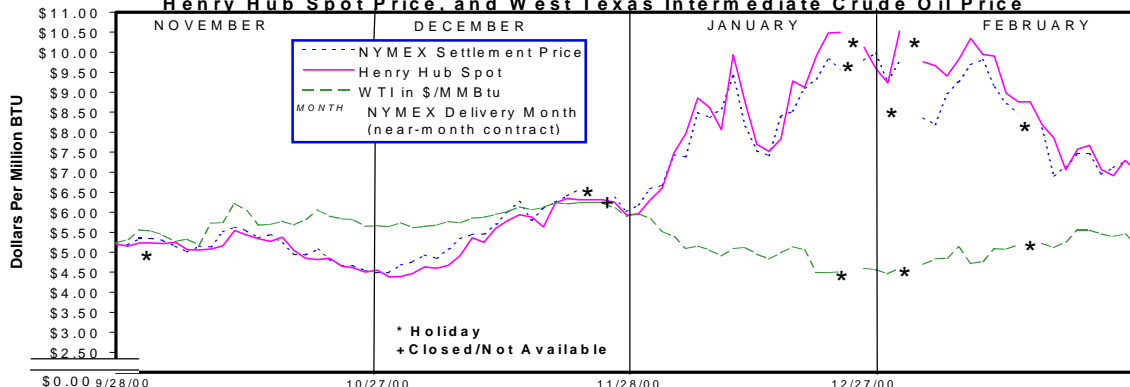


NYMEX Natural Gas Futures Near-Month Contract Settlement Price, Henry Hub Spot Price, and West Texas Intermediate Crude Oil Price



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.

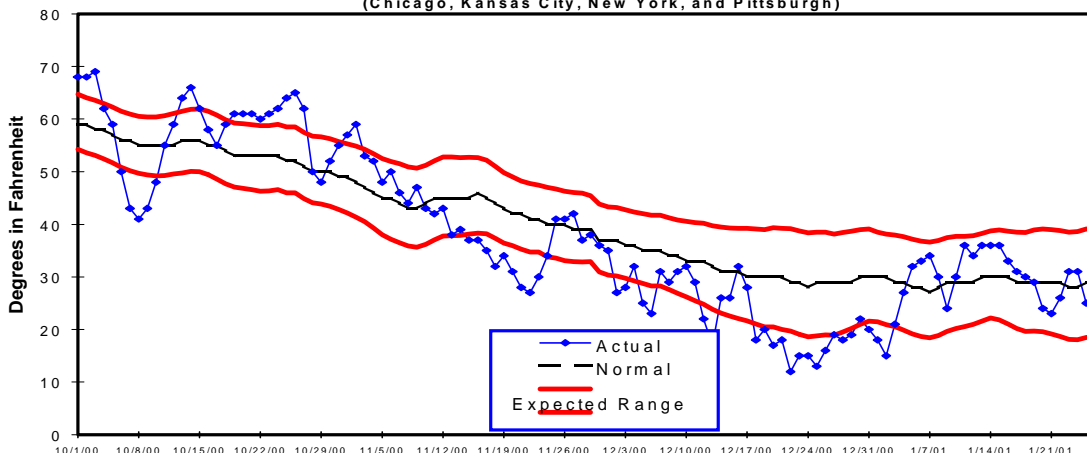
HENRY HUB PRICE

(\$ per MMBtu)

SPOT FUTURES

	January	February
	Del	Del
01/22	7.59-7.76	7.457
01/23	6.95-7.18	6.946
01/24	6.85-6.97	7.115
01/25	7.22-7.37	7.270
01/26	6.96-7.11	7.256

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

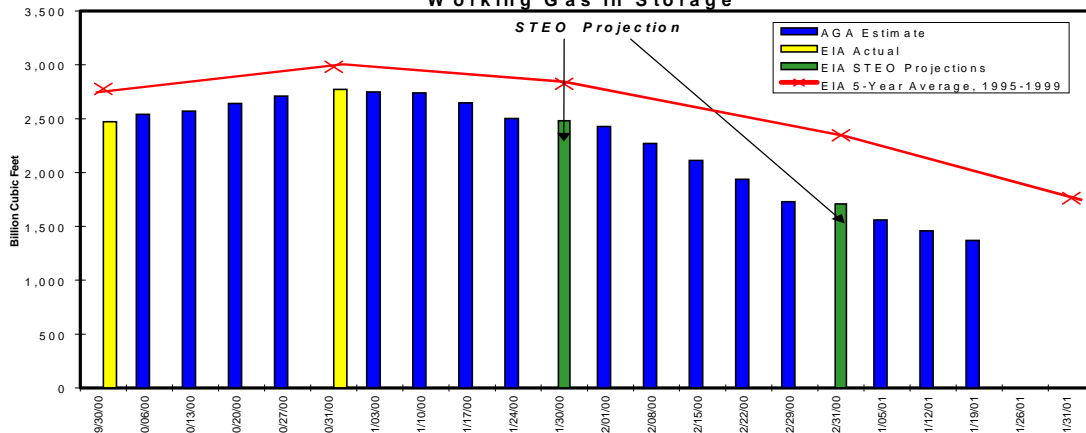


The bounds are computed by adding and subtracting from the average temperatures for the last 10 years an amount equal to twice an estimate of the standard deviation for temperatures on a day.

Average Temperature for Four Major Gas Consuming Areas

	Actual	Normal	Diff
01/20	24	29	-5
01/21	23	29	-6
01/22	26	29	-3
01/23	31	28	3
01/24	31	28	3
01/25	25	29	-4
01/26	26	29	-3

Working Gas in Storage



Working Gas Volume as of 01/19/01

	BCF	% Full
East	816	44
West	241	48
Prod Area	312	33
U. S.	1,369	42

Source: AGA

Spot prices at most major natural gas markets displayed some price variability but moved down to reach their lowest point in almost 2 months at the middle of last week. At the Henry Hub, spot prices began last week up about 10 cents per MMBtu from the previous Friday's \$7.57 then trended down to \$6.91 at midweek--the lowest level since December 1, 2000. The generally normal-to-above normal temperatures in most parts of the country during much of the past 3 weeks appear to have been the primary factor in the downward price trend seen over this period (see Temperature graph). Also, the estimated decline in stock utilization in January has contributed to this price softening. The American Gas Association (AGA) reported that only 90 Bcf was withdrawn during the third week of January, almost 120 Bcf less than in the last week of December. The price of West Texas Intermediate crude oil remained above \$31.00 per barrel most days last week but it then dropped on Friday to end the week at \$29.80 or about \$5.14 per MMBtu. The electric power situation in California was somewhat improved last week as no rolling blackouts occurred and the federal mandatory supply order was extended two weeks.

Storage: Warm weather is credited for the lower-than-usual withdrawal rate of 90 Bcf for the week ended Friday, January 19. This is the second lowest withdrawal reported for this week in the 7-year history of AGA data. This brings withdrawals thus far in January to 312 Bcf or an average of 16.4 Bcf per day, which is 15 percent below the January daily average over the previous 5 years. EIA data indicate that during January of last year withdrawals were 780 Bcf or over 25 Bcf per day. Even with the reduced activity this January, total stocks were 29.1 percent below EIA's 5-year (1995-1999) average on January 19. At 971 and 270 Bcf, respectively, the East and Producing regions were 19.3 and 46.9 percent below EIA's 5-year average. However, withdrawals in the West nearly doubled from the previous week's 13 Bcf decrement. At 169 Bcf, stocks in the West region were 39.2 percent below the 5-year average level for the close of the heating season, which does not arrive until the end of March.

Spot Prices: Spot prices generally trended down last week, ending the week at \$7.04 per MMBtu--\$0.55 less than the previous Friday. Prices reached an almost 2 month low on Wednesday at the Henry Hub with a price of \$6.91 per MMBtu. The uptick in prices on Thursday could be attributed to the National Weather Service's (NWS) latest 6-to-10 day forecast calling for below normal temperatures in most of the Midwest beginning early this week. Prices then moved down on Friday when other weather forecasts supported the NWS position that temperatures in much of the heavily populated Northeast would remain above normal during this period. During Friday's trading, prices declined to end the week between \$6.84 and \$7.04 at most major market hubs. Citygate prices in Chicago and New York ended the week at \$7.15 and \$7.62 per MMBtu. In California, SoCal and PG&E citygate prices dropped each day to end the week at \$13.42 and \$11.38 per MMBtu--down from Monday's highs of \$16.58 and \$14.83.

Futures Prices: The NYMEX futures contract for February delivery at the Henry Hub which closes January 29, moved down almost \$0.20 from the previous Friday to end last week at \$7.256 per MMBtu. This is lower than its peak daily settlement price on January 9 (\$9.819) but still more than \$4.65 per MMBtu above last year's closing price for the February contract (\$2.601). The contract for March, the last month of the heating season, settled on Friday at \$6.830 per MMBtu.

Summary: Spot prices reached their lowest levels in almost 2 months at most markets during the middle of last week but forecasts calling for the return of cooler temperatures in the Midwest led to a slight upward movement during the latter part of the week. The third consecutive week of modest storage withdrawals has reduced some of the concern regarding stock levels in the East region.