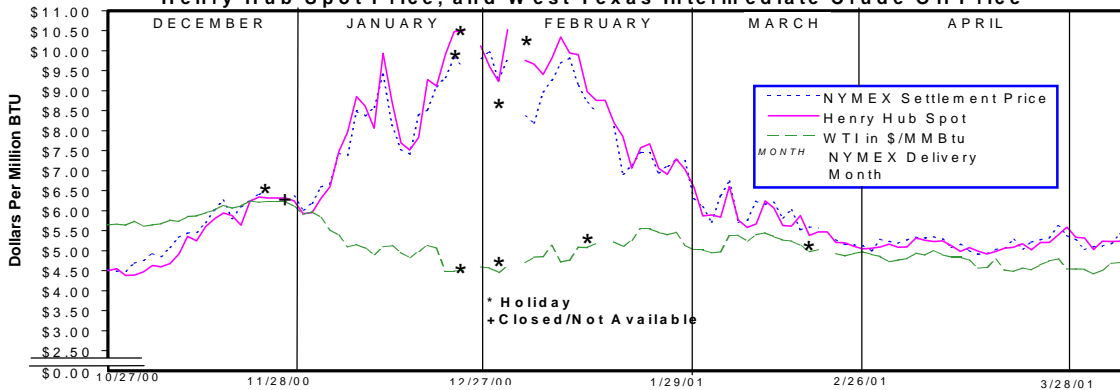


**NYMEX Natural Gas Futures Near-Month Contract Settlement Price, Henry Hub Spot Price, and West Texas Intermediate Crude Oil Price**



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.

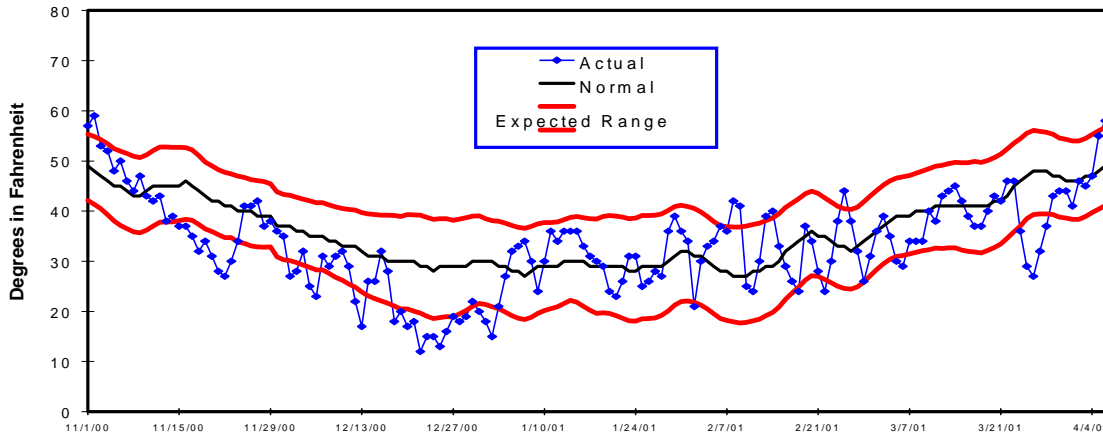
**HENRY HUB PRICE**

(\$ per MMBtu)

**SPOT FUTURES**

	April	May
	Del	Del
04/02	4.98-5.08	5.103
04/03	5.20-5.27	5.115
04/04	5.19-5.26	5.182
04/05	5.19-5.28	5.422
04/06	5.30-5.41	5.388

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

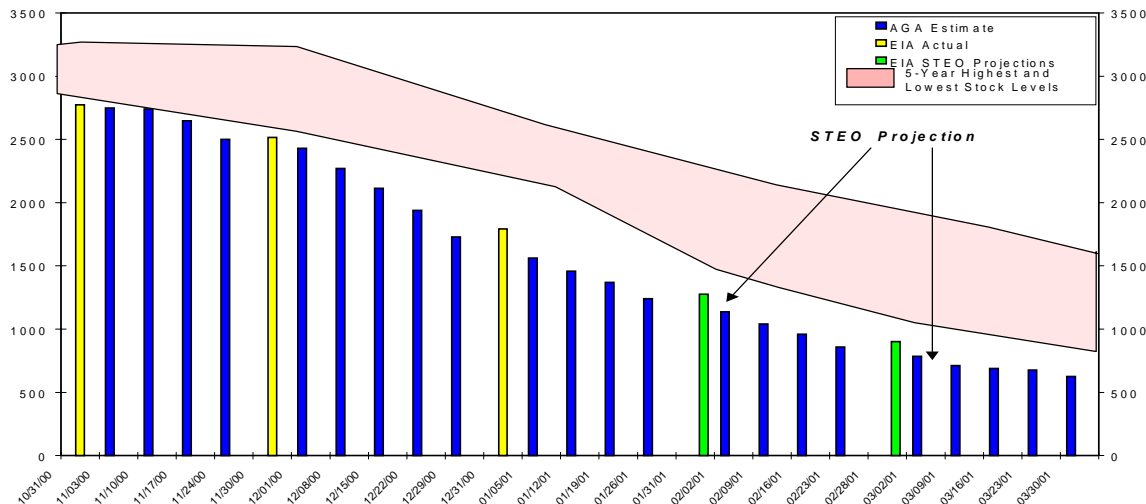


The bounds are computed by adding and subtracting from the average temperatures for the last 10 years an amount equal to twice an estimate of the standard deviation for temperatures on a day.

**Working Gas Volume as of 03/30/01**

	BCF	% Full
East	253	14
West	164	32
Prod Area	210	22
U. S.	627	19

Source: AGA



A report of a larger-than-expected stock draw for the week ending March 30, 2001 provided the only support for slightly higher prices last week as the shoulder season began. By the end of last week, the spot price at the Henry Hub was up 4 cents from the previous Friday to \$5.36 per MMBtu, largely unaffected by gains seen in California spot prices. The natural gas futures contract for May delivery gradually trended upward following a \$0.225 per MMBtu decline at start of the week, but by Friday, the week-to-week gain was \$0.03 per MMBtu. The spot price for West Texas Intermediate crude oil also lost ground at the beginning of the week, but rallied to finish the week at \$27.10 per barrel, or \$4.67 per MMBtu.

**Storage:** Colder temperatures during the week ended March 30, 2001 resulted in a net withdrawal of 49 Bcf from underground storage, according to American Gas Association (AGA) estimates. The net withdrawal was more than triple the average for the week in the preceding 5 years. (According to AGA, an additional 2 Bcf of base gas was withdrawn in the Producing Region, making a total of 11 Bcf of base gas extracted over the past 5 weeks.) If net withdrawals on the last day of the month equaled EIA's 5-year (1995-99) average daily rate for March of 8 Bcf, natural gas stocks will have ended the 2000-01 heating season at an estimated 718 Bcf, 40 Bcf less than the previous record set in 1996. (This includes the reversal of a reclassification of 74 Bcf from base gas to working gas in the East Region retroactive to October 2000.) The estimated 2,056 Bcf withdrawn from working storage during the 2000-01 heating season was the highest since the 2,238 Bcf during the 1995-96 heating season. The most recent winter withdrawal was attributable to the second and seventh coldest November and December, respectively, ever recorded by the National Climatic Data Center (NCDC). January and February 2001 were near normal, according to the NCDC, and March may be just under normal. For the 7 days ending March 30, the West was the only region that reported a net build (8 Bcf) during a week that on average would show a net injection of zero. Consistent with the cold weather, the East and Producing regions experienced the highest and second-highest withdrawals, respectively, ever reported for the week in the 8-year history of the data.

**Spot Prices:** Spot prices opened the week 20 to 40 cents lower in most locations outside California. Perceived tight market conditions were confirmed with the announcement of a considerable stock withdrawal during the prior week and prices at major supply locations went up 20 cents. The spot price at the Henry Hub stayed above \$5.22 through the remainder of the week following Monday's decline. The New York and Chicago citygate prices were \$5.76 and \$5.46, respectively on Friday, \$0.18 and \$0.03 below last Friday. California spot prices rose owing to colder temperatures in the north, the outage of the Palo Verde 1 nuclear unit, and the PG&E bankruptcy filing. The bankruptcy announcement Friday caused the PG&E spot price for large packages to rise \$0.24, ending at \$11.83, though most other prices associated with Northern California were down as suppliers seemed assured of payment. SoCal, impacted by some of the same forces, ended the week at \$14.50, up \$2.13.

**Futures:** The May contract edged higher following a Monday drop of \$0.255 from the previous Friday. Though the weather warmed and drilling proceeded at a brisk pace, the large stock draw added to traders' perception of tight supplies. Futures prices for delivery through the remainder of the refill season (June through October) ranged from \$5.441 in June to \$5.515 in August, up over \$2.50 dollars compared to trading at this time last year. Costly injections to storage during the refill season can be the basis for higher consumer prices in the upcoming winter.

**Other Market Trends:** The Baker Hughes Rotary Rig Count of the number of drilling rigs actively exploring for or developing oil or natural gas production in the United States continued to set recent records. For the week ended April 6, the total was 1,200, 406 more than the same week last year. The rig count was the highest for the week in more than 15 years. Almost 80 percent of the 1,200 rigs were associated with potential natural gas production. There are concerns, however, that the resulting reserve additions may be somewhat limited because of lower expected finding rates, which have declined over time owing to the maturation of U.S. oil and gas exploration.

**Summary:** Normal and colder than normal temperatures resulted in the highest winter stock draw since the 1995-96 heating season. Despite record-setting gas drilling activity, lingering concerns about productivity levels apparently are causing futures prices to remain high through the refill season. If these futures prices prove to be accurate, consumers could face continued high prices through next winter.