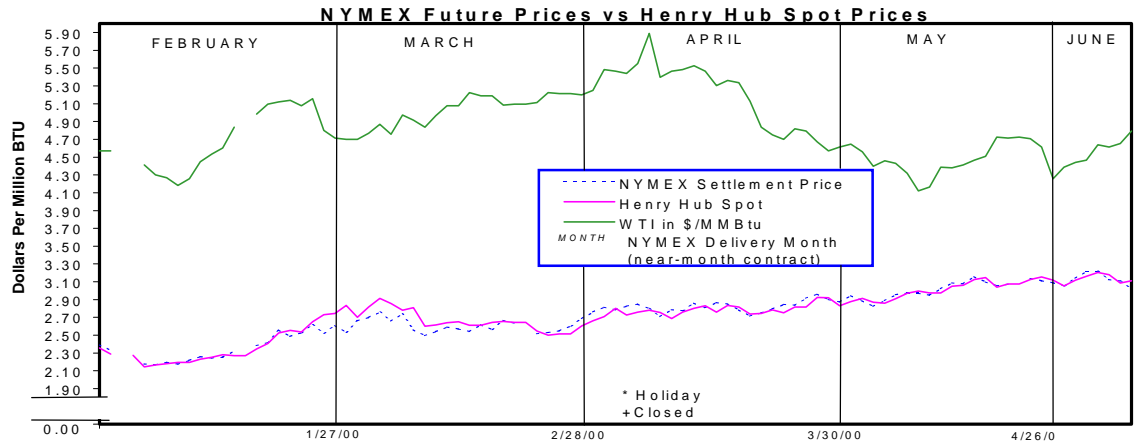
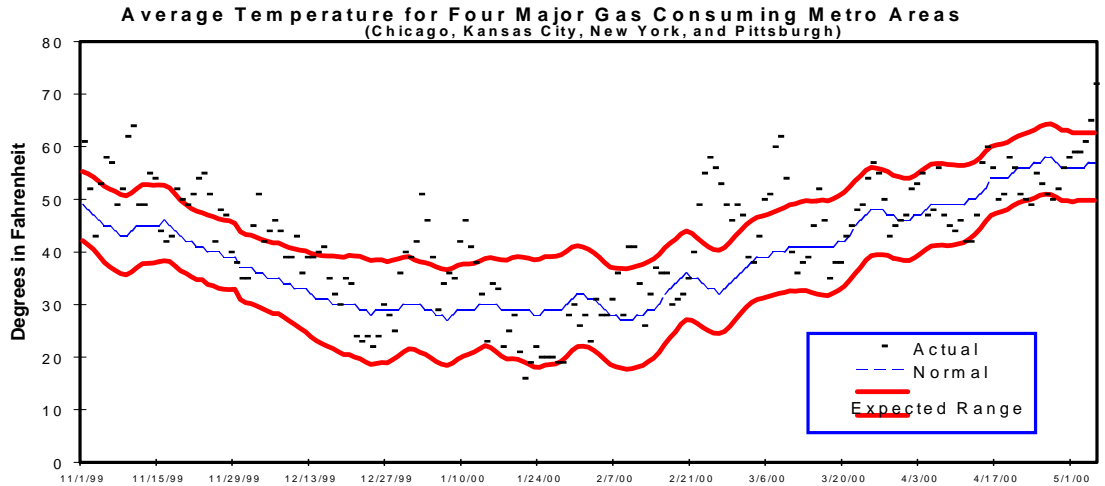


HENRY HUB PRICE (\$ per MMBtu)		
	SPOT	FUTURES
	May	June
	Del	Del
5/01	3.15-3.17	3.216
5/02	3.19-3.22	3.217
5/03	3.17-3.19	3.126
5/04	3.07-3.10	3.107
5/05	3.10-3.12	3.025



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 WTI 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.

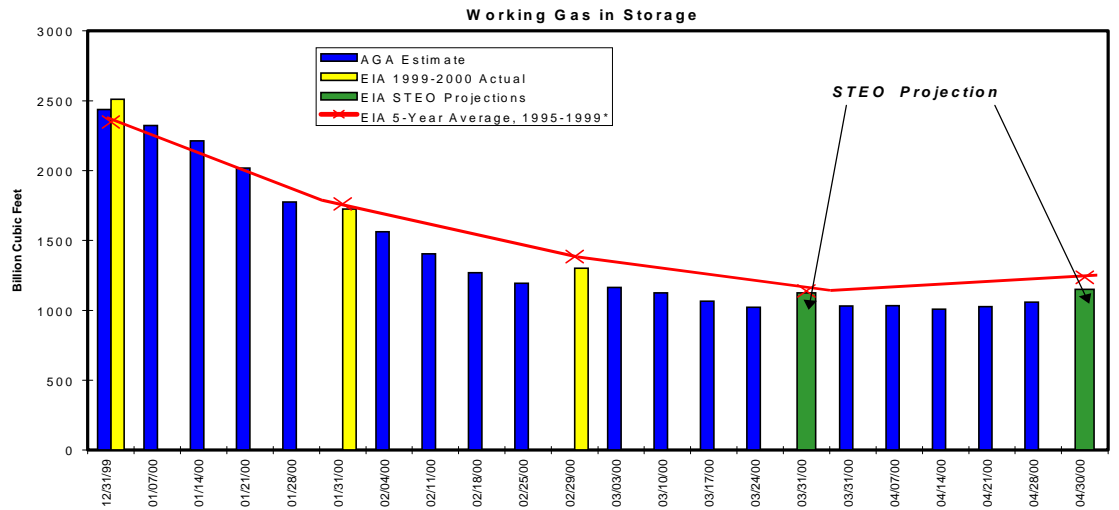
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
4/29	56	56	0
4/30	58	56	2
5/01	59	56	3
5/02	59	56	3
5/03	61	56	5
5/04	65	57	8
5/05	72	57	15



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 4/28/2000		
	BCF	% Full
EAST	445	24
WEST	286	56
Prod Area	328	34
U. S.	1059	32

Source: AGA



\*The data showing the EIA 5-year historical high inventory levels have been replaced with the EIA 5-year average inventory levels for 1995-1999.

Temperatures warmed to more seasonal levels in most parts of the country last week as daytime temperatures in the Midwest and the East were generally in the 60's and 70's most days. The National Weather Service's (NWS) latest 6 to 10 day forecast calls for this warming trend to continue with temperatures above normal in many parts of the Midwest and the Southeast this week. Spot prices at the Henry Hub moved up about 10 cents per MMBtu early in the week (reaching \$3.21) then trended down to end the week at \$3.10. Even with last week's decline, natural gas prices remain close to \$0.90 per MMBtu higher than at the same time last year. The near-month (June) futures contract also increased in the first 2 days of trading, reaching a high of \$3.217 per MMBtu on Tuesday before moving down sharply to settle at \$3.025 on Friday. Natural gas use remains strong as the expansion of the U.S. economy continues as evidenced by last week's Bureau of Labor Statistics report that unemployment is at a 30-year low of 3.9 percent. Another factor is the price of West Texas Intermediate crude oil, which ended the week up over \$2.00 per barrel and ended trading on Friday at \$27.80 or about \$4.80 per MMBtu.

**Storage:** Cumulative net storage changes in April became positive according to the latest American Gas Association (AGA) estimates, which show that 32 Bcf was added during the week ended Friday, April 28. This raises the estimated working gas level to 1,153 Bcf as the end of the first month of the refill season nears. Net injections occurred in each region, with the Consuming East region adding 20 Bcf and the Consuming West and the Producing regions adding 9 and 3 Bcf, respectively. The recently released results of EIA's survey of storage activities for the month of February indicated that net withdrawals for the month were 454 Bcf. Based on the data from the February survey and the balmy temperatures during early March (see Temperature graph), EIA has revised the end-of-month working gas totals for February and March upward to 1,300 Bcf and 1,125 Bcf, respectively. These revisions appear in the April issue of the *Natural Gas Monthly*.

**Spot Prices:** Last week's moderating temperatures and forecasts calling for them to continue probably contributed to the softening of prices at most markets. Evidence of reduced demand appears in both the slight decline in spot prices and the highest level of weekly net injections so far this refill season. Some examples of price declines between Tuesday and Friday were: Katy in East Texas moved down 8 cents per MMBtu ( \$3.12 to \$3.04), Waha in West Texas, down 8 cents (\$3.02 to \$2.94), Midcontinent in Oklahoma, down 13 cents (\$3.09 to \$2.96), and at Transco Zone 6 near New York City, down 9 cents (\$3.49 to \$3.40). Some of the lowest prices last week reported in the industry press were in the Rocky Mountains where the price moved down 15 cents and traded for \$2.66 per MMBtu on Friday. Prices at the Canadian border also trended down last week. At the Kingsgate border crossing into Idaho the price moved down 16 cents to \$2.70US per MMBtu, and at the Iroquois crossing point in New York it declined 9 cents to \$3.25 per MMBtu.

**Futures Prices:** The June contract began trading as the near-month contract at \$3.055 per MMBtu on April 27, and by last Tuesday, May 2, it was at \$3.217--a record high for the NYMEX June contract. From that peak, prices then fell almost 20 cents to finish the week at \$3.025 per MMBtu. Trading opened on Monday, May 8, at \$3.065 per MMBtu reflecting a possible rebound. All out-month contracts covering the rest of the refill season (July to October) also declined last week and traded between \$3.05 and \$3.10 per MMBtu on Friday--down about 15 cents. Reports of net additions to storage appear to have contributed to last week's decline in the futures prices. In addition, the revised estimate for the end-of-March stocks indicates that previous estimates for stock builds needed to reach the 5-year (1995-99) average of 2,985 Bcf of working gas on November 1 were overstated by more than 100 Bcf.

**Summary:** Warmer, spring time temperatures returned to most regions of the country last week contributing to a softening of prices on both the spot and futures markets. The delayed stock rebuild appears now to be underway as more than 4.5 Bcf per day was added to storage in the fourth week of April.