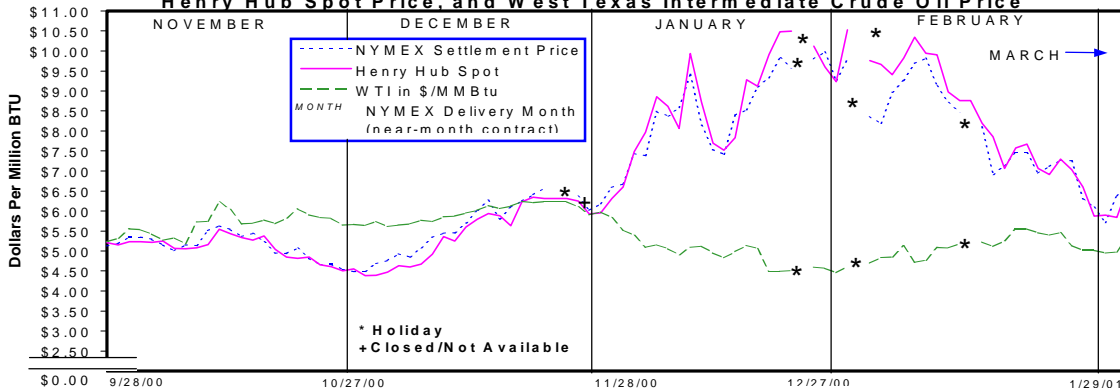


NYMEX Natural Gas Futures Near-Month Contract Settlement Price, Henry Hub Spot Price, and West Texas Intermediate Crude Oil Price



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)

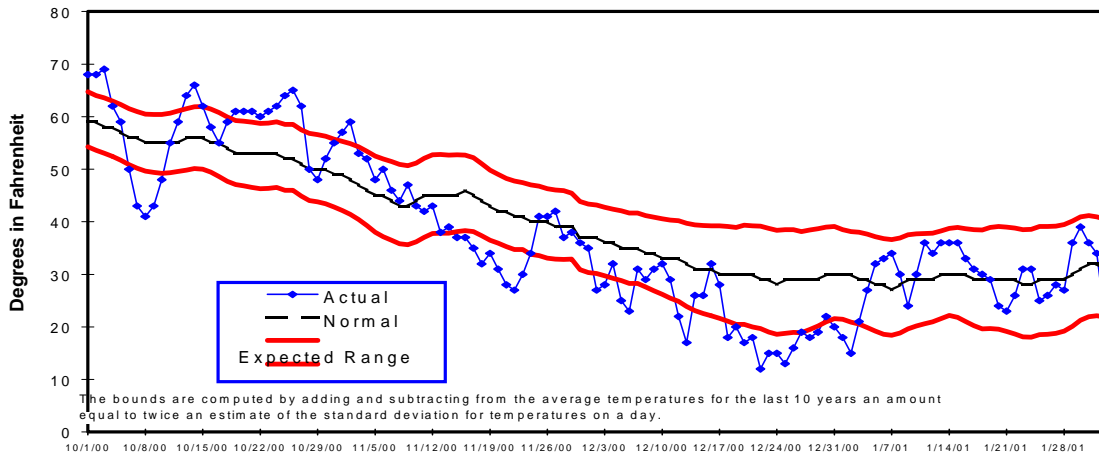
SPOT FUTURES

Jan/Feb Feb/Mar

Del Del

01/29	6.42-6.78	6.293
01/30	5.69-6.05	6.097
01/21	5.82-5.97	5.707
02/01	5.76-5.92	6.380
02/02	6.43-6.78	6.743

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.

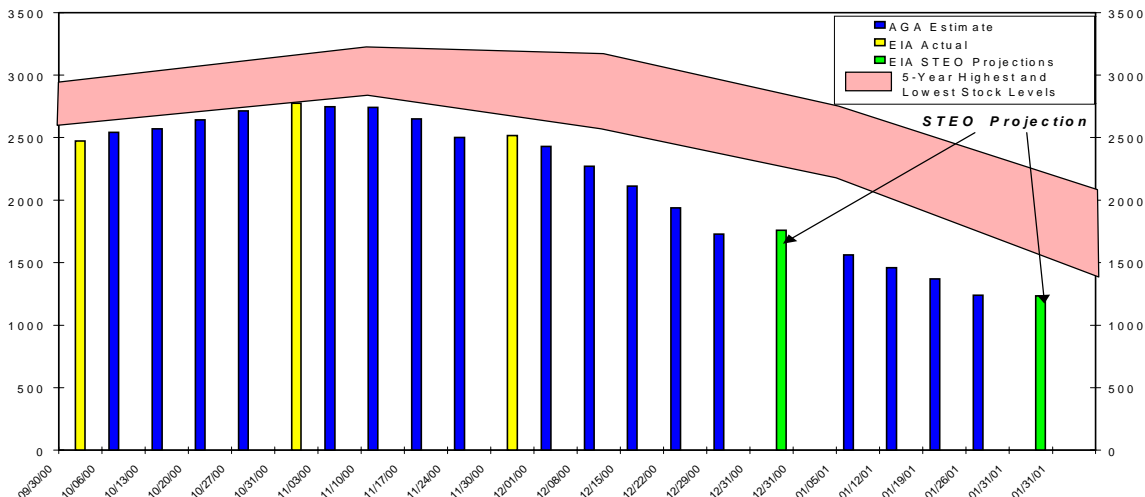
Average Temperature for Four Major Gas Consuming Areas

	Actual	Normal	Diff
01/27	28	29	-1
01/28	27	29	-2
01/29	36	30	6
01/30	39	31	8
01/31	36	32	4
02/01	34	32	2
02/02	21	31	-10

Working Gas Volume as of 01/26/01

	BCF	% Full
East	723	39
West	222	44
Prod Area	296	31
U. S.	1,241	38

Source: AGA



On Monday, January 29, the February contract closed at \$6.293 per MMBtu, the lowest settlement price recorded during its run as the near-month contract. A National Weather Service (NWS) forecast for normal to above-normal temperatures throughout much of the country was a late influence on the February contract, pulling the price down by almost \$1 on the last day of trade. The March futures contract continued downward for a couple of days, then reversed itself based on a slightly higher-than-expected stock withdrawal (128 Bcf) and technical buying. Cash prices started out the week about 40 cents lower and then lost another 70 cents last Tuesday, stabilized a couple of days, then were pulled upward last Friday by the arrival of an arctic mass in the Midwest and Northeast. In California, prices spiraled upward to over \$15 per MMBtu as cooler weather settled in the area and an operational flow order on the PG&E system for a low line-pack took hold. Even though PG&E was able to cancel its OFO Thursday, marketers expected SoCal to invoke similar restrictions. The price of West Texas Intermediate (WTI) crude oil moved up from about \$29.00 per barrel recorded through most of the week to \$31.20 (\$5.38 per MMBtu), \$1.40 per barrel higher than at the end of the previous week.

Storage: Storage withdrawals increased from the very low rates of recent weeks, as the American Gas Association (AGA) estimated a total net draw of 128 Bcf for the week ended Friday, January 26. Despite the substantial week-to-week increase, the volume withdrawn still was 15 percent below average for this week of the heating season (151 Bcf), and is the second lowest for this week over the 8 years of AGA estimates. Withdrawals in the Producing region, at an estimated 16 Bcf, were the lowest for this week in the 8-year data series. However the 19 Bcf withdrawn in the West region was the second highest and left regional stocks at 150 Bcf, the lowest observed level in over 5 years. If total U.S. withdrawals continued through the end of January at a daily rate equal to that of the first 26 days, projected total withdrawals for the month would be 525 Bcf, which is 80 Bcf below the EIA 5-year average for the month. This would be the second lowest total for the month of January in AGA's 8-year data series.

Spot Prices: The spot price at the Henry Hub last Monday was \$6.60 per MMBtu, \$0.44 lower than the previous Friday's close. After a 73-cent decline the next day, the price showed little change through the remainder of the week until the price returned to where it ended Monday. Prices at most other major markets also declined on Tuesday and then finished on the last day of the week where they were on Monday. At the New York and Chicago citygates, prices were \$7.19 and \$6.76 per MMBtu on Monday (\$0.44 and \$0.40, respectively, less than on the previous Friday) and by last Friday were \$7.09 and \$6.77. In contrast to trends in the East, cold weather in California caused prices to climb through most of the week. The PG&E spot price was \$9.53 on Monday and \$12.31 by Friday, while the SoCal citygate price went from \$13.27 to \$15.39 over the same time period.

Futures Prices: The NWS forecast for normal to above-normal temperatures for much of the country from February 6 to 10 pushed the close of the February contract to \$6.293 per MMBtu. March contracts opened the first 2 days as the near-month contract with price drops. Price adjustments in reaction to a larger-than-expected stock withdrawal followed by technical buying erased the accumulated decline so that by Friday the March contract was up \$0.653 since its first settlement as the near-month contract on Tuesday.

Summary: Aside from the slight lift to futures prices brought on by this week's report of a stock withdrawal larger than those in recent weeks, prices generally were unchanged in most major markets, except for the West Coast. One factor adding to market stability may be the perception that winter is becoming less of a threat to East Coast supplies and prices with each passing day.