

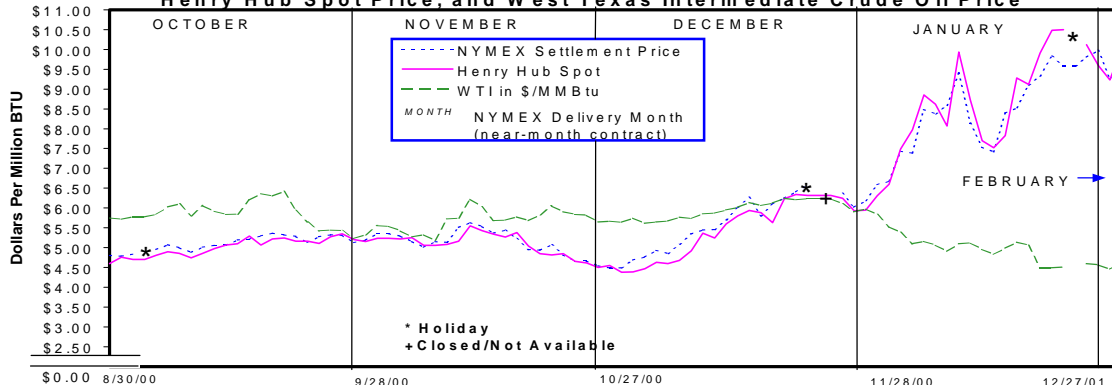
HENRY HUB PRICE

(\$ per MMBtu)

SPOT FUTURES

	December	Jan/Feb
	Del	Del
12/25	Holiday	Holiday
12/26	9.92-10.32	9.805
12/27	9.37- 9.82	9.978
12/28	9.13- 9.33	9.263
12/29	10.19-10.87	9.775

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

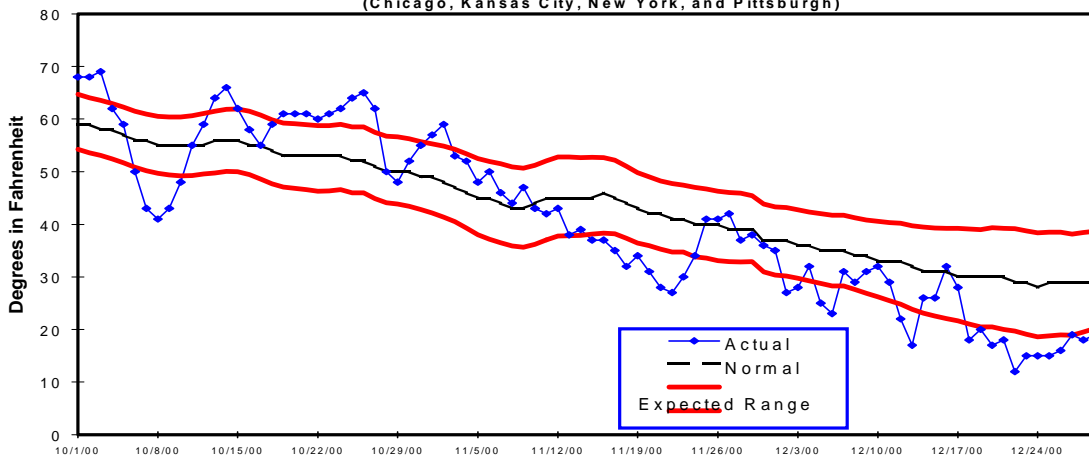


Note: The Henry Hub spot price is from the GAS DAILY and is the midpoint of their high and low price for a day. The West Texas Intermediate crude oil price, in dollars per barrel, is the "sell price" from the GAS DAILY, and is converted to \$/MMBtu using a conversion factor of 5.80 MMBtu per barrel. The dates marked by vertical lines are the NYMEX near-month contract settlement dates.

Average Temperature for Four Major Gas Consuming Areas

	Actual	Normal	Diff
12/23	15	29	-14
12/24	15	28	-13
12/25	15	29	-14
12/26	16	29	-13
12/27	19	29	-10
12/28	18	29	-11
12/29	19	29	-10

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



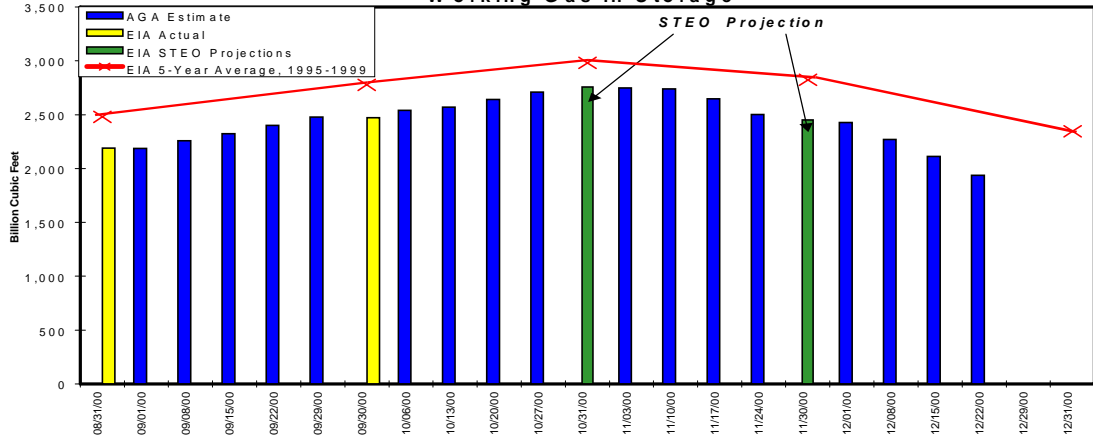
The bounds are computed by adding and subtracting from the average temperatures for the last 10 years an amount equal to twice an estimate of the standard deviation for temperatures on a day.

Working Gas Volume as of 12/22/00

	BCF	% Full
East	1,175	64
West	290	57
Prod Area	473	50
U. S.	1,938	59

Source: AGA

Working Gas in Storage



The NYMEX futures contract for January delivery at the Henry Hub closed last week on Wednesday (12/27) at a new record high of \$9.978 per MMBtu—more than four times higher than the January 2000 contract (\$2.344). The cold weather continued last week in the Midwest and much of the East as composite temperatures in the four cities monitored for this report (Chicago, Kansas City, New York, and Pittsburgh) were 10 to 14 degrees below normal last week (see Temperature graph). Spot market prices at the Henry Hub traded for \$9.60 at mid-week, moved down on Thursday, then climbed again to end trading on Friday at \$10.53 per MMBtu. Natural gas prices in California remain high but trended down slightly to end trading on Friday at \$13.28 in the northern and \$14.33 in the southern parts of the state. Net withdrawals were estimated to have averaged 25 Bcf per day during the third week of December, their highest level of the heating season. The price of West Texas Intermediate crude oil moved below \$26.00 per barrel on Thursday for the first time since the spring, but ended the week at \$26.75 or about \$4.61 per MMBtu.

Storage: Low temperatures in the Midwest and the Northeast led to the highest weekly estimated storage drawdown so far this season as the American Gas Association (AGA) reported that for the week ending Friday, December 22, 175 Bcf was withdrawn. The EIA estimates that 1,923 Bcf remains in storage as of that date, which is 22.6 percent below the 5-year average (1995-1999). The East Region again took the most from storage with a withdrawal of 110 Bcf, while the Producing and the West regions were estimated to have used 51 and 14 Bcf, respectively. With more than 3 months remaining in the heating season, EIA estimates that stock levels in the Producing and West regions are 30 percent below the 5-year average and the East is more than 16 percent behind. In the East, comparable stock levels were not reached last winter until early-to-mid-January, and mid-to-late-February for the other two regions.

Spot Prices: Prices varied widely between days at the Henry Hub with spot natural gas trading on Tuesday at \$10.12, falling to \$9.23 per MMBtu on Thursday, then gaining \$1.30 to trade at \$10.53 on Friday. Prices at most other markets that serve the Midwest and the East also followed a similar trading pattern. At Waha in West Texas, prices were \$10.54 on Tuesday, decreased to \$9.24 on Thursday, then bounced back to \$10.36 on Friday. At Katy in East Texas and Midcontinent in Oklahoma prices went from above \$10.00, down to \$9.20, before gaining over \$1.00 on Friday to end the week above \$10.20 per MMBtu. Prices at Northeastern citygates spiked late last week with gas at Transco Zone 6 near New York City trading above \$39.00 per MMBtu on Friday. According to the National Weather Service's (NWS) latest 6 to 10 day forecast, more moderate temperatures are expected in the East later this week, which might reduce some of this upward price pressure temporarily.

Futures Prices: Last week's closing of the January futures contract represented the final stage of one of the largest increases in prices for near-month contracts in the over 10-year history of trading natural gas on the NYMEX. During its tenure as the near-month contract, the January contract gained \$3.797 per MMBtu, or more than 60 percent above its beginning price of \$6.181. The February contract began trading as the near-month contract on Thursday, December 28, settling at \$9.263 then moved up sharply on Friday to end the week at \$9.775 per MMBtu, while the March contract settled at \$8.791. Last year at this time the February and March contracts were trading at \$2.394 and \$2.390 per MMBtu before closing out at \$2.610 and \$2.603, respectively.

Summary: The January futures contract ended trading on Wednesday at a new record high of \$9.978 per MMBtu and spot prices at most major markets traded above \$10.00 at the end of last week. Storage levels dipped below 2,000 Bcf with over three months remaining in the heating season. The NWS is calling for more moderate temperatures later this week that could provide some relief, at least temporarily, from large stock drawdowns and continued upward price pressure.