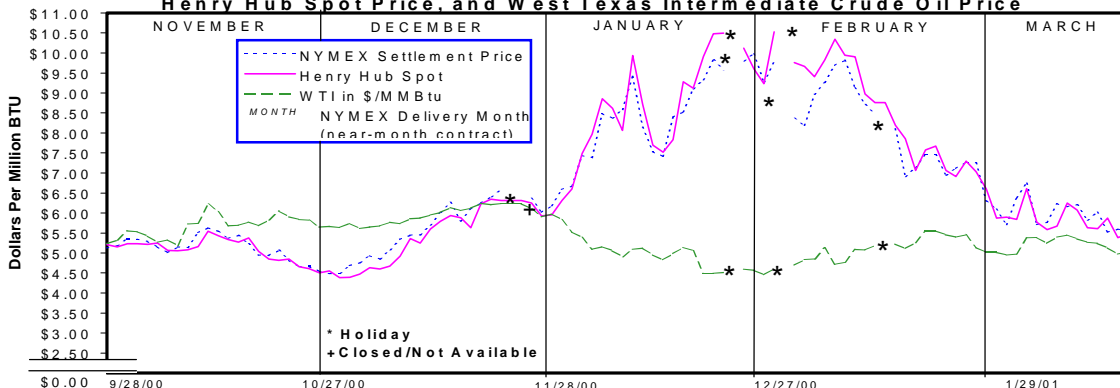


NYMEX Natural Gas Futures Near-Month Contract Settlement Price, Henry Hub Spot Price, and West Texas Intermediate Crude Oil Price



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.

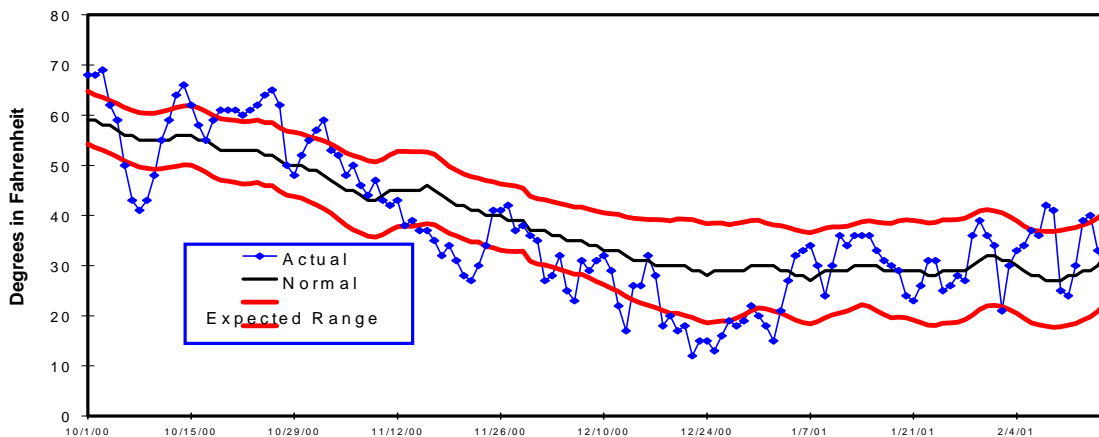
HENRY HUB PRICE

(\$ per MMBtu)

SPOT FUTURES

	February	March
	Del	Del
02/12	5.56-5.70	5.821
02/13	5.52-5.70	6.019
02/14	5.82-5.93	5.518
02/15	5.34-5.43	5.594
02/16	5.41-5.53	5.568

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

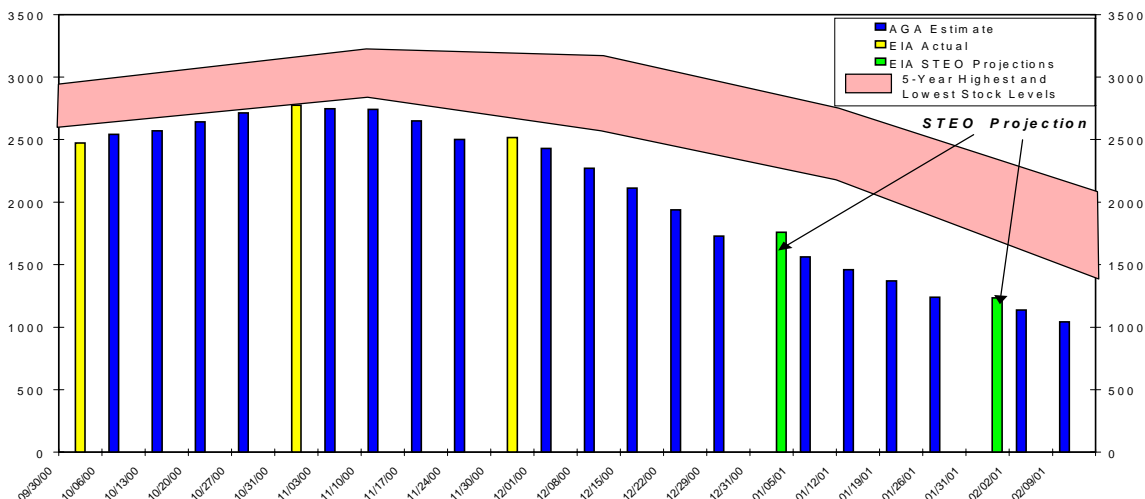


The bounds are computed by adding and subtracting from the average temperatures for the last 10 years an amount equal to twice an estimate of the standard deviation for temperatures on a day.

Working Gas Volume as of 02/09/01

	BCF	% Full
East	592	32
West	182	36
Prod Area	267	28
U. S.	1,041	32

Source: AGA



With the exception of California, spot market prices trended down last week for a second consecutive week, and futures market prices followed suit. Temperatures in most regions of the country were seasonable to slightly warmer than normal, except in California with below-normal temperatures. Spot prices at the Henry Hub stayed below \$6 per MMBtu for the entire week for the first time since the second week of November, and ended the week down \$0.61 from the previous Friday at \$5.47 per MMBtu. The steady slide in the futures market continued for the seventh consecutive week. By the end of trading Friday, the NYMEX contract for March delivery at the Henry Hub had lost about 10 percent from the previous week, dropping a total of 64-plus cents from the previous week's close to settle at \$5.568 per MMBtu. The spot price of West Texas Intermediate crude oil fell gradually but steadily, inching lower every day except Friday to end the week at \$29.15 per barrel, or about \$5.03 per MMBtu, a loss of \$1.90 per barrel (\$0.32 per MMBtu).

Storage: Total U.S. storage withdrawals for the week ended February 9 were estimated at 95 Bcf by the American Gas Association (AGA), which is a 25 percent smaller withdrawal than the average 127 Bcf for this week during the preceding 5 years. U.S. working gas stocks as of February 9 stood at an estimated 1,119 Bcf, which already is 3 percent below the 1,150 in storage at the end of the last heating season. Withdrawals in the West region continued at the relatively high rate of 20 Bcf, which marks 4 consecutive weeks in which storage withdrawals in the West have met or exceeded the 5-year averages for those weeks. Remaining West region storage volumes are now less than half of EIA's estimated 5-year average for this point of the heating season. In California, which has the largest storage capacity of any West-region state, working gas storage levels have fallen to precariously low levels at the state's two largest gas utilities. SOCAL responded by announcing on February 13 that, beginning February 15, non-core customers would be subject to a 90 percent daily balancing requirement (i.e., shippers will be required to deliver 90 percent of their consumption using firm transportation/storage on a day-by-day basis). Similarly low levels in PG&E storage may lead to operational restrictions on that system also.

Spot Prices: Despite upturns on Wednesday and Friday, on balance cash prices fell Friday-to-Friday at almost every location tracked by Gas Daily. California proved to be the exception, where an alignment of various factors seemed to make the state's bad situation worse early in the week. Against the backdrop of unusually low gas inventories, colder than normal temperatures drove natural gas demand up, just as SOCAL Edison was losing generation from one of its nuclear plants due to a fire and others were being threatened by a winter storm. On Wednesday the Arizona Public Service Commission announced that the Palo Verde 3 nuclear plant would be going down for 2 weeks for repairs, taking nearly 1,300 MW of generating capacity out of service. Prices on SOCAL rose nearly \$5 per MMBtu on Monday, then leapt nearly \$15 on Tuesday, as prices on that day topped \$40 per MMBtu. By comparison, daily increases in the \$1-2 range at the PG&E citygate seemed miniscule. But Thursday and Friday brought some respite, with prices falling significantly as the weather began to improve and the market adjusted to SOCAL's stricter balancing requirement. By Friday, prices on SOCAL had risen over \$10 per MMBtu from the previous Friday, to around \$25.25, while PG&E had increased only \$1.49 to 11.92. In all other markets, Friday-to-Friday declines were on the order of 40 to 90 cents per MMBtu.

Futures Prices: Trading in the near-month (March delivery) contract was driven primarily by technical factors in the first two days of the week, with traders, apparently concluding that Monday's nearly 39-cent drop was an over-correction, responding by pushing the price back up over \$6 per MMBtu on Tuesday. However, the release of AGA's relatively modest withdrawal estimate of 95 Bcf, coupled with National Weather Service near-term weather outlooks calling for normal to warmer-than-normal temperatures for most of the nation, sent the March contract down by a half-dollar on Wednesday to \$5.518 per MMBtu. This was its lowest settlement price since becoming the near-month contract on January 30. The March contract ended the week's trading at \$5.568 per MMBtu, down \$0.642 per MMBtu from the previous Friday's settlement.

Summary: With much of the nation being spared harsh winter temperatures, the resulting weak demand made for a low stock draw and generally softening cash prices. Likewise, with moderate temperature forecasts and a growing sense that inventories may indeed be sufficient for the remaining 5 weeks of winter, futures prices may be experiencing a fundamental downward shift.