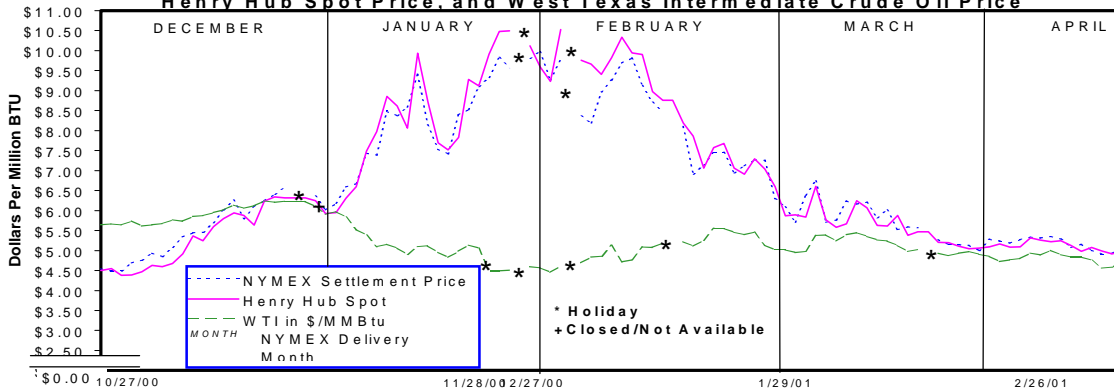


**NYMEX Natural Gas Futures Near-Month Contract Settlement Price, Henry Hub Spot Price, and West Texas Intermediate Crude Oil Price**



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.

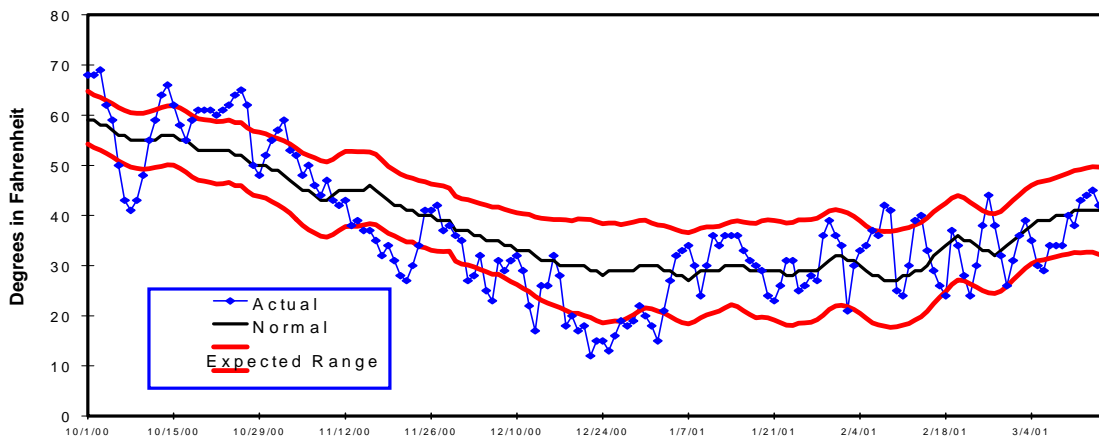
**HENRY HUB PRICE**

(\$ per MMBtu)

**SPOT FUTURES**

|       | March     | April |
|-------|-----------|-------|
|       | Del       | Del   |
| 03/12 | 4.95-5.01 | 5.159 |
| 03/13 | 5.02-5.13 | 5.006 |
| 03/14 | 4.96-5.02 | 4.911 |
| 03/15 | 4.89-4.94 | 4.927 |
| 03/16 | 4.95-5.01 | 5.035 |

**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.

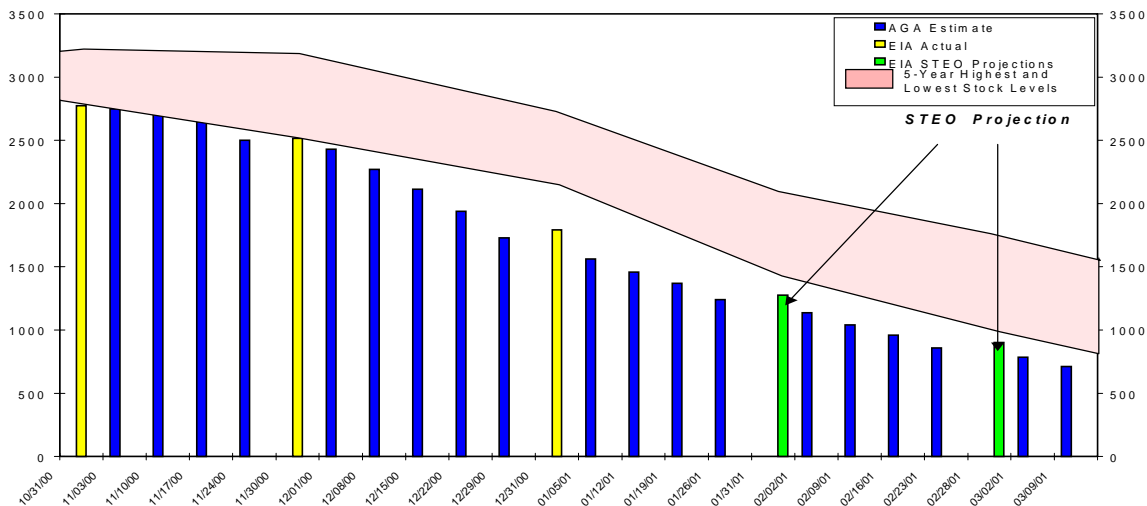
**Average Temperature for Four Major Gas Consuming Areas**

|       | Actual | Normal | Diff |
|-------|--------|--------|------|
| 03/10 | 40     | 40     | 0    |
| 03/11 | 38     | 41     | -3   |
| 03/12 | 43     | 41     | 2    |
| 03/13 | 44     | 41     | 3    |
| 03/14 | 45     | 41     | 4    |
| 03/15 | 42     | 41     | 1    |
| 03/16 | 39     | 41     | -2   |

**Working Gas Volume as of 03/09/01**

|           | BCF | % Full |
|-----------|-----|--------|
| East      | 341 | 19     |
| West      | 145 | 29     |
| Prod Area | 225 | 24     |
| U. S.     | 711 | 22     |

Source: AGA



The spot price at the Henry Hub ended Friday, March 16, at \$4.98 per MMBtu, \$0.15 less than the previous Friday while the April futures contract settled at \$5.035, \$0.037 less than a week ago. Temperatures last week in four important gas-consuming cities were generally higher than normal (see chart) with the upper Midwest experiencing the only notably cold weather early in the week. An outlook for April from one private weather forecaster indicated higher-than-expected heating demand in the U.S. upper tier and cooling demand elsewhere in the United States contributed to higher natural gas prices in markets that otherwise would have weakened with the onset of spring. Prices for West Texas Intermediate crude oil drifted down \$0.30 per barrel from the previous Friday to \$27.75 per barrel (\$4.78 per MMBtu).

**Storage:** According to the American Gas Association (AGA), estimated net withdrawals from working gas inventories for the week ended March 9 were 75 Bcf, leaving 823 Bcf in storage, which is 37 percent below the 5-year average for this week. Further, for the second consecutive week, AGA reported that there were also withdrawals from base gas in the Producing Region, amounting to 3 Bcf during this report week (an estimated 4 Bcf was withdrawn during the week ended March 2). The total withdrawal of 78 Bcf is just over 1 percent less than the average for this week over the immediately preceding 5 years. Storage withdrawals in the West Region declined markedly from the estimated 13 Bcf withdrawn during the previous report week (March 2). The estimated drawdown of 3 Bcf is only about one-quarter of the AGA preceding 5-year average.

**Spot Prices:** Spot prices at most locations followed Henry Hub prices lower through most of the week as concerns about the adequacy of stocks through the end of the heating season waned. Increases on Tuesday and at the end of the week failed to return most prices to week-ago levels. Spot prices at the Katy, Waha, and Bondad supply hubs on Friday were \$4.97, \$4.94, and \$4.79 per MMBtu, respectively, compared with \$5.12, \$5.07, and \$4.93 a week earlier. At the New York and Chicago citygates, the price was \$5.45 and \$5.17, respectively, on March 16. Prices in southern California continued to decline, though by less than 30 percent with reports of injections to stocks during the week surfacing in both the northern and southern parts of the State. In northern California, prices started the week at \$8.39 and ended the week at \$8.93 per MMBtu, only slightly below the \$9.03 in southern California.

**Futures Prices:** The NYMEX futures contract for April delivery lost \$0.037 per MMBtu from the previous Friday's settlement to end at \$5.035 on Friday, March 16. A weather forecast indicating a greater need for natural gas for both heating and cooling in April lifted the contract price for delivery that month by \$0.124 the last two days of the week. Contracts covering the remaining months of this year all settled lower on a week-to-week basis, ranging from April's low of \$5.035 to December's high of \$5.377. A year ago, these contract prices ranged between \$2.851 and \$3.157.

**Summary:** With the uneventful closeout of winter thus far, reactions to the first indications of upcoming cooling demand are starting to take shape. Higher wellhead prices and production rates are expected to continue through the end of the year.