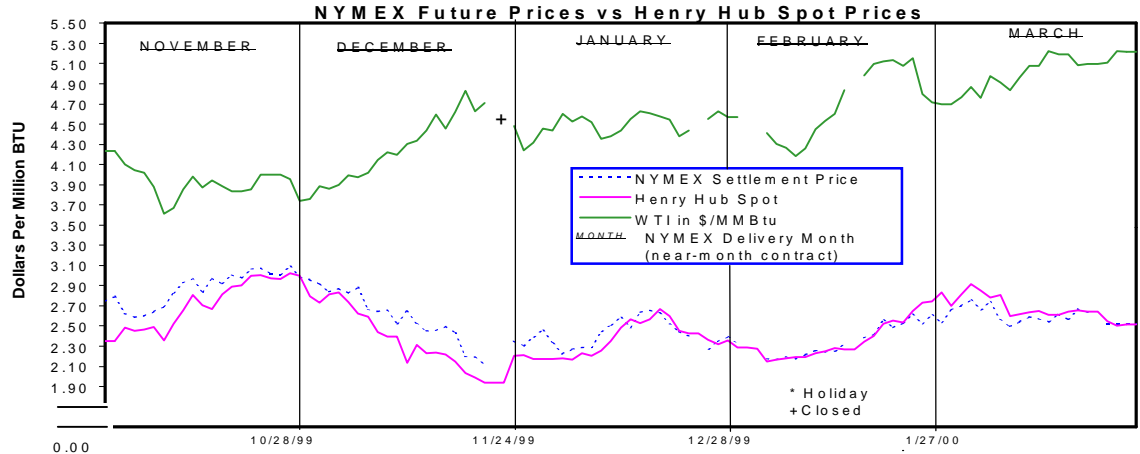
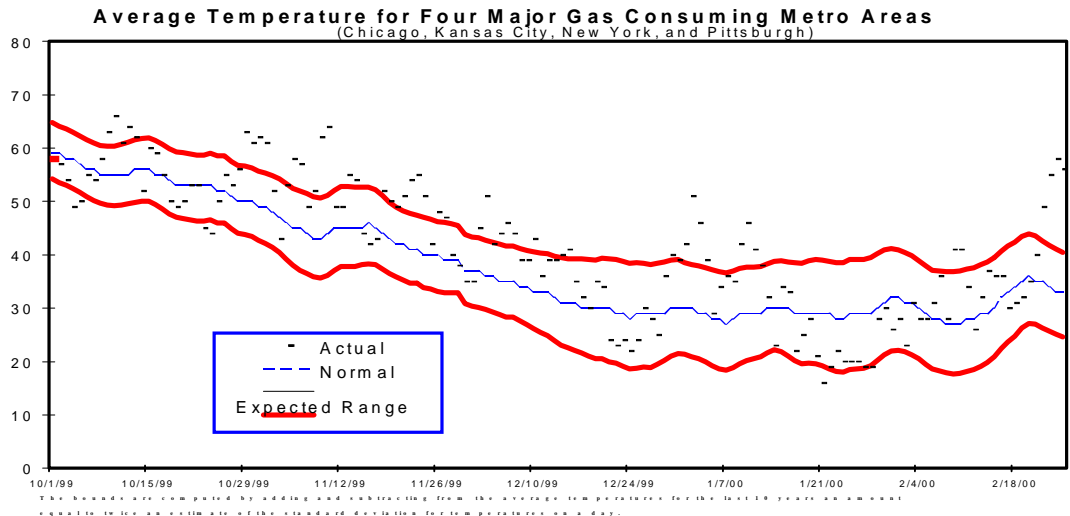


HENRY HUB PRICE (\$ per MMBtu)		
	SPOT February	FUTURES March
	Del	Del
2/21	2.63-2.66	Holiday
2/22	2.53-2.56	2.515
2/23	2.48-2.52	2.530
2/24	2.50-2.53	2.549
2/25	2.49-2.54	2.603

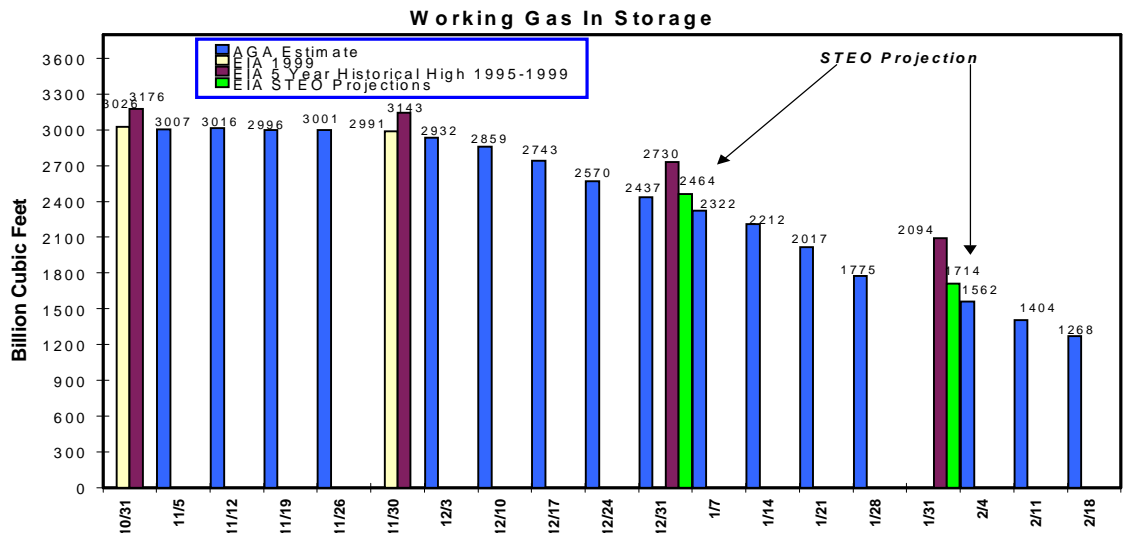


Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
2/19	32	35	-3
2/20	35	36	-1
2/21	40	35	5
2/22	49	35	14
2/23	55	34	21
2/24	58	33	25
2/25	56	33	23



Working Gas Volume as of 2/18/00		
	BCF	% Full
EAST	594	33
WEST	280	57
Prod Area	394	42
U. S.	1268	39

Source: AGA



After reaching a bid-week high of \$2.64 per MMBtu during the last day of trading, the NYMEX futures contract for March delivery at the Henry Hub closed on Friday, February 25, at \$2.603. This is almost 18 cents less than what it traded for in early February and virtually the same as the February contract's final price of \$2.61 per MMBtu. The absence of a normal seasonal price decline between February and March suggests the market may be exhibiting concern about the adequacy of storage inventories during March, although stocks remain within the range seen during the past 5 years. In addition, the latest National Weather Service (NWS) forecast, covering the period March 2 through March 6, calls for temperatures to remain above normal in most parts of the country. With some major pipelines reporting ample supply conditions, spot prices at the Henry Hub trended down most days and ended trading on Friday at about \$2.52 per MMBtu. The price of West Texas Intermediate crude oil remained at or near a 9-year high most days and ended the week at \$30.25 per barrel, or \$5.22 per MMBtu.

Storage: For the week ending Friday, February 18, the AGA estimated that 136 Bcf was withdrawn from natural gas storage facilities. The rate of weekly withdrawals slowed for the third consecutive week as temperatures moderated in the Midwest and the Northeast (see temperature graph). Even with the recent reduction in weekly stock drawdowns, estimated total withdrawals through the first two and a half weeks in February were 416 Bcf or 36 Bcf more than the EIA 5-year average (1995-99) of 380 Bcf for the entire month. Based on the EIA estimate of 1,714 Bcf in storage at the end of January, working gas on February 18 was 1,298 Bcf, 86 less than EIA's 5-year end-of-February average of 1,384 Bcf. However, based on last week's warmer temperatures and the most recent NWS 6-to-10-day forecast calling for above-normal temperatures to prevail over the eastern two-thirds of the country through early March, the stock level at the end of February appears likely to be above the 1,021 Bcf low recorded in 1996.

Spot Prices: With slack demand in most major gas-consuming markets and NWS forecasts calling for warm weather over the past weekend, prices at most major markets trended down most days last week. At the Henry Hub, gas traded on Friday, February 25, for almost 15 cents per MMBtu below the previous Friday price of \$2.65. Prices at other markets showed a similar pattern with some examples being: Katy in East Texas—down 10 cents per MMBtu at \$2.48; Waha in West Texas—down 9 cents at \$2.42; and in Oklahoma, Midcontinent moved down 11 cents to end the week at \$2.38. On the final day of trading for the NYMEX March futures contract, the spot and futures prices at the Henry Hub had a differential of 8 cents per MMBtu. This difference in spot and futures pricing is consistent with the current limited demand due to warm temperatures and uncertainty regarding available gas inventories entering the final month of the heating season.

Futures Prices: The March futures contract gained over 5 cents on the last day of trading, to close at less than 8 cents per MMBtu above what it traded for in late January (\$2.53). This resulted in a final price of \$2.603 that was almost \$1.00 higher than last year's March contract price of \$1.666 per MMBtu. Last year, in addition to generally warmer-than-normal temperatures during the first two months of the year, the working gas stock level was at a 7-year high of almost 1,800 Bcf at the end of February and oil was selling for \$12.00 per barrel. Interest in the March 2000 contract was strong as more than 185,000 contracts were entered into during the last week of trading compared to 175,000 during the same period last year.

Summary: Warm temperatures continued in most parts of the country last week, and with the NWS calling for them to continue into early March, spot prices moved down 9 to 15 cents per MMBtu at most major markets. The March futures contract closed down from the previous Friday but almost \$1.00 per MMBtu above last year's contract. Storage withdrawals averaged almost 20 Bcf per day during the second week of February and end-of-month stocks will be below the 5-year average but should be above the 1996 low of 1,021 Bcf.