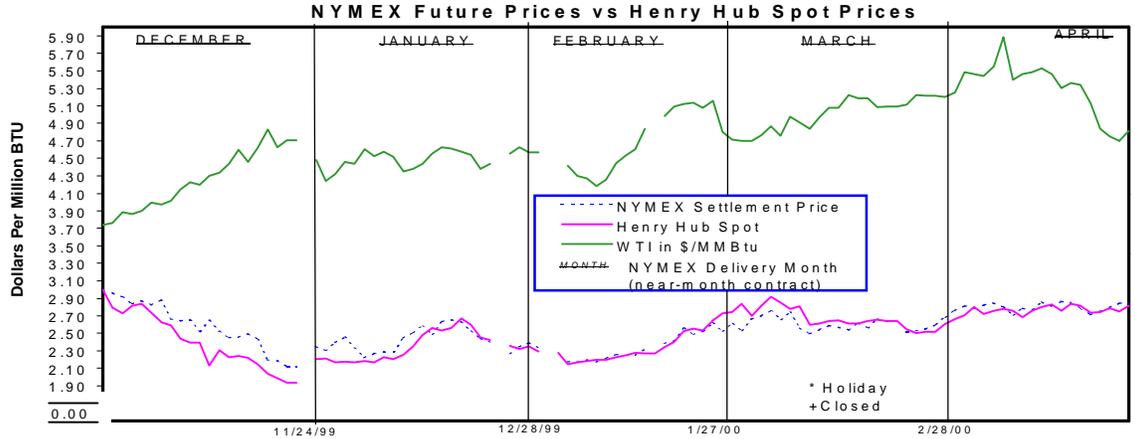
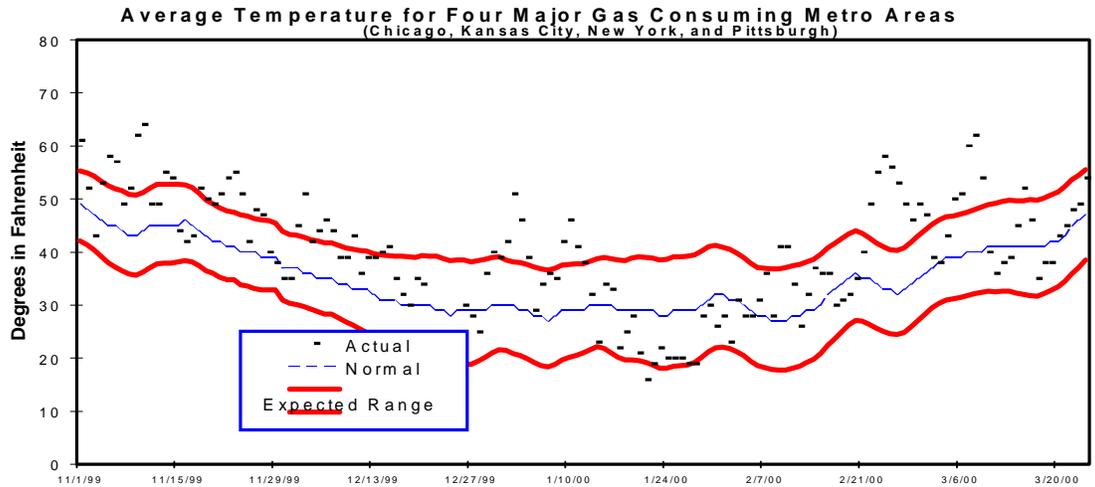


HENRY HUB PRICE (\$ per MMBtu)		
	SPOT	FUTURES
	March	April
	Del	Del
3/20	2.72-2.75	2.714
3/21	2.72-2.77	2.751
3/22	2.77-2.80	2.794
3/23	2.74-2.76	2.847
3/24	2.80-2.83	2.836



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 dates marked by vertical lines are the NYMEX near-month contract settlement dates.

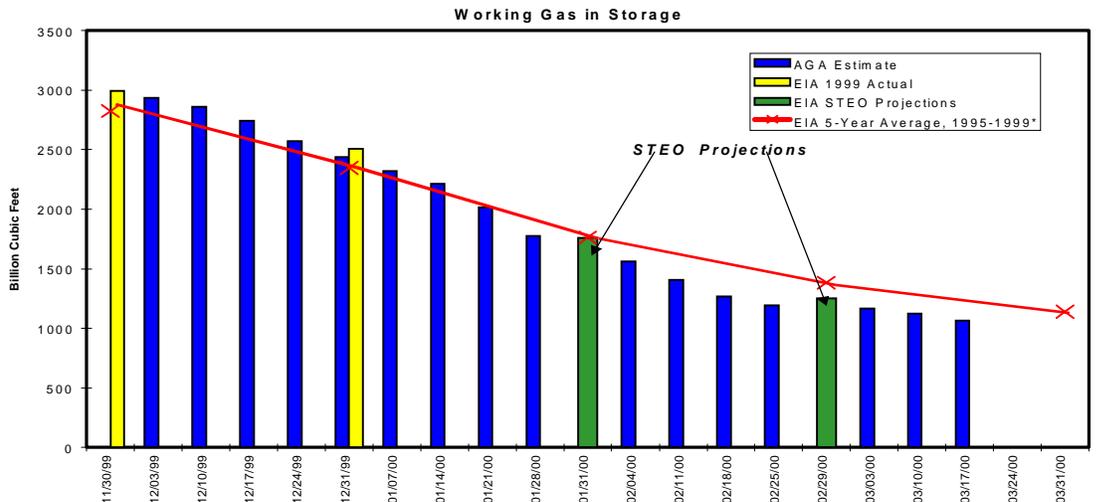
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
3/18	38	41	-3
3/19	38	42	-4
3/20	43	42	1
3/21	45	43	2
3/22	48	45	3
3/23	49	46	3
3/24	54	47	7



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 3/17/2000		
	BCF	% Full
EAST	473	26
WEST	236	48
Prod Area	355	37
U. S.	1064	33

Source: AGA



*The data showing the EIA 5-year historical high inventory levels have been replaced with the EIA 5-year average inventory levels for 1995-1999.

The April NYMEX futures contract opened the beginning of bid week on Monday, March 27, at \$2.830 per MMBtu, almost \$0.12 more than its settlement price on the previous Monday and close to \$1.00 higher than last year's April closing price of \$1.852. Warmer-than-normal weather returned to most areas in the Midwest and the East last week as the four cities monitored for this report recorded gradually rising temperatures (see Temperature graph). Despite the expected slack demand accompanying the warmer weather during the first week of spring, spot prices at most major market locations moved up last week as posted prices ranged from about \$2.60 to \$2.82 per MMBtu. It appears that one of the key factors contributing to these strong spot prices is expected high prices through the summer. Last week the price of West Texas intermediate crude oil trended down for the second week and ended trading on Friday at \$27.95 per barrel or \$4.82 per MMBtu—its lowest level since January. The oil markets appear to be anticipating that OPEC and other major world suppliers will increase production in the second quarter of this year.

Storage: In response to the recent period of unseasonably mild weather, the American Gas Association's (AGA) estimate for net withdrawals for the week ended Friday, March 17, was 62 Bcf. This is double the previous week's estimate, bringing withdrawals through March 17, to 109 Bcf and EIA's estimate for working gas on that date to 1,143 Bcf. EIA data for net withdrawals in March for the previous 5 years (1995-99) show average net withdrawals of 249 Bcf, but in March 1997 with above normal temperatures (heating degree days were 9 percent below normal), net withdrawals were 155 Bcf. Heating degree days through March 24 of this year were almost 14 percent below normal. The National Weather Service (NWS) is forecasting normal to above-normal temperatures in the eastern two-thirds of the United States for the final two weeks of the recognized heating season. If drawdowns return to the rates of early March, the end-of-March level will be below the 5-year average of 1,139 Bcf, but still well above the 758 Bcf low for the same period in 1996.

Spot Prices: Despite another week of generally warmer-than-normal temperatures in most major gas-consuming markets in the Midwest and the East, spot gas continues to be traded at prices at or above \$2.80 per MMBtu, a price that is close to some of the highest seen this winter season. In addition to the NYMEX futures contract, some other factors contributing to these persistently elevated prices are stock levels at the end of March, which are likely to be at least 350 Bcf lower than last year's 1,430 Bcf; and the prices of petroleum products, which remain well above those of last year. Also, the steady growth of the U.S. economy continues strong demand for all energy. Prices at various major market locations continued to move up on Friday, March 24. The posted prices were reported at \$2.82 per MMBtu at Henry Hub, \$2.80 at Katy in East Texas, \$2.75 at Waha in West Texas, and \$2.70 at Midcontinent in Oklahoma. Some of the lowest prices continue in the Rockies where prices ended the week at about \$2.60 per MMBtu. At Transco Zone 6, where gas had traded at prices above \$8 per MMBtu most days from January 19 to February 3, prices were near \$3.00 for most of last week.

Futures Prices: The April futures contract began last week down over 7 cents per MMBtu at \$2.714 but quickly rebounded, settling on Thursday at \$2.847 and ending the week at \$2.836. The anticipated continued growth in natural gas demand, especially from the industrial and utility sectors, and early forecasts calling for a warmer-than-normal summer, appear to be applying upward pressure on all NYMEX contracts throughout the spring and summer. Prices for outer-month contracts between May and September continued to trend upward last week and ended trading on Friday in a tight range between \$2.86 and \$2.90 per MMBtu. The April contract will close on Wednesday, March 29, and is on a path to reach the highest settlement price for that contract since the NYMEX began trading natural gas futures contracts in 1991. The previous high for April was the April 1996 contract which closed at \$2.772 per MMBtu.

Summary: The NYMEX futures contract for April delivery continues to trend up as the market anticipates strong demand during the upcoming months. At the same time spot prices at most major market locations posted price gains last week as they continue to react to the high price track on the futures market. Stock withdrawals moved up in the 3rd week of March but continue to be below average for the month. It appears that the end-of-March working gas inventories will be between 1,050 and 1,100 Bcf.