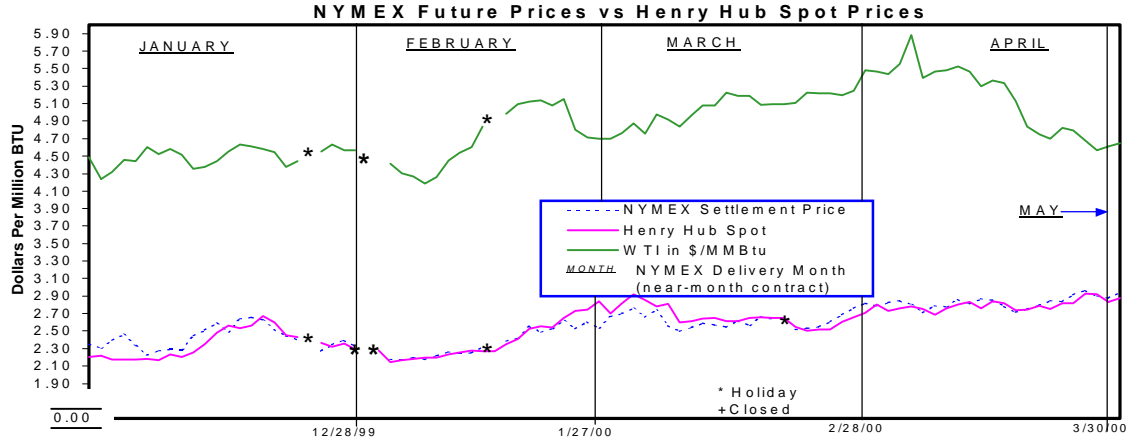
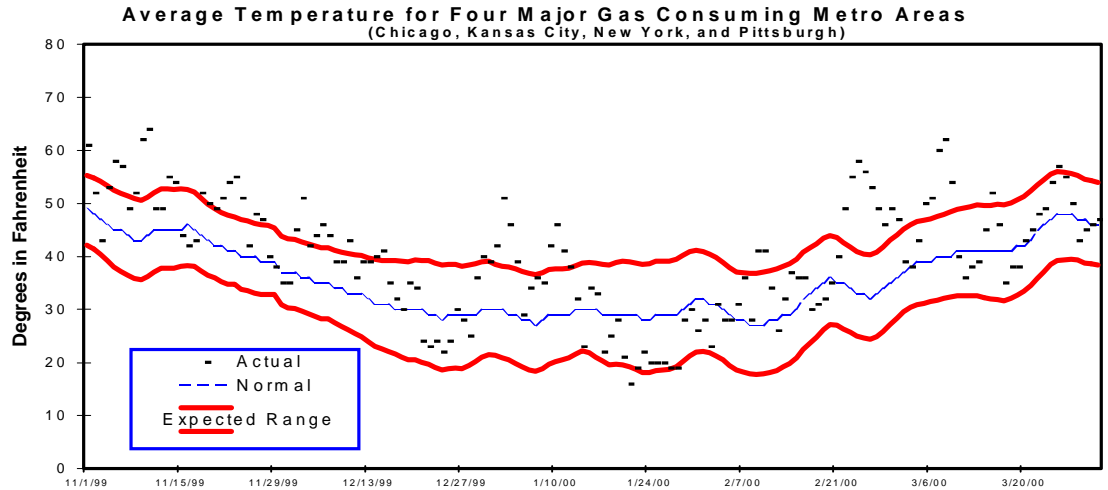


HENRY HUB PRICE (\$ per MMBtu)		
	SPOT	FUTURES
	March	April/May
	Del	Del
3/27	2.80-2.83	2.914
3/28	2.91-2.94	2.963
3/29	2.91-2.93	2.900
3/30	2.81-2.85	2.873
3/31	2.85-2.90	2.945



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.

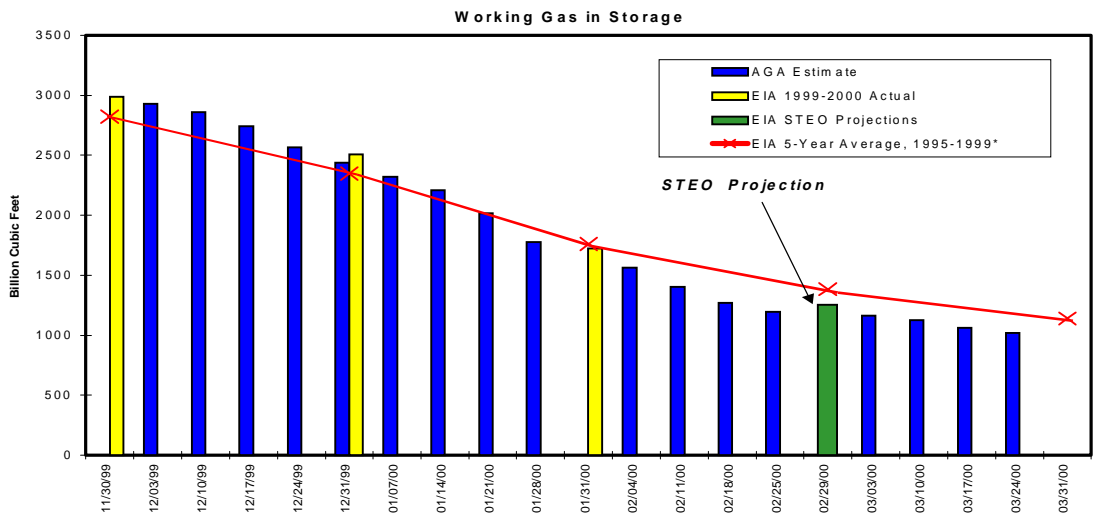
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
3/25	57	48	9
3/26	55	48	7
3/27	50	48	2
3/28	43	47	-4
3/29	45	47	-2
3/30	46	46	0
3/31	47	46	1



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 3/24/2000		
	BCF	% Full
EAST	438	24
WEST	243	50
Prod Area	340	36
U. S.	1021	31

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.

Although the heating season is nearly over, both futures and cash prices moved generally higher last week to settle on Friday at levels above a week earlier. The expiring NYMEX contract for April delivery closed on Wednesday at \$2.900 per MMBtu, having gained \$0.064 from its settlement price on Friday, March 24. Taking over as the near-month contract, May continued higher, ending the week at \$2.945 per MMBtu. At the Henry Hub, spot gas traded on Friday for about \$2.85-2.90 per MMBtu, about 6 cents higher than on the previous Friday. Temperatures in major gas-consuming areas of the Midwest and Northeast cooled early- to mid-week to near-normal ranges, while the West Coast stayed warmer than normal throughout the week. The price of West Texas Intermediate (WTI) crude oil continued to fall, though not as rapidly as during the previous week, after OPEC nations announced plans for moderate oil production increases. WTI lost \$1.00 per barrel from the previous Friday, ending trading last week at \$26.95, or \$4.65 per MMBtu.

Storage: Net storage withdrawals for the week ended Friday, March 24, were estimated by the American Gas Association to have been 43 Bcf. This is almost 20 Bcf lower than the previous week and would bring EIA's estimates for withdrawals thus far in March to 152 Bcf and working gas available on March 24 to 1,100 Bcf. The Producing region and the East Consuming region showed continued net withdrawals of 15 and 35 Bcf, respectively, while the West Consuming region had net additions of 7 Bcf. With one week of storage activity remaining in the heating season, the stock level for working gas in storage is expected to end the month around 1,050 Bcf, below the 5-year average of 1,139 Bcf but well above the 5-year low of 758 Bcf. Looking ahead over the 7-month refill season, this would mean about 1,950 Bcf of net injections (almost 280 Bcf per month) would be needed in order to refill working gas storage to the 3,000 Bcf level by November 1, 2000.

Spot Prices: Spot and futures prices followed parallel paths last week, with larger spot price changes lagging the initial change in futures price direction by a day. While the April NYMEX contract gained nearly 8 and 5 cents per MMBtu on Monday and Tuesday, respectively, spot prices showed gains of 1-6 cents, then 10 cents or higher, in most market locations those days. Likewise, when the April contract lost \$0.063 per MMBtu, and the May contract fell \$0.035 on Thursday, spot prices declined on the order of 1-3 cents on Wednesday, then 5-14 cents on Thursday. In some markets, certain conditions tended to reinforce the gains on Monday and Tuesday and to dampen the drops on Wednesday and Thursday. In the Midwest and Midcontinent, cooler weather in mid-week and a couple of downed electric generating plants (one nuclear, one coal) strengthened demand and prices somewhat. In the West, end-of-month balancing and spot purchases for storage injections helped support prices, as did record-high electric power prices for April at the California Power Exchange. The planned outage of a Palo Verde nuclear plant from April 1 into May, as well as the annual spring fish flushes in the Northwest from early April into June, are likely to boost gas demand in California. In western Canada, prices that are averaging over 1.5 times their levels from a year ago are attributed to low end-of-winter stock levels that in turn were due at least in part to falling production in Alberta province. The week ended as it had begun, with cash and futures prices moving up in tandem on Friday. Gains were on the order of 3-10 cents. Approximate trading spot-price ranges for selected areas/markets were: Midcontinent: \$2.70-\$2.80 per MMBtu; West Coast city gates: \$3.05-\$3.15; Northeast: \$3.00-\$3.10.

Futures: The NYMEX contract for April delivery showed impressive gains on Monday and Tuesday, reaching as high as \$2.980 per MMBtu on Tuesday, and ended Tuesday's trading at \$2.963. And even though it dropped over 6 cents at Wednesday's expiration, its closing price of \$2.900 is the highest of any April contract and exceeds last year's April contract closing price (\$1.852) by over \$1. On its first day as the prompt month, the May contract fell almost 3 cents, but gained \$0.072 on Friday to settle at \$2.945 per MMBtu. Contracts for delivery in the months of June through October each had Friday-to-Friday gains of over 7 cents per MMBtu, all settling above \$2.95 per MMBtu. The price of gas for delivery in November through February of the upcoming heating season is over \$3 per MMBtu. The May contract opened today (Monday, April 3) at \$2.940, just \$0.005 less than Friday's settlement price.

Summary: Strong futures prices reflect the market's continuing assessment of tighter supplies right into the upcoming heating season. Spot prices are also at fairly high levels for this point in the year. Storage levels below the 5-year EIA average, and the National Weather Service 6-10 day outlook for temperatures at or below normal everywhere west of a line roughly from Lake Ontario to the Gulf of Mexico, contribute to the price strength.