

**Daily Price Survey**

Listed in the left column are the midpoints of the daily ranges for the most common prices, paid in \$/mmBtu of a typical volume of 5 thousand mmBtu. The middle column shows absolute low-high prices for transactions reported on the date at the top of the column; the third column shows that day's ranges for the most common prices. The prices are generally for gas flowing today; weekends are usually priced using data collected Friday. Ranges are for deals done before nomination deadlines. The common range is built around the volume weighted average and the midpoint is calculated for the common range. Data in this table is Copyright 2003 by The McGraw-Hill Companies, Inc.

**NATIONAL AVERAGE PRICE: 5.030\*\*\*\***

**Trans. date:** 1/03

**Flow date(s):** 1/04-06

	Midpoint	Absolute	Common
<b>Permian Basin Area</b>			
El Paso, Permian Basin	4.460	4.39-4.63	4.40-4.52
Northern, MIDS 1-6	4.535	4.46-4.65	4.49-4.58
Waha	4.715	4.60-4.80	4.66-4.77
Transwestern, Permian Basin	4.595	4.50-4.65	4.56-4.63
<b>East Texas-North Louisiana Area</b>			
Carthage Hub	4.860	4.80-4.92	4.83-4.89
Lone Star	—	—	—
MRT, mainline	4.960	4.88-5.01	4.93-4.99
MRT, west leg	4.880	4.81-4.89	4.87-4.89
NGPL, Texok zone	4.815	4.78-4.90	4.78-4.85
Texas Eastern, ETX	4.820	4.80-4.88	4.80-4.84
Texas Gas, zone 1	5.060	5.04-5.10	5.04-5.08
<b>East-Houston-Katy</b>			
Houston Ship Channel	4.865	4.81-4.92	4.84-4.89
Katy	4.845	4.79-4.92	4.81-4.88
<b>South-Corpus Christi</b>			
Agua Dulce Hub	4.840	4.78-4.89	4.81-4.87
Houston Pipe Line	4.760	4.75-4.77	4.75-4.77
NGPL, STX	4.805	4.79-4.85	4.79-4.82
Tennessee, zone 0	4.815	4.75-4.95	4.76-4.87
Texas Eastern, STX	4.840	4.72-4.95	4.78-4.90
Transco, zone 1	4.795	4.68-4.88	4.74-4.85
Trunkline, Texas	—	—	—
EPGT, Texas	—	—	—
<b>Louisiana-Onshore South</b>			
ANR, La.	4.985	4.90-5.05	4.95-5.02
Columbia Gulf, La.	5.065	5.03-5.13	5.04-5.09
Columbia Gulf, mainline	5.110	5.06-5.15	5.09-5.13
Florida Gas, zone 1	4.945	4.93-5.06	4.93-4.96
Florida Gas, zone 2	5.050	5.03-5.06	5.04-5.06
Florida Gas, zone 3	5.080	5.04-5.15	5.05-5.11
Henry Hub	5.130	5.06-5.21	5.09-5.17
Gulf South, S. La./East Side	5.090	5.08-5.10	5.08-5.10
NGPL, La.	4.915	4.89-5.01	4.89-4.94
Southern Natural, La.	5.080	5.05-5.11	5.06-5.10
Tennessee, La., 500 Leg	5.005	4.99-5.05	4.99-5.02
Tennessee, La., 800 Leg	5.010	4.98-5.05	4.99-5.03
Texas Eastern, WLA	4.975	4.96-5.02	4.96-4.99
Texas Eastern, ELA	5.065	5.03-5.13	5.04-5.09
Texas Gas, zone SL	5.075	5.06-5.09	5.07-5.08
Transco, zone 2	5.060	5.05-5.10	5.05-5.07
Transco, zone 3	5.150	5.10-5.20	5.12-5.18
Trunkline, WLA	4.930	4.80-5.03	4.87-4.99
Trunkline, ELA	5.005	4.95-5.15	4.95-5.06
<b>Oklahoma</b>			
ANR, Okla.	4.790	4.73-4.85	4.76-4.82
NGPL, Midcontinent	4.685	4.64-4.75	4.66-4.71
Reliant, East	4.845	4.81-4.90	4.82-4.87
Reliant, West	4.805	4.79-4.82	4.80-4.81
Oneok, Okla.	4.720	4.71-4.73	4.71-4.73
Panhandle, Tx.-Okla.	4.745	4.73-4.78	4.73-4.76
Williams, Tx.-Okla.-Kan.	4.760	4.72-4.78	4.74-4.78
<b>New Mexico-San Juan Basin</b>			
El Paso, Bondad	3.495	3.35-3.60	3.43-3.56
El Paso, San Juan Basin	4.310	4.29-4.36	4.29-4.33
<b>Rockies</b>			
CIG, Rocky Mountains	2.745	2.68-2.90	2.69-2.80
Kern River, Opal plant	2.845	2.71-3.00	2.77-2.92
Stanfield, Ore.	4.285	4.27-4.31	4.27-4.30
Questar, Rocky Mountains	2.745	2.58-2.80	2.69-2.80

continued on next page

**Analysts: Victories won't boost Duke stock**

**F**inancial analysts who follow Duke Energy said the company's announcement Thursday that it had prevailed in two separate legal decisions would have little effect on their evaluations of the Charlotte, N.C.-based company's financial health.

Duke announced that a federal judge in New York had thrown out 13 shareholder class-action lawsuits alleging that Duke used "round-trip" gas and power trades to overstate revenues. Duke also said an arbitration panel had decided in its favor in a dispute over its operation of Duke Energy Trading and Marketing, a joint venture owned 60% by Duke and 40% by ExxonMobil (*GD 1/3*).

"What else is new?" asked Argus Research's Gary Hovis. He said the arbitration panel's decision in the dispute with ExxonMobil would not have a significant impact on either company. In addition, he said the decision regarding the class-action suits is unlikely to influence investors to look more favorably on Duke.

"As far as the lawsuits being dismissed, it's not going to help the stock at all. In terms of impact, it's neutral," he said.

Duke's shares closed Friday at \$20.14, up 23¢ from Thursday's closing price.

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**Pipe dream? Alaska businessman thinks not**

**T**ax incentives and loan guarantees for an Alaska gas pipeline were killed in Congress last year and producers question whether such a project is economically feasible. But all that is not stopping one optimistic businessman from laying the legal and political groundwork to get Alaskan gas moving to the Lower-48 states.

Overwhelmingly approved by Alaskans on Election Day in November, Ballot Proposition 3 — which creates an Alaska gas pipeline authority — is on track to become state law on Feb. 25, according to Scott Heyworth, the proposal's main supporter. Heyworth, who hopes to be appointed to the new authority, has been active in state politics for years and led the battle to get Proposition 3 on the ballot.

The newly created authority will give Alaska the ability to take on financing of a pipeline and liquefied natural gas terminal — assuming producers and state officials move forward with the projects. Heyworth, an Anchorage longshoreman and chairman of the city's public safety commission, has asked the state for a \$2 million budget to run the Alaska Natural Gas Development Authority; he is still awaiting approval of that request.

Ultimately, Heyworth hopes the new office's work will lead to construction of

(continued on page 4)

**Cash continues to rally, except in Rockies**

**C**ash prices generally rose 5¢ to 25¢ on Friday in a delayed reaction to the February NYMEX contract's dramatic Thursday afternoon run-up. The only major exception was the Rockies, where prices sank about 20¢ as high temperatures surpassed 60 degrees in many cities.

**The Market**

The futures market temporarily shot up again late Friday morning after the Energy Information Administration reported a storage withdrawal of 123 Bcf for the week ending Dec. 27. February jumped to an intraday high of \$5.42 on the news but quickly retreated into the \$5.20s.

Traders said the short-lived NYMEX rally occurred too late to affect the cash market, which was largely driven by the prior day's futures surge and by bullish weather forecasts and surging oil prices.

"The forecasted cold weather won't be here for another week," a trader in the West said. "The crude oil situation and war worries should keep prices up until the weather kicks in."

In the Northeast, New York City was hit with freezing rain on Friday and was expected to receive about two to four inches of snow over the weekend. New York

**Daily Price Survey** continued

Trans. date:	1/03		
Flow date(s):	1/04-06		
	Midpoint	Absolute	Common
Cheyenne Hub	2.805	2.74-3.00	2.74-2.87
Northwest, Wyo. Pool	2.790	2.74-2.85	2.76-2.82
Northwest, s. of Green River	2.810	2.75-2.85	2.78-2.84
<b>Canadian Gas</b>			
Iroquois, receipts	5.680	5.35-6.05	5.50-5.86
Niagara	5.320	5.28-5.36	5.30-5.34
Northwest, Can. bdr. (Sumas)	4.200	4.18-4.23	4.19-4.21
NOVA, AECO-C*	C6.195	C6.11-6.25	C6.16-6.23
NOVA, same-day****	C6.220	C6.21-6.23	C6.21-6.23
Emerson, Viking GL	4.625	4.60-4.63	4.62-4.63
Dawn, Ontario	5.130	5.07-5.19	5.10-5.16
PG&E-GTNW, Kingsgate	—	—	—
Westcoast, station 2*	C6.055	C6.04-6.09	C6.04-6.07
<b>Appalachia</b>			
Dominion, North Point	5.560	5.55-5.58	5.55-5.57
Dominion, South Point	5.500	5.44-5.68	5.44-5.56
Leidy Hub	—	—	—
Columbia Gas, Appalachia	5.260	5.20-5.40	5.21-5.31
<b>Mississippi-Alabama</b>			
Florida Gas, Mobile Bay	—	—	—
Texas Eastern, M-1 (Kosi)	5.160	5.00-5.24	5.10-5.22
Transco, zone 4	5.125	5.08-5.20	5.09-5.16
<b>Others</b>			
Algonquin, receipts	—	—	—
SoCal Gas***	4.645	4.54-4.78	4.58-4.71
PG&E, south***	4.575	4.50-4.60	4.55-4.60
PG&E, Malin	4.335	4.31-4.35	4.32-4.35
Alliance, into interstates	4.995	4.98-5.02	4.98-5.01
ANR, ML 7	4.945	4.86-5.13	4.88-5.01
NGPL, Amarillo receipt	4.720	4.71-4.73	4.71-4.73
NGPL, Iowa-Ill. receipt	4.700	4.69-4.71	4.69-4.71
Northern, TX.-Okla.-Kan.	—	—	—
Northern, Ventura	4.785	4.72-4.90	4.74-4.83
Northern, demarc	4.765	4.69-4.84	4.73-4.80
Dracut, Mass.	6.835	6.80-6.95	6.80-6.87
<b>Citygates</b>			
Chicago city-gates	5.010	4.95-5.06	4.98-5.04
Consumers Energy city-gate**	5.080	5.02-5.11	5.06-5.10
Mich Con city-gate**	5.050	4.90-5.11	5.00-5.10
PSCo city-gate	—	—	—
PG&E city-gate	4.680	4.57-4.76	4.63-4.73
Northwest, all city-gates	—	—	—
Florida city-gates	5.260	5.23-5.45	5.23-5.29
Algonquin, city-gates	6.970	6.50-7.20	6.79-7.15
Dominion, delivered	5.950	5.94-5.96	5.94-5.96
Columbia Gas, delivered	5.910	5.89-5.93	5.90-5.92
Tennessee, zone 5 delivered	5.975	5.89-6.00	5.95-6.00
Tennessee, zone 6 delivered	7.000	6.50-7.30	6.80-7.20
Iroquois, zone 2	6.740	6.30-6.90	6.59-6.89
Texas Eastern, M-3	5.950	5.80-6.05	5.89-6.01
Transco, zone 5 delivered	5.810	5.73-5.84	5.78-5.84
Transco, zone 6 non-N.Y.	5.915	5.75-6.20	5.80-6.03
Transco, zone 6 N.Y.	6.265	6.15-6.50	6.18-6.35

\*NOTE: Price in C\$ per gij; C\$1=US\$0.6384

(Canadian currency settlement from one business day prior EST.) \*\*Large end-user prices. \*\*\*Deliveries into SoCal at Topock, Blythe, Needles, Ehrenburg; deliveries into PG&E at Topock and Daggett. \*\*\*\*Volume-weighted for all points except AECO-C and Westcoast St. 2. \*\*\*\*\*The NOVA (same-day) midpoint and ranges are for flow on the transaction date.

city-gate prices hit their highs first thing Friday morning, sources said, with Transcontinental Gas Pipe Line zone 6-New York trading up to around \$6.50 early and averaging \$6.265, up 13¢ from Thursday. Texas Eastern Transmission's zone M-3 popped up about 25¢ to average \$5.95.

One trader said he expected heating demand to pick up as more snow falls across the Northeast early this week. "We've been running our plants the last few days because power prices are high enough to cover costs," he explained. "Oil is quite a bit cheaper than gas and we're running oil in our New England plant, which is typical for the winter."

Restrictions on Algonquin Gas Transmission led to the strongest prices on the continent. The pipeline again extended its previously posted restrictions of due-shipper gas because it was at capacity for scheduled volumes flowing through the Cromwell compressor station.

Tennessee Gas Pipeline's zone 6 was still the only way to get gas through the Algonquin city-gates, traders said. As a result, Tennessee zone 6 prices hit a high of \$7.30 before and averaged \$7, up 45¢ on the day.

The Algonquin city-gates hit a high of \$7.20 before averaging 32¢ higher than Thursday at \$6.97. Players continued to bring in gas from Dracut, Mass., which sent prices at that point to a \$6.95 high and a midpoint in the low \$6.80s, up 34¢.

Riding the coattails of Thursday's soaring NYMEX, Gulf Coast prices were up about 20¢ as Transco zone 3 averaged about 2¢ over the Henry Hub at \$5.15. One source noticed that prices for pool gas at Texas Eastern Transmission in East and West Louisiana mirrored Texas Eastern's zone M-3 and Transco zone 6-New York's run-up.

"Pool gas has correlated with the market area during the last few days and the spreads stay the same from the field to the market area," he said.

Upper Midwest and Midcontinent prices gained about 20¢, mainly on NYMEX strength and forecasts for colder weather this week, sources said.

With Chicago expected to experience seasonal temperatures over the weekend, the city-gates averaged just over \$5, while field prices kept pace and maintained their 25¢ price spread with Chicago. Northern Natural Gas' demarcation point averaged around \$4.77, while ANR Pipeline in Oklahoma showed surprising strength and averaged a couple of cents over demarc, traders said. Panhandle Eastern Pipe

**Feb. climbs another 9.3¢**

The February NYMEX futures contract shot up nearly 17¢ Friday morning to a high of \$5.42/MMBtu after the Energy Information Administration reported a storage withdrawal of 123 Bcf for the week ending Dec. 27. Several traders and analysts were puzzled by the reaction given that the estimate was actually below most expectations and worked to narrow the year-over-year storage deficit by 3 Bcf.

February quickly pulled back but held on to some of the early gains to close at \$5.344, up 9.3¢ from Thursday.

One trader said he wasn't too surprised when the contract moved higher, largely because "bullish remnants" of Thursday's 46.2¢ surge still remained.

Cold weather forecasts also played a role, but surging crude oil futures prices were the biggest factor in the contract's climb on Friday, several sources said. The NYMEX oil contract closed at \$33.08/barrel, up \$1.23 from Thursday. LK

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## Weekly Weighted Average Prices

Pipeline price indexes for last week are the volume-weighted averages for prices collected by the Gas Daily survey team through its extensive daily coverage. Collected prices were for 5 thousand mmBtu (or more) dry packages for 30-day contracts or less. Small packages are for 1 thousand mmBtu or less. The change column calculates price differences between wacogs published for the previous week. Data in this table is Copyright 2003 by The McGraw-Hill Companies, Inc.

January Delivery	12/21-27 2002	12/28-03 2002	-/+	Small Pkgs.
<b>Permian Basin Area</b>				
El Paso, Permian Basin	4.69	4.28	-41	4.28-4.32
Northern, MIDS 1-6	—	4.29	—	4.29-4.33
Waha	4.72	4.38	-34	4.38-4.42
Transwestern, Permian Basin	4.64	4.27	-37	4.27-4.31
<b>East Texas-North Louisiana Area</b>				
Carthage Hub	4.79	4.57	-22	4.57-4.61
Lone Star	—	4.29	—	4.29-4.33
MRT, mainline	4.94	4.73	-19	4.75-4.79
MRT, west leg	4.82	4.53	-27	4.55-4.59
NGPL, Texok zone	4.74	4.47	-27	4.47-4.51
Texas Eastern, ETX	4.63	4.54	-9	4.54-4.58
Texas Gas, zone 1	4.97	4.66	-31	4.66-4.70
<b>East-Houston-Katy</b>				
Houston Ship Channel	4.80	4.53	-26	4.53-4.57
Katy	4.79	4.55	-24	4.55-4.59
<b>South-Corpus Christi</b>				
Agua Dulce Hub	4.75	4.50	-25	4.50-4.54
Houston Pipe Line	4.65	4.49	-16	4.49-4.53
NGPL, STX	4.73	4.43	-31	4.43-4.47
Tennessee, zone 0	4.73	4.48	-25	4.48-4.52
Texas Eastern, STX	4.75	4.49	-26	4.49-4.53
Transco, zone 1	4.71	4.38	-33	4.38-4.42
Trunkline, Texas	—	—	—	—
EPGT, Texas	—	—	—	—
<b>Louisiana-Onshore South</b>				
ANR, La.	4.88	4.61	-27	4.61-4.65
Columbia Gulf, La.	4.97	4.67	-29	4.67-4.71
Columbia Gulf, mainline	5.01	4.72	-28	4.72-4.76
Florida Gas, zone 1	4.84	4.58	-26	4.58-4.62
Florida Gas, zone 2	4.95	4.70	-26	4.70-4.74
Florida Gas, zone 3	4.95	4.65	-30	4.65-4.69
Henry Hub	5.03	4.74	-29	4.74-4.78
Gulf South, S. La./East Side	—	4.88	—	4.88-4.92
NGPL, La.	4.75	4.54	-21	4.54-4.58
Southern Natural, La.	4.93	4.64	-29	4.64-4.68
Tennessee, La., 500 Leg	4.78	4.55	-24	4.55-4.59
Tennessee, La., 800 Leg	4.78	4.57	-20	4.57-4.61
Texas Eastern, WLA	4.83	4.59	-24	4.59-4.63
Texas Eastern, ELA	4.94	4.63	-31	4.63-4.67
Texas Gas, zone SL	4.98	4.69	-29	4.69-4.73
Transco, zone 2	4.90	4.61	-29	4.61-4.65
Transco, zone 3	4.98	4.73	-25	4.73-4.77
Trunkline, WLA	4.97	4.71	-26	4.71-4.75
Trunkline, ELA	4.99	4.58	-41	4.58-4.62
<b>Oklahoma</b>				
ANR, Okla.	4.75	4.47	-27	4.47-4.51
NGPL, Midcontinent	4.70	4.37	-33	4.37-4.41
Reliant, East	4.72	4.48	-25	4.48-4.52
Reliant, West	4.74	4.43	-30	4.43-4.47
Oneok, Okla.	4.72	4.38	-34	4.38-4.42
Panhandle, Tx.-Okla.	4.74	4.40	-34	4.40-4.44
Williams, Tx.-Okla.-Kan.	4.76	4.44	-32	4.44-4.48
<b>New Mexico-San Juan Basin</b>				
El Paso, Bondad	4.06	3.69	-37	3.69-3.73
El Paso, San Juan Basin	4.66	4.27	-39	4.27-4.31
<b>Rockies</b>				
CIG, Rocky Mountains	3.15	2.99	-16	2.99-3.03
Kern River, Opal plant	3.16	2.99	-17	2.99-3.03
Stanfield, Ore.	4.60	4.14	-46	4.14-4.18
Questar, Rocky Mountains	3.10	2.99	-11	2.99-3.03
Cheyenne Hub	3.24	3.05	-19	3.05-3.09
Northwest, Wyo. Pool	3.14	2.98	-16	2.98-3.02
Northwest, s. of Green River	3.14	3.07	-7	3.07-3.11
<b>Canadian Gas</b>				
Iroquois, receipts	5.47	5.24	-23	5.24-5.28
Niagara	5.32	5.08	-25	5.08-5.12

continued on next page

Line wasn't far behind, averaging around \$4.74.

In the Permian Basin, the spread between El Paso Natural Gas and Waha widened to about 30¢ as Waha jumped into the \$4.80s and settled at \$4.76, a 15¢ gain from Thursday.

In the Rockies, cash prices bounced up and down — though mostly down — as spring-like temperatures spread across the region. Even though some points saw highs above \$3, midpoints were down 15¢ to 20¢ because of a general lack of demand.

With the warm weather, Northwest Pipeline on Friday lifted the previously declared customer specific entitlement period for overtakes on its system. Also, due to the warmth and other operational considerations, Public Service Co. of Colorado said it was not able to accept imbalance payback gas from shippers through Jan. 8.

The Opal, Wyo., plant started trading in the \$2.80s, dipped to the \$2.70s and then popped up late to around \$3 as some buyers held out too long, traders said. Opal averaged around \$2.845, while Colorado Interstate Gas' spread with Opal widened to about 10¢, settling in the mid-\$2.70s. Part of CIG's losses might have been due an extension of its Wind River lateral restriction to 225,000 Mcf/day through Jan. 7, a source said.

San Juan Basin prices were flat to slightly down from Thursday as El Paso Bondad averaged \$3.495 and El Paso San Juan came in at \$4.31.

Meanwhile, minimal weather-related demand in the Golden State didn't stop cash prices from moving up about 20¢ at the Southern California border, with Southern California Gas averaging around \$4.645. The 30¢-plus spread between Malin, Ore., and the Pacific Gas and Electric city-gate was sustained Friday as Malin averaged around \$4.33 and the PG&E city-gate around \$4.68.

Farther north, prices at the AECO-C Hub in Alberta continued moving higher, reaching the C\$6.20s due largely to the February NYMEX contract's strength, sources said. AECO-C's average jumped more than C30¢ to around C\$6.20, while Westcoast Energy station 2 averaged about C15¢ below AECO-C. Sumas, Wash., prices leapt about 20¢ to average \$4.20.

— Market Staff Reports

## Storage deficit narrows with 123-Bcf pull

The Energy Information Administration on Friday reported a net withdrawal of 123 Bcf for the week ending Dec. 27 — the first time in weeks that the weekly pull did not expand the year-over-year deficit.

The figure was slightly below what most analysts had predicted. "It's neck-and-neck with last year, and quite a bit below the three-year average," Pace Global Energy analyst Chris Ellsworth said.

Lehman Brothers analyst Thomas Driscoll had predicted a pull of 130 Bcf and noted that the consistently high weekly withdrawals this heating season "imply that higher prices may be required to balance the market in 2003 than we ... previously thought."

Ellsworth said Friday's EIA report was "fairly neutral" for prices — the NYMEX futures contract rallied after the report's release but later retreated. But he added that the looming cold weather predicted for the next couple of weeks could stir the market.

"The interesting thing is the cold snap that's supposed to come," he said. "This arctic air forecast will keep the market jittery to the upside."

But Driscoll noted that the arctic blast won't affect the next EIA report, which covers the week ending Jan. 3. Warmer-than-normal weather last week should keep storage withdrawals to about 105 Bcf, he said.

Working gas in storage

### Estimated Working Gas in Storage (week ending Dec. 27)

	This Week (Bcf)	Last Week (Bcf)	Change (Bcf)
Consuming Region East	1,400	1,468	-68
Consuming Region West	353	379	-26
Producing Region	664	693	-29
Total U.S.	2,417	2,540	-123
	Survey Samp. Size (%)	This Week Last Yr. (Bcf)	5 Yr. Average (Bcf)
Consuming Region East	90%	1,730	1,528
Consuming Region West	92%	363	307
Producing Region	89%	895	677
Total U.S.	90%	2,989	2,512

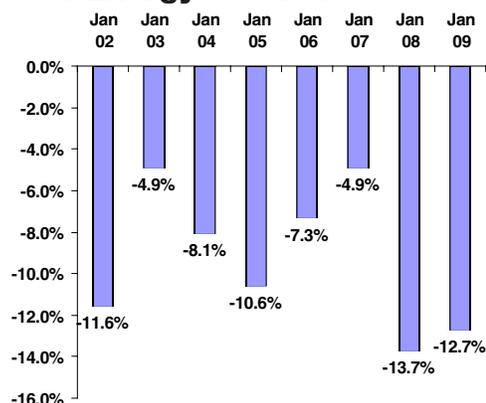
Source: Energy Information Administration

**Weekly Weighted Averages** continued

January Delivery	12/21-27		12/28-03		Small Pkgs.
	2002	2002	-/+	-/+	
Northwest, Can. bdr. (Sumas)	4.53	4.08	-46	4.08-4.12	
NOVA, AECO-C*	C6.30	C5.81	-48	C5.81-5.85	
NOVA, same-day****	C6.32	C5.94	-38	C5.94-5.98	
Emerson, Viking GL	4.78	4.39	-39	4.39-4.43	
Dawn, Ontario	5.06	4.79	-28	4.79-4.83	
PG&E-GTNW, Kingsgate	4.52	4.21	-30	4.21-4.25	
Westcoast, station 2*	C6.43	C5.85	-58	C5.85-5.89	
<b>Appalachia</b>					
Dominion, North Point	5.48	5.12	-35	5.12-5.16	
Dominion, South Point	5.39	5.16	-24	5.16-5.20	
Leidy Hub	5.45	5.18	-28	5.18-5.22	
Columbia Gas, Appalachia	5.13	4.85	-27	4.85-4.89	
<b>Mississippi-Alabama</b>					
Florida Gas, Mobile Bay	—	4.75	—	4.75-4.79	
Texas Eastern, M-1 (Kosi)	5.09	4.79	-28	4.81-4.85	
Transco, zone 4	4.99	4.71	-28	4.71-4.75	
<b>Others</b>					
Algonquin, receipts	—	—	—	—	
SoCal Gas***	4.86	4.45	-34	4.52-4.79	
PG&E, south***	4.85	4.41	-37	4.48-4.75	
PG&E, Malin	4.72	4.23	-42	4.30-4.57	
Alliance, into interstates	4.96	4.63	-33	4.63-4.67	
ANR, ML 7	5.11	4.84	-20	4.91-5.18	
NGPL, Amarillo receipt	4.77	4.44	-31	4.46-4.50	
NGPL, Iowa-Ill. receipt	4.83	4.47	-34	4.49-4.53	
Northern, TX.-Okla.-Kan.	4.74	4.45	-29	4.45-4.49	
Northern, Ventura	4.78	4.45	-31	4.47-4.51	
Northern, demarc	4.79	4.47	-30	4.49-4.53	
Dracut, Mass.	5.43	5.30	-13	5.30-5.34	
<b>Citygates</b>					
Chicago city-gates	4.95	4.65	-23	4.72-4.99	
Consumers Energy city-gate**	4.99	4.82	-15	4.84-4.88	
Mich Con city-gate**	5.01	4.68	-32	4.70-4.74	
PSCO city-gate	3.19	—	—	—	
PG&E city-gate	4.94	4.62	-25	4.69-4.96	
Northwest, all city-gates	4.50	4.09	-41	4.09-4.13	
Florida city-gates	5.14	4.90	-22	4.92-4.96	
Algonquin, city-gates	5.74	5.63	-11	5.63-5.67	
Dominion, delivered	5.65	—	—	—	
Columbia Gas, delivered	5.50	5.39	-11	5.39-5.43	
Tennessee, zone 5 delivered	5.70	5.41	-29	5.41-5.45	
Tennessee, zone 6 delivered	5.57	5.52	-5	5.52-5.56	
Iroquois, zone 2	5.63	5.45	-18	5.45-5.49	
Texas Eastern, M-3	5.62	5.36	-24	5.38-5.42	
Transco, zone 5 delivered	5.58	5.33	-24	5.33-5.37	
Transco, zone 6 non-N.Y.	5.62	5.40	-20	5.42-5.46	
Transco, zone 6 N.Y.	5.97	5.51	-44	5.53-5.57	

\*NOTE: Price in CS/gigajoule \*\*Volume-weighted for all points except AECO-C and Westcoast St. 2. \*\*\*The NOVA (same-day) weekly average generally is for the Fri.-Thurs. period preceding publication.

**Dominion Energy's U.S. Energy Use Forecast**



This section of the Dominion Energy Index represents a national forecast for home heating and cooling requirements above or below normal with the baseline of 0 representing normal for that day based on historical data.

nationwide now totals 2.417 Tcf, and the deficit from the year-ago level actually shrank by 3 Bcf to 572 Bcf.

EIA reported withdrawals last week of 68 Bcf in the east region, to 1.4 Tcf (1.73 Tcf a year ago), 26 Bcf in the west region, to 353 Bcf (363 Bcf a year ago), and 29 Bcf in the producing region, to 664 Bcf (895 Bcf a year ago). The deficit from the five-year average declined to 95 Bcf from 128 Bcf. EIA's five-year average showed a withdrawal of 156 Bcf and a total working-gas volume of 2.512 Tcf.

In the same week a year ago, 126 Bcf was withdrawn to lower stocks to 2.989 Tcf, according to EIA. Two years ago, 208 Bcf — the largest volume of that season — was withdrawn to lower storage to 1.765 Tcf. LH

**Alaska man keeps pipeline on map ... (from page 1)**

an 800-mile line that would follow the existing oil pipeline route to Valdez, where 2.2 Bcf/day would be liquefied and then shipped as LNG to the Lower-48 and possibly Asia.

Heyworth said his plan — which, unlike the other proposals on the table, bypasses Canada — would pump \$1 billion annually into Alaska's coffers rather than to Canada and/or the big oil companies. "We didn't build an oil line to Canada, we built it to Valdez," Heyworth said. "It keeps jobs and revenue in Alaska and the environmentalists are for it."

But producers studying the feasibility of building a pipeline that follows the Alaska Highway and runs through western Canada to the Lower-48 are less optimistic about Heyworth's plan.

"Over the years, we've looked at the LNG option and it doesn't work," Dave McDowell, a spokesman for BP, told *Gas Daily*. "Alaska is at a disadvantage by geography and you need an 800-mile pipeline just to get to tidewater — no other LNG project in the world has that hurdle."

McDowell added that BP is solely focused on the larger Alaska Highway project and reiterated that federal and regulatory legislation, fiscal certainty in Alaska, government efficiency in Canada and improved economic competitiveness for the project are the focal points of BP's examination.

The state of Alaska has kept quiet on whether it will support Heyworth's plan. But in meetings two weeks ago with Alaska Revenue Commissioner Bill Corbus, Heyworth presented his proposal and was satisfied with the administration's reaction.

Heyworth said he felt confident that the administration, under newly elected Republican Gov. Frank Murkowski, will use the approval of Proposition 3 to get a pipeline model completed within a year to 18 months.

"Murkowski said that if it was the will of the voters, he would put it into effect," Heyworth said Thursday. "I'm very optimistic; I don't have one reason to think Murkowski won't complete the economic model." As a U.S. senator and ranking member of the Senate Energy and Natural Resources Committee, Murkowski was among the biggest supporters of a building an Alaska gas pipeline.

Corbus was not available for comment last week. During Murkowski's campaign for the governorship last summer, he said he would consider any plan to get gas out of the North Slope.

"Bringing Alaska's vast natural gas to market is a critical element in my plan to bring a brighter future to Alaska by developing our natural resources, and I've been very clear that I'll work with anyone who wants to get this gas to market in any way that maximizes the benefits to our people," Murkowski said. "I believe that an Alaskan gasline project can and will put Alaskans to work in high-paying, resource-based jobs, that we should examine gas line options that serve both domestic and Pacific Rim markets, and that we should take advantage of our opportunity to develop an in-state petrochemical industry to expand and diversify our economy."

BP's McDowell cautioned that the Alaska government needs to "work through" how the authority would function and insisted that working with the North Slope producers is the only way a pipeline will get built.

"The one most important thing Alaska can do to help a gas pipeline project advance is to work with the industry to develop a supportive tax and royalty framework that is simple, clear and predictable," McDowell said.

## CPUC president: 'I do not represent the utilities'

Newly tapped California Public Utilities Commission President Michael Peevey said in a letter Friday to fellow commissioners and CPUC staff that despite his industry background, he would keep all interests in mind as he takes the helm of the state's energy regulatory body.

Peevey was appointed by California Gov. Gray Davis to head the commission, replacing Loretta Lynch, who will continue to serve as a commissioner (*GD 1/3*). Following his appointment, Peevey came under fire from consumer advocacy groups that pointed to his industry-intensive background.

"I do not represent the utilities, though I worked for one. I do not represent business interests, though I have founded several," Peevey said in the letter, which was designed to "reintroduce" himself to the CPUC.

Peevey was president of NewEnergy from 1995 until he retired in 2000. He also recently served on the board of directors of Excelergy, an energy software company. Peevey was president of Edison International and its Southern California Edison utility subsidiary from 1990 through March 1993 and a senior executive there, beginning in 1984. Davis appointed Peevey to the commission last March.

"I do not serve any particular industry, though at times my policies and decisions may support one group's particular interests. ... I do not represent organized labor, though I served as a union official. I do not serve only ratepayer financial interests, though I am a ratepayer," Peevey continued in the letter. "In summary, I serve the public interest as a whole." RW

## Southern Union completes \$420M asset sale to Oneok

Southern Union on Friday said it had closed the sale of Southern Union Gas and other related assets to Oneok for about \$420 million in cash.

The operations sold serve 530,000 customers throughout Texas and include a 125-mile gas transmission system. Also included in the deal are other related assets involved in gas marketing and retail propane and gas distribution in Mexico, Oneok said when the deal was announced in October.

## El Paso's Eads resigns

El Paso Corp. on Friday said Ralph Eads III, the executive vice president in charge of its trading business, has left the company.

Eads was responsible for El Paso's power, petroleum, trading and production businesses. El Paso said Eads' departure was effective at the end of December, adding that he was leaving to "pursue other opportunities."

The move follows management changes announced by the company in September and El Paso's November announcement that it would exit the energy trading business.

While former Gov. Tony Knowles made headlines last year with his "my way is the highway" slogan, Heyworth said the Alaska-only line, while smaller, is more economically feasible and the producer group will come around to his way of thinking (*GD 12/2*).

"I haven't had any discussion with the producers," Heyworth admitted. "But the numbers work, no matter what the producers say. ... It will be a total go if Murkowski is behind it."

In addition, Heyworth laid out several suggestions for the administration to undertake before Feb. 25 in order to "kick-start" the authority's role in getting gas to the Lower-48 states, including recommending representatives for the authority and outlining budget priorities. LH

## Rulings won't boost Duke stock ... (from page 1)

In the shareholder litigation, U.S. District Court Judge Jed Rakoff of the Southern District of New York signed an order on Dec. 26 granting "in all respects" Duke's request for dismissal of all the plaintiffs' claims. Duke said the order effectively ends the litigation, although attorneys for the plaintiffs have vowed to appeal the ruling and reinstate their lawsuits.

In the dispute with ExxonMobil, Duke claimed the arbitration panel ruling, handed down Dec. 20, as a victory. According to Duke, the panel ruled that ExxonMobil is not entitled to recover any damages and granted Duke's requests for declaratory relief, which includes rulings regarding the company's discretion in the type of trading activity that can be conducted outside the joint venture.

But ExxonMobil spokesman Bob Davis on Friday characterized the arbitration board's ruling as "a split decision" rather than a clear win for either side. "The points of the arbitration panel are not as one-sided as implied in the announcement yesterday," he said.

"Both sides had financial claims regarding the joint venture," Davis said. "The panel denied all of the financial claims."

The dispute relates to DETM, a joint venture formed in 1996 to market gas. ExxonMobil currently contributes about 1.3 Bcf/day of its North American gas production to the venture.

ExxonMobil had claimed that certain DETM revenues were being not booked into the joint venture and were instead being booked as revenue by other Duke affiliates. The dispute wound up in the 269th District Court of Harris County in Houston, where the court ordered that the two sides submit to binding arbitration by the American Arbitration Association.

The panel's ruling orders the companies to enter into negotiations to value the venture in preparation for a buyout agreement in which Duke would buy out ExxonMobil's interest. The panel did not impose a time limit on the negotiations but ordered the two parties to abide by the buyout procedures spelled out in the original contract, Davis said.

Other analysts said even if the two legal decisions did not provide a short-term boost to Duke's stock price, the developments — especially the one involving the shareholder lawsuits — would have a positive psychological effect on investors.

"It takes some of the uncertainty out of the story. It's a positive thing," said Michael Worms, an analyst with Gerard Klauer Mattison. Worms said he maintains a "neutral" rating on Duke's stock and has no plans to change his evaluation. "We'll have to assess things as they occur," he said.

Dave Schanzer, an analyst with Janney Montgomery Scott, said the real significance of the suits' dismissal does not lie in the legalities. "Basically the plaintiffs can always lodge appeals," he said. "The significance of this bit of news is that the District Court judge supports the opinion of most of Wall Street that Duke is a good company."

Although it has had its share of difficulties in the past year, Duke's stock has retained more of its value than most of its peers in the merchant energy sector. In August, the company admitted that its traders had participated in 90 round-trip deals and fired two traders as a result (*GD 8/2*).

"It's a strong proxy for the entire industry," Schanzer said. "The company has addressed some of the problems. I can't say they've addressed all of them because I'm not an insider, but they've been disturbed by some of the things that have happened and they've made some changes." JM

# PRICE HEDGING REPORT

A Weekly Supplement to *Gas Daily*

## Gas rigs drop 16 to 706

The nation's oil and gas rig count last week dropped by 25 to 837, compared with 883 a year ago, Baker Hughes reported in its survey for the week ending Jan. 3. The number of rigs drilling for gas decreased by 16 to 706. Rigs drilling on land totaled 702; in inland waters, 25; and offshore, 110. Canada's oil and gas rig count increased by 67 to 344, compared with 293 a year ago.

## Canadian Enerdata gas storage survey - Dec. 27

(in Bcf)

	East	West	Total
Working gas	170.03	144.42	314.45
Weekly Change	-17.88	-11.07	-28.95
% of capacity	64.39%	65.49%	64.89%
Working Gas	255.68	204.75	460.43

Dec. 28, 2001

Notes: Survey includes liquefied natural gas, Canadian operators of storage and Canadian companies contracting storage in the United States. East/West division based on the Manitoba/Saskatchewan and North Dakota/Minnesota borders. Copyright 2003 Canadian EnerData Ltd.

## WSI offers mixed winter forecast

The southern United States will be colder than normal for the rest of the winter, but most of the West and the northern tier of the nation will see above-normal temperatures, forecaster WSI said Friday.

In another bullish sign for the gas market, WSI predicts unusually cool weather in the Southern Plains and most of the Southeast during January, February and March, while it projects that temperatures in the Mid-Atlantic states will be below normal in January and February but above normal in March.

For all three months, Billerica, Mass.-based WSI said it foresees warmer-than-normal weather from the Rockies westward as well as in the northern and central Plains, Great Lakes states and New England. The warmest weather relative to normal throughout the winter is expected to be in the Pacific Northwest, WSI said.

Analyzing WSI's forecast, Energy Security Analysis said the report indicates "there will be appreciable heating demand in the Midwest, Plains, Northeast and Mid-Atlantic for most of the winter." And with gas prices upwards of \$5/MMBtu at Northeast market pricing points, "heavy fuel oil-fired steam turbines could become competitive with combined-cycle gas turbines and limit power price spikes in PJM, New England and New York," ESAI said.

Meanwhile, above-normal temperatures in the West "should keep regional electric power loads and gas demand moderate," ESAI said. LF

## Ga. official urges marketers to hedge more

Prompted by recent rate hikes by Georgia's two largest gas marketers, Public Service Commission Chairman Robert Baker on Friday urged gas suppliers to make greater use of price hedging tools in the future.

Georgia Natural Gas Services, the state's largest retail marketer, has said its variable prices will be 16% higher in January than in December, while Scana Energy has posted an 11% increase.

Baker told *Gas Daily* that in recent discussions with Georgia Natural he has "only pointed out the obvious. They could have bought some futures contracts. But they only buy futures contracts for their fixed-rate customers."

Baker said he was told the number of customers paying the fixed rate is "a trade secret" but said he got the impression it isn't very many. He said he finds that surprising given the volatility of gas prices in recent years.

Baker did not suggest that the marketers — which now sell all retail gas in Georgia — use financial instruments for all of their gas purchases; however, he said the marketers know what their minimal needs will be and at least that much supply could be hedged.

"It doesn't take a lot of experience" to determine what the minimal loads are, he noted. "They know their customers' histories and they can make some educated guesses."

Baker said he doesn't understand why the marketers buy so much gas on the spot market in the winter. "I have never known gas prices to go down in winter," he said.

Mike Braswell, chief operating officer of Georgia Natural, said Friday that rising wholesale prices are affecting gas companies nationally "and therefore will affect natural gas consumers throughout the United States."

Braswell said his company does use financial instruments to mitigate price volatility, but he declined to elaborate. How much gas should be hedged, what kind of hedging tools should be used and other details are "judgment calls" that can vary as circumstances change, he asserted. Georgia Natural is part of SouthStar Energy Services, a joint venture between AGL Resources, Piedmont Natural Gas and Dynegy.

A spokeswoman for Scana said she could not discuss the specifics of the company's gas purchasing program except to say the company doesn't have a crystal ball it can use to predict prices.

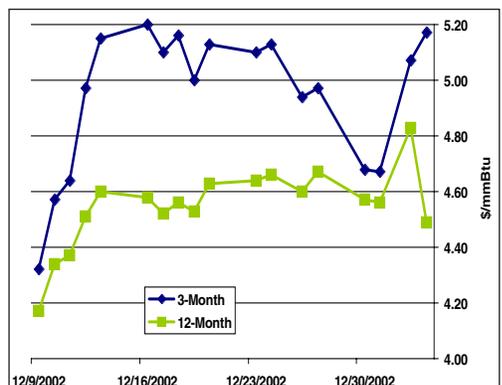
Scana said that its variable price increased to 79.9¢/therm from 71.9¢/therm, while its fixed price rose to 79.9¢/therm from 70¢/therm.

According to Georgia Natural records, its residential variable price increased to 79.9¢/therm this month from 68.8¢/therm in December. The marketer's fixed price, which is locked in for one year for new customers, rose to 81.9¢/therm from 70.9¢/therm. RAW

## Henry Hub Futures and Strips

This table shows selected NYMEX Henry Hub contract settlement prices from the past week and calculates the 3-, 6-, 9-, and 12-month strips. The chart to the right of the table data shows strip movement over the past 20 trading days. A dash indicates no data; an H indicates a holiday.

	12/30	12/31	01/01	01/02	01/03
	Mon	Tue	Wed	Thu	Fri
Feb-03	4.800	4.789	H	5.251	5.344
Mar-03	4.710	4.692	H	5.131	5.220
Apr-03	4.515	4.514	H	4.821	4.945
May-03	4.426	4.429	H	4.691	4.795
Jun-03	4.426	4.429	H	4.666	4.755
Jul-03	4.444	4.446	H	4.681	4.765
Aug-03	4.457	4.452	H	4.686	4.765
Sep-03	4.436	4.431	H	4.651	4.728
Oct-03	4.435	4.434	H	4.646	4.723
Nov-03	4.585	4.584	H	4.781	4.858
Dec-03	4.740	4.732	H	4.921	4.993
Jan-04	4.812	4.809	H	4.991	5.053
3/strip	4.675	4.665	H	5.068	5.170
6/strip	4.554	4.492	H	4.776	4.871
9/strip	4.517	4.452	H	4.690	4.772
12/strip	4.565	4.644	H	4.846	4.919



**Futures**

**NYMEX @ Henry Hub**

	Results From Friday				
	Settlement	High	Low	Chg.	Volume*
Feb., 2003	5.344	5.420	5.210	+9.3	47312
March	5.220	5.270	5.130	+8.9	18906
April	4.945	4.960	4.840	+12.4	7641
May	4.795	4.810	4.730	+10.4	4465
June	4.755	4.785	4.695	+8.9	1264
July	4.765	4.770	4.700	+8.4	246
August	4.765	4.770	4.695	+7.9	477
September	4.728	4.750	4.660	+7.7	214
October	4.723	4.730	4.665	+7.7	380
November	4.858	4.860	4.795	+7.7	764
December	4.993	5.010	4.910	+7.2	2261
Jan., 2004	5.053	5.080	4.970	+6.2	533
February	4.933	4.880	4.870	+6.2	1043
March	4.720	4.670	4.650	+6.2	2478
April	4.335	4.300	4.290	+4.2	954
May	4.200	4.200	4.200	+2.7	846
June	4.160	4.130	4.120	+2.7	6
July	4.165	4.130	4.130	+2.7	256
August	4.168	4.140	4.140	+1.5	322
September	4.148	4.125	4.125	+1.5	428
October	4.163	4.163	4.163	+1.5	20
November	4.293	4.293	4.293	+1.5	178
December	4.425	4.430	4.390	+1.5	310
Jan., 2005	4.485	4.485	4.485	+1.5	310
February	4.381	4.381	4.381	+1.5	100
March	4.197	4.197	4.197	+1.5	200
April	3.892	3.892	3.892	+1.5	200
May	3.782	3.782	3.782	+1.5	125
June	3.772	3.797	3.797	+1.5	15
July	3.817	3.817	3.817	+1.5	15
August	3.822	3.822	3.822	+1.5	15
September	3.789	3.789	3.789	+1.5	15
October	3.784	3.784	3.784	+1.0	15
November	3.924	3.924	3.924	-0.2	15
December	4.079	3.817	3.817	-1.7	108
Jan., 2006	4.149	4.149	4.149	-1.7	0
Volume of contracts (official*)					92,147

Front-months open interest Thursday:  
 February, 54,877; March, 36,685; April, 19,497  
 \* Volume is reported for the business day prior to the settlement date.  
 Weighted average of x trades in the last two minutes of trading. Change is from previous settlement price.

**Options**

**NYMEX @ Henry Hub**

Strike	Results from Friday					
	Calls-Settle			Puts-Settle		
Price	Feb.	Mar.	Apr.	Feb.	Mar.	Apr.
5.15	42.8¢	48.2¢	37.8¢	23.5¢	41.2¢	--
5.20	40.2¢	45.9¢	36.0¢	25.8¢	43.9¢	--
5.25	37.7¢	43.9¢	34.4¢	28.3¢	--	--
5.30	35.5¢	41.9¢	32.8¢	31.0¢	--	--
5.35	32.9¢	39.9¢	31.3¢	--	--	--
5.40	30.8¢	38.1¢	29.8¢	36.4¢	--	--
5.45	28.8¢	--	28.4¢	--	--	--
5.50	26.9¢	34.7¢	27.1¢	42.5¢	--	--
5.55	25.1¢	33.1¢	--	--	--	--

Estimated Volume: Calls: n/a Puts: n/a  
 Total open interest Thursday Calls: 544,375 Puts: 458,929  
 Not all strike and settlement prices listed.  
 Implied Volatility for at-the-money strike price  
 Calls: n/a Puts: n/a Source: Bloomberg

**Platts Oil Prices, January 3**

	(\$/b)	(\$/MMBtu)
<b>Gulf Coast spot</b>		
1% Resid	29.00-29.25	4.63
3% Resid	28.75-29.00	4.59
<b>Crude spot</b>		
WTI (Feb.)	33.27-33.29	5.29
<b>New York spot</b>		
No.2	38.43-38.56	6.12
0.3% Resid HP	36.75-37.00	5.87
0.3% Resid LP	36.75-37.25	5.89
0.7% Resid	31.75-32.00	5.07
1% Resid HP	29.00-29.30	4.64

**Basis Differential**

This table shows the basis relationships between several key pipeline and regional market points. The calculations are based on weekly weighted averages for prices gathered last week. The wacog for the Rockies is a composite of the points in that regions. Data in this table is Copyright 2003 by The McGraw-Hill Companies, Inc.

	Henry Hub	EI Paso Permian	Agua Dulce	Transco St. 65	Katy Hub	Rockies	PEPL	Chicago	Col. Gas Appal.	So. Calif.
Weekly WACOG	5.03	4.69	4.75	4.98	4.79	3.16	4.74	4.95	5.13	4.86
Henry Hub		0.34	0.28	0.05	0.24	1.87	0.29	0.08	-0.10	0.17
EP/Permian	-0.34		-0.06	-0.29	-0.10	1.53	-0.05	-0.26	-0.44	-0.17
Agua Dulce	-0.28	0.06		-0.23	-0.04	1.59	0.01	-0.20	-0.38	-0.11
Transco 65	-0.05	0.29	0.23		0.19	1.82	0.24	0.03	-0.15	0.12
Katy Hub	-0.24	0.10	0.04	-0.19		1.63	0.05	-0.16	-0.34	-0.07
Rockies	-1.87	-1.53	-1.59	-1.82	-1.63		-1.58	-1.79	-1.97	-1.70
PEPL	-0.29	0.05	-0.01	-0.24	-0.05	1.58		-0.21	-0.39	-0.12
Chicago	-0.08	0.26	0.20	-0.03	0.16	1.79	0.21		-0.18	0.09
Col. Gas Appal.	0.10	0.44	0.38	0.15	0.34	1.97	0.39	0.18		0.27
SoCal gas, large pkgs	-0.17	0.17	0.11	-0.12	0.07	1.70	0.12	-0.09	-0.27	
NYMEX Basis	-0.314	-0.654	-0.594	-0.364	-0.554	-2.184	-0.604	-0.394	-0.214	-0.484

NYMEX Basis is the NYMEX Henry Hub/cash basis differential calculated from the near-month settlement of \$5.344.

**Henry Hub: Fundamentals drive Feb. higher**

Volatility was the word of the week as the February NYMEX swung wildly thanks to a combination of changing weather forecasts, fluctuating technical indicators and slim holiday trading activity. Ultimately, the bulls won out and the contract finished the week on a high note.

On Monday, February made its debut in the front-month slot, opening in the low \$4.90s/MMBtu, about a dime below the prior Friday's close. The contract inched to a high of \$4.975 but plummeted to \$4.72 as the session progressed. It closed at \$4.80, down 22.2¢.

On Tuesday, the February contract opened and closed about a penny below its Monday settlement value. Uncertainty about the gas storage estimate due out Friday from the Energy Information Administration and conflicting short-term weather forecasts had players shying away from the trading pit, sources reported.

February opened at \$4.79 and dropped to a low of \$4.69 before climbing to a high \$4.83. But time spent at both the low and high ends of the range was short. In pre-holiday trading that ended at 1 p.m. EST, February closed Tuesday at \$4.789, down 1.1¢.

One the first business day of 2003, the contract made a serious about-face Thursday morning as traders returned back to work. Prices gapped up more than 20¢ to \$4.99 shortly after the opening bell and continued to rise from there.

The rally was sparked by a mixture of heavy short-covering, soaring crude prices, lofty storage withdrawal predictions and an updated weather forecast from Salomon Smith Barney Meteorologist Jon Davis that called for "major league arctic air" to invade most of the country during the second week of January.

By early afternoon, the February contract hit an intraday high of \$5.335 before closing at \$5.251, up 46.2¢ from Tuesday.

Traders said much of Thursday's bullish sentiment spilled over into Friday, when February opened at \$5.30, made a momentary dip to a low of \$5.21 and then vaulted to a high of \$5.42 after EIA released it's weekly report showing a draw of 123 Bcf from storage (see story, page 3).

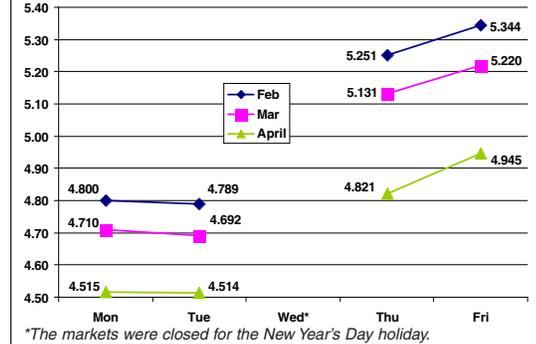
After trading near \$5.26 for most of the afternoon, February raced upward once again due to the concerted buying efforts of locals and funds, sources reported. At the end of trading, February closed at \$5.344, up 9.3¢.

As for the short-term outlook, technical traders said the market has been providing mixed signals and the likely direction remains unclear in the near-term.

"If you're not currently sitting on the sidelines waiting for better directional signals, then the best method of playing this market is to straddle it with options because there's just too much uncertainty right now," a trader said.

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**Front month's price movement, Dec. 30 - Jan. 3**



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