

Rockies Gas Soars Amid Mildly Firmer Indexes

The advent of a huge increase in pipeline capacity spurred Rockies indexes to post large gains that exceeded a dollar in some cases. The western bullishness carried over to a lesser extent in the Southwest basins and Pacific Northwest. But the California market area joined the East in mixed index results that nevertheless trended higher at a majority of points.

The Midcontinent, with gains of up to about a quarter on a few pipes, was the strongest segment among eastern markets. Otherwise the East ranged from down about a nickel to up about a dime, with quite a few points showing little movement from the previous month's levels.

The relative May strength arrested what had been developing as a spring 2003 swoon, since nearly all April indexes had declined from March in triple-digit amounts. The screen was an obvious factor in both markets; whereas the April settlement of \$5.146 was almost \$4 lower than March's, the May finish at \$5.123 reflected a month-to-month drop of only 2.3 cents. Of course, it took a big dive of about 35 cents on expiration day to deposit the May contract in its final resting place.

In the East, the May 2003 market wasn't terribly different from year-earlier trading in which most points were mildly softer and mixed with a few that were flat to slightly higher. But there was radical contrast in the West. In 2002, western numbers saw much larger May declines than the

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Meanwhile, *NGI* is taking steps to increase not only the number of companies that report pricing data, but also the quality of the data submitted. We urge your support in this endeavor, which, if successful, will boost the market's confidence as well as provide an unprecedented level of price transparency.

Moving forward, it is our hope that these efforts will reduce the necessity for editorial intervention. *NGI* has drafted a letter of understanding that it is asking all of its data providers sign. To obtain a copy or to discuss the the data collection and price setting process, please contact Dexter Steis at dexter@intelligencepress.com or (703) 318-8848.

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SPOT GAS PRICES

	April		May	
	Range	Avg.	Range	Avg.
South Texas				
Agua Dulce	-- --	--	4.98-5.10	5.08
El Paso GTT (Valero)	-- --	--	-- --	--
Florida Gas Zone 1	-- --	--	-- --	--
Gulf South (Koch)	-- --	--	-- --	--
Houston Pipe Line	-- --	--	-- --	--
NGPL S. TX	4.50-5.50	4.89	4.89-4.93	4.92
Tennessee	4.45-5.52	4.95	4.88-4.96	4.90
Texas Eastern S. TX	4.41-5.49	4.86	4.85-4.93	4.88
Transco St. 30	4.20-5.53	4.98	4.90-4.92	4.91
Trunkline	4.61-5.13	4.88	-- --	--
Regional Avg.	4.20-5.53	4.91	4.85-5.10	4.94
East Texas				
Carthage	4.64-5.60	5.01	4.94-4.97	4.96
El Paso GTT (Valero)	-- --	--	-- --	--
Houston Pipe Line	-- --	--	-- --	--
Houston Ship Channel	4.75-5.53	4.95	4.92-5.03	4.98
Katy	4.65-5.57	5.01	4.92-5.10	4.96*
Lone Star	-- --	--	-- --	--
NGPL TexOk	4.60-5.53	4.90	4.93-5.28	4.97
Tennessee	4.45-5.52	4.95	4.88-4.96	4.90
Texas Eastern E. TX	4.60-5.49	5.03	4.97-4.98	4.97
Texas Gas Zone 1	4.78-5.68	5.13	-- --	--
Transco St. 45	4.73-5.63	5.15	-- --	--
Trunkline	-- --	--	-- --	--
Regional Avg.	4.60-5.68	5.02	4.88-5.28	4.96
West Texas				
El Paso Permian	4.45-5.25	4.59	4.49-4.88	4.77
NGPL Permian	-- --	--	-- --	--
Northern Nat. Mid 1-6	-- --	--	4.76-4.78	4.77
Transwestern	4.50-5.35	4.63	4.69-4.88	4.76
Waha	4.53-5.37	4.71	4.82-5.00	4.91
Regional Avg.	4.45-5.37	4.64	4.49-5.00	4.80
Midwest				
Alliance	4.85-5.73	5.18	5.18-5.31	5.25*
ANR ML7	5.10-5.94	5.42	5.45-5.72	5.51
Chicago Citygate	4.80-5.78	5.23	5.13-5.53	5.24
Consumers Energy	5.05-5.92	5.36	5.37-5.75	5.40
Dawn	5.13-6.07	5.41	5.40-5.72	5.42
Michigan Consolidated	5.08-5.96	5.38	5.38-5.76	5.41
Regional Avg.	4.80-6.07	5.33	5.13-5.76	5.37
Midcontinent				
ANR SW	4.60-5.37	4.83	4.73-5.06	4.87
Enogex	-- --	--	-- --	--
NGPL Amarillo Mainline	-- --	--	-- --	--
NGPL Iowa-Illinois	-- --	--	-- --	--
NGPL Midcontinent	4.37-5.36	4.68	4.66-5.00	4.74
Northern Natural Demarc	4.49-5.40	4.82	4.71-5.13	4.85
Northern Nat. Mid 10-13	-- --	--	-- --	--
Northern Natural Ventura	4.47-5.41	4.87	4.75-5.12	4.83
OGT	4.48-5.37	4.63	4.75-5.09	4.86
Panhandle Eastern	4.45-5.38	4.66	4.62-5.03	4.82
Reliant East (NorAm)	4.52-5.50	4.88	4.99-5.01	5.00*
Reliant West (NorAm)	4.56-5.35	4.68	4.80-4.92	4.89
Transok	-- --	--	-- --	--
Williams	4.45-5.35	4.65	4.78-4.87	4.82
Regional Avg.	4.37-5.50	4.73	4.62-5.13	4.85
Louisiana				
ANR SE	4.65-5.61	5.09	5.05-5.07	5.06
Columbia Gulf onshore	4.79-5.70	5.13	4.99-5.15	5.10
Columbia Gulf Mainline	4.86-5.75	5.21	5.16-5.22	5.17
Florida Gas Zone 2	-- --	--	5.12-5.15	5.13
Florida Gas Zone 3	4.80-5.56	5.17	5.13-5.16	5.14
Gulf South (Koch)	-- --	--	4.82-5.13	4.93
Henry Hub	4.82-5.83	5.15	5.12-5.13	5.12

SPOT GAS PRICES	April		May	
	Range	Avg.	Range	Avg.
Louisiana (continued)				
NGPL LA	---	---	---	---
Miss. River Trans.	4.84-5.59	5.04	5.10-5.13	5.11
Southern Natural	4.75-5.74	5.07	5.06-5.07	5.06
Tennessee Line 500	4.67-5.60	5.07	4.99-5.08	5.00
Tennessee Line 800	4.62-5.58	5.05	5.01-5.14	5.02
Texas Eastern E. LA	4.59-5.69	5.09	5.04-5.17	5.06
Texas Eastern W. LA	---	---	---	---
Texas Gas Zone SL	4.76-5.67	5.13	5.10-5.11	5.10
Transco St. 65	4.75-5.85	5.20	5.14-5.26	5.17
Trunkline E. LA	4.65-5.61	5.07	5.00-5.14	5.04
Trunkline W. LA	---	---	5.00-5.14	5.02
Regional Avg.	4.59-5.85	5.11	4.82-5.26	5.08
Alabama/Mississippi				
FGT Mobile Bay	---	---	---	---
Texas Eastern Kosciusko	4.85-5.85	5.24	5.19-5.38	5.20
Transco St. 85	4.81-5.66	5.17	5.15-5.16	5.15
Regional Avg.	4.81-5.85	5.20	5.15-5.38	5.18
Florida				
FGT Citygate	---	---	---	---
Rocky Mountains				
CIG	1.40-4.25	3.15	3.62-4.05	3.90
Cheyenne Hub	---	---	---	---
El Paso Bondad	1.70-4.70	3.50	3.80-3.81	3.80
El Paso non-Bondad	1.85-5.05	3.64	3.90-4.35	4.05
Kern River	1.40-4.40	3.27	4.30-4.34	4.33
Kingsgate	---	---	4.66-4.68	4.67
Northwest Domestic	1.50-4.55	3.26	4.15-4.48	4.29
Northwest S. of Green River	1.40-4.20	3.23	4.13-4.14	4.13
Northwest Sumas	4.14-5.01	4.31	4.34-4.70	4.60
Opal	1.40-4.40	3.27	4.15-4.48	4.27
Questar	1.40-4.32	3.10	3.76-4.27	4.03
Stanfield	4.35-5.13	4.50	4.87-4.89	4.88
Regional Avg.	1.40-5.13	3.53	3.62-4.89	4.27
Northeast				
Algonquin (citygate)	---	---	---	---
Algonquin (into)	---	---	---	---
Columbia Gas	5.15-6.05	5.44	5.41-5.77	5.55
Dominion (CNG)	5.31-6.40	5.56	5.56-5.70	5.61
Iroquois Zone 2	5.42-6.65	5.66	5.60-5.64	5.61
Niagara	5.20-6.21	5.47	5.45-5.47	5.46
Tennessee Zone 6	5.34-6.80	5.69	5.57-5.59	5.58
Tetco M-3	5.36-6.80	5.69	5.31-5.91	5.64
Transco Zone 6 NY	5.45-6.80	5.70	5.66-6.05	5.69
Transco Zone 6 non-NY	5.35-6.79	5.69	5.62-5.94	5.66
Regional Avg.	5.15-6.90	5.61	5.31-6.05	5.60
California				
Malin	4.42-5.26	4.62	4.57-4.97	4.77
Kern River Station, PG&E	---	---	---	---
PG&E Citygate	4.77-5.63	5.00	4.92-5.30	5.03
Southern Border, PG&E	4.47-5.35	4.67	4.47-4.55	4.51
Southern Border, SoCal	4.68-5.38	4.92	4.78-5.02	4.95
Kern River Station, SoCal	---	---	---	---
Southern Cal. Border Avg.	4.68-5.38	4.92	4.78-5.02	4.95
Regional Avg.	4.42-5.63	4.83	4.47-5.30	4.84
National Spot Gas Avg.	1.40-6.90	4.89	3.62-6.05	4.99
Canada				
NOVA/AECO C (Cdn\$/GJ)	5.94-6.88	6.30	6.18-6.71	6.49

Notes to Spot Gas Prices table: Prices are in US\$/MMBtu for dry gas with the exception of NOVA/AECO C, which is in Cdn\$/GJ. ¹Weighted average of all April trading/delivery weekly surveys. ²Bidweek survey taken April 24 - 30 of baseload fixed price and physical basis transactions for the month of May. *See the Bidweek Price Notice on page 1.

overall market, but now the region is handily the leader in index increases.

Rockies pricing took a lot of comfort from the May 1 start-up of Kern River's expansion, which added about 885 MMcf/d in takeaway capacity to the perennially transportation-challenged region.

A marketer assumed that any gas that can get through Northwest's Green River Compressor Station to Kern River would get a fairly high price because of the expansion, but other domestic supply that couldn't get make it might be discounted significantly. He reported Sumas going for May at index plus 0.75-1 cent and Opal at index flat to plus 1 cent, but said Northwest South of Green River was lagging at index minus 6-7 cents.

Bidweek prices fell Monday in deference to the last-day dive in futures, a western source said, but "not quite as drastically as the screen did." She thought that was largely due to lot of people already winding up May business before most of the futures decline occurred. "I'm still looking for some more baseload gas this [Monday] afternoon, but it's not as easy to find as usual" because of so many traders finishing early.

BASIS SURVEY Point/Pipeline	May	May	April
	Range	Avg.	Avg.
ANR ML7	33.00 to 35.00	33.50	26.00
ANR SE	-6.50 to -5.50	-6.00	-6.00
ANR SW	-39.50 to -38.00	-38.25	-26.00
Carthage	-18.00 to -15.00	-16.25	-14.50
Chicago Citygate	2.00 to 10.00	3.00	11.75
Columbia Gas	29.00 to 36.00	33.00	28.15
Columbia Gulf Mainline	4.00 to 5.50	4.75	5.25
Columbia Gulf onshore	-13.00 to 3.00	-2.25	-2.25
Consumers Energy	24.25 to 29.00	26.00	--
Dawn	27.50 to 28.75	28.25	24.75
Dominion (CNG)	44.00 to 58.00	47.25	42.25
El Paso Permian	-63.75 to -63.50	-63.50	-43.25
Florida Gas Zone 3	1.00 to 3.50	2.00	2.25
Henry Hub	-0.25 to flat	flat	-0.25
Iroquois Zone 2	48.00 to 48.25	48.00	48.50
Gulf South (Koch), Louisiana	0.25 to 0.50	0.50	--
Michigan Consolidated	26.00 to 32.00	28.00	23.00
NGPL Midcontinent	-46.50 to -39.00	-42.50	-41.25
NGPL S. TX	-23.00 to -22.75	-23.00	-21.00
NGPL TexOk	-19.00 to -14.00	-17.00	--
Niagara	32.50 to 35.00	33.50	30.75
Northern Natural Demarc	-41.00 to -40.75	-41.00	--
Panhandle Eastern	-50.00 to -38.00	-42.75	--
Tennessee Line 500	-12.50 to -11.00	-12.25	-8.00
Tennessee Line 800	-11.75 to -11.50	-11.50	-8.75
Tennessee Zone 0	-24.00 to -17.00	-22.25	-17.00
Tennessee Zone 6	-46.25 to -46.00	-46.00	52.50
Texas Eastern E. LA	-8.50 to -6.50	-7.50	-6.50
Texas Eastern E. TX	-15.00 to -14.75	-15.00	-11.00
Texas Eastern Kosciusko	7.00 to 8.00	7.50	8.75
Texas Eastern M-3	50.50 to 65.00	53.50	51.50
Texas Eastern S. TX	-25.00 to -24.50	-25.00	-17.25
Texas Gas Zone SL	-2.25 to -2.00	-2.00	-2.00
Transco St. 30	-21.00 to -20.75	-21.00	-17.00
Transco St. 65	3.50 to 5.00	4.00	5.00
Transco St. 85	3.00 to 3.25	3.00	4.75
Transco Zone 6 non-NY	50.00 to 55.00	50.75	51.25
Transco Zone 6 NY	54.00 to 56.00	54.25	52.00
Trunkline E. LA	-12.00 to -11.75	-12.00	--
Trunkline W. LA	-12.00 to -11.00	-11.75	--
Futures Contract		5.123	5.146

Notes: Basis survey taken April 24 - 28, 2003 of May physical basis transactions. Averages rounded to nearest quarter of a cent.