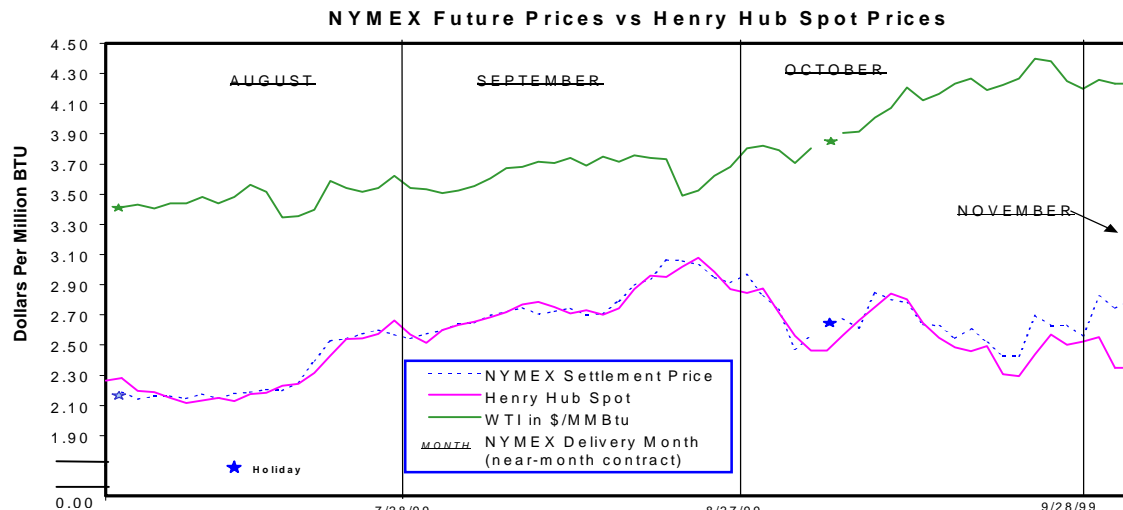
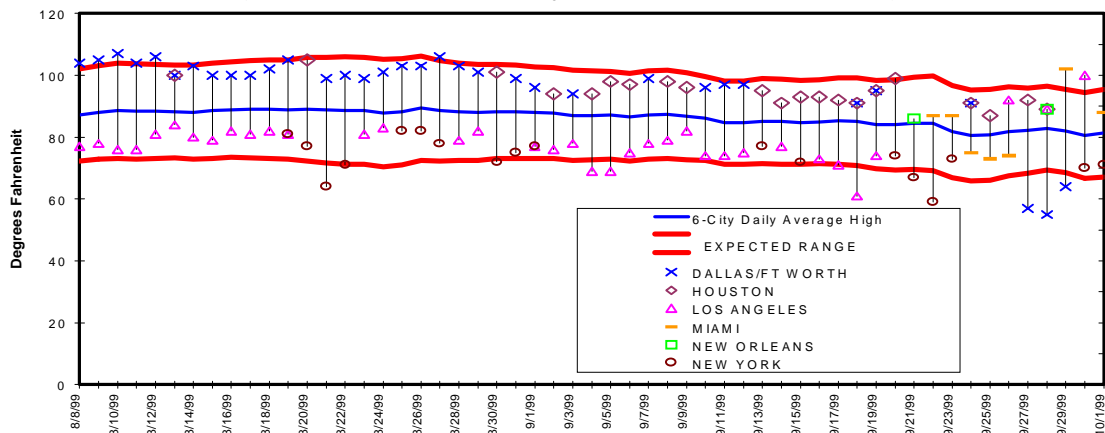


HENRY HUB PRICE		
SPOT	FUTURES	
Sept/Oct	Oct/Nov	
Del	Del	
(\$ per MMBtu)		
09/27	2.47-2.53	2.632
09/28	2.50-2.55	2.560
09/29	2.52-2.59	2.824
09/30	2.26-2.44	2.744
10/01	2.30-2.40	2.793



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

Ten-Year Average of High Temperatures, and Daily Highest and Lowest High Temperatures for 6 Cities, May-September
(Dallas/Ft Worth, Houston, Los Angeles, Miami, New Orleans, New York)

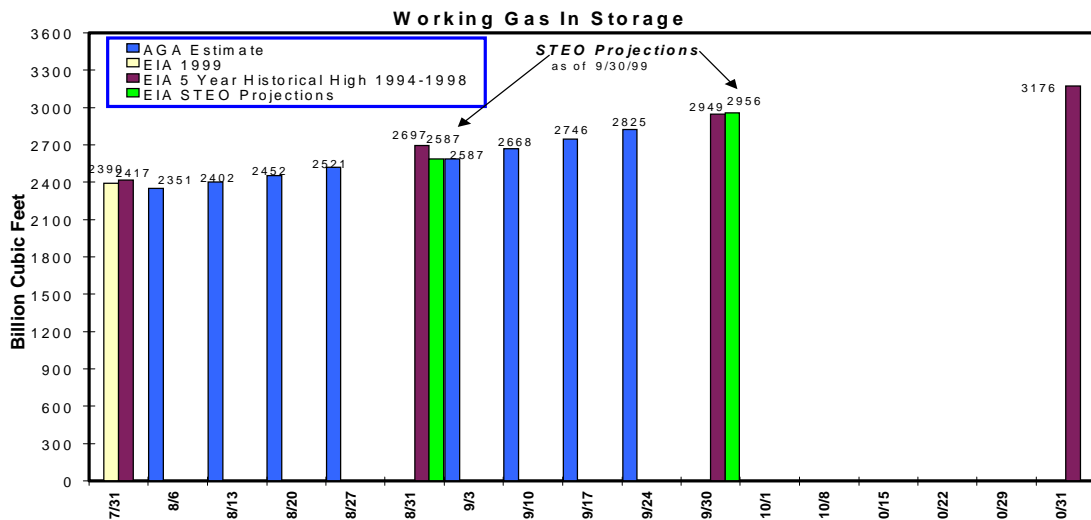


The bounds are computed by adding to and subtracting from the daily average high temperatures for the last 10 years an amount equal to twice an estimate of the standard deviation for high temperatures for each day.

Average High Temperature for Six Major Electricity Consuming Cities			
	Actual	Normal	Diff
09/25	82	81	1
09/26	85	82	3
09/27	81	82	-1
09/28	81	83	-2
09/29	82	82	0
09/30	84	81	3
10/01	82	81	1

Working Gas Volume as of 09/24/99		
	BCF	% Full
EAST	1581	87
WEST	419	86
Prod Area	825	87
U. S.	2825	87

Source: AGA



The NYMEX futures contract for November delivery at the Henry Hub opened on Monday, October 4 at \$2.765 per MMBtu, \$0.028 less than Friday's settlement price. For much of last week, a cold front from Canada brought scattered nighttime freezing temperatures to the northern plains States and the Rockies, generated heavy rains and cool temperatures in the Midwest, and caused moderating temperatures as far south as Texas and the Gulf coast. As counterpoint, temperatures rose into the 90s and 100s in much of California, Nevada, and Arizona on Monday through Wednesday. Spot prices moved up early in the week, particularly in the West, where demand increased due to both high and low temperature patterns. At the Henry Hub, prices had two days of modest gains and traded in a range of \$2.52-\$2.59 per MMBtu on Wednesday, before dropping sharply on a lack of supporting fundamentals. The Henry Hub cash price ended the week at \$2.35 per MMBtu. By contrast, the November futures contract, which became the near-month contract on Wednesday, lost only about 3 cents from its Wednesday settlement price to end the week at \$2.793 per MMBtu. The American Gas Association's (AGA) estimate of net injections was a relatively strong 79 Bcf. The price of West Texas Intermediate crude exceeded \$24 per barrel all week, trading on Friday for \$24.55 per barrel, or \$4.23 per MMBtu.

Storage: For the week ending Friday, September 24, AGA estimated that net storage injections were 79 Bcf, virtually the same as the previous week's total of 78 Bcf. This raises estimated stock levels to 87 percent of active capacity and only 45 Bcf below levels of a year ago, which were at a 5-year high (2,825 Bcf vs. 2,870). The Consuming East region continues to increase its storage stocks at a robust rate, accounting for 53 Bcf of net injections during the third week of September. Since August 21, almost 250 Bcf has been added to storage facilities in the East, bringing the region's inventory level to 1,581 Bcf. Of the three stock regions, storage resources in the East probably play the biggest role in meeting demand during periods of severe winter weather. The almost \$0.45 per MMBtu difference in the spot and near-month NYMEX price provides an incentive to continue net injections. If Eastern storage sites were to inject at a rate comparable to that measured by EIA for October 1998, their stocks would reach 1,723 Bcf by November 1, about 95 percent of the region's active capacity.

Spot Prices: In the West, prices rose through Wednesday, buoyed by a weather pattern of scorching temperatures in the Southwest coupled with freezing lows and early snowfalls in the Rockies. The PG&E citygate price reached \$3.02 per MMBtu on Wednesday, one of only two market points with prices over \$3.00 last week. Adding to upward pressure were refueling outages at two West Coast nuclear plants, selective curtailed hydroelectric generation in the Pacific Northwest to allow fish flushes, and the loss of two Montana Power coal-fired units because of fire damage. In the Midcontinent, prices were generally flat to down, as rains and cooler weather dampened demand. In the Gulf Coast and Northeast, prices trended up modestly through midweek from spot buying for storage refill and end-of-month balancing. From Monday through Wednesday, spot gas at the Henry Hub gained 6 cents, from \$2.50 to \$2.56 per MMBtu. However, by Thursday, cash prices in most market locations tumbled, as weather moderated in the West and much of the end-of-month balancing activity had been done. Also, opportunities for greater injections into storage are becoming limited as storage facilities are filling up. Wide trading ranges were seen as prices dropped steadily throughout Thursday, with gas trading at Henry Hub between \$2.26 and \$2.44 per MMBtu. By Friday, prices stabilized at levels slightly above Thursday's ranges.

Futures Prices: The October contract faded on its last trading day, closing at \$2.560 per MMBtu on Tuesday, down almost 41 cents from its high of \$2.969 on its first day of trading. On its first day of trading as the near-month contract, the November contract traded above \$2.90 before falling back to settle at \$2.824 per MMBtu. For the last two days of the week, the near-month contract initially was influenced downward slightly by cash prices, before ending the week with a 5-cent gain on Friday to settle at \$2.793 per MMBtu.

Summary: Spot prices in the West rose on contrasting weather extremes in the first half of the week, but week's end saw a general price decline due to slack demand. Injections continued at a robust rate as almost 80 Bcf were added in the third week of September, with storage sites in the East continuing to get over 60 percent of weekly additions to stocks.