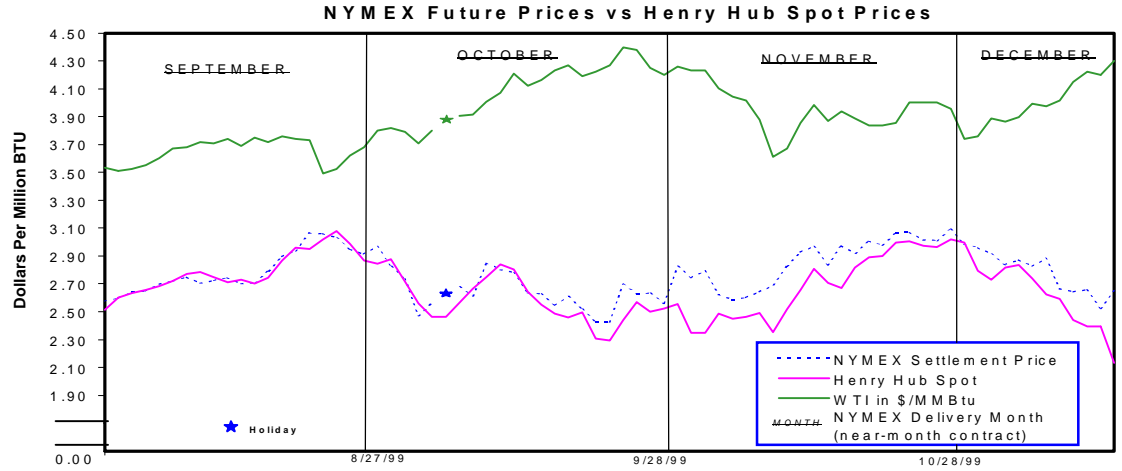


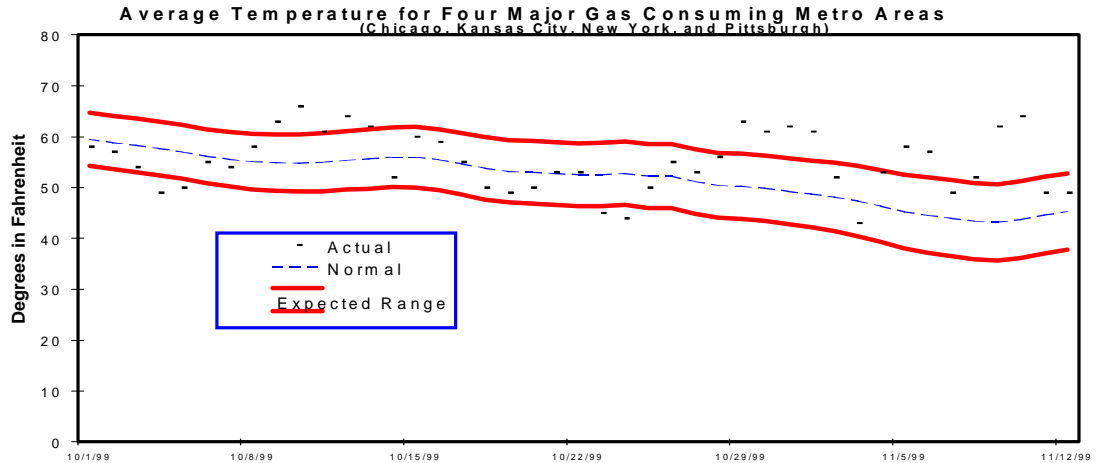
HENRY HUB PRICE (\$ per MMBtu)		
	SPOT	FUTURES
	November	December
	Del	Del
11/08	2.53-2.65	2.665
11/09	2.40-2.48	2.643
11/10	2.37-2.42	2.657
11/11	2.36-2.43	2.522
11/12	2.08-2.19	2.649



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
11/06	57	45	12
11/07	49	44	5
11/08	52	43	9
11/09	62	43	19
11/10	64	44	20
11/11	49	45	4
11/12	49	45	4

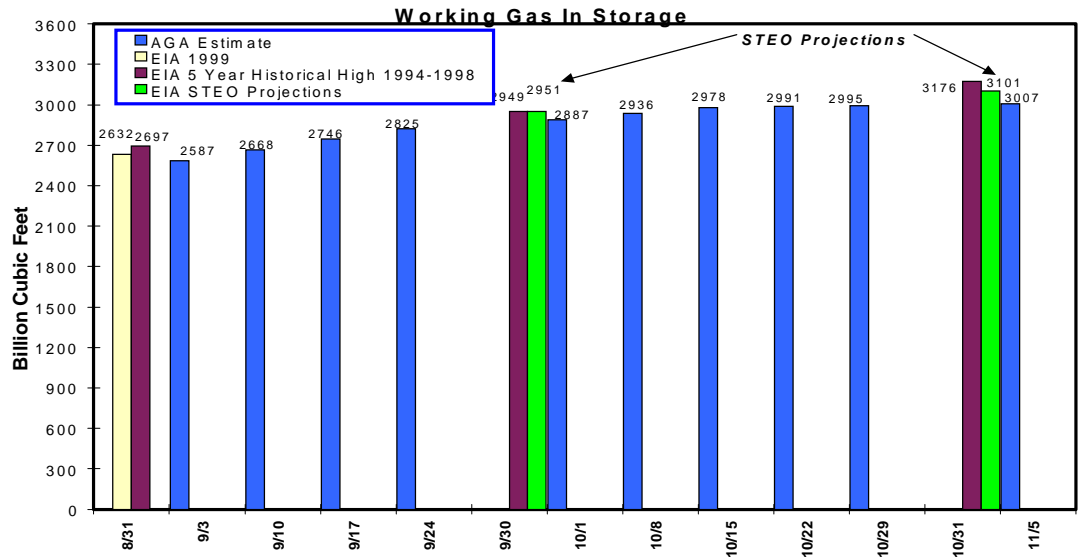


The bounds are computed by adding and subtracting from the average temperatures for the last 10 years an amount equal to twice an estimate of the standard deviation for temperatures on a day.

**Working Gas Volume  
as of 11/05/99**

	BCF	% Full
EAST	1721	95
WEST	434	88
Prod Area	852	90
U. S.	3007	93

Source: AGA



The NYMEX futures contract for December delivery at the Henry Hub opened on Monday, November 15, at \$2.570 per MMBtu, \$0.079 less than last Friday's settlement price. One week ago, most of the nation had enjoyed a weekend of mild temperatures. This gave way to still warmer weather through much of last week, setting high-temperature records, limiting gas demand growth, and sending prices down in nearly all markets throughout the week. The composite average temperature for the 4 cities monitored for this report (see temperature graph) was 19 and 20 degrees above normal on Wednesday and Thursday, respectively. By Thursday, the midrange Henry Hub spot price had lost \$0.23 from the previous Friday to \$2.40 per MMBtu. On Friday, it dropped even more sharply to end the week at \$2.14 per MMBtu—down almost \$0.50 from the previous Friday. The December futures contract price also fell significantly through Thursday, settling at \$2.522 per MMBtu, down by over \$0.36 from the previous Friday's price of \$2.884. However, on Friday, it regained about \$0.13 per MMBtu, settling at \$2.649 to end the week. The spot price for West Texas Intermediate crude oil edged above \$24 per barrel on Tuesday, then held above that level, moving up to end the week at \$24.95 per barrel, or about \$4.30 per MMBtu.

**Storage:** The American Gas Association (AGA) reported estimated net storage injections of 12 Bcf for the week ended Friday, November 5, with every region experiencing net injections (albeit small—1 Bcf—in both the Producing and Consuming West regions). AGA's estimate for total inventory now stands at 3,007 Bcf, with the estimate for the Consuming East, at 1,721 Bcf, only 14 Bcf less than for this time last year. The report of net injections is not surprising, given the mild temperatures prevailing during the week ended November 5, and might have been still higher if storage facilities were not already getting close to being full.

**Spot Prices:** Spot prices fell nearly every day last week, with Friday experiencing the largest plunge. Thursday provided a brief respite as prices leveled off in many markets, and actually rebounded a bit in some, as a brief southward dip in the Jet Stream brought cooler weather to the Midwest and Northeast on Wednesday and Thursday. However, prices were down again on Friday, as virtually no weather-related demand and nearly full storage facilities continued to result in gas backing up in pipelines throughout the country. Tuesday's declines had been in the \$0.15 to \$0.30 range in almost every market. On Wednesday, the over-supply situation was becoming notable in the Rockies, where a number of pipelines issued system-wide high-inventory alerts and Operational Flow Orders (OFO) were issued by Colorado Interstate and some major LDCs. By Friday, price declines from the previous Friday were significant: down from the \$2.30s to as low as \$1.70 per MMBtu in the Rockies; down from the \$2.40s to around \$1.90 in the Permian Basin; from the \$2.50s to the mid-\$1.90s in the Midcontinent; \$2.40s to as low as \$1.78 in the San Juan Basin.

**Futures Prices:** The December contract opened trading for the week at \$2.760 per MMBtu, off \$0.124 per MMBtu from the previous Friday's settlement, then continued this decline through Thursday, experiencing its largest price drops on Monday (nearly \$0.22) and Thursday (almost \$0.14). The \$0.014 uptick on Wednesday was reportedly due to traders' buying to cover short positions prior to the release of AGA storage figures, and had actually been in the nickel range until Wednesday's release of the most recent National Weather Service 6 to 10-day forecast, calling for continuing normal to above-normal temperatures for all non-seaboard States. On Friday, the December contract recovered again, gaining \$0.127 per MMBtu to end the week at \$2.649.

**Summary:** Persistent warmer-than-normal temperatures lasting nearly the entire week sent spot and futures prices lower. Modest storage injections added to already healthy inventory levels and highlighted the lack of weather-related demand. At this point in the year, the Henry Hub spot price is about 10 cents lower than last year at the same time, while the December futures contract is about \$0.20 higher.