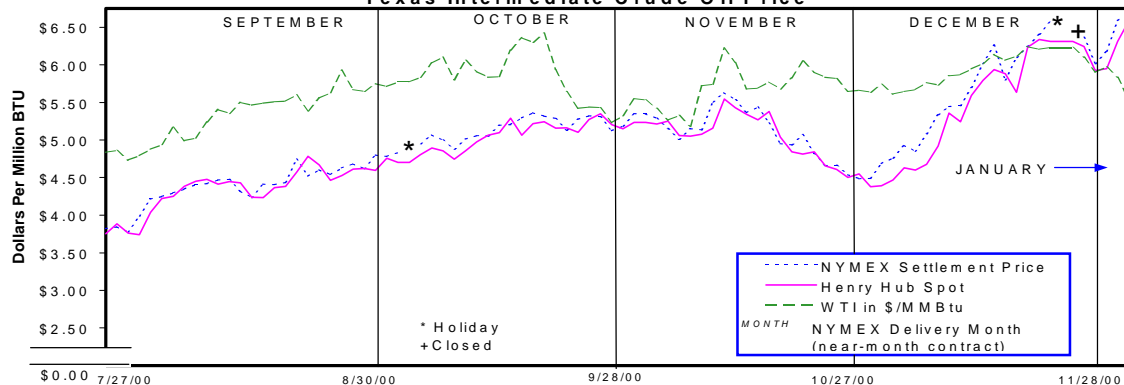


NYMEX Natural Gas Future Price, Henry Hub Spot Price, and West Texas Intermediate Crude Oil Price



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 West Texas Intermediate crude oil price, in dollars per barrel, is the "sell price" from the GAS DAILY, and is converted to \$/MMBtu using a conversion factor of 5.80 MMBtu per barrel. The dates marked by vertical lines are the NYMEX near-month contract settlement dates.

HENRY HUB PRICE

(\$ per MMBtu)

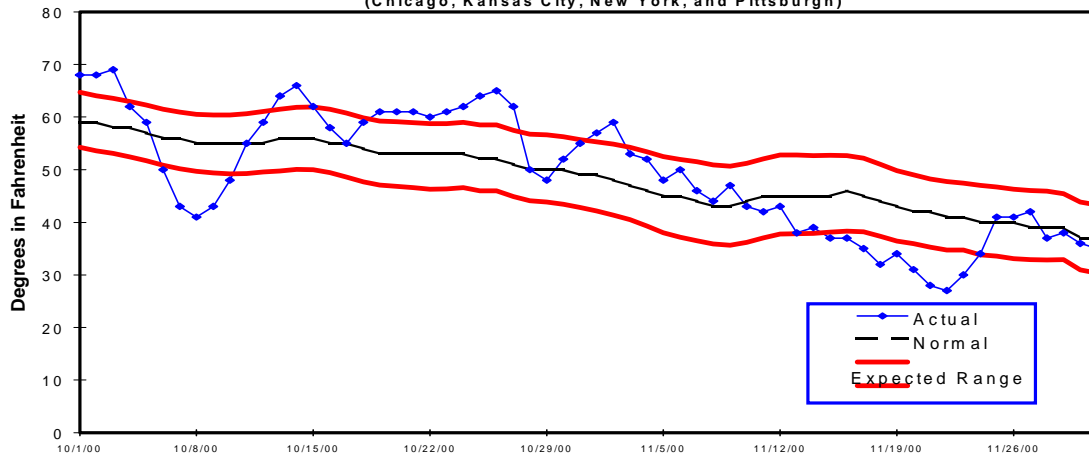
SPOT FUTURES

Nov/Dec Dec/Jan

Del Del

11/27	6.21-6.28	6.368
11/28	5.84-6.01	6.016
11/29	5.87-6.03	6.181
11/30	6.25-6.37	6.589
12/01	6.53-6.66	6.673

Average Temperature for Four Major Gas Consuming Metro Areas (Chicago, Kansas City, New York, and Pittsburgh)



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.

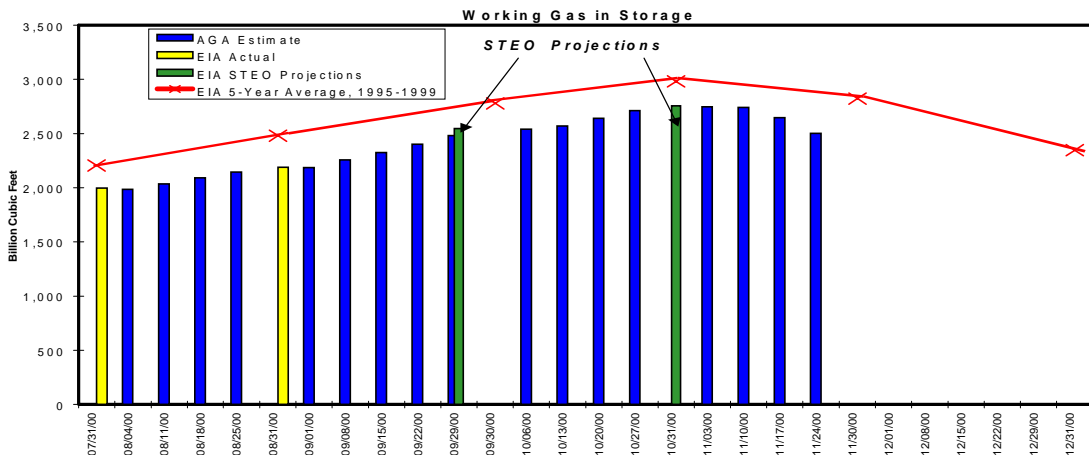
Average Temperature for Four Major Gas Consuming Areas

	Actual	Normal	Diff
11/25	41	40	1
11/26	41	40	1
11/27	42	39	3
11/28	37	39	-2
11/29	38	39	-1
11/30	36	37	-1
12/01	35	37	-2

Working Gas Volume as of 11/24/00

	BCF	% Full
East	1552	85
West	328	65
Prod Area	622	65
U. S.	2502	76

Source: AGA



A reported stock draw of 146 Bcf and the return of seasonal temperatures in many areas of the country at mid week abruptly ended a downward correction in futures prices. The December futures contract lost \$0.352 per MMBtu in its final day of trade. By Friday, the January contract, which took over Wednesday as the near month contract, turned in a record near-month high at \$6.673 per MMBtu. At the Henry Hub, cash prices ended the week at \$6.60 per MMBtu, as weather forecasts called for temperatures to drop sharply in the Northeast beginning last Wednesday. Data for the four cities monitored for this report appear to have confirmed this forecasted shift (see Temperature graph and table). Starting December 9, the National Weather Service (NWS) 6-to-10-day forecast predicts below-normal temperatures in the major gas-consuming areas of the Midwest and normal temperatures elsewhere. Spot prices in the West moderated early in the week but returned to previous levels as low inventories prompted Pacific Gas and Electric to issue an operational flow order on Wednesday to limit customer pulls. The White House, IEA, Saudi Arabia, and Kuwait's willingness to compensate for the 2-million plus barrels per day Iraq withdrew from the world market Thursday kept crude oil prices from spiking. The price of West Texas Intermediate closed at \$32.05 per barrel (\$5.53 per MMBtu) last Friday compared with the pre-Thanksgiving close of \$36.15 (\$6.23 per MMBtu).

Storage: A net 146 Bcf was taken out of storage in the week ending November 24, 2000, the largest amount ever reported for the last full week of November according to the American Gas Association's (AGA) stock survey. This decrement left natural gas stocks in the lower 48 states at 2,512 Bcf as estimated by EIA, or 12.0 percent less than the 5-year (1995-1999) average. In this particular week of the refill season, net storage withdrawals have averaged about 54 Bcf over the previous 5 years (1995-99), according to AGA's storage estimates. The Producing Region's withdrawals of 42 Bcf were proportionately the largest drawdown with respect to each region's beginning stock levels as of the previous Friday (November 17), leaving stocks in that region at 18.6 percent below the 5-year average. A considerable 91 Bcf draw in the East Region pulled stocks slightly (5.3 percent) below the 5-year average, while the gap below the 5-year average in the West widened to 30.6 percent after a 13 Bcf draw. It is possible that stocks in the West Region ended November at the lowest level recorded in the last 5 years by EIA.

Spot Prices: Spot prices slipped modestly during the first day of trade after the Thanksgiving break, closing at \$6.25 per MMBtu at the Henry Hub and at \$6.30 and \$6.72 at the Chicago and New York citygates. After taking a cue from futures prices and reacting to comparatively cooler temperatures, spot prices established seasonal highs at many market locations. Henry Hub ended the week at \$6.60, Chicago at \$6.70, and New York at \$7.52. Representative spot prices for Canadian and out-of-state supplies for California were \$14.47 and \$5.88 early in the week and \$16.28 and \$6.40 by the end of the week. California citygate prices went about \$2.50 to \$3.00 higher, reflecting the effect of tight inventories. The Alliance Pipeline in Canada, which will eventually improve the U.S. supply picture by 1.3 Bcf per day through enhanced deliveries from the Midwest to New England, opened last Friday with no discernible impact on prices.

Futures Prices: The December futures contract closed lower Tuesday with a flurry of selling activity in the closing hours of the contract. The January contract, opening as the near-month contract on Wednesday, settled at \$6.181 per MMBtu, 2.6 cents lower than the previous day. Forecasts for cooler weather, the announcement of the substantial pull on stocks, and continued strong electric generation demand quickly caused markets to set two successive near-month highs. By the end of the trading day Friday, the January contract stood at \$6.673 per MMBtu. On the same day, the February and March contracts were at \$6.533 and \$6.043, respectively, at least 28.9 and 44.3 cents per MMBtu higher than before Thanksgiving.

Summary: The close out of the December contract and a small break in cold temperatures gave prices a brief respite until the return of seasonal weather and the report of last week's sizeable stockdraw. California prices are expected to continue high and volatile, partially attributable to a low stock situation in the region.