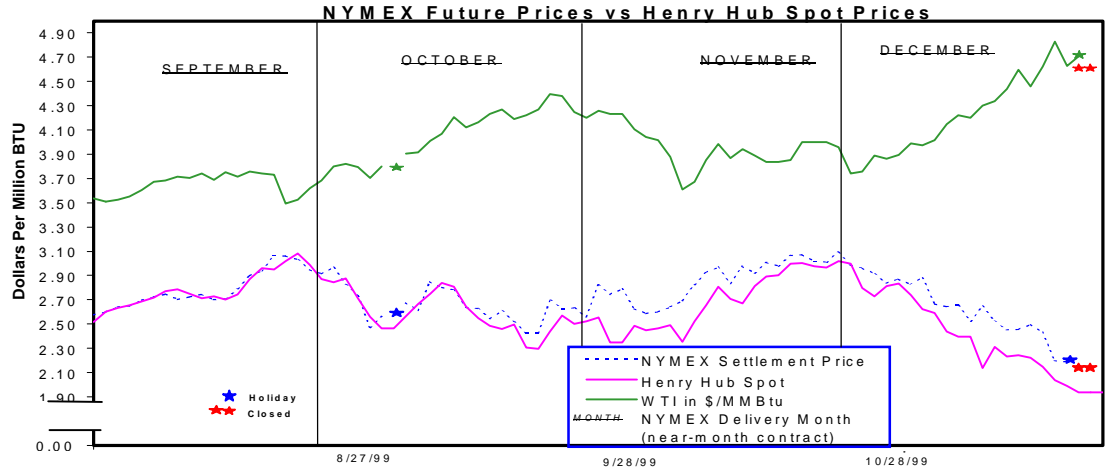
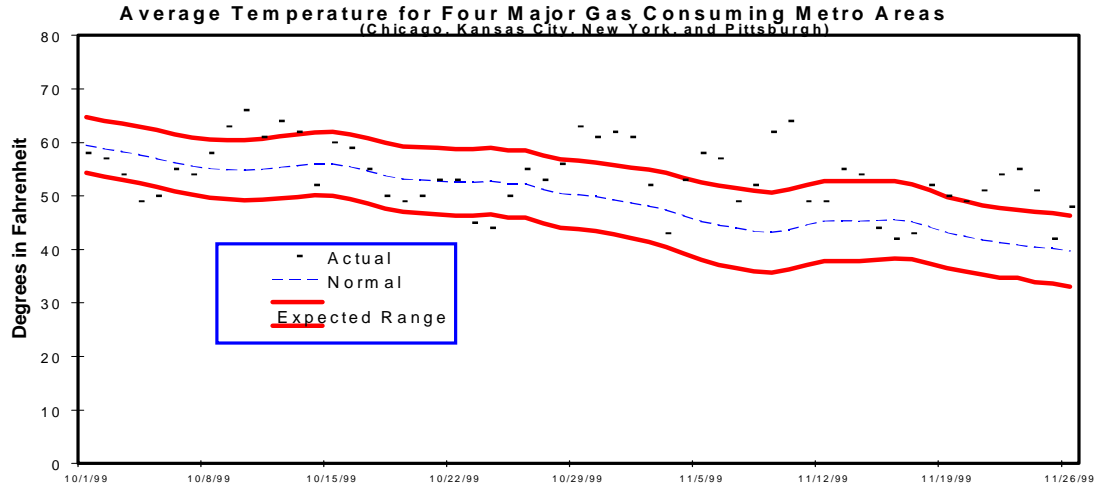


HENRY HUB PRICE (\$ per MMBtu)		
	SPOT	FUTURES
	November	December
	Del	Del
11/22	2.00-2.07	2.197
11/23	1.97-2.01	2.189
11/24	1.88-1.99	2.120
11/25	1.88-1.99	Holiday
11/26	1.88-1.99	Closed



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.

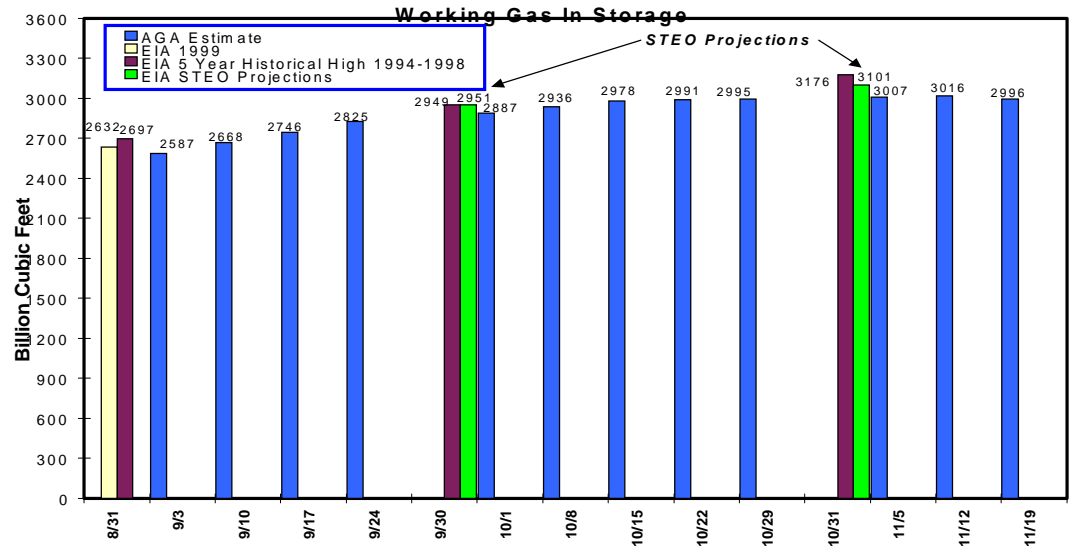
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
11/20	49	42	7
11/21	51	42	9
11/22	54	41	13
11/23	55	41	14
11/24	51	40	11
11/25	42	40	2
11/26	48	40	8



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 11/19/99		
	BCF	% Full
EAST	1711	95
WEST	442	90
Prod Area	843	89
U. S.	2996	92

Source: AGA



In its first day of trading as the near-month contract, the NYMEX futures contract for January delivery at the Henry Hub opened on Monday, November 29 at \$2.330 per MMBtu, identical to Wednesday's settlement. The weather continued to be unseasonably warm in most parts of the country throughout last week, even though a brief cold snap in the Rockies and northern and western plains States brought some lows in the teens and single digits in some locations midweek. In the 4 cities monitored for this report (see Temperature graph), highs were in the 60s and 70s and lows in the 40s early in the week. Temperatures declined somewhat beginning Wednesday, November 24, but remained above normal. With the current situation of adequate supplies, nearly full storage, and very little weather-driven swing demand, spot prices continued their general decline in this holiday-shortened week. At the Henry Hub, prices declined each day; by Wednesday, spot gas for delivery over the Thanksgiving holiday weekend dipped below \$2.00 per MMBtu to \$1.94. The price of the December futures contract followed, losing over \$0.31 per MMBtu from the previous Friday's settlement price to close on its last trading day (the NYMEX closed at noon on Wednesday) at \$2.12. West Texas Intermediate crude oil continued its steady climb for the fourth week in a row, reaching \$28.00 per barrel on Monday, and ending the week at \$27.30, or about \$4.71 per MMBtu. On the day before Thanksgiving last year, the WTI was selling for \$11.20 per barrel.

**Storage:** For the first time in the heating season of 1999/2000, American Gas Association (AGA) estimates indicated net storage withdrawals. The Producing and East Consuming regions recorded net withdrawals of 4 and 19 Bcf; respectively, for the week ended Friday, November 19, with the total for all 3 regions estimated to be net withdrawals of 20 Bcf. Using AGA's storage estimates, net stock change thus far in November has been only 4 Bcf, compared to 26 Bcf at this same time last year. (This is based on prorating the storage activity reported by AGA for the week ended Friday, November 5, between October and November.) Combining this with EIA's estimate of 3,101 Bcf in inventories as of October 31 yields an estimate of total working gas in storage as of November 19 of 3,097 Bcf.

**Spot Prices:** Spot prices continued to tumble across the nation as market fundamentals of ample pipeline supply, low demand, storage near 5-year high levels, and mild temperatures continued. Declines were the largest on Monday as prices moved down more than 10 cents per MMBtu at the Henry Hub to \$2.03. An eastward-moving, short-lived cold front that brought snow and freezing temperatures into the Rockies and some portions of the northern and central U.S. pushed prices up about a nickel for one day in some markets in the Rockies and southwestern supply basins. Only a handful of trading points for imported Canadian gas saw price increases two days in a row; but nowhere were Monday's losses recovered. By midweek, two more major pipelines had issued Operational Flow Orders for oversupply extending at least through the weekend. Overall, in the 3 days of trading in the holiday-shortened week, price drops ranged from 1-4 cents at most Canadian import points to nearly 30 cents at some southeastern market locations. On the Gulf Coast, price declines were on the order of \$0.20 per MMBtu. By Wednesday, midpoint prices in nearly all markets were below \$2.00 per MMBtu, most falling in the range of \$1.80-\$1.95

**Futures Prices:** On Monday, the December futures contract suffered its greatest one day loss, falling nearly \$0.24 per MMBtu from Friday's settlement price to end the day at \$2.197. The December contract price slide, which began on its first trading day as the near-month contract, was ended only by the contract's expiration on Wednesday, during which it lost another \$0.069 to close at \$2.120 per MMBtu. Since October 28, when it debuted as the near-month contract with a settlement price of \$2.965 per MMBtu, the December contract declined 14 days out of 20, losing \$0.845, or almost 30 percent of its beginning value. Last year, the December contract closed at \$2.149 per MMBtu, down about 10 percent from its first settlement as the near-month contract.

**Summary:** The effects of strong market fundamentals were clearly reflected in falling spot and futures prices. Spot prices at the Henry Hub dipped below \$2.00 per MMBtu for the first time since early April, while the December contract closed at \$2.12-down 30 percent since late October, and slightly below last year's closing price. With storage facilities nearly full, more pipelines have issued Operational Flow Orders to avoid oversupply situations.