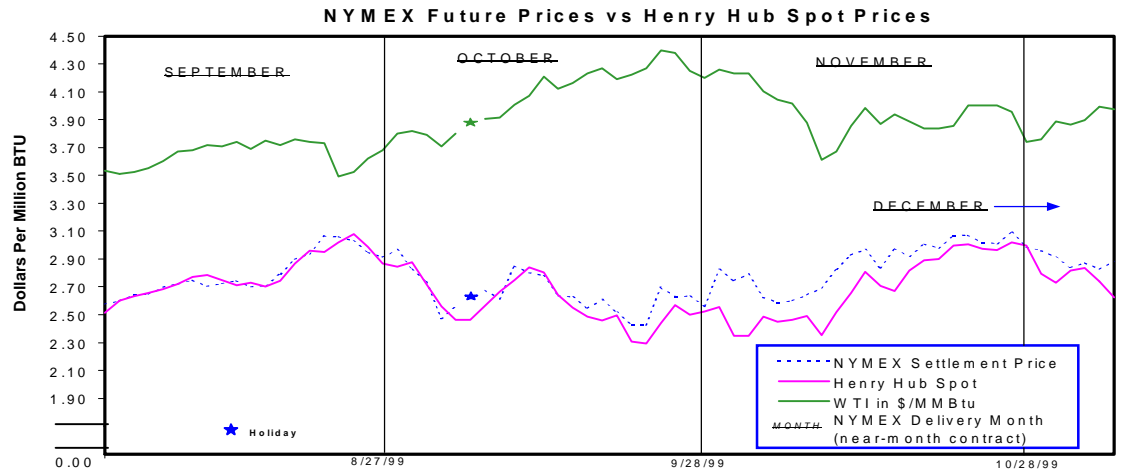


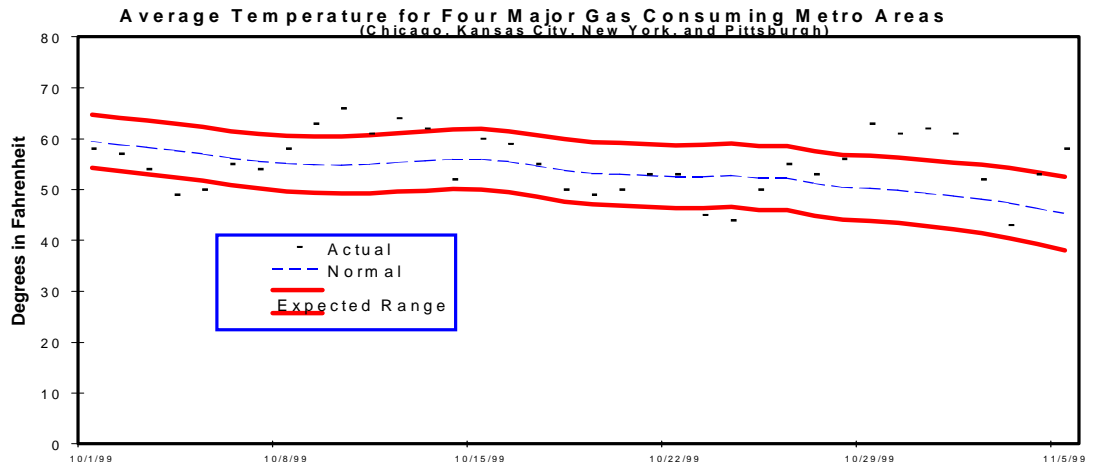
| HENRY HUB PRICE (\$ per MMBtu) | | |
|-----------------------------------|-----------|----------|
| | SPOT | FUTURES |
| | November | December |
| | Del | Del |
| 11/01 | 2.70-2.76 | 2.914 |
| 11/02 | 2.78-2.85 | 2.837 |
| 11/03 | 2.78-2.89 | 2.873 |
| 11/04 | 2.71-2.77 | 2.826 |
| 11/05 | 2.57-2.68 | 2.884 |



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 |
|-------|--------|--------|------|
| 10/30 | 61 | 50 | 11 |
| 10/31 | 62 | 49 | 13 |
| 11/01 | 61 | 49 | 12 |
| 11/02 | 52 | 48 | 4 |
| 11/03 | 43 | 47 | -4 |
| 11/04 | 53 | 46 | 7 |
| 11/05 | 58 | 45 | 13 |

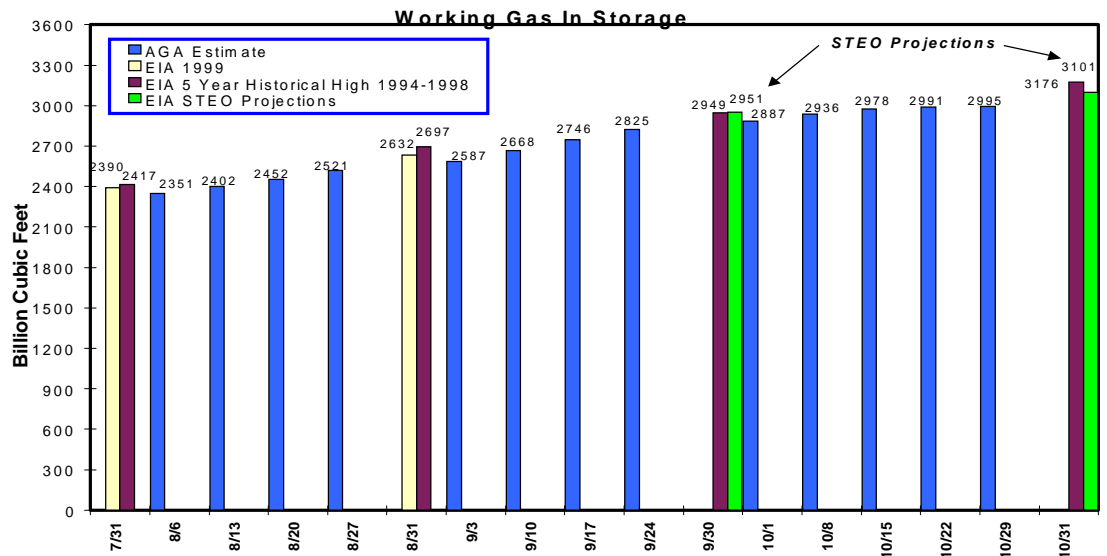


The bounds are computed by adding and subtracting from the average temperatures for the last 10 years an amount equal to twice an estimate of the standard deviation for temperatures on a day.

**Working Gas Volume
as of 10/29/99**

| | BCF | % Full |
|-----------|------|--------|
| EAST | 1711 | 95 |
| WEST | 433 | 88 |
| Prod Area | 851 | 90 |
| U. S. | 2995 | 92 |

Source: AGA



The NYMEX futures contract for December delivery at the Henry Hub opened on Monday, November 8, at \$2.750 per MMBtu, \$0.134 less than Friday's settlement price. In the Midwest and the Northeast, temperatures remained well above normal early last week then moderated but generally stayed above normal most days. Daytime highs in Chicago, Pittsburgh, and New York were in the mid-70's with nighttime lows only in the 50's. The National Weather Service's (NWS) latest 7-to-10-day forecast is calling for moderate to mild temperatures for most parts of the country. Spot prices at the Henry Hub displayed some variability last week moving up and down about \$0.10 per MMBtu between days through Thursday before ending the week down about \$0.17 at \$2.63 per MMBtu on Friday. Meanwhile the near-month (December) futures contract moved down most days and settled off almost 8 cents per MMBtu for the week at \$2.884. Net additions to storage slowed to an average of about 0.6 Bcf per day during the last week of October. The price of West Texas Intermediate crude oil remained stable last week and on Friday traded for \$23.05 per barrel—roughly equivalent to \$3.97 per MMBtu. Low sulfur (less than 1 percent) residual fuel oil traded for \$3.24 per MMBtu in New York harbor and \$3.23 along the Gulf Coast.

Storage: According to the American Gas Association (AGA), net storage injections for the week ended Friday, October 29, were 4 Bcf. This was the last full week of the refill season and brings the AGA estimate for net additions in October to 108 Bcf (see storage graph). The Consuming East and West regions reported net additions of 10 and 4 Bcf, respectively, while the Producing region reported net withdrawals of 9 Bcf for the period. The withdrawals in the Producing region could have been motivated by the relatively high spot market prices (over \$3.00 per MMBtu) during the last week of October. That week's spot market prices, which were close to the highest of the year, likely also discouraged some storage operators and others from adding to stock levels. EIA's most recent assessment of storage levels, appearing in the October issue of the *Natural Gas Monthly*, estimates that 3,101 Bcf was on hand at the end of October, which is 114 Bcf more than the average for the previous 5 years (2,989 Bcf) and the second-highest level in the past 7 years.

Spot Prices: Consistent with more than a week of mild temperatures and above average stock levels, spot prices at the Henry Hub ended the week down about 17 cents per MMBtu at \$2.63 per MMBtu. The decline in the price of the NYMEX near-month contract along with Thursday's weather forecasts calling for continued above normal temperatures over the upcoming weekend also contributed to this downward trend in spot prices. On Friday, November 5, spot prices ranged from a low of \$2.36 per MMBtu in the Rockies to a high of \$3.10 at Transco Zone 6 in New Jersey. Prices at the Canadian Border were US\$2.36 per MMBtu in the West and US\$2.80 in the East.

Futures Prices: At the end of last week, the near-month (December) contract settled almost \$0.20 per MMBtu below the final price for the November contract (\$3.092). During trading on Friday, November 5, the contract reached a low of \$2.775 per MMBtu before rallying in the last hour to move up about 10 cents to settle at \$2.884. The December contract began trading this week, Monday, November 8, at \$2.750 per MMBtu—its lowest level since it became the near-month on October 28. In addition, prices of all other winter contracts have moved down significantly. The January 2000 contract, which was trading for \$3.183 per MMBtu in the last week of October, settled at \$2.928 on Friday, November 5. Over the same period the February contract declined from \$3.005 per MMBtu to \$2.784, and the March contract went from \$2.805 per MMBtu to \$2.649. Contributing to this general price decline has been the recently released NWS long-term weather forecast calling for warmer-than-normal winter temperatures in most major gas-consuming markets, the favorable natural gas stock level, and the current period of mild weather in most parts of the country.

Summary: Prices at most major markets continued to decline for a second week as the weather remained warmer-than-normal in most parts of the country. The near-month (December) futures contract and those for the other winter months have all declined during this period. Stock levels at the end of the refill season (October 31) are estimated to exceed 3,100 Bcf, well above the average for the last 5 years.