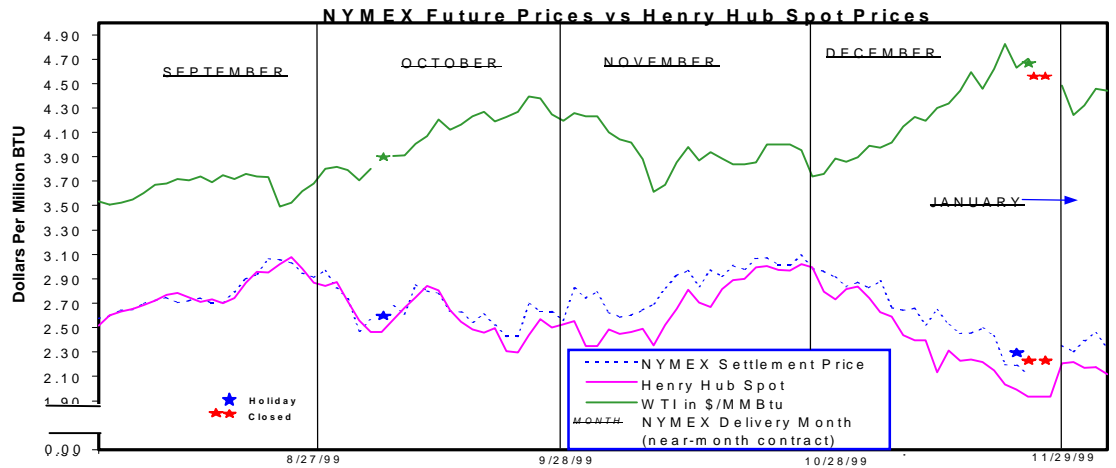
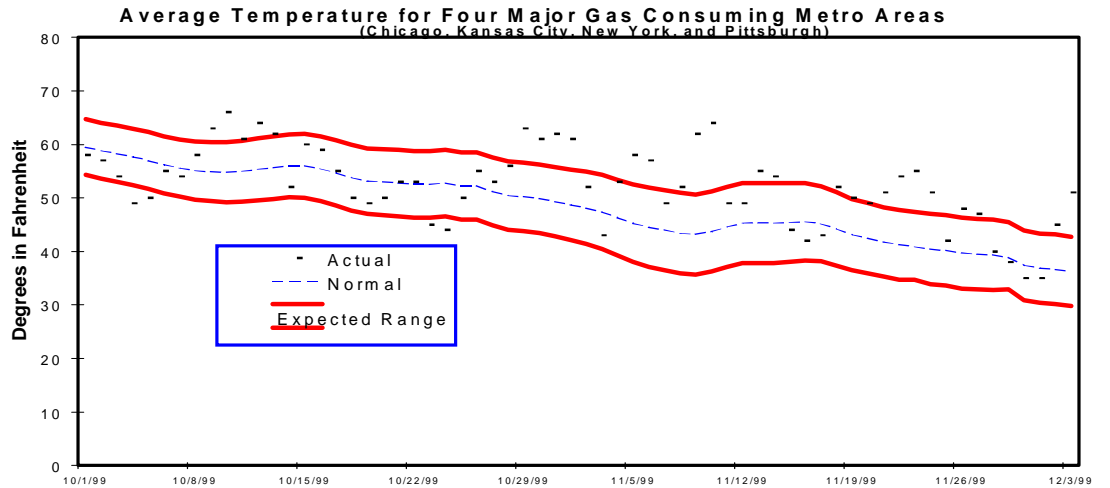


HENRY HUB PRICE (\$ per MMBtu)		
SPOT		FUTURES
November	Del	January
11/29	2.14-2.27	2.352
11/30	2.17-2.26	2.304
12/01	2.14-2.20	2.393
12/02	2.15-2.20	2.461
12/03	2.12-2.22	2.331



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.

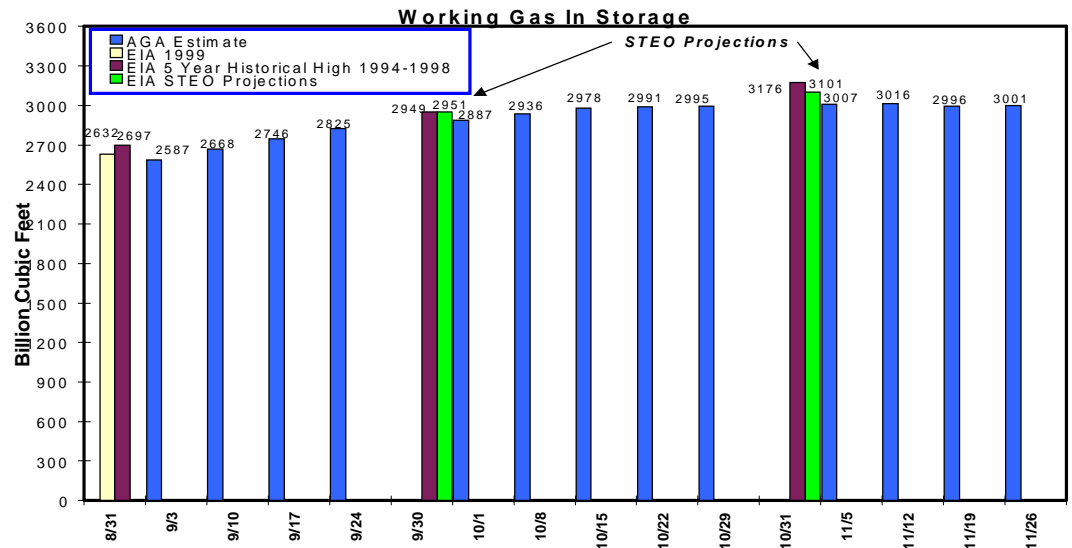
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
11/27	47	39	8
11/28	40	39	1
11/29	38	39	-1
11/30	35	37	-2
12/01	35	37	-2
12/02	45	37	8
12/03	51	36	15



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 11/26/99		
	BCF	% Full
EAST	1714	95
WEST	439	90
Prod Area	848	89
U. S.	3001	92

Source: AGA



The NYMEX futures contract for January delivery at the Henry Hub opened on Monday, December 6, at \$2.260 per MMBtu, \$0.061 less than Friday's settlement price. Cooler weather moved into many parts of the Midwest and the Northeast last week bringing near normal temperatures to those regions. The National Weather Service (NWS) forecast for this week calls for seasonal temperatures in the Midwest and warmer-than-normal weather in the Northeast. Prices on the spot market moved up in reaction to last week's shift to lower temperatures in contrast to the warmer weather of previous weeks. At the Henry Hub, spot contracts traded for about \$2.18 per MMBtu most days—up \$0.23 from the previous Friday. The increase in weather-related demand resulted in the lifting of earlier oversupply Operational Flow Orders by some regional pipeline systems in the Midwest and East. The price of the January futures contract trended up most days reaching a high on Thursday (\$2.461 per MMBtu), followed by a sharp decline to end trading at \$2.331 on Friday. The price of West Texas Intermediate crude oil moved down to \$25.00 per barrel at mid-week ending the week at \$25.75, or about \$4.44 per MMBtu.

Storage: Net additions to storage resumed again during the fourth week of November. The American Gas Association's (AGA) latest weekly report estimates that storage stocks increased by 5 Bcf during the week ended Friday, November 26. Mild November weather resulted in heating degree days that were 26 percent lower than normal for the month, which appeared to be the main factor contributing to net additions to storage in three of the four AGA weekly estimates in November. With this latest increase, EIA estimates that the working gas stock level near the end of November was 3,102 Bcf. This is less than last year's end-of-November total of 3,143 Bcf, but it will probably be the second highest level since 1991's 3,145 Bcf. In addition to the low demand brought about by the warm weather, the incentive to withdraw gas from storage this November also was reduced because of the relatively low prices on the spot market during most of the month. Based on the net additions to date and the mild weather prevailing in late November of this year, it appears likely that storage stocks at the end of November may be relatively unchanged from the beginning of the month.

Spot Prices: Last week's cool weather in the Midwest and the Northeast appears to have been the key factor in reversing a 4-week decline in prices at most major market locations. For the week, prices at the Henry Hub were up about \$0.23 per MMBtu, while other markets that serve the Midwest and the East saw similar price increases. As of Friday, December 3, some of these were: Katy in East Texas, up \$0.20 per MMBtu (\$1.92 to \$2.12); Waha in West Texas, up \$0.17 (\$1.90 to \$2.07); and Midcontinent in Oklahoma, up \$0.18 (\$1.87 to \$2.05). The lowest prices were in the producing regions of the Rockies where posted prices remained generally near \$2.00 per MMBtu. The highest prices, about \$2.55, were reported at the Transco Zone 6 location for New Jersey delivery. The Transco Zone-6 market is near major gas-consuming areas on the East Coast, and at least some portion of the price differential is due to the cost of transporting the gas from the producing areas serving this market.

Futures Prices: The January contract began the week at a price more than \$0.20 per MMBtu higher than the final price for the December contract (\$2.352 vs. \$2.121). The January contract price continued to rise through Thursday when it reached \$2.461 per MMBtu. It then dropped to \$2.331 per MMBtu on Friday as unseasonably mild temperatures returned to major gas-consuming areas and ample supplies of gas remained the norm. During much of October, when there were still some concerns about stock levels and normal winter weather was expected, the December and January contracts were trading near \$3.10 and \$3.20 per MMBtu, respectively. With a strong inventory situation and the unseasonably mild November temperatures along with long-term weather forecasts calling for a warmer-than-normal winter, prices have softened on the futures market. Prices for the other two winter months, February and March, ended trading on Friday, December 3, at \$2.335 and \$2.305 per MMBtu, respectively, which is down from \$3.002 and \$2.792 in mid-October. The very limited, 3-cent price spread for futures trades covering the next 3 months suggests that traders do not anticipate a significant price peak during the present heating season.

Summary: Spot prices at most markets increased last week as cool temperatures moved into many areas of the Midwest and the Northeast early in the week. The near-month (January) futures contract also trended up most days before dropping sharply on Friday as forecasts called for the return of mild weather this week. Storage stocks increased slightly in late November and remain close to a 5-year high level.