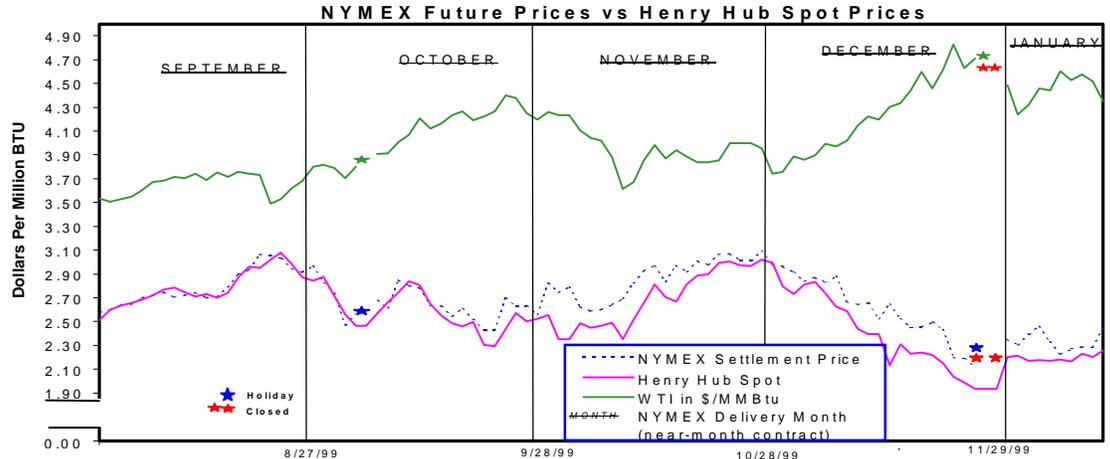
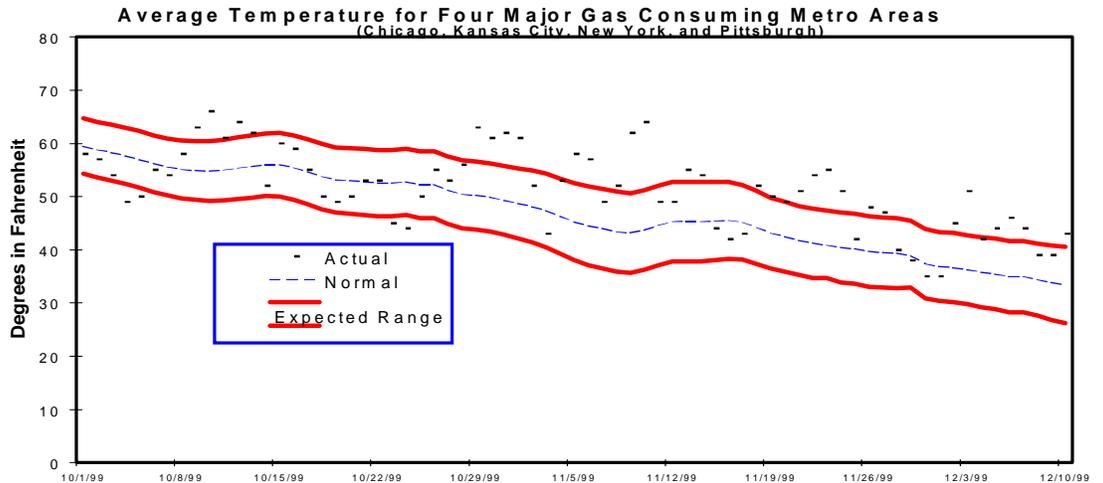


HENRY HUB PRICE (\$ per MMBtu)		
	SPOT	FUTURES
	December	January
	Del	Del
12/06	2.15-2.21	2.224
12/07	2.15-2.18	2.271
12/08	2.21-2.25	2.288
12/09	2.19-2.22	2.285
12/10	2.23-2.28	2.446



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.

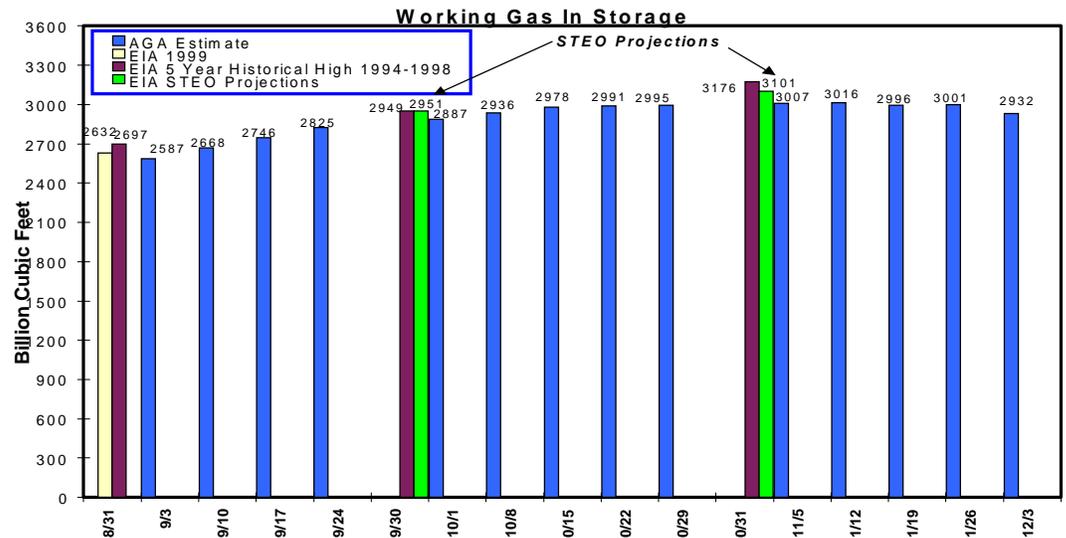
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
12/04	42	36	6
12/05	44	35	9
12/06	46	35	11
12/07	44	35	9
12/08	39	34	5
12/09	39	34	5
12/10	43	33	10



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 12/03/99		
	BCF	% Full
EAST	1658	92
WEST	437	89
Prod Area	837	88
U. S.	2932	90

Source: AGA



The NYMEX futures contract for January delivery at the Henry Hub opened on Monday, December 13, at \$2.435 per MMBtu, \$0.011 less than Friday's settlement. Unseasonably mild temperatures continued to be the rule throughout much of the nation last week. The composite daily average temperatures for the four cities monitored for this report (see temperature graph) ranged from 5 to 11 degrees above normal every day last week. High temperatures in much of the Northeast and Midwest were consistently in the 40s, 50s, and 60s. Exceptions to these warm temperatures occurred some days in a region from the mountains in California, across the Rockies, to portions of the upper Midwest, where some areas experienced highs in the 20s. Spot prices at the Henry Hub began the week about 6 cents above the previous Friday's level (\$2.18 per MMBtu vs. \$2.12), then fluctuated mildly, ending with a small gain of \$0.09 over the previous Friday to close the week at \$2.26 per MMBtu. Conversely, the January futures contract price began the week nearly \$0.11 per MMBtu below the previous Friday's settlement (\$2.224 vs. \$2.331), then worked its way steadily back upward, ending the week with an impressive gain on Friday of \$0.161 to settle at \$2.446 per MMBtu. The spot price for West Texas Intermediate crude oil gained almost a dollar to begin the week at \$26.70 per barrel, then declined most days, ending the week at \$25.25 (roughly \$4.35 per MMBtu), down \$0.50 for the week.

**Storage:** In stark contrast to the previous week's estimated net addition of 5 Bcf, the American Gas Association's estimate of 69 Bcf of net withdrawals for the week ended December 3 heralded the first significant utilization of storage resources thus far this heating season. The Consuming East region had an estimated 56 Bcf of net withdrawals, coinciding with the brief period of cooler temperatures in the Midwest and Northeast in the middle of that week (see temperature graph). Using AGA's estimates (and prorating the storage activity for the partial weeks at the beginning and end of the month), net withdrawals for November were only 46 Bcf—126 Bcf less than the 5-year average (1994-1998) for November, as measured by EIA. In Canada, storage withdrawals during the week ended Friday, December 3, were 10 Bcf, lowering the stock level to 468 Bcf—almost 20 Bcf below last year at the same time.

**Spot Prices:** Spot prices in most markets traded in narrow ranges all week, then got a slight bump up on Friday, ending with gains in the 5 to 10 cent range from the previous Friday. Notable exceptions were in the West, where portions of the Rocky Mountains had highs in the 20s all week, with highs only in the 30s in surrounding States later in the week. The cold reportedly caused some wellhead freeze-offs in the San Juan basin, decreasing supply from that area and drawing more gas from the Permian basin. As the week wore on, decreasing linepack in some southwestern pipelines put upward pressure on California prices. As a result, prices climbed about \$0.11-\$0.15 per MMBtu and \$0.18 in the San Juan and Permian basin areas, respectively, to just under \$2.20; gained \$0.14-\$0.30 to around \$2.15 in the Rockies (\$2.32 on Northwest at Stanfield); and jumped \$0.24-\$0.34 at western Canadian gas import points. A sampling of Friday-to-Friday changes in other regions includes: Katy, up 9 cents to \$2.215 per MMBtu; NGPL (Midcontinent), up 9 cents to \$2.14; Transco Zone 6 for NY delivery, up \$0.115 to \$2.64; Columbia-Appalachia, up \$0.055 to \$2.36.

**Futures Prices:** January contract prices recovered at the end of last week after losing nearly 11 cents last Monday from the previous Friday's settlement and languishing most of the week. Prices settled this past Friday at \$2.446 per MMBtu, gaining \$0.161 on Friday alone—the largest one-day increase since January became the near-month contract. This move may have been influenced by updated weather forecasts calling for frigid temperatures to move down into the western United States from Canada and to spread southward and eastward through next week. The contracts for February and March delivery also had significant gains on Friday, with February adding \$0.137 to settle at \$2.459, and March up \$0.119 to \$2.439.

**Summary:** Wintry temperatures in parts of the west boosted regional spot prices, while spot prices in the rest of the country rose modestly. Futures prices perked up on the potential for the first significant and widespread cold snap of the season. The industry's first week of significant storage draws occurred with the first month of the heating season all but over.