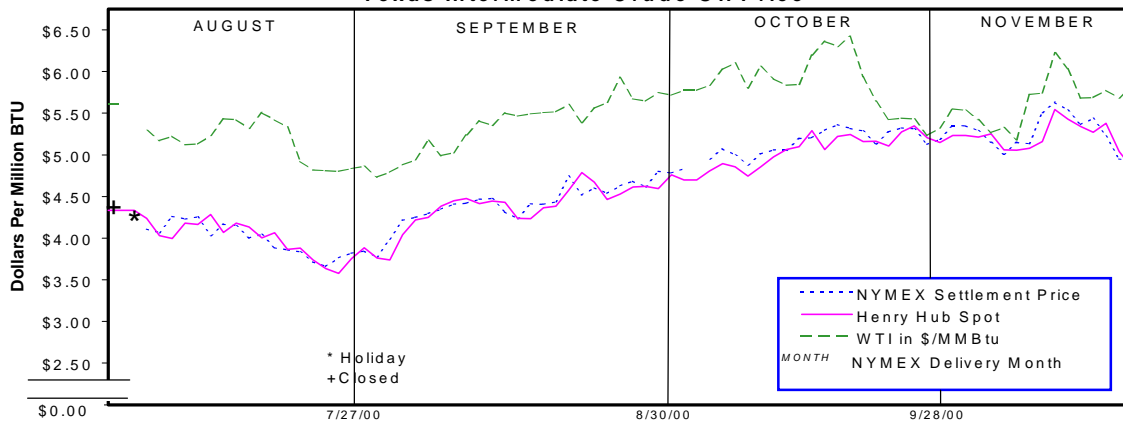
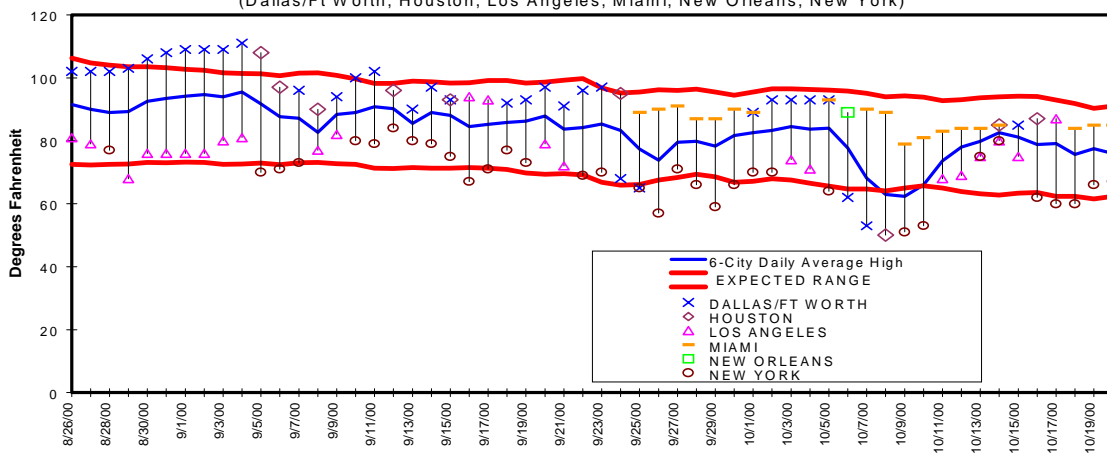


**NYMEX Natural Gas Future Price, Henry Hub Spot Price, and West Texas Intermediate Crude Oil Price**



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.

**Daily Average of High Temperatures, and Daily Highest and Lowest High Temperatures for 6 Cities**  
(Dallas/Ft Worth, Houston, Los Angeles, Miami, New Orleans, New York)



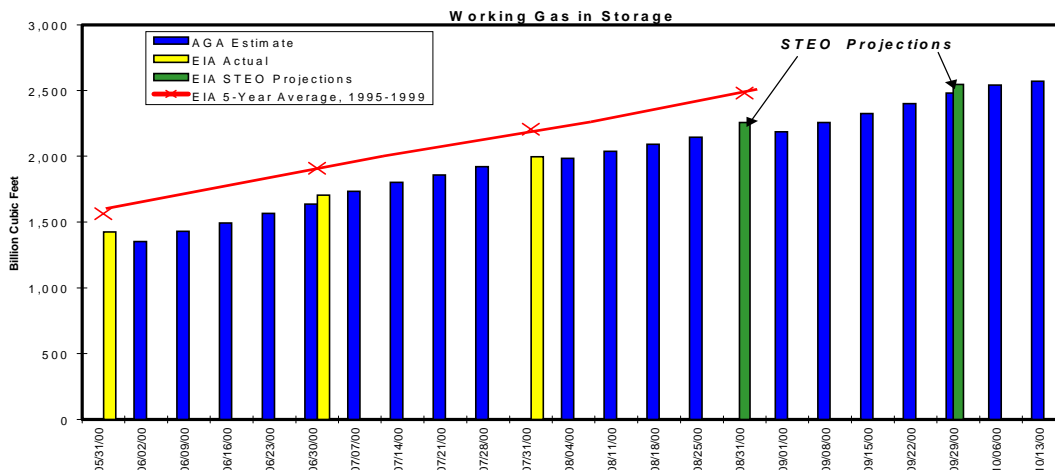
The bounds are computed by adding to and subtracting from the daily average high temperatures for the last 10 years an amount equal to twice an estimate of the standard deviation for high temperatures for each day.

| Henry Hub Price |                |          |
|-----------------|----------------|----------|
|                 | Spot           | Futures  |
| October         |                | November |
| Delivery        |                | Delivery |
|                 | (\$ per MMBtu) |          |
| 10/16           | 5.31-5.37      | 5.364    |
| 10/17           | 5.25-5.29      | 5.439    |
| 10/18           | 5.35-5.41      | 5.228    |
| 10/19           | 5.01-5.07      | 4.951    |
| 10/20           | 4.82-4.87      | 4.937    |

| Average High Temperature for Six Major Electricity Consuming Cities |        |        |      |
|---|--------|--------|------|
|   | Actual | Normal | Diff |
| 10/14   | 83     | 78     | 5    |
| 10/15   | 81     | 79     | 2    |
| 10/16   | 79     | 79     | 0    |
| 10/17   | 79     | 78     | 1    |
| 10/18   | 76     | 77     | -1   |
| 10/19   | 78     | 76     | 2    |
| 10/20   | 76     | 77     | -1   |

| Working Gas Volume as of 10/13/00 |      |        |
|-----------------------------------|------|--------|
|                                   | Bcf  | % Full |
| East                              | 1566 | 85     |
| West                              | 378  | 75     |
| Prod Area                         | 627  | 66     |
| U. S.                             | 2571 | 78     |

Source: AGA



After setting highest-ever records on two consecutive days in the previous week, the natural gas near-month futures contract (for November) settled at \$4.937 per MMBtu on October 20 for a Friday-to-Friday decline of \$0.600 per MMBtu. Spot prices also receded with Henry Hub dipping \$0.59 per MMBtu to end at \$4.85 per MMBtu on October 20. At least three factors appeared to contribute to lower prices. First, there was virtually no recent weather-related demand. Second, net injections, at 29 Bcf for the week ending October 13, exceeded the single digits some expected. Third, the spot price for West Texas Intermediate crude oil dropped \$2 per barrel as tensions cooled in the Mideast and an Israeli-Palestinian summit got underway October 16. The impending expiration of the November contract and renewed violence in the Mideast caused crude oil prices to rebound somewhat so that by the end of the October 20 trading day, the spot price for West Texas Intermediate was \$33.80 per barrel (\$5.82 per MMBtu) or \$1.20 per barrel (\$0.21 per MMBtu) less than the week prior.

**Storage:** Typical for this time of year, the net injections to underground storage slowed, but at a faster rate than usual. With weather-induced withdrawals offsetting some additions, the American Gas Association's (AGA) estimate for net injections was 29 Bcf for the week ending October 13, almost 40 percent less than the 5-year average, and well below the 62 to 78 Bcf achieved in each of the previous 5 weeks. As of October 13, 2000, the United States had 2,619 Bcf of natural gas in underground storage, 8.5 percent less than the 5-year average. Net stock injections in the East Region were 20 Bcf, filling regional facilities to within 95 Bcf of the 5-year average. Net stock injections in the West Region were only 0.5 Bcf less than the 5-year average for the week, but the shortfall resulted in a further widening from the 5-year average for total stocks. The Producing Region turned in another modest net injection, only 6 Bcf, causing the total to fall 89 Bcf below the 5-year average.

**Spot Prices:** An overall downward tendency, started early in the week by the lack of weather related demand and lower crude oil prices, accelerated at midweek because of a stronger than expected estimated stock build. Although prices in most trading centers declined last week, some regions were subjected to localized circumstances that resulted in slight price rises, such as the ongoing maintenance on the Nova Gas Transmission system in Alberta and upcoming maintenance on an El Paso line serving southern California. The maintenance project in Alberta kept spot prices above \$5.00 at Malin, Oregon, one of a few trading centers in North America with that distinction. Through Tuesday Henry Hub was down \$0.28 per MMBtu from the previous Thursday when the price was the highest in more than 4 years. After a one-day correction, the end of the week saw a further loss of \$0.42 in the spot price at Henry Hub to \$4.85. The city gate price in New York was \$5.24 on Friday, down \$0.50 from a week ago; Chicago \$4.97, down \$0.60; and Southern California \$5.41, down \$0.28 per MMBtu.

**Futures Prices:** The Henry Hub November contract traded in a narrow range of \$5.335 to \$5.480 per MMBtu the first two days of the week and ended at \$5.439, down almost 10 cents from the previous Friday as the weather warmed in the northern consuming markets and the price of crude oil dropped the equivalent of over \$0.30 per MMBtu. Following the October 18th announcement that net stock additions for the week ending October 13 were 29 Bcf, which exceeded some expectations, the downward trend in NYMEX futures prices accelerated. At the close of the trading day, the near-month (November) price was \$0.211 per MMBtu lower, December \$0.204 lower, and the remaining months of the heating season at least \$0.163 lower. The downward trend continued Thursday and Friday, putting the near-month contract price 60 cents less than the previous week's close and below the \$5.00 mark for the first time in more than a month.

**Summary:** Natural gas prices in both spot and futures markets began to decline as demand weakened with mild weather, and supply showed some signs of strength as evidenced by the larger than expected net additions to storage.