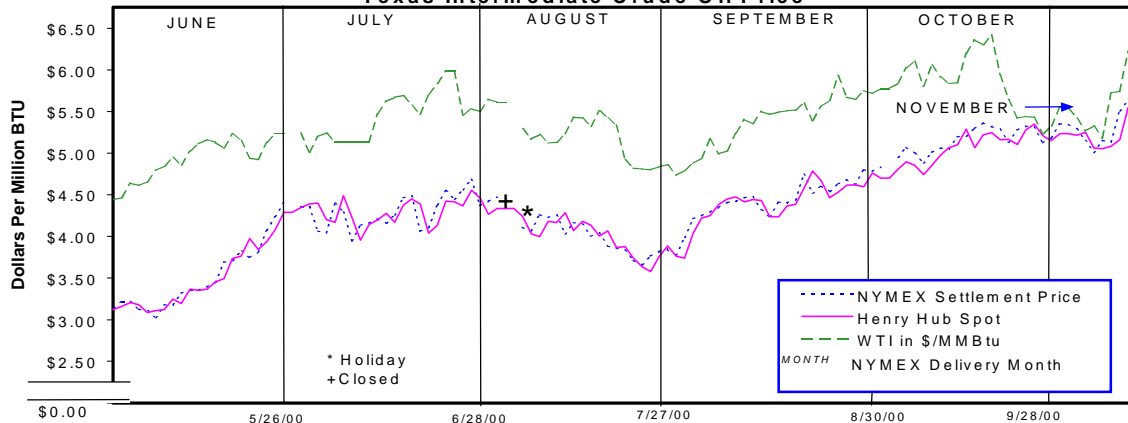
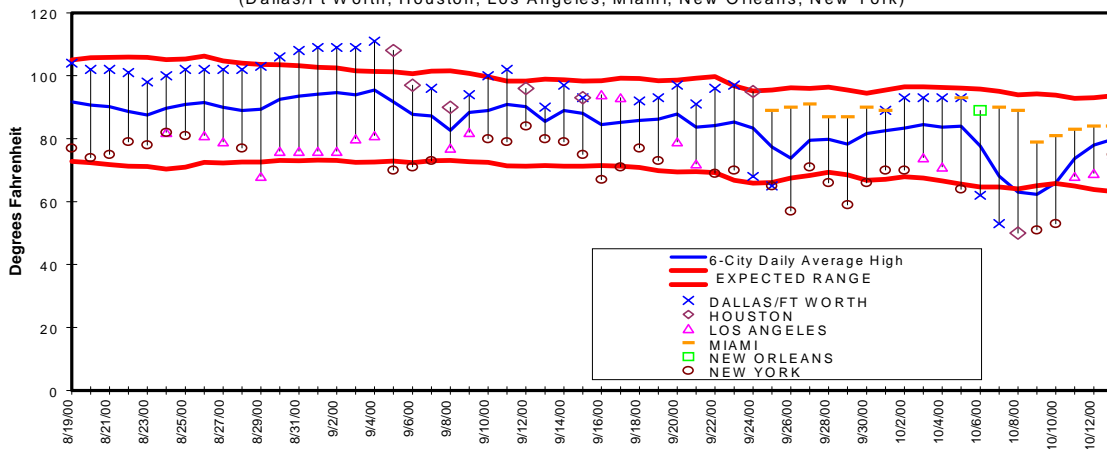


**NYMEX Natural Gas Future Price, Henry Hub Spot Price, and West Texas Intermediate Crude Oil Price**



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)



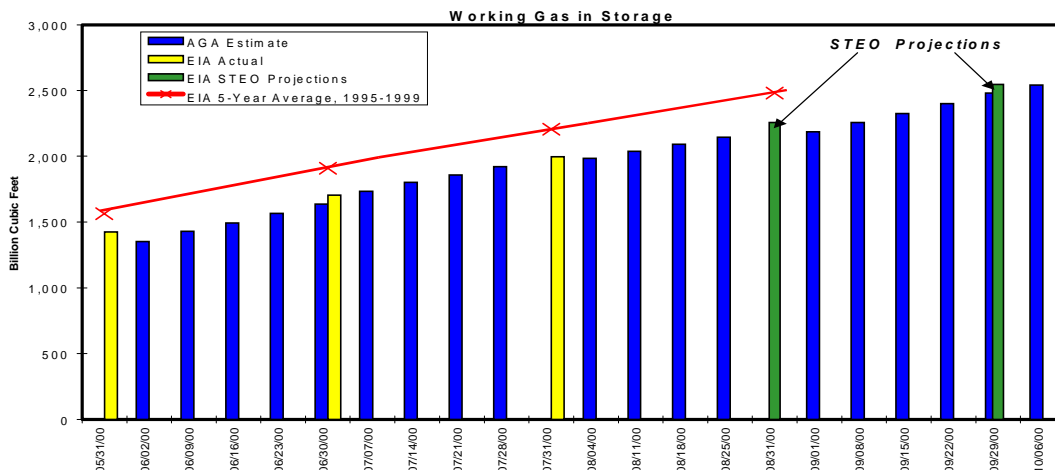
The bounds are computed by adding to and subtracting from the daily average high temperatures for the last 10 years an amount equal to twice an estimate of the standard deviation for high temperatures for each day.

Henry Hub Price		
	Spot	Futures
October		November
Delivery		Delivery
	(\$ per MMBtu)	
10/09	5.01-5.10	5.150
10/10	5.06-5.10	5.134
10/11	5.12-5.20	5.508
10/12	5.49-5.60	5.630
10/13	5.40-5.46	5.537

Average High Temperature for Six Major Electricity Consuming Cities			
	Actual	Normal	Diff
10/07	68	80	-12
10/08	63	79	-16
10/09	62	80	-18
10/10	66	80	-14
10/11	74	79	-5
10/12	78	78	0
10/13	80	78	2

Working Gas Volume as of 10/06/00		
	Bcf	% Full
East	1546	84
West	375	74
Prod Area	621	65
U. S.	2542	77

Source: AGA



The futures market erupted on Wednesday, as the contract for November delivery at the Henry Hub leapt \$0.374 per MMBtu to a near-month-contract record-high settlement price. Spot prices followed suit on Thursday, with most increases ranging from 30-45 cents per MMBtu, leaving only two regional markets—the Rockies and the San Juan Basin in New Mexico—with average prices less than \$5.00 per MMBtu. At the Henry Hub, spot prices shot up \$0.39 on Thursday, then moved down 12 cents on Friday as markets cooled, ending the week at \$5.43, up \$0.37 from the previous Friday. The futures market's rise, ignited initially by Wednesday's somewhat lower-than-expected American Gas Association (AGA) injection estimate, continued through Thursday. Prices increased in the 12-18 cent range for all contracts for delivery in heating-season months in reaction to the escalating violence in the Middle East, including terrorist attacks on a U.S. Navy warship and a British embassy, that sent crude oil futures prices up nearly \$3.00 per barrel and the Dow-Jones Industrial Average tumbling 379 points. And though markets calmed somewhat on Friday, the November contract had nonetheless gained \$0.529 per MMBtu to \$5.537—more than 10 percent over the previous Friday's price. The spot price for West Texas Intermediate crude oil had one-day increases of \$3.15 and \$2.80 per barrel on Tuesday and Thursday, respectively, reaching \$36.10, before dropping back \$1.10 on Friday. For the week it gained \$4.10 per barrel, ending Friday at an even \$35 per barrel, or \$6.03 per MMBtu.

**Storage:** Storage injections slowed somewhat from the pace set during September with the American Gas Association's (AGA) estimate of 62 billion cubic feet (Bcf) for the week ended Friday, October 6. Average weekly total injections for the 4 full weeks in September were nearly 74 Bcf. The estimated 47 Bcf injected into East Region facilities remains close to that region's average for the prior 4 weeks (51 Bcf), and it is 74 percent higher than the 27 Bcf regional 5-year average for weekly injections during the month of October. The East region's deficit below the 5-year average inventory levels continues to narrow, improving from 6.1 to 5.1 percent from last week to this week. Reduced injections in the Producing region accounted for most of the drop in injections from the previous week, while the West region recorded additions, though modest, for the 5th straight week.

**Spot Prices:** Prices in the Midwest and Northeast, buoyed over the previous weekend by near-nationwide cooler temperatures, began to slip early in the week with moderating temperatures. That same cooler weather cut demand for electricity generation along the Gulf coast and in parts of the Southwest, leading to mixed results at locations in Louisiana and Texas. The cooling trend reached southern California by Tuesday, sending SOCAL spot prices down nearly 20 cents by Wednesday, to around \$5.63 per MMBtu. At the Henry Hub, spot prices were flat on Monday and up only 8 cents by Wednesday, to \$5.16 per MMBtu. By contrast, selected locations in the Rockies benefitted from maintenance on the Trans Canada-British Columbia system, which curtailed Alberta gas imports and sent prices up by 20-30 cents through Wednesday at locations like the Kern River Opal plant and the Cheyenne Hub in Wyoming, and pushed PG&E citygate prices up by about 15 cents to \$5.72 per MMBtu. Spot prices in all markets moved up sharply on Thursday, with most increases exceeding \$0.30 per MMBtu, as spot market traders reacted to the price surge in the futures market on Wednesday. Prices moved down in Friday's trading as markets anticipated nearly uniformly mild weekend temperatures. While most locations lost one-third to one-half of Thursday's price increases, still, for the week, most locations had net increases of 20-40 cents per MMBtu. A major exception was SoCal, which dropped 8 cents to \$5.69 per MMBtu. Elsewhere, Transco Zone 6 for New York delivery was up 14 cents to \$5.74 per MMBtu; El Paso (Bondad) in the San Juan Basin was up 23 cents to \$4.55; and NGPL (Midcontinent) up 36 cents to \$5.35.

**Futures Prices:** After recovering from the previous Friday's sell off last Monday, trading was characterized as lifeless on Tuesday, with only 23,000 November contracts traded at prices hemmed in between \$5.10 and \$5.155 per MMBtu. However, on Wednesday, futures prices, already on their way up in reaction to the previous day's \$3 per barrel increase in spot crude oil prices, soared upon the release of the AGA injection estimate that reinforced market concerns about inventory levels of natural gas and heating oil for the coming winter. The November contract set highest-ever near-month-contract settlement-price records on two consecutive days (\$5.508 and \$5.630 per MMBtu), while the \$0.374 increase on Wednesday was the largest in over 2 years. On Thursday, the December contract approached the \$6 level, trading for as much as \$5.870 per MMBtu before settling at \$5.728. On Friday, the surge ran out of steam, as contracts for delivery in November through April lost from 5-9 cents per MMBtu.

**Summary:** Futures prices surged and spot prices followed as concerns about storage inventory levels were exacerbated by rising crude oil prices coupled with unusually low stock levels for other winter fuels, all of which made even more uncertain by increased violence in the Middle East.