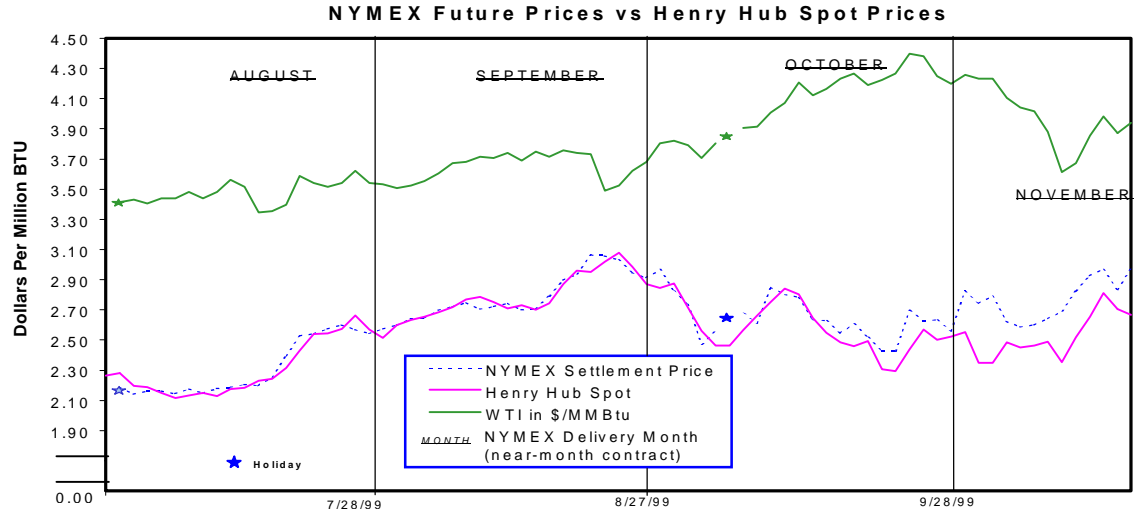
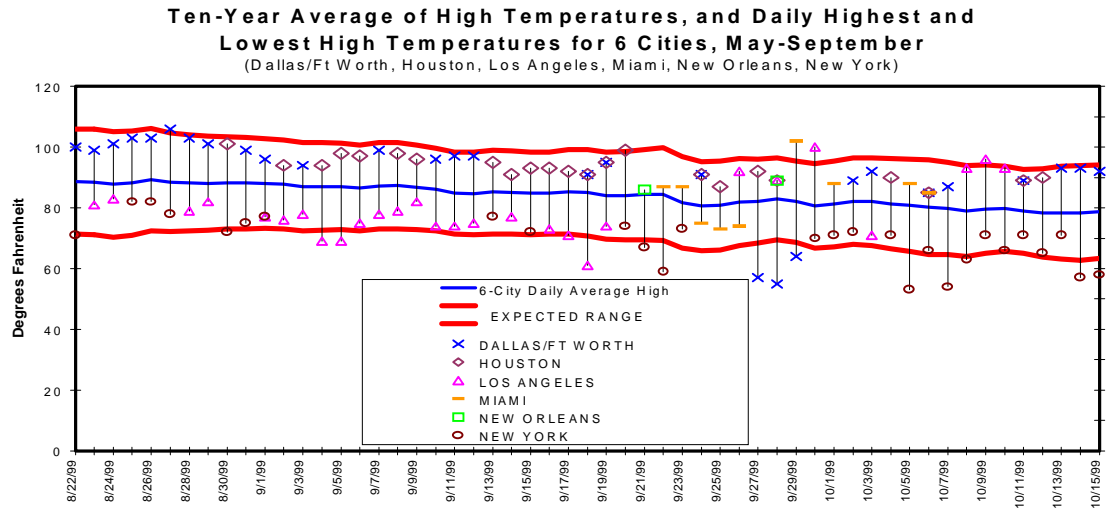


HENRY HUB PRICE		
SPOT	FUTURES	
October	November	
Del	Del	
(\$ per MMBtu)		
10/11	2.48-2.56	2.825
10/12	2.63-2.68	2.927
10/13	2.77-2.85	2.970
10/14	2.68-2.73	2.834
10/15	2.63-2.71	2.975



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

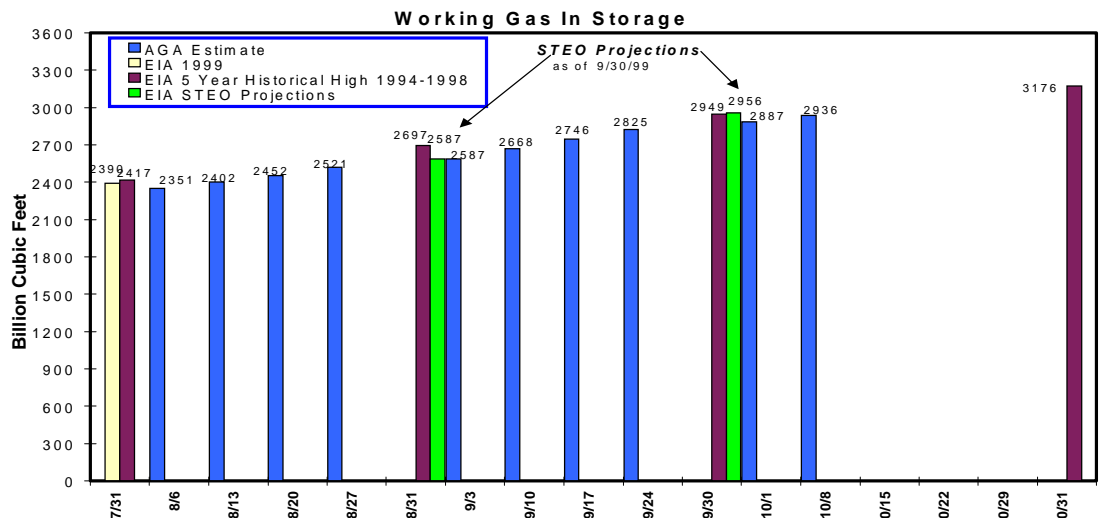
Average High Temperature for Six Major Electricity Consuming Cities			
	Actual	Normal	Diff
10/09	85	80	5
10/10	83	80	3
10/11	85	79	6
10/12	81	78	3
10/13	87	78	9
10/14	82	78	4
10/15	80	79	1



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.

Working Gas Volume as of 10/08/99		
	BCF	% Full
EAST	1656	92
WEST	428	87
Prod Area	852	90
U. S.	2936	90

Source: AGA



The NYMEX futures contract for November delivery at the Henry Hub opened Monday, October 18, at \$2.990 per MMBtu, \$0.015 more than Friday's settlement price. Mild to unseasonably warm weather prevailed through midweek in many parts of the country, with hot temperatures in southern California, the Southwest, and parts of the South raising cooling demand for gas. The composite average daily high temperature for the six cities monitored for this report (Dallas, Houston, Los Angeles, Miami, New Orleans, and New York) ranged from 3 to 9 degrees above normal every day last week. A tropical depression in the Gulf of Mexico became Hurricane Irene, but by week's end posed no threat to Gulf producers. By Thursday, a cooling trend began in the Rockies, extending south and eastward. Volatility characterized the November NYMEX futures contract price, as settlement prices swung up or down between 4 and 14 cents per MMBtu each day before ending the week at \$2.975. Spot prices, simultaneously bolstered by increasing electricity generation demand and higher futures prices, rose sharply for the first 3 days of the week before losing some steam by week's end. At the Henry Hub, spot prices peaked Wednesday at \$2.81 per MMBtu, then trended down Thursday and Friday to end the week at \$2.67. The spot price of West Texas Intermediate (WTI) crude oil regained some of the ground it lost last week, adding \$1.90 per barrel to end the week at \$22.85 per barrel, or about \$3.94 per MMBtu.

**Storage:** According to American Gas Association (AGA) estimates, net additions to storage were 49 Bcf (or 7 Bcf per day) for the week ended Friday, October 8. The overall working gas level continues to increase and is estimated by AGA to be 2,936 Bcf as all three regions again added to their stocks during the first week of October. The Consuming East region ended the period with 1,656 Bcf while the Producing and Consuming West regions now have 852 and 428 Bcf, respectively. The EIA estimated that the stock inventory on October 1 was 2,956 Bcf. Adding AGA's latest estimate of net injections to EIA's October 1 figure yields an estimated 3,005 Bcf on hand October 8. If the industry maintains an average refill rate of 7 Bcf per day during October, working gas in storage at the start of the heating season on November 1 would be 3,173 Bcf according to EIA estimates.

**Spot Prices:** Curtailed electricity generation capabilities in the West added to gas demand, which was already strong from the continuing hot weather in California and the Southwest. California's main north-south power transmission line was shut down for maintenance, while planned refueling outages at nuclear facilities in the region, the unexpected shutdown of at least one conventional plant, and continuing fish flushes at hydroelectric sites sent power prices in the Northwest and West soaring and brought nearly all gas-fired generating units in the region on line. Western demand pulled gas from, and helped boost prices in, the Rockies and the Permian and San Juan basins through Wednesday. All spot prices got a boost from soaring futures prices, and Gulf coast and Midcontinent prices also derived some support from concerns about the brewing tropical storm Irene. By Wednesday, spot prices had gained 20 to 30 cents per MMBtu virtually across the board, to the upper \$2.60s in the Rockies, \$2.70s in the San Juan basin, \$2.81 at the Henry Hub, the low \$2.90s in Appalachia, and over \$3.30 at the PG&E citygate. On Thursday, spot prices followed the futures price down, then sagged a bit further on Friday, influenced by cooling temperatures in some parts of Texas and the Gulf Coast and by the solid inventory situation as reported by AGA.

**Futures Prices:** With prospects for continuing strong gas demand in the West and a developing storm in the Gulf of Mexico, the NYMEX near-month contract posted strong gains Monday through Wednesday, adding almost 30 cents to Friday's settlement price (\$2.692 per MMBtu) to end Wednesday at \$2.970. The November contract traded above \$3.00 per MMBtu on Wednesday, the first time it has reached that level since the end of August. On Thursday, with storm fears allayed, the November contract gave up about half of its gains. But on Friday it roared back, regaining the 14 cents lost on Thursday, influenced by the developing cooling trend and recent forecasts of a normal winter. The November contract ended the week at \$2.975 per MMBtu, having consolidated its 28 cent increase from the preceding Friday.

**Summary:** Prices on both spot and futures markets rose early in the week as hot weather in the South and West were accompanied by a potential threat from tropical storm Irene in the Gulf. Prices then trended down as temperatures in the South and West moderated, Irene turned toward Florida, and the stock build remained strong in early October. Nevertheless, on Friday prices on both markets were still close to \$0.30 per MMBtu higher than a week ago.