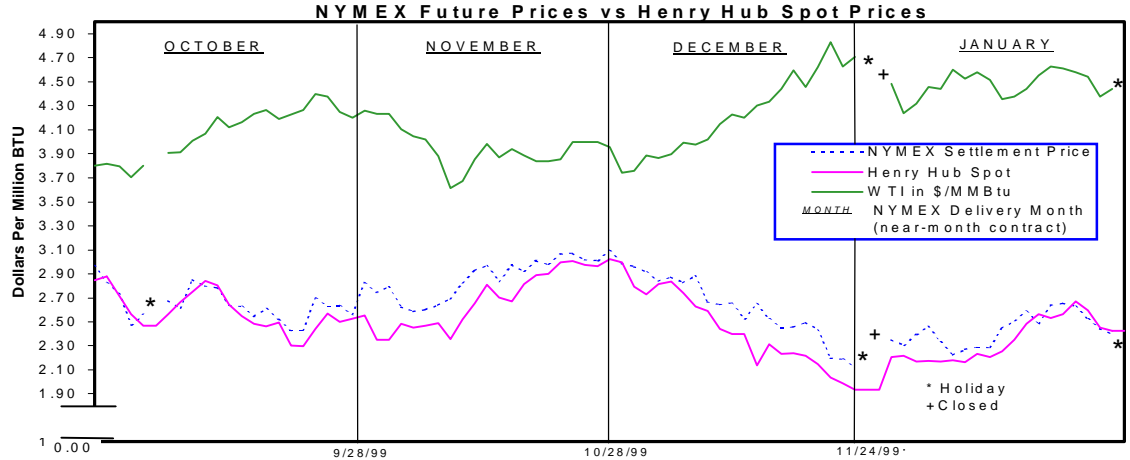
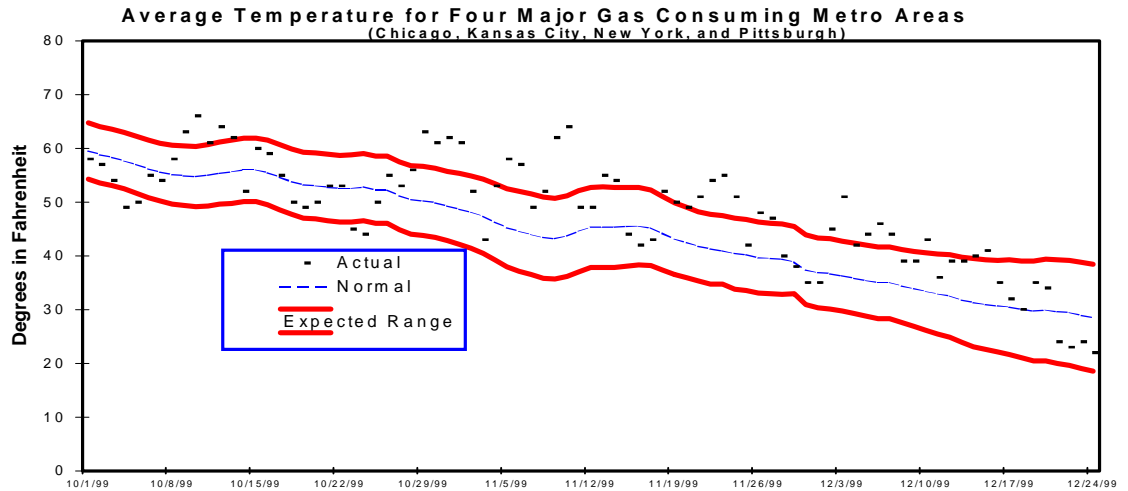


HENRY HUB PRICE (\$ per MMBtu)		
	SPOT	FUTURES
	December	January
	Del	Del
12/20	2.64-2.70	2.629
12/21	2.56-2.63	2.522
12/22	2.42-2.48	2.444
12/23	2.40-2.45	2.399
12/24	2.40-2.45	Holiday



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.

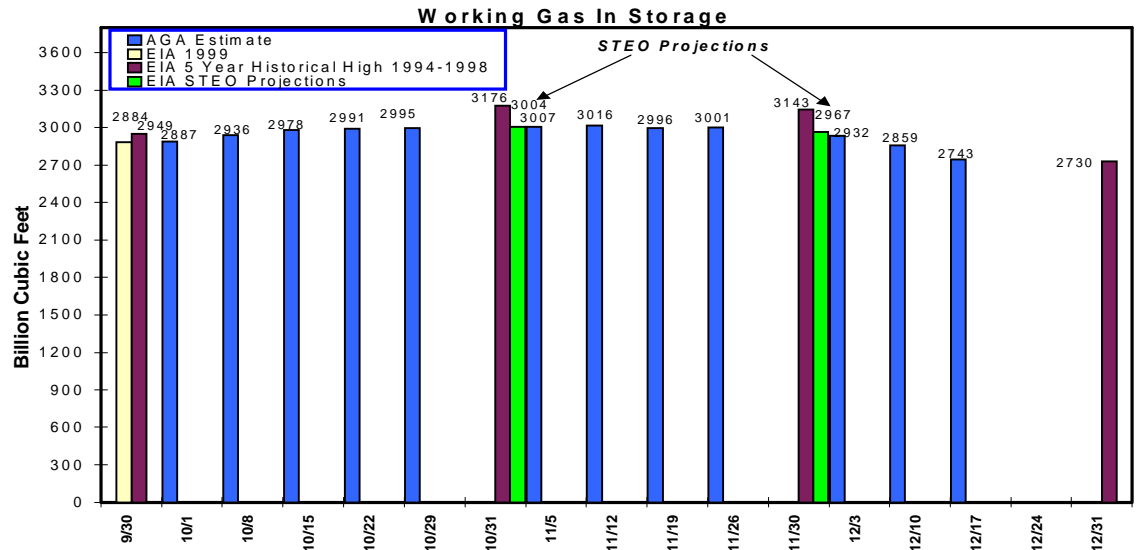
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
12/18	30	30	0
12/19	35	30	5
12/20	34	30	4
12/21	24	30	-6
12/22	23	29	-6
12/23	24	29	-5
12/24	22	28	-6



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 12/17/99		
	BCF	% Full
EAST	1546	85
WEST	408	83
Prod Area	789	83
U. S.	2743	84

Source: AGA



The NYMEX futures contract for January delivery at the Henry Hub opened on Monday, December 27, at \$2.410 per MMBtu, \$0.011 more than Thursday's settlement price (NYMEX was closed on Friday, December 24). By Monday of last week, significantly colder temperatures had pushed south from Canada through the middle of the nation, bringing single-digit and below-zero high temperatures to parts of the northern tier of States and highs in the 30s as far south as the middle of Texas. As the colder temperatures spread eastward through the week, warmer weather began to return to the South, Midcontinent, and West. Spot prices got a boost on Monday in most markets in reaction to the spreading cold front, then fell for the rest of the week. Despite a 10-cent gain on Monday, by Thursday, spot gas at the Henry Hub was down by \$0.14 per MMBtu from the previous Friday at \$2.43. The January futures contract fell each day of the holiday-shortened week, losing \$0.256 per MMBtu from the previous Friday's settlement to end trading on Thursday at \$2.399. The price for West Texas Intermediate crude oil trended down most days, winding up the week at \$25.75 per barrel, or \$4.44 per MMBtu.

Storage: The American Gas Association (AGA) reported estimated net withdrawals of 116 Bcf for the week ended Friday, December 17—the largest weekly drawdown yet for this heating season. Based on EIA's estimate for stocks of 2,864 Bcf at the end of last week coupled with AGA's estimated net withdrawals (and prorating the Friday, December 3 reported withdrawals between November and December), estimated working gas in storage as of December 17 is 2,748 Bcf. Continued drawdowns at the rate for the week ended December 17 would yield net withdrawals for the month of 451 Bcf, roughly equivalent to the previous 5-year average for December (1994-1998) of 455 Bcf. The resulting end-of-month inventories of 2,516 Bcf would be more than 150 Bcf over the 5-year average for end-of-December inventories of 2,365 Bcf.

Spot Prices: Spot prices began the week up by 10-20 cents from their Friday levels, but then fell for the rest of the week virtually everywhere except in the Northeast, as temperatures rose and markets anticipated the customary lower demand during the holiday weekend. The change in spot prices for the week in selected markets are: Permian Basin, down 15-20 cents to the mid-\$2.20s per MMBtu; Midcontinent, down 17-20 cents to the low \$2.30s; Rockies, down 20-plus cents to \$2.10-\$2.20. In contrast, in the Northeast, where cold temperatures were persisting, a handful of points showed hefty gains. The largest jump was seen at TRANSCO Zone 6 for New York delivery, where the price increased \$1.75 per MMBtu from Friday's level of \$3.02 per MMBtu to \$4.77 last Wednesday, including a one-day jump of \$0.87 on Tuesday. Part of this increase stemmed from a reported shortage of transportation capacity into New York. Northeast prices joined the general decline on Thursday, but for the week were up in a broad range of 12 to 40 cents, with TRANSCO Zone 6 the outlier, gaining \$1.55 per MMBtu over the previous Friday to \$4.57.

Future Prices: The futures prices for all winter-month contracts declined each day last week, and at week's end wound up with net losses from their levels from the previous Friday. The January contract lost \$0.256 to \$2.399 per MMBtu, while the February and March contracts fell \$0.23 and \$0.173 to \$2.396 and \$2.388, respectively. The National Weather Services's 6-10 day forecast (issued December 22) for December 28 through January 1 showed normal to above normal temperatures prevailing west of the Mississippi River, while below normal temperatures were forecast for the eastern portion of the nation. This forecast and impending back-to-back long holiday weekends, which usually entail lowered demand, might have added some downward pressure to futures prices. With two more trading days before it closes, the January contract is significantly above its level of \$1.881 at this point last year.

Summary: Spot prices in the Northeast moved up sharply in reaction to the first persistent cold weather of the heating season, while prices nearly everywhere else fell because of warming temperatures and the long holiday weekend. Storage withdrawals for the third week of December, while significant, were not overly large for this point in the year. Futures prices fell throughout the week as weather forecasts called for above or near normal temperatures for the next week.