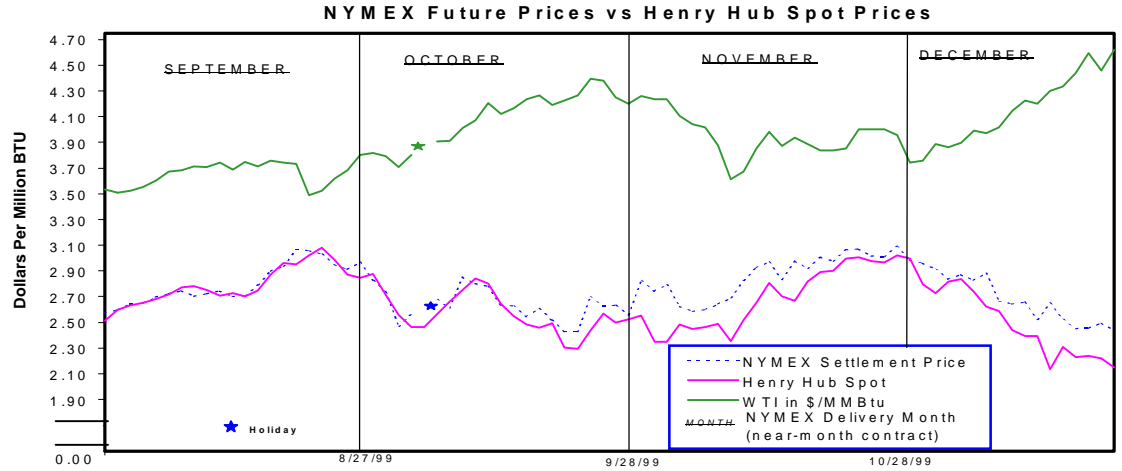
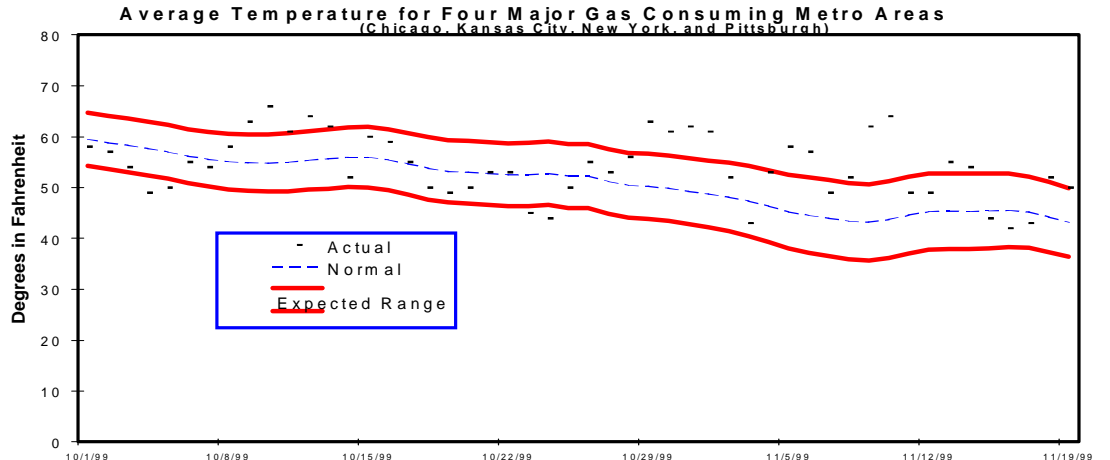


HENRY HUB PRICE (\$ per MMBtu)		
	SPOT	FUTURES
	November	December
	Del	Del
11/15	2.28-2.34	2.524
11/16	2.20-2.26	2.451
11/17	2.20-2.28	2.456
11/18	2.20-2.24	2.496
11/19	2.13-2.17	2.434



**Average Temperature for Four Major Gas Consuming Areas**

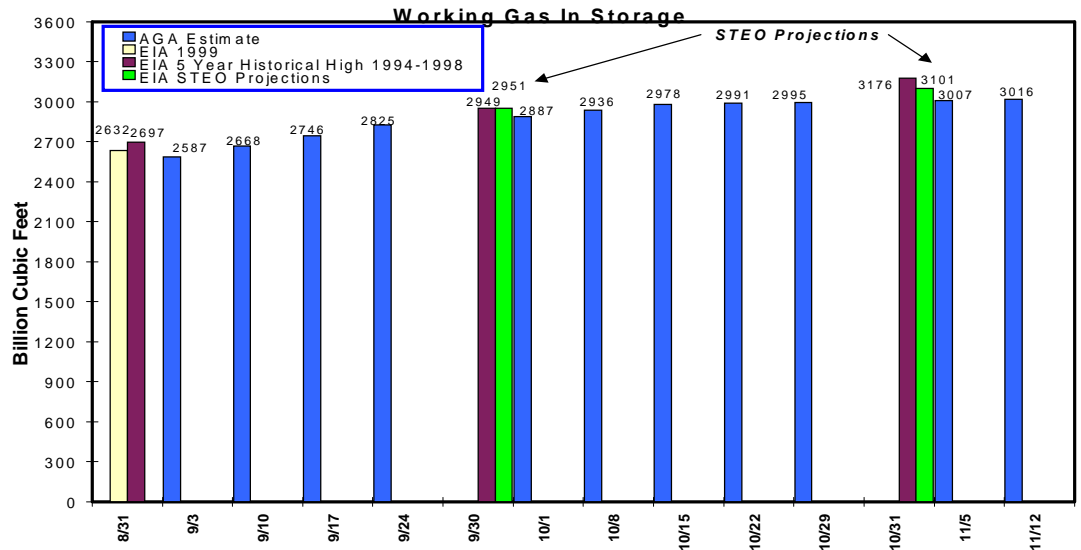
	Actual	Normal	Diff
11/13	55	45	10
11/14	54	45	9
11/15	44	45	-1
11/16	42	46	-4
11/17	43	45	-2
11/18	52	44	8
11/19	50	43	7



**Working Gas Volume  
as of 11/12/99**

	BCF	% Full
EAST	1730	96
WEST	439	90
Prod Area	847	89
U. S.	3016	93

Source: AGA



The NYMEX futures contract for December delivery at the Henry Hub opened on Monday, November 22, at \$2.34 per MMBtu, \$0.094 less than last Friday's settlement. The weather remained generally moderate last week with temperatures in the Midwest and the East averaging above normal most days. National Weather Service (NWS) forecasts are calling for temperatures to continue above normal in most parts of the country with the Northeast possibly seeing some near-record highs for this time of the year. The western mountain states were the only region with some weather-related demand growth this past week with seasonally cool temperatures appearing and prices moving up. In other locations, spot prices declined and the December futures contract also moved lower. Several major regional pipelines in the Midwest and the East have issued or have warned of pending operational flow orders because of the large volumes of gas in their systems. The price of West Texas Intermediate crude oil moved up most days last week and reached a high on Friday of \$26.60 per barrel, or about \$4.59 per MMBtu. The industry continues to expand drilling rig activity in both the United States and Canada. Since April of this year, the U.S. rig count has moved up more than 60 percent (496 to 797), while in Canada drilling activity increased almost 500 percent (75 to 371). In both countries, it is estimated that the majority of these drilling operations are primarily exploring for gas.

**Storage:** The level of working gas continued to increase in the second week of November as the American Gas Association (AGA) estimated that 9 Bcf was added during the week ended Friday, November 12. Based on EIA's stock estimate of 3,101 Bcf on October 31, the inclusion of the AGA-estimated net injections for this month results in a stock level of 3,122 Bcf in mid-November. This level is less than 2 percent below last year's EIA 5-year high of 3,176 Bcf at the start of the heating season. The mild weather in most parts of the country has extended the storage refill period by delaying the normal stock withdrawals in the major gas-consuming areas in the Midwest and the Northeast. The combination of low demand and decreased spot prices has provided some industry storage operators with an opportunity to continue to add to their inventories. According to EIA data, net withdrawals for the entire month of November during the previous 5 years (1994-98) averaged 172 Bcf with a high of 272 Bcf in 1995. Last year, which had warmer-than-normal temperatures in November, net withdrawals for the month totaled 34 Bcf.

**Spot Prices:** For the third consecutive week, spot prices moved down at most major market locations. After moving up about 10 cents per MMBtu on Monday, the spot market price at the Henry Hub declined to the low \$2.20's where it remained until moving down on Friday to end the week at \$2.15. The mild weather pattern, along with relatively high storage stocks and ample supply, continue to apply downward pressure on prices. Prices at other market locations on Friday, November 19, were: Katy in East Texas—\$2.09 per MMBtu, Waha in West Texas—\$2.03, and Chicago—\$2.19. All these locations had posted prices that were \$0.50 to \$0.70 per MMBtu higher in late October. The only U.S. market that moved counter to the general downward trend is in the Rockies where prices moved up 5 cents per MMBtu last week and traded for \$2.00 on Friday. Prices at the Canadian border also moved up last week in the West and gained about 10 cents per MMBtu to US\$2.05 by the end of the week.

**Futures Prices:** A solid supply situation, coupled with the warmer-than-normal NWS short-term and winter forecasts, have contributed to steady declines in the near-month December contract. The December contract moved down about 12 cents per MMBtu on Monday and ended the week at \$2.434—about \$0.21 lower than on the previous Friday. Since early November, the December contract has declined almost \$0.50 per MMBtu as it ended trading on Friday at \$2.434 per MMBtu. Because of the Thanksgiving holiday, the NYMEX December contract will close on Wednesday, November 24.

**Summary:** Prices continue to move down as mild November weather has been prevalent in most parts of the country. Storage operators continued to add to stock levels during the first two weeks of November and are approaching last year's recent high of 3,176 Bcf. As an indication of the strength of overall supply and lack of demand, the December NYMEX contract ended the week trading at levels that were \$0.65 and \$0.14 per MMBtu below the final prices for the October and November contracts, respectively.