IN THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

IN RE:	)	
	)	
UNITED CITIES GAS COMPANY, a Division of ATMOS ENERGY CORPORATION INCENTIVE PLAN (IPA) AUDIT	)	Consolidated Docket Nos 01-00704 and 02-00850
	)	
UNITED CITIES GAS COMPANY, a Division of ATMOS ENERGY CORPORATION, PETITION TO AMEND THE PERFORMANCE BASED RATEMAKING MECHANISM RIDER	)	

DIRECT TESTIMONY OF PATRICIA CHILDERS

Q Please state your name, place of employment, and title.

A· My name is Patricia Childers. I am Vice President of Rates and Regulatory Affairs for Atmos Energy Corporation, formerly known as United Cities Gas Company ("Atmos" or the "Company"). I have held this position since July 2001. Before holding this position, I was Manager of Rates and Regulatory Affairs for the Company from 1981 until July 2001.

Q: Please describe your job duties.

A· As Manager of Rates and Regulatory Affairs, my duties included monitoring the Company's compliance with state and federal regulations, and communicating with state and federal regulators, including Tennessee Regulatory Authority ("TRA") staff, on a regular basis. As Vice President of Rates and Regulatory Affairs, I am responsible for coordinating regulatory compliance for the Company's mid-states division.

Q: Were you present at any meetings between Atmos and TRA staff regarding the transportation discounts that are the subject of this consolidated docket?

17

18 A. Yes. Sometime around the beginning of January 2001, Atmos contacted Mike Horne, then
19 Chief of the TRA Energy and Water Division to request a meeting between Atmos representatives
20 and TRA staff. The purpose of the meeting was to discuss certain transportation discounts Atmos
21 had recently negotiated and how those savings would be accounted for under the Company's
22 performance-based ratemaking ("PBR") tariff. The meeting was held on January 31, 2001, at the
23 TRA offices in Nashville. I participated in the meeting.
24
25 Q: Who else was present at the meeting?
26 A: TRA Chief of Energy and Water Division Mike Horne, and TRA staff members Dave
27 McClanahan and Pat Murphy were present at the meeting. Atmos had arranged for several
28 members of its management to attend the meeting Present at the meeting representing Atmos
29 were, in addition to myself:
30
31 (1) my supervisor, Attorney Mark Thessin, then Vice-President of Rates and
32 Regulatory Affairs;
33
34 (2) Alicia Rye, Rate Analyst; and
35
36 (3) Ms. Rye's supervisor, Bob Cline, Manager of Rate Administration.
37
38 Atmos also arranged for two individuals from the home office in Dallas, Texas to travel to
39 Nashville to attend the meeting. They were:
40
41 (1) Patti Dathe, Gas Supply Analyst; and
42
43 (2) Ms. Dathe's supervisor, John Hack, Director of Gas Supply Planning.
44
45 Q: Please describe what occurred at the meeting.
46

A: At the meeting, Atmos representatives provided all of the attendees with packet of information, which included a Meeting Agenda. A copy of the information packet is attached as collective Exhibit 1 to this Direct Testimony.[1]

The purpose of the meeting was to inform the TRA staff that Atmos had, in the past few months, successfully negotiated discounted rates for a substantial portion of its transportation contracts. In prior years, Atmos' transportation contracts were priced at the maximum rate permitted by the Federal Energy Regulatory Commission (the "maximum FERC rate") At the January 31 meeting, Atmos told the TRA staff that Atmos, motivated by the PBR provisions allowing the Company to share in savings from avoided costs, had actually begun efforts to negotiate discounted transportation rates in late 1999. Atmos informed the TRA staff at the meeting that around October of 1999, Atmos was successful in completing negotiations for discounts for three of its transportation contracts. The combined totals for these contacts represented a very small portion of Atmos' total transportation costs. The second page of the information packet Atmos provided to the attendees at the January 31 meeting showed the savings that resulted from those discounted transportation contracts for Atmos' 1999-2000 PBR plan year. (Exhibit 1 at p. 2)

At the meeting, Atmos told the TRA staff, that due to an oversight, the Company had neglected to report the savings resulting from discounted contracts in its annual report for the 1999-2000 PBR plan years. This was merely an error on Atmos' part, perhaps due in part to the fact that the discounted transportation contracts represented a very small percentage of Atmos' overall transportation costs. In response to concerns raised by the TRA staff regarding making corrections to the 1999-2000 plan year, which had already been closed, Atmos agreed that it would not seek recovery of its share of the savings it was able to obtain for the 1999-2000 plan year.

Atmos then told the TRA staff that just a few months earlier, around November of 2000, Atmos had successfully completed negotiated discounted rates in all of the Tennessee Pipeline and East Tennessee Pipeline systems. These newly negotiated discounted contracts represented a significant portion of the Company's total transportation costs as compared to the 1999 discounts.

[1] Because the exhibit contains confidential and proprietary information belonging to Atmos, it has been filed under seal

76 Page 3 of the information packet Atmos provided to the attendees at the meeting gave a
77 breakdown of the savings. The sheet listed the maximum FERC rate, the negotiated rate, and the
78 resulting discount for each contract, and computed total monthly and annual savings resulting from
79 those discounts. (Exhibit 1 at p. 2) Atmos explained to the TRA staff that the savings resulting
80 from the discounted transportation contracts it had negotiated would be considered "avoided costs"
81 under the PBR tariff, and consequently, Atmos would be entitled to share in those savings under
82 the PBR tariff.
83
84 Q· Did you discuss the method for calculation of those savings at the meeting?
85
86 A· Yes. Atmos had requested the January 31 meeting with the TRA because Atmos intended
87 to begin recognizing its share of savings resulting from the transportation discounts as income on
88 its books, and before it did so, Atmos wanted to make sure the TRA staff had no objections to
89 Atmos' position and approved of the proposed methods of calculations and reporting.
90
91 At the meeting, Atmos explained to the TRA staff how those savings would be calculated under
92 the PBR. Atmos walked through the fact that the transportation discounts would be calculated by
93 subtracting the negotiated rate from the maximum FERC rate for each particular pipeline. Atmos
94 also explained that the monthly discounts for all transportation contracts would be added together
95 to reach a total annual savings, which Atmos would then be entitled to share in according to the
96 percentages outlined in the PBR tariff. (Exhibit 1.) Atmos informed the TRA staff at the meeting
97 that the Company would begin using this calculation in its future quarterly reports, which were due
98 in the upcoming months.
99
100 Q· What was the response of the TRA staff at the meeting?
101
102 A: The response from the TRA staff at the January 31 meeting was positive. The TRA staff
103 members actively participated in meeting and asked numerous questions. The TRA staff indicated
104 that they agreed with Atmos' position that the savings from the negotiated discounts were included
105 within the avoided costs provisions of the PBR, and that the TRA staff accepted Atmos' method of
106 calculating the savings. The Atmos representatives exited the meeting believing the recognition of

107 this income was not an issue and that the Company was not at risk for disallowance unless Atmos
108 heard otherwise from the TRA staff.
109
110 Q: Did Atmos file quarterly reports which calculated the transportation savings as outlined in
111 the January 2001 meeting?
112
113 A· Yes On March 1, 2001, Atmos filed its quarterly report for the third quarter of the 2000-
114 2001 PBR plan year, which covered the time period from October through December 2000. A
115 copy of the quarterly report is attached as Exhibit 2 to this Direct Testimony [2] Atmos calculated
116 the savings resulting from the negotiated discount transportation contracts precisely how it
117 indicated it would in the January 31 meeting. The discounts were calculated by comparing the
118 negotiated rates to the maximum FERC rates. To highlight the additional savings and bring it to
119 the attention of the TRA staff, Atmos did not roll the transportation costs into the total gas
120 commodity costs, but separated the transportation costs in a separate column in the quarterly report
121 so there could be no confusion as to how the savings were calculated. At the time, Atmos thought
122 that the end mathematical result would be the same regardless of whether the transportation costs
123 were calculated as part of the total gas commodity costs or included in their own separate column.
124 Since Atmos thought the end results would be identical, it chose to highlight the additional savings
125 for the TRA staff by including a separate column for the transportation savings. Atmos relied on
126 the provision in the tariff requiring the TRA staff to object to the quarterly reports within 180 days,
127 and assumed that the TRA staff would notify Atmos if it had any objection to the calculation
128 method used in the quarterly report.
129
130 Q: Did the TRA staff ever question the March 2001 quarterly report?
131
132 A. No. At no time after the filing of the March 1, 2001 quarterly report did any member of
133 the TRA staff contact Atmos or make any filing to object to the March 2001 quarterly report.
134
135 Q: Were the same transportation calculations included in other reports?

[2] Because the exhibit contains confidential and proprietary information belonging to Atmos, it has been filed under seal.

136

137 A: Yes. On May 31, 2001, Atmos filed its quarterly report for the last quarter of the 2000-
138 2001 PBR plan year, which covered the time period from January through March of 2001. A copy
139 of that quarterly report is attached at Exhibit 3 to this Direct Testimony.[3] Atmos calculated the
140 transportation savings using the same method employed in the previous quarterly report. The
141 discounts were calculated based on the difference between the negotiated rate and the maximum
142 FERC rate, and the transportation savings were added together in a separate column rather than
143 being included within total gas commodity costs. Again, Atmos relied on the provision in the
144 tariff requiring the TRA staff to object to the quarterly reports within 180 days, and assumed that
145 the TRA staff would notify Atmos if it had any objection to the calculation method used in the
146 quarterly report.
147
148 At no time after the filing of the May 31, 2001 quarterly report did any member of the TRA staff
149 contact Atmos or make any filing to object to the May 2001 quarterly report.
150
151 On August 31, 2001, Atmos filed its annual report for the 2000-2001 plan year. Atmos calculated
152 the transportation savings using the same method explained at the January 31 meeting and used in
153 the March and May 2001 quarterly reports.
154
155 Q: What is the Company's position with regard to the proper treatment of the NORA contract
156 under the PBR?
157
158 A: The Company's position with regard to the proper treatment of the NORA contract under
159 the current PBR plan is set forth in the direct testimony of Frank Creamer.
160
161 Q: In Docket No. 02-00850, Atmos filed an amended tariff to add a transportation index factor
162 to the current PBR plan. What is the Company's position with regard to the proposed tariff?
163
164 A. The Company's position with regard to the tariff proposed in Docket No. 02-00850 is set
165 forth in the direct testimony of Frank Creamer.

[3] Because the exhibit contains confidential and proprietary information belonging to Atmos, it will be filed under seal

166

167 Q: Does that conclude your direct testimony?

168

169 A. Yes.

Respectfully submitted,

BAKER, DONELSON, BEARMAN
CALDWELL, & BERKOWITZ, P.C.

By: _____

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Misty Smith Kelley, TN BPR # 19450
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Chattanooga, TN 37450-1800
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(423) 752-9527 (Facsimile)
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Attorneys for Atmos Energy Corporation

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served via U.S. Mail, postage prepaid, upon the following this the 30th day of July, 2004:

Russell T. Perkins
Timothy C. Phillips
Shilina B. Chatterjee
Office of the Attorney General
Consumer Advocate & Protection Division
P.O. Box 20207
Nashville, TN 37202

Randal L. Gilliam
Staff Counsel
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243

_____

IN THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

IN RE:	)	
	)	
UNITED CITIES GAS COMPANY,	)	
a Division of ATMOS ENERGY	)	Consolidated Docket Nos. 01-00704 and
CORPORATION INCENTIVE	)	02-00850
PLAN (IPA) AUDIT	)	
	)	
UNITED CITIES GAS COMPANY,	)	
a Division of ATMOS ENERGY	)	
CORPORATION, PETITION TO	)	
AMEND THE PERFORMANCE	)	
BASED RATEMAKING	)	
MECHANISM RIDER	)	

EXHIBIT 1

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C MSK 304931 v1
2830844-000077 07/30/2004

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UNITED CITIES GAS COMPANY,
A Division of Atmos Energy Corporation

January 31, 2001 Meeting with TRA

MEETING AGENDA

Performance Based Rate

I. Avoided Costs Resulting From Negotiated Transportation Contracts

A. Tennessee Gas Pipeline

B. East Tennessee Natural Gas

C. Columbia Gulf

II. Discussion of Reporting Simplification Suggestions

A. Monthly Reporting

B. Annual Reporting

III. Status of Nora Filing

SUMMARY- TENNESSEE PBR SAVINGS

April, 1999 through March, 2000

	MDQ or Commodity	MSQ	[redacted]	Discounted Rate	Discount	Monthly Discount	No. of Months	Total 99-00 PBR Discount	Contract Effective Date
99-00 PBR									
ETN - FT (Transport)	84,588			$7.11	$0.05	$4,229	12 (Winter=5)	$21,145	01-Oct-99
ETN-LNG (Storage)		339,900	[redacted]	$0.4227	$0.1761	$59,856	5	$299,280	01-Oct-99
CGT-Backhaul FT	75,000			$0.906	$2.2390	$167,925	5	$839,625	01-Nov-99
						PBR 99-00 Year Total		$1,160,050	

[redacted]

6 mos April 00

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Jck 99-

Nov

SUMMARY- TENNESSEE PBR SAVINGS

April, 2000 through March, 2001

00-01 PBR

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	MDQ	MSQ	Max Rate	Discounted Rate	Discount		Monthly Discount	No. of Months	Annual Discount		Contract Effective Date
Tennessee Gas:											
TRANSPORTATION:											
*FT #27311:											
Zone 1 to 1	56,656		[redacted]	$3.8600	$1.0600		$60,055	12	$720,660		01-Nov-00
-Estmtd Commodity	11,000,000		[redacted]	$0.0221	$0.0445		$40,792	N/A	$489,500	Est'd	01-Nov-00
							$100,847		$1,210,160	S-T	
STORAGE:											
*Storage Service with AESI (Replaces TGP Contract Numbers FS-PA #2032 and FS-PA #3981)											
-Contract (A)	15,000		[redacted]	$ 1.9200	$ 0.1000	Deliverability	$ 1,500	12	$ 18,000		01-Nov-00
		1,800,000	[redacted]	$ 0.0223	$ 0.0025	Space	$ 4,500	12	$ 54,000		01-Nov-00
-Contract (B)	1,634		[redacted]	$ 1.9200	$ 0.1000	Deliverability	$ 163	12	$ 1,961		01-Nov-00
		193,543	[redacted]	$ 0.0223	$ 0.0025	Space	$ 484	12	$ 5,806		01-Nov-00
							$ 6,647		$ 79,767	S-T	
East Tennessee:											
*ETN - FT (Transport)	84,588		[redacted]	$7.11	$0.05		$4,229	12	$50,748		01-Oct-99
*ETN-LNG (Storage)		339,900	[redacted]	$0.4227	$0.1761		$59,856	5	$299,280		01-Oct-99
*ETN - FT (Transport) (Rocky Top Exp.)	27,500		[redacted]	$ 8.600	$ 1.601		$ 44,028	12	$ 528,330		01-Nov-00
							$108,113		$878,358	S-T	
Columbia Gulf:											
*CGT-Backhaul FT(ETN	15,000		[redacted]	$0.906	$2.2390		$33,585	5	$167,925		01-Nov-00
CGT-Backhaul FT(MID)	30,000		[redacted]	$0.906	$2.2390		$67,170	5	$335,850		01-Nov-00
	45,000						$100,755		$503,775	S-T	
							PBR 00-01 Year TOTAL		***$2,672,060***		

Apply TN/VA ratio to allocate Tennessee only savings.

SUMMARY- TENNESSEE PBR SAVINGS

April, 2000 through March, 2001

00-01 PBR

CONFIDENTIAL

	MDQ	MSQ	Max Rate	Discounted Rate	Discount		Monthly Discount	No. of Months	Annual Discount		Contract Effective Date
Tennessee Gas:											
TRANSPORTATION:											
*FT #27311:											
Zone 1 to 1	56,656		[redacted]	$3.8600	$1.0600		$60,055	12	$720,660		01-Nov-00
-Estmtd Commodity	11,000,000		[redacted]	$0.0221	$0.0445		$40,792	N/A	$489,500	Est'd	01-Nov-00
							$100,847		$1,210,160	S-T	
STORAGE:											
*Storage Service with AESI (Replaces TGP Contract Numbers FS-PA #2032 and FS-PA #3981)											
-Contract (A)	15,000		[redacted]	$ 1.9200	$ 0.1000	Deliverability	$ 1,500	12	$ 18,000		01-Nov-00
		1,800,000	[redacted]	$ 0.0223	$ 0.0025	Space	$ 4,500	12	$ 54,000		01-Nov-00
-Contract (B)	1,634		[redacted]	$ 1.9200	$ 0.1000	Deliverability	$ 163	12	$ 1,961		01-Nov-00
		193,543	[redacted]	$ 0.0223	$ 0.0025	Space	$ 484	12	$ 5,806		01-Nov-00
							$ 6,647		$ 79,767	S-T	
East Tennessee:											
*ETN - FT (Transport)	84,588		[redacted]	$7.11	$0.05		$4,229	12	$50,748		01-Oct-99
*ETN-LNG (Storage)		339,900	[redacted]	$0.4227	$0.1761		$59,856	5	$299,280		01-Oct-99
*ETN - FT (Transport) (Rocky Top Exp.)	27,500		[redacted]	$ 8.600	$ 1.601		$ 44,028	12	$ 528,330		01-Nov-00
							$108,113		$878,358	S-T	
Columbia Gulf:											
*CGT-Backhaul FT(ETN	15,000		[redacted]	$0.906	$2.2390		$33,585	5	$167,925		01-Nov-00
CGT-Backhaul FT(MID)	30,000		[redacted]	$0.906	$2.2390		$67,170	5	$335,850		01-Nov-00
	45,000						$100,755		$503,775	S-T	
							PBR 00-01 Year TOTAL		*$2,672,060*		

Apply TN/VA ratio to allocate Tennessee only savings.

Note: NORA re-negotiation, effective November 1, 2000, is not included

United Cities Gas Company
SUMMARY- TENNESSEE / VIRGINIA ALLOCATION
April, 2000 through March, 2001

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00-01 PBR	Monthly Discount	Annual Discount	Tennessee 66%	Virginia 34%	Contract Effective Date
Tennessee Gas:					
Transportation:					
*FT #27311:					
Zone 1 to 1	$60,055	$720,660			
-Estmtd **Commodity**	$40,792	$489,500			
	$100,847	$1,210,160	$798,706	$411,454	01-Nov-00
Storage:					
*Storage Service with AESI (Replaces TGP Contract Numbers FS-PA #2032 and FS-PA #3981)					
-Contract (A) Deliverability	$ 1,500	$ 18,000			
Space	$ 4,500	$ 54,000			
-Contract (B) Deliverability	$ 163	$ 1,961			
Space	$ 484	$ 5,806			
	$ 6,647	$ 79,767	$52,646	$27,121	01-Nov-00
East Tennessee:					
*ETN - FT (Transport)	$4,229	$50,748			01-Oct-99
*ETN-LNG (Storage)	$59,856	$299,280			01-Oct-99
*ETN - FT (Transport)	$ 44,028	$ 528,330			01-Nov-00
(Rocky Top Exp.)	$108,113	$878,358	$579,716	$298,642	
Columbia Gulf:					
*CGT-Backhaul FT(ETN)	$33,585	$167,925	$110,831	$57,095	
CGT-Backhaul FT(MID)	$67,170	$335,850	$335,850	$0	
	$100,755	$503,775	$446,681	$57,095	01-Nov-00
		Total PBR - 100% $ 2,672,060	$ 1,877,749		

Apply TN/VA ratio to allocate Tennessee only savings.

Note: NORA re-negotiation, effective November 1, 2000, is not included.

IN THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

IN RE:	)	
	)	
UNITED CITIES GAS COMPANY,	)	
a Division of ATMOS ENERGY	)	Consolidated Docket Nos. 01-00704 and
CORPORATION INCENTIVE	)	02-00850
PLAN (IPA) AUDIT	)	
	)	
UNITED CITIES GAS COMPANY,	)	
a Division of ATMOS ENERGY	)	
CORPORATION, PETITION TO	)	
AMEND THE PERFORMANCE	)	
BASED RATEMAKING	)	
MECHANISM RIDER	)	

EXHIBIT 2

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FILED UNDER SEAL

C MSK 304931 v1
2830844-000077 07/30/2004

Childers, Patricia D.

From: Pat Murphy [pmurphy2@mail.state.tn.us]
Sent: Wednesday, February 28, 2001 3:35 PM
To: Patricia.Childers@UnitedCitiesGas.com
Subject: Re: UCG PBR Report Oct-Dec2000

Pat,

I printed out your filing and had Betty stamp it with today's date. I am your witness that you filed it on time. I am always willing to work with you if there is a legitimate reason for delay. What the Directors are concerned about is a pattern of behavior on the part of Companies that show intentional disregard for the rules and regulations of the Agency. I believe we have mutual cooperation here.

Pat

>>> "Childers, Patricia D." <Patricia.Childers@UnitedCitiesGas.com> 02/28/01 03:10PM >>>

Pat,
Thank you for allowing me to submit this electronically in order to meet the deadline. I will deliver a hard copy to you tomorrow. It seems like we've had printer problems all day and numerous other interruptions. THIS IS CONFIDENTIAL.
<<10-00 thru 12-00 Qtrly Rpt2.xls>>

EXHIBIT
2
Blumberg No. 5119

United Cities Gas Company

March 1, 2001

Mr. Mike Horne
Chief, Energy and Water Divisions
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

RE: Docket 97-01364

Dear Mr. Horne:

Enclosed is United Cities' quarterly report for the months of October, November and December 2000 in the above referenced docket. We have included, per the Staff's request, a copy of the publications containing the indices used in the calculations. Please note that the worksheets for the individual months are CONFIDENTIAL.

Thank you for allowing me to file this electronically February 28, 2001.

If you have any questions, please call me at 615-771-8332.

Sincerely,

Pat Childers

Patricia J. Childers
Manager - Rates & Regulatory Affairs

cc: Dan McCormac
Mark G. Thessin
Alicia Rye (Franklin)
Patti Dathe (Dallas)

[illegible] Crossroads Centre Dr. Suite 600 Franklin, TN 37067-6226 615/771-8300

United Cities Gas Company
State of Tennessee
(Net of Virginia)

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1999/2000 Summary
Performance Based Ratemaking
Gas Procurement - Work Papers

Gas Procurement	Below Band	Above Band	Net for Month	Tennessee Purchased Dth	Net Incentive Benefits Capacity Rel.
October, 2000	$ 2,416	$ -	$ 2,416	1,267,397	$ 43,791
November	$ 237,630	$ -	$ 237,630	1,508,260	$ 3,120
December	$ 344,599	$ -	$ 344,599	2,788,108	$ 11,298
Total	$584,645.45	$0.00	$584,645.45 (2)	5,563,765	$58,209.33 (1)

Determinants	
Upper Band:	102.00%
Lower Band:	97.70%
File Name.	

TO DATE. Under PBR:	To PGA	To UCGC
(1) Capacity Release	$52,388	$5,821
(2) Gas Cost - All Pipelines	$292,323	$292,323
Total	$344,711	$298,144
(1)	90%	10%

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Tennessee PBR Calculations
Capacity Release Summary
2000 / 2001

Month	Pipeline	Total Cap. Release	Tennessee/ Virginia Ratio	Net Tennessee Cap. Release	Quarter Cumulative
0/00	Tennessee P/L	$75,760 00	58.48%	$39,874.00	
	East Tenn. P/L	$200.00	58.48%	$105 26	
	Texas Eastern	$106.46	N/A	$95 81	
	Texas Gas	$0.00	N/A	$0.00	
	Columbia Gulf	$4,128.60	N/A	$3,715.74	
	Southern	$0.00	58.48%	$0.00	
	Monthly Total	**$80,195.06**		**$43,790.82**	**$43,790.82**
1/00	Tennessee P/L	$0 00	61.80%	$0 00	
	East Tenn. P/L	$5,609.60	61.80%	$3,120 06	
	Texas Eastern	$0.00	N/A	$0.00	
	Texas Gas	$0 00	N/A	$0.00	
	Columbia Gulf	$0 00	N/A	$0 00	
	Southern	$0.00	61.80%	$0.00	
	Monthly Total	**$5,609.60**		**$3,120.06**	**$46,910.88**
2/00	Tennessee P/L	$0.00	65.92%	$0 00	
	East Tenn. P/L	$19,044.04	65 92%	$11,298.45	
	Texas Eastern	$0.00	N/A	$0.00	
	Texas Gas	$0 00	N/A	$0.00	
	Columbia Gulf	$0.00	N/A	$0.00	
	Southern	$0 00	65.92%	$0.00	
	Monthly Total	**$19,044.04**		**$11,298.45**	**$58,209.33**

United Cities Gas Company

For the Tennessee Regulatory Authority

Monthly Report on Performance Based Ratemaking Mechanism

CONFIDENTIAL

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Determinants			
Upper Band	102.00%	Date:	03/01/01
Lower Band:	97.70%	Time	07.59 AM
		File:	
Company Split:	50.00%	Month.	October, 2000
Rolling Avg Adjust Well Pu	$0.0000	Page	One

Pipeline	Supplier Name	Purchase Point	Tennessee/ Virginia Ratio	100% Invoice Volume (MMBTU)	Tennessee Volume (MMBTU)	Invoice Price	Inside FERC	NGI	Close NYMEX	Wgtd Avg Adjustment	Average Gas Daily or Average Index	Upper Band	Lower Band	Below Band	Above Band	Value @ Invoice Price	Value @ Upper Band	Value @ Lower Band
Tennessee	Woodward Mktg	Zone 1	58 48%	493,173	288,408	$ 5 1363	$ 5 1900	$ 5.1850	$ 5.3120	$	$ 5 2290	$ 5 3336	$ 5.1087	0.00	0 00	$ 1 481 348	$ 1,538,251	$ 1 473 388
Tennessee	Woodward Mktg	Zone 1	58 48%	439,489	257,013	$ 5 1363	$ 5.1900	$ 5.1850	$ 5 3120	$	$ 5.2290	$ 5 3336	$ 5 1087	0 00	0 00	$ 1 320.097	$ 1,370,805	$ 1 313,003
Tennessee	Woodward Mktg	Zone 1	58 48%	42,450	24,825	$ 5.1363	$ 5 1900	$ 5 1850	$ 5 3120	$	$ 5 2290	$ 5.3336	$ 5 1087	0.00	0.00	$ 127,507	$ 132 405	$ 126.822
**Tennessee/CNG	Woodward Mktg	Zone 1 + Trans	58 48%	28,984	16,950	$ 5 4600	$ 5.4800	$ 5.4550	$ 5 5820	$ -	$ 5.4990	$ 5 6090	$ 5 3725	0.00	0 00	$ 92,546	$ 95.072	$ 91,063
Total Tennessee				1,004,096	587,196									0.00	0.00			
Texas Eastern	Woodward Mktg	STX	N/A	14,720	14,720	$ 5 1428	$ 5 1300	$ 5.1100	$ 5 3120	$ -	$ 5 1840	$ 5 2877	$ 5 0648	0 00	0 00	$ 75,704	$ 77 837	$ 74 556
Texas Eastern	Woodward Mktg	ETX	N/A	8,500	8,500	$ 5 1428	$ 5.1300	$ 5.1200	$ 5 3120	$ -	$ 5 1673	$ 5 2911	$ 5 0680	0 00	0 00	$ 43,713	$ 44 974	$ 43,078
Texas Eastern	Woodward Mktg	WLA	N/A	16,713	16,713	$ 5 1428	$ 5.1700	$ 5.1800	$ 5.3120	$	$ 5 2207	$ 5.3251	$ 5 1006	0.00	0 00	$ 85,954	$ 89,000	$ 85,248
Texas Eastern	Woodward Mktg	ELA	N/A	62,747	62,747	$ 5 1428	$ 5.2000	$ 5.2000	$ 5 3120	$ -	$ 5.2373	$ 5.3421	$ 5 1169	0.00	0.00	$ 322,697	$ 335.203	$ 321 072
		sub-total			102,680													
Texas Eastern/CNG	Woodward Mktg	ELA / WLA	N/A	34,198	34,198	$ 5.1850	$ 5.1850	$ 5.1900	$ 5.3120	$ -	$ 5 2290	$ 5.3336	$ 5 1087	0.00	0.00	$ 177,317	$ 182,398	$ 174,707
*Texas Eastern/ SS-1	Woodward Mktg	STX/ETX/ELA/WLA	N/A	14,995	14,995	$ 5 1428	$ 5.1575	$ 5.1525	$ 5 3120	$ -	$ 5.2073	$ 5.3116	$ 5 0876	0.00	0.00	$ 77,116	$ 79 646	$ 76,289
Total Texas Eastern				151,674	151,674									0 00	0.00			
Columbia Gulf	Woodward Mktg	Onshore	58 48%	0	0	$	$	$ -	$ -	$ -	$ -	$ -	$ -	0 00	0 00	$ -	$ -	$ -
Columbia Gulf	Woodward Mktg	Onshore	N/A	139,605	139,605	$ 5 1940	$ 5.2500	$ 5.2600	$ 5.3120	$	$ 5.3120	$ 5.4182	$ 5 1898	0.00	0.00	$ 725.108	$ 756.408	$ 724 522
Total Columbia Gulf				139,605	139,605									0.00	0.00			
Southern Natural	Woodward Mktg	Louisiana GDA	58 48%	313,351	183,248	$ 4.8758	$ -	$ -	$	$ -	$ 4 8758	$ 4 9733	$ 4 7837	0.00	0.00	$ 893 479	$ 911,346	$ 872 937
Total Southern Natural				313,351	183,248									0 00	0.00			
Texas Gas	Woodward Mktg	Zone SL	N/A	60,736	60,736	$ 5 1873	$ 5 2400	$ 5.2500	$ 5.3120	$	$ 5 2673	$ 5.3727	$ 5 1462	0.00	0.00	$ 315.056	$ 326.316	$ 312.560
Texas Gas - Storage	Woodward Mktg	Zone SL	N/A	144,739	144,739	$ 5 1873	$ 5.2400	$ 5.2500	$ 5.3120	$ -	$ 5.2673	$ 5.3727	$ 5 1462	0 00	0 00	$ 750.805	$ 777,639	$ 744 856
Texas Gas Storage	Woodward Mktg	Zone SL	N/A	(52,758)	(52,758)	$ 5 1873	$ 5.2400	$ 5.2500	$ 5.3120	$ -	$ 5.2673	$ 5.3727	$ 5.1462	0.00	0.00	$ (273.672)	$ (283,453)	$ (271,503)
Total Texas Gas				205,475	205,475									0 00	0.00			
Total All Pipelines				1,814,401	1 267 397											$ 6,214,775	$ 6,433,867	$ 6,162,597

*Published prices are an average of STX/ ETX/ ELA/ WLA divided by 4. (Inside FERC and NGI)

**CNG Storage Purchases Delivered to CNG Facilities- Price is Inclusive of Transportation

NEGOTIATED TRANSPORTATION DISCOUNTED COSTS:

DEMAND (MDQ (or MSQ) x Difference between Max Rate and Discounted Rate:	TN/ VG RATIO	X 97.7%=	
ETNG # 30774 84,588 X 5.05 Discount ($7 16 vs $7.11 Discounted $ 4.229	58 48%	$ 2,416	2,416

United Cities Gas Company

For the Tennessee Regulatory Authority

Monthly Report on Performance Based Ratemaking Mechanism

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Determinants			
Upper Band:	102.00%	Date	03/01/01
Lower Band:	97.70%	Time	07 50 AM
[illegible]	[illegible]	File	
Rolling Avg Adjust Wall Pl.	80.0000	Page	One

Pipeline	Supplier Name	Purchase Point (2)	Tennessee/ Virginia Ratio	100% Invoice Volume (MMBTU)	Tennessee Volume (MMBTU)	Invoice Price	Inside FERC	NGI (3)	Close NYMEX	Wgtd Avg Adjustment (1)	Average Gas Daily or Average Index	Upper Band	Lower Band	Below Band	Above Band	Value @ Invoice Price	Value @ Upper Band	Value @ Lower Band
Tennessee	Woodward Mktg	Zone 1	61 80%	526 846	387,397	$ 4.3793	$ 4.6200	$ 4.4600	$ 4.5410	$ -	$ 4.4870	$ 4.5563	$ 4.3843	0.00	0.00	$ 1,694,509	$ 1 765,077	$ 1 690,698
Tennessee	Woodward Mktg	Zone 1-GDA	61 80%	27 796	17 176	$ 5.8437	$ -	$ -	$ -	$ -	$ 5.8437	$ 5 9806	$ 5.7093	0.00	0.00	$ 100,383	$ 102,391	$ 98,074
Tennessee	Woodward Mktg	Zone 1	61 80%	73,356	45 372	$ 4.3793	$ 4.6200	$ 4.4600	$ 4.5410	$ -	$ 4.4870	$ 4.5563	$ 4.3843	0.00	0.00	$ 196,341	$ 206,774	$ 197,581
Tennessee	Woodward Mktg	Zone 1	61 80%	37,699	17 117	$ 4.3793	$ 4.6200	$ 4.4600	$ 4.5410	$ -	$ 4.4870	$ 4.5563	$ 4.3843	0.00	0.00	$ 74 938	$ 77 947	$ 74 481
Total Tennessee				766 590	444,955									0.00	0.00			
Texas Eastern	Woodward Mktg	STX	N/A	61 816	61,816	$ 4.3892	$ 4.3400	$ 4.3500	$ 4.5410	$ -	$ 4.4103	$ 4.4985	$ 4.3068	0.00	0.00	$ 269 220	$ 277 167	$ 265,505
Texas Eastern	Woodward Mktg	ETX	N/A	35,589	38 590	$ 4.3892	$ 4.3900	$ 4.3700	$ 4.5410	$ -	$ 4.4303	$ 4.5087	$ 4.3187	0.00	0.00	$ 155,456	$ 160,418	$ 153 656
Texas Eastern	Woodward Mktg	WLA	N/A	69,960	69,960	$ 4.3892	$ 4.5900	$ 4.6000	$ 4.5410	$ -	$ 4.4657	$ 4.5326	$ 4.3416	0.00	0.00	$ 305 671	$ 317,095	$ 303,733
Texas Eastern	Woodward Mktg	ELA	N/A	202,083	202,083	$ 4.3892	$ 4.4200	$ 4.4300	$ 4.5410	$ -	$ 4.4837	$ 4.5529	$ 4.3610	0.00	0.00	$ 1 187,584	$ 1 195,834	$ 1 145,431
*Texas Eastern SS 1	Woodward Mktg	ETX/ETX/ELA/WLA	N/A	6,670	6,670	$ 4.3892	$ 4.3700	$ 4.3975	$ 4.5410	$ -	$ 4.4346	$ 4.5232	$ 4.3325	0.00	0.00	$ 24,600	$ 25,674	$ 24,591
Total Texas Eastern				436,487	438,487									0.00	0.00			
Columbia Gulf	Woodward Mktg	Onshore-GDA	N/A	9,236	9,236	$ 5.9472	$ -	$ -	$ -	$ -	$ 5.9472	$ 6.2080	$ 5.9472	0.00	0.00	$ 56,221	$ 57,345	$ 54,928
Columbia Gulf/Tennessee	Woodward Mktg	Onshore	61 80%	415,332	399,675	$ 4.4227	$ 4.4900	$ 4.4800	$ 4.5410	$ -	$ 4.5037	$ 4.5837	$ 4.4001	0.00	0.00	$ 1 835,454	$ 1 879 089	$ 1 829 396
Total Columbia Gulf				424,568	[illegible]									0.00	0.00			
Southern Natural	Woodward Mktg	Louisiana-GDA	61 80%	107,060	66,175	$ 6.1454	$ -	$ -	$ -	$ -	$ 6.1454	$ 6.2883	$ 6.0041	0.00	0.00	$ 406,675	$ 414,808	$ 397,324
Southern Natural-Sonat	Woodward Mktg	Louisiana-GDA	61 80%	31 087	19,687	$ 6.3150	$ -	$ -	$ -	$ -	$ 6.3150	$ 6.4413	$ 6.1888	0.00	0.00	$ 122,805	$ 125,261	$ 119 982
Total Southern Natural				107,080	[illegible]									0.00	0.00			
Texas Gas	Woodward Mktg	Zone SL	N/A	41 943	41,943	$ 4.4203	$ 4.4700	$ 4.4900	$ 4.5410	$ -	$ 4.5003	$ 4.5903	$ 4.3968	0.00	0.00	$ 181 424	$ 188,400	$ 180,456
Texas Gas - Storage	Woodward Mktg	Zone SL	N/A	6	6	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	0.00	0.00	$ -	$ -	$ -
Total Texas Gas				41,943	[illegible]									0.00	0.00			
All Pipelines (Sub-total)				1,763,768	1,275,571									80.00	80.00	$ 5,675,398	$ 6,092,819	$ 5,836,040

*Published prices are an average of STX/ ETX/ ELA/ WLA divided by 4 (trade FERC and NGI)

ETNG @ NGDA	Woodward Mktg	Zone 1	61 80%	376,519	232,689	3 4 5950	$ 30 195	30,195.34
Total All Pipelines				########	1,508,260			

**NORA Carback

Demand @$4 92/ dDay	$	0 1640
TGP Commodity/ACA	$	0 0504
Fuel@ 11% x NGP-21	$	0.0844
Sub-Total	$	0.3078
Premium	$	(0 1750)
Net Avoided Cost	$	0 1328
Below Band (97 7%) x EN Volume (MMBTU)	$	0 1328 232,689
Value Below Band	$	30,195.34

NEGOTIATED TRANSPORTATION DISCOUNTED COSTS*

		INV VG RATIO	@ 97 7%=
DEMAND (NDA (or NBA) = Difference between Max Rate and Discounted Rate:			
ETNG @ 30774 64,568 X $.05 Discount ($7 16 vs $7 11 Discounted R	$ 4,229	61 80%	$ 2,553
ETNG @ 33254 339 900 x $ 1761 Discount ($.5988 vs $.4227 Discou	$ 59,856	61 80%	$ 36,140
ETNG @34538 27500 x $1.601 ($10.21 vs $8.60 Discounted Rate)=	$ 44,026	61.80%	$ 26,583
CGT #5953 (MID-TN) 30,000 x $2.239 ($3 145 vs $.906 Discounted Rate)=	$ 67,170	N/A	$ 67 170
(E TN) 15,000 x $2.239 ($3 145 vs $ 906 Discounted Rate)=	$ 33,585	61 80%	$ 20,276
TOTAL CGT CONTRACT 45,000			
TGP #27311 56,656 x $1.06 ($4 92 vs $3.86 Discounted Rate)=	$ 60,055	61.80%	$ 36,260
STORAGE DELIVERABILITY CHARGE.			
TGP Storage A 18,000 x $ 10 ($2 02 vs $1 92 Discounted Rate)=	$ 1,500	61.80%	$ 906
TGP Storage B 1,634 X $ 10 ($2.02 vs $1 92 Discounted Rate)=	$ 163	61 80%	$ 98
STORAGE SPACE CHARGE*			
TGP Storage A 1 800,000 x $.0025 ($.0248 vs $.0226 Discounted Ra	$ 4,500	61 80%	$ 2,717
TGP Storage B 193,540 x $.0025 ($.0248 vs $.0226 Discounted Rate	$ 484	61.80%	$ 292
COMMODITY CHARGE.			
TGP #27311			
11.00 698015 x .39750 X .0448 ($.0666 vs $.0221)	$ 23,908	61.80%	$ 14,435

United Cities Gas Company

For the Tennessee Regulatory Authority

Monthly Report on Performance Based Ratemaking Mechanism

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Determinants			
Upper Band:	102.00%	Date	03/01/01
Lower Band:	97.70%	Time:	07:59 AM
Company Gain	50.00%	File:	Month: December 2000
Rolling Avg Adjust Well Purch	$0.0000	Page:	One

Pipeline	Supplier Name	Purchase Point (2)	Tennessee/ Virginia Ratio	100% Invoice Volume (MMBTU)	Tennessee Volume (MMBTU)	Invoice Price	Inside FERC	NGI (3)	Close NYMEX	Wgtd Avg Adjustment	Average Gas Daily or Average Index	Upper Band	Lower Band	Below Band	Above Band	Value @ Invoice Price	Value @ Upper Band	Value @ Lower Band
Tennessee	Woodward Mktg	Zone 1	65.97%	647,743	426,992	$ 5.8761	$ 5.9200	$ 5.9800	$ 6.0160	$	$ 5.9853	$ 6.0646	$ 5.8281	0.00	0.00	$ 2,509,049	$ 2,598,077	$ 2,488,553
Tennessee	Woodward Mktg	Zone 1-GDA	65.97%	12,028	7,929	7.2984	-	-	-	$	7.2984	7.4444	7.1305	0.00	0.00	57,866	59,026	56,537
Tennessee	Woodward Mktg	Zone 1	65.97%	9,414	6,206	5.8761	5.9200	5.9800	6.0160	$	5.9853	6.0646	5.8281	0.00	0.00	36,465	37,759	36,167
Tennessee	Woodward Mktg	Zone 1	65.97%	114,820	75,755	5.8761	5.9200	5.9800	6.0160	$	5.9853	6.0646	5.8281	0.00	0.00	445,146	460,940	441,809
Total Tennessee				784,105	516,882									0.00	0.00			
Texas Eastern	Woodward Mktg	STX	N/A	63,672	63,672	5.8163	5.8300	5.8400	6.0160	$ -	5.8953	6.0132	5.7597	0.00	0.00	370,272	382,870	366,729
Texas Eastern	Woodward Mktg	ETX	N/A	36,766	36,766	5.8387	5.8800	5.8900	6.0160	$ -	5.9147	6.0370	5.7625	0.00	0.00	214,663	221,956	212,598
Texas Eastern	Woodward Mktg	WLA	N/A	72,292	72,292	5.8563	5.8900	5.9000	6.0160	$ -	5.9353	6.0540	5.7988	0.00	0.00	423,296	437,658	419,209
Texas Eastern	Woodward Mktg	ELA	N/A	271,408	271,408	5.8720	5.9100	5.9300	6.0160	$	5.9530	6.0710	5.8151	0.00	0.00	1,593,709	1,647,720	1,578,266
Texas Eastern/ SS-1	Woodward Mktg	STX/ETX/ELA/WLA	N/A	0	0	$ -	$	$ -	$ -	$	$	$	$ -	0.00	0.00	$	$ -	$ -
Total Texas Eastern				444,138	888,276									0.00	0.00			
Columbia Gulf	Woodward Mktg	Onshore	N/A	100,002	100,002	6.9353	6.0100	6.0200	6.0160	$ -	6.0153	6.1356	5.8770	0.00	0.00	593,545	613,572	587,712
Columbia Gulf	Woodward Mktg	Onshore-GDA	N/A	210,731	210,731	9.6596	-				9.6596	9.8526	9.4374	0.00	0.00	2,035,577	2,076,290	1,988,753
Columbia Gulf/Tennessee	Woodward Mktg	Onshore	65.97%	697,199	459,594	5.9353	6.0100	6.0200	6.0160	$ -	6.0153	6.1356	5.8770	0.00	0.00	2,727,841	2,819,882	2,701,031
Total Columbia Gulf				1,007,932	770,327									0.00	0.00			
Southern Natural	Woodward Mktg	Louisiana	N/A	0	0	$	$ -	$ -	$	$	$	$	$	0.00	0.00	$	$ -	$
Southern Natural	Woodward Mktg	Louisiana-GDA	65.92%	393,753	259,562	9.1955	-	-	-	-	9.1955	9.3794	8.9640	0.00	0.00	2,386,602	2,434,536	2,331,905
Total Southern Natural				393,753	259,562									0.00	0.00			
Texas Gas	Woodward Mktg	Zone SL	N/A	96,587	96,587	5.9267	6.0000	6.0100	6.0160	$	6.0087	6.1269	5.8705	0.00	0.00	572,632	591,962	567,014
Texas Gas Storage	Woodward Mktg	Zone SL	N/A	0	0	$	$	$	$	$	$ -	$	$ -	0.00	0.00	$	$ -	$
Total Texas Gas				96,587	96,587									0.00	0.00			
All Pipelines (Sub-Total)				2,726,515	2,531,634									$0.00	$0.00	$ 13,966,865	$ 14,382,248	$ 13,775,984

Put defined prices are an average of STX/ ETX/ ELA/ WLA divided by 4 (Inside FERC and NGI)

ETNG @ NORA	Woodward Mktg	Zone 1	65.97%	389,069	256,474	$ 6.0958	$ 39,894	$ 39,894
Total All Pipelines				3,115,584	2,788,108			

*NORA Contract		
Demand @$4.97/ Adm	$	0.1617
TGP Commodity/ACA	$	0.0594
Fuel @ 1.91% x TGP 2 1	$	0.1131
Sub-Total	$	0.3342
Premium	$	(0.1750)
Net Avoided Cost	$	0.1592
Below Band (97.7%)	$	0.1555
x TN Volume (MMBTU)	$	256,474
Value Below Band	$	39,894

NEGOTIATED TRANSPORTATION DISCOUNTED COSTS.

		TN/ VG RATIO	X 97.7%=
DEMAND (MDQ (or MSQ) x Difference between Max Rate and Discounted Rate:			
ETNG # 30774 64,666 X $.06 Discount ($7.16 vs $7.11 Discounted Rate)	$ 4,229	65.92%	$ 4,132
ETNG # 33254 339,900 x $.1761 Discount ($.6988 vs $.4227 Discounted	$ 59,856	65.92%	$ 58,479
ETNG #34538 27,500 x $1.60 ($10.21 vs $8.60 Discounted Rate)=	$ 44,028	65.92%	$ 43,015
CGT #59572(MID-IN) 23,000 x $2.239 ($3.145 vs $.906 Discounted Rate)=	$ 51,497	N/A	$ 51,497
(E IN) 22,000 x $2.239 ($3.145 vs $.906 Discounted Rate)=	$ 49,258	65.92%	$ 48,125
TOTAL CGT CONTRACT 45,000			
TGP #27311 56,656 x $1.06 ($4.92 vs $3.86 Discounted Rate)=	$ 60,055	65.92%	$ 58,674
STORAGE DELIVERABILITY CHARGE:			
TGP Storage A 15,000 x $.10 ($2.02 vs $1.92 Discounted Rate)=	$ 1,500	65.92%	$ 1,466
TGP Storage B 1,634 X $.10 ($2.02 vs $1.92 Discounted Rate)=	$ 163	65.92%	$ 159
STORAGE SPACE CHARGE			
TGP Storage A 1,600,000 x $.0025 ($.0248 vs $.0025 Discounted Rate)=	$ 4,800	65.92%	$ 4,397
TGP Storage B 193,543 x $.0025 ($.0248 vs $.0025 Discounted Rate	$ 484	65.92%	$ 473
COMMODITY CHARGE:			
TGP #27311			

Inside F.E.R.C.'s
GAS MARKET REPORT

PRICES OF SPOT GAS DELIVERED TO PIPELINES, DECEMBER 1
(per MMBtu dry)

	Range	Index
ANR Pipeline Co.		
Louisiana	$5.80 to $6.20	$5.91
Oklahoma	$5.80 to $6.12	$5.88
CNG Transmission Corp.		
Appalachia	$6.21 to $6.94	$6.39
Colorado Interstate Gas Co.		
Rocky Mountains	$5.74 to $6.43	$5.95
Columbia Gas Transmission Corp.		
Appalachia (W.Va., Ohio, Ky.)	$6.11 to $6.68	$6.27
Columbia Gulf Transmission Co.		
Louisiana	$5.89 to $6.55	$6.01
El Paso Natural Gas Co.		
Permian Basin	$5.98 to $6.95	$6.27
San Juan Basin	$5.80 to $6.44	$6.00
Florida Gas Transmission Co.		
Zone 1	$5.91 to $6.19	$5.98
Zone 2	$5.93 to $6.14	$6.03
Zone 3	$5.86 to $6.01	$5.95
Kern River Gas Transmission Co.		
Wyoming	$5.79 to $6.51	$6.07
Koch Gateway Pipeline Co.		
South Louisiana/East Side	$5.81 to $6.11	$5.86
Texas	$5.77 to $6.03	$5.80
Natural Gas Pipeline Co. of America		
Mid-Continent zone	$5.71 to $6.25	$5.86
Louisiana zone	$5.78 to $6.25	$5.92
Texok zone	$5.77 to $6.25	$5.90
South Texas zone	$5.80 to $6.22	$5.89
Northern Natural Gas Co.		
Texas, Oklahoma, Kansas	$5.72 to $6.30	$5.89
Demarcation	$5.88 to $6.30	$6.01
Ventura, Iowa	$5.90 to $6.42	$6.03
Northwest Pipeline Corp.		
Rocky Mountains	$5.72 to $6.45	$6.01
Canadian border	$10.50 to $16.50	$13.69
Oneok Gas Transportation L.L.C.		
Oklahoma	$5.80 to $6.07	$5.90
Panhandle Eastern Pipe Line Co.		
Texas, Oklahoma (mainline)	$5.81 to $6.00	$5.88
PG&E Gas Transmission-Texas		
Texas	$5.65 to $5.94	$5.72
Questar Pipeline Co.		
Rocky Mountains	$5.82 to $6.41	$6.14
Reliant Energy Gas Transmission Co.		
East	$5.79 to $6.01	$5.89
West	$5.85 to $5.95	$5.89
Southern Natural Gas Co.		
Louisiana	$5.90 to $6.40	$6.01
Tennessee Gas Pipeline Co.		
La. & Offshore (zone 1)	$5.82 to $6.31	$5.92
Texas (zone 0)	$5.75 to $6.25	$5.87
Texas Eastern Transmission Corp.		
East Louisiana zone	$5.75 to $6.26	$5.91
West Louisiana zone	$5.83 to $6.16	$5.89
East Texas zone	$5.81 to $6.15	$5.86
South Texas zone	$5.70 to $6.24	$5.83
Texas Gas Transmission Corp.		
Zone 1	$5.94 to $6.23	$6.01
Zone SL	$5.86 to $6.31	$6.00
Transcontinental Gas Pipe Line Corp.		
Zone 1 (pooling point)	$5.88 to $6.09	$5.93
Zone 2 (pooling point)	$5.94 to $6.11	$5.99
Zone 3 (pooling points)	$5.94 to $6.32	$6.03
Mississippi, Alabama	$6.01 to $6.14	$6.06
Transwestern Pipeline Co.		
Permian Basin	$6.00 to $6.97	$6.31
Trunkline Gas Co.		
Louisiana	$5.85 to $6.20	$5.91
Texas	$5.75 to $6.06	$5.86
Williams Gas Pipelines Central Inc.		
Texas, Oklahoma, Kansas	$5.83 to $6.34	$5.90

Inside F.E.R.C.'s
GAS MARKET REPORT

PRICES OF SPOT GAS DELIVERED TO PIPELINES, NOVEMBER 1

(per MMBtu dry)

	Range	Index
ANR Pipeline Co.		
Louisiana	$4.22 to $4.58	$4.41
Oklahoma	$4.24 to $4.66	$4.42
CNG Transmission Corp.		
Appalachia	$4.64 to $4.98	$4.79
Colorado Interstate Gas Co.		
Rocky Mountains	$4.24 to $4.47	$4.31
Columbia Gas Transmission Corp.		
Appalachia (W.Va., Ohio, Ky.)	$4.58 to $4.85	$4.74
Columbia Gulf Transmission Co.		
Louisiana	$4.30 to $4.70	$4.49
El Paso Natural Gas Co.		
Permian Basin	$4.20 to $4.69	$4.52
San Juan Basin	$4.17 to $4.61	$4.41
Florida Gas Transmission Co.		
Zone 1	$4.31 to $4.51	$4.46
Zone 2	$4.35 to $4.58	$4.49
Zone 3	$4.30 to $4.59	$4.45
Kern River Gas Transmission Co.		
Wyoming	$4.23 to $4.53	$4.37
Koch Gateway Pipeline Co.		
South Louisiana/East Side	$4.26 to $4.44	$4.36
Texas	$4.25 to $4.36	$4.31
Natural Gas Pipeline Co. of America		
Mid-Continent zone	$4.20 to $4.58	$4.39
Louisiana zone	$4.25 to $4.57	$4.43
Texok zone	$4.25 to $4.57	$4.41
South Texas zone	$4.21 to $4.51	$4.38
Northern Natural Gas Co.		
Texas, Oklahoma, Kansas	$4.05 to $4.65	$4.36
Demarcation	$4.21 to $4.72	$4.52
Ventura, Iowa	$4.45 to $4.70	$4.53
Northwest Pipeline Corp.		
Rocky Mountains	$4.22 to $4.45	$4.35
Canadian border	$4.68 to $5.07	$4.83
Oneok Gas Transportation L.L.C.		
Oklahoma	$4.20 to $4.56	$4.40
Panhandle Eastern Pipe Line Co.		
Texas, Oklahoma (mainline)	$4.19 to $4.59	$4.41
PG&E Gas Transmission-Texas		
Texas	$4.18 to $4.44	$4.28
Questar Pipeline Co.		
Rocky Mountains	$4.19 to $4.50	$4.28
Reliant Energy Gas Transmission Co.		
East	$4.25 to $4.56	$4.43
West	$4.20 to $4.48	$4.39
Southern Natural Gas Co.		
Louisiana	$4.33 to $4.62	$4.47
Tennessee Gas Pipeline Co.		
La. & Offshore (zone 1)	$4.22 to $4.56	$4.42
Texas (zone 0)	$4.20 to $4.52	$4.37
Texas Eastern Transmission Corp.		
East Louisiana zone	$4.22 to $4.50	$4.42
West Louisiana zone	$4.27 to $4.53	$4.39
East Texas zone	$4.30 to $4.50	$4.35
South Texas zone	$4.24 to $4.49	$4.34
Texas Gas Transmission Corp.		
Zone 1	$4.44 to $4.57	$4.50
Zone SL	$4.29 to $4.61	$4.47
Transcontinental Gas Pipe Line Corp.		
Zone 1 (pooling point)	$4.27 to $4.53	$4.42
Zone 2 (pooling point)	$4.29 to $4.56	$4.46
Zone 3 (pooling points)	$4.35 to $4.65	$4.51
Mississippi, Alabama	$4.50 to $4.61	$4.54
Transwestern Pipeline Co.		
Permian Basin	$4.35 to $4.59	$4.46
Trunkline Gas Co.		
Louisiana	$4.27 to $4.53	$4.42
Texas	$4.30 to $4.50	$4.36
Williams Gas Pipelines Central Inc.		
Texas, Oklahoma, Kansas	$4.18 to $4.64	$4.43

Inside F.E.R.C.'s
GAS MARKET REPORT

PRICES OF SPOT GAS DELIVERED TO PIPELINES, OCTOBER 1

(per MMBtu dry)

	Range	Index
ANR Pipeline Co.		
Louisiana	$5.00 to $5.31	$5.19
Oklahoma	$5.02 to $5.31	$5.18
CNG Transmission Corp.		
Appalachia	$5.33 to $5.79	$5.63
Colorado Interstate Gas Co.		
Rocky Mountains	$3.99 to $4.28	$4.19
Columbia Gas Transmission Corp.		
Appalachia (WVa., Ohio, Ky.)	$5.31 to $5.68	$5.55
Columbia Gulf Transmission Co.		
Louisiana	$5.04 to $5.37	$5.25
El Paso Natural Gas Co.		
Permian Basin	$4.82 to $5.25	$5.15
San Juan Basin	$4.23 to $4.80	$4.53
Florida Gas Transmission Co.		
Zone 1	$5.09 to $5.31	$5.22
Zone 2	$5.13 to $5.39	$5.29
Zone 3	$5.05 to $5.32	$5.22
Kern River Gas Transmission Co.		
Wyoming	$4.15 to $4.41	$4.31
Koch Gateway Pipeline Co.		
South Louisiana/East Side	$5.00 to $5.22	$5.14
Texas	$5.06 to $5.18	$5.09
Natural Gas Pipeline Co. of America		
Mid-Continent zone	$5.01 to $5.29	$5.17
Louisiana zone	$5.12 to $5.29	$5.24
Texok zone	$5.11 to $5.30	$5.23
South Texas zone	$4.93 to $5.25	$5.16
Northern Natural Gas Co.		
Texas, Oklahoma, Kansas	$4.85 to $5.21	$5.08
Demarcation	$5.05 to $5.38	$5.27
Ventura, Iowa	$5.06 to $5.38	$5.27
Northwest Pipeline Corp.		
Rocky Mountains	$4.00 to $4.41	$4.29
Canadian border	$4.80 to $5.05	$4.88
Oneok Gas Transportation L.L.C.		
Oklahoma	$5.08 to $5.22	$5.18
Panhandle Eastern Pipe Line Co.		
Texas, Oklahoma (mainline)	$5.00 to $5.31	$5.19
PG&E Gas Transmission-Texas		
Texas	$4.90 to $5.15	$5.08
Questar Pipeline Co.		
Rocky Mountains	$4.01 to $4.29	$4.17
Reliant Energy Gas Transmission Co.		
East	$5.05 to $5.28	$5.21
West	$5.09 to $5.23	$5.18
Southern Natural Gas Co.		
Louisiana	$5.03 to $5.33	$5.24
Tennessee Gas Pipeline Co.		
La. & Offshore (zone 1)	$4.95 to $5.33	$5.19
Texas (zone 0)	$4.91 to $5.27	$5.15
Texas Eastern Transmission Corp.		
East Louisiana zone	$4.99 to $5.30	$5.20
West Louisiana zone	$4.98 to $5.27	$5.17
East Texas zone	$4.98 to $5.25	$5.13
South Texas zone	$4.93 to $5.24	$5.13
Texas Gas Transmission Corp.		
Zone 1	$5.21 to $5.34	$5.27
Zone SL	$5.06 to $5.37	$5.24
Transcontinental Gas Pipe Line Corp.		
Zone 1 (pooling point)	$5.00 to $5.31	$5.20
Zone 2 (pooling point)	$5.02 to $5.37	$5.24
Zone 3 (pooling points)	$5.07 to $5.44	$5.28
Mississippi, Alabama	$5.09 to $5.45	$5.30
Transwestern Pipeline Co.		
Permian Basin	$5.08 to $5.24	$5.17
Trunkline Gas Co.		
Louisiana	$5.05 to $5.30	$5.20
Texas	$4.90 to $5.22	$5.15
Williams Gas Pipelines Central Inc.		
Texas, Oklahoma, Kansas	$5.02 to $5.32	$5.19

Natural Gas Intelligence

OCT 9 2000

Weekly Gas Price Index

Volume 13, No. 21

October 2, 2000

Market Gets Little Weather Influence; Futures, Storage Issues Are the Movers

It's kind of a paradox: was weather a major factor in last week's market because there was close to none in the form of heat, cold or tropical storms to influence prices, or was it not a major factor for precisely the same reason? Whichever viewpoint you take, it was left primarily to energy futures, storage issues and vague trader psychology to push prices up or down.

A chart of last week's cash market would have very much resembled a hill, starting off in the valley with moderately lower numbers last Monday, then a steep climb Tuesday that was followed by a more moderate slope upward Wednesday. Passing the peak Wednesday, traders were treated to a thrilling downhill plunge Thursday only to settle into mostly flat to moderately lower pricing for the split weekend Friday.

AGA came up with one of its largest storage injection reports in many weeks Wednesday. For a change, the 77 Bcf figure compared favorably with the year-ago volume and exceeded the five-year average for the period. In addition, the Consuming Region West repeated its return to the plus side from the previous report. Several cash traders expressed puzzlement that Nymex didn't take an immediate dive that afternoon, but instead weakened only a little and then made a slight recovery. It shouldn't have been so surprising, though, according to a large aggregator, "because we're still way behind on the year-on-year gap."

Despite support from gas futures, eastern cash prices fell by a nickel or so last Monday as comfortable fall-like weather prevailed almost everywhere and Hurricane Isaac remained extremely remote from the Gulf of Mexico. It was a different story in the West, where a bit of weekend snow and cold in the Rockies and a California rally from the previous week's cratering prices resulted in gains of up to about a dime at most points.

It appeared the U.S. had escaped what was shaping up several months ago as a scary summer for power consumers without any serious interruptions (some Californians might want to argue that point). Now if mild to cool conditions continue for most markets, it might be a good time for serious catch-up attempts on the storage refill front, one producer said.

A Northeast utility buyer noted that it's "nice and cool, but not [cool] enough to fire up many furnaces." Temperatures were expected to get slightly cooler for the rest of the week, he said, "but there's still not much heating load to look for, though."

Although the Southern California border was up on the day, it was falling back in late going, said one power plant buyer. With gas-fired peaking units getting turned off because the state had cooled off so much, he said, "that turned me into a seller instead and I had to accept a low price near deadline."

SPOT GAS PRICES	September[1] 9/25 - 9/29		October[2] N/A		Oct.[3] Bidweek
South Texas	Range	Avg.	Range	Avg.	Avg.
Agua Dulce	4.88-5.27	5.10	-- --	--	5.22
Florida Gas Zone 1	5.00-5.35	5.16	-- --	--	5.23
Houston Pipe Line	4.93-5.27	5.11	-- --	--	5.09
NGPL S. TX	4.96-5.28	5.11	-- --	--	5.14
PG&E GTT (Valero)	-- --	--	-- --	--	5.09
Tennessee	4.80-5.34	5.08	-- --	--	5.14
Texas Eastern S. TX	4.75-5.25	5.05	-- --	--	5.11
Transco St. 30	4.90-5.22	5.08	-- --	--	5.17
Trunkline	-- --	--	-- --	--	5.09
Regional Avg.	4.75-5.35	5.10	-- --	--	5.14
East Texas					
Carthage	4.97-5.27	5.12	-- --	--	5.18
Houston Ship Channel	5.00-5.36	5.20	-- --	--	5.30
Katy	5.00-5.34	5.16	-- --	--	5.27
NGPL TexOk	4.91-5.31	5.16	-- --	--	5.22
Texas Eastern E. TX	4.83-5.26	5.08	-- --	--	5.12
Texas Gas Zone 1	5.02-5.35	5.18	-- --	--	5.25
Transco St. 45	5.02-5.32	5.15	-- --	--	5.22
Trunkline	-- --	--	-- --	--	5.12
Regional Avg.	4.83-5.36	5.15	-- --	--	5.18
West Texas					
El Paso Permian	4.84-5.25	5.05	-- --	--	5.11
Northern Natural Mid 1-6	4.94-5.19	5.05	-- --	--	5.08
Transwestern	-- --	--	-- --	--	5.12
Waha	4.95-5.26	5.09	-- --	--	5.13
(Lone Star and Valero now represented by a single Waha point)					
Regional Avg.	4.84-5.26	5.06	-- --	--	5.11
Midwest					
ANR ML7	5.30-5.63	5.47	-- --	--	5.57
Chicago Citygate[4]	5.15-5.55	5.38	-- --	--	5.44
(Chicago Citygate is Illinois via NGPL et al)					
Consumers Power	5.20-5.54	5.38	-- --	--	5.48
Michigan Consolidated	5.25-5.61	5.47	-- --	--	5.54
Regional Avg.	5.15-5.63	5.43	-- --	--	5.51
Midcontinent					
ANR SW	4.95-5.27	5.11	-- --	--	5.18
NGPL Amarillo Mainline	5.03-5.39	5.21	-- --	--	--
NGPL Iowa-Illinois	5.07-5.45	5.26	-- --	--	5.33
NGPL Midcontinent	4.90-5.26	5.09	-- --	--	5.17
Northern Natural Demarc	5.00-5.38	5.23	-- --	--	5.26
Northern Natural Mid 10-13	4.84-5.15	4.98	-- --	--	5.13
Northern Natural Ventura	4.98-5.38	5.21	-- --	--	5.25
OGT	4.95-5.27	5.11	-- --	--	5.17
Panhandle Eastern	4.95-5.27	5.11	-- --	--	5.19
Reliant East (NorAm)	4.95-5.29	5.13	-- --	--	5.18
Reliant West (NorAm)	4.95-5.26	5.09	-- --	--	5.16
Williams	4.95-5.27	5.12	-- --	--	5.18
Regional Avg.	4.84-5.45	5.14	-- --	--	5.14
Louisiana					
ANR SE	4.95-5.31	5.16	-- --	--	5.18
Columbia Gulf onshore	4.92-5.36	5.19	-- --	--	5.26
Columbia Gulf Mainline	5.08-5.43	5.26	-- --	--	5.32
Florida Gas Zone 2	4.95-5.37	5.20	-- --	--	5.28
Florida Gas Zone 3	5.00-5.35	5.17	-- --	--	5.22

A Calgary trader thought it odd that that intra-Alberta quotes started off only milder softer but later plunged into the high C$6.10s, because that market is generally faithful about tracking the screen either up or down. Perhaps it was paying more attention to the November crude oil contract, which eventually settled down more than a dollar, the trader suggested.

After the East-West market division the day before, everybody got on the same price page Tuesday. Except for merely small gains at western points where Canadian gas is traded (i.e., Sumas, Stanfield, intra-Alberta), double-digit increases reigned.

Other than a stronger screen both Monday and Tuesday, sources had little on which to pin the cash firmness. Sure, weather in many areas was getting chillier, even to the point of being unseasonably cool in the South, one trader said, "but it's not like we're even close to seeing winter heating load yet." A marketer suggested storage buying was picking up.

Regardless, most points went up by about 15 cents or more Tuesday with most of the bigger gains being recorded in California and the Rockies. A jump of 20-plus cents for Northwest domestic gas and a tiny gain at Sumas narrowed the spread between the two points, which had soared to more than a dollar in the previous week, to about 70 cents.

Hurricane Isaac maintained its strength but was still well out at sea. Meanwhile, Isaac picked up a traveling companion to its southeast in Tropical Storm Joyce.

Prices were still on an upward track Wednesday, but except for a few sharp increases in the West, gains subsided to about a dime or less at nearly all points. It was natural that cash bullishness would fade along with screen support, a marketer commented. There's still no weather load that really matters and two hurricanes in the Atlantic are inconsequential at this point, he said. Storage demand appeared to be about the only thing preventing a substantial price drop, he concluded.

A crash-and-burn Nymex session in both the natural gas and crude oil pits depressed most markets Thursday. Only some western points managed to avoid declines that were generally around a dime or greater. Even most western numbers weren't much stronger than flat in the fading September market. The points with substantial increases in the vicinity of a dime were the ones tied to Western Canada supplies (Sumas, Stanfield and intra-Alberta) and the Southern California border.

The Sumas-domestic spread on Northwest widened again to nearly 80 cents as the pipeline began an entitlement against overtakes north of Kemmerer, WY. That kept U.S. Rockies prices mostly flat while boosting the value of Sumas supplies by a little more than a dime. Intra-Alberta prices got a boost from NOVA tightening its imbalance tolerance to combat falling linepack due to low field receipts, a Calgary marketer said.

Cash softness was chiefly due to cratering gas and crude futures, one source noted, but also traders couldn't ignore the fact that there was still little weather load now and unlikely to be much through at least early October. And the first large storage injection report in a while, which got a delayed bearish reaction on the screen, may have reassured some that the situation isn't quite as drastic as it may have seemed, he added.

In the hodgepodge of trading for split-weekend periods Friday, little trend was evident other than the October aftermarket

SPOT GAS PRICES	September[1] 9/25 - 9/29		October[2] N/A		Oct.[3] Bidweek
	Range	Avg.	Range	Avg.	Avg.
Louisiana (continued)					
Henry Hub	5.00-5.38	5.22	-- --	--	5.29
Koch Gateway	4.98-5.30	5.10	-- --	--	5.15
NGPL LA	4.96-5.35	5.18	-- --	--	5.24
Miss. River Trans.	-- --	--	-- --	--	5.29
Southern Natural	4.95-5.35	5.16	-- --	--	5.24
Tennessee Line 500	4.90-5.31	5.12	-- --	--	5.19
Tennessee Line 800	4.90-5.31	5.12	-- --	--	5.18
Texas Eastern E. LA	4.86-5.31	5.13	-- --	--	5.20
Texas Eastern W. LA	4.83-5.29	5.10	-- --	--	5.18
Texas Gas Zone SL	4.99-5.37	5.19	-- --	--	5.25
Transco St. 65	5.03-5.40	5.21	-- --	--	5.29
Trunkline E. LA	4.98-5.31	5.15	-- --	--	5.18
Trunkline W. LA	5.00-5.27	5.13	-- --	--	5.14
Regional Avg.	4.83-5.43	5.16	-- --	--	5.23
Alabama/Mississippi					
Texas Eastern Kosciusko	4.99-5.41	5.23	-- --	--	5.31
Transco St. 85	5.04-5.37	5.20	-- --	--	5.31
Regional Avg.	4.99-5.41	5.22	-- --	--	5.31
Rocky Mountains					
CIG	3.58-4.12	3.91	-- --	--	4.20
CIG DJ Basin	-- --	--	-- --	--	--
El Paso Bondad	3.79-4.38	4.18	-- --	--	4.25
El Paso non-Bondad	3.79-4.55	4.20	-- --	--	4.55
Kern River	3.76-4.40	4.10	-- --	--	4.30
Kingsgate	-- --	--	-- --	--	4.69
Northwest Domestic	3.78-4.28	4.11	-- --	--	4.27
Northwest Sumas	4.69-5.05	4.87	-- --	--	4.86
Opal	3.76-4.40	4.10	-- --	--	4.30
Questar	-- --	--	-- --	--	4.18
Stanfield	4.72-5.05	4.88	-- --	--	4.98
Regional Avg.	3.58-5.05	4.29	-- --	--	4.46
Northeast					
Algonquin (citygate)	5.30-5.83	5.62	-- --	--	5.69
Columbia Gas	5.18-5.64	5.46	-- --	--	5.55
CNG	5.20-5.87	5.55	-- --	--	5.61
Iroquois Zone 2	5.28-5.76	5.54	-- --	--	5.65
Tennessee Zone 6	5.24-5.75	5.52	-- --	--	5.54
Texas Eastern M-3	5.27-5.81	5.61	-- --	--	5.73
Transco Zone 6 NY	5.30-5.87	5.63	-- --	--	5.80
Transco Zone 6 non-NY	5.28-5.77	5.59	-- --	--	5.72
Regional Avg.	5.18-5.87	5.57	-- --	--	5.66
California					
Malin	4.73-5.59	5.26	-- --	--	5.30
Kern River Station, PG&E	-- --	--	-- --	--	--
PG&E Citygate	5.50-6.21	5.92	-- --	--	5.91
Southern Border, El Paso	5.16-6.07	5.68	-- --	--	5.56
Southern Border, Kern	5.29-6.05	5.66	-- --	--	5.59
South. Bdr., Transwestern	5.16-6.07	5.68	-- --	--	5.56
Kern River Station, SoCal	5.25-6.07	5.67	-- --	--	5.60
Southern Cal. Border Avg.	5.16-6.07	5.68	-- --	--	5.57
Regional Avg.	4.73-6.21	5.65	-- --	--	5.58
National Spot Gas Avg.	3.58-6.21	5.18	-- --	--	5.23
Canada					
NOVA/AECO C (Cdn$/GJ)	5.39-6.80	6.52	-- --	--	6.75

Notes to Spot Gas Prices table: Prices in US$/MMBtu for dry gas with the exception of NOVA/AECO C, which is in Cdn$/GJ. [1]Survey taken September 25 - 29, 2000 for September incremental delivery. [2]Survey not available for October incremental delivery. [3]Bidweek survey taken September 25 - 29, 2000 of baseload transactions for the month of October. Please see NGI's Bidweek Survey for trading ranges. [4]Chicago Citygate is comprised of what was previously listed as Chicago via Midwestern, Illinois via NGPL, and Illinois via Trunkline.

Traders 'Shaken' but Optimistic Following Price Slide

Buoyed by renewed storm fears and bargain buying following Thursday's 6% price slide, natural gas futures were higher Friday, leaving traders to speculate as to whether the downward price correction is complete. November received the largest boost of any month, recovering 6.2 cents to close at $5.186. The winter strip, followed suit, gaining a nickel to close at $5.105.

Traders were quick to point to the formation of Tropical Storm Keith in the northwestern Caribbean as a supportive factor Friday. As of press time, the storm was located about 300 miles south of the western tip of Cuba and featured maximum sustained winds near 50 mph.

Whether Keith will impact production in the Gulf of Mexico remains to be seen, but one thing is for sure—the market has been quick to react to the upside each time the threat of a storm presents itself. And while the buy-the-rumor trading phenomenon is not uncommon for the natural gas market, it has never had as much of an impact as it has this year, traders agree.

Moreover, traders have viewed the market's uncanny ability to press higher without a subsequent move lower over the past several months with a great deal of trepidation. Those concerns were validated Thursday when the November contract spiraled 32.3 cents lower on its first day as prompt month. While most traders were still a bit shell-shocked Friday, a Chicago trader was back on the sidelines after having made a quick nickel on the market's bounce.

"I wanted to buy at $5.30 and then at $5.20 as the market moved lower Thursday, but I chickened out both times. It wasn't until the market touched $5.10 that I pulled the trigger. As it turns out, that was a good move because the market didn't move much lower and then bounced higher in Access [Thursday] night. I ended up taking a five-cent profit at $5.15 today rather than risking another move lower Monday."

However, not everyone was so fortunate. A basis trader for a large Houston-based marketing company said that following the sell-off, they were warned by their internal futures gurus to treat this market with respect. "Wish they had told me that a few days ago," he lamented.

Meanwhile Tim Evans, a commodity analyst with New York-based Pegasus, had been warning of a sell-off of this magnitude for some time. "The natural gas market posted new all-time highs again on Tuesday, but for a market that has been doing just that in something like 10 of the last 26 sessions, this headline hardly attracts a second glance," he wrote in a somewhat prophetic *Pegasus NatGas Report* last Wednesday.

"This is a market that has coasted higher without opposition; the other team has already gone home. This may indeed be the result of the strong fundamentals associated with AGA storage levels 241 Bcf less than last year and winter just ahead, but it also has the elements of an accident waiting to happen. Sellers have backed so far off from this market for so long, that once prices do turn convincingly lower the pent-up supply—profit taking on paper positions and forward sales of physical production—may fairly gush onto the market. The new all-time record in open interest set Monday is one measure of this potential."

On balance, however, traders believe that the market will pick up where it left off and continue higher as long as the fundamentals remain bullish.

NYMEX Henry Hub

Contract	Weekly Range High	Weekly Range Low	Settle 9/29	Week Change
October	5.445	5.090	5.312	+.181
November	5.565	5.100	5.186	-.080
December	5.675	5.210	5.281	-.102
January	5.630	5.200	5.256	-.094
February	5.370	4.960	5.026	-.074
March	5.100	4.727	4.778	-.062
April	4.820	4.470	4.530	-.050
May	4.730	4.410	4.455	-.045
June	4.700	4.395	4.440	-.040
July	4.670	4.360	4.430	-.035
August	4.670	4.360	4.426	-.039
September	4.660	4.380	4.415	-.035
October	4.650	4.350	4.415	-.035
November	4.790	4.510	4.540	-.035
December	4.905	4.550	4.660	-.030
January	4.875	4.600	4.640	-.030
February	4.620	4.400	4.435	-.015
March	4.400	4.150	4.230	+.010
April	4.120	3.910	4.030	+.050
May	4.030	3.830	3.955	+.070
June	4.015	3.815	3.945	+.075
July	4.050	3.800	3.940	+.058
August	4.050	3.846	3.949	+.052
September	4.060	3.840	3.950	+.058

Volume, 9/29 : 52,649 Open Int, 9/28 : 355,711

12 Month Strip, 9/29 : $4.720

According to Salomon Smith Barney energy analyst Robert Morris, storage levels are on course to enter the winter close to 2,600 Bcf compared to roughly 3,000 Bcf last year. On the demand side of the price equation, traders are eager to see if preliminary weather forecasts calling for a normal (and therefore colder than the past three) winters, ring true. Prominent industry weatherman, Jon Davis also with SSB, will release his winter forecast to his clients in about two weeks.

In the meantime, traders will increase attention on the National Weather Service's six- to 10-day forecast, released three times a week. On Friday, the report was more bullish than bearish as it called for a large swath of below normal temperatures from the Great Lakes west across the northern Plains states.

In daily November technicals, support is seen at Thursday's $5.10 low and then again at trendline support in the $5.05 area. On the upside, resistance stands at the chart gap at $5.395-400 ahead of November's life-of-contract high of $5.565.

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Natural Gas Intelligence

GAS SUP

Weekly Gas Price Index

Volume 13, No.

November 6, 2000

Cold Is Less Than Expected But Screen, Storage Buying Spur Late-Week Rally

The cash market appeared confused last week, vacillating back and forth for a while as if unsure which way to go or what to believe. The closely watched cold-weather situation seemed to be a case of now-you-see-it, now-you-don't. The screen also appeared somewhat indecisive at first, but settled into a consistent uptrend from Wednesday on.

In the final analysis, what began as a much softer November aftermarket was seeing a remarkable rally towards the end of the week. Three straight days of futures increases played a part, of course, but traders also were finally seeing what they said was needed to turn around a sagging gas market: substantial cold weather approaching a major market area. The cold forecasts proved a bit exaggerated but still caused some pickup in demand, a producer said.

There had been cold temperatures in scattered areas earlier in the week, but they had little price-boosting impact. Sources noted that in those areas either it was only moderately cold or they were fairly sparsely populated. An example of the latter was the Upper Plains, where near-blizzard conditions hit in the first half of the week, but too few residents were affected to create any substantial gas demand.

Cash sources were left scratching their heads once again Wednesday afternoon when the screen greeted AGA's report of 70 Bcf injected during the previous week with a strong push higher. The sources said such a high volume seemed quite bearish to them, but they couldn't divine the psyches of folks in the futures trading pit. "It was practically the same number as last week when futures plunged, but this week it [screen] soars," said a puzzled marketer. However, he conceded that the Nymex people might have been paying heed to mid-term weather forecasts that were shifting toward colder temperatures.

Noting that Sonat had ended October with an estimated cumulative system imbalance that was 905,670 Dth long, a marketer said, "It's best to be short in that situation." The imbalance got so big primarily because prices fell so low in the last week of October "that people started sending gas to ficitional places," he said. "They'd rather sell to Sonat at a $5.12 cash-out [price] rather than to somebody else in the $4.50s." The pipeline got close to an OFO in that last week, but shippers fell in line when threatened with a $15 penalty, the marketer said.

Last Monday's rebound from the previous week's swing price weakness came sooner than many traders expected. Upticks tended to range from a nickel or less in the Midwest/Midcontinent and on some Gulf Coast pipes to a quarter or more at most Northeast citygates. "It got colder over the weekend than they

SPOT GAS PRICES	October[1] N/A		November[2] 10/31 - 11/3		No Bid
	Range	Avg.	Range	Avg.	A
South Texas					
Agua Dulce	-- --	--	4.16-4.58	4.31	4
Florida Gas Zone 1	-- --	--	4.28-4.64	4.43	4
Houston Pipe Line	-- --	--	4.19-4.52	4.33	4
NGPL S. TX	-- --	--	4.11-4.55	4.30	4
PG&E GTT (Valero)	-- --	--	4.10-4.42	4.24	4
Tennessee	-- --	--	4.12-4.59	4.32	4
Texas Eastern S. TX	-- --	--	4.08-4.50	4.27	4
Transco St. 30	-- --	--	4.19-4.52	4.33	4
Trunkline	-- --	--	4.16-4.52	4.34	4
Regional Avg.	-- --	--	4.08-4.64	4.32	4
East Texas					
Carthage	-- --	--	4.19-4.55	4.33	4
Houston Ship Channel	-- --	--	4.27-4.65	4.44	4
Katy	-- --	--	4.26-4.63	4.43	4
NGPL TexOk	-- --	--	4.10-4.63	4.33	4
Texas Eastern E. TX	-- --	--	4.22-4.48	4.34	4
Texas Gas Zone 1	-- --	--	4.27-4.68	4.46	4
Transco St. 45	-- --	--	4.24-4.65	4.40	4
Trunkline	-- --	--	4.16-4.50	4.33	4
Regional Avg.	-- --	--	4.10-4.68	4.38	4
West Texas					
El Paso Permian	-- --	--	4.05-4.60	4.24	
NGPL Permian	-- --	--	-- --	--	
Northern Natural Mid 1-6	-- --	--	3.96-4.37	4.15	
Transwestern	-- --	--	4.09-4.25	4.17	
Waha	-- --	--	4.15-4.68	4.35	
Regional Avg.	-- --	--	3.96-4.68	4.23	
Midwest					
ANR ML7	-- --	--	4.35-4.88	4.60	
Chicago Citygate	-- --	--	4.35-4.85	4.53	
Consumers Power	-- --	--	4.36-4.82	4.55	
Dawn	-- --	--	-- --	--	
Michigan Consolidated	-- --	--	4.35-4.84	4.56	
Regional Avg.	-- --	--	4.35-4.88	4.56	
Midcontinent					
ANR SW	-- --	--	3.94-4.58	4.25	
NGPL Amarillo Mainline	-- --	--	4.10-4.65	4.31	
NGPL Iowa-Illinois	-- --	--	4.18-4.67	4.37	
NGPL Midcontinent	-- --	--	3.93-4.55	4.22	
Northern Natural Demarc	-- --	--	4.16-4.70	4.37	
Northern Nat. Mid 10-13	-- --	--	3.94-4.32	4.09	
Northern Natural Ventura	-- --	--	4.15-4.66	4.35	
OGT	-- --	--	3.94-4.58	4.24	
Panhandle Eastern	-- --	--	3.95-4.56	4.24	
Reliant East (NorAm)	-- --	--	3.99-4.58	4.30	
Reliant West (NorAm)	-- --	--	3.95-4.56	4.23	
Williams	-- --	--	3.96-4.52	4.23	
Regional Avg.	-- --	--	3.93-4.70	4.27	
Louisiana					
ANR SE	-- --	--	4.18-4.63	4.36	
Columbia Gulf onshore	-- --	--	4.20-4.69	4.45	
Columbia Gulf Mainline	-- --	--	4.27-4.72	4.52	
Florida Gas Zone 2	-- --	--	4.29-4.68	4.47	
Florida Gas Zone 3	-- --	--	4.28-4.63	4.43	

[Northeast utilities and end-users] expected," explained one marketer. Texas Eastern M-3 and Transco's Zone 6 pools were especially strong, she noted. Their strength filtered down to production-area pricing, where increases on either side of 20 cents (handily surpassing other Gulf Coast gains) prevailed in all of Texas Eastern's Gulf pools and at Transco's Station 30 and Station 45 pooling points.

Although the midsection of the U.S. was largely spared, chilly and wet weather was settling into the Northeast and Northwest quadrants of the nation. That was essentially enough to offset a generally much softer screen, a trader said.

Northwest's continued entitlement of the northern half of its system and its notice of a potential OFO had the predictable effect of tremendously boosting Pacific Northwest points associated with Canadian gas (Sumas, Stanfield and Kingsgate) and suppressing gains at Rockies points. Northwest-domestic barely eked out any advance at all, while a Sumas uptick of about a quarter widened their spread to about 30 cents.

The November aftermarket failed to surprise anyone by starting out Tuesday generally well below monthly indexes and last-of-October prices. Only the Southern California border and Malin managed to stay close to bidweek levels. The reason for the initial softness was easy to see, sources said. The same widespread mild weather that caused both cash and futures to drop during much of October was still around in most areas.

A Canadian producer reported being relatively inactive for the time being, but he expects things to pick up around mid-month when Alliance Pipeline is scheduled for official startup. However, the producer was not alone in saying he would not be surprised if Alliance does not meet its current Nov. 13 schedule.

Except for still-tumbling prices Wednesday at Northeast citygates and on Rockies pipes — which ironically were among the chillier regions — most of the cash market pulled out of the tailspin that had characterized Tuesday's start of November swing trading. Other areas tended to range from mildly lower to mildly higher.

Sumas, Kingsgate and Stanfield were standout points with gains of more than 30 cents, but that was to be expected due to the beginning Thursday of maintenance work on the TransCanada-BC Line (formerly ANG) that would run through Sunday. The TransCanada-BC constraint and the continuing Northwest entitlement served to push the Sumas/domestic spread to nearly a dollar. In that situation, "if you've got Primary Firm transport on Northwest, you're living life large; if you don't, it sucks," a marketer said. He explained that while Northwest prices south of Kemmerer may be sagging, a Primary Firm service holder can buy gas cheaply there and sell it at a hefty premium at Pacific Northwest citygates north of Kemmerer.

Intra-Alberta prices did not soften as much as expected even with the impending bottleneck at the Alberta/British Columbia border, said a Calgary trader quoting deals from the mid C$5.50s to around C$5.80. Provincial gas usually follows Nymex movement closely in all-day trading, she said, so apparently the screen run-up partially outweighed the border capacity cut.

A marketer reported Midcontinent numbers rising during the morning trading session. He sold Reliant-east at $4.15 but was hearing of mid $4.20s deals later. He attributed the uptrend mainly

SPOT GAS PRICES	October[1] N/A		November[2] 10/31 - 11/3		Nov.[3] Bidweek
	Range	Avg.	Range	Avg.	Avg.
Louisiana (continued)					
Henry Hub	-- --	--	4.22-4.71	4.47	4.50
Koch Gateway	-- --	--	4.20-4.48	4.32	4.34
NGPL LA	-- --	--	4.16-4.68	4.37	4.44
Miss. River Trans.	-- --	--	4.20-4.55	4.36	4.57
Southern Natural	-- --	--	4.25-4.65	4.42	4.50
Tennessee Line 500	-- --	--	4.14-4.59	4.37	4.44
Tennessee Line 800	-- --	--	4.14-4.59	4.37	4.44
Texas Eastern E. LA	-- --	--	4.15-4.56	4.36	4.43
Texas Eastern W. LA	-- --	--	4.15-4.53	4.33	4.40
Texas Gas Zone SL	-- --	--	4.20-4.69	4.44	4.49
Transco St. 65	-- --	--	4.28-4.75	4.50	4.52
Trunkline E. LA	-- --	--	4.09-4.59	4.32	4.42
Trunkline W. LA	-- --	--	4.09-4.58	4.33	4.43
Regional Avg.	-- --	--	4.09-4.75	4.40	4.47
Alabama/Mississippi					
FGT Mobile Bay	-- --	--	4.15-4.55	4.39	4.50
Texas Eastern Kosciusko	-- --	--	4.33-4.65	4.46	4.69
Transco St. 85	-- --	--	4.33-4.73	4.51	4.53
Regional Avg.	-- --	--	4.33-4.73	4.49	4.57
Florida					
FGT Citygate	-- --	--	4.68-5.03	4.80	--
Rocky Mountains					
CIG	-- --	--	3.80-4.30	4.02	4.34
CIG DJ Basin	-- --	--	-- --	--	--
Cheyenne Hub	-- --	--	3.90-4.36	4.13	--
El Paso Bondad	-- --	--	3.92-4.28	4.03	--
El Paso non-Bondad	-- --	--	3.89-4.30	4.05	4.43
Kern River	-- --	--	3.88-4.40	4.08	4.37
Kingsgate	-- --	--	4.40-5.06	4.77	4.91
Northwest Domestic	-- --	--	3.83-4.33	4.04	4.38
Northwest Sumas	-- --	--	4.40-5.34	4.87	4.81
Opal	-- --	--	3.88-4.40	4.08	4.38
Questar	-- --	--	-- --	--	--
Stanfield	-- --	--	4.44-5.38	4.90	4.66
Regional Avg.	-- --	--	3.80-5.38	4.30	4.54
Northeast					
Algonquin (citygate)	-- --	--	4.57-5.20	4.90	5.16
Algonquin (into)	-- --	--	4.54-5.05	4.78	4.95
Columbia Gas	-- --	--	4.37-4.91	4.64	4.71
CNG	-- --	--	4.40-4.96	4.66	4.75
Iroquois Zone 2	-- --	--	4.70-5.00	4.81	4.96
Tennessee Zone 6	-- --	--	4.57-5.06	4.81	4.95
Texas Eastern M-3	-- --	--	4.50-5.10	4.83	4.93
Transco Zone 6 NY	-- --	--	4.55-5.25	4.93	5.17
Transco Zone 6 non-NY	-- --	--	4.50-5.15	4.86	5.00
Regional Avg.	-- --	--	4.37-5.25	4.80	4.95
California					
Malin	-- --	--	4.98-5.47	5.17	5.07
Kern River Station, PG&E	-- --	--	-- --	--	--
PG&E Citygate	-- --	--	5.04-5.60	5.33	5.32
Southern Border, El Paso	-- --	--	4.90-5.50	5.26	5.18
Southern Border, Kern	-- --	--	5.05-5.48	5.26	5.17
South. Bdr., Transwestern	-- --	--	4.90-5.50	5.26	5.18
Kern River Station, SoCal	-- --	--	5.05-5.48	5.26	5.18
Southern Cal. Border Avg	-- --	--	4.90-5.50	5.26	5.18
Regional Avg.	-- --	--	4.90-5.60	5.26	5.18
National Spot Gas Avg.	-- --	--	3.80-5.60	4.50	4.60
Canada					
NOVA/AECO C (Cdn$/GJ)	-- --	--	5.52-6.07	5.81	--

Notes to Spot Gas Prices table: Prices in US$/MMBtu for dry gas with the exception of NOVA/AECO C, which is in Cdn$/GJ. [1]Survey not available for October incremental delivery. [2]Survey taken October 31 - November 3, 2000 for November incremental delivery. [3]Bidweek survey taken October 25 - 31, 2000 of baseload transactions for the month of November. Please see NGI's Bidweek Survey for trading ranges.

CFTC Commitments of Traders Report as of 10/24/00

	Long	Chg	Short	Chg	Net
Non-commercial					
long or short only	17,018	-7,345	8,524	-739	8,494
spreading	25,662	-1,612	25,662	-1,612	—
Commercial					
long or short only	301,905	17,344	326,564	11,166	-24,659
Total OI	381,171	7,014	381,171	7,014	—

Source: Commodity Futures Trading Commission. Report released October 27, 2000. Change in COT methodology: Traders' positions in all futures expiration months are reported, regardless of size, if any one position in an expiration month exceeds the Commission's minimum quantities. Futures positions that are reportable, but whose owners or controllers are unidentified, will be omitted from the report until the owner or controller of the position is identified. See http://intelligencepress.com for more info.

NYMEX Henry Hub

Contract	Weekly Range High	Weekly Range Low	Settle 10/27	Week Change
November	5.115	4.500	4.541	-.396
December	5.240	4.590	4.652	-.403
January	5.240	4.630	4.677	-.385
February	5.050	4.440	4.497	-.378
March	4.800	4.270	4.287	-.359
April	4.530	4.040	4.064	-.351
May	4.440	3.984	3.984	-.341
June	4.440	3.960	3.977	-.343
July	4.420	3.960	3.975	-.340
August	4.420	3.910	3.970	-.347
September	4.410	3.970	3.970	-.347
October	4.415	3.980	3.980	-.343
November	4.530	4.100	4.100	-.348
December	4.680	4.210	4.215	-.368
January	4.640	4.227	4.227	-.356
February	4.425	4.032	4.032	-.353
March	4.225	3.852	3.852	-.333
April	4.025	3.650	3.676	-.307
May	4.020	3.629	3.629	-.291
June	3.957	3.610	3.621	-.289
July	3.962	3.646	3.646	-.269
August	3.972	3.655	3.656	-.269
September	3.984	3.668	3.668	-.269
October	3.992	3.676	3.676	-.269

Volume, 10/27 : 115,419 Open Int, 10/26 : 369,469
12 Month Strip, 10/27 : $4.215

Nov. Wilts into Expiration; Bulls Hold Hope for Dec.

After gapping lower on the opening bell, natural gas futures sifted lower Friday as traders continued the sell-off that began two and a half weeks ago. With Friday's $4.541 settlement, the November contract concluded its tenure as prompt month on a decidedly negative note, down 12.3 cents on the day and $1.24 off its Oct. 12 high-water mark.

Traders were surprised last week that despite the appreciable losses levied on the natural gas market over the past few weeks, prices were unable to bounce in pre-expiration short covering. And while most sources polled by *NGI* were in agreement that November would rebound Friday, the weak opening trade set the tone on expiration day and commercial selling was seen to usher prices lower. Not only did the November contract gap lower on Friday's open, but it also gapped below support at $4.64. Market watchers had targeted the $4.64 level as support because it represented the second high of a double top formation put in back in June on the November chart. On Thursday, $4.64 was the market's low trade.

Looking ahead, traders agree that weather forecasts will have a lot to do with whether prices continue lower or retrace higher. According to the latest six- to 10-day forecast released Friday, Oct. 27 by the National Weather Service, much of the nation will continue to see normal and above-normal readings through the weekend. However, bulls are hopeful that a large area of below-normal temperatures that covers much of the western third of the U.S. will migrate its way east.

On the technical side of the market, George Leide of New York-based Rafferty Energy Group admits that while the market could be in the midst of a major collapse, he refuses to rule on that until technicals send off truer sell signals. "Following the wash out, I expect prices to consolidate in the short to intermediate term between current levels and the $5.20-30 area." Specifically, he targets support for December natural gas first at $4.53 and then again at $4.395. On the upside, resistance is seen at $5.31, he said.

Also cautiously rearing his horns is Tim Evans of New York-based IFR Pegasus. For Evans, the key is whether December can punch through the mid $4.70s area despite the likelihood of more negative news Wednesday. "We think Wednesday's AGA report will likely show another 50-60 Bcf in last minute injections ahead of the pending withdrawal season, with a bearish comparison relative to the minimal 4 Bcf from a year ago..... An upward reversal past $4.75-78 might be enough now to turn the tide for the short term, as an indication that the selling has been exhausted and the shorts vulnerable for at least an upward test."

As is usually the case on Wednesdays, the market was relatively quiet ahead of the weekly release of fresh storage news. For bears at Nymex last week, it was worth the wait. According to the American Gas Association, 71 Bcf was added to underground storage facilities during the week ending Oct. 20, bringing stocks up to 80% full at 2,642 Bcf. Although only slightly above the consensus estimate of 45-70 Bcf, the storage injection was deemed bearish because it dwarfed the 13 Bcf injection reported during the same week last year, narrowing the oft-quoted year-on-year storage deficit to 349 Bcf.

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Weekly Gas Price Index

RECEIVED DEC 08 2000 GAS SUPPLY

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December 4, 2000

Aftermarket Begins With Swing Prices Soaring Above Record Monthly Indexes

An "interesting" (to say the least) aftermarket appears to be in store after prices went from softening in the first two days of the post-holiday week to climbing high above record-setting December indexes in incremental trading for the first four days of this month.

A Gulf Coast marketer said he thought it was reasonable to expect a market rebound early last week, citing Nymex's nearly-last-minute jump on the day before Thanksgiving followed that afternoon by a large storage withdrawal figure that many people correctly expected to be exceeded last week. Instead, overall numbers fell both Monday and Tuesday. "Guess it shows I don't have this market figured out very well," the marketer said.

A lot of cash sources still have trouble figuring out the psychology of futures traders when it comes to greeting weekly storage reports. AGA said Wednesday that 146 Bcf was withdrawn the week ending Nov. 24. Sources had expected a big number because of the weather harshness of that week, but 146 surpassed virtually all prior expectations. Yet after an initial push higher the screen later tumbled to finish the afternoon nearly 3 cents lower.

Late-November swing prices fell last Monday, weighted down partly by a screen dive of more than 20 cents but mostly by revised weather forecasts indicating considerably milder temperatures than what traders were seeing prior to the holiday. Declines tended to be larger in the West, particularly in formerly high-flying California.

A marketer who saw Katy prices sliding from the mid $6.20s to the low $6.10s as the morning proceeded said there was just "no weather demand" to be found. Texas temperatures had moderated to the point that some people may be thinking of turning their air conditioners back on soon, he said.

For nearly all points, the swing price softening that had begun Monday continued at a much accelerated pace Tuesday. The conspicuous exceptions? The same ones that have dazzled the rest of the market since Thanksgiving week began with numbers well over $10: California and the Pacific Northwest.

Points outside California and the Northwest generally fell between a quarter and about 40 cents. Another steep plunge by the December futures contract on its expiration date helped point the way down, but again it was considerably more moderate post-Thanksgiving weather forecasts that provided most of the impetus for the cash dive, sources said. This happened despite predictions of winter storms in the Midwest and Northeast before the weekend, one said.

About the huge California rebound from Monday's downturn, one source commented, "Same old song and dance:

SPOT GAS PRICES	November[1] 11/27 - 11/29		December[2] 11/30 - 12/1		Dec.[3] Bidwee
	Range	Avg.	Range	Avg.	Avg.
South Texas					
Agua Dulce	5.61-6.13	5.85	6.08-6.51	6.27	--
Florida Gas Zone 1	5.78-6.18	5.95	6.20-6.55	6.37	5.98
Houston Pipe Line	5.64-6.18	5.85	6.07-6.47	6.28	5.83
NGPL S. TX	5.62-6.08	5.82	6.05-6.45	6.25	5.92
PG&E GTT (Valero)	5.55-6.02	5.73	-- --	--	5.79
Tennessee	5.64-6.18	5.82	6.05-6.50	6.23	5.89
Texas Eastern S. TX	5.59-6.09	5.79	5.97-6.32	6.14	5.84
Transco St. 30	5.74-6.12	5.90	6.12-6.52	6.30	5.99
Trunkline	-- --	--	6.10-6.52	6.30	5.87
Regional Avg.	**5.55-6.18**	**5.84**	**5.97-6.55**	**6.27**	**5.89**
East Texas					
Carthage	5.65-6.15	5.86	6.13-6.46	6.30	5.99
Houston Ship Channel	5.75-6.30	5.97	6.19-6.60	6.41	6.03
Katy	5.73-6.28	5.94	6.20-6.67	6.37	5.99
NGPL TexOk	5.68-6.15	5.90	6.15-6.55	6.33	5.91
Texas Eastern E. TX	5.60-6.05	5.79	6.00-6.30	6.14	5.88
Texas Gas Zone 1	5.82-6.22	6.01	6.27-6.63	6.43	6.00
Transco St. 45	5.81-6.29	5.98	6.19-6.57	6.36	6.01
Trunkline	-- --	--	6.10-6.46	6.33	5.86
Regional Avg.	**5.60-6.30**	**5.92**	**6.00-6.67**	**6.33**	**5.94**
West Texas					
El Paso Permian	5.52-6.40	5.91	6.06-6.65	6.35	6.28
NGPL Permian	-- --	--	-- --	--	5.68
Northern Natural Mid 1-6	-- --	--	6.16-6.46	6.31	--
Transwestern	5.59-6.12	5.78	6.12-6.53	6.34	6.37
Waha	5.65-6.38	5.94	6.18-6.65	6.39	6.28
Regional Avg.	**5.52-6.40**	**5.90**	**6.00-6.67**	**6.33**	**6.15**
Midwest					
ANR ML7	6.10-6.54	6.25	6.13-6.85	6.62	6.17
Chicago Citygate	5.87-6.40	6.13	6.32-6.83	6.55	6.15
Consumers Power	5.94-6.38	6.14	6.33-6.74	6.50	6.11
Dawn	-- --	--	-- --	--	--
Michigan Consolidated	5.91-6.32	6.09	6.07-6.54	6.32	6.09
Regional Avg.	**5.87-6.54**	**6.15**	**6.07-6.85**	**6.50**	**6.13**
Midcontinent					
ANR SW	5.68-6.14	5.87	6.12-6.54	6.30	5.88
NGPL Amarillo Mainline	5.71-6.23	5.92	6.17-6.60	6.38	5.96
NGPL Iowa-Illinois	5.80-6.31	6.01	6.26-6.63	6.46	6.07
NGPL Midcontinent	5.65-6.10	5.81	6.10-6.52	6.29	5.86
Northern Natural Demarc	5.81-6.32	6.03	6.24-6.74	6.45	6.03
Northern Nat. Mid 10-13	5.54-5.98	5.72	-- --	--	5.87
Northern Natural Ventura	5.56-6.30	6.00	6.24-6.72	6.44	6.03
OGT	5.67-6.15	5.86	6.12-6.55	6.30	5.96
Panhandle Eastern	5.69-6.15	5.87	6.11-6.54	6.31	5.88
Reliant East (NorAm)	5.69-6.18	5.88	6.13-6.66	6.31	5.9
Reliant West (NorAm)	5.64-6.15	5.81	6.10-6.51	6.26	5.8
Williams	5.69-6.12	5.88	6.11-6.55	6.30	5.9
Regional Avg.	**5.54-6.32**	**5.89**	**6.10-6.74**	**6.35**	**5.8**
Louisiana					
ANR SE	5.72-6.16	5.92	6.14-6.61	6.33	5.9
Columbia Gulf onshore	5.80-6.32	6.01	6.22-6.65	6.40	6.0
Columbia Gulf Mainline	5.90-6.34	6.08	6.30-6.76	6.48	6.1
Florida Gas Zone 2	5.83-6.27	6.01	6.23-6.67	6.43	6.0
Florida Gas Zone 3	5.77-6.18	5.95	6.20-6.56	6.38	5.9

they need the gas in California, and it's tough getting enough of it moved there." A western marketer sounded much the same theme. "It's simple," he said. "The West is short, there's high demand, and we're short on storage. Also, it's the beginning of winter, and not a very pretty beginning at that. There's going to be major sticker shock to end-users."

A marketer noted that the Sonat bulletin board was estimating a cumulative system cash-out imbalance for the month at more than 900,000 dekatherms short as of Nov. 26. Because the monthly cash-out price was $5.17 (what shippers with negative imbalances paid the pipeline for shortfalls) and Sonat was trading around $5.90 Tuesday, there was incentive to keep shorting the pipe as much as allowed (2% tolerance) Tuesday and Wednesday, the marketer said. "After all, why would someone want to buy imbalance makeup gas at more than 70 cents above what they will pay for cash-out?" he asked. A similar situation was pretty much true of other Gulf pipes, he added.

After two days of softness, the cash market got back on a firming track Wednesday in trading for the last day of November. The upticks were fairly moderate overall, ranging from slightly down at a few scattered points to Northeast gains in the teens.

But the buying spree continued in California and the Pacific Northwest, where increases were in triple digits. The region topped out with a quote of $18.50 at the Southern California border. "It's gotten to where suppliers are like sharks who've smelled blood in the price waters and have whipped themselves into a feeding frenzy," according to one observer. But a large aggregator took a more conventional view of the California price strength, noting continuing pipe constraints in the Southwest. But most important were balancing concerns for the last day of Southern California Gas' final five-day balancing period for November, he said.

Even with December indexes at record heights across the board, swing trading for the first day of the month managed to one-up the bidweek numbers. All points were priced from marginally to substantially above index levels Thursday.

Reaction to the huge storage withdrawal report Wednesday afternoon, along with sharply higher futures prices in Acess that night and again in Thursday's regular session, did the most to propel incremental prices higher, several traders said. A bit of colder weather contributed, they said, but it wasn't enough to play a major role.

Despite the overall strength, a Gulf Coast buyer found numbers declining as the morning wore on. He picked up a Texas Eastern-West LA package at $6.05 near deadline, about 20 cents below early-morning quotes.

The Southern California border continued to awe sources, peaking at $21 in a huge range of seven dollars. And there's virtually no prospect for relief in sight at this point. "SoCal prices will go through the roof when it [the LDC] goes to daily balancing," a western supplier said. "I might have a party when that happens." Many expect the daily balancing rule to be triggered sometime this month when SoCal Gas storage levels fall below 40 Bcf.

Except for declines at several of the highest-priced western points, the cash market stayed in an upbeat mood Friday. Gains ranged from about a dime to more than 30 cents, with most between 20 and 30 cents. Malin joined Sumas, Stanfield and

SPOT GAS PRICES	November[1] 11/27 - 11/29		December[2] 11/30 - 12/1		Dec.[3] Bidweek
Louisiana (continued)	Range	Avg.	Range	Avg.	Avg.
Henry Hub	5.82-6.32	6.03	6.21-6.73	6.44	6.04
Koch Gateway	5.74-6.12	5.90	6.14-6.45	6.27	--
NGPL LA	5.70-6.16	5.91	6.15-6.58	6.33	5.93
Miss. River Trans.	5.80-6.20	5.94	6.18-6.53	6.36	6.03
Southern Natural	5.85-6.29	6.03	6.23-6.67	6.44	5.99
Tennessee Line 500	5.74-6.22	5.92	6.13-6.54	6.29	5.96
Tennessee Line 800	5.74-6.22	5.92	6.13-6.54	6.30	5.96
Texas Eastern E. LA	5.68-6.19	5.90	6.11-6.52	6.31	5.93
Texas Eastern W. LA	5.60-6.14	5.85	6.03-6.46	6.26	5.90
Texas Gas Zone SL	5.80-6.29	6.01	6.23-6.66	6.41	6.01
Transco St. 65	5.90-6.38	6.08	6.25-6.77	6.47	6.06
Trunkline E. LA	5.72-6.15	5.92	6.15-6.60	6.33	5.90
Trunkline W. LA	-- --	--	6.16-6.60	6.34	5.91
Regional Avg.	**5.60-6.38**	**5.96**	**6.03-6.77**	**6.37**	**5.98**
Alabama/Mississippi					
FGT Mobile Bay	5.65-6.19	5.88	6.22-6.52	6.32	--
Texas Eastern Kosciusko	5.78-6.23	5.99	6.22-6.67	6.49	6.07
Transco St. 85	5.92-6.40	6.08	6.29-6.70	6.49	6.07
Regional Avg.	**5.78-6.40**	**6.04**	**6.22-6.70**	**6.49**	**6.07**
Florida					
FGT Citygate	5.98-6.45	6.21	6.40-6.78	6.62	--
Rocky Mountains					
CIG	5.50-6.03	5.72	5.85-6.31	6.12	5.92
CIG DJ Basin	-- --	--	-- --	--	--
Cheyenne Hub	5.66-6.11	5.85	6.04-6.40	6.20	--
El Paso Bondad	5.48-5.94	5.66	6.08-6.40	6.27	5.54
El Paso non-Bondad	5.35-5.99	5.68	6.02-6.48	6.29	5.99
Kern River	5.50-6.05	5.71	5.95-6.40	6.18	6.05
Kingsgate	2.50-16.60	14.60	13.80-16.75	15.00	--
Northwest Domestic	5.45-6.04	5.71	5.98-6.36	6.16	6.02
Northwest Sumas	2.00-17.60	14.43	12.20-18.00	14.28	13.85
Opal	5.50-6.05	5.71	5.95-6.40	6.18	6.04
Questar	-- --	--	5.85-6.26	6.07	6.22
Stanfield	2.70-17.50	14.72	13.30-17.00	14.85	13.80
Regional Avg.	**5.35-17.60**	**8.38**	**5.85-18.00**	**8.51**	**7.71**
Northeast					
Algonquin (citygate)	6.21-6.85	6.52	6.56-7.74	7.32	7.00
Algonquin (into)	6.25-6.68	6.43	6.90-7.25	7.06	6.73
Columbia Gas	6.15-6 64	6.34	6.50-7.01	6.72	6.34
CNG	6.16-6.69	6.40	6.60-7.15	6.86	6.44
Iroquois Zone 2	6.27-6.68	6.46	6.65-7.25	7.04	6.80
Tennessee Zone 6	6.16-6.77	6.44	6.50-7.55	7.09	6.82
Texas Eastern M-3	6.26-6.80	6.48	6.85-7.58	7.17	6.78
Transco Zone 6 NY	6.28-6.81	6.52	6.90-7.86	7.37	7.30
Transco Zone 6 non-NY	6.26-6.79	6.50	6.80-7.66	7.27	6.90
Regional Avg.	**6.15-6.85**	**6.45**	**6.50-7.86**	**7.10**	**6.79**
California					
Malin	2.70-18.25	15.06	15.00-18.50	16.55	14.04
Kern River Station, PG&E	-- --	--	-- --	--	--
PG&E Citygate	2.40-17.85	15.32	14.50-18.75	16.88	14.15
Southern Border, El Paso	2.50-18.50	16.33	14.00-21.00	18.44	14.06
Southern Border, Kern	4.00-18.30	16.29	15.85-20.80	18.42	13.94
South. Bdr., Transwestern	2.50-18.50	16.33	14.00-21.00	18.44	14.06
Kern River Station, SoCal	4.00-18.00	15.93	16.00-20.50	18.37	14.22
Southern Cal. Border Avg.	2.50-18.50	16.33	14.00-21.00	18.44	14.08
Regional Avg.	**2.40-18.50**	**15.94**	**14.00-21.00**	**17.93**	**14.08**
National Spot Gas Avg.	**5.35-18.50**	**7.25**	**5.85-21.00**	**7.82**	**7.06**
Canada					
NOVA/AECO C (Cdn$/GJ)	7.71-8.24	8.02	8.15-8.89	8.48	--

Notes to Spot Gas Prices table: Prices in US$/MMBtu for dry gas with the exception of NOVA/AECO C, which is in Cdn$/GJ. [1]Survey taken November 27 - 29, 2000 for November incremental delivery. [2]Survey taken Nov. 30 - Dec. 1, 2000 for December incremental delivery. [3]Bidweek survey taken November 22 - 30, 2000 of baseload transactions for the month of December. Please see NGI's Bidweek Survey for trading ranges.

CFTC Commitments of Traders Report as of 11/28/00

	Long	Chg	Short	Chg	Net
Non-commercial					
long or short only	20,449	-4,583	7,216	-564	13,233
spreading	17,760	-3,299	17,760	-3,299	—
Commercial					
long or short only	297,322	-19,502	327,752	-26,433	-30,430
Total OI	373,288	-31,601	373,288	-31,601	—

Source: Commodity Futures Trading Commission. Report released December 1, 2000. Change in COT methodology: Traders' positions in all futures expiration months are reported, regardless of size, if any one position in an expiration month exceeds the Commission's minimum quantities. Futures positions that are reportable, but whose owners or controllers are unidentified, will be omitted from the report until the owner or controller of the position is identified. See http://intelligencepress.com for more info.

NYMEX Henry Hub

Contract	Weekly Range High	Low	Settle 12/1	Week Change
December	6.580	5.900	6.016	-.561
January	6.820	6.020	6.673	+.089
February	6.720	5.910	6.533	+.289
March	6.110	5.330	6.043	+.443
April	5.360	4.710	5.323	+.443
May	5.050	4.530	5.008	+.378
June	5.020	4.495	4.973	+.378
July	4.990	4.480	4.955	+.380
August	4.970	4.560	4.935	+.375
September	4.930	4.550	4.920	+.380
October	4.920	4.540	4.910	+.380
November	4.990	4.610	4.990	+.375
December	5.070	4.685	5.070	+.368
January	5.075	4.705	5.075	+.378
February	4.855	4.510	4.855	+.393
March	4.605	4.315	4.605	+.333
April	4.370	4.110	4.370	+.338
May	4.315	4.077	4.315	+.328
June	4.295	4.047	4.295	+.338
July	4.295	4.042	4.295	+.343
August	4.295	4.042	4.295	+.343
September	4.290	4.050	4.290	+.330
October	4.280	4.039	4.280	+.331
November	4.380	4.154	4.380	+.316

Volume, 12/1 : N/A Open Int, 11/30 : N/A

12 Month Strip, 12/1 : $5.361

Crude Oil Sell-Off Dampens Bullish Euphoria in Gas Pit

In a topsy-turvy session that made traders glad the weekend was near, natural gas futures spiked and retraced three times Friday amid a bevy of fundamental and technical news. After encountering substantial selling in the low $6.80s early in the day, the January contract checked sideways for much of the session, finishing up 8.4 cents at $6.673. Comparatively the rest of the 12-month strip, led by March, which erupted 20.7 cents to close at $6.043, experienced double-digit gains.

Since notching a $6.02 low amid an expiration-day sell-off Tuesday, the January contract had posted an impressive two-day, 57-cent rally through the close of business Thursday. Many traders and market watchers polled by *NGI* on Thursday believed the $7.00 level would easily be tested on Friday. However, they did not anticipate what was about to happen in the nearby crude oil pit on Friday.

Despite the halting of nearly 3% of the world's oil production by Iraq late Thursday, crude oil futures slipped lower Friday, shedding more than 5% of its value to close at $32.02, a new three-week low. However, the move lower did not come as too big of a surprise for energy analyst Tim Evans of New York-based IFR Pegasus. "The market has shown in the past, rather emphatically, that it is not bothered by the Iraqis halting exports as long as the U.S. is willing to dip into its Strategic Petroleum Reserve.... On the one side of the price equation you have a shortage of 2.4 million barrels [of Iraqi imports] a day. On the other side, your have U.S. government stockpiles totaling 541 million barrels." In addition to the U.S stores of oil, the International Energy Agency was being tapped on Friday for the possible release of additional reserves.

Several gas traders were quick to point the erosion in the nearby crude oil pit as a key factor in the inability of natural gas to test resistance at the psychologically important $7.00 level late last week. "Natural [gas] wasn't the only game in town Friday," said a risk manager. "All of a sudden you have crude prices dropping out of the sky. That definitely took away from the rally in gas."

However, looking ahead, Evans is doubtful the events in the crude oil pit will have a lasting effect on natural gas prices. "This will be a little bit of a sideshow, but I don't think it will weigh on gas prices too much. After all, there is no government stockpile for natural gas."

The American Gas Association will likely take center stage again this week when it announces its latest storage report. Last year at this time the market withdrew 69 Bcf from underground storage facilities and the five-year average is a net drawdown of 50 Bcf. Although he will revise his estimate early this week Evans looks for the AGA to announce a withdrawal of 80-100 Bcf. Last week the AGA said that 146 Bcf was pulled from the ground, the largest takeaway ever in the month of November. Two weeks ago, the market withdrew 94 Bcf when temperatures were similar to those seen across the nation last week.

On the technical front, Peter Hattersley of New York-based Rafferty Group remains bullish and lowers his pivot area down to the former resistance (now support) level at $6.50. "I would be long up here for a possible test of $7.00. Only a move below $6.5 would make me look to head for the exits," he said.

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Energy

Gas Daily®

Monday, October 16, 2000
Attn: John Hack
Fax Edition - 8 pages

Daily Price Survey

Listed in the left column are the midpoints of the daily ranges for the most common prices, paid in $/mmBtu of a typical volume of 5 thousand mmBtu. The middle column shows absolute low-high prices for transactions reported on the date at the top of the column; the third column shows that day's ranges for the most common prices. The prices are generally for gas flowing today; weekends are usually priced using data collected Friday. Ranges are for deals done before nomination deadlines. Boldface indicates the price range is based on data reported the previous day. Plain type indicates insufficient data to reconfirm or change the previous range. The common range is built around the volume weighted average and the midpoint is calculated for the common range. Data in this table is Copyright 2000 by FT Energy.

NATIONAL AVERAGE PRICE: $5.420***

Trans. date	10/13	10/13	10/13
Flow date(s)	10/14-16	10/14-16	10/14-16
	Midpoint	Absolute	Common
Permian Basin Area			
El Paso	5.290	5.24-36	5.28-32
Northern (Mids 1-6)	5.230	5.15-29	5.20-26
Tex Intras, Waha area	5.310	5.24-36	5.28-34
Transwestern	5.245	5.24-25	5.24-25
East Texas-North Louisiana Area			
Carthage Hub tailgate	5.310	5.28-34	5.29-33
Koch (Zones 1&2)	5.130	5.12-14	5.12-14
Lone Star	5.265	5.20-30	5.24-29
MRT mainline	5.420	5.35-43	5.41-43
MRT west leg	5.345	5.33-36	5.34-35
NGPL TexOk (West)	5.386	5.30-39	5.38-39
NGPL TexOk (East)	5.370	5.32-43	5.34-40
Tennessee, 100 Leg	5.300	5.28-32	5.29-31
Texas Eastern (ETX)	5.185	5.16-26	5.16-21
Texas Gas (entire Z-1)	5.380	5.35-40	5.37-39
East-Houston-Katy			
Houston Ship Channel	5.390	5.34-46	5.36-42
Katy plant tailgate	5.355	5.30-41	5.33-38
Trunkline North	5.320	5.31-33	5.31-33
North-Texas Panhandle			
NGPL (Permian)	5.245	5.24-25	5.24-25
Northern (Mid 10)	5.190	5.17-21	5.18-20
Transwestern	5.245	5.24-25	5.24-25
South-Corpus Christi			
Agua Dulce hub	5.285	5.20-35	5.25-32
Florida Gas	5.350	5.32-37	5.34-36
HPL	5.295	5.22-33	5.27-32
Koch (Zone 1)	5.230	5.22-24	5.22-24
NGPL (STX)	5.295	5.24-38	5.26-33
Tennessee	5.245	5.15-41	5.18-31
Texas Eastern (STX)	5.175	5.14-24	5.15-20
Transco, St 30	5.245	5.14-32	5.20-29
Trunkline South	5.290	5.28-30	5.28-30
PG&E-GTT	5.200	5.16-24	5.18-22
Louisiana-Onshore South			
ANR	5.370	5.32-45	5.34-40
Columbia	5.405	5.36-45	5.38-43
Columbia, Mainline	5.480	5.44-52	5.48-50
FGT Z1	5.350	5.32-37	5.34-36
FGT Z2	5.390	5.33-45	5.36-42
FGT Z3	5.356	5.34-40	5.34-37
Henry Hub	5.430	5.37-49	5.40-46
Koch (Zones 2&4)	5.290	5.28-30	5.28-30
NGPL (La.)	5.390	5.32-44	5.36-42
Sonat	5.390	5.33-42	5.37-41
Tennessee, 500 Leg	5.335	5.28-43	5.30-37
Tennessee, 800 Leg	5.330	5.28-44	5.29-37
Texas E (WLA)	5.215	5.15-28	5.19-24
Texas E. (ELA)	5.280	5.18-38	5.23-33
Texas Gas SL	5.410	5.36-47	5.38-44
Transco, St 45	5.305	5.26-40	5.27-34
Transco, St. 65	5.395	5.32-46	5.36-43
Trunkline WLA	5.310	5.27-35	5.29-33
Trunkline ELA	5.315	5.25-38	5.28-35
Oklahoma			
ANR	5.340	5.30-42	5.31-37
NGPL (Midcont.)	5.345	5.28-41	5.31-38
Reliant (North/South)	5.340	5.27-42	5.30-38
Reliant (West)	5.320	5.27-39	5.29-36
Northern (Mid 11)	5.200	5.18-22	5.19-21
[illegible]T	5.335	5.26-40	5.30-37
[illegible]PL	5.350	5.30-42	5.32-38
Williams	5.345	5.27-41	5.31-38
New Mexico-San Juan Basin			
El Paso, Bondad	4.545	4.50-60	4.52-57
El Paso, non-Bondad	4.585	4.50-68	4.52-61

continued on next page

Pleasant weather helps market calm down

The Market

The spot market took a breather Friday as traders sorted out Thursday's 40¢ run. Weekend cash prices were off about 15¢ as futures settled down. Rockies and San Juan prices dropped about 25¢ for the weekend.

One Gulf Coast trader said the market had a two-second flurry of activity before settling down. He and Northeast sources agreed fundamentals took center stage in the market because of light weather and weekend loads coast to coast. The Henry Hub price traded about a dime in back of the contract during much of the morning, he said.

A Northeast trader also reported no demand going into a mild weekend. That could change early this week as traders anticipate a below-normal American Gas Assn. storage injection estimate, he said. Storage numbers in the range of 7 billion cf to 50 billion cf were bantered around last week.

Mild weather forecasts hint that storage numbers for the following week will probably be back up in the 60-70 billion cf range, a trader said. That would send the market into a short downturn, but the bulls would return soon enough, he added.

A Canadian trader disagreed with traders expecting very low numbers. "I don't know where they're getting those estimates," he said. "There hasn't been enough long-term load, and

(continued on page 6)

Buyers advised to take aggressive approach

In the post-Order 637 market, gas buyers need to consider different approaches to purchasing gas to maximize the competitive benefits to them, energy officials said at a conference last week in Arlington, Va., sponsored by the Electricity Consumers Resource Council and Process Gas Consumers.

A primary concern for gas buyers to consider is customer service from their suppliers, said Joseph Ewing, strategic sourcing manager of energy at Procter & Gamble. He suggested entering into contract agreements with suppliers to ensure the buyers are getting what they need, when they need it and at a reasonable price. Qualifying potential suppliers, he said, is essential.

Ewing also urged gas buyers to purchase additional transportation capacity. "We want to be in control of our own destiny," he said.

Gas buyers should be more aggressive and demand segmentation and balancing services from pipelines, said Ed Ross, senior director and regulatory counsel at Dynegy. They should also refuse to pay higher penalties, he added.

Ross cautioned gas buyers to "keep one eye" on power at all times, since power will drive the gas market for the next 10 years. In the meantime, he said, it is important to keep the other eye on pipeline affiliates in their markets to monitor what they are up to. CD

Northeast can expect bitter winter, NOAA says

Consumers in the Northeast are already bracing for higher heating bills. But a return to colder weather could further add to the price shock.

According to the National Oceanic and Atmospheric Administration (NOAA), the United States can expect a return to "normal" winter weather patterns. In other words, that means that cold weather will prevail — a contrast to the warmer-than-normal winters experienced over the past few years.

NOAA released its annual winter weather outlook last week, one month earlier than usual.

"We've probably forgotten over the last three years what a normal winter is like," said NOAA Administrator James Baker. "With La Niña and El Niño out of the way, normal (defined as the period 1961-1990) winter weather has a chance to return to the U.S this year."

Particularly affected will be the Northeast region. "As in most normal years, from New England to the Carolinas, cold weather will be part of your routine this winter," said National Weather Service Director Jack Kelly. Even in Florida, Kelly added, residents can expect our

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Gas Daily®

Tuesday, October 17, 2000
Attn: John Hack
Fax Edition - 9 pages

Daily Price Survey

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NATIONAL AVERAGE PRICE: $5.365****

Trans. date	10/16	10/16	10/16
Flow date(s)	10/17	10/17	10/17
	Midpoint	Absolute	Common
Permian Basin Area			
El Paso	5.240	5.18-30	5.21-27
Northern (Mids 1-6)	5.165	5.15-18	5.16-17
Tex Intras, Waha area	5.285	5.23-33	5.28-31
Transwestern	5.200	5.18-23	5.19-21
East Texas-North Louisiana Area			
Carthage Hub tailgate	5.255	5.22-28	5.24-27
Koch (Zones 1&2)	5.085	5.05-08	5.06-07
Lone Star	5.190	5.15-22	5.17-21
MRT mainline	5.355	5.28-37	5.34-37
MRT west leg	5.295	5.29-31	5.29-30
NGPL TexOk (West)	5.275	5.25-28	5.27-28
NGPL TexOk (East)	5.275	5.24-30	5.26-29
Tennessee, 100 Leg	5.215	5.18-23	5.20-23
Texas Eastern (ETX)	5.190	5.10-22	5.16-22
Texas Gas (entire Z 1)	5.320	5.30-35	5.31-33
East-Houston-Katy			
Houston Ship Channel	5.310	5.26-34	5.29-33
Katy plant tailgate	5.285	5.25-31	5.27-30
Trunkline North	5.240	5.23-25	5.23-25
North-Texas Panhandle			
NGPL (Permian)	5.200	5.19-21	5.19-21
Northern (Mid 10)	5.080	5.06-10	5.07-09
Transwestern	5.200	5.18-23	5.19-21
South-Corpus Christi			
Agua Dulce hub	5.220	5.18-26	5.20-24
Florida Gas	5.300	5.24-32	5.28-32
HPL	5.245	5.21-26	5.23-26
Koch (Zone 1)	5.150	5.14-16	5.14-16
NGPL (STX)	5.225	5.20-26	5.21-24
Tennessee	5.195	5.15-25	5.17-22
Texas Eastern (STX)	5.115	5.08-15	5.10-13
Transco, St 30	5.190	5.10-26	5.15-23
Trunkline South	5.230	5.22-24	5.22-24
PG&E-GTT	5.130	5.10-15	5.12-14
Louisiana-Onshore South			
ANR	5.270	5.23-32	5.25-29
Columbia	5.315	5.27-37	5.29-34
Columbia, Mainline	5.385	5.36-43	5.37-40
FGT Z1	5.300	5.24-32	5.28-32
FGT Z2	5.330	5.28-36	5.31-35
FGT Z3	5.300	5.21-33	5.27-33
Henry Hub	5.340	5.26-39	5.31-37
Koch (Zones 2&4)	5.215	5.21-22	5.21-22
NGPL (La.)	5.285	5.23-33	5.26-31
Sonat	5.315	5.28-35	5.30-33
Tennessee, 500 Leg	5.250	5.20-28	5.23-27
Tennessee, 800 Leg	5.250	5.20-28	5.23-27
Texas E. (WLA)	5.155	5.11-21	5.13-18
Texas E. (ELA)	5.225	5.18-29	5.20-25
Texas Gas SL	5.315	5.27-35	5.29-34
Transco, St. 45	5.235	5.16-30	5.20-27
Transco, St 65	5.315	5.27-36	5.29-34
Trunkline WLA	5.245	5.19-29	5.22-27
Trunkline ELA	5.230	5.18-30	5.20-28
Oklahoma			
ANR	5.265	5.21-36	5.23-30
NGPL (Midcont.)	5.255	5.20-29	5.23-28
Reliant (North/South)	5.245	5.19-37	5.20-29
Reliant (West)	5.230	5.19-35	5.19-27
Northern (Mid 11)	5.080	5.07-11	5.07-09
[illegible]L	5.270	5.20-36	5.23-31
Williams	5.265	5.20-30	5.24-29
	5.270	5.19-30	5.24-30
New Mexico-San Juan Basin			
El Paso, Bondad	4.655	4.58-75	4.61-70
El Paso, non-Bondad	4.645	4.55-80	4.58-71

continued on next page

Chevron, Texaco to create fourth super-major

San Francisco-based Chevron and New York-based Texaco yesterday announced a merger that, if it receives regulatory approval, will create the world's fourth-largest super-major, ChevronTexaco.

If the proposed merger takes place, the new company will have reserves of 11.2 billion bbl of oil equivalent (boe), daily production of 2.7 million boe, assets of $77 billion and operations throughout the world. In the United States, ChevronTexaco will be the nation's third-largest producer of oil and gas, with production of 1.1 million boe/d, and will hold the nation's third-largest reserve position, with 4.2 billion boe of proved reserves.

The timing of the merger announcement, however, may prove problematic for the two companies. With oil prices at record high levels, regulators are expected to take a hard look at

(continued on page 8)

Dynegy launches portal for online trading

Dynegy has launched its own private online trading portal, Dynegydirect, with plans to provide some 150 products based on customer demand.

Trading will initially begin with U.S. power, natural gas and gas liquids, later expanding to U.K. power and natural gas, international gas liquids, coal, emissions allowances, weather derivatives, broadband and other commodities.

Implementation will be phased in, as Dynegy registers customers, with trading expected to begin over the next several weeks. Dynegydirect is a real-time, commission-free portal and trading site with self-serve access to Dynegy's bid and offer prices. The company noted that customers will continue to be able to conduct transactions over the phone with Dynegy.

"Extending our global reach through customized electronic solutions will enable Dynegy

(continued on page 7)

Alaska holds key to frontier gas supply

At the Ziff Energy Group's conference yesterday in Calgary, the lobby was buzzing with news of a possible Texaco/Chevron combination. But inside the auditorium, speakers were occupied with a more immediate concern: how to cope with demand as conventional supplies are challenged.

In opening remarks, Ziff Energy Group CEO Paul Ziff noted that most discussions of supply have in the past year focused on conventional gas supply in the lower-48 states and Canada. But a boom in demand, he said, has given a "green light for rapid expansion" of frontier gas supply.

By Ziff's definition, frontier supplies include: deepwater Gulf of Mexico; liquefied natural gas (LNG); coal seam gas; Canada's Scotian shelf; the Liard Valley; and the far North, including the Mackenzie Delta and Alaska's North Slope.

Tapping into these new sources of supply, said Ziff, will require a resurgence in the role of

(continued on page 7)

Western prices strong despite little load

Softer cash prices were the rule of the day yesterday after Middle East troubles quieted over the weekend and mild weather blanketed much of the country.

In contrast to eastern markets where cash was down 5¢-10¢, though, the West saw strong price inflation in the San Juan Basin, the Rockies and Nova Gas Transmission AECO-C Hub, and a modest rise at the Pacific Gas & Electric (PG&E) citygate.

The Market

Some traders said unexpected strength in Alberta lit a fire in the Northwest, helping support Stanfield, Ore. At times, prices at AECO-C ran flat and even over Sumas, Wash., and Opal, Wyo.

Some traders said they couldn't say what caused AECO-C prices to disconnect from the

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Gas Daily®

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NATIONAL AVERAGE PRICE: $5.325****

Trans. date Flow date(s)	10/17 10/18	10/17 10/18	10/17 10/18
	Midpoint	Absolute	Common
Permian Basin Area			
El Paso	5.195	5.15-24	5.17-22
Northern (Mids 1-6)	5.125	5.11-14	5.12-13
Tex Intras, Waha area	5.225	5.16-29	5.19-26
Transwestern	5.145	5.14-15	5.14-15
East Texas-North Louisiana Area			
Carthage Hub tailgate	5.195	5.16-25	5.17-22
Koch (Zones 1&2)	4.970	4.96-98	4.96-98
Lone Star	5.115	5.10-13	5.11-12
MRT mainline	5.290	5.20-32	5.26-32
MRT west leg	5.225	5.22-24	5.22-23
NGPL TexOk (West)	5.215	5.20-22	5.21-22
NGPL TexOk (East)	5.210	5.17-25	5.19-23
Tennessee, 100 Leg	5.160	5.14-18	5.15-17
Texas Eastern (ETX)	5.125	5.10-17	5.11-14
Texas Gas (entre Z 1)	5.260	5.24-29	5.25-27
East-Houston-Katy			
Houston Ship Channel	5.260	5.20-31	5.23-29
Katy plant tailgate	5.230	5.18-27	5.21-25
Trunkline North	5.190	5.18-20	5.18-20
North-Texas Panhandle			
NGPL (Permian)	4.885	4.85-91	4.87-90
Northern (Mid 10)	5.030	5.01-05	5.02-04
Transwestern	5.145	5.14-15	5.14-15
South-Corpus Christi			
Agua Dulce hub	5.175	5.12-21	5.15-20
Florida Gas	5.220	5.21-26	5.21-23
HPL	5.190	5.14-22	5.17-21
Koch (Zone 1)	5.070	5.06-08	5.06-08
NGPL (STX)	5.180	5.13-24	5.15-21
Tennessee	5.165	5.11-25	5.13-20
Texas Eastern (STX)	5.090	5.04-16	5.06-12
Transco, St 30	5.130	5.07-23	5.09-17
Trunkline South	5.180	5.17-19	5.17-19
PG&E-GTT	5.070	5.06-08	5.06-08
Louisiana-Onshore South			
ANR	5.220	5.17-30	5.19-25
Columbia	5.255	5.21-30	5.23-28
Columbia, Mainline	5.325	5.28-38	5.30-35
FGT Z1	5.220	5.21-26	5.21-23
FGT Z2	5.285	5.20-30	5.24-29
FGT Z3	5.235	5.21-26	5.22-25
Henry Hub	5.270	5.23-32	5.25-29
Koch (Zones 2&4)	5.150	5.13-17	5.14-16
NGPL (La.)	5.235	5.19-30	5.21-26
Sonat	5.255	5.20-30	5.23-28
Tennessee, 500 Leg	5.190	5.13-25	5.16-22
Tennessee, 800 Leg	5.190	5.13-25	5.16-22
Texas E. (WLA)	5.140	5.09-20	5.11-17
Texas E. (ELA)	5.170	5.10-23	5.14-20
Texas Gas SL	5.255	5.21-31	5.23-28
Transco, St 45	5.180	5.12-24	5.15-21
Transco, St. 65	5.270	5.22-33	5.24-30
Trunkline WLA	5.155	5.10-20	5.13-18
Trunkline ELA	5.185	5.09-23	5.13-20
Oklahoma			
ANR	5.200	5.16-25	5.18-22
NGPL (MidcontL)	5.185	5.14-23	5.16-21
Reliant (North/South)	5.190	5.13-25	5.16-22
Reliant (West)	5.175	5.13-23	5.15-20
Northern (Mid 11)	5.040	5.02-06	5.03-05
[illegible]T	5.205	5.15-25	5.18-23
[illegible]L	5.200	5.16-24	5.18-22
Williams	5.210	5.16-25	5.19-23
New Mexico-San Juan Basin			
El Paso, Bondad	4.790	4.65-90	4.73-85
El Paso, non-Bondad	4.780	4.58-5.01	4.67-89

continued on next page

Study calls for multi-fuel use in New England

A new study says it would be a mistake to limit the construction of power plants in New England to gas-fired plants only.

The study, "The Consequences of Natural Gas Dependence on New England Electricity Supply," was conducted by Energy Ventures Analysis (EVA) on behalf of the Competitive Power Coalition of New England (CPCNE).

Michael Schaal, EVA senior analyst, said that currently power plants in New England are run by a diverse fuel mix, including gas, coal, residual and hydro. "The focus of the report is electric system reliability. We looked at it under two scenarios. The first mimicked the current fuel diversity," he said. The second scenario involved the use of a single fuel for all the fossil generation.

"That's kind of déjà vu," he said. In the 1970s virtually all of the region's power generation was dependent on oil. However, today virtually all new power plants planned are gas-fired combined-cycle plants. "We followed the classic approach to examine system contingency,"

(continued on page 6)

All markets calm before AGA storage storm

No demand and dropping crude prices had the cash and futures markets meandering yesterday as traders anxiously awaited the American Gas Assn. (AGA) storage estimate.

Cash prices were generally down about a nickel yesterday, with the exception again out West where San Juan and Rockies prices climbed another dime.

The Market

Storage injection predictions have ranged from 7 to 60 billion cf in the ground, and it's no surprise what will happen if the number comes in on the low side.

"We're preparing for the worst," one trader said. "If it comes in any lower than 60 billion cf then we'll see $6 November gas by Thursday."

"No weather, no load," was how a Northeast trader characterized the cash market yesterday, and he wasn't alone. With mild weather and the low AGA storage predictions, many traders were taking a wait-and-see attitude toward trading.

Gas futures momentum moved upward yesterday as traders positioned for a possible price surge on the NYMEX. For the last several sessions, the November NYMEX contract suffered consistent losses amid traders' reluctance to enter a somewhat fickle and unpredictable market.

The opening price was $5.35, but consistent selling managed to push prices lower throughout the morning. During the late morning session, bottom-seeking momentum sunk prices to a

(continued on page 5)

Oil will lead deepwater play, says Chevron

In an address to the Ziff Energy Group conference yesterday in Calgary, Jim Simpson, president, Chevron Canada, gave some insights into the company's long-term strategy for deepwater Gulf of Mexico exploration and production (E&P). According to Simpson, deepwater success will rely more on oil prices than gas prices.

"The only way you're going to get gas out of the deepwater is producing oil," he said.

That may give some insight into the logic driving the Chevron/Texaco merger, which was announced earlier this week (*GD 10/17*). Simpson, in fact, was standing in for Chevron North America E&P President George Kirkland, who was tied up with organizational matters.

Simpson said the merger is a "very significant event," particularly in the upstream sector. "It puts us into the same league as the super-major companies," he said.

If the merger goes through, it may prove an asset in deepwater exploration. Simpson said that the majors are the only companies willing to commit the "very serious money and talent" needed to make deepwater drilling pay off. Independents, he noted, are already dominating shelf play as the majors focus on deepwater.

Deepwater production, said Simpson, is crucial to offset production decline, as North

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NATIONAL AVERAGE PRICE: $5.445**

Trans. date	10/18	10/18	10/18
Flow date(s)	10/19	10/19	10/19
	Midpoint	Absolute	Common
Permian Basin Area			
El Paso	5.285	5.20-34	5.25-32
Northern (Mids 1-6)	5.180	5.15-22	5.16-20
Tex Intras, Waha area	5.320	5.22-35	5.29-35
Transwestern	5.240	5.22-27	5.23-25
East Texas-North Louisiana Area			
Carthage Hub tailgate	5.285	5.21-34	5.25-32
Koch (Zones 1&2)	5.090	5.08-10	5.08-10
Lone Star	5.215	5.18-25	5.20-23
MRT mainline	5.385	5.30-40	5.37-40
MRT west leg	5.345	5.33-35	5.34-35
NGPL TexOk (West)	5.310	5.25-33	5.29-33
NGPL TexOk (East)	5.275	5.17-35	5.23-32
Tennessee, 100 Leg	5.275	5.25-30	5.26-29
Texas Eastern (ETX)	5.235	5.18-27	5.21-26
Texas Gas (entre Z 1)	5.335	5.30-36	5.32-35
East-Houston-Katy			
[illegible]ton Ship Channel	5.345	5.21-39	5.30-39
[illegible]y plant tailgate	5.320	5.27-35	5.30-34
Trunkline North	5.280	5.27-29	5.27-29
North-Texas Panhandle			
NGPL (Permian)	5.080	5.07-09	5.07-09
Northern (Mid 10)	5.060	5.00-09	5.04-08
Transwestern	5.240	5.22-27	5.23-25
South-Corpus Christi			
Agua Dulce hub	5.250	5.20-29	5.23-27
Florida Gas	5.325	5.29-35	5.31-34
HPL	5.295	5.27-30	5.29-30
Koch (Zone 1)	5.190	5.18-20	5.18-20
NGPL (STX)	5.235	5.20-27	5.22-25
Tennessee	5.235	5.19-28	5.21-26
Texas Eastern (STX)	5.195	5.15-25	5.17-22
Transco, St 30	5.220	5.10-30	5.17-27
Trunkline South	5.240	5.23-25	5.23-25
PG&E-GTT	5.150	5.12-17	5.14-16
Louisiana-Onshore South			
ANR	5.310	5.24-36	5.28-34
Columbia	5.370	5.33-42	5.35-39
Columbia, Mainline	5.445	5.38-48	5.42-47
FGT Z1	5.325	5.29-35	5.31-34
FGT Z2	5.360	5.33-41	5.34-38
FGT Z3	5.340	5.29-37	5.32-36
Henry Hub	5.360	5.31-42	5.35-41
Koch (Zones 2&4)	5.240	5.22-25	5.23-25
NGPL (La.)	5.330	5.28-40	5.30-36
Sonat	5.355	5.33-38	5.34-37
Tennessee, 500 Leg	5.295	5.24-34	5.27-32
Tennessee, 800 Leg	5.295	5.20-34	5.26-33
Texas E. (WLA)	5.220	5.16-28	5.19-25
Texas E. (ELA)	5.275	5.20-33	5.24-31
Texas Gas SL	5.360	5.30-41	5.33-39
Transco, St. 45	5.270	5.18-38	5.22-32
Transco, St. 65	5.375	5.23-45	5.32-43
Trunkline WLA	5.285	5.23-33	5.26-31
Trunkline ELA	5.260	5.20-36	5.22-30
Oklahoma			
ANR	5.285	5.16-35	5.24-33
NGPL (Midcont.)	5.255	5.15-37	5.20-31
Reliant (North/South)	5.280	5.17-32	5.24-32
Reliant (West)	5.255	5.17-30	5.22-29
[illegible]ern (Mid 11)	5.080	5.03-10	5.06-10
[illegible]	5.295	5.21-35	5.26-33
[illegible]PL	5.280	5.18-35	5.24-32
Williams	5.275	5.17-35	5.23-32
New Mexico-San Juan Basin			
El Paso, Bonded	4.970	4.87-5.15	4.90-5.04
El Paso, non-Bonded	4.930	4.70-5.15	4.82-5.04

continued on next page

Storage injection estimate drops NYMEX 20¢

The Market

With markets anticipating a single-digit American Gas Assn. (AGA) storage injection estimate, the cash and futures markets fizzled yesterday after the number came in at 29 billion cf in the ground.

Early in trading, prices were generally up. But at the very end of trading, sources reported prices dropping a dime or more.

Midcontinent prices came off hard at the end of trading, as the AGA number "did a trip" on most prices, a source said. Natural Gas Pipeline of America stayed strong in the low-$5.30s, but came off to the high $5-teens, the source said.

San Juan and Rockies prices continued their upward momentum yesterday despite the downward direction of the NYMEX. San Juan averaged a 20¢ climb from Wednesday indices, while Opal, Wyo., notched up another 15¢.

Even with the American Petroleum Institute reporting declining inventories of crude oil, motor gasoline and heating oil, the November NYMEX contract still lost about 20¢ after the

(continued on page 8)

Shell producers seek Order 639 exemption

In a filing that could test FERC's jurisdiction over the deepwater Outer Continental Shelf (OCS), a group of Shell production affiliates this week asked for exemption from reporting requirements under commission Orders 639 and 639-A.

The Shell production companies — Shell Deepwater Development, Shell Deepwater Production and Shell Offshore — filed a petition for declaratory order under the Outer Continental Shelf Lands Act (OCSLA). The goal, they said, was to force FERC to limit the applicability of Order 639 to pipelines.

"This [petition] puts squarely before the FERC the question of whether the FERC will regulate in an area where historically it has not, and should not," wrote the producers. "In responding to this ... the FERC will be breaking new ground."

FERC has already signaled a willingness to review requests for exemption from Order 639 compliance. But the Shell companies want to see production activities exempted as a rule.

"The fact that some producers may file OCSLA reports with respect to their production-related activities, confidentially or otherwise, should not lead to the conclusion that these ...

(continued on page 8)

Horton stresses services in face of competition

Stan Horton has just overseen a service-oriented reorganization and name change for his pipeline unit at Enron and expects to continue pushing the same theme as he takes on the role of chairman of the Interstate Natural Gas Assn. of America (INGAA).

"We no longer think of ourselves as a regulated utility who uses the size of its rate base as the major determinant for our earnings. Those days are gone," said Horton, chairman and CEO of Enron Transportation Services, formerly the Enron Gas Pipeline Group. The unit includes all of Enron's ownership and operating interests in Northern Natural Gas, Transwestern Pipeline, Florida Gas Transmission and Northern Border Pipeline.

"We are trying with the name change to reinforce with our customers, and more importantly, to our employees, that we are a service company. We need to think of ourselves as a UPS, a Federal Express, Continental Airlines or a railroad," Horton said. "It may be molecules of natural gas or barrels of crude oil instead of packages, but the issues are basically the same: how to get the product from point A to point B safely, reliably and at the lowest possible cost."

The bottom line for customers is the growing need for service flexibility, Horton noted. To that end, Enron's pipelines have been working on new services and on development of the Holy Grail for pipelines — a time-of-day, or hourly capacity market.

Another issue Horton's group has focused on recently is the need for a kind of "capacity

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NATIONAL AVERAGE PRICE: $5.110***

Trans. date	10/19	10/19	10/19
Flow date(s)	10/20	10/20	10/20
	Midpoint	Absolute	Common
Permian Basin Area			
El Paso	4.960	4.92-5.00	4.94-98
Northern (Mids 1-6)	4.885	4.85-98	4.85-92
Tex Intras, Waha area	4.985	4.94-5.03	4.96-5.01
Transwestern	4.930	4.92-96	4.92-94
East Texas-North Louisiana Area			
Carthage Hub tailgate	4.975	4.94-5.01	4.96-99
Koch (Zones 1&2)	4.740	4.73-75	4.73-75
Lone Star	4.915	4.88-94	4.90-93
MRT mainline	5.055	5.00-07	5.04-07
MRT west leg	5.000	4.99-5.02	4.99-5.01
NGPL TexOk (West)	4.975	4.90-5.00	4.95-5.00
NGPL TexOk (East)	4.980	4.91-5.07	4.94-5.02
Tennessee, 100 Leg	4.940	4.90-98	4.92-96
Texas Eastern (ETX)	4.930	4.86-5.07	4.88-98
Texas Gas (entire Z 1)	5.040	5.03-05	5.03-05
East-Houston-Katy			
Houston Ship Channel	5.025	4.98-5.08	5.00-05
Katy plant tailgate	4.995	4.94-5.04	4.97-5.02
Trunkline North	4.980	4.97-99	4.97-99
North-Texas Panhandle			
NGPL (Permian)	4.740	4.68-77	4.72-76
Northern (Mid 10)	4.750	4.68-80	4.72-78
Transwestern	4.930	4.92-96	4.92-94
South-Corpus Christi			
Agua Dulce hub	4.930	4.85-97	4.90-96
Florida Gas	4.980	4.92-5.01	4.96-5.00
HPL	4.980	4.93-97	4.95-97
Koch (Zone 1)	4.840	4.83-85	4.83-85
NGPL (STX)	4.925	4.87-97	4.90-95
Tennessee	4.925	4.85-98	4.89-98
Texas Eastern (STX)	4.860	4.78-93	4.82-90
Transco, St 30	4.910	4.83-5.02	4.86-96
Trunkline South	4.940	4.93-95	4.93-95
PG&E-GTT	4.935	4.81-5.07	4.87-5.00
Louisiana-Onshore South			
ANR	4.985	4.90-5.04	4.95-5.02
Columbia	5.015	4.96-5.06	4.99-5.04
Columbia, Mainline	5.095	5.01-14	5.06-13
FGT Z1	4.980	4.92-5.01	4.96-5.00
FGT Z2	5.030	4.96-5.08	5.00-06
FGT Z3	5.025	4.92-5.06	4.99-5.06
Henry Hub	5.040	4.97-5.10	5.01-07
Koch (Zones 2&4)	4.900	4.89-91	4.89-91
NGPL (La.)	4.995	4.93-5.03	4.97-5.02
Sonat	5.020	4.96-5.06	4.99-5.05
Tennessee, 500 Leg	4.970	4.91-5.02	4.94-5.00
Tennessee, 800 Leg	4.970	4.91-5.03	4.94-5.00
Texas E. (WLA)	4.900	4.82-99	4.88-94
Texas E. (ELA)	4.925	4.86-5.00	4.89-96
Texas Gas SL	5.025	4.94-5.08	4.99-5.06
Transco, St. 45	4.980	4.90-5.02	4.93-99
Transco, St. 65	5.065	4.96-5.11	5.03-10
Trunkline WLA	4.915	4.87-97	4.89-94
Trunkline ELA	4.920	4.85-98	4.89-95
Oklahoma			
ANR	4.965	4.89-5.03	4.93-5.00
NGPL (Midcont.)	4.940	4.86-98	4.91-97
Reliant (North/South)	4.970	4.89-5.01	4.94-5.00
Reliant (West)	4.940	4.87-99	4.91-97
Northern (Mid 11)	4.775	4.73-79	4.76-79
OKT	4.970	4.89-5.02	4.94-5.00
OPL	4.965	4.89-5.03	4.93-5.00
Williams	4.965	4.90-5.05	4.93-5.00
New Mexico-San Juan Basin			
El Paso, Bondad	4.695	4.64-78	4.66-73
El Paso, non-Bondad	4.690	4.57-81	4.63-75

continued on next page

Markets still falling; NYMEX dips below $5

The Market

Prices dropped yesterday about 30¢ overall, with Pacific Gas & Electric (PG&E) citygate experiencing a nearly 45¢ drop. Other western points saw a more modest fall of about 20¢.

A Canadian trader wasn't surprised the cash market "crashed and burned" yesterday. "The AGA [American Gas Assn.] number was where I thought it would be," he said, "but a lot of traders expected a smaller number, so I guess it had to go down."

The trader reported November weather forecasts were calling for mild weather. "No one's in a big hurry to put gas in the ground," he said. His prediction for next week's storage number was somewhere around 50 billion cf because of the mild weather.

One source said storage inventory forecasts predict about a 2.7 trillion cf national storage fill by Nov. 3, which is below last year but higher than previous estimates of 2.5 trillion cf. "If we get a cold winter, storage at that level may not be sufficient," he said. "But 2.7 trillion cf is

(continued on page 6)

AGA head calls for energy execs to 'join hands'

American Gas Assn. (AGA) President and CEO David Parker yesterday called upon energy industries across the board to join forces in lobbying the new administration for the creation of a national energy policy as he spoke to an audience of association executives, key lobbyists and government officials at the monthly Natural Gas Roundtable meeting.

Parker chose a fitting venue for the discussion. Officials representing all the major energy groups were present, including the head of the National Mining Assn., Dick Lawson, and the head of the Edison Electric Institute, Tom Kuhn. Executives from the Natural Gas Supply Assn., the Independent Petroleum Assn. of America, which represents independent gas producers, and the Interstate Natural Gas Assn. of America, which represents pipelines, were also in attendance.

"Energy is now on the front pages of the newspapers across the country," Parker said in his opening remarks. "If we as a community of energy officials, public affairs types and policy makers don't work together in the months and years ahead, we will have missed a very, very large opportunity to really move the agenda forward," Parker stressed, pointing to the high price environment shared by gas, electricity and oil alike.

Yet rather than calling the soaring energy prices an energy crisis, Parker termed the current

(continued on page 5)

Online trading options to grow, adopt standards

Three models for online energy commodity trading platforms are emerging, but industry experts creating and using the platforms have differing views on which model or models will be embraced by traders.

Each of the three models offers certain advantages and differences. And some, speakers at Financial Times Energy's PowerMart 2000 conference said yesterday, have what could be perceived as disadvantages as well.

One model is the proprietary exchange, such as EnronOnline, Coral Energy's coralconnect.com and Dynegy's newly announced Dynegydirect. Under this system, a trader knows who his or her counterparty is.

A second model beginning to surface is the consortium, such as the Intercontinental Exchange (backed by American Electric Power, Aquila Energy, Duke Energy, El Paso Energy, Reliant Energy and Southern Energy Marketing) and TradeSpark (backed by Coral, Dominion, TXU and Williams). This is a "many-to-many" system in which backers have committed liquidity.

Dixie Barrett, vice president of Altra Electronic Trading Service, said one concern she has about consortia is just how neutral they would be.

But David Sharp, vice president of e-commerce at Coral, said, "We believe the consor

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Daily Price Survey

Listed in the left column are the midpoints of the daily ranges for the most common prices, paid in $/mmBtu of a typical volume of 5 thousand mmBtu. The middle column shows absolute low-high prices for transactions reported on the date at the top of the column; the third column shows that day's ranges for the most common prices. The prices are generally for gas flowing today; weekends are usually priced using data collected Friday. Ranges are for deals done before nomination deadlines. Boldface indicates the price range is based on data reported the previous day. Plain type indicates insufficient data to reconfirm or change the previous range. The common range is built around the volume weighted average and the midpoint is calculated for the common range. Data in this table is Copyright 2000 by FT Energy.

NATIONAL AVERAGE PRICE: $4.890****

Trans. date	10/20	10/20	10/20
Flow date(s)	10/21-23	10/21-23	10/21-23
	Midpoint	Absolute	Common
Permian Basin Area			
El Paso	4.730	4.69-84	4.69-77
Northern (Mids 1-6)	4.660	4.63-68	4.65-67
Tex Intras, Waha area	4.755	4.68-87	4.71-80
Transwestern	4.675	4.66-69	4.67-68
East Texas-North Louisiana Area			
Carthage Hub tailgate	4.755	4.70-81	4.73-78
Koch (Zones 1&2)	4.550	4.54-56	4.54-56
Lone Star	4.700	4.65-73	4.68-72
MRT mainline	4.825	4.75-85	4.80-85
MRT west leg	4.775	4.75-81	4.76-79
NGPL TexOk (West)	4.785	4.76-81	4.76-81
NGPL TexOk (East)	4.790	4.75-83	4.77-81
Tennessee, 100 Leg	4.740	4.70-78	4.72-76
Texas Eastern (ETX)	4.670	4.66-68	4.66-68
Texas Gas (entire Z 1)	4.815	4.79-84	4.80-83
East-Houston-Katy			
Houston Ship Channel	4.815	4.76-88	4.79-84
Katy plant tailgate	4.800	4.76-87	4.77-83
Trunkline North	4.780	4.77-79	4.77-79
North-Texas Panhandle			
NGPL (Permian)	4.405	4.37-43	4.39-42
Northern (Mid 10)	4.600	4.58-62	4.59-61
Transwestern	4.675	4.66-69	4.67-68
South-Corpus Christi			
Agua Dulce hub	4.710	4.68-76	4.69-73
Florida Gas	4.795	4.79-81	4.79-80
HPL	4.740	4.70-77	4.72-76
Koch (Zone 1)	4.650	4.64-66	4.64-66
NGPL (STX)	4.705	4.63-78	4.67-74
Tennessee	4.700	4.62-78	4.66-74
Texas Eastern (STX)	4.675	4.59-78	4.63-72
Transco, St 30	4.705	4.68-75	4.69-72
Trunkline South	4.740	4.73-75	4.73-75
PG&E-GTT	4.625	4.61-63	4.62-63
Louisiana-Onshore South			
ANR	4.780	4.68-84	4.74-82
Columbia	4.830	4.79-86	4.81-85
Columbia, Mainline	4.895	4.86-92	4.88-91
FGT Z1	4.795	4.79-81	4.79-80
FGT Z2	4.845	4.82-89	4.83-86
FGT Z3	4.795	4.78-84	4.78-81
Henry Hub	4.845	4.81-90	4.82-87
Koch (Zones 2&4)	4.730	4.72-74	4.72-74
NGPL (La.)	4.795	4.72-86	4.76-83
Sonat	4.830	4.78-88	4.81-85
Tennessee, 500 Leg	4.750	4.70-89	4.72-78
Tennessee, 800 Leg	4.780	4.72-84	4.73-79
Texas E (WLA)	4.715	4.63-81	4.67-76
Texas E. (ELA)	4.715	4.65-83	4.67-76
Texas Gas SL	4.825	4.80-86	4.81-84
Transco, St 45	4.740	4.70-78	4.72-76
Transco, St. 65	4.850	4.79-90	4.82-88
Trunkline WLA	4.720	4.67-78	4.69-75
Trunkline ELA	4.730	4.65-81	4.69-77
Oklahoma			
ANR	4.745	4.68-83	4.71-78
NGPL (Midcont.)	4.725	4.63-82	4.68-77
Reliant (North/South)	4.755	4.70-83	4.72-79
Reliant (West)	4.725	4.68-81	4.69-76
Northern (Mid 11)	4.610	4.59-63	4.60-62
OKT	4.755	4.70-83	4.72-79
TPL	4.745	4.69-83	4.71-78
Williams	4.750	4.68-80	4.72-78
New Mexico-San Juan Basin			
El Paso, Bondad	4.495	4.45-55	4.47-52
El Paso, non-Bondad	4.485	4.31-65	4.40-57

continued on next page

Customers lob lawsuits at Mountain Energy

Three weeks after asking its 62 largest customers to renegotiate gas supply contracts, Mountain Energy is being hit with allegations and lawsuits from all sides. Mountain Energy now also must deal with an involuntary bankruptcy filed jointly last week by four of its customers.

Late last month, Anadarko Energy Services filed a lawsuit against the gas marketer in the District Court of Harris County, Texas, alleging Mountain Energy "failed and refused" to pay the company for $17.8 million of gas Anadarko delivered in July and August. In its lawsuit, Anadarko said Mountain Energy told the company it did not intend to pay for the gas.

Anadarko is also suing Mountain Energy for breach of a purchase agreement, under which Mountain agreed to deliver 3 billion cf of gas to Anadarko beginning Oct. 1. The gas that Anadarko had pre-purchased was supposed to be kept in a storage facility in Oklahoma, but

(continued on page 6)

Opal price runs up in classic 'short squeeze'

Opal, Wyo., the most recognizable Rockies price point, saw a lofty price run last week that had many traders scratching their heads, wondering if someone is playing the classic "short squeeze" at the point.

Price Hedging

Since Oct. 13, when Mideast tensions and inventory worries pumped 30¢ into the cash and futures markets, Opal, which interconnects with Kern River Gas Transmission, Northwest Pipeline and Colorado Interstate Gas (CIG), rose from $4.665 Oct. 16 to $4.99 Oct.19.

"Opal prices started getting strength around Oct. 12-13," one Rockies source said. "I believe someone is hiding gas."

By hiding gas, sources explained someone might be holding Opal gas back from the

(continued on page 7)

End-users may bear brunt of scheduling cuts

In response to questioning by FERC staff, a representative of industrial end-users last week filed detailed comments about the effects of scheduling cuts on pipeline customers. According to Diane McVicker, principal fuel analyst, Salt River Project, end-users have "with increasing frequency" seen deliveries fall below previously nominated and confirmed levels.

McVicker further added that captive end-users have little recourse when scheduling cuts occur. Although pipeline constraints play a role, she added, intervention by third parties is the main culprit in the degradation of services. Salt River Project is a electricity and water provider in central Arizona.

"Experiences of the end-users have demonstrated that the reduction imposed on the end-users is usually not attributable to the action or inaction of its contracting party," McVicker explained. "To the contrary, the problem arises after the supplier/marketer has fulfilled the

(continued on page 5)

Cash, futures prices continue to lose altitude

With bid week on the horizon, the cash market continued its swoon Friday as Gulf Coast prices moved about a quarter under the $5 level. The last time Gulf cash prices were that low was about the middle of September.

The Market

Traders cited the continued lack of weather and an earthbound NYMEX contract as the factors behind the precipitous drop over the last half of the week. One trader said, however, that cash prices were about where they should have been if the Middle East tensions of the past few weeks hadn't occurred.

Meanwhile, the NYMEX Henry Hub futures contract lost some more altitude before popping the chute and gliding into the weekend about a nickel down from Thursday's settlement.

After opening at $4.98, the contract ticked up to the daily high of $5 before dropping to $4.87 when liquidation-happy commercial and trade accounts put pressure on the market. During

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Daily Price Survey

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NATIONAL AVERAGE PRICE: $4.875***

Trans. date	10/23	10/23	10/23
Flow date(s)	10/24	10/24	10/24
	Midpoint	Absolute	Common
Permian Basin Area			
El Paso	4.730	4.66-82	4.69-77
Northern (Mids 1-6)	4.645	4.64-65	4.64-65
Tex intras, Waha area	4.775	4.68-85	4.73-82
Transwestern	4.695	4.69-71	4.69-70
East Texas-North Louisiana Area			
Carthage Hub tailgate	4.715	4.68-77	4.69-74
Koch (Zones 1&2)	4.520	4.51-53	4.51-53
Lone Star	4.700	4.65-73	4.68-72
MRT mainline	4.835	4.72-85	4.82-85
MRT west leg	4.715	4.70-72	4.71-72
NGPL TexOk (West)	4.760	4.75-77	4.75-77
NGPL TexOk (East)	4.750	4.70-78	4.73-77
Tennessee, 100 Leg	4.700	4.68-72	4.69-71
Texas Eastern (ETX)	4.650	4.61-68	4.63-67
Texas Gas (entire Z 1)	4.790	4.77-81	4.78-80
East-Houston-Katy			
[illegible]ton Ship Channel	4.790	4.74-85	4.76-82
[illegible] plant tailgate	4.760	4.70-82	4.73-79
Trunkline North	4.780	4.77-79	4.77-79
North-Texas Panhandle			
NGPL (Permian)	4.405	4.37-43	4.39-42
Northern (Mid 10)	4.530	4.30-58	4.48-58
Transwestern	4.695	4.69-71	4.69-70
South-Corpus Christi			
Agua Dulce hub	4.695	4.64-75	4.67-72
Florida Gas	4.750	4.73-77	4.73-77
HPL	4.710	4.67-75	4.69-73
Koch (Zone 1)	4.620	4.61-63	4.61-63
NGPL (STX)	4.695	4.65-74	4.67-72
Tennessee	4.675	4.62-73	4.65-70
Texas Eastern (STX)	4.600	4.55-67	4.57-63
Transco, St 30	4.625	4.57-70	4.59-65
Trunkline South	4.740	4.73-75	4.73-75
PG&E-GTT	4.600	4.58-62	4.59-61
Louisiana-Onshore South			
ANR	4.745	4.70-80	4.72-77
Columbia	4.810	4.75-86	4.78-84
Columbia, Mainline	4.885	4.84-93	4.88-91
FGT Z1	4.750	4.73-77	4.73-77
FGT Z2	4.805	4.78-85	4.79-82
FGT Z3	4.795	4.73-82	4.77-82
Henry Hub	4.815	4.75-88	4.78-85
Koch (Zones 2&4)	4.700	4.68-71	4.69-71
NGPL (La.)	4.765	4.72-81	4.74-79
Sonat	4.810	4.79-88	4.79-83
Tennessee, 500 Leg	4.720	4.68-79	4.69-75
Tennessee, 800 Leg	4.730	4.68-80	4.70-76
Texas E (WLA)	4.640	4.60-72	4.61-67
Texas E. (ELA)	4.650	4.60-76	4.61-69
Texas Gas SL	4.800	4.73-85	4.77-83
Transco, St 45	4.700	4.66-82	4.66-74
Transco, St 65	4.800	4.75-88	4.77-83
Trunkline WLA	4.700	4.68-74	4.68-72
Trunkline ELA	4.690	4.64-76	4.68-72
Oklahoma			
ANR	4.705	4.67-74	4.69-72
NGPL (Midcont.)	4.685	4.63-74	4.66-71
Reliant (North/South)	4.750	4.67-79	4.72-78
Reliant (West)	4.690	4.66-74	4.67-71
[illegible]thern (Mid 11)	4.570	4.55-59	4.56-58
[illegible]	4.720	4.64-76	4.69-75
[illegible]	4.700	4.62-75	4.67-73
Williams	4.705	4.65-75	4.68-73
New Mexico-San Juan Basin			
El Paso, Bonded	4.590	4.50-70	4.54-64
El Paso, non-Bonded	4.570	4.45-74	4.50-64

continued on next page

Alliance rolls back in-service date to Nov. 13

Less than two weeks away from its planned in-service date, Alliance Pipeline announced Friday that it was postponing the launch of commercial operations until Nov. 13. The delay, said the company, was caused by construction debris that has accumulated in the 1.3 billion cfd pipeline.

According to Norm Gish, chairman, president and CEO of Alliance, small pieces of debris remained in the pipe after hydrostatic testing, forcing shutdowns of the system to clean out accumulated debris. "As we have increased the flow of test gas volumes during our system commissioning, we have encountered moisture and debris from construction," explained Gish. "Specifically, most of the debris is in the form of small pieces of foam from the 'pigs' that were used to remove hydrostatic testing water from the line."

Gish said that Alliance had installed additional screens at its compressor stations to filter out such debris. "The situation is improving and we are removing ever-decreasing amounts of this debris with increased flows of test gas," he said. "However, this system has not permitted us to run our system with the significant volumes necessary to adequately test the reliability of

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West once again leads nation in price strength

The Market

The West saw the price action yesterday as Pacific Gas & Electric (PG&E) Citygate and Malin, Ore., gained 20¢ each from weekend indices. San Juan Basin and Opal, Wyo., also bucked the downward trend around the country, coming in about 8¢ above the weekend.

Most sources attributed the price hike at Malin and PG&E to the cancellation of the operational flow order on PG&E that was imposed Friday, and maintenance on El Paso Natural Gas that restricted southern production at Southern California Gas (SoCal).

"The maintenance on El Paso caused a shortfall at SoCal," a source said. "That caused a secondary effect on the pricing at Malin and PG&E."

Trading was pretty close to weekend levels yesterday in Alberta as prices came off about two Canadian pennies at Nova Gas Transmission AECO-C Hub, according to traders.

A Canadian trader reported a few deals yesterday, but all his gas went into the ground. Buyers didn't need gas to meet demand because there wasn't any, he said. "They were buying at 10¢ over the contract and putting it into storage for later."

"I'd buy all the storage gas I could get at that price, too," he said. "Prices for next month for ANR Pipeline ML7 and Michigan Consolidated Gas are over the contract by about 26¢, so

(continued on page 5)

Winter to begin without much storage cushion

Gas supplies should be adequate this winter, even if storage levels finish injection season near the unusually low 2,700 billion cf level, but prices should remain well above previous winter levels, according to industry analysts and officials.

As of Oct. 13, storage levels stood at 2,571 billion cf, with just over two weeks to go until the start of the traditional withdrawal season. Assuming normal temperatures, analysts predict prices will stay where they are, somewhere in the $5-$6 range.

Since there's already "a lot of panic built into these prices," normal winter weather would not drive them up much further, said Susan Bertsch, an analyst at Honeywell Hi-Spec Solutions. If weather is warmer than normal, "these prices are going to come off real fast," dropping as much as $2 to $3, Bertsch said.

Industry representatives won't argue with the high price predictions, but they have extreme confidence in the preparedness of the industry to meet supply needs this winter.

The producer segment contends storage refill is on target. "We think they're doing a great job, and we'd be the first to worry if they weren't," said Skip Horvath, president of the Natural Gas Supply Assn., at a conference in Arlington, Va., earlier this month. "We are confident that

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Daily Price Survey

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NATIONAL AVERAGE PRICE: $4.905****

Trans. date	10/24	10/24	10/24
Flow date(s)	10/25	10/25	10/25
	Midpoint	Absolute	Common
Permian Basin Area			
El Paso	4.790	4.69-86	4.75-83
Northern (Mids 1-6)	4.650	4.64-66	4.64-66
Tex intras, Waha area	4.830	4.73-88	4.79-87
Transwestern	4.825	4.78-84	4.81-84
East Texas-North Louisiana Area			
Carthage Hub tailgate	4.785	4.74-80	4.75-78
Koch (Zones 1&2)	4.550	4.54-56	4.54-56
Lone Star	4.710	4.68-79	4.70-72
MRT mainline	4.856	4.78-88	4.83-88
MRT west leg	4.795	4.79-80	4.79-80
NGPL TexOk (West)	4.790	4.78-80	4.78-80
NGPL TexOk (East)	4.770	4.71-82	4.74-80
Tennessee, 100 Leg	4.700	4.68-72	4.69-71
Texas Eastern (ETX)	4.660	4.60-68	4.64-68
Texas Gas (entre Z 1)	4.820	4.80-84	4.81-83
East-Houston-Katy			
[illegible]ton Ship Channel	4.835	4.79-86	4.82-85
[illegible]/plant tailgate	4.820	4.78-85	4.80-84
Trunkline North	4.800	4.79-81	4.79-81
North-Texas Panhandle			
NGPL (Permian)	4.505	4.34-53	4.48-53
Northern (Mid 10)	4.610	4.59-63	4.60-62
Transwestern	4.825	4.78-84	4.81-84
South-Corpus Christi			
Agua Dulce hub	4.725	4.66-80	4.69-76
Florida Gas	4.790	4.77-81	4.78-80
HPL	4.750	4.74-76	4.74-76
Koch (Zone 1)	4.650	4.64-66	4.64-66
NGPL (STX)	4.715	4.68-77	4.69-74
Tennessee	4.715	4.60-74	4.69-74
Texas Eastern (STX)	4.630	4.60-68	4.61-65
Transco, St 30	4.715	4.68-78	4.69-74
Trunkline South	4.750	4.74-76	4.74-76
PG&E-GTT	4.650	4.64-66	4.64-66
Louisiana-Onshore South			
ANR	4.755	4.72-87	4.72-79
Columbia	4.835	4.80-86	4.82-85
Columbia, Mainline	4.900	4.86-93	4.88-92
FGT Z1	4.790	4.77-81	4.78-80
FGT Z2	4.850	4.80-88	4.83-87
FGT Z3	4.815	4.77-84	4.80-83
Henry Hub	4.845	4.81-91	4.82-87
Koch (Zones 2&4)	4.710	4.70-72	4.70-72
NGPL (La.)	4.780	4.75-83	4.76-80
Sonat	4.835	4.79-88	4.81-86
Tennessee, 500 Leg	4.750	4.68-81	4.72-78
Tennessee, 800 Leg	4.750	4.69-81	4.72-78
Texas E (WLA)	4.665	4.62-72	4.64-69
Texas E (ELA)	4.685	4.64-77	4.65-72
Texas Gas SL	4.840	4.79-88	4.82-86
Transco, St 45	4.750	4.70-82	4.72-78
Transco, St 65	4.835	4.78-88	4.81-86
Trunkline WLA	4.690	4.68-75	4.67-71
Trunkline ELA	4.690	4.64-76	4.66-72
Oklahoma			
ANR	4.735	4.70-77	4.72-75
NGPL (MidcontL)	4.715	4.66-76	4.69-74
Reliant (North/South)	4.750	4.70-82	4.72-78
Reliant (West)	4.730	4.70-78	4.71-75
[illegible]rthern (Mid 11)	4.620	4.60-64	4.61-63
[illegible]	4.735	4.68-78	4.71-76
[illegible]	4.740	4.69-77	4.72-76
[illegible]illiams	4.735	4.68-77	4.71-76
New Mexico-San Juan Basin			
El Paso, Bonded	4.710	4.60-80	4.66-76
El Paso, non-Bonded	4.690	4.58-80	4.63-75

continued on next page

Philly issues warrants for former PGW execs

Four former executives of Philadelphia Gas Works (PGW) have been charged on several felony counts, including theft and other offenses committed while heading the municipal gas company between 1996 and 1999. The charges marked the culmination of a two-year grand jury investigation.

After receiving recommendations last week from the grand jury, Philadelphia District Attorney Lynne Abraham on Monday signed the warrants for the arrests of the former PGW executives.

The charges are against James Hawes, former CEO of PGW, Gregory Martin, PGW's former chief operating officer, Deborah Estrin, former director of human resources at PGW,

(continued on page 8)

Alliance delay may weaken November pricing

Alliance Pipeline's two-week startup delay should widen Nova Gas Transmission AECO-C Hub and Sumas, Wash., November basis a bit, traders said this week.

"The Alliance delay will weaken prices in Alberta and British Columbia relative to NYMEX," one source said, "because gas was ready to go into Alliance and for two weeks it won't have anywhere to go."

Many Canadian traders agree the delay of Alliance's in-service date may cause a "knee-jerk reaction," which could weaken the basis between AECO-C and the NYMEX.

"If you can't ship the gas out of Alberta it will back up," one AECO trader said. "The relationship between AECO and NYMEX will widen. It will stay weak because you won't be able to ship the gas and there won't be a place for it to go until the pipe comes online."

Another AECO trader agreed, saying the backed-up Alberta gas will have to be put into storage, long-hauled East, or sent to the West Coast. "If it's really warm in the beginning of

(continued on page 7)

NYMEX drops 25¢ as cash remains strong

There was a disconnect yesterday between futures and cash as the NYMEX November contract plunged nearly 25¢, while the spot market saw a general rise of about 2¢-5¢ across the country.

The Market

Most traders said they missed the NYMEX fall, trading early enough to avoid the mid-morning futures dive. That timing was reflected in spot prices, in which most Northeast and Midcontinent pricing managed to gain a few pennies over Monday.

In the San Juan Basin and at Opal, Wyo., it was the same story of strength. San Juan prices climbed nearly 12¢ over Monday indices, and Opal continued to run another 12¢.

Opal was trading higher than Sumas, Wash., yesterday, one trader said. "When Opal starts

(continued on page 7)

Associations sound off on market liquidity

Prompted by FERC, industry associations are reviewing new measures to boost liquidity on interstate pipelines. But a consensus on the issue is still distant. In recent comments filed with the commission, several major industry associations took opposing sides on a number of key issues, including straight fixed-variable (SFV) rate design, the "shipper must have title" rule and new pipeline services.

The comments follow on a Sept. 19 technical conference convened by FERC staff (*GD 9/20*). Although the industry has generally applauded FERC's efforts to foster greater liquidity, concerns linger about the impact of these changes on competition and reliability.

Industrial end-users have already made their reservations clear. As reported, end-users have repeatedly complained that they have seen a decline in service because of frequent scheduling cuts. According to some, the move to greater market liquidity has made it more difficult

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Daily Price Survey

Listed in the left column are the midpoints of the daily ranges for the most common prices, paid in $/mmBtu of a typical volume of 5 thousand mmBtu. The middle column shows absolute low-high prices for transactions reported on the date at the top of the column; the third column shows that day's ranges for the most common prices. The prices are generally for gas flowing today; weekends are usually priced using data collected Friday. Ranges are for deals done before nomination deadlines. Boldface indicates the price range is based on data reported the previous day. Plain type indicates insufficient data to reconfirm or change the previous range. The common range is built around the volume weighted average and the midpoint is calculated for the common range. Data in this table is Copyright 2000 by FT Energy.

NATIONAL AVERAGE PRICE: $4.725

Trans. date Flow date(s)	10/25 10/26	10/25 10/26	10/25 10/26
	Midpoint	Absolute	Common
Permian Basin Area			
El Paso	4.610	4.58-69	4.58-64
Northern (Mids 1-6)	4.500	4.49-51	4.49-51
Tex Intras, Waha area	4.625	4.57-68	4.60-65
Transwestern	4.615	4.56-69	4.60-63
East Texas-North Louisiana Area			
Carthage Hub tailgate	4.590	4.58-69	4.57-61
Koch (Zones 1&2)	4.370	4.36-38	4.36-38
Lone Star	4.495	4.47-52	4.48-51
MRT mainline	4.630	4.52-65	4.61-65
MRT west leg	4.555	4.54-56	4.55-56
NGPL TexOk (West)	4.600	4.59-61	4.59-61
NGPL TexOk (East)	4.585	4.54-61	4.57-60
Tennessee, 100 Leg	4.520	4.50-54	4.51-53
Texas Eastern (ETX)	4.480	4.44-56	4.45-51
Texas Gas (entire Z 1)	4.605	4.58-64	4.59-62
East-Houston-Katy			
Houston Ship Channel	4.650	4.60-68	4.63-67
[illegible] plant tailgate	4.630	4.59-66	4.61-65
Trunkline North	4.600	4.59-61	4.59-61
North-Texas Panhandle			
NGPL (Permian)	4.315	4.25-35	4.29-34
Northern (Mid 10)	4.410	4.39-49	4.40-42
Transwestern	4.615	4.56-63	4.60-63
South-Corpus Christi			
Agua Dulce hub	4.540	4.48-60	4.51-57
Florida Gas	4.615	4.58-64	4.60-63
HPL	4.555	4.52-59	4.54-57
Koch (Zone 1)	4.470	4.46-48	4.46-48
NGPL (STX)	4.540	4.50-59	4.52-58
Tennessee	4.535	4.48-67	4.49-58
Texas Eastern (STX)	4.440	4.39-55	4.40-48
Transco, St 30	4.490	4.40-56	4.45-53
Trunkline South	4.550	4.52-56	4.54-56
PG&E-GTT	4.470	4.44-48	4.46-48
Louisiana-Onshore South			
ANR	4.575	4.53-64	4.55-60
Columbia	4.625	4.58-68	4.60-65
Columbia, Mainline	4.700	4.64-76	4.67-73
FGT Z1	4.615	4.58-64	4.60-63
FGT Z2	4.665	4.61-72	4.64-69
FGT Z3	4.625	4.57-68	4.60-65
Henry Hub	4.655	4.62-72	4.63-68
Koch (Zones 2&4)	4.550	4.53-57	4.54-56
NGPL (La.)	4.610	4.55-66	4.58-64
Sonat	4.640	4.60-68	4.62-66
Tennessee, 500 Leg	4.590	4.52-68	4.55-63
Tennessee, 800 Leg	4.600	4.52-69	4.56-64
Texas E. (WLA)	4.510	4.42-65	4.45-57
Texas E. (ELA)	4.520	4.45-68	4.46-58
Texas Gas SL	4.625	4.58-69	4.60-65
Transco, St. 45	4.555	4.49-64	4.52-59
Transco, St. 65	4.665	4.61-75	4.63-70
Trunkline WLA	4.575	4.55-62	4.56-59
Trunkline ELA	4.540	4.50-66	4.50-58
Oklahoma			
ANR	4.560	4.52-65	4.53-59
NGPL (Midcont.)	4.535	4.50-60	4.51-56
Reliant (North/South)	4.570	4.52-68	4.53-61
Reliant (West)	4.535	4.51-64	4.51-56
Northern (Mid 11)	4.420	4.40-44	4.41-43
[illegible]T	4.555	4.51-66	4.52-59
[illegible]L	4.550	4.51-60	4.53-57
Williams	4.555	4.51-61	4.53-58
New Mexico-San Juan Basin			
El Paso, Bondad	4.510	4.41-58	4.47-55
El Paso, non-Bondad	4.500	4.41-57	4.46-54

continued on next page

Storage fears melt away with mild weather

The Market

The November NYMEX contract continued its slide down yesterday as a bearish American Gas Assn. (AGA) storage estimate pushed the contract south another 20¢. This time cash, including the West, went down with futures 10¢-20¢.

When AGA released a storage figure of 71 billion cf yesterday afternoon, the air was let out of the futures contract. The downward trend that began a week ago continued to plague the futures market as ambivalent traders watched current market performance and conditions, sources said.

Evidence of bearish perception in the market was obvious as prices continued to slide lower in the midst of lacking fundamentals and weak technical indicators. "The November contract has lost a dollar in the last two weeks and there still seems to be downward momentum," Tom Saal of Pioneer Futures said.

With the current weakness, it's possible the futures market could see additional erosion, but the November contract may settle around September's price level, he added. "Market movement is very weather-sensitive, and if we can manage to get a weather report of anything other

(continued on page 8)

Baum traces Calif. power prices to gas market

State officials in California, reacting to the electricity price run-up this summer, set back efforts to restructure the electricity industry by imposing retail price caps, Stephen Baum, chairman, president and CEO of Sempra Energy, said this week in Oklahoma City.

"California is going to set back competition five years or more," said Baum, who was speaking at an energy conference sponsored by the Heritage Foundation.

State lawmakers reacted to the high power prices and shortages of electricity by enacting a temporary rate cap on a Sempra subsidiary, San Diego Gas & Electric (SDG&E), along with the other electric utilities in the state. Baum decried the move, saying it sends the worse possible message to investors eyeing electric utility companies on the eve of nationwide deregulation.

"Public outcry led the politicians to make a quick and dirty decision that does nothing to get at the root cause of the problem," he said.

Baum said California's power problems can be traced back to problems in the gas market. "Inventories of natural gas have been inadequate because until recently, economic incentives have been few and far between for producers to search for new sources. Prices for natural gas

(continued on page 7)

FERC directs El Paso to revamp allocation

Looking to end a long-standing dispute over capacity allocation on the El Paso Natural Gas system, FERC yesterday ordered the pipeline to file a revised allocation method. The ruling should cheer California-bound shippers, who have seen capacity constraints limit the availability of firm transportation.

As reported, producers and marketers have accused the pipeline of selling firm primary rights at the Southern California Gas (SoCal) Topock delivery point in excess of capacity, causing frequent pro-rationing of firm transportation customers (*GD 9/25*). In ordering El Paso to revise allocation practice, FERC sided with a group of companies, including Amoco Energy Trading, Amoco Production and Burlington Resources Oil & Gas, who had urged action over "unjust and unreasonable" scheduling practice.

But the decision to revise SoCal/Topock allocation should come as welcome news as well to the market, which has witnessed astonishing price spreads between the Southwestern production basins and the California border. Although a number of factors may have been at work many traders attributed to capacity constraints on the El Paso system.

While it is "the most economically desirable delivery point into California from the El Paso system at this time," FERC noted, the SoCal/Topock delivery point has been consistently

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NATIONAL AVERAGE PRICE: $4.690***

Trans date / Flow date(s)	10/26 10/27 Midpoint	10/26 10/27 Absolute	10/26 10/27 Common
Permian Basin Area			
El Paso	4.560	4.50-62	4.53-59
Northern (Mids 1-5)	4.500	4.49-51	4.49-51
Tex Intras, Waha area	4.595	4.54-68	4.56-63
Transwestern	4.555	4.52-58	4.54-57
East Texas-North Louisiana Area			
Carthage Hub tailgate	4.540	4.50-59	4.52-56
Koch (Zones 1&2)	4.310	4.30-32	4.30-32
Lone Star	4.455	4.42-48	4.44-47
MRT mainline	4.570	4.50-62	4.54-60
MRT west leg	4.535	4.52-58	4.52-55
NGPL TexOk (West)	4.565	4.56-58	4.56-57
NGPL TexOk (East)	4.545	4.52-57	4.53-56
Tennessee, 100 Leg	4.540	4.48-56	4.52-56
Texas Eastern (ETX)	4.445	4.42-48	4.43-46
Texas Gas (entire Z 1)	4.585	4.53-62	4.56-61
East-Houston-Katy			
[illegible]ston Ship Channel	4.605	4.52-66	4.57-64
[illegible] plant tailgate	4.580	4.53-61	4.56-60
[illegible]runkline North	4.550	4.54-56	4.54-56
North-Texas Panhandle			
NGPL (Permian)	4.325	4.32-34	4.32-33
Northern (Mid 10)	4.350	4.33-37	4.34-36
Transwestern	4.555	4.52-58	4.54-57
South-Corpus Christi			
Agua Dulce hub	4.515	4.45-55	4.49-54
Florida Gas	4.590	4.55-64	4.57-61
HPL	4.520	4.50-54	4.51-53
Koch (Zone 1)	4.410	4.40-42	4.40-42
NGPL (STX)	4.505	4.48-55	4.49-52
Tennessee	4.505	4.47-54	4.49-52
Texas Eastern (STX)	4.435	4.38-55	4.39-48
Transco, St 30	4.460	4.40-52	4.43-49
Trunkline South	4.510	4.50-52	4.50-52
PG&E-GTT	4.470	4.44-48	4.46-48
Louisiana-Onshore South			
ANR	4.535	4.49-59	4.51-58
Columbia	4.595	4.57-64	4.58-61
Columbia, Mainline	4.660	4.60-71	4.63-69
FGT Z1	4.590	4.55-64	4.57-61
FGT Z2	4.615	4.59-64	4.60-63
FGT Z3	4.590	4.56-61	4.58-60
Henry Hub	4.610	4.58-66	4.59-63
Koch (Zones 2&4)	4.480	4.46-50	4.47-49
NGPL (La.)	4.565	4.51-61	4.54-59
Sonat	4.600	4.58-66	4.58-62
Tennessee, 500 Leg	4.530	4.49-60	4.50-56
Tennessee, 800 Leg	4.535	4.50-60	4.51-56
Texas E (WLA)	4.445	4.40-50	4.42-47
Texas E. (ELA)	4.470	4.39-55	4.43-51
Texas Gas SL	4.590	4.56-64	4.57-61
Transco, St 45	4.535	4.50-60	4.51-56
Transco, St 65	4.630	4.59-67	4.61-65
Trunkline WLA	4.515	4.47-54	4.50-53
Trunkline ELA	4.500	4.46-58	4.47-53
Oklahoma			
ANR	4.520	4.47-55	4.50-54
NGPL (Midcont)	4.505	4.45-56	4.48-53
Reliant (North/South)	4.550	4.50-58	4.53-57
Reliant (West)	4.505	4.48-54	4.49-52
[illegible]orthern (Mid [illegible]1)	4.360	4.34-38	4.35-37
[illegible]	4.525	4.46-57	4.50-55
[illegible]	4.520	4.47-55	4.50-54
[illegible]illiams	4.520	4.44-55	4.49-55
New Mexico-San Juan Basin			
El Paso, Bonded	4.460	4.33-58	4.40-52
El Paso, non-Bonded	4.455	4.33-55	4.40-51

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Cash stumbles out West; NYMEX holds grou

The Market

NYMEX doggy-paddled across calm waters yesterday as cash prices continued dow 5¢. Western Canadian and Rockies prices took the biggest dunks, with Opal, Wyo., re ing its recent upward trend about 18¢, and Sumas, Wash., losing nearly 13¢ from Wednesday indices.

Since prices are lower, people are buying and putting gas into storage, a Canadian trader said. "We have been pulling about half a billion cfd o Alberta the whole month. With Alliance pulling some of the gas away, we needed it. producers are probably replacing gas they pulled out earlier in the month when gas p were higher."

Malin, Ore., prices continued strong yesterday due to El Paso Natural Gas restrictio southern California, a trader said. Those El Paso constraints are causing more northern s to flow via Malin, which helps strengthen prices there, he said.

In California, this month's nuclear outages continued to provide enough demand to up prices averaging in the low $5.20s. Prices reported for November trading at Southern

(continued on pa

Weather 'non-event' predicted for Novembe

Moderate temperatures and storage inventory levels creeping closer to traditional should keep cash prices under $5 at least through November, according to sources Futures should be "stuck" in the $4.60-$4.70 range for the next couple of week trader said. He based that assumption on moderate temperatures forecast for much of th tinent over the near future and total storage levels eventually moving past the 2.7 trill mark.

Sources in the Northeast and Canada feel fairly certain the short-term and long-term erate weather forecasts ensure storage levels will "tide over" the anticipated demand th the winter ahead.

"We had beautiful autumn weather in the Northeast yesterday and prices were off said a Northeastern trader. "We aren't supposed to get any weather until the weekend."

Northeast sources agreed the long-term forecast strategy for winter is always to p colder-than-normal weather. "Right now most of the forecasts are saying it will be norm in New York," a source said. "That means it will be a little cooler than the last few winte are pretty much where we have to be in storage."

National Oceanic and Atmospheric Administration (NOAA) forecasts indicate

(continued on p

EIA: Lingering bottlenecks threaten deliver

While capacity additions are expected to be sufficient to meet peak-day demands du average winter, regional bottlenecks could still spell trouble for certain regions if weather threatens during the upcoming heating season, the Energy Information Ad tration (EIA) warns in a new analysis.

At least 63 pipeline projects were completed and placed in service around the from 1999 to 2000. The cumulative new capacity amounts to more than 13.8 billion cfd of that construction has involved increasing deliverability from Canada into the U.S. M and Northeast. Other activities are focused on capacity for new coalbed methane devel in the Central region, improvements in Northeast deliverability, intraregional growth Southeast, offshore capacity and export capacity to Mexico.

By the close of 2000, some $4.6 billion will have been spent on new pipelines and expansions since January 1999, EIA said in its report, "Status of Natural Gas Pipeline Capacity Entering the 2000-2001 Heating Season."

In the Northeast region, EIA sees trouble brewing for deliveries in the New Yo

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Daily Price Survey

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NATIONAL AVERAGE PRICE: $4.535***

Trans. date / Flow date(s)	10/27 10/28-30 Midpoint	10/27 10/28-30 Absolute	10/27 10/28-30 Common
Permian Basin Area			
El Paso	4.310	4.16-40	4.25-37
Northern (Mids 1-6)	4.250	4.24-26	4.24-26
Tex Intras, Waha area	4.350	4.29-42	4.32-38
Transwestern	4.295	4.23-34	4.27-32
East Texas-North Louisiana Area			
Carthage Hub tailgate	4.355	4.32-38	4.34-37
Koch (Zones 1&2)	4.200	4.19-21	4.19-21
Lone Star	4.270	4.24-28	4.26-28
MRT mainline	4.490	4.38-51	4.47-51
MRT west leg	4.380	4.36-40	4.37-39
NGPL TexOk (West)	4.415	4.41-44	4.41-42
NGPL TexOk (East)	4.395	4.36-45	4.37-42
Tennessee, 100 Leg	4.415	4.40-42	4.41-42
Texas Eastern (ETX)	4.315	4.29-35	4.30-33
Texas Gas (entire Z 1)	4.420	4.33-49	4.38-46
East-Houston-Katy			
Houston Ship Channel	4.450	4.36-50	4.42-48
Agua Dulce tailgate	4.410	4.36-48	4.38-44
Tenaska North	4.400	4.39-41	4.39-41
North-Texas Panhandle			
NGPL (Permian)	4.140	4.13-15	4.13-15
Northern (Mid 10)	4.210	4.19-23	4.20-22
Transwestern	4.295	4.23-34	4.27-32
South-Corpus Christi			
Agua Dulce hub	4.360	4.30-43	4.33-39
Florida Gas	4.425	4.41-47	4.41-44
HPL	4.360	4.34-42	4.34-38
Koch (Zone 1)	4.300	4.29-31	4.29-31
NGPL (STX)	4.350	4.30-42	4.32-38
Tennessee	4.380	4.31-44	4.35-41
Texas Eastern (STX)	4.315	4.28-34	4.30-33
Transco, St 30	4.335	4.28-42	4.30-37
Trunkline South	4.350	4.34-36	4.34-36
PG&E-GTT	4.285	4.25-28	4.26-27
Louisiana-Onshore South			
ANR	4.420	4.37-49	4.39-45
Columbia	4.485	4.42-55	4.45-52
Columbia, Mainline	4.575	4.52-63	4.55-60
FGT Z1	4.425	4.41-47	4.41-44
FGT Z2	4.495	4.45-54	4.47-52
FGT Z3	4.470	4.44-51	4.45-49
Henry Hub	4.500	4.45-56	4.47-53
Koch (Zones 2&4)	4.370	4.35-40	4.36-38
NGPL (La.)	4.436	4.37-49	4.41-46
Sonat	4.475	4.39-54	4.44-51
Tennessee, 500 Leg	4.425	4.36-49	4.39-46
Tennessee, 800 Leg	4.425	4.36-47	4.40-45
Texas E. (WLA)	4.335	4.29-38	4.31-36
Texas E. (ELA)	4.350	4.31-44	4.32-38
Texas Gas SL	4.485	4.45-58	4.46-51
Transco, St 45	4.410	4.36-47	4.38-44
Transco, St. 65	4.510	4.46-53	4.49-53
Trunkline WLA	4.400	4.35-43	4.38-42
Trunkline ELA	4.380	4.33-45	4.35-41
Oklahoma			
ANR	4.335	4.29-40	4.31-36
NGPL (Midcont.)	4.320	4.27-38	4.29-35
Reliant (North/South)	4.355	4.27-40	4.32-39
Reliant (West)	4.305	4.29-35	4.29-32
Northern (Mid 11)	4.220	4.20-24	4.21-23
OGT	4.335	4.25-36	4.31-36
Williams	4.330	4.27-40	4.30-36
	4.345	4.24-38	4.31-38
New Mexico-San Juan Basin			
El Paso, Bondad	4.145	4.04-22	4.10-19
El Paso, non-Bondad	4.156	4.08-26	4.11-20

continued on next page

Small volumes setting market at Opal hub

Price Hedging

With the one-week price run-up at Opal, Wyo., now history, traders continue to ponder the cause of the surge and wonder if it is happening at other points.

Most believe it had something to do with a party holding gas back from the market, but others debate whether the trading dynamics on EnronOnline (EOL) have anything to do with it.

One of the reasons the cash market was so volatile at Opal may be because EOL only trades in blocks of 5,000 dth, one trader said.

"What's happening is small volumes are setting the market," he said. "If a trader needs to buy or sell 20,000 dth at Opal, he could drive the price up or down 7¢-8¢ pretty quickly. That's

(continued on page 7)

Ohio lays groundwork for Energy Max suit

The Ohio Consumers' Counsel (OCC) has filed a complaint with state regulators against marketer Energy Max for failing to deliver gas to customers in Columbia's choice program, in a move that, if successful, could set the stage for a civil lawsuit.

On Friday, the OCC asked the Public Utilities Commission of Ohio (PUCO) to make several findings of fact in the case, ultimately leading to a ruling that Energy Max's actions constituted unjust and unreasonable service and violated Ohio law.

If the PUCO makes that finding, the OCC would then have a case for taking the matter to civil court and could ask for up to treble damages on behalf of the state's customers.

Columbia kicked Energy Max out of its choice program two months ago, after the small, independent marketer failed to deliver gas to some 8,000 customers under a fixed-price contract during August 2000 *(GD 9/11)*. At that time, Energy Max said in light of rising prices it

(continued on page 6)

West takes another big dip; Northeast goes flat

The Market

Western cash prices went into a mild collapse Friday as lighter weekend loads knocked the wind out of southwestern production basins. The Permian Basin was down nearly 25¢, and San Juan gas saw an even deeper dive of almost 30¢. Southern California Gas also declined about 20¢ as traders also factored in possible operational flow orders in California over the weekend, a source said.

Weekend cash prices were also down about 15¢ at Sumas, Wash., but traders said prices there shot up late in trading due to someone going short there.

Malin, Ore., also saw a nearly 30¢ decline from Thursday indices.

Although Friday's market had its share of buyers and sellers, depending on the pipe, a

(continued on page 5)

Bush, Gore hold 'distinct' enviro views, Dean says

Would an election victory by Democratic presidential candidate Al Gore promise a nannyish environmental program? And would a Republican administration under George W. Bush mean a dramatic rollback in regulations? According to John Dean of John Dean Energy, neither outcome is very likely.

In a presentation to the WEFA Energy conference last week, Dean pointed to "distinct, if not altogether clear," differences between the two candidates on environmental issues. But regardless of their stance, he said, any new policy initiatives on the environment are likely to face severe political and economic constraints.

"Even the most conservative president would face an uphill battle attempting to alter the application of environmental standards already on the books," he said. The reverse, Dean added, is also true: "a stridently environmental program that ignores the impact of its policies on the

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Gas Daily®

Daily Price Survey

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NATIONAL AVERAGE PRICE: $4.670****

Trans. date	10/30	10/30	10/30
Flow date(s)	10/31	10/31	10/31
	Midpoint	Absolute	Common
Permian Basin Area			
El Paso	4.365	4.30-49	4.32-41
Northern (Mids 1-6)	4.280	4.25-41	4.25-31
Tex Intras, Waha area	4.410	4.33-49	4.37-45
Transwestern	4.345	4.34-35	4.34-35
East Texas-North Louisiana Area			
Carthage Hub tailgate	4.435	4.37-63	4.37-50
Koch (Zones 1&2)	4.250	4.24-26	4.24-26
Lone Star	4.355	4.30-40	4.33-38
MRT mainline	4.520	4.40-55	4.49-55
MRT west leg	4.455	4.44-51	4.44-47
NGPL TexOk (West)	4.430	4.42-44	4.42-44
NGPL TexOk (East)	4.415	4.37-50	4.38-45
Tennessee, 100 Leg	4.445	4.44-47	4.44-45
Texas Eastern (ETX)	4.500	4.44-57	4.47-53
Texas Gas (entire Z 1)	4.580	4.50-66	4.54-62
East-Houston-Katy			
Houston Ship Channel	4.485	4.44-55	4.46-51
Katy plant tailgate	4.445	4.39-50	4.42-47
Trunkline North	4.420	4.41-43	4.41-43
North-Texas Panhandle			
NGPL (Permian)	4.140	4.13-15	4.13-15
Northern (Mid 10)	4.220	4.20-24	4.21-23
Transwestern	4.345	4.34-35	4.34-35
South-Corpus Christi			
Agua Dulce hub	4.405	4.31-45	4.37-44
Florida Gas	4.500	4.46-55	4.46-54
HPL	4.460	4.39-53	4.40-52
Koch (Zone 1)	4.350	4.34-36	4.34-36
NGPL (STX)	4.365	4.31-42	4.34-39
Tennessee	4.460	4.36-53	4.39-53
Texas Eastern (STX)	4.475	4.32-57	4.41-54
Transco, St 30	4.510	4.30-59	4.44-58
Trunkline South	4.350	4.34-36	4.34-36
PG&E-GTT	4.310	4.27-36	4.29-33
Louisiana-Onshore South			
ANR	4.445	4.39-50	4.39-50
Columbia	4.550	4.46-59	4.49-61
Columbia, Mainline	4.615	4.51-72	4.56-67
FGT Z1	4.500	4.46-55	4.48-54
FGT Z2	4.555	4.48-59	4.50-61
FGT Z3	4.520	4.46-55	4.47-57
Henry Hub	4.550	4.46-73	4.48-62
Koch (Zones 2&4)	4.450	4.41-52	4.42-48
NGPL (La.)	4.430	4.35-54	4.38-48
Sonat	4.540	4.49-62	4.51-57
Tennessee, 500 Leg	4.525	4.40-67	4.48-59
Tennessee, 800 Leg	4.530	4.40-68	4.46-60
Texas E. (WLA)	4.530	4.34-68	4.45-61
Texas E. (ELA)	4.555	4.36-69	4.47-64
Texas Gas SL	4.550	4.46-70	4.49-61
Transco, St. 45	4.585	4.40-68	4.52-65
Transco, St. 65	4.645	4.48-75	4.58-71
Trunkline WLA	4.415	4.35-49	4.38-45
Trunkline ELA	4.430	4.34-50	4.39-47
Oklahoma			
ANR	4.370	4.33-45	4.34-40
NGPL (Midcont.)	4.360	4.32-45	4.33-39
Reliant (North/South)	4.390	4.33-45	4.36-42
Reliant (West)	4.345	4.31-41	4.32-37
Northern (Mid 11)	4.230	4.21-26	4.22-24
OGT	4.375	4.31-44	4.34-41
Williams	4.370	4.33-45	4.34-40
	4.380	4.34-45	4.35-41
New Mexico-San Juan Basin			
El Paso, Bondad	4.225	4.16-29	4.19-26
El Paso, non-Bondad	4.220	4.15-36	4.17-27

continued on next page

Millennium posts new 2002 in-service date

After facing repeated delays in obtaining certificate approval, the backers of the proposed Millennium Pipeline have postponed the project launch date by one year. In a recent filing, Millennium informed FERC that the project has set an in-service date of Nov. 1, 2002.

Millennium, which is slated to transport Canadian and U.S. gas to markets in the eastern United States, has seen the approval process stall repeatedly. Part of the problem lies in route planning: residents of Westchester County, N.Y., are concerned about a route alternative that would run along the State Routes 9 and 9A. And FERC has required Millennium to file a fully amended application to document the details of that route change (*GD 5/24*).

Given the project's ongoing regulatory review, Millennium has been forced to reassess the likely construction calendar. Millennium Pipeline Chairman David Pentzien, however, stressed

(continued on page 6)

Cash makes gains with Northeast cool spell

The Market

The Great Price Pumpkin rose out of some gas patches this Halloween as Northeast prices rose nearly 35¢ and some western points saw gains of more than 20¢ from the weekend.

Traders attributed most of the strong prices to cooler northeastern temperatures, an outage at the Pine River plant on Westcoast Energy, a potential operational flow order (OFO) on Northwest Pipeline, and an impressive, though short-lived, morning NYMEX rally.

Northeastern traders reported an active swing market as the NYMEX contract ran higher. Texas Eastern Transmission M-3 and Transcontinental Gas Pipe Line (Transco) Zone 6 for New York delivery rose more than 30¢ from the weekend.

New York City temperatures are expected to get back into the mid 50s later this week. "We'll be back to a little warmer than normal to start November," one trader said.

A lot of supply is already tied to deals through the end of the month, so when northeastern

(continued on page 5)

Kinder, Tom Brown split Wildhorse assets

Continuing along its "back to basics" path, Kinder Morgan (KMI) said it has reached a definitive agreement with Tom Brown to distribute all the assets of a joint venture the two companies launched in 1996 in preparation for the dissolution of the venture.

Called Wildhorse Energy Partners — in which Kinder Morgan controls 55% and Tom Brown 45% — the joint venture owns gathering and processing assets principally in the Big Horn and Wind River basins in western Wyoming, the Piceance Basin in western Colorado and the Uinta Basin in eastern Utah. The assets include 1,900 miles of gathering pipeline, which moves about 165 million cfd, nine processing plants capable of turning out 234 million cfd, and the Wolfcreek storage facility in western Colorado, which has a capacity of 10 billion cf.

Under the terms of the agreement, Wildhorse will distribute all of its gathering and process-

(continued on page 5)

Do high gas prices open a door for coal?

With natural gas the fuel of choice for new power generation projects, the coal industry is looking for new ways to market coal-fired generation as an alternative to gas-fueled combined-cycle and combustion turbine plants. In a recent seminar on the comparative economics of coal and gas, Mark Morey, principal of RDI Consulting, a unit of Financial Times Energy, stressed that issues other than price can drive a power developer's decisions over fuel choice.

In the long run, Morey argued, baseload power is coal's primary role.

The recent surge in gas prices has given encouragement to the coal industry, Morey said, but that may not be enough. The power market, he observed, now demands increased flexibility and quicker ramp-up, something coal has difficulty providing.

According to Morey, coal marketers are "racking their brains" to find ways to promote

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Daily Price Survey

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NATIONAL AVERAGE PRICE: $6.170****

Trans. date / Flow date(s)	11/16 11/17 Midpoint	11/16 11/17 Absolute	11/16 11/17 Common
Permian Basin Area			
El Paso	5.915	5.76-6.05	5.84-99
Northern (Mids 1-6)	5.815	5.71-90	5.77-86
Tex Intras, Waha area	5.945	5.74-6.15	5.84-6.05
Transwestern	5.950	5.65-6.09	5.84-6.06
East Texas-North Louisiana Area			
Carthage Hub tailgate	5.775	5.70-84	5.74-81
Koch (Zones 1&2)	5.560	5.55-57	5.55-57
Lone Star	5.675	5.60-75	5.64-71
MRT mainline	5.920	5.88-93	5.91-93
MRT west leg	5.755	5.74-89	5.74-77
NGPL TexOk (West)	5.795	5.79-81	5.79-80
NGPL TexOk (East)	5.805	5.73-87	5.77-84
Tennessee, 100 Leg	5.785	5.74-84	5.76-81
Texas Eastern (ETX)	5.705	5.68-73	5.68-73
Texas Gas (entire Z1)	5.860	5.79-92	5.83-89
East-Houston-Katy			
[illegible]ton Ship Channel	5.865	5.77-99	5.81-92
[illegible] plant tailgate	5.870	5.76-97	5.82-92
[illegible]runkline North	5.820	5.81-83	5.81-83
North-Texas Panhandle			
NGPL (Permian)	5.560	5.55-57	5.55-57
Northern (Mid 10)	5.640	5.62-66	5.63-65
Transwestern	5.950	5.65-6.09	5.84-6.06
South-Corpus Christi			
Agua Dulce hub	5.740	5.63-80	5.70-78
Florida Gas	5.805	5.75-85	5.78-83
HPL	5.685	5.65-72	5.65-72
Koch (Zone 1)	5.660	5.65-67	5.65-67
NGPL (STX)	5.730	5.66-78	5.70-76
Tennessee	5.680	5.54-78	5.62-74
Texas Eastern (STX)	5.640	5.55-72	5.60-68
Transco, St 30	5.725	5.65-79	5.69-76
Trunkline South	5.760	5.75-77	5.75-77
PG&E-GTT	5.700	5.65-81	5.66-74
Louisiana-Onshore South			
ANR	5.785	5.65-94	5.71-86
Columbia	5.835	5.72-98	5.77-90
Columbia, Mainline	5.930	5.89-6.01	5.90-98
FGT Z1	5.805	5.75-85	5.78-83
FGT Z2	5.865	5.75-97	5.81-92
FGT Z3	5.820	5.74-90	5.78-86
Henry Hub	5.880	5.70-6.05	5.79-97
Koch (Zones 2&4)	5.730	5.72-74	5.72-74
NGPL (La.)	5.795	5.70-96	5.73-86
Sonat	5.885	5.76-98	5.83-94
Tennessee, 500 Leg	5.740	5.63-86	5.68-80
Tennessee, 800 Leg	5.755	5.63-94	5.70-81
Texas E. (WLA)	5.715	5.61-86	5.65-78
Texas E. (ELA)	5.735	5.64-90	5.67-80
Texas Gas SL	5.860	5.69-98	5.79-93
Transco, St 45	5.795	5.70-92	5.74-85
Transco, St 65	5.885	5.74-6.03	5.81-96
Trunkline WLA	5.855	5.79-94	5.82-89
Trunkline ELA	5.775	5.65-86	5.72-83
Oklahoma			
ANR	5.770	5.71-83	5.74-80
NGPL (Midcont)	5.750	5.70-81	5.72-78
Reliant (North/South)	5.800	5.76-83	5.78-82
Reliant (West)	5.730	5.68-83	5.69-77
Northern (Mid 11)	5.860	5.64-68	5.65-67
[illegible]	5.765	5.71-81	5.74-79
[illegible]	5.770	5.71-88	5.73-81
Williams	5.755	5.72-82	5.73-78
New Mexico-San Juan Basin			
El Paso, Bonded	5.490	5.40-56	5.45-53
El Paso, non-Bonded	5.525	5.43-62	5.48-57

continued on next page

Rockies production proving difficult to ignore

With tight supplies having a major influence on the current elevated prices, it would l surprising if the eyes of the natural gas industry did not start gazing on the ever-larg buildup of reserves in the Rockies.

Special look at the Rockies, see page 7.

The Energy Information Administration recently reported Rockies' reserves of 27,267 billion cf, exceeding Gulf of Mexico offshore reserves by 770 billion cf and amounting to almost three times as large as Alaska reserves. The Rockies region includes Wyoming, Colorado, Utah and Montana.

Between 1990 and 1999, reserves in the Rockies increased from 17 trillion cf to 27 trilli cf. Production increased by only 1.3 trillion cf, from 931 billion cf to 2,193 billion cf.

The most recently reported rates of growth in reserves were phenomenal. Between 1998 a 1999, the growth rates were 35% in Utah, 14% in Colorado, 12% in Wyoming and 8% in Mo tana. For the lower-48 states, excluding the Rockies, the growth in reserves was less than 1%

Additionally, the reserve/production ratios in 1999 were 20.5, 14.6, 12.5 and 11.7 in Mo

(continued on page

Alaska's future may hinge on the North Slope

Demand for natural gas in the lower-48 states promises to stay robust, but opening up Ala to more oil and gas exploration may still be a hard sell. The energy industry, howeve making a strong case for expanded development. In remarks yesterday to the Alaska source Development Council in Anchorage, producers and pipeline companies stressed economic benefits that North Slope gas would bring to the state.

Greg Pensabene, vice president, government relations and public affairs, Anadarko Pe leum, pointed to the "steady long-term jobs and projects for Alaskans" that opening up North Slope to new development might bring. "The gas is here, [and] the market is ready it," he said.

Meeting demand may mean opening up restricted areas — such as the Alaska Nati Wildlife Refuge (ANWR) — to exploration and development, Pensabene said. That, in may hinge on the outcome of the presidential election.

Alaska's "best and most prospective fields" are in ANWR, Pensabene said. "The p dential election would have an effect on the access issue."

Many in Alaska's energy industry have been openly cheering for Texas Gov. Georg

(continued on pa

Profit-taking drops December contract 46¢

After seemingly defying the law of gravity for the previous two days, the NYMEX fu contract fell back to earth yesterday as a market correction and milder weather fore offset some of the bullish sentiment in the market.

The Marke

Cash prices were flat to a few pennies down from Wednesday indices. The biggest drop in prices came out West with the Pacific Gas & Electric (PG&E) citygate, Malin, Ore., Opal, Wyo., and the San Juan Basin seeing dro about a quarter.

Some marketers pointed to a slightly bearish six-10-day weather forecast by the Na Weather Service to explain the market retreat. But with the exception of a slight warming forecast for the upper Great Plains, the forecast is fairly neutral, leading one source to spe the market was looking for an excuse to come down for a breather.

It was a good time to sell on the futures contract yesterday as the all-time NYMEX settlement price achieved Wednesday saw an equally staggering drop of 46¢ yest "Wednesday's run up was an over-reaction," he said. "There's a lot of profit-taking goi and the market is naturally adjusting."

The December contract opened substantially lower at $6.07, down almost 20¢ fro

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NATIONAL AVERAGE PRICE: $6.230****

Trans. date / Flow date(s)	11/17 11/18-20 Midpoint	11/17 11/18-20 Absolute	11/17 11/18-20 Common
Permian Basin Area			
El Paso	5.765	5.47-6.37	5.54-99
Northern (Mid 1-6)	5.440	5.40-55	5.40-48
Tex Intras, Waha area	5.745	5.45-6.40	5.51-98
Transwestern	5.555	5.41-75	5.47-64
East Texas-North Louisiana Area			
Carthage Hub tailgate	5.430	5.38-62	5.38-48
Koch (Zones 1&2)	5.385	5.32-49	5.36-41
Lone Star	5.440	5.42-46	5.43-45
MRT mainline	5.710	5.60-77	5.65-77
MRT west leg	5.485	5.47-57	5.47-50
NGPL TexOk (West)	5.450	5.44-46	5.44-46
NGPL TexOk (East)	5.490	5.37-73	5.40-58
Tennessee, 100 Leg	5.425	5.40-45	5.41-44
Texas Eastern (ETX)	5.475	5.35-57	5.42-53
Texas Gas (entire Z 1)	5.655	5.51-73	5.60-71
East-Houston-Katy			
[illegible]on Ship Channel	5.595	5.50-88	5.50-69
[illegible] plant tailgate	5.630	5.45-86	5.53-73
Trunkline North	5.820	5.81-83	5.81-83
North-Texas Panhandle			
NGPL (Permian)	5.260	5.25-27	5.25-27
Northern (Mid 10)	5.385	5.35-41	5.37-40
Transwestern	5.555	5.41-75	5.47-64
South-Corpus Christi			
Agua Dulce hub	5.455	5.36-55	5.41-50
Florida Gas	5.570	5.47-67	5.52-62
HPL	5.450	5.35-52	5.41-49
Koch (Zone 1)	5.420	5.41-43	5.41-43
NGPL (STX)	5.465	5.32-74	5.36-57
Tennessee	5.430	5.30-70	5.33-53
Texas Eastern (STX)	5.410	5.30-62	5.33-49
Transco, St 30	5.515	5.38-60	5.46-57
Trunkline South	5.700	5.45-76	5.64-76
PG&E-GTT	5.400	5.39-41	5.39-41
Louisiana-Onshore South			
ANR	5.525	5.37-83	5.41-64
Columbia	5.605	5.49-86	5.51-70
Columbia, Mainline	5.695	5.62-95	5.62-77
FGT Z1	5.570	5.47-67	5.52-62
FGT Z2	5.615	5.50-72	5.56-67
FGT Z3	5.590	5.47-67	5.54-64
Henry Hub	5.635	5.50-87	5.54-73
Koch (Zones 2&4)	5.495	5.48-58	5.48-51
NGPL (La.)	5.535	5.39-82	5.43-64
Sonat	5.640	5.53-74	5.59-69
Tennessee, 500 Leg	5.515	5.38-75	5.42-61
Tennessee, 800 Leg	5.515	5.38-75	5.42-61
Texas E (WLA)	5.515	5.38-83	5.45-58
Texas E (ELA)	5.520	5.39-70	5.44-60
Texas Gas SL	5.600	5.49-77	5.53-67
Transco, St 45	5.565	5.48-74	5.50-63
Transco, St 65	5.695	5.56-83	5.63-76
Trunkline WLA	5.660	5.49-86	5.57-75
Trunkline ELA	5.535	5.41-83	5.43-64
Oklahoma			
ANR	5.500	5.30-77	5.38-62
NGPL (MidcontL)	5.440	5.33-73	5.34-54
Reliant (North/South)	5.490	5.39-75	5.40-58
Reliant (West)	5.395	5.34-72	5.34-45
[illegible]ern (Mid 11)	5.405	5.37-43	5.39-42
[illegible]	5.460	5.38-75	5.38-54
[illegible]	5.505	5.37-75	5.41-60
Williams	5.455	5.37-72	5.37-54
New Mexico-San Juan Basin			
El Paso, Bondad	5.505	5.07-6.25	5.21-80
El Paso, non-Bondad	5.400	5.07-6.50	5.07-73

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Buccaneer sponsors to buy Coastal's Gulfstre

In a dramatic shakeout of Florida pipeline projects, Williams and Duke Energy said that they have agreed to purchase Gulfstream Natural Gas System from Coastal, setti stage now for only one pipeline to try to break Florida Gas Transmission's (FGT) int pipeline monopoly on the Florida peninsula.

As part of the plan, Duke and Williams will scrap their plans to build the Buccane Pipeline and instead will proceed with the 744-mile, $1.65 billion Gulfstream project o deal with Coastal is completed. Financial terms of the deal were not released. The partie to complete the Gulfstream acquisition by the end of the year.

As part of its merger with El Paso Energy, Coastal was required by federal antitrus lators to sell Gulfstream, in which it owns a 100% interest. El Paso is a co-owner with E

(continued on p

NYMEX gets second wind; California hits $

The cash market was chaotic Friday after prices took a dive early with the falling N futures contract, only to streak up later due to a combination of fundamental and te factors.

The Mark

Trading at the Southern California border ranged an incredible $6 Friday as short traders scrambled for gas through the cold weekend.

Northern-sourced gas into the Golden State felt the pressure also as prices at Sumas, stretched over $10, and Malin and Stanfield, Ore., came close to the $10 mark.

The December NYMEX contract had something to do with cash's volatility. Futur ers faced wild price swings of more than 50¢ Friday as prices gapped down consider open at $5.69. Aggressive selling started immediately, sending the December contra

(continued on p

Yukon, N.W. Territories at odds over pipelin

Three northern neighbors — Alaska, the Yukon Territory and the Northwest Territ have a shared interest in the economic development that new Far North productio bring. But not all agree on ways to bring that gas to market.

At the Alaska Resource Development Council conference in Anchorage Thursday sentatives of the Yukon Territory and the Northwest Territories expressed sharply oppose about what the most feasible route for North Slope and Mackenzie Delta production m The Northwest Territories favors the northern route: a pipeline that would cross ben Beaufort Sea, linking the North Slope with the Mackenzie Delta before heading south. Th Territory supports reviving the so-called "Alaska Highway Route," which would run so production basins along existing infrastructure before crossing over into Canada.

At stake for the Northwest Territories is a pipeline route that could bring enorm

(continued on

SDG&E curtails gas to power plants, industr

Citing an unseasonable cold snap and high demand for electric power, Sempra Energ ate San Diego Gas & Electric (SDG&E) last week curtailed gas supplies to thre plants and other industrial customers.

"Basically, the cold weather in the region combined with high demand by the pow resulted in some record high natural gas loads," SDG&E's Art Larson said. On Nov utility distributed 613 million cf, a record volume of gas. The utility's previous record was 577 million cf on Jan. 6, 1999.

The curtailments were conducted in 24-hour increments. They affected three powe the Encina Power Station in Carlsbad, Calif., owned by Dynegy and NRG; the So Power Plant in Chula Vista, owned by Duke; and the Rosarito power plant in Mexicali,

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Daily Price Survey

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NATIONAL AVERAGE PRICE: $7.360****

Trans. date	11/20	11/20	11/20
Flow date(s)	11/21	11/21	11/21
	Midpoint	Absolute	Common
Permian Basin Area			
El Paso	6.500	6.10-75	6.34-66
Northern (Mids 1-6)	6.305	6.18-32	6.29-32
Tex intras, Waha area	6.500	6.17-85	6.33-67
Transwestern	6.350	6.08-60	6.22-48
East Texas-North Louisiana Area			
Carthage Hub tailgate	6.115	5.92-6.15	6.08-15
Koch (Zones 1&2)	5.920	5.91-93	5.91-93
Lone Star	6.110	6.10-12	6.10-12
MRT mainline	6.240	6.18-25	6.23-25
MRT west leg	6.195	6.18-24	6.18-21
NGPL TexOk (West)	6.145	6.13-18	6.13-16
NGPL TexOk (East)	6.140	5.98-6.26	6.07-21
Tennessee, 100 Leg	6.100	6.04-16	6.07-13
Texas Eastern (ETX)	6.125	6.08-17	6.10-15
Texas Gas (entire Z 1)	6.260	6.15-31	6.22-30
East-Houston-Katy			
[illegible]ston Ship Channel	6.265	6.06-40	6.18-35
[illegible]plant tailgate	6.245	6.08-37	6.17-32
[illegible]rkline North	6.200	6.19-21	6.19-21
North-Texas Panhandle			
NGPL (Permian)	5.870	5.86-88	5.86-88
Northern (Mid 10)	5.965	5.93-99	5.95-98
Transwestern	6.350	6.08-60	6.22-48
South-Corpus Christi			
Agua Dulce hub	6.120	6.04-20	6.08-16
Florida Gas	6.200	6.09-25	6.16-24
HPL	6.140	6.09-20	6.11-17
Koch (Zone 1)	6.020	6.01-03	6.01-03
NGPL (STX)	6.170	5.97-6.28	6.09-25
Tennessee	6.100	5.95-6.28	6.02-18
Texas Eastern (STX)	6.080	5.99-6.30	6.00-16
Transco, St 30	6.200	6.03-28	6.14-26
Trunkline South	6.165	6.10-20	6.14-19
PG&E-GTT	6.070	6.06-08	6.06-08
Louisiana-Onshore South			
ANR	6.145	6.07-25	6.10-19
Columbia	6.210	6.10-26	6.17-25
Columbia, Mainline	6.280	6.18-33	6.24-32
FGT Z1	6.200	6.09-25	6.16-24
FGT Z2	6.250	6.15-32	6.21-29
FGT Z3	6.235	6.10-29	6.19-28
Henry Hub	6.235	6.13-31	6.19-28
Koch (Zones 2&4)	6.105	6.09-17	6.08-13
NGPL (La.)	6.125	6.03-25	6.07-18
Sonat	6.240	6.10-31	6.19-29
Tennessee, 500 Leg	6.170	6.06-30	6.11-23
Tennessee, 800 Leg	6.170	6.05-30	6.11-23
Texas E (WLA)	6.175	6.04-30	6.11-24
Texas E (ELA)	6.180	6.08-28	6.13-23
Texas Gas SL	6.220	6.10-30	6.17-27
Transco, St. 45	6.215	6.08-31	6.16-27
Transco, St. 65	6.325	6.12-49	6.25-40
Trunkline WLA	6.225	6.08-29	6.17-28
Trunkline ELA	6.185	6.06-24	6.12-21
Oklahoma			
ANR	6.090	5.99-6.15	6.05-13
NGPL (Midcont.)	6.050	5.93-6.12	6.00-10
Reliant (North/South)	6.110	6.03-16	6.08-14
Reliant (West)	6.050	5.91-6.14	5.99-6.11
[illegible]rthern (Mid 11)	5.985	5.95-6.01	5.97-6.00
[illegible]ams	6.085	5.97-6.15	6.04-13
	6.085	5.98-6.15	6.04-13
	6.075	5.99-6.17	6.03-12
New Mexico-San Juan Basin			
El Paso, Bondad	6.450	6.25-65	6.35-55
El Paso, non-Bondad	6.410	6.01-70	6.24-58

continued on next page

Sellers count blessings as cash prices soar

The Market

If yesterday is any indication, traders looking for softer prices and a little market tranquility during the short holiday week may be in for a disappointment. The December NYMEX contract and cash prices were back in orbit, and there were few signs of a market slowdown.

Traders in many regions of the country agreed that weather and a rocketing futures contract were providing the legs in the most recent cash price move. And in case that wasn't enough, nuclear plant outages in the West helped shore up demand for molecules, leading to what some traders described as shortages on some pipes.

The West was wild again, and traders cited a combination of factors that led to an "out-of-control cash market." Before the dust settled, traders were shaking their heads in disbelief as Pacific Gas & Electric (PG&E) citygate prices climbed over $15.

Traders said some of Monday's PG&E price strength came from an operational flow order (OFO) with a 3% tolerance and a $5/dth penalty.

In a market already 10,000 MW short, California suffered a couple of blows that sent

(continued on page 8)

Phillips throws in the towel on Zama property

After more than two years of operating its Zama oil and gas facilities in Canada, Phillips Petroleum revealed plans yesterday to sell the Alberta-based assets. Phillips retained Waterous Securities as financial advisor for the sale. Phillips hopes to conclude the transaction during the first quarter of next year, according to Waterous.

Phillips' Kristi DesJarlais said the company decided to focus on areas with a higher combined output of gas and oil despite putting forth an extensive effort to beef up gas production at Zama since its acquisition in 1997. "We put a lot of work into [Zama], but it has not developed to a point sufficient to be of interest to us as a core area," DesJarlais said.

The Zama property, located in Alberta, includes three sour gas plants, 150 miles of gas gathering and 12 compressor stations, according to Waterous. The gas facilities have a capacity of 160 million cfd.

DesJarlais said current natural gas production figures of 90 million cfd represent a 50% increase from the 60 million cfd gas production at Zama in January 1998. Zama also produces 7,500 bbl a day of light oil and natural gas liquids, according to Waterous.

Phillips acquired the Zama property in 1997, paying Pennzoil $104 million and Gulf Canada Resource $165 million plus certain properties. Phillips recently added gas-processing

(continued on page 8)

Knowles backs route for lower-48 pipeline

Declaring that "now is the time to develop Alaska's natural gas," Alaska Gov. Tony Knowles endorsed Friday a proposal to bring North Slope gas to market. The commercialization o North Slope gas, said the governor, would launch a new economy for the state and brin supply relief to the lower-48 states.

Specifically, the governor weighed in behind a pipeline that would follow the TransAlask oil pipeline and existing highway routes. "Paraphrasing, 'it's my way or the highway,'" Knowle said, "My way is the highway."

That is welcome news to the backers of the so-called "southern route," or Alaska Highwa route, which would revive plans over two decades old to bring gas south from North Slop production basins. But it marks a setback for proponents of an Arctic route, which would cros under the Beaufort Sea to the Mackenzie Delta before heading south through the Northwe Territories.

The "over-the-top" route, said Knowles, raises too many questions about the risks of u dersea technology. Although more direct and presumably less expensive, Knowles said that

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NATIONAL AVERAGE PRICE: $7.870****

Trans. date	11/21	11/21	11/21
Flow date(s)	11/22	11/22	11/22
	Midpoint	Absolute	Common
Permian Basin Area			
El Paso	6.505	6.10-60	6.33-68
Northern (Mids 1-6)	6.300	6.26-34	6.28-32
Tex intras, Waha area	6.500	6.20-60	6.35-65
Transwestern	6.395	6.10-60	6.27-52
East Texas-North Louisiana Area			
Carthage Hub tailgate	6.240	6.18-29	6.21-27
Koch (Zones 1&2)	6.030	6.02-04	6.02-04
Lone Star	6.210	6.20-22	6.20-22
MRT mainline	6.360	6.30-38	6.34-38
MRT west leg	6.310	6.30-35	6.30-32
NGPL TexOk (West)	6.290	6.28-30	6.28-30
NGPL TexOk (East)	6.245	6.14-32	6.20-29
Tennessee, 100 Leg	6.325	6.30-35	6.31-34
Texas Eastern (ETX)	6.210	6.18-28	6.19-23
Texas Gas (entire Z 1)	6.310	6.22-35	6.28-34
East-Houston-Katy			
[illegible]ton Ship Channel	6.365	6.27-45	6.32-41
[illegible] plant tailgate	6.360	6.28-41	6.32-40
[illegible]rikine North	6.310	6.30-32	6.30-32
North-Texas Panhandle			
NGPL (Permian)	6.005	5.99-6.02	6.00-01
Northern (Mid 10)	6.070	6.03-11	6.05-09
Transwestern	6.395	6.10-60	6.27-52
South-Corpus Christi			
Agua Dulce hub	6.240	6.10-30	6.19-29
Florida Gas	6.275	6.21-32	6.25-30
HPL	6.290	6.22-34	6.26-32
Koch (Zone 1)	6.130	6.12-14	6.12-14
NGPL (STX)	6.195	6.08-25	6.15-24
Tennessee	6.230	6.10-33	6.17-29
Texas Eastern (STX)	6.175	6.08-25	6.13-22
Transco, St 30	6.305	6.15-37	6.25-36
Trunkline South	6.280	6.22-30	6.26-30
PG&E-GTT	6.195	6.15-21	6.18-21
Louisiana-Onshore South			
ANR	6.250	6.14-31	6.21-29
Columbia	6.305	6.19-37	6.26-36
Columbia, Mainline	6.390	6.28-45	6.35-43
FGT Z1	6.275	6.21-32	6.25-30
FGT Z2	6.330	6.23-39	6.29-37
FGT Z3	6.305	6.20-37	6.26-35
Henry Hub	6.340	6.19-42	6.28-40
Koch (Zones 2&4)	6.200	6.19-21	6.19-21
NGPL (La.)	6.245	6.15-36	6.19-30
Sonat	6.350	6.27-43	6.31-39
Tennessee, 500 Leg	6.290	6.17-36	6.24-34
Tennessee, 800 Leg	6.290	6.17-36	6.24-34
Texas E (WLA)	6.265	6.17-34	6.22-31
Texas E (ELA)	6.280	6.17-34	6.24-32
Texas Gas SL	6.325	6.20-45	6.26-39
Transco, St 45	6.345	6.20-42	6.29-40
Transco, St. 65	6.450	6.32-52	6.40-50
Trunkline WLA	6.310	6.22-35	6.28-34
Trunkline ELA	6.260	6.12-35	6.20-32
Oklahoma			
ANR	6.200	6.08-27	6.15-25
NGPL (Midcont.)	6.160	6.03-23	6.11-21
Reliant (North/South)	6.250	6.15-30	6.21-29
Reliant (West)	6.170	6.12-24	6.14-20
[illegible]orthern (Mid 11)	6.090	6.05-13	6.07-11
[illegible]	6.230	6.10-35	6.17-29
[illegible]	6.195	6.09-27	6.15-24
[illegible]illiams	6.205	6.15-28	6.17-24
New Mexico-San Juan Basin			
El Paso, Bondad	6.350	6.20-45	6.29-41
El Paso, non-Bondad	6.330	5.85-6.50	6.17-49

continued on next page

Encore performance as weather boosts market

The Market

Proving that Monday's market strength was no fluke, cash prices followed the NYMEX as it moved even higher yesterday, picking up where it left off the day before.

Again, prices in the West were the strongest. With cold weather blanketing the entire country, though, it was hard to find a 98-pound weakling anywhere in the market.

The western market continued to soar with low storage, short supplies and strong cold-weather demand. Power prices were traded through yesterday, so the $180-$200-plus per MWh range held, keeping demand for generation keen. But in a note that could spell some fallback today, regional power prices were down $35 for the weekend, sources said. The Diablo Canyon 1 nuclear plant was still on hot standby yesterday, but the Palo Verde 2 nuke was at 76% capacity and continuing to power up.

"So, we got some relief on the way down," said one trader, describing what happened in the California market.

Cold weather in the West was having an effect on prices in other regions, as well, one

(continued on page 6)

FGT gets preliminary nod for Phase V plan

Not everything leads to deadlock in Florida. Days after Williams and Duke Energy acquired the Gulfstream Natural Gas System project from Coastal (*GD 11/20*), FERC gave a preliminary thumbs-up to an expansion by the state's monopoly interstate pipeline, Florida Gas Transmission (FGT).

In addition, the commission approved a proposal by Koch Gateway Pipeline to sell FGT an undivided interest in its Mobile Bay Lateral. The sale would give FGT the right to 300,000 mmBtu/d of capacity on the lateral.

Competition to feed Florida's growing appetite for gas now promises to pick up. The commission found that FGT's Phase V expansion would help the state cope with projected population growth of 1.6% between 2000 and 2005. The expansion, FERC added, would also help meet demand from the planned installation of up to 10,000 MW in gas-fired power generation.

The Phase V expansion still lacks environmental approval. But in reviewing the business end of the project, FERC said it would allow a phased-in expansion of the project.

That's good news for FGT, which suffered from capacity turnback by shippers after

(continued on page 2)

Georgia waters down plan on billing practices

The Georgia Public Service Commission (PSC) yesterday revised its proposal to crack down on billing snafus by marketers in Atlanta Gas Light's (AGL) service territory. The PSC struck its earlier plan not to hold customers liable for bills older than 90 days after the state attorney general's office said the idea would likely not hold up in court.

The so-called "90-day rule" had been crafted by Commissioner Bobby Baker, due to incessant problems with slow or inaccurate billing by many of the state's gas marketers. Some marketers in turn commented that the proposal was unconstitutional and not within the realm of the PSC's authority (*GD 11/14*).

In an informal advisory memo to the commission last Friday, Assistant Attorney General Daniel Walsh pretty much agreed with those sentiments. He advised the PSC to consider "less far-reaching alternatives to the rule." He suggested "the remedy proposed should be narrowly tailored to the harm incurred by the consumers the proposed rule seeks to protect."

As a result, the PSC staff worked with marketers, AGL and the state's consumer advocate to come up with a revision, which was then adopted at yesterday's regularly scheduled commission meeting.

The new proposal requires marketers to mail bills within 45 days after receiving me

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Daily Price Survey

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NATIONAL AVERAGE PRICE: $7.640****

Trans. date / Flow date(s)	11/22 11/23-27 Midpoint	11/22 11/23-27 Absolute	11/22 11/23-27 Common
Permian Basin Area			
El Paso	6.225	6.00-45	6.11-34
Northern (Mids 1-6)	6.070	6.03-15	6.04-10
Tex Intras, Waha area	6.240	6.10-60	6.14-34
Transwestern	6.150	5.95-6.23	6.08-22
East Texas-North Louisiana Area			
Carthage Hub tailgate	6.130	6.08-20	6.10-16
Koch (Zones 1&2)	6.000	5.99-6.01	5.99-6.01
Lone Star	6.120	6.10-14	6.11-13
MRT mainline	6.265	6.10-32	6.21-32
MRT west leg	6.190	6.18-22	6.18-20
NGPL TexOk (West)	6.125	6.12-13	6.12-13
NGPL TexOk (East)	6.130	6.06-21	6.09-17
Tennessee, 100 Leg	6.205	6.15-25	6.18-23
Texas Eastern (ETX)	6.120	6.07-18	6.09-15
Texas Gas (entire Z 1)	6.295	6.28-34	6.28-31
East-Houston-Katy			
Houston Ship Channel	6.285	6.19-38	6.24-33
Katy plant tailgate	6.250	6.15-32	6.21-29
Trunkline North	6.200	6.19-21	6.19-21
North-Texas Panhandle			
NGPL (Permian)	5.870	5.86-88	5.86-88
Northern (Mid 10)	5.945	5.91-97	5.93-96
Transwestern	6.150	5.95-6.23	6.08-22
South-Corpus Christi			
Agua Dulce hub	6.135	6.06-28	6.08-19
Florida Gas	6.235	6.15-29	6.20-27
HPL	6.140	6.08-17	6.12-16
Koch (Zone 1)	6.100	6.09-11	6.09-11
NGPL (STX)	6.090	5.98-6.13	6.05-13
Tennessee	6.145	6.05-24	6.10-19
Texas Eastern (STX)	6.080	6.02-17	6.04-12
Transco, St 30	6.210	6.15-27	6.18-24
Trunkline South	6.120	6.09-18	6.10-14
PG&E-GTT	6.050	6.03-07	6.04-06
Louisiana-Onshore South			
ANR	6.185	6.10-24	6.15-22
Columbia	6.265	6.20-34	6.23-30
Columbia, Mainline	6.345	6.27-41	6.31-38
FGT Z1	6.235	6.15-29	6.20-27
FGT Z2	6.285	6.20-34	6.25-32
FGT Z3	6.255	6.16-33	6.21-30
Henry Hub	6.315	6.25-40	6.28-35
Koch (Zones 2&4)	6.175	6.12-22	6.15-20
NGPL (La.)	6.170	6.10-23	6.14-20
Sonat	6.315	6.26-36	6.29-34
Tennessee, 500 Leg	6.200	6.14-29	6.16-24
Tennessee, 800 Leg	6.200	6.14-29	6.16-24
Texas E (WLA)	6.160	6.07-28	6.11-21
Texas E. (ELA)	6.185	6.10-31	6.13-24
Texas Gas SL	6.280	6.22-39	6.24-32
Transco, St. 45	6.270	6.20-38	6.23-31
Transco, St. 65	6.395	6.32-46	6.36-43
Trunkline WLA	6.230	6.10-30	6.18-28
Trunkline ELA	6.140	6.07-22	6.10-18
Oklahoma			
ANR	6.070	5.99-6.22	6.01-13
NGPL (MidconL)	6.025	5.96-6.20	5.96-6.09
Reliant (North/Southern)	6.125	5.99-6.25	6.06-19
Reliant (West)	6.050	5.99-6.10	6.02-08
Northern (Mid 11)	5.985	5.93-99	5.95-98
Williams	6.065	6.00-10	6.04-09
	6.085	5.99-6.22	6.01-12
	6.060	5.99-6.12	6.03-09
New Mexico-San Juan Basin			
El Paso, Bondad	5.890	5.75-6.15	5.79-99
El Paso, non-Bondad	5.885	5.75-6.25	5.76-6.01

continued on next page

NYMEX sets record; cash prices lose footing

The Market

After a record-breaking run early last week, cash prices in some regions paused to catch their breath as Thanksgiving neared. Traders said cash had met some bearish resistance in the form of moderating weather forecasts and a reduced industrial load heading into the long weekend.

The NYMEX Henry Hub contract was having none of that, however. After opening down from Tuesday's settlement, it moved upward the rest of the day. It closed for the day at a record high of $6.577.

The American Gas Assn. storage report, released at the end of trading, may provide a bullish thrust early this week. The report revealed that 94 billion cf was withdrawn the previous week, somewhat more than many traders had predicted. Depending on who was doing the talking, the cash market has either factored in the bullish number, or prices are set for an upward move today.

It was a case of "the bigger they are, the harder they fall," as some of the week's most bullish points took the hardest hits Wednesday. For example, prices at Sumas took a dive of

(continued on page 4)

Oneok unhappy with El Paso allocation plan

You can't please all the people all the time. Complaining that El Paso Natural Gas has failed to comply with a recent FERC directive, Oneok Energy Marketing and Trading has filed a protest against the pipeline's revision of its controversial capacity allocation method.

The marketer also asked that FERC direct El Paso to change the procedures for capacity allocation on its entire system rather than at a single delivery point.

That complaint promises to make it more difficult to resolve a long-running dispute between El Paso and its shippers over how the pipeline allocates primary firm rights. According to shippers and marketers, El Paso has consistently oversold firm primary rights at the Southern California Gas (SoCal) Topock delivery point in excess of capacity, causing frequent prorationing of firm transportation customers (*GD 9/25*).

Despite several technical conferences, the issue eluded settlement. Late last month, however, FERC moved to resolve the dispute, ordering El Paso to file a revised allocation method (*GD 11/26*). The order outlined a new methodology that El Paso and its shippers must implement for reallocating capacity, reducing the firm delivery point capacity that each shipper has, but guaranteeing that a shipper can nominate up to an assigned amount on any day at any

(continued on page 4)

Cross Timbers eyes 15% higher output for 2001

Cross Timbers Oil will use retained earnings to push gas production at least 15% higher in 2001, with the board approving a new exploration and production budget of $200 million.

The producer said it would drill some 245 wells (178 net) and perform approximately 380 workovers and recompletions (271 net) to meet that goal. About half of the budget will be spent in East Texas, with the remainder split between the Arkoma Basin, San Juan Basin, Permian Basin, Alaska and Hugoton Royalty Trust properties. The company will spend some $10 million on exploration.

"Given current commodity markets, we can fund the 2001 capital budget with about one-half of cash flow and target a 15% growth rate for gas production," explained Steffen Palko, vice chairman and president. "With our large inventory of development projects, we have the potential to continue this double-digit growth for several years through internally generated projects. Given the low-risk nature of our development project inventory, our growth rate is highly predictable. This makes us inherently more valuable."

"The theme this year has been to get the shareholders paid," said Bob Simpson, chairman and CEO. "With the stock price up about 300% since March, we've made good progress. But, given the historical success of our exploitation machine and the outright valuation of our re-

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NATIONAL AVERAGE PRICE: $7.420****

Trans. date	11/27	11/27	11/27
Flow date(s)	11/28	11/28	11/28
	Midpoint	Absolute	Common
Permian Basin Area			
El Paso	6.210	6.04-40	6.12-30
Northern (Mids 1-6)	6.080	6.05-14	6.06-10
Tex intras, Waha area	6.230	6.08-45	6.14-32
Transwestern	6.160	5.96-6.28	6.08-24
East Texas-North Louisiana Area			
Carthage Hub tailgate	6.090	5.98-6.14	6.05-13
Koch (Zones 1&2)	5.940	5.93-95	5.93-95
Lone Star	6.050	5.97-6.13	6.01-09
MRT mainline	6.220	6.08-25	6.19-25
MRT west leg	6.180	6.17-20	6.17-19
NGPL TexOk (West)	6.105	6.10-13	6.10-11
NGPL TexOk (East)	6.115	6.08-16	6.09-14
Tennessee, 100 Leg	6.110	6.06-15	6.09-13
Texas Eastern (ETX)	6.000	5.94-6.05	5.97-6.03
Texas Gas (entire Z 1)	6.185	6.16-21	6.17-20
East-Houston-Katy			
Houston Ship Channel	6.210	6.10-90	6.16-26
Waha/plant tailgate	6.185	6.09-28	6.14-23
Trunkline North	6.200	6.19-21	6.19-21
North-Texas Panhandle			
NGPL (Permian)	5.870	5.86-88	5.86-88
Northern (Mid 10)	5.920	5.90-94	5.91-93
Transwestern	6.160	5.96-6.28	6.08-24
South-Corpus Christi			
Agua Dulce hub	6.085	5.97-6.14	6.02-11
Florida Gas	6.140	6.10-18	6.12-16
HPL	6.100	6.01-18	6.06-14
Koch (Zone 1)	6.040	6.03-05	6.03-05
NGPL (STX)	6.025	5.93-6.08	5.99-6.06
Tennessee	6.020	5.90-6.18	5.95-6.09
Texas Eastern (STX)	6.005	5.92-6.09	5.96-6.05
Transco, St 30	6.080	6.04-12	6.06-10
Trunkline South	6.120	6.09-18	6.10-14
PG&E-GTT	6.005	5.96-6.02	5.99-6.02
Louisiana-Onshore South			
ANR	6.130	6.06-18	6.10-16
Columbia	6.220	6.16-32	6.18-26
Columbia, Mainline	6.285	6.20-34	6.25-32
FGT Z1	6.140	6.10-18	6.12-16
FGT Z2	6.200	6.15-27	6.17-23
FGT Z3	6.175	6.09-22	6.14-21
Henry Hub	6.245	6.17-32	6.21-28
Koch (Zones 2&4)	6.105	6.10-12	6.10-11
NGPL (La.)	6.105	5.99-6.18	6.06-15
Sonat	6.215	6.03-29	6.15-28
Tennessee, 500 Leg	6.115	6.00-18	6.07-16
Tennessee, 800 Leg	6.115	6.00-18	6.07-16
Texas E (WLA)	6.085	5.98-6.14	6.02-11
Texas E. (ELA)	6.110	5.99-6.19	6.06-16
Texas Gas SL	6.220	6.17-32	6.18-26
Transco, St 45	6.185	6.11-29	6.14-23
Transco, St. 65	6.275	6.17-38	6.22-33
Trunkline WLA	6.125	6.04-18	6.09-16
Trunkline ELA	6.085	6.02-15	6.05-12
Oklahoma			
ANR	6.055	5.99-6.14	6.02-09
NGPL (Midcont.)	6.000	5.93-6.10	5.96-6.04
Reliant (North/South)	6.090	6.02-18	6.05-13
Reliant (West)	6.020	5.96-6.15	5.97-6.07
Northern (Mid 11)	5.940	5.92-96	5.93-95
[illegible]	6.055	5.98-6.15	6.01-10
[illegible]L	6.080	6.00-15	6.02-10
Williams	6.055	5.99-6.12	6.02-09
New Mexico-San Juan Basin			
El Paso, Bonded	5.875	5.74-98	5.82-93
El Paso, non-Bonded	5.840	5.73-6.18	5.73-95

continued on next page

No quick fix for soaring California gas prices

In the past year, gas prices in most regions have doubled and in some cases tripled. But no region has seen the breadth of the price blowout now under way in the West.

While Henry Hub futures on the NYMEX appear to be leading the way for higher winter prices nationally, most industry professionals are watching in amazement at the fundamentals-driven price surge centered in the Pacific Northwest and California.

The cost of gas in Southern California has been skyrocketing. Prices last week started trading in the $7-$7.50 range and by Wednesday were trading $14-$18.

The cost of gas entering into the Northwest region of California via the N.W. Sumas, PG&E Citygate, and Malin interconnections also soared to incredible heights, some pricing nearing $20/mmBtu.

The most obvious cause of the dramatic escalation is scarcity of gas. The bullish fundamentals in California include heavier-than-normal heating loads due to uncommonly cold temperatures, planned and unplanned nuclear plant outages that substantially increased demand for gas-generated power, depletion of storage in Southern California and transmission con-

(continued on page 8)

Fundamentals prove a drag to cash market

The Market

Snuffed traders returned from the holiday weekend to face moderating weather conditions that curtailed load demand in many parts of the country. While cash midpoints slipped relative to where they were last week, it was primarily at the high end of the price ranges that the market got winded. As a result, most points traded in a narrower range than traders have been seeing lately.

The Texas market was particularly hard hit by the warming trend, a source said. "The utilities just shut it down." Katy Tailgate and the Houston Ship Channel both saw price falls of well over a nickel. There was much more volatility in the Gulf yesterday, another trader said. "When the screen started going up, cash wasn't following that quickly. Later, prices jumped, but I'm not sure why."

Cash prices in the Gulf and Northeast were weak relative to the December contract, another trader reported. Cashouts were hurting the cash market, he said, adding that moderating weather conditions didn't help matters for sellers. "Most of the traders I talked to were primarily interested in intra-day deals, and we were trying to make some rest-of-the-month trades."

"The [Northeast] market area gave it up first and pushed prices back closer to the Gulf," said one source. "This was a true fundamentally driven cash market." A northeastern trader

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Sunset report calls for more TRC regulation

In a study of the Texas Railroad Commission (TRC), the Texas Sunset Advisory Commission called on the agency to revamp its procedures for ensuring that the intrastate pipelines under its jurisdiction are safe and abandoned oil and gas wells are plugged.

In a staff report released Nov. 17, the Sunset Commission, which examines state agencies to see if they are continuing to provide a worthwhile service, said the TRC performs a valuable regulatory function and recommended that the state legislature continue its operation for the next 12 years.

The report called for beefing up the TRC's authority over the approximately 157,000 miles of intrastate natural gas, hazardous liquids and crude oil pipelines in Texas. "The commission does not have a consistent process for gathering information on pipeline system integrity and using special investigations to help bring pipelines, which may have safety risks, under jurisdiction," the report said.

It also found that TRC does not have a consistent structure for using administrative penalties for the enforcement of pipeline safety regulations.

TRC Commissioner Charles Matthews said he disagreed with the Sunset Commission

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Daily Price Survey

Listed in the left column are the midpoints of the daily ranges for the most common prices, paid in $/mmBtu of a typical volume of 5 thousand mmBtu. The middle column shows absolute low-high prices for transactions reported on the date at the top of the column; the third column shows that day's ranges for the most common prices. The prices are generally for gas flowing today; weekends are usually priced using data collected Friday. Ranges are for deals done before nomination deadlines. Bold face indicates the price range is based on data reported the previous day. Plain type indicates insufficient data to reconfirm or change the previous range. The common range is built around the volume weighted average and the midpoint is calculated for the common range. Data in this table is Copyright 2000 by FT Energy.

NATIONAL AVERAGE PRICE: $7.410****

Trans. date	11/28	11/28	11/28
Flow date(s)	11/29	11/29	11/29
	Midpoint	Absolute	Common
Permian Basin Area			
El Paso	5.790	5.52-6.03	5.66-92
Northern (Mids 1-6)	5.640	5.58-74	5.60-68
Tex Intras, Waha area	5.820	5.64-6.15	5.69-95
Transwestern	5.675	5.59-72	5.64-71
East Texas-North Louisiana Area			
Carthage Hub tailgate	5.700	5.65-86	5.65-75
Koch (Zones 1&2)	5.610	5.60-62	5.60-62
Lone Star	5.745	5.67-82	5.71-78
MRT mainline	5.900	5.80-92	5.88-92
MRT west leg	5.805	5.80-83	5.80-81
NGPL TexOk (West)	5.815	5.79-82	5.81-82
NGPL TexOk (East)	5.780	5.68-93	5.72-84
Tennessee, 100 Leg	5.795	5.77-82	5.78-81
Texas Eastern (ETX)	5.685	5.59-72	5.63-70
Texas Gas (entire Z 1)	5.920	5.82-6.01	5.87-97
East-Houston-Katy			
Houston Ship Channel	5.830	5.73-6.00	5.76-90
Katy plant tailgate	5.795	5.70-87	5.73-86
Trunkline North	5.770	5.76-78	5.76-78
North-Texas Panhandle			
NGPL (Permian)	5.580	5.55-57	5.55-57
Northern (Mid 10)	5.560	5.54-58	5.55-57
Transwestern	5.675	5.59-72	5.64-71
South-Corpus Christi			
Agua Dulce hub	5.700	5.61-90	5.63-77
Florida Gas	5.825	5.78-88	5.80-85
HPL	5.700	5.64-85	5.65-75
Koch (Zone 1)	5.710	5.70-72	5.70-72
NGPL (STX)	5.690	5.62-75	5.66-72
Tennessee	5.720	5.64-92	5.65-79
Texas Eastern (STX)	5.670	5.59-78	5.62-72
Transco, St 30	5.780	5.70-95	5.72-84
Trunkline South	5.760	5.75-77	5.75-77
PG&E-GTT	5.570	5.55-59	5.56-58
Louisiana-Onshore South			
ANR	5.835	5.72-99	5.77-90
Columbia	5.890	5.80-6.04	5.83-95
Columbia, Mainline	5.955	5.87-6.09	5.90-6.01
FGT Z1	5.825	5.78-88	5.80-85
FGT Z2	5.900	5.83-6.06	5.84-96
FGT Z3	5.830	5.77-89	5.80-86
Henry Hub	5.925	5.82-6.15	5.84-6.01
Koch (Zones 2&4)	5.770	5.74-78	5.76-78
NGPL (La.)	5.800	5.68-99	5.72-88
Sonat	5.920	5.85-6.05	5.87-97
Tennessee, 500 Leg	5.805	5.72-98	5.74-87
Tennessee, 800 Leg	5.810	5.70-98	5.74-88
Texas E. (WLA)	5.715	5.60-86	5.65-78
Texas E. (ELA)	5.765	5.68-87	5.72-81
Texas Gas SL	5.900	5.80-6.12	5.82-98
Transco, St 45	5.870	5.78-6.02	5.81-93
Transco, St. 65	5.975	5.92-6.10	5.93-6.02
Trunkline WLA	5.845	5.81-87	5.83-86
Trunkline ELA	5.805	5.69-92	5.75-88
Oklahoma			
ANR	5.755	5.71-82	5.73-78
NGPL (Midcont)	5.710	5.65-82	5.67-75
Reliant (North/South)	5.775	5.69-83	5.74-81
Reliant (West)	5.695	5.65-78	5.66-73
Northern (Mid 11)	5.620	5.56-76	5.57-67
[illegible]T	5.765	5.66-83	5.72-81
[illegible]PL	5.775	5.69-86	5.73-82
[illegible]illiams	5.780	5.69-86	5.74-82
New Mexico-San Juan Basin			
El Paso, Bondad	5.575	5.48-65	5.53-62
El Paso, non-Bondad	5.560	5.10-81	5.38-74

continued on next page

High-flying cash market hits some turbulence

The Market

Cash prices lost some altitude yesterday as mild-to-moderate weather in most regions combined with a falling NYMEX contract to take some of the edge off the market. And as the sun set on the year's last NYMEX futures contract, December closed about 30¢ down from the previous day's settlement.

Compared to the bullish sentiment seen in cash prices recently, it would be tempting to characterize yesterday's market as bearish. But a look at prices from a year ago clearly shows otherwise.

For example, yesterday's cash price midpoints for the Chicago citygates and Henry Hub were near the $6 mark and a few cents back, respectively. A year ago, Chicago averaged just under $2.20, and the Hub came in about a nickel back.

Much greater disparities can be found at selected points in the West and the Rockies. Yesterday's Malin midpoint of nearly $15 was several times the $2.30 midpoint at Malin one year ago, and Southern California border figures are similar.

Perhaps Sumas had the greatest disparity between current prices and prices from a year

(continued on page 6)

EIA says economic growth looks good for gas

The Energy Information Administration's (EIA) new estimates of U.S. economic growth between 1999 and 2020 have dramatically increased from previous forecasts, supporting a much higher growth rate for energy demand. That, in turn, promises good things for the gas industry.

In its reference case forecasts of the "Annual Energy Outlook 2001," released yesterday, the EIA forecasts long-term economic growth to average 3% per year for the period of 1999 to 2020, compared to the agency's prediction of a 2.1% annual growth rate last year. Although this increase is partly due to statistical and definitional changes in the National Income and Product Accounts, this year's projections also reflect a more optimistic view of the economy, EIA noted.

Driven by this higher projected growth, the report indicates that energy demand over the 20-year forecast period will grow at an average annual rate of 1.3% per year. Higher projected growth generates higher predictions for industrial output, housing starts, commercial floor space and disposable income, all of which tend to push up energy consumption, EIA explained.

Gas, total demand for which the EIA predicts will grow 62% over the next two decades, represents a significant chunk of the energy industry's growth. Demand for gas should grow

(continued on page 5)

Bilas draft cautious toward SoCal competition

Mindful of the current chaos over energy markets in the state, California Public Utilities Commissioner Richard Bilas has recommended the adoption of a much more moderate approach to promoting competition on Southern California Gas' (SoCal) system.

In his draft decision, Bilas advised the commission to reject the unbundling of intrastate transmission and instead approve the first settlement filed in the case, the less far-reaching Interim Settlement (IS), submitted in December 1999. SoCal, San Diego Gas and Electric and other parties filed two more settlements after the IS, reaching a comprehensive agreement in April this year.

But since then, gas and power prices skyrocketed in the state, prompting a consumer backlash and giving competition a bad name. The draft language notes that the first interim settlement was supported by more customer groups than the later agreements.

Recent events "lead us to conclude that the centerpiece of this investigation, the unbundling of intrastate transmission and the implementation of a system of firm, tradable intrastate transmission rights, should be delayed," according to the draft order. "This unbundling is the basis of the [comprehensive settlement] and we cannot approve it. We do not, however, wish to commit to

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Daily Price Survey

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NATIONAL AVERAGE PRICE: $7.656****

Trans. date	11/29	11/29	11/29
Flow date(s)	11/30	11/30	11/30
	Midpoint	Absolute	Common
Permian Basin Area			
El Paso	5.775	5.60-6.50	5.60-95
Northern (Mids 1-6)	5.740	5.70-78	5.72-76
Tex mtras, Waha area	5.845	5.68-6.50	5.68-6.01
Transwestern	5.670	5.63-70	5.65-69
East Texas-North Louisiana Area			
Carthage Hub tailgate	5.780	5.65-85	5.73-83
Koch (Zones 1&2)	5.650	5.64-66	5.64-66
Lone Star	5.645	5.61-67	5.63-66
MRT mainline	5.945	5.82-97	5.92-97
MRT west leg	5.835	5.83-86	5.83-84
NGPL TexOk (West)	5.825	5.82-83	5.82-83
NGPL TexOk (East)	5.805	5.75-89	5.77-84
Tennessee, 100 Leg	5.810	5.80-82	5.80-82
Texas Eastern (ETX)	5.705	5.69-78	5.69-72
Texas Gas (entire Z 1)	5.925	5.87-98	5.90-95
East-Houston-Katy			
Houston Ship Channel	5.875	5.77-6.03	5.91-94
Katy plant tailgate	5.840	5.75-99	5.78-80
Trunkline North	5.770	5.76-78	5.76-78
North-Texas Panhandle			
NGPL (Permian)	5.560	5.55-57	5.55-57
Northern (Mid 10)	5.610	5.59-63	5.60-62
Transwestern	5.670	5.63-70	5.65-69
South-Corpus Christi			
Agua Dulce hub	5.765	5.65-86	5.71-82
Florida Gas	5.875	5.84-94	5.85-90
HPL	5.755	5.70-88	5.71-80
Koch (Zone 1)	5.750	5.74-76	5.74-76
NGPL (STX)	5.740	5.65-80	5.70-78
Tennessee	5.735	5.65-88	5.68-79
Texas Eastern (STX)	5.695	5.59-80	5.64-75
Transco, St 30	5.775	5.65-86	5.72-83
Trunkline South	5.760	5.75-77	5.75-77
PG&E-GTT	5.630	5.60-65	5.62-64
Louisiana-Onshore South			
ANR	5.835	5.75-6.05	5.76-91
Columbia	5.920	5.85-6.05	5.87-97
Columbia, Mainline	6.015	5.93-6.28	5.93-6.10
FGT Z1	5.875	5.84-94	5.85-90
FGT Z2	5.925	5.86-6.12	5.86-99
FGT Z3	5.875	5.81-95	5.84-91
Henry Hub	5.950	5.84-6.15	5.87-6.03
Koch (Zones 2&4)	5.810	5.76-84	5.79-83
NGPL (La.)	5.810	5.68-92	5.75-87
Sonat	5.945	5.88-6.07	5.89-6.00
Tennessee, 500 Leg	5.825	5.75-94	5.78-87
Tennessee, 800 Leg	5.830	5.76-95	5.78-88
Texas E (WLA)	5.770	5.62-88	5.71-83
Texas E. (ELA)	5.805	5.72-97	5.74-87
Texas Gas SL	5.925	5.86-6.08	5.87-98
Transco, St. 45	5.880	5.75-99	5.82-94
Transco, St. 65	5.975	5.90-6.09	5.93-6.02
Trunkline WLA	5.860	5.82-90	5.84-88
Trunkline ELA	5.800	5.75-84	5.78-82
Oklahoma			
ANR	5.790	5.68-93	5.73-85
NGPL (Midcont.)	5.740	5.63-91	5.67-81
Reliant (North/South)	5.780	5.72-83	5.75-81
Reliant (West)	5.715	5.68-81	5.68-75
Northern (Mid 11)	5.630	5.61-65	5.62-64
ONEOK	5.780	5.71-92	5.73-83
PEPL	5.795	5.70-91	5.74-85
Williams	5.805	5.71-93	5.75-86
New Mexico-San Juan Basin			
El Paso, Bondad	5.660	5.55-90	5.57-75
El Paso, non-Bondad	5.675	5.45-99	5.54-81

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Enron's Skilling advises majors to be less static

Over the next several years, major integrated oil and gas companies likely will break up into smaller companies in order to capture the most value for their shares, Enron President and Chief Operating Officer Jeff Skilling said yesterday.

Skilling, speaking at the Arthur Andersen Energy Symposium in Houston, said the growth of instantaneous communications available through the Internet and the restructuring of energy companies across the world promises dramatic change for the traditional vertically integrated business entities.

"Integration costs are plummeting. The whole rationale for vertical integration is disappearing," he said.

Skilling pointed to Enron's evolution over the past decade from an asset-intensive gas

(continued on page 6)

NGPL teams with Dynegy in expansion project

Spurred on by demand in the metropolitan St. Louis region, Natural Gas Pipeline of America (NGPL) has plans to extend its system from Centralia, Ill. The project is founded on a series of long-term transportation and storage contracts with Dynegy Marketing and Trade.

According to NGPL parent Kinder Morgan, the pipeline would link the existing NGPL system with Illinois Power's gas distribution system in the east St. Louis market. NGPL anticipates the 47-mile line would have a capacity of 300,000 dth/d.

NGPL is targeting a June 2002 in-service date to coincide with the start of a 10-year agreement with Dynegy to provide 90,000 dth/d through the new pipeline. In addition to volumes flowing through the new pipeline, Dynegy has also sealed a deal to secure another 98,000

(continued on page 6)

Cash takes stormy ride; NYMEX see-saws

In what one trader described as "quite a choppy ride," cash prices started trading yesterday close to where they left off the previous day but moved up late in trading in pursuit of a January NYMEX futures contract that was making some bullish moves until falling hard late.

The Market

If the December futures contract went out like a lamb, the January contract came in like the proverbial lion, recouping what it lost the previous day, and then some. Inexplicably, though, it made an about-face, and promptly lost its hard-fought gain.

Almost overlooked in all the excitement was the release of the weekly American Gas Assn. (AGA) storage report. This week's report revealed that a bullish 146 billion cf of gas was withdrawn from storage last week, more than many traders had anticipated.

A Gulf Coast trader attributed strengthening in the cash market to the NYMEX contract

(continued on page 5)

MMS eyes gas to alleviate predicted 'shortages'

The Minerals Management Service (MMS) unveiled several initiatives yesterday, including royalty relief measures and drilling incentives, in an effort to boost domestic production of oil and gas between 2004 and 2006.

The proposals are for Sale 178, the next offshore oil and gas lease sale for the central Gulf of Mexico, scheduled for March 28, 2001. The sale, which will encompass 4,366 available blocks offshore Louisiana, Mississippi and Alabama, will cover about 23 million acres.

MMS has proposed two incentives directed specifically at gas production in efforts to alleviate a predicted shortage of the commodity. MMS Director Walt Rosenbusch pointed out that "there are predictions of serious shortages of natural gas this winter, including the northeast U.S."

The first proposal would provide royalty suspension for the first 20 billion cf of produc

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Daily Price Survey

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NATIONAL AVERAGE PRICE: $8.025

Trans. date / Flow date(s)	11/30 12/1 Midpoint	11/30 12/1 Absolute	11/30 12/1 Common
Permian Basin Area			
El Paso	6.210	6.06-50	6.10-32
Northern (Mids 1-8)	6.155	6.10-24	6.12-19
Tex Intras, Waha area	6.250	6.10-50	6.15-35
Transwestern	6.210	6.12-25	6.18-24
East Texas-North Louisiana Area			
Carthage Hub tailgate	6.175	6.13-22	6.15-20
Koch (Zones 1&2)	6.000	5.99-6.01	5.99-6.01
Lone Star	6.030	6.02-04	6.02-04
MRT mainline	6.315	6.23-33	6.30-33
MRT west leg	6.270	6.18-29	6.25-29
NGPL TexOk (West)	6.210	6.20-22	6.20-22
NGPL TexOk (East)	6.205	6.15-24	6.18-23
Tennessee, 100 Leg	6.190	6.17-21	6.18-20
Texas Eastern (ETX)	6.020	6.00-20	6.00-04
Texas Gas (entire Z 1)	6.290	6.24-35	6.26-32
East-Houston-Katy			
Houston Ship Channel	6.265	6.19-33	6.23-30
Katy plant tailgate	6.240	6.19-30	6.21-27
Trunkline North	6.205	6.10-28	6.16-25
North-Texas Panhandle			
NGPL (Permian)	5.980	5.97-99	5.97-99
Northern (Mid 10)	5.995	5.96-6.02	5.98-6.01
Transwestern	6.210	6.12-26	6.18-24
South-Corpus Christi			
Agua Dulce hub	6.150	6.05-24	6.10-20
Florida Gas	6.245	6.20-30	6.22-27
HPL	6.175	6.07-21	6.14-21
Koch (Zone 1)	6.100	6.09-11	6.09-11
NGPL (STX)	6.120	6.06-18	6.09-15
Tennessee	6.130	6.05-20	6.09-17
Texas Eastern (STX)	6.075	5.97-6.16	6.03-12
Transco, St 30	6.230	6.12-32	6.18-28
Trunkline South	6.155	6.10-16	6.15-16
PG&E-GTT	6.020	6.01-03	6.01-03
Louisiana-Onshore South			
ANR	6.220	6.10-30	6.17-27
Columbia	6.280	6.21-38	6.24-32
Columbia, Mainline	6.350	6.28-45	6.31-39
FGT Z1	6.245	6.20-30	6.22-27
FGT Z2	6.280	6.23-35	6.25-31
FGT Z3	6.265	6.20-30	6.24-29
Henry Hub	6.310	6.21-44	6.25-37
Koch (Zones 2&4)	6.160	6.14-22	6.14-18
NGPL (La.)	6.205	6.14-27	6.17-24
Sonat	6.305	6.23-40	6.26-35
Tennessee, 500 Leg	6.185	6.07-28	6.13-24
Tennessee, 800 Leg	6.190	6.09-28	6.14-24
Texas E. (WLA)	6.130	6.03-35	6.05-21
Texas E. (ELA)	6.195	6.10-31	6.14-25
Texas Gas SL	6.285	6.10-40	6.21-36
Transco, St. 45	6.270	6.19-36	6.23-31
Transco, St. 65	6.365	6.25-48	6.31-42
Trunkline WLA	6.220	6.16-28	6.19-25
Trunkline ELA	6.210	6.15-27	6.18-24
Oklahoma			
ANR	6.185	6.12-25	6.15-22
NGPL (Midcont.)	6.165	6.10-25	6.13-20
Reliant (North/South)	6.180	6.12-27	6.14-22
Reliant (West)	6.130	6.07-22	6.09-17
Northern (Mid 11)	6.015	5.98-6.04	6.00-03
ST	6.185	6.12-25	6.15-22
PL	6.175	6.11-25	6.14-21
Williams	6.185	6.11-25	6.15-22
New Mexico-San Juan Basin			
El Paso, Bonded	6.185	6.07-24	6.14-23
El Paso, non-Bonded	6.165	6.02-28	6.10-23

continued on next page

Price gyrations play havoc with hedging

Special Report

Gas markets this year have encountered significant growth in gas prices and high price volatility along with market blowouts on a scale never seen before.

The numbers speak for themselves (*see page 9*). But there were some important exceptions, including the relationship between Chicago and Henry Hub prices, which remained as strong as ever due to the availability of ample pipeline capacity to move gas between these locations.

Markets became disconnected starting in the spring in the Rockies due largely to a limited capability to move additional gas from producing areas to regions relatively short on supplies. In particular, such major markets as the Kern River Gas Transmission Opal plant in Wyoming and California markets became disconnected from each other and the Henry Hub market. A similar disconnect occurred between San Juan Basin and other markets.

Earlier in the year, the Transco Zone 6 New York market became disconnected from the Henry Hub market when a sudden increase in demand caused by a sudden drop in temperature

(continued on page 9)

Stunning cash and contract duet top charts

The Market

After grumbling that the first trading day of the January NYMEX contract ended on a dismal note, sellers were singing a different tune Thursday as cash prices tried to catch the rocketing contract. The futures-driven price surge proved to be music to the ears of marketers as bid week ended in a crescendo, producing some of the highest prices seen so far this winter.

A day after the American Gas Assn. reported a Thanksgiving week withdrawal of 146 billion cf, traders decided that the storage report had injected some bullish sentiment into the market. The near-month contract leaped out of the blocks and never looked back, quickly reaching near-record numbers.

Traders noted few changes in the weather scene, eliminating that fundamental as a possible explanation for the market surge. Most said they were puzzled at the double reverse they had witnessed between late Wednesday, when the contract suddenly lost altitude, and early Thursday, when it soared.

While no one can say with certainty how the weather this winter will compare to that of a year ago, traders do know they have fewer molecules in storage to work with. Total working gas is currently 2,502 billion cf; a year ago, there was 2,996 billion cf in the ground.

Traders in the Gulf Coast and the Midcontinent reported prices about 30¢ to 40¢ above

(continued on page 8)

Alliance impact on pricing remains uncertain

Alliance Pipeline's Jay Godfrey says only one thing can stand in the way of today's long-anticipated commercial service launch for the new pipe: "nuclear war." Barring that, all systems are go on the new pipe, which will bring an abundance of gas from Canada to the United States. What affect the 1.3 billion cfd pipe may have on U.S. pricing remains to be seen, however.

"I don't know if it will have a big impact on pricing," said Ron Denhardt, vice president of natural gas at WEFA Energy Group. "Gas consumption is up, but production is down in the Midcontinent, so in some sense Alliance is filling a gap."

The new pipeline terminates at the Aux Sable facility in Illinois, where the gas liquids will be extracted prior to distribution of the gas. Alliance will serve the ANR Pipeline, Midwestern Gas Transmission, Vector Pipeline and Natural Gas Pipeline of America, as well as two local distribution companies in Chicago.

Alliance's relationship with Vector, scheduled to launch the same day as Alliance, is crucial to both pipelines. Enbridge, lead partner for the Vector project, is also an investor in the Alliance project, as are Fort Chicago Energy Partners, Coastal, Williams and

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Gas Daily®

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Attn: John Hack
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Daily Price Survey

Listed in the left column are the midpoints of the daily ranges for the most common prices, paid in $/mmBtu of a typical volume of 5 thousand mmBtu. The middle column shows absolute low-high prices for transactions reported on the date at the top of the column, the third column shows that day's ranges for the most common prices. The prices are generally for gas flowing today; weekends are usually priced using data collected Friday. Ranges are for deals done before nomination deadlines. Boldface indicates the price range is based on data reported the previous day. Plain type indicates insufficient data to reconfirm or change the previous range. The common range is built around the volume weighted average and the midpoint is calculated for the common range. Data in this table is Copyright 2000 by FT Energy.

NATIONAL AVERAGE PRICE: $8.005***

Trans. date	12/1	12/1	12/1
Flow date(s)	12/2-4	12/2-4	12/2-4
	Midpoint	Absolute	Common
Permian Basin Area			
El Paso	6.490	6.36-65	6.42-58
Northern (Mids 1-6)	6.395	6.35-48	6.36-43
Tex Intras, Waha area	6.515	6.40-75	6.43-60
Transwestern	6.530	6.48-61	6.50-56
East Texas-North Louisiana Area			
Carthage Hub tailgate	6.430	6.39-46	6.41-45
Koch (Zones 1&2)	6.300	6.29-31	6.29-31
Lone Star	6.340	6.30-38	6.32-36
MRT mainline	6.580	6.45-61	6.55-61
MRT west leg	6.530	6.49-56	6.51-55
NGPL TexOk (West)	6.470	6.46-49	6.46-48
NGPL TexOk (East)	6.440	6.33-56	6.38-50
Tennessee, 100 Leg	6.400	6.35-42	6.38-42
Texas Eastern (ETX)	6.275	6.20-30	6.25-30
Texas Gas (entire Z 1)	6.585	6.45-63	6.54-63
East-Houston-Katy			
Houston Ship Channel	6.595	6.42-68	6.47-60
Katy plant tailgate	6.525	6.40-67	6.46-59
Trunkline North	6.450	6.44-46	6.44-46
North-Texas Panhandle			
NGPL (Permian)	6.240	6.23-25	6.23-25
Northern (Mid 10)	6.220	6.18-26	6.20-24
Transwestern	6.530	6.48-61	6.50-56
South-Corpus Christi			
Agua Dulce hub	6.385	6.29-51	6.33-44
Florida Gas	6.490	6.40-55	6.45-53
HPL	6.380	6.28-47	6.33-49
Koch (Zone 1)	6.400	6.39-41	6.39-41
NGPL (STX)	6.390	6.30-45	6.35-43
Tennessee	6.335	6.28-50	6.28-39
Texas Eastern (STX)	6.240	6.17-36	6.19-29
Transco, St 30	6.470	6.37-60	6.41-53
Trunkline South	6.480	6.41-52	6.45-51
PG&E-GTT	6.280	6.25-30	6.27-29
Louisiana-Onshore South			
ANR	6.480	6.40-61	6.43-53
Columbia	6.545	6.43-70	6.48-61
Columbia, Mainline	6.620	6.52-76	6.56-68
FGT Z1	6.490	6.40-55	6.45-53
FGT Z2	6.555	6.44-67	6.50-61
FGT Z3	6.520	6.40-56	6.48-56
Henry Hub	6.595	6.48-73	6.53-66
Koch (Zones 2&4)	6.385	6.36-45	6.36-41
NGPL (La.)	6.465	6.35-60	6.40-53
Sonat	6.590	6.48-67	6.54-64
Tennessee, 500 Leg	6.385	6.22-56	6.30-47
Tennessee, 800 Leg	6.425	6.36-58	6.37-48
Texas E. (WLA)	6.380	6.22-48	6.32-44
Texas E. (ELA)	6.405	6.34-52	6.36-45
Texas Gas SL	6.550	6.45-69	6.49-61
Transco, St. 45	6.505	6.39-66	6.44-57
Transco, St. 65	6.625	6.44-73	6.55-70
Trunkline WLA	6.480	6.40-60	6.43-53
Trunkline ELA	6.445	6.30-60	6.37-52
Oklahoma			
ANR	6.420	6.30-54	6.36-49
NGPL (Midcont.)	6.420	6.32-52	6.37-47
Reliant (North/South)	6.420	6.35-66	6.35-49
Reliant (West)	6.370	6.32-52	6.32-42
Northern (Mid 11)	6.240	6.20-28	6.22-26
OKT	6.410	6.34-55	6.36-46
OGPL	6.445	6.35-54	6.40-49
Williams	6.425	6.32-55	6.37-48
New Mexico-San Juan Basin			
El Paso, Bondad	6.400	6.32-49	6.36-44
El Paso, non-Bondad	6.400	6.30-50	6.35-45

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Weekend no Kryptonite to super market

The Market

A day after it donned a cape and masqueraded as Superman, one might have expected the market to mail in Friday's performance. Perish the thought. Even with the upcoming weekend dictating a reduced industrial and commercial load, cash prices flexed their muscles and leaped over the previous day's figures in a single bound.

Although a few points, like Sumas and Stanfield, managed to buck the trend and soften some, most other points strengthened, sometimes by a substantial amount.

The NYMEX futures contract for January provided a source of strength for prices as the contract, opening strong and trading high throughout the trading day. "The Gulf was strong, especially early. There was quite a spread between the Gulf and market areas, with the Gulf on the high side compared to where the market areas ended up," one trader said.

In the West, there was a threat of an operational flow order over the weekend for Pacific Gas & Electric (PG&E) for low inventory, but it didn't happen, a source said. "They probably think they can ride their linepack through because of the weekend."

Maybe it worked, because PG&E citygate didn't move much Friday, staying just about flat

(continued on page 6)

AGA to emphasize 'national branding' in 2001

Getting the word out to retail customers about the appeal of natural gas is one of the top priorities in 2001 for the American Gas Assn. (AGA). Speaking to reporters Friday in Washington, D.C., incoming AGA Chairman Nick Rose, president and CEO of Salt Lake City-based Questar Gas, described how the association has created a vehicle to spread the message.

AGA has set up a voluntary advertising program that allows interested members to contribute to a print, radio and television advertising campaign to boost the natural gas brand. More than 30 members have already expressed an interest in the program. "The greater the membership in this program, the better the economies of scale, which will result in first-rate brand advertising that members can adapt to their local needs at a fraction of the cost of going it alone," Rose said.

Using its long-time advertising firm, New York City-based Brouillard Communications, as well as the findings of marketing study conducted by Wirthlin, a McLean, Va., consultancy, AGA will once again emphasize the marketing of natural gas on a national level. Rose alluded to AGA's contentious decision in the mid-1990s to eliminate its national brand-image advertising campaign.

At a recent executive conference in Florida, AGA received a clear mandate from its membership about a pursuing a new marketing push, Rose explained. "From now on, AGA's marketing role will be to help ensure there's a national brand image for natural gas as well as to work hand in hand with AGA's advocacy group in dealing with those national issues that have

(continued on page 6)

Wyoming producer works with trails groups

Camouflage paint and netting may be some of the unexpected line items in the budget for Wolverine Gas & Oil's bid to explore for coalbed methane reserves in a pristine area of southwestern Wyoming.

The area in which Wolverine, now part of Dominion, owns lease interests and wishes to sink five exploratory wells is close to the historic Oregon Trail. Not only close to the trail, but in one of the last remaining areas of the trail virtually undisturbed since pioneers traversed the area in the mid-1800s.

It isn't so much the initial wells that preservationists such as the Oregon-California Trails Assn. are worried about, but what might come later if the area is found to be a significant play: new roads and pipelines.

The area in question is near the South Pass — the midpoint of the Oregon Trail. The land and its mineral interests are managed by the Bureau of Land Management.

"We're working as closely as we can with the company, the trails association and the state historic preservation officer," noted BLM spokesman Mike Brown. "The concern here is the

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Daily Price Survey

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NATIONAL AVERAGE PRICE: $9.120****

Trans. date Flow date(s)	12/4 12/5	12/4 12/5	12/4 12/5
	Midpoint	Absolute	Common
Permian Basin Area			
El Paso (Mids 1-8)	7.290	7.10-70	7.14-44
Northern	7.235	7.20-33	7.20-27
Tex Intras, Waha area	7.340	7.15-70	7.20-48
Transwestern	7.275	7.05-42	7.18-37
East Texas-North Louisiana Area			
Carthage Hub tailgate	7.200	7.11-47	7.11-29
Koch (Zones 1&2)	7.160	7.15-17	7.15-17
Lone Star	7.060	7.04-08	7.05-07
MRT mainline	7.360	7.15-40	7.32-40
MRT west leg	7.240	7.23-32	7.23-25
NGPL TexOk (West)	7.380	7.37-39	7.37-39
NGPL TexOk (East)	7.330	6.99-7.76	7.14-52
Tennessee, 100 Leg	7.325	7.05-60	7.19-46
Texas Eastern (ETX)	7.330	6.99-7.52	7.20-46
Texas Gas (entire Z 1)	7.350	7.15-55	7.25-45
East-Houston-Katy			
Houston Ship Channel	7.350	7.12-65	7.22-48
Katy plant tailgate	7.315	7.12-56	7.21-42
Trunkline North	7.320	7.31-55	7.31-33
North-Texas Panhandle			
NGPL (Permian)	6.240	6.23-25	6.23-25
Northern (Mid 10)	7.250	7.14-42	7.18-32
Transwestern	7.275	7.05-42	7.18-37
South-Corpus Christi			
Agua Dulce hub	7.305	7.01-51	7.18-43
Florida Gas	7.325	7.11-53	7.22-43
HPL	7.290	7.00-81	7.09-49
Koch (Zone 1)	7.260	7.25-27	7.25-27
NGPL (STX)	7.235	6.93-7.70	7.04-43
Tennessee	7.215	6.79-7.81	6.96-7.47
Texas Eastern (STX)	7.200	6.90-7.65	7.01-39
Transco, St 30	7.475	7.10-75	7.31-64
Trunkline South	7.395	7.15-8.00	7.18-61
PG&E-GTT	7.160	7.14-19	7.15-17
Louisiana-Onshore South			
ANR	7.325	7.05-95	7.10-55
Columbia	7.420	7.10-94	7.21-63
Columbia, Mainline	7.560	6.85-8.00	7.27-85
FGT Z1	7.325	7.11-53	7.22-43
FGT Z2	7.470	7.18-94	7.28-66
FGT Z3	7.315	7.12-51	7.22-41
Henry Hub	7.485	6.99-8.00	7.23-74
Koch (Zones 2&4)	7.300	7.10-38	7.23-37
NGPL (La.)	7.295	7.03-85	7.09-50
Sonat	7.480	7.15-70	7.34-62
Tennessee, 500 Leg	7.310	7.02-83	7.11-51
Tennessee, 800 Leg	7.350	7.00-81	7.15-55
Texas E. (WLA)	7.320	7.00-75	7.13-51
Texas E. (ELA)	7.355	7.01-80	7.16-55
Texas Gas SL	7.450	7.10-94	7.24-66
Transco, St. 45	7.480	7.19-80	7.33-63
Transco, St. 65	7.555	7.15-93	7.36-75
Trunkline WLA	7.405	7.20-75	7.27-54
Trunkline ELA	7.315	7.00-85	7.08-55
Oklahoma			
ANR	7.260	7.01-72	7.08-44
NGPL (MidcontL)	7.330	6.98-7.74	7.14-52
Reliant (North/South)	7.230	7.05-60	7.09-37
Reliant (West)	7.205	7.00-33	7.12-29
Northern (Mid 11)	7.225	7.17-27	7.20-25
OGT	7.265	7.00-70	7.09-44
PEPL	7.285	7.01-70	7.11-46
Williams	7.290	7.02-70	7.12-46
New Mexico-San Juan Basin			
El Paso, Bondad	7.320	7.03-50	7.20-44
El Paso, non-Bondad	7.225	7.02-65	7.07-38

continued on next page

Futures skyrockets; California jumps over $23

The Market

Cash prices skyrocketed yesterday after the NYMEX futures contract entered a new dimension in Access trading late Sunday evening.

With cold temperatures in most of the country and snowfall in the Midcontinent, demand across the nation boosted prices anywhere from a $1.50 in the Northeast to $5 at Sumas, Wash.

It may still be autumn, but winter's arrived as far as temperatures are concerned. Forecasts for single-digit temperatures in the market areas today made it unlikely that citygate prices would moderate in the immediate future, sources said.

"It was crazy," a Gulf Coast trader said as the January contract exercised its legs and ran

(continued on page 6)

Md. marketers fight battle against high prices

High gas costs may be taking their toll in Maryland, where marketers are struggling to keep up their role of providing gas at competitive prices. Marketers in the state have dealt with the strong prices through several means, including filing for bankruptcy, terminating customer accounts and putting a hold on any new accounts.

Without warning, AGF Direct Sales & Servicing last month filed for bankruptcy and said it would drop its 2,000 Maryland customer accounts, said Robert Harris of the Maryland Public Service Commission (PSC). Under AGF's contract, the marketer was supposed to notify its customers 30 days prior to contract terminations, but that did not happen, Harris said

Attempts to reach officials with AGF Direct were unsuccessful.

Maryland's choice program has a default system that serves as "a safety net," under which suddenly abandoned customer accounts automatically go back to the incumbent utility, Harris

(continued on page 6)

Utility dismissive of Columbia interactive plan

A New York utility company is critical of a proposal by Columbia Gas Transmission to update its capacity auction system. In comments submitted to FERC last week, Orange and Rockland Utilities asked that FERC cast a skeptical eye on Columbia's plans to establish an "interactive" capacity auction.

As outlined by Columbia, the plan would pave the way for real-time information in pipeline capacity transactions. The pipeline applied with FERC in June to initiate a new capacity auction process built along the lines of online trading (*GD 7/7*). Under the new scheme, shippers would be able to post capacity bids instantaneously through an electronic bulletin board — without waiting too long to assess market conditions.

But the proposal sparked protests from Orange and Rockland, which said Columbia's new

(continued on page 5)

Knowles says 'help on the way' for lower-48

Alaska Gov. Tony Knowles said the United States must start work now to plan for the building of a pipeline to transport gas from Alaska's Arctic region to market areas in the lower-48 states.

Knowles, the chairman of the Interstate Oil and Gas Compact Commission, made his remarks in the keynote address of the group's annual meeting in San Antonio yesterday. He said Alaskan gas reserves are needed to help the nation meet its growing gas demand, expected to reach 30 trillion cf within the next decade.

"Alaskan Arctic gas has 36 trillion cf of proven reserves, the largest natural gas reserves in North America," he said. "There is an additional estimated 100 trillion cf yet to be discovered."

Knowles recently threw his support behind a new gas line to follow the so-called Alaskan

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NATIONAL AVERAGE PRICE: $10.82

Trans. date	12/5	12/5	12/5
Flow date(s)	12/6	12/6	12/6
	Midpoint	Absolute	Common
Permian Basin Area			
El Paso	8.160	7.87-8.50	8.00-32
Northern (Mids 1-6)	8.040	7.95-8.07	8.01-07
Tex intras, Waha area	8.175	7.92-8.30	8.08-27
Transwestern	8.255	8.18-32	8.22-29
East Texas-North Louisiana Area			
Carthage Hub tailgate	7.970	7.63-8.25	7.81-8.13
Koch (Zones 1&2)	7.680	7.67-69	7.67-69
Lone Star	7.715	7.53-90	7.62-81
MRT mainline	8.115	7.95-8.16	8.07-16
MRT west leg	8.035	8.01-07	8.02-05
NGPL TexOk (West)	8.085	8.08-09	8.08-09
NGPL TexOk (East)	7.985	7.67-8.12	7.87-8.10
Tennessee, 100 Leg	7.845	7.75-83	7.80-89
Texas Eastern (ETX)	7.860	7.78-99	7.81-81
Texas Gas (entire Z 1)	8.080	7.91-8.16	8.02-14
East-Houston-Katy			
Houston Ship Channel	8.095	7.76-8.31	7.96-8.23
[illegible] plant tailgate	8.090	7.76-8.25	7.97-8.21
[illegible]nkline North	8.090	8.08-10	8.08-10
North-Texas Panhandle			
NGPL (Permian)	6.240	6.23-25	6.23-25
Northern (Mid 10)	7.885	7.79-8.00	7.81-92
Transwestern	8.255	8.18-32	8.22-29
South-Corpus Christi			
Agua Dulce hub	7.920	7.86-8.02	7.88-98
Florida Gas	8.020	7.80-8.25	7.91-8.13
HPL	7.840	7.60-8.11	7.71-97
Koch (Zone 1)	7.780	7.77-79	7.77-79
NGPL (STX)	7.830	7.69-8.02	7.72-94
Tennessee	7.845	7.54-8.03	7.72-97
Texas Eastern (STX)	7.865	7.69-8.04	7.78-95
Transco, St 30	7.960	7.76-8.16	7.86-8.06
Trunkline South	8.010	7.55-8.10	7.92-8.10
PG&E-GTT	7.870	7.85-89	7.86-88
Louisiana-Onshore South			
ANR	7.895	7.60-8.06	7.78-8.01
Columbia	8.010	7.77-8.20	7.90-8.12
Columbia, Mainline	8.120	7.94-8.25	8.04-20
FGT Z1	8.020	7.80-8.25	7.91-8.13
FGT Z2	8.050	7.81-8.28	7.93-8.17
FGT Z3	8.010	7.80-8.20	7.91-8.11
Henry Hub	8.015	7.70-8.25	7.88-8.15
Koch (Zones 2&4)	7.795	7.75-85	7.77-82
NGPL (La.)	7.925	7.53-8.13	7.80-8.05
Sonat	7.965	7.80-8.17	7.87-8.06
Tennessee, 500 Leg	7.870	7.58-8.02	7.78-98
Tennessee, 800 Leg	7.870	7.61-8.02	7.77-97
Texas E. (WLA)	7.925	7.64-8.06	7.82-8.03
Texas E (ELA)	7.960	7.67-8.11	7.85-8.07
Texas Gas SL	8.025	7.75-8.20	7.91-8.14
Transco, St. 45	8.035	7.85-8.20	7.95-8.12
Transco, St 65	8.130	7.79-8.30	8.00-26
Trunkline WLA	7.935	7.65-8.10	7.82-8.05
Trunkline ELA	7.905	7.55-8.10	7.77-8.04
Oklahoma			
ANR	7.945	7.62-8.20	7.80-8.09
NGPL (Midcont.)	7.920	7.61-8.21	7.77-8.07
Reliant (North/South)	8.005	7.65-8.16	7.87-8.14
Reliant (West)	7.950	7.72-8.11	7.85-8.05
Northern (Mid 11)	7.845	7.61-87	7.83-88
[illegible]GT	7.985	7.63-8.20	7.84-8.13
[illegible]PL	7.955	7.58-8.20	7.80-8.11
[illegible]illiams	8.065	7.85-8.20	7.93-8.20
New Mexico-San Juan Basin			
El Paso, Bonded	7.895	7.80-8.10	7.82-97
El Paso, non-Bonded	7.990	7.80-8.24	7.88-8.10
TW (Ignacio, pts south)	7.855	7.80-98	7.81-90

continued on next page

Cash prices respond to forecasts of cold spell

The Market

Cash prices continued to rise yesterday due to the cold weather, while futures stayed at levels unimaginable a year ago.

An Arctic blast across the Great Lakes and the upper Midwest is keeping prices hot. The front is expected to continue to affect temperatures throughout the region, producing snow this weekend.

One western Canadian trader was wondering how cold it's supposed to get. "We know it's going to get cold. The question is, 'how cold?'"

Another trader was concerned about wellhead freeze-offs in the near future. He noted pipelines weren't lending gas because of expected shortages, and had heard rumors some pipelines were operating under restrictions.

California cash remains strong with other regions. Sumas, Wash., cash prices continued their dramatic climb into the history books yesterday by scaling the $25 mark. Sumas prices have been setting records since Nov. 21 when they hit $15.215. Pacific Gas & Electric (PG&E) citygate and Malin, Ore., were $6 above yesterday's indices, sources said.

"Everybody's doing GDA [*Gas Daily* Average]," one Oklahoma trader said. "We're just

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ANWR decree in the works, industry fears

With the current administration in its final weeks, the industry is abuzz with rumors that President Clinton may move to keep a portion of Alaska's North Slope off limits to the oil and gas industry before his term expires. While there is no formal indication as yet that such a plan is in the works, many are convinced that the president may act if the ongoing presidential election tilts in favor of the Republicans.

Speculation centers around whether the president will use an executive order to further restrict access to the Arctic National Wildlife Refuge (ANWR), currently a protected area. At present, the 19-million acre reserve is closed to energy leasing, and Republicans have repeatedly charged that President Clinton plans to keep ANWR permanently off limits by declaring part of it a national monument (*GD 8/1*).

The controversy over whether to open ANWR to exploration figured prominently in the presidential debates. Vice President Al Gore vowed to keep ANWR closed to oil and gas companies, while Texas Gov. George W. Bush said that he favored opening a small part of the reserve to exploration. He also called opening up National Petroleum Reserve-Alaska (NPRA) — an area adjacent to ANWR — a "smart move."

Naturally, the industry has applauded Bush for his stance. But many in the energy business are now concerned that a Bush victory may prompt Clinton to declare the territory out of bounds.

(continued on page 6)

Centennial backers urge expedited certificate

In a letter to FERC Chairman James Hoecker, members of the Centennial Pipeline consortium urged the commission to expedite a request to convert 720 miles of mainline gas transmission to liquid products service. According to backers of Centennial, regulatory delays could endanger plans to have the new petroleum pipeline in service by Jan. 1, 2002.

CMS Trunkline, an affiliate of CMS Energy, had requested that the commission approve the abandonment of the line by Nov. 1. Now, over a month after that date has passed, there is "a more urgent need for the commission to act promptly and issue a decision approving the abandonment at the earliest possible date," wrote Centennial.

The proposal would form the backbone of Centennial Pipeline, a joint venture of CMS Energy, Texas Eastern Products Pipeline (Teppco) and Marathon Ashland Petroleum. The letter to Hoecker was signed by Christopher Helms, president of CMS Panhandle Pipe Line, William Thacker, chairman, president and CEO of Teppco and Gary Heminger, senior vice president of Marathon Ashland.

Earlier this year, CMS Trunkline applied to abandon 720 miles of 26-inch pipe by transfer

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Daily Price Survey

Listed in the left column are the midpoints of the daily ranges for the most common prices, paid in $/mmBtu of a typical volume of 5 thousand mmBtu. The middle column shows absolute low-high prices for transactions reported on the date at the top of the column; the third column shows that day's ranges for the most common prices. The prices are generally for gas flowing today; weekends are usually priced using data collected Friday. Ranges are for deals done before nomination deadlines. Boldface indicates the price range is based on data reported the previous day. Plain type indicates insufficient data to reconfirm or change the previous range. The common range is built around the volume weighted average and the midpoint is calculated for the common range. Data in this table is Copyright 2000 by FT Energy.

NATIONAL AVERAGE PRICE: $12.21

Trans. date	12/6	12/6	12/6
Flow date(s)	12/7	12/7	12/7
	Midpoint	Absolute	Common
Permian Basin Area			
El Paso	9.310	8.48-9.75	8.99-9.63
Northern (Mids 1-6)	9.085	8.85-9.56	8.88-9.31
Tex intras, Waha area	9.200	8.40-9.60	8.90-9.50
Transwestern	9.195	9.02-47	9.08-31
East Texas-North Louisiana Area			
Carthage Hub tailgate	8.785	8.30-9.11	8.58-99
Koch (Zones 1&2)	8.500	8.49-51	8.49-51
Lone Star	8.505	8.35-65	8.43-58
MRT mainline	9.040	8.87-9.05	9.02-06
MRT west leg	8.860	8.60-85	8.77-85
NGPL TexOk (West)	8.750	8.74-76	8.74-76
NGPL TexOk (East)	8.700	8.25-9.24	8.45-95
Tennessee, 100 Leg	8.605	8.35-88	8.48-73
Texas Eastern (ETX)	8.420	8.25-68	8.32-52
Texas Gas (entire Z 1)	8.965	8.55-9.25	8.79-9.14
East-Houston-Katy			
Houston Ship Channel	9.070	8.41-9.48	8.81-9.33
Katy plant tailgate	9.105	8.40-9.42	8.85-9.36
Trunkline North	9.990	8.98-9.00	8.98-9.00
North-Texas Panhandle			
NGPL (Permian)	6.240	6.23-25	6.23-25
Northern (Mid 10)	8.550	8.48-65	8.50-60
Transwestern	9.195	9.02-47	9.08-31
South-Corpus Christi			
Agua Dulce hub	8.630	8.20-9.17	8.39-67
Florida Gas	8.845	8.50-9.40	8.62-9.07
HPL	8.685	8.40-9.10	8.51-66
Koch (Zone 1)	8.600	8.59-61	8.59-61
NGPL (STX)	8.495	8.12-9.06	8.26-73
Tennessee	8.610	8.10-9.14	8.35-87
Texas Eastern (STX)	8.415	8.15-90	8.23-80
Transco, St 30	8.365	7.85-8.95	8.09-64
Trunkline South	8.805	8.45-9.40	8.57-9.04
PG&E-GTT	8.310	8.15-35	8.27-35
Louisiana-Onshore South			
ANR	8.695	8.35-9.38	8.44-85
Columbia	8.825	8.41-9.39	8.58-9.07
Columbia, Mainline	8.955	8.57-9.40	8.75-9.18
FGT Z1	8.845	8.50-9.40	8.62-9.07
FGT Z2	8.950	8.52-9.43	8.72-9.18
FGT Z3	8.910	8.50-9.25	8.72-9.10
Henry Hub	8.855	8.33-9.40	8.59-9.12
Koch (Zones 2&4)	8.470	8.34-75	8.37-57
NGPL (La.)	8.680	8.25-8.25	8.43-93
Sonat	8.855	8.50-9.32	8.65-9.06
Tennessee, 500 Leg	8.640	8.17-8.12	8.40-88
Tennessee, 800 Leg	8.655	8.24-9.14	8.43-88
Texas E. (WLA)	8.705	8.33-9.10	8.51-90
Texas E. (ELA)	8.760	8.45-9.21	8.57-95
Texas Gas SL	8.840	8.47-9.39	8.61-9.07
Transco, St 45	8.630	8.10-8.01	8.40-88
Transco, St 65	9.020	8.45-9.81	8.73-9.31
Trunkline WLA	8.625	7.90-9.40	8.25-9.00
Trunkline ELA	8.680	8.30-9.14	8.47-89
Oklahoma			
ANR	8.785	8.15-9.25	8.49-9.04
NGPL (Midcont.)	8.715	8.11-9.20	8.44-99
Reliant (North/South)	8.790	8.00-9.24	8.49-9.10
Reliant (West)	8.655	8.30-8.16	8.44-87
Northern (Mid 11)	8.570	8.47-67	8.52-62
NGT	8.665	8.05-9.16	8.39-94
NPL	8.740	8.29-9.30	8.49-99
Williams	8.840	8.30-9.35	8.58-9.10
New Mexico-San Juan Basin			
El Paso, Bonded	9.150	8.80-9.32	9.02-28
El Paso, non-Bonded	9.160	8.80-9.40	9.01-31
TW (Ignacio, pls south)	7.855	7.80-98	7.81-90

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Forty-one dollar gas in California — 'nuff said

The Market

It was another banner day for gas trading yesterday as the January futures contract opened strong and then took a slide, with cash following along.

California continued to be the hot spot for swing prices, managing to reach $41 at Southern California Gas. Dollar price spreads were seen throughout the continent.

After the release of the American Gas Assn. storage report of a 73 billion cf drawdown, the futures responded bearishly. With most traders anticipating a larger withdrawal, prices slithered downwards to reach a day low of $8.10 before bouncing back up a bit.

Another titanic-sized gain on the NYMEX rocketed prices a dollar higher from Tuesday settlement as traders anticipated the latest "Polar Pig" bearing down. Polar Pig, by the way, is

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Greenspan warns of energy price dangers

Even though Federal Reserve Chairman Alan Greenspan helped buoy stock market markets in comments before a banking audience Tuesday, the news may give little cheer to industrial consumers. Greenspan warned that the current price environment "has eaten into the margins of domestic corporations outside the energy sector."

Addressing the America's Community Bankers Conference in New York, the Fed chairman said high oil and gas prices pose a special threat as U.S. economic growth slows. "In periods of transition from unsustainable to more modest rates of growth, an economy is obviously at increased risk of untoward events that would be readily absorbed in a period of boom," he said. "The sharp rise in energy prices, if sustained, is worrisome in this regard."

Greenspan warned that rising energy prices could lead to general inflation and inflationary

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Apache gets Zama property in speedy deal

It didn't take long for Phillips Petroleum to find a buyer for its Zama oil and gas property in Alberta. Less than three weeks after Phillips said it would sell the property, Houston-based Apache announced it would pay $490 million for the Zama assets, representing the company's second recent purchase of Canadian properties.

Phillips never disclosed how much it was asking for the property, but the deal's price tag easily exceeded estimates of approximately $321 million reported when Phillips first announced it would sell its Zama property, citing the company's need to concentrate on regions with more substantial output (*GD 11/21*).

Phillips acquired the Zama property in 1997, through separate transactions with Pennzoil and Gulf Canada Resources.

The newly announced deal strengthens Apache's foothold in Canada. In October, Apache

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Alaskan producers form consortium to study pipe

The three major Alaska North Slope gas producers have agreed to a joint work program on an Alaskan Gas Pipeline Project to study the options for building a pipeline system to deliver gas from Alaska's North Slope to Canada and the lower-48 states.

BP, Phillips and ExxonMobil will share equally in the costs and governance of the joint project. The group will consider expanding to include participation by other companies in the future.

The consortium expects to spend about $75 million over the next year on the initial work program, which will include conceptual design, project costing, permitting considerations, commercial structure and overall viability. The project will focus on evaluating and selecting a proposed route, leading to a filing of applications with U.S. and Canadian regulatory agencies.

Representatives of the three companies declined to discuss specifics as to what form the

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Daily Price Survey

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NATIONAL AVERAGE PRICE: $12.53

Trans. date	12/7	12/7	12/7
Flow date(s)	12/8	12/9	12/9
	Midpoint	Absolute	Common
Permian Basin Area			
El Paso	9.040	8.17-10.00	8.58-9.50
Northern (Mids 1-8)	9.090	8.40-9.49	8.83-9.35
Tex Intras, Waha area	8.515	7.75-9.28	8.14-89
Transwestern	8.375	8.30-63	8.30-45
East Texas-North Louisiana Area			
Carthage Hub tailgate	8.540	7.79-9.30	8.16-92
Koch (Zones 1&2)	8.290	8.28-90	8.28-90
Lone Star	8.200	7.90-8.50	8.05-35
MRT mainline	8.460	8.10-50	8.42-50
MRT west leg	8.265	8.25-30	8.25-28
NGPL TexOk (West)	8.300	8.29-31	8.29-31
NGPL TexOk (East)	8.490	7.89-9.12	8.18-90
Tennessee, 100 Leg	8.275	7.96-8.60	8.11-44
Texas Eastern (ETX)	8.040	7.90-8.45	7.90-8.18
Texas Gas (entire Z 1)	8.550	8.16-80	8.39-71
East-Houston-Katy			
Houston Ship Channel	8.560	8.00-9.39	8.21-91
Katy plant tailgate	8.545	7.95-9.48	8.16-93
Trunkline North	8.990	8.98-9.00	8.98-9.00
North-Texas Panhandle			
NGPL (Permian)	8.250	8.24-26	8.24-26
Northern (Mid 10)	8.540	8.44-64	8.49-59
Transwestern	8.375	8.30-63	8.30-45
South-Corpus Christi			
Agua Dulce hub	8.235	7.73-8.90	7.94-8.53
Florida Gas	8.590	8.11-9.30	8.29-89
HPL	8.275	7.99-8.86	8.08-49
Koch (Zone 1)	8.450	8.44-46	8.44-46
NGPL (STX)	8.255	7.80-8.90	7.98-8.53
Tennessee	8.265	7.80-9.21	7.91-8.62
Texas Eastern (STX)	8.080	7.75-8.80	7.82-8.34
Transco, St 30	8.245	7.80-9.10	7.92-8.57
Trunkline South	8.500	8.25-9.25	8.25-75
PG&E-GTT	7.930	7.75-8.00	7.87-99
Louisiana-Onshore South			
ANR	8.455	8.00-9.27	8.14-77
Columbia	8.565	8.05-9.35	8.24-89
Columbia, Mainline	8.695	8.25-9.30	8.43-98
FGT Z1	8.590	8.11-9.30	8.29-89
FGT Z2	8.600	8.15-9.48	8.27-93
FGT Z3	8.680	8.10-9.19	8.42-94
Henry Hub	8.815	8.07-9.58	8.24-99
Koch (Zones 2&4)	8.115	7.66-9.00	7.78-8.45
NGPL (La.)	8.430	8.03-9.18	8.14-72
Sonat	8.585	8.08-9.49	8.25-92
Tennessee, 500 Leg	8.400	7.89-9.30	8.05-75
Tennessee, 800 Leg	8.435	7.92-9.33	8.08-79
Texas E. (WLA)	8.225	7.85-8.99	7.94-8.51
Texas E. (ELA)	8.480	7.90-9.21	8.15-81
Texas Gas SL	8.815	8.05-9.40	8.28-95
Transco, St. 45	8.435	8.04-9.05	8.18-69
Transco, St. 65	8.670	8.07-9.50	8.31-9.03
Trunkline WLA	8.505	8.24-93	8.33-68
Trunkline ELA	8.370	8.00-9.01	8.12-62
Oklahoma			
ANR	8.605	7.93-9.27	8.27-94
NGPL (Midcont.)	8.610	7.94-9.25	8.28-94
Reliant (North/South)	8.520	7.99-9.30	8.19-85
Reliant (West)	8.460	7.95-9.22	8.14-78
Northern (Mid 11)	8.560	8.46-66	8.51-61
OGT	8.470	7.97-9.25	8.15-79
PEPL	8.590	7.92-9.27	8.25-93
Williams	8.585	7.99-9.28	8.26-91
New Mexico-San Juan Basin			
El Paso, Bondad	8.975	8.20-9.70	8.60-9.35
El Paso, non-Bondad	9.000	8.00-9.80	8.55-9.45

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New Power strives for scale, enhanced metering

On pace with its original financial goals, The New Power Co. now expects to become the largest retail marketer of gas and electricity by next summer, a company official said yesterday.

New Power, which began marketing gas and electricity in October, currently has 340,000 customers. By the end of the first or second quarter next year, the company expects to have close to 750,000 customers, more customers than any other retail energy marketer, New Power President and CEO Eugene Lockhart told reporters in Washington, D.C. By the end of next year, he added, New Power could serve more than 1 million customers.

The company's next step is "aggressively entering" the rest of Pennsylvania, Texas and all of Ohio, Lockhart said. By the end of next year, the company will strengthen its foothold in both Georgia and New Jersey and may enter the California market.

New Power is confident it will meet its business goals, especially since it recently met its third-quarter 2000 targets, Lockhart said.

By 2005, 90% of all U.S. households will be located in territories that are open to compe-

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Price gridlock hits NYMEX again this week

The Market

With the first "Polar Pig" heading south for the weekend, the high-flying NYMEX locked up futures trading again yesterday after reaching its limit, while California swing gas went over $50.

A Texas trader said about the cold weather ready to hit: "The Polar Pig is about to pounce." Some weather forecasts predicted the coldest temperatures in a decade moving in this weekend and hanging around next week for the upper Midwest, Rockies and Midcontinent.

One Midcontinent trader held off in the swing market yesterday, anticipating the cold blast. With predicted temperatures hitting way below zero by the first of next week, she wondered what's going to happen if the market loses physical gas through wellhead freeze-offs: "Conservatism is the key."

Traders are stressed everywhere, one trader said. "There's lots of tension in the market because of the 80¢-$1 price movements. Folks don't know where anything is price-wise right now."

An already astronomical January NYMEX contract managed to find some more altitude in Access trading overnight Wednesday. The bullish contract moved up over a dollar, only to

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Ala. appeal may affect all fracturing operations

An appellate court decision due early next year on coalbed methane production in Alabama may well have a profound impact beyond that niche of the gas industry.

Industry sources and state regulators fear that an adverse ruling in the case of Legal Environmental Assistance Foundation (LEAF) vs. the Environmental Protection Agency (EPA) in the Court of Appeals for the 11th Circuit could severely restrict all hydraulic fracturing used in oil and gas production across the country. Oral arguments in the case have been set for the week of Feb. 26.

Marvin Rogers, state counsel for the Oil and Gas Board of Alabama, presented an update on the lawsuit at the annual meeting of the Interstate Oil and Gas Compact Commission (IOGCC) in San Antonio earlier this week. In 1994, LEAF sued EPA contending that coalbed methane gas wells in Alabama should be regulated as "injection" wells under the Safe Drinking Water Act (SDWA).

In 1997, the 11th Circuit Court ruled against EPA, concluding that fracturing of natural gas wells must be regulated under SDWA. As a result of the decision, EPA required Alabama to amend its regulations to require operators to purchase drinking water for use in fracturing

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NATIONAL AVERAGE PRICE: $13.685

Trans. date	12/8	12/8	12/8
Flow date(s)	12/9-11	12/9-11	12/9-11
	Midpoint	Absolute	Common
Permian Basin Area			
El Paso	7.960	7.50-8.50	7.71-8.21
Northern (Mids 1-6)	7.920	7.75-8.04	7.85-**8.00**
Tex intras, Waha area	7.790	7.40-8.26	7.57-8.01
Transwestern	7.780	7.20-8.44	7.47-8.09
East Texas-North Louisiana Area			
Carthage Hub tailgate	7.880	7.53-8.10	7.74-8.02
Koch (Zones 1&2)	7.780	7.77-79	7.77-79
Lone Star	7.795	7.68-90	7.74-85
MRT mainline	8.145	7.60-8.21	8.08-21
MRT west leg	8.005	7.95-8.16	7.95-8.06
NGPL TexOk (West)	7.765	7.69-85	7.70-83
NGPL TexOk (East)	7.985	7.34-8.35	7.71-8.22
Tennessee, 100 Leg	7.765	7.55-8.08	7.83-90
Texas Eastern (ETX)	7.425	7.10-65	7.29-58
Texas Gas (entire Z 1)	8.025	7.80-8.28	7.88-8.17
East-Houston-Katy			
Houston Ship Channel	7.885	7.49-8.35	7.65-8.08
Katy plant tailgate	7.845	7.50-8.20	7.67-8.02
Trunkline North	7.840	7.53-85	7.83-85
North-Texas Panhandle			
NGPL (Permian)	8.250	8.24-26	8.24-26
Northern (Mid 10)	7.835	7.79-89	7.81-86
Transwestern	7.780	7.20-8.44	7.47-8.09
South-Corpus Christi			
Agua Dulce hub	7.810	7.27-8.08	7.81-8.01
Florida Gas	7.905	7.72-8.10	7.81-8.00
HPL	7.830	7.53-8.20	7.86-8.00
Koch (Zone 1)	7.880	7.87-89	7.87-89
NGPL (STX)	7.850	7.30-8.25	7.51-8.09
Tennessee	7.820	7.43-8.15	7.84-8.00
Texas Eastern (STX)	7.670	7.10-8.10	7.42-92
Transco, St 30	7.985	7.73-8.20	7.87-8.10
Trunkline South	7.845	7.75-8.25	7.75-94
PG&E-GTT	7.625	7.40-95	7.49-76
Louisiana-Onshore South			
ANR	7.870	7.45-8.30	7.66-8.08
Columbia	8.015	7.50-8.40	7.79-8.24
Columbia, Mainline	8.170	7.91-8.47	8.03-91
FGT Z1	7.905	7.72-8.10	7.81-8.00
FGT Z2	7.960	7.61-8.21	7.81-8.11
FGT Z3	7.955	7.74-8.12	7.86-8.05
Henry Hub	8.065	7.65-8.52	7.85-8.28
Koch (Zones 2&4)	7.930	7.92-94	7.92-94
NGPL (La.)	7.935	7.50-8.35	7.72-8.15
Sonat	8.040	7.80-8.39	7.89-8.19
Tennessee, 500 Leg	7.925	7.49-8.22	7.74-8.11
Tennessee, 800 Leg	7.935	7.50-8.28	7.74-8.13
Texas E (WLA)	7.950	7.10-8.22	7.88-8.22
Texas E (ELA)	7.985	7.55-8.45	7.75-8.21
Texas Gas SL	8.010	7.70-8.39	7.84-8.16
Transco, St 45	8.050	7.55-8.30	7.86-8.24
Transco, St 65	8.175	7.67-8.45	7.98-8.37
Trunkline WLA	8.015	7.50-8.25	7.83-8.20
Trunkline ELA	7.890	7.40-8.35	7.65-8.13
Oklahoma			
ANR	7.915	7.50-8.33	7.73-8.10
NGPL (MidcontL)	7.870	7.52-8.29	7.68-8.06
Reliant (North/South)	7.950	7.61-8.32	7.77-8.13
Reliant (West)	7.860	7.64-8.17	7.73-99
Northern (Mid 11)	8.560	8.45-66	8.51-61
OGT	7.935	7.50-8.35	7.72-8.15
OPL	7.930	7.55-8.36	7.73-8.13
Williams	7.950	7.53-8.37	7.74-8.16
New Mexico-San Juan Basin			
El Paso, Bondad	8.040	7.40-8.56	7.75-8.33
El Paso, non-Bondad	7.890	7.40-8.55	7.60-8.16

continued on next page

Market abuzz over reported Duke losses

The chaotic gas market may have resulted in some unusual trading losses for Duke Energy, sources reported last week, although the company itself had no comment.

More than one source reported hearing that either a "trader had been fired" or that more than one gas trader was "no longer on the East desk" for Duke Energy for "getting on the wrong side of some basis deals."

Duke remains "comfortable with its position in the market" and has performed well as a company this year, Duke spokeswoman Jennifer Pierce said Friday. Duke does not comment on earnings on a segmented basis, nor does it comment on personnel issues, she added.

Pipelines mentioned as those where recent price swings have played havoc with "normal" basis include Transcontinental Gas Pipe Line (Transco) Zone 6 (for New York delivery) and Texas Eastern Transmission M3. One source characterized the Northeast desk as "the widow-maker."

While no figures have been confirmed, if losses have occurred, they have been high enough to raise eyebrows. One source mentioned a loss of $30 million, a loss relatively easy to incur

(continued on page 6)

Southern Crossing may help cure Sumas spikes

Once the gas market decides to stop its high-powered price convulsions in the region, the new Southern Crossing Pipeline brought online by BC Gas in western Canada should help relieve traditional price spikes seen in previous years at Sumas, Wash.

Price Hedging

By bringing in an extra 100 million cfd from Alberta to Sumas during peak demand period, Southern Crossing should keep Sumas prices from seeing wild jumps as they did two years ago, a BC Gas spokesman said. "If it gets really cold in Vancouver, Southern Crossing should keep prices from spiking as much as previous years because of the extra 100 million cfd in peak-day supply it will bring in."

With current prices at record-setting levels, it's difficult to say what the limit is, he added. "It should prevent big price spikes on a cold, high-demand day, and it gives BC Gas more diversity of supply."

Much of BC Gas' supply is sourced from Sumas and Station 2, but now with Southern Crossing, the utility can bring in more gas from Alberta. "If a plant goes down on Westcoast Energy, BC Gas can bring more gas in from Nova Gas Transmission AECO-C Hub. We're not as reliant on Westcoast anymore," he said.

BC Gas started flowing gas on the 300-mile pipeline from Alberta to British Columbia

(continued on page 7)

Ford claims $23 million loss in supply dispute

The surge in natural gas prices has already garnered considerable media attention, but now the lawyers are getting involved. In a case filed last week with a Michigan circuit court, Ford Motor sued Dominion Resources and PanCanadian Energy Services over the termination of a gas supply agreement.

Ford charged that a Dominion subsidiary reneged on a one-year gas supply contract, leaving it at the mercy of the current spot market. The auto manufacturer has claimed damages in excess of $23 million, and company representatives said Ford would incur serious losses as a result of the action.

At the center of the controversy is Carthage Energy Services, which supplied gas to several of Ford's plants in southeast Michigan. Under a one-year term contract with Ford, Carthage was to supply the manufacturer with 13 billion cf between April 1, 2000, and March 31, 2001 — approximately 35,616 mmBtu/d. But after PanCanadian acquired certain contracts from Carthage, Dominion informed Ford that Carthage would not deliver any further supplies.

"We were notified in the late afternoon of Nov. 29 that they would not be delivering effective Dec. 1," said Jim Mulholland, manager of natural gas programs for Ford Motor Land

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Daily Price Survey

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NATIONAL AVERAGE PRICE: $17.315****

Trans. date	12/11	12/11	12/11
Flow date(s)	12/12	12/12	12/12
	Midpoint	Absolute	Common
Permian Basin Area			
El Paso	10.515	9.02-11.80	9.87-11.16
Northern (Mids 1-6)	10.695	10.05-11.40	10.36-11.03
Tex Intras, Waha area	10.655	9.50-12.00	10.03-11.28
Transwestern	10.345	9.60-11.30	9.92-10.77
East Texas-North Louisiana Area			
Carthage Hub tailgate	9.810	9.38-10.95	9.42-10.20
Koch (Zones 1&2)	9.670	9.66-68	9.66-68
Lone Star	9.725	9.55-90	9.64-81
MRT mainline	9.900	9.80-91	9.89-91
MRT west leg	9.760	9.65-10.30	9.65-87
NGPL TexOk (West)	9.750	9.74-76	9.74-76
NGPL TexOk (East)	10.460	9.40-13.28	9.49-11.43
Tennessee, 100 Leg	9.550	9.35-76	9.45-65
Texas Eastern (ETX)	9.615	9.45-79	9.53-70
Texas Gas (entire Z 1)	9.735	9.55-92	9.64-83
East-Houston-Katy			
Houston Ship Channel	10.435	9.60-11.15	10.05-82
Katy plant tailgate	10.530	9.68-11.11	10.17-89
Trunkline North	10.110	10.10-12	10.10-12
North-Texas Panhandle			
NGPL (Permian)	8.400	8.00-60	8.20-60
Northern (Mid 10)	12.245	11.99-12.49	12.12-37
Transwestern	10.345	9.60-11.30	9.92-10.77
South-Corpus Christi			
Agua Dulce hub	9.695	9.39-10.73	9.39-10.00
Florida Gas	9.505	9.25-70	9.39-62
HPL	10.250	10.24-26	10.24-26
Koch (Zone 1)	9.770	9.76-78	9.76-78
NGPL (STX)	9.725	9.24-11.53	9.24-10.21
Tennessee	9.635	9.23-10.09	9.42-55
Texas Eastern (STX)	9.495	9.30-10.00	9.32-67
Transco, St 30	9.720	9.40-10.00	9.57-67
Trunkline South	9.885	9.65-10.20	9.75-10.02
PG&E-GTT	9.460	9.40-52	9.43-49
Louisiana-Onshore South			
ANR	9.745	9.60-13.20	9.50-99
Columbia	9.850	9.50-10.37	9.63-10.07
Columbia, Mainline	9.935	9.00-10.34	9.60-10.27
FGT Z1	9.505	9.25-70	9.39-62
FGT Z2	9.675	9.12-10.18	9.41-94
FGT Z3	9.510	9.27-67	9.41-61
Henry Hub	9.935	9.60-10.45	9.70-10.17
Koch (Zones 2&4)	9.840	9.83-85	9.83-85
NGPL (La.)	10.055	9.42-12.49	9.42-10.69
Sonat	9.900	9.60-10.20	9.75-10.05
Tennessee, 500 Leg	9.715	8.40-10.10	9.33-10.10
Tennessee, 800 Leg	9.715	8.45-10.23	9.27-10.16
Texas E. (WLA)	9.755	9.50-10.20	9.58-93
Texas E. (ELA)	9.805	8.63-10.26	9.40-10.21
Texas Gas SL	9.890	9.20-10.45	9.58-10.20
Transco, St 45	9.825	9.45-10.00	9.69-96
Transco, St. 65	9.935	9.60-10.38	9.74-10.13
Trunkline WLA	9.730	9.53-10.00	9.61-85
Trunkline ELA	9.835	9.18-10.95	9.39-10.28
Oklahoma			
ANR	10.535	9.20-11.59	9.94-11.13
NGPL (Midcont.)	10.370	9.20-13.00	9.42-11.32
Reliant (North/South)	10.085	9.00-11.15	9.55-10.62
Reliant (West)	9.850	8.95-11.00	9.34-10.36
Northern (Mid 11)	12.295	12.04-54	12.17-42
OGT	10.015	9.00-11.10	9.49-10.54
TEPL	10.430	9.43-11.50	9.91-10.95
Williams	10.695	9.70-12.00	10.32-11.47
New Mexico-San Juan Basin			
El Paso, Bondad	10.730	9.50-11.70	10.18-11.28
El Paso, non-Bondad	10.155	9.00-11.70	9.48-10.83

continued on next page

Fertilizer companies find production too costly

The dramatic rise in natural gas prices over the past month is taking its toll on more than just space heating customers and electric power plants. The price situation is forcing some industrial end-users to decide whether to curtail operations — and possibly collect more on selling their gas contracts than they would from their industrial products — or soldier on and pass the higher production costs through to their customers.

Two companies producing fertilizer for the agriculture industry — Terra Industries and Mississippi Chemical — have decided to combat the high prices by selling their gas contracts and curtailing production at their plants.

"At $8-to-$9 gas, we would have lost money producing product," said Mississippi Chemical's Melinda Hood, explaining that 70% of the cost to produce a ton of ammonia comes from natural gas. "We were usually buying gas in the $2-to-$3-range," Hood said. "Now it's in the $8-to-$9-range, and our [product] prices have not tripled."

As a result of the higher prices, the company sold its gas futures contracts, most of which

(continued on page 6)

West Coast takes break from price bonanza

The Market

Things turned around out West yesterday as northern California and Pacific Northwest prices came off hard while the rest of North America shot up. Meanwhile, Sunday night Access trading on the NYMEX had futures prices out of the gate at nearly $10 yesterday morning.

Prices across the continent were generally up about $2 or more over weekend indices, while northern California and Northwest prices were down about $10.

Chaos continued to reign in the western energy markets as power prices plunged in some regions to break through price targets needed for profitable gas-fired generation. That was especially true at Southern California Gas (SoCal), which climbed about $6 to average around $60/mmBtu for today's flow. The ability to secure transportation into Southern California from the southwestern production regions collapsed, allowing the spread to grow to $50 with the Permian Basin, sources said.

Frequent cold weather and relatively low storage for early winter have combined to pump bullish sentiment into the futures market, and many traders agree that a return to price normalcy won't occur anytime soon.

With conditions favorable for another run at a NYMEX settlement record, futures traders

(continued on page 5)

Millennium finds selling point in high prices

Surging gas prices may not be welcome news for Northeast consumers, but they are giving a boost to pipeline planners. With their application still stalled at FERC, the backers of the proposed Millennium Pipeline are seizing on the price benefits that the new capacity would bring to the New York City area.

In a statement released yesterday, Millennium asserted that, were the pipeline operational today, it would reduce the region's energy bill by $105 million for the month of January.

"Suppose the Millennium natural gas pipeline were operating today," said the release, "it could be delivering natural gas to the New York City area at prices 30% lower than other available options this winter."

Those projections were based on January NYMEX futures prices. According to Millennium, the cost for delivering gas from Ontario to New York via Millennium would be 60¢/mcf. That would yield an all-in delivered cost of $9.373, vs. a total cost of $14.373 of Gulf Coast gas delivered to the New York citygate via other pipelines.

"Millennium could supply more than 21 billion cf of natural gas to New York during the month of January," Millennium Pipeline Chairman David Pentzien said. "At a savings of $5/mcf, this project could reduce New York's gas bill by more than $105 million during that

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NATIONAL AVERAGE PRICE: $11.665***

Trans. date	12/12	12/12	12/12
Flow date(s)	12/13	12/13	12/13
	Midpoint	Absolute	Common
Permian Basin Area			
El Paso	8.955	7.90-10.00	8.43-9.48
Northern (Mids 1-6)	8.165	8.20-9.70	8.79-9.54
Tex intras, Waha area	9.130	8.00-10.25	8.57-9.69
Transwestern	8.875	8.15-9.05	8.70-9.05
East Texas-North Louisiana Area			
Carthage Hub tailgate	8.635	8.10-9.40	8.31-96
Koch (Zones 1&2)	8.460	8.45-47	8.45-47
Lone Star	8.275	7.95-8.60	8.11-44
MRT mainline	8.530	8.35-64	8.48-60
MRT west leg	8.105	8.00-35	8.02-19
NGPL TexOk (West)	8.420	8.29-60	8.37-47
NGPL TexOk (East)	8.640	7.92-10.35	8.03-9.25
Tennessee, 100 Leg	8.325	7.95-8.70	8.14-51
Texas Eastern (ETX)	8.750	8.48-9.05	8.61-89
Texas Gas (entire Z 1)	8.820	8.30-9.30	8.57-9.07
East-Houston-Katy			
ston Ship Channel	9.190	8.20-9.80	8.79-9.59
y plant tailgate	9.180	8.20-9.80	8.78-9.58
unkline North	9.020	9.01-03	9.01-03
North-Texas Panhandle			
NGPL (Permian)	6.000	5.99-6.01	5.99-6.01
Northern (Mid 10)	8.950	8.75-9.15	8.85-9.05
Transwestern	8.875	8.15-9.05	8.70-9.05
South-Corpus Christi			
Agua Dulce hub	8.460	8.01-8.42	8.11-61
Florida Gas	8.480	8.05-9.05	8.23-73
HPL	8.465	8.13-8.07	8.23-70
Koch (Zone 1)	8.560	8.55-57	8.55-57
NGPL (STX)	8.230	7.70-8.62	8.00-46
Tennessee	8.375	7.85-9.27	8.02-73
Texas Eastern (STX)	8.385	7.90-9.00	8.11-66
Transco, St 30	8.370	8.00-8.40	8.02-72
Trunkline South	8.570	8.12-84	8.39-75
PG&E-GTT	8.130	8.05-20	8.09-17
Louisiana-Onshore South			
ANR	8.415	7.98-8.40	8.06-77
Columbia	8.645	8.05-9.42	8.30-99
Columbia, Mainline	8.770	8.27-9.56	8.45-9.09
FGT Z1	8.480	8.05-8.05	8.23-73
FGT Z2	8.500	8.07-8.10	8.24-76
FGT Z3	8.450	8.05-8.05	8.20-70
Henry Hub	8.720	8.10-9.63	8.34-9.10
Koch (Zones 2&4)	8.320	7.90-8.75	8.11-53
NGPL (La.)	8.305	7.66-9.40	7.87-8.74
Sonat	8.770	8.30-9.25	8.53-8.01
Tennessee, 500 Leg	8.465	7.95-8.44	8.09-84
Tennessee, 800 Leg	8.490	7.95-8.44	8.12-86
Texas E (WLA)	8.585	8.12-8.49	8.24-93
Texas E (ELA)	8.570	8.10-8.50	8.22-92
Texas Gas SL	8.665	8.10-9.20	8.39-94
Transco, St 45	8.540	8.08-8.40	8.21-87
Transco, St. 65	8.745	8.14-9.50	8.38-9.11
Trunkline WLA	8.570	8.00-9.00	8.32-82
Trunkline ELA	8.455	8.00-8.50	8.08-83
Oklahoma			
ANR	8.805	8.10-10.00	8.33-9.28
NGPL (Midcont.)	8.780	8.10-9.90	8.33-9.23
Reliant (North/South)	8.755	7.93-9.59	8.34-9.17
ient (West)	8.505	7.80-9.46	8.09-92
thern (Mid 11)	9.000	8.60-9.20	8.90-9.10
T	8.675	7.75-9.90	8.14-9.21
PL	8.875	8.10-10.00	8.40-9.35
illiams	9.215	8.08-10.50	8.81-9.62
New Mexico-San Juan Basin			
El Paso, Bondad	8.560	7.70-9.50	8.11-9.01
El Paso, non-Bondad	8.430	7.70-9.55	7.97-8.89

continued on next page

Senators grasp for answers on gas demand

One year ago, the National Petroleum Council issued a report predicting a 30-35 trillion cf market by 2020 and highlighting the need for infrastructure to keep pace with demand. Now, with spot prices more than four times higher than year-ago levels, there is renewed hand-wringing in Washington about natural gas markets.

At a Senate hearing yesterday on the anniversary of the report, consensus had it that a costly winter lies ahead and no immediate relief is in sight. And in testimony before the Senate Energy and Natural Resources Committee, representatives of the industry and government agencies warned that the current price environment may last well beyond the current heating season.

In opening the hearing, Committee Chairman Frank Murkowski, R-Alaska, said that the country has "grossly underestimated the demand pressures on natural gas." Following testimony, Murkowski called the Energy Information Administration (EIA) — a quasi-independent arm of the Energy Dept. charged with

(continued on page 5)

Gas too heavily favored?

You can always blame high prices on someone. In committee hearings yesterday on natural gas markets, two Republican senators blamed the current price environment on the industry's preference for gas to fuel power generation. And though the current administration has only a few weeks left in office, they also used the occasion to take a few potshots at the

(continued on page 6)

Sempra sells Energy America stake to Centrica

Sempra Energy is calling it quits in the residential/small commercial retail markets in the United States for now, selling its 72.5% interest in Energy America to British services firm Centrica for some $56 million.

The move will provide a 10¢/share boost to Sempra's 2001 earnings, the company estimates. The sale is expected to close by the end of the first quarter 2001.

Sempra said it will continue to invest in industrial and commercial retail markets, while residential and small-commercial customer markets will be limited to the United Kingdom and Germany. The company is exploring other mass-market opportunities via the Internet and other sales avenues.

Energy America was a venture of Sempra and Canada-based Direct Energy Marketing. Centrica acquired Direct Energy Marketing in August, including its 27.5% interest in Energy America. The marketer has nearly 400,000 customers in New Jersey, Michigan, Ohio, Geor-

(continued on page 5)

Cash, futures plummet as forecasts moderate

Despite continued cold temperatures throughout most of North America, the cash and futures markets fell like a rock yesterday, with Northeast cash bottoming out at $6 and Pacific Northwest prices falling off to $12.

For the second day in a row, Pacific Northwest and California points saw the biggest losses for the day. Southern California Gas (SoCal) lost $25 from Tuesday's indices, and Malin and Stanfield, Ore., Pacific Gas & Electric (PG&E) citygate, and Sumas, Wash., dropped about $20 from Tuesday.

New electronic indices, *see page 3.*

Some relief from the ongoing power shortages and high gas prices out West came after the Diablo Canyon Nuclear Power Plant Unit 2 was brought back online earlier this week. The return to online status meant an additional 1,100 MWh were available for energy-strapped California.

With Diablo Canyon back up and the weather expected to moderate in the coming days Pacific Northwest cash prices yesterday started where they left off Monday — down, source:

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NATIONAL AVERAGE PRICE: $9.200****

Trans. date	12/13	12/13	12/13
Flow date(s)	12/14	12/14	12/14
	Midpoint	Absolute	Common
Permian Basin Area			
El Paso	7.345	7.06-75	7.17-52
Northern (Mids 1-6)	7.370	7.20-65	7.25-48
Tex intras, Waha area	7.505	7.14-8.00	7.29-72
Transwestern	7.300	7.12-40	7.23-37
East Texas-North Louisiana Area			
Carthage Hub tailgate	7.360	7.20-63	7.28-44
Koch (Zones 1&2)	7.320	7.31-33	7.31-33
Lone Star	7.275	7.15-40	7.21-34
MRT mainline	7.345	7.20-97	7.45-84
MRT west leg	7.465	7.45-65	7.45-48
NGPL TexOk (West)	7.700	7.65-96	7.65-76
NGPL TexOk (East)	7.595	7.06-8.20	7.31-88
Tennessee, 100 Leg	7.530	7.26-8.00	7.35-71
Texas Eastern (ETX)	7.375	7.05-80	7.16-59
Texas Gas (entire Z 1)	7.680	7.43-8.44	7.43-93
East-Houston-Katy			
Houston Ship Channel	7.655	7.30-8.00	7.48-83
Katy plant tailgate	7.625	7.30-8.00	7.45-80
Trunkline North	7.700	7.59-71	7.59-71
North-Texas Panhandle			
NGPL (Permian)	6.245	5.50-7.25	5.81-6.88
Northern (Mid 10)	7.700	7.58-82	7.64-76
Transwestern	7.300	7.12-40	7.23-37
South-Corpus Christi			
Agua Dulce hub	7.330	7.15-74	7.18-48
Florida Gas	7.640	7.28-8.28	7.39-89
HPL	7.545	7.29-83	7.41-68
Koch (Zone 1)	7.430	7.42-44	7.42-44
NGPL (STX)	7.280	7.04-64	7.13-43
Tennessee	7.350	7.15-80	7.19-61
Texas Eastern (STX)	7.295	7.00-65	7.13-46
Transco, St 30	7.435	7.13-75	7.28-59
Trunkline South	7.520	7.35-75	7.42-62
PG&E-GTT	7.130	7.10-15	7.12-14
Louisiana-Onshore South			
ANR	7.410	7.00-8.01	7.16-68
Columbia	7.655	7.20-8.43	7.35-95
Columbia, Mainline	7.760	7.30-8.55	7.45-8.07
FGT Z1	7.640	7.28-8.28	7.39-89
FGT Z2	7.620	7.33-8.33	7.37-87
FGT Z3	7.495	7.25-8.27	7.25-74
Henry Hub	7.695	7.30-8.45	7.41-98
Koch (Zones 2&4)	7.495	7.32-62	7.42-57
NGPL (La.)	7.430	7.01-90	7.21-65
Sonat	7.680	7.47-8.15	7.51-85
Tennessee, 500 Leg	7.490	7.15-8.10	7.25-73
Tennessee, 800 Leg	7.515	7.15-8.01	7.30-73
Texas E (WLA)	7.605	7.25-8.35	7.33-86
Texas E. (ELA)	7.610	7.20-8.40	7.31-91
Texas Gas SL	7.630	7.30-8.43	7.35-91
Transco, St 45	7.525	7.15-90	7.34-71
Transco, St 65	7.740	7.25-8.25	7.49-99
Trunkline WLA	7.560	7.45-73	7.49-83
Trunkline ELA	7.460	7.00-8.00	7.21-71
Oklahoma			
ANR	7.775	7.35-8.21	7.56-99
NGPL (Midcont.)	7.655	7.25-8.10	7.44-87
Reliant (North/South)	7.525	7.10-8.25	7.34-91
Reliant (West)	7.435	7.25-8.15	7.25-62
Northern (Mid 11)	7.750	7.63-87	7.69-81
OKT	7.655	7.15-8.20	7.39-92
OPL	7.780	7.20-8.23	7.52-8.04
Williams	7.895	7.18-8.60	7.54-8.25
New Mexico-San Juan Basin			
El Paso, Bonded	6.735	6.40-7.05	6.57-90
El Paso, non-Bonded	6.705	6.48-7.10	6.55-88

continued on next page

MarketLink gets thumbs-up for phasing plans

In welcome news for Williams, FERC yesterday authorized phased construction of Transcontinental Gas Pipe Line's (Transco) MarketLink expansion project. That means the Northeast can expect the eventual addition of 296,000 dth/d of firm capacity by Nov. 1, 2002.

Phase I of the project would provide an additional 166,000 dth/d of firm capacity by Nov. 1, 2001. At a cost of approximately $123 million, the first phase will involve the construction of new pipe in New Jersey and Pennsylvania and the modification of existing compressor stations.

Phase II of the project will furnish 130,000 dth/d of new firm capacity by Nov. 1, 2002. The second stage of the project, which would involve laying and replacing more pipe, is pro-

(continued on page 8)

Aquila wades into IPO waters to sharpen focus

A tough year for certain U.S. company stocks won't keep UtiliCorp United from offering to investors a portion of its Aquila Energy subsidiary early in 2001. UtiliCorp said yesterday it would sell 19.9% of Aquila to increase the company's value and make it a more attractive prospect for potential partners.

"In the first 60 days of next year we hope to complete the transaction," UtiliCorp President Robert Green said. The rest of the company will be spun off to UtiliCorp shareholders sometime next year.

UtiliCorp Senior Vice President and Chief Financial Officer Peter Lowe said the initial public offering (IPO) is not expected to affect UtiliCorp's credit rating. Ratings agency Fitch seemed to confirm Lowe's assertion by affirming Fitch's corporate credit ratings on the utility

(continued on page 7)

Calif. prices promise headache for FERC staff

With prices into Southern California holding steady, FERC has its hands full with the fallout. The deadline passed yesterday for FERC to receive comments in response to Sempra Energy's emergency request to clamp down on transportation costs, and commission staff are busy reviewing requests for relief filed by California regulators.

As reported in *Gas Daily*, Sempra unit San Diego Gas & Electric (SDG&E) last week asked FERC to impose price caps on short-term capacity releases until March 31, 2001. Constraints on available capacity into California, said Sempra, have caused the border spot price to rise to more than $50/mmBtu, while spot prices in the Southwestern production basins remain less than $10/mmBtu (*GD 12/11*).

According to Sempra, the price spike threatens to push California's already precarious power supply situation over the edge.

The emergency request is not the only remedy that FERC has to consider. Also last week,

(continued on page 7)

Cash, futures prices continue downward spiral

The western price plunge continued unabated yesterday with sharp drops being reported from the heights seen earlier in the week. The Northeast also saw a significant price fall despite the winter storm affecting the region.

The Market

Southern California Gas (SoCal) led the downward movement with a $12 fall tacked on to the $25-plus retreat seen Tuesday. But that still left prices averaging around $20 at SoCal for today's flow. The Pacific Gas & Electri (PG&E) citygate was off about $9, even as the system pulled out of a customer-specific low inventory operational flow order. The region is seeing winter temperatures moderate, but a one source noted, that alone didn't explain why prices were being severely crushed.

Power emergencies continue to plague the Golden State and power prices were still mo

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Daily Price Survey

Listed in the left column are the midpoints of the daily ranges for the most common prices, paid in $/mmBtu of a typical volume of 5 thousand mmBtu. The middle column shows absolute low-high prices for transactions reported on the date at the top of the column, the third column shows that day's ranges for the most common prices. The prices are generally for gas flowing today; weekends are usually priced using data collected Friday. Ranges are for deals done before nomination deadlines. Boldface indicates the price range is based on data reported the previous day. Plain type indicates insufficient data to reconfirm or change the previous range. The common range is built around the volume weighted average and the midpoint is calculated for the common range. Data in this table is Copyright 2000 by FT Energy.

NATIONAL AVERAGE PRICE: $8.850****

Trans. date	12/14	12/14	12/14
Flow date(s)	12/15	12/15	12/15
	Midpoint	Absolute	Common
Permian Basin Area			
El Paso	7.355	7.00-65	7.19-52
Northern (Mids 1-6)	7.395	7.05-63	7.25-54
Tex intras, Waha area	7.375	7.00-55	7.24-51
Transwestern	7.365	7.25-46	7.31-42
East Texas-North Louisiana Area			
Carthage Hub tailgate	7.330	7.20-49	7.28-40
Koch (Zones 1&2)	7.130	7.12-14	7.12-14
Lone Star	7.155	7.01-30	7.08-23
MRT mainline	7.650	7.60-68	7.63-67
MRT west leg	7.480	7.47-50	7.47-49
NGPL TexOk (West)	7.380	7.35-65	7.36-41
NGPL TexOk (East)	7.420	7.17-69	7.29-55
Tennessee, 100 Leg	7.305	7.25-38	7.28-33
Texas Eastern (ETX)	7.200	7.10-30	7.15-25
Texas Gas (entire Z 1)	7.495	7.42-57	7.46-53
East-Houston-Katy			
Houston Ship Channel	7.475	7.23-65	7.37-58
Katy plant tailgate	7.440	7.28-60	7.36-52
Trunkline North	7.700	7.69-71	7.69-71
North-Texas Panhandle			
NGPL (Permian)	6.220	6.60-6.50	6.97-6.47
Northern (Mid 10)	7.280	7.20-36	7.24-32
Transwestern	7.365	7.25-46	7.31-42
South-Corpus Christi			
Agua Dulce hub	7.275	7.18-48	7.20-35
Florida Gas	7.405	7.30-48	7.36-45
HPL	7.295	7.21-50	7.22-37
Koch (Zone 1)	7.220	7.21-23	7.21-23
NGPL (STX)	7.290	7.08-48	7.19-39
Tennessee	7.260	7.08-38	7.18-34
Texas Eastern (STX)	7.175	7.05-40	7.09-26
Transco, St 30	7.355	7.20-50	7.28-43
Trunkline South	7.370	7.30-45	7.33-41
PG&E-GTT	7.120	7.05-20	7.08-16
Louisiana-Onshore South			
ANR	7.365	7.15-54	7.27-48
Columbia	7.480	7.35-60	7.42-54
Columbia, Mainline	7.565	7.46-70	7.51-62
FGT Z1	7.405	7.30-48	7.36-45
FGT Z2	7.490	7.21-65	7.38-50
FGT Z3	7.450	7.27-51	7.39-51
Henry Hub	7.520	7.25-69	7.41-63
Koch (Zones 2&4)	7.310	7.20-40	7.26-36
NGPL (La.)	7.415	7.11-58	7.30-53
Sonat	7.530	7.40-65	7.47-59
Tennessee, 500 Leg	7.355	7.22-56	7.27-44
Tennessee, 800 Leg	7.350	7.15-47	7.27-43
Texas E (WLA)	7.345	7.19-45	7.28-41
Texas E (ELA)	7.415	7.29-55	7.35-48
Texas Gas SL	7.495	7.40-59	7.46-54
Transco, St 45	7.435	7.28-58	7.36-51
Transco, St. 65	7.580	7.25-65	7.43-73
Trunkline WLA	7.370	7.20-55	7.28-46
Trunkline ELA	7.360	7.19-51	7.28-44
Oklahoma			
ANR	7.535	7.20-70	7.41-66
NGPL (Midcont.)	7.480	7.23-63	7.38-58
Reliant (North/South)	7.450	7.15-68	7.32-58
Reliant (West)	7.375	7.15-58	7.25-50
Northern (Mid 11)	7.310	7.23-39	7.27-35
[illegible]	7.425	7.20-65	7.31-54
[illegible]	7.550	7.35-79	7.44-68
Williams	7.565	7.15-72	7.42-71
New Mexico-San Juan Basin			
El Paso, Bonded	6.815	6.58-7.00	6.71-92
El Paso, non-Bonded	6.785	6.58-7.00	6.68-69

continued on next page

Enron launches counterstrike against Calif. caps

One week after a Sempra Energy subsidiary asked for emergency relief over California prices, Enron is on the warpath. Urging FERC to reject Sempra's request, Enron said that the utility was using the current California market to cover up its own failure to secure supply.

Last week, Sempra unit San Diego Gas & Electric (SDG&E) filed an emergency petition with FERC asking the commission to impose price caps on short-term capacity releases until the end of winter. In addition, SDG&E asked that FERC slap a price cap on the price of gas sold at the California border into a local distribution system if it exceeds 150% of the national average spot market price (*GD 12/11*).

According to SDG&E, the price disconnect between supply basins and the California border is proof that something is amiss. The border spot price recently rose from less than $6/mmBtu last month to more than $50/mmBtu, SDG&E noted, while spot prices in the Southwestern production basins remain less than $10/mmBtu.

That request sent a number of companies scrambling to intervene, with Shell Energy Services even mistakenly submitting a motion to intervene and protest. But the most provocative

(continued on page 6)

Cash prices flat; California seeks reprieve

The Market

With an uneventful gas market yesterday, California was on many traders' minds as the Energy Dept. ordered suppliers to send power into California. To avert the threat of rolling blackouts in the Golden State, Energy Secretary Bill Richardson Wednesday ordered Northwest power suppliers to sell electricity to power-strapped California utilities.

Western gas prices continued to ease as power prices fell back about $100/MWh across the board in California and the Northwest. That left power prices in California above $200/MWh and above $300/MWh in the Northwest. But gas price declines in the region were relatively modest considering the massive slide seen earlier in the week, which saw Southern California Gas dip about $40 over the past few days.

One source said buyers have called it quits in California as demand in the state dwindles. He heard rumors that a California power buyer was close to bankruptcy and many power generators have quit buying from them because of the credit risk.

Sumas, Wash., finished trading strong yesterday at around $13, one source said. "Sumas is a thinly traded market right now. Incremental supply is not that great," another source said. "It traded above Malin, Ore., for the first time this month. There were buyers out there that

(continued on page 6)

IPAA plans task force on federal land access

The Independent Petroleum Assn. of America (IPAA) plans to form a task force on land access early next year, as the group begins a major push towards gaining entry to federal lands. Without resorting to the courts, the task force would lobby to gain access to lands the federal government has placed off-limits.

"Our natural gas producers are doing everything they can to increase development of new properties, yet we believe current federal policies seem designed to stifle rather than encourage growth and recognize its importance," IPAA President Barry Russell said yesterday at a press briefing in Washington.

Russell pointed to the Rocky Mountains, where "federal policies are limiting the development of about 137 trillion cf of gas through a mix of prohibitions and permitting limitations. We believe these policies need to be restructured so supply can meet demand."

The difficulty in gaining access to restricted lands comes not from one source, stressed Lee Fuller, IPAA vice president of government relations.

"We don't face a single, definite, rifle-shot issue that will solve all the questions of how to develop access to those resources," Fuller said. "It's a mosaic of regulations. They overlay one

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Daily Price Survey

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NATIONAL AVERAGE PRICE: $8.890****

Trans date	12/15	12/15	12/15
Flow date(s)	12/16-18	12/16-18	12/16-18
	Midpoint	Absolute	Common
Permian Basin Area			
El Paso	7.655	7.25-8.15	7.43-88
Northern (Mids 1-6)	7.730	7.64-80	7.69-77
Tex intras, Waha area	7.700	7.50-8.10	7.55-85
Transwestern	7.595	7.42-8.20	7.42-77
East Texas-North Louisiana Area			
Carthage Hub tailgate	7.590	7.43-8.00	7.45-73
Koch (Zones 1&2)	7.460	7.45-47	7.45-47
Lone Star	7.385	7.35-42	7.37-40
MRT mainline	7.975	7.80-8.01	7.94-8.01
MRT west leg	7.620	7.50-73	7.60-64
NGPL TexOk (West)	7.700	7.69-71	7.69-71
NGPL TexOk (East)	7.840	7.40-8.29	7.59-8.09
Tennessee, 100 Leg	7.715	7.42-8.00	7.57-88
Texas Eastern (ETX)	7.585	7.38-88	7.48-71
Texas Gas (entire Z 1)	7.880	7.85-8.25	7.73-8.03
East-Houston-Katy			
Houston Ship Channel	7.750	7.40-8.23	7.54-96
Katy plant tailgate	7.760	7.55-8.19	7.80-92
Trunkline North	7.875	7.40-8.10	7.70-8.05
North-Texas Panhandle			
NGPL (Permian)	5.965	5.50-6.20	5.79-6.14
Northern (Mid 10)	7.805	7.57-93	7.74-87
Transwestern	7.595	7.42-8.20	7.42-77
South-Corpus Christi			
Agua Dulce hub	7.450	7.23-75	7.32-56
Florida Gas	7.715	7.50-79	7.64-79
HPL	7.590	7.42-8.02	7.44-74
Koch (Zone 1)	7.530	7.52-54	7.52-54
NGPL (STX)	7.630	7.40-8.00	7.48-76
Tennessee	7.545	7.25-8.40	7.28-63
Texas Eastern (STX)	7.390	7.16-70	7.25-52
Transco, St 30	7.645	7.30-8.00	7.47-62
Trunkline South	7.775	7.54-8.00	7.66-89
PG&E-GTT	7.285	7.25-35	7.26-31
Louisiana-Onshore South			
ANR	7.695	7.35-8.45	7.42-97
Columbia	7.840	7.60-8.45	7.63-8.05
Columbia, Mainline	8.000	7.85-8.50	7.79-8.21
FGT Z1	7.715	7.50-79	7.64-79
FGT Z2	7.785	7.50-8.52	7.53-8.04
FGT Z3	7.755	7.58-8.00	7.65-86
Henry Hub	7.830	7.63-8.59	7.63-8.03
Koch (Zones 2&4)	7.590	7.33-80	7.47-71
NGPL (La.)	7.770	7.53-8.60	7.53-8.01
Sonat	7.835	7.65-8.55	7.65-8.02
Tennessee, 500 Leg	7.705	7.42-8.52	7.43-88
Tennessee, 800 Leg	7.775	7.42-8.53	7.50-8.05
Texas E (WLA)	7.730	7.50-8.10	7.58-88
Texas E. (ELA)	7.775	7.54-8.45	7.55-8.00
Texas Gas SL	7.840	7.64-8.39	7.85-8.03
Transco, St 45	7.760	7.45-8.20	7.57-95
Transco, St. 65	7.915	7.57-8.45	7.72-8.11
Trunkline WLA	7.890	7.80-8.00	7.84-94
Trunkline ELA	7.770	7.51-8.07	7.83-91
Oklahoma			
ANR	7.930	7.50-8.50	7.68-8.18
NGPL (MidcontL)	7.845	7.45-8.42	7.80-8.09
Reliant (North/South)	7.735	7.50-8.39	7.51-95
Reliant (West)	7.600	7.30-8.33	7.34-86
Northern (Mid 11)	7.865	7.68-8.05	7.77-98
[illegible]	7.815	7.50-8.45	7.58-8.05
[illegible]PL	7.945	7.55-8.80	7.88-8.21
Williams	7.980	7.80-9.00	7.83-8.33
New Mexico-San Juan Basin			
El Paso, Bondad	6.990	6.80-7.55	6.80-7.16
El Paso, non-Bondad	6.980	6.80-7.70	6.88-7.28

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Power plants, industrials find profit in costly gas

As consumers across the country begin to bear the burden of record-high gas costs this winter, electric generators and industrial customers are finding ways to make the volatile gas market work to their advantage.

Price Hedging

Some electric generators have been selling part of their gas supply and cutting back on the amount of electricity they are producing, sources say. "If we feel like we have excess gas that we can put into the market, we'll sell that," one electricity trader said. "Otherwise, we're holding onto some of our excess gas to burn later on in the month."

But first, the power plants have to figure out whether there is more money in producing the electricity or in selling the gas on the market. Electric generators determine the cost to

(continued on page 7

Maintaining credit lines tricky in bull market

Not only are the volatile gas trading floors feeling the pressure these days, but credit managers in the financial offices backing up those traders are spending more time and money dealing with credit lines that have gone through the roof.

Inside the offices of one Canadian marketer, huge amounts of money being transacted in the current bull market have been keeping the company's "credit guy" very busy lately. "Our financial credit person is calling counter-parties and asking them to provide more credit simply because of the high prices," a trader with the company said. "Everyone is pretty busy on the credit side making sure everything is lined up in case someone defaults to make sure they can pay the money."

The extremely high prices in the West have had a significant impact on market liquidity because traders have to be careful about their trading partners, sources said. "There are some

(continued on page

NYMEX liftoff takes cash prices along for ride

Long-range weather forecasts appeared to give the eastern markets a kick Friday. Another bout of cold weather is due to hit the region and dip into the Deep South again this week. The forecasts, however, also predict a warming trend for California and the Pacific Northwest, which could account for the price drops seen at Southern California Gas and the Pacific Gas & Electric citygate, one source said.

The Market

The first hour of Northeast trading was just "the doldrums;" but with the screen surge, prices went nuts, one trader said. "In the Gulf, it was close to [Thursday's] numbers, then later in the morning they started skyrocketing. What was in the lower $7.50s went up another 80¢."

"It was a good time to buy early and sell late," another trader said. The trader had picked

(continued on pag

PIRA projects shifts in producing region flow

Even as bottlenecks ease in the Northeast, supply shifts in the Gulf of Mexico and Midcontinent will continue to affect the value of pipeline infrastructure. That's the prognosis from PIRA Energy Group, a New York-based consultancy that recently released the sixth and final installment of a region-by-region study of gas infrastructure across North America.

The study, entitled "The Price of Reliability: The Value and Strategy of Gas Transportation," breaks down the North American transportation market by region. The latest report — analyzing the Gulf Coast and Midcontinent markets — concluded that, once the current flurry of long-haul pipeline building slows, the construction of new infrastructure is likely to slow dramatically.

In the producing region, said PIRA, net exports to the rest of the United States are likely

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Daily Price Survey

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NATIONAL AVERAGE PRICE: $10.610****

Trans. date	12/18	12/18	12/18
Flow date(s)	12/19	12/19	12/19
	Midpoint	Absolute	Common
Permian Basin Area			
El Paso	9.605	8.95-10.40	9.24-97
Northern (Mids 1-6)	9.450	8.76-9.80	9.19-71
Tex intras, Waha area	9.630	9.05-10.25	9.33-93
Transwestern	9.285	9.10-52	9.18-39
East Texas-North Louisiana Area			
Carthage Hub tailgate	9.260	8.85-9.61	9.07-45
Koch (Zones 1&2)	8.880	8.87-89	8.87-89
Lone Star	8.825	8.70-95	8.76-89
MRT mainline	9.440	9.25-46	9.42-46
MRT west leg	9.310	9.30-38	9.30-32
NGPL TexOk (West)	9.300	9.29-31	9.29-31
NGPL TexOk (East)	9.195	8.70-9.60	8.97-9.42
Tennessee, 100 Leg	9.060	8.80-9.32	8.93-9.19
Texas Eastern (ETX)	8.990	8.70-9.15	8.88-9.10
Texas Gas (entire Z 1)	9.290	9.07-38	9.21-37
East-Houston-Katy			
[illegible]n Ship Channel	9.390	9.00-75	9.20-58
[illegible] plant tailgate	9.465	9.15-88	9.28-65
Trunkline North	9.500	9.49-51	9.49-51
North-Texas Panhandle			
NGPL (Permian)	6.755	6.00-7.50	6.38-7.13
Northern (Mid 10)	9.360	9.35-37	9.35-37
Transwestern	9.285	9.10-52	9.18-39
South-Corpus Christi			
Agua Dulce hub	9.045	8.80-9.30	8.92-9.17
Florida Gas	9.170	8.95-9.31	9.08-26
HPL	9.030	8.91-9.35	8.92-9.14
Koch (Zone 1)	8.990	8.97-99	8.97-99
NGPL (STX)	9.080	8.80-9.40	8.93-9.23
Tennessee	9.020	8.85-9.41	8.83-9.21
Texas Eastern (STX)	8.825	8.55-9.20	8.66-99
Transco, St 30	9.080	8.70-9.50	8.88-9.28
Trunkline South	9.205	9.00-60	9.08-33
PG&E-GTT	9.100	9.09-11	9.09-11
Louisiana-Onshore South			
ANR	9.185	8.70-9.56	8.97-9.40
Columbia	9.275	8.90-9.59	9.10-45
Columbia, Mainline	9.110	9.00-72	9.23-59
FGT Z1	9.170	8.95-9.31	9.08-26
FGT Z2	9.305	8.98-9.56	9.16-45
FGT Z3	9.330	8.90-9.62	9.15-51
Henry Hub	9.280	8.93-9.81	9.11-45
Koch (Zones 2&4)	9.100	9.09-11	9.09-11
NGPL (La.)	9.215	8.70-9.55	9.00-43
Sonat	9.280	9.00-60	9.13-43
Tennessee, 500 Leg	9.220	8.81-9.52	9.04-40
Tennessee, 800 Leg	9.225	8.83-9.52	9.05-40
Texas E. (WLA)	9.075	8.70-9.35	8.91-9.24
Texas E. (ELA)	9.195	8.60-9.42	8.99-9.40
Texas Gas SL	9.250	8.94-9.58	9.09-41
Transco, St 45	9.140	8.90-9.55	8.98-9.30
Transco, St 65	9.330	8.80-9.71	9.10-56
Trunkline WLA	9.325	9.08-55	9.21-44
Trunkline ELA	9.190	8.80-9.52	9.01-37
Oklahoma			
ANR	9.515	8.93-10.28	9.18-85
NGPL (Midcont.)	9.395	8.84-10.50	8.98-9.81
Reliant (North/South)	9.365	8.84-10.30	9.00-73
Reliant (West)	9.175	8.80-10.25	8.81-9.54
[illegible]ern (Mid 11)	9.430	9.42-44	9.42-44
[illegible]	9.285	8.65-10.23	8.89-9.68
[illegible]	9.465	8.82-10.25	9.11-82
Williams	9.565	8.83-10.40	9.17-96
New Mexico-San Juan Basin			
El Paso, Bondad	8.795	8.30-9.20	8.57-9.02
El Paso, non-Bondad	8.785	8.10-9.68	8.39-9.18

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Lawsuits allege Sempra, El Paso conspiracy

A consortium of law firms filed two related class action suits in California this month alleging a conspiracy among Sempra Energy utilities and El Paso Natural Gas that constrained competition in the state and resulted in harm to customers.

The suits are apparently based on handwritten notes of a September 1996 meeting of the top executives of Southern California Gas (SoCal), San Diego Gas & Electric (SDG&E) and El Paso Natural Gas at an Embassy Suites Hotel in Phoenix. The notes were part of the evidence uncovered in a previous case involving the Tenneco/El Paso merger, in which one of the law firms was involved, according to Lou Phelps, spokesman for the plaintiffs.

At this meeting, the suits allege the companies essentially agreed not to compete with each other and to divide up the California market along customer and geographic lines. The companies also wanted to make sure that neither the Tenneco/El Paso merger, nor the pending, but at the time unannounced, merger of SoCal and SDG&E to create Sempra Energy, would be challenged, according to the suits filed yesterday in California Superior Court in Los Angeles. The result has been stymied competition in the California market and artifi-

(continued on page 6)

NYMEX takes lead as cash prices follow

The NYMEX seemed to be the driving force in the cash market yesterday as relentless cold weather and heavy-volume trading had gas futures soaring during the early morning session, but heavy profit-taking managed to deteriorate much of the gains during the latter half of the day.

The Market

NYMEX has started affecting the movement of the cash market more than usual. "I believe there is definitely a correlation between the large early morning cash market volumes and the movement of the futures markets, which appears to be boosting the amount of the crazy daily volatility that we are seeing in both markets lately," said one Northeast trader.

The January contract gapped up considerably to open at $9.20, then began a gradual downslide that lasted throughout the entire morning session. By the early afternoon, prices had come off nearly 80¢ to trade at $8.40 before meeting support levels. Throughout the rest of the session, prices managed to muscle back upward to trade within a narrow range around $8.60. At closing the January contract gained 13.1¢ to settle at $8.527.

In the cash market, the Northeast saw the widest spread in prices, with Transcontinental Gas Pipe Line for New York delivery up $4 from Monday's midpoint. Texas Eastern Transmis-

(continued on page 6)

Rig count expected to jump by 31% in 2001

A study of anticipated 2001 spending by exploration and production (E&P) companies forecasts the number of rigs searching for oil and gas in the United States will increase by 31%, with most of the increase being in gas rigs.

The study, Salomon Smith Barney's annual "E&P Spending Survey," indicates that oil and gas producers will increase spending by about 20% in 2001 both on a worldwide and a domestic basis. "In our opinion, this robust activity will be driven by increased drilling for natural gas in North America, and also by increasing activity outside the U.S. and Canada," the report says.

According to the survey, the U.S. rig count will climb to an average of 1,200 rigs next year, up from an average of 915 working rigs in 2000. The Canadian rig count is expected to reach 390 in 2001, up 14% from 2000 levels. Salomon Smith Barney analyst Mark Urness said the trend of the last several years towards more domestic gas drilling — as opposed to oil — is expected to continue in the coming year.

"We've seen a dramatic shift in the balance of oil and gas drilling. Currently, 80% of rigs are drilling for gas," he said. "We expect the oil rig count to increase as well, but the balance is going to remain skewed toward gas as long as gas prices remain as high as they are. Our

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dnesday, December 20, 2000
m: John Hack
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Gas Daily®

ılly Price Survey

Listed in the left column are the midpoints of the daily ges for the most common prices, paid in $/mmBtu of a al volume of 5 thousand mmBtu. The middle column ws absolute low-high prices for transactions reported on date at the top of the column, the third column shows that a ranges for the most common prices. The prices are erally for gas flowing today, weekends are usually priced g data collected Friday. Ranges are for deals done be- nomination deadlines. Boldface indicates the price range ased on data reported the previous day. Plain type indi- es insufficient data to reconfirm or change the previous ge. The common range is built around the volume weighted rage and the midpoint is calculated for the common range a in this table is Copyright 2000 by FT Energy.

TIONAL AVERAGE PRICE: $10.400***

ins. date ow date(s)	12/19 12/20	12/19 12/20	12/19 12/20
	Midpoint	Absolute	Common
Permian Basin Area			
Paso	9.105	8.85-9.55	8.93-9.28
rthern (Mids 1-6)	9.110	9.01-38	9.02-20
x Intras, Waha area	9.130	8.85-9.50	8.97-9.29
answeetern	9.125	8.85-9.56	8.95-9.30
East Texas-North Louisiana Area			
arthage Hub tailgate	8.975	8.80-9.14	8.89-9.06
xch (Zones 1&2)	8.780	8.75-77	8.75-77
ne Star	8.785	8.75-82	8.77-80
RT mainline	9.275	9.09-34	9.21-34
RT west leg	9.090	9.05-25	9.05-13
GPL TexOk (West)	9.440	9.30-55	9.38-50
GPL TexOk (East)	9.080	8.80-9.40	8.91-9.21
see, 100 Leg	9.125	9.08-18	9.10-15
astern (ETX)	8.860	8.70-9.10	8.76-96
Gas (entire Z 1)	9.145	9.02-31	9.07-22
East-Houston-Katy			
ouston Ship Channel	9.060	8.91-9.31	8.96-9.16
aty plant tailgate	9.065	8.85-9.20	8.98-9.15
runkline North	9.100	9.09-11	9.09-11
North-Texas Panhandle			
GPL (Permian)	9.000	8.00-9.25	8.75-9.25
orthern (Mid 10)	9.185	9.01-35	9.10-27
ransweetern	9.125	8.85-9.56	8.95-9.30
South-Corpus Christi			
gua Dulce hub	8.840	8.60-96	8.75-93
Florida Gas	9.100	8.98-9.18	9.05-15
HPL	8.920	8.78-9.13	8.83-9.01
Koch (Zone 1)	8.860	8.85-87	8.85-87
NGPL (STX)	8.965	8.75-9.25	8.84-9.09
Tennessee	8.945	8.71-9.30	8.80-9.09
Texas Eastern (STX)	8.715	8.55-9.00	8.60-83
Transco, St 30	8.975	8.65-9.35	8.80-9.15
Trunkline South	8.980	8.90-9.05	8.94-9.02
PG&E-GTT	8.755	8.70-80	8.73-78
Louisiana-Onshore South			
ANR	9.015	8.88-9.31	8.85-9.18
Columbia	9.120	8.97-9.37	9.02-22
Columbia, Mainline	9.235	9.04-43	9.14-33
FGT Z1	9.100	8.98-9.18	9.05-15
FGT Z2	9.135	9.03-41	9.04-23
FGT Z3	9.140	9.05-26	9.09-19
Henry Hub	9.120	8.90-9.53	8.96-9.28
Koch (Zones 2&4)	8.780	8.69-97	8.71-85
NGPL (La)	9.085	8.90-9.40	8.96-9.21
Sonat	9.125	8.98-9.39	9.03-24
Tennessee, 500 Leg	9.100	8.95-9.40	8.99-9.21
Tennessee, 800 Leg	9.105	8.94-9.40	8.99-9.22
Texas E. (WLA)	8.930	8.75-9.23	8.86-9.10
Texas E. (ELA)	9.040	8.90-9.30	8.94-9.14
Texas Gas SL	9.125	8.97-9.40	9.02-23
Transco, St 45	8.930	8.75-9.20	8.87-9.09
Transco, St 65	9.150	8.90-9.50	9.00-30
Trunkline WLA	9.180	8.96-9.36	9.08-28
Trunkline ELA	9.005	8.88-9.50	8.88-9.13
Oklahoma			
ANR	9.200	9.00-56	9.06-34
(Midcont.)	9.150	8.85-9.48	8.99-9.31
t (North/South)	9.100	8.90-9.46	8.96-9.24
ant (West)	8.975	8.65-9.31	8.81-9.14
Northern (Mid 11)	9.210	9.03-39	9.12-30
GT	9.145	8.98-9.40	9.04-25
EPL	9.185	8.80-9.55	9.00-37
Williams	9.290	9.00-85	9.08-50
New Mexico San Juan Basin			
El Paso, Bonded	8.475	8.20-70	8.35-60
El Paso, non-Bonded	8.480	8.20-9.20	8.23-73

continued on next page

Market softer though cold weather continues

The Market

The holiday slowdown has apparently started, as traders noted a sluggish tone creeping into the market yesterday. "It's kind of nice taking a breather. It gives me a chance to get the year-end paperwork finished," a trader said.

But it could just be the quiet before the storm when today's American Gas Assn. (AGA) storage report blows the gasket off prices, another trader said.

Speaking of storms, while the Midwest and North continue to be snowed under, some areas of the South are now seeing their first snowfall. Cold temperatures are blanketing Canada and most of the United States with no break in sight. After this next round of snow, it is expected another cold air mass will follow sending North America further into the freezer for the new year.

Meanwhile, a Stage 2 power emergency may have been behind somewhat higher gas prices seen in the Pacific Northwest. Peak power prices were running $460/MWh-plus in the region, while gas prices were up about 80¢ at the Pacific Gas & Electric (PG&E) citygate. The 24-hour weighted

(continued on page 6)

Plantiffs take broad aim in California lawsuit

A class-action lawsuit filed this week in California raised allegations of unfair competition and unlawful business practices by Sempra Energy and El Paso Natural Gas (*GD 12/19*), but those companies are not the only ones in the crosshairs. A lawyer for the plaintiffs told *Gas Daily* yesterday that their legal consortium had not ruled out action against other companies, including Dynegy.

Dynegy, said the plaintiffs, conspired with El Paso to hoard a large block of capacity on the pipeline in an effort to boost the price spread between the San Juan Basin and the California border. According to the suit, that arrangement "gave Dynegy market power to restrict pipeline capacity and to lower the total volumes of gas delivered to the market, thus raising prices."

At issue is the award of some 1.3 billion cfd of firm capacity on the El Paso system to Dynegy in 1998 (*GD 11/22/99*). According to the suit, Dynegy acted as a proxy for El Paso, which subsequently awarded the capacity to an affiliate, El Paso Merchant Energy, after the Dynegy contracts expired (*GD 2/17*).

"This [conspiracy] became clear, when in February 2000, El Paso Merchant 'purchased' the self-same capacity held by Dynegy from [El Paso Natural Gas]," wrote the plaintiffs. The transfer, the complaint added, was part of El Paso and Sempra's "illegal joint plan" to manipu-

(continued on page 5)

Nev. shippers attack Northwest must-flow order

Several industrial customers with operations in Nevada are in financial jeopardy due to Northwest Pipeline's violation of "must-flow" operational flow order (OFO) provisions in its tariff, the customers complained to FERC last Friday. The customers, holders of an aggregate 10,278 dth/d of released capacity on Northwest, want FERC to issue a cease-and-desist order immediately against Northwest to avoid further liabilities from non-compliance with the must-flow order.

The group of shippers — Northern Nevada Industrial Gas Users (NNIGU) — argues that Northwest has unlawfully refused to honor the shippers' oral and written requests for exemption from noncompliance penalties associated with Northwest's must-flow OFO. The shippers contend this refusal is in direct contravention of the section of Northwest's tariff (Section 14.15), which allows shippers to avoid noncompliance penalties in certain instances.

"Northwest has ignored its own prior statements and the commission's mandate in approving Section 14.15(f) that, if good faith efforts have been exercised to secure a gas supply under must-flow conditions, then a shipper will not be penalized for failure of gas supply," the shippers argued. "Instead, Northwest has unlawfully grafted a 'gas at any price' standard onto

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Daily Price Survey

Listed in the left column are the midpoints of the daily ranges for the most common prices, paid in $/mmBtu of a typical volume of 5 thousand mmBtu. The middle column shows absolute low-high prices for transactions reported on the date at the top of the column, the third column shows that day's ranges for the most common prices. The prices are generally for gas flowing today; weekends are usually priced using data collected Friday. Ranges are for deals done before nomination deadlines. Boldface indicates the price range is based on data reported the previous day. Plain type indicates insufficient data to reconfirm or change the previous range. The common range is built around the volume weighted average and the midpoint is calculated for the common range. Data in this table is Copyright 2000 by FT Energy.

NATIONAL AVERAGE PRICE: $11.280****

Trans. date	12/20	12/20	12/20
Flow date(s)	12/21	12/21	12/21
	Midpoint	Absolute	Common
Permian Basin Area			
El Paso	10.000	9.50-10.50	9.75-10.25
Northern (Mids 1-6)	10.110	9.97-10.33	10.02-20
Tex intras, Waha area	10.070	9.65-10.50	9.86-10.28
Transwestern	9.900	9.62-10.58	9.66-10.14
East Texas-North Louisiana Area			
Carthage Hub tailgate	9.805	9.55-10.05	9.68-93
Koch (Zones 1&2)	9.540	9.53-55	9.53-55
Lone Star	9.550	9.45-65	9.50-60
MRT mainline	10.090	9.80-10.12	10.06-12
MRT west leg	9.790	9.25-85	9.73-85
NGPL TexOk (West)	10.255	10.30-40	10.33-38
NGPL TexOk (East)	9.805	9.55-10.05	9.68-93
Tennessee, 100 Leg	9.800	9.65-10.00	9.71-89
Texas Eastern (ETX)	9.700	9.60-80	9.65-75
Texas Gas (entire Z 1)	9.920	9.79-10.03	9.86-98
East-Houston-Katy			
Houston Ship Channel	9.830	9.65-10.10	9.72-94
Katy plant tailgate	9.825	9.60-98	9.73-92
Trunkline North	9.870	9.86-88	9.86-88
North-Texas Panhandle			
NGPL (Permian)	9.750	6.00-9.95	9.55-95
Northern (Mid 10)	10.210	10.11-31	10.16-28
Transwestern	9.900	9.62-10.58	9.66-10.14
South-Corpus Christi			
Agua Dulce hub	9.720	9.62-90	9.65-79
Florida Gas	9.915	9.83-10.04	9.86-97
HPL	9.810	9.63-95	9.73-89
Koch (Zone 1)	9.640	9.63-65	9.63-65
NGPL (STX)	9.690	9.48-93	9.58-80
Tennessee	9.725	9.59-97	9.63-82
Texas Eastern (STX)	9.630	9.45-98	9.50-76
Transco, St 30	9.720	9.55-90	9.63-81
Trunkline South	9.830	9.75-90	9.79-87
PG&E-GTT	9.730	9.72-74	9.72-74
Louisiana-Onshore South			
ANR	9.830	9.55-10.07	9.70-95
Columbia	9.935	9.80-10.09	9.86-10.01
Columbia, Mainline	10.075	9.85-10.30	9.96-10.19
FGT Z1	9.915	9.83-10.04	9.86-97
FGT Z2	9.950	9.70-10.10	9.85-10.05
FGT Z3	9.970	9.82-10.14	9.89-10.05
Henry Hub	9.910	9.60-10.15	9.77-10.05
Koch (Zones 2&4)	9.705	9.59-92	9.62-79
NGPL (La.)	9.860	9.55-10.10	9.72-10.00
Sonat	9.890	9.55-10.15	9.74-10.04
Tennessee, 500 Leg	9.890	9.58-10.06	9.77-10.01
Tennessee, 800 Leg	9.895	9.60-10.09	9.77-10.02
Texas E. (WLA)	9.755	9.61-95	9.67-84
Texas E. (ELA)	9.895	9.68-10.05	9.80-99
Texas Gas SL	9.935	9.64-10.15	9.81-10.06
Transco, St 45	9.775	9.61-10.03	9.67-88
Transco, St. 65	9.950	9.65-10.14	9.83-10.07
Trunkline WLA	9.920	9.68-10.11	9.81-10.03
Trunkline ELA	9.840	9.55-10.00	9.73-95
Oklahoma			
ANR	10.095	9.78-10.40	9.94-10.25
NGPL (Midcont)	9.910	9.70-10.10	9.81-10.01
Reliant (North/South)	9.925	9.67-10.25	9.78-10.07
Reliant (West)	9.815	9.70-10.08	9.72-91
Northern (Mid 11)	10.240	10.12-36	10.18-30
OKT	9.935	9.60-10.26	9.77-10.10
PEPL	10.025	9.70-10.40	9.85-10.20
Williams	10.345	9.75-11.25	9.97-10.72
New Mexico-San Juan Basin			
El Paso, Bondad	9.050	8.90-9.25	8.96-9.14
El Paso, non-Bondad	9.115	8.70-9.80	8.84-9.39

continued on next page

PG&E plans expansion to match West demand

Taking its cue from the tight supply situation out West, PG&E Corp. is making plans for an aggressive capacity expansion. The company announced yesterday that it would pursue a phased expansion of its Pacific Northwest pipeline system that would bring new volumes into Washington, Oregon and California.

But PG&E is also looking beyond the current gas crunch in California. As outlined, the expansion could eventually include new mainline infrastructure to accommodate supply from the Alaskan North Slope and the Northwest Territories. And PG&E has tapped TransCanada PipeLines (TCPL) for support of the project, pledging to examine the needs of market participants in Canada.

Thomas King, president and chief operating officer of PG&E National Energy Group, West Region, said the expansion could meet rising demand in California and the Pacific Northwest as early as 2002.

"As we have been anticipating, the western natural gas market is at a critical point in the need for additional pipeline capacity," he said. "Gas supplies into the Pacific Northwest and

(continued on page 6)

Cold keeps markets strong; Michigan dips

The Market

Flow for the first day of winter was marked by constrained gas in the Midwest, while cash in the South saw aggressive prices and increasing demand for pipeline capacity.

Michigan Consolidated Gas (MichCon) prices continued to be crushed under the weight of captive storage on the system that has to be withdrawn this month. One source said it's getting extremely difficult to move gas out of the system because the interconnections are full, allowing parties with firm transportation to demand deep discounts for the gas. "You've got to do something with it," the trader said.

Sources said bids at MichCon dipped below $7 yesterday, and price reports put MichCon more than $1.50 under Henry Hub for the day. On the positive side, the situation should clear for next month, and January basis for MichCon was bid at plus 39¢, he said. In contrast, reported December basis at MichCon only got as high as plus 3¢ in anticipation of this month's downward pressure on prices.

In the Northeast, Texas Eastern Transmission M3 was the strong point, a trader said. "Transco for New York delivery traded below non-New York and M3 for most of the morning, maybe because we aren't getting severe weather. It is more normal here than in most other

(continued on page 5)

Favorable climate lifts Questar's capital budget

Questar has outlined a capital spending program that may run as high as $563 million, a potential record for the integrated natural gas company.

The company's 2001 capital spending will range between $368 million and $563 million, depending on the construction schedule of two major projects. The large numbers come in response to what R.D. Cash, president and CEO of Questar, called "unprecedented demand ... for natural gas supplies, transportation and retail-distribution services."

Questar's storage, transportation and distribution systems operated at, or near, capacity in November as a result of cold temperatures and electricity generation, Cash said. November was the coldest on record for the company's Utah service area, and the interstate pipeline system had no excess capacity.

"We are experiencing firsthand the unprecedented demand for gas from our wells, for capacity in our storage and transportation systems, and for supplies to serve a growing number of residential, commercial and industrial customers," Cash said.

The largest portion of the $368 million base will be designated for the company's market resources area, which conducts oil and gas exploration and production, gas gathering and pro-

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Daily Price Survey

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NATIONAL AVERAGE PRICE: $12.015****

Trans. date Flow date(s)	12/21 12/22	12/21 12/22	12/21 12/22
	Midpoint	Absolute	Common
Permian Basin Area			
El Paso	10.940	10.50-11.50	10.69-11.19
Northern (Mids 1-6)	11.365	10.85-12.15	11.04-69
Tex Intras, Waha area	10.805	10.10-11.15	10.64-11.07
Transwestern	11.025	10.57-11.40	10.82-11.23
East Texas-North Louisiana Area			
Carthage Hub tailgate	10.430	10.00-60	10.28-58
Koch (Zones 1&2)	10.250	10.20-32	10.22-28
Lone Star	10.005	9.95-10.05	9.98-10.03
MRT mainline	10.740	10.30-77	10.71-77
MRT west leg	10.505	10.50-52	10.50-51
NGPL TexOk (West)	11.250	11.24-26	11.24-26
NGPL TexOk (East)	10.420	10.20-80	10.27-57
Tennessee, 100 Leg	10.460	10.30-55	10.40-52
Texas Eastern (ETX)	10.300	10.10-60	10.20-40
Texas Gas (entire Z 1)	10.515	10.40-67	10.45-58
East-Houston-Katy			
[illegible]ston Ship Channel	10.460	10.25-61	10.37-55
[illegible]y plant tailgate	10.445	10.10-60	10.32-57
Trunkline North	10.475	10.45-50	10.46-49
North-Texas Panhandle			
NGPL (Permian)	10.800	6.50-11.30	10.30-11.30
Northern (Mid 10)	11.230	11.03-43	11.13-33
Transwestern	11.025	10.57-11.40	10.82-11.23
South-Corpus Christi			
Agua Dulce hub	10.305	10.15-40	10.24-37
Florida Gas	10.505	10.30-60	10.43-58
HPL	10.345	10.25-47	10.29-40
Koch (Zone 1)	10.180	10.17-19	10.17-19
NGPL (STX)	10.270	10.07-55	10.15-39
Tennessee	10.320	10.00-60	10.17-47
Texas Eastern (STX)	10.255	9.90-10.60	10.08-43
Transco, St 30	10.285	10.00-55	10.15-42
Trunkline South	10.420	10.30-55	10.36-48
PG&E-GTT	10.195	10.10-41	10.12-27
Louisiana-Onshore South			
ANR	10.460	10.29-66	10.37-55
Columbia	10.510	10.20-65	10.40-62
Columbia, Mainline	10.645	10.30-79	10.52-77
FGT Z1	10.505	10.30-60	10.43-58
FGT Z2	10.560	10.36-73	10.47-65
FGT Z3	10.545	10.31-65	10.46-63
Henry Hub	10.480	10.10-75	10.32-64
Koch (Zones 2&4)	10.200	10.16-28	10.17-23
NGPL (La.)	10.425	10.25-68	10.32-53
Sonat	10.560	10.45-65	10.51-61
Tennessee, 500 Leg	10.505	10.26-67	10.40-61
Tennessee, 800 Leg	10.500	10.20-65	10.39-61
Texas E. (WLA)	10.385	10.21-75	10.23-50
Texas E. (ELA)	10.525	10.23-11.00	10.33-72
Texas Gas SL	10.520	10.29-65	10.43-61
Transco, St. 45	10.385	10.18-60	10.28-49
Transco, SL 65	10.515	10.18-71	10.38-65
Trunkline WLA	10.535	10.31-68	10.44-63
Trunkline ELA	10.455	10.20-68	10.34-57
Oklahoma			
ANR	11.055	10.50-11.60	10.78-11.33
NGPL (Midcont.)	10.955	10.39-11.45	10.69-11.22
Reliant (North/South)	10.630	9.80-11.20	10.28-98
Reliant (West)	10.440	9.65-10.90	10.13-75
[illegible]thern (Mid 11)	11.270	11.05-49	11.16-38
[illegible]T	10.455	9.50-11.35	9.99-10.92
[illegible]EPL	11.060	10.51-11.55	10.80-11.32
Williams	11.525	10.80-13.50	10.85-12.20
New Mexico-San Juan Basin			
El Paso, Bondad	9.915	9.40-10.39	9.67-10.16
El Paso, non-Bondad	9.990	9.75-10.39	9.83-10.15

continued on next page

Balancing activity keeps cash prices strong

The Market

With the number of shopping days till Christmas dwindling, many traders decided to wrap up their deals early, turning yesterday into an unusually busy trading day. The combination of cold weather and increased market activity was all the market needed to move up.

Henry Hub prices soared 60¢ over the NYMEX contract, attesting to the extremely strong markets in the Northeast and Midcontinent. The Hub also continued to lag behind some regional pipes as pipelines warned customers not to go short. Sources said balancing needs and heightened market demand were particularly strong on Texas Eastern Transmission and Tennessee Gas Pipeline.

Southern Natural Gas continued to experience short imbalances on its system Wednesday. The pipeline said additional imbalances may occur because of holiday closings as well as the issuance of an operational flow order (OFO).

The pipeline urged shippers and point operators to closely monitor actual, as opposed to scheduled, quantities. Southern said the associated OFO has penalties of up to $15/dth at spe-

(continued on page 6)

El Paso blasts 'conspiracy theory,' lawsuits

One week after El Paso Energy President William Wise went on the record to defend his company against charges of affiliate abuse (*GD 12/21*), El Paso has issued a "public and equivocal denial" of any involvement in a conspiracy to drive up California gas prices.

Departing from company policy proscribing comment on litigation, El Paso spokeswoman Norma Dunn yesterday issued a terse statement countering allegations of wrongdoing by its pipeline subsidiary, El Paso Natural Gas. "Neither El Paso nor any of its affiliates have been or are now engaged in any illegal activities, alone or in combination with other parties, to increase energy prices or create energy shortages in California," she said. "Claims that El Paso has caused or contributed to the present energy crisis in California are false."

Recent lawsuits have alleged that El Paso conspired with affiliate El Paso Merchant Energy to hoard capacity going into California, causing pipeline constraints and driving up the spot price of gas (*GD 12/20*). Dunn said the lawsuits "overlook, misrepresent and misinterpret evidence and events that contradict the contrived conspiracy theory and render totally unbelievable."

Halliburton splits in attempt to speed recovery

In a move to revitalize its engineering and construction business, Dallas-based Halliburton, the world's largest oilfield services company, yesterday announced plans to divide its operations into two business segments. The company also said it would take after-tax charges of $120 million in the fourth quarter related to restructuring and charges on engineering and construction projects.

Under the new structure, all operations will fall under either the Halliburton Energy Services Group or the Engineering and Construction Group. In addition to consolidating similar business groups, the new structure splits up Halliburton's Brown & Root Energy Services (BRES), dividing its component parts between the two major business segments.

The Halliburton Energy Services Group will include Halliburton Energy Services, Landmark Graphics and certain businesses that were formally part of Brown & Root Energy Services.

All engineering and construction activities will be consolidated under the Engineering and Construction Group. The upstream oil and gas engineering and construction, fabrication capabilities as well as the traditional engineering and construction business will be under Kellogg, Brown & Root management.

The move did not come as a surprise to industry observers, as the company had signal

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Gas Daily®

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ally Price Survey

Listed in the left column are the midpoints of the daily ges for the most common prices, paid in $/mmBtu of a ical volume of 5 thousand mmBtu. The middle column ows absolute low-high prices for transactions reported on date at the top of the column, the third column shows that y's ranges for the most common prices. The prices are nerally for gas flowing today; weekends are usually priced ing data collected Friday. Ranges are for deals done be- e nomination deadlines. Boldface indicates the price range based on data reported the previous day. Plain type indi- ates insufficient data to reconfirm or change the previous nge. The common range is built around the volume weighted verage and the midpoint is calculated for the common range. ata in this table is Copyright 2000 by FT Energy.

ATIONAL AVERAGE PRICE: $11.760****

rans. date / low date(s)	12/22 12/23-26 Midpoint	12/22 12/23-26 Absolute	12/22 12/23-26 Common
Permian Basin Area			
l Paso	10.555	10.16-11.20	10.29-82
lorthern (Mids 1-6)	10.505	10.33-67	10.42-59
ex intras, Waha area	10.575	10.16-11.25	10.30-86
ranswestern	10.600	10.30-90	10.45-75
East Texas-North Louisiana Area			
Carthage Hub tailgate	10.295	10.10-40	10.22-37
Koch (Zones 1&2)	10.260	10.25-27	10.25-27
.one Star	10.005	9.95-10.05	9.98-10.03
MRT mainline	10.570	10.47-58	10.56-58
MRT west leg	10.415	10.40-43	10.41-42
NGPL TexOk (West)	10.685	9.99-11.00	10.43-94
NGPL TexOk (East)	10.270	9.96-10.84	10.10-44
Tennessee, 100 Leg	10.370	10.21-58	10.28-46
Texas Eastern (ETX)	10.280	10.00-40	10.18-38
Texas Gas (entire Z 1)	10.520	10.40-64	10.46-58
East-Houston-Katy			
Ship Channel	10.315	9.95-10.64	10.17-46
Katy plant tailgate	10.325	9.90-10.49	10.18-47
Trunkline North	10.350	10.34-36	10.34-36
North-Texas Panhandle			
NGPL (Permian)	10.700	6.50-11.35	10.06-11.35
Northern (Mid 10)	10.645	10.67-11.01	10.76-99
Transwestern	10.600	10.30-90	10.45-75
South-Corpus Christi			
Agua Dulce hub	10.145	9.95-10.30	10.06-23
Florida Gas	10.490	10.39-59	10.44-54
HPL	10.115	10.01-35	10.03-20
Koch (Zone 1)	10.190	10.18-20	10.18-20
NGPL (STX)	10.090	9.50-10.35	9.88-10.30
Tennessee	10.085	9.85-10.35	9.96-10.21
Texas Eastern (STX)	10.005	9.50-10.32	9.80-10.21
Transco, St 30	10.320	10.15-55	10.22-42
Trunkline South	10.390	10.25-40	10.38-40
PG&E-GTT	10.195	10.10-41	10.12-27
Louisiana-Onshore South			
ANR	10.395	10.00-63	10.24-55
Columbia	10.495	10.25-63	10.40-59
Columbia, Mainline	10.835	10.30-75	10.52-75
FGT Z1	10.490	10.39-59	10.44-54
FGT Z2	10.520	10.10-78	10.35-69
FGT Z3	10.480	10.39-60	10.43-53
Henry Hub	10.495	10.29-67	10.40-59
Koch (Zones 2&4)	10.310	10.30-32	10.30-32
NGPL (La.)	10.355	10.08-62	10.22-49
Sonat	10.525	10.39-64	10.46-59
Tennessee, 500 Leg	10.505	10.28-62	10.42-59
Tennessee, 800 Leg	10.500	10.23-63	10.40-60
Texas E (WLA)	10.295	10.00-55	10.16-43
Texas E. (ELA)	10.500	10.00-71	10.32-68
Texas Gas SL	10.520	10.38-63	10.46-58
Transco, St. 45	10.375	10.25-55	10.30-45
Transco, St 65	10.530	10.30-71	10.43-63
Trunkline WLA	10.465	10.31-65	10.40-57
Trunkline ELA	10.210	9.81-10.61	10.01-41
Oklahoma			
ANR	10.860	10.30-11.50	10.56-11.16
NGPL (Midcont.)	10.730	10.37-11.40	10.47-99
Reliant (North/South)	10.345	9.40-10.95	9.96-10.73
Reliant (West)	10.260	9.60-11.12	9.88-10.64
[illegible] (Mid 11)	10.875	10.72-11.02	10.80-95
[illegible]	10.095	9.50-11.03	9.71-10.48
[illegible]PL	10.775	10.00-11.54	10.39-11.18
Williams	11.395	10.63-11.80	11.10-69
New Mexico-San Juan Basin			
El Paso, Bondad	8.610	8.35-9.15	8.41-81
El Paso, non-Bondad	8.670	8.35-9.68	8.35-99

continued on next page

High gas prices shift market power to sellers

In the manic energy markets of 2000, the biggest story may well have been the meteoric rise of natural gas prices. The knock-on effect hit everything from electricity markets to homeowners' checkbooks to the basic balance of power between gas buyers and gas sellers.

2000 in Review

For the past few years, the gas industry has been wringing its hands in anticipation of the 30 trillion cf market projected for 2010. Some had warned about supply-side growing pains on the ride to Valhalla. But until this summer, few had imagined a six-month ascent from $2 and $3/mcf gas to $10/mcf gas, and the resulting chaos for customers, producers, and everyone in between.

Setting the stage for this year's drama was the 1998-99 crisis in the oilpatch, when low

(continued on page 4)

El Paso seals acquisition of PG&E Texas assets

In a transaction that nets it some 8,500 miles of gas transmission lines, El Paso Energy unit El Paso Field Services Friday sealed its purchase of PG&E Corp.'s Texas midstream business. As part of the deal, however, El Paso will have to part with a number of pipeline assets to comply with antitrust regulation.

El Paso acquired the gas and gas liquids units of PG&E Gas Transmission, Texas Corp. and PG&E Gas Transmission Teco at a cost of $840 million. The sale, which includes assumed debt of roughly $561 million, was concluded following the approval of a consent agreement by the Federal Trade Commission (FTC) and the Texas Attorney General.

The proposed consent order instructs El Paso to shed a 35% stake in Oasis Pipe Line, said El Paso's Mel Scott. In addition, the required divestiture includes all of Teco's interest in the Teco Pipeline — 50% of the West Texas line running from Waha to West Texas, 100% of the lines from near Brownsville, Texas, to Duval, Texas, and 50 % of the line from Duval to the

(continued on page 4)

Multiple market margins make for madness

The continued upward trajectory of Henry Hub contract prices on the NYMEX has brought with it extreme and frequent volatility swings.

To the dismay of some traders, another hurdle has been added to the daily madness with increased exchange trading requirements. Because the market has been growing at such a rapid pace, NYMEX has been put into the position of having to frequently review and revamp its margin policies.

Price Hedging

NYMEX is essentially the counterparty for every gas futures trade that is made. In the course of each trading day, somebody will take a loss and somebody will make a gain. At the end of each trading day, NYMEX will actually pay out cash gains to traders who have been fortunate enough to have had a profitable day in the market.

In order to ensure that the money will be available to those who have made a gain, the NYMEX requires that traders deposit a pre-determined amount of funds into what is known as a

(continued on page 7)

Chesapeake finds quick cash in Deep Giddings

Chesapeake Energy has begun production from a well in the Deep Giddings Field in Washington County, Texas, that is currently producing at a rate of 40 million cfd. In its first 13 days of production, the Georgetown formation well — Ricks#1-H — has already paid out its $2.8 million cost, Chesapeake said.

Successful exploration in the Georgetown formation could be an added boost to the operations of Oklahoma City-based Chesapeake, which is set to close on its $345 million acquisition of Gothic Energy by Jan. 15 (*GD 9/12*).

The Georgetown formation should have a high-deliverability production profile, similar

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Daily Price Survey

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NATIONAL AVERAGE PRICE: $11.040****

Trans. date	12/26	12/26	12/26
Flow date(s)	12/27	12/27	12/27
	Midpoint	Absolute	Common
Permian Basin Area			
El Paso	10.400	9.60-10.75	10.11-69
Northern (Mids 1-6)	10.030	9.83-10.20	9.94-10.12
Tex Intras, Waha area	10.536	10.05-90	10.32-75
Transwestern	10.460	10.45-47	10.45-47
East Texas-North Louisiana Area			
Carthage Hub tailgate	10.180	10.00-29	10.11-25
Koch (Zones 1&2)	9.920	9.91-93	9.91-93
Lone Star	10.008	9.95-10.05	9.98-10.03
MRT mainline	10.230	9.80-10.36	10.10-36
MRT west leg	10.109	10.09-24	10.09-12
NGPL TexOk (West)	10.250	10.24-26	10.24-26
NGPL TexOk (East)	9.980	9.20-10.45	9.67-10.29
Tennessee, 100 Leg	9.805	9.78-10.00	9.78-83
Texas Eastern (ETX)	9.960	9.00-10.25	9.67-10.25
Texas Gas (entire Z 1)	10.315	9.99-10.48	10.19-44
East-Houston-Katy			
[illegible] Ship Channel	10.265	9.86-10.43	10.12-41
[illegible]nt tailgate	10.260	9.88-10.40	10.13-39
Trunkline North	10.100	10.09-11	10.09-11
North-Texas Panhandle			
NGPL (Perman)	10.700	8.50-11.35	10.05-11.35
Northern (Mid 10)	10.170	10.16-18	10.16-18
Transwestern	10.460	10.45-47	10.45-47
South-Corpus Christi			
Agua Dulce hub	9.610	9.50-70	9.56-66
Florida Gas	10.085	9.90-10.35	9.97-10.20
HPL	9.790	9.66-90	9.73-85
Koch (Zone 1)	9.880	9.87-89	9.87-89
NGPL (STX)	9.655	8.90-10.04	9.37-94
Tennessee	9.775	9.35-97	9.62-93
Texas Eastern (STX)	9.495	9.00-10.10	9.22-77
Transco, St 30	9.930	9.60-10.40	9.73-10.13
Trunkline South	9.910	9.90-92	9.90-92
PG&E-GTT	10.185	10.10-41	10.12-27
Louisiana-Onshore South			
ANR	9.975	9.65-10.51	9.76-10.19
Columbia	10.125	9.83-10.56	9.94-10.31
Columbia, Mainline	10.305	9.94-10.60	10.14-47
FGT Z1	10.085	9.90-10.35	9.97-10.20
FGT Z2	10.150	9.92-10.57	9.99-10.31
FGT Z3	10.080	9.90-10.34	9.97-10.19
Henry Hub	10.120	9.75-10.55	9.92-10.32
Koch (Zones 2&4)	9.735	9.44-10.06	9.58-89
NGPL (La.)	9.985	9.00-10.42	9.63-10.34
Sonat	10.140	9.93-10.41	10.02-26
Tennessee, 500 Leg	10.010	9.65-10.57	9.78-10.24
Tennessee, 800 Leg	9.995	9.65-10.50	9.78-10.21
Texas E (WLA)	9.865	9.60-10.40	9.64-10.09
Texas E (ELA)	10.105	9.80-10.54	9.92-10.29
Texas Gas SL	10.135	9.86-10.52	9.97-10.30
Transco, St. 45	9.960	9.70-10.50	9.76-10.16
Transco, St 65	10.190	9.80-10.60	9.99-10.39
Trunkline WLA	9.945	9.76-10.10	9.86-10.03
Trunkline ELA	9.845	9.30-10.40	9.37-92
Oklahoma			
ANR	10.260	9.60-10.80	9.96-10.56
NGPL (Midcont.)	10.005	9.15-10.68	9.62-10.39
Reliant (North/South)	10.100	9.50-10.70	9.80-10.40
Reliant (West)	9.905	9.40-10.43	9.65-10.16
[illegible]ern (Mid 11)	10.200	10.04-37	10.12-28
[illegible]	9.815	9.20-10.70	9.44-10.19
	10.290	9.80-10.84	9.97-10.69
Williams	10.430	9.80-11.00	10.13-73
New Mexico-San Juan Basin			
El Paso, Bondad	8.465	8.20-62	8.34-55
El Paso, non-Bondad	8.430	8.20-85	8.27-59

continued on next page

Pipes see heightened public scrutiny slow efforts

2000 in Review

In recent Senate hearings on natural gas, Sen. Jeff Bingaman summarized the dilemma for pipeline companies very neatly: "Construction of new pipelines has become very unpopular with the public." And while the industry strived to improve its image in 2000, a fatal rupture on the El Paso Natural Gas system in August led to a renewed legislative push for tighter pipeline regulation.

If the past year is any indication, the industry may face an uphill struggle in selling new pipeline projects to the public in 2001.

In its action plan for 2000, the Interstate Natural Gas Assn. of America, the main association representing the pipeline industry, put efforts to promote the industry's "excellent safety record" at the top of its list. But the El Paso incident, which left a dozen people dead, certainly made the task more difficult. The association weighed in behind a Senate-backed pipeline safety bill, but that bill failed to pass the House, where a number of representatives clamored for even stricter regulation.

It remains to be seen if a pipeline safety bill will be revived by a new Congress. But the

(continued on page 5)

Marathon agrees to buy CBM producer Pennaco

Marathon Oil has agreed to acquire Pennaco Energy, a coalbed methane producer, in an all-cash deal valued at $500 million, or $19/share, including $54 million of debt.

Denver-based Pennaco is one of the largest leaseholders in the Powder River Basin, in northern Wyoming and southern Montana, with about 400,000 net acres and current net production of more than 50 million cfd. The company also shares about 285,000 net acres there with CMS Gas and Oil. With proven reserves of 200 billion cf and 800 billion cf of upside potential, Marathon estimates that the ultimate acquisition and development costs of Pennaco's reserves will be about $4.50/boe.

"The shallow, more rapidly drilled [coalbed methane] wells will complement our focus in Oklahoma on deeper, higher productivity wells and result in a more balanced portfolio of growth opportunities," Marathon President Clarence Cazalot said.

Both companies' boards agreed to the deal. Based on the merger agreement, Marathon will begin a cash tender offer on Jan. 8 for 100%, but not less than a majority, of the outstanding Pennaco shares on a fully diluted basis.

Marathon is a subsidiary of USX-Marathon Group, which is a unit of USX Corp. The $19 a share bid represents a 30% premium to Pennaco's stock's price of $14.63 last Friday after-

(continued on page 5)

No last-minute stocking stuffers in quiet session

The Market

The gas market woke up yesterday morning, but, judging from the weightlessness of the post-Christmas price report, it must have pressed the snooze button and rolled back over.

While cash remained strong relative to futures trading for January, the lightness of the market caused the market to decline, sources said. Traded volumes yesterday averaged about 60%-80% lower than usual. "There were more sellers than buyers; it's that simple," one trader said.

The market was particularly light in the West, which had seen deals traded last Friday for flow through today. Cash prices were all over the page yesterday, with gains of about 80¢ and a dime seen at Southern California Gas and Sumas, Wash., respectively.

Northeast prices seesawed, with Transcontinental Gas Pipe Line Zone 6 for New York delivery gaining about 60¢ over weekend indices while Texas Eastern Transmission M3 dipped nearly a dollar off the weekend.

Chicago citygates also traded lightly yesterday, starting at about $14 and then sliding down during trading to about $10, traders said. "I can't account for the decline at Chicago,"

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Daily Price Survey

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NATIONAL AVERAGE PRICE: $11.130****

Trans. date	12/27	12/27	12/27
Flow date(s)	12/28	12/28	12/28
	Midpoint	Absolute	Common
Permian Basin Area			
El Paso	9.605	9.35-10.00	9.44-77
Northern (Mids 1-6)	9.400	9.33-48	9.36-44
Tex intras, Waha area	9.705	9.40-10.10	9.63-88
Transwestern	9.400	9.39-41	9.39-41
East Texas-North Louisiana Area			
Carthage Hub tailgate	9.465	9.30-65	9.36-55
Koch (Zones 1&2)	9.460	9.45-47	9.45-47
Lone Star	10.005	9.95-10.05	9.98-10.03
MRT mainline	9.640	9.38-68	9.62-69
MRT west leg	9.385	9.35-60	9.35-42
NGPL TexOk (West)	9.650	9.54-66	9.64-66
NGPL TexOk (East)	9.435	9.14-97	9.23-84
Tennessee, 100 Leg	9.300	9.20-40	9.25-35
Texas Eastern (ETX)	9.265	8.90-9.65	9.08-45
Texas Gas (entire Z 1)	9.615	9.43-85	9.51-72
East-Houston-Katy			
Houston Ship Channel	9.540	9.40-68	9.47-61
Katy plant tailgate	9.630	9.38-98	9.49-77
Trunkline North	9.795	9.70-80	9.79-80
North-Texas Panhandle			
NGPL (Permian)	9.355	8.50-9.80	8.91-9.60
Northern (Mid 10)	9.605	9.45-75	9.53-68
Transwestern	9.400	9.39-41	9.39-41
South-Corpus Christi			
Agua Dulce hub	9.215	9.09-31	9.18-27
Florida Gas	9.515	9.37-64	9.45-56
HPL	9.295	9.15-65	9.17-42
Koch (Zone 1)	9.420	9.41-43	9.41-43
NGPL (STX)	9.315	9.10-48	9.22-41
Tennessee	9.235	8.90-9.76	9.02-45
Texas Eastern (STX)	9.155	8.90-9.40	9.03-28
Transco, St 30	9.440	9.20-95	9.25-63
Trunkline South	9.610	9.30-70	9.52-70
PG&E-GTT	9.140	9.13-15	9.13-15
Louisiana-Onshore South			
ANR	9.490	9.25-85	9.34-64
Columbia	9.600	9.30-10.13	9.39-81
Columbia, Mainline	9.665	9.40-90	9.54-79
FGT Z1	9.515	9.37-64	9.45-56
FGT Z2	9.580	9.35-10.16	9.36-76
FGT Z3	9.545	9.35-66	9.47-62
Henry Hub	9.595	9.25-10.15	9.37-62
Koch (Zones 2&4)	9.275	9.21-51	9.21-34
NGPL (La.)	9.465	9.18-10.08	9.26-71
Sonat	9.610	9.33-85	9.48-74
Tennessee, 500 Leg	9.470	9.20-10.09	9.25-69
Tennessee, 800 Leg	9.460	9.20-65	9.37-65
Texas E (WLA)	9.375	9.02-75	9.19-56
Texas E (ELA)	9.445	9.11-85	9.26-63
Texas Gas SL	9.605	9.35-10.00	9.44-77
Transco, St. 45	9.480	9.25-80	9.34-62
Transco, St. 65	9.610	9.36-10.15	9.41-81
Trunkline WLA	9.305	9.03-65	9.15-46
Trunkline ELA	9.235	8.95-9.80	9.02-45
Oklahoma			
ANR	9.640	9.35-10.15	9.44-84
NGPL (Midcont.)	9.550	9.06-10.00	9.32-76
Reliant (North/South)	9.470	9.31-91	9.32-62
Reliant (West)	9.305	9.15-65	9.18-43
Northern (Mid 11)	9.630	9.46-80	9.55-71
OGT	9.520	9.28-80	9.39-65
TGPL	9.630	9.30-10.30	9.38-88
Williams	9.710	9.40-10.40	9.48-96
New Mexico-San Juan Basin			
El Paso, Bondad	8.780	8.59-92	8.70-86
El Paso, non-Bondad	8.765	8.59-9.00	8.86-67

continued on next page

Market pushes turbo thrust; N.Y. cash hits $45

The Market

While the cash market got back in the swing yesterday with temperatures and prices in the Midwest and Pacific Northwest moderating slightly, the January futures contract set sail on a fast tack, breaking all records with a January settlement of $9.978.

And as if a $10.10 high in the January futures contract weren't enough, cash prices at Transcontinental Gas Pipe line (Transco) Zone 6 for New York delivery traded as high as $45 yesterday.

Gulf Coast and Oklahoma cash prices were generally down about 50¢ from Wednesday indices, while Sumas, Wash., Southern California Gas, Kingsgate, and Chicago were off about $1.50 to $2 from the previous day.

Traders awaiting the release of the weekly American Gas Assn. (AGA) storage report for

(continued on page 6)

FERC mulls SDG&E request, awaits information

A scant few weeks after Sempra subsidiary San Diego Gas & Electric (SDG&E) asked for emergency relief over high California border prices, FERC has yet to make a final move. But the wheels are turning: the commission last week asked pipelines, utilities and transportation customers to submit detailed information about transportation and supply arrangements in Southern California.

FERC sent out two dozen letters to parties potentially affected by SDG&E's request. In particular, FERC sought answers on contracted demand for transportation to the California border: how much gas was scheduled, how much was delivered and under what terms. But the deadline for reply is Jan. 16 — a date that seems to indicate that no immediate relief is on the horizon for SDG&E.

As reported in *Gas Daily*, SDG&E this month sent an emergency request asking FERC to

(continued on page 5)

E-trading races through 'phenomenal' year

2000 in Review

Having hopped on the electronic trading bandwagon in 1999, the energy industry opened the throttle on their Internet initiatives in 2000. Given the relentless pace of the new e-commerce world, some analysts are already projecting that, as early as 2003, 85% of wholesale energy trading will be done online.

Looking back, Altra Energy Technologies, the granddaddy of energy electronic commerce, brought Altrade online a few years ago and now trades gas, power, natural gas liquids and crude oil.

EnronOnline's launch in late November 1999, though, got the e-trading ball rolling for 2000 and proved that the industry was more than ready to start trading online. Since its launch, EnronOnline has executed more than 542,000 transactions, representing a gross value of $327

(continued on page 4)

Hunt Oil makes offer to buy Berkley Petroleum

Hunt Oil Canadian yesterday said it will make an offer to acquire all of the outstanding common shares of Berkley Petroleum in a deal estimated at C$1.4 billion, including C$379 million of Berkley debt.

Dallas-based Hunt Oil expects to mail its offer of C$10 in cash per one share of Berkley to Berkley's shareholders as soon as possible, the company said yesterday. The offer, which will be subject to regulatory approvals and other conditions, will be in effect at least 21 days after the mailing, the company noted.

"This transaction is consistent with our company's strategy of developing new core areas of activity in select regions around the world," said Ray Hunt, chairman and CEO of Hunt Oil. "It builds upon our existing presence in Canada by providing an expanded platform for the

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x Edition - 6 pages

ally Price Survey

sted in the left column are the midpoints of the daily ranges he most common prices, paid in $/mmBtu of a typical vol- of 5 thousand mmBtu. The middle column shows absolute high prices for transactions reported on the date at the top e column; the third column shows that day's ranges for the t common prices. The prices are generally for gas flowing y, weekends are usually priced using data collected Fri- Ranges are for deals done before nomination deadlines. dface indicates the price range is based on data reported previous day Plain type indicates insufficient data to recon- or change the previous range. The common range is built und the volume weighted average and the midpoint is cal- ated for the common range Data in this table is Copyright 00 by FT Energy.

TIONAL AVERAGE PRICE: $10.530****

	12/28	12/28	12/28
ans. date	12/29	12/29	12/29
ow date(s)	Midpoint	Absolute	Common
	Permian Basin Area		
Paso	9.125	8.90-9.60	8.95-9.30
orthern (Mids 1-6)	8.915	8.78-9.25	8.80-9.03
x intras, Waha area	9.235	9.00-50	9.11-36
answestern	9.100	9.00-20	9.05-15
	East Texas-North Louisiana Area		
arthage Hub tailgate	9.090	8.90-9.30	8.99-9.19
och (Zones 1&2)	9.010	9.00-02	9.00-02
one Star	9.025	9.00-05	9.01-04
IRT mainline	9.205	9.00-23	9.16-23
IRT west leg	9.165	9.15-18	9.16-17
IGPL TexOk (West)	9.640	9.57-65	9.63-65
IGPL TexOk (East)	9.190	8.65-9.44	9.04-34
ennessee, 100 Leg	9.125	9.00-33	9.04-21
Eastern (ETX)	8.965	8.92-9.08	8.93-9.00
as (entre Z 1)	9.265	9.14-36	9.21-32
	East-Houston-Katy		
ston Ship Channel	9.225	9.04-38	9.14-31
y plant tailgate	9.210	9.05-38	9.13-29
Trunkline North	9.350	9.34-36	9.34-36
	North-Texas Panhandle		
NGPL (Permian)	8.940	8.53-9.18	8.78-9.10
Northern (Mid 10)	9.320	9.20-45	9.26-38
Transwestern	9.100	9.00-20	9.05-15
	South-Corpus Christi		
Agua Dulce hub	9.020	8.70-9.25	8.86-9.16
Florida Gas	9.170	9.04-28	9.11-23
HPL	9.000	8.75-9.10	8.91-9.09
Koch (Zone 1)	8.950	8.94-96	8.94-96
NGPL (STX)	8.955	8.85-9.15	8.88-9.03
Tennessee	8.925	8.65-9.16	8.80-9.06
Texas Eastern (STX)	8.885	8.60-9.11	8.76-9.01
Transco, St 30	8.975	8.90-9.20	8.90-9.05
Trunkline South	9.280	9.27-29	9.27-29
PG&E-GTT	9.140	9.13-15	9.13-15
	Louisiana-Onshore South		
ANR	9.120	8.95-9.35	9.02-22
Columbia	9.195	9.02-40	9.10-29
Columbia, Mainline	9.310	9.12-48	9.22-40
FGT Z1	9.170	9.04-28	9.11-23
FGT Z2	9.215	9.04-34	9.14-29
FGT Z3	9.215	9.05-30	9.15-28
Henry Hub	9.230	9.00-41	9.13-33
Koch (Zones 2&4)	8.885	8.73-9.20	8.77-9.00
NGPL (La.)	9.120	8.95-9.30	9.03-21
Sonat	9.245	9.06-36	9.17-32
Tennessee, 500 Leg	9.155	8.90-9.33	9.05-26
Tennessee, 800 Leg	9.170	8.90-9.33	9.06-28
Texas E (WLA)	9.070	8.81-9.30	8.95-9.19
Texas E. (ELA)	9.140	8.92-9.35	9.03-25
Texas Gas SL	9.230	9.05-36	9.15-31
Transco, St 45	9.060	8.95-9.40	8.95-9.17
Transco, St. 65	9.230	9.05-50	9.12-34
Trunkline WLA	9.130	8.96-9.25	9.06-20
Trunkline ELA	9.000	8.50-9.20	8.80-9.20
	Oklahoma		
ANR	9.290	8.96-9.60	9.13-45
NGPL (Midcont.)	9.140	8.73-9.38	8.98-9.30
nt (North/South)	9.165	8.80-9.86	8.90-9.43
(West)	8.930	8.80-9.43	8.80-9.06
em (Mid 11)	9.355	9.23-49	9.29-42
T	9.195	8.60-9.50	8.97-9.42
CPL	9.230	8.88-9.65	9.09-47
Williams	9.370	8.93-9.80	9.15-59
	New Mexico-San Juan Basin		
El Paso, Bonded	8.415	8.10-65	8.28-55
El Paso, non-Bonded	8.405	8.00-75	8.22-59

continued on next page

Gas-leveraged producers find greatest riches

2000 in Review

Companies in the exploration and production (E&P) sector saw a reversal of fortune in 2000, in which high oil and gas prices helped to wipe out the bad memories left over from the 1998-99 downturn.

The year also saw a continuation of the trend toward consolidation within the industry segment, as producers sought to achieve the critical mass needed to succeed in an increasingly competitive field. The merger bug infected the majors: BP Amoco completed its union with Atlantic Richfield (Arco) in April and Chevron announced plans to buy Texaco. Anadarko Petroleum closed its merger with Union Pacific Resources Group (UPR) and Occidental Petroleum (Oxy) bought Altura Energy, creating two of the largest independent producers in the world.

Consolidation also claimed another familiar name among large independent producers. In a follow-up to its Arco merger, BP acquired the minority shareholders' stake in Vastar Resources for approximately $1.5 billion and incorporated the Houston-based company into the BP fold. BP already owned 81.8% of Vastar's shares, acquired when the

(continued on page 5)

FERC approves Northern ad valorem settlement

In a move that may help close the lengthy and convoluted Kansas ad valorem tax refund matter, FERC this week approved a settlement agreement filed by Northern Natural Gas for the refund of taxes illegally passed on to local distribution customers in the 1980s. Northern said the settlement would provide relief to small producers and speed refunds to its customers during the current heating season.

Back in 1997, the U.S. Court of Appeals for the D.C. Circuit upheld a commission decision that ad valorem taxes were improperly tacked on to sales contracts (*GD 9/11/97*). FERC then issued an order fixing procedures and timetables for producers to make refunds to pipelines and for the pipelines to pass on the refunds to their customers.

But it took a lengthy proceeding to hammer out a mechanism for implementing the settlement. Producers challenged several aspects of the refund liability, including the amounts owed Northern, the allocation of refund claims and the "uncollectability" of royalty-related refunds.

In order to solve the matter once and for all, FERC assigned the case to its Dispute Resolution Service. Following lengthy discussions, the parties reached the proposed settlement.

The agreement specified an amount that each producer subject to a refund claim by Northern is required to refund and tackled the tricky question of interest as well. The settlement

(continued on page 5)

Traders watch the year go out with a whimper

The Market

With traders wrapping up their December swing deals yesterday and concentrating on Jan. 1-2 today, a steadily rising February futures contract wasn't enough to stop a general price decline of 30¢-50¢ across the board.

Waning demand in California and other western markets made western price drops go way beyond the ordinary. Southern California Gas was down more than $2 from Thursday flow, and Pacific Gas & Electric citygate, Sumas, Wash., Malin and Stanfield, Ore., were down about $1.20. "There's lots of gas around," one Sumas trader said.

Sumas and Kingsgate started trading in the mid-$11.50s yesterday before coming off about a dollar, another trader said.

Firm delivery capacity on Westcoast Energy's T-South line, which runs to Sumas, is reduced by about 100 million cfd, or 7% of firm entitlements, today after Westcoast declared a *force majeure* on the line yesterday, sources said. Mechanical problems at compressor station 4B, south of Station 2, warranted the action, Westcoast said.

"It didn't affect prices because Westcoast announced it after trading was done," a trader said.

Price Survey

Listed in the left column are the midpoints of the daily ranges the most common prices, paid in $/mmBtu of a typical volume 5 thousand mmBtu. The middle column shows absolute low-gh prices for transactions reported on the date at the top of the olumn; the third column shows that day's ranges for the most ommon prices. The prices are generally for gas flowing today; eekends are usually priced using data collected Friday. Ranges re for deals done before nomination deadlines. Boldface indi-ates the price range is based on data reported the previous day Plain type indicates insufficient data to reconfirm or change the revious range. The common range is built around the volume veighted average and the midpoint is calculated for the common ange. Data in this table is Copyright 2001 by FT Energy

NATIONAL AVERAGE PRICE: $10.910****

Trans date / Flow date(s)	12/29 12/30-31 Midpoint	12/29 12/30-31 Absolute	12/29 12/30-31 Common
Permian Basin Area			
El Paso	9.185	9.12-25	9.12-25
Northern (Midl 1-6)	8.920	8.91-93	8.91-93
Tex intras, Waha area	9.665	9.23-10.60	9.32-10.01
Transwestern	9.100	9.08-12	9.09-11
East Texas-North Louisiana Area			
Carthage Hub tailgate	9.365	9.09-90	9.16-87
Koch (Zones 1&2)	9.010	9.00-02	9.00-02
Lone Star	9.025	9.00-05	9.01-04
MRT mainline	10.335	10.08-66	10.19-48
MRT west leg	10.075	10.07-17	10.07-08
NGPL TexOk (West)	9.640	9.57-65	9.63-65
NGPL TexOk (East)	9.590	9.19-10.35	9.30-68
Tennessee, 100 Leg	9.475	9.12-10.10	9.23-72
Texas Eastern (ETX)	9.345	8.98-10.22	9.03-66
Texas Gas (entire Z 1)	10.025	9.25-11.25	9.53-10.52
East-Houston-Katy			
Houston Ship Channel	9.795	9.22-10.60	9.45-10.14
Katy plant tailgate	9.600	9.13-10.53	9.25-95
Trunkline North	9.355	9.24-36	9.35-36
North-Texas Panhandle			
NGPL (Permian)	8.940	8.90-98	8.92-86
Northern (Mid 10)	9.680	9.50-65	9.59-77
Transwestern	9.100	9.08-12	9.09-11
South-Corpus Christi			
Agua Dulce hub	9.660	9.02-10.45	9.30-10.02
[illegible] Gas	9.760	9.17-10.58	9.43-10.13
	9.000	8.70-9.10	8.90-9.10
Koch (Zone 1)	8.950	8.94-96	8.94-96
NGPL (STX)	9.205	8.90-10.21	8.98-9.61
Tennessee	9.190	8.90-10.50	8.90-9.48
Texas Eastern (STX)	9.250	8.85-10.25	8.91-9.61
Transco, St 30	9.215	8.95-10.20	8.95-9.48
Trunkline South	9.295	9.27-29	9.28-29
PG&E-GTT	9.140	9.13-15	9.13-15
Louisiana-Onshore South			
ANR	9.405	9.11-10.50	9.11-70
Columbia	9.510	9.18-11.05	9.18-84
Columbia, Mainline	9.750	9.30-10.62	9.43-10.09
FGT Z1	9.780	9.17-10.58	9.43-10.13
FGT Z2	9.810	9.21-10.85	9.40-10.22
FGT Z3	9.870	9.21-10.58	9.63-10.21
Henry Hub	9.520	9.16-11.10	9.16-86
Koch (Zones 2&4)	9.570	8.85-10.40	9.16-95
NGPL (La.)	9.345	9.10-10.40	9.10-69
Sonat	9.510	9.22-10.70	9.22-80
Tennessee, 500 Leg	9.385	9.05-10.55	9.05-72
Tennessee, 800 Leg	9.335	9.14-10.65	9.14-63
Texas E. (WLA)	9.475	8.95-10.45	9.10-85
Texas E (ELA)	9.540	9.14-10.64	9.19-89
Texas Gas SL	9.525	9.22-11.05	9.22-63
Transco, St. 45	9.810	9.06-10.50	9.06-56
Transco, St 65	9.590	9.20-10.60	9.24-94
Trunkline WLA	9.225	9.10-11.00	9.10-95
Trunkline ELA	9.230	8.95-10.60	8.95-9.61
Oklahoma			
ANR	9.555	9.05-10.80	9.12-99
NGPL (Midcont.)	9.485	9.00-10.70	9.04-89
Reliant (North/South)	9.340	9.17-10.85	9.17-51
Reliant (West)	9.055	8.93-10.00	8.93-9.16
Northern (Mid 11)	9.750	9.58-80	9.67-83
OGT	9.388	9.00-10.70	9.00-77
PEPL	9.525	9.05-10.60	9.09-98
Williams	9.490	9.30-10.90	9.30-68
New Mexico-San Juan Basin			
El Paso, Bonded	8.415	8.35-45	8.39-44
El Paso, non-Bonded	8.535	8.35-10.50	8.35-72
TW (Ignacio, pts south)	8.495	8.47-50	8.49-50
TW SJ (Blanco)	8.450	8.40-55	8.41-49
Rockies			
CIG (N syst)	8.320	8.25-50	8.28-38
[illegible] River/Opal plant	8.385	8.15-65	8.26-51
[illegible] Stanfield	11.715	10.40-12.25	11.25-12.18
[illegible] Westar	8.395	8.35-50	8.36-43
Cheyenne Hub	8.810	8.60-9.00	8.71-91
NW, Wyoming Pool	8.255	8.20-30	8.23-26
NW, south of Green River	8.165	8.10-20	8.14-19
Canadian Gas			

continued on next page

Upward futures trend expected to continue

An upward trend in the market knocked on doors Friday as non-commercials continued to hold steady positions last week with a slight improvement in long positions.

The bull market was apparently lingering as more traders began to position themselves for a possible run this week. Short positions also increased, showing that long and short positions appear to be moving in tandem.

Long positions managed to slightly outnumber short positions by a narrow margin of just over one to one in the Commodity Futures Trading Commission's latest Commitment of Traders Report for the week ending Dec. 26. Long positions increased to 12,040, compared to the prior report of 10,664.

Short positions also increased from 8,168 to 9,529. Open interest decreased slightly, and spreading positions also decreased to 15,589 from the preceding week's report of 17,887.

The possibility of sustained upward momentum in the market now looks inevitable as most of the continent braces for another series of cold fronts.

Even though weather and storage fundamentals have been moving the market upward, most of the volatility seen last week was based on technical trading, as local and short-term traders seized opportunities to capture profits.

"We are definitely entering into uncharted territory here, and it's getting scarier by the minute," a futures trader said. "As the market continues to stay on course toward these non-stop higher levels, the possibility for increased volatility and instability of prices will continue to increase, also."

As the market keeps moving up, it brings with it more uncertainty. The trader said: "One never knows when the whole game will change and the bottom might drop out in the blink of an eye."

The trader added that it doesn't appear the market is in for any kind of correction in the short term because fundamentals don't support a large drop in pricing right now. For now, he said, traders will continue to wonder at what point things might max out. AL

Commitments of Traders

This table shows long, short and spread positions of non-commercials, as reported weekly to the CFTC.

Rpt. Date	Long	Short	Spreading
Dec. 26	12,040	9,529	15,589
Dec. 19	10,664	8,168	17,887

Basis Differential

This table shows the basis relationships between several key pipeline and regional market points. The calculations are based on weekly weighted averages for prices gathered last week. The wacog for the Rockies is a composite of the points in that regions. Data in this table is Copyright 2001 by FT Energy

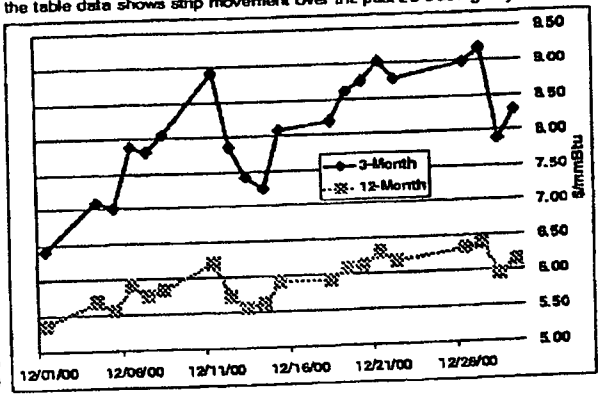
	Henry Hub	El Paso Permian	Agua Dulce	Transco St. 65	Katy Hub	Rockies	PEPL	Chicago	Col. Gas Appal.	So. Calif.
Weekly WACOG	10.15	10.18	9.70	10.15	10.02	8.78	10.34	11.97	10.53	17.25
Henry Hub		-0.03	0.45	-0.00	0.13	1.37	-0.20	-1.82	-0.38	-7.10
EP/Permian	0.03		0.48	0.03	0.16	1.40	-0.16	-1.79	-0.35	-7.07
Agua Dulce	-0.45	-0.48		-0.46	-0.33	0.91	-0.65	-2.27	-0.83	-7.55
Transco 65	0.00	-0.03	0.48		0.13	1.37	-0.19	-1.82	-0.38	-7.10
Katy Hub	-0.13	-0.16	0.33	-0.13		1.24	-0.32	-1.95	-0.51	-7.22
Rockies	-1.37	-1.40	-0.91	-1.37	-1.24		-1.56	-3.19	-1.75	-8.48
PEPL	0.20	0.16	0.65	0.19	0.32	1.56		-1.63	-0.19	-6.90
Chicago	1.82	1.79	2.27	1.82	1.95	3.19	1.63		1.44	-5.28
Col. Gas Appal	0.38	0.35	0.83	0.38	0.51	1.75	0.19	-1.44		-6.72
SoCal gas, large pkgs	7.10	7.07	7.55	7.10	7.22	8.46	6.90	5.28	6.72	
NYMEX Basis*	0.372	0.404	-0.080	0.375	0.247	-0.994	0.567	2.192	0.753	7.470

*NYMEX Basis is the NYMEX Henry Hub/cash basis differential calculated from the 12/29/00 near-month settlement of $9.775.

Henry Hub Futures and Strips

This table shows selected NYMEX Henry Hub contract settlement prices from the past week and calculates the 3-, 6-, 9-, and 12-month spreads. The chart to the right of the table data shows strip movement over the past 20 trading days. A dash indicates no data; an H indicates a holiday

	12/25 Mon	12/26 Tue	12/27 Wed	12/28 Thu	12/29 Fri
Jan-01	H	9.805	9.978	-	-
Feb-01	H	9.126	9.286	9.263	9.775
Mar-01	H	8.000	8.286	8.353	8.791
Apr-01	H	6.060	6.170	6.070	6.291
May-01	H	5.400	5.450	5.355	5.491
Jun-01	H	5.348	5.365	5.285	5.400
Jul-01	H	5.331	5.340	5.265	5.380
Aug-01	H	5.314	5.320	5.245	5.355
Sep-01	H	5.279	5.285	5.215	5.325
Oct-01	H	5.264	5.270	5.210	5.330
Nov-01	H	5.344	5.350	5.295	5.415
Dec-01	H	5.424	5.430	5.380	5.500
Jan-02	H	5.414	5.420	5.370	5.490
3/strip	H	8.977	9.183	7.895	8.286
6/strip	H	7.290	7.423	6.599	6.855
9/strip	H	6.629	6.720	6.140	6.349
12/strip	H	6.308	6.378	5.942	6.129



United Cities Gas Company

CONFIDENTIAL

August 24, 2000

Mr. Mike Horne
Chief, Energy and Water Division
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Docket 97-01364

Dear Mr. Horne:

Enclosed is United Cities Gas Company's quarterly report for the months of April, May and June 2000 in the above referenced Docket. Also enclosed is supporting documentation containing the indices used in the calculations. Please note that these worksheets are CONFIDENTIAL.

If you have any questions, please do not hesitate to contact me at 615-771-8332.

Very truly yours,

Patricia Childers

Patricia J. Childers
Manager – Rates & Regulatory Affairs

Cc: Consumer Advocate

810 Crescent Centre Dr., Suite 600 Franklin, TN 37067-6226 615/771-8300

United Cities Gas Company
State of Tennessee
1999/2000 Summary
Performance Based Ratemaking
Gas Procurement - Work Papers

Gas Procurement	Below Band	Above Band	Net for Month	Dth Purchased	Net Incentive Benefits Capacity Rel.
April, 2000	21,120.58	0.00	21,120.58	1,082,771	52,047
May, 2000	19,675.00	0.00	19,675.00	1,238,389	59,421
June, 2000	174.95	939.98	(765.03)	1,087,815	51,942
July, 2000	0.00	0.00	0.00	0	0
August, 2000	0.00	0.00	0.00	0	0
September, 2000	0.00	0.00	0.00	0	0
October, 2000	0.00	0.00	0.00	0	0
November, 2000	0.00	0.00	0.00	0	0
December, 2000	0.00	0.00	0.00	0	0
January, 2001	0.00	0.00	0.00	0	0
February, 2001	0.00	0.00	0.00	0	0
March, 2001	0.00	0.00	0.00	0	0
Total	$40,970.53	$939.98	$40,030.55 (2)	3,408,976	$163,409.62 (1)

Determinants

Upper Band:	102.00%
Lower Band:	97.70%
File Name:	

TO DATE: Under PBR:	To PGA	To UCGC
(1) Capacity Release	$ 147,068.66	$ 16,340.96
(2) Gas Cost - All Pipeline	$ 20,015.28	$ 20,015.28
Total	$167,084	$36,356
(1)	90%	10%
(2)	50%	50%

United Cities Gas Company
For the Tennessee Regulatory Authority
Monthly Report on Performance Based Ratemaking Mechanism

CONFIDENTIAL

Determinants

Upper Band.	102.00%
Lower Band:	97.70%
Company Split:	50 00%
Rolling Avg Adjust Well Purch.	$0.0000

Date: 08/24/00
Time: 09:01 AM
File
Month: April, 2000
Page: One

Row (a)	Pipeline (b)	Supplier Name (c)	Purchase Point (2) (d)	Invoice Volume (MMBTU) (f)	Invoice Price (g)	Inside FERC (h)	NGI (3) (i)	Close NYMEX (j)	Wgtd Avg Adjustment (1) (k)	Avoided Costs (l)	Average Gas Daily or Average Index (m)	Upper Band (n)	Lower Band (o)	Below Band (q)	Above Band (r)
	Spot Calculation (monthly)														
1	Tennessee	Woodward Mktg	Zone 1	545,879	$ 2.7692	$ 2 8300	$ 2.8400	$ 2.9000	$ -		$ 2.8567	$ 2.9138	$ 2 7910	11,900 16	0 00
2	Tennessee/CNG	Woodward Mktg	Zone 1 + Trans	17,444	$ 3.1000	$ 3.1000	$ 3.1100	$ 3 1700	$ -		$ 3.1267	$ 3.1892	$ 3 1892	1,555 97	0 00
3														13,456 13	0 00
4	Total Tennessee			563,322											
5															
6	Texas Eastern	Woodward Mktg	STX	30,300	$ 2 7645	$ 2.7800	$ 2 7900	$ 2.9000	$ -		$ 2.8233	$ 2 8798	$ 2 7584	0 00	0 00
7	Texas Eastern	Woodward Mktg	ETX	17,496	$ 2 7645	$ 2.8100	$ 2 8000	$ 2.9000	$ -		$ 2 8367	$ 2 8934	$ 2.7714	120 72	0 00
8	Texas Eastern	Woodward Mktg	WLA	34,402	$ 2.7645	$ 2 8200	$ 2 8300	$ 2 9000	$ -		$ 2.8500	$ 2 9070	$ 2 7845	688 05	0.00
9	Texas Eastern	Woodward Mktg	ELA	129,158	$ 2.7645	$ 2 8200	$ 2.8300	$ 2 9000	$ -		$ 2 8500	$ 2.9070	$ 2 7845	2,583 15	0.00
10	Texas Eastern/CNG	Woodward Mktg	ELA / WLA	0	$ -	$ 2.8200	$ 2 8300	$ 2 9000	$ -		$ 2 8500	$ 2 9070	$ 2.7845	0 00	0 00
11														3,391.92	0 00
12	Total Texas Eastern			211,356											
13															
14	Columbia Gulf	Woodward Mktg	Onshore	208,427	$ 2.7933	$ 2 8600	$ 2 8600	$ 2 9000	$ -		$ 2.8733	$ 2 9308	$ 2 8072	2,897.14	0.00
15	Columbia Gulf/Tennessee	Woodward Mktg	Onshore	0	$ -	$ 2.8600	$ 2 8600	$ 2 9000	$ -		$ 2.8733	$ 2 9308	$ 2 8072	0 00	0 00
16														2,897 14	0 00
17	Total Columbia Gulf			208,427											
18															
19	Southern Natural	Woodward Mktg	Louisiana	0	$ -	$ 2 8800	$ 2 8900	$ 2 9000	$ -		$ 2.8900	$ 2 9478	$ 2 8235	0 00	0 00
20														0 00	0 00
21	Total Southern Natural			0											
22															
23	Texas Gas	Woodward Mktg	Zone SL	6,036	$ 2.7967	$ 2.8600	$ 2 8700	$ 2 9000	$ -		$ 2 8767	$ 2 9342	$ 2 8105	83 30	0 00
24	Texas Gas - Storage	Woodward Mktg	Zone SL	93,630	$ 2.7967	$ 2 8600	$ 2 8700	$ 2.9000	$ -		$ 2 8767	$ 2 9342	$ 2 8105	1,292.09	0 00
25														1,375 39	0.00
26	Total Texas Gas			99,666											
27														$21,120 58	$0.00
28				1,082,771											
29	Total All Pipelines														
30															
31															

32 **Notes**
33
34 (1) Average Index includes the weighted average rolling average premium for terms of one month or greater See attached page for details
35 (2) CNG gas price equals TGP Zone 1 index plus transport to deliver to CNG of $.27.
36 (3) TGP/CNG supply index is the NGI CNG Appalachian.
37 (4) All requirements were taken from storage

United Cities Gas Company
For the Tennessee Regulatory Authority
Monthly Report on Performance Based Ratemaking Mechanism

CONFIDENTIAL

Determinants

Upper Band:	102 00%
Lower Band:	97 70%
Company Split:	50.00%
Rolling Avg Adjust Well Purch:	$0 0000

Date.	08/24/00
Time:	09:02 AM
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Month	May, 2000
Page:	One

Row (a)	Pipeline (b)	Supplier Name (c)	Purchase Point (2) (d)	Invoice Volume (MMBTU) (f)	Invoice Price (g)	Inside FERC (h)	NGI (3) (i)	Close NYMEX (j)	Wgtd Avg Adjustment (1) (k)	Avoided Costs (l)	Average Gas Daily or Average Index (m)	Upper Band (n)	Lower Band (o)	Below Band (q)	Above Band (r)
	Spot Calculation (monthly):														
1	Tennessee	Woodward Mktg	Zone 1	674,480	$ 2.9610	$ 3.0300	$ 3.0400	$ 3 0890	$ -		$ 3 0530	$ 3 1141	$ 2 9828	$ 14,703 67	$ -
2	Tennessee/CNG	Woodward Mktg	Zone 1 + Trans	17,330	$ 3 3000	$ 3.3000	$ 3.3100	$ 3 3590	$ -		$ 3.3230	$ 3 3895	$ 3 3895	$ 1,550 99	$ -
3														$ 16,254 66	$ -
4	Total Tennessee			691,810											
5															
6	Texas Eastern	Woodward Mktg	STX	21,964	$ 2 9613	$ 3 0300	$ 3 0300	$ 3.0890	$ -		$ 3 0497	$ 3 1107	$ 2.9795	$ 399 74	$ -
7	Texas Eastern	Woodward Mktg	ETX	12,682	$ 2 9613	$ 3 0200	$ 3.0200	$ 3 0890	$ -		$ 3 0430	$ 3 1039	$ 2.9730	$ 148 38	$ -
8	Texas Eastern	Woodward Mktg	WLA	24,938	$ 2 9613	$ 3 0000	$ 3 0100	$ 3 0890	$ -		$ 3 0330	$ 3.0937	$ 2.9632	$ 47 38	$ -
9	Texas Eastern	Woodward Mktg	ELA	93,623	$ 2 9613	$ 2 9800	$ 2.9900	$ 3 0890	$ -		$ 3 0197	$ 3 0801	$ 2 9502	$ -	$ -
10	Texas Eastern/CNG	Woodward Mktg	ELA / WLA	48,724	$ 3 0250	$ 2 9900	$ 3 0000	$ 3 0890	$ -		$ 3 0263	$ 3 0869	$ 2 9567	$ -	$ -
11														$ 195 76	$ -
12	Total Texas Eastern			201,931											
13															
14	Columbia Gulf	Woodward Mktg	Onshore	151,084	$ 2.9930	$ 3 0700	$ 3.0600	$ 3.0890	$ -		$ 3 0730	$ 3 1345	$ 3.0023	$ 1,405 08	$ -
15	Columbia Gulf/Tennesse	Woodward Mktg	Onshore	0	$ -	$ 3 0700	$ 3.0600	$ 3 0890	$ -		$ 3 0730	$ 3 1345	$ 3 0023	$ -	$ -
16														$ 1,405 08	$ -
17	Total Columbia Gulf			151,084											
18															
19	Southern Natural	Woodward Mktg	Louisiana	0	$ 3.0600	$ 3 0700	$ 3 0700	$ 3.0890	$ -		$ 3 0763	$ 3 1379	$ 3 0056	$ -	$ -
20														$ -	$ -
21	Total Southern Natural			0											
22															
23	*Texas Gas	Woodward Mktg	Zone SL *	0	$ 2 9897	$ 3 0600	$ 3.0600	$ 3.0890	$ -		$ 3 0697	$ 3.1311	$ 2 9991	$ -	$ -
24	Texas Gas - Storage	Woodward Mktg	Zone SL	193,564	$ 2 9897	$ 3.0600	$ 3.0600	$ 3.0890	$ -		$ 3 0697	$ 3 1311	$ 2 9991	$ 1,819.50	$ -
25														$ 1,819 50	$ -
26	Total Texas Gas			193,564											
27															
28														$19,675 00	$0.00
29	Total All Pipelines			1,238,389											
30															
31	To be corrected on next Quarterly Report. Invoice is forthcoming *														
32															
33															

34 **Notes**

35

36 (1) Average Index includes the weighted average rolling average premium for terms of one month or greater See attached page for details

37 (2) CNG ga[redacted]e equals TGP Zone 1 Index plus transport to deliver to CNG of $.27.

[redacted] to the NGI CNG Appalachian

United Cities Gas Compa
For the Tennessee Regulatory Authority
Monthly Report on Performance Based Ratemaking Mechanism

CONFIDENTIAL

Determinants

Upper Band:	102.00%
Lower Band.	97 70%
Company Split.	50.00%
Rolling Avg Adjust Well Purch:	$0.0000

Date 08/24/00
Time: 09.03 AM
File:
Month: June, 2000
Page: One

Row (a)	Pipeline (b)	Supplier Name (c)	Purchase Point (2) (d)	Invoice Volume (MMBTU) (f)	Invoice Price (g)	Inside FERC (h)	NGI (3) (i)	Close NYMEX (j)	Wgtd Avg Adjustment (1) (k)	Avoided Costs (l)	Average Gas Daily or Average Index (m)	Upper Band (n)	Lower Band (o)	Below Band (q)	Above Band (r)
	Spot Calculation (monthly).														
1	Tennessee	Woodward Mktg	Zone 1	583,171	$ 4 2549	$ 4.3200	$ 4.3400	$ 4.4060	$ -		$ 4 3553	$ 4 4424	$ 4 2552	$ 174.95	$ -
2	Tennessee/CNG	Woodward Mktg	Zone 1 + Trans	16,846	$ 4 5900	$ 4.3200	$ 4.3400	$ 4 6760	$ -		$ 4 4453	$ 4.5342	$ 4 3431	$ -	$ 939 98
3														$ 174 95	$ 939 98
4	Total Tennessee			600,016											
5															
6	Texas Eastern	Woodward Mktg	STX	18,090	$ 4 2587	$ 4.2500	$ 4.2800	$ 4.4060	$ -		$ 4.3120	$ 4 3982	$ 4 2128	$ -	$ -
7	Texas Eastern	Woodward Mktg	ETX	10,445	$ 4 2587	$ 4.2800	$ 4 2500	$ 4 4060	$ -		$ 4 3120	$ 4.3982	$ 4 2128	$ -	$ -
8	Texas Eastern	Woodward Mktg	WLA	20,539	$ 4 2587	$ 4.3100	$ 4 3200	$ 4 4060	$ -		$ 4 3453	$ 4.4322	$ 4.2454	$ -	$ -
9	Texas Eastern	Woodward Mktg	ELA	77,109	$ 4.2587	$ 4.3200	$ 4 3100	$ 4 4060	$ -		$ 4.3453	$ 4.4322	$ 4 2454	$ -	$ -
10	Texas Eastern/CNG	Woodward Mktg	ELA / WLA	49,643	$ 4 3150	$ 4 3150	$ 4 3150	$ 4 4060	$ -		$ 4 3453	$ 4 4322	$ 4 2454	$ -	$ -
11															
12														$ -	$ -
13	Total Texas Eastern			175,826											
14															
15	Columbia Gulf	Woodward Mktg	Onshore	124,231	$ 4 2887	$ 4 3500	$ 4.3500	$ 4.4060	$ -		$ 4 3687	$ 4 4560	$ 4 2682	$ -	$ -
16	Columbia Gulf	Woodward Mktg	Onshore	0	$ 4 2887	$ 4 3500	$ 4.3500	$ 4.4060	$ -		$ 4 3687	$ 4 4560	$ 4 2682	$ -	$ -
17														$ -	$ -
18	Total Columbia Gulf			124,231											
19															
20	Southern Natural	Woodward Mktg	Louisiana	0	$ -	$ 4.3700	$ 4.3800	$ 4 4060	$ -		$ 4 3853	$ 4.4730	$ 4 2845	$ -	$ -
21														$ -	$ -
22	Total Southern Natural			0											
23															
24	Texas Gas	Woodward Mktg	Zone SL	932	$ 4.2920	$ 4 3500	$ 4 3600	$ 4.4060	$ -		$ 4.3720	$ 4 4594	$ 4.2714	$ -	$ -
25	Texas Gas - Storage	Woodward Mktg	Zone SL	186,810	$ 4 2920	$ 4 3500	$ 4.3600	$ 4.4060	$ -		$ 4.3720	$ 4 4594	$ 4.2714	$ -	$ -
26														$ -	$ -
27	Total Texas Gas			187,742											
28															
29														$174.95	$939 98
30	Total All Pipelines			1,087,815											
31															
32															
33															
34															

35 **Notes**
36
37 (1) Averag[illegible]ex includes the weighted average rolling average premium for terms of one month or greate[illegible]e attached page for details.
[illegible] to deliver to CNG of $ 27

Tennessee PBR Calculations
Capacity Release Summary
2000 / 2001

* TGP,CGT,& Southern are allocated · Virginia is allocated the remaining

Month	Pipeline	100% Actual	Tennessee: Net Allocated*	Cumulative
April	Tennessee P/L	$75,760.00	$47,387.88	
	East Tenn. P/L	$0.00	$0.00	
	Texas Eastern	$194 58	$121.71	
	Texas Gas	$0.00	$0.00	
	Columbia Gulf	$7,253 40	$4,537.00	
	Southern	$0.00	$0 00	
	Monthly Total	$83,207.98	$52,046.59	$52,046.59
May	Tennessee P/L	$75,760.00	$47,387.88	
	East Tenn. P/L	$0 00	$0 00	
	Texas Eastern	$381.93	$238 90	
	Texas Gas	$0 00	$0.00	
	Columbia Gulf	$18,854.96	$11,793.78	
	Southern	$0 00	$0.00	
	Monthly Total	$94,996 89	$59,420.55	$111,467.15
June	Tennessee P/L	$75,760.00	$47,387.88	
	East Tenn. P/L	$2,132.12	$1,333 64	
	Texas Eastern	$0.00		
	Texas Gas	$0.00		
	Columbia Gulf	$5,149 40	$3,220.95	
	Southern	$0 00		
	Monthly Total	$83,041.52	$51,942.47	$163,409.62
July	Tennessee P/L			
	East Tenn. P/L			
	Texas Eastern			
	Texas Gas			
	Columbia Gulf			
	Southern			
	Monthly Total	$0 00	$0.00	$163,409.62
August	Tennessee P/L			

Inside F.E.R.C.'s
GAS MARKET REPORT

April 4, 2000

Special Report

Inside F.E.R.C.'s Gas Market Report can be delivered to you via our Internet Web site or e-mail. Your issues can be e-mailed to you in ASCII and PDF formats, or you can retrieve issues in those formats from our site on the World Wide Web, or you may read them on the Web site in HTML format using your Internet browser. To view sample issues in those formats, visit us at **http://www.mhenergy.com** and click on the "WHO WE ARE" button and then on the "NATURAL GAS MARKETS AND REGULATION" link. For subscription information, call Subscriber Relations at (800) 223-6180 or (212) 904-6410.

PRICES OF SPOT GAS DELIVERED TO PIPELINES, APRIL 1
(per MMBtu dry)

	Range	Index
ANR Pipeline Co.		
Louisiana	$2.76 to $2.91	$2.82
Oklahoma	$2.73 to $2.87	$2.79
CNG Transmission Corp.		
Appalachia	$3.00 to $3.13	$3.06
Colorado Interstate Gas Co.		
Rocky Mountains	$2.55 to $2.68	$2.65
Columbia Gas Transmission Corp.		
Appalachia (W.Va., Ohio, Ky.)	$2.95 to $3.12	$3.01
Columbia Gulf Transmission Co.		
Louisiana	$2.76 to $2.93	$2.86
El Paso Natural Gas Co.		
Permian Basin	$2.70 to $2.86	$2.79
San Juan Basin	$2.65 to $2.82	$2.75
Florida Gas Transmission Co.		
Zone 1	$2.77 to $2.91	$2.85
Zone 2	$2.82 to $2.95	$2.89
Zone 3	$2.78 to $2.95	$2.84
Kern River Gas Transmission Co.		
Wyoming	$2.61 to $2.74	$2.70
Koch Gateway Pipeline Co.		
South Louisiana/East Side	$2.70 to $2.81	$2.76
Texas	$2.66 to $2.77	$2.71
Natural Gas Pipeline Co. of America		
Mid-Continent zone	$2.70 to $2.85	$2.77
Louisiana zone	$2.78 to $2.93	$2.83
Texok zone	$2.73 to $2.89	$2.81
South Texas zone	$2.71 to $2.87	$2.79
Northern Natural Gas Co.		
Texas, Oklahoma, Kansas	$2.66 to $2.83	$2.73
Demarcation	$2.75 to $2.88	$2.80
Ventura, Iowa	$2.72 to $2.90	$2.80
Northwest Pipeline Corp.		
Rocky Mountains	$2.55 to $2.78	$2.69
Canadian border	$2.65 to $2.78	$2.73
Oneok Gas Transportation L.L.C.		
Oklahoma	$2.73 to $2.86	$2.79
Panhandle Eastern Pipe Line Co.		
Texas, Oklahoma (mainline)	$2.72 to $2.86	$2.79
PG&E Gas Transmission-Texas		
Texas	$2.60 to $2.81	$2.73
Questar Pipeline Co.		
Rocky Mountains	$2.52 to $2.70	$2.62
Reliant Energy Gas Transmission Co.		
East	$2.73 to $2.88	$2.80
West	$2.71 to $2.85	$2.78
Southern Natural Gas Co.		
Louisiana	$2.83 to $2.95	$2.88
Tennessee Gas Pipeline Co.		
La. & Offshore (zone 1)	$2.75 to $2.91	$2.83
Texas (zone 0)	$2.73 to $2.87	$2.81
Texas Eastern Transmission Corp.		
East Louisiana zone	$2.74 to $2.90	$2.82
West Louisiana zone	$2.73 to $2.89	$2.82
East Texas zone	$2.77 to $2.86	$2.81
South Texas zone	$2.70 to $2.84	$2.78
Texas Gas Transmission Corp.		
Zone 1	$2.82 to $2.94	$2.87
Zone SL	$2.79 to $2.94	$2.86
Transcontinental Gas Pipe Line Corp.		
Zone 1 (pooling point)	$2.75 to $2.89	$2.82
Zone 2 (pooling point)	$2.78 to $2.93	$2.85
Zone 3 (pooling points)	$2.82 to $2.97	$2.88
Mississippi, Alabama	$2.85 to $2.95	$2.90
Transwestern Pipeline Co.		
Permian Basin	$2.74 to $2.84	$2.79
Trunkline Gas Co.		
Louisiana	$2.77 to $2.91	$2.82
Texas	$2.74 to $2.91	$2.80
Williams Gas Pipelines Central Inc.		
Texas, Oklahoma, Kansas	$2.71 to $2.86	$2.79

Technicals Put Final Touches on Price-Positive Week

Ending a two-day slide, natural gas futures snapped back to life Friday as traders were drawn back to the long side of the market by supportive technicals and stronger weekend cash prices. In just its second day as the prompt contract, May advanced 7.2 cents to finish at $2.945, just a penny off its high for the day and within 6 cents of its all-time high notched last Tuesday.

Friday's activity, while heartwarming to those already long, was a surprise to most traders, who thought the market would add to Thursday's losses. However, a chartist was quick to note that despite a bearish post-expiration tone, the May contract was able to remain above a couple of key technical indicators. "Both cash and swing-swaps traded down to the low to mid $2.80s Thursday, but May didn't drop below its 10- or 20-day moving average. And once it was clear that all the bearishness had already been factored into prices, it was only natural for the market to move higher," he said.

Another positive feature was cash prices, which trended above end-of-March levels Friday despite the overwhelming perception that the market was long physical supply for the weekend. NGI's Henry Hub index for weekend flow was $2.88, down a penny from the first-of-month index.

However, other reasons for the market's advance were subtler and harder to gauge. "[Friday] we saw some window dressing by fund traders who drove gas prices higher in an attempt to put the best price on their first quarter books," a Houston risk manager said. "[Funds] are long, probably at an average cost of somewhere in the $2.40s or $2.50s and extra gains they can eke out on the last day of the quarter is pure gravy on a mark-to-market basis," he reasoned.

Looking ahead, sources are mixed as to whether Friday's advance was the last hurrah for a market that has rallied from a $2.08 November low or just another step in the continuation of the trend. A Northeast paper trader favors the former and points to the unseasonably warm weather throughout the month of March in his region of the country. "That has allowed storage to make up some of the deficit to last year, putting us a little less behind the eight ball heading into the injection season," he reasoned.

Tim Evans of New York-based Pegasus Economic Group takes a slightly different tack but arrives at the same conclusion. "The natural gas market also seems overbought when viewed through the lens of its CFTC Commitments of Traders data. On March 14 funds were net long 27,325 lots—a close match with their exposure last October. Prices peaked then at $3.25 and tumbled to a low as $2.21 six weeks later. While we can't assume an exact replay, this does give an indication of the downside risk involved. Given that physical demand will be slight during April and May, this market could be setting up for a bruiser decline," he said.

However, that fundamental news is academic to Ira Hochman, a technician with New York-based Trot Trading Corporation. Through looking at daily and weekly charts, momentum indicators, and other technical tools, Hochman remains moderately bullish on natural gas as long as the prompt month (May) can remain above the $2.84 level. The $2.90 level is also a key for Hochman, who feels that if the market does not fall through that level of support, the gains could become exaggerated. "If you don't get back into the previous consolidation range below $2.90, this thing could really move," he said. "Every low gets higher than the previous low and the weekly charts are looking up. We have formed a wide consolidation area between $2.10 and $2.90 and now the market is above it."

In daily technicals, May has resistance at the aforementioned contract high of $3.005 ahead of highs from the weekly continuation chart from August and October of $3.13 and $3.195 respectively. Support exists at the bottom of previously filled chart gaps at $2.895 and then again at $2.84.

NYMEX Henry Hub

Contract	Weekly Range High	Weekly Range Low	Settle 3/31	Week Change
April	2.980	2.810	2.900	+.064
May	3.005	2.840	2.945	+.083
June	3.020	2.870	2.955	+.075
July	3.025	2.880	2.966	+.071
August	3.025	2.880	2.978	+.076
September	3.020	2.895	2.977	+.076
October	3.025	2.915	2.987	+.072
November	3.115	3.015	3.080	+.058
December	3.210	3.120	3.177	+.048
January	3.225	3.135	3.192	+.038
February	3.075	2.993	3.037	+.030
March	2.910	2.835	2.872	+.022
April	2.765	2.709	2.735	+.014
May	2.725	2.674	2.694	+.016
June	2.725	2.680	2.700	+.016
July	2.740	2.687	2.707	+.016
August	2.750	2.695	2.715	+.015
September	2.750	2.700	2.720	+.015
October	2.770	2.720	2.745	+.020
November	2.870	2.825	2.855	+.021
December	2.985	2.940	2.963	+.018
January	2.999	2.965	2.980	+.013
February	2.876	2.845	2.860	+.015
March	2.742	2.708	2.723	+.010

Volume, 3/31 : 52,842 Open Int, 3/30 : 301,890

12 Month Strip, 3/31 : $2.992

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NGI's BIDWEEK SURVEY

SPOT GAS PRICES

April 1, 2000

Supplement to NGI's *Weekly* Gas Price Index

SPOT GAS PRICES	March cumulative[1] Range	March Avg.	April Bidweek[2] Range	April Avg.
Louisiana (continued)				
Koch Gateway	2.43-2.85	2.51	2.74-2.81	2.76
NGPL LA	2.48-2.91	2.57	2.79-2.90	2.84
Miss. River Trans.	2.54-2.90	2.62	2.80-2.95	2.90
Southern Natural	2.56-2.95	2.64	2.85-2.92	2.89
Tennessee Line 500	2.50-2.88	2.58	2.78-2.91	2.84
Tennessee Line 800	2.50-2.89	2.58	2.78-2.87	2.84
Texas Eastern E. LA	2.50-2.87	2.58	2.76-2.89	2.83
Texas Eastern W. LA	2.49-2.86	2.56	2.76-2.88	2.82
Texas Gas Zone SL	2.52-2.93	2.61	2.82-2.94	2.87
Transco St. 65	2.56-2.94	2.63	2.82-2.94	2.88
Trunkline E. LA	2.50-2.96	2.59	2.77-2.87	2.83
Trunkline W. LA	2.55-2.94	2.61	2.80-2.89	2.84
Regional Avg.	2.43-2.97	2.60	2.74-2.95	2.86
Alabama/Mississipp				
Texas Eastern Kosciusko	2.64-2.96	2.70	2.87-2.93	2.90
Transco St. 85	2.56-2.95	2.65	2.86-2.95	2.90
Regional Avg.	2.56-2.96	2.68	2.86-2.95	2.90
Rocky Mountains				
CIG	2.27-2.70	2.33	2.54-2.68	2.64
CIG DJ Basin	-- --	--	-- --	--
El Paso Bondad	2.33-2.83	2.37	2.65-2.77	2.71
El Paso non-Bondad	2.33-2.84	2.40	2.63-2.84	2.75
Kern River	2.31-2.80	2.37	2.61-2.74	2.71
Kingsgate	-- --	--	2.76-2.78	2.77
Northwest Domestic	2.34-2.79	2.38	2.58-2.75	2.71
Northwest Sumas	2.25-2.76	2.33	2.65-2.77	2.73
Opal	2.31-2.80	2.37	2.64-2.74	2.71
Questar	-- --	--	2.52-2.70	2.63
Stanfield	2.30-2.79	2.37	2.63-2.81	2.72
Transwestern San Juan	-- --	--	-- --	--
Regional Avg.	2.25-2.84	2.37	2.52-2.84	2.71
Northeast				
Algonquin (citygate)	2.90-3.45	3.04	3.09-3.17	3.13
Columbia Gas	2.66-3.07	2.75	2.95-3.12	3.03
CNG	2.72-3.20	2.80	2.99-3.15	3.07
Iroquois Zone 2	2.85-3.40	2.96	3.08-3.18	3.14
Tennessee Zone 6	2.82-3.35	2.96	3.07-3.15	3.13
Tetco M-3	2.90-3.30	2.97	3.06-3.20	3.13
Transco Zone 6 NY	2.89-3.75	3.06	3.06-3.22	3.13
Transco Zone 6 non-NY	2.80-3.38	3.01	3.04-3.16	3.12
Regional Avg.	2.66-3.75	2.94	2.95-3.22	3.11
California				
Malin	2.40-2.89	2.48	2.78-2.98	2.90
Kern River Station, PG&E	2.54-3.06	2.61	2.95-3.03	3.01
PG&E Citygate	2.65-3.21	2.73	3.13-3.25	3.18
Southern Border, El Paso	2.54-3.06	2.62	2.92-3.06	3.02
Southern Border, Kern	2.55-3.04	2.61	2.94-3.05	3.02
South. Bdr., Transwestern	2.54-3.06	2.62	2.92-3.06	3.02
Kern River Station, SoCal	2.54-3.06	2.61	2.95-3.03	3.01
Southern Cal. Border Avg.	2.54-3.06	2.62	2.92-3.06	3.02
Regional Avg.	2.40-3.21	2.61	2.78-3.25	3.02
National Spot Gas Avg.	2.20-3.75	2.59	2.48-3.25	2.88
Canada				
NOVA/AECO C (Cdn$/GJ)	3.08-3.73	3.21	3.62-3.77	3.68

Notes to Spot Gas Prices table: Prices in US$/MMBtu for dry gas with the exception of NOVA/AECO C, which is in Cdn$/GJ. [1]Weighted average of all March trading/delivery weekly surveys. [2]Bidweek survey taken March 27 - 31, 2000 of baseload transactions for the month of April. [3]Chicago Citygate is comprised of what was previously listed as Chicago via Midwestern, Illinois via NGPL, and Illinois via Trunkline.

40 cents; intra-Alberta, up about C50 cents; and the Rockies and Southwest basins, where most points saw increases of 35 cents or more.

The contrast with year-ago numbers grew even greater. Whereas March 2000 indexes were "almost" a dollar above those a year earlier, the year-on-year increases for April were "above" a dollar virtually across the board. Once again California exhibited the largest yearly increases, running about $1.20 higher at the PG&E citygate, Malin and the Southern California border.

Bidweek was rather orderly in developing, unlike the volatility in some past months. Screen upticks Monday afternoon and Tuesday morning spurred some moderate increases in April quotes, but no outlandish jumps. Then the price curve turned gently downward again at midweek as the screen reversed itself and the continuing lack of fundamental weather support played on traders' minds.

A California buyer who started the week making border purchases around $2.94 Monday saw them climb above $3 Tuesday and Wednesday, but said they were falling back into the high $2.90s Thursday. There was a slight bit of further retrenchment reported Friday, but by then there was little gas left to be traded.

As bidweek continued to develop slowly Tuesday, the screen's strength wowed just about everybody ("Can you imagine it? Nearly three-buck gas in a spring shoulder month!" exclaimed one source) but its impact on April pricing tended to divide along geographical lines. A Northeast marketer reported seeing little increase in offers from Monday to Tuesday. Gulf Coast basis weakened by up to a penny, he said, but it should have weakened even more considering how much ground April futures were gaining.

But the screen's pyrotechnics appeared to be having significantly greater impact in the West. A producer who had sold El Paso-Permian packages at $2.73-74 Monday said he was able to get $2.84 for his gas Tuesday. A marketer also saw western bidweek prices rising about a dime; basis wasn't moving anywhere, he said, but fixed prices were rising along with the screen tide.

A producer figured it must be the push to refill storage that's keeping prices so strong. "With any amount of hot summer, I can't see them falling much at all from where they are now," he said.

NGI's BIDWEEK SURVEY is an insert to NGI's *Weekly* Gas Price Index. It is available to Fax and E-mail/Web subscribers the first business day of the month and is included with printed copies dated the first Monday of the month. Prices appearing in Weekly Gas Price Index and this insert are offered on an AS IS basis. Although they are generated from data provided by sources deemed to be reliable, Intelligence Press, Inc. makes no warranty as to the accuracy of the published prices, nor shall it be held liable for results achieved from using said prices. **Address:** 22648 Glenn Drive Suite 305 Sterling, VA 20164. Telephone: (800) 427-5747. **FAX:** (703) 318-0597. Web: http://intelligencepress.com **Publisher:** Ellen Beswick. **Executive Publisher:** Dexter Steis. **Managing Price Editor:** Mark Curran. **Markets Editor:** Roger Tanner. **Markets Analyst:** Hannah Rohlfs. **Associate Editors:** John Norris, Joe Fisher. **Subscription rates:** *Weekly* Gas Price Index by E-mail/Web or Fax $795/yr or $1,130/yr for both Natural Gas Intelligence and *Weekly* Gas Price Index newsletters. NGI's *Daily* Gas Price Index $820. For additional subscriptions and/or site licenses, please call (800) 427-5747. We are happy to customize a subscription to meet your needs.

NGI's BIDWEEK SURVEY

Supplement to NGI's *Weekly* Gas Price Index

Most Indexes Up at Least 30 Cents; West Strongest

The headline of the story in the April 1, 1999 *NGI's Bidweek Survey* was "Shoulder Month? Index Increases Exceed 20 Cents in Many Cases." Maybe we need to add a couple of more question marks and an exclamation point or two this time because for the "shoulder" month of April 2000, indexes rose by around 30 cents or more from March at nearly all points.

Only the previously high-flying Transco Zone 6 pool (both New York City and non-NYC) saw relatively small increases on either side of a dime. Gains were paced by the California market, where indexes rose more than

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BASIS SURVEY

Point/Pipeline	April Range	April Avg.	Mar. Avg.
Algonquin (citygate)	24.00 to 27 00	25.75	46.00
ANR SB	-6.50 to -5.50	-6.00	-5.25
ANR SW	-10.50 to -9.00	-9.75	-11.25
Chicago Citygate	4.00 to 5.50	5.00	6.25
CNG	18.00 to 19.50	18.75	18.25
Columbia Gas	12.00 to 15.50	14.25	14.00
Columbia Gulf Mainline	0.00 to 3.00	2.00	2.75
Columbia Gulf onshore	-4.00 to -2.00	-2.75	-2.00
Consumers Power	10.50 to 12.00	11.25	9.75
El Paso Bondad	-26.00 to -20.00	-23.00	-23.00
El Paso non-Bondad	-21.00 to -16.00	-18.75	-18.50
El Paso Permian	-19.00 to -10.00	-13.75	-14.50
Florida Gas Zone 2	-1.00 to 1.50	0.00	0.25
Florida Gas Zone 3	-3.00 to -1.50	-2.25	--
Henry Hub	-1.00 to 0.50	-0.25	0.25
Houston Ship Channel	0.75 to 2.25	1.25	-2.25
Malin	-6.50 to -1.00	-4.00	-9.50
Michigan Consolidated	10.50 to 12.25	11.50	9.50
Miss. River Trans.	0.50 to 1.00	0.75	-2.25
NGPL LA	-7.50 to -5.00	-5.75	-6.00
NGPL Midcontinent	-12.50 to -11.00	-11.75	-12.50
NGPL S. TX	-9.00 to -8.00	-8.50	--
Northwest Domestic	-27.00 to -19.00	-23.00	-22.50
Northwest Sumas	-26.00 to -21.00	-22.75	--
OGT	-10.50 to -9.00	-9.75	-12.25
Panhandle Eastern	-11.00 to -9.25	-10.00	-11.75
Reliant East (NorAm)	-8.50 to -6.00	-7.75	-8.25
Southern Cal. Border Avg.	2.00 to 7.50	6.00	3.75
Southern Natural	-0.75 to 0.00	-0.50	--
Tennessee Line 500	-6.50 to -5.25	-6.00	-3.50
Tennessee Line 800	-6.50 to -5.25	-6.00	-3.75
Tennessee Zone 0	-10.00 to -7.25	-8.75	-9.50
Tennessee Zone 6	24.00 to 27.00	25.75	38.25
Texas Eastern E. LA	-6.00 to -5.25	-5.50	-2.75
Texas Eastern M-3	23.00 to 28.00	25.50	39.25
Texas Eastern S. TX	-10.00 to -7.25	-8.75	-9.75
Texas Gas Zone 1	-3.00 to 0.00	-1.50	-0.75
Texas Gas Zone SL	-2.75 to -0.50	-2.00	-1.50
Transco St. 30	-7.00 to -4.00	-5.50	-4.25
Transco St. 45	-4 00 to 0.00	-2.00	-2.00
Transco St. 65	0.00 to 1.25	0.50	1.75
Transco St. 85	1.50 to 4.00	2.75	3.25
Transco Zone 6 non-NY	22.00 to 28.00	25.50	48.25
Transco Zone 6 NY	24.00 to 31.00	27.75	55.75
Trunkline E. LA	-6.50 to -4.00	-5.25	-4.50
Waha	-9.00 to -8.00	-8.25	-11.25
Futures Contract		2.900	2.603

Notes: Basis survey taken March 27 - 29, 2000 of April physical basis transactions. Averages rounded to nearest quarter of a cent. To contribute to this survey please contact Dexter Steis at (800) 427-5747. (Email: prices@intelligencepress.com, Fax: (703) 318-8981).

SPOT GAS PRICES

	March cumulative[1] Range	March cumulative[1] Avg.	April Bidwee Range
South Texas			
Agua Dulce	2.48-2.89	2.54	2.78-2.87
Florida Gas Zone 1	2.53-2.91	2.59	2.82-2.89
Houston Pipe Line	2.42-2.92	2.46	2.75-2.77
Koch Gateway	-- --	--	-- --
NGPL S. TX	2.45-2.87	2.54	2.77-2.86
PG&E GTT (Valero)	2.38-2.80	2.45	2.69-2.77
Tennessee	2.44-2.92	2.54	2.77-2.86
Texas Eastern S. TX	2.45-2.81	2.53	2.75-2.83
Transco St. 30	2.49-2.85	2.57	2.76-2.87
Trunkline	2.47-2.93	2.53	2.74-2.85
Regional Avg.	2.38-2.93	2.52	2.69-2.89
East Texas			
Carthage	2.51-2.93	2.56	2.84-2.89
Houston Pipe Line	-- --	--	2.75-2.77
Houston Ship Channel	2.52-3.01	2.61	2.86-2.94
Katy	2.54-2.96	2.58	2.83-2.90
Lone Star	-- --	--	2.78-2.82
NGPL TexOk	2.45-2.92	2.54	2.75-2.89
MidCon Texas	-- --	--	2.69-2.77
PG&E GTT (Valero)	-- --	--	2.69-2.77
Tennessee	-- --	--	2.77-2.86
Texas Eastern E. TX	2.47-2.88	2.55	2.76-2.84
Texas Gas Zone 1	2.56-2.95	2.61	2.82-2.95
Transco St. 45	2.52-2.92	2.59	2.82-2.89
Trunkline	2.50-2.96	2.56	2.81-2.85
Regional Avg.	2.38-3.01	2.54	2.69-2.95
West Texas			
El Paso Permian	2.34-2.90	2.45	2.70-2.86
Northern Natural Mid 1-6	-- --	--	-- --
Transwestern	2.38-2.87	2.44	2.74-2.83
Waha	2.45-2.93	2.52	2.75-2.94
Regional Avg.	2.34-2.93	2.47	2.70-2.94
Midwest			
ANR ML7	2.67-3.09	2.75	2.95-3.08
Chicago Citygate[3]	2.56-3.01	2.67	2.86-3.03
Consumers Power	2.62-3.05	2.72	2.96-3.04
Michigan Consolidated	2.62-3.05	2.72	2.95-3.05
Regional Avg.	2.56-3.09	2.72	2.86-3.08
Midcontinent			
ANR SW	2.42-2.90	2.51	2.73-2.87
Enogex	-- --	--	2.54-2.59
NGPL Amarillo Mainline	2.50-2.89	2.55	2.78-2.83
NGPL Iowa-Illinois	2.51-2.93	2.59	2.80-2.92
NGPL Midcontinent	2.39-2.88	2.49	2.70-2.84
Northern Natural Demarc	2.45-2.90	2.56	2.75-2.91
Northern Nat. Mid 10-13	2.34-2.76	2.46	2.58-2.77
Northern Natural Ventura	2.47-2.88	2.57	2.72-2.90
OGT	2.41-2.91	2.50	2.73-2.86
Panhandle Eastern	2.40-2.90	2.50	2.73-2.86
Reliant East (NorAm)	2.46-2.92	2.53	2.73-2.88
Reliant West (NorAm)	2.44-2.90	2.50	2.71-2.83
Transok	-- --	--	2.48-2.54
Williams	2.39-2.88	2.50	2.73-2.86
Regional Avg.	2.20-2.93	2.49	2.48-2.92
Louisiana			
ANR SB	2.48-2.90	2.57	2.78-2.91
Columbia Gulf onshore	2.51-2.92	2.60	2.81-2.93
Columbia Gulf Mainline	2.58-2.97	2.65	2.87-2.95
Florida Gas Zone 2	2.57-2.96	2.65	2.84-2.93
Florida Gas Zone 3	2.51-2.95	2.59	2.82-2.94
Henry Hub	2.54-2.96	2 62	2.82-2.95

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Inside F.E.R.C.'s GAS MARKET REPORT

PRICES OF SPOT GAS DELIVERED TO PIPELINES: MAY 2000

(per MMBtu dry)

	Range	Index
ANR Pipeline Co.		
Louisiana	$2.96 to $3.08	$3.02
Oklahoma	$2.87 to $3.02	$2.94
CNG Transmission Corp.		
Appalachia	$3.24 to $3.36	$3.28
Colorado Interstate Gas Co.		
Rocky Mountains	$2.55 to $2.67	$2.61
Columbia Gas Transmission Corp.		
Appalachia (W.Va., Ohio, Ky.)	$3.21 to $3.33	$3.25
Columbia Gulf Transmission Co.		
Louisiana	$3.01 to $3.14	$3.07
El Paso Natural Gas Co.		
Permian Basin	$2.79 to $3.01	$2.87
San Juan Basin	$2.73 to $2.85	$2.78
Florida Gas Transmission Co.		
Zone 1	$3.00 to $3.10	$3.04
Zone 2	$3.00 to $3.15	$3.08
Zone 3	$2.99 to $3.11	$3.05
Kern River Gas Transmission Co.		
Wyoming	$2.69 to $2.79	$2.74
Koch Gateway Pipeline Co.		
South Louisiana/East Side	$2.93 to $3.00	$2.97
Texas	$2.88 to $2.94	$2.90
Natural Gas Pipeline Co. of America		
Mid-Continent zone	$2.87 to $3.00	$2.93
Louisiana zone	$2.95 to $3.09	$3.03
Texok zone	$2.93 to $3.11	$3.01
South Texas zone	$2.92 to $3.04	$2.99
NorAm Gas Transmission Co.		
East	$2.89 to $3.05	$2.99
West	$2.89 to $3.00	$2.95
Northern Natural Gas Co.		
Texas, Oklahoma, Kansas	$2.75 to $3.03	$2.86
Demarcation	$2.89 to $3.06	$2.96
Ventura, Iowa	$2.90 to $3.06	$2.97
Northwest Pipeline Corp.		
Rocky Mountains	$2.66 to $2.79	$2.72
Canadian border	$2.68 to $2.79	$2.74
ONG Transmission Co.		
Oklahoma	$2.89 to $3.05	$2.94
Panhandle Eastern Pipe Line Co.		
Texas, Oklahoma (mainline)	$2.85 to $3.03	$2.94
PG&E Gas Transmission-Texas		
Texas	$2.85 to $2.98	$2.91
Questar Pipeline Co.		
Rocky Mountains	$2.58 to $2.69	$2.62
Southern Natural Gas Co.		
Louisiana	$3.03 to $3.14	$3.07
Tennessee Gas Pipeline Co.		
La. & Offshore (zone 1)	$2.99 to $3.10	$3.03
Texas (zone 0)	$2.92 to $3.06	$3.00
Texas Eastern Transmission Corp.		
East Louisiana zone	$2.99 to $3.10	$3.03
West Louisiana zone	$2.97 to $3.10	$3.02
East Texas zone	$2.96 to $3.06	$3.00
South Texas zone	$2.93 to $3.04	$2.98
Texas Gas Transmission Corp.		
Zone 1	$3.04 to $3.09	$3.06
Zone SL	$3.03 to $3.13	$3.06
Transcontinental Gas Pipe Line Corp.		
Zone 1 (pooling point)	$2.96 to $3.06	$3.02
Zone 2 (pooling point)	$3.00 to $3.11	$3.05
Zone 3 (pooling points)	$3.04 to $3.17	$3.09
Mississippi, Alabama	$3.05 to $3.15	$3.10
Transwestern Pipeline Co.		
Permian Basin	$2.85 to $2.93	$2.89
Trunkline Gas Co.		
Louisiana	$2.97 to $3.12	$3.03
Texas	$2.96 to $3.02	$2.99
Williams Gas Pipelines Central Inc.		
Texas, Oklahoma, Kansas	$2.89 to $3.01	$2.94

Natural Gas Intelligence

Weekly Gas Price Index

Volume 12, No. 51

May 8, 2000

Prices Repeat Previous Week's Pattern: Strong Start, Softness, Firm for Weekend

Much like in the last week of April, prices in the first week of the May aftermarket started out on a strong note but then leveled off around midweek and retreated until a mild rebound occurred in Friday's weekend trading for most markets except those in the West.

A firming futures screen and substantial power generation load to combat a western heat wave provided the impetus for higher prices during the first two days of the week. Reduced output and outages of units at two of the West's major nuclear plants, Palo Verde and Diablo Canyon, contributed to the regional demand for gas-fired electricity.

However, an afternoon futures dive Wednesday after the storage report came out, along with cooler West Coast temperatures and a gradual return of the constrained nuclear units, paved the way for cash numbers to follow the screen lower Thursday. A warming trend in the Midwest, Northeast and Southeast market areas was not strong enough to prompt significant new cooling load for gas until Friday.

Although several traders thought AGA's figure of 32 Bcf injected into storage during the previous week met general expectations, a Gulf Coast marketer said that was nonsense. The "money people" to whom he pays most heed on such matters had expected a much smaller injection volume between zero and 17 Bcf, the marketer said, so the actual report was significantly higher than their projections. Many people may have thought a 32 Bcf report was neutral, he said, but Nymex traders disproved that by driving the June futures contract much lower immediately afterward.

The early May aftermarket was shaping up last Monday as typical of its predecessors in the new millennium: showing remarkable strength despite a general lack of fundamental support. Only in the West, where a combination of hot weather and nuclear outages sent power prices spiking, did sources cite anything besides a sharp rise on the futures screen to account for Monday's cash upticks.

Although accomplished in what several sources characterized as very quiet trading, the increases left nearly all points above index and as much as a dime higher in the case of the Southern California border.

Much of the Southwest was enduring a heat wave, one trader reported, and not only was a Palo Verde nuclear unit that had been refueling just beginning the process of resuming operations, but a Diablo Canyon unit had gone to half-power during maintenance. The result was spot power prices that shot as high as $125/MWh, he said. Southern California border quotes also soared both in

SPOT GAS PRICES	April[1] cumulative Range	April[1] cumulative Avg.	May[2] 5/1 - 5/5 Range	May[2] 5/1 - 5/5 Avg.	May[3] Bidweek Avg.
South Texas					
Agua Dulce	2.74-3.08	2.84	2.96-3.12	3.05	3.03
Florida Gas Zone 1	2.78-3.15	2.86	3.03-3.18	3.10	3.05
Houston Pipe Line	2.75-3.08	2.77	3.03-3.14	3.08	2.95
NGPL S. TX	2.69-3.09	2.83	2.97-3.12	3.05	3.00
PG&E GTT (Valero)	2.69-2.99	2.73	2.90-3.02	2.98	2.94
Tennessee	2.77-3.11	2.82	2.98-3.14	3.06	2.99
Texas Eastern S. TX	2.71-3.07	2.80	2.96-3.11	3.03	2.99
Transco St. 30	2.76-3.10	2.84	3.00-3.17	3.08	3.02
Trunkline	2.74-3.10	2.82	3.04-3.16	3.09	2.99
Regional Avg.	2.69-3.15	2.82	2.90-3.18	3.06	3.00
East Texas					
Carthage	2.76-3.10	2.87	3.00-3.14	3.07	3.00
Houston Ship Channel	2.83-3.17	2.91	3.05-3.20	3.13	3.08
Katy	2.80-3.12	2.88	3.03-3.15	3.09	3.02
NGPL TexOk	2.75-3.11	2.83	3.00-3.16	3.07	3.02
Texas Eastern E. TX	2.76-3.11	2.82	2.97-3.15	3.06	3.01
Texas Gas Zone 1	2.82-3.17	2.89	3.06-3.21	3.13	3.06
Transco St. 45	2.82-3.16	2.88	3.05-3.20	3.13	3.05
Trunkline	2.81-3.12	2.84	3.02-3.16	3.09	3.01
Regional Avg.	2.69-3.17	2.83	2.97-3.21	3.10	3.00
West Texas					
El Paso Permian	2.68-2.98	2.80	2.85-3.03	2.93	2.87
Northern Natural Mid 1-6	- - - -	- -	2.84-3.00	2.92	- -
Transwestern	2.69-2.96	2.79	2.85-3.04	2.93	2.89
Waha	2.75-3.06	2.84	2.85-3.07	2.98	2.93
(Lone Star and Valero now represented by a single Waha point)					
Regional Avg.	2.68-3.06	2.81	2.84-3.07	2.94	2.90
Midwest					
ANR ML7	2.95-3.39	3.04.	3.21-3.37	3.29	3.25
Chicago Citygate[4]	2.86-3.23	2.94	3.11-3.25	3.19	3.12
(Chicago Citygate is Illinois via NGPL et al)					
Consumers Power	2.96-3.32	3.02	3.14-3.32	3.23	3.23
Michigan Consolidated	2.95-3.33	3.02	3.17-3.35	3.27	3.22
Regional Avg.	2.86-3.39	3.00	3.11-3.37	3.25	3.21
Midcontinent					
ANR SW	2.72-3.06	2.81	2.89-3.05	2.99	2.94
NGPL Amarillo Mainline	2.77-3.09	2.81	2.94-3.09	3.00	3.00
NGPL Iowa-Illinois	2.80-3.19	2.87	2.98-3.16	3.08	3.03
NGPL Midcontinent	2.68-3.04	2.78	2.88-3.04	2.97	2.92
Northern Natural Demarc	2.75-3.11	2.82	2.92-3.08	2.99	2.96
Northern Nat. Mid 10-13	2.58-3.00	2.73	2.79-2.94	2.86	2.86
Northern Natural Venturs	2.72-3.11	2.82	2.91-3.06	2.98	2.96
OGT	2.73-3.07	2.80	2.89-3.05	2.97	2.94
Panhandle Eastern	2.71-3.06	2.80	2.89-3.06	2.98	2.94
Reliant East (NorAm)	2.73-3.10	2.82	2.92-3.11	3.04	2.99
Reliant West (NorAm)	2.71-3.06	2.80	2.86-3.06	2.98	2.95
Williams	2.71-3.04	2.80	2.87-3.05	2.97	2.94
Regional Avg.	2.48-3.19	2.77	2.79-3.16	2.98	2.91
Louisiana					
ANR SE	2.78-3.11	2.84	3.02-3.17	3.09	3.01
Columbia Gulf onshore	2.81-3.20	2.88	3.06-3.21	3.13	3.06
Columbia Gulf Mainline	2.87-3.22	2.93	3.12-3.28	3.19	3.10
Florida Gas Zone 2	2.82-3.18	2.91	3.02-3.23	3.14	3.08
Florida Gas Zone 3	2.80-3.16	2.87	3.02-3.20	3.11	3.06

response to the power pricing and also because people who had been limited on border volumes by SoCal Gas' weekend OFO were buying more gas to get back in balance, the trader said.

Chicago citygates maintained a constant premium to Henry Hub of about a nickel as the morning went on, a large marketer said. Activity in the Chicago market was relatively scant, said another trader, adding, "It seems like almost everyone there either did baseload [deals] for May or has their gas termed up."

Intra-Alberta numbers started in the low C$3.80s, about a dime under index, but climbed throughout Monday to reach their bidweek high of C$3.96 in the afternoon, one trader reported.

Except for smaller price increases, cash trading Tuesday was almost a repeat of Monday's. Upticks of about a nickel or less dominated in the East and were mostly associated with the screen's late run-up Monday, sources said, while slightly larger gains at most western points got extra support from cooling load that was concentrated in the hot east-of-California markets of the desert Southwest.

The light-activity pattern also carried over from Monday, according to a Gulf Coast producer. "We saw mostly a status quo market that was almost featureless," he said. The producer thought the rise of about a dollar in crude oil futures "might have some long-term psychological impact on gas, but essentially it [impact] is zilch short-term."

The budding aftermarket felt "long" to a Midwestern buyer. However, there were a number of "closet" buyers emerging in the form of utilities making purchases for their rateable storage injections, she said. "But it's really only the second day of the month, so it's still hard to gauge the extent of long or short [supply] positions."

Intra-Alberta prices managed to edge just over C$4 in some quotes Tuesday, reported a producer. But he wasn't sure just how good that was to his company "because we happened to be buying more than we were selling."

Cash prices were unable to sustain their earlier upward momentum and turned modestly softer Wednesday. Several sources correctly expected declines to grow greater on Thursday since most of the screen's plunge of nearly a dime Wednesday followed release of AGA's storage report, well after cash trading had been completed.

One source saw the Midcontinent market as flat to a bit softer because "there's no weather to speak of in the Midwest." But a Northeast utility buyer reporting "nice weather" Wednesday said the region should be experiencing temperatures in the 80s by Friday. "We're going from winter to summer in a hurry," he said.

A Gulf Coast trader noted there was already some "good demand" related to summery weather coming out of the Southeast. Apparently quite a few nuclear units and other alternative fuel power plants are down in the region, he said, because a lot of gas peaking units were active. Florida Gas Transmission's continuation of a market-area OFO reflected how strong cooling load is in the Sunshine State, the trader added.

Westcoast had a drafting tolerance of zero Wednesday but was allowing leeway of up to 20% for positive daily imbalances. Despite the indicator of below-target linepack, Sumas quotes joined the overall softening with a drop of almost a nickel.

As sources had predicted the day before, the downturn in

SPOT GAS PRICES	April[1] cumulative Range	April[1] cumulative Avg.	May[2] 5/1 - 5/5 Range	May[2] 5/1 - 5/5 Avg.	May[3] Bidweek Avg.
Louisiana (continued)					
Henry Hub	2.82-3.18	2.90	3.07-3.23	3.15	3.08
Koch Gateway	2.73-3.07	2.78	2.97-3.14	3.06	2.99
NGPL LA	2.78-3.13	2.85	3.02-3.17	3.09	3.03
Miss. River Trans.	2.80-3.10	2.91	-- --	--	3.10
Southern Natural	2.81-3.17	2.90	3.05-3.21	3.13	3.07
Tennessee Line 500	2.78-3.15	2.86	3.02-3.17	3.09	3.04
Tennessee Line 800	2.78-3.14	2.86	3.02-3.17	3.09	3.04
Texas Eastern E. LA	2.75-3.15	2.84	2.99-3.18	3.07	3.03
Texas Eastern W. LA	2.74-3.11	2.83	2.99-3.15	3.06	3.02
Texas Gas Zone SL	2.82-3.16	2.89	3.06-3.21	3.13	3.06
Transco St. 65	2.82-3.19	2.90	3.07-3.23	3.16	3.08
Trunkline E. LA	2.77-3.15	2.85	3.04-3.20	3.12	3.03
Trunkline W. LA	2.80-3.14	2.86	3.04-3.18	3.11	3.03
Regional Avg.	2.73-3.22	2.87	2.97-3.28	3.11	3.05
Alabama/Mississippi					
Texas Eastern Kosciusko	2.85-3.21	2.92	3.10-3.24	3.17	3.09
Transco St. 85	2.86-3.19	2.92	3.09-3.24	3.16	3.10
Regional Avg.	2.85-3.21	2.92	3.09-3.24	3.17	3.10
Rocky Mountains					
CIG	2.50-2.70	2.64	2.58-2.79	2.66	2.61
CIG DJ Basin	-- --	--	-- --	--	--
El Paso Bondad	2.64-2.86	2.71	2.66-2.86	2.78	2.75
El Paso non-Bondad	2.63-2.88	2.75	2.68-2.92	2.80	2.78
Kern River	2.58-2.81	2.71	2.63-2.82	2.74	2.74
Kingsgate	-- --	--	-- --	--	2.87
Northwest Domestic	2.54-2.82	2.71	2.65-2.81	2.73.	2.72
Northwest Sumas	2.59-2.82	2.73	2.66-2.82	2.74	2.73
Opal	2.58-2.82	2.71	2.63-2.82	2.74	2.73
Questar	-- --	--	2.58-2.74	2.67	2.62
Stanfield	2.63-2.89	2.73	2.71-2.92	2.82	2.84
Regional Avg.	2.50-2.89	2.71	2.58-2.92	2.74	2.74
Northeast					
Algonquin (citygate)	3.09-3.68	3.16	3.35-3.58	3.45	3.40
Columbia Gas	2.95-3.42	3.05	3.23-3.38	3.30	3.25
CNG	2.99-3.45	3 09	3.27-3.46	3.36	3.28
Iroquois Zone 2	3.08-3.61	3.16	3.32-3.50	3.41	3.35
Tennessee Zone 6	3.00-3.57	3.15	3.25-3.52	3.40	3.35
Texas Eastern M-3	3.06-3.60	3.15	3.34-3.50	3.41	2.38
Transco Zone 6 NY	3.06-3.63	3.16	3.34-3.54	3.43	3.41
Transco Zone 6 non-NY	3.04-3.56	3.14	2.39-3.48	3.40	3.37
Regional Avg.	2.95-3.68	3.13	2.39-3.58	3.40	3.22
California					
Malin	2.76-3.03	2.90	2.83-3.07	2.96	2.94
Kern River Station, PG&E	2.92-3.10	3.01	3.01-3.22	3.14	3.02
PG&E Citygate	2.94-3.25	3.17	3.01-3.29	3.20	3.13
Southern Border, El Paso	2.92-3.10	3.02	3.01-3.26	3.15	3.03
Southern Border, Kern	2.94-3.10	3.02	3.01-3.22	3.15	3.03
South. Bdr., Transwestern	2.92-3.10	3.02	3.01-3.26	3.15	3.03
Kern River Station, SoCal	2.92-3.10	3.01	3.01-3.22	3.14	3.02
Southern Cal. Border Avg.	2.92-3.10	3.02	3.01-3.26	3.15	3.03
Regional Avg.	2.76-3.25	3.02	2.83-3.29	3.13	3.03
National Spot Gas Avg.	2.48-3.68	2.89	2.39-3.58	3.09	3.02
Canada					
NOVA/AECO C (CdnS/GJ)	3.55-3.97	3.69	3.72-4.01	3.87	3.92

Notes to Spot Gas Prices table: Prices in US$/MMBtu for dry gas with the exception of NOVA/AECO C, which is in CdnS/GJ. [1]Weighted average of all April trading/delivery surveys. [2]Survey taken May 1 - 5, 2000 for May incremental delivery. [3]Bidweek survey taken April 24 - 28, 2000 of baseload transactions for the month of May. Please see NGI's Bidweek Survey for trading ranges. [4]Chicago Citygate is comprised of what was previously listed as Chicago via Midwestern, Illinois via NGPL, and Illinois via Trunkline.

Chart Gap Unfilled as Fund Buying Re-enters Fray

"Close, but no cigar" might as well have been the motto for the natural gas futures market last week. It was a week in which traders pushed both May and June contracts to the limits of support and resistance, only to have prices whip-saw back in their face. By the time all the dust had settled and the orders tabulated in the data room at Nymex, the evidence was irrefutable. Natural gas is once again stuck in a trading or consolidation range, bounded on one side by previous highs at $3.195 and on the other by a series of technical and fundamental hurdles between $2.90 and $3.00. The May contract went off the board in rather unspectacular fashion Wednesday, settling at $3.089. Buoyed by heavy fund and local buying Friday, the June contract retraced three straight days of losses by closing up 8.6 cents at $3.141.

For many traders, last week's market was better characterized by what it didn't do rather than what it did do. After slipping lower and trading within an extremely-tight 3.5-cent range Thursday, the June contract sat perched just above a key chart gap from the daily continuation chart at $3.03-045.

Many traders believed this presented a make-or-break situation Friday—prices could move lower and fill in the gap or rebound higher in a technical rally. However, bears never really got a chance Friday. After opening at $3.06, a wave of fund buying (rumored to be on the order of 4,000-5,000 contracts) entered the market and quickly delivered the prompt month a dime higher in the first hour of trading. Locals jumped aboard the rally, but were ultimately unsuccessful in pushing prices past heavy trade selling seen Friday in the upper teens.

Formed when one day's high is lower than the next day's low, chart gaps are a technical feature that garner plenty of market attention. And the natural gas futures market had more than its share of gaps during the month of April. There are the yet-to-be-filled daily continuation chart gaps at $2.90-92 and $3.03-045 as well as the $3.08-11 gap that was filled in by the May contract just prior to its expiry Wednesday. All told, May's tenure as prompt month could be easily described as tight, choppy technical trading. Only once during that period did May have a daily trading range that exceeded a dime (April 4).

Looking ahead, observers are mixed as to whether prices can continue higher and break through stubborn resistance in the $3.20 area. "The key will be cash prices Monday, Tuesday and Wednesday," said Ed Kennedy of Miami-based Pioneer Futures. "Marketers have gone long the last four months and it has paid off. It will be interesting to see if they are long again." However, regardless of whether marketers have elected to enter May long or short, Kennedy cautions that demand can really trail off with neither hot nor cold temperatures prevalent across the country.

On the other hand George Leide, a broker with New York-based Rafferty Energy Group, takes a much more technical approach to the market and believes natural gas has stair-stepped its way to higher prices. By looking at a daily continuation chart, Leide identifies periods of range-bound trading interspersed with quick break outs to the upside that have delivered prices to their current levels. Because of that, he does not rule out a break above $3.20. "If we get a settlement above $3.20, watch out. There is not much up there until you get to the $3.50-55 area." However, he is quick to temper that view and points to the 12-month strip, which at $3.141 is almost 30 cents above the entire 1999 calendar year high of $2.86.

In daily technicals, Leide targets support at $2.969, which corresponds to trend line support from the daily continuation chart. Also of note is the 40-day moving average, which comes in just a penny and a half lower at $2.953 Friday. Resistance is seen at prior highs in the $3.19-20 area.

NYMEX Henry Hub

Contract	Weekly Range High	Weekly Range Low	Settle 4/28	Week Change
May	3.160	3.075	3.089	+.016
June	3.175	3.040	3.141	+.053
July	3.180	3.055	3.158	+.056
August	3.185	3.070	3.166	+.051
September	3.180	3.065	3.160	+.049
October	3.185	3.085	3.170	+.051
November	3.270	3.175	3.255	+.046
December	3.360	3.275	3.346	+.042
January	3.375	3.290	3.360	+.041
February	3.210	3.135	3.200	+.045
March	3.040	2.970	3.035	+.049
April	2.885	2.830	2.875	+.039
May	2.840	2.791	2.830	+.035
June	2.845	2.790	2.830	+.033
July	2.845	2.790	2.830	+.032
August	2.845	2.800	2.831	+.033
September	2.832	2.795	2.829	+.031
October	2.860	2.822	2.848	+.030
November	2.961	2.930	2.956	+.029
December	3.071	3.032	3.058	+.021
January	3.091	3.054	3.080	+.023
February	2.972	2.930	2.961	+.023
March	2.831	2.794	2.818	+.018
April	2.733	2.696	2.720	+.017

Volume, 4/28 : 50,793 Open Int, 4/27 : 310,104
12 Month Strip, 4/28 : $3.141

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Inside F.E.R.C.'s GAS MARKET REPORT

PRICES OF SPOT GAS DELIVERED TO PIPELINES, JUNE 1

(per MMBtu dry)

	Range	Index
ANR Pipeline Co.		
Louisiana	$4.00 to $4.44	$4.30
Oklahoma	$3.84 to $4.42	$4.22
CNG Transmission Corp.		
Appalachia	$4.23 to $4.78	$4.39
Colorado Interstate Gas Co.		
Rocky Mountains	$3.30 to $3.83	$3.62
Columbia Gas Transmission Corp.		
Appalachia (W.Va., Ohio, Ky.)	$4.23 to $4.73	$4.53
Columbia Gulf Transmission Co.		
Louisiana	$4.00 to $4.49	$4.35
El Paso Natural Gas Co.		
Permian Basin	$3.77 to $4.28	$4.10
San Juan Basin	$3.62 to $4.05	$3.87
Florida Gas Transmission Co.		
Zone 1	$4.21 to $4.48	$4.35
Zone 2	$4.22 to $4.51	$4.39
Zone 3	$4.19 to $4.47	$4.34
Kern River Gas Transmission Co.		
Wyoming	$3.44 to $3.85	$3.61
Koch Gateway Pipeline Co.		
South Louisiana/East Side	$4.10 to $4.33	$4.23
Texas	$4.12 to $4.29	$4.18
Natural Gas Pipeline Co. of America		
Mid-Continent zone	$3.90 to $4.40	$4.19
Louisiana zone	$4.00 to $4.45	$4.33
Texok zone	$4.02 to $4.44	$4.30
South Texas zone	$4.08 to $4.36	$4.28
Northern Natural Gas Co.		
Texas, Oklahoma, Kansas	$3.80 to $4.28	$4.12
Demarcation	$3.90 to $4.39	$4.22
Ventura, Iowa	$3.96 to $4.35	$4.22
Northwest Pipeline Corp.		
Rocky Mountains	$3.39 to $3.87	$3.65
Canadian border	$3.46 to $3.87	$3.64
Oneok Gas Transportation L.L.C.		
Oklahoma	$3.85 to $4.34	$4.22
Panhandle Eastern Pipe Line Co.		
Texas, Oklahoma (mainline)	$3.80 to $4.41	$4.21
PG&E Gas Transmission-Texas		
Texas	$4.13 to $4.22	$4.17
Questar Pipeline Co.		
Rocky Mountains	$3.23 to $3.69	$3.41
Reliant Energy Gas Transmission Co.		
East	$4.00 to $4.40	$4.26
West	$4.00 to $4.31	$4.21
Southern Natural Gas Co.		
Louisiana	$4.08 to $4.30	$4.37
Tennessee Gas Pipeline Co.		
La. & Offshore (zone 1)	$4.00 to $4.48	$4.32
Texas (zone 0)	$3.99 to $4.36	$4.26
Texas Eastern Transmission Corp.		
East Louisiana zone	$4.00 to $4.48	$4.32
West Louisiana zone	$4.00 to $4.46	$4.31
East Texas zone	$4.17 to $4.32	$4.28
South Texas zone	$3.93 to $4.35	$4.25
Texas Gas Transmission Corp.		
Zone 1	$4.02 to $4.40	$4.35
Zone SL	$4.05 to $4.47	$4.35
Transcontinental Gas Pipe Line Corp.		
Zone 1 (pooling point)	$3.95 to $4.42	$4.31
Zone 2 (pooling point)	$4.01 to $4.43	$4.34
Zone 3 (pooling points)	$4.04 to $4.51	$4.38
Mississippi, Alabama	$4.08 to $4.52	$4.40
Transwestern Pipeline Co.		
Permian Basin	$3.92 to $4.45	$4.13
Trunkline Gas Co.		
Louisiana	$4.03 to $4.50	$4.35
Texas	$4.21 to $4.42	$4.31
Williams Gas Pipelines Central Inc.		
Texas, Oklahoma, Kansas	$3.78 to $4.40	$4.19

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Koch Gateway Pipeline Co.		
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Texas	$4.12 to $4.29	$4.18
Natural Gas Pipeline Co. of America		
Mid-Continent zone	$3.90 to $4.40	$4.19
Louisiana zone	$4.00 to $4.45	$4.33
Texok zone	$4.02 to $4.44	$4.30
South Texas zone	$4.08 to $4.36	$4.28
Northern Natural Gas Co.		
Texas, Oklahoma, Kansas	$3.80 to $4.28	$4.12
Demarcation	$3.90 to $4.39	$4.22
Ventura, Iowa	$3.96 to $4.35	$4.22
Northwest Pipeline Corp.		
Rocky Mountains	$3.39 to $3.87	$3.65
Canadian border	$3.46 to $3.87	$3.64
Oneok Gas Transportation L.L.C.		
Oklahoma	$3.85 to $4.34	$4.22
Panhandle Eastern Pipe Line Co.		
Texas, Oklahoma (mainline)	$3.80 to $4.41	$4.21
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Natural Gas Intelligence

Weekly Gas Price Index

Volume 13, No. 4

June 5, 2000

Storage Deficit Continues to Grow, But Cash Follows Screen Down

A funny thing happened on the way to the forum of ever-higher prices last week: for a change the screen reacted negatively to yet another report of further growth in the year-on-year storage level deficit.

So without substantial help from weather-related demand, the juggernaut-like ascent of cash prices that had been building throughout most of May finally came to an end Thursday with losses of generally a dime or more. The weakness got even more intense going into the weekend.

Several sources, asked why the screen was so bearish about AGA's Wednesday afternoon report of 56 Bcf injected into storage during the previous week, tended to go along with a Texas marketer who said, "I've got no idea; I'm just riding the price roller-coaster." However, one suggested it was mostly a case of profit-taking. Another tended to support that with this theory: The Nymex fund traders want to lock in their profits now even it costs them something later. They probably have customer distributions to make at the end of June and want those disbursements to be nice.

An eastern utility buyer commented, "Maybe we'll see in a month or two that they [Thursday's futures sellers] made a mistake in liquidating long positions if the screen hits $5 or more."

In understandably slow last-of-May swing business, prices ranged from flat to a little more than a dime higher at most eastern points Tuesday. The West, where numbers had been weakest on the previous Friday due to weekend OFOs by California's two biggest distributors, was rebounding in a big way to the absence of OFOs. Gains were 20 cents or more at Malin and intra-Alberta and in the Rockies and Southwest basins, but they were far outdistanced by advances of more than half a dollar at the PG&E citygate and Southern California border.

Numbers were dropping drastically as trading went on in Tennessee's 500Leg pool for one Gulf Coast producer, who made an early sale at $4.20 but had to accept $4.02 later. He suspected people "playing cash-out games" of pushing prices lower.

Quotes continued to climb Wednesday in both swing deals for June 1 only and in what little bit of bidweek business remained to be done. However, some doubt was arising about how much longer the unprecedented recent price strength could be maintained after futures went down following a storage report for the first time in more than a month. The July contract returned to essentially unchanged after having been about 20 cents higher at one point. Nearly 15 cents of that fallback occurred quickly after the AGA report.

Although that figure further increased the year-on-year

SPOT GAS PRICES	May[1] N/A Range	May[1] N/A Avg.	June[2] 5/31 - 6/2 Range	June[2] 5/31 - 6/2 Avg.	June[3] Bidweek Avg.
South Texas					
Agua Dulce	-- --	--	4.00-4.46	4.25	4.32
Florida Gas Zone 1	-- --	--	4.02-4.54	4.30	4.42
Houston Pipe Line	-- --	--	-- --	--	4.21
NGPL S. TX	-- --	--	4.01-4.49	4.25	4.28
PG&E GTT (Valero)	-- --	--	3.94-4.34	4.16	4.15
Tennessee	-- --	--	3.95-4.44	4.23	4.27
Texas Eastern S. TX	-- --	--	3.90-4.40	4.22	4.25
Transco St. 30	-- --	--	3.96-4.43	4.25	4.32
Trunkline	-- --	--	4.08-4.43	4.29	4.27
Regional Avg.	-- --	--	3.90-4.54	4.24	4.28
East Texas					
Carthage	-- --	--	4.07-4.48	4.31	4.33
Houston Ship Channel	-- --	--	4.13-4.54	4.37	4.37
Katy	-- --	--	4.14-4.49	4.35	4.34
NGPL TexOk	-- --	--	4.03-4.45	4.27	4.30
Texas Eastern E. TX	-- --	--	3.97-4.45	4.28	4.28
Texas Gas Zone 1	-- --	--	4.03-4.52	4.36	4.36
Transco St. 45	-- --	--	4.00-4.52	4.33	4.35
Trunkline	-- --	--	-- --	--	--
Regional Avg.	-- --	--	3.97-4.54	4.32	4.30
West Texas					
El Paso Permian	-- --	--	3.92-4.45	4.22	4.09
Northern Natural Mid 1-6	-- --	--	3.98-4.38	4.19	--
Transwestern	-- --	--	4.28-4.39	4.34	4.10
Waha	-- --	--	4.02-4.47	4.29	4.14
(Lone Star and Valero now represented by a single Waha point)					
Regional Avg.	-- --	--	3.92-4.47	4.26	4.11
Midwest					
ANR ML7	-- --	--	4.25-4.68	4.49	4.56
Chicago Citygate[4]	-- --	--	4.13-4.64	4.45	4.45
(Chicago Citygate is Illinois via NGPL et al)					
Consumers Power	-- --	--	4.17-4.62	4.44	4.53
Michigan Consolidated	-- --	--	4.18-4.64	4.45	4.53
Regional Avg.	-- --	--	4.13-4.58	4.46	4.52
Midcontinent					
ANR SW	-- --	--	3.93-4.41	4.20	4.21
NGPL Amarillo Mainline	-- --	--	3.98-4.43	4.22	4.23
NGPL Iowa-Illinois	-- --	--	4.03-4.51	4.30	4.30
NGPL Midcontinent	-- --	--	3.90-4.40	4.18	4.20
Northern Natural Demarc	-- --	--	3.97-4.44	4.22	4.21
Northern Natural Mid 10-13	-- --	--	3.85-4.27	4.06	4.05
Northern Natural Ventura	-- --	--	3.96-4.42	4.20	4.21
OGT	-- --	--	3.93-4.41	4.18	4.18
Panhandle Eastern	-- --	--	3.93-4.42	4.20	4.21
Reliant East (NorAm)	-- --	--	3.98-4.44	4.24	4.27
Reliant West (NorAm)	-- --	--	3.92-4.39	4.16	4.21
Williams	-- --	--	3.90-4.45	4.19	4.18
Regional Avg.	-- --	--	3.85-4.51	4.20	4.16
Louisiana					
ANR SE	-- --	--	4.03-4.47	4.30	4.31
Columbia Gulf onshore	-- --	--	4.03-4.54	4.34	4.35
Columbia Gulf Mainline	-- --	--	4.17-4.60	4.41	4.42
Florida Gas Zone 2	-- --	--	4.02-4.55	4.35	4.43
Florida Gas Zone 3	-- --	--	4.02-4.55	4.33	4.36

age refill deficit and thus would have seemed bullish, there e some whose trade strategy was to sell off their futures length any report exceeding 40 Bcf, a Gulf Coast marketer said. Obviously there were enough of them to make a difference," he added. Another source suggested the trading psyche had become "enough is enough" and that people were looking for any relief at all from super-high prices.

A producer noted the need to inject storage "is not passing the prudence test right now for many players. People are finding it difficult to do anything but sell $4-plus gas." The rationale for utilities to do that is that they can show their state public utility commissions that they're selling gas at a nice profit above index, he said.

It will be interesting to see what happens after this week's storage report, said another producer. He cited a report by Petroleum Industry Research Associates (PIRA) guessing a refill number of 50 Bcf, which would be well under the comparable year-ago figure of 99 Bcf.

The producer and a marketer both harkened back to late 1996 as marking an important shift in gas markets, and agreed that what we're seeing in 2000 is even more profound. "We used to look at 1996 as a year of great change, but it seems certain 2000 will replace that as the most defining year," according to the producer. People's concern about storage is legitimate because there's almost no fuel switching going on, he added.

"I was around in the winter of '96 and the price movement n was scary, but this recent strength is even deeper than that," the marketer said. Whenever there are violent moves in the market, with gas going up a dollar in a month, people are always looking around for who was on the wrong side of that and might go bankrupt, he went on. "We won't find out for sure until a month or so from now when bills start going unpaid, so everybody is watching the rumor mill now. We haven't had a major bankruptcy since Kimball Trading [in March 1999] because there haven't been really violent price moves like this for a couple of years."

The 2000 hurricane season officially started Thursday, but no such activity was in sight last week.

Cash prices finally experienced some retrenchment Thursday following an awe-inspiring series of growth during May, but a near-total collapse of the screen along with the usual dropoff in weekend demand was expected to result in significantly greater declines in weekend numbers.

Thursday's drops mostly ranged from a nickel to about 15 cents, dominated by those in the vicinity of a dime. The degrees of softness were pretty well mixed among the various market regions except for intra-Alberta. One Calgary source reported trading all the way from the mid C$5.50s down to the low C$5.20s, while another said he saw an electronic trading screen go from C$5.70 down to C$4.80. Intra-Alberta business, which goes on all day, is more immediately susceptible to big screen drops such as Thursday's downtick of nearly 30 cents.

Northeast weather was a bit uncomfortably warm Thursday and likely to remain so Friday, but due to cool off again over the end, a utility buyer in the region said. The Midwest was already getting chilly as a cold front moved into the area.

In contrast, it was very hot and humid all the way from Texas and Oklahoma through the Southeast, and that created fairly

SPOT GAS PRICES	May[1] N/A		June[2] 5/31 - 6/2		June[3] Bidweek
	Range	Avg.	Range	Avg.	Avg.
Louisiana (continued)					
Henry Hub	-- --	--	4.02-4.56	4.36	4.38
Koch Gateway	-- --	--	4.06-4.40	4.21	4.20
NGPL LA	-- --	--	4.05-4.51	4.30	4.34
Miss. River Trans.	-- --	--	-- --	--	4.41
Southern Natural	-- --	--	4.04-4.53	4.35	4.38
Tennessee Line 500	-- --	--	4.00-4.55	4.27	4.34
Tennessee Line 800	-- --	--	4.00-4.53	4.28	4.33
Texas Eastern E. LA	-- --	--	4.00-4.48	4.28	4.32
Texas Eastern W. LA	-- --	--	4.00-4.48	4.27	4.31
Texas Gas Zone SL	-- --	--	4.03-4.55	4.34	4.36
Transco St. 65	-- --	--	4.02-4.56	4.36	4.39
Trunkline E. LA	-- --	--	3.96-4.49	4.32	4.36
Trunkline W. LA	-- --	--	4.05-4.49	4.30	4.35
Regional Avg.	-- --	--	3.96-4.60	4.32	4.35
Alabama/Mississippi					
Texas Eastern Kosciusko	-- --	--	4.18-4.58	4.43	4.44
Transco St. 85	-- --	--	4.08-4.56	4.37	4.41
Regional Avg.	-- --	--	4.08-4.58	4.40	4.43
Rocky Mountains					
CIG	-- --	--	3.58-4.05	3.87	3.55
CIG DJ Basin	-- --	--	-- --	--	--
El Paso Bondad	-- --	--	3.79-4.27	4.05	3.75
El Paso non-Bondad	-- --	--	3.78-4.28	4.09	3.85
Kern River	-- --	--	3.64-4.19	3.94	3.65
Kingsgate	-- --	--	-- --	--	3.75
Northwest Domestic	-- --	--	3.67-4.19	3.96	3.65
Northwest Sumas	-- --	--	3.45-4.15	3.90	3.64
Opal	-- --	--	3.64-4.19	3.94	3.65
Questar	-- --	--	3.57-4.05	3.78	--
Stanfield	-- --	--	3.70-4.25	4.02	3 69
Regional Avg.	-- --	--	3.45-4.28	3.95	3.69
Northeast					
Algonquin (citygate)	-- --	--	4.38-4.91	4.67	4.69
Columbia Gas	-- --	--	4.13-4.74	4.50	4.54
CNG	-- --	--	4.30-4.85	4.58	4.56
Iroquois Zone 2	-- --	--	4.27-4.85	4.60	4.67
Tennessee Zone 6	-- --	--	4.30-4.82	4.58	4.53
Texas Eastern M-3	-- --	--	4.43-4.91	4.71	4.66
Transco Zone 6 NY	-- --	--	4.43-5.10	4.77	4.75
Transco Zone 6 non-NY	-- --	--	4.40-4.87	4.66	4.67
Regional Avg.	-- --	--	4.13-5.10	4.63	4.63
California					
Malin	-- --	--	3.88-4.47	4.20	3.90
Kern River Station, PG&E	-- --	--	-- --	--	4 30
PG&E Citygate	-- --	--	4.28-4.95	4.71	4.44
Southern Border, El Paso	-- --	--	4.12-4.91	4.59	4.34
Southern Border, Kern	-- --	--	4.15-4.80	4.58	4.32
South. Bdr., Transwestern	-- --	--	4.12-4.91	4.59	4.34
Kern River Station, SoCal	-- --	--	4.15-4.88	4.59	4.30
Southern Cal. Border Avg	-- --	--	4.12-4.91	4.59	4.33
Regional Avg.	-- --	--	3.88-4.95	4.55	4.28
National Spot Gas Avg.	-- --	--	3.45-5.10	4.33	4.27
Canada					
NOVA/AECO C (CdnS/GJ)	-- --	--	4.70-5.97	5.43	5.34

Notes to Spot Gas Prices table: Prices in US$/MMBtu for dry gas with the exception of NOVA/AECO C, which is in CdnS/GJ. [1]Survey not available for May incremental delivery. [2]Survey taken May 31 - June 2, 2000 for June incremental delivery [3]Bidweek survey taken May 24 - 31, 2000 of baseload transactions for the month of June. Please see NGI's Bidweek Survey for trading ranges. [4]Chicago Citygate is comprised of what was previously listed as Chicago via Midwestern, Illinois via NGPL, and Illinois via Trunkline.

Despite Weak Finish, June Posts First $4.00-Plus Close

In what has become almost routine, natural gas futures coasted to another sizeable gain Friday as traders bid up the June contract in an expiration-day buying frenzy. With no fresh news in which to sink their teeth, traders were content to cite concerns that storage is growing at too slow a pace to match predicted demand levels, both this summer and next winter, as reasons for the rally. Becoming the first contract to post a final settlement above $4.00, June notched an impressive 17-cent gain to settle at $4.406 after peaking at $4.50 during a volatile final 30 minutes of trading.

As expected, heavy market-on-close buying seen Wednesday and Thursday gave way to MOC selling Friday. The June contract dropped back to almost unchanged at the close after trading as much as 27 cents above Thursday's close. However, because the final settlement is calculated by averaging all the trades during the last 30 minutes rather than only the last 2 minutes as on any other day, it was almost unaffected by the late sell-off.

Looking ahead, traders are mixed as to which direction the July contract will take when it becomes the prompt month Tuesday morning. While some believe the prices will make a quick correction lower, virtually everyone polled Friday by NGI expects prices to eventually take out the all-time high of $4.60.

"I think we will [set a new high] at 2:15 (p.m. EDT) Wednesday," predicted a Northeast trader. "We have seen a string of bullish AGA figures, and I don't expect this one to be any different."

Her timeframe might not be half-bad, because the release of fresh storage data shortly after 2:00 p.m. each week has spawned some intense buying over the past several weeks. On Wednesday, May 10 the market advanced 13.4 cents on the heels of a less-than-expected 58 Bcf injection. Then on May 17 the June contract went on a 24-cent tear after traders learned that only 46 Bcf was injected during the previous week. But that, as it turns out, was only the beginning.

In what was likely the most volatile hour in the history of the deregulated spot market, prices dove then spiked fiercely last Wednesday amid somewhat contradictory if not confusing pieces of fundamental news. According to the American Gas Association, 55 Bcf was added to underground storage reserves the previuos week, increasing the total working gas capacity to 1,218 Bcf, or 37% full. And while the 55 Bcf injection was bullish because it fell short of comparison with last year's 73 Bcf, that was only the tip of the iceberg.

"There was a bad number circulating on the floor just before the actual AGA number was released," said Ed Kennedy of Miami-based Pioneer Futures. Rumors had it that 70 Bcf was injected. There was massive selling when the number hit the [Nymex trading] floor. Then when traders realized the actual number was 55 Bcf, they reacted by covering shorts and pushing prices higher," he said. After dipping to notch a $3.855 low shortly before 2 p.m. (EDT), the prompt month erupted almost 25 cents to a $4.10 high shortly after 3 p.m.

However, a Chicago trader wonders if the market will even wait for fresh supply data before testing the $4.60 level. "Despite coming off hard at the close today, July was already well bid in the over-the-counter market (Friday afternoon)," he observed. "After closing at $4.268, July quickly traded at $4.28-29 OTC. Then a someone took out a $4.31 offer and the market was off to the races," As of 3:00 p.m. July was offered at $4.35 in OTC dealings, he said.

Acknowledging that storage injections are guilty until proven innocent, the New York-based Pegasus Group looks forward to the Wednesday report. "This faith will undergo a fresh evaluation on Wednesday when the weather forecasts for [last] week suggest that a figure quite comparable to the 71 Bcf injection from last year is possible. A neutral figure might not be that great a test, although as overbought as this market has become, it's hard to rule out an adverse price reaction even for a figure which is deemed insufficiently bullish to keep this market climbing at its customary 50-cent per week clip," the group wrote in its *NatGas Report* Friday.

NYMEX Henry Hub

Contract	Weekly Range High	Weekly Range Low	Settle 5/26	Week Change
June	4.500	3.720	4.406	+.581
July	4.410	3.730	4.268	+.427
August	4.400	3.755	4.268	+.422
September	4.350	3.765	4.250	+.414
October	4.370	3.770	4.265	+.414
November	4.440	3.885	4.365	+.416
December	4.550	3.980	4.465	+.419
January	4.600	3.990	4.475	+.424
February	4.350	3.770	4.255	+.407
March	4.100	3.580	4.035	+.390
April	3.850	3.360	3.795	+.370
May	3.710	3.275	3.672	+.337
June	3.710	3.280	3.649	+.337
July	3.720	3.275	3.652	+.337
August	3.730	3.290	3.662	+.335
September	3.730	3.300	3.657	+.328
October	3.750	3.323	3.677	+.327
November	3.855	3.423	3.777	+.327
December	3.950	3.518	3.872	+.327
January	3.900	3.531	3.885	+.327
February	3.820	3.394	3.748	+.330
March	3.650	3.224	3.578	+.330
April	3.490	3.068	3.422	+.330
May	3.380	3.011	3.352	+.317

Volume, 5/26 : 124,940 Open Int, 5/25 : 356,921
12 Month Strip, 5/26 : $4.210

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IN THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

IN RE:	)	
	)	
UNITED CITIES GAS COMPANY, a Division of ATMOS ENERGY CORPORATION INCENTIVE PLAN (IPA) AUDIT	)	Consolidated Docket Nos 01-00704 and 02-00850
	)	
UNITED CITIES GAS COMPANY, a Division of ATMOS ENERGY CORPORATION, PETITION TO AMEND THE PERFORMANCE BASED RATEMAKING MECHANISM RIDER	)	

EXHIBIT 3

CONFIDENTIAL -

FILED UNDER SEAL

C MSK 304931 v1
2830844-000077 07/30/2004

Childers, Patricia D.

From: Childers, Patricia D.
Sent: Thursday, May 31, 2001 1:57 PM
To: 'PMurphy2@mail.state.tn.us'
Cc: 'jconner@bdbc.com'
Subject: Jan - March 2001 Qtr.Report

Good Afternoon Pat:

Attached is the last quarter of the 00-01 Plan Year. Allen will be hand delivering a hard copy to you. Once the TRA issues a decision on the NORA contract, we will file the Annual Report and include the reserve margin calculation.

TNRnalQtrPBR00-01.xl

Thanks.

EXHIBIT 3

Blumberg No. 6119

United Cities Gas Company

For the Tennessee Regulatory Authority

Monthly Report on Performance Based Ratemaking Mechanism

CONFIDENTIAL

Determinants			
Upper Band	102.00%	Date:	10/17/02
Lower Band:	97.70%	Time:	12:30 PM
Company Split:	50.00%	File:	
Rolling Avg Adjust Well Fuel	$0.0000	Month:	January 2001
		Page:	One

Pipeline	Supplier Name	Purchase Point (2)	Tennessee/ Virginia Ratio	100% Invoice Volume (MMBTU)	Tennessee Volume (MMBTU)	Invoice Price	Inside FERC	NGI (3)	Close NYMEX	Wgtd Avg Adjustment	Average Gas Daily or Average Index	Upper Band	Lower Band	Below Band	Above Band	Value @ Invoice Price	Value @ Upper Band	Value @ Lower Band
Tennessee	Woodward Mktg	Zone 1	66.31%	1,376,078	913,907	$ 9.7772	$ 9.8300	$ 9.8000	$ 9.9800	$	$ 9.8833	$ 10.0810	$ 9.6560	0.00	0.00	$ 8,934,420	$ 9,212,033	$ 8,823,068
Tennessee	Woodward Mktg	Zone 1-GDA	66.31%	167,152	110,838	$ 7.1869	$ -	$ -	$ -	$	$ 7.1860	$ 7.3305	$ 7.0012	0.00	0.00	$ 704,369	$ 810,152	$ 776,002
Tennessee	Woodward Mktg	Zone 1	66.31%	254,811	168,963	$ 9.7772	$ 9.8300	$ 9.8000	$ 9.9800	$ -	$ 9.8833	$ 10.0810	$ 9.6560	0.00	0.00	$ 1,652,006	$ 1,703,358	$ 1,631,529
Tennessee	Woodward Mktg	Zone 1	66.31%	83,581	55,423	$ 9.7772	$ 9.8300	$ 9.8000	$ 9.9800	$	$ 9.8833	$ 10.0810	$ 9.6560	0.00	0.00	$ 541,877	$ 558,716	$ 535,160
Total Tennessee				1,883,619	1,249,026									0.00	0			
Texas Eastern	Woodward Mktg	STX	N/A	93,848	93,848	$ 9.7769	$ 9.8300	$ 9.8000	$ 9.9800	$	$ 9.7333	$ 9.9260	$ 9.5006	0.00	0.00	$ 916,951	$ 931,703	$ 892,429
Texas Eastern	Woodward Mktg	ETX	N/A	54,189	54,189	$ 9.7769	$ 9.8300	$ 9.8000	$ 9.9800	$ -	$ 9.6388	$ 10.0300	$ 9.6072	0.00	0.00	$ 529,473	$ 543,518	$ 520,607
Texas Eastern	Woodward Mktg	WLA	N/A	106,552	106,552	$ 9.7769	$ 9.8000	$ 9.7800	$ 9.9800	$	$ 9.6333	$ 10.0604	$ 9.6397	0.00	0.00	$ 1,041,100	$ 1,070,892	$ 1,025,746
Texas Eastern	Woodward Mktg	ELA	N/A	408,891	408,891	$ 9.7769	$ 9.8300	$ 9.8400	$ 9.9800	$	$ 9.8800	$ 10.0776	$ 9.6528	0.00	0.00	$ 3,998,648	$ 4,031,348	$ 3,861 418
					654,618													
*Texas Eastern/ SS-1	Woodward Mktg	STX/ETX/ELA/WLA	N/A	36,942	36,942	$ 9.7769	$ 9.7875	$ 9.7775	$ 9.9800	$ -	$ 9.8350	$ 10.0215	$ 9.6900	0.00	0.00	$ 360,953	$ 370,214	$ 354,606
Total Texas Eastern				699,860	1,346,170									0.00	0.00			
Columbia Gulf	Woodward Mktg	Onshore -GDA	N/A	308,758	308,758	7.3647	$	$ -	$	$ -	$ 7.3667	$ 7.5140	$ 7.1972	0.00	0.00	$ 2,274,526	$ 2,320,008	$ 2,222,234
Columbia Gulf	Woodward Mktg	Onshore -GDA	N/A	344	344	10.7160	$ -	$	$ -	$ -	$ 10.7160	$ 10.9293	$ 10.4688	0.00	0.00	$ 3,922	$ 4,000	$ 3,832
Columbia Gulf	Woodward Mktg	Onshore	N/A	591,970	591,970	9.8900	$ 9.8400	$ 9.9800	$ 9.9800	$ -	$ 9.9400	$ 10.1368	$ 9.7114	0.00	0	$ 5,738,263	$ 5,903,538	$ 5,661 802
Columbia Gulf	Woodward Mktg	Onshore-GDA	N/A	13,533	13,533	10.7160	$ -	$ -	$ -	$	$ 10.7160	$ 10.9293	$ 10.4688	0.00	0.00	$ 134,291	$ 136,977	$ 131,303
Columbia Gulf	Woodward Mktg	Onshore-GDA	66.31%	56,940	37,757	9.8900	$ -	$ -	$ -	$	$ 9.9368	$ 10.0333	$ 9.8104	0.00	0.00	$ 371,400	$ 378,626	$ 362,850
Columbia Gulf	Woodward Mktg	Onshore-GDA	66.31%	492,326	326,481	9.8900	$ 9.8400	$ 9.9800	$ 9.9800	$	$ 9.9400	$ 10.1368	$ 9.7114	0.00	0	$ 3,218,009	$ 3,309,927	$ 3,170,307
Columbia Gulf/Tennes	Woodward Mktg	Onshore												0.00	0			
Total Columbia Gulf				1,452,909	1,257,881									0.00	0.00	$	$	$
Southern Natural	Woodward Mktg	Louisiana	N/A	0	0	$ -	$	$	$	$	$	$	$	0.00	0.00	$ 3,720,626	$ 3,794,936	$ 3,634,972
Southern Natural	Woodward Mktg	Louisiana-GDA	66.31%	589,625	377,716	$ 9.8900	$ -	$ -	$ -	$	$ 9.8300	$ 10.0470	$ 9.6238	0.00	0.00			
Total Southern Natural				589,625	377,716									0.00	0.00			
Texas Gas	Woodward Mktg	Zone SL	N/A	129,585	129,585	$ 9.8900	$ 9.9900	$ 9.8200	$ 9.9800	$	$ 9.9400	$ 10.1368	$ 9.7114	0.00	0.00	$ 1,376,308	$ 1,416,224	$ 1,355,866
Texas Gas Storage	Woodward Mktg	Zone SL	N/A	0	0	$	$ -	$ -	$ -	$ -	$	$ -	$ -	0.00	0.00	$ -	$ -	$ -
Total Texas Gas				129,585	129,585									0.00	0.00			
All Pipelines (Sub-Total)				4,737,398	4,380,360									$0.00	$0.00	$ 35,617,833	$ 36,492,360	$ 34,054,015

*Published prices are an average of STX/ ETX/ ELA/ WLA divided by 4. (Inside FERC and NGI)

ETNG @ NORA	Woodward Mktg	Zone 1	66.31%	399,000	257,992	$ 8.9850	$ 56,906	$ 56,906		

Total All Pipelines	6,126,357	4,638,352

**NORA Contract:		
Demand @$4.92/ Mdcr	$	0.1617
TGP Commodity/ACA	$	0.0606
Fuel @1.91% x TGP Z 1	$	0.1876
Sub-Total	$	0.4097
- Premium	$	(0.1760)
Net Avoided Cost	$	0.2337
Below Band (97.7%)	$	0.2283
x IN Volume (MMBTU)	$	257,992
Value Below Band	$	58,906

NEGOTIATED TRANSPORTATION DISCOUNTED COSTS:

		TN/ VA RATIO	X 97.7%	
DEMAND (MDQ (or MHQ) x Difference between Max Rate and Discounted Rate)				
ETNG # 30774 84,568 X 8.05 Discount @7.21-8.05= $7.16 vs $7.11 Disc	$ 4.229	66.31%	$ 2.740	
ETNG # 33254 339,900 x $.1761 Discount @.8988 vs $.4227 Discounts	$ 59,856	66.31%	$ 38.778	
ETNG #34536 27300 x $1.601 @10.201 vs $8.60 Discounted Rate)=	$ 44,029	66.31%	$ 28,523	
CGT #905720(MD-IN) 30,000 x $2.339 ($3.145 vs $.906 Discounted Rate)=	$ 67,170	N/A	$ 65,626	
(E IN) 15,000 x $2.339 ($3.145 vs $.906 Discounted Rate)=	$ 33,585	66.31%	$ 21,766	
TOTAL CGT CONTRACT 45,000				
TGP #27311 56,656 x $1.06 ($4.92 vs $3.86 Discounted Rate)=	$ 60,056	66.31%	$ 38,937	
STORAGE DELIVERABILITY CHARGE:				
TGP Storage A 15,000 x $.10 ($2.02 vs $1.92 Discounted Rate)=	$ 1,500	66.31%	$ 972	
TGP Storage B 1,634 X $.10 ($2.02 vs $1.92 Discounted Rate)=	$ 163	66.31%	$ 106	
STORAGE SPACE CHARGE:				
TGP Storage A 1,800,000 x $.0025 ($.0249 vs $.0223 Discounted Rate)	$ 4,500	66.31%	$ 2,915	
TGP Storage B 193,543 x $.0025 ($.0249 vs $.0223 Discounted Rate	$ 484	66.31%	$ 314	
COMMODITY CHARGE:				
TGP #27311				
01-01 104803+30282 x .0361 (21-21=$.0372 vs $.0221)	$ 5,060	66.31%	3,276	
		0.00%	$ 203,918	203,918

United Cities Gas Company

For the Tennessee Regulatory Authority

Monthly Report on Performance Based Ratemaking Mechanism

CONFIDENTIAL

Determinants	
Upper Band:	102.00%
Lower Band:	97.70%
Company Split:	80.00%
Rolling Avg Adjust Well Pur	80.0000

Date: 10/17/02
Time: 12:39 PM
File:
Month: February, 2001
Page: One

Pipeline	Supplier Name	Purchase Point (2)	Tennessee/ Virginia Ratio	100% Invoice Volume (MMBTU)	Tennessee Volume (MMBTU)	Invoice Price	Inside FERC	NGI (2)	Close NYMEX	Wgtd Avg Adjustment (1)	Average Gas Daily or Average Index	Upper Band	Lower Band	Below Band	Above Band	Value @ Invoice Price	Value @ Upper Band	Value @ Lower Band
Tennessee	Woodward Mktg	Zone 1	64.05%	986,669	637,648	$ 0.0928	$ 0.1300	$ 0.1480	$ 0.2930	$ -	$ 0.1693	$ 0.3131	$ 0.0470	0.00	0.00	$ 3,886,376	$ 4,026,706	$ 3,857,066
Tennessee	Woodward Mktg	Zone 1-GDA	64.05%	271	174	$ 0.4100	$	$ -	$ -	$	$ 0.4100	$ 0.5369	$ 0.2829	0.00	0.00	$ 1,113	$ 1,135	$ 1,087
Tennessee	Woodward Mktg	Zone 1	64.05%	127,800	81,830	$ 0.0928	$ 0.1300	$ 0.1480	$ 0.2930	$	$ 0.1693	$ 0.3131	$ 0.0470	0.00	0.00	$ 499,122	$ 517,169	$ 495,370
Tennessee	Woodward Mktg	Zone 1	64.05%	73,139	46,836	$ 0.0928	$ 0.1300	$ 0.1480	$ 0.2930	$	$ 0.1693	$ 0.3131	$ 0.0470	0.00	0.00	$ 285,281	$ 295,700	$ 283,236
Total Tennessee				1,187,189	766,780									0.00	0.00			
Texas Eastern	Woodward Mktg	STX	N/A	84,764	84,764	$ 0.0589	$ 0.0000	$ 0.0000	$ 0.2930	$ -	$ 0.0910	$ 0.1108	$ 0.0532	0.00	0.00	$ 513,323	$ 517,077	$ 490,142
Texas Eastern	Woodward Mktg	ETX	N/A	48,945	48,945	$ 0.0589	$ 0.0000	$ 0.0000	$ 0.2930	$ -	$ 0.1043	$ 0.2264	$ 0.0839	0.00	0.00	$ 296,407	$ 304,752	$ 291,904
Texas Eastern	Woodward Mktg	WLA	N/A	96,941	96,941	$ 0.0589	$ 0.0700	$ 0.0800	$ 0.2930	$	$ 0.1477	$ 0.2708	$ 0.0863	0.00	0.00	$ 582,824	$ 603,487	$ 578,050
Texas Eastern	Woodward Mktg	ELA	N/A	361,318	361,318	$ 0.0589	$ 0.0500	$ 0.1400	$ 0.2930	$	$ 0.1710	$ 0.2944	$ 0.0591	0.00	0.00	$ 2,188,108	$ 2,274,280	$ 2,178,422	
					591,968													
*Texas Eastern/ 55-1	Woodward Mktg	STX/ETX/ELA/WLA	N/A	31,109	31,109	$ 0.0589	$ 0.0925	$ 0.0289	$ 0.2930	$	$ 0.1036	$ 0.2288	$ 0.0831	0.00	0.00	$ 188,303	$ 193,672	$ 185,806
Total Texas Eastern				622,377	622,377									0.00	0.00			
Columbia Gulf	Woodward Mktg	Onshore	N/A	190,620	190,620	$ 0.1077	$ 0.2600	$ 0.3600	$ 0.2930	$	$ 0.2677	$ 0.3830	$ 0.1238	0.00	0.00	$ 1,170,665	$ 1,218,026	$ 1,167,445
Columbia Gulf/Tennessee	Woodward Mktg	Onshore	64.05%	444,831	284,818	$ 0.1077	$ 0.7500	$ 0.3600	$ 0.2930	$ -	$ 0.2677	$ 0.3830	$ 0.1238	0.00	0.00	$ 1,752,369	$ 1,820,843	$ 1,744,084
Total Columbia Gulf				635,451	475,438									0.00	0.00			
Southern Natural	Woodward Mktg	Louisiana	64.05%	0	0	$ -	$ 0.2700	$ 0.3000	$ -	$	$ -	$	$	0.00	0.00	$ -	$ -	$ -
Southern Natural-Sritville	Woodward Mktg	Louisiana	64.05%	0	0	$ -	$ 0.2700	$ 0.3000	$	$	$ -	$	$	0.00	0.00	$ -	$ -	$ -
Total Southern Natural				0	0									0.00	0.00			
Texas Gas	Woodward Mktg	Zone SL	N/A	103,722	103,722	$ 0.1910	$ 0.2300	$ 0.3800	$ 0.2930	$ -	$ 0.2910	$ 0.3882	$ 0.1170	0.00	0.00	$ 661,106	$ 662,389	$ 634,467
Texas Gas - Storage	Woodward Mktg	Zone SL	N/A	0	0	$ -	$ -	$ -	$ -	$ -	$	$	$ -	0.00	0.00	$ -	$ -	$ -
Total Texas Gas				103,722	103,722									0.00	0.00			
All Pipelines (Sub-total)				2,558,659	1,968,346									80.00	80.00	$ 12,034,107	$ 12,467,020	$ 11,912,779

*Published prices are an average of STX/ ETX/ ELA/ WLA divided by 4 (inside FERC and NGI)

ETNG @ NORA	Woodward Mktg	Zone 1	64.05%	351,417	225,083	$ 0.3050			$ 38,967	$ 38,967
Total All Pipelines					2,910,026	2,193,430				

**NORA Contract		
Demand @$4.02/ Mdcvd	$	0.1757
TGP Commodity/ ACA	$	0.0504
Fuel@1.91% x FGP-21	$	0.1171
Sub-total	$	0.3432
Premium	$	(0.1760)
Net Avoided Cost	$	0.1772
Below Band (97.7%)	$	0.1731
x IN Volume (MMBTU)		225,083
Value Below Band	$	38,966.69

NEGOTIATED TRANSPORTATION DISCOUNTED COSTS:

		IN/ VB RATIO	X 97.7%=
DEMAND (MDQ (for MSQ) x Difference between Max Rate and Discounted Rate:			
ETNG # 30774 64,588 X 5.05 Discount ($7.21 $.05= $7.16 vs $7.11 Dis	$ 4,279	64.05%	$ 2,646
ETNG # 33254 350,000 x $ 1.761 Discount ($.5988 vs $.4277 Discounts	$ 59,636	64.05%	$ 37,456
ETNG #34538 37500 x $1.601 ($10.201 vs $8.60 Discounted Rate)=	$ 44,028	64.05%	$ 27,551
CGT #50572(MD-PA) 30,000 x $2.239 ($3.145 vs $.906 Discounted Rate)=	$ 67,170	N/A	$ 65,625
(E PA) 15,000 x $2.239 ($3.145 vs $.906 Discounted Rate)=	$ 33,585	64.05%	$ 21,516
TOTAL CGT CONTRACT 45,000			
TGP #27311 88,666 x $1.00 ($4.02 vs $3.02 Discounted Rate)=	$ 88,666	64.05%	$ 57,881
STORAGE DELIVERABILITY CHARGE:			
TGP Storage A 15,000 x $.10 ($2.02 vs $1.92 Discounted Rate)=	$ 1,500	64.05%	$ 939
TGP Storage B 1,634 X $.10 ($2.02 vs $1.92 Discounted Rate)=	$ 163	64.05%	$ 102
STORAGE SPACE CHARGE:			
TGP Storage A 1,800,000 x $.0025 ($.0248 vs $.0223 Discounted Rate	$ 4,500	64.05%	$ 2,816
TGP Storage B 193,843 x $.0025 ($.0248 vs $.0223 Discounted Rate	$ 484	64.05%	$ 303
COMMODITY CHARGE:			
TGP #27311			
2-01 298330+30252 X .0351 (21-21=$.0572 vs $.0221)	$ 18,023	64.05%	$ 11,401
		$ 325,436	$ 208,430

Result for Month $ - $ 244,403

To be shared 50% / 50%

United Cities Gas Company

For the Tennessee Regulatory Authority

Monthly Report on Performance Based Ratemaking Mechanism

CONFIDENTIAL

Determinants			
Upper Band:	102.00%	Date	10/17/02
Lower Band:	97.70%	Time:	12:59 PM
Company Split:	50.00%	File	
Rolling Avg Adjust Well Fund	50.0000	Month:	March, 2001
		Page:	One

Pipeline	Supplier Name	Purchase Point (2)	Tennessee/ Virginia Ratio	100% Invoice Volume (MMBTU)	Tennessee Volume (MMBTU)	Invoice Price	Inside FERC	NGI (3)	Close NYMEX	Wgtd Avg Adjustment	Average Gas Daily or Average Index	Upper Band	Lower Band	Below Band	Above Band	Value @ Invoice Price	Value @ Upper Band	Value @ Lower Band
Tennessee	Woodward Mktg	Zone 1	63.80%	647,743	413,363	$ 4.8545	$ 4.9100	$ 4.9150	$ 4.9880	$ -	$ 4.9410	$ 5.0398	$ 4.8274	0.00	0.00	$ 2,004,171	$ 2,082,746	$ 1,994,971
Tennessee	Woodward Mktg	Zone 1-GDA	63.80%	44,547	28,431	$ 5.0726	$ -	$ -	$		$ 5.0726	$ 5.1741	$ 4.9559	0.00	0.00	$ 144,168	$ 147,053	$ 140,852
Tennessee	Woodward Mktg	Zone 1	63.80%		0	$ 4.8810	$ 4.9100	$ 4.9150	$ 4.9880	$	$ 4.9410	$ 5.0398	$ 4.8274	0.00	0.00	$	$	$
Tennessee	Woodward Mktg	Zone 1	63.80%		0	$ 4.8810	$ 4.9100	$ 4.9150	$ 4.9880	$ -	$ 4.9410	$ 5.0398	$ 4.8274	0.00	0.00	$	$ -	$
Total Tennessee				692,290	441,681									0.00	0.00			
Texas Eastern	Woodward Mktg	STX	N/A	84,904	84,904	$ 4.6454	$ 4.7100	$ 4.7400	$ 4.9880	$ -	$ 4.8100	$ 4.9123	$ 4.7052	0.00	0.00	$ 312,557	$ 319,672	$ 303,513
Texas Eastern	Woodward Mktg	ETX	N/A	37,247	37,247	$ 4.6454	$ 4.7900	$ 4.7900	$ 4.9880	$ -	$ 4.8583	$ 4.9565	$ 4.7476	0.00	0.00	$ 180,479	$ 184,617	$ 176,636
Texas Eastern	Woodward Mktg	WLA	N/A	73,369	73,369	$ 4.6454	$ 4.9100	$ 4.9100	$ 4.9880	$ -	$ 4.8393	$ 5.0561	$ 4.6257	0.00	0.00	$ 354,875	$ 360,988	$ 353,432
Texas Eastern	Woodward Mktg	ELA	N/A	274,864	274,864	$ 4.6454	$ 4.9200	$ 4.9200	$ 4.9880	$	$ 4.8480	$ 5.0449	$ 4.6322	0.00	0.00	$ 1,332,312	$ 1,387,167	$ 1,328,682
Texas Eastern/ 53-1	Woodward Mktg	STX/ETX/ELA/WLA	N/A	0	448,987 0	$ -	$ 4.8325	$ 4.8400	$ 4.9880	$ -	$	$ -	$ -	0.00	0.00	$ -	$ -	$ -
Total Texas Eastern				469,987	699,914									0.00	0.00			
Columbia Gulf	Woodward Mktg	Onshore	N/A	15,896	15,896	$ 4.9293	$ 5.0200	$ 5.0100	$ 4.9880	$ -	$ 5.0093	$ 5.1096	$ 4.9141	0.00	0.00	$ 78,307	$ 81,170	$ 77,748
Columbia Gulf	Woodward Mktg	Onshore-GDA	N/A		0	$ -	$ -	$ -			$	$ -	$	0.00	0.00	$ -	$ -	$ -
Columbia Gulf/Tennes	Woodward Mktg	Onshore	63.80%	227,091	144,875	$ 4.9293	$ 5.0200	$ 5.0100	$ 4.9880	$	$ 5.0093	$ 5.1096	$ 4.9141	0.00	0.00	$ 714,168	$ 740,292	$ 704,083
Total Columbia Gulf				242,979	160,771									0.00	0.00			
Southern Natural	Woodward Mktg	Louisiana	N/A	0	0	$ -	$ -	$ -	$	$	$ -	$	$	0.00	0.00	$ -	$	$
Southern Natural	Woodward Mktg	Louisiana-GDA	63.80%	0	0	$ -	$ -	$ -	$	$	$	$ -	$	0.00	0.00	$	$	$
Total Southern Natural				0	0									0.00	0.00			
Texas Gas	Woodward Mktg	Zone SL	N/A	45,185	45,185	$ 4.8737	$ 5.0100	$ 5.0300	$ 4.9880	$ -	$ 5.0093	$ 5.1096	$ 4.9141	0.00	0.00	$ 224,737	$ 230,673	$ 221,140
Texas Gas Storage	Woodward Mktg	Zone SL	N/A	0	0	$ -	$ -	$ -	$ -	$ -	$	$ -	$	0.00	0.00	$ -	$ -	$
Total Texas Gas				45,185	45,185									0.00	0.00			
All Pipelines (Sub-Total)				1,430,411	1,347,651									50.00	50.00	$ 5,347,795	$ 5,530,739	$ 5,306,257

*Published prices are an average of STX/ ETX/ ELA/ WLA divided by 4 (Inside FERC and NGI)

ETNG @ NORA	Woodward Mktg	Zone 1	63.80%	389,069	248,226	$ 5.0550		$ 33,932	$ 33,932
Total All Pipelines				1,819,480	1,595,777				

**NORA Contract:

Demand @$4.92/ Mcf	$	0.1617
TGP Commodity/ACA	$	0.0594
Fuel @ 1.91% x TGP Z-1	$	0.0938
Sub-Total	$	0.3149
Premium	$	(0.1750)
Net Avoided Cost	$	0.1399
Below Band (97.7%)	$	0.1367
x TN Volume (MMBTU)	$	248,226
Value Below Band	$	33,932

NEGOTIATED TRANSPORTATION DISCOUNTED COSTS:

		TN/ VG RATIO	X 97.7%	
DEMAND (MDQ (or MHQ) x Difference between Max Rate and Discounted Rate:				
ETNG # 30374 84,588 X 0.05 Discount ($7.21-$.05= $7.16 vs $7.11 Disc	$ 4,229	63.80%	$ 2,636	
ETNG # 33254 332,900 x 0.1761 Discount ($.9988 vs $.4227 Discounts	$ 58,656	63.80%	$ 37,310	
ETNG #34536 27500 x $1.601 ($10.201 vs $8.60 Discounted Rate)=	$ 44,028	63.80%	$ 27,444	
CGT 896720(MD-TN) 30,000 x $2.359 ($3.145 vs $.906 Discounted Rate)=	$ 67,170	N/A	$ 66,625	
(E.TN) 15,000 x $2.359 ($3.145 vs $.906 Discounted Rate)=	$ 33,585	63.80%	$ 20,934	
TOTAL COST CONTRACT 45,000				
TGP #27311 $6.656 x $1.00 ($4.92 vs $3.65 Discounted Rate)=	$ 60,096	63.80%	$ 37,434	
STORAGE DELIVERABILITY CHARGE:				
TGP Storage A 15,000 x $.10 ($2.02 vs $1.92 Discounted Rate)=	$ 1,500	63.80%	$ 935	
TGP Storage B 1,634 X $.10 ($2.02 vs $1.92 Discounted Rate)=	$ 163	63.80%	$ 102	
STORAGE SPACE CHARGE:				
TGP Storage A 1,800,000 x $.0025 ($.0243 vs $.0223 Discounted Rate)	$ 4,500	63.80%	$ 2,805	
TGP Storage B 193,643 x $.0025 ($.0243 vs $.0223 Discounted Rate	$ 484	63.80%	$ 302	
COMMODITY CHARGE:				
TGP #27311				
3.01 608950+39252 x 0.351 (21-21=$.0572 vs $.0221)	$ 24,305	63.80%	$ 15,206	
		0.00%	$ 210,732	210,732

Result for Month $ $ 244,664

To be shared 50% / 50%

Tennessee PBR Calculations
Capacity Release Summary
2000 / 2001

Month	Pipeline	Total Cap. Release	Tennessee/ 69.5% Ratio	Net Tennessee Cap. Release	Quarter Cumulative
1/01	Tennessee P/L	$0.00	69.50%	$0.00	
	East Tenn. P/L	$7,510.88	69.50%	$4,698.06	
	Texas Eastern	$0.00	N/A	$0.00	
	Texas Gas	$0.00	N/A	$0.00	
	Columbia Gulf	$0.00	N/A	$0.00	
	Southern	$0.00	69.50%	$0.00	
	Monthly Total	**$7,510.88**		**$4,698.06**	**$4,698.06**
2/01	Tennessee P/L	$0.00	69.50%	$0.00	
	East Tenn. P/L	$8,264.48	69.50%	$5,169.43	
	Texas Eastern	$0 00	N/A	$0.00	
	Texas Gas	$0.00	N/A	$0.00	
	Columbia Gulf	$0.00	N/A	$0.00	
	Southern	$0.00	69.50%	$0.00	
	Monthly Total	**$8,264.48**		**$5,169.43**	**$9,867.49**
3/01	Tennessee P/L	$0.00	69.50%	$0.00	
	East Tenn. P/L	$8,838.92	69.50%	$5,528.74	
	Texas Eastern	$0.00	N/A	$0.00	
	Texas Gas	$0.00	N/A	$0.00	
	Columbia Gulf	$0.00	N/A	$0.00	
	Southern	$0.00	69.50%	$0 00	
	Monthly Total	**$8,838.92**		**$5,528.74**	**$15,396.23**

United Cities Gas Company
State of Tennessee
(Net of Virginia)
2000/2001 Summary
Performance Based Ratemaking
Gas Procurement - Work Papers

Gas Procurement	Below Band	Above Band	Net for Month	Tennessee Purchased Dth	Net Incentive Benefits Capacity Rel.
January, 2001	$ 262,820	$ -	$ 262,820	4,638,352	$ 4,698
February, 2001	$ 244,403	$ -	$ 244,403	2,193,430	$ 5,169
March, 2001	$ 244,664	$ -	$ 244,664	1,795,777	$ 5,529
Total	$751,887.03	$0.00	$751,887.03 (2)	8,627,560	$15,396.23 (1)

Determinants	
Upper Band:	102.00%
Lower Band:	97.70%
File Name:	

TO DATE: Under PBR:	To PGA	To UCGC
(1) Capacity Release	$13,857	$1,540
(2) Gas Cost - All Pipelines	$375,944	$375,944
Total	$389,800	$377,483
(1)	90%	10%