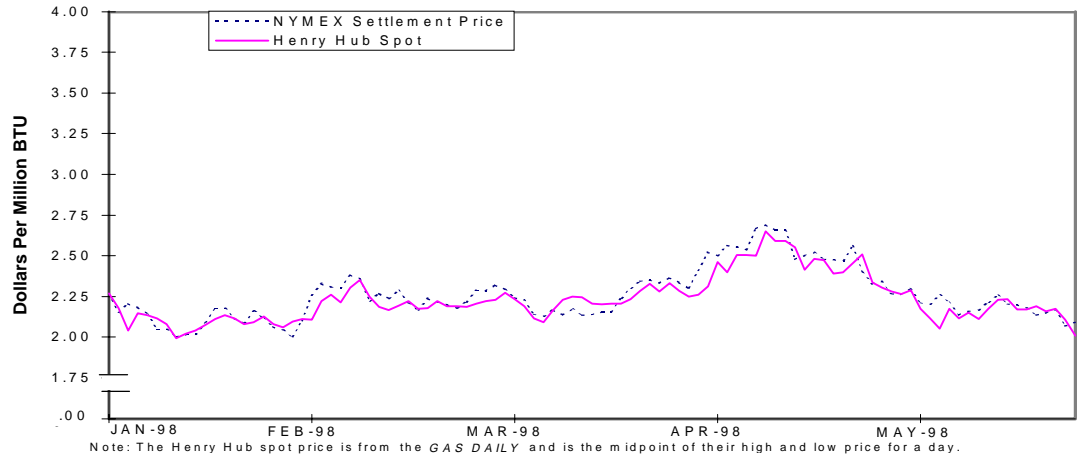


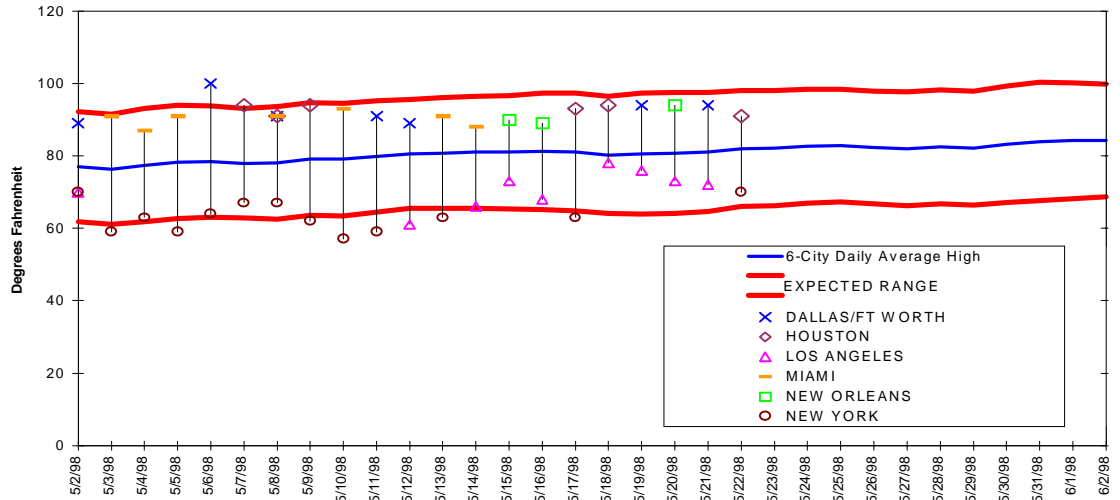
NYMEX Future Prices vs Henry Hub Spot Prices



HENRY HUB PRICE
SPOT FUTURES
May June
Del Del
(\$ per MMBtu)

5/18	2.17-2.21	2.134
5/19	2.14-2.18	2.149
5/20	2.16-2.19	2.169
5/21	2.09-2.12	2.067
5/22	1.98-2.04	2.094

Ten-Year Average of High Temperatures, and Daily Highest and Lowest High Temperatures for 6 Cities, May-September
(Dallas/Ft Worth, Houston, Los Angeles, Miami, New Orleans, New York)

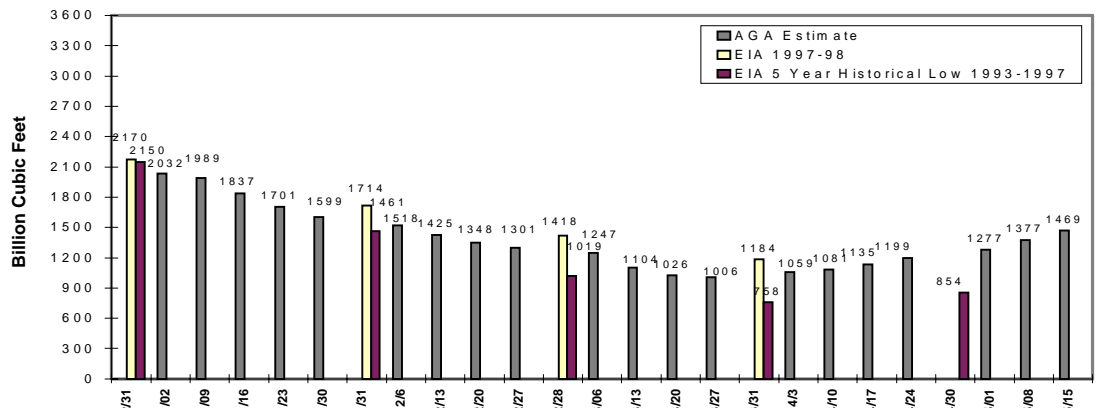


The bounds are computed by adding to and subtracting from the daily average high temperatures for the last 10 years an amount equal to twice an estimate of the standard deviation for high temperatures for each day.

Average High Temperature for Six Major Electricity Consuming Cities

	Actual	Normal	Diff
5/16	83	81	2
5/17	82	81	1
5/18	87	80	7
5/19	89	81	8
5/20	86	81	5
5/21	86	81	5
5/22	84	82	2

Working Gas In Storage



Working Gas Volume as of 5/15/98

	BCF	% Full
EAST	744	42
WEST	212	44
Prod Area	513	56
U. S.	1469	46

Source: AGA

The NYMEX futures price for June delivery at the Henry Hub opened on Tuesday, May 26, at \$2.095 per MMBtu, virtually the same as Friday's settlement price. Temperatures in Texas were above 90 degrees F. most days last week with both Dallas and Houston reaching highs in the mid-90s on several days. Warm weather was also prevalent during the mid week in New York City, Philadelphia, and Washington, DC. This first widespread period of summer-like weather had no apparent impact on prices as both the spot and futures markets at the Henry Hub ended the week down. Spot prices decreased at most major market locations and were trading for almost \$2.00 per MMBtu at the Henry Hub on Friday. The June futures contract price, which closes on May 27, also moved down and ended the week at \$2.094 per MMBtu. The June contract has lost more than \$0.20 per MMBtu since late April. The accelerated rate of storage refill that began in April continued as an estimated 92 Bcf of gas was added during the second week of May. The price of West Texas crude oil dropped over \$1.40 and was trading for \$13.00 a barrel at mid-week but then moved up to end the week at \$14.65.

Storage: The American Gas Association (AGA) estimates that additions to storage averaged more than 13 Bcf per day for the week ended Friday, May 15, bringing the total for the week to 92 Bcf. This follows the previous week's estimate of 100 Bcf and is the sixth consecutive week of above average additions to storage. Based on EIA data for the previous 5 years (1993-97), average net injections in April have been about 215 Bcf - this year they were more than 280 Bcf. Last year net additions in May totaled 321 Bcf; this year 192 Bcf is estimated to have been added during the first 2 weeks of the month. This robust injection activity in combination with higher end-of-the-heating-season stocks this year has resulted in more than 437 Bcf or 42 percent more working gas in storage than at the same time last year (1,469 vs. 1,032 Bcf).

Spot Prices: The spot market price at the Henry Hub and most other major market locations moved down most days last week as the trend toward lower prices that began in early April continues. Supplies of gas appear to be more than adequate at this time as the combination of widespread summer-like temperatures and an above average storage refill rate has not applied any upward pressure on prices. On the contrary, prices continue to trend lower. The Henry Hub spot market price has moved down more than \$0.60 per MMBtu since April 8 (\$2.01 vs. \$2.65). Posted prices at other market locations have displayed a similar trend. For example: the price at Katy in East Texas, which was trading for \$2.60 per MMBtu on April 8, ended Friday, May 22, at \$1.95; Waha in West Texas was \$2.51 and ended last week at \$1.89; and Chicago dropped from \$2.70 to \$2.07.

Futures Prices: With only two trading days left before the June futures contract expires tomorrow May 27 at the end of the day, it appears likely that the final settlement price will be less than last year's price of \$2.346 per MMBtu, barring any unforeseen circumstances. Some of the factors that contributed to the decline in the May contract continue to be factors in the steady downward trend in the June contract. These are: the rapid increase in storage levels, normal summer-weather forecasts from the National Weather Service (NWS), and the improved coal supply situation in the West and Southwest. Recently the NWS released another forecast calling for a normal hurricane season later this year. These factors are believed to be providing most of the impetus for the steady decline in the near-month trading price.

Summary: The first period of summer-like temperatures in parts of the Southwest had little impact on spot and futures prices. Additions to storage remain well above average as an additional almost 440 Bcf of working gas was estimated to be on hand in mid-May compared with year-earlier levels.