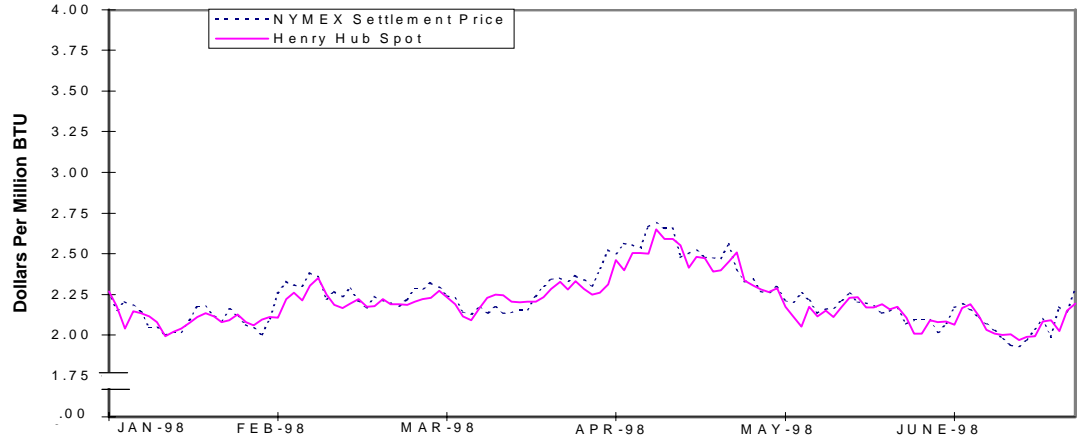


NYMEX Future Prices vs Henry Hub Spot Prices

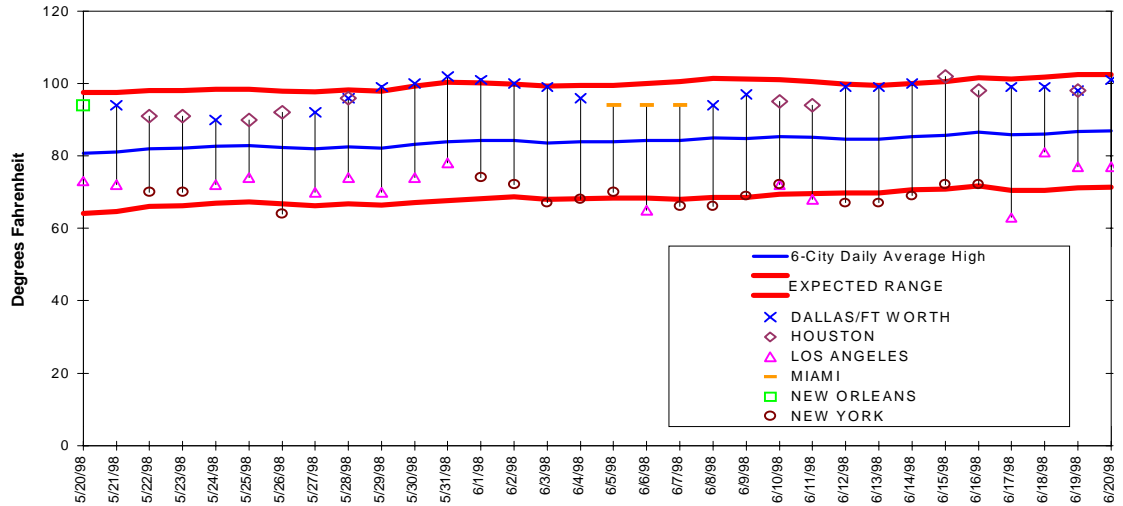


Note: The Henry Hub spot price is from the GAS DAILY and is the midpoint of their high and low price for a day.

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

6/15	2.07-2.10	2.100
6/16	2.06-2.12	1.989
6/17	2.00-2.05	2.174
6/18	2.13-2.17	2.144
6/19	2.17-2.22	2.284

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)

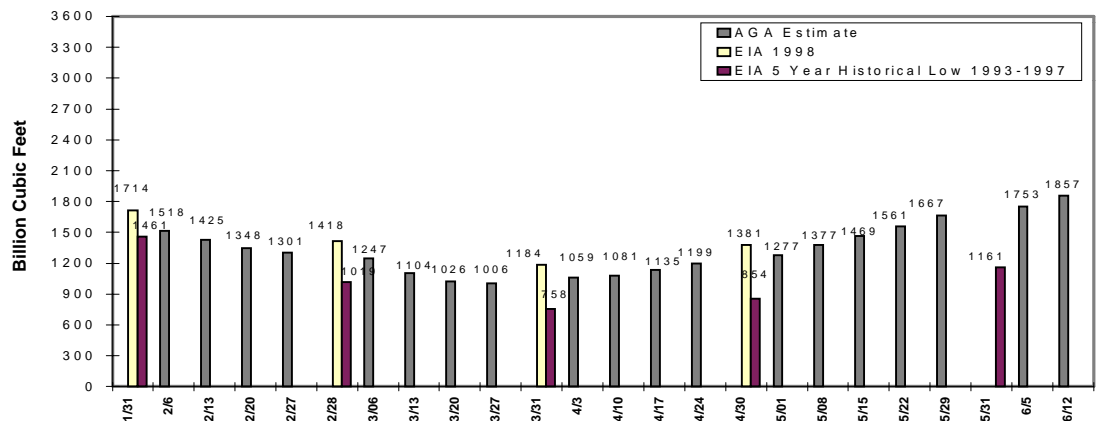


The bounds are computed by adding to and subtracting from the daily average high temperatures for the last 10 years an amount equal to twice an estimate of the standard deviation for high temperatures for each day.

Average High Temperature for Six Major Electricity Consuming Cities

	Actual	Normal	Diff
6/13	86	85	1
6/14	89	85	4
6/15	91	86	5
6/16	88	87	1
6/17	89	86	3
6/18	91	86	5
6/19	91	87	4

Working Gas In Storage



Working Gas Volume as of 6/12/98

	BCF	% Full
EAST	973	54
WEST	277	57
Prod Area	607	66
U. S.	1857	58

Source: AGA

The NYMEX futures contract for July delivery at the Henry Hub opened Monday, June 22, at \$2.340 per MMBtu, \$0.054 more than Friday's settlement price. The hot weather in the Southwest continued as Dallas and Houston saw daily high temperatures of 95 or greater each day last week. The warm weather was more widespread than the previous week as Little Rock, Oklahoma City, and Wichita also had several days with daily highs between 96 and 101. This weather pattern is forecast to continue in most of the Southwest this week. It appears that the high temperatures in the Southwest and the resulting increase in electric utility air-conditioning demand is beginning to impact the price of natural gas. Price volatility returned to trading of NYMEX futures contract for July as the settlement price moved both up and down 3 to 18 cents per MMBtu between days last week. It ended the day on Friday at \$2.284-\$0.25 per MMBtu more than last week. Scheduled maintenance work at a processing plant at the Opal Hub in Wyoming has brought larger than expected supply disruption in the Rockies. The work was only supposed to curtail about 75 MMcf/d for 2 to 3 days but increased to more than 300 MMcf/d when a problem in a major turbine component was discovered. As this news broke, prices at several market locations in the Rockies moved up between 30 and 40 cents per MMBtu at the end of the week. Sources close to the situation are reporting that the maintenance work could be completed by Wednesday of this week. The spot markets also displayed some volatility as the price at Henry Hub and at other major markets "followed the screen" for the July futures contract and generally moved up and down between 2 and 11 cents per MMBtu and traded on Friday for about \$2.20 per MMBtu at the Henry Hub. Net additions to storage returned to over 100 Bcf in the second week of June. The price of crude oil in West Texas also displayed a high level of price variability as the daily trading price fluctuated between \$0.60 and \$1.40 per barrel and ended the week at \$11.85-roughly equal to 2.05 per MMBtu.

Storage: According to the American Gas Association (AGA), net additions to storage for the week ended Friday, June 12, were 104 Bcf, the third time in the last month that weekly estimated injections were over 100 Bcf. This estimated storage level means that, when compared to last year at this time, more than 470 Bcf or 35 percent additional gas is now available. The level of working gas in Canadian storage facilities is also well ahead of last year's total. The Canadian Gas Association (CGA) reports that the level of working gas on hand as of Friday, June 12 is 276 Bcf-25 percent more than last year at the same time.

Spot Prices: With the persistent hot weather in the Southwest, the Henry Hub spot price began last week up almost 10 cents per MMBtu and increased each day except Wednesday when it dropped about a dime following Tuesday's NYMEX contract decline of 11 cents. At the end of the week the spot price at Henry Hub was trading for more than \$2.20 per MMBtu-about 20 cents higher than the previous Friday. Prices moved up between 10 and 15 cents per MMBtu at most other major market locations. However, prices in the Rockies (usually the lowest in the country) increased almost \$0.50 per MMBtu as a result of the maintenance induced supply disruption and ended the week near \$1.80 at several locations.

Futures Prices: The July contract displayed the most price volatility for the near month contract since January as market participants prepared for the beginning of bid week today. The Wednesday and Friday settlement prices moved up 18 and 14 cents per MMBtu while the Tuesday and Thursday prices were down 11 and 3 cents. It appears that market participants are searching for a stable price level for the July contract which was trading for \$1.93 per MMBtu on June 10. Several recent weather forecasts for July and August, are now calling for warmer than normal temperatures in the Southwest with possibility that this weather pattern could also effect the Southeast. The combination of the current high temperatures in the Southwest and now the strong possibility that they may persist and spread will most likely impact the final settlement of the July contract which closes on Friday, June 26.

Summary: The hot weather in the Southwest persists and is now forecasted to continue and may spread eastward increasing gas use at electric utilities to meet air-conditioning demand. Prices on spot markets moved up last week, especially in the Rockies, which saw increases of \$0.50 per MMBtu in reaction to a maintenance related supply disruption. Net additions to storage were again in excess of 100 Bcf and working gas capacity was almost 60 percent full before mid-June.