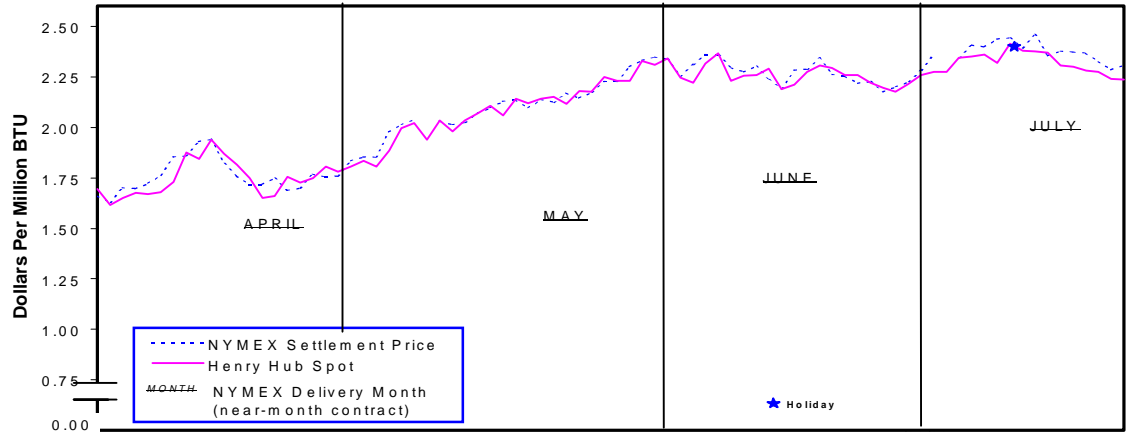


**NYMEX Future Prices vs Henry Hub Spot Prices**

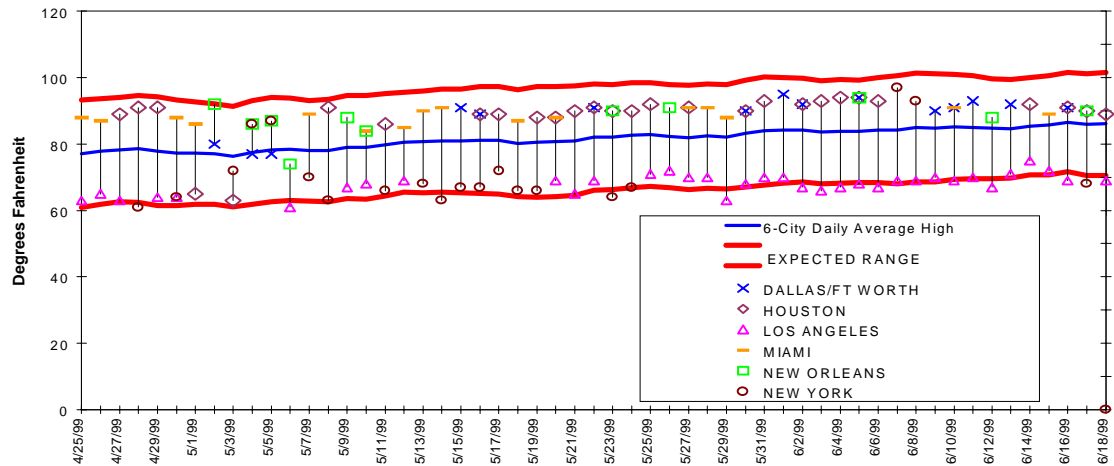
HENRY HUB PRICE		
	SPOT	FUTURES
	June	July
	Del	Del
	(\$ per MMBtu)	
06/14	2.28-2.32	2.372
06/15	2.26-2.30	2.367
06/16	2.26-2.29	2.327
06/17	2.22-2.26	2.285
06/18	2.22-2.25	2.308



Note: The Henry Hub spot price is from the GAS DAILY and is the midpoint of their high and low price for a day. The dates marked by vertical lines are the NYMEX near-month contract settlement dates.

**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)

Average High Temperature for Six Major Electricity Consuming Cities			
	Actual	Normal	Diff
06/12	81	85	-4
06/13	84	85	-1
06/14	85	85	0
06/15	84	86	-2
06/16	82	87	-5
06/17	81	86	-5
06/18	82	86	-4

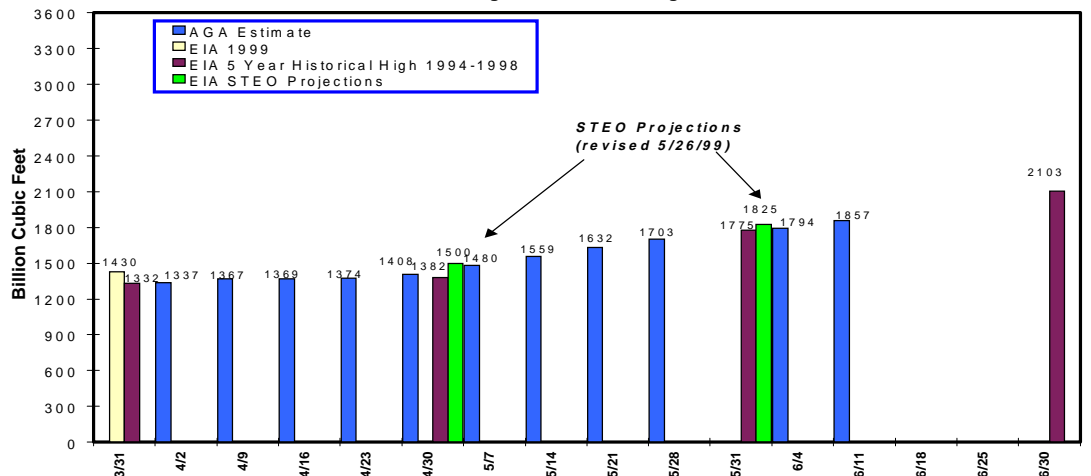


The bounds are computed by adding to and subtracting from the daily average high temperatures for the last 10 years an amount equal to twice an estimate of the standard deviation for high temperatures for each day.

Working Gas Volume as of 06/11/99		
	BCF	% Full
EAST	906	50
WEST	300	61
Prod Area	651	69
U. S.	1,857	57

Source: AGA

**Working Gas In Storage**



The NYMEX futures contract for July delivery at the Henry Hub opened Monday, June 21, at \$2.260 per MMBtu, \$0.048 less than Friday's settlement price. Temperatures were below normal in most parts of the country last week. However, the Southwest reported warmer-than-normal weather, especially in Arizona, where daytime temperatures during last week were near 100 degrees most days. The six cities monitored for this report (Dallas, Houston, Los Angeles, Miami, New Orleans, and New York) were collectively cooler than normal, with average daily high temperatures in the low 80s each day. The National Weather Service latest 10-day forecast calls for a warming trend for most parts of the country this week. Spot prices at the Henry Hub began the week unchanged at about \$2.30 per MMBtu then trended down most days and ended the week at \$2.24. The price of the July futures contract moved down most days and ended the week at \$2.308 per MMBtu, 7 cents lower than the previous Friday. Average daily net additions to storage slowed to 9 Bcf per day during the second week of June. The price of West Texas Intermediate crude oil moved down about \$0.45 per barrel and ended the week at \$18.00—roughly equivalent to \$3.10 per MMBtu.

**Storage:** The American Gas Association (AGA) reported net injections of 63 Bcf for the week ended June 11, down nearly 30 Bcf from the 91 Bcf injected during the previous week. Hot weather throughout much of the Eastern Seaboard, South, and Southwest during the first half of that week likely caused some gas that otherwise might have been injected to be used to satisfy the additional electricity generation demands for air conditioning. AGA estimates that total storage inventories as of June 11 were 1,857 Bcf—identical to levels at the same time last year. Thus, the stock surplus of nearly 330 Bcf over year-earlier levels that existed as of the last week in March has dwindled to zero after just one-third of the refill season. Even so, operators need only inject about 1,270 Bcf over the next 20 weeks—about 64 Bcf per week or just over 9 Bcf per day—to match last year's AGA-estimated total at the start of the heating season. For the first 11 weeks of the refill season, injections have averaged just under 7 Bcf per day. However, for the first 11 days of June, the average has exceeded 10 Bcf per day.

**Spot Prices:** Last week's moderate temperatures were probably the key factor in the general decline in spot prices. Prices moved down between 3 and 7 cents per MMBtu at markets stretching from West Texas to the Gulf Coast of Louisiana and at major market points in the Midwest and the Northeast. Some examples of the price declines between Monday and Friday were: Waha in West Texas moved down 3 cents per MMBtu (\$2.18 to \$2.15), Katy in East Texas, moved down 5 cents (\$2.25 to \$2.20), Chicago down 7 cents (\$2.33 to \$2.26), and Transco Zone 6 near New York City, down 6 cents (\$2.46 to \$2.40). The lowest posted prices at a major market last week were reported at Opal, Wyoming, where gas was available between \$1.94 and \$1.99 per MMBtu most days last week.

**Futures Prices:** The price of the near-month (July) NYMEX futures contract continued to moved down last week as it settled for \$2.308 per MMBtu—a drop of almost 14 cents in 2 weeks. Several factors continue to be contributing to this price decline, including ample supply, generally moderate summer weather thus far in major gas-consuming markets, and 5-year record-high stock levels. Recently two other factors appear to be playing a role in futures market prices. These are reports indicating that electric utilities will have almost 25 percent more nuclear generating capacity available this summer compared with last year and the latest industry rig count report indicating an almost 20-percent increase since the end of May in the number of drilling rigs searching for natural gas (380 vs. 450) in the United States. The July contract will close on Monday, June 28.

**Summary:** Spot prices at major markets declined as most of the country had below-normal temperatures last week. The July futures contract continued to move down as the market fundamentals for supply and demand remain generally unchanged and have recently been enhanced by increases in this summer's nuclear electric generating capacity and a turn-around in the natural gas rig count.