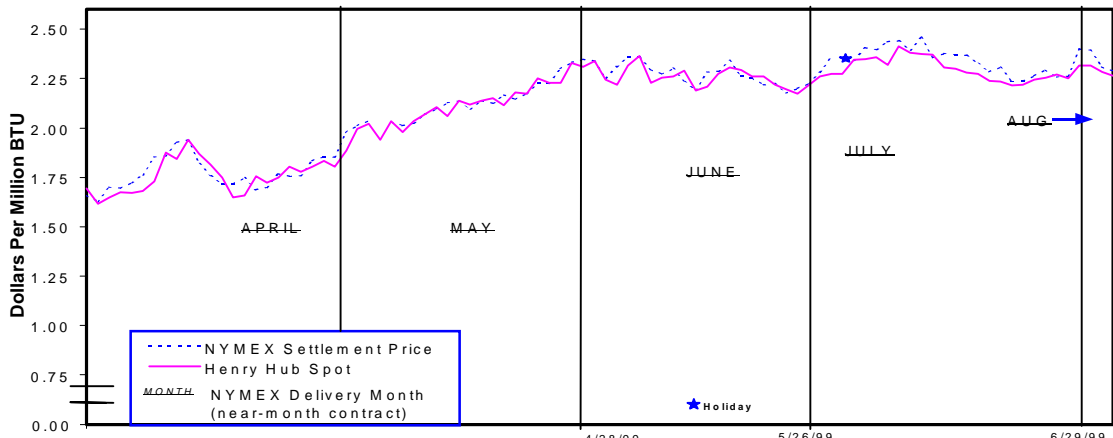


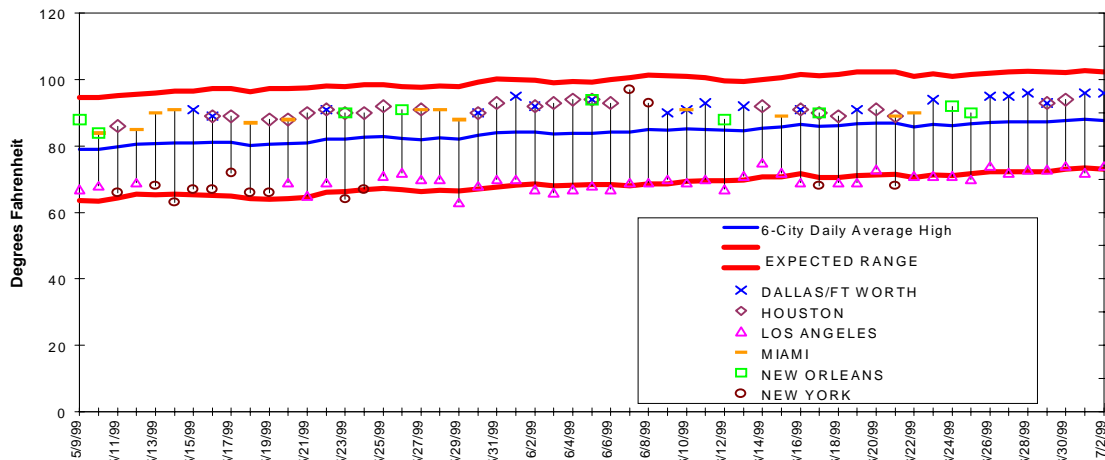
NYMEX Future Prices vs Henry Hub Spot Prices

HENRY HUB PRICE		
SPOT	FUTURES	
June/July	July/Aug	
Del	Del	
(\$ per MMBtu)		
06/28	2.24-2.26	2.262
06/29	2.30-2.33	2.400
06/30	2.29-2.34	2.394
07/01	2.26-2.31	2.309
07/02	2.25-2.28	2.287



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)



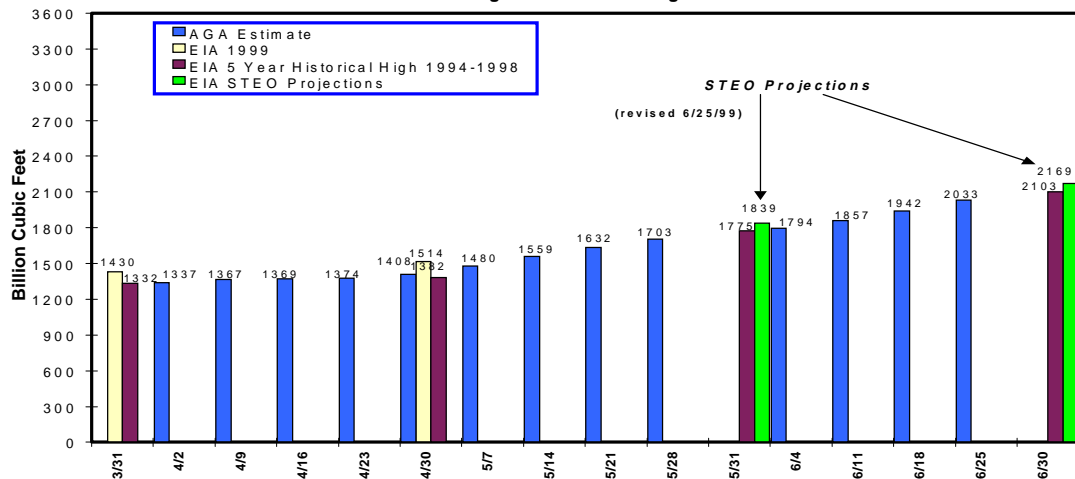
The bounds are computed by adding to and subtracting from the daily average high temperatures for the last 10 years an amount equal to twice an estimate of the standard deviation for high temperatures for each day.

Average High Temperature for Six Major Electricity Consuming Cities			
	Actual	Normal	Diff
06/26	87	87	0
06/27	88	87	1
06/28	89	87	2
06/29	88	87	1
06/30	87	88	-1
07/01	86	88	-2
07/02	88	88	0

Working Gas In Storage

Working Gas Volume as of 06/25/99		
	BCF	% Full
EAST	1011	56
WEST	322	66
Prod Area	700	74
U. S.	2,033	63

Source: AGA



The NYMEX futures contract for August delivery at the Henry Hub opened on Tuesday, July 6, at \$2.300 per MMBtu, \$0.013 more than Friday's settlement price. Temperatures in much of the Eastern third of the country remained warm as daytime highs most days last week were in the low to mid 90s. In most of the West temperatures continue to be moderate. Over the long 4th of July holiday weekend some areas had their hottest weather of the season as temperatures reached 100 degrees in St. Louis, Dallas, New York City and Washington, DC among others. The National Weather Service (NWS) is forecasting that temperatures in most parts of the country east of the Mississippi River will remain above normal through Thursday. Prices on the spot market at the Henry Hub moved up early in the week, reaching \$2.32 per MMBtu at midweek, as many buyers secured supply prior to the holiday weekend. In contrast, the August futures contract trended down most days and ended the week at \$2.287 per MMBtu. Net additions to storage were estimated to have averaged 13 Bcf per day during the third full week of June. The price of West Texas Intermediate crude oil moved up \$1.60 per barrel and traded for \$19.70 on Friday - its highest level in more than a year.

Storage: The American Gas Association (AGA) estimated that the industry added 91 Bcf to storage during the week ended Friday, June 25. This is 6 Bcf more than the previous week's estimate and equals the weekly high for this refill season. Thus far, the AGA estimate for net additions in June is about 290 Bcf, bringing the overall level of working gas in inventory to 2,033 Bcf-22 more than last year at the same time. The widespread hot weather of last week and over the past weekend, along with forecasts calling for it to continue into early July, may slow the rate of net injections. The refill rate, which has averaged about 12 Bcf per day in June, could be reduced as gas use by electric utilities increases to meet the demand for air-conditioning during the heat spell.

Spot Prices: NWS forecasts calling for the hottest temperatures of the season over the weekend did not have much impact on prices last week. Posted prices at most major market locations reached their highest levels for the week on Wednesday as trading activity slowed prior to the holiday weekend. Prices at the Henry Hub moved down from Wednesday's high of \$2.32 per MMBtu to end the week at about \$2.27. Most other markets had similar declines: Katy in East Texas was down 7 cents (\$2.32 to \$2.25), Waha in West Texas down 6 cents (\$2.30 to \$2.24), and Chicago down 6 cents (\$2.35 to \$2.29). In the West, where moderate temperatures continue to dominate, prices declined at a much faster pace. At Opal in Wyoming prices moved down 18 cents per MMBtu between Wednesday and Friday (\$2.04 to \$1.86), and in New Mexico prices trended down 22 cents (\$2.10 to \$1.88).

Futures Prices: The July contract closed on Monday, June 28 at \$2.262 per MMBtu-virtually the same as the June contract's \$2.266. The August contract began trading at \$2.40 per MMBtu on Tuesday but by Friday it had trended down to \$2.287. Similar to the spot market, trading in the NYMEX August contract at the end of the week was light as only about 17,000 contracts were entered into during Friday's abbreviated session.

Summary: Hot, humid weather dominated much of the eastern United States late last week and over the weekend, but prices on both the spot and futures markets trended down last week as market activity declined prior to the long Independence Day holiday. Net injections matched this refill season's previous weekly high of 91 Bcf and stock levels continue to exceed last year's 5-year record levels.