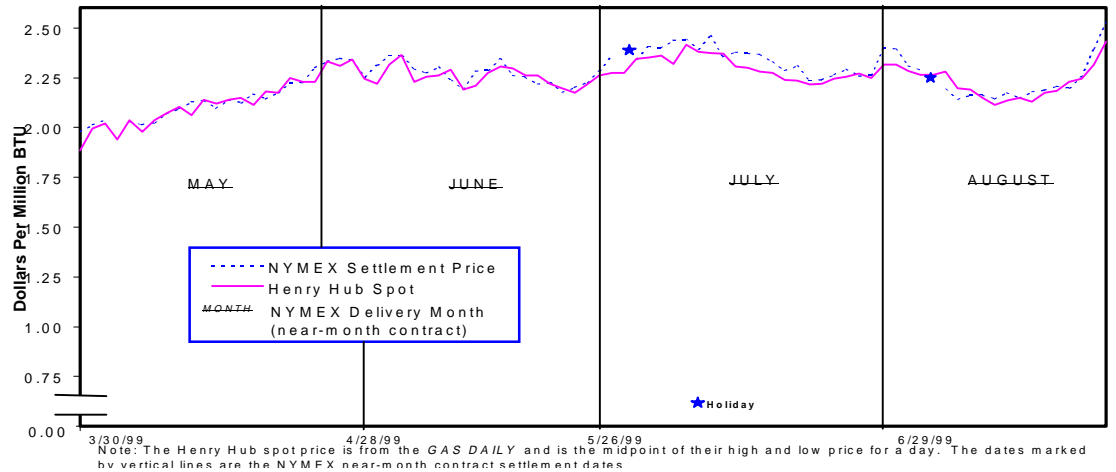


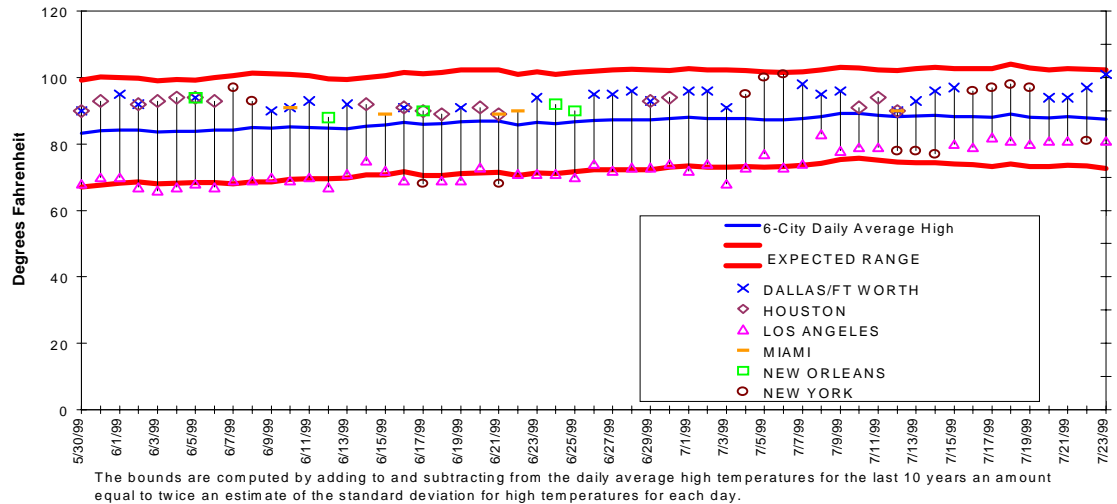
NYMEX Future Prices vs Henry Hub Spot Prices

HENRY HUB PRICE		
SPOT	FUTURES	
July	August	
Del	Del	
(\$ per MMBtu)		
07/19	2.17-2.20	2.207
07/20	2.20-2.26	2.198
07/21	2.23-2.26	2.253
07/22	2.30-2.33	2.395
07/23	2.41-2.45	2.528



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)

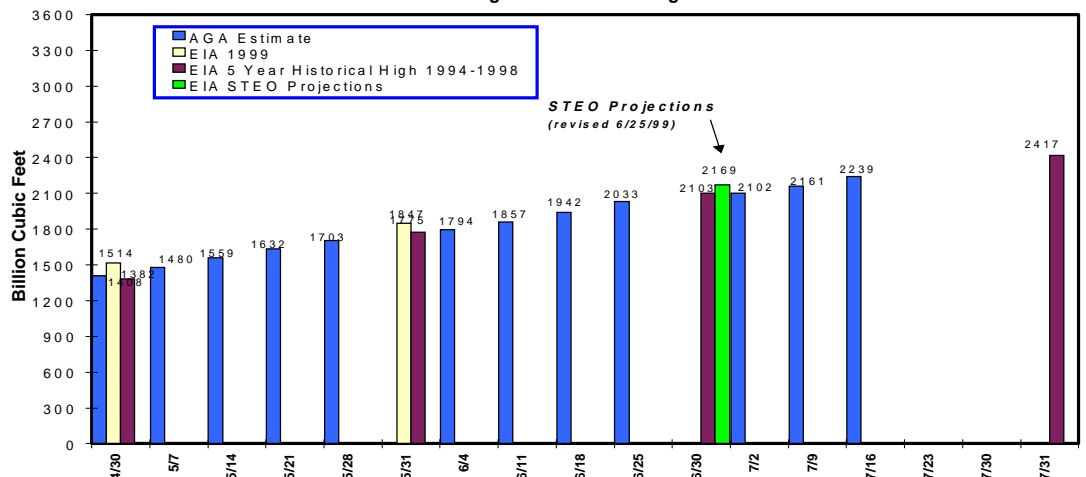
Average High Temperature for Six Major Electricity Consuming Cities			
	Actual	Normal	Diff
07/17	90	88	2
07/18	91	89	2
07/19	90	88	2
07/20	88	88	0
07/21	88	88	0
07/22	90	88	2
07/23	92	87	5



Working Gas Volume as of 07/16/99		
	BCF	% Full
EAST	1149	64
WEST	355	72
Prod Area	735	77
U. S.	2239	69

Source: AGA

Working Gas In Storage



The NYMEX futures contract for August delivery at the Henry Hub opened on Monday, July 26, at \$2.550 per MMBtu, \$0.022 more than Friday's settlement price. The summer's second heat wave spread across the Midwest and the East with temperatures in many areas in the upper 90s to over 100. Some of the highest temperatures were recorded in Memphis, St. Louis, and Dallas where triple digit readings were seen late last week and into the weekend. Several of the largest electric utilities in the Midwest and the East reported record demand for power to meet the increase in the air-conditioning load. The high temperatures in the Midwest and the East were in sharp contrast to those in the far West where the weather continues to be cooler than normal. Daytime temperatures in San Francisco were in the mid 60s most days last week. Forecasts are calling for the high temperatures to continue in parts of the Midwest and in much of the Northeast for most of this week. Spot market prices at the Henry Hub trended up each day and ended the week at \$2.42 per MMBtu—almost \$0.25 higher than on the previous Friday. Prices for the near-month (August) futures contract moved up sharply after midweek, gaining more than \$0.27 per MMBtu during trading on Thursday and Friday to end the week at \$2.528. Net additions to storage increased, averaging more than 11 Bcf per day during the second full week of July. The price of West Texas Intermediate crude oil continued to move up as it ended the week at \$20.80 per barrel.

Storage: The American Gas Association (AGA) estimated that net storage injections were 78 Bcf for the week ending Friday, July 16, which was a period of generally normal temperatures in the eastern half of the nation. The weekly total was nearly 20 Bcf more than for the preceding week, when a significant heat wave prevailed. Total working gas in storage is estimated by AGA to be 2,239 Bcf. This continues to keep pace with last year's level of 2,257 Bcf at the same point of the refill season. EIA data indicate that gas stocks at the end of May were 1,847 Bcf. This is 72 Bcf higher than last year's 5-year record level of 1,775 Bcf at the same time. With industry reports indicating that some utility companies were withdrawing gas from storage last week to meet record power demands, it appears likely that the refill rate in the East and Producing regions could be reduced during the third week of July.

Spot Prices: Last week's hot humid weather in the Midwest and the East appears to have been the key factor in reversing a 2-week decline in prices at most major market locations. For the week, prices at the Henry Hub moved up 25 cents per MMBtu, while other markets that serve the Midwest and the East also saw similar price increases. Some of these were: Katy in East Texas, up \$0.23 per MMBtu (\$2.17 to \$2.40); Waha in West Texas, up \$0.20 (\$2.12 to \$2.32); and Chicago, up \$0.30 (\$2.22 to \$2.52). In response to the cool temperatures in the West, prices in that region were moving in the opposite direction. Prices at the southern California border dropped almost \$0.20 per MMBtu on Friday (\$2.39 to \$2.19).

Futures Prices: The NYMEX August contract, which closes on Wednesday, July 28, had its broadest level of trading activity last week to go along with an almost \$0.35 per MMBtu price increase. For the week, an estimated total of nearly 225,000 contracts were entered into for August delivery at the Henry Hub. On Thursday and Friday alone, over 120,000 contracts were drawn up. The settlement price moved up almost \$0.30 per MMBtu as the price traded in a wide band of about \$0.15 per MMBtu each day.

Summary: Spot market prices rose as more hot weather in the Midwest and the East increased demand for gas by electric utilities in order to meet sharp increases in power use. The NYMEX August contract also moved up sharply. Stock levels continue to be near 5-year record levels.