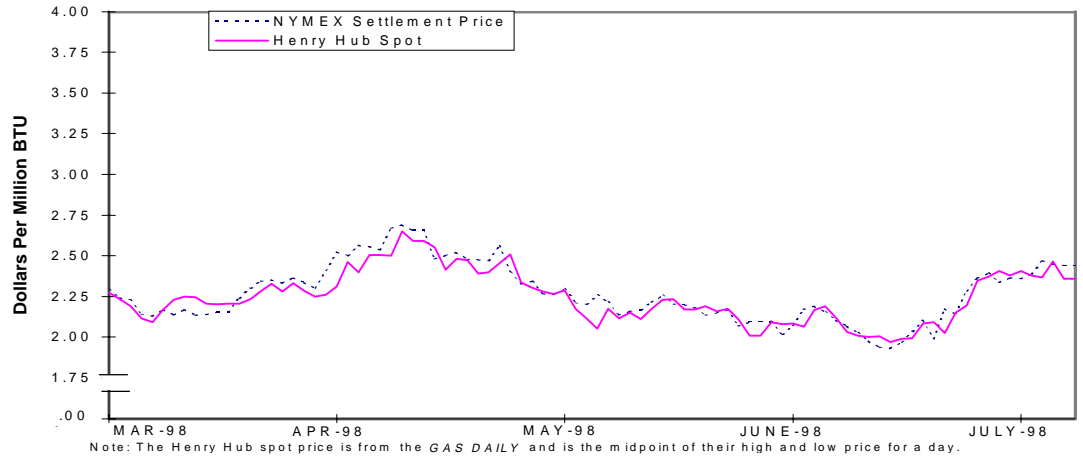
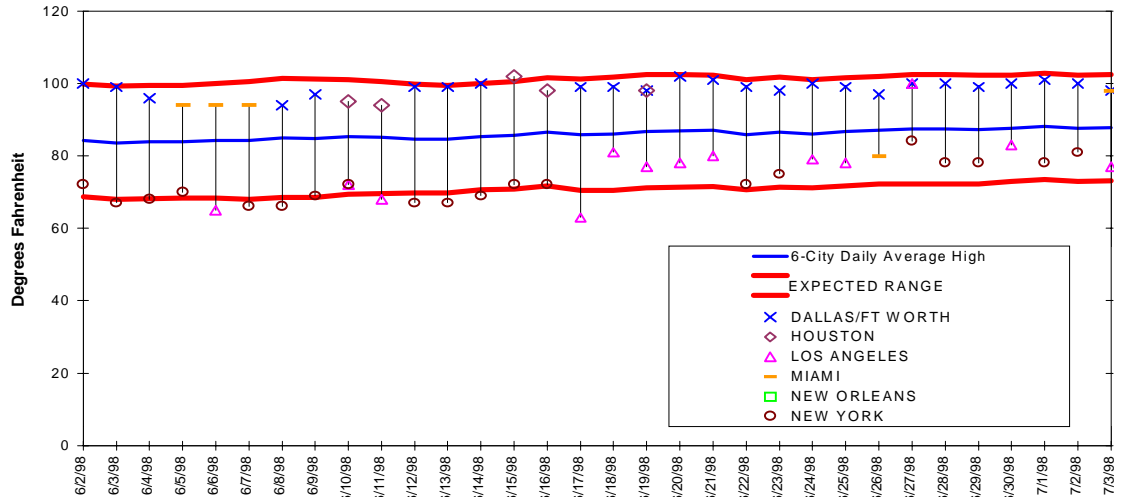


NYMEX Future Prices vs Henry Hub Spot Prices



HENRY HUB PRICE		
	SPOT	FUTURES
	June/July	August
	Del	Del
	(\$ per MMBtu)	
6/29	2.36-2.40	2.389
6/30	2.33-2.40	2.469
7/01	2.44-2.49	2.450
7/02	2.34-2.38	2.439
7/03	Holiday	Holiday

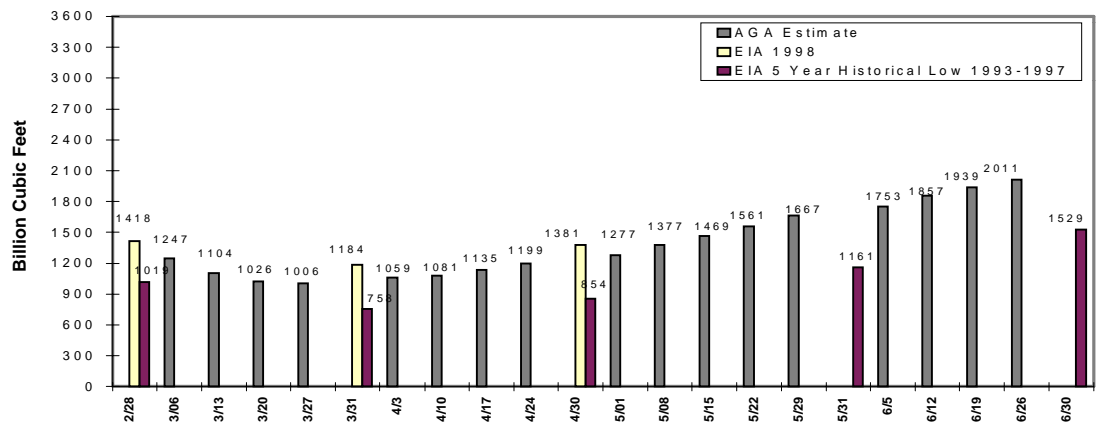
Ten-Year Average of High Temperatures, and Daily Highest and Lowest High Temperatures for 6 Cities, May-September
(Dallas/Ft Worth, Houston, Los Angeles, Miami, New Orleans, New York)



Average High Temperature for Six Major Electricity Consuming Cities			
	Actual	Normal	Diff
6/27	83	87	-4
6/28	89	87	2
6/29	88	87	1
6/30	91	88	3
7/01	93	88	5
7/02	90	88	2
7/03	89	88	1

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 In Storage



Working Gas Volume as of 6/26/98		
	BCF	% Full
EAST	1074	60
WEST	300	62
Prod Area	637	69
U. S.	2011	63

Source: AGA

The NYMEX futures contract for August delivery at the Henry Hub opened Monday, July 6, at \$2.430 per MMBtu, virtually the same as Thursday's settlement price. Temperatures in the Southwest remained high during most of last week, with Dallas having five days of 100 degrees or higher between Saturday and Thursday. Temperatures in the Midwest and the Northeast were moderate over this period. Current forecasts call for this moderate weather to continue in most areas east of the Mississippi, but in Texas and most of the Southwest high temperatures will continue to dominate during the first half of this week. Prices on the spot market at the Henry Hub moved up to about \$2.45 per MMBtu at midweek as many market participants secured supply prior to the long holiday weekend. The August futures contract trended up most days and ended the week at \$2.439 per MMBtu on Thursday. Net additions to storage decreased again in the last week of June but still averaged more than 10 Bcf a day. The price of West Texas crude oil increased 10 to 20 cents each day last week and ended the week at \$14.55 per barrel—roughly equal to \$2.52 per MMBtu.

Storage: According to the American Gas Association (AGA) estimate, net additions to storage for the week ended Friday, June 26, were 72 Bcf. This is 10 Bcf less than the previous week's estimate and more than 30 Bcf less than for the week ended June 12. Thus far, the AGA estimate for net additions in June is about 350 Bcf, bringing the overall level of working gas in storage to 2,011 Bcf—more than 450 Bcf higher than last year at the same time. The extensive period of hot weather in the producing areas of the Southwest has probably diverted some gas that was going into the industry's storage facilities in May and early June.

Spot Prices: In response to the continued hot weather in the Southwest and the resulting demand for gas by electric utilities to meet heightened air-conditioning use, spot prices at the Henry Hub remained near \$2.40 per MMBtu last week. Prices at most major market locations did move down on Thursday as many involved in market transactions had completed their business by midweek in preparation for the holiday weekend. On average, prices for the week were anywhere from 3 to 8 cents per MMBtu higher at most major market locations that serve the Southwest. At the Rocky Mountain market locations that primarily serve the West, however, prices moved down 6 to 10 cents per MMBtu and gas was trading for about \$1.60 on Thursday.

Futures Prices: The NYMEX futures contract for August delivery at the Henry Hub began its first full week of trading at \$2.389 per MMBtu—almost 5 cents higher than the July contract's final price. It ended the holiday-shortened week at \$2.439 per MMBtu on Thursday. Last year at this time the August contract was trading for \$2.10 per MMBtu before closing at \$2.359.

Summary: The heat continued in the Southwest, applying upward pressure to prices at markets that serve that area and reducing the level of gas available for injection to storage. The lowest gas prices can be found in the Rocky Mountains where prices were about \$1.60 per MMBtu—almost \$0.80 lower than those in the Southwest.