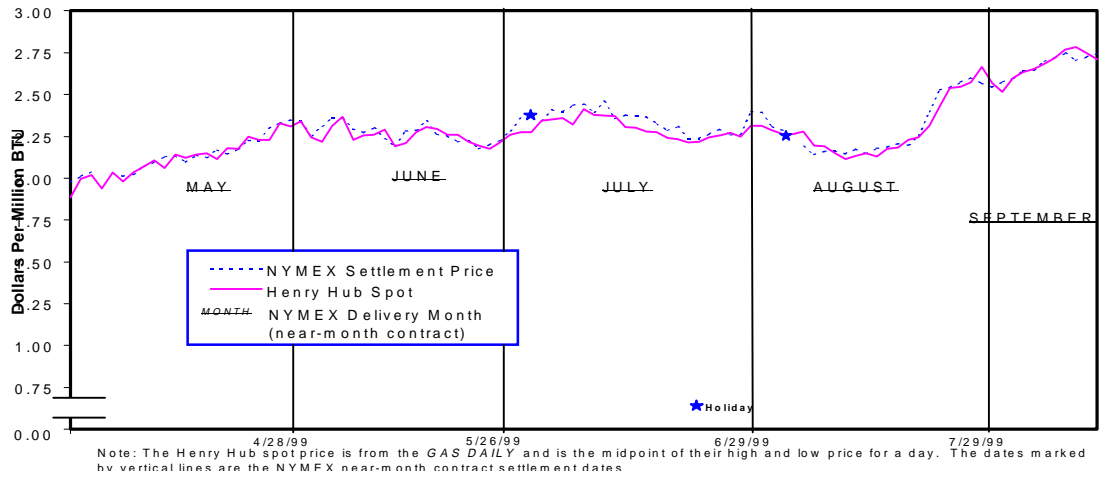


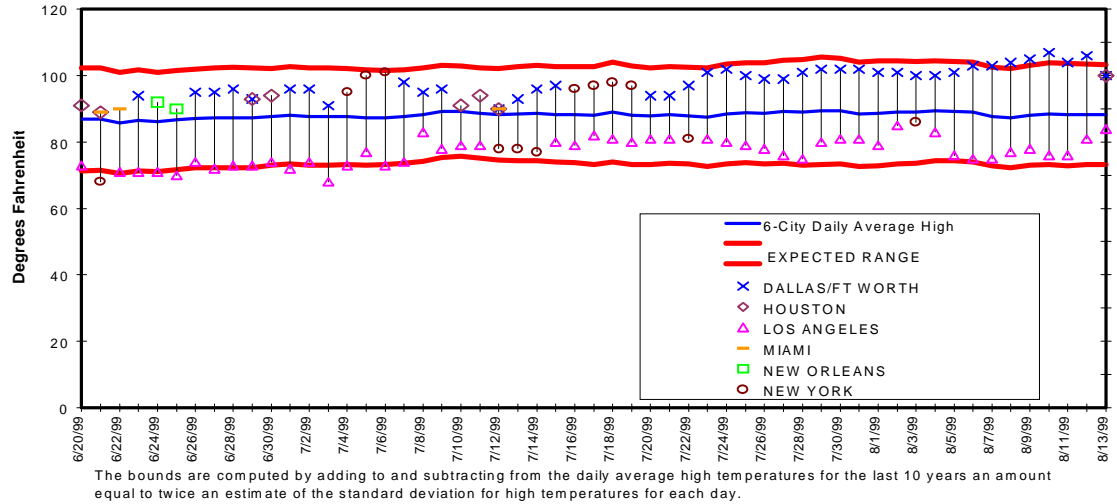
NYMEX Future Prices vs Henry Hub Spot Prices

HENRY HUB PRICE		
SPOT	FUTURES	
August	September	
Del	Del	
(\$ per MMBtu)		
08/09	2.70-2.74	2.721
08/10	2.75-2.79	2.748
08/11	2.77-2.80	2.704
08/12	2.73-2.77	2.723
08/13	2.69-2.73	2.745



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)

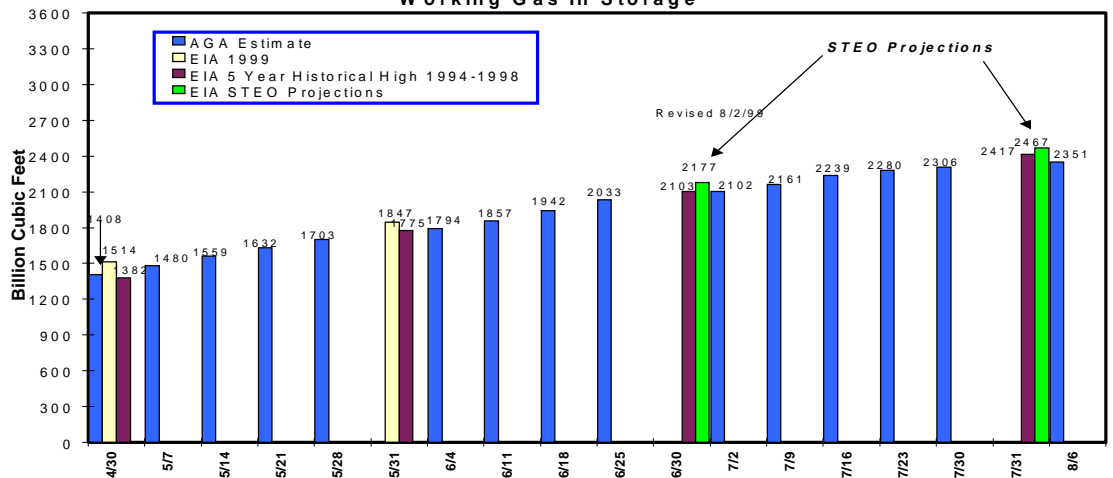
Average High Temperature for Six Major Electricity Consuming Cities			
	Actual	Normal	Diff
08/07	92	88	4
08/08	90	87	3
08/09	91	88	3
08/10	90	89	1
08/11	92	88	4
08/12	94	88	6
08/13	93	88	5



Working Gas Volume as of 08/06/99		
	BCF	% Full
EAST	1247	69
WEST	380	78
Prod Area	724	76
U. S.	2351	72

Source: AGA

Working Gas In Storage



The NYMEX futures contract for September delivery at the Henry Hub opened Monday, August 16, at \$2.725 per MMBtu, \$0.02 less than Friday's settlement price. Temperatures were generally moderate in most parts of the country last week. However, the six cities monitored for this report (Dallas, Houston, Los Angeles, Miami, New Orleans, and New York) were collectively warmer than normal, with average daily high temperatures in the 90s most days. Some of the hottest weather was reported in the Southwest where Dallas and Oklahoma City had 6 or 7 consecutive days of triple-digit temperatures. Spot prices at the Henry Hub moved up early in the week reaching their highest level (\$2.79 per MMBtu) in almost 2 years on Wednesday before ending the week at about \$2.72. The near-month (September) futures contract also increased at the beginning of the week, trading for \$2.748 per MMBtu on Tuesday, then ended the week down slightly at \$2.745 on Friday. Net injections increased to an average of almost 6.5 Bcf per day from the previous week's daily average of less than 4 Bcf. The price of West Texas Intermediate crude oil moved up \$0.80 per barrel as it continued the steady increase that began in April. It ended the week at \$21.70—roughly equivalent to \$3.65 per MMBtu.

Storage: According to American Gas Association (AGA) estimates, net storage additions for the week ending Friday, August 6, were 45 Bcf. This follows the previous week's AGA estimate of 26 Bcf, which was the lowest weekly total since mid-April. For the second consecutive week, the Producing region reported net withdrawals from storage as 1 Bcf was removed while 11 Bcf was withdrawn the previous week. The Consuming East and West regions both continued to refill their facilities as they added 38 and 8 Bcf, respectively, during the first week of August. AGA estimates show total stocks at the end of the first week in August were 2,351 Bcf or 72 percent full. At the same time last year, AGA estimated that storage capacity was 76 percent full with stocks at a 5-year high of 2,468 Bcf. EIA estimates that working gas levels were above 2,400 Bcf at the end of July and with almost 3 months remaining in the refill season, it appears that injections of less than 600 Bcf are needed to meet the unofficial target of 3,000 Bcf entering the heating season. EIA data indicate that in the 3 previous years (1996-98) the industry has had average net additions of 850 Bcf to storage inventories during August, September, and October, although the recent rise in spot prices may discourage injections at such a high level this year.

Spot prices: At the Henry Hub, gas traded for about \$2.72 per MMBtu on Friday, August 13—almost a 20-percent increase from the level in early July. This is the highest spot market price reported at the Henry Hub since November 19, 1997, when spot gas traded for \$2.96 to \$3.00 per MMBtu. The recent periods of hot weather have been the key factor in the increase, but some other market fundamentals may be contributing to this price climb. Among these might be: the increased trading level for the near-month NYMEX futures contract, the continuing concern that domestic production may have leveled off or declined slightly this year, and the current almost 2-year high level of petroleum prices.

Futures Prices: The upward trend in the price of the September contract that began 2 weeks ago continued as it settled for \$2.745 on Friday—almost 5 cents higher than the previous week. On Friday, August 13, all futures contracts for the remainder of the year traded considerably above levels seen last year at the same time. Last year at the end of the second week of August, the September contract traded for \$1.877 per MMBtu (\$0.87 less), while the October contract differential was at \$0.86 (\$2.777 vs. \$1.917). The differences between years are not as great for the November and December contracts but are still above \$0.60 per MMBtu (\$2.89 vs. \$2.167 for November and \$3.007 vs. \$2.392 for December).

Summary: Both the spot and the near-month futures prices continued to trend up as each ended last week at almost 2-year highs of \$2.72 and \$2.745 per MMBtu, respectively. The rate of refill of storage stocks increased to 45 Bcf in the first week of August. This rate was lower than last year's weekly average of almost 65 Bcf in August, but it is close to the 46 Bcf per week needed to achieve 3,000 Bcf in storage by November 1.