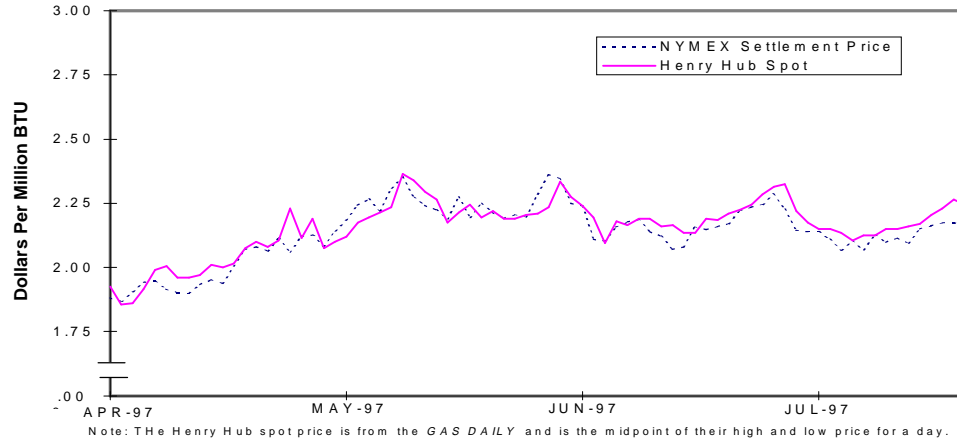


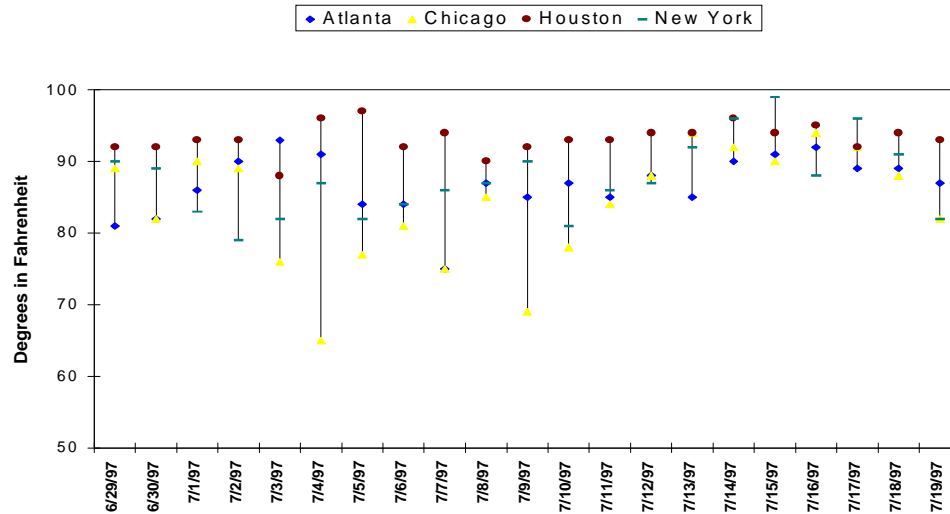
NYMEX Future Prices vs Henry Hub Spot Prices

HENRY HUB PRICE		
SPOT	FUTURES	
Jul	Aug	
Del	Del	
(\$ per MMBtu)		
7/14	2.16-2.18	2.151
7/15	2.19-2.22	2.162
7/16	2.21-2.25	2.174
7/17	2.24-2.29	2.175
7/18	2.20-2.29	2.168



High Temperature for Four Selected Cities

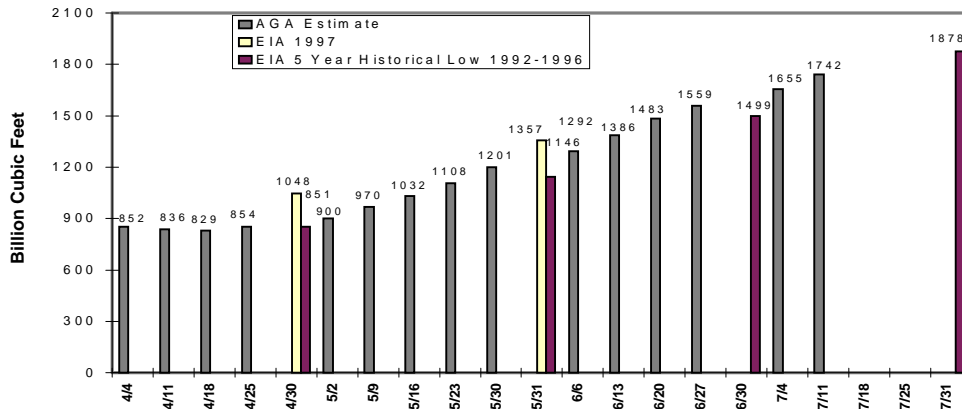
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
07/13	82	78	4
07/14	84	78	6
07/15	83	78	5
07/16	82	79	3
07/17	82	79	3
07/18	82	79	3
07/19	78	79	-1



Working Gas In Storage 1997

Working Gas Volume as of 07/11/97		
	BCF	% Full
EAST	949	53
WEST	290	60
Prod Area	503	55
U. S.	1742	55

Source: AGA



The NYMEX futures price for August delivery at the Henry Hub opened Monday, July 21 at \$2.130 per MMBtu, \$0.038 lower than Friday's settlement price. Last week's hot and humid weather that prevailed over most of the eastern third of the country brought temperatures above 100 degrees Fahrenheit and the summer's first period of unhealthy air. In several eastern metropolitan areas (Baltimore, New York, Philadelphia, Washington, DC and others), a "Red Alert" that signifies dangerous air quality was in effect for 2 to 3 days and local authorities encouraged people to limit outside activities. The combination of high temperatures and poor air quality increased electric utility demand for natural gas in order to meet the growing need for air-conditioning services. This increased demand for gas was the primary factor contributing to a more than \$0.10 per MMBtu upswing in the spot price at the Henry Hub, where prices at the end of last week were about \$2.25. The season's first hurricane, "Danny," also played a role in last week's price activity, as an estimated 2.5 Bcf per day of production in the Gulf of Mexico was curtailed on Friday in anticipation of the storm's arrival. Most of the interrupted production was resumed on Saturday. The NYMEX futures price for August delivery at the Henry Hub appeared to be less affected by the current weather as the settlement price moved up less than 2 cents during the week. The price of West Texas crude oil ended the week at about the same level as last week—\$19.30 per barrel.

Storage: Net injections remained fairly strong at 87 Bcf for the week ended July 11, according to the American Gas Association (AGA). Regionally, injections in the Consuming West region slowed to 6 Bcf for the week, after averaging 11 Bcf per week for the past 5 weeks. According to the AGA, total inventories of working gas as of July 11 stood at 1,742 Bcf or 55 percent full. This is 215 Bcf greater than working gas levels at this time last year. In Canada, net injections were 20.5 Bcf for the week ended July 11, exceeding 20 Bcf for the third week in a row, according to the Canadian Gas Association (CGA). Per CGA estimates, Canadian storage facilities were about 47 percent full as of July 11. The extreme summer temperatures in parts of the United States this past week will likely affect storage injection estimates for the week ended July 18.

Spot Prices: Spot prices at the Henry Hub and most other market locations moved up most days last week with the arrival of this summer's first prolonged heat wave and unhealthy air alert in several eastern cities along with the season's first hurricane. The price increase at the Henry Hub, as previously noted, was about \$0.10 per MMBtu. Other markets saw spot prices move up between 5 and 9 cents per MMBtu between Monday and Thursday last week before decreasing somewhat on Friday. For example, prices on Thursday, July 17 at Katy in East Texas were \$2.23 per MMBtu—up 9 cents; at Waha in West Texas, \$2.23—up 8 cents; and at Chicago, \$2.32—up 5 cents. Only natural gas markets in the Rocky Mountain region saw prices remain generally stable — prices at DJ Basin declined slightly (\$1.33 vs. \$1.34 per MMBtu) last week.

Futures Prices: The price of the NYMEX futures at the Henry Hub was generally unchanged during last week's trading. It settled on Friday \$0.017 per MMBtu higher than Monday's settlement price of \$2.151. Last year at this time the August contract was trading for \$2.359 per MMBtu before closing at \$2.346. The August contract is scheduled to close on July 29.

Summary: Last week saw the first sustained heat wave of the summer along with the first hurricane. Both these weather events contributed to an increase in the spot price of natural gas at most market locations.