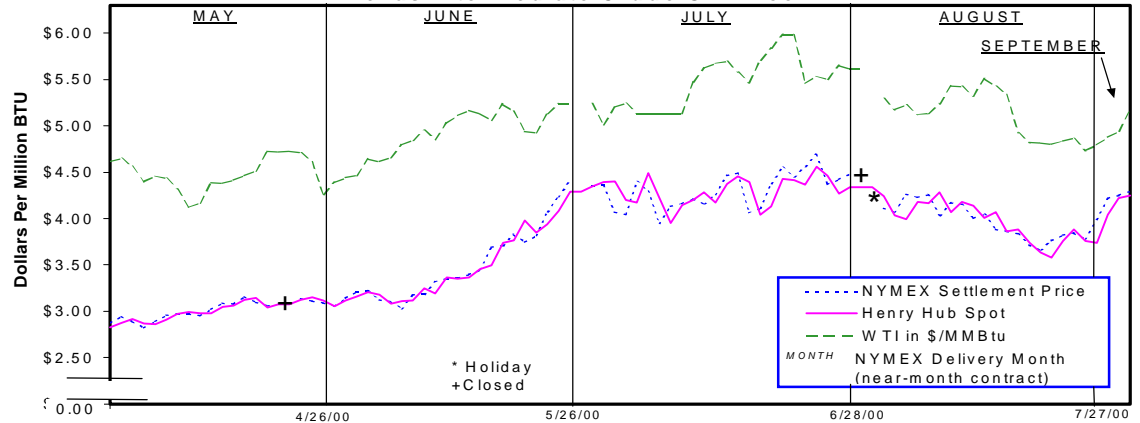
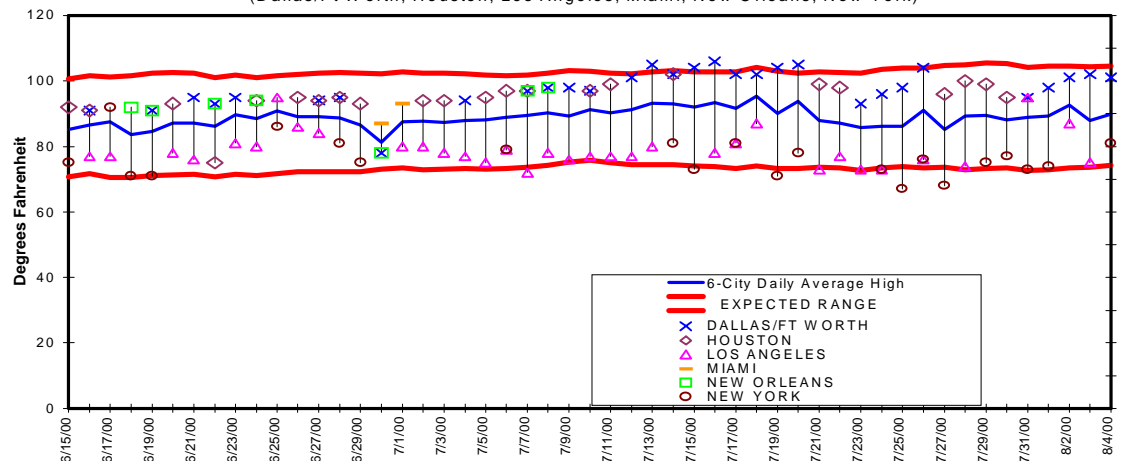


NYMEX Natural Gas Future Price, Henry Hub Spot Price, and West Texas Intermediate Crude Oil Price



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 West Texas Intermediate crude oil price, in dollars per barrel, is the "sell price" from the GAS DAILY, and is converted to \$/MMBtu using a conversion factor of 5.80 MMBtu per barrel. The dates marked by vertical lines are the NYMEX near-month contract settlement dates.

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



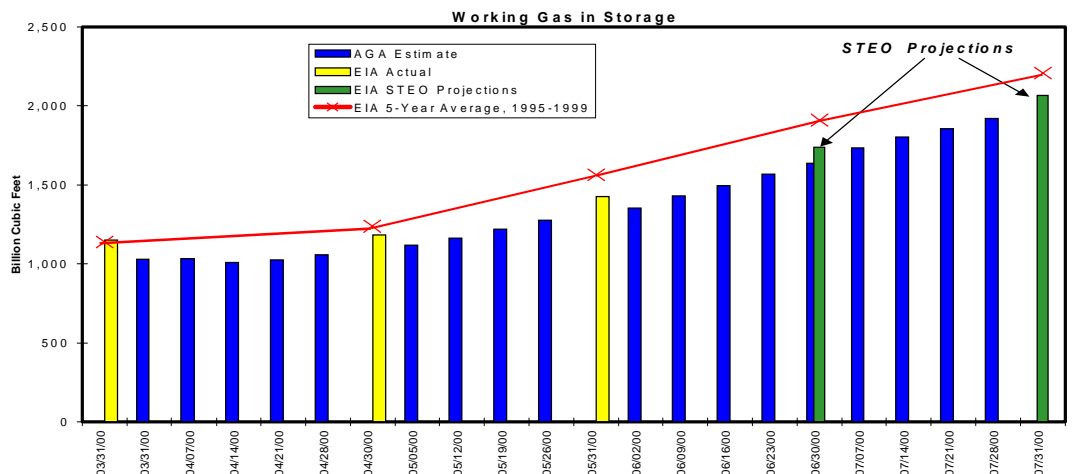
The bounds are computed by adding to and subtracting from the daily average high temperatures for the last 10 years an amount equal to twice an estimate of the standard deviation for high temperatures for each day.

Henry Hub Price		
Spot	Futures	
July/Aug Delivery (\$ per MMBtu)	Sept Delivery	
07/31	3.74-3.78	3.774
08/01	3.69-3.79	3.987
08/02	4.01-4.07	4.214
08/03	4.18-4.26	4.250
08/04	4.21-4.29	4.296

Average High Temperature for Six Major Electricity Consuming Cities			
	Actual	Normal	Diff
07/29	90	89	1
07/30	88	89	-1
07/31	89	88	1
08/01	89	89	0
08/02	93	89	4
08/03	88	89	-1
08/04	90	89	1

Working Gas Volume as of 07/28/00		
	Bcf	% Full
East	1068	58
West	368	73
Prod Area	484	51
U. S.	1920	58

Source: AGA



Prices on the spot and futures markets began the week down about 12 and 7 cents per MMBtu, respectively, at the Henry Hub compared to the previous Friday. Henry Hub Spot gas traded on Monday at \$3.76 per MMBtu and moved down 2 more cents on Tuesday before reversing this trend at midweek, gaining more than \$0.50 over the remainder of the week to end trading on Friday at \$4.25. Similar to the previous week, the daily spot prices mirrored the movement of those on the futures market where the near-month (September) NYMEX contract moved up over \$0.20 per MMBtu on both Tuesday and Wednesday before ending the week at \$4.296. The Tuesday NYMEX increase appears to have been driven by news of a low pressure weather system off the east coast of Mexico and by trading activity of buyers covering September short positions. On Wednesday, a less-than-expected estimate of weekly additions to storage of 63 Bcf was a prime factor behind that day's price increase. Also contributing to the increase in cash prices was a return to warmer temperatures in the Midwest and the East, increasing the previously lackluster air-conditioning load at many electric utilities in those regions (see Temperature graph). Hot weather continued in the West, especially in California, where several days of near record-high electric utility demand resulted in industrial curtailments and requests for power conservation. On Friday the National Weather Service reported that the season's first tropical storm (Alberto) had formed in the Atlantic Ocean; Alberto began moving west over the weekend. The price of West Texas Intermediate crude oil began the week at \$27.45 per barrel but by week's end had climbed back to \$30.00 or \$5.17 per MMBtu.

Storage: According to the American Gas Association (AGA), net additions to storage for the week ended Friday, July 28 were 63 Bcf—an increase of 9 Bcf from the previous week's estimate. Based on this latest weekly report, and assuming the average daily injections of 10 Bcf/d for the first 4 weeks of July continued through the last 3 days of the month, working gas on hand at the end of July would be 2,047 Bcf. The regional distribution associated with this estimated volume is: East Consuming region—1,218 Bcf, Producing region—529 Bcf, and West Consuming region—300 Bcf. The East and West Consuming regions, which are more dependent on storage inventories during the heating season, are currently estimated to be within 7 and 5 percent of the EIA 5-year average (1995-99) for the end of July. The Producing region is relatively lower at 10 percent below the 5-year average; however, storage activity in this region is oriented more to production operations, and this inventory does not serve as a prime gas source to satisfy peak load demand during the heating season. If net injections continue at average 5-year rates for the remainder of the refill season, regional stocks on November 1 will be within 5 percent of the 5-year average in the East, 4 percent in the West, and 8 percent below in the Producing region, with an overall working gas stock level of 2,822 Bcf.

Spot Prices: Cash prices at most market locations moved up sharply last week following declines early in the week. The continued heat wave in the West has kept prices at the southern California border near \$4.65 per MMBtu for more than two weeks. Other states in the region, particularly Arizona, Nevada, and Utah, have also had an extended period of high temperatures which have contributed to some of the worst forest fires in more than 50 years. Prices at other markets on Friday were: \$4.26 per MMBtu at Katy in East Texas, \$4.23 at Waha in West Texas, and \$3.29 in the Rockies. All of these prices were \$0.20 To \$0.50 lower at the beginning of the week. At major import points along the Canadian border, prices ended last week trading at \$3.37 per MMBtu at Kingsgate in Idaho and \$4.36 at Waddington, New York.

Futures Prices: Between Monday and Friday of last week the near-month futures contract gained over \$0.52 per MMBtu as it returned to the price levels that have dominated trading of natural gas on the NYMEX recently. The return of seasonal temperatures in much of the Eastern third of the country; the continued hot, dry weather in the West; and another lower-than-anticipated estimate of industry weekly additions to stocks appear to have contributed most to this upward trend in prices. At the end of last week, the range of trading for all out-months between October 2000 and March 2001 was \$3.99 (March) to \$4.44 (December). This compares to prices during the last week of July for the same range of months of \$3.66 (March) to \$3.97 (January).

Summary: Prices on both the spot and futures markets rebounded sharply from declines early in the week. Key factors contributing to the price gains were: more high temperatures in the West and the arrival of warmer summer weather in the Midwest and the East, along with another lower-than-expected weekly stock refill estimate.