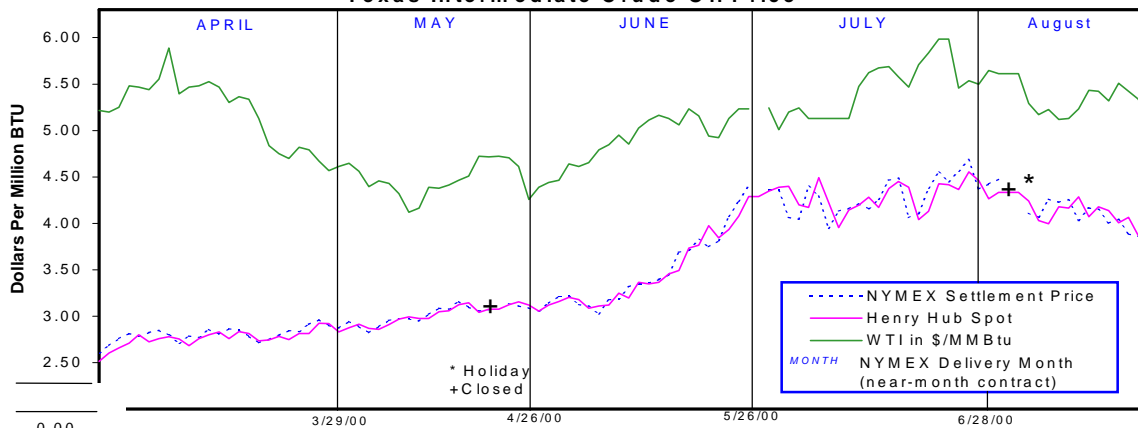


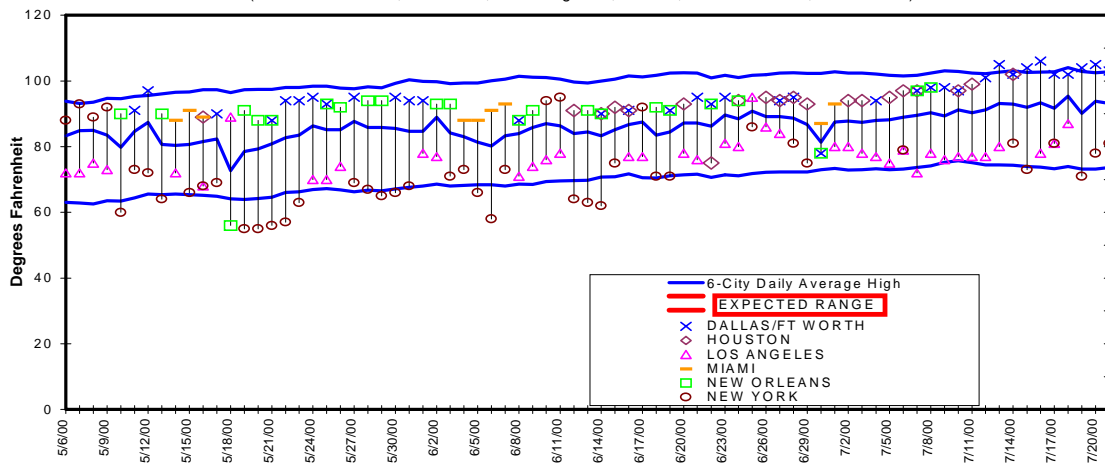
NYMEX Natural Gas Future Price, Henry Hub Spot Price, and West Texas Intermediate Crude Oil Price

Henry Hub Price		
Spot		Futures
July		Aug
Delivery		Delivery
(\$ per MMBtu)		
07/17	4.10-4.17	4.002
07/18	3.99-4.02	4.044
07/19	4.05-4.08	3.884
07/20	3.85-3.88	3.860
07/21	3.86-3.90	3.834



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)

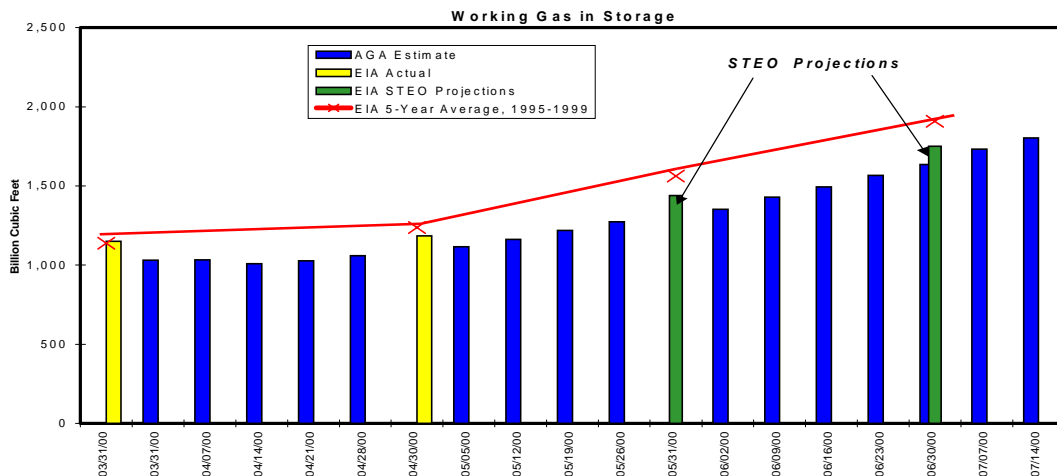
Average High Temperature for Six Major Electricity Consuming Cities			
	Actual	Normal	Diff
07/15	92	88	4
07/16	93	88	5
07/17	92	88	4
07/18	95	89	6
07/19	90	88	2
07/20	94	88	6
07/21	93	88	5



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 Volume as of 07/14/00		
	Bcf	% Full
East	971	53
West	365	72
Prod Area	467	49
U. S.	1803	55

Source: AGA



While much of the Midwest, the Northeast, and the Middle Atlantic states had cool weather, the southern and southwestern states broiled in an unrelenting heat wave. Record high temperatures were recorded in many areas of the southern third of the nation, and Texas utility companies reported that near-record demand for electricity generation pulled heavily on gas supplies in Texas and the Gulf Coast. But there was little net effect on spot prices, as lack of demand in other major markets and a falling futures market sent prices down most days last week. At the Henry Hub, spot gas fell 30 cents from its trading-range on Friday, July 14 to end the week at \$3.88 per MMBtu. The NYMEX futures contract for August delivery fell in 4 out of 5 trading days, losing \$0.316 per MMBtu from the previous Friday to settle last Friday at \$3.834. The announcement by OPEC on Tuesday, July 18 that it would not increase production this month, as had been expected, prompted a one-day jump of \$1.10 per barrel in the price of West Texas Intermediate (WTI) crude oil. However, the increase was short-lived, as the WTI price fell during the rest of the week and settled at \$28.55, or \$4.92 MMBtu, on Friday down \$2.90 per barrel from Friday, July 14. The Bureau of Labor Statistics' (BLS) Consumer Price Index (CPI) report for June reflects the effects of rising natural gas prices. Five of thirteen metropolitan areas for which BLS tracks prices showed one-month increases of over 10 percent for Gas (piped) and electricity,^o with Washington-Baltimore at the top of the list at nearly 26 percent, followed closely by Dallas-Fort Worth at 23 percent.

Storage: According to the American Gas Association (AGA), an estimated 70 Bcf was added to storage during the week ended Friday, July 14. Average daily net injections in the first 2 weeks of July were 24 percent above the 5-year (1995-99) average for the month, and 59 percent ahead of last year's rate when, because of some warmer-than-normal temperatures in the East, only 225 Bcf was added. EIA's estimate for storage inventories on July 14, is 1,917 Bcf. If the industry matches the July 5-year average for daily injections during the remaining 17 days of the month, additions during July will be 330 Bcf for an overall level for working gas of 2,080 Bcf, which is 5.6 percent below the 5-year average of 2,206 Bcf for the end of July. If injections continue at historically average rates through the remainder of the refill season, gas inventories would be 2,856 Bcf on November 1, which is 4 percent below the 5-year (1995-1999) average of 2,985 Bcf.

Spot Prices: Cash prices fell most days in nearly all markets last week. The major exception occurred on Wednesday, when price increases of 5-to-10 cents per MMBtu were recorded at virtually every location tracked by *Gas Daily*, perhaps in response to the August NYMEX contract's brief recovery of \$0.042 per MMBtu on Tuesday, after having fallen almost 15 cents on Monday. Gas demand was up throughout the South and Southwest, as the electricity cooling load soared in response to the heat wave. However, generally moderate demand in the Midwest and Northeast overshadowed the price effects of the building heat wave at most price points in Texas and along the Gulf coast, and similarly moderate demand in the Pacific Northwest, plus the return to service of Westcoast Pipeline's Fort Nelson processing plant (600 MMcf/d at full capacity), put downward pressure on Rockies and Canadian gas. By Friday, spot prices at most markets had fallen from 18 to 30 cents per MMBtu from the previous Friday. Only in California where statewide electrical emergencies were declared by the state's Independent System Operator on Wednesday and Thursday, and PG&E issued a low inventory operational flow order for Friday and in the San Juan Basin which was being pulled on by both California and Texas did prices move counter to the downward trend. A sampling of Friday's prices at key points had a range of \$3.22 in the Rockies to \$3.95 in East Texas.

Futures Prices: The NYMEX August contract had losses of \$0.148 and \$0.16 per MMBtu on Monday and Wednesday, respectively, as temperatures continued to be unseasonably cool in the Midwest and Northeast, suppressing ^o demand for gas-fired electricity generation in those regions, and the AGA storage estimate of 70 Bcf of net injections served to lessen concerns about the progress of storage refill. Wednesday's settlement price of \$3.884 per MMBtu was the first sub-\$4 settlement price for a near-month contract since the July contract settled at \$3.945 on June 7 and only the second time since May 23. The August contract moved up modestly on Tuesday, perhaps partly in response to expectations that crude oil prices will stay firm for a while, in the wake of OPEC's announcement ruling out July production increases. Nevertheless, the August contract fell for the rest of the week, ending trading on Friday at \$3.834 per MMBtu. The August contract has fallen \$0.589, a 13-percent drop, since it became the near-month contract on June 29 at a price of \$4.423.

Summary: Despite a severe heat wave in the southern third of the nation, spot prices fell in most markets, in part because of moderate demand in the Midwest and Northeast. In light of this trend, and with forecasts of normal to below-normal temperatures to continue in these regions for at least another 6 to 10 days, futures prices also fell.