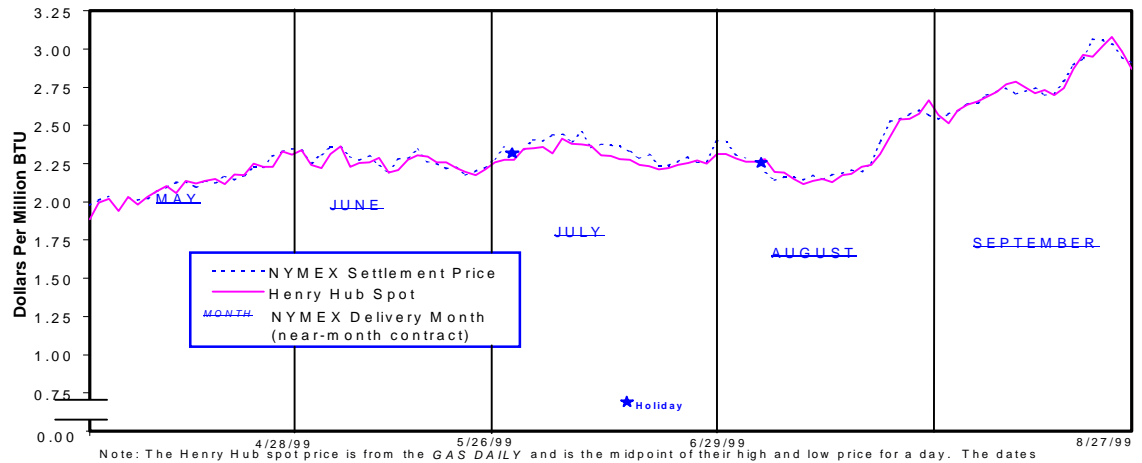


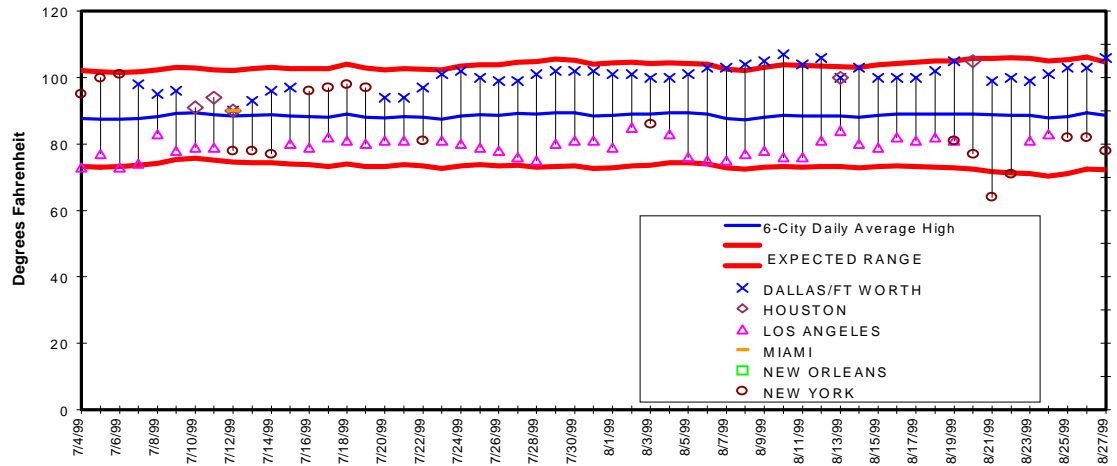
**HENRY HUB PRICE
SPOT FUTURES**
August September
Del Del
(\$ per MMBtu)

08/23	2.92-2.98	3.064
08/24	3.00-3.04	3.059
08/25	3.05-3.11	3.030
08/26	2.96-3.01	2.948
08/27	2.85-2.89	2.912

NYMEX Future Prices vs Henry Hub Spot Prices



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)

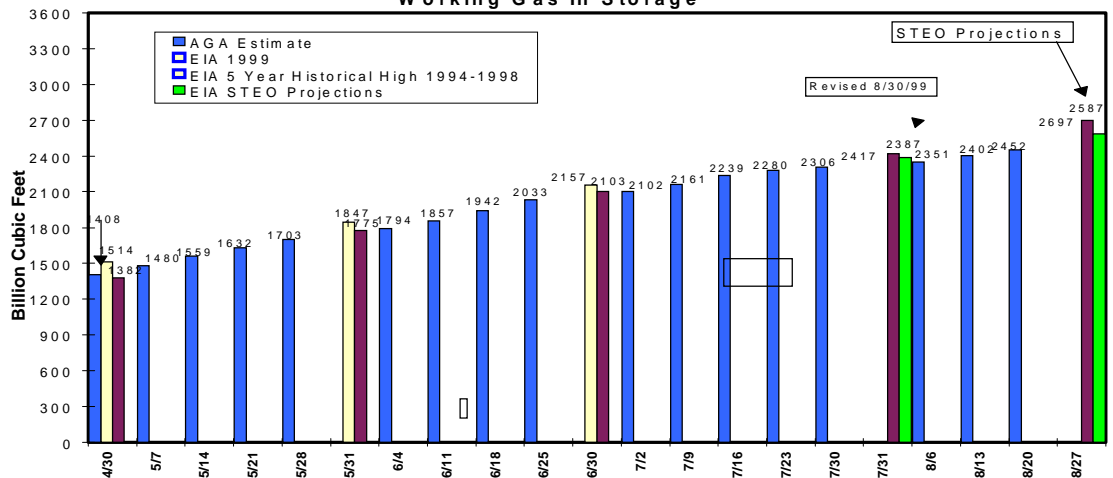


The bounds are computed by adding to and subtracting from the daily average high temperatures for the last 10 years an amount equal to twice an estimate of the standard deviation for high temperatures for each day.

Average High Temperature for Six Major Electricity Consuming Cities

	Actual	Normal	Diff
08/21	88	89	-1
08/22	88	89	-1
08/23	89	89	0
08/24	91	88	3
08/25	93	88	5
08/26	93	89	4
08/27	94	89	5

Working Gas In Storage



Working Gas Volume as of 08/20/99

	BCF	% Full
EAST	1331	74
WEST	392	80
Prod Area	729	77
U. S.	2452	75

Source: AGA

After reaching a bid-week high of \$3.064 per MMBtu on Monday, August 23, the NYMEX futures contract for September delivery at the Henry Hub fell more than \$0.15 per MMBtu during the next four days of trading to its final closing price of \$2.912 on Friday, August 27. This closing price is the highest for a near-month contract in almost 2 years. Temperatures remained in a moderate-to-normal range in most parts of the country last week. In the six cities monitored for this report (Dallas, Houston, Los Angeles, Miami, New Orleans, and New York), the collective average daily high temperatures were at or below normal early in the week, then rose as both Dallas and Houston reported triple-digit highs late in the week. The spot price at the Henry Hub appeared to follow the decline in the near-month futures contract as it ended the week 23 cents below Wednesday's high of about \$3.10 per MMBtu. The NYMEX contract for October delivery also ended the week down as it traded for \$2.922 per MMBtu on Friday—16 cents below its price earlier in the week. At present, the tropical storms and hurricanes that are presently out in the Atlantic Ocean do not pose any threat to the petroleum and natural gas producing areas in the Gulf of Mexico. Net additions to storage in the third week of August averaged about 7 Bcf per day. West Texas Intermediate crude oil prices also moved down most days, ending the week at \$21.35—roughly equivalent to \$3.68 per MMBtu.

Storage: The American Gas Association's (AGA) estimate of net storage injections for the week ended August 20, 1999, is 50 Bcf, bringing the estimated total inventory to 2,452 Bcf or 75 percent of capacity on that date. Net injections have averaged about 47 Bcf per week thus far in August or about 12 Bcf less than last year. The rate of injections continues to be affected by persistent hot weather: over the past 5 weeks, the weekly average temperatures for the six cities monitored for this report have ranged from 2 to 4 degrees above normal. Prior to this 5-week stretch, the last time AGA weekly net injections exceeded 50 Bcf (week ended 7/16: net injections of 78 Bcf), the average temperature was about 1 degree below normal. Consuming East region facilities took in 41 of the estimated 50 Bcf of injections, with the Producing and Consuming West regions receiving 4 and 5 Bcf, respectively. According to AGA estimates, the Producing and Consuming East regions, which are estimated to be 77 percent and 74 percent full as of August 20, are trailing last year's stock levels by 65 and 129 Bcf, respectively. However, last year's storage levels were at a 5-year high and eventually began the heating season at 3,174 Bcf—almost 190 Bcf above the average seen during the period 1994-98 (about 2,985 Bcf). There are still 10 weeks remaining in the refill season and, according to EIA data, over the same period last year the industry added over 580 Bcf.

Spot Prices: For the first time in 3 weeks, most major market locations that serve the Midwest and the East had their first week of flat or declining prices. At the end of trading Friday, August 27, the spot price at the Henry Hub was down 23 cents per MMBtu from the Wednesday high, while the price was down 22 cents from midweek at Katy in Texas, down 20 cents at Waha in West Texas, and down 23 cents at Midcontinent in Oklahoma.

Futures Prices: With moderate weather in most parts of the country, the September NYMEX contract declined each day last week eventually closing at \$2.912 per MMBtu—31 cents above the August contract. Interest in the September 1999 contract ran high as more than 265,000 contracts were entered into during the final week of trading. This is about 30 percent more than seen during bid week for the September 1998 contract, which closed at \$1.672 per MMBtu. The new NYMEX near-month for October delivery at the Henry Hub opened on Monday, August 30, at \$2.880 per MMBtu, down \$0.042 from Friday's settlement price.

Summary: The trading price for the September NYMEX futures contract moved down each day last week before expiring at its highest level in more than 2 years at \$2.912 per MMBtu. Spot prices also moved down at most major markets as moderate temperatures in the Midwest and the Northeast continued. Storage stocks remain below last year's 5-year record high levels but continue to be on a pace to reach close to 3,000 Bcf by the end of October.