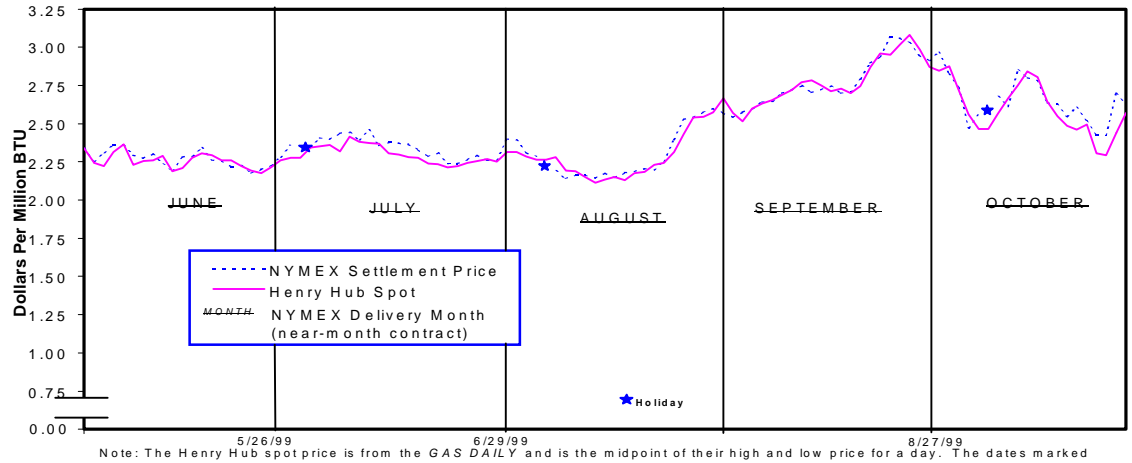


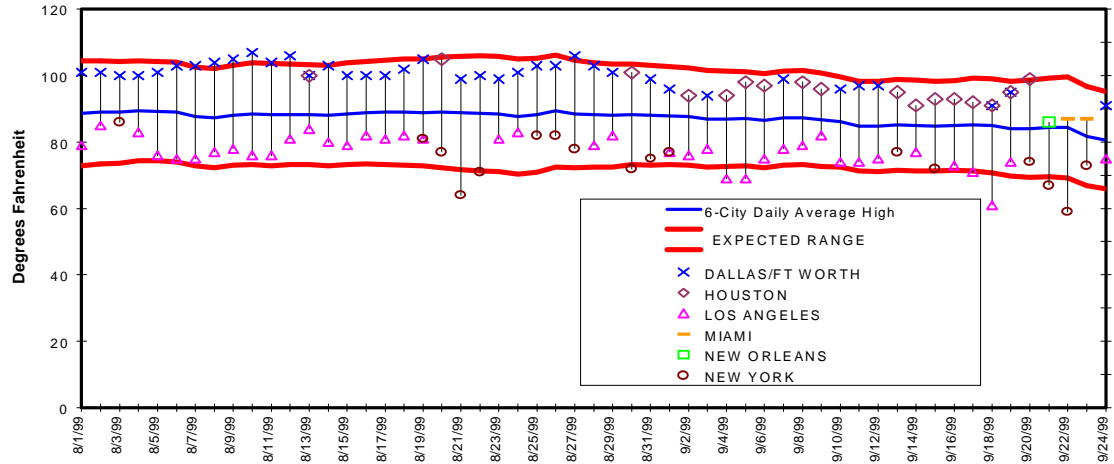
NYMEX Future Prices vs Henry Hub Spot Prices

| HENRY HUB PRICE | | |
|-----------------|----------------|---------|
| | SPOT | FUTURES |
| | September | October |
| | Del | Del |
| | (\$ per MMBtu) | |
| 09/20 | 2.45-2.54 | 2.519 |
| 09/21 | 2.28-2.33 | 2.427 |
| 09/22 | 2.26-2.33 | 2.426 |
| 09/23 | 2.38-2.50 | 2.697 |
| 09/24 | 2.52-2.62 | 2.630 |



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)

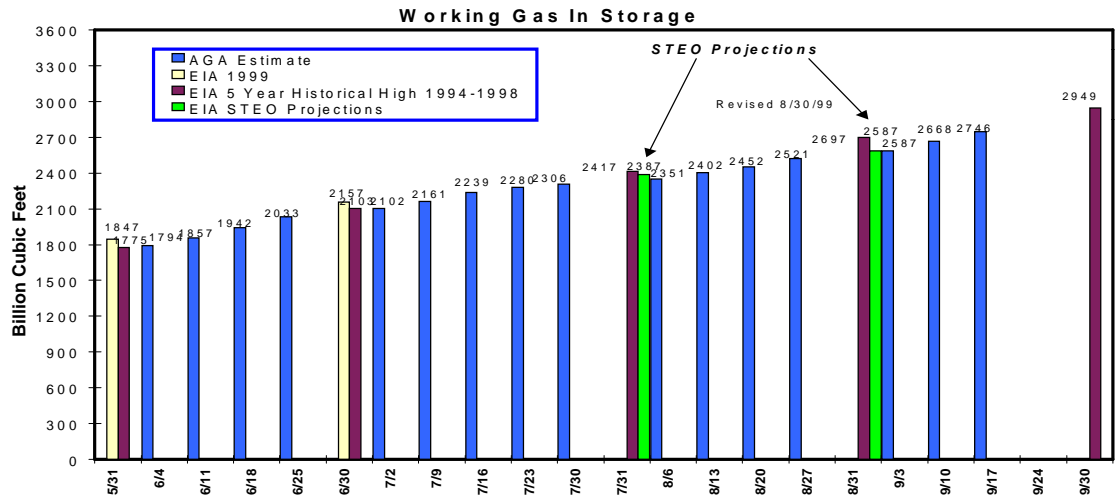
| Average High Temperature for Six Major Electricity Consuming Cities | | | |
|---|--------|--------|------|
| | Actual | Normal | Diff |
| 09/18 | 82 | 85 | -3 |
| 09/19 | 86 | 84 | 2 |
| 09/20 | 86 | 84 | 2 |
| 09/21 | 80 | 84 | -4 |
| 09/22 | 78 | 84 | -6 |
| 09/23 | 81 | 82 | -1 |
| 09/24 | 82 | 81 | 1 |



The bounds are computed by adding to and subtracting from the daily average high temperatures for the last 10 years an amount

| Working Gas Volume as of 09/17/99 | | |
|-----------------------------------|------|--------|
| | BCF | % Full |
| EAST | 1528 | 84 |
| WEST | 412 | 84 |
| Prod Area | 806 | 85 |
| U. S. | 2746 | 85 |

Source: AGA



The NYMEX futures contract for October delivery at the Henry Hub opened on Monday, September 27, at \$2.600 per MMBtu, \$0.03 less than Friday's settlement price. Normal seasonal temperatures continued to be dominant in most parts of the country last week. The Midwest and the East enjoyed daytime highs in the 60s and 70s most days. The National Weather Service's current 10-day forecast is calling for normal temperatures in the West and somewhat above normal temperatures in the Midwest and the East. After declining almost \$0.20 per MMBtu over the first 3 days of the week, spot prices at the Henry Hub moved up about \$0.30 on Thursday and Friday ending the week trading near \$2.60. The near-month (October) futures contract also moved up sharply on Thursday, gaining over \$0.27 per MMBtu, then declined \$0.067 on Friday to end the week at \$2.630. These price increases, which surprised many market observers, are being attributed to several events including: the resumption of injections at a major Gulf Coast storage site, some large marketers covering short positions, investment fund market participants taking advantage of the recent drop in prices, and the general peak in interest that usually accompanies the last week of trading in the near-month futures contract. Net injections to storage continued at a rather robust rate in the second full week of September as an average of more than 11 Bcf per day were added. The price of West Texas Intermediate crude oil continued to move up after the OPEC vote to continue current oil production quotas. It ended the week at \$25.40 per barrel—roughly equivalent to \$4.38 per MMBtu. OPEC members' agreement on oil production quotas is continuing to have the desired effect on world oil prices. The current OPEC production agreement continues through March 2000.

Storage: According to the American Gas Association (AGA), net additions for the week ended Friday, September 17 were 78 Bcf. During the last four weeks, an estimated 295 Bcf have been added to storage inventory, raising stock levels to 2,746 Bcf or 85 percent of active capacity. For the fourth consecutive week the Consuming East region accounted for the majority of the net additions with 46 Bcf added. The Producing and the West regions also both continued to refill their facilities as they added 24 and 8 Bcf, respectively. Declining spot market prices—which had dropped between \$0.50 and \$0.60 per MMBtu between late August and Wednesday, September 22—probably played a large part in recent increases in the weekly refill rate. If the industry's net additions to storage average about 45 Bcf per week (or only 60% of the previous 4 weeks' average of 74 Bcf) over the remaining 6 weeks of the refill season, the level of working gas in storage on November 1 will exceed 3,000 Bcf.

Spot Prices: At the Henry Hub spot market, gas traded last week for about \$2.30 per MMBtu on Wednesday before climbing to \$2.44 on Thursday and to about \$2.57 on Friday. The previous week's market fundamentals of seasonal temperatures, ample supply, and declining futures prices remained intact through Wednesday's trading. Then a myriad of market forces appear to have come to the forefront on Thursday, moving the market up. On Wednesday, the spot market price at Henry Hub was trading for \$0.13 per MMBtu less than the October contract and by Friday the differential was about 6 cents. A contributing event to last week's price increase was the resumption of stock injections at the Bistineau storage site—the largest facility in Louisiana. Located near the Henry Hub, Bistineau, with working gas capacity of 69 Bcf, had been idle for several days.

Futures Prices: The futures contract for October continued to trend down the first three days of last week and ended trading on Wednesday, September 22, at \$2.426 per MMBtu—\$0.425 lower than the \$2.851 price on September 9—the peak price since becoming the near-month contract. The October contract will close on Tuesday, September 28. Interest in the contract was high on both Thursday and Friday as a total of 112,000 contracts were entered into.

Summary: Prices at the Henry Hub continued to trend down early last week, then rose sharply at the end of the week as several unexpected events appeared to impact trading beginning Thursday, September 23. The NYMEX October contract will close tomorrow (Tuesday, September 28). It appears that it will end trading well above last year's October contract level of \$2.031 per MMBtu. Stock levels continue to increase and with one and a half months left in the refill season, the inventory level is at 2,746 Bcf.