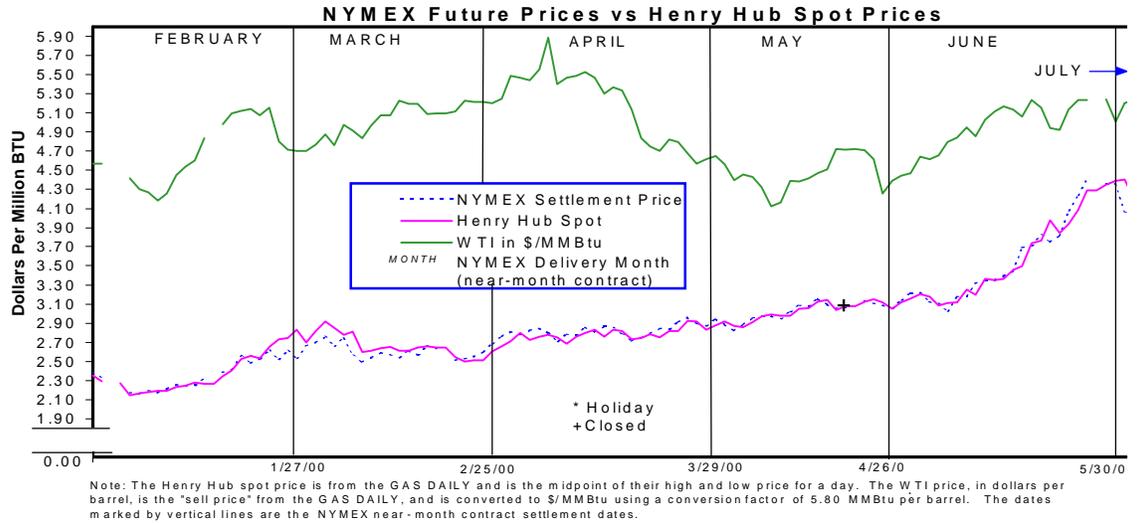
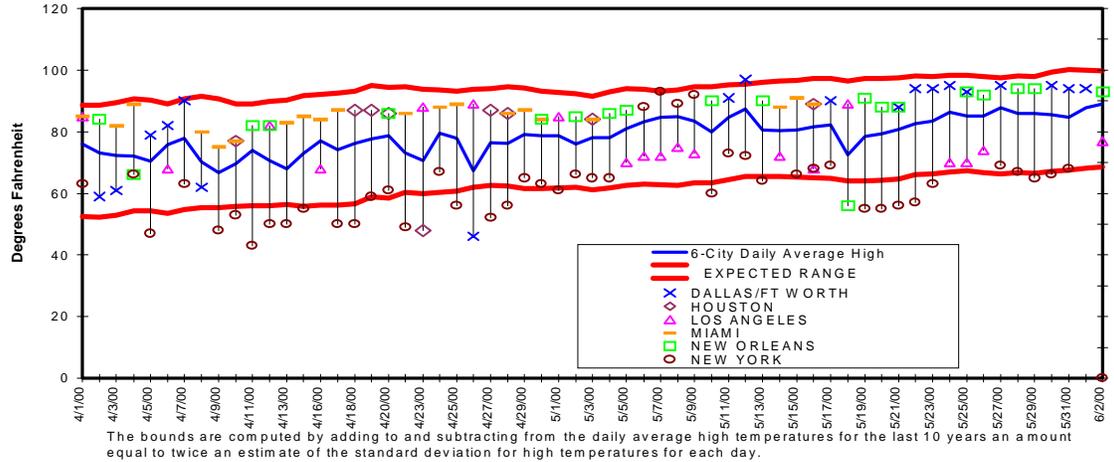


HENRY HUB PRICE		
SPOT	FUTURES	
May/June	July	
Del	Del	
(\$per MMBtu)		
05/29	4.26-4.31	Holiday
05/30	4.30-4.39	4.354
05/31	4.38-4.40	4.356
06/01	4.36-4.44	4.064
06/02	4.13-4.27	4.043



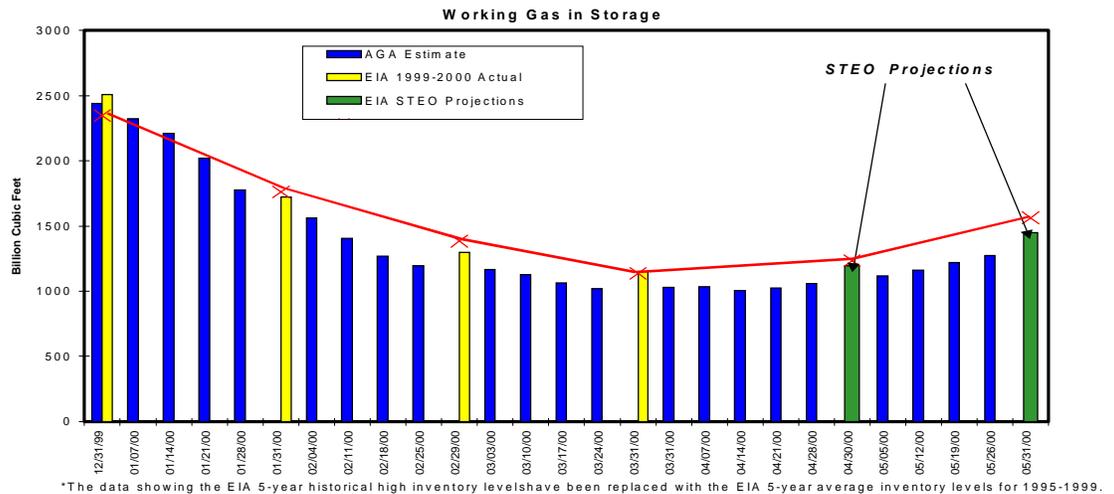
Daily Average of High Temperatures, and Daily Highest and Lowest High Temperatures for 6 Cities, May-September (Dallas/Ft Worth, Houston, Los Angeles, Miami, New Orleans, New York)

Average High Temperature for Six Major Electricity Consuming Cities			
	Actual	Normal	Diff
05/27	88	82	6
05/28	86	82	4
05/29	86	82	4
05/30	86	83	3
05/31	85	84	1
06/01	88	84	4
06/02	89	84	5



Working Gas Volume as of 05/26/00		
	BCF	% Full
EAST	601	33
WEST	310	61
Prod Area	363	38
U. S.	1274	39

Source: AGA



The price of the NYMEX near-month contract had its sharpest one-day decline of the year last week as the price of the July contract moved down almost \$0.30 per MMBtu on Thursday, June 1. In the view of several market observers, a key factor in Thursday's price decline (the largest in almost 4 months) was aggressive profit-taking by several large institutional buyers and diversified funds. The July contract still ended the week at \$4.043 per MMBtu as a mix of market fundamentals continues to apply upward price pressure. Some of these fundamentals are: strong demand for energy in the U.S. economy, need to rebuild gas stock levels, expanding use of gas in most new power-generation facilities, weather forecasts calling for warmer-than-normal summer temperatures in many parts of the country, high price of competing petroleum products (low sulfur distillate and propane), and concerns about growth in domestic productive capacity. Prices on the spot market also decreased late last week at the Henry Hub, trading on Friday at about \$4.19 per MMBtu—down \$0.16 from Wednesday's trading level. Warmer-than-normal temperatures continued most days last week along the Gulf Coast and in the Southwest. The Midwest and the Southeast had near-normal temperatures, while the Northeast had generally cooler than normal weather over the long Memorial Day weekend. The latest National Weather Service 10-day forecast calls for warmer-than-normal temperatures for most of the country. The price of West Texas Intermediate crude oil moved down to almost \$29.00 per barrel at midweek before trending back up to end the week at \$30.40, or about \$5.24 per MMBtu. OPEC will be meeting in the last week of June to discuss existing production quotas with an eye to bringing world oil prices closer to a \$22 to \$28 per barrel target range.

Storage: According to the American Gas Association (AGA), net additions to storage were 56 Bcf for the week ending Friday, May 26—virtually the same as the previous week's 55 Bcf. EIA data from the most recent survey of storage operators indicate that end-of-March working gas was 1,150 Bcf. By combining AGA's estimated net additions thus far in April and May with EIA's March ending volume, the total amount of working gas on hand on May 26 was 1,393 Bcf. EIA data indicate that the 5-year (1995-99) average for the level of working gas on May 31 was 1,562 Bcf, ranging between a low of 1,161 Bcf in 1996 and last year's record high of 1,847 Bcf. In order to reach a working gas level near 3,000 Bcf by the start of the next heating season (November 1), average daily additions need to be about 10 Bcf per day, similar to the 1997 refill rate, when 1,505 Bcf were added between June and October.

Spot Prices: Last week's \$0.31 per MMBtu drop in the price of the near-month futures contract, along with cool temperatures in the East, appear to have been key factors in the decline of prices at most major spot market locations. On Wednesday, spot prices ranged from a "low" of \$4.10 per MMBtu in the Rockies to a high of \$4.50 at Katy in East Texas, while prices of imported gas at the Canadian border were \$4.05 at Kingsgate in Idaho and \$4.62 at Waddington, NY. Following two consecutive days of decreases in the NYMEX near-month contract price, and in the absence of other overriding market fundamentals, spot prices reacted to this 2-day trend by moving down between \$0.30 and \$0.40 per MMBtu. Friday's prices ranged from a low of \$3.70 per MMBtu in the Rockies to \$4.20 at the Henry Hub. Prices at the Canadian border also trended down, with spot gas trading for \$3.70 in the West and \$4.32 in the East.

Futures Prices: The general rise in futures prices suffered a major interruption for the first time in almost 4 months as the price of the July contract ended the week at \$4.043—down over \$0.31 per MMBtu for the week. Prices for all out-month contracts also declined, with the prices for the September and October contracts ending trading on Friday at \$4.00 per MMBtu. Prices for contracts covering the next heating season also declined, with the November 2000 contract falling from \$4.36 to \$4.09 per MMBtu between Wednesday and Friday, and the March 2001 contract falling from \$4.04 to \$3.78. The July contract opened today, Monday, June 5, at \$4.08 per MMBtu.

Summary: Prices on both the spot and futures markets had their first significant one-week decline in months but still remained high for early June. The stock refill rate remains low for this time of the year and the level of working gas at the end of May is estimated by EIA to be 7 percent less than the 5-year average (1,450 Bcf vs 1,562 Bcf).