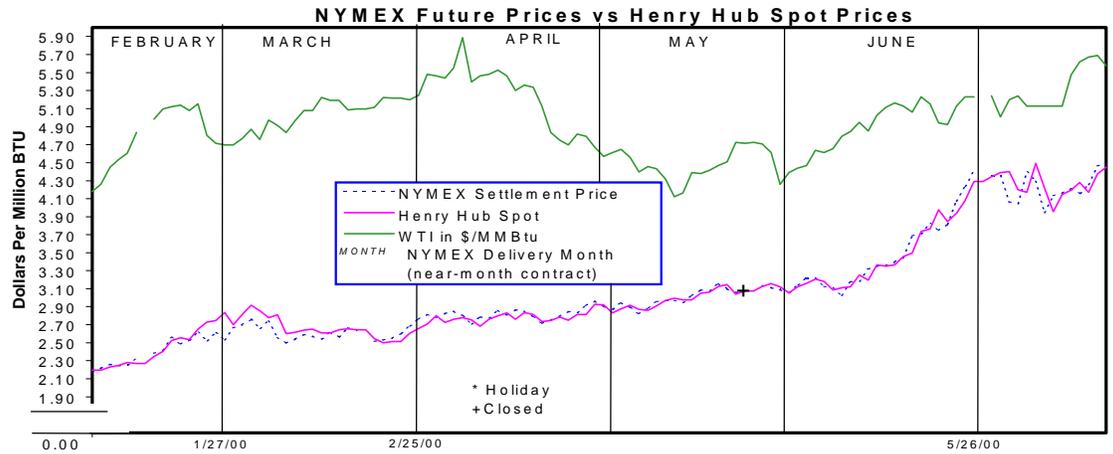
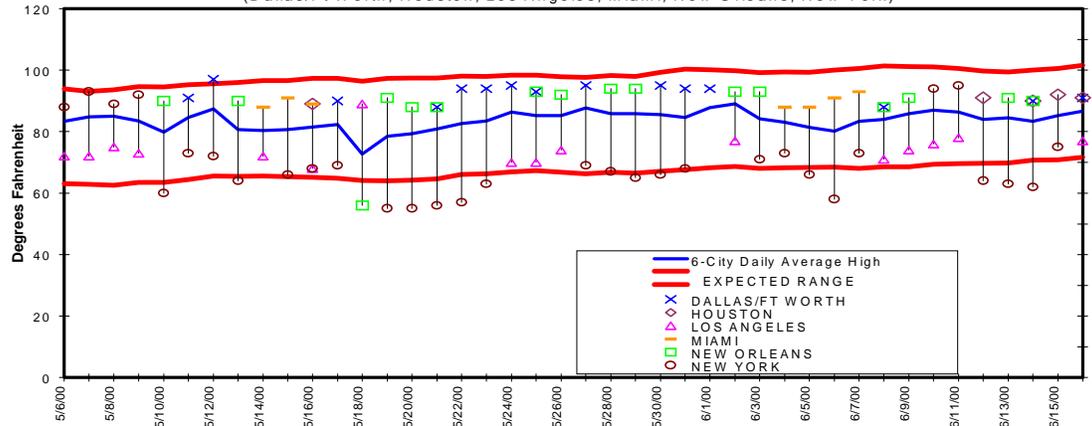


HENRY HUB PRICE		
SPOT	FUTURES	
June	July	
Del	Del	
(\$ per MMBtu)		
06/12	4.16-4.23	4.212
06/13	4.25-4.31	4.158
06/14	4.16-4.18	4.256
06/15	4.36-4.39	4.463
06/16	4.42-4.48	4.488



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 WTI 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, May-September**  
(Dallas/Ft Worth, Houston, Los Angeles, Miami, New Orleans, New York)

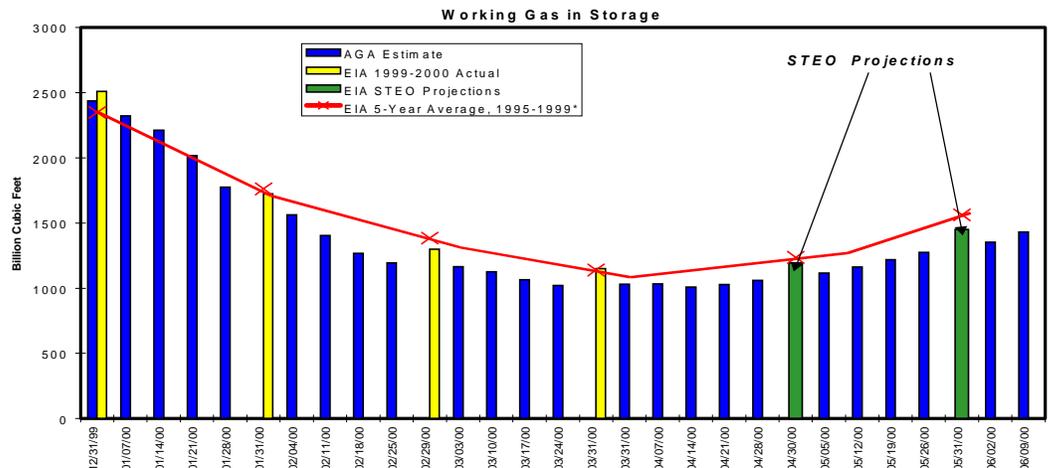


The bounds are computed by adding to and subtracting from the daily average high temperatures for the last 10 years an amount equal to twice an estimate of the standard deviation for high temperatures for each day.

Average High Temperature for Six Major Electricity Consuming Cities			
	Actual	Normal	Diff
06/10	87	85	2
06/11	86	85	1
06/12	84	85	-1
06/13	85	85	0
06/14	83	85	-2
06/15	85	86	-1
06/16	87	87	0

Working Gas Volume as of 06/09/00		
	BCF	% Full
EAST	706	38
WEST	326	64
Prod Area	398	42
U. S.	1430	43

Source: AGA



\*The data showing the EIA 5-year historical high inventory levels have been replaced with the EIA 5-year average inventory levels for 1995-1999.

During the first three days of last week, prices fluctuated moderately on both the spot and futures market, with movements between 5 and 11 cents per MMBtu from Monday to Wednesday. At midweek trading prices at the Henry Hub were \$4.17 per MMBtu for spot, while the near-month (July) contract settled on Wednesday at \$4.256. However, over the last two days of trading, both prices trended back up to levels comparable to those in early June to end the week at \$4.45 per MMBtu and \$4.488 for spot and futures, respectively. These price levels are more than \$2.00 per MMBtu higher than those prevailing at this time last year. The strong price increases during the past 2 months has begun to impact gas demand. For example, one large Midwestern ammonia and urea manufacturer, which uses natural gas as a key feedstock, curtailed operations temporarily. In addition, there have been anecdotal reports of fertilizer manufacturing companies in the US and Canada reducing production to sell some of their long-term natural gas supplies on the open market to take advantage of the current price levels. Additionally, industrial customers and power plants with fuel-switching capacity are reported to be turning from gas to oil. The cost of West Texas Intermediate crude oil moved up most days last week to end trading on Friday at \$32.35 or \$5.58 per MMBtu-its highest level since February.

**Storage:** For the second week in a row (ending Friday June 9), the American Gas Association (AGA) estimated that net additions to storage were 78 Bcf, bringing estimated net injections thus far in June to roughly 100 Bcf. Similar to a week earlier, it appears that the relatively strong net injection rate is attributable to the generally seasonal to cooler-than-normal temperatures in the eastern third of the country. Injections in the West were limited, however, because very hot weather there led some operators to utilize gas from storage to take advantage of the high demand and correspondingly high gas prices, which were driven by needs for electric power generation. Given an estimated 1,550 Bcf on hand on June 9, continued injections of more than 11 Bcf per day would result in working gas stocks at the end of the month of 1,784 Bcf, which is 7 percent less than EIA's 5-year (1995-99) average of 1,909 Bcf for the end of June, yet 17 percent above the 1996 low of 1,529 Bcf.

**Spot Prices:** Continued generally seasonal temperatures in most parts of the country, with the exception of the Southwest and much of California, appear to have had only minor impacts on spot market prices last week (see Temperature graph). Prices at most major upstream markets ranged at the end of the last week from a low of \$3.82 in the Rockies to a high of \$4.45 per MMBtu at the Henry Hub. In a repeat of the pattern that has dominated spot prices over the last 2 months, prices have generally followed the price movements for the NYMEX near-month contract, which continues to trade at near record high levels (see Price graph). With the National Weather Service (NWS) calling for warmer than normal temperatures to return to most of the country during the rest of June, it appears that an increase in air-conditioning demand will again become key factor in large urban areas in the Midwest and the East. Spot prices at some key downstream markets at the end of last week were Chicago at \$4.52 per MMBTU and Transco in New Jersey at \$4.78.

**Futures Prices:** Similar to the prior week, prices for the NYMEX contract for July delivery fluctuated daily but at a more moderate level as prices moved as much as \$0.21 between days last week. However, by the end of the week prices had gained over \$0.32 per MMBtu to \$4.488, compared to the prior week when they dropped almost \$0.25 cents for the week (\$4.16). The July contract, which closes June 28, continues to trade at levels that are far above last year's final settlement price of \$2.266. The very high prices for natural gas have led to increased use of oil fuel for power generation, which has contributed, along with high oil prices, to relatively low stock builds for refined petroleum products. EIA reports that as of June 9, residual and distillate fuel oil stocks were 11 percent and 20 percent lower than at the same time last year. Uncertainty about the future availability of alternate fuels is apparently contributing to the relatively high expected gas prices into next heating season.

**Summary:** Prices fluctuated moderately early last week, but in the latter part of the week, they surged in most spot markets and on the NYMEX, which moved up to almost \$4.50 per MMBtu for July. Seasonal temperatures in most parts of the country resulted in a stock refill rate of 78 Bcf during the first full week of June, matching the level of the prior week.