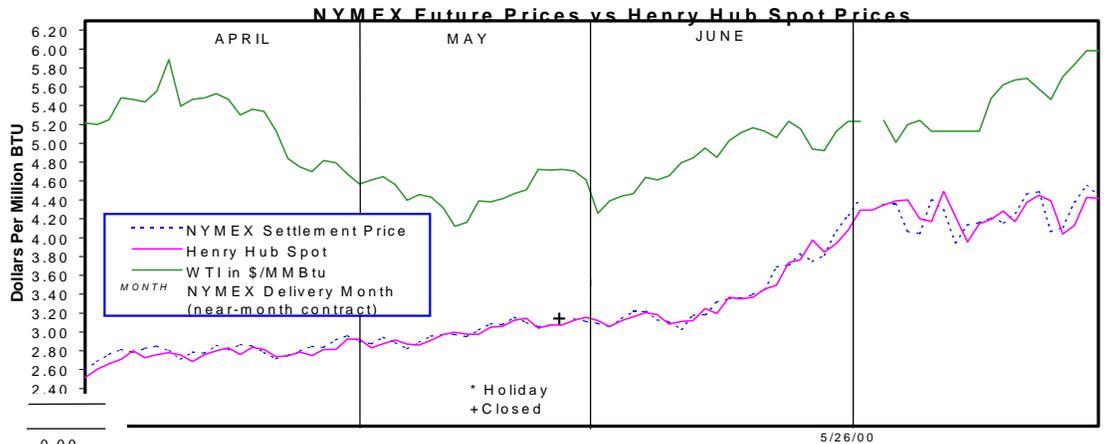
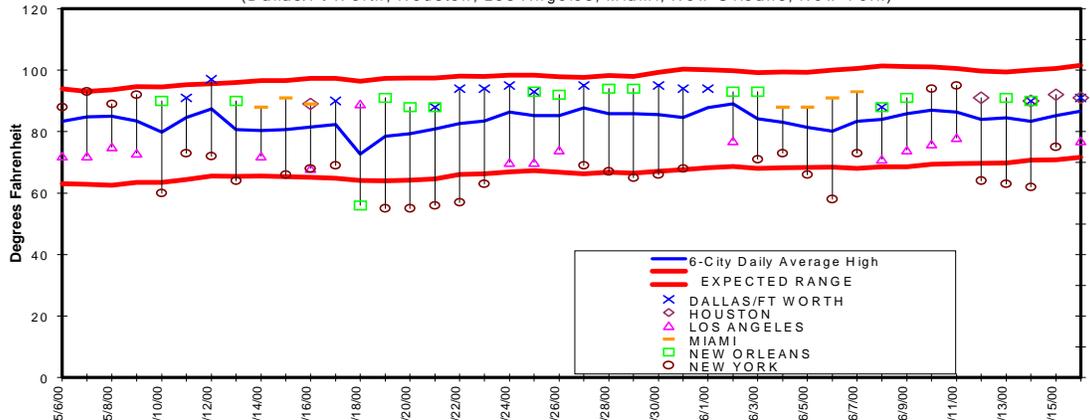


HENRY HUB PRICE		
	SPOT	FUTURES
	June	July
	Del	Del
	(\$ per MMBtu)	
06/19	4.31-4.47	4.063
06/20	3.97-4.11	4.107
06/21	4.11-4.15	4.378
06/22	4.40-4.45	4.551
06/23	4.38-4.45	4.448



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)

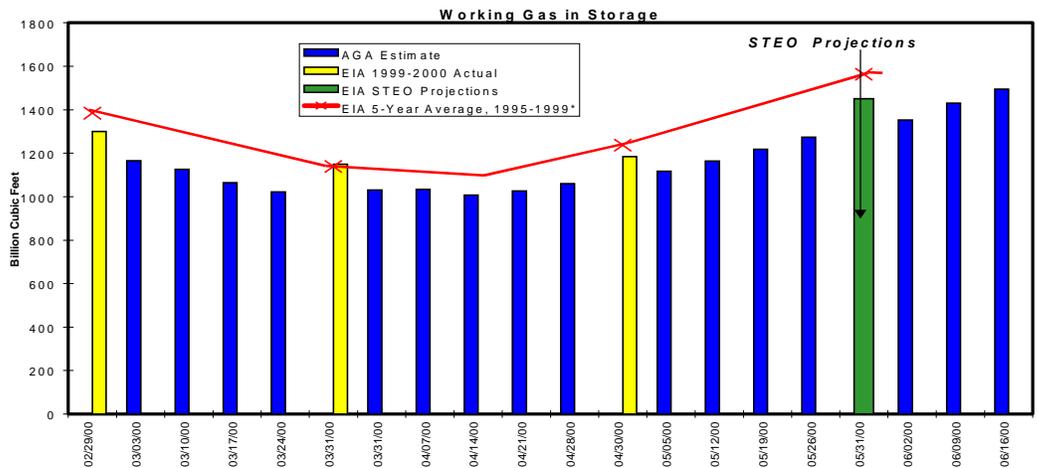


The bounds are computed by adding to and subtracting from the daily average high temperatures for the last 10 years an amount equal to twice an estimate of the standard deviation for high temperatures for each day.

Average High Temperature for Six Major Electricity Consuming Cities			
	Actual	Normal	Diff
06/17	88	86	2
06/18	84	86	-2
06/19	85	87	-2
06/20	87	87	0
06/21	87	87	0
06/22	89	86	3
06/23	90	87	3

Working Gas Volume as of 06/16/00		
	BCF	% Full
EAST	754	41
WEST	331	65
Prod Area	409	43
U. S.	1494	45

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.

Price volatility continued in the spot and futures markets most of last week, as the settlement price of the NYMEX futures contract for July delivery began the week with a record plunge, then reached a new all-time high on Thursday, all within the space of four days. Similarly, day-to-day spot price changes of as much as 35 cents were recorded at the Henry Hub, with trades made during the week for as low as \$3.90 per MMBtu and as high as \$4.52. On balance, these large price swings largely offset one another, as the July contract's Friday-to-Friday change was its smallest to date, losing \$0.040 per MMBtu from the previous Friday to settle Friday, June 23 at \$4.448, while spot gas at the Henry Hub lost 3 cents to \$4.42. Triple-digit high temperatures continued in much of southern California and in the desert Southwest, while most of the nation experienced seasonal temperatures during the week, with parts of the Northeast and Midwest enjoying cooler-than-normal temperatures early in the week. The June 21 meeting of OPEC oil ministers led to an announcement of an intended increase in oil production of approximately 700,000 barrels per day, with no apparent effect on the spot price of West Texas Intermediate crude oil, which ended trading Friday, June 23 at \$34.70 per barrel (\$5.98 per MMBtu), \$2.35 per barrel higher than the previous Friday.

Storage: According to the American Gas Association, net storage injections slowed during the second full week of June with an estimated 64 Bcf added in the week ended Friday, June 16. Net additions thus far in June have been 164 Bcf, bringing total working gas on hand on June 16 to an estimated 1,614 Bcf. Net injections in the Consuming West (5 Bcf) were again curtailed by the hot weather in California and the Southwest. The continuing high spot gas price is likely a key factor in the low rate of stock refill, especially since the price differential for gas for December delivery is only about 10 cents per MMBtu (e.g., Friday, 6/23: NYMEX December was \$4.521 vs. Henry Hub spot of \$4.42). The estimated daily injection rate of 10.3 Bcf during the first 16 days of the month is 12 percent below the average daily rate for June in the previous 5 years (1995-99). If net injections for the remainder of June continue at the present average rate and net injections during the remaining 4 months of the refill season conform to the 5-year average, storage levels would be 2.83 Tcf on November 1, slightly less than 2 percent below the 1997 level.

Spot Prices: Seasonal to cooler-than-normal temperatures in the Northeast and Midwest early in the week eased demand and pushed cash prices for these regions downward on Monday, with the fall accelerating on Tuesday under the influence of Monday's collapsing futures market. Conversely, continuing strong demand in the Southwest kept prices flat to slightly up in southern California and the San Juan and Permian basins on Monday, but the influence of high temperatures was swamped on Tuesday as prices nationwide dropped to the vicinity of the diminished July contract. Prices in all markets moved upward on Wednesday and Thursday, tracking the July contract's recovery on Tuesday and Wednesday, but fell on Friday as weekend demand softened and futures prices declined early in the day. For the week (Friday, 6/16 to Friday, 6/23), results were mixed, with gains or losses of just a few cents at most locations. Prices at selected markets on Friday include: Rockies: \$3.66-\$3.85 per MMBtu; San Juan Basin: just over \$3.90; Permian Basin and Midcontinent: low-\$4.20s; Transco Zone 6 (NY delivery): \$4.74; PG&E citygate: \$4.72.

Futures Prices: The July NYMEX contract experienced its largest single-day price drop, and the largest for any near-month contract thus far this year, falling \$0.425 on Monday to settle at \$4.063 per MMBtu. Yet by Thursday, it had recouped all of this and more, logging its second and fourth largest increases on consecutive days to settle at \$4.551, just over 2 cents less than the all-time high settlement price for a near-month contract. The July contract fell by just over 10 cents on Friday, settling at \$4.448 per MMBtu, down \$0.040 from Friday, June 16. This was the heaviest trading week yet for the July contract as over 246,000 contracts were traded, and Thursday's volume of over 61,000 contracts traded was the second highest daily total for July 2000 as the near-month contract. The July contract, which closes trading on Wednesday, June 28, opened for trading on Monday, June 26 at \$4.340 per MMBtu, down almost 11 cents from Friday's settlement price.

Summary: High prices and unusual volatility continue to persist on both spot and futures markets. This situation reflects concerns about the adequacy of supplies through the summer and into the next heating season, and continues to influence relatively low storage injections. The present price differential between current spot markets and future delivery seems too low to provide a clear economic incentive to inject gas into storage.