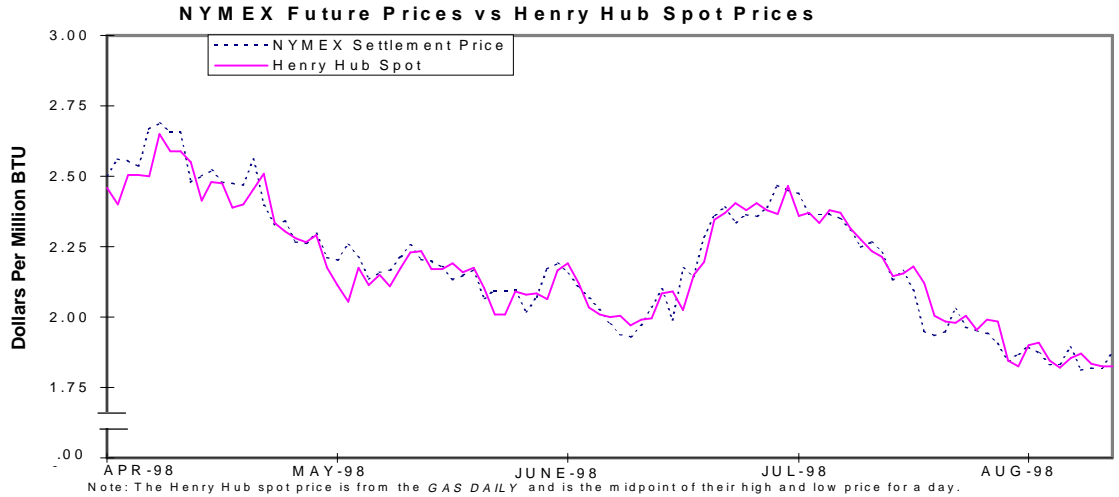
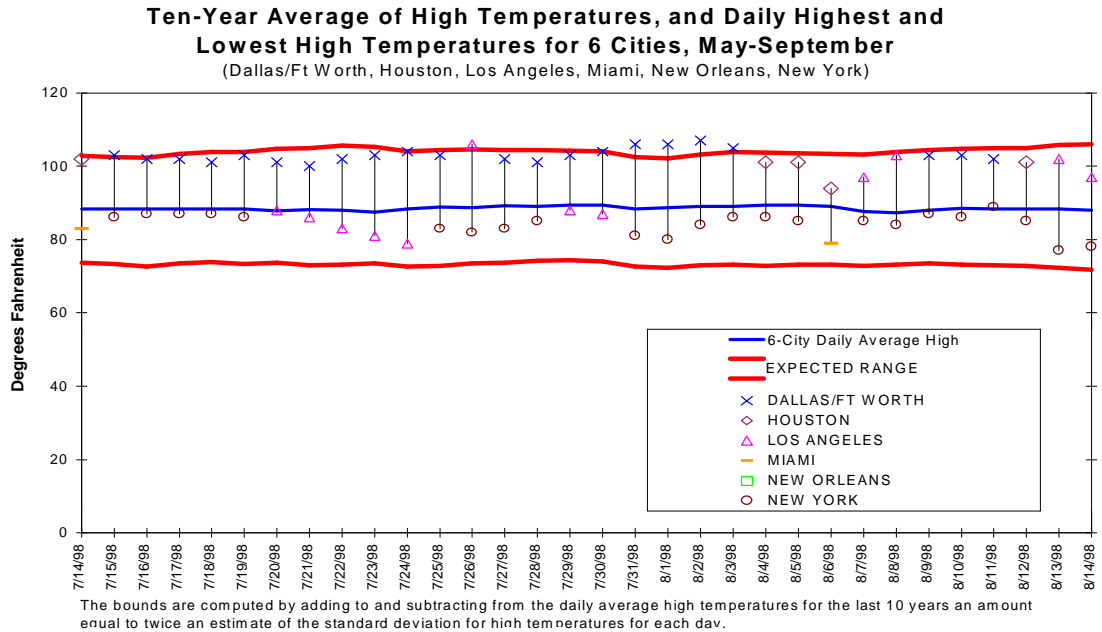


HENRY HUB PRICE		
	SPOT	FUTURES
	August	Sept
	Del	Del
	(\$ per MMBtu)	
8/10	1.83-1.88	1.895
8/11	1.84-1.90	1.812
8/12	1.82-1.85	1.819
8/13	1.80-1.85	1.817
8/14	1.81-1.84	1.877



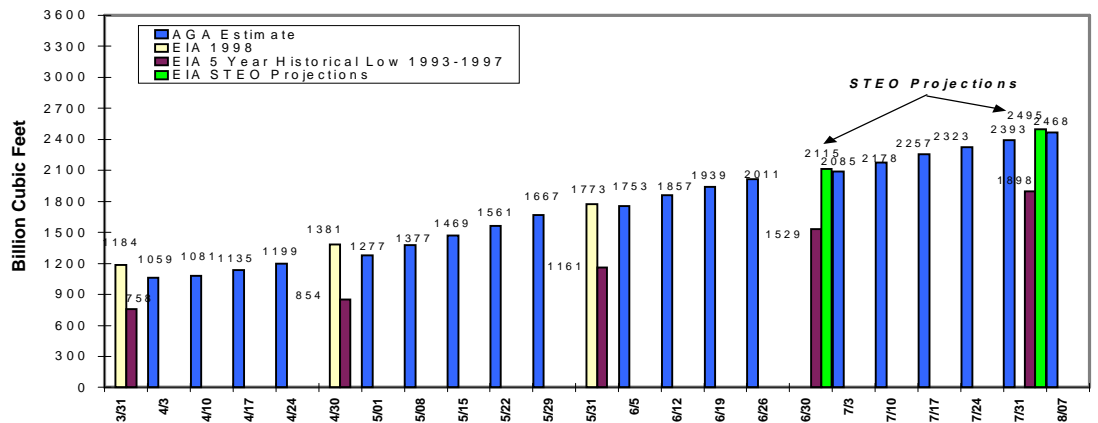
Average High Temperature for Six Major Electricity Consuming Cities			
	Actual	Normal	Diff
8/08	95	87	8
8/09	96	88	8
8/10	94	89	5
8/11	95	88	7
8/12	94	88	6
8/13	91	88	3
8/14	88	88	0



Working Gas Volume as of 8/07/98		
	BCF	% Full
EAST	1373	77
WEST	344	71
Prod Area	751	82
U. S.	2468	77

Source: AGA

Working Gas In Storage



The NYMEX futures contract for September delivery at the Henry Hub opened on Monday, August 17, at \$1.90 per MMBtu, \$0.023 more than Friday's settlement price. Triple-digit temperatures returned to Texas last week as most days had highs at or above 100 degrees. Texans did get some relief on Thursday and Friday as daytime highs in Dallas dropped to the low 90s and upper 80s. High temperatures also remained dominant in southern California last week as highs in Los Angeles ranged between 92 and 103 degrees. Forecasts are calling for temperatures in the 90s to continue in the Southwest and for southern California to see mostly highs in the 80s. The Midwest and the East, where daytime highs were in the 70s and 80s last week, will continue to experience moderate temperatures. On Thursday, a fire at the Chaco gas plant in New Mexico caused the disruption of about 600 MMcf a day of processing capacity on the El Paso system. Friday's prices in the Southwest and at the southern California border did not appear to be affected as they remained generally flat. Interstate natural gas pipeline service to Florida was severely affected on Friday when lightning set off a series of explosions at a major compressor station in north Florida. Gas deliveries to most of the state's electric utilities were disrupted, and state authorities made requests for electricity conservation to avoid brown-outs. The Florida Reliability Coordinating Council reported that partial repairs to the compressor station would be completed before Monday, August 17. Full gas service is expected by Thursday, August 20. The state's electric utilities have been able to purchase power from neighboring states to compensate for the loss of generating capacity. Spot prices at the Henry Hub traded in the mid \$1.80s per MMBtu last week, generally the same level as the previous week. Other major markets also remained at or near last week's posted prices. The futures contract for September did display some volatility early in the week, then stabilized before moving up about 6 cents to end the week at \$1.877 per MMBtu. Net injections to storage were again about 10 Bcf a day in the first week of August. The price of West Texas crude oil moved below \$13.00 per barrel at mid week, then trended up to end the week at \$13.40 —roughly equivalent to about \$2.35 per MMBtu.

Storage: The level of working gas in storage on Friday, August 7, is estimated by the American Gas Association to be 2,468 Bcf—475 Bcf more than last year at the same time. The amount of working gas in storage appears to be heading for the highest level at the beginning of the heating season in 4 years. EIA reported that working gas on hand as of October 31, 1994, was 3,075 Bcf. By comparison, the reported working gas in storage at the end of July of that year was 2,273 Bcf. Last year, EIA reported that 2,886 Bcf of working gas was available at the beginning of November.

Spot Prices: At the Henry Hub and most other major markets, the price of natural gas traded for \$1.75 to \$1.85 per MMBtu—down \$0.60 in the past month. The elevated level of working gas in storage in early August, ample supply, and moderate weather in most parts of the country continue to be the dominant factors affecting the price of gas. Prices at the large market hubs in Texas—Carthage, Katy, and Waha— remained stable last week at about \$1.80 per MMBtu, apparently unaffected by the return of high temperatures. The disruption along the El Paso system caused by the fire at the gas plant in Chaco, New Mexico, did not affect prices at the end of last week. Prices into southern California actually moved down a few cents and were trading for about \$2.20 per MMBtu on Friday. El Paso Natural Gas, the Chaco plant operator, has reported that it plans to have the processing facility back on line by the middle of this week.

Futures Prices: The NYMEX contract for September delivery at the Henry Hub began last week up more than 6 cents at \$1.895 per MMBtu on Monday, then dropped more than 8 cents on Tuesday and remained below \$1.82 before ending the week at \$1.877. This was the most price volatility in several weeks and may be an indication that, with the current level of storage and ample supply, both buyers and sellers are exploring for a price level for the approaching fall “shoulder months” of September and October. The October NYMEX contract is currently trading for less than \$1.92 per MMBtu. Last year at this time, the September and October contracts were at \$2.432 and \$2.464 per MMBtu, respectively.

Summary: High temperatures returned to Texas last week, and a fire at a major gas plant in New Mexico took the plant out of service. Neither situation appeared to affect spot prices, which generally remained flat. The futures contract for September showed some price volatility but continued to trade below \$1.90 per MMBtu. Storage remained well ahead of last year's level.