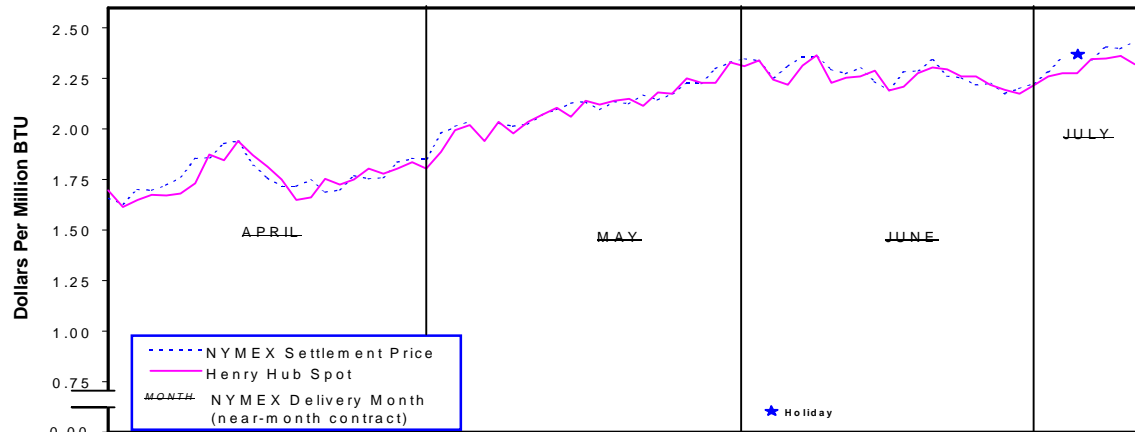


NYMEX Future Prices vs Henry Hub Spot Prices

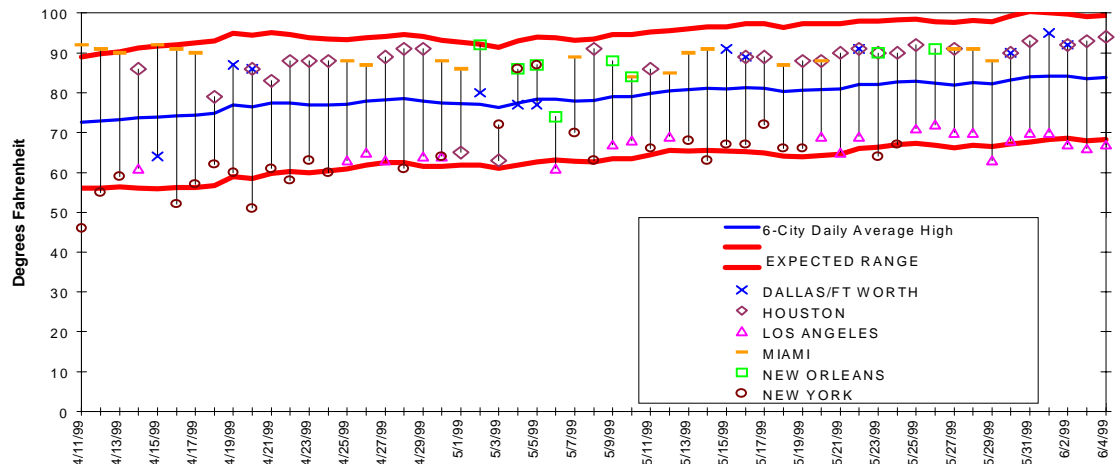
HENRY HUB PRICE		
SPOT	FUTURES	
May	June	
Del	Del	
(\$ per MMBtu)		
05/31	Holiday	Holiday
06/01	2.33-2.36	2.343
06/02	2.34-2.36	2.407
06/03	2.34-2.38	2.397
06/04	2.29-2.35	2.437



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 dates marked by vertical lines are the NYMEX near-month contract settlement dates.

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)



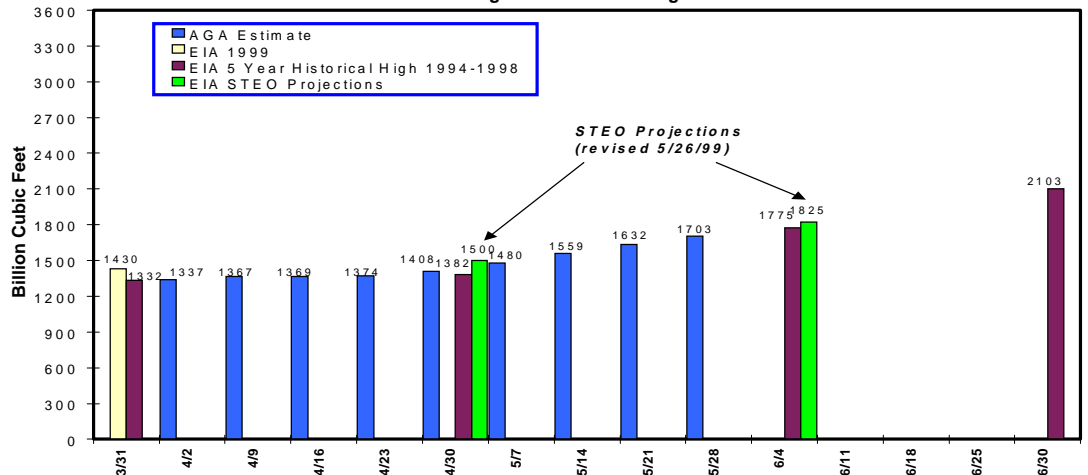
The bounds are computed by adding to and subtracting from the daily average high temperatures for the last 10 years an amount equal to twice an estimate of the standard deviation for high temperatures for each day.

Average High Temperature for Six Major Electricity Consuming Cities			
	Actual	Normal	Diff
05/29	81	82	-1
05/30	85	83	2
05/31	85	84	1
06/01	87	84	3
06/02	86	84	2
06/03	85	84	1
06/04	85	84	1

Working Gas In Storage

Working Gas Volume as of 05/28/99		
	BCF	% Full
EAST	814	45
WEST	274	56
Prod Area	615	65
U. S.	1,703	52

Source: AGA



The NYMEX futures contract for July delivery at the Henry Hub opened on Monday, June 7, at \$2.450 per MMBtu, \$0.013 more than Friday's settlement price. Temperatures were again generally seasonal throughout most of the country last week. The six cities monitored for this report (Dallas, Houston, Los Angeles, Miami, New Orleans, and New York) were collectively a bit warmer than normal, with average daily high temperatures in the mid-80s most days. This week, however, the National Weather Service (NWS) is calling for the first period of widespread warm weather, with daytime temperatures in major gas-consuming areas from Chicago to Washington, DC, and north to New York City expected to be well above 90 degrees through Thursday. Spot prices at the Henry Hub were stable most days last week ranging between \$2.30 and \$2.35 per MMBtu. The NYMEX futures contract for July delivery moved up almost \$0.10 per MMBtu to end the week at \$2.437. Net injections to storage during the fourth week of May were again estimated to average more than 10 Bcf per day. The price of West Texas Intermediate crude oil displayed a relatively high level of volatility last week as the price varied by more than \$1.25 per barrel between days early in the week before ending trading on Friday at \$17.35—roughly equivalent to \$3.15 per MMBtu.

Storage: According to American Gas Association (AGA) estimates, net additions to storage were 71 Bcf for the week ended Friday, May 28. This is the fourth consecutive week that the weekly refill rate was between 70 and 80 Bcf, bringing total estimated net injections thus far in May to 295 Bcf. AGA estimates that more than 1,700 Bcf of working gas was in inventory in late May—about 35 Bcf more than last year at the same time (1,703 vs. 1,667 Bcf). EIA estimates that the level of working gas at the end of May was 1,825 Bcf, its highest level in 5 years. This approximately 100 Bcf difference between the AGA and EIA estimates stems primarily from their different totals at the end of March. The EIA reporting system, which is survey driven, indicates that 1,430 Bcf was on hand at the end of March, while AGA's estimate for about the same time period was that 1,337 Bcf remained in storage (see storage graph).

Spot Prices: Spot market prices began the week up about 5 cents per MMBtu from the previous Friday and then remained at a similar level of close to \$2.35 during the holiday-shortened work week. The latest NWS forecast calling for high temperatures across a large area this week could alter what has been several weeks of generally stable market fundamentals consisting of ample supply, moderate seasonal weather, elevated stock levels, and lack-luster demand. The forecasted warm temperatures could result in an increase in electric utility gas consumption in order to meet growth in the air-conditioning load during this period.

Futures Prices: On Thursday, May 27, the NYMEX July futures contract began trading as the near-month contract at \$2.282 per MMBtu. Last Friday, the contract settled at \$2.437, an increase of almost \$0.15 per MMBtu. In light of the existing market fundamentals, this upward trend appears to be the result of the 35-percent drop in the natural gas rig count over the last 12 months and continued related concerns about domestic production levels.

Summary: Mild seasonal weather continued last week, but the NWS is forecasting the first period of warm temperatures over much of the eastern third of the country this week. Spot prices moved up from the previous week but remain about 10 cents per MMBtu below the NYMEX near-month (July) contract. For the fourth consecutive week, net injections to storage remain at about 10 Bcf per day and stock levels are estimated to be at a new 5-year high.