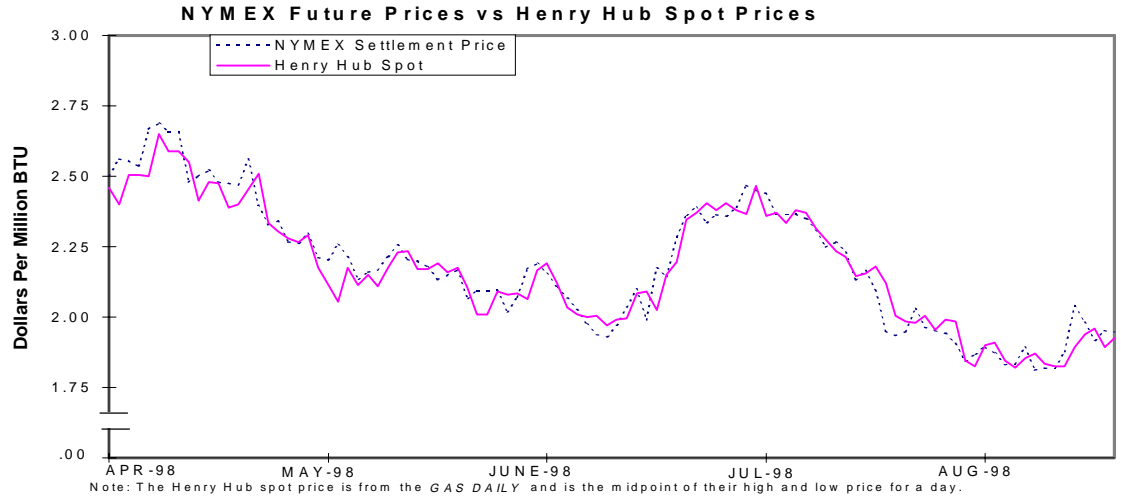
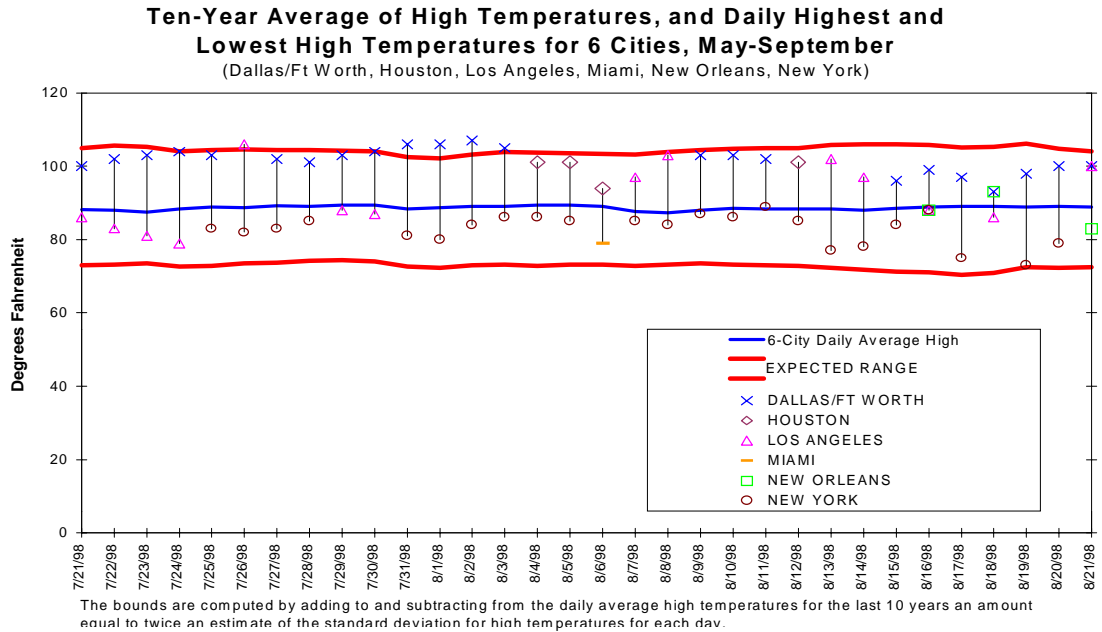


HENRY HUB PRICE		
	SPOT	FUTURES
	August	Sept
	Del	Del
	(\$ per MMBtu)	
8/17	1.87-1.92	2.041
8/18	1.92-1.96	1.983
8/19	1.94-1.98	1.917
8/20	1.88-1.91	1.953
8/21	1.90-1.95	1.947



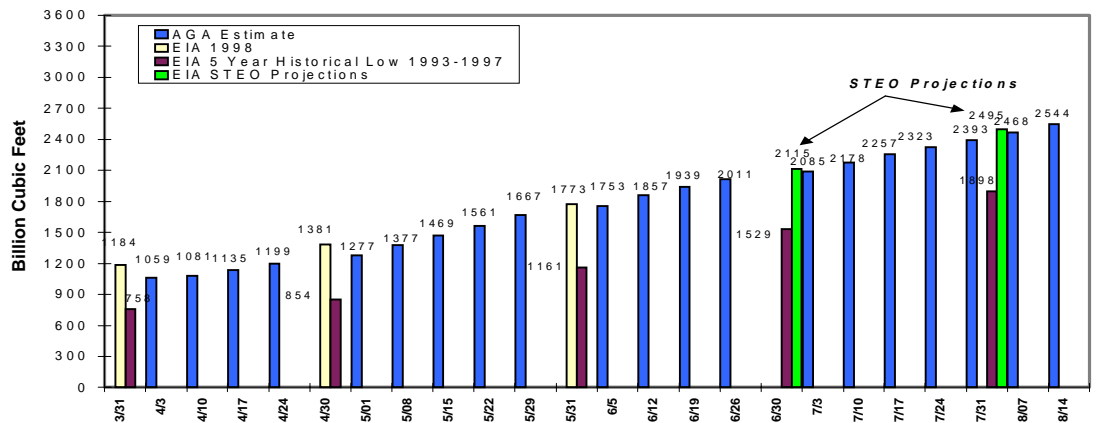
Average High Temperature for Six Major Electricity Consuming Cities			
	Actual	Normal	Diff
8/15	90	89	1
8/16	92	89	3
8/17	89	89	0
8/18	91	89	2
8/19	90	89	1
8/20	91	89	2
8/21	91	89	2



Working Gas Volume as of 8/14/98		
	BCF	% Full
EAST	1413	79
WEST	351	73
Prod Area	780	85
U. S.	2544	80

Source: AGA

Working Gas In Storage



The NYMEX futures contract for September delivery at the Henry Hub opened on Monday, August 24, at \$1.910 per MMBtu, \$0.037 less than Friday's settlement price. Most areas in the Southwest had more seasonal weather last week as temperatures stayed in the high 80s to mid 90s most days. The heat did return to the Dallas area at the end of the week with temperatures again at 100 degrees on Thursday and Friday. In the Midwest and the East, temperatures continued to be in a moderate range of high 70s to mid 80s. Florida Gas Transmission reports that all pipeline facilities affected by last week's disruption were fully operational on Thursday, August 20. In New Mexico, El Paso Natural Gas has completed repairs on its Chaco gas-processing plant, which returned to full operation last Friday. The plant was idled by a fire that occurred on August 13. Spot prices traded for about 5 to 10 cents higher at the Henry Hub most days last week but still remained below \$2.00 per MMBtu. The cash market appeared to be reacting to the market for the NYMEX September futures contract, which entered its final full week of trading and displayed a relatively high degree of volatility. The September contract price jumped to \$2.041 per MMBtu-up about 17 cents-to start the week then fell by 12 cents at midweek before ending the week at \$1.947. Additions to storage continued at a robust rate as more than 10 Bcf a day was added during the second week of August. The price of West Texas crude oil traded most days in a 20-to-40-cent range and ended the week at \$13.25 per barrel—roughly equivalent to \$2.30 per MMBtu.

Storage: According to the American Gas Association (AGA), net injections to storage were 76 Bcf for the week ended Friday, August 14. This is the third consecutive week that estimated additions have been between 70 and 80 Bcf. The level of working gas is now more than 480 Bcf greater than at the same time last year (2,544 vs. 2,063). The Producing region has the largest differential as almost 50 percent more gas is now in storage than at the same time last year (780 Bcf vs. 526). Net injections over the remaining 11 weeks of the refill season need only average about 41 Bcf a week to reach the typical 3,000 Bcf of working gas on hand by the beginning of the heating season (November 1). EIA data indicate that net additions to storage last year averaged almost 290 Bcf per month or more than 70 Bcf per week over the last 3 months of the refill season.

Spot Prices: The spot price at the Henry Hub and most other major markets moved up during the week. Along the Gulf coast and in Texas, prices were above \$1.90 per MMBtu most days. In fact, in part because of the transmission disruption into Florida, prices at the Henry Hub traded at or below those posted in East Texas. On Thursday, the price at Carthage and Katy was about \$1.94 per MMBtu compared with \$1.89 at the Henry Hub. Normally there is a premium of 4 to 6 cents per MMBtu at the Henry Hub and some other Gulf coast markets. Most markets in Texas and the Gulf coast moved up 2 to 3 cents per MMBtu on Friday in reaction to hurricane "Bonnie," the season's first real storm. Forecasters are currently calling for the storm to affect the U.S. Southeast coast between Georgia and the Carolinas. Prices in the West moved down at most markets as the ample supply of gas continued. Spot prices at the southern California border were below \$2.00 per MMBtu and in the Rockies spot gas traded in the mid \$1.60s. The price of Canadian gas moved down, as ample supply and low demand saw prices in Alberta move close to \$1.00US per MMBtu on Friday.

Futures Prices: The September NYMEX contract, which closes today, August 27, began last week up almost 17 cents per MMBtu ending the day at \$2.041—its highest level since it began trading as the near-month contract on July 30. This level was not sustained, however, as the price then proceeded to move down most days and ended the week at \$1.947 per MMBtu. With a total lack of any market fundamentals—such as increased demand, lack of supply, or serious transmission disruption—it appears that the September contract will close at or below the August contract level of \$1.941 per MMBtu.

Summary: Moderate temperatures continued in the Midwest and most of the East, and Texas again had temperatures in the double digits most days last week. The season's first hurricane does not appear to be a threat to production areas in the Gulf of Mexico, and the September NYMEX contract was moving down prior to closing later today (August 24).