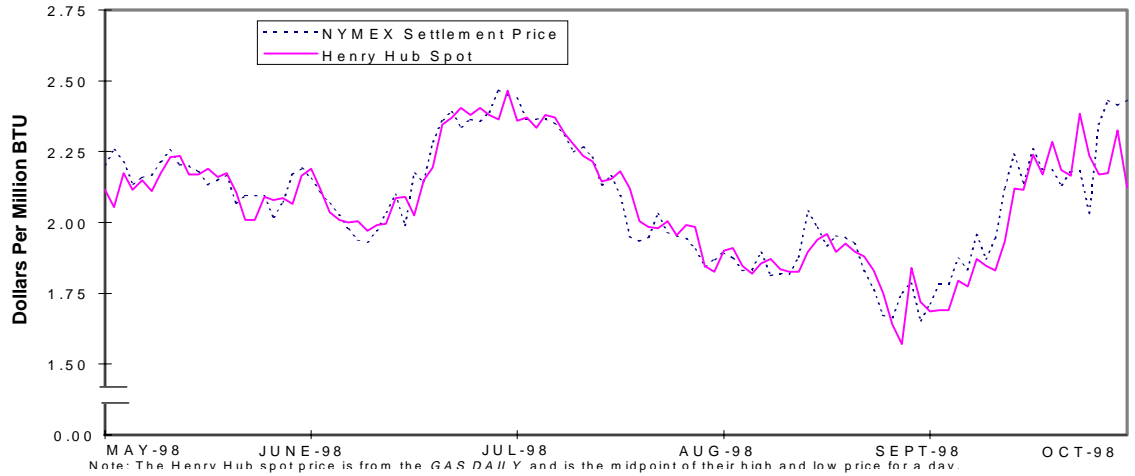
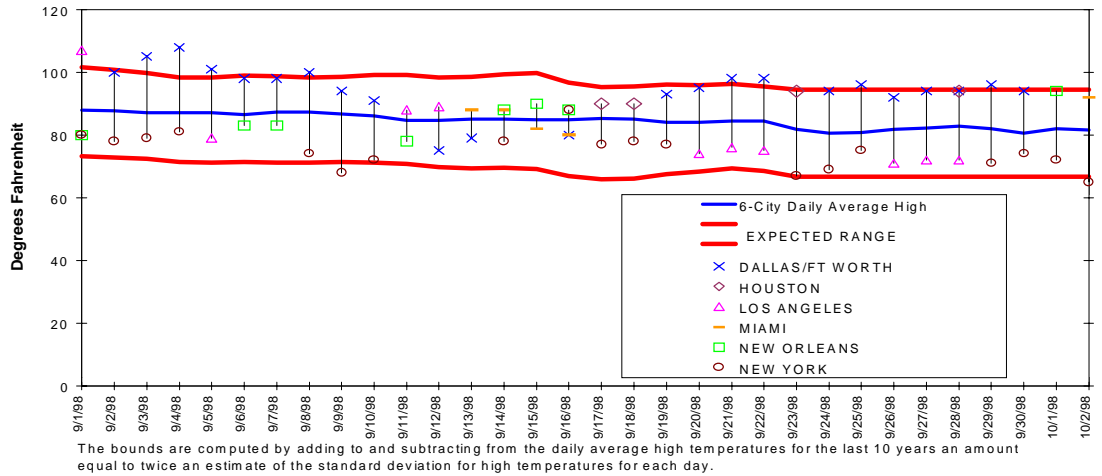


NYMEX Future Prices vs Henry Hub Spot Prices



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)



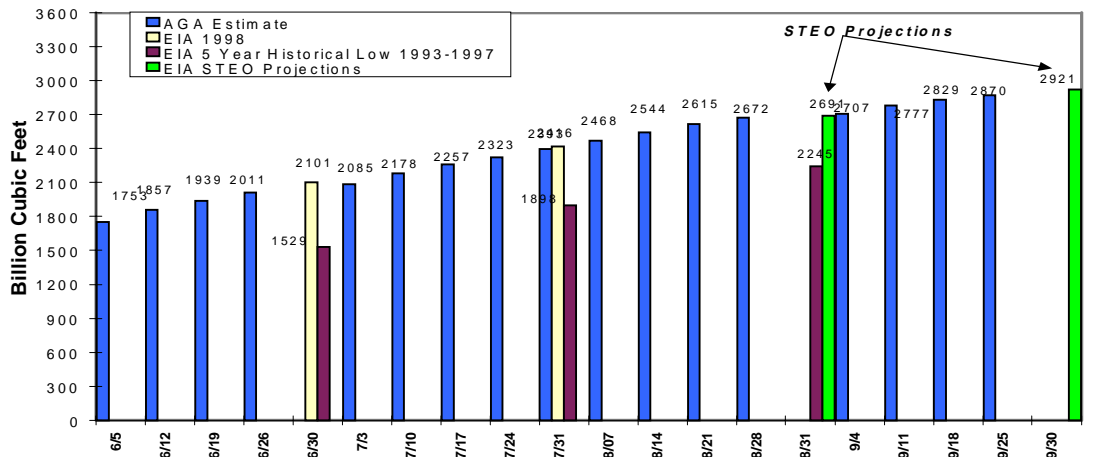
HENRY HUB PRICE
SPOT FUTURES
Sept/Oct Oct/Nov
Del Del
(\$ per MMBtu)

9/28	2.20-2.27	2.031
9/29	2.13-2.21	2.347
9/30	2.11-2.24	2.433
10/1	2.27-2.38	2.414
10/2	2.09-2.16	2.432

Average High Temperature for Six Major Electricity Consuming Cities

	Actual	Normal	Diff
9/26	85	82	3
9/27	87	82	5
9/28	85	83	2
9/29	85	82	3
9/30	86	81	5
10/1	87	82	5
10/2	81	82	-1

Working Gas In Storage



Working Gas Volume as of 9/25/98

	BCF	% Full
EAST	1639	92
WEST	394	82
Prod Area	837	91
U. S.	2870	90

Source: AGA

The NYMEX futures contract for November delivery at the Henry Hub opened on Monday, October 5, at \$2.400 per MMBtu, \$0.032 less than Friday's settlement price. On Monday, September 28, the October contract expired at \$2.031 per MMBtu—down 15 cents from the previous Monday but almost 40 cents higher than the final settlement for the September contract (\$1.672). The remnants of hurricane "Georges" brought heavy rains and flooding to many parts of the Gulf Coast between Alabama and New Orleans. The flooding caused operational outages at two major gas-processing plants in southeastern Louisiana that total an estimated 2.2 Bcf per day. This resulted in Texas Eastern's Venice pipeline system, which serves the area, limiting flows to only "dry" pipeline gas. Over the weekend, one of the plants returned to normal operations and flows through the Texas Eastern pipeline returned to more than 80 percent (550 MMcf per day) of capacity. The other processing plant is expected to be back on line by the end of this week. The weather in most areas of the country continued to be seasonal, with the exception of Texas where temperatures in Dallas and Houston were near the mid-90s most days last week. Spot prices displayed a good deal of volatility, as they began the week down then rose to about \$2.36 per MMBtu at the Henry Hub in reaction to reports of the damage done by "Georges." However, by the end of the week as supply operations improved, prices dropped more than 20 cents and were trading for less than \$2.10 at most market locations. The November futures contract trended up most days as buyers prepared to secure their heating season supply levels. Net injections to storage for the last full week of September were estimated to be about 6 Bcf per day. The price of West Texas Intermediate crude oil was trading for more than \$16.00 per barrel on Wednesday but ended the week again at \$15.65—roughly equivalent to \$2.72 per MMBtu.

Storage: According to the American Gas Association, estimated additions to storage for the week ended Friday, September 25, were 41 Bcf—more than 10 Bcf lower than during the previous week. Production disruptions leftover from a series Gulf of Mexico storms in September appear to be contributing to this drop-off in net injections. Still, the level of working gas in storage remains well ahead of last year at this time (2,870 Bcf vs. 2,556). By comparison, EIA's latest estimate indicates that storage stocks at the end of September were more than 2,920 Bcf, substantially ahead of the 2,672 Bcf in storage last year at the same time. If total net injections in October are similar to last year's 211 Bcf, it appears that, barring any unforeseen events, total working gas on hand at the end of October will exceed 3,100 Bcf.

Spot Prices: During the past week, the spot price at the Henry Hub displayed a high level of volatility as the price moved up and down more than 20 cents between days. Stormy weather in the Gulf of Mexico in September has played a major part in the price movements this past month. As prices trended up for most of September, this summer's generally ample supply situation, moderate demand, and elevated stock levels persistently dampened these price jumps. Last year with little or no threat from Gulf storms, prices rose steadily in August and September on supply and stock level concerns. In early October of last year, the spot price at Henry Hub was trading at \$2.90 per MMBtu compared with this year's \$2.12. As an indication of the strength of current supply levels, on Friday, October 2, the spot price at the Henry Hub was trading for about 30 cents per MMBtu less than the November futures contract (\$2.13 vs. \$2.432).

Futures Prices: The futures contract for October delivery at the Henry Hub expired on Monday, September 28, at \$2.031, down 15 cents from the previous Friday. Over 70,000 contracts were entered into on the last day of trading on the October contract. The November contract began trading as the near month at \$2.347 per MMBtu and trended up to end the week at \$2.432. Still, the continued ample supply and elevated stock levels compared with last year at this time appear to be applying downward price pressure on the NYMEX natural gas future contracts leading up to and into the early winter months. Last year, the October contract closed at a record level \$3.472 per MMBtu and the November and December contracts were trading for \$0.60 per MMBtu more than that at the time. The November contract also eventually settled at a record level of \$3.266 per MMBtu. The December contract price softened to close at \$2.577 per MMBtu as temperatures moderated in late November and stocks improved.

Summary: The October NYMEX contract closed at \$2.031 per MMBtu—\$1.40 less than last year. Flooding caused by hurricane "Georges" along the Gulf Coast disrupted more than 2 Bcf of supply last week resulting in a short-lived jump in spot prices. Overall supplies remain ample; net injections slowed but stocks continue to be well ahead of last year.