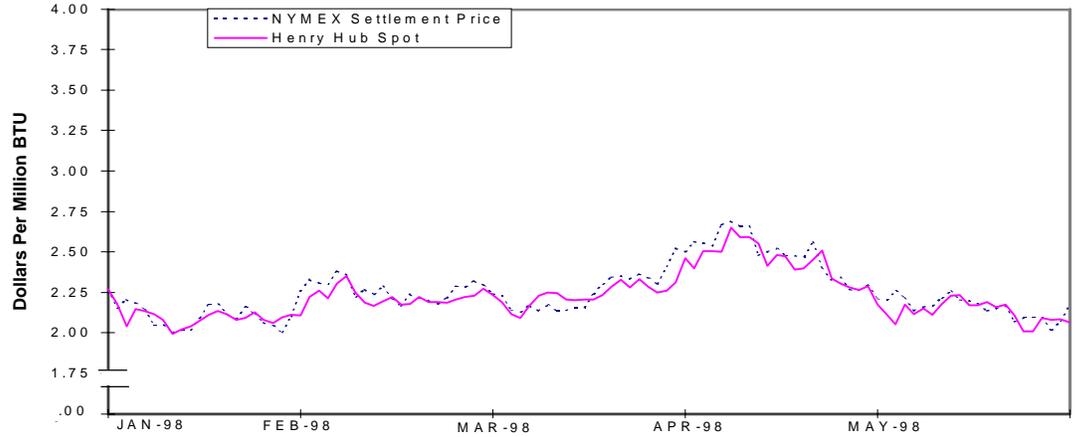


NYMEX Future Prices vs Henry Hub Spot Prices

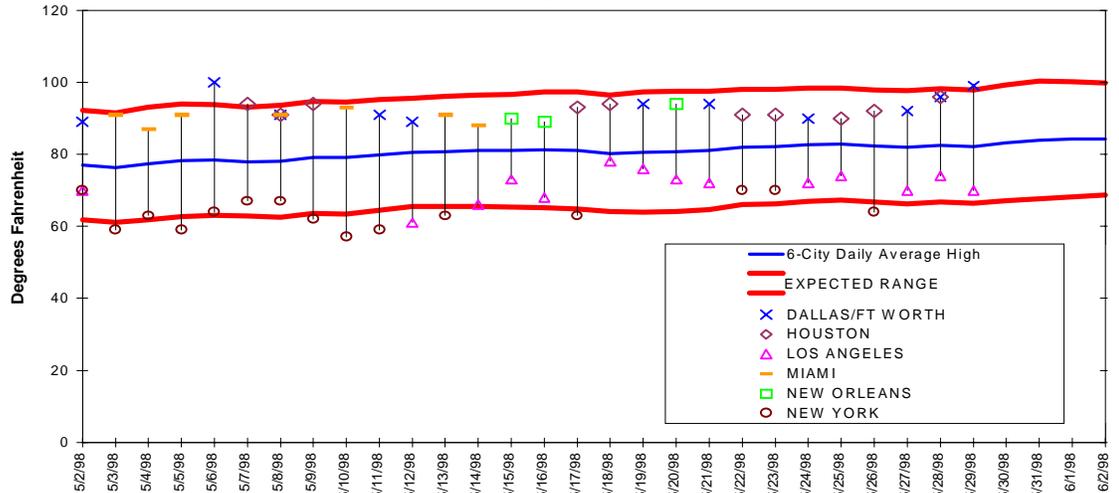


Note: The Henry Hub spot price is from the GAS DAILY and is the midpoint of their high and low price for a day.

HENRY HUB PRICE
SPOT FUTURES
May June/July
Del Del
(\$ per MMBtu)

5/25	Holiday	Holiday
5/26	2.06-2.12	2.095
5/27	2.06-2.10	2.017
5/28	2.06-2.11	2.071
5/29	2.02-2.11	2.170

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)

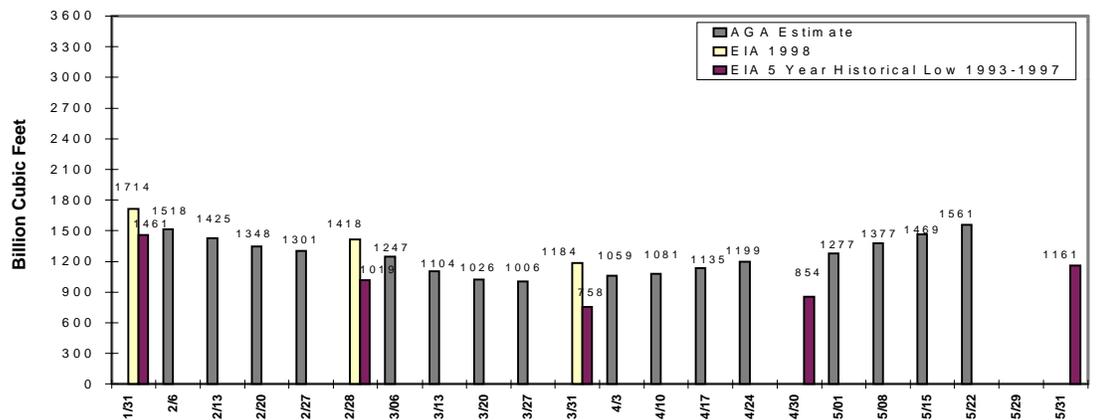


The bounds are computed by adding to and subtracting from the daily average high temperatures for the last 10 years an amount equal to twice an estimate of the standard deviation for high temperatures for each day.

Average High Temperature for Six Major Electricity Consuming Cities

	Actual	Normal	Diff
5/23	84	82	2
5/24	84	83	1
5/25	85	83	2
5/26	82	82	0
5/27	85	82	3
5/28	87	82	5
5/29	87	82	5

Working Gas In Storage



Working Gas Volume as of 5/22/98

	BCF	% Full
EAST	798	45
WEST	226	47
Prod Area	537	58
U. S.	1561	49

Source: AGA

The NYMEX futures price for July delivery at the Henry Hub opened on Monday, June 1, at \$2.145 per MMBtu, \$0.025 less than Friday's closing price. On Thursday, May 28, its first day of trading as the near-month contract, the July contract opened at \$2.06 and settled for the day at \$2.071. Temperatures across much of the nation continued to warm. A band of temperatures in the 90s persisted for most of the week across much of Texas, the Gulf coast, and Florida, with some 100 degree readings in southwestern Texas. In much of the Midwest and North Central States, temperatures in the 60s and 70s over the weekend began to give way to the 70s and 80s beginning on Monday. By the end of the week, most of the Northeast was experiencing temperatures in the 80s. The average of daily high temperatures for the six cities currently being monitored by this report was a few degrees above their 10-year average for most days. For the third week in a row, storage injections exceeded last year's rate (92 vs 76 Bcf) according to the American Gas Association's (AGA) estimate covering the week ending Friday, May 22. The spot price at the Henry Hub began the week by jumping up 6-8 cents from the previous Friday's level, then held through the week at just under \$2.10 per MMBtu. The June futures contract terminated on Wednesday, May 28, at \$2.017 per MMBtu, about 6 cents less than the Henry Hub spot price for that day. The price for West Texas Intermediate (WTI) crude oil oscillated between \$14.85 and \$15.00 per barrel most days before ending the week at \$15.25, roughly equal to \$2.63 per MMBtu.

Storage: The AGA has estimated net injections for the week ended Friday, May 22, to be 92 Bcf. This is the third consecutive week of storage additions of 90 Bcf plus and brings the total thus far in May to 284 Bcf. Based on EIA survey data indicating a working gas level of 1,184 Bcf at the end of March and AGA estimates of net additions of about 280 Bcf in April, the level of working gas on hand near the end of May should be about 1,750 Bcf. In order to meet a typical working gas level of between 2.8 and 3.0 Tcf by the start of the heating season on November 1, the refill rate between June and October will need to average about 250 Bcf a month. Last year's average monthly refill rate during that 5-month period was more than 300 Bcf. In Canada, storage refill is perhaps even more robust than in the United States. As of Friday, May 22, according to the Canadian Gas Association (CGA), total inventories stand at 244 Bcf, well over twice the amount in storage at this time last year (106 Bcf). CGA estimates that Canadian storage facilities are almost 46 percent full now, compared with just over 21 percent at this time last year.

Spot Prices: Prices that had sagged on Friday, May 22, going into the 3-day Memorial Day holiday weekend, rebounded across the board on Tuesday, May 26. Increases of up to 10 cents or more were recorded at virtually every location quoted by *Gas Daily*, although the increases were generally not enough, except in a few locations, to recover to the levels of Thursday, May 21. Prices at many locations in south and east Texas and onshore Louisiana that had dipped below \$2.00 per MMBtu rose back above \$2.00 and held there for the week. At the Henry Hub, spot prices gained nearly a dime, from \$2.01 per MMBtu on Friday to \$2.105 on Tuesday. Prices then tended to soften a bit through the week, most noticeably in Rocky Mountain markets. At the Henry Hub, spot prices settled into a range of \$2.06-\$2.12 for the rest of the week. In most Rocky Mountain locations, by the end of the week prices had fallen back to or below the levels of the previous Friday, at a few cents either side of \$1.60 per MMBtu.

Futures Prices: The June futures contract at the Henry Hub continued to move down during the last two days of trading, actually dropping below \$2.00 on both days before recovering to end each day above that level. The contract expired on Wednesday, May 27, at \$2.017 per MMBtu—almost \$0.35 less than last year's June contract. The volume of contracts changing hands on the last day of trading was at a moderate level of 55,000. The July and August contracts also moved down early in the week and ended trading on Friday at \$2.170 and \$2.205 per MMBtu—about 7 cents less than last year at the same time.

Summary: As summer weather approaches, spot and futures prices at the Henry Hub continue to hold in the low-\$2.00 per MMBtu range. Industry participants are apparently taking advantage of the relatively low prices to replenish storage volumes.