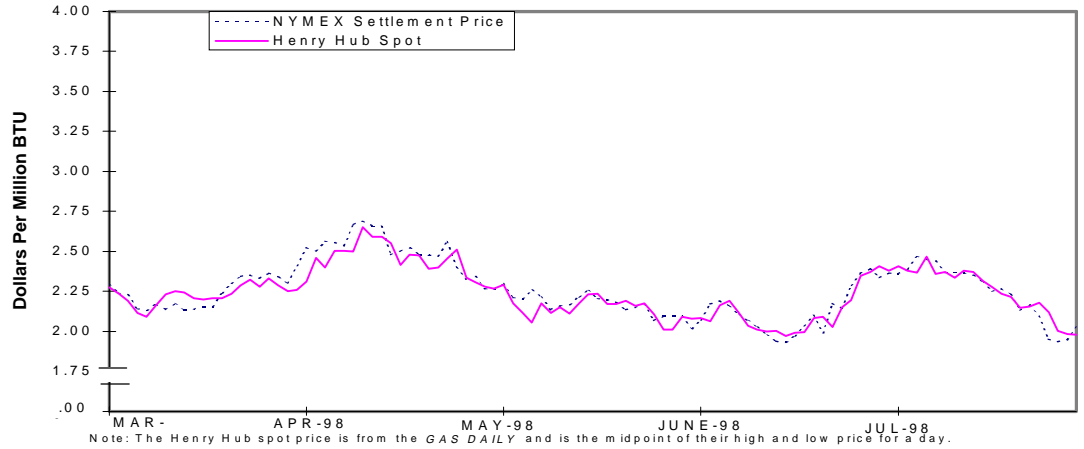


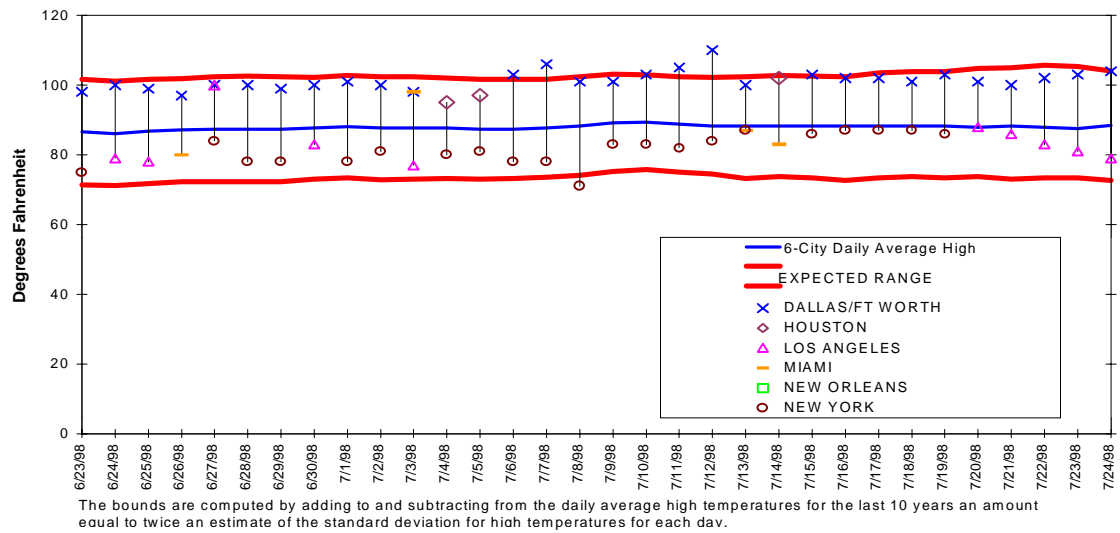
NYMEX Future Prices vs Henry Hub Spot Prices



HENRY HUB PRICE
SPOT FUTURES
July August
Del Del
(\$ per MMBtu)

	SPOT	FUTURES
	July	August
	Del	Del
	(\$ per MMBtu)	
7/20	2.16-2.20	2.095
7/21	2.05-2.09	1.951
7/22	1.99-2.02	1.934
7/23	1.97-2.00	1.948
7/10	1.94-1.99	2.031

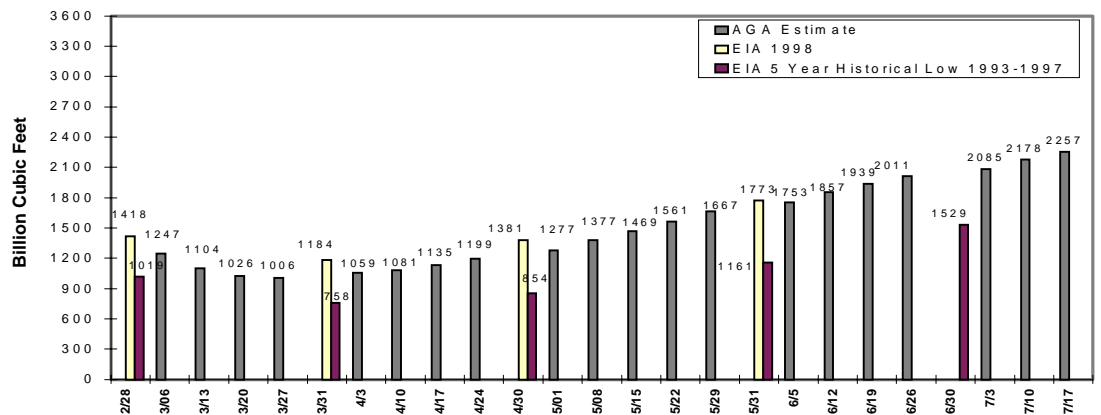
Ten-Year Average of High Temperatures, and Daily Highest and Lowest High Temperatures for 6 Cities, May-September
(Dallas/Ft Worth, Houston, Los Angeles, Miami, New Orleans, New York)



Average High Temperature for Six Major Electricity Consuming Cities

	Actual	Normal	Diff
7/18	89	89	0
7/19	91	89	2
7/20	94	89	5
7/21	93	89	4
7/22	94	89	5
7/23	94	89	5
7/24	90	90	0

Working Gas In Storage



Working Gas Volume as of 7/17/98

	BCF	% Full
EAST	1233	69
WEST	324	67
Prod Area	700	76
U. S.	2257	71

Source: AGA

The NYMEX futures contract for August delivery at the Henry Hub opened on Monday, July 27, at \$2.040 per MMBtu, virtually the same as Friday's settlement price. The persistent heat wave in the Southwest continued as temperatures in Dallas have been 100 degrees or higher for over 20 straight days. High temperatures in the West also prevailed with daytime highs of 100 degrees in Denver, Los Angeles, and Salt Lake City early in the week. The warm weather also spread to the Midwest and the Northeast where temperatures in Chicago, Detroit, New York City, and Philadelphia were in the 90s for several days last week. Despite all this hot weather and high demand for air-conditioning, there was little movement in prices. At most major markets, even those in Texas, the decline in spot prices that began in early July continued. The spot price for gas at the Henry Hub was trading for about \$2.00 per MMBtu on Friday—down more than \$0.30 since July 7th. The NYMEX futures contract for August settled below \$2.00 per MMBtu most days last week. Net additions to storage continued at a steady rate of refill as more than 11 Bcf per day was added in the third week of July. The price of West Texas Intermediate crude oil displayed several days of price variability as it ended the week at \$13.80 per barrel—roughly equal to \$2.42 per MMBtu.

Storage: According to the American Gas Association (AGA), estimated net injections totaled 79 Bcf for the week ended July 17. This is 14 Bcf less than the previous week's estimate but still at a refill rate that continues the elevated level of gas stocks at this time of the year. The industry's working gas storage capacity was estimated to be more than 70 percent full in mid-July. Last year at this time only 56 percent of available storage capacity was full. Working gas levels at Producing region facilities in the Southwest are estimated to be 700 Bcf or more than 70 percent full—almost 200 Bcf more than last year. Overall, the level of working gas in storage is almost 460 Bcf greater than at this same time in 1997 (2,257 Bcf vs. 1,800).

Spot Prices: The spot price at the Henry Hub moved down each day last week and was trading for about \$2.00 per MMBtu at the end of the week—down more than \$0.15 from the previous week. Prices continue to trend down at all major markets in Texas, where the demand for gas at electric utilities has been the strongest. At Carthage, Katy, and Waha, three of the largest markets in the state, prices were trading near \$1.95 per MMBtu on Friday. Weather forecasts are calling for moderate temperatures to remain dominant in the Midwest and the Northeast this week, but no relief is in sight for Texas. Amoco does not expect to have its Jayhawk gas-processing plant in Kansas back in service until mid-August. To date, this situation has not caused any market disruption in the Midcontinent, where prices also moved down last week and were trading for about \$1.90 per MMBtu at most market locations.

Futures Prices: The NYMEX August contract at the Henry Hub continued to drop last week as it settled near \$1.95 per MMBtu at mid-week before moving up on Friday to end the week at \$2.031. The high level of gas in storage at this time of the year, along with the generally moderate weather in most parts of the country, continues to apply downward price pressure. The August contract will expire on Wednesday, July 29.

Summary: Prices at most major markets continue to move down and were trading near or below \$2.00 per MMBtu most days last week. The August futures contract will expire on Wednesday and may close below last year's price of \$2.161 per MMBtu. Storage volumes remain well ahead of last year's level.