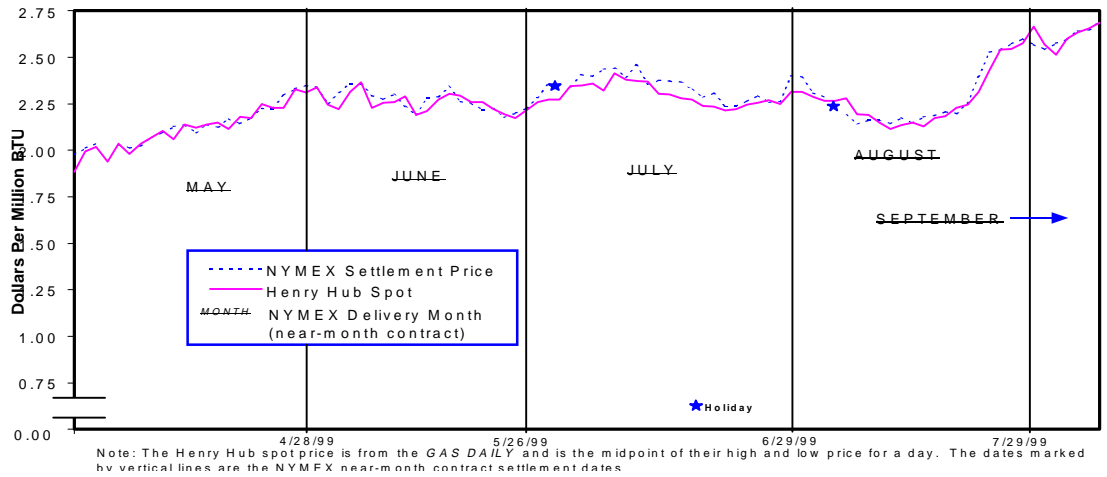


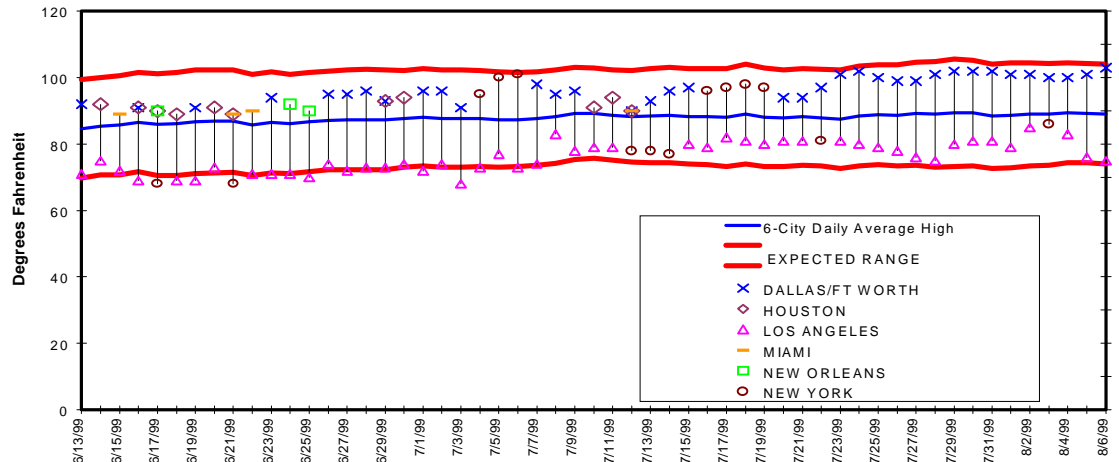
HENRY HUB PRICE
SPOT FUTURES
August September
Del Del
(\$ per MMBtu)

08/02	2.50-2.53	2.575
08/03	2.58-2.62	2.598
08/04	2.62-2.65	2.642
08/05	2.63-2.68	2.647
08/06	2.67-2.70	2.698

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)

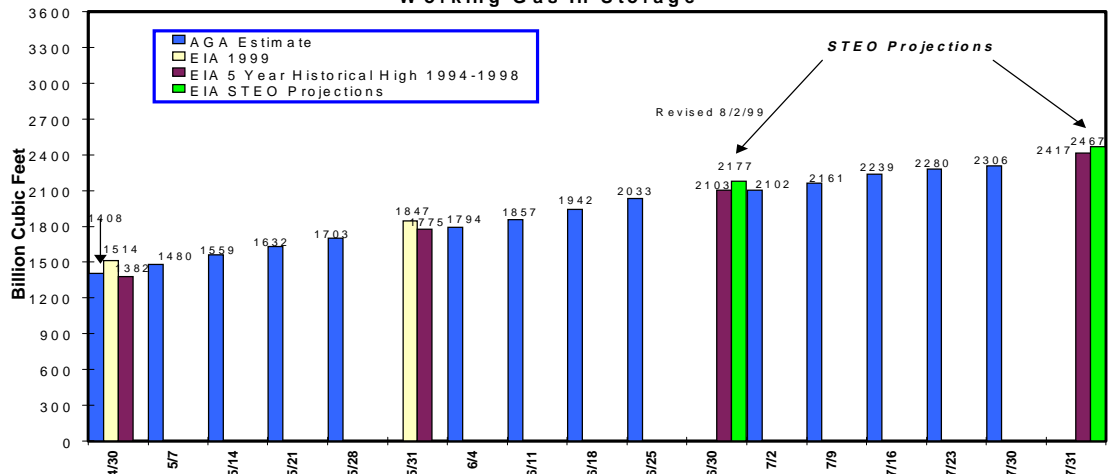


The bounds are computed by adding to and subtracting from the daily average high temperatures for the last 10 years an amount equal to twice an estimate of the standard deviation for high temperatures for each day.

Average High Temperature for Six Major Electricity Consuming Cities

	Actual	Normal	Diff
07/31	92	88	4
08/01	95	89	6
08/02	94	89	5
08/03	94	89	5
08/04	92	89	3
08/05	92	89	3
08/06	92	89	3

Working Gas In Storage



Working Gas Volume as of 07/30/99

	BCF	% Full
EAST	1209	67
WEST	372	76
Prod Area	725	76
U. S.	2306	71

Source: AGA

The NYMEX futures contract for September delivery at the Henry Hub opened on Monday, August 9 at \$2.670 Bcf, \$0.028 less than Friday's close. While drought conditions intensified throughout much of the Northeast last week, temperatures in this region and in many parts of the Midwest moderated somewhat from the intense heat of the week before. However, the Southwest continued to bake: highs in Dallas have been in 3 digits for 10 days in a row; Houston is not far behind. Monday's spot prices seemed to be responding to reported slackening of demand for air conditioning load in the Northeast and Midwest, as prices moved down 2-7 cents at most market locations from Friday's trading ranges. However, on Tuesday, spot prices moved higher and continued to increase throughout the week. The American Gas Association (AGA) reported estimated net additions to storage of only 26 Bcf, which included estimated net withdrawals of 11 Bcf in the Producing Region. This development probably reflects the sustained additional electricity generation loads for air conditioning in the Southwest, and perhaps some "profit taking" as spot prices reached levels not seen since early April 1998. Rising gas prices were not constrained by oil prices. West Texas Intermediate crude oil traded for the 11th consecutive day over \$20 per barrel, selling Friday, August 6 for about \$20.90--roughly equivalent to \$3.60 per MMBtu.

Storage: Two consecutive weeks of hot weather in the major gas consuming areas in the Midwest and the East has resulted in reduced storage refill rates. AGA estimated net storage injections for the week ended Friday, July 30, were 26 Bcf. This is a drop of 15 Bcf from the previous week's 41 Bcf and much less than the level for the same week last year when 70 Bcf were added. The latest AGA estimate brings total net additions in July to about 225 Bcf, and overall storage inventory to an estimated 2,306 Bcf, 87 Bcf less than last year's AGA estimate of 2,393 Bcf. Still, with the exception of last year, the current storage levels are above any other year for this point in the refill season over the 6 years of AGA's weekly survey. EIA estimates peg end-of-July inventories at over 2,400 Bcf, and perhaps even higher than last year's 5-year high of 2,417 Bcf. With 3 months remaining in the refill season, between 600 and 700 Bcf of net additions are needed to reach a level of 3,000 Bcf by the start of the heating season on November 1. Last year almost 770 Bcf were added during the August, September, and October time period.

Spot Prices: Spot prices generally dipped on Monday, apparently reacting to lower demand as temperatures moderated somewhat in the Northeast and Midwest. The Henry Hub price dropped 5 cents from Friday to \$2.52 per MMBtu. However, on Tuesday, spot prices made this up and more, moving up 5-10 cents at most market locations; gas at the Henry Hub rose about 8 cents to around \$2.60 per MMBtu. From this point on, spot markets seemed to have tuned into the futures screen, following the NYMEX September futures contract price upward each day for the rest of the week. By Friday, the trading range for Henry Hub spot gas was \$2.67-2.70 per MMBtu. In California and other Western markets, rising temperatures, coupled with planned and unplanned maintenance on at least two pipeline systems that affected supply from the San Juan and Permian Basins, buoyed prices. Prices for Canadian gas also moved up beginning Tuesday, most notably at the AECO-C hub in Alberta, where prices climbed to C\$3.20 per MMBtu by Friday. This surge is said to be related to reduced receipts of gas into NOVA's system over last year, due to reduced drilling in response to last year's low oil prices.

Futures: The September contract has been moving steadily up since Friday, July 30, increasing 5 days in a row to end the week at \$2.698 per MMBtu. It has gained \$0.155 per MMBtu since Friday, July 30. The last time the near-month contract traded at \$2.70 or above was nearly two years ago, in the fall of 1997. Some industry analysts note signs that supply/demand fundamentals could be shifting as air-conditioning-driven demand continues to be strong, summer is only half over, and the storage refill rate has dropped significantly over the last two weeks.

Summary: Prices continued to move up even though last week's moderating temperatures in the Midwest and the East reduced air-conditioning use and electric utility demand for natural gas. The storage refill rate during the last two weeks of July slowed to less than half of that seen last year but stocks still ended July at an estimated level of over 2,400 Bcf.