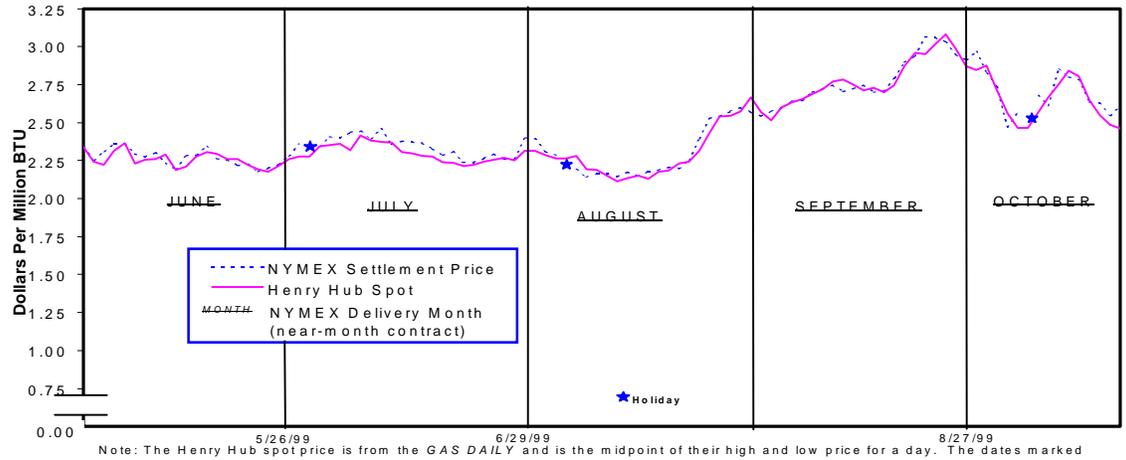


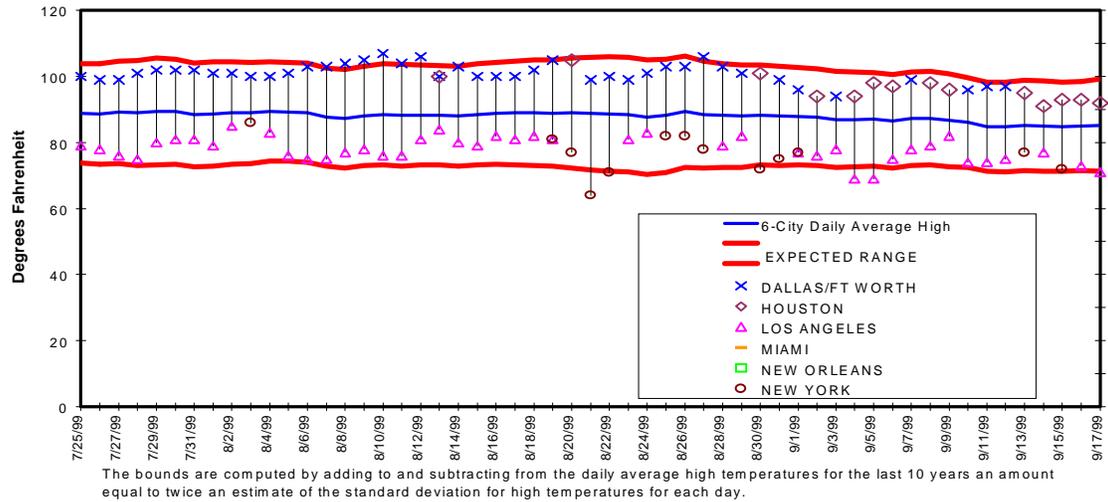
NYMEX Future Prices vs Henry Hub Spot Prices

HENRY HUB PRICE		
SPOT	FUTURES	
September	October	
Del	Del	
(\$ per MMBtu)		
09/13	2.75-2.86	2.781
09/14	2.61-2.68	2.636
09/15	2.50-2.60	2.628
09/16	2.46-2.51	2.546
09/17	2.44-2.48	2.608



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)

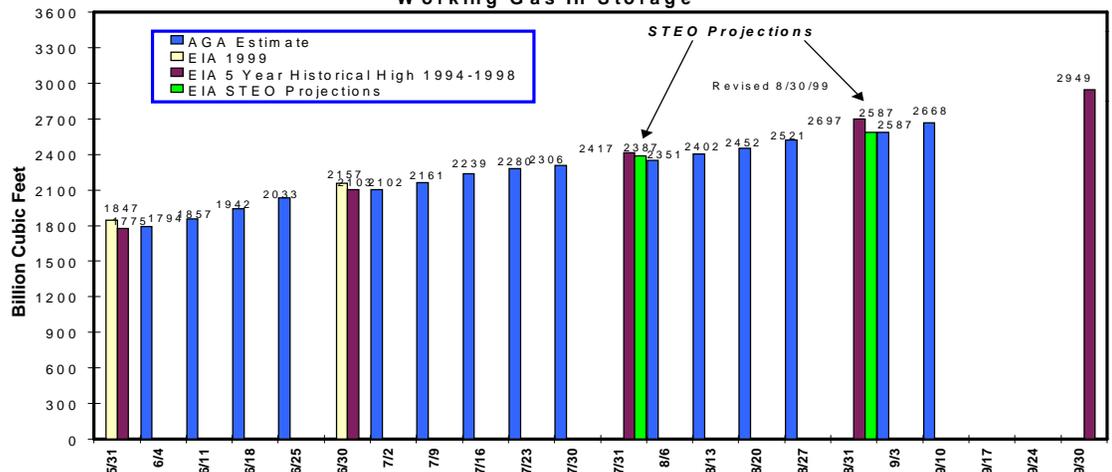
Average High Temperature for Six Major Electricity Consuming Cities			
	Actual	Normal	Diff
09/11	87	85	2
09/12	87	85	2
09/13	86	85	1
09/14	85	85	0
09/15	85	85	0
09/16	85	85	0
09/17	83	85	-2



Working Gas Volume as of 09/10/99		
	BCF	% Full
EAST	1482	82
WEST	404	82
Prod Area	782	82
U. S.	2668	82

Source: AGA

Working Gas In Storage



The NYMEX futures contract for October delivery at the Henry Hub opened on Monday, September 20, at \$2.595 per MMBtu, down \$0.013 from Friday's settlement price. Temperatures remained moderate in most parts of the country during the last full week of summer. Hurricane Floyd weakened as it traveled up the East Coast, bringing heavy rains and tropical winds from South Carolina to New England. The National Weather Service is forecasting a continuation of normal weather for the first part of the fall season. The spot price at the Henry Hub began last week off about 5 cents per MMBtu and continued to trend down. It ended the week trading for about \$2.46 per MMBtu on Friday—down \$0.38 from the previous week. The October futures contract also moved down most days and concluded trading on Friday at \$2.608 per MMBtu, off almost \$0.20 for the week. Net injections to storage again were well above weekly levels seen in July and August with an average of more than 11.5 Bcf per day added during the second week of September. The price of West Texas Intermediate crude oil continues to increase as it traded above \$24.00 per barrel most days last week. It has now doubled in price since April as it ended the week at \$24.75 per barrel—roughly equivalent to \$4.27 per MMBtu.

Storage: For the week ending Friday, September 10, the American Gas Association (AGA) estimated that net injections to storage were 81 Bcf. This is the highest weekly total since June and raises estimated stock levels to 2,668 Bcf. All three storage regions again added to their working gas levels, which raised their regional and the overall capacity to 82 percent full (see storage graph). The continuing moderate temperatures and the lack of any supply disruptions from tropical storms in the Gulf of Mexico have brought about a softness in prices that appears to be contributing to the recent increases in the refill rate. If this trend continues, the industry will be well positioned to increase the working gas level to 3,000 Bcf by the end of October. This would require adding between 45 and 50 Bcf per week for the next 7 weeks. EIA data indicate that last year weekly injections in September and October averaged 60 Bcf, which was the lowest rate in 5 years (1994-98). In 1996, the weekly average exceeded 70 Bcf during the same period. Meanwhile, the Canadian Gas Association estimates almost 454 Bcf of working gas was on hand as of September 10—14 Bcf more than last year at the same time.

Spot Prices: Spot market prices moved down each day and ended the week at about \$2.46 per MMBtu—their lowest level since July. The combination of a lack of weather-related demand, ample supply, and declining futures market prices led to a week of lower prices at the Henry Hub and most other market locations. From Friday, September 10 to Friday, September 17, the steepest decline (from about \$2.95 to \$2.45 per MMBtu) was recorded in the West where a large California intrastate was operating under a high inventory operational order (i.e., the pipeline was near full capacity). In the Midcontinent and the Southwest, the price changes for the same period were: Oklahoma, \$2.70 per MMBtu to \$2.37; Katy in East Texas, \$2.81 to \$2.39; and at Waha in West Texas, \$2.76 to \$2.33. The lowest spot market price was reported to be in the Rockies where the price on Friday, September 17, was \$2.09, while at the Canadian border prices in the West were trading for about \$2.15US.

Futures Prices: The continued softness in the price of the October contract, which is now trading for \$0.36 per MMBtu less than when it became the near-month contract, is also an indication that the market is lacking in any price supporting fundamentals. All NYMEX Henry Hub contracts through March of next year are now trading at or below \$3.00 per MMBtu. These contracts ended trading on Friday, September 17 at the following prices: November at \$2.81 per MMBtu, December - \$2.97, January - \$3.00, February - \$2.81, and March - \$2.67. In late August, these futures contracts ranged from a high of \$3.19 per MMBtu for January to a low of \$2.79 for March.

Summary: Prices declined at most markets last week as moderate late summer temperatures continued and ample supplies remained available in major gas-consuming areas. The near-month (October) NYMEX contract also trended down most days and began its last full week of trading \$0.36 per MMBtu below its initial price level in late August. Weekly net injections to storage were at a robust rate as more than 80 Bcf was added to stocks in the second week of September.