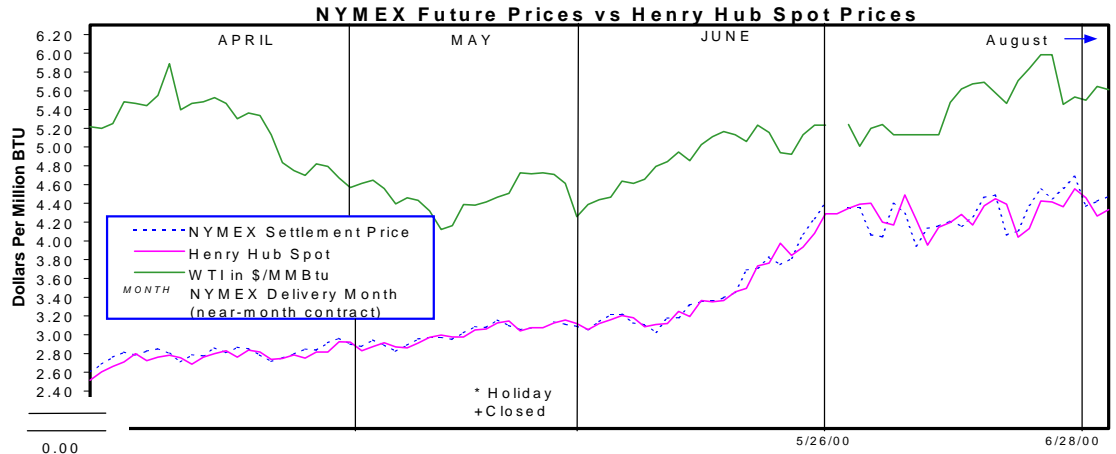
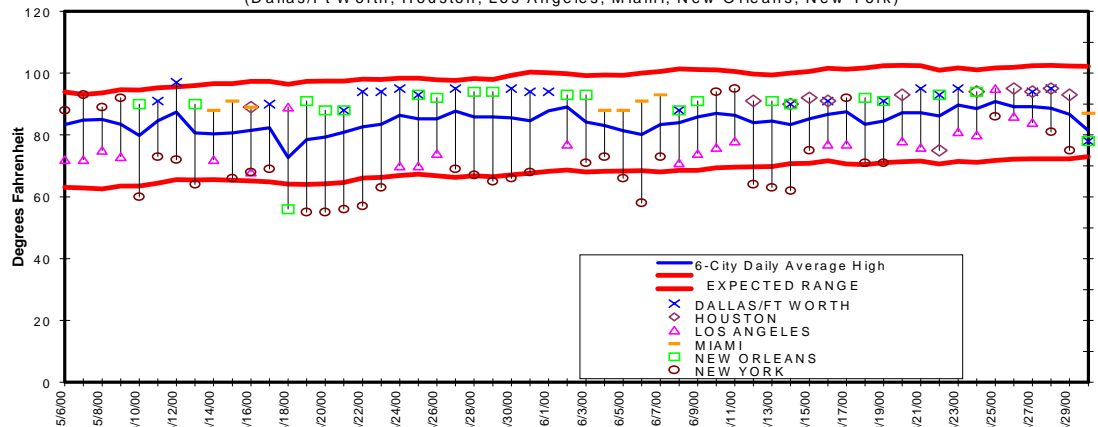


HENRY HUB PRICE		
SPOT	FUTURES	
June	July/Aug	
Del	Del	
(\$ per MMBtu)		
06/26	4.34-4.39	4.560
06/27	4.50-4.61	4.686
06/28	4.41-4.54	4.369
06/29	4.21-4.32	4.423
06/30	4.29-4.38	4.476



Note: The Henry Hub spot price is from the GAS DAILY and is the midpoint of their high and low price for a day. The WTI price, in dollars per barrel, is the "sell price" from the GAS DAILY, and is converted to \$/MMBtu using a conversion factor of 5.80 MMBtu per barrel. The dates marked by vertical lines are the NYMEX near-month contract settlement dates.

Daily 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)

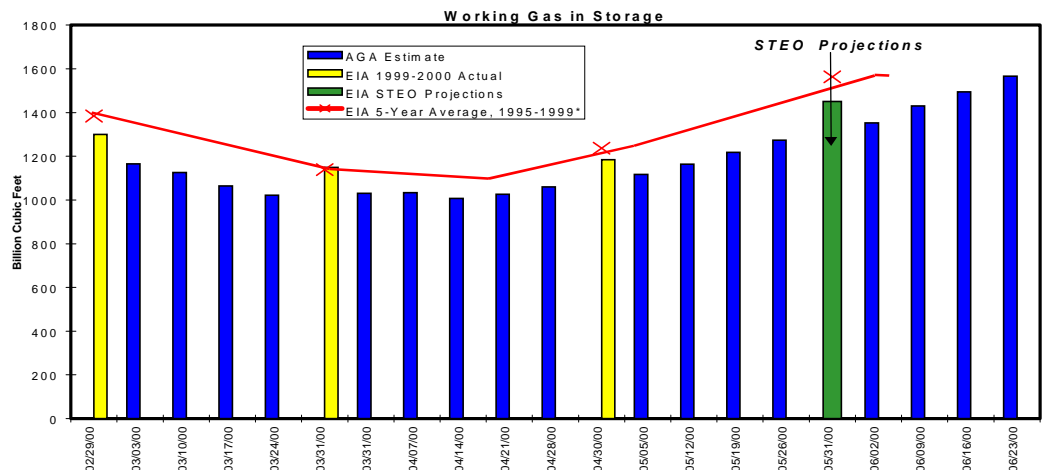


The bounds are computed by adding to and subtracting from the daily average high temperatures for the last 10 years an amount equal to twice an estimate of the standard deviation for high temperatures for each day.

Average High Temperature for Six Major Electricity Consuming Cities			
	Actual	Normal	Diff
06/24	89	86	3
06/25	91	87	4
06/26	89	87	2
06/27	89	87	2
06/28	89	87	2
06/29	87	87	0
06/30	81	88	-7

Working Gas Volume as of 06/23/00		
	BCF	% Full
EAST	806	44
WEST	340	67
Prod Area	421	44
U. S.	1567	48

Source: AGA



*The data showing the EIA 5-year historical high inventory levels have been replaced with the EIA 5-year average inventory levels for 1995-1999.

After reaching a high of \$4.686 per MMBtu on Tuesday, June 27, the NYMEX futures contract for July delivery at the Henry Hub closed down on Wednesday at \$4.369—still more than \$2.10 higher than last year's contract. Generally seasonal temperatures prevailed in the East last week. Parts of California and the Southwest experienced warm weather most days as Dallas and Houston had high temperatures in the mid-90s most days (see Temperature graph). The latest National Weather Service (NWS) 6-to-10-day forecast calls for above normal temperatures in the Midwest while temperatures in the East and most of the West are expected in a normal range. Similar to the futures market, spot prices reached a high on Tuesday at the Henry Hub as posted prices were about \$4.55 per MMBtu and then trended down to end trading on Friday at \$4.335. Some of the highest prices at midweek were reported in California where major city-gates reported prices above \$5.00 per MMBtu as demand for power increased in response to high temperatures. Meanwhile, the spot price of West Texas Intermediate crude remained above \$32.00 per barrel most days and ended trading on Friday at \$32.50 or \$5.60 per MMBtu.

Storage: Net additions to storage were estimated by the American Gas Association to have been 73 Bcf for the week ended Friday, June 23. EIA estimates the industry added a total of 237 Bcf thus far in June, an average of 10.3 Bcf per day. If this rate continues during the last week of the month, net injections in June would be 309 Bcf and total end-of-June working gas would be 1,759 Bcf—150 Bcf, or almost 8 percent, less than the 5-year (1995-99) end-of-June average of 1,909 Bcf. If the industry matches the 5-year average injection rate of close to 9 Bcf per day during the 4 months remaining in the refill season (July through October), 2,866 Bcf would be on hand at the start of the heating season. This level is almost 4 percent below the previous 5-year average of 2,985 Bcf at the start of the heating season, but it almost matches the 2,886 Bcf on November 1, 1997 and exceeds the 2,810 Bcf on hand in 1996. A key factor influencing the recent rate of net additions to storage is the lack of a strong price incentive at this time to encourage storing gas for next heating season. On Friday, June 23, spot market prices at the Henry Hub were only 9 cents less than that day's settlement price of \$4.52 per MMBtu for the December NYMEX contract. On Friday, June 30, the Henry Hub spot price was \$4.335, 20 cents below the \$4.536 recorded for the NYMEX price for December delivery, however price differentials of at least this magnitude would be needed on a sustained basis to provide a stronger economic incentive to inject gas into storage. Last year at this time, the differential between the end-of-June spot prices and December NYMEX deliveries was roughly \$0.40 per MMBtu.

Spot Prices: At the Henry Hub, spot prices began the week flat at \$4.35 per MMBtu, then moved up sharply on Tuesday to \$4.55 primarily in reaction to gains in the price of the July NYMEX contract on Monday and Tuesday. On Wednesday, prices at the Henry Hub and other major market locations moved down and continued this trend as temperatures remained normal in most parts of the country. However, by Friday, prices at most regional markets had recovered by up to 10 cents reflecting price gains on the NYMEX and in anticipation of the impact of warmer weather in the Midwest as markets prepared for the long 4th of July weekend. Prices in production regions ranged from a low of \$3.52-3.90 per MMBtu in the Rockies to highs clustered around \$4.30 along the Gulf Coast.

Futures Prices: During approximately 4 weeks of trading as the near-month contract, the July contract displayed some of the highest levels of price volatility seen in recent years. It began trading in late May at \$4.35 per MMBtu and closed last week at \$4.369, but along the way it had a low of \$4.06 in mid-June and a high of \$4.686 the day before it closed. There were day-to-day price swings of up to 32 cents per MMBtu as market expectations continually reacted to new information regarding gas demand, lower than average stocks, high oil prices, forecasts of warmer-than-normal summer temperatures, and lingering concerns regarding U.S. gas production. At the end of last week, prices for the out-months through March 2001 ranged from \$4.411 in October to a peak of \$4.536 in December, then \$3.965 for March.

Summary: After a month of turbulent price swings, the NYMEX futures contract for July delivery moved down almost \$0.32 per MMBtu on its last day of trading to close at \$4.369—well above last year's July contract price of \$2.266. Although current prices are far above levels of last year, NYMEX prices indicate further price increases are expected to be limited through next winter. Net additions to storage continued to average an estimated 10.3 Bcf/d during the third week of June and stock levels are projected to be 8 percent below average at the end of June.