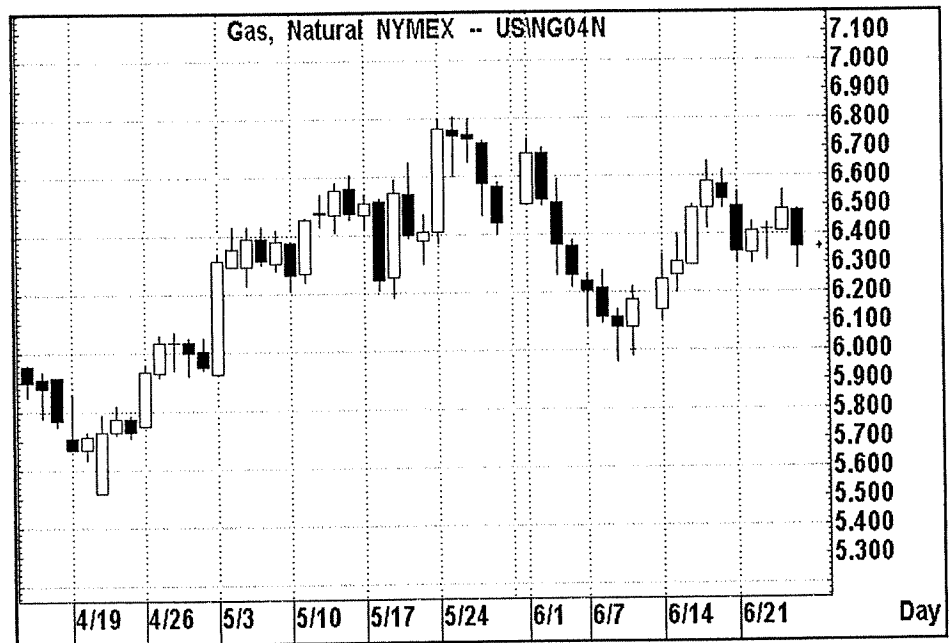


Commentary

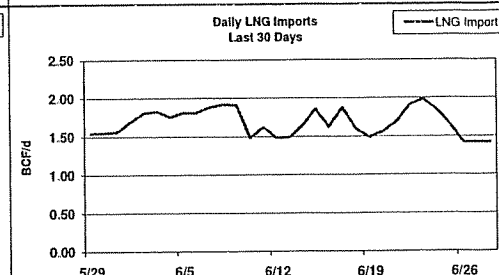
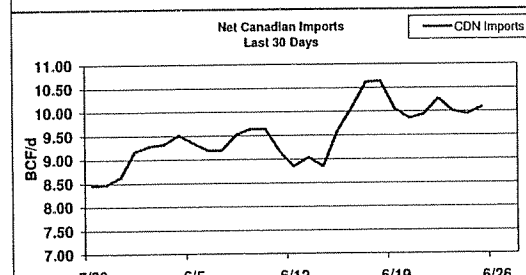
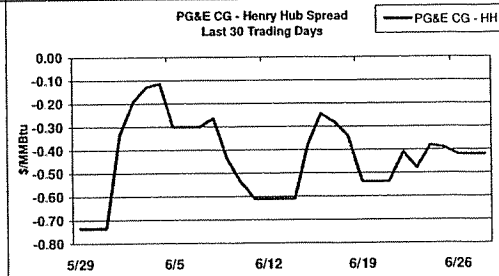
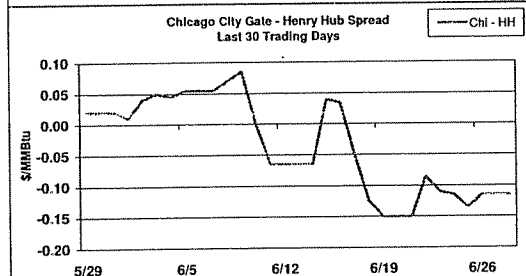
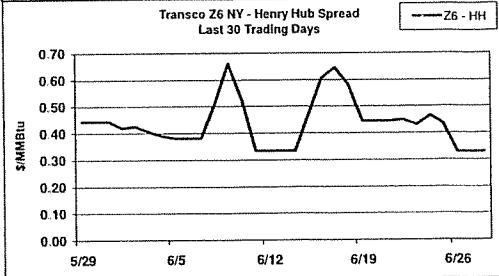
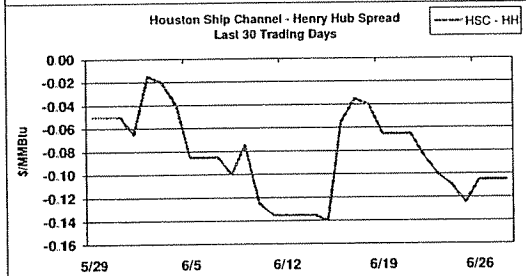
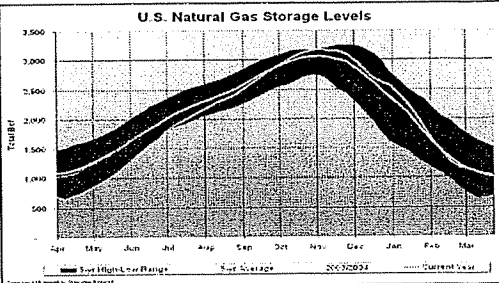
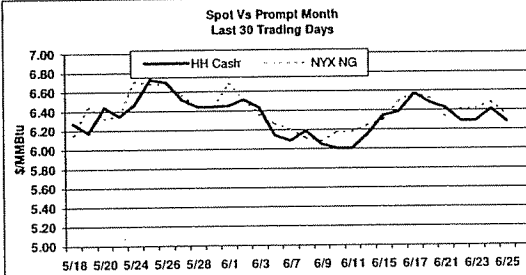
Selling off on ACCESS initially, July never rebounded throughout the session. This was options expiry and there was not a single strike having enough open interest to justify remaining at a particular strike level. Today's price action shows that momentum is very low in both directions, and overall volume traded over this entire week shows that interest is very low. Because of this, we feel that expiry for July may be very light volume, grinding prices lower through 6200. Although 6200 has been the bottom of the 6200-660 range for us across the entire month of July's term as spot month, a penetration of this level may have the effect of creating a new precedent for the August contract. With overall storage levels so high relative to years past and weather forecasts not calling for extreme hot temperatures, it is likely that August debut as spot month within a 6100-6500 range, at least for the first week. After all, the long holiday weekend is next weekend and perhaps activity will be light until returning after the 4th.



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Market Outlook: Market Outlook: Its not looking good for the bulls here. The weather came out just as mild but they only thing I keep telling myself is that we have not gotten through the hottest part of summer yet. When the weather finally gets here, we will get a panic rally that if you wanted to sell into you could. Once again, we are going to be full regarding storage and more than likely, this week's number will be 96. That will get the weak bulls to liquidate before Thursday's number. Can the bulls takes us higher before then? Expiration is today so who knows what will happen to July August comes on board today and the 18 day moving average crossed lower on the 40 day chart with the daily stoics touching. Another thing to note is that we are below the 40 day there (6.451). Looking at the Aug chart, we have created a good gap from Thursday to Friday. If we open up below 6.32 in Aug it will look pretty bad. On the continuation chart, there is an upper trend line at the 5.94 level. That has been a really good level before so I would consider that to be our major support. Aug should find some daily support at 6.28-6.29. That is right at the .618 retracement and seems to be a good pivot on the July chart right now. On the upside, we have the top of the gap at 6.50. They should try to close that in the next two days. One thing for sure is that we are going to have an inside Trading month therefore, I would expect that next month we are going to have a big move. By the way, its the end of 2nd quarter on Wednesday and the funds, which are long, will try to push this higher on Tuesday or Wednesday. Expect a wacky day on Wednesday. -- Bart Glover

NYMEX Contracts	6/25/2004 Settle	6/24/2004 Settle	Change	Gas Daily Spreads	6/28/2004	6/25/2004	Change
Jul 04	6.353	6.485	(0.132)	HSC	(0.105)	(0.125)	0.020
Aug 04	6.392	6.538	(0.146)	TETCO STX	(0.245)	(0.230)	(0.015)
Sep 04	6.417	6.553	(0.136)	Carthage	(0.265)	(0.290)	0.025
Oct 04	6.444	6.571	(0.127)	NGPL TXOK	(0.160)	(0.120)	(0.040)
Nov 04	6.667	6.788	(0.121)	Columbia Gas	0.550	0.470	0.080
3-month	6.387	6.525	(0.138)	Transco Z6 NY	0.330	0.435	(0.105)
6-month	6.526	6.656	(0.130)	Chicago City Gate	(0.115)	(0.135)	0.020
Summer 2004	6.402	6.537	(0.135)	PG&E City Gate	(0.420)	(0.390)	(0.030)
Winter 2005	6.864	6.976	(0.112)	Socal	(0.655)	(0.585)	(0.070)
Winter 05 - Summer 04	0.463	0.439	0.024				
Balance 2004	6.526	6.656	(0.130)				



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Gas Daily

Friday, June 25, 2004

EEA: Supply crunch makes \$7 gas likely in '05

The U.S. supply/demand balance remains so tenuous that sustained gas prices above \$7/MMBtu next year are likely, Energy and Environmental Analysis said in a report Thursday.

In its monthly energy outlook, EEA projected an average Henry Hub price of \$6.20/MMBtu for 2004 and a \$7.13/MMBtu average for 2005.

For the remainder of the current storage injection season that runs through October, EEA foresees an average price of \$6.50/MMBtu, rising to \$6.80/MMBtu during the heating season that runs from November through next March.

(continued on page 5)

Analyst forecasts \$7 gas in 2005 ... from page 1

Explaining its bullish scenario, EEA said it expects higher demand next year from residential, commercial and industrial customers as well as increased gas usage by power generation. At the same time, domestic gas production is "running in place" while exports are rising and imports are falling, it said.

Growth in liquefied natural gas receipts will likely be slower than originally expected, EEA said. "The question is, can increased LNG imports balance out all of the other components of the natural gas balance that are putting upward pressure on gas prices?" the firm asked, suggesting that the answer is no.

"The natural gas market is currently in the very tight portion of the supply curve," EEA said. "Production is operating at virtually 100% of productive capacity. There is no option to increase production significantly at any price in the short run. More gas from storage can and will be withdrawn as prices increase, but the supply is limited."

Domestic gas output in 2005 "should be similar to 2004 with only a very, very modest increase at best," the analyst added. And declining imports from

Daily price survey (\$/MMBtu)

NATIONAL AVERAGE PRICE: 6.270

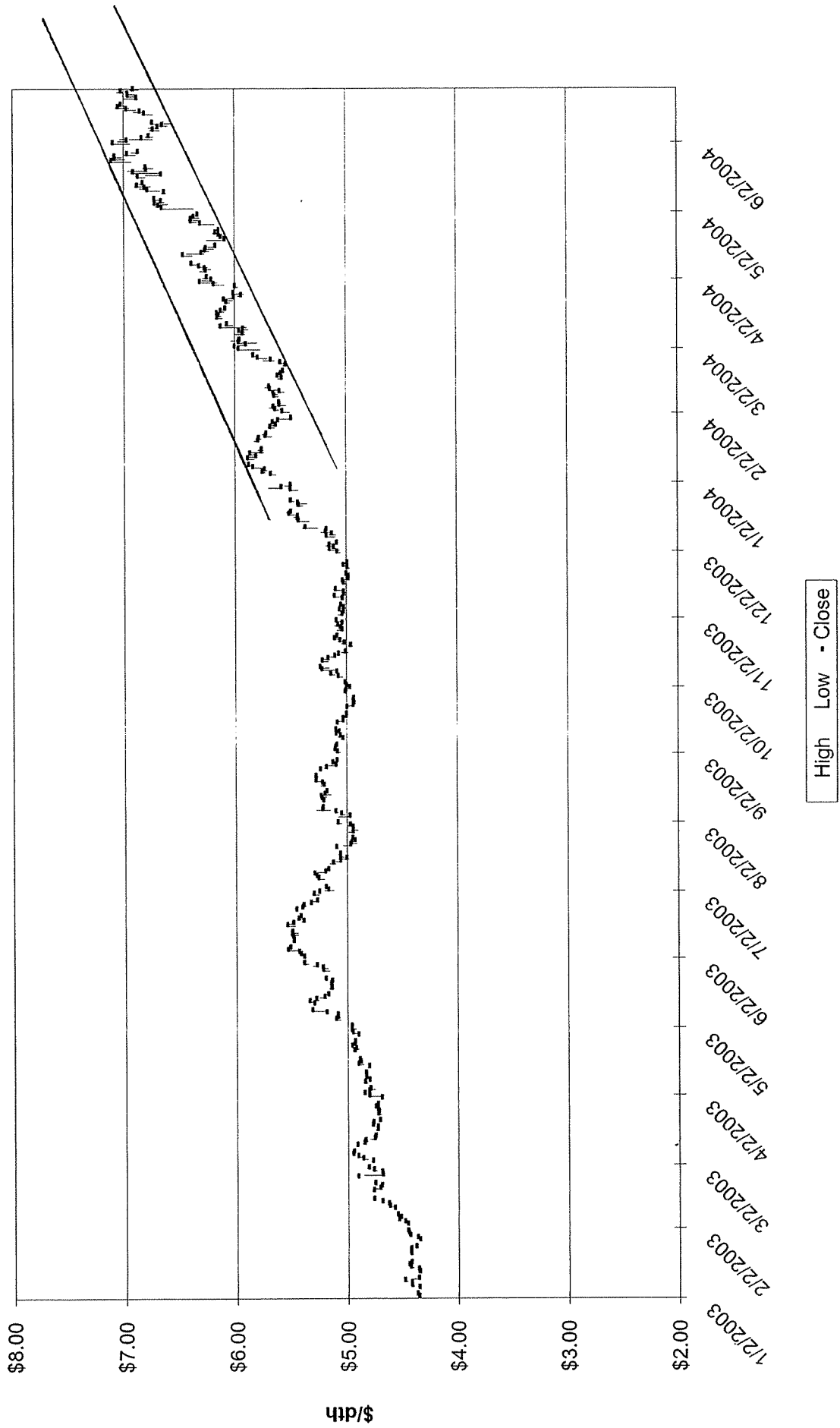
Trans. date: 6/24
Flow date(s): 6/25

	Midpoint	Absolute	Common	Volume
Permian Basin Area				
El Paso, Permian Basin	5.950	5.75-6.04	5.88-6.02	239
Northern, MIDS 1-6	—	—	—	—
Waha	5.965	5.87-6.04	5.92-6.01	411
Transwestern, Permian Basin	5.735	5.50-5.86	5.64-5.83	35
East Texas-North Louisiana Area				
Carthage Hub	6.120	6.09-6.15	6.10-6.14	54
Lone Star	5.910	5.90-5.94	5.90-5.92	11
MOB. marketing				
6.50	5.0¢	31.6¢	45.0¢	6.5¢ 27.8¢ 39.7¢
6.55	3.1¢	29.2¢	42.6¢	9.6¢ 30.4¢ 42.3¢
6.60	1.9¢	27.1¢	40.6¢	13.4¢ 33.3¢ 45.3¢
6.65	1.0¢	25.2¢	38.6¢	17.5¢ 36.4¢ 48.3¢
6.70	0.5¢	23.4¢	36.8¢	22.0¢ 39.6¢ 51.5¢

Platts oil prices, Jun 24

	(\$/b)	(\$/MMBtu)
Gulf Coast spot		
1% Resid	30.00-30.25	4.79
3% Resid	24.05-24.35	3.85
Crude spot		
WTI (July)	37.92-37.93	6.03
New York spot		
No.2	42.46-42.57	6.76
0.3% Resid HP	31.90-32.15	5.09
0.3% Resid LP	33.60-33.85	5.36
0.7% Resid	29.50-29.75	4.71
1% Resid HP	28.35-28.60	4.53

Winter Strip Dec04 - Mar05



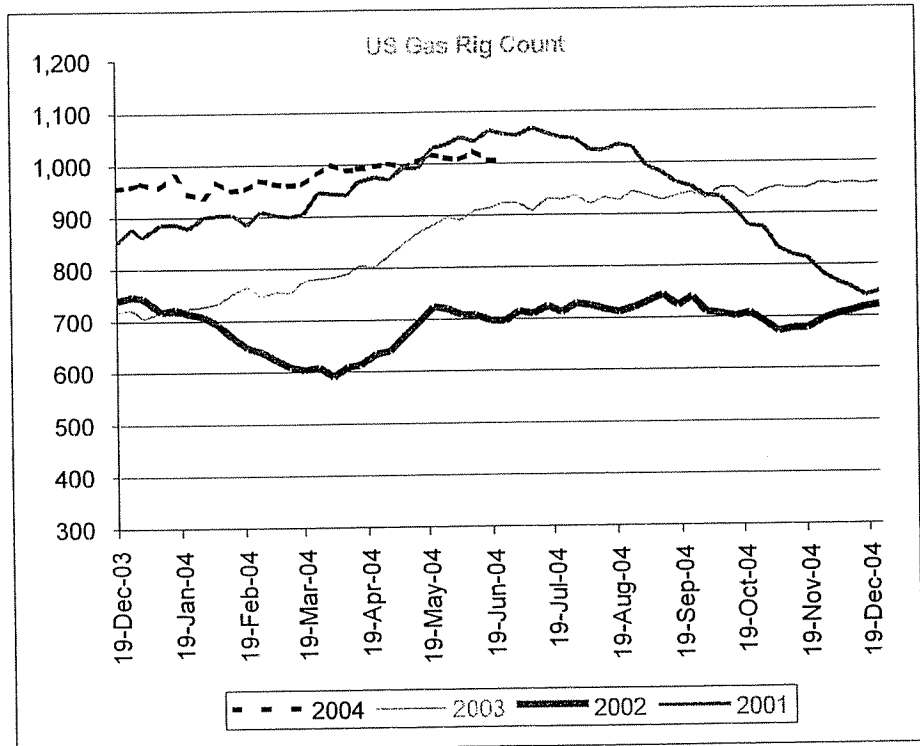
Commodity Futures Inc.

Rig Count

212-841-3347

Topics:

- US Gas Rig Count
- US Oil Rig Count



SOURCE: BAKER HUGHES US OIL & GAS DIRECTED RIG COUNT WWW.BAKERHUGHES.COM

2001	1,056
2002	697
2003	924
2004	1005
+ /- Week Ago	-1
04 vs 03	81
04 vs 3yr AVG	113

New York
(212) 841-3347

London
(207) 595-6000

www.cfi.bnpparibas.com

Misc. Rigs 1

Please refer to important disclosures at the end of this report.

**Gas Commercial Operations
Hedging Program
Market Indicators Summary
July 28, 2004**

Weather	Price Pressure	Comments
Long Term Weather Forecast	↓	Earthsat: "For the upcoming heating season...warmer start and colder weather toward the end of the heating season (especially Feb-Mar)."
Short Term Weather (30 days)	↓	Cooler to normal August, with above normal temperatures in September.
6-10 day forecast	↑	Above normal temperatures forecasted for most of the country for the first week of August.
Tropical Storm Activity	↔	No tropical storm activity at this time.
Storage Inventory		
EIA Weekly Storage Report	↓	Storage report for the week ended July 16th was much lower than expected, sending prices up \$0.20. Long term, however, storage is still on track for 3.2 bcf by October 31st.
Industry Publications		
Cambridge Energy Research Associates <i>Remaining Summer 2004: \$5.80</i> <i>Winter 04/05: \$6.11</i>	↓	"...gas market continues to incorporate an anxiety premium...thus, any hint of bad news...quickly increases gas prices again, to the low \$6.00s range."
Paribas	↔	"Perhaps convergence will lead futures to meet physical, in which case prices would weaken to the low 5800/high 5700s. A rally should see resistance at the 6040, 6080, 6110 and 6150 levels."
CM&T	↔	"...a toss up today with a bias for a higher level."
Government Agencies		
Energy Information Administration <i>Remaining Summer 2004: \$6.11</i> <i>Winter 04/05: \$6.20</i>	↔	"Therefore, as demand continues to grow, continued supply tightness is likely to keep prices near \$6 per mcf."
Technical Analysis		
Winter Strip Chart	↓	Broke out of channel to the downside. Strong resistance at \$6.62.
Rig Count	↓	Up 6 over the last week.
Economy		
Demand	↑	EIA: "In 2004, natural gas demand is expected to increase by about 1.1 percent due to increasing economic growth, (and) the continuing rise in electricity demand..."
Supply	↑	EIA "...the apparently high rates of production decline from existing wells mean that these high drilling rates are expected to only modestly improve existing levels of U.S. production."
Oil Market	↑	EIA "Currently low world oil surplus capacity levies provide an extremely limited cushion in the event of unexpected world oil market disruptions."

Meeting Minutes:

Attendees: Patty Walker, Jim Henning, Bill Tucker, Jeff Kern, Mike Brumback, Phyllis Baker

The market has been declining lately, but it could shoot up again quickly. Winter prices have been in the upper \$6.00 range since May. Since fixed prices have already been established in the mid \$5.00s and low \$6.00s, another 5% will be locked in for CG&E/ULH&P with either Conoco or Oneok, by converting some of the base gas we have agreed to purchase at the FOMI to a NYMEX based price. In addition, prices for September and October will be watched closely for buying opportunities if prices fall under \$6.00.

The Union Light Heat & Power Company
Hedging Position
As of 07/28/04

	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05
Daily Base															
Estimated Base (Gross)	13,000	9,000	6,000	15,768	22,596	24,427	22,506	16,906	17,000	13,000	14,000	13,000	13,000	9,000	6,000
Amount Hedged	3,000	3,000	3,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Cost Averaging (1)				1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Fixed Price (Conoco \$5.485)				1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Fixed Price (Occidental \$6.07)				5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Cost Averaging (2)				7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Total Hedged	3,000	3,000	3,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Monthly Base															
Estimated Base (Gross)	403,000	270,000	186,000	473,040	700,476	757,237	630,168	524,066	510,000	403,000	420,000	403,000	403,000	270,000	186,000
Amount Hedged	93,000	90,000	93,000	30,000	31,000	31,000	28,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000
Cost Averaging (1)				30,000	31,000	31,000	28,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000
Fixed Price (Conoco \$5.485)				30,000	31,000	31,000	28,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000
Fixed Price (Occidental \$6.07)				150,000	155,000	155,000	140,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000
Cost Averaging (2)				210,000	217,000	217,000	196,000	217,000	217,000	217,000	217,000	217,000	217,000	217,000	217,000
Total Hedged	93,000	90,000	93,000	210,000	217,000	217,000	196,000	217,000	217,000	217,000	217,000	217,000	217,000	217,000	217,000
% of Base Supply	23.1%	33.3%	50.0%	44.4%	31.0%	28.7%	31.1%	41.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Seasonal % of Base			24.7%					34.3%							0.0%
Normal Load (City Gate)															
Hedged (City Gate)	88,350	85,500	88,350	199,500	206,150	206,150	186,200	206,150	206,150	206,150	206,150	206,150	206,150	206,150	206,150
Storage Withdrawal	0	0	0	128,282	249,706	400,491	295,185	185,393	0	0	0	0	0	0	0
Market	459,297	441,377	640,834	1,127,799	1,602,155	1,730,447	1,547,536	1,203,649	884,062	653,923	478,726	519,514	484,533	450,538	642,742
Total (incl. Injections)	547,647	526,877	729,184	1,455,581	2,058,011	2,337,087	2,028,921	1,595,192	884,062	653,923	478,726	519,514	484,533	450,538	642,742
% Hedged & Storage	16.1%	16.2%	12.1%	22.5%	22.2%	26.0%	23.7%	24.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

(1) ULH&P will purchase 3,000 dth/day from CM&T at Columbia Gulf Onshore based on the average NYMEX closing price December 1, 2003 - March 29, 2004.

(2) ULH&P will purchase 5,000 dth/day from CM&T at Columbia Gulf Onshore based on the average NYMEX closing price June 1, 2004 - October 27, 2004.

The Union Light Heat & Power Company
Hedging for Winter 2004/2005
Cost Averaging with CM&T

Total Amount	Closing Price					Winter Strip	Total Cost	Locked in To Date	
	November	December	January	February	March				
1-Jun	7,190	\$6 894	\$7 079	\$7 204	\$7 144	\$6 954	\$7 055	50,725 45	7,190
2-Jun	7,190	\$6 759	\$6 947	\$7 077	\$7 027	\$6 842	\$6 930	49,829 58	7,190
3-Jun	7,190	\$6 620	\$6 810	\$6 940	\$6 890	\$6 710	\$6 794	48,848 86	7,190
4-Jun	7,190	\$6 546	\$6 741	\$6 871	\$6 826	\$6 656	\$6 728	48,374 32	7,190
7-Jun	7,190	\$6 502	\$6 702	\$6 832	\$6 787	\$6 617	\$6 688	48,086 72	7,190
8-Jun	7,190	\$6 445	\$6 658	\$6 788	\$6 743	\$6 580	\$6 643	47,761 73	7,190
9-Jun	7,190	\$6 406	\$6 616	\$6 746	\$6 701	\$6 541	\$6 602	47,468 38	7,190
10-Jun	7,190	\$6 509	\$6 712	\$6 840	\$6 790	\$6 622	\$6 695	48,134 17	7,190
11-Jun	<i>NYMEX Closed in Observance of Day of Mourning for Ronald Reagan</i>								
14-Jun	7,265	\$6 580	\$6 783	\$6 911	\$6 860	\$6 695	\$6 766	49 153 54	7,265
15-Jun	7,265	\$6 627	\$6 827	\$6 952	\$6 897	\$6 732	\$6 807	49 452 86	7,265
16-Jun	7,265	\$6 765	\$6 960	\$7 077	\$7 017	\$6 847	\$6 933	50,369 70	7,265
17-Jun	7,265	\$6 840	\$7 033	\$7 150	\$7 090	\$6 920	\$7 007	50,902 95	7,265
18-Jun	7,265	\$6 805	\$7 005	\$7 125	\$7 065	\$6 900	\$6 980	50,709 70	7,265
21-Jun	7,265	\$6 650	\$6 860	\$6 983	\$6 926	\$6 764	\$6 837	49,667 90	7,265
22-Jun	7,265	\$6 727	\$6 937	\$7 062	\$7 002	\$6 837	\$6 913	50,222 95	7,265
23-Jun	7,265	\$6 730	\$6 942	\$7 067	\$7 007	\$6 842	\$6 918	50,256 36	7,265
24-Jun	7,265	\$6 788	\$7 000	\$7 125	\$7 065	\$6 900	\$6 976	50,677 73	7,265
25-Jun	7,265	\$6 667	\$6 884	\$7 012	\$6 957	\$6 800	\$6 864	49,866 96	7,265
28-Jun	7,265	\$6 490	\$6 714	\$6 844	\$6 820	\$6 640	\$6 702	48,687 12	7,265
29-Jun	7,265	\$6 425	\$6 651	\$6 784	\$6 734	\$6 583	\$6 635	48,206 18	7,265
30-Jun	7,265	\$6 453	\$6 682	\$6 813	\$6 763	\$6 608	\$6 664	48,412 51	7,265
1-Jul	7,265	\$6 516	\$6 744	\$6 877	\$6 825	\$6 666	\$6 726	48,861 48	7,265
2-Jul	7,265	\$6 458	\$6 693	\$6 823	\$6 775	\$6 628	\$6 675	48,496 78	7,265
6-Jul	7,265	\$6 721	\$6 947	\$7 080	\$7 020	\$6 860	\$6 926	50,314 48	7,265
7-Jul	7,265	\$6 678	\$6 906	\$7 039	\$6 981	\$6 824	\$6 886	50,023 88	7,265
8-Jul	7,265	\$6 529	\$6 779	\$6 924	\$6 872	\$6 724	\$6 766	49,152 08	7,265
9-Jul	7,265	\$6 516	\$6 784	\$6 937	\$6 889	\$6 747	\$6 775	49,217 47	7,265
12-Jul	7,265	\$6 277	\$6 577	\$6 747	\$6 708	\$6 570	\$6 576	47,773 19	7,265
13-Jul	7,265	\$6 302	\$6 591	\$6 758	\$6 721	\$6 588	\$6 592	47,890 88	7,265
14-Jul	7,265	\$6 375	\$6 662	\$6 827	\$6 789	\$6 655	\$6 662	48,396 52	7,265
15-Jul	7,265	\$6 275	\$6 583	\$6 753	\$6 718	\$6 588	\$6 593	47,828 40	7,265
16-Jul	7,265	\$6 310	\$6 620	\$6 792	\$6 754	\$6 620	\$6 619	48,088 49	7,265
19-Jul	7,265	\$6 240	\$6 560	\$6 735	\$6 730	\$6 590	\$6 571	47,738 32	7,265
20-Jul	7,265	\$6 274	\$6 584	\$6 757	\$6 722	\$6 592	\$6 586	47,845 84	7,265
21-Jul	7,265	\$6 351	\$6 651	\$6 824	\$6 784	\$6 649	\$6 652	48,325 33	7,265
22-Jul	7,265	\$6 529	\$6 814	\$6 982	\$6 929	\$6 779	\$6 807	49,449 95	7,265
23-Jul	7,265	\$6 535	\$6 820	\$6 985	\$6 940	\$6 805	\$6 817	49,525 51	7,265
26-Jul	7,265	\$6 366	\$6 654	\$6 829	\$6 787	\$6 651	\$6 657	48,366 01	7,265
27-Jul	7,265	\$6 387	\$6 673	\$6 847	\$6 808	\$6 669	\$6 677	48,506 95	7,265
28-Jul	7,265								
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4-Oct	7,265								
5-Oct	7,265								
6-Oct	7,265								
7-Oct	7,265								
8-Oct	7,265								
11-Oct	7,265								
12-Oct	7,265								
13-Oct	7,265								
14-Oct	7,265								
15-Oct	7,265								
18-Oct	7,265								
19-Oct	7,265								
20-Oct	7,265								
21-Oct	7,265								
22-Oct	7,265								
25-Oct	7,265								
26-Oct	7,265								
27-Oct	7,305								
Total	755,000							\$1,911,617.23	282,735
									\$6,7612
									(\$0.0100)
									\$6,7512

Basis to Columbia Gulf Onshore

Price to be paid for 5,000 dth/day delivered November 1, 2004 to March 31, 2005:

EarthSat Longcast Model Seasonal Outlook Discussion

July 21, 2004

Headlines: 1994 Is Again the Top Analog.

This model output is a strict objective analog comparison based on the Tropical Pacific. These are not necessarily EarthSat's official seasonal forecasts, but a tool utilized in that effort. To see EarthSat's latest outlook, please click on the link provided at the front of the longcast section (main menu) or see below.

To See EarthSat's Official Summer Outlook (no changes to date), please click here: [summer.ppt](#) (note: there are two pages here)

Latest Weekly Update of Longcast Tool:

No major changes are noted for the balance of summer as still the tropical Pacific analogs favor a seasonal to cool theme for August with warmer weather again in September. If the QBO correlation is to work, August will need to be a hotter month in the Eastern U.S. to pull the 3-month summer period into the above normal category (most +QBO Jun-Aug periods have averaged warmer than normal in the East-particularly when no strong El Nino event is present).

For the upcoming heating season, this latest model run is back to the basics with a warmer start and colder weather toward the end of the heating season (especially Feb-Mar). Much will depend on the status of the QBO (should be heading toward negative territory) and the status of El Nino (could be a weak case again next year). A weak El Nino and negative QBO tendency could favor a colder winter than currently forecast, but confidence is low at this time.

Monthly Update Information:

Status

For the ensemble spread on the latest sst forecast:

http://www.emc.ncep.noaa.gov/research/cmb/sst_forecast/images/cmb.SSTfcst_nino34.gif

To see the latest NINO 3.4 SST Departures, please check out this link:

http://www.cpc.ncep.noaa.gov/products/analysis_monitoring/enso_update/ssta_c.gif

-Matt Rogers

Any Questions? Comments? Please write to mrogers@earthsat.com



EarthSat Energy Weather - Long Range Forecasts: 30 - 60 Day Outlook

EARTHSAT

Wednesday

DAY

7/28/04

DATE

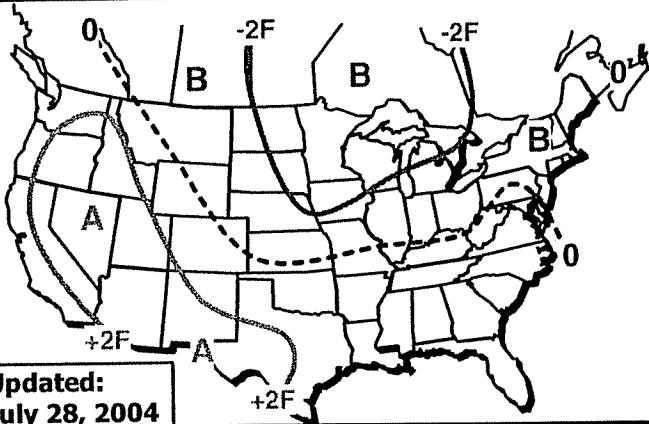
9:45 AM EDT

TIME

MR

FORECASTER

AUGUST 2004



Updated:
July 28, 2004

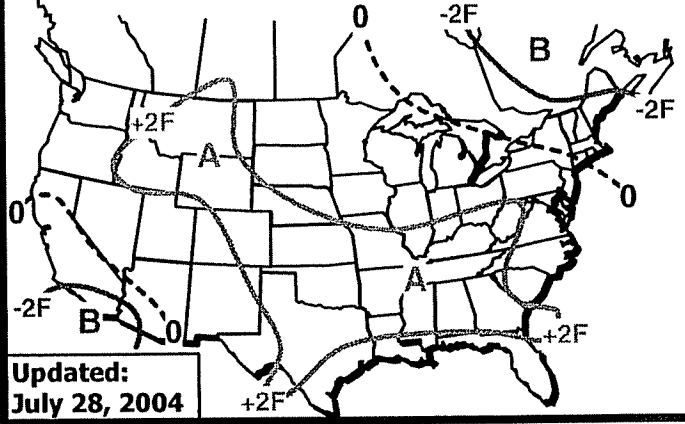
No Changes to August Outlook.

Up to yesterday, the thinking for today's update was to cool the West Coast and warm the mid-continent for the month of August. The last two European operational model runs have discounted that thinking and is instead favoring the status quo which is closer to the forecast still seen above. Many areas of the East are tracking both June and July within a degree of the 30Y normal, so the expectation for a third month in that fashion is probably not a reach. But, if the European is incorrect or is overstating the cooling for late next week, there is a chance that August could go the direction of last year where a seasonal to cool July transformed into a warmer overall August for much of the Central to Eastern U.S.

August CDD Forecasts

	forecast	10-year	30-year	last year
Chicago	202.0	239.2	233.0	266.5
Philadelphia	348.5	371.7	351.0	410.5
Houston	575.5	598.1	563.0	584.5

SEPTEMBER 2004



Updated:
July 28, 2004

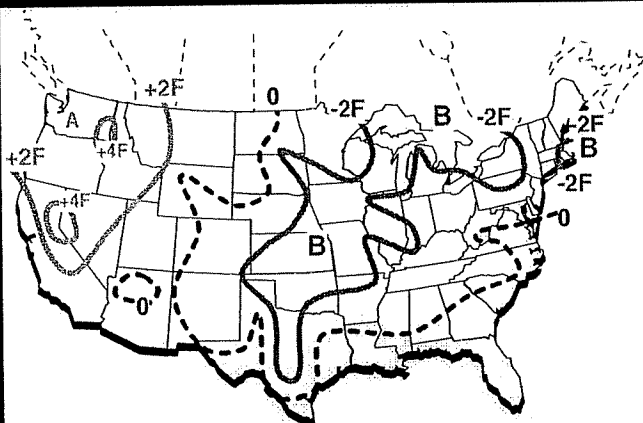
September Unchanged.

As mentioned last week, the key for this month will be to watch the first two weeks. After that point, the focus of cooling demand in the populated Midwest and Northeast will likely diminish significantly. The focus for late September into October will be on lingering cooling demand in the Deep South and in the West. The West Coast can see some of its strongest heat of the year in the autumn as the potential for Santa Ana wind events increase. As of now, the front end of that season is looking cooler than normal for SoCal. With warm ridging focused more in the middle of the nation (that may happen a few times in August too), less offshore flow in SoCal may mean more marine influences there.

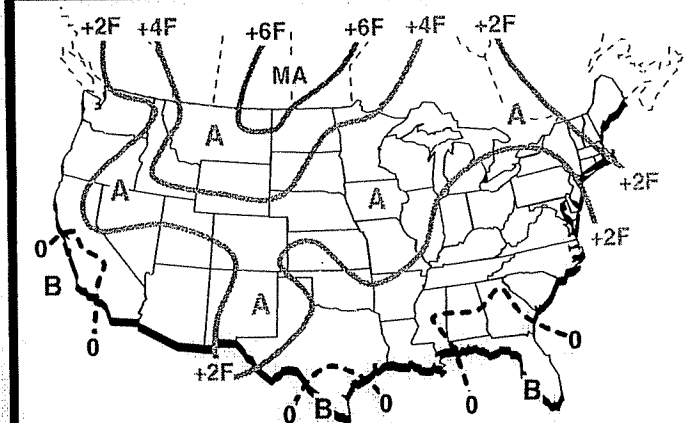
September CDD Forecasts

	forecast	10-year	30-year	last year
Chicago	110.0	80.6	91.0	70.5
Philadelphia	181.0	162.1	152.0	162.5
Houston	365.0	428.6	331.0	380.5

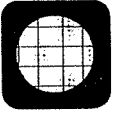
JULY 1 - 27, 2004



AUGUST 2003



Maps above depict deviations of average temperatures from normal in Fahrenheit.



EarthSat's Energy Weather

The 6 to 10 Day Forecast - Detailed Version

EARTH SAT

Wednesday

DAY

7/28/04

DATE

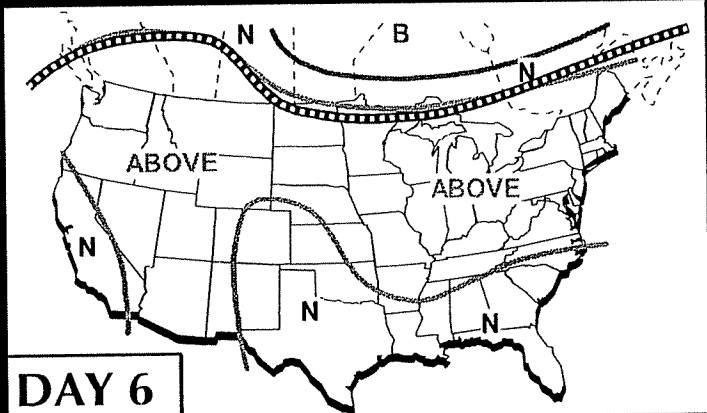
6:30 A.M.

TIME

MR

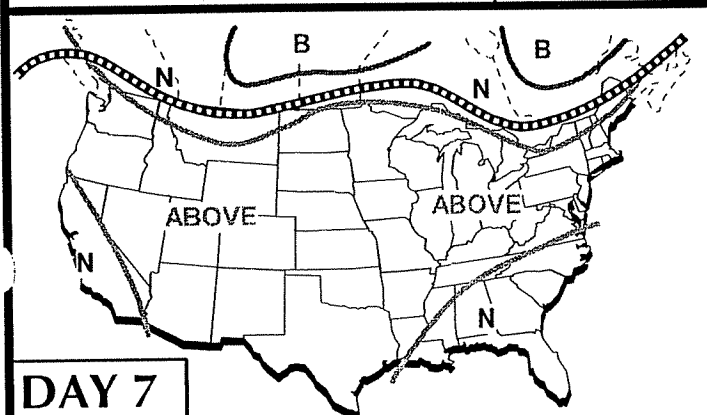
FORECASTER

FORECAST TEMP. DEVIATIONS



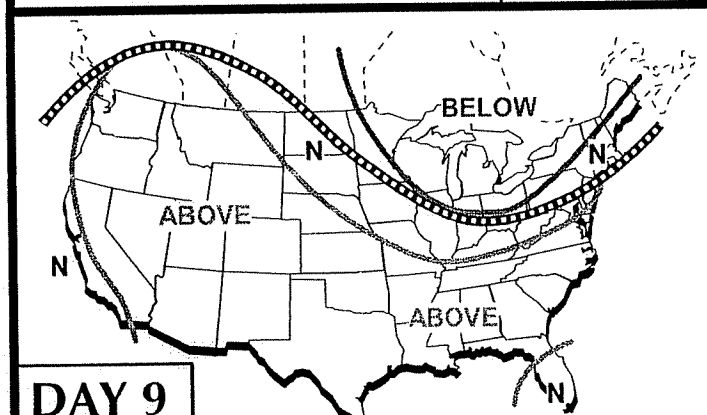
FORECAST VALID: Monday, 8/2

CONFIDENCE: 6



FORECAST VALID: Tuesday, 8/3

CONFIDENCE: 6



FORECAST VALID: Thursday, 8/5

CONFIDENCE: 1

DISCUSSION

Today's Changes.

Stronger Midwest Cooling Days 8-9. A mid to late period cool push appears to make stronger progress south and east by middle of next week.

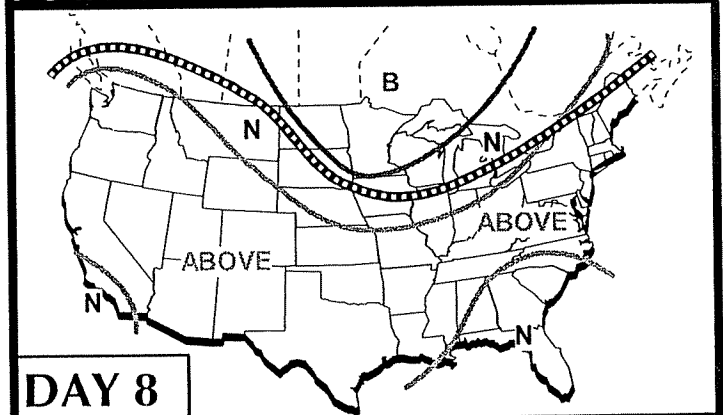
Cooler East Coast Day 9. A cool front is forecast to arrive in the East 1 day faster than forecast yesterday. Warmer California. Interior valleys and coast inch slightly warmer by mid to late period.

Warmer Southeast Late Period. As cool front pushes down, the Southeast could see more heat ahead of it.

Potential Problems with the Forecast:

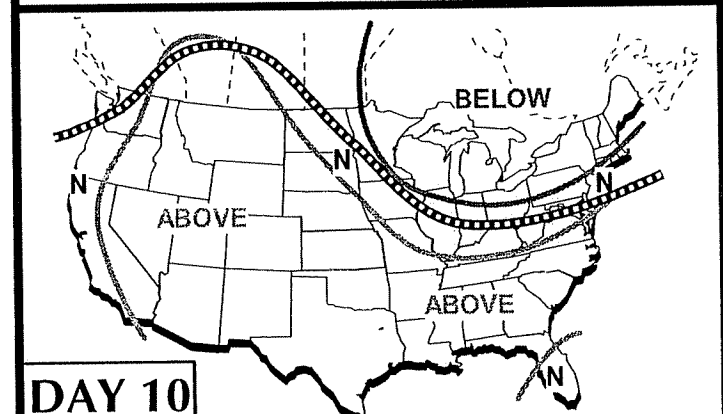
The mid to late period cooling is a very big question mark as the models show sharp divisions in the forecast.

FORECAST TEMP. DEVIATIONS



FORECAST VALID: Wednesday, 8/4

CONFIDENCE: 3



FORECAST VALID: Friday, 8/6

CONFIDENCE: 1

LEGEND

MUCH ABOVE.. +8F OR UP

ABOVE..... +3F TO +7F

NORMAL

-2F TO +2F

MUCH BELOW..... -8F OR DOWN

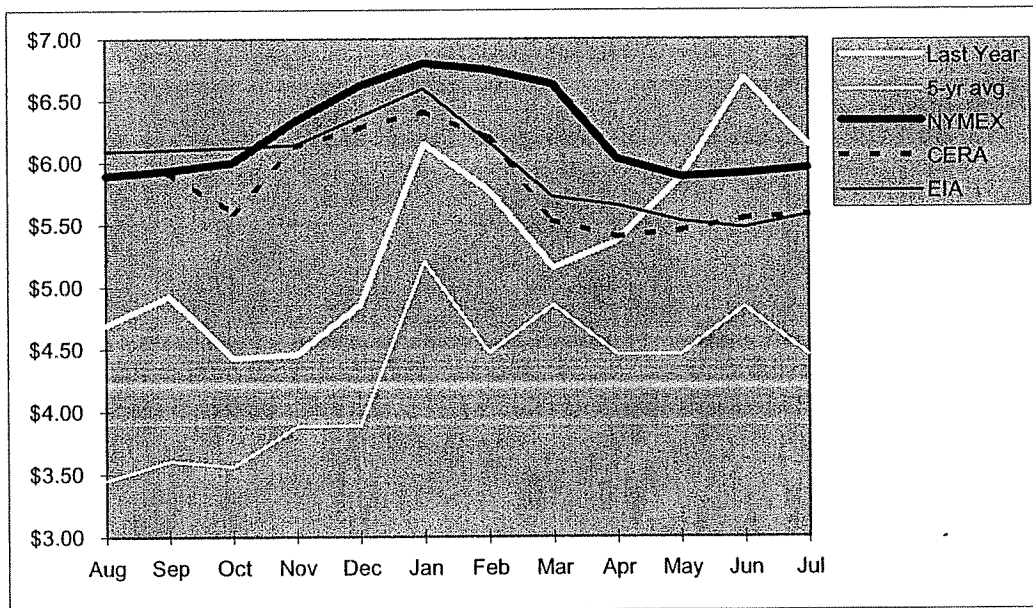
BELOW..... -7F TO -3F

----- Jet Stream

Confidence Level Boxes: 1=Low, 5=Moderate, 10=High

COMPARISON OF HISTORIC SPOT & PROJECTED PRICES TO CURRENT FUTURES PRICES

Historic Prices:						
NYMEX Closing Price						
	5-yr. avg. (99/00-03/04)	Last Year (2003-2004)		CERA 16-Jul-04	EIA 7-Jul-04	NYMEX 28-Jul-04
Aug	\$3.45	\$4.69		\$5.890	\$6.092	\$5.895
Sep	\$3.61	\$4.93		\$5.920	\$6.105	\$5.935
Oct	\$3.56	\$4.43		\$5.600	\$6.120	\$6.000
Nov	\$3.88	\$4.46		\$6.130	\$6.144	\$6.340
Dec	\$3.89	\$4.86		\$6.280	\$6.370	\$6.620
Jan	\$5.20	\$6.15		\$6.410	\$6.598	\$6.800
Feb	\$4.47	\$5.78		\$6.200	\$6.170	\$6.750
Mar	\$4.85	\$5.15		\$5.530	\$5.721	\$6.630
Apr	\$4.45	\$5.37		\$5.400	\$5.655	\$6.030
May	\$4.46	\$5.87		\$5.450	\$5.527	\$5.885
Jun	\$4.84	\$6.68		\$5.550	\$5.473	\$5.910
Jul	\$4.45	\$6.14		\$5.580	\$5.577	\$5.955
12 Month Avg	\$4.26	\$5.38		\$5.828	\$5.963	\$6.229
Summer Average				\$5.627	\$5.793	\$5.944
Winter Average				\$6.110	\$6.201	\$6.628





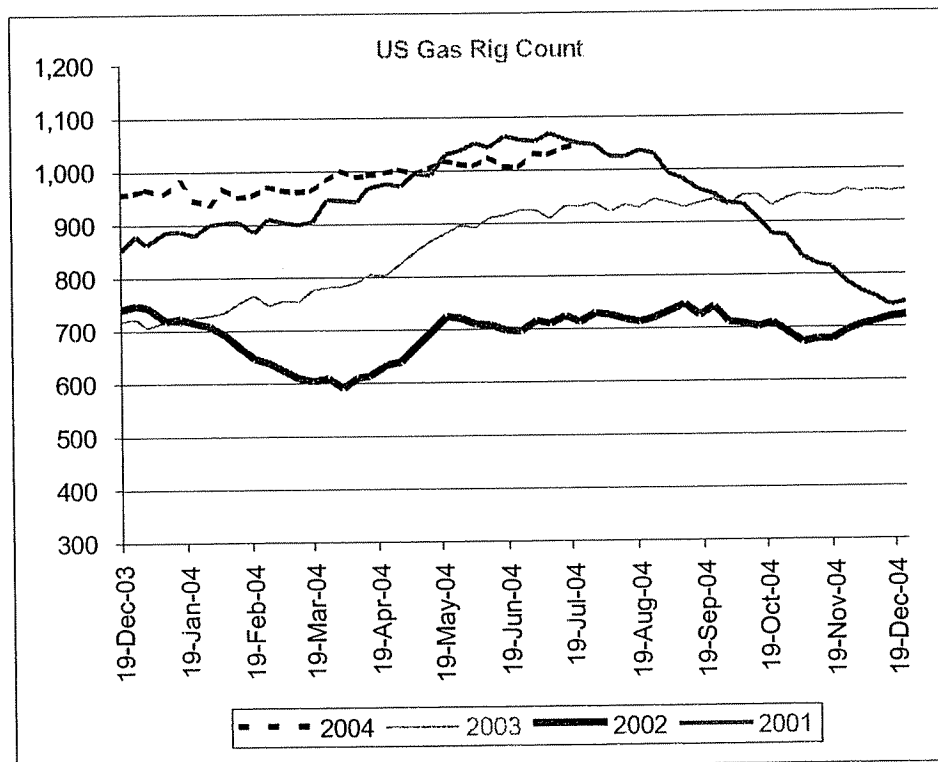
Commodity Futures Inc.

Rig Count

212-841-3347

Topics:

- US Gas Rig Count
- US Oil Rig Count



SOURCE: BAKER HUGHES US OIL & GAS DIRECTED RIG COUNT WWW.BAKERHUGHES.COM

2001	1,050
2002	713
2003	930
2004	1047
+ /- Week Ago	6
04 vs 03	117
04 vs 3yr AVG	149

Misc. Rigs 1

New York
(212) 841-3347

London
(207) 595-6000

www.cfi.bnpparibas.com

Please refer to important disclosures at the end of this report.

Analyst predicts short-term price weakness

Assuming normal August weather, U.S. gas storage stocks are most certain to reach 3.2 Tcf by the end of the current injection season, which will put downward pressure on prices in the near term, Massachusetts-based analyst said this week.

"Unless there is extremely hot weather and/or there is a major production from hurricanes, the fundamentals suggest that pressures should be for prices to decline during the next three months," according to Ron Denhardt, vice president of Strategic Energy & Economic Research. As a result, Henry Hub spot prices will

(continued on page 5)

Analyst predicts gas price weakness ... from page 1

"probably decline to \$5/MMBtu or less."

Whether prices rebound during the upcoming heating season depends almost entirely on weather and crude oil prices, according to Denhardt. "If the supply/demand balance averages 2 Bcf/day tighter than last year and oil prices remain at current levels, prices could become very high this winter," he said.

However, he noted that current weather data from the National Oceanic and Atmospheric Administration shows "large areas of the country with above-normal temperatures" from December through February. And while demand is expected to rise 1.7% compared with the 2003-04 winter, "supply is expected to be approximately 0.5 Bcf/day higher than last year" thanks to increased Canadian output and additional liquefied natural gas imports.

All of that translates into working-gas storage withdrawals of about 106 Bcf higher than during the 2003-04 heating season and end-of-heating-season inventories of 928 Bcf—a comfortable level but still below the five-year average of 1.04 Tcf.

The highest heating-season gas price occurred during 2000-01, when Henry Hub prices averaged \$6.72/MMBtu, the analyst noted. At that time, storage inventories were drawn down to 740 Bcf with crude oil prices averaging \$30/barrel.

Meanwhile, increased activity in gas-intensive industries, most notably agricultural and organic chemicals manufacturing, "is projected to cause industrial gas consumption to increase significantly in 2004," putting further pressure on an already tight supply/demand balance, the report said.

Location	5.810	5.80-5.82	5.80-5.82	20
Franklin, Texas				
EPGT, Texas				
Louisiana-Onshore South				
ANR, La.	5.825	5.77-5.85	5.80-5.85	139
Columbia Gulf, La.	5.850	5.78-5.90	5.82-5.88	82
Columbia Gulf, mainline	5.925	5.90-5.94	5.91-5.94	90
Florida Gas, zone 1	5.905	5.89-5.92	5.90-5.91	69
Florida Gas, zone 2	5.955	5.92-5.97	5.94-5.97	49
Florida Gas, zone 3	5.965	5.95-6.01	5.95-5.98	181
Henry Hub	5.950	5.83-5.98	5.92-5.98	840
Gulf South, S. La./East Side				
NGPL, La.	5.840	5.76-5.86	5.82-5.86	67
Southern Natural, La.	5.905	5.80-6.02	5.85-5.96	297
Tennessee, La., 500 Leg	5.805	5.78-5.90	5.78-5.83	403
Tennessee, La., 800 Leg	5.800	5.75-5.90	5.76-5.84	106
Texas Eastern, WLA	5.820	5.77-5.83	5.81-5.83	27

position of approximately 70,000 Mcf/day. By 2004, a certain level of natural gas prices and a long position of 40,000 Mcf/day thereafter, which economically offsets our net 35,000 Mcf/day requirement for fuel." BH

PNM Resources to buy TNP for \$1.024 billion in cash, debt

Albuquerque, N.M.-based PNM Resources said Sunday it plans to buy Fort Worth-based TNP Enterprises, the privately held parent company of power distributor Texas-New Mexico Power and electricity retailer First Choice Power, for about \$189 million in cash and stock.

PNM Resources, the parent of Public Service Co. of New Mexico, also will also assume about \$835 million of TNP Enterprises' net debt and senior redeemable cumulative preferred stock.

The deal, which is subject to federal and state regulatory approvals, is expected to close within nine to 12 months, the companies said. The new company will serve about 700,000 electricity customers and 400,000 gas customers in the Southwest.

Meanwhile, PNM Resources said its second-quarter net income fell 4.5% to \$16.8 million from \$17.6 million in the same period last year, partly due to an electricity rate cut.

GAS DAILY

TUESDAY, JULY 27, 2004

But that imbalance could begin to ease as soon as 2005, Denhardt said. While U.S. production declined 0.1% in 2003, it is expected to remain relatively flat this year and next and "toward the end of 2005, additional pipeline capacity from the Rockies should improve the supply outlook."

Although LNG imports "are expected to average 0.2 Bcf/day higher than last year," Denhardt said, "through 2010 LNG imports will be constrained by the availability of liquefaction capability."

Still, LNG receipt terminals that are either under construction or are in advanced stages of engineering "could supply 3.6 Bcf/day to the United States" with total imports potentially reaching 8.3 Bcf/day by 2009. MT

Chesapeake to acquire three producers ... from page 1

Mcf/day, during the quarter, up 29% from a year earlier and 10% from the first quarter of this year.

Chesapeake attributed some 7.7 Bcfe of the production growth to the drillbit and the rest from acquisitions. Output during the most recent quarter included 76.5 Bcf of gas and 1.67 million barrels of oil, for which the company received \$4.87/Mcf and \$28.12/barrel, respectively.

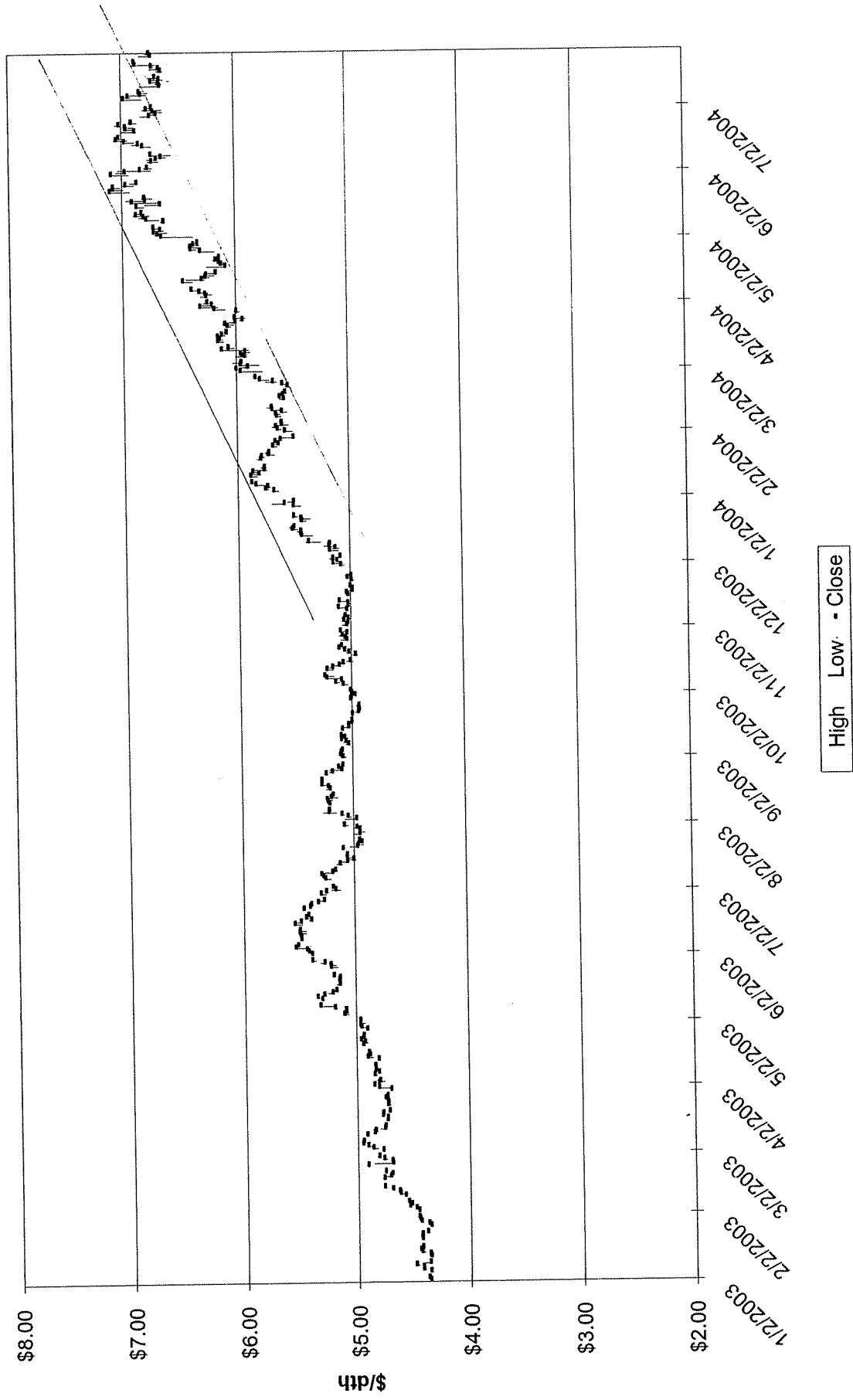
The company said it replaced a whopping 496% of its production during the second quarter, mostly through acquisitions. As of June 30, Chesapeake said it had estimated proved reserves of 3.8 Tcfe, which should rise to 4.1 Tcfe after it completes the purchases of the three companies.

Chesapeake said it will spend \$590 million to buy the firms, which control assets in the Midcontinent and South Texas representing about 310 Bcf-equivalent of reserves. The firms being acquired are Tulsa, Okla.-based Bravo Natural Resources and its 20,000 acres in the Anadarko Basin in Texas and Oklahoma; Houston-based Legend Natural Gas and its producing assets and 18,000 acres in the Permian Basin.

NYMEX Henry Hub gas futures contract, Jul 26

	Settlement	High	Low	+/-	Volume*
August, 2004	5.957	6.080	5.940	-17.7	46009
September	5.996	6.130	5.980	-19.9	27101
October	6.051	6.170	6.040	-19.4	7957
November	6.366	6.470	6.355	-16.9	3048
December	6.654	6.765	6.650	-16.6	3543
Jan., 2005	6.829	6.935	6.820	-15.6	4589
February	6.787	6.890	6.795	-15.3	1816
March	6.651	6.745	6.650	-15.4	2181
April	6.005	6.060	6.020	-10.5	1928
May	5.895	5.940	5.910	-9.0	882
June	5.907	5.960	5.940	-8.3	352
July	5.935	5.975	5.955	-8.5	509
August	5.945	5.990	5.970	-4.8	68
September	5.940	5.965	5.950	-6.0	200
October	5.970	6.010	5.980	-7.0	1104
November	6.150	6.180	6.165	-6.0	48
December	6.330	6.370	6.370	-5.0	231
Jan., 2006	6.460	6.490	6.465	-4.0	322
February	6.420	6.440	6.440	-0.3	92
March	6.265	6.300	6.300	+0.2	262
April	5.575	5.580	5.580	+1.2	232
May	5.435	5.450	5.440	+1.2	2
June	5.445	5.465	5.450	+0.5	74
July	5.470	5.490	5.490	+1.0	74
August	5.495	5.530	5.530	+0.5	2
September	5.470	5.470	5.470	+1.2	2
October	5.495	5.495	5.495	+1.2	2
November	5.675	5.675	5.675	+1.2	27
December	5.865	5.865	5.865	+1.2	527
Jan. 2007	5.980	5.980	5.980	+0.9	26
Feb.	5.929	5.929	5.929	+0.9	2

Winter Strip Dec04 - Mar05



**Gas Commercial Operations
Hedging Program
Market Indicators Summary
August 27, 2004**

Weather	Price Pressure	Comments
Long Term Weather Forecast	↔	Earthsat. El Nino "on the fence between weak to moderate". WSI. Warmer than normal fall weather.
Short Term Weather (30 days)	↓	September: Cooling season over; Heating season hasn't started. October: Warmer than normal = slow start to heating season.
6-10 day forecast	↑	Above normal temperatures forecasted for most of the country but will have little influence on prices.
Tropical Storm Activity	↔	Hurricane Frances could threaten Gulf next week. Too far out to tell just yet.
Storage Inventory		
EIA Weekly Storage Report	↓	Storage is on target to exceed 3.2 BCF by end of injection season. Projected to be the highest level in 10 years.
Industry Publications		
Cambridge Energy Research Associates <i>Remaining Summer 2004: \$5.31</i> <i>Winter 04/05: \$5.91</i>	↓	"...market fundamentals will ease in September as mild weather continues to allow a stronger-than-expected inventory build."
Paribas	↓	"With storage levels so high and weather mild, there doesn't appear to be any explosive bullish factors to make prices rally significantly. For expiry it is very possible that a break of the \$5.00 is seen."
CM&T	↓	"...too many marketers are long physical with no place to put it...I think Sep could get to 4 75"
Government Agencies		
Energy Information Administration <i>Remaining Summer 2004: \$5.69</i> <i>Winter 04/05: \$6.41</i>	↑	"Prices are likely to average well above \$6 per mcf for the fall and winter."
Technical Analysis		
Winter Strip Chart	↔	Sideways movement between \$6.60 and \$7.00.
Rig Count	↑	Up 9 and highest in last three years.
Economy		
Demand	↓	EIA: "Industrial gas demand is expected to grow by about 0.5 percent this year and 0.1 percent in 2005."
Supply	↑	Gas Daily: "U.S. gas production fell 3.1% in Q2"
Oil Market	↑	EIA "...short of a serious slow down in demand during the coming months, the floor for prices probably remains above \$30..."

Meeting Minutes:

Due to a variety of last minute scheduling conflicts, the meeting was canceled. However, since indications are that prices will continue to drop, no hedging will take place at this time. The meeting will be rescheduled for early to mid September.

The Union Light Heat & Power Company
Hedging Position
As of 08/27/04

	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05
Daily Base													
Estimated Base (Gross)	6,000	15,768	22,596	24,427	22,506	16,906	17,000	13,000	14,000	13,000	13,000	9,000	6,000
Amount Hedged	3,000												
Cost Averaging (1)		1,000	1,000	1,000	1,000	1,000							
Fixed Price (Conoco \$5.485)		1,000	1,000	1,000	1,000	1,000							
Fixed Price (Occidental \$6.07)		5,000	5,000	5,000	5,000	5,000							
Cost Averaging (2)		1,700	1,700	1,700	1,700								
Fixed Price (Conoco \$6.9475)													
Fixed Price (Occidental \$5.705)													
Total Hedged	4,700	7,000	8,700	8,700	8,700	7,000	0	0	0	0	0	0	0
Monthly Base													
Estimated Base (Gross)	186,000	473,040	700,476	757,237	630,168	524,086	510,000	403,000	420,000	403,000	403,000	270,000	186,000
Amount Hedged	93,000												
Cost Averaging (1)		30,000	31,000	31,000	28,000	31,000							
Fixed Price (Conoco \$5.485)		30,000	31,000	31,000	28,000	31,000							
Fixed Price (Occidental \$6.07)		150,000	155,000	155,000	140,000	155,000							
Cost Averaging (2)		0	52,700	52,700	47,600	0							
Fixed Price (Conoco \$6.9475)													
Fixed Price (Occidental \$5.705)													
Total Hedged	52,700	210,000	269,700	269,700	243,600	217,000	0	0	0	0	0	0	0
% of Base Supply	78.3%	44.4%	38.5%	35.6%	38.7%	41.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Seasonal % of Base	28.7%					39.2%							0.0%
Normal Load (City Gate)													
Hedged (City Gate)	138,415	199,500	256,215	256,215	231,420	206,150	0	0	0	0	0	0	0
Storage Withdrawal	0	128,282	249,706	400,491	295,185	185,393	0	0	0	0	0	0	0
Market	590,769	1,127,799	1,552,090	1,680,382	1,502,316	1,203,649	884,062	653,923	478,726	519,514	484,533	450,538	642,742
Total (Incl. Injections)	729,184	1,455,581	2,058,011	2,337,087	2,028,921	1,595,192	884,062	653,923	478,726	519,514	484,533	450,538	642,742
% Hedged & Storage	19.0%	22.5%	24.6%	28.1%	26.0%	24.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

(1) ULH&P will purchase 3,000 dth/day from CM&T at Columbia Gulf Onshore based on the average NYMEX closing price December 1, 2003 - March 29, 2004.

(2) ULH&P will purchase 5,000 dth/day from CM&T at Columbia Gulf Onshore based on the average NYMEX closing price June 1, 2004 - October 27, 2004.

The Union Light Heat & Power Company
Hedging for Winter 2004/2005
Cost Averaging with CM&T

	Total Amount	Closing Price					Winter Slide	Total Cost	Locked In To Date
		November	December	January	February	March			
1-Jun	7,190	\$6 894	\$7 079	\$7 204	\$7 144	\$6 954	\$7 055	50,725 45	7,190
2-Jun	7,190	\$6 759	\$6 947	\$7 077	\$7 027	\$6 842	\$6 930	49,829 58	7,190
3-Jun	7,190	\$6 620	\$6 810	\$6 940	\$6 890	\$6 710	\$6 794	48,848 86	7,190
4-Jun	7,190	\$6 546	\$6 741	\$6 871	\$6 826	\$6 656	\$6 728	48,374 32	7,190
7-Jun	7,190	\$6 502	\$6 702	\$6 832	\$6 787	\$6 617	\$6 688	48,086 72	7,190
8-Jun	7,190	\$6 445	\$6 658	\$6 788	\$6 743	\$6 580	\$6 643	47,761 73	7,190
9-Jun	7,190	\$6 406	\$6 616	\$6 746	\$6 701	\$6 541	\$6 602	47,468 38	7,190
10-Jun	7,190	\$6 509	\$6 712	\$6 840	\$6 790	\$6 622	\$6 695	48,134 17	7,190
11-Jun	NYMEX Closed in Observance of Day of Mourning for Ronald Reagan								
14-Jun	7,265	\$6 580	\$6 783	\$6 911	\$6 860	\$6 695	\$6 766	49,153 54	7,265
15-Jun	7,265	\$6 627	\$6 827	\$6 952	\$6 897	\$6 732	\$6 807	49,452 86	7,265
16-Jun	7,265	\$6 765	\$6 960	\$7 077	\$7 017	\$6 847	\$6 933	50,369 70	7,265
17-Jun	7,265	\$6 840	\$7 033	\$7 150	\$7 090	\$6 920	\$7 007	50,902 95	7,265
18-Jun	7,265	\$6 805	\$7 005	\$7 125	\$7 065	\$6 900	\$6 980	50,709 70	7,265
21-Jun	7,265	\$6 650	\$6 860	\$6 983	\$6 926	\$6 764	\$6 837	49,667 90	7,265
22-Jun	7,265	\$6 727	\$6 937	\$7 062	\$7 002	\$6 837	\$6 913	50,222 95	7,265
23-Jun	7,265	\$6 730	\$6 942	\$7 067	\$7 007	\$6 842	\$6 918	50,256 36	7,265
24-Jun	7,265	\$6 788	\$7 000	\$7 125	\$7 065	\$6 900	\$6 976	50,677 73	7,265
25-Jun	7,265	\$6 867	\$6 884	\$7 012	\$6 957	\$6 800	\$6 864	49,866 96	7,265
28-Jun	7,265	\$6 490	\$6 714	\$6 844	\$6 820	\$6 640	\$6 702	48,887 12	7,265
29-Jun	7,265	\$6 425	\$6 651	\$6 784	\$6 734	\$6 583	\$6 635	48,206 18	7,265
30-Jun	7,265	\$6 453	\$6 682	\$6 813	\$6 763	\$6 608	\$6 664	48,412 51	7,265
1-Jul	7,265	\$6 516	\$6 744	\$6 877	\$6 825	\$6 666	\$6 726	48,861 48	7,265
2-Jul	7,265	\$6 458	\$6 693	\$6 823	\$6 775	\$6 628	\$6 675	48,496 78	7,265
6-Jul	7,265	\$6 721	\$6 947	\$7 080	\$7 020	\$6 860	\$6 926	50,314 48	7,265
7-Jul	7,265	\$6 678	\$6 906	\$7 039	\$6 981	\$6 824	\$6 886	50,023 88	7,265
8-Jul	7,265	\$6 529	\$6 779	\$6 924	\$6 872	\$6 724	\$6 766	49,152 08	7,265
9-Jul	7,265	\$6 516	\$6 784	\$6 937	\$6 889	\$6 747	\$6 775	49,217 47	7,265
12-Jul	7,265	\$6 277	\$6 577	\$6 747	\$6 708	\$6 570	\$6 576	47,773 19	7,265
13-Jul	7,265	\$6 302	\$6 591	\$6 758	\$6 721	\$6 588	\$6 592	47,890 88	7,265
14-Jul	7,265	\$6 375	\$6 682	\$6 827	\$6 789	\$6 655	\$6 662	48,396 52	7,265
15-Jul	7,265	\$6 275	\$6 583	\$6 753	\$6 718	\$6 588	\$6 583	47,828 40	7,265
16-Jul	7,265	\$6 310	\$6 620	\$6 792	\$6 754	\$6 620	\$6 619	48,088 49	7,265
19-Jul	7,265	\$6 240	\$6 560	\$6 735	\$6 730	\$6 590	\$6 571	47,738 32	7,265
20-Jul	7,265	\$6 274	\$6 584	\$6 757	\$6 722	\$6 592	\$6 586	47,845 84	7,265
21-Jul	7,265	\$6 351	\$6 651	\$6 824	\$6 784	\$6 649	\$6 652	48,325 33	7,265
22-Jul	7,265	\$6 529	\$6 814	\$6 982	\$6 929	\$6 779	\$6 807	49,449 95	7,265
23-Jul	7,265	\$6 535	\$6 820	\$6 985	\$6 940	\$6 805	\$6 817	49,525 51	7,265
26-Jul	7,265	\$6 366	\$6 654	\$6 829	\$6 787	\$6 651	\$6 657	48,366 01	7,265
27-Jul	7,265	\$6 387	\$6 673	\$6 847	\$6 808	\$6 669	\$6 677	48,506 95	7,265
28-Jul	7,265	\$6 500	\$6 772	\$6 941	\$6 899	\$6 756	\$6 774	49,210 20	7,265
29-Jul	7,265	\$6 556	\$6 826	\$6 996	\$6 954	\$6 811	\$6 829	49,609 78	7,265
30-Jul	7,265	\$6 546	\$6 841	\$7 017	\$6 978	\$6 845	\$6 845	49,731 83	7,265
2-Aug	7,265	\$6 360	\$6 697	\$6 884	\$6 855	\$6 736	\$6 706	48,722 00	7,265
3-Aug	7,265	\$6 383	\$6 748	\$6 943	\$6 916	\$6 798	\$6 758	49,083 96	7,265
4-Aug	7,265	\$6 253	\$6 678	\$6 893	\$6 870	\$6 758	\$6 690	48,605 76	7,265
5-Aug	7,265	\$6 307	\$6 734	\$6 954	\$6 926	\$6 809	\$6 746	49,009 69	7,265
6-Aug	7,265	\$6 218	\$6 665	\$6 905	\$6 877	\$6 760	\$6 685	48,566 53	7,265
9-Aug	7,265	\$6 298	\$6 715	\$6 945	\$6 912	\$6 785	\$6 731	48,900 72	7,265
10-Aug	7,265	\$6 356	\$6 733	\$6 945	\$6 910	\$6 780	\$6 745	49,000 97	7,265
11-Aug	7,265	\$6 255	\$6 658	\$6 898	\$6 868	\$6 743	\$6 684	48,562 17	7,265
12-Aug	7,265	\$6 162	\$6 592	\$6 857	\$6 827	\$6 702	\$6 628	48,152 42	7,265
13-Aug	7,265	\$6 223	\$6 628	\$6 883	\$6 850	\$6 718	\$6 660	48,387 81	7,265
16-Aug	7,265	\$6 119	\$6 551	\$6 818	\$6 788	\$6 658	\$6 597	47,853 10	7,265
17-Aug	7,265	\$6 104	\$6 547	\$6 814	\$6 784	\$6 654	\$6 581	47,808 06	7,265
18-Aug	7,265	\$6 124	\$6 561	\$6 821	\$6 791	\$6 661	\$6 592	47,887 97	7,265
19-Aug	7,265	\$6 299	\$6 724	\$6 974	\$6 942	\$6 800	\$6 748	49,022 77	7,265
20-Aug	7,265	\$6 418	\$6 858	\$7 108	\$7 073	\$6 928	\$6 877	49,961 41	7,265
23-Aug	7,265	\$6 251	\$6 736	\$6 975	\$6 945	\$6 835	\$6 760	49,114 31	7,265
24-Aug	7,265	\$6 209	\$6 694	\$6 974	\$6 944	\$6 802	\$6 725	48,854 22	7,265
25-Aug	7,265	\$6 082	\$6 573	\$6 867	\$6 842	\$6 697	\$6 612	48,037 63	7,265
26-Aug	7,265	\$5 994	\$6 524	\$6 834	\$6 824	\$6 684	\$6 572	47,745 58	7,265
27-Aug	7,265								
30-Aug	7,265								
31-Aug	7,265								
1-Sep	7,265								
2-Sep	7,265								
3-Sep	7,265								
7-Sep	7,265								
8-Sep	7,265								
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23-Sep	7,265								
24-Sep	7,265								
27-Sep	7,265								
28-Sep	7,265								
29-Sep	7,265								
30-Sep	7,265								
1-Oct	7,265								
4-Oct	7,265								
5-Oct	7,265								
6-Oct	7,265								
7-Oct	7,265								
8-Oct	7,265								
11-Oct	7,265								
12-Oct	7,265								
13-Oct	7,265								
14-Oct	7,265								
15-Oct	7,265								
18-Oct	7,265								
19-Oct	7,265								
20-Oct	7,265								
21-Oct	7,265								
22-Oct	7,265								
25-Oct	7,265								
26-Oct	7,265								
27-Oct	7,305								
Total	755,000							\$2,983,456.10	442,565
									\$8,7413
									(\$0.0100)
									\$6.7313

Basis to Columbia Gulf Onshore
Price to be paid for 5,000 dth/day delivered November 1, 2004 to March 31, 2005:

EarthSat Longcast Model Seasonal Outlook Discussion

August 11, 2004

Headlines: New Analogs Put Big Question Mark on Winter.

This model output is a strict objective analog comparison based on the Tropical Pacific. These are not necessarily EarthSat's official seasonal forecasts, but a tool utilized in that effort. To see EarthSat's latest outlook, please click on the link provided at the front of the longcast section (main menu) or see below.

To See EarthSat's Official Summer Outlook (no changes to date), please click here: [summer.ppt](#) (note: there are two pages here)

Latest Weekly Update of Longcast Tool:

The stronger than expected El Nino situation (now on the fence between weak to moderate) has thrown a whole series of new analog years into the mix and has led to a different situation for the winter outlook. The latest analog set is favoring a colder Nov-Dec with warmer weather in January and then colder weather again in February. The result is overall a colder winter with somewhat more variability. The question is whether this El Nino holds in the weak category (more favorable for cold weather) or whether it strengthens more into the moderate category. A modest moderate event in the fall of 2002 (two years ago) quickly collapsed that winter and North America saw a very cold 2002-2003 winter situation. Therefore, this evolution will need to be watched very closely in the months ahead to gauge changes in the El Nino intensity.

Monthly Update Information:**Status**

For the ensemble spread on the latest sst forecast:

http://www.emc.ncep.noaa.gov/research/cmb/sst_forecast/images/cmb.SSTfcst_nino34.gif

To see the latest NINO 3.4 SST Departures, please check out this link:

http://www.cpc.ncep.noaa.gov/products/analysis_monitoring/enso_update/ssta_c.gif

-Matt Rogers

Any Questions? Comments? Please write to mrogers@earthsat.com

than 15 cents as temperatures from Washington, D.C., to Boston were several degrees below normal and the futures contract proved a drag on cash.

"Crude oil came off about \$2/[barrel] over the weekend, so Monday's NYMEX weakening was just gas trying to close ranks with oil," a trader said. "Early sellers and late buyers did well."

The resumption of workweek industrial load wasn't enough to offset the falling NYMEX, and most points along the Gulf Coast averaged between a nickel and a dime lower than Friday. One source said not even another day of temperatures in the 90s across much of the region could provide a support floor.

—Market Staff Reports

WSI forecasts warmer-than-normal fall weather

WSI Corp. on Monday predicted warmer-than-average weather from September through November across most of the Lower-48 states, which the private forecaster characterized as a largely neutral outlook for autumn gas and power prices.

"We expect the bulk of the cool air to retrogress westward during the fall, becoming centered over the Pacific Northwest by November," said WSI forecaster Todd Crawford. "The Southeast should be relatively warm throughout the period."

For September, the Andover, Mass.-based forecaster said above-normal temperatures should prevail in most regions, especially Florida, Texas, Arkansas and Louisiana. Cooler-than-normal weather will be seen in the north-central states, especially Nebraska and Iowa, WSI said.

Warm weather in the southern regions of the country "will be bullish for electric loads and will provide incremental demand for the natural gas markets," WSI said. However, the firm cautioned that "gas injections to storage have been high this year, so higher demand in September will not necessarily translate into higher natural gas prices."

October is expected to be cooler than normal in the Northeast, the north-central states and in the Northwest, WSI said; it forecast especially chilly conditions in the Northern Plains. Meanwhile, it said October will bring warmer-than-normal weather across the entire southern half of the country.

October is a shoulder month, so weather variations would have minimal impact on gas and power prices, WSI noted. "If temperatures are much cooler than normal in late October, some early-season natural gas demand could kick in. However, inventories are high and early demand should not rock the market."

In November, WSI expects above-normal temperatures across the South, especially in Alabama, Mississippi and Texas. Below-normal temperatures should prevail in the Northwest, Southwest and northern Plains. "As such, heating demand for natural gas in the Northeast states could be very moderate," WSI said.

SGS

Oregon LNG developers set to acquire plant site

Proponents of a small liquefied natural gas import terminal called the Jordan Cove Energy Project are in the final stages of negotiating the purchase of 90 acres near the town of Coos Bay, a company spokesman said Monday.

Energy Projects Development LLC of Evergreen, Colo., wants to build the \$150 million project on the bay side of the North Split of Coos Bay, Ore., James Braddock, a principal with the company, told *Gas Daily*.

If all the state and federal approvals are received, Braddock said Jordan Cove will be the smallest LNG import terminal in the country. Most of the terminal's send-out of 150,000 Mcf/day would be directed to a yet-to-be-constructed gas-fired power plant to be operated by Energy Projects Development; the rest would be injected into the soon-to-be completed \$23 million Coos Bay pipeline.

The terminal would be on a "brownfield" site in an industrial area, Braddock noted, adding that the nearest residential housing is more than 1.5

Price notice

The transaction and flow dates for the Daily price survey published in the August 23 issue of *Gas Daily* should have been 8/20, 8/21-23, respectively.

The Midpoint, Absolute and Common ranges, volume and number of transactions for Transco, zone 4, under Mississippi-Alabama, published in the August 23 issue should have been \$5.42, \$5.42-42, \$5.42-42, 2,000 MMBtu, 1 deal, respectively.

Analyst predicts strong spending on E&D in second half of 2004

Exploration and development outlay for 34 U.S. exploration-and-production companies should total about \$18.7 billion in 2004, up 32% over actual 2003 spending and 20% above initial 2004 budgets, according to a report Monday from Raymond James and Associates.

Analyst Wayne Andrews noted that total cash flow for Raymond James' E&P coverage group was \$12.4 billion for the first half of 2004, "an increase of 28% over the year-ago period," with total spending at \$11.6 billion, a 13% increase.

Of total spending, more than 74%, or \$8.6 billion, was used for exploration and development, while \$2.6 billion was used for property acquisitions and \$400 million for stock buybacks.

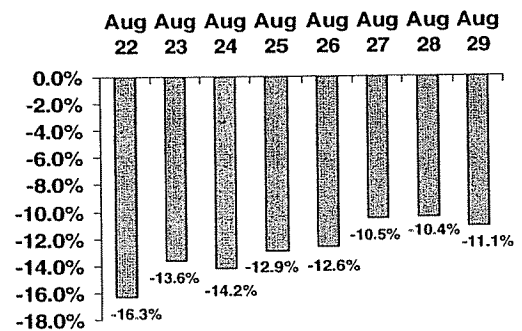
"For 2004, we had originally projected a noticeable shift towards more E&D spending," Andrews said. "However, given the significant number of property acquisitions completed by several of the large-cap companies in our coverage universe year-to-date, we now believe that the percentage of cash flow spent on E&D should remain around the 70% level."

And if that prediction holds true, "drilling spending should be up 27%-35%," the analyst said.

Moreover, "our full-year E&D forecast of \$18.7 billion implies \$10.1 billion of spending in the second half, which would be about 17% higher" than the amount spent in the first half of 2004, the analyst said. "This bodes well for drilling activity in the second half."

MT

Dominion Energy's U.S. energy use forecast



This section of the Dominion Energy Index represents a national forecast for home heating and cooling requirements above or below normal with the baseline of 0 representing normal for that day based on historical data.

Source: Dominion Energy



EarthSat Energy Weather - Long Range Forecasts: 30 - 60 Day Outlook

EARTHSAT

Wednesday

DAY

8/25/04

DATE

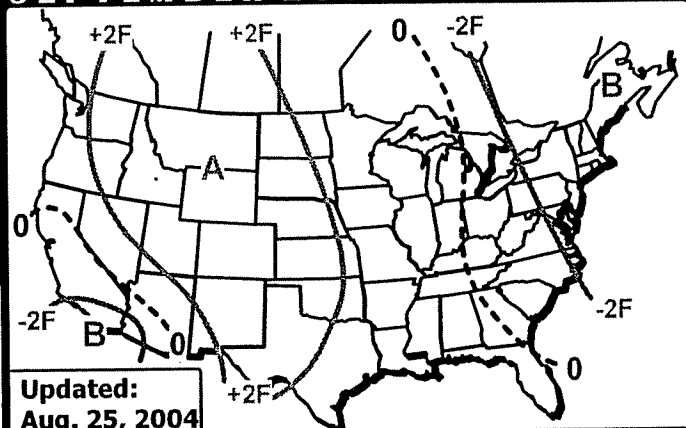
9:30 AM EDT

TIME

MR

FORECASTER

SEPTEMBER 2004



Updated:
Aug. 25, 2004

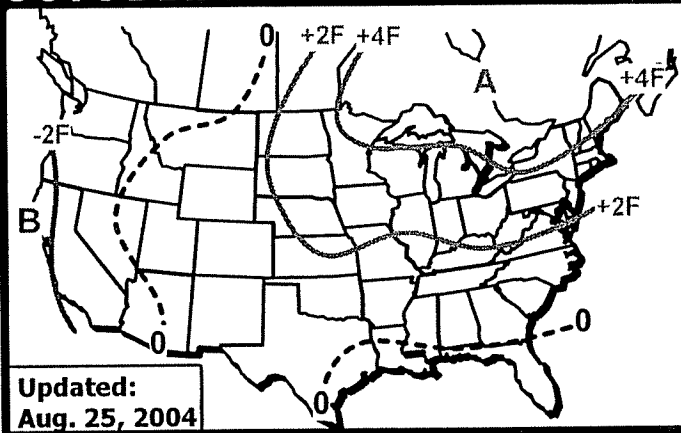
No Changes to September.

The average position of the warm ridge axis this week and next week has certainly shifted eastward across North America, but the question of whether it will take up a more semi-permanent position in the Midwest and East is certainly an open question. The original model thinking was that a more sustained Eastern warm ridge would develop, but what is happening instead is that bursts of warming track eastward, but then are weakened and removed. The current thinking is that Western warming will return more prominently by around mid-September and dominate the overall monthly anomalies. The East Coast would run the most risk of being cooling, while the western Midwest could average slightly warmer.

September CDD Forecasts

	forecast	10-year	30-year	last year
Chicago	108.0	80.6	91.0	70.5
Philadelphia	122.0	162.1	152.0	162.5
Houston	365.0	428.6	331.0	380.5

OCTOBER 2004



Updated:
Aug. 25, 2004

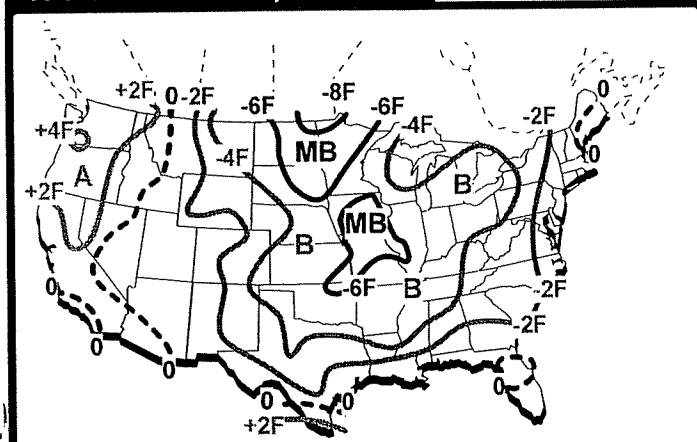
October Outlook Unchanged.

The Tropical Pacific analogs did not change much with this update, so the October forecast is held essentially the same at this point. The current thinking is that October may be a rare exception in recent trends with enough warming in the East to average the month above normal and enough troughing toward the West Coast to see cooler anomalies there. The pattern in the short term period is a rough signature of this idea with warmer ridging tracking toward the Great Lakes and cooler troughing toward the West Coast. But the current thinking is that the pattern does not yet stabilize to dominate the majority of September. The growth of El Niño and the collapse of the positive QBO phase will be monitored closely.

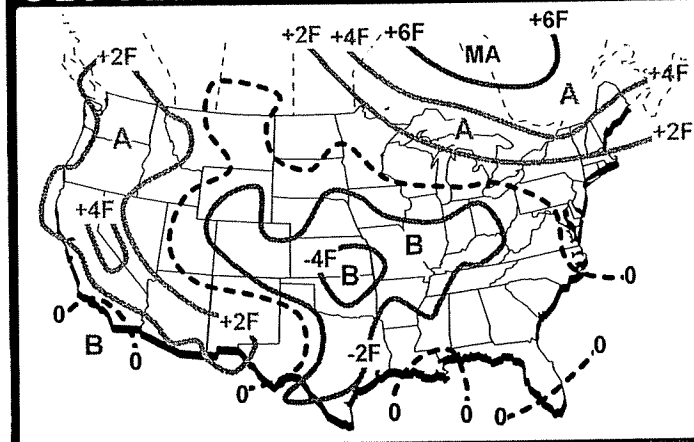
October HDD Forecasts

	forecast	10-year	30-year	last year
Chicago	281.0	384.6	371.0	483.0
Philadelphia	194.0	241.8	269.0	288.5
Houston	39.0	39.1	37.0	13.0

AUGUST 1 - 24, 2004



SEPTEMBER 2003



Maps above depict deviations of average temperatures from normal in Fahrenheit.



EarthSat's Energy Weather

The 6 to 10 Day Forecast - Detailed Version

EARTHSAT

Friday

DAY

8/27/04

DATE

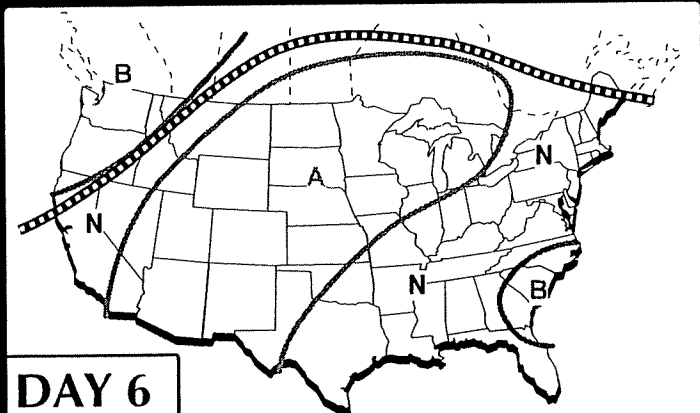
6:30 A.M.

TIME

MR

FORECASTER

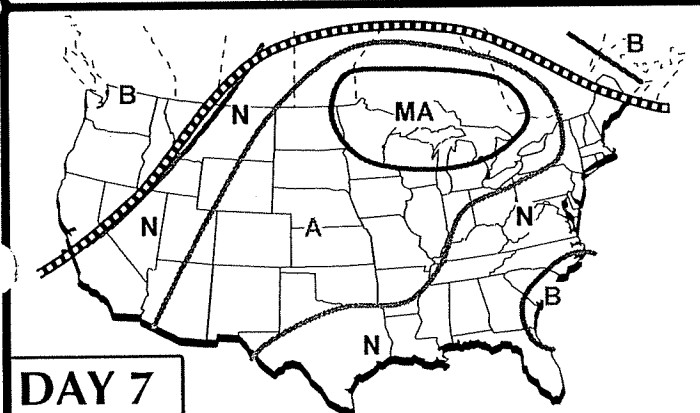
FORECAST TEMP. DEVIATIONS



DAY 6

FORECAST VALID: Wednesday, 9/1

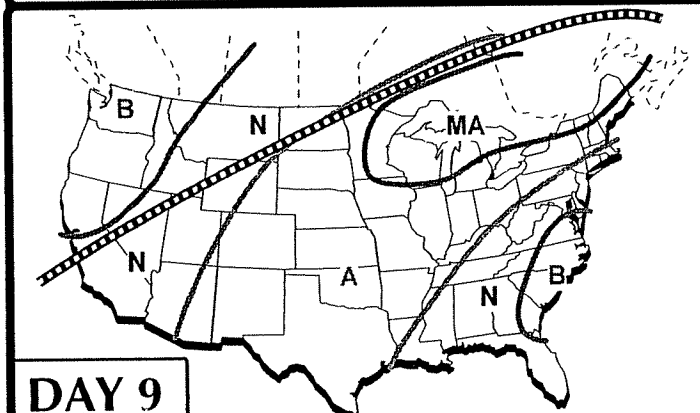
CONFIDENCE: 7



DAY 7

FORECAST VALID: Thursday, 9/2

CONFIDENCE: 6



DAY 9

FORECAST VALID: Saturday, 9/4

CONFIDENCE: 4

DISCUSSION

Today's Changes.

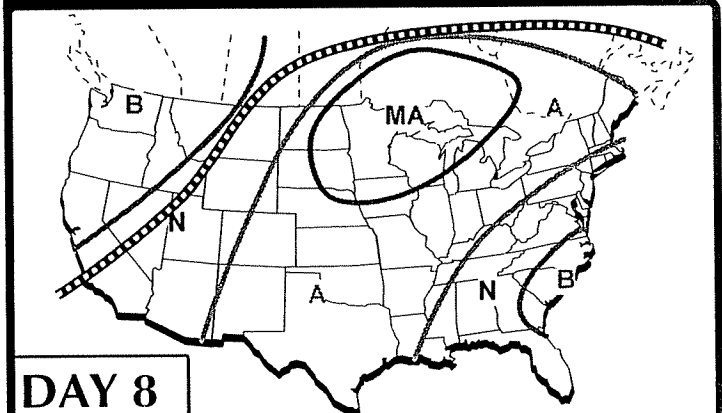
Warmer Upper Midwest, Great Lakes, SE Canada. More intensity is seen at the top of the warm ridge across these areas so that highs could surge well into the 70s and 80s (criteria for much above is lower now due to cooler normals in early September).

Interior West Warmer by Late Period. Not as much cool troughing is seen in the interior West by late period, but confidence is low as tropical moisture may feed into these areas by very late in the period.

Potential Problems with the Forecast:

The track of Frances by late period may add difficulty to this forecast as might tropical moisture in the Southwest.

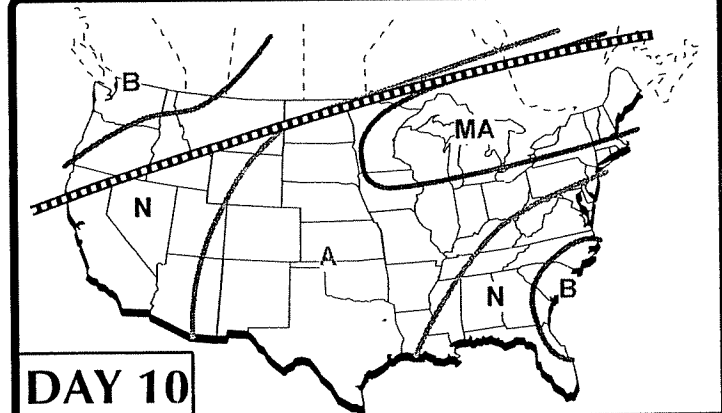
FORECAST TEMP. DEVIATIONS



DAY 8

FORECAST VALID: Friday, 9/3

CONFIDENCE: 5



DAY 10

FORECAST VALID: Sunday, 9/5

CONFIDENCE: 3

LEGEND

MUCH ABOVE.. +8F OR UP

ABOVE..... +3F TO +7F

NORMAL

-2F TO +2F

MUCH BELOW..... -8F OR DOWN

BELOW..... -7F TO -3F

----- Jet Stream

Confidence Level Boxes: 1=Low, 5=Moderate, 10=High

Hurricane Frances

August 27, 2004

11 AM EDT Friday

NWS TPC/National Hurricane Center
Advisory 11

Current Center Location 15.0 N 49.0 W

Max Sustained Wind 105 mph

Current Movement WNW at 10 mph

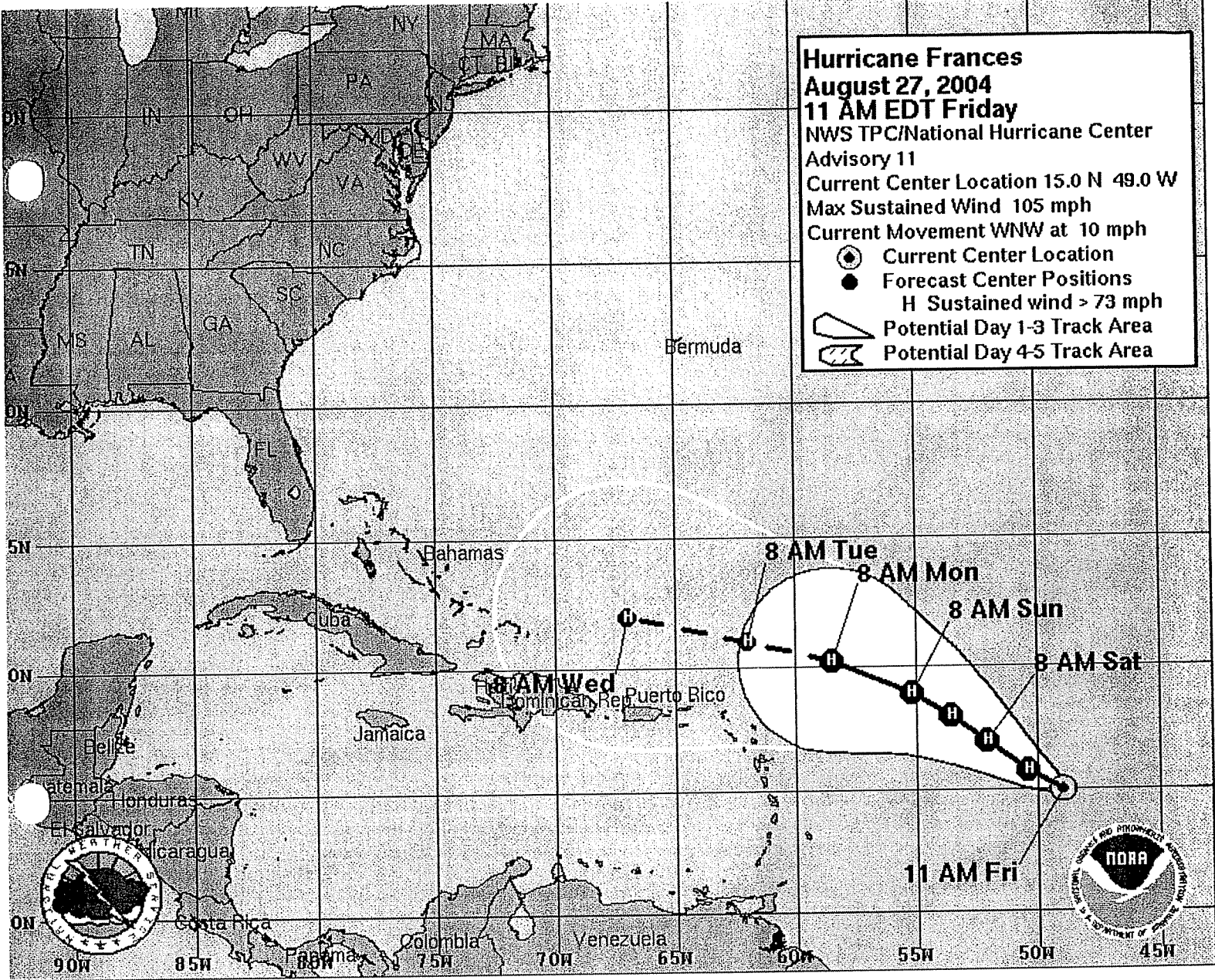
- Current Center Location
- Forecast Center Positions
- H Sustained wind > 73 mph



Potential Day 1-3 Track Area



Potential Day 4-5 Track Area



El Paso expects to take \$3.7 billion in charges

El Paso on Monday said it will likely take \$3.7 billion in pretax charges on its restated 1999-2002 and yet-to-be-issued 2003 earnings due to its previously announced restatement of reserves and the improper accounting of gas hedging transactions.

Some transactions "historically treated as hedges for its natural gas production did not qualify for hedge accounting," the Houston-based integrated energy giant explained.

El Paso said it expects to take \$2.7 billion in pretax charges on the value of oil and gas properties for the reserves revision and a \$1 billion pretax charge related to the hedge accounting missteps. The

(continued on page 5)

Analyst: Prices to fall if refill pace continues

U.S. gas prices will "likely be subject to substantial downward pressures" over the next few months if storage inventories approach the 3.2-Tcf mark by the end of the refill season as expected, according to a new report from Strategic Energy and Economic Research.

Assuming the same weather as last summer and storage injections 2 Bcf/day less than a year ago, working gas would end October at 3.23 Tcf—the highest level in 10 years, SEER Vice President Ron Denhardt said in a report released Sunday. And as stocks move closer to that widely accepted comfort level, Henry Hub spot prices should trend

(continued on page 5)

Daily price survey (\$/MMBtu)

NATIONAL AVERAGE PRICE: 5.290

Trans. date: 8/23
Flow date(s): 8/24

	Midpoint	Absolute	Common	Volume	Deals
Permian Basin Area					
El Paso, Permian Basin	4.935	4.91-5.00	4.91-4.96	302	52
Waha	5.025	4.97-5.12	4.99-5.06	662	84
Transwestern, Permian Basin	4.855	4.85-4.88	4.85-4.86	44	2
East Texas-North Louisiana Area					
Carthage Hub	5.220	5.20-5.23	5.21-5.23	23	5
NGPL, Texok zone	5.190	5.12-5.23	5.16-5.22	421	70
Texas Eastern, ETX	5.135	5.12-5.16	5.12-5.15	9	4
Texas Gas, zone 1	5.305	5.27-5.33	5.29-5.32	54	12
East-Houston-Katy					
Houston Shlp Channel	5.275	5.26-5.30	5.26-5.29	367	33
Katy	5.255	5.23-5.31	5.23-5.28	390	36
South-Corpus Christi					
Agua Dulce Hub	5.250	5.22-5.29	5.23-5.27	147	9
NGPL, STX	5.195	5.17-5.20	5.19-5.20	17	6
Tennessee, zone 0	5.200	5.16-5.25	5.18-5.22	376	67
Texas Eastern, STX	5.160	5.14-5.18	5.15-5.17	113	20
Transco, zone 1	5.200	5.17-5.21	5.19-5.21	3	2
Louisiana-Onshore South					
ANR, La.	5.270	5.23-5.30	5.25-5.29	191	24

GAS DAILY

TUESDAY, AUGUST 24, 2004

Analyst foresees downward price pressure... from page 1

lower and average \$5.20/MMBtu during September and October, he said.

However, "the actual October storage level will depend on whether there is a significant loss in production from hurricanes and weather," Denhardt cautioned. If injections are lower than expected as a result, gas prices could "increase substantially, especially on the forward market."

The National Oceanic and Atmospheric Administration's forecast for September and October "is mixed, with below-normal temperatures in the middle of the country and above-normal temperatures on both coasts," Denhardt noted. For the December-through-February heating season, NOAA is projecting "large areas of the country with above-normal temperatures."

And while the El Niño weather pattern is expected to return to the United States late this winter, "current expectations are for its impact to be mild," Denhardt said.

Nevertheless, U.S. gas demand is projected to increase by roughly 1.4 Bcf/day during the upcoming heating season while supply is expected to increase by about 400,000 Mcf/day due both to higher Canadian and U.S. production and additional supplies of liquefied natural gas, Denhardt said. "Thus, the net supply/demand balance should be approximately 1 Bcf/day tighter than last year."

As a result, storage withdrawals during the heating season should be 150 Bcf higher than last year, which would leave inventories at approximately 945 Bcf at the end of March, Denhardt projected.

But economic growth over the second half of this year "looks a bit slower now than it did three months ago," the analyst said, which could lessen the demand for gas. "On a year-over-year basis, growth will average 4.3% in 2004 and 3.7% in 2005, down from [previous forecasts] of 4.6% and 3.9%, respectively," he projected. For 2005, Denhardt estimated an average gas price of \$6.55/MMBtu. MT

NYMEX Henry Hub gas futures contract, Aug 23

	Settlement	High	Low	+/-	Volume*
September, 2004	5.310	5.430	5.305	-24.2	31566
October	5.466	5.580	5.460	-22.7	20223
November	6.251	6.360	6.250	-16.7	10490
December	6.736	6.820	6.735	-12.2	5904
Jan., 2005	7.005	7.080	7.005	-10.3	3325
February	6.975	7.048	6.970	-9.8	2363
March	6.835	6.900	6.840	-9.3	2164
April	6.140	6.190	6.130	-5.3	1490
May	6.010	6.045	6.025	-4.3	411
June	6.025	6.080	6.030	-4.0	488
July	6.055	6.090	6.070	-3.3	287
August	6.070	6.100	6.060	-2.3	194
September	6.055	6.100	6.065	-2.8	54
October	6.080	6.110	6.090	-2.8	1543
November	6.297	6.330	6.305	-2.4	421
December	6.505	6.515	6.500	-1.6	235
Jan., 2006	6.642	6.658	6.645	-1.6	331
February	6.590	6.620	6.580	-1.3	201
March	6.425	6.425	6.425	-0.8	118
April	5.710	5.710	5.710	-0.8	266
May	5.575	5.585	5.585	-0.8	306
June	5.583	5.600	5.585	-0.8	11
July	5.601	5.600	5.600	-0.8	8
August	5.618	5.620	5.620	-0.8	8
September	5.598	5.598	5.598	-0.8	34
October	5.623	5.623	5.623	-0.8	6
November	5.841	5.841	5.841	-0.8	6
December	6.028	6.028	6.028	-0.8	8
Jan. 2007	6.168	6.176	6.176	-0.8	1
February	6.133	6.133	6.133	-0.8	1
March	5.973	5.973	5.973	-0.8	0
April	5.418	5.418	5.418	-0.8	0
May	5.283	5.290	5.290	-0.8	0
June	5.298	5.305	5.305	-0.8	0
July	5.318	6.133	6.133	-0.8	15
August	5.341	5.341	5.341	-0.8	15

Volume of contracts (official*) 82,495
Front-months open interest Friday :
SEP, 36,541 ; OCT, 61,620 ; NOV, 29,092
Total open interest Friday : n/a

NYMEX Henry Hub options closings, Aug 23

Strike	Calls-Settle			Puts-Settle		
Price	Sep.	Oct.	Nov.	Sep.	Oct.	Nov.

El Paso to take \$3.7 billion in charges... from page 1

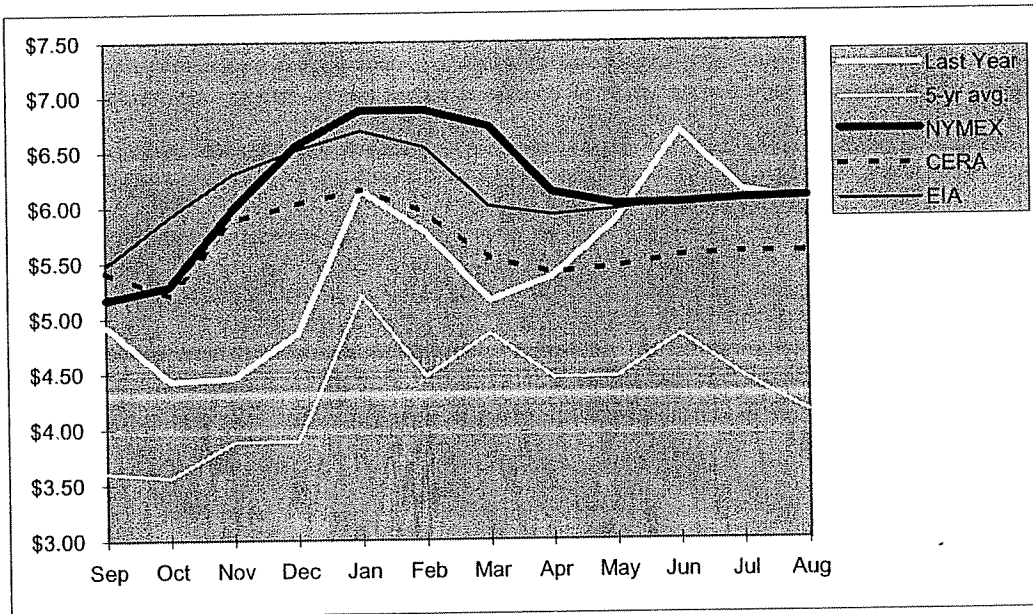
atter comprises \$1.6 billion in "incremental ceiling test charges" but is partially offset by \$600 million in lower depletion, depreciation and amortization costs.

Investors, apparently convinced that the worst news was behind the company, greeted Monday's announcements somewhat favorably as El Paso's stock settled at \$8.02/share, up 21 cents from Friday's close.

Doug Foshee, El Paso's president and CEO, said the company plans to file its long-delayed 10-K form for the year 2002 with the Securities and Exchange

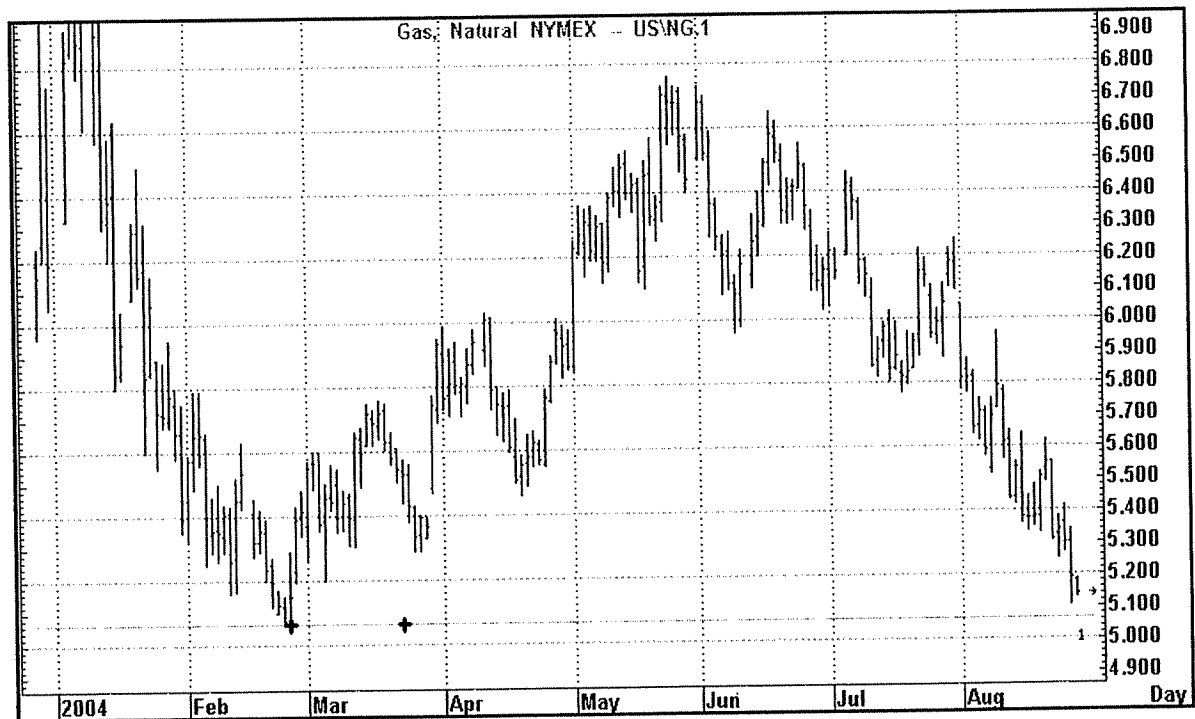
COMPARISON OF HISTORIC SPOT & PROJECTED PRICES TO CURRENT FUTURES PRICES

Historic Prices:						
NYMEX Closing Price						
	5-yr. avg. (99/00-03/04)	Last Year (2003-2004)		CERA 18-Aug-04	EIA 10-Aug-04	NYMEX 27-Aug-04
Sep	\$3.61	\$4.93		\$5.420	\$5.479	\$5.170
Oct	\$3.56	\$4.43		\$5.200	\$5.913	\$5.285
Nov	\$3.88	\$4.46		\$5.880	\$6.301	\$5.985
Dec	\$3.89	\$4.86		\$6.030	\$6.519	\$6.560
Jan	\$5.20	\$6.15		\$6.160	\$6.693	\$6.880
Feb	\$4.47	\$5.78		\$5.950	\$6.545	\$6.880
Mar	\$4.85	\$5.15		\$5.530	\$6.006	\$6.730
Apr	\$4.45	\$5.37		\$5.400	\$5.925	\$6.130
May	\$4.46	\$5.87		\$5.450	\$5.970	\$6.020
Jun	\$4.84	\$6.68		\$5.550	\$6.039	\$6.030
Jul	\$4.45	\$6.14		\$5.580	\$6.070	\$6.065
Aug	\$4.14	\$6.05		\$5.580	\$6.093	\$6.080
12 Month Avg	\$4.32	\$5.49		\$5.644	\$6.129	\$6.151
Summer Average				\$5.454	\$5.927	\$5.826
Winter Average				\$5.910	\$6.413	\$6.607



Commentary

Finally breaking through 5250, Sept weakened enormously after the E.I.A report showed a slightly larger than expected injection of 84 bcf/wk. With storage levels so high and weather mild, there doesn't appear to be any explosive bullish factors to make prices rally significantly. For expiry it is very possible that a break of the 5000 is seen.



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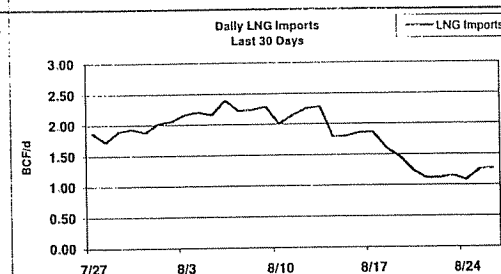
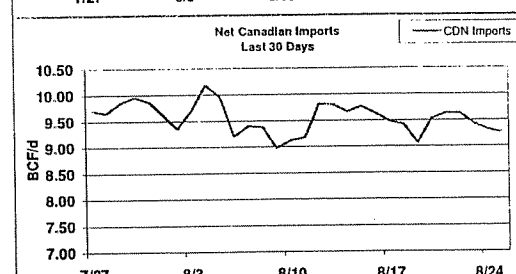
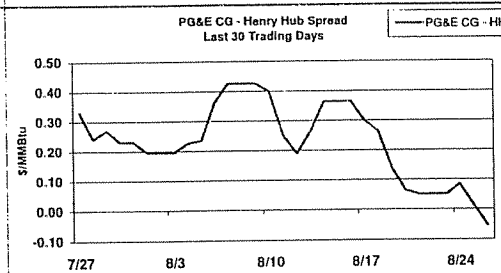
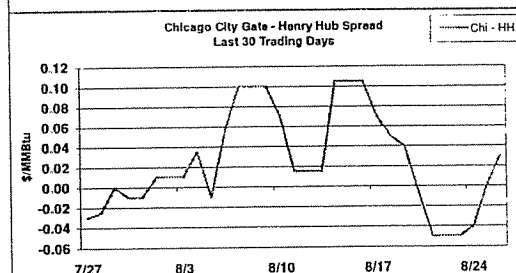
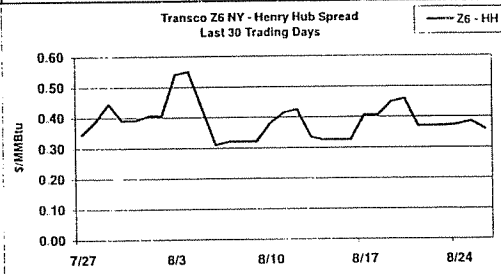
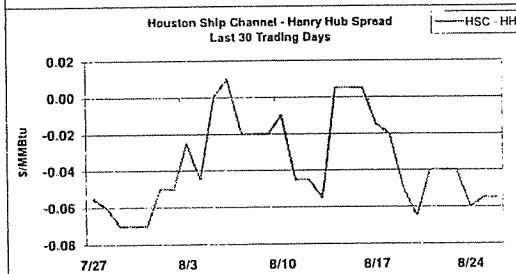
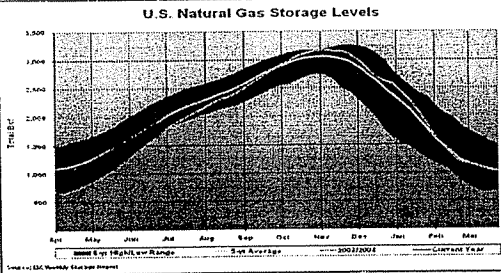
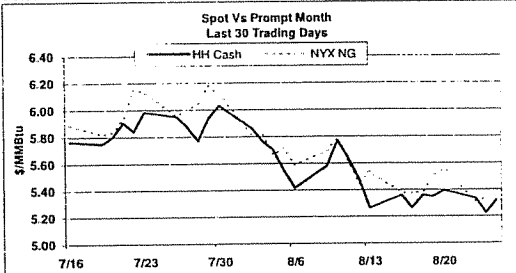


Natural Gas Stats

Market Outlook:

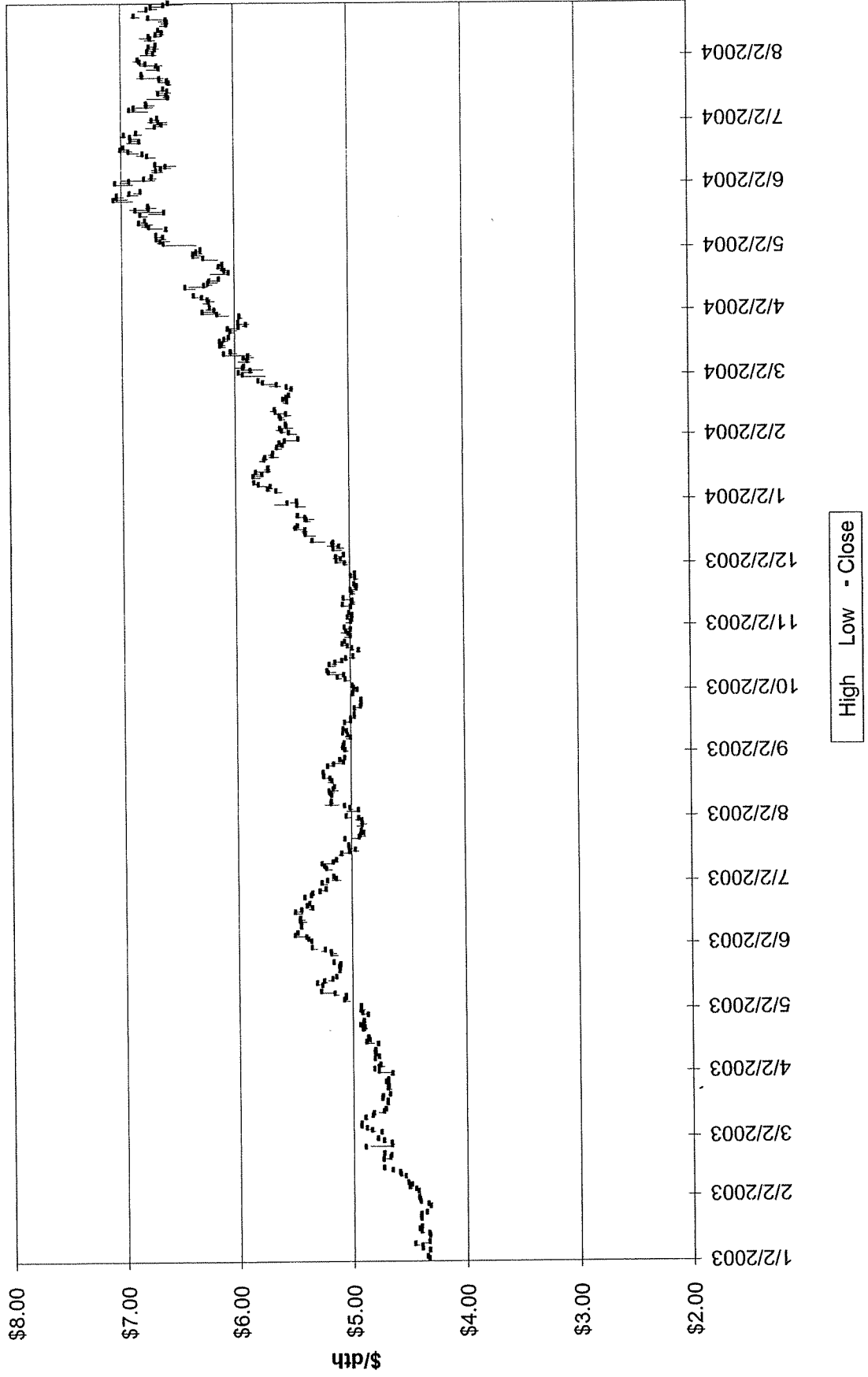
Market Outlook: We did not quite make it to 5.25 but got close. Its a toss up with tomorrow's number but I still feel there is too much gas in the system and too many marketers are long physical with no place to put it. So we should see a weak expiration. VX continued to come in but I must warn you that VX gets very weak the first 6 days of September. After that, that spread should come screaming in. I would be very careful getting short that spread right now. Looks like that gap in the Sep chart will not get filled. Risk-reward tells you to be long here but I think Sep could get to 4.75. Natural has a tendency of going to extremes. We are so close to our pre-winter rally. --Bart Glover

NYMEX Contracts	8/25/2004 Settle	8/24/2004 Settle	Change	Gas Daily Spreads	8/26/2004	8/25/2004	Change
Sep 04	5.298	5.338	(0.040)	HSC	(0.055)	(0.055)	(0.000)
Oct 04	5.432	5.475	(0.043)	TETCO STX	(0.205)	(0.190)	(0.015)
Nov 04	6.082	6.209	(0.127)	Carthage	(0.170)	(0.180)	0.010
Dec 04	6.573	6.694	(0.121)	NGPL TXOK	(0.145)	(0.120)	(0.025)
Jan 05	6.867	6.974	(0.107)	Columbia Gas, App.	0.205	0.220	(0.015)
3-month	5.604	5.674	(0.070)	Transco Z6 NY	0.360	0.385	(0.025)
6-month	6.182	6.272	(0.090)	Chicago City Gate	0.030	0.000	0.030
Summer 2004	5.365	5.674	(0.309)	PG&E City Gate	(0.055)	0.015	(0.070)
Winter 2005	6.612	6.707	(0.095)	Socal	(0.340)	(0.250)	(0.090)
Winter 05 - Summer 04	1.247	1.033	0.214				
Balance 2004	5.846	6.138	(0.292)				



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Winter Strip Dec04 - Mar05



8/27 1:20PM Btu: Baker Hughes: U.S. Rig Count Increases by 9 to 1,239 Rigs"
aker Hughes: U.S. Rig Count Increases by 9 to 1,239 Rigs

Houston, TX (8/27)-Baker Hughes, Inc. reported U.S. oil and natural gas
otary rigs for the week ending Friday (8/27) at 1,239, a net increase
f 9 rigs from the previous week. The rig count is 137 rigs higher than
comparable year-ago period when U.S. rigs numbered 1,102.

Canadian rigs totaled 279, off 112 rigs from the previous week and down
28 rigs from the 407 rigs operating during the same period last year.

The report shows 1,127 of the U.S. rigs to be located on land, 93 rigs
n offshore waters, and the remaining 19 rigs operating in inland
aters. Of the 1,239 U.S. rigs, 1,069 rigs were searching for gas and
69 for oil.

Of the 1,239 rigs, 774 rigs were drilling conventional vertical wells,
ith 321 wells being drilled directionally. The remaining 144 wells
ere being drilled horizontally.

Louisiana, down 5, and Texas, up 19, had the greatest weekly change in
rilling activity among the states.

Source: Btu's Daily Gas Wire)

06000312]

Survey: U.S. gas production fell 3.1% in Q2

Second-quarter U.S. gas production declined by about 3.1% compared with the same period a year ago, according to a report Thursday from Jefferies & Co. But in a companion study, the analyst estimated that Canadian production rose 3.8% year-over-year.

The findings, which Jefferies called its final look at second-quarter production data, are similar to those issued in a report by Lehman Brothers late last week (GD 8/16).

Jefferies said its U.S. estimates are based on results reported by 72 of the nation's top 100 gas companies, which produce about 94% of

(continued on page 4)

Columbia Gulf, La.	5.310	5.21	-5.31	5.21	-5.33	330	33
Columbia Gulf, mainline	5.390	5.26	-5.43	5.35	-5.43	175	24
Florida Gas, zone 1	5.325	5.30	-5.35	5.31	-5.34	59	9
Florida Gas, zone 2	5.375	5.36	-5.40	5.36	-5.39	110	15
Florida Gas, zone 3	5.390	5.37	-5.44	5.37	-5.41	68	9
Henry Hub	5.350	5.24	-5.40	5.31	-5.39	430	57
NGPL, La.	5.200	5.18	-5.23	5.19	-5.21	42	7
Southern Natural, La.	5.340	5.27	-5.39	5.31	-5.37	259	26
Tennessee, La., 500 Leg	5.265	5.24	-5.31	5.25	-5.28	420	61
Tennessee, La., 800 Leg	5.250	5.22	-5.29	5.23	-5.27	128	24
Texas Eastern, WLA	5.210	5.21	-5.22	5.21	-5.21	20	3
Texas Eastern, ELA	5.255	5.18	-5.29	5.23	-5.28	251	36
Texas Gas, zone SL	5.300	5.22	-5.36	5.26	-5.34	251	38
Transco, zone 2	5.325	5.30	-5.34	5.31	-5.34	34	6
Transco, zone 3	5.385	5.33	-5.43	5.36	-5.41	734	89
Trunkline, WLA	—	—	—	—	—	—	0

U.S. gas production fell 3.1% in Q2 ... from page 1

domestic supply. The firms reported total output of 27.4 Bcf/day—down from Q2 2003's 28.268 Bcf/day but up slightly from first-quarter 2004 production of 27.366 Bcf/day.

Once the data are "scrubbed" for volumes lost or gained through asset sales, Jefferies concluded that "clean" gas production averaged 25.914 Bcf/day, a 4.4% decline from a year earlier and a marginal drop from the previous quarter.

"Looking into the third quarter, while production volumes will likely be modestly understated due to Gulf of Mexico shut-ins due to tropical storms, it is our sense is that 'clean gas sales' will post similar sequential declines," study author Frank Bracken said.

Discounting the impact of non-conventional gas from areas such as the Barnett Shale and coalbed methane plays where production continues to grow, "you'd see you've got an underlying decline on your core conventional assets, probably 2% to 3% per annum," Bracken told *Gas Daily*. "That's what we expect to continue."

Looking ahead to 2005, Bracken predicted that conventional, non-deepwater volumes will flatten out "as a function of the prolonged effects of high rates of conventional drilling. In addition, production from non-conventional plays such as the Barnett Shale—which become economical when gas prices are in the \$4 to \$5/MMBtu range—will begin to work their way into the onshore economic profile."

At the same time, Bracken predicted that "you will see some fairly significant and pronounced declines in the deep-water Gulf of Mexico." As a result, "it's reasonable to assume that production in the aggregate from domestic sources continues to decline in 2005 as well, but for very different reasons."

In Jefferies' Canadian survey, meanwhile, total Q2 production reported by the 50 top companies averaged 14.383 Bcf/day, a 3.8% increase over the 13.851 Bcf/day reported a year earlier and a 2% sequential increase over first-quarter volumes of 14.105 Bcf/day. "Clean" production in Canada grew to 12.63 Bcf/day from 12.223 Bcf/day a year ago, the study said.

Bracken cautioned that the rise in Canadian output must be considered in light of the big declines that producers experienced in 2003. "It appears to us that those declines have been arrested," he said. "I think the jury is out a little bit here."

For example, EnCana connected production from a number of its wells late in the winter drilling cycle, which had the effect of distributing production volumes evenly between the first and second quarters of 2004. "It was back-end loaded so they really got a big boost to production. If you took EnCana volumes out of the equation, you wouldn't have had growth in Canada," Bracken surmised.

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GAS DAILY

FRIDAY, AUGUST 20, 2004

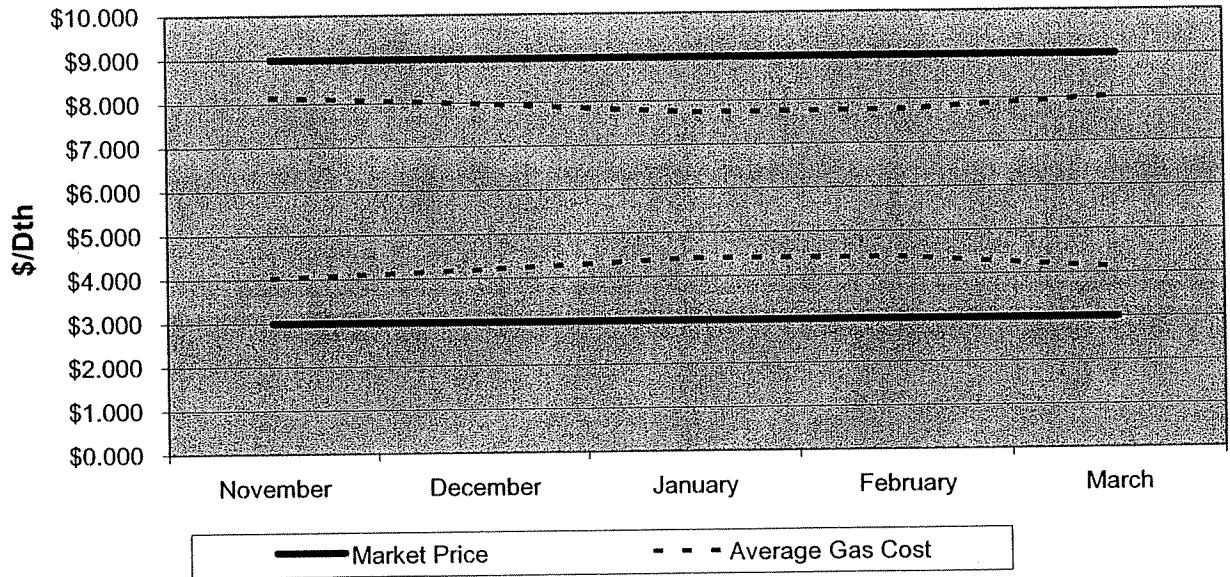
"We also have some concerns that you're getting this little tick up here but as time goes on you've got an increasingly large number of new wells with very steep decline rates associated with them," Bracken said. "The treadmill is actually going to accelerate and lead to something that resembles flattish profile for a significant period of time."

JM

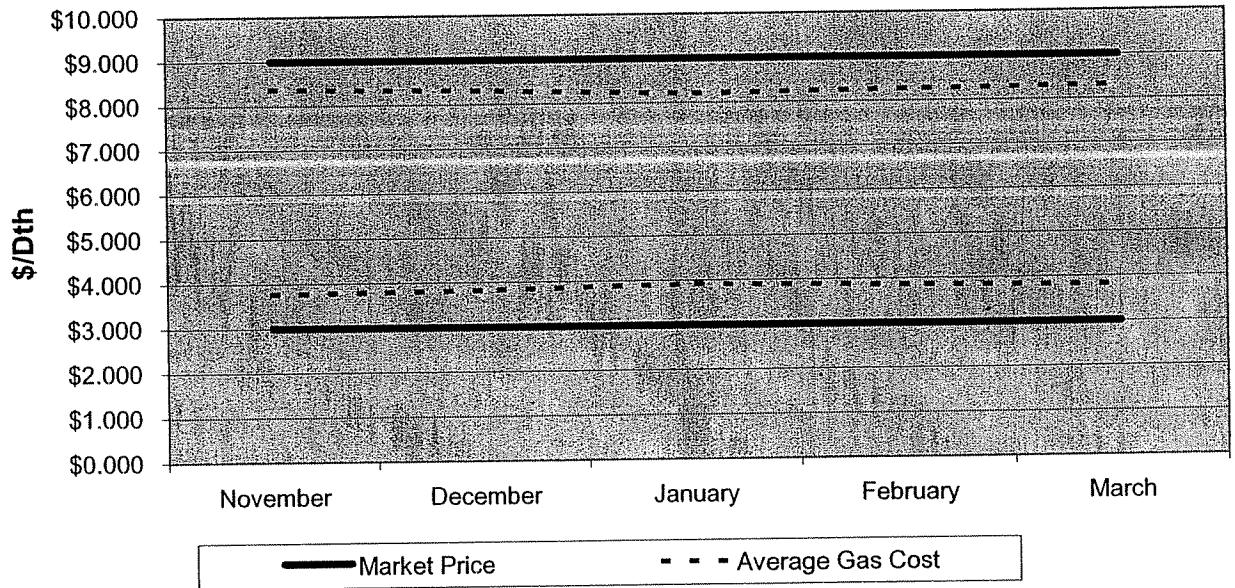
NYMEX Henry Hub gas futures contract, Aug 19

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November	6.299	6.320	6.100	+17.5	3986
December	6.724	6.740	6.535	+16.3	2273
Jan. 2005	6.874	6.885	6.620	+15.3	1048

The Cincinnati Gas & Electric Company Winter 2004-05 Hedging



The Union Light Heat & Power Company Winter 2004-05 Hedging



**Gas Commercial Operations
Hedging Program
Market Indicators Summary
September 9, 2004**

Weather	Price Pressure	Comments
Long Term Weather Forecast	↑	Earthsat: Weak El Nino results in colder forecast for the winter. November is forecasted to be a colder start to the heating season.
Short Term Weather (30 days)	↓	October is forecasted to be warmer than normal. This could cause a delay in people turning on their furnaces.
6-10 day forecast	↔	Above normal temperatures forecasted for most of the country but will have little influence on prices
Tropical Storm Activity	↔	Ivan is expected to hit Florida early next week. TD 10 is out in the Atlantic and is forecasted to head east.
Storage Inventory		
EIA Weekly Storage Report	↓	Storage is on target to exceed 3.2 BCF by end of injection season. Projected to be the highest level in 10 years.
Industry Publications		
Cambridge Energy Research Associates <i>Winter 04/05: \$5.91</i> <i>Summer 2005: \$5.53</i>	↓	"...market fundamentals will ease in September as mild weather continues to allow a stronger-than-expected inventory build."
Paribas	↓	Injections next week may be lower than this week. "That is perhaps the only supportive factor in this downward trending market..."
CM&T	↓	"Oct is destined for 4.40 and maybe lower "
Government Agencies		
Energy Information Administration <i>Winter 04/05: \$5.99</i> <i>Summer 2005: \$5.71</i>	↓	"...steady, if modest, increases in liquefied natural gas imports, restrained export growth and carryover from the robust storage levels...will also contribute to an expected moderate improvement in the supply picture through 2005..."
Technical Analysis		
Winter Strip Chart	↔	Sideways movement between \$6.60 and \$7.00. Double bottom at \$6.16.
Summer 2005 Strip Chart	↓	Trending up throughout 2004. Recently broke below trendline
Rig Count	↓	Up 13 and highest in 3 years.
Economy		
Demand	↓	EIA: "Industrial gas demand is expected to grow by about 0.5 percent this year and 0.1 percent in 2005."
Supply	↑	Gas Daily: "U.S. gas production fell 3.1% in Q2"
Oil Market	↑	EIA: "Oil price remain high even though OPEC is producing at its highest levels since OPEC began tracking quotas in 1982."

Meeting Minutes:

Attendees: Patty Walker, Jim Henning, Bill Tucker, Jeff Kern, Bob Bandenburg, Al Hartkemeyer

Since both CG&E and ULH&P have hedged around 45% of their winter base to date, and the strategy calls for locking in 20-75%, there is no reason to hedge additional volumes while the market is trending downward. We will meet more frequently over the next two months to take advantage of opportunities to possibly lock in a collar. Although the market is trending downward, prices for next summer are approximately the same as this past summer (on average). Since the summer of 2004 was extremely mild, and storage levels were higher than normal, it's very likely that prices next summer could turn out much higher if the summer is hot or storage levels are low at the start of the injection season. Therefore, suppliers will be contacted to begin cost averaging for summer 2005.

On September 10th, four suppliers were contacted regarding the cost averaging. Oneok was not interested in bidding. Occidental bid flat and ConocoPhillips bid +\$0.03. CM&T was awarded the business with their bid of -\$0.005 on September 13th.

The Union Light Heat & Power Company
Hedging Position
As of 09/09/04

	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05
Daily Base													
Estimated Base (Gross)	6,000	15,768	22,596	24,427	22,506	16,906	17,000	13,000	14,000	13,000	13,000	9,000	6,000
Amount Hedged	3,000												
Cost Averaging (1)		1,000	1,000	1,000	1,000	1,000							
Fixed Price (Conoco \$5.485)		1,000	1,000	1,000	1,000	1,000							
Fixed Price (Occidental \$6.07)		5,000	5,000	5,000	5,000	5,000							
Cost Averaging (2)													
Fixed Price (Conoco \$6.9475)			1,700	1,700	1,700								
Fixed Price (Occidental \$5.705)	1,700				2,000								
Fixed Price (Conoco \$6.36)			2,000	2,000	2,000								
Total Hedged	4,700	7,000	10,700	10,700	10,700	7,000	0	0	0	0	0	0	0
Monthly Base													
Estimated Base (Gross)	186,000	473,040	700,476	757,237	630,168	524,086	510,000	403,000	420,000	403,000	403,000	270,000	186,000
Amount Hedged	93,000												
Cost Averaging (1)		30,000	31,000	31,000	28,000	31,000							
Fixed Price (Conoco \$5.485)		30,000	31,000	31,000	28,000	31,000							
Fixed Price (Occidental \$6.07)		30,000	31,000	31,000	28,000	31,000							
Cost Averaging (2)		150,000	155,000	155,000	140,000	155,000							
Fixed Price (Conoco \$6.9475)		0	52,700	52,700	47,600	0							
Fixed Price (Occidental \$5.705)	52,700				56,000								
Fixed Price (Conoco \$6.36)			62,000	62,000	62,000								
Total Hedged	145,700	210,000	331,700	331,700	299,600	217,000	0	0	0	0	0	0	0
% of Base Supply	78.3%	44.4%	47.4%	43.8%	47.5%	41.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Seasonal % of Base	28.7%					45.1%							0.0%
Normal Load (City Gate)													
Hedged (City Gate)	138,415	199,500	315,115	315,115	284,620	206,150	0	0	0	0	0	0	0
Storage Withdrawal	0	128,282	249,706	400,491	295,185	185,393	0	0	0	0	0	0	0
Market	590,769	1,127,799	1,493,190	1,621,482	1,449,116	1,203,649	884,062	653,923	478,726	519,514	484,533	450,538	642,742
Total (incl. Injections)	729,184	1,455,581	2,058,011	2,337,087	2,028,921	1,595,192	884,062	653,923	478,726	519,514	484,533	450,538	642,742
% Hedged & Storage	19.0%	22.5%	27.4%	30.6%	28.6%	24.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

(1) ULH&P will purchase 3,000 dth/day from CM&T at Columbia Gulf Onshore based on the average NYMEX closing price December 1, 2003 - March 29, 2004.
(2) ULH&P will purchase 5,000 dth/day from CM&T at Columbia Gulf Onshore based on the average NYMEX closing price June 1, 2004 - October 27, 2004.

The Union Light Heat & Power Company
 Hedging for Winter 2004/2005
 Cost Averaging with CM&T

	Total Amount	Closing Price					Winter Strip	Total Cost	Locked in To Date
		November	December	January	February	March			
1-Jun	7,190	\$6 894	\$7 079	\$7 204	\$7 144	\$6 954	\$7 055	50,725 45	7,190
2-Jun	7,190	\$6 759	\$6 947	\$7 077	\$7 027	\$6 842	\$6 930	48,829 58	7,190
3-Jun	7,190	\$6 620	\$6 810	\$6 940	\$6 890	\$6 710	\$6 794	48,848 88	7,190
4-Jun	7,190	\$6 546	\$6 741	\$6 871	\$6 826	\$6 656	\$6 728	48,374 32	7,190
7-Jun	7,190	\$6 502	\$6 702	\$6 832	\$6 787	\$6 617	\$6 688	48,086 72	7,190
8-Jun	7,190	\$6 445	\$6 658	\$6 788	\$6 743	\$6 580	\$6 643	47,761 73	7,190
9-Jun	7,190	\$6 406	\$6 618	\$6 746	\$6 701	\$6 541	\$6 602	47,468 38	7,190
10-Jun	7,190	\$6 509	\$6 712	\$6 840	\$6 790	\$6 622	\$6 695	48,134 17	7,190
11-Jun	NYMEX Closed in Observance of Day of Mourning for Ronald Reagan								
14-Jun	7,265	\$6 580	\$6 783	\$6 911	\$6 860	\$6 695	\$6 766	49,153 54	7,265
15-Jun	7,265	\$6 627	\$6 827	\$6 952	\$6 897	\$6 732	\$6 807	49,452 86	7,265
16-Jun	7,265	\$6 765	\$6 960	\$7 077	\$7 017	\$6 847	\$6 933	50,369 70	7,265
17-Jun	7,265	\$6 840	\$7 033	\$7 150	\$7 090	\$6 920	\$7 007	50,902 95	7,265
18-Jun	7,265	\$6 805	\$7 005	\$7 125	\$7 065	\$6 900	\$6 980	50,709 70	7,265
21-Jun	7,265	\$6 850	\$6 860	\$6 983	\$6 926	\$6 764	\$6 837	49,667 90	7,265
22-Jun	7,265	\$6 727	\$6 937	\$7 062	\$7 002	\$6 837	\$6 913	50,222 95	7,265
23-Jun	7,265	\$6 730	\$6 942	\$7 067	\$7 007	\$6 842	\$6 918	50,256 36	7,265
24-Jun	7,265	\$6 788	\$7 000	\$7 125	\$7 065	\$6 900	\$6 976	50,677 73	7,265
25-Jun	7,265	\$6 667	\$6 884	\$7 012	\$6 957	\$6 800	\$6 884	49,866 96	7,265
28-Jun	7,265	\$6 490	\$6 714	\$6 844	\$6 820	\$6 640	\$6 702	48,687 12	7,265
29-Jun	7,265	\$6 425	\$6 651	\$6 784	\$6 734	\$6 583	\$6 635	48,206 18	7,265
30-Jun	7,265	\$6 453	\$6 682	\$6 813	\$6 763	\$6 608	\$6 664	48,412 51	7,265
1-Jul	7,265	\$6 516	\$6 744	\$6 877	\$6 825	\$6 666	\$6 726	48,861 48	7,265
2-Jul	7,265	\$6 458	\$6 693	\$6 823	\$6 775	\$6 628	\$6 675	48,496 78	7,265
6-Jul	7,265	\$6 721	\$6 947	\$7 080	\$7 020	\$6 860	\$6 926	50,314 48	7,265
7-Jul	7,265	\$6 678	\$6 906	\$7 039	\$6 981	\$6 824	\$6 766	50,023 88	7,265
8-Jul	7,265	\$6 529	\$6 779	\$6 924	\$6 872	\$6 724	\$6 766	49,152 08	7,265
9-Jul	7,265	\$6 516	\$6 784	\$6 937	\$6 889	\$6 747	\$6 775	49,217 47	7,265
12-Jul	7,265	\$6 277	\$6 577	\$6 747	\$6 708	\$6 570	\$6 576	47,773 19	7,265
13-Jul	7,265	\$6 302	\$6 591	\$6 758	\$6 721	\$6 588	\$6 592	47,890 88	7,265
14-Jul	7,265	\$6 375	\$6 662	\$6 827	\$6 789	\$6 655	\$6 662	48,396 52	7,265
15-Jul	7,265	\$6 275	\$6 583	\$6 753	\$6 718	\$6 588	\$6 583	47,828 40	7,265
16-Jul	7,265	\$6 310	\$6 620	\$6 792	\$6 754	\$6 620	\$6 619	48,088 49	7,265
19-Jul	7,265	\$6 240	\$6 560	\$6 735	\$6 730	\$6 590	\$6 571	47,738 32	7,265
20-Jul	7,265	\$6 274	\$6 584	\$6 757	\$6 722	\$6 592	\$6 586	47,845 84	7,265
21-Jul	7,265	\$6 351	\$6 651	\$6 824	\$6 784	\$6 649	\$6 652	48,325 33	7,265
22-Jul	7,265	\$6 529	\$6 814	\$6 982	\$6 929	\$6 779	\$6 807	49,449 95	7,265
23-Jul	7,265	\$6 535	\$6 820	\$6 985	\$6 940	\$6 805	\$6 817	49,525 51	7,265
26-Jul	7,265	\$6 366	\$6 654	\$6 829	\$6 787	\$6 651	\$6 657	48,366 01	7,265
27-Jul	7,265	\$6 387	\$6 673	\$6 847	\$6 808	\$6 689	\$6 677	48,506 95	7,265
28-Jul	7,265	\$6 500	\$6 772	\$6 941	\$6 899	\$6 756	\$6 774	49,210 20	7,265
29-Jul	7,265	\$6 556	\$6 826	\$6 996	\$6 954	\$6 811	\$6 829	49,609 78	7,265
30-Jul	7,265	\$6 546	\$6 841	\$7 017	\$6 978	\$6 845	\$6 845	49,731 83	7,265
2-Aug	7,265	\$6 360	\$6 697	\$6 884	\$6 855	\$6 736	\$6 706	48,722 00	7,265
3-Aug	7,265	\$6 383	\$6 748	\$6 943	\$6 916	\$6 798	\$6 758	49,093 96	7,265
4-Aug	7,265	\$6 253	\$6 678	\$6 893	\$6 870	\$6 758	\$6 690	48,605 76	7,265
5-Aug	7,265	\$6 307	\$6 734	\$6 954	\$6 926	\$6 809	\$6 746	49,009 69	7,265
6-Aug	7,265	\$6 218	\$6 665	\$6 805	\$6 877	\$6 760	\$6 685	48,566 53	7,265
9-Aug	7,265	\$6 298	\$6 715	\$6 945	\$6 912	\$6 785	\$6 731	48,900 72	7,265
10-Aug	7,265	\$6 356	\$6 733	\$6 945	\$6 910	\$6 780	\$6 745	49,000 97	7,265
11-Aug	7,265	\$6 255	\$6 658	\$6 898	\$6 868	\$6 743	\$6 684	48,562 17	7,265
12-Aug	7,265	\$6 162	\$6 592	\$6 857	\$6 827	\$6 702	\$6 628	48,152 42	7,265
13-Aug	7,265	\$6 223	\$6 628	\$6 883	\$6 850	\$6 718	\$6 660	48,387 81	7,265
16-Aug	7,265	\$6 119	\$6 551	\$6 818	\$6 788	\$6 658	\$6 587	47,853 10	7,265
17-Aug	7,265	\$6 104	\$6 547	\$6 814	\$6 784	\$6 654	\$6 581	47,808 06	7,265
18-Aug	7,265	\$6 124	\$6 561	\$6 821	\$6 791	\$6 661	\$6 592	47,887 97	7,265
19-Aug	7,265	\$6 299	\$6 724	\$6 974	\$6 942	\$6 800	\$6 748	49,022 77	7,265
20-Aug	7,265	\$6 418	\$6 858	\$7 108	\$7 073	\$6 928	\$6 877	49,961 41	7,265
23-Aug	7,265	\$6 251	\$6 736	\$7 005	\$6 975	\$6 835	\$6 760	49,114 31	7,265
24-Aug	7,265	\$6 209	\$6 694	\$6 974	\$6 944	\$6 802	\$6 725	48,854 22	7,265
25-Aug	7,265	\$6 082	\$6 573	\$6 867	\$6 842	\$6 697	\$6 612	48,037 63	7,265
26-Aug	7,265	\$5 994	\$6 524	\$6 834	\$6 824	\$6 684	\$6 572	47,745 58	7,265
27-Aug	7,265	\$5 916	\$6 498	\$6 831	\$6 831	\$6 693	\$6 554	47,613 36	7,265
30-Aug	7,265	\$5 859	\$6 409	\$6 759	\$6 796	\$6 661	\$6 497	47,199 25	7,265
31-Aug	7,265	\$5 717	\$6 302	\$6 637	\$6 687	\$6 572	\$6 383	46,372 50	7,265
1-Sep	7,265	\$5 566	\$6 201	\$6 581	\$6 631	\$6 536	\$6 303	45,791 30	7,265
2-Sep	7,265	\$5 495	\$6 130	\$6 515	\$6 550	\$6 455	\$6 229	45,253 69	7,265
3-Sep	7,265	\$5 500	\$6 155	\$6 515	\$6 550	\$6 455	\$6 235	45,297 28	7,265
7-Sep	7,265	\$5 640	\$6 292	\$6 627	\$6 652	\$6 542	\$6 351	46,137 11	7,265
8-Sep	7,265	\$5 521	\$6 241	\$6 571	\$6 601	\$6 496	\$6 286	45,667 79	7,265
9-Sep	7,265								
10-Sep	7,265								
13-Sep	7,265								
14-Sep	7,265								
15-Sep	7,265								
16-Sep	7,265								
17-Sep	7,265								
20-Sep	7,265								
21-Sep	7,265								
22-Sep	7,265								
23-Sep	7,265								
24-Sep	7,265								
27-Sep	7,265								
28-Sep	7,265								
29-Sep	7,265								
30-Sep	7,265								
1-Oct	7,265								
4-Oct	7,265								
5-Oct	7,265								
6-Oct	7,265								
7-Oct	7,265								
8-Oct	7,265								
11-Oct	7,265								
12-Oct	7,265								
13-Oct	7,265								
14-Oct	7,265								
15-Oct	7,265								
18-Oct	7,265								
19-Oct	7,265								
20-Oct	7,265								
21-Oct	7,265								
22-Oct	7,265								
25-Oct	7,265								
26-Oct	7,265								
27-Oct	7,305								
Total	755,000							\$3,352,788.35	500,685
									\$6,664
									(\$0.0100)
									\$6,664

Basis to Columbia Gulf Onshore

Price to be paid for 5,000 dth/day delivered November 1, 2004 to March 31, 2005:

\$6,664

EarthSat Longcast Model Seasonal Outlook Discussion

September 7, 2004

Headlines: Latest Analogs Continue Colder Trends for Upcoming Winter.

This model output is a strict objective analog comparison based on the Tropical Pacific. These are not necessarily EarthSat's official seasonal forecasts, but a tool utilized in that effort. To see EarthSat's latest outlook, please click on the link provided at the front of the longcast section (main menu) or see below.

To See EarthSat's Official Summer Outlook (no changes to date), please click here: [summer.ppt](#) (note: there are two pages here)

Latest Weekly Update of Longcast Tool:

With the tropical Pacific stabilizing in the weak El Nino category, the analog analysis is reaching back to the 50s, 60s, and 70s for its top analog years to create these latest forecasts. The result is a colder forecast for the upcoming winter. Interestingly, the last several winters have seen very marginal to weak El Nino events with limited substantial Pacific influences for the winter periods. Three of the past four winters (since 2000) have been at or colder than normal.

Certainly, the situation to watch closely the next two months will be the evolution of the El Nino. If the weak El Nino holds (which is expected at this time), then the colder winter outlook will carry higher confidence. An increase into the moderate category would warm the forecast, while a reduction toward neutral levels would lower the confidence (weak El Nino events correlate best to colder winters--- check the late 1970s for reference!).

Monthly Update Information:**Status**

For the ensemble spread on the latest sst forecast:

http://www.emc.ncep.noaa.gov/research/cmb/sst_forecast/images/cmb.SSTfcst_nino34.gif

To see the latest NINO 3.4 SST Departures, please check out this link:

http://www.cpc.ncep.noaa.gov/products/analysis_monitoring/enso_update/ssta_c.gif

-Matt Rogers

Any Questions? Comments? Please write to mrogers@earthsat.com



EarthSat Energy Weather - Long Range Forecasts: 30 - 60 Day Outlook

EARTHSAT

Wednesday

DAY

9/8/04

DATE

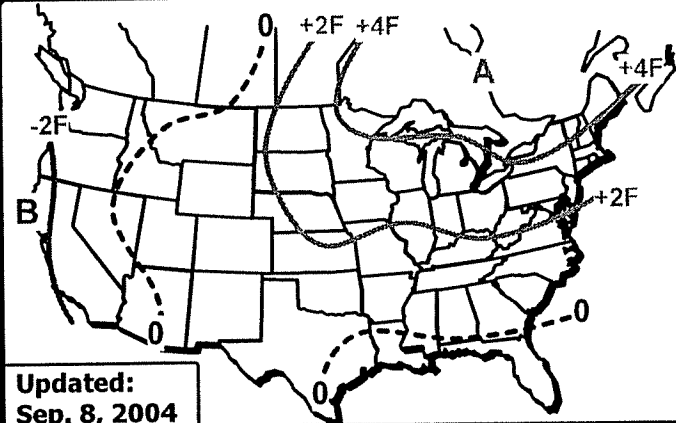
9:30 AM EDT

TIME

MR

FORECASTER

OCTOBER 2004



Updated:
Sep. 8, 2004

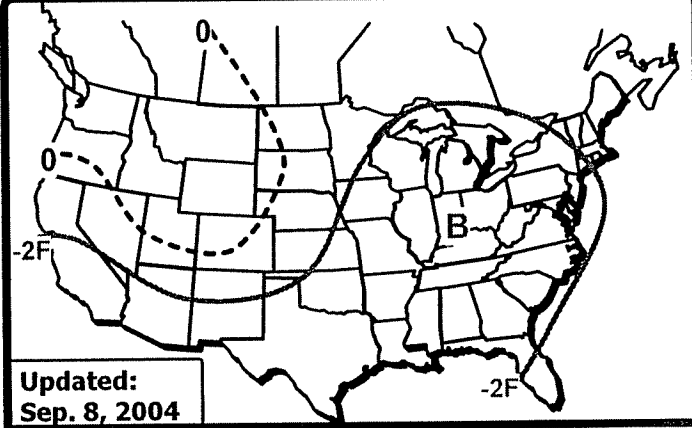
October Pattern May Be Similar to September.

The September situation is clearly shaping up to be warmer than previously expected, particularly in the Midwest. Looking at the first week's worth of verification for September anomalies (map in lower left) shows a pattern quite similar to this October forecast for the mid-continent. The East Coast is a bit cooler, while the West Coast is definitely warmer. The current thinking is that the pattern that has evolved here in early September (which is quite a bit warmer than August) should hold into a significant piece of October as well. Essentially, the analog themes of some warming autumn weather appear to be taking hold faster than expected, but it should be sufficiently long to keep October warmer as well.

September CDD Forecasts

	forecast	10-year	30-year	last year
Chicago	281.0	384.6	371.0	483.0
Philadelphia	194.0	241.8	269.0	288.5
Houston	39.0	39.1	37.0	13.0

NOVEMBER 2004



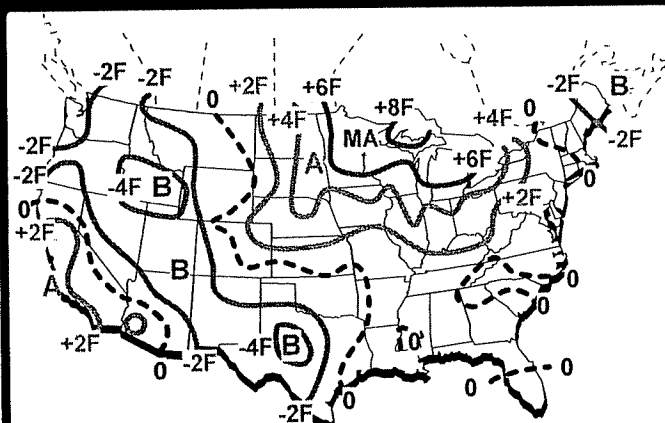
Updated:
Sep. 8, 2004

November Favored to Trend Colder Again.

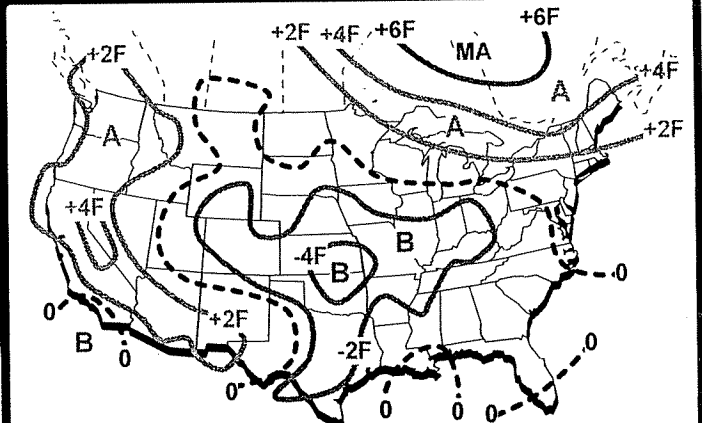
A combination of factors are leading the way for a possible colder start to the heating season. Last spring, the analogs were favoring a warmer start to the 04-05 heating season, but over the course of the summer, the El Nino developed and stabilized in a weak El Nino phase. The analog years re-adjusted and now the top players are years from the 50s, 60s, and 70s. These colder years are biasing the beginning of the heating season colder as well. Also, downturning trends on the QBO also support cooler to colder weather going into the upcoming heating season. Strangely, the Tropical Pacific has been in a relatively tight range over the past 2-3 years, indicating that colder patterns could lead this coming heating season as well.

November HDD Forecasts Coming Soon...

SEPTEMBER 1-7 2004



SEPTEMBER 2003



Maps above depict deviations of average temperatures from normal in Fahrenheit.



EarthSat's Energy Weather

The 6 to 10 Day Forecast - Detailed Version

EARTH SAT

Thursday

DAY

9/9/04

DATE

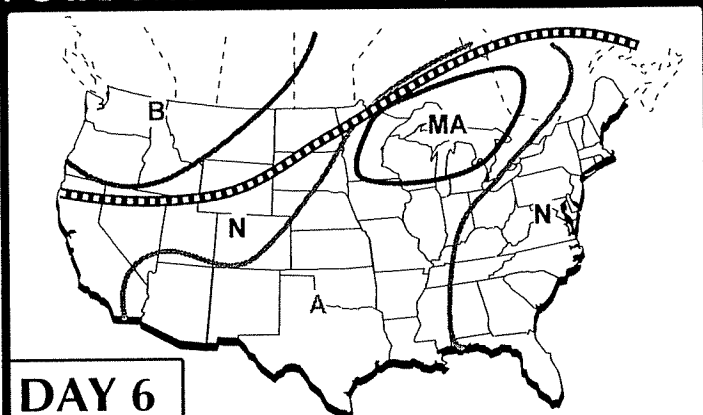
6:30 A.M.

TIME

MR

FORECASTER

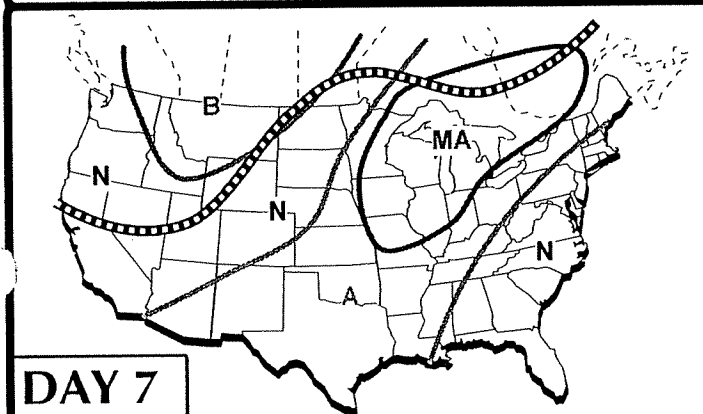
FORECAST TEMP. DEVIATIONS



DAY 6

FORECAST VALID: Tuesday, 9/14

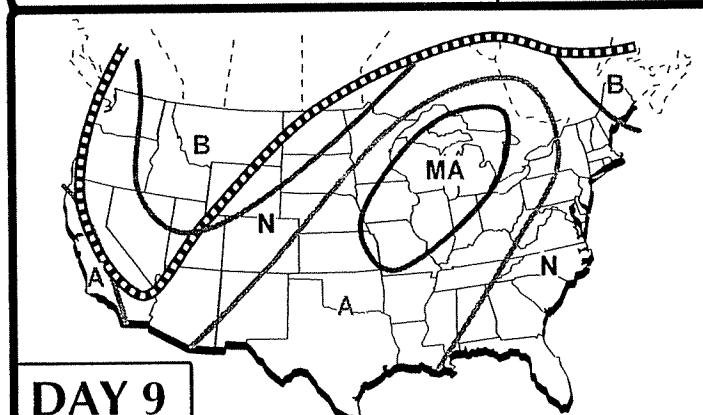
CONFIDENCE: 7



DAY 7

FORECAST VALID: Wednesday, 9/15

CONFIDENCE: 7



DAY 9

FORECAST VALID: Friday, 9/17

CONFIDENCE: 5

DISCUSSION

Today's Changes.

Warmer Interior West. Slower cooling is forecast for the interior West with below normals arriving 2-3 days slower than forecast yesterday.

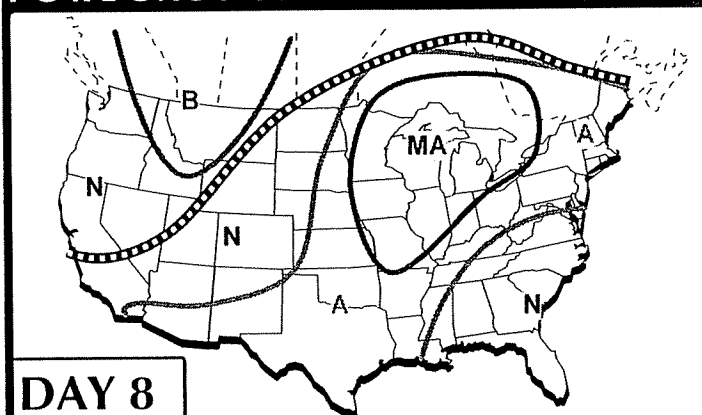
Slower California Warming. While still favored, the forecast today slows down the warming for the state by 1 day (waiting until next Friday).

Warmer Midwest Late Period. Above to much above normal temperatures are forecast to be more impressive through days 9-10 than forecast yesterday.

Potential Problems with the Forecast:

The Ivan track could disrupt temperature patterns along the immediate Eastern Seaboard this period.

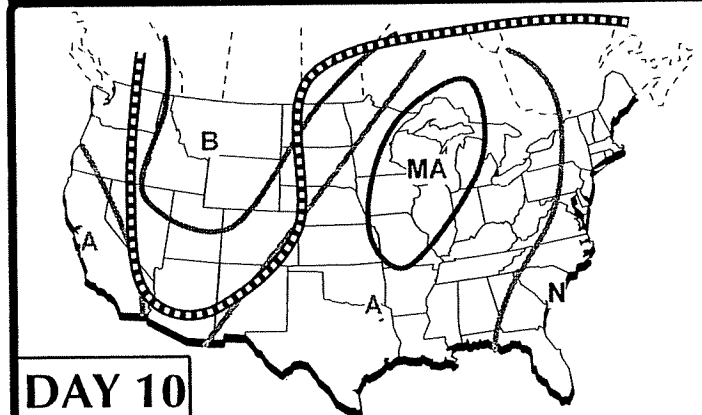
FORECAST TEMP. DEVIATIONS



DAY 8

FORECAST VALID: Thursday, 9/16

CONFIDENCE: 6



DAY 10

FORECAST VALID: Saturday, 9/18

CONFIDENCE: 4

LEGEND

MUCH ABOVE.. +8F OR UP

ABOVE..... +3F TO +7F

NORMAL

-2F TO +2F









MUCH BELOW..... -8F OR DOWN

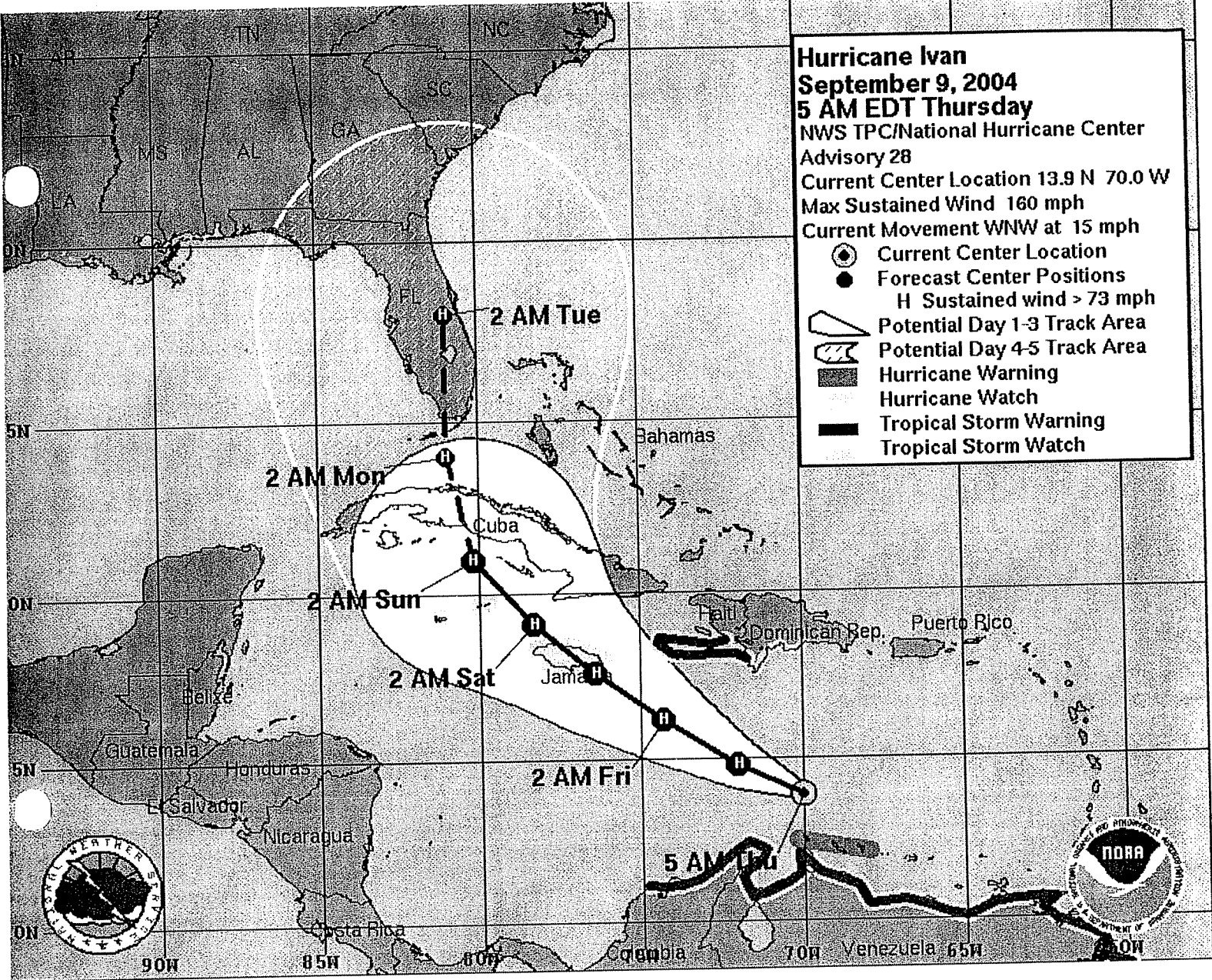
BELOW..... -7F TO -3F

----- Jet Stream

Confidence Level Boxes: 1=Low, 5=Moderate, 10=High

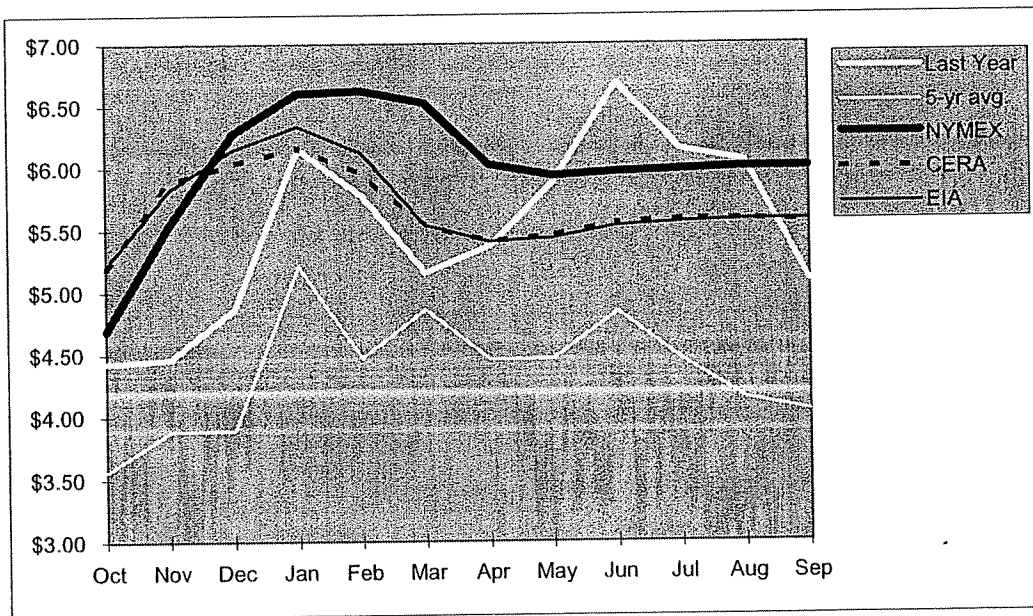
Hurricane Ivan
September 9, 2004
5 AM EDT Thursday
 NWS TPC/National Hurricane Center
 Advisory 28
 Current Center Location 13.9 N 70.0 W
 Max Sustained Wind 160 mph
 Current Movement WNW at 15 mph

-  Current Center Location
-  Forecast Center Positions
 H Sustained wind > 73 mph
-  Potential Day 1-3 Track Area
-  Potential Day 4-5 Track Area
-  Hurricane Warning
-  Hurricane Watch
-  Tropical Storm Warning
-  Tropical Storm Watch



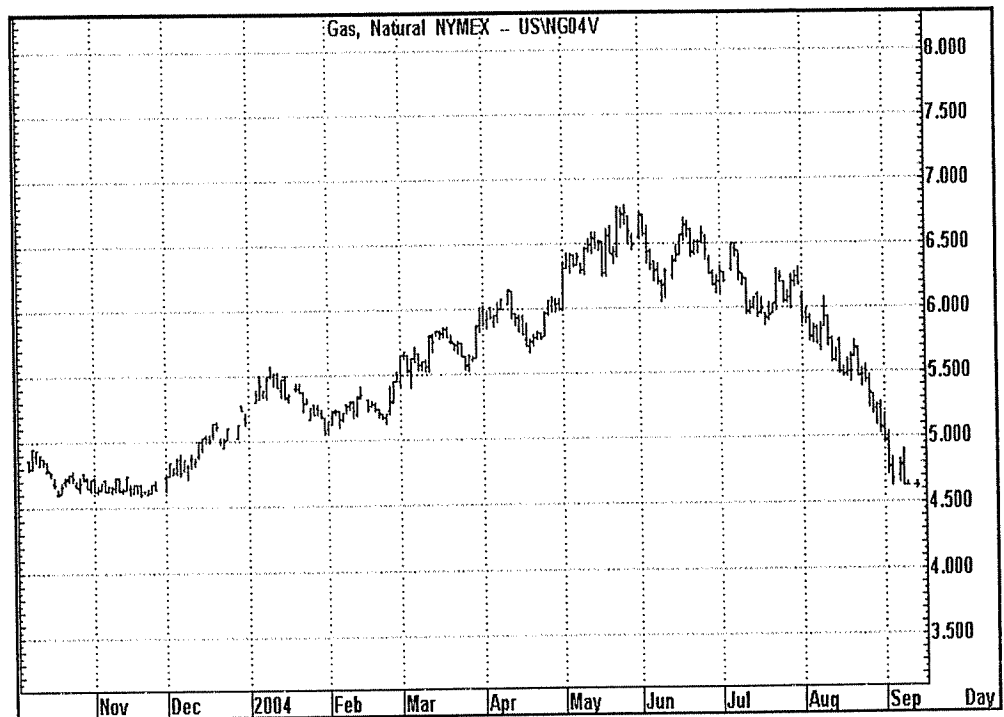
COMPARISON OF HISTORIC SPOT & PROJECTED PRICES TO CURRENT FUTURES PRICES

Historic Prices:						
NYMEX Closing Price						
	5-yr. avg. (99/00-03/04)	Last Year (2003-2004)		CERA 18-Aug-04	EIA 10-Aug-04	NYMEX 9-Sep-04
Oct	\$3.56	\$4.43		\$5.200	\$5.207	\$4.690
Nov	\$3.88	\$4.46		\$5.880	\$5.821	\$5.540
Dec	\$3.89	\$4.86		\$6.030	\$6.147	\$6.280
Jan	\$5.20	\$6.15		\$6.160	\$6.333	\$6.600
Feb	\$4.47	\$5.78		\$5.950	\$6.118	\$6.620
Mar	\$4.85	\$5.15		\$5.530	\$5.535	\$6.520
Apr	\$4.45	\$5.37		\$5.400	\$5.400	\$6.020
May	\$4.46	\$5.87		\$5.450	\$5.429	\$5.930
Jun	\$4.84	\$6.68		\$5.550	\$5.527	\$5.960
Jul	\$4.45	\$6.14		\$5.580	\$5.556	\$5.980
Aug	\$4.14	\$6.05		\$5.580	\$5.575	\$6.000
Sep	\$4.04	\$5.08		\$5.560	\$5.576	\$6.000
12 Month Avg	\$4.35	\$5.50		\$5.656	\$5.685	\$6.012
Summer Average				\$5.474	\$5.467	\$5.797
Winter Average				\$5.910	\$5.991	\$6.312



Commentary

Selling off to the low 4600s, apparently Ivan is being viewed as a cooling off force rather than a real threat to production at this time, although the full path of Ivan is not known at this time. It is likely that October weakens further to the 4550, 4490 and possibly 4360 levels. Our survey showed that an injection of 81 bcf/wk is expected. Looking ahead to next week, shut ins because of Ivan may lead to a lower than this week's injection, but it is likely this will have already been factored into prices. That is perhaps the only supportive factor in this downward trending market, unless of course Ivan takes a definitive path to areas of production.



Although the information in this report has been obtained from sources which BNP Paribas believes to be reliable, we do not represent or warrant its accuracy, and such information may be incomplete or condensed. All estimates and opinions included in this report constitute our judgement as of the date of the report and may be subject to change without notice. BNP Paribas or its affiliates may, from time to time, have a position or make a market in the financial products mentioned in this report, or in derivative instruments based thereon. BNP Paribas shall not be responsible for the consequences of reliance upon any opinion or statement contained herein or for any omission or error of fact. This report is confidential and is being submitted to selected recipients only. This report may not be reproduced (in whole or in part) to any other person without the prior written permission of BNP Paribas. Copyright © BNP Paribas (2004). All rights reserved.

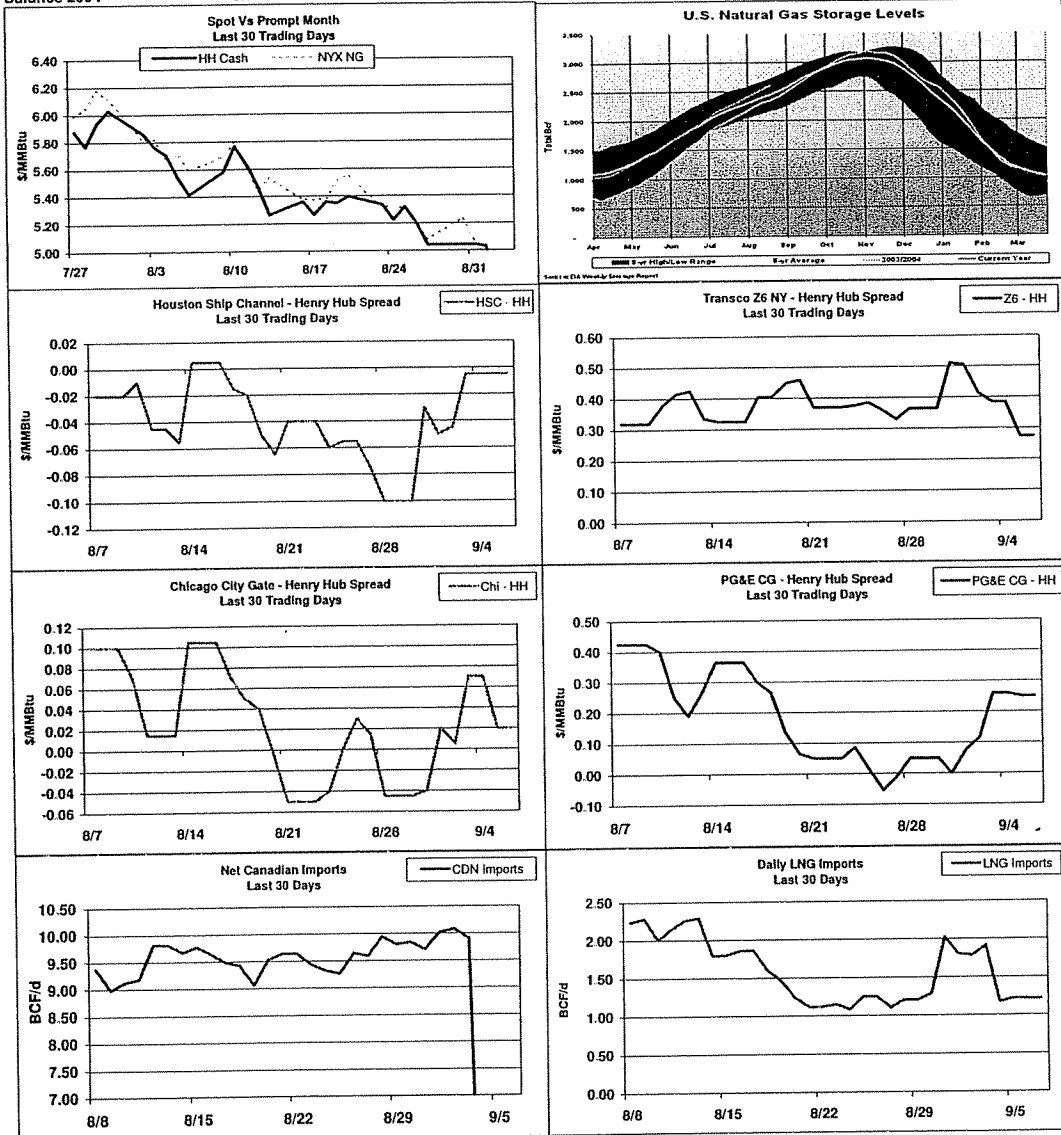


Natural Gas Stats

Market Outlook:

Market Outlook: Some of the rolls started on Friday. It pushed VX out to as high as .85. That spread should continue to widen this week and then come screaming in thereafter. I still believe that spread settles closer to 40¢. Ivan the Terrible is out there and starting to strike concern to people in Gulf. Whether it is a Gulf threat or not is debatable. It is a big guy though. Ok this should be known by the end of the week and the market will be very choppy with every forecast change as we saw last night in access. We settled below my channel on the weekly chart which usually signifies a pretty good down week. It needs to break last week's low in order for this to get me excited to the downside. Oct is destined for 4.40 and maybe lower. It concerns me with producers and marketers trying to get rid of their gas in bidweek. That is why the VX should stay at least 40¢ back. Above, we have 4.79-4.82 that we should not get back above there, they failed at that point on Friday and failed there on access. Storage this week should be 78-82 and next week's number with the Holiday and the loss of demand from Frances, should be in the upper 90s. We are going against 100+ vs last year but the overall storage is very full. --Bart Glover

NYMEX Contracts	9/6/2004 Settle	9/5/2004 Settle	Change	Gas Daily Spreads	9/7/2004	9/6/2004	Change
Oct 04	4.675	4.767	(0.092)	HSC	(0.005)	(0.005)	0.000
Nov 04	5.500	5.495	0.005	TETCO STX	(0.265)	(0.265)	0.000
Dec 04	6.155	6.130	0.025	Carthage	(0.200)	(0.200)	0.000
Jan 05	6.515	6.515	0.000	NGPL TXOK	(0.115)	(0.115)	0.000
Feb 05	6.550	6.550	0.000	Columbia Gas, App.	0.440	0.440	0.000
3-month	5.443	5.464	(0.021)	Transco Z6 NY	0.275	0.275	0.000
6-month	5.975	5.985	(0.010)	Chicago City Gate	0.020	0.020	0.000
Summer 2004	5.088	5.464	(0.376)	PG&E City Gate	0.250	0.250	0.000
Winter 2005	6.333	6.277	0.056	Socal	(0.030)	(0.030)	0.000
Winter 05 - Summer 04	1.245	0.813	0.432				
Balance 2004	5.711	5.891	(0.180)				



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Two more analysts reduce their price forecasts

Public and private analysts on Wednesday sliced their near-term and long-range U.S. gas price forecasts, citing slowdowns in demand due to unseasonably cool weather and sluggish economic growth.

The federal Energy Information Administration, in its September short-term energy outlook, reduced its Henry Hub spot price estimate by 37 cents/Mcf to \$5.65/Mcf for the third quarter. Meanwhile, Arlington, Va.-based consulting firm Energy and Environmental Analysis dropped its Q3 forecast by a hefty \$1.26/MMBtu to \$4.84/MMBtu.

EIA cut 63 cents from its fourth-quarter forecast, pegging it at \$6.11/Mcf, and knocked a quarter off its full-year 2004 projection to

(continued on page 5)

Two more analysts cut price forecasts ... from page 1

\$5.96/Mcf. Looking ahead, EIA reduced its 2005 estimate by 46 cents to \$6.14/Mcf.

The agency made similar reductions in its average wellhead price estimates, which now stand at \$5.34/Mcf for this year and \$5.54/Mcf for 2005.

Gas prices "continued to weaken in August as cooling-demand levels and peak power demand stayed well below normal for the second month in a row," EIA noted; adding that cooling degree-days last month were the lowest since 1992 on a national population-weighted basis.

And "steady, if modest, increases in liquefied natural gas imports, restrained export growth and carryover from the robust storage levels ... will also contribute to an expected moderate improvement in the supply picture through 2005," EIA said. The agency hiked its estimate for new supply in 2005 from 22.47 Tcf to 22.7 Tcf.

As for storage, EIA said lower gas prices and relatively weak summer demand have spurred injections, resulting in an estimated August-end working gas inventory of 2.74 Tcf. That is nearly 2.4% above last month's projection and 9% above the five-year average.

The agency increased its estimate for gas in storage at the beginning of the fourth quarter from 2.99 Tcf to 3.1 Tcf, adding that there's sure to be an impact

Daily price survey (\$/MMBtu)

NATIONAL AVERAGE PRICE: 4.770

Trans. date: 9/08
Flow date(s): 9/09

	Midpoint	Absolute	Common	Volume	Deals
Permian Basin Area					
El Paso, Permian Basin	4.410	4.30-4.50	4.36-4.46	331	47
Waha	4.460	4.41-4.50	4.44-4.48	395	44
Transwestern, Permian Basin	4.360	4.33-4.39	4.34-4.38	45	7
East Texas-North Louisiana Area					
Carthage Hub	4.560	4.55-4.58	4.55-4.57	56	9
NGPL, Texas zone	4.570	4.53-4.69	4.53-4.61	215	36
	5.20	5.9¢	54.7¢	115.1¢	62.7¢ 22.7¢ 11.4¢
	5.25	5.2¢	51.7¢	111.2¢	67.0¢ 24.7¢ 12.5¢
	5.30	4.6¢	49.0¢	107.4¢	71.4¢ 26.9¢ 13.7¢
	5.35	4.1¢	46.3¢	103.7¢	75.9¢ 29.2¢ 14.9¢
	5.40	3.6¢	43.8¢	100.1¢	80.4¢ 31.7¢ 16.3¢
	5.45	3.2¢	41.3¢	—	85.0¢ 34.2¢ 17.7¢
	5.50	2.8¢	38.9¢	93.0¢	89.6¢ 36.8¢ 19.2¢
	5.55	2.5¢	36.8¢	93.6¢	94.3¢ 39.7¢ 20.8¢
	5.60	2.2¢	34.7¢	86.4¢	99.0¢ 42.6¢ 22.5¢

Platts oil prices, Sep 8

	(\$/b)	(\$/MMBtu)
Gulf Coast spot		
1% Resid	28.40-28.75	4.55
3% Resid	24.50-24.90	3.93
Crude spot		
WTI (Oct)	42.69-42.71	6.79
New York spot		
No.2	48.20-48.28	8.28
0.3% Resid HP	30.40-30.65	4.86
0.3% Resid LP	33.75-34.00	5.39
0.7% Resid	28.50-28.75	4.55
1% Resid HP	26.65-26.90	4.26

GAS DAILY

THURSDAY, SEPTEMBER 9, 2004

on prices as a result.

"The higher storage levels are likely to transmit some of the current weakness in prices to the heating season months, although spot prices are still expected to rise significantly once the heating season gets under way," the report said.

Meanwhile, EEA said cooler-than-normal summer weather, lower-than-expected economic growth, a diverging oil/gas price relationship and higher-than-anticipated nuclear generation all led the consultant to predict a softening of gas prices in the near term. EEA forecast a new fourth-quarter average price of \$5.54/MMBtu.

EEA was considerably more bullish for next year, issuing a 2005 forecast of \$6.45/MMBtu, but still below its previous estimate of \$7/MMBtu.

Prices should start to climb again during the winter heating season, however, as EEA cited a tightening supply/demand balance and increased consumption by the power generation sector. But if weather forecasts change significantly, EEA cautioned that all bets are off. "Any significant variance from normal, be it hot or cold, could result in large price fluctuations," it said.

EEA and EIA are joining a parade of forecasters that have been cutting their price estimates for the coming months while staying relatively bullish longer-term. On Tuesday, Raymond James and Associates sliced \$1 off its Q4 Henry Hub estimate, to \$6/Mcf, but upped its full-year 2005 projection to \$6.65/Mcf (GD 9/8). CN/BH

Sempra to unveil LNG supply agreements in coming months

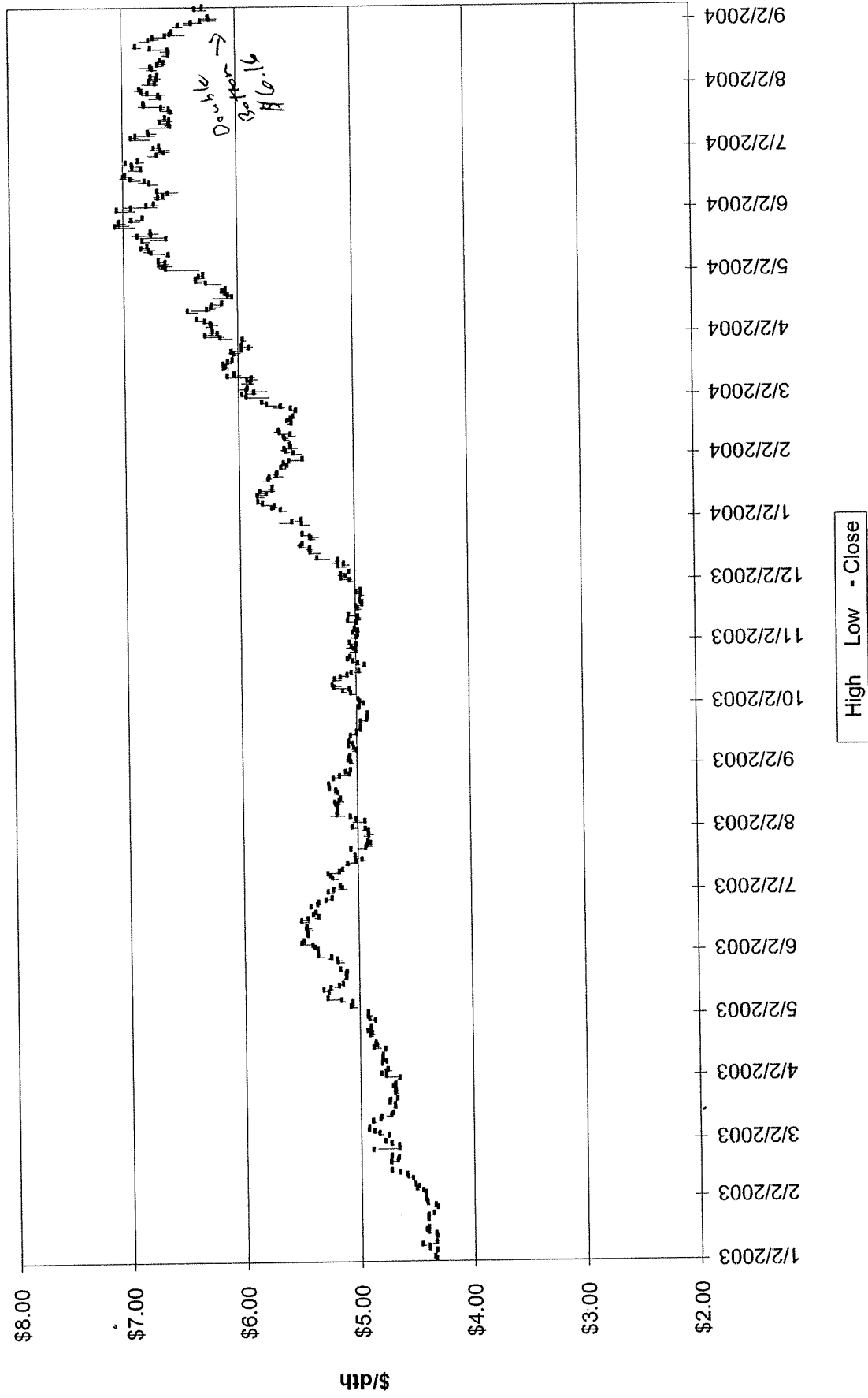
Sempra Energy expects to announce supply agreements for two of its new North American liquefied natural gas terminals "in the next couple of months," Chairman and CEO Stephen Baum said at the Lehman Brothers CEO Energy/Power Conference in New York on Wednesday.

For the Energia Costa Azul facility in Baja California, Mexico, Sempra's partner Shell will ship LNG from Sakhalin Island in Russia beginning in the fourth quarter of 2007, and "we will have the terminal constructed by then," Baum said. In addition, Sempra is in discussions with BP to bring LNG from Indonesia to Costa Azul, he said.

Sempra also is negotiating with "several parties" to bring supply to the Cameron LNG terminal in Hackberry, La., Baum said, adding that he expects to announce agreements shortly.

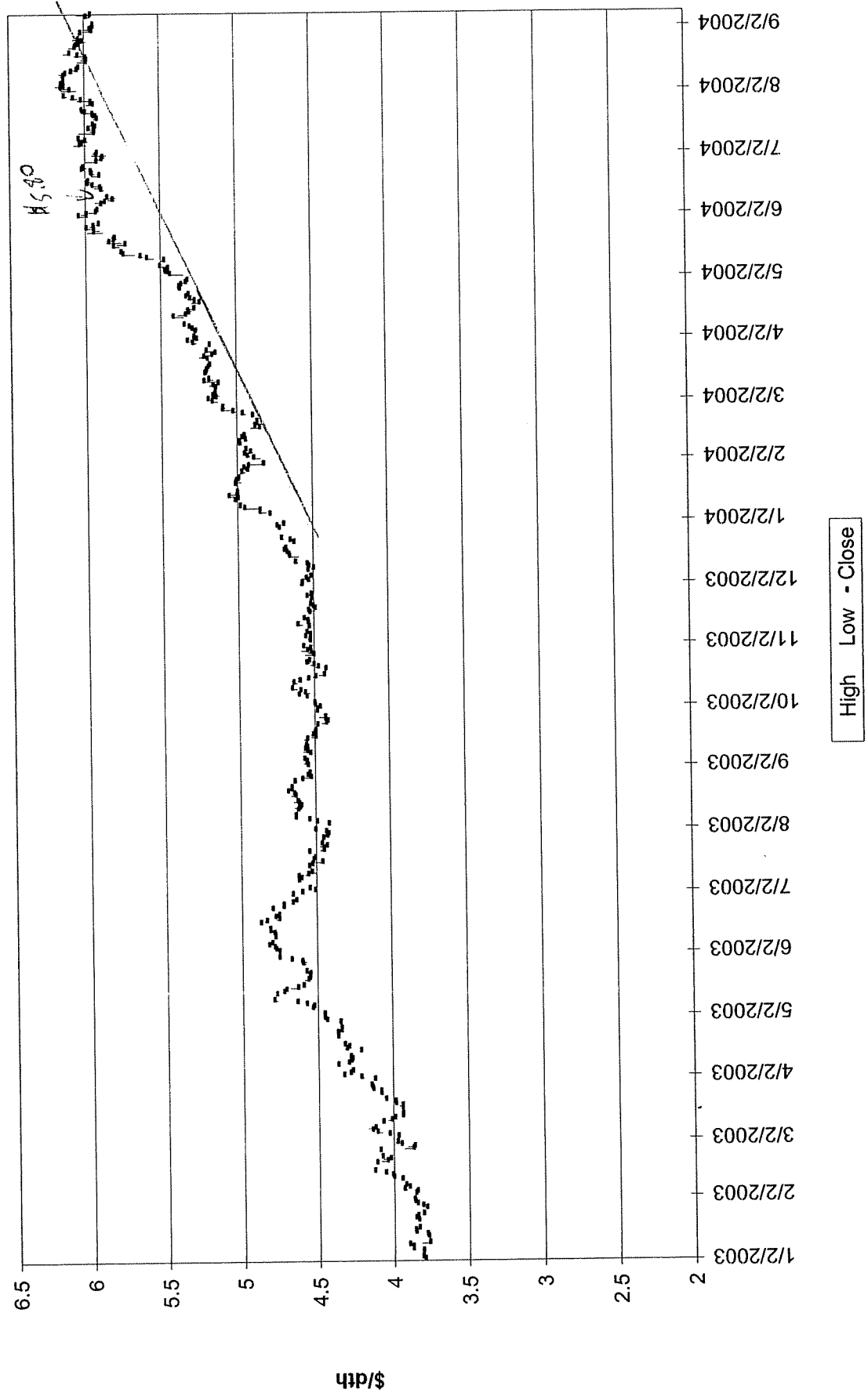
Sempra is pursuing a third LNG facility in North America at Port Arthur, Texas, which Baum expects will be viewed "very, very well" by FERC. The \$600 million facility is expected to come online in 2009.

Winter Strip Dec04 - Mar05



Double
Down
to
\$6.16

Summer Strip April - October 2005





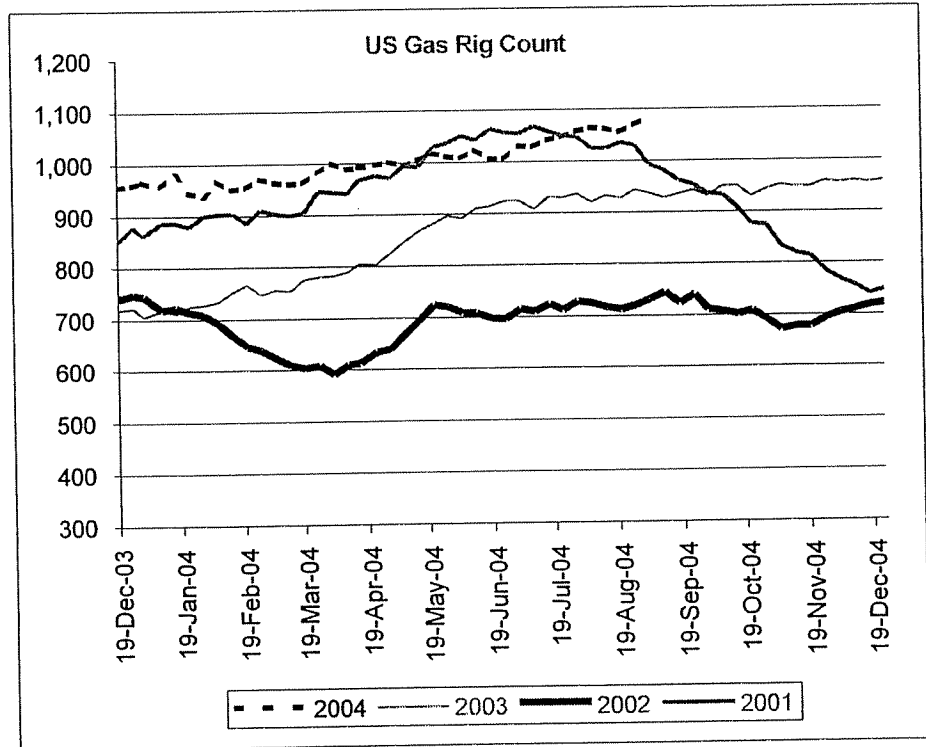
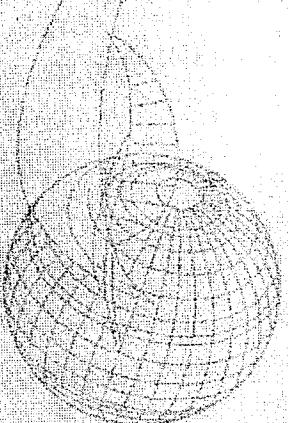
Commodity Futures Inc.

Rig Count

212-841-3347

Topics:

- US Gas Rig Count
- US Oil Rig Count



SOURCE: BAKER HUGHES US OIL & GAS DIRECTED RIG COUNT WWW.BAKERHUGHES.COM

2001	993
2002	733
2003	937
2004	1082
+/- Week Ago	13
04 vs 03	145
04 vs 3yr AVG	194

Misc. Rigs 1

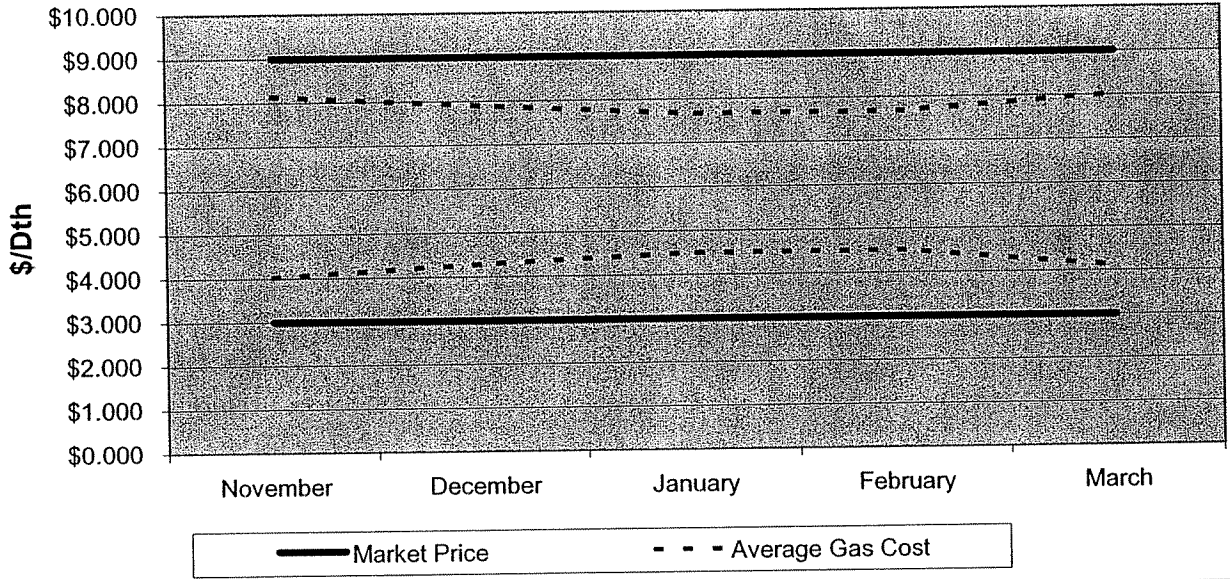
New York
(212) 841-3347

London
(207) 595-6000

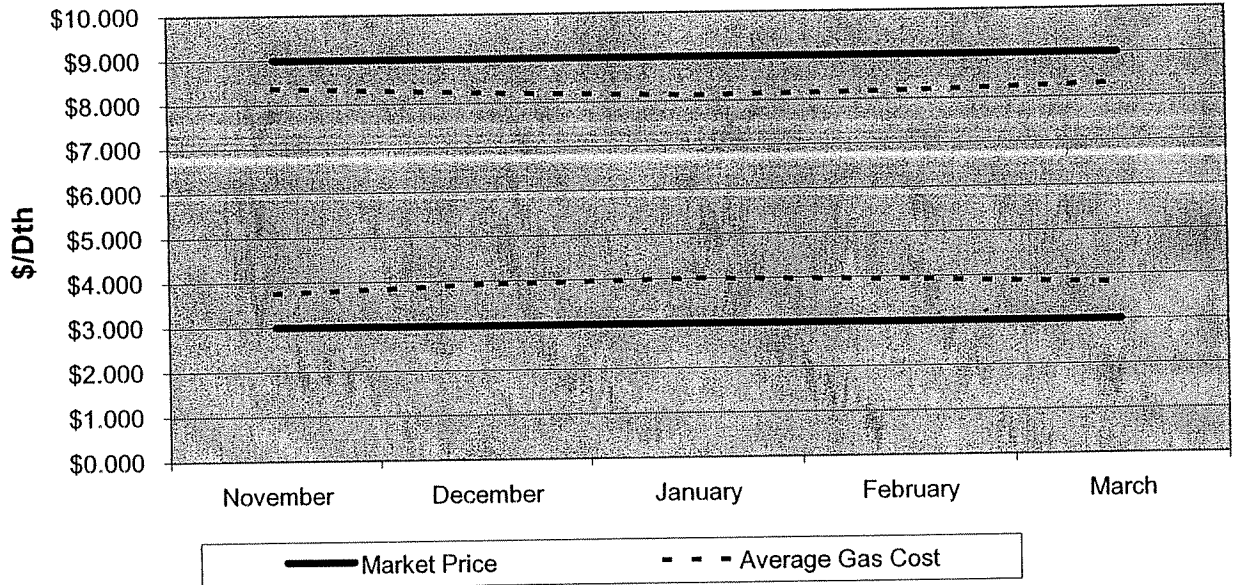
www.cfi.bnpparibas.com

Please refer to important disclosures at the end of this report.

The Cincinnati Gas & Electric Company Winter 2004-05 Hedging



The Union Light Heat & Power Company Winter 2004-05 Hedging



**Gas Commercial Operations
Volatility Management Strategy
Market Indicators Summary
September 24, 2004**

Weather	Price Pressure	Comments
Long Term Weather Forecast	↑ ↓	Earthsat: Cold start to colder than normal winter WSI: November & December warmer than normal
Short Term Weather (30 days)	↓	October is forecasted to be warmer than normal. This could cause a delay in people turning on their furnaces.
6-10 day forecast	↔	Above normal temperatures forecasted for most of the country but will have little influence on prices.
Tropical Storm Activity	↑	Hurricane convention in the Atlantic (Jeanne, Karl & Lisa) and Ivan reformed as tropical storm in Gulf. Damage from Ivan still being assessed.
Storage Inventory		
EIA Weekly Storage Report	↓	Even with shut ins due to Ivan, storage injections were 68 bcf for the week ended September 17th.
Industry Publications		
Cambridge Energy Research Associates <i>Winter 04/05: \$5.39</i> <i>Summer 2005: \$5.47</i>	↓	"North American natural gas prices are set to fall in October as decreasing shoulder month demand meets the stronger-than-expected inventory build..."
Paribas	↓	"We feel the market will pull back again in front of the weekend."
CM&T	↓	"The market is nontradable in my opinion right now...Last December we experienced the same type of market with wild unexpainable rides."
Government Agencies		
Energy Information Administration <i>Winter 04/05: \$5.99</i> <i>Summer 2005: \$5.71</i>	↓	"...steady, if modest, increases in liquefied natural gas imports, restrained export growth and carryover from the robust storage levels...will also contribute to an expected moderate improvement in the supply picture through 2005..."
Technical Analysis		
Winter Strip Chart	↓	Sideways movement between \$6.00 and \$7.00. Double bottom at \$6.16 was broken just before Ivan struck. Currently at high end of range.
Summer 2005 Strip Chart	↓	Resistance at \$6.19 (highest price for 2005 summer strip).
Rig Count	↓	Down 1 (due to Ivan?).
Economy		
Demand	↓	EIA: "Industrial gas demand is expected to grow by about 0.5 percent this year and 0.1 percent in 2005."
Supply	↑	Gas Daily: "U.S. gas production fell 3.1% in Q2"
Oil Market	↑	EIA: "Oil price remain high even though OPEC is producing at its highest levels since OPEC began tracking quotas in 1982."

Meeting Minutes:

Attendees: Patty Walker, Jim Henning, Bill Tucker, Jeff Kern, Don Schierenbeck, Laura Schmidt

The market is currently high due to panic over how much damage was sustained by Ivan. Therefore prices should start to decline once the damage is fully assessed. Therefore, no hedging will take place at this time. The next meeting will be set for the first part of October.

The Union Light Heat & Power Company
Volatility Reduction - Current Position
As of 09/24/04

	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05
Daily Base												
Estimated Base (Gross)	15,768	22,596	24,427	22,506	16,906	15,000	18,000	18,000	16,000	17,000	16,000	6,000
Amount Hedged						2,300	2,300	2,300	2,300	2,300	2,300	2,300
Cost Averaging (1)	1,000	1,000	1,000	1,000	1,000							
Fixed Price (Conoco \$5.485)	1,000	1,000	1,000	1,000	1,000							
Fixed Price (Occidental \$6.07)	5,000	5,000	5,000	5,000	5,000							
Cost Averaging (2)	1,700	1,700	1,700	1,700	1,700							
Fixed Price(Conoco \$6.9475)	2,000	2,000	2,000	2,000	2,000							
Fixed Price (Conoco \$6.36)	10,700	10,700	10,700	10,700	7,000	2,300	2,300	2,300	2,300	2,300	2,300	2,300
Total Hedged	7,000	10,700	10,700	10,700	7,000	2,300	2,300	2,300	2,300	2,300	2,300	2,300
Monthly Base												
Estimated Base (Gross)	473,040	700,476	757,237	630,168	524,086	450,000	558,000	540,000	496,000	527,000	480,000	186,000
Amount Hedged						69,000	71,300	69,000	71,300	71,300	69,000	71,300
Cost Averaging (1)	30,000	31,000	31,000	28,000	31,000							
Fixed Price (Conoco \$5.485)	30,000	31,000	31,000	28,000	31,000							
Fixed Price (Occidental \$6.07)	150,000	155,000	155,000	140,000	155,000							
Cost Averaging (2)	0	52,700	52,700	47,600	0							
Fixed Price(Conoco \$6.9475)	0	62,000	62,000	56,000	0							
Fixed Price (Conoco \$6.36)	210,000	331,700	331,700	299,600	217,000	69,000	71,300	69,000	71,300	71,300	69,000	71,300
Total Hedged	44.4%	47.4%	43.8%	47.5%	41.4%	15.3%	12.8%	12.8%	14.4%	13.5%	14.4%	38.3%
% of Base Supply												
Seasonal % of Base					45.1%							15.2%
Normal Load (City Gate)												
Hedged (City Gate)	199,500	315,115	315,115	284,620	206,150	65,550	67,735	65,550	67,735	67,735	65,550	67,735
Storage Withdrawal	128,282	249,706	400,491	295,185	185,393	0	0	0	0	0	0	0
Market	1,127,799	1,493,190	1,621,482	1,449,116	1,203,649	818,512	586,188	413,176	451,779	416,798	384,988	575,007
Total (incl. Injections)	1,455,581	2,058,011	2,337,087	2,028,921	1,595,192	884,062	653,923	478,726	519,514	484,533	450,538	642,742
% Hedged & Storage	22.5%	27.4%	30.6%	28.6%	24.5%	7.4%	10.4%	13.7%	13.0%	14.0%	14.5%	10.5%

(1) ULH&P will purchase 2,300 dth/day from CM&T at Columbia Gulf Onshore based on the average NYMEX closing price September 16, 2004 - March 29, 2005.

(2) ULH&P will purchase 5,000 dth/day from CM&T at Columbia Gulf Onshore based on the average NYMEX closing price June 1, 2004 - October 27, 2004.

The Union Light Heat & Power Company
Volatility Reduction for Winter 2004/2005
Cost Averaging with CM&T

	Total Amount	Closing Price					Winter Strip	Total Cost	Locked In To Date
		November	December	January	February	March			
1-Jun	7,190	\$8 894	\$7 079	\$7 204	\$7 144	\$8 954	\$7 055	50,725.45	7,190
2-Jun	7,190	\$6 759	\$6 847	\$7 077	\$7 027	\$6 842	\$6 930	49,820.58	7,190
3-Jun	7,190	\$6 620	\$6 810	\$6 840	\$6 890	\$6 710	\$6 794	48,848.88	7,190
4-Jun	7,190	\$6 546	\$6 741	\$6 871	\$6 826	\$6 656	\$6 728	48,374.32	7,190
7-Jun	7,190	\$6 502	\$6 702	\$6 832	\$6 787	\$6 617	\$6 688	48,088.72	7,190
8-Jun	7,190	\$6 445	\$6 658	\$6 788	\$6 743	\$6 580	\$6 643	47,761.73	7,190
9-Jun	7,190	\$6 406	\$6 616	\$6 748	\$6 701	\$6 541	\$6 602	47,468.38	7,190
10-Jun	7,190	\$6 509	\$6 712	\$6 840	\$6 790	\$6 622	\$6 695	48,134.17	7,190
11-Jun	NYMEX Closed In Observance of Day of Mourning for Ronald Reagan								
14-Jun	7,265	\$6 580	\$6 783	\$6 911	\$6 880	\$6 695	\$6 766	49,153.54	7,265
15-Jun	7,265	\$6 627	\$6 827	\$6 952	\$6 897	\$6 732	\$6 807	49,452.88	7,265
16-Jun	7,265	\$6 765	\$6 960	\$7 077	\$7 017	\$6 847	\$6 933	50,369.70	7,265
17-Jun	7,265	\$6 840	\$7 033	\$7 150	\$7 090	\$6 920	\$7 007	50,902.95	7,265
18-Jun	7,265	\$6 805	\$7 005	\$7 125	\$7 065	\$6 900	\$6 980	50,709.70	7,265
21-Jun	7,265	\$6 650	\$6 860	\$6 983	\$6 926	\$6 764	\$6 837	49,667.90	7,265
22-Jun	7,265	\$6 727	\$6 937	\$7 062	\$7 002	\$6 837	\$6 913	50,222.95	7,265
23-Jun	7,265	\$6 730	\$6 942	\$7 067	\$7 007	\$6 842	\$6 918	50,256.36	7,265
24-Jun	7,265	\$6 788	\$7 000	\$7 125	\$7 065	\$6 900	\$6 976	50,677.73	7,265
25-Jun	7,265	\$6 667	\$6 884	\$7 012	\$6 957	\$6 800	\$6 884	49,866.96	7,265
28-Jun	7,265	\$6 490	\$6 714	\$6 844	\$6 820	\$6 640	\$6 702	48,687.12	7,265
29-Jun	7,265	\$6 425	\$6 651	\$6 784	\$6 734	\$6 583	\$6 635	48,208.18	7,265
30-Jun	7,265	\$6 453	\$6 682	\$6 813	\$6 763	\$6 608	\$6 684	48,412.51	7,265
1-Jul	7,265	\$6 516	\$6 744	\$6 877	\$6 825	\$6 668	\$6 728	48,881.48	7,265
2-Jul	7,265	\$6 458	\$6 693	\$6 823	\$6 775	\$6 628	\$6 675	48,496.78	7,265
6-Jul	7,265	\$6 721	\$6 947	\$7 080	\$7 020	\$6 860	\$6 926	50,314.48	7,265
7-Jul	7,265	\$6 678	\$6 906	\$7 039	\$6 981	\$6 824	\$6 886	50,023.88	7,265
8-Jul	7,265	\$6 529	\$6 779	\$6 924	\$6 872	\$6 724	\$6 766	49,152.08	7,265
9-Jul	7,265	\$6 516	\$6 784	\$6 937	\$6 889	\$6 747	\$6 775	49,217.47	7,265
12-Jul	7,265	\$6 277	\$6 577	\$6 747	\$6 708	\$6 570	\$6 576	47,773.19	7,265
13-Jul	7,265	\$6 302	\$6 591	\$6 758	\$6 721	\$6 588	\$6 592	47,890.88	7,265
14-Jul	7,265	\$6 375	\$6 662	\$6 827	\$6 789	\$6 655	\$6 662	48,396.52	7,265
15-Jul	7,265	\$6 275	\$6 583	\$6 753	\$6 718	\$6 588	\$6 583	47,828.40	7,265
16-Jul	7,265	\$6 310	\$6 620	\$6 792	\$6 754	\$6 620	\$6 619	48,088.49	7,265
19-Jul	7,265	\$6 240	\$6 560	\$6 735	\$6 730	\$6 590	\$6 571	47,738.32	7,265
20-Jul	7,265	\$6 274	\$6 594	\$6 757	\$6 722	\$6 592	\$6 586	47,845.84	7,265
21-Jul	7,265	\$6 351	\$6 651	\$6 824	\$6 784	\$6 649	\$6 652	48,325.33	7,265
22-Jul	7,265	\$6 529	\$6 814	\$6 982	\$6 929	\$6 779	\$6 807	49,449.95	7,265
23-Jul	7,265	\$6 535	\$6 820	\$6 985	\$6 940	\$6 805	\$6 817	49,525.51	7,265
26-Jul	7,265	\$6 366	\$6 654	\$6 829	\$6 787	\$6 651	\$6 657	48,366.01	7,265
27-Jul	7,265	\$6 387	\$6 673	\$6 847	\$6 808	\$6 689	\$6 677	48,506.95	7,265
28-Jul	7,265	\$6 500	\$6 772	\$6 941	\$6 899	\$6 756	\$6 774	49,210.20	7,265
29-Jul	7,265	\$6 556	\$6 826	\$6 996	\$6 954	\$6 811	\$6 829	49,609.78	7,265
30-Jul	7,265	\$6 546	\$6 841	\$7 017	\$6 978	\$6 845	\$6 845	49,731.83	7,265
2-Aug	7,265	\$6 360	\$6 697	\$6 884	\$6 855	\$6 736	\$6 706	48,722.00	7,265
3-Aug	7,265	\$6 383	\$6 748	\$6 943	\$6 916	\$6 798	\$6 758	49,093.96	7,265
4-Aug	7,265	\$6 253	\$6 678	\$6 893	\$6 870	\$6 758	\$6 690	48,605.76	7,265
5-Aug	7,265	\$6 307	\$6 734	\$6 954	\$6 926	\$6 809	\$6 746	49,009.69	7,265
6-Aug	7,265	\$6 218	\$6 665	\$6 905	\$6 877	\$6 760	\$6 685	48,566.53	7,265
9-Aug	7,265	\$6 298	\$6 715	\$6 945	\$6 912	\$6 785	\$6 731	48,900.72	7,265
10-Aug	7,265	\$6 356	\$6 733	\$6 945	\$6 910	\$6 780	\$6 745	49,000.97	7,265
11-Aug	7,265	\$6 256	\$6 658	\$6 898	\$6 868	\$6 743	\$6 684	48,562.17	7,265
12-Aug	7,265	\$6 462	\$6 592	\$6 857	\$6 827	\$6 702	\$6 628	48,152.42	7,265
13-Aug	7,265	\$6 223	\$6 628	\$6 883	\$6 850	\$6 718	\$6 660	48,387.81	7,265
16-Aug	7,265	\$6 119	\$6 551	\$6 818	\$6 788	\$6 658	\$6 587	47,853.10	7,265
17-Aug	7,265	\$6 104	\$6 547	\$6 814	\$6 784	\$6 654	\$6 581	47,808.06	7,265
18-Aug	7,265	\$6 124	\$6 561	\$6 821	\$6 791	\$6 661	\$6 592	47,887.97	7,265
19-Aug	7,265	\$6 299	\$6 724	\$6 974	\$6 942	\$6 800	\$6 748	49,022.77	7,265
20-Aug	7,265	\$6 418	\$6 858	\$7 108	\$7 073	\$6 928	\$6 877	49,961.41	7,265
23-Aug	7,265	\$6 251	\$6 736	\$7 005	\$6 975	\$6 835	\$6 780	49,114.31	7,265
24-Aug	7,265	\$6 209	\$6 694	\$6 974	\$6 944	\$6 802	\$6 725	48,854.22	7,265
25-Aug	7,265	\$6 082	\$6 573	\$6 867	\$6 842	\$6 697	\$6 612	48,037.63	7,265
26-Aug	7,265	\$5 994	\$6 524	\$6 834	\$6 824	\$6 684	\$6 572	47,745.58	7,265
27-Aug	7,265	\$5 916	\$6 498	\$6 831	\$6 831	\$6 693	\$6 554	47,613.36	7,265
30-Aug	7,265	\$5 859	\$6 409	\$6 759	\$6 796	\$6 661	\$6 497	47,199.25	7,265
31-Aug	7,265	\$5 717	\$6 302	\$6 637	\$6 687	\$6 572	\$6 383	46,372.50	7,265
1-Sep	7,265	\$5 566	\$6 201	\$6 581	\$6 631	\$6 536	\$6 303	45,791.30	7,265
2-Sep	7,265	\$5 495	\$6 130	\$6 515	\$6 550	\$6 455	\$6 229	45,253.69	7,265
3-Sep	7,265	\$5 500	\$6 155	\$6 515	\$6 550	\$6 455	\$6 235	45,297.28	7,265
7-Sep	7,265	\$5 640	\$6 292	\$6 627	\$6 652	\$6 542	\$6 351	46,137.11	7,265
8-Sep	7,265	\$5 521	\$6 241	\$6 571	\$6 601	\$6 496	\$6 286	45,867.79	7,265
9-Sep	7,265	\$5 617	\$6 377	\$6 772	\$6 807	\$6 687	\$6 452	46,873.78	7,265
10-Sep	7,265	\$5 549	\$6 364	\$6 764	\$6 814	\$6 697	\$6 438	46,769.16	7,265
13-Sep	7,265	\$5 707	\$6 472	\$6 857	\$6 897	\$6 775	\$6 542	47,524.72	7,265
14-Sep	7,265	\$5 725	\$6 385	\$6 720	\$6 755	\$6 635	\$6 444	46,815.66	7,265
15-Sep	7,265	\$5 533	\$6 208	\$6 533	\$6 558	\$6 453	\$6 257	45,457.11	7,265
16-Sep	7,265	\$5 443	\$6 193	\$6 553	\$6 558	\$6 453	\$6 240	45,333.80	7,265
17-Sep	7,265	\$5 714	\$6 359	\$6 701	\$6 691	\$6 573	\$6 408	46,551.21	7,265
20-Sep	7,265	\$5 750	\$6 315	\$6 632	\$6 627	\$6 512	\$6 367	46,257.71	7,265
21-Sep	7,265	\$6 182	\$6 722	\$6 992	\$6 957	\$6 822	\$6 735	48,929.78	7,265
22-Sep	7,265	\$6 242	\$6 782	\$7 032	\$6 992	\$6 842	\$6 778	49,242.17	7,265
23-Sep	7,265	\$6 219	\$6 859	\$7 119	\$7 079	\$6 919	\$6 839	49,685.34	7,265
24-Sep	7,265								
27-Sep	7,265								
28-Sep	7,265								
29-Sep	7,265								
30-Sep	7,265								
1-Oct	7,265								
4-Oct	7,265								
5-Oct	7,265								
6-Oct	7,265								
7-Oct	7,265								
8-Oct	7,265								
11-Oct	7,265								
12-Oct	7,265								
13-Oct	7,265								
14-Oct	7,265								
15-Oct	7,265								
18-Oct	7,265								
19-Oct	7,265								
20-Oct	7,265								
21-Oct	7,265								
22-Oct	7,265								
25-Oct	7,265								
26-Oct	7,265								
27-Oct	7,305								
Total	755,000							\$3,872,228.59	580,600
									\$6,6694
									(\$0.0100)
									\$6.6594

Basis to Columbia Gulf Onshore

Price to be paid for 5,000 dth/day delivered November 1, 2004 to March 31, 2005:

\$6.6594

The Union Light Heat & Power Company
 Volatility Reduction for Summer 2005
 Cost Averaging with GM&T

Date	Total Amount	Closing Price								Summer Strip Cost	Total Cost	Locked In To Date
		April	May	June	July	August	Sept	October	October			
16-Sep	3,720	\$5,903	\$5,853	\$5,863	\$5,918	\$5,943	\$5,939	\$5,983	\$5,923	22,080.87	3,720	
17-Sep	3,720	\$6,045	\$5,920	\$5,948	\$5,980	\$6,005	\$5,995	\$6,020	\$5,988	22,327.85	3,720	
20-Sep	3,720	\$6,012	\$5,867	\$5,910	\$5,952	\$5,977	\$5,997	\$5,987	\$5,957	22,214.72	3,720	
21-Sep	3,720	\$6,107	\$6,092	\$6,094	\$6,127	\$6,152	\$6,142	\$6,167	\$6,134	22,875.28	3,720	
22-Sep	3,720	\$6,182	\$6,027	\$6,057	\$6,087	\$6,112	\$6,092	\$6,117	\$6,093	22,722.40	3,720	
23-Sep	3,720	\$6,211	\$6,071	\$6,090	\$6,128	\$6,153	\$6,133	\$6,158	\$6,136	22,881.66	3,720	
24-Sep	3,720											
27-Sep	3,720											
28-Sep	3,720											
29-Sep	3,720											
30-Sep	3,720											
1-Oct	3,720											
4-Oct	3,720											
5-Oct	3,720											
6-Oct	3,720											
7-Oct	3,720											
8-Oct	3,720											
11-Oct	3,720											
12-Oct	3,720											
13-Oct	3,720											
14-Oct	3,720											
15-Oct	3,720											
16-Oct	3,720											
19-Oct	3,720											
20-Oct	3,720											
21-Oct	3,720											
22-Oct	3,720											
25-Oct	3,720											
26-Oct	3,720											
27-Oct	3,720											
28-Oct	3,720											
29-Oct	3,720											
1-Nov	3,720											
2-Nov	3,720											
3-Nov	3,720											
4-Nov	3,720											
5-Nov	3,720											
8-Nov	3,720											
9-Nov	3,720											
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17-Nov	3,720											
18-Nov	3,720											
19-Nov	3,720											
22-Nov	3,720											
23-Nov	3,720											
24-Nov	3,720											
29-Nov	3,720											
30-Nov	3,720											
1-Dec	3,720											
2-Dec	3,720											
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17-Dec	3,720											
20-Dec	3,720											
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22-Dec	3,720											
23-Dec	3,720											
27-Dec	3,720											
28-Dec	3,720											
29-Dec	3,720											
30-Dec	3,720											
3-Jan	3,720											
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14-Jan	3,720											
16-Jan	3,720											
19-Jan	3,720											
20-Jan	3,720											
24-Jan	3,720											
25-Jan	3,720											
26-Jan	3,720											
27-Jan	3,720											
28-Jan	3,720											
31-Jan	3,720											
1-Feb	3,720											
2-Feb	3,720											
3-Feb	3,720											
4-Feb	3,720											
7-Feb	3,720											
8-Feb	3,720											
9-Feb	3,720											
10-Feb	3,720											
11-Feb	3,720											
14-Feb	3,720											
15-Feb	3,720											
16-Feb	3,720											
17-Feb	3,720											
18-Feb	3,720											
21-Feb	3,720											
22-Feb	3,720											
23-Feb	3,720											
24-Feb	3,720											
25-Feb	3,720											
28-Feb	3,720											
1-Mar	3,720											
2-Mar	3,720											
3-Mar	3,720											
4-Mar	3,720											
7-Mar	3,720											
8-Mar	3,720											
9-Mar	3,720											
10-Mar	3,720											
11-Mar	3,720											
14-Mar	3,720											
15-Mar	3,720											
16-Mar	3,720											
17-Mar	3,720											
18-Mar	3,720											
21-Mar	3,720											
22-Mar	3,720											
23-Mar	3,720											
24-Mar	3,720											
28-Mar	3,720											
29-Mar	3,701											
Total	492,200									\$135,108.80	22,374	
										\$6,0368		
										(\$0,0100)		
										\$6,0268		

Basis to Columbia Gulf Onshore
 Price to be paid for 2,300 dtg/day delivered April 1, 2005 to October 31, 2005: