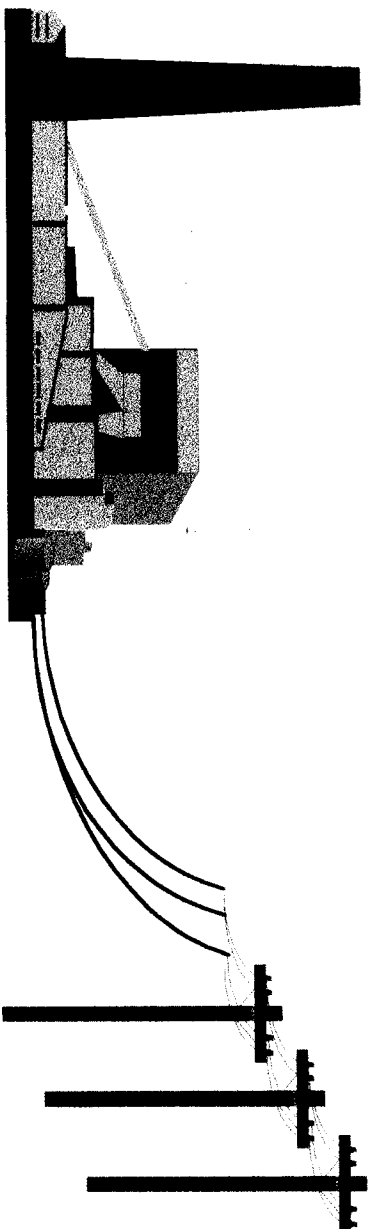
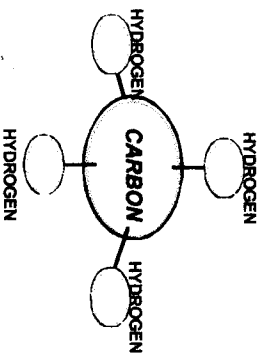


GISB 1998 ANNUAL MEETING

SEPTEMBER 28 - 30, 1998

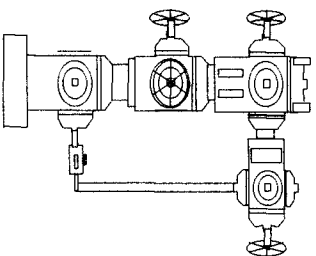


**BRAVE NEW GAS WORLD
ISSUES AND CHALLENGES**



METHANE CH 4

Christmas Tree



Wellhead

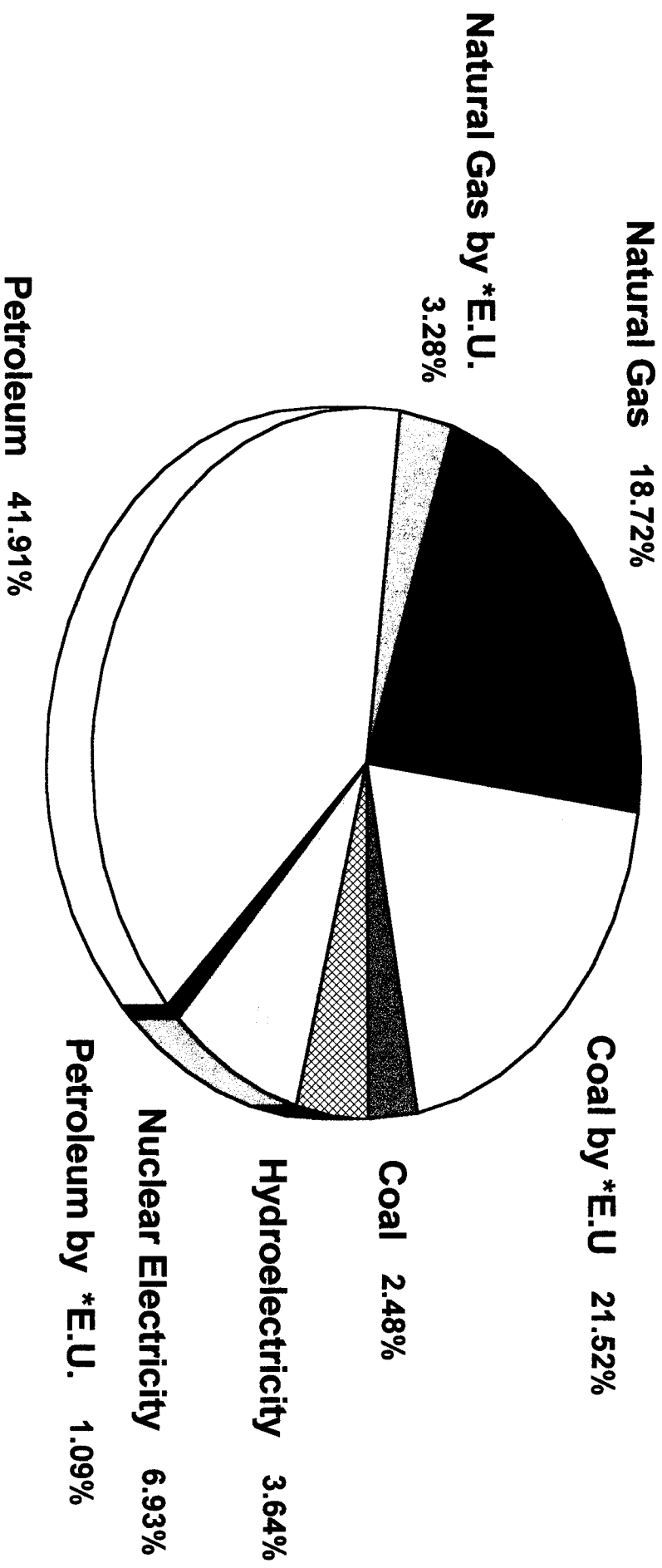


Burnertip

**RICHARD SUTTON
PRINCIPAL
JOFFREE CORPORATION
Houston, TX**

**SEPTEMBER 30, 1998
SAN ANTONIO, TEXAS**

Energy Consumption in the U.S. 1996

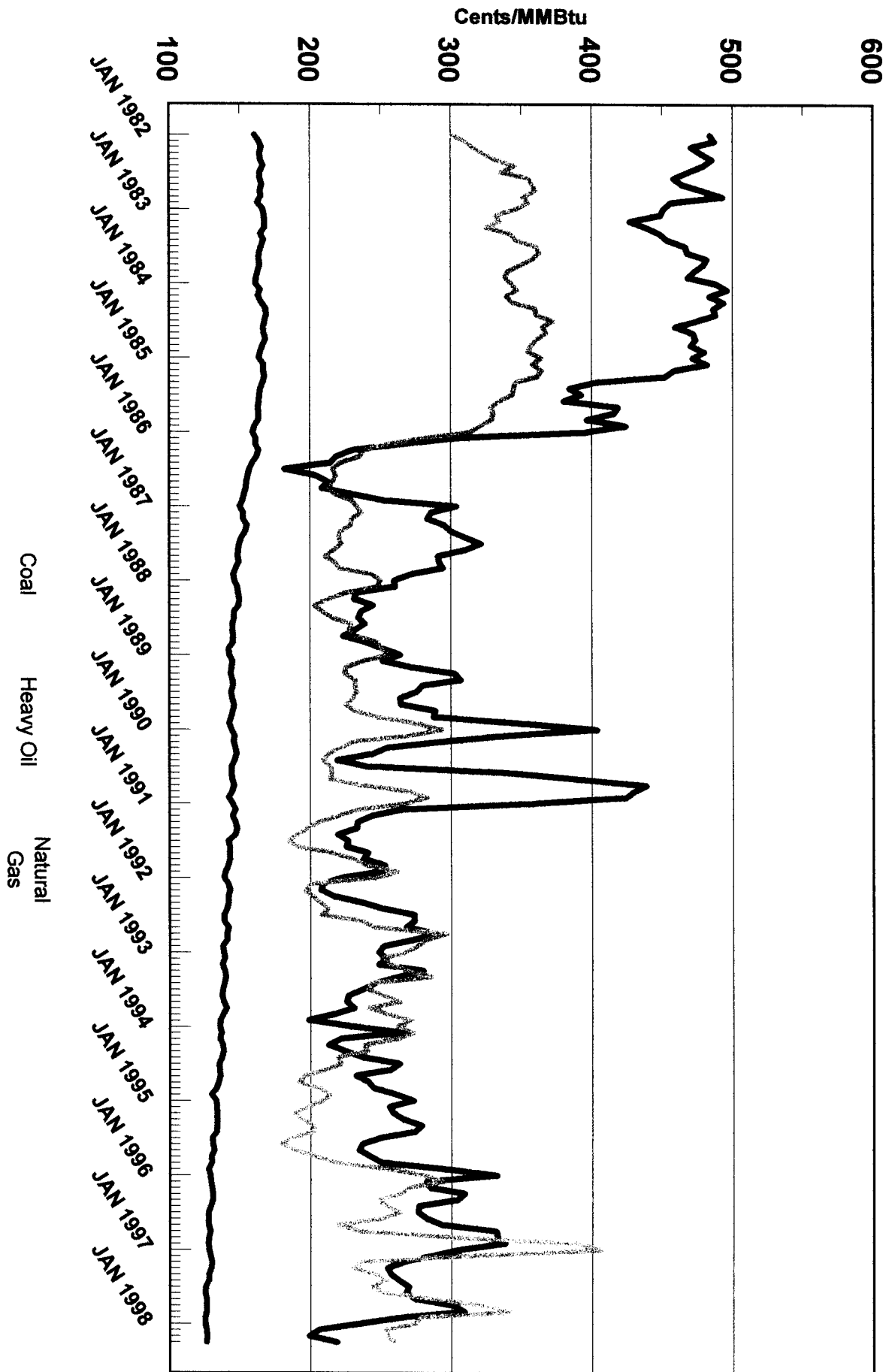


*E.U. = Electric Utilities

1996 Total 90.005 Quads

FUEL PRICES TO U.S. ELECTRIC UTILITIES

1982 - 1997 \$/MMBtu

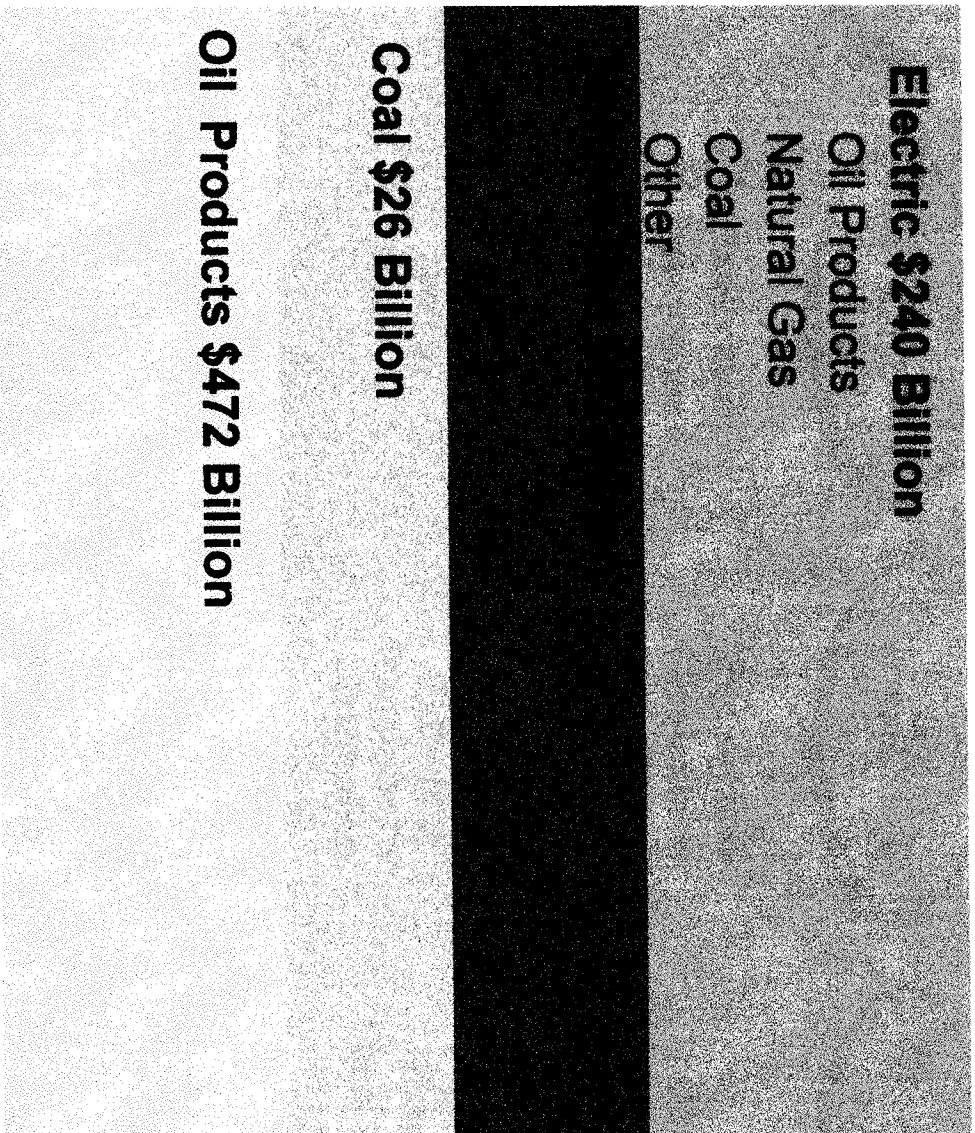


U. S. Energy Values

Value of Industry Consumer Products

% of
GDP

U. S. 1996
GDP -
Approx. \$7.6
Trillion



3.3%

1.2%

0.3%

6.2%

0.2%

10.5% of GDP

PRODUCTION - TRANSPORTATION - MARKETING & SERVICES

Common To All Energy Products

Coal

Exploration
Development
Production

Oil

Exploration
Development
Production

Gas

Exploration
Development
Production

Electricity

Generation

PRODUCTION

Mine - Mouth
Mine - Burner

Well to
Refinery

Gathering
Transmission
Distribution

Long Line
Transmission
Local Distribution

TRANSPORTATION

Marketing
Finance
Risk Mgt.

Refining
Chemicals
Marketing
Finance
Risk Mgt.

Processing
Storage
Marketing
Finance
Risk Mgt.

Marketing
Finance
Risk Mgt.

MARKETING SERVICES

Impact Of New Orders & Business Practices

CAUSE

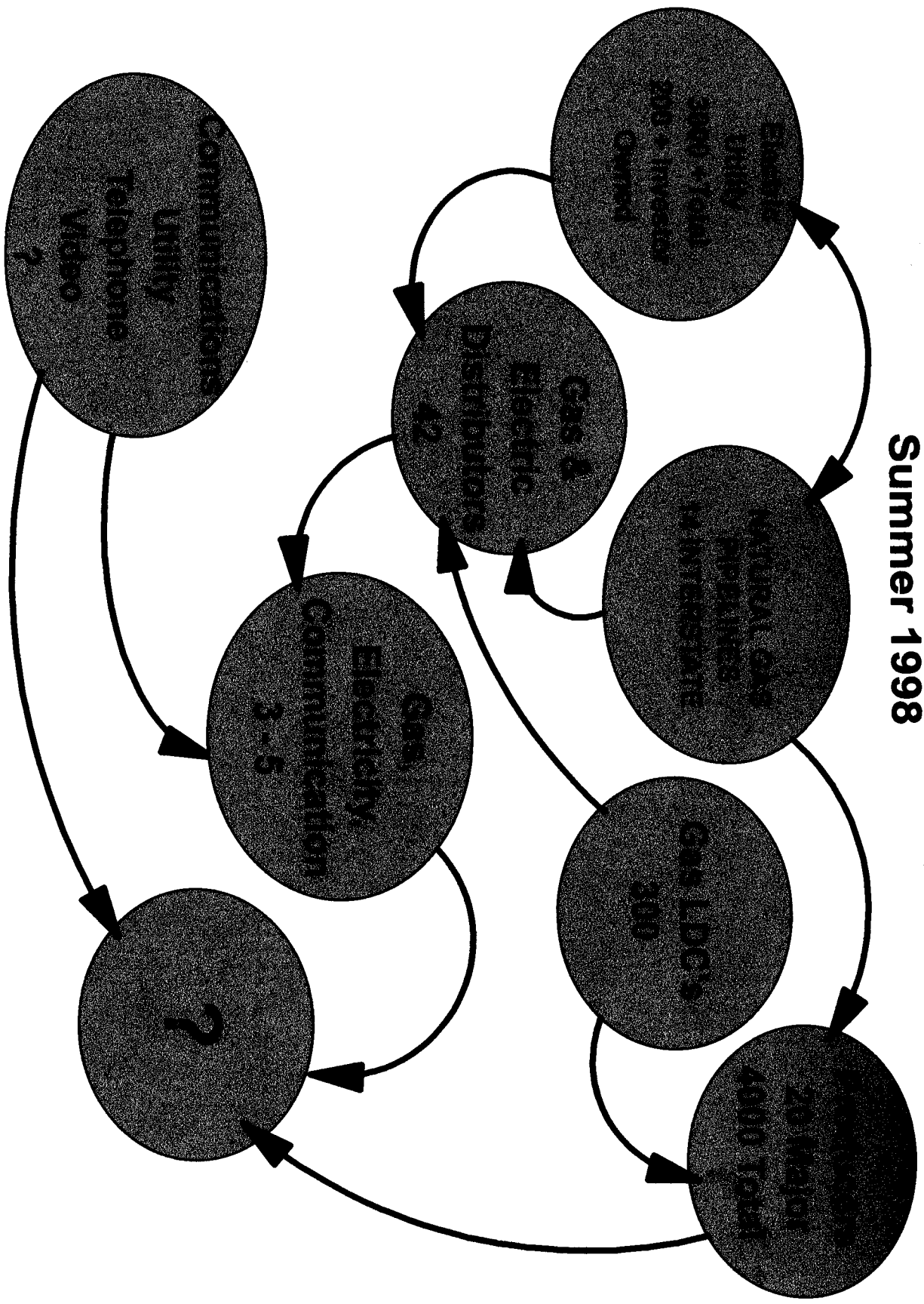
- Wellhead Price Decontrol
- Unbundling Pipeline Services
- Open Transportation
- Open Marketing

EFFECT

- Market Based Pricing
- Storage Business
- Gathering Business
- Process Companies
- Marketing Companies
- Financial Markets
- Industry Convergence
- Mega Energy Companies

GAS ELECTRIC COAL & OIL ENERGY COMPANIES

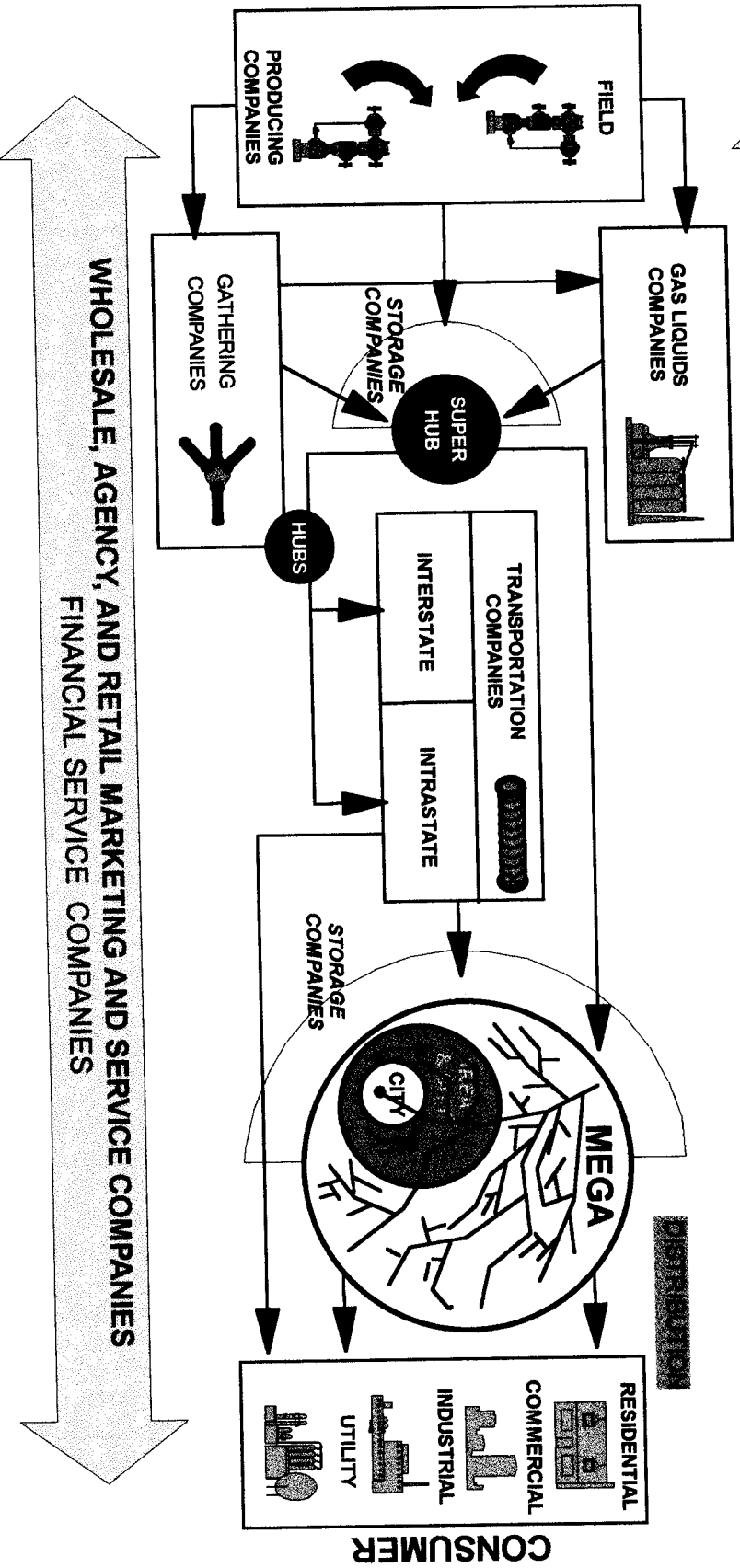
Summer 1998



U.S. NATURAL GAS INDUSTRY

ELECTRONIC COMMERCE

REGULATION
FERC, EPA, DOE, DOT,
& LOCAL

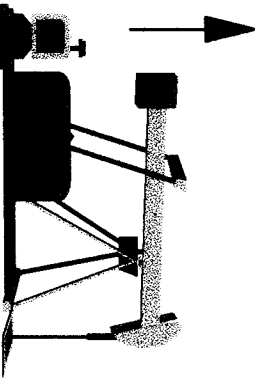
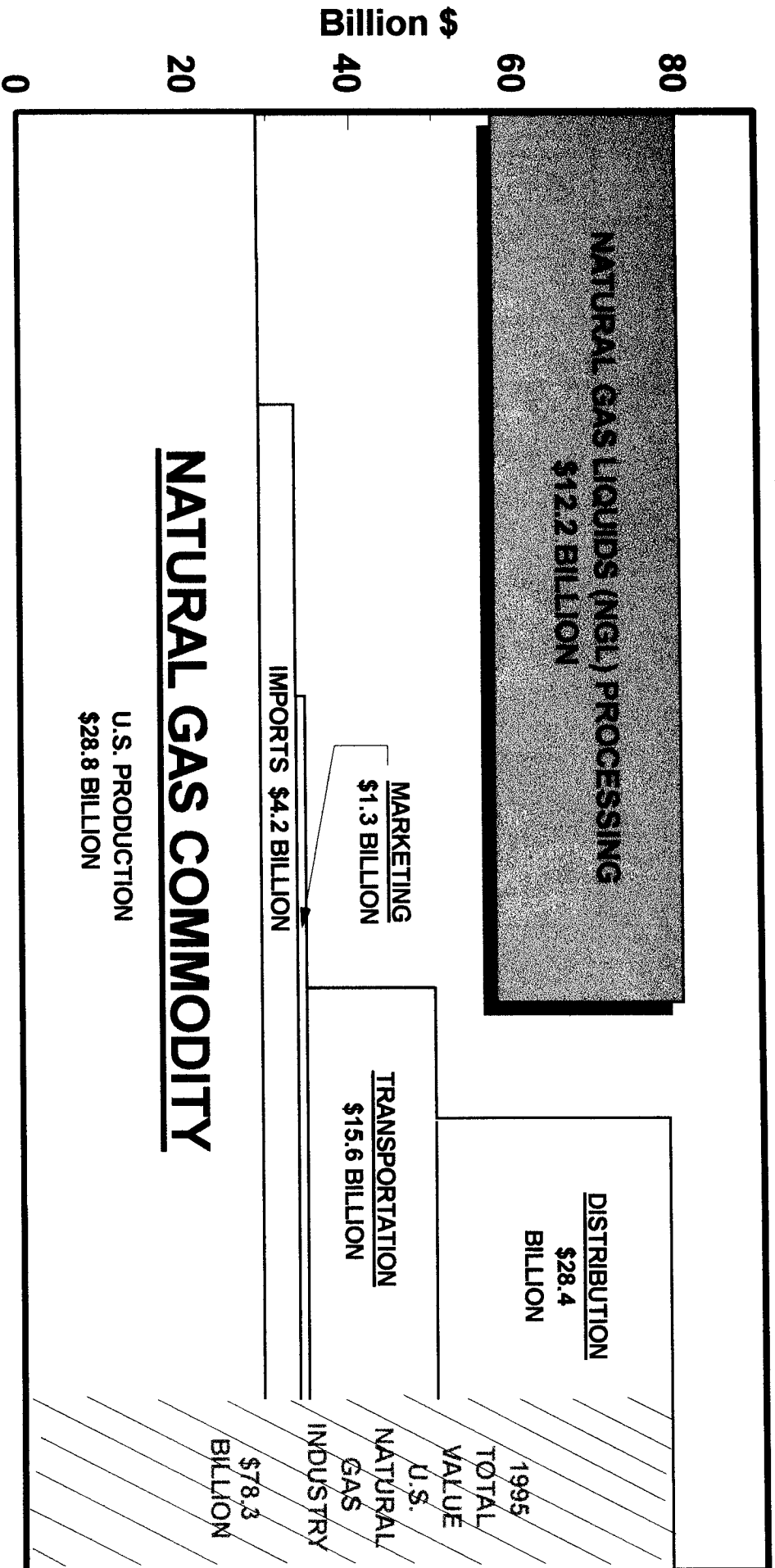


LDC/UTILITIES MERGER ACTIVITY

| | 1995 | 1996 | 1997 | 1998 |
|-----------|------|------|------|------|
| Announced | 7 | 13 | 7 | 3 |
| Completed | 1 | 0 | 12 | 5 |
| Failed | 0 | 3 | 3 | 1 |
| Pending | - | - | - | 6 |

Natural Gas Industry Business Segments

1995 U.S. Gas Market



DRILLING & PRODUCTION

| Total U.S. Gas Revenues | |
|-------------------------|----------------------|
| Total | Wellhead, MMBtu, W/A |
| 1995 \$78.3B | 2.40 |
| 1996 \$92.2B | 3.99 |
| 1997 \$90.+B | 3.67(E) |



BURNERTIP