

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act
of 1934

Date of Report

(Date of earliest event reported): June 21, 1999

SEMPRA ENERGY

(Exact name of registrant as specified in its charter)

CALIFORNIA 1-14201 33-0732627

(State of incorporation or organization) (Commission File Number) (I.R.S. Employer Identification No.)

101 ASH STREET, SAN DIEGO, CALIFORNIA 92101

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (619) 696-2034

(Former name or former address, if changed since last report.)

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Item 5. Other Events

On June 21, 1999 Sempra Energy and KN Energy announced the termination of the merger agreement the companies had announced February 22, 1999. The press release describing the termination is attached as Exhibit 99.1

Item 7. Financial Statements And Exhibits.

(c) Exhibits

99.1 Press Release issued June 21, 1999.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SEMPRA ENERGY
(Registrant)

Date: June 21, 1999

By: /s/ F. H. Ault

F. H. Ault
Vice President and Controller

Sempra Energy and K N Energy Terminate Merger Agreement

Media Contacts:

Doug Kline
 Sempra Energy
 (877) 866-2066
 www.sempra.com

Analyst Contacts:

Clem Teng
 Sempra Energy
 (877) 736-7727

Larry Pierce
 K N Energy
 (303) 914-4751
 www.kne.com

Steven P. Eshbach
 K N Energy
 (303) 763-3618

SAN DIEGO and LAKEWOOD, Colo., June 21, 1999 -- Sempra Energy (NYSE:SRE) and K N Energy, Inc. (NYSE:KNE) today announced that they have mutually agreed to terminate their merger agreement, announced Feb. 22, 1999.

Sempra Energy and K N Energy indicated that, as they worked through the integration process, it became clear that the combined company would not be able to realize the business objectives that they originally anticipated. As a result, Sempra Energy and K N Energy agreed that it was more prudent for both companies to pursue their business objectives individually.

In connection with the termination, Sempra Energy and K N Energy entered into a confidential termination and release agreement on June 20, 1999, whereby they have agreed to release each other from any claims relating to the proposed merger, to refrain from soliciting the employees of one another for a two-year period, and to refrain from acquiring any stock of or making any proposals to acquire the other party for a three-year period. In addition, in order to amicably terminate the transaction, Sempra Energy agreed to reimburse K N Energy for a portion of its expenses incurred in connection with the proposed merger in the amount of \$5.95 million.

K N Energy, Inc., based in Lakewood, Colorado, is the nation's sixth-largest integrated natural gas company with more than \$8 billion in total assets and is one of the largest pipeline operators with more than 25,000 miles of pipe. It has operations in 16 states, including natural gas gathering, processing, marketing, storage, transportation, energy commodity sales -- natural gas and natural gas liquids; electric generation design, construction and operation; and innovative services designed for consumers, utilities and commercial entities.

Sempra Energy, based in San Diego, is a Fortune 500 energy services holding company with 12,000 employees, revenues of \$5.5 billion and more than 6 million natural gas and electric meters serving 21 million customers. Through its eight principal subsidiaries -- Southern California Gas Company, San Diego Gas & Electric, Sempra Energy Trading, Sempra Energy Solutions, Sempra Energy International, Sempra Energy Resources, Sempra Energy Utility Ventures and Sempra Energy Financial -- Sempra Energy provides a broad range of energy-related products and services. The company has operations throughout the United States, Canada, Mexico and Latin America.

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