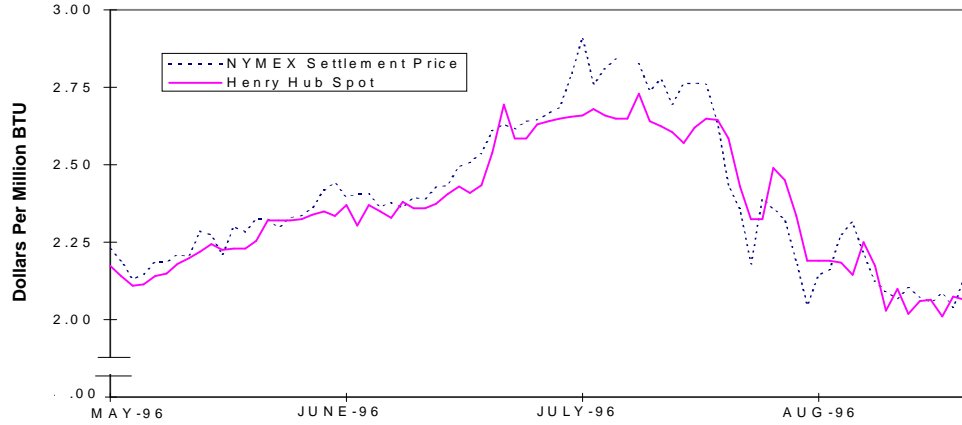


NYMEX Price Futures vs Henry Hub Spot Price

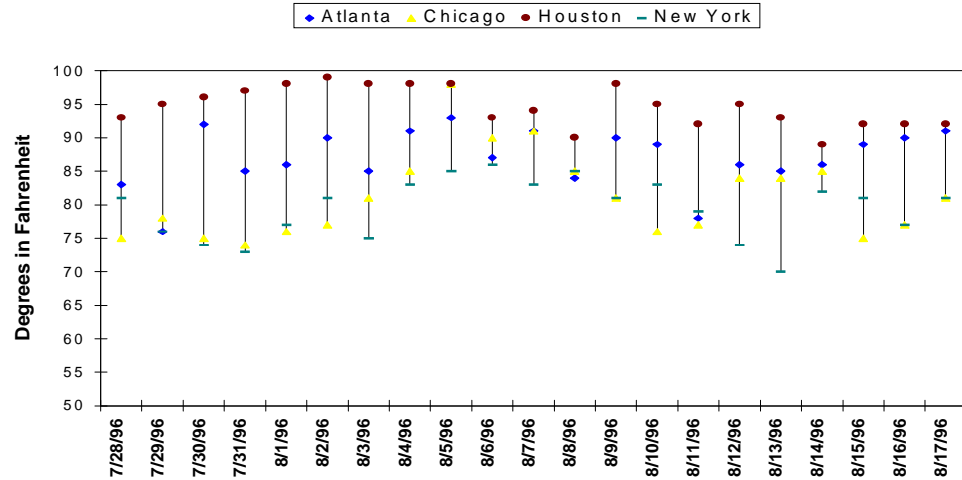
HENRY HUB PRICE		
	CASH	FUTURES
	Aug	Sept
	Del	Del
	(\$ per MMBtu)	
8/12	2.03-2.09	2.074
8/13	2.04-2.09	2.056
8/14	1.98-2.04	2.086
8/15	2.06-2.09	2.040
8/16	2.05-2.08	2.140



Note: The Henry Hub spot price is from the GAS DAILY and is the midpoint of their high and low price for a day.

High Temperature for Four Selected Cities

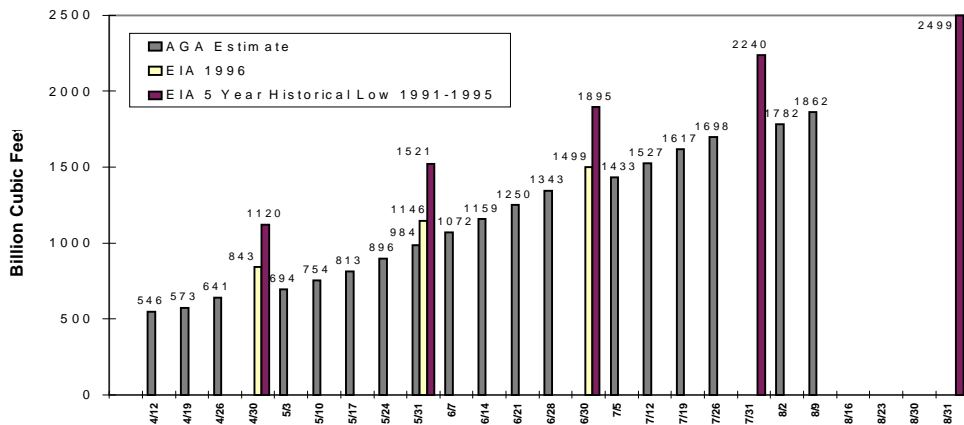
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
8/11	73	78	-5
8/12	77	78	-1
8/13	76	78	-2
8/14	77	78	-1
8/15	76	78	-2
8/16	75	79	-4
8/17	77	79	-2



Working Gas In Storage 1996

Working Gas Volume as of 8/9/96		
	BCF	% Full
EAST	1130	63
WEST	320	66
Prod Area	412	45
U. S.	1862	59

Source: AGA



NYMEX Henry Hub futures prices for September delivery opened at \$2.140 per MMBtu on Monday, August 19, 1996, the same as the previous Friday's settlement price. While natural gas prices have been declining since mid-July, oil prices have been increasing recently. Since July 30, the price of benchmark West Texas crude oil has increased \$1.60 a barrel. If temperatures increase, gas peak generation may increase significantly relative to oil peak electric generation to satisfy additional cooling loads. This is likely to put upward pressure on the price of natural gas. Interestingly, on July 15 futures prices at the WAHA Hub in West Texas were \$0.42 per MMBtu less than at the Henry Hub, but by August 5 the price differential was only \$0.17 and remains about the same. The bulk of this price convergence was the result of the Henry Hub price decreasing \$0.63 per MMBtu. This similarity in prices has not occurred often during the past year and is, in part, due to hot weather in West which has increased natural gas electric peak generation.

Storage Today: According to the American Gas Association's (AGA) weekly estimate, working gas levels were 1,862 Bcf and net injections for the week ending Friday, August 9, were 80 Bcf, similar to the average injection rate for the previous two weeks of 81 Bcf. Again, the majority of the additions to storage, 55 Bcf or almost 70 percent, were made to eastern storage facilities.

Storage Tomorrow: With less than 12 weeks remaining in this year's refill season, the rate of storage injections have slowed. Based on AGA estimates, the last 3 weeks have averaged 81 Bcf while the previous 8 weeks averaged 90 Bcf. A continuation of the industry's current refill pattern that has seen more than 70 percent of all injections going into eastern sites has raised these facilities to 63 percent of their working gas capacity of 1,800 Bcf. The storage resources located in the East consuming region are larger than in the other regions and traditionally are extremely important during any heating season. They are especially important during periods of colder than normal weather as seen this past winter when more than 1,500 Bcf were withdrawn from eastern storage sites to meet demand. According to EIA data for the last 5 years the refill rate does normally slow over the last 2 or 3 months of the refill season. Most of this decrease is due to the slowing of the allowable rate of refill that occurs as conventional reservoir storage is filled. The observed rate over the previous 5 years has ranged between 45 and 82 Bcf a week during August and September while the rate for October slows significantly to between 28 and 43 Bcf a week. If the industry can sustain a refill rate close to the upper bound of these ranges and continues to direct a majority of the injections to the eastern sites, this critical region could enter the heating season with working gas in excess of 1,700 Bcf. In comparison, EIA data indicates that on November 1, 1995, eastern storage sites had 1,815 Bcf of working gas available.

Spot Prices: Spot prices continue to vary across the United States between days, yet prices have been relatively stable near \$2.00 at the Henry Hub. Prices have fallen over \$0.50 per MMBtu over the last month. This decline in price is consistent with the decline in high temperatures throughout much of the United States and is also consistent with the decline in futures prices. Cash and futures prices have been very similar for the last several weeks.

Futures Prices Futures prices settled at \$2.140 on Friday, August 16, 1996. This was a rise of \$0.10 per MMBtu from Thursday's level with a range of \$0.11 per MMBtu during the day. This is more volatility than has been observed over the previous 4 to 6 days. Some industry observers have expressed the view that this could be a temporary adjustment due to pipeline imbalance issues.

Summary: Storage levels are currently low by historical standards, yet perceptions about the adequacy of these storage levels may be changing. Prices in the last week were lower and at times much less volatile than they have been in the last several months.