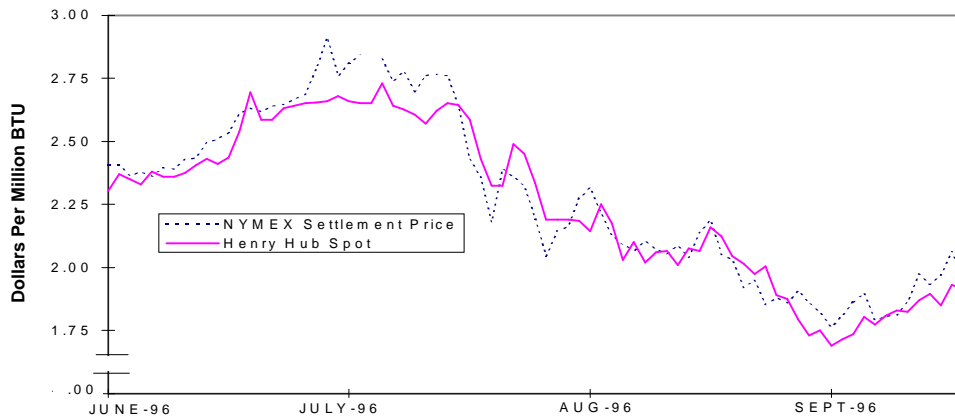


NYMEX Price Futures vs Henry Hub Spot Price

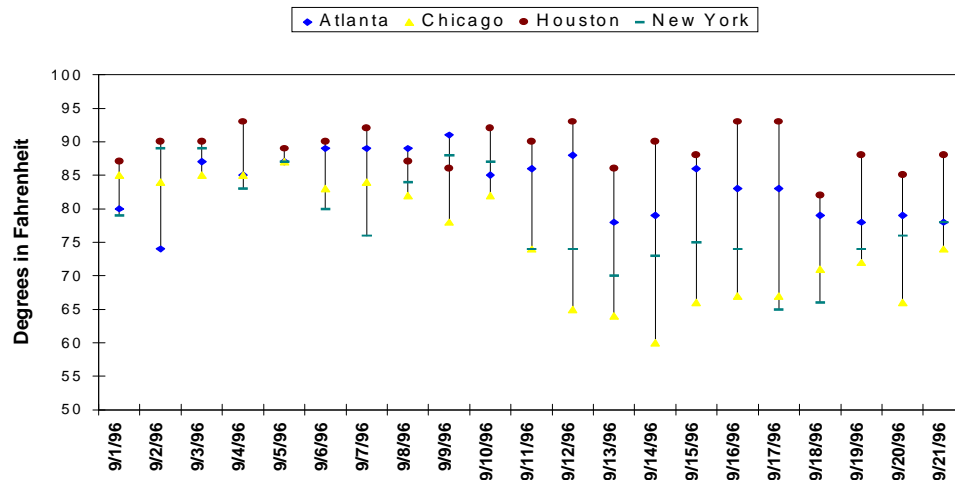
HENRY HUB PRICE		
	CASH	FUTURES
	Sept	Oct
	Del	Del
	(\$ per MMBtu)	
9/16	1.86-1.88	1.973
9/17	1.86-1.93	1.934
9/18	1.82-1.88	1.968
9/19	1.90-1.96	2.063
9/20	1.89-1.94	1.965



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

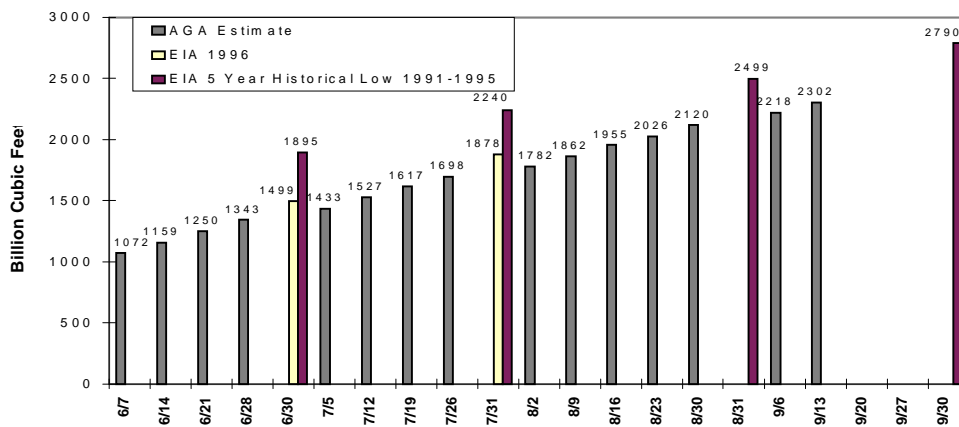
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
9/15	70	72	-2
9/16	73	72	1
9/17	72	71	2
9/18	67	71	-4
9/19	69	70	-1
9/20	68	70	-2
9/21	71	70	1



Working Gas In Storage 1996

Working Gas Volume as of 9/13/96		
	BCF	% Full
EAST	1,434	80
WEST	324	67
Prod Area	544	60
U. S.	2,302	72

Source: AGA



The NYMEX futures price for October delivery at the Henry Hub opened Monday, September 23 at \$1.940 per MMBtu, \$0.025 lower than the previous Friday's close. Net injections into storage during the past week slowed somewhat to 84 Bcf but still continue to exceed EIA's average weekly refill rate for September. Both spot and futures prices ended the past week approximately \$0.10 per MMBtu higher than the previous week's close. With this year's recent heavy rains and earlier snowfalls, U.S. hydroelectric generation provided 184 billion kilowatt hours (kWh) or about 1.9 trillion cubic feet (Tcf) in cubic feet equivalents of gas during the first 6 months of the year. Since hydroelectric generation can substitute for natural gas electric generation, some of the more than 25 percent reduction in electric utility consumption of natural gas over the first 6 months of 1996 compared to the same period in 1995 can be attributed to the increased availability of hydroelectric power. Another factor has been the consistently cooler-than-normal summer weather in the East. Both of these situations along with the mid-July drop in natural gas prices, have contributed to creating a favorable market atmosphere for continued strong storage refill activity.

Storage: According to the American Gas Association (AGA) estimates, net storage injections during the week ending Friday, September 13, slowed to 84 Bcf, 14 less than the previous week. Based on EIA data, this weekly refill rate is still higher than for any week in September over the last 5 years. The AGA also reports that with the addition of 54 Bcf to storage sites located in the East, this region continues to receive the majority of the additions to storage and with 6 weeks remaining in the refill season it appears likely it should have in excess of 1,700 Bcf of working gas available on November 1.

Spot Prices: For much of last week spot prices were near \$1.90 per MMBtu at the Henry Hub, about \$0.10 per MMBtu less than the futures price but by Friday the two prices were less than \$0.05 apart. This is to be expected with the October futures contract scheduled to close on Tuesday, September 24. Spot prices have varied by about \$1.00 per MMBtu across the country during the past week with highest price near \$2.40 per MMBtu along the Florida Transmission System with one of the lowest prices of about \$1.30 per MMBtu available from Rocky Mountain transmission systems. Other low prices are available into southern California (\$1.45 per MMBtu) and western Canada (\$1.18 per MMBtu) import points entering the United States.

Futures Prices: Futures prices for October delivery moved above \$2.00 per MMBtu during the week then settled at \$1.965 on Friday, September 20 - two trading days before the contract closes. The price difference between months remains significant. For example, the difference between the futures settlement price for October delivery and December delivery was \$0.42 per MMBtu on Wednesday, September 18th. This is a large price difference for delivery only two months apart and provides a financial opportunity and an incentive to move additional supplies into storage. This price differential was still over \$0.40 per MMBtu on Friday. If this differential continues and futures prices for November and December remain significantly higher than October, it should provide impetus to storage operators and others to continue their strong refill rates over the next 6 weeks.

Summary: Injections to storage continue to exceed historical levels. Prices on both the spot and futures market moved closer to each other prior to the October contract closing this week.

