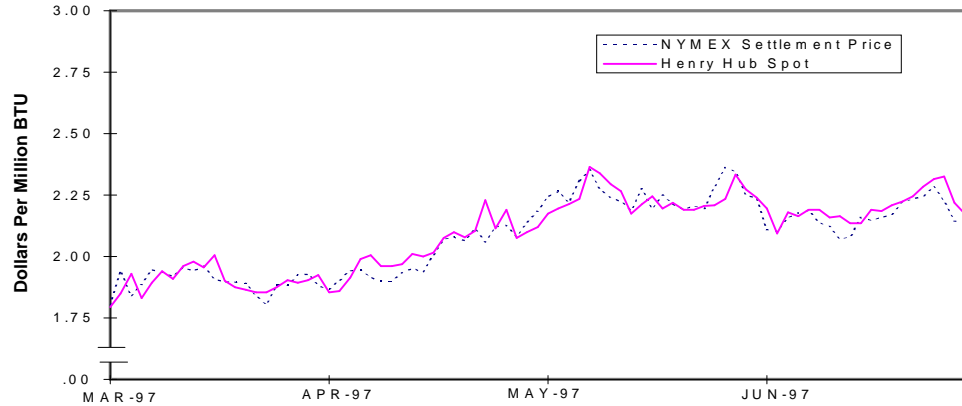


**NYMEX Future Prices vs Henry Hub Spot Prices**

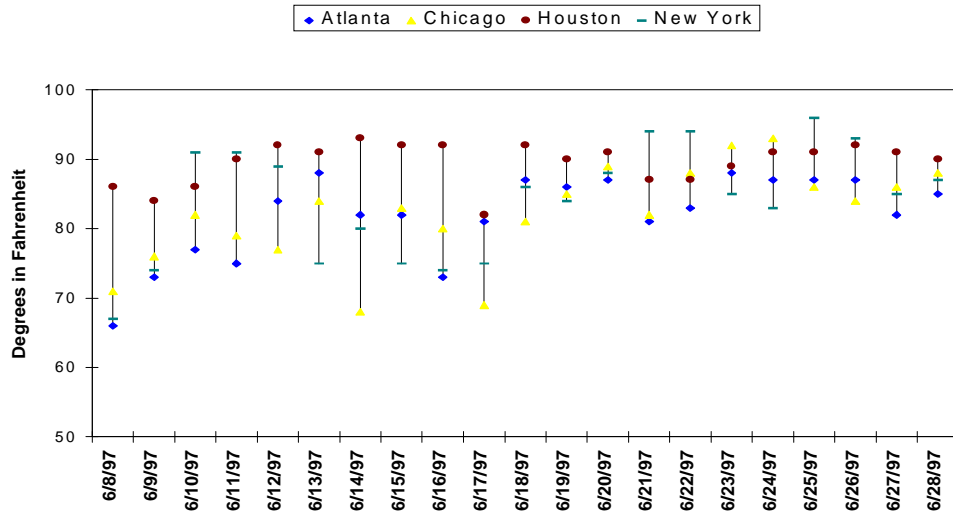
HENRY HUB PRICE		
	SPOT	FUTURES
	Jun	Jul/Aug
	Del	Del
	(\$ per MMBtu)	
06/23	2.26-2.31	2.246
06/24	2.29-2.34	2.286
06/25	2.31-2.34	2.227
06/26	2.20-2.24	2.145
06/27	2.15-2.20	2.139



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**

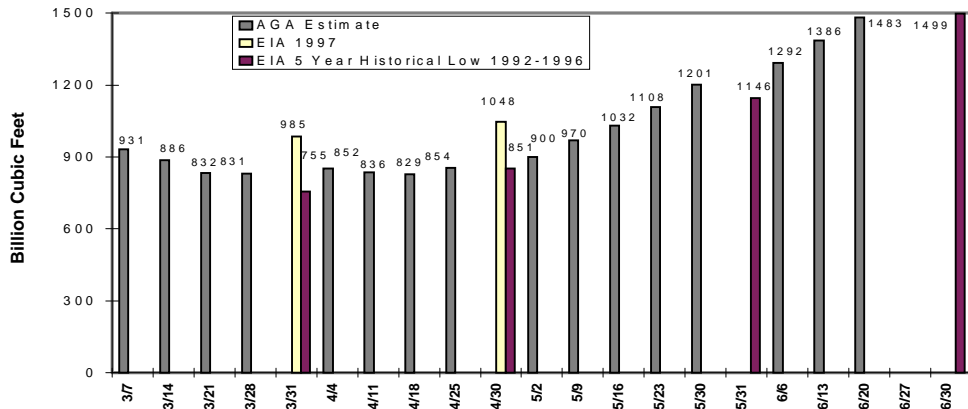
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
06/22	78	76	2
06/23	80	76	4
06/24	80	76	4
06/25	80	76	4
06/26	80	77	3
06/27	77	77	0
06/28	78	77	2



**Working Gas In Storage 1997**

Working Gas Volume as of 06/20/97		
	BCF	% Full
EAST	764	43
WEST	262	54
Prod Area	457	50
U. S.	1483	46

Source: AGA



The NYMEX futures price for August delivery at the Henry Hub opened Monday, June 30 at \$2.150 per MMBtu, virtually the same as Thursday's final settlement price for the July contract of \$2.145. The first period of hot weather for the Northeast arrived at the middle of last week as temperatures in New York City, Philadelphia and Washington, DC registered between 96 and 100 degrees Fahrenheit on Wednesday. Most of the other parts of the country had lower temperatures as daytime highs in Chicago, Dallas, and Houston were in the 86 to 91 degree temperature range. According to the National Oceanic and Atmospheric Administration (NOAA), the lower 48 states have been more than 20 percent cooler than normal thus far this year with some cities such as Atlanta, Cleveland and St. Louis reporting cooling degree temperatures that are 40 to 50 percent below normal. At the Henry Hub, the spot market moved up at mid-week as prices on Tuesday and Wednesday were above \$2.30 per MMBtu both days before retreating to end the week at less than \$2.20. The July futures contract moved up early in the week then declined to close down from Tuesday's settlement price of \$2.286 per MMBtu. With the summer driving season now in full swing, the spot price of West Texas crude oil moved up almost \$1.00 a barrel and ended the week at \$19.50.

**Storage:** Net injections of working gas into storage totaled 97 Bcf for the week ending June 20, according to the American Gas Association (AGA), reaching their highest level of the refill season. In the first 3 weeks of June, the industry has added 282 Bcf of working gas to storage-an average of 94 Bcf per week, or nearly 13.5 Bcf per day, according to AGA estimates. Fully 66 percent of June injections have gone into storage facilities in the Consuming East region, where working gas inventories as of June 20 stood at 764 Bcf, 100 Bcf, or 15 percent, greater than at the same time last year. AGA's estimate for total working gas in storage nationwide as of June 20 is 1,483 Bcf, exceeding last year's figure by 233 Bcf, or almost 19 percent.

**Spot Prices:** In response to the highest temperatures of the season in the Northeast, the spot price of gas at the Henry Hub moved up during the first half of last week reaching a high of \$2.33 per MMBtu on Wednesday. On Thursday, the day the July futures contract closed, the cash price decreased 10 cents per MMBtu but still ended the day about 8 cents higher than the NYMEX July futures contract that settled that day. This could be an indication that buyers consider supplies of natural gas to be more than adequate and the price should remain stable and may even decline. Last year at this time the spot price of natural gas was less 1 cent below (\$2.64 per MMBtu) the July contract price at the Henry Hub.

**Futures Prices:** The futures contract for July delivery at the Henry Hub closed on Thursday at \$2.145 per MMBtu- more than \$0.50 less than last year's record high price of \$2.646. Trading on Monday and Tuesday saw the price move up more than 5 cents from Friday's settlement price of \$2.235 per MMBtu, before declining more than 14 cents over the next 2 days. The price of the August and September contracts also moved down over 10 cents per MMBtu and ended Thursday at \$2.123 and \$2.120, respectively.

**Summary:** Hot weather in the Northeast caused some upward pressure on spot and futures prices early last week. This price rise was short-lived as temperatures remained cooler-than-normal in most other parts of the country. Additions to storage continued at an elevated level as more than 280 Bcf have been added to working gas storage in the first 3 weeks of June.