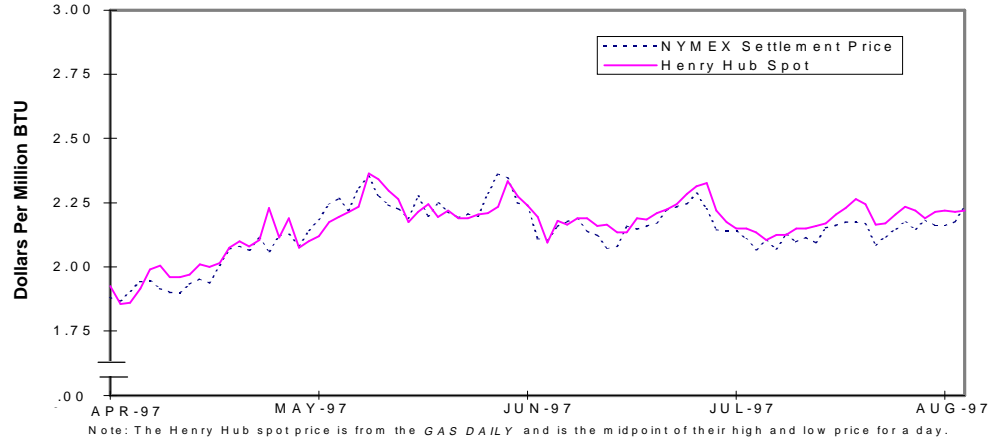


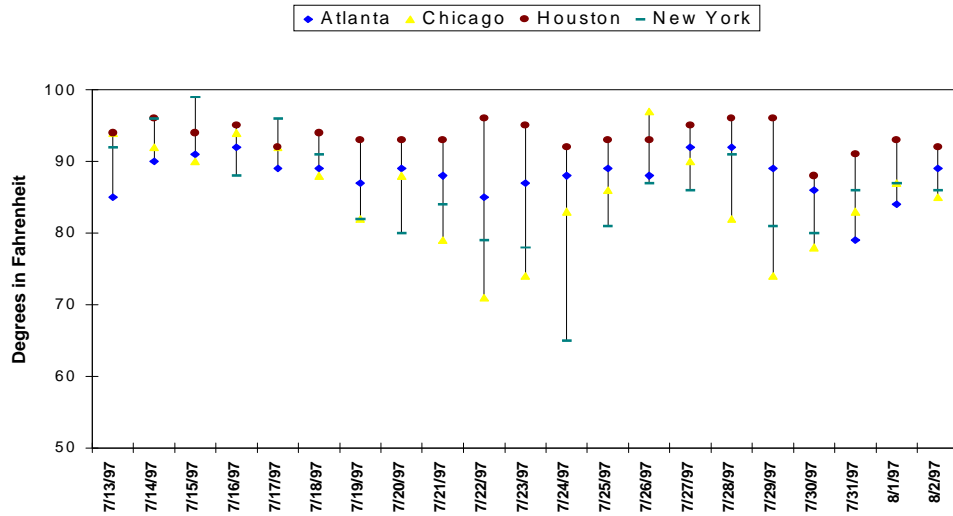
NYMEX Future Prices vs Henry Hub Spot Prices

HENRY HUB PRICE		
	SPOT	FUTURES
	Jul	Aug/Sept
	Del	Del
	(\$ per MMBtu)	
07/28	2.17-2.21	2.183
07/29	2.20-2.23	2.161
07/30	2.21-2.23	2.161
07/31	2.20-2.23	2.177
08/01	2.20-2.24	2.239



High Temperature for Four Selected Cities

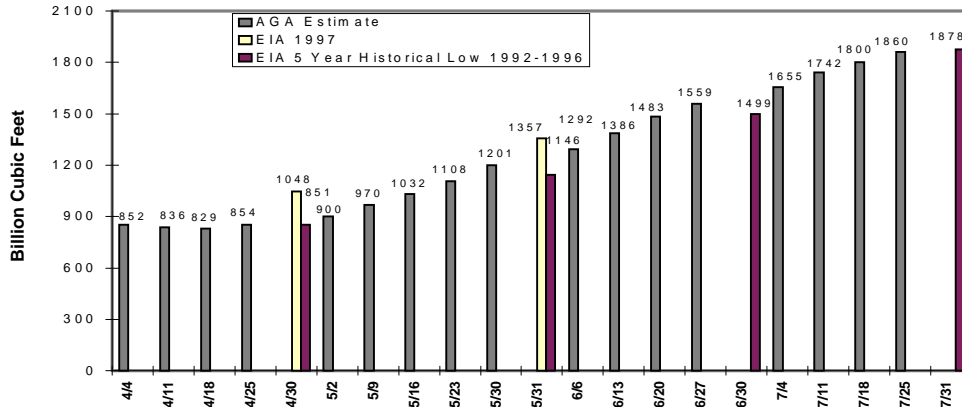
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
07/27	82	79	3
07/28	82	78	4
07/29	77	78	-1
07/30	76	78	-2
07/31	74	78	-4
08/01	77	78	-1
08/02	80	78	2



Working Gas In Storage 1997

Working Gas Volume as of 07/25/97		
	BCF	% Full
EAST	1053	59
WEST	304	63
Prod Area	503	55
U. S.	1860	58

Source: AGA



The NYMEX futures price for September delivery at the Henry Hub opened Monday, August 4 at \$2.240 per MMBtu, \$0.079 more than last Tuesday's (July 29) closing price of \$2.161 for the August futures contract. This summer's weather continues to be cooler than normal in most parts of the country. The average temperatures in the four cities that are monitored by this report (Atlanta, Chicago, Houston, and New York) were again cooler than normal most days last week. The NOAA reports that through July 25, the lower 48 states continue to record cooling degree days that are more than 10 percent lower than normal. The spot price of natural gas at the Henry Hub continues to be stable and has varied within a constant \$0.10 per MMBtu range (\$2.15 to \$2.25) over the last 3 weeks. The futures contract for both the expired August contract and now September's, also displayed a consistent trend most days during the last 2 weeks as they continued to record prices falling within an \$0.08 per MMBtu range (\$2.12 to \$2.18) most days. The most current estimate of 60 Bcf for weekly net injections to natural gas storage was again below those seen during June and early July of this year. The price of West Texas crude oil moved up about \$0.60 per barrel and ended the week at \$20.30.

Storage: According to the American Gas Association (AGA), net injections to working gas storage for the week ending July 25 were estimated to be 60 Bcf. This follows a week in which AGA reported net injections of 58 Bcf-the lowest estimate in over 2 months. Even with these relatively low estimates, AGA's latest estimate for the total level of working gas in storage remains well ahead of last year's estimate at this time (1,860 vs 1,698 Bcf). EIA's current estimate for total working gas that will be on hand at the end of July is 2,043 Bcf. Given the difference in actual days of the two storage activity tracking systems (July 25 for AGA compared to July 31 for EIA) it would appear that the two estimates are moving closer. At the end of May of this year the difference between EIA storage survey data and the AGA estimate for the same period was 156 Bcf. If the injection rate for the month continues through the end of the month, the difference will have narrowed to less than 120 Bcf (1,924 vs 2,043). At this time last year the difference between the AGA estimate for the end of July and EIA's survey data was about 110 Bcf (1,782 for AGA compared 1,893 for EIA). By the end of the refill season on or about October 31 of last year, the difference had decreased to 75 Bcf (2,725 vs 2,800).

Spot Prices: Prices at the Henry Hub traded near \$2.21 pre MMBtu most days last week-similar to the levels seen for the two previous weeks. On Tuesday, the day the August futures contract closed, the cash market moved up about 3 cents and ended the day about 6 cents higher than the NYMEX August contract. This was the second consecutive month that a noteworthy difference in the two price series had persisted into bid week. Last month the difference was about 8 cents per MMBtu (\$2.22 vs \$2.161). (In the previous 3 months, the spot and futures price had been within 1 or 2 cents of each other on contract settlement day). This could be an indication that many buyers view their current supply needs as taking precedent over those they anticipate having sometime in September. Spot prices at other major markets moved up slightly, on average, last week. Some of these were; Katy in East Texas, up 2 cents at \$2.19 per MMBtu; Waha in West Texas, up 1 cent at \$2.17 and most Oklahoma areas were up 2 cents at \$2.15.

Futures Prices: The futures contract for August delivery closed at \$2.161 per MMBtu last week - down 2 cents from the previous day. This small price movement continued the pattern of relatively stable price activity for the August contract over the last half of July. On contract closing day the difference between the high and low price was only 5 cents per MMBtu (\$2.20 to \$2.150). Last year the August contract which settled at \$2.359 per MMBtu, had high and low price spread of more than \$0.16 (\$2.505 to \$2.340).

Summary: Prices on both the spot and futures markets remain stable as cooler-than-normal temperatures in most parts of the country continues to be the dominant weather pattern. Overall estimates of working gas in storage continue to be well ahead of last year in spite a second consecutive week of reduced net injections.