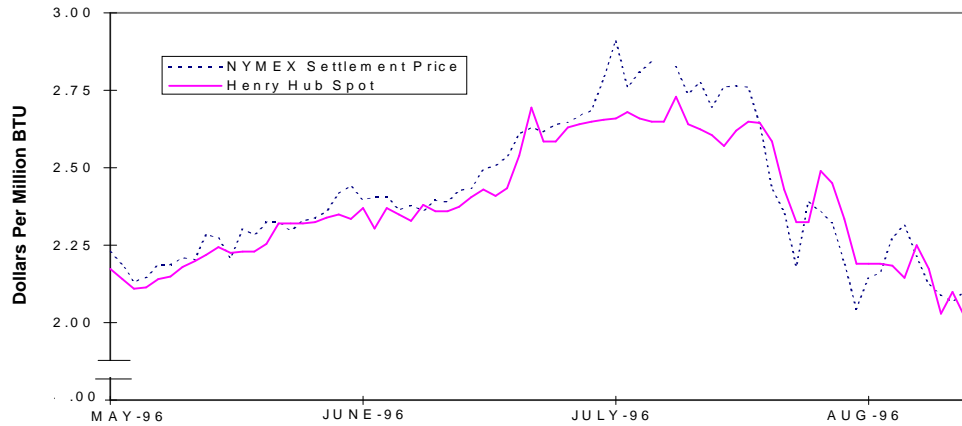


NYMEX Price Futures vs Henry Hub Spot Price

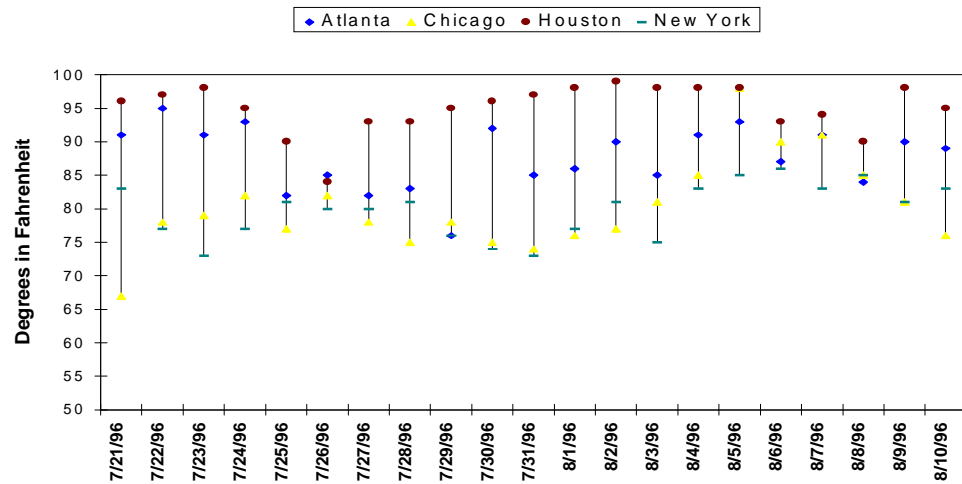
HENRY HUB PRICE		
	CASH	FUTURES
	Aug	Sept
	Del	Del
	(\$ per MMBtu)	
8/05	2.21-2.29	2.215
8/06	2.13-2.22	2.124
8/07	1.99-2.07	2.091
8/08	2.07-2.13	2.068
8/09	1.98-2.06	2.103



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

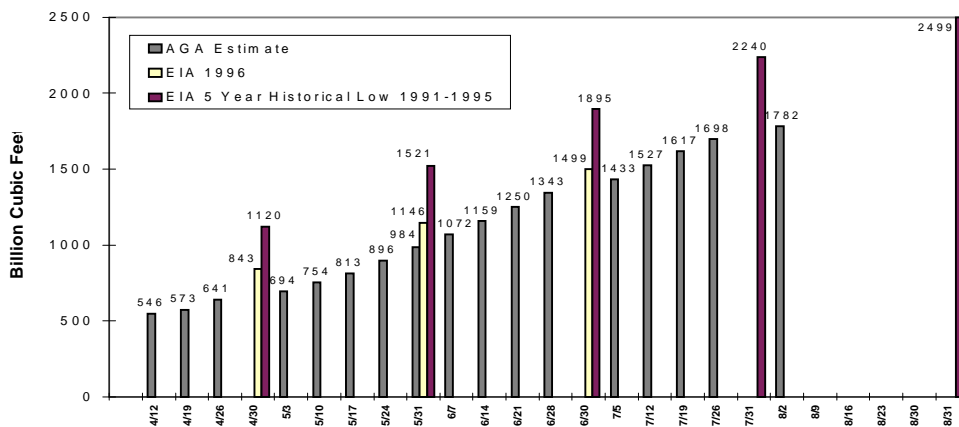
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
8/04	80	78	2
8/05	83	78	5
8/06	80	78	2
8/07	82	78	4
8/08	79	78	1
8/09	78	78	0
8/10	77	78	-1



Working Gas In Storage 1996

Working Gas Volume as of 8/2/96		
	BCF	% Full
EAST	1075	60
WEST	315	65
Prod Area	392	43
U. S.	1782	56

Source: AGA



The NYMEX futures price for August delivery at the Henry Hub opened Monday, August 12 at per MMBtu. The current uncertainty reflected in fluctuating natural gas prices is attributed to a perception of low storage levels, the possibility of sudden weather induced shifts in demand and the potential substitution of gas for other fuels. The current electric generation situation in New England illustrates this well. As discussed in previous issues there are capacity constraints on nuclear electric generation in New England, ordinarily a major source of electricity in this region. In contrast, natural gas electric generation is of minor importance in New England. However, New England imports electricity from adjacent states that do have the capacity to use more natural gas, much of this is dual fired by natural gas or oil. Oil prices have recently been rising and are relatively high while natural gas prices have been declining and are low relative to their level during the last 4 months. This has probably increased the demand for natural gas for electric generation, as natural gas is being substituted for oil. Thus, warmer than normal weather in New England could put significant upward pressure on gas prices.

Storage: For the week ending Friday, August 2, the AGA estimates that total working gas on hand totaled 1,782 Bcf. This is an increase of 84 Bcf from the previous week and is on the high side of net injections for the last 5 years. According to EIA data, the working gas level at the end of June totaled almost 1,500 Bcf with net injections for June totaling close to 360 Bcf. AGA's estimate for the same time period had about 1370 Bcf of working gas in storage. These latest EIA statistics continue to display a differential when compared to the AGA estimates for approximately the same period of time but the size of the difference is decreasing. At the end of May it was over 160 Bcf and by the end of June it had been reduced to less than 130 Bcf.

Canadian Storage: Working gas levels are reported by the Canadian Gas Association to be 294 Bcf as of August 2. This is an increase of 14 Bcf from the previous week and raises the level of working gas available to 58 percent of a total working gas capacity of 505 Bcf.

Mexican Gas Supply Interruption: The explosion at a Mexican gas processing plant that occurred last week is reported to have initially caused the suspension of 540 MMcf a day of gas supply. As part of the plan to replace this loss in supply Mexico was expected to increase imports from the U.S. by as much as 300 MMcf a day. Through the first 5 months of 1996 exports to Mexico averaged 70 MMcf a day or over 2.0 Bcf a month. It is not known at this time how long this level of exports would be required.

Futures Prices: Prices for September delivery fell below \$2.00 per MMBtu for the first time in many months on Wednesday, August 9. The decline was largely a consequence of relatively mild weather and a close out of a large position near the beginning of trading. Natural gas prices were falling early-on in the week. Prior to the downturn gas prices had been rising along with oil prices, which is suggestive of the expected substitution of these fuels for peak electric generation during the summer. When the price of oil rises electric generators may substitute natural gas for oil which, in turn, may increase the gas price.

Spot Prices: Prices fell significantly throughout the United States on Wednesday, August 7. Thirty-seven of the 39 cash market locations reported in Natural Gas Intelligence's Daily Gas Price Index reported a decline. The average decline throughout the United States was \$0.14 per MMBtu. This large fall in price is consistent with sliding prices on all three natural gas futures markets at the beginning of the week.

Summary: Prices remain volatile but temperatures remain near normal. This is suggestive of the myriad of factors that influence gas prices during a period of restructuring in the energy industry.