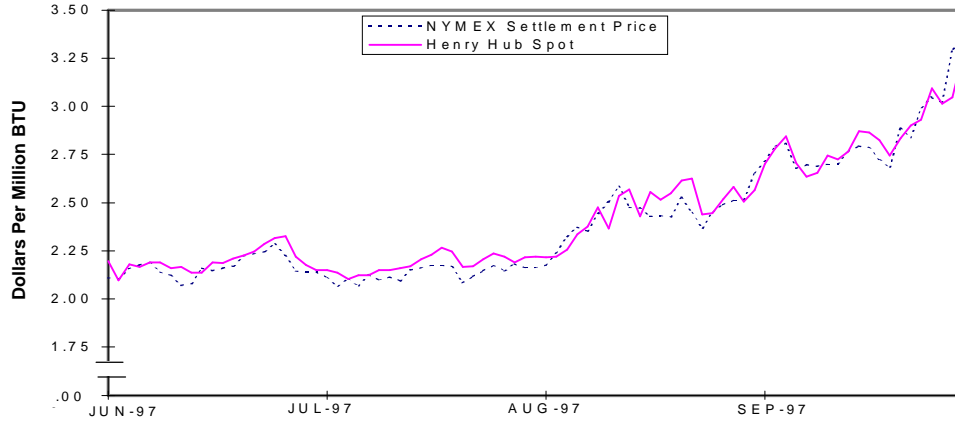


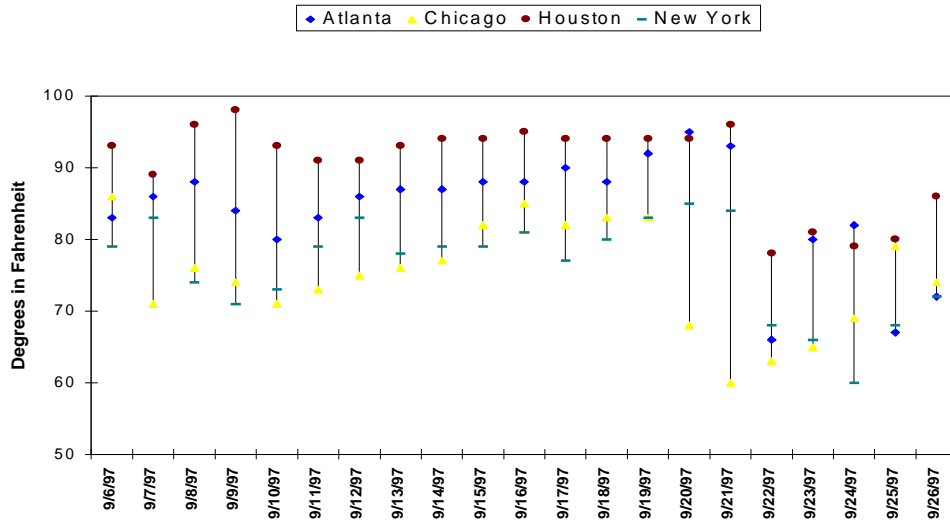
NYMEX Future Prices vs Henry Hub Spot Prices

HENRY HUB PRICE		
	SPOT	FUTURES
	Sept	Oct
	Del	Del
	(\$ per MMBtu)	
09/22	2.90-2.96	2.993
09/23	3.06-3.13	3.048
09/24	2.99-3.04	3.019
09/25	3.02-3.07	3.298
09/26	3.21-3.32	3.346



High Temperature for Four Selected Cities

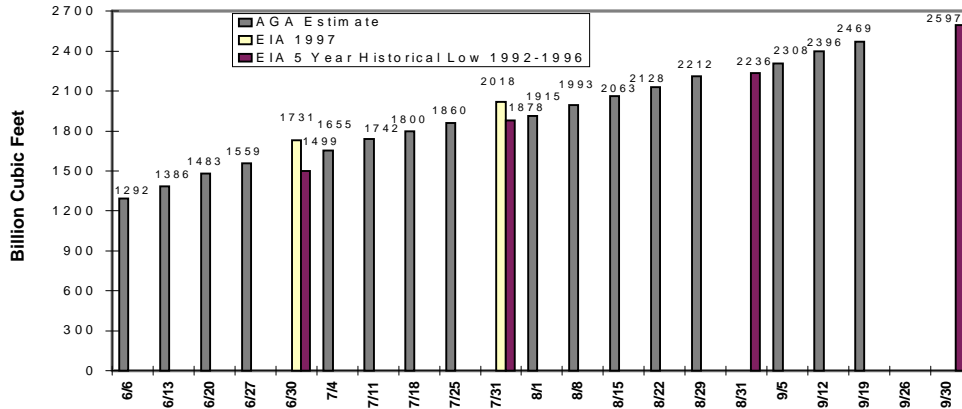
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
09/20	77	70	7
09/21	73	70	3
09/22	64	69	-5
09/23	68	69	-1
09/24	66	69	-3
09/25	65	69	-4
09/26	66	68	-2



Working Gas In Storage 1997

Working Gas Volume as of 09/19/97		
	BCF	% Full
EAST	1494	83
WEST	346	72
Prod Area	629	68
U. S.	2469	77

Source: AGA



The NYMEX futures price for October delivery at the Henry Hub closed Friday at a record price of \$3.346 per MMBtu, almost \$1.50 more than the previous record for the October contract set last year at \$1.873. The price of the October futures contract increased most days last week, especially on Thursday when it settled up more than \$0.25 per MMBtu. The November futures contract opened on Monday at \$3.10 per MMBtu - down about \$0.16 from Friday's settlement price. The weather continues to be cooler than normal in most parts of the country. Average temperatures in the four cities monitored by this report (Atlanta, Chicago, Houston, and New York) were 2 to 5 degrees below normal most days last week. The spot price at the Henry Hub moved up more than \$0.35 per MMBtu and ended the week at about \$3.30. Net injections to storage slowed during the third week of September and averaged about 10 Bcf a day - down from the 12.5 per day average of the prior week. The price of West Texas crude oil moved up \$1.50 to \$20.95 per barrel on rumors that Iraq will delay or withhold exports pending resolution of a disagreement with the United Nations.

Storage: According to American Gas Association (AGA) estimates, net storage injections were 73 Bcf during the week ended September 19, slowing somewhat from the fairly robust pace of the previous 3 weeks. AGA estimates working gas inventories at 2,469 Bcf, with stocks in the Consuming East at 1,494 Bcf - just 3 Bcf more than AGA's estimated level at this time last year. If net injections were to continue at the average daily rate corresponding to AGA's most current 3 weekly net injection estimates (about 12.2 Bcf per day), total inventories at the end of September would be 2,603 Bcf. This compares with EIA's end-of-September estimate of 2,691 Bcf, which will appear in the September 1997 *Natural Gas Monthly*. According to EIA data, October injections were just over 200 Bcf in both 1995 and 1996 and averaged about 184 Bcf from 1992 through 1996. Based on EIA's estimate for stocks at the end of September and net injections during October as low as EIA's 5-year average rate, working gas levels at the beginning of the upcoming heating season will be about 2,875 Bcf - 75 Bcf more than EIA measured at the beginning of the last heating season. At the beginning of the 1996 heating season, according to EIA data, inventories were distributed among the three AGA regions as follows: Consuming East: 64 percent, Producing: 23 percent, Consuming West: 13 percent. Based on working gas stocks of 2,875 Bcf, these proportions indicate the Consuming East would begin the heating season with about 1,829 Bcf in storage, compared with 1,782 Bcf (EIA data) in 1996; working gas on hand on November 1 in the Producing and Consuming West regions would be 647 and 399 Bcf, respectively.

Spot Prices: During the first 4 days of bid week, prices at the Henry Hub increased about \$0.15 per MMBtu. Then on Friday, pushed along by the pace of the sharp increases in the October futures contract, the spot price jumped up almost \$0.20 per MMBtu to end the week near \$3.30. This price is almost \$1.45 per MMBtu more than last year at this time. Prices at most other major market locations had similar increases from last year. For example, on Friday, September 26, prices at Katy in East Texas were \$3.16 per MMBtu compared with \$1.80 last year; at Waha in West Texas, \$3.00 vs. \$1.70; and at Chicago, \$3.35 vs. \$1.95. Prices at Rocky Mountain locations have not increased as much, with prices on Friday about \$1.90 per MMBtu compared with \$1.35 last year.

Futures Prices: This year's record futures contract price of \$3.346 per MMBtu for October delivery at the Henry Hub marks the second consecutive month in which the futures settlement price surpassed a previous record. But the level of increase has more than doubled in a month. The September 1997 contract was about \$0.65 per MMBtu more than last September's contract, while this year's October contract settled on Friday almost \$1.50 more than in 1996. The November, December, and January contracts are also trading at higher levels than a year ago at this time (November: \$3.264 per MMBtu vs. \$2.072, December: \$3.304 vs. \$2.266, and January: \$3.270 vs. \$2.316)

Summary: Spot prices continue to increase at all markets. The futures contract closed at a record level for the second consecutive month and the November, December, and January contracts are trading at record levels for this time of the year. The industry's storage refill rate slowed from the level during the previous 3 weeks by about 18 percent.