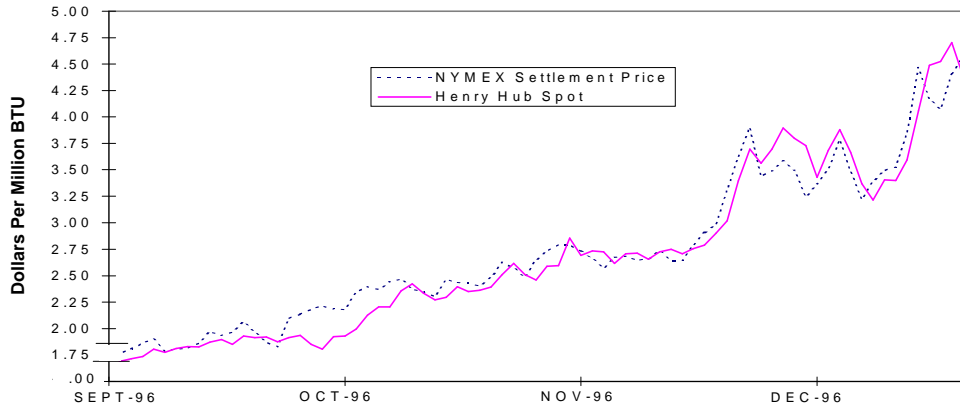


NYMEX Price Futures vs Henry Hub Spot Price

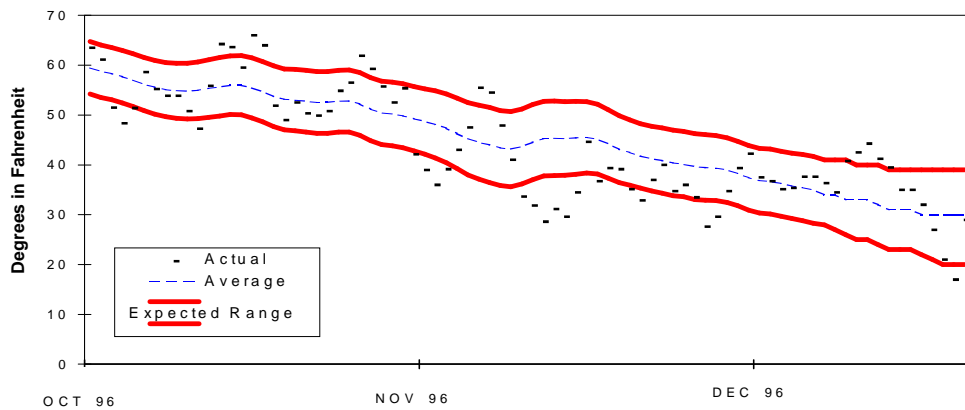
HENRY HUB PRICE		
	CASH	FUTURES
Dec.	Jan.	
Del	Del	
	(\$ per MMBtu)	
12/16	4.00-4.12	4.467
12/17	4.36-4.66	4.170
12/18	4.40-4.65	4.075
12/19	4.63-4.78	4.409
12/20	4.29-4.47	4.573



Note: The Henry Hub spot price is from the GAS DAILY and is the midpoint of their high and low price for a day.

Average temperature for Four Major Gas Consuming Metro Areas
(Chicago, Kansas City, New York, and Pittsburgh)

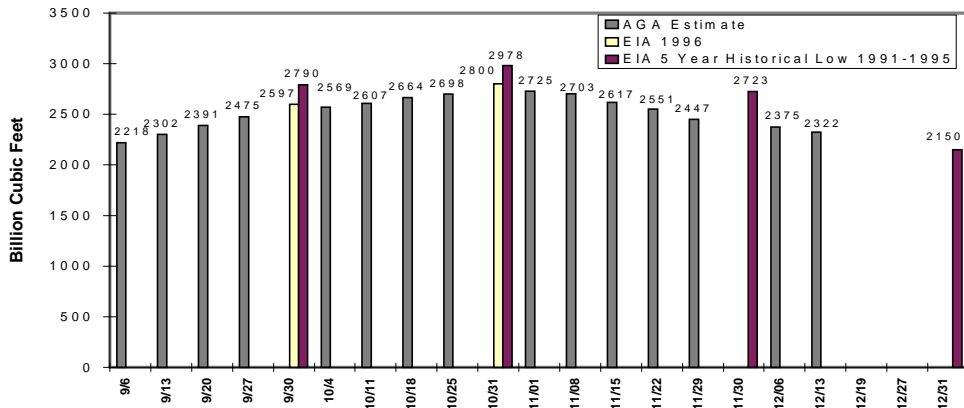
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
12/15	35	31	4
12/16	35	31	4
12/17	32	30	1
12/18	27	30	-3
12/19	21	30	-9
12/20	17	30	-13
12/21	29	30	-1



Working Gas In Storage 1996

Working Gas Volume as of 12/13/96		
	BCF	% Full
EAST	1,464	82
WEST	308	64
Prod Area	550	61
U. S.	2,322	73

Source: AGA



The NYMEX futures price for January delivery at the Henry Hub opened Monday, December 23, at \$4.130 per MMBtu, \$0.443 lower than Friday's settlement price. Last Friday's weather forecasts proved accurate with the arrival of a widespread weather pattern with the lowest temperatures of the heating season during last week. The cold weather came first to the West where on Tuesday the temperatures stayed in single digits in Denver all day and continued to move south and east. By Wednesday the thermometer did not get above freezing in St. Louis, Oklahoma City and Dallas. Some well freeze-offs were reported in West Texas along with some scattered weather related production interruptions at a few Gulf Coast sites early Thursday morning as temperatures in Houston and New Orleans were in the 20's. The freeze-offs were short-lived and the facilities returned to full production in a matter of hours. Prices continued and intensified the high level of volatility that was prevalent last week as prices on both the spot and futures market at the Henry Hub moved up and down 5 to 60 cents between days. At the end of a hectic week of market activity, both the spot price and the futures contract for January delivery were about \$0.75 per MMBtu higher than the previous week at the Henry Hub. For the week ending December 13, in response to the moderate weather, net withdrawals from storage declined again to an estimated level of just over 50 Bcf. The price of West Texas crude oil recouped the previous week's decline and exceeded earlier levels to end the week above \$26.25 a barrel - a level not seen in over 5 years. Price increases also occurred in other major heating fuels - distillate oil and propane.

Storage: The American Gas Association (AGA) estimated that only 53 Bcf were withdrawn during the week ending Friday, December 13. This brings estimated withdrawals for the first 2 weeks of December to 125 Bcf. Last year's AGA estimate for the same time period had withdrawals of over 250 Bcf. The generally moderate weather (on average 15 to 20 percent warmer than normal during the first 2 weeks of December), was the key factor in this reduction. The last week of November saw an estimated 104 Bcf withdrawn as a result of that week's 20 percent colder than normal average temperatures. AGA's estimated total (2,322 Bcf) at the end of the second week of December this year is 4 percent or 89 Bcf less than at the same time last year. The level of working gas in the critical East Consuming region's storage facilities was estimated by AGA to be 10 percent or 128 Bcf greater than last year at the same time. As noted last week in this report, EIA's data indicates that at the beginning of the heating season (November 1) storage sites in the East had 115 Bcf more working gas on hand than had been reported earlier by AGA. If we apply the difference in EIA's latest survey data from October 31, to the current AGA estimates, total working gas between 1995 and '96, was only 0.5 percent lower (2,411 Bcf vs 2,397) on December 13. This comparison could also imply that the East region had a significant increase of over 18 percent between the 2 years (1,336 Bcf vs 1579).

Spot Prices: Monday, December 16, saw cash prices at the Henry Hub increase almost \$0.50 per MMBtu from the previous Friday's end of business on the continuing reports of a weather pattern with the lowest temperatures of the season coming out of the West. The reports proved correct, as the cold weather arrived and by Tuesday it had spread south and east bringing the first big dose of frigid weather to an area from Denver to Chicago. Prices again increased, going up another \$0.35 per MMBtu at the Henry Hub and were near \$4.50 on Wednesday. The cold weather seemed to stall in the Midwest and Southwest and never really impacted the large metropolitan areas of the Northeast resulting in little or no change in spot prices at the Henry Hub and other market centers that serve the Northeast. At market centers that serve the West and Midwest, spot prices continued to rise and increases of \$0.15 to \$0.30 per MMBtu were not unusual. By the end of the day on Thursday, prices at these markets were \$2.20 to \$3.30 per MMBtu higher than last year at this time; e.g., Katy, East Texas-\$4.52 per MMBtu, Waha, West Texas-\$4.88, Opal, Rocky Mtn.- \$4.62 and Chicago City Gate- \$4.45. Prices at major Canadian import sites also were higher during the week as Sumas, WA and Port Morgan, MT had posted prices near \$4.50 per MMBtu by the end of the week. Two weeks earlier imported gas at these locations was about \$1.50 per MMBtu less. A year ago prices were near \$1.15 per MMBtu.

Futures Prices: The price of the January futures contract at the Henry Hub was up over \$0.60 Per MMBtu on Monday on the strength of the cold weather forecasted for most of the country and the projected demand on the industry's storage resources especially those in the East. When some forecasts on Tuesday suggested that the really frigid temperatures might not impact the Northeast, the January futures price was down almost \$0.30 Per MMBtu. It dropped another \$0.10 per MMBtu on Wednesday, then moved up \$0.33 per MMBtu on Thursday partly on news of increases in the price of crude oil and other winter heating fuels (propane and heating oil) and ended the day at \$4.409. On Friday, the January price settled up again at \$4.573 per MMBtu on reports of another cold wave coming out of the West later this week. This is more than \$1.10 per MMBtu higher than last year's record high settlement for the January contract with less than 2 business days before it closes at noon on Tuesday, December 24.

Summary: The winter's first period of low temperatures have impacted markets throughout the country as natural gas prices continue to be \$1.00 to \$3.00 higher at most major market centers. The status of the industry's storage resources, especially in the East, appears to be improved over last year.