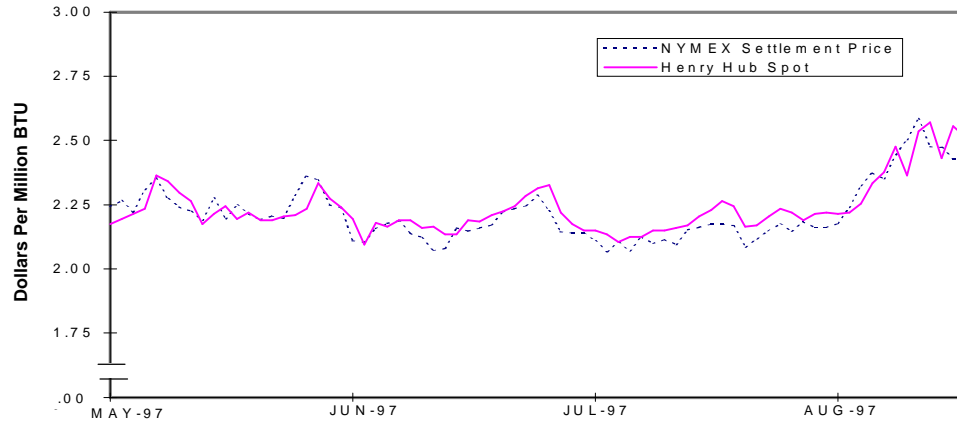


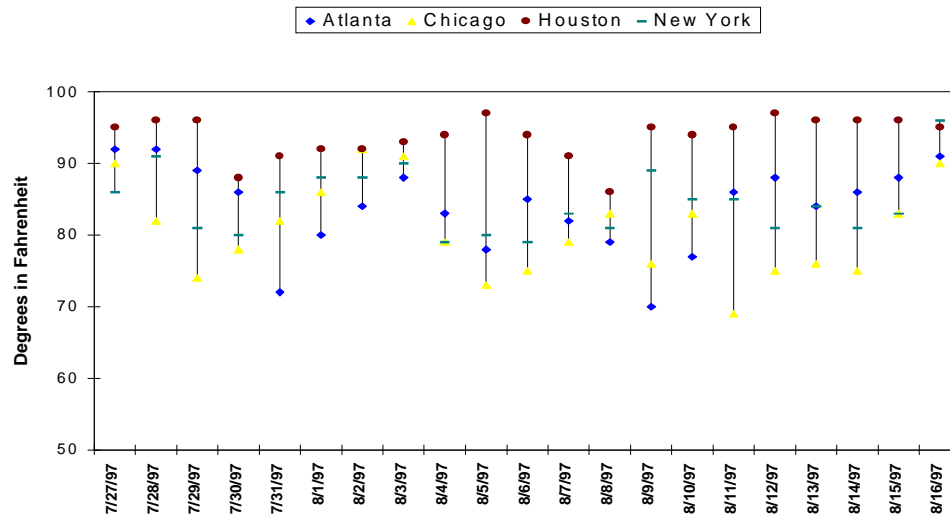
NYMEX Future Prices vs Henry Hub Spot Prices

HENRY HUB PRICE		
	SPOT	FUTURES
	Aug	Sept
	Del	Del
	(\$ per MMBtu)	
08/11	2.51-2.56	2.586
08/12	2.55-2.59	2.475
08/13	2.40-2.46	2.472
08/14	2.53-2.58	2.428
08/15	2.48-2.55	2.432



High Temperature for Four Selected Cities

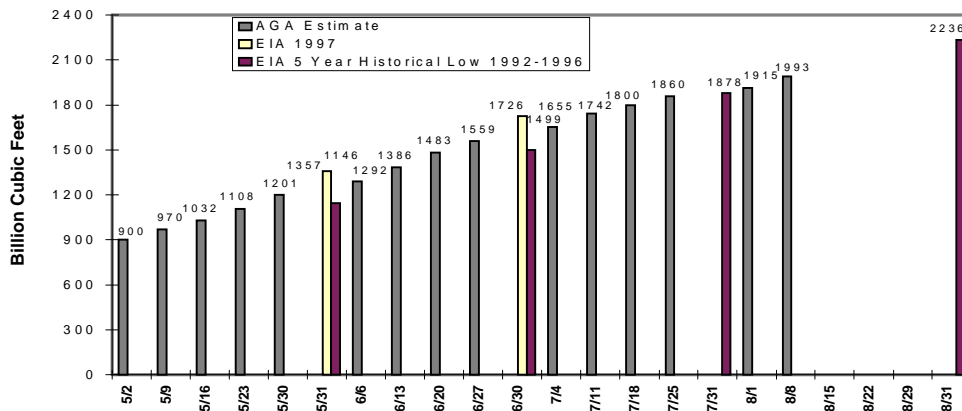
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
08/10	78	78	0
08/11	77	78	-1
08/12	78	78	0
08/13	78	78	0
08/14	77	78	-1
08/15	80	78	2
08/16	84	78	6



Working Gas In Storage 1997

Working Gas Volume as of 08/08/97		
	BCF	% Full
EAST	1165	65
WEST	313	65
Prod Area	515	56
U. S.	1993	62

Source: AGA



The NYMEX futures price for September delivery at the Henry Hub opened Monday, August 18, at \$2.435 per MMBtu, virtually the same as Friday's settlement price. Summer temperatures in the Mid-Atlantic region reached record highs as daytime temperatures in Baltimore, Richmond, and Washington, DC exceeded 100 degrees Fahrenheit this past Saturday and Sunday. Other areas with hot weather included the Southwest and southern California. The Midwest continued to be somewhat cooler than normal. Prices on the spot market at the Henry Hub displayed some volatility but moved up most days and ended the week almost \$0.15 per MMBtu higher than the previous Friday. The price of the September futures contract was up at the beginning of last week but then trended down and ended the week at \$2.432 per MMBtu, almost 7 cents less than the previous Friday's settlement price. West Texas crude oil ended the week at \$20.10 per barrel—up \$0.60. The latest Bureau of Labor Statistics (BLS) report indicates that the producer price index (or wellhead price) for natural gas moved down by 2 percent in July after moving up the previous 2 months. Net injections to storage for the week ending August 8, were estimated to be 78 Bcf—the highest weekly estimate in a month.

Storage: Net storage injections for the week ending August 8, jumped to 78 Bcf from the 55 Bcf reported by the American Gas Association (AGA) for the previous week. The increase was shared between Producing and East Consuming region storage facilities. According to AGA, net injections in the Producing region were 14 Bcf, following net withdrawals of 2 Bcf in the previous week and zero net injections in the two prior weeks. Net injections in the Consuming East region, at 62 Bcf, were 12 Bcf greater than in the previous week. As noted last week, according to EIA data for the past 5 years (1992-1996), beginning-of-the-heating-season inventory levels for the Consuming East region and total United States averaged 1,815 Bcf and 3,018 Bcf, respectively. Net injections for the week ending August 8, kept the industry on track to meet or exceed these averages.

Spot Prices: The first period of significant price volatility on the spot market this summer occurred at mid-week as prices moved up and down more than \$0.15 per MMBtu last Wednesday and Thursday. Prices were up over \$2.50 per MMBtu most days as spot prices at the Henry Hub and other major market locations increased for the second consecutive week. For example, Katy in East Texas ended the week at \$2.48 per MMBtu on Friday, August 15; Waha in West Texas at \$2.47; and Chicago at \$2.55. All these prices are more than \$0.50 per MMBtu higher than last year at this time.

Futures Prices: The NYMEX futures price for September delivery at the Henry Hub settled last Monday, August 11, at \$2.586 per MMBtu—up almost 9 cents from the previous Friday. The rest of the week saw the September contract trend down almost \$0.15 per MMBtu to end the week at \$2.432. Last year at this time, the September contract was trading just over \$2.00 per MMBtu. This year's September contract, which settles on August 27, is currently trading for almost \$0.60 per MMBtu more than last year's contract (\$1.853).

Producer Prices: According to the BLS report issued August 14, preliminary data indicate that the producer wellhead price of natural gas decreased by 2 percent while the consumer price index for the residential user increased less than 1 percent. The July 1997 consumer price was more than 4 percent greater than the July 1996 level.

Summary: The extremely high temperatures present in some regions of the country, along with moderate-to-low net injections to storage during the prior 3 weeks, have applied some upward pressure on prices.