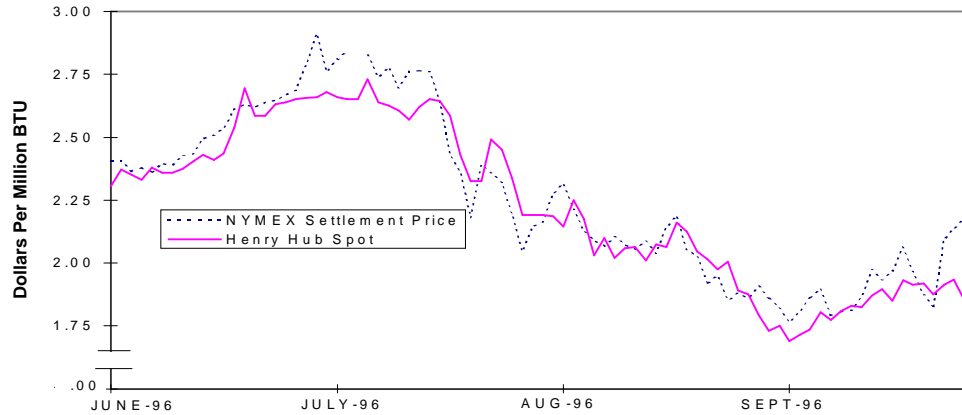


NYMEX Price Futures vs Henry Hub Spot Price

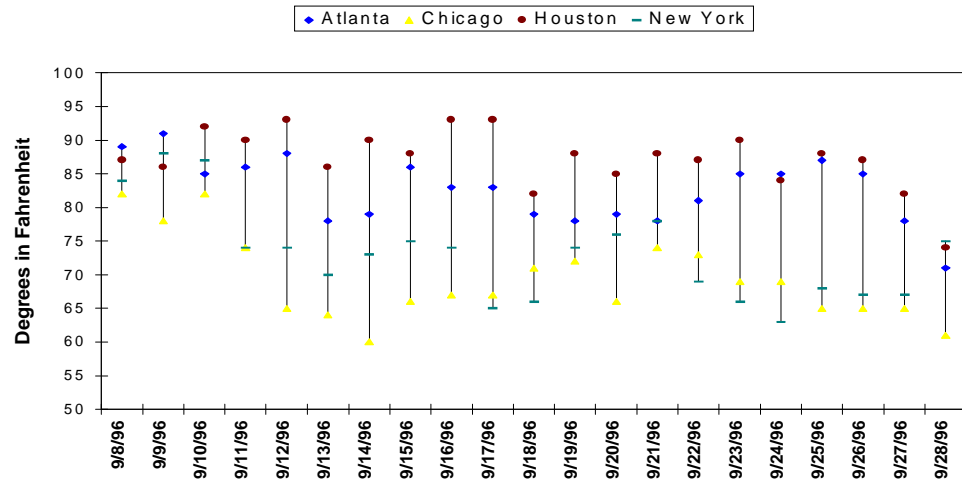
HENRY HUB PRICE		
	CASH	FUTURES
	Sept	Oct/Nov
	Del	Del
	(\$ per MMBtu)	
9/23	1.90-1.94	1.873
9/24	1.86-1.89	1.828
9/25	1.90-1.93	2.096
9/26	1.91-1.96	2.096
9/27	1.82-1.88	2.181



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

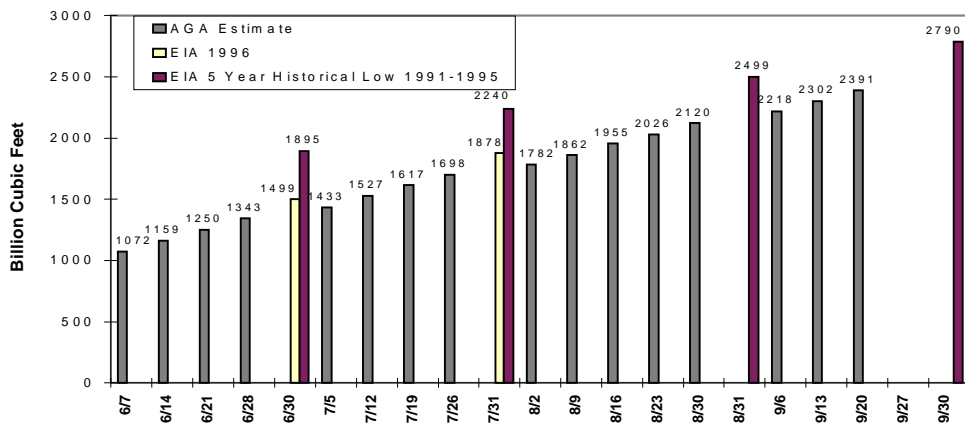
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
9/22	69	69	0
9/23	67	69	-2
9/24	67	69	-2
9/25	68	69	-1
9/26	69	68	1
9/27	68	68	0
9/28	64	68	-4



Working Gas In Storage 1996

Working Gas Volume as of 9/20/96		
	BCF	% Full
EAST	1,491	83
WEST	330	68
Prod Area	570	63
U. S.	2,391	75

Source: AGA



The NYMEX futures price for November delivery at the Henry Hub opened Monday, September 30, at \$2.180 per MMBtu, \$0.352 higher than the final price for the October contract, which closed Tuesday, September 24, at \$1.828 per MMBtu. Net injections into storage for the week ending September 20 increased again to 89 Bcf and continue to exceed EIA's historical average weekly refill rate for September. Spot prices at the Henry Hub have been generally in the low \$1.90's per MMBtu, which is similar to the previous weeks's level. Spot prices have increased almost \$0.30 per MMBtu in the past three weeks. The strong demand for storage injection gas and the current high oil prices, which tend to drive up natural gas demand from industrial and large commercial firms and electric utilities, has contributed to sustaining these prices. The price of West Texas crude is again near \$25.00 per barrel, which is a 5-year high. Stocks of propane and heating oil remain at 20-year lows with only limited time to rebuild stocks. This supports a high level of uncertainty in oil and gas markets that results in price volatility. Another colder-than-normal winter could have significant impact on natural gas demand and prices as end-users with fuel flexibility switch to gas for cost and supply reasons.

Storage: The American Gas Association (AGA) estimated net injections to storage for the week ending Friday, September 20 were 89 Bcf. This was 5 Bcf more than the previous week's estimate and continued the pattern of accelerated weekly storage refill rates begun in late May. These refill rates have consistently been close to 30 percent greater than EIA's latest 5-year average. With 5 weeks remaining before the start of the heating season on November 1, it appears that the level of available working gas should exceed 2.7 Tcf nationally, with eastern storage facilities having at least 1.7 Tcf of that total.

Spot Prices: Spot prices at the Henry Hub at the beginning of last week (\$1.92 per MMBtu) were at the same level as the previous Friday and declined only about \$0.04 Per MMBtu by the end of business on Tuesday, September 24, the day the October futures contract closed at \$1.828. The price differential of more than \$0.40 per MMBtu between the October and December futures prices provided additional incentive for those with the facilities and resources to add natural gas to storage prior to the start of the heating season.

Futures Prices: The futures price for October delivery at the Henry Hub closed on Tuesday, September 24, at \$1.828 per MMBtu. It was down \$0.045 per MMBtu from Monday's close and almost \$0.25 less than the settlement price on Thursday, September 19. This again could be a signal that both buyers and sellers have a positive view of natural gas supplies through October. Prices for the nearby contract (the one next to expire) continue to be substantially less than the January contract. The price differential between futures contracts for November and January deliveries was \$0.257 per MMBtu on Tuesday, but declined to \$0.196 per MMBtu by Friday as market participants took advantage of the large spread earlier in the week.

Summary: Additions to storage continue at a robust rate as almost 2.4 Tcf is now estimated to be in storage with more than 5 weeks remaining in the refill season. The price spread on the futures market between November and January deliveries at the Henry Hub was near \$0.25 per MMBtu during most of the week. The relatively large price spread between the nearby contract and the December and January contracts has provided incentives to build stock levels, and this has contributed to the increase in cash prices during the past three weeks.