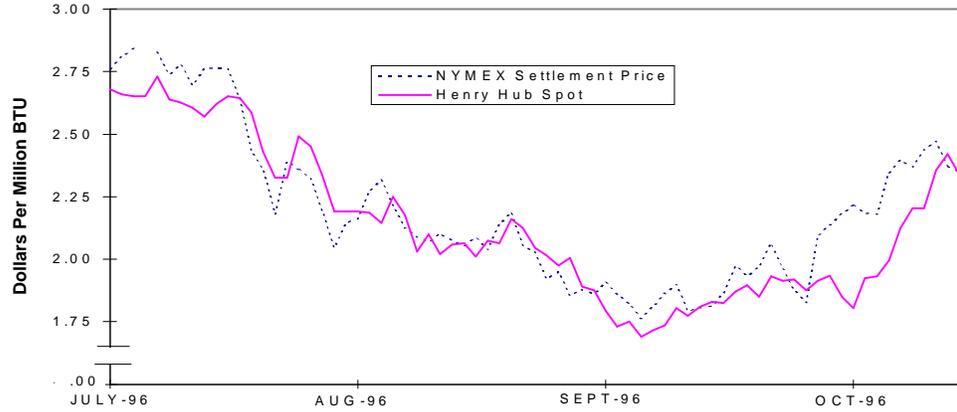


NYMEX Price Futures vs Henry Hub Spot Price

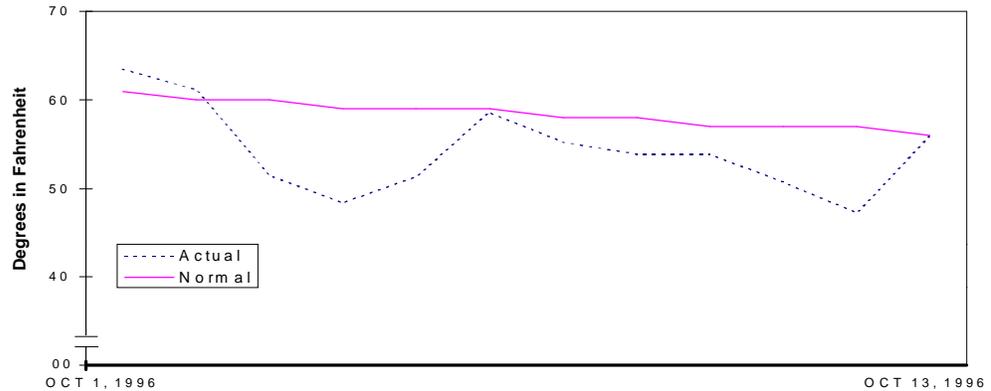
HENRY HUB PRICE		
	CASH	FUTURES
	Oct.	Nov.
	Del	Del
	(\$ per MMBtu)	
10/07	2.16-2.25	2.369
10/08	2.18-2.23	2.438
10/09	2.31-2.40	2.470
10/10	2.39-2.45	2.371
10/11	2.31-2.36	2.347



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)

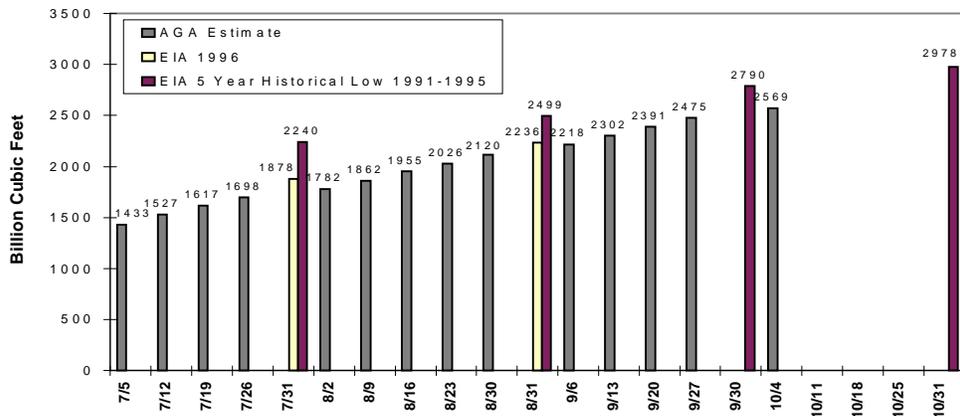
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
10/06	51	59	-8
10/07	56	58	-2
10/08	54	58	-4
10/09	54	57	-3
10/10	51	57	-6
10/11	47	57	-10
10/12	56	56	0



Working Gas In Storage 1996

Working Gas Volume as of 10/4/96		
	BCF	% Full
EAST	1,601	89
WEST	333	69
Prod Area	635	70
U. S.	2,569	81

Source: AGA



The NYMEX futures price for November delivery at the Henry Hub started the week lower than Friday's close and settled on Monday at \$2.30 per MMBtu with mild weather forecasted, this price softening could continue. Both spot and futures prices at the Henry Hub have increased since Thursday, October 3, and by Wednesday, October 9, had moved up about \$0.30 per MMBtu. Prices also increased at major market hubs in the Midwest and West where cash prices jumped \$0.20 to \$0.30 per MMBtu to near Gulf Coast hub prices for the first time since last February. The higher prices appeared to be in response to the season's first period of low temperatures, continued vigorous storage injections, and production cutbacks of as much as 3.5 Bcf per day in the Gulf of Mexico as a result of tropical storm Josephine. Reports of historically low stocks for distillate oil and propane have created much price uncertainty in energy markets, and high oil prices have placed upward pressure on natural gas prices. West Texas crude oil was selling at more than \$25.00 per barrel for most of the week, a price not seen since the fall of 1991. Net injections of natural gas were at an all-time high for this time of the year as 94 Bcf was added to storage during the week ending October 4. The Nation's storage resources have benefited from the industry's strong commitment to refill working gas capacity. The higher prices experienced last week, however, may slow the refill rate.

Storage: According to American Gas Association (AGA) estimates, net injections during the week ending October 4, were 94 Bcf, an increase of 10 Bcf from the previous week. This is the highest weekly total in 5 weeks and is reminiscent of high refill rates for May, June, and July, not October. Based on the past 5 years of EIA data, this latest estimate is more than double the weekly average for storage additions of 43 Bcf during October. Throughout this refill season, the natural gas industry has taken advantage of some favorable market conditions. Supply has been abundant because of low electric utility demand, and prices have declined by almost \$0.50 per MMBtu since mid-July. In addition, futures prices for January delivery recently were about \$0.40 per MMBtu higher than prices for October delivery supporting additional incentive for some to fill storage. The latest EIA survey data indicate that working gas in storage as of August 31, totaled 2,236 Bcf compared with the AGA estimate of 2,120 Bcf at a similar time. Barring any unforeseen events, it appears likely that working gas in storage at the end of October will be at least 2.8 Tcf. EIA data for the past 5 years indicate that October injections have averaged between 160 and 170 Bcf. Injections during October 1995 totaled 194 Bcf.

Canadian Storage: The Canadian Gas Association reports that working gas levels were almost 450 Bcf as of October 4, or more than 88 percent of working gas capacity. The total is divided relatively evenly between storage sites located in the East (Ontario) and West (Alberta) and is more than 10 percent greater than at the same time last year.

Spot Prices: Cash prices rose steadily at the Henry Hub and by Wednesday, October 9 were in the \$2.30 per MMBtu range following the season's first taste of cold weather. The widespread low temperatures were coupled with the supply disruption from tropical storm Josephine. The upward price pressure was felt at other areas. For example, prices were \$2.22 per MMBtu at Midcon/Amarillo, Texas, and \$2.16 per MMBtu at Rocky Mtn/San Juan, New Mexico. Prices at the Henry Hub were about \$0.60 per MMBtu higher than year-earlier levels, whereas several weeks ago the difference in price between years was only \$0.15 per MMBtu.

Futures Prices: The difference between prices for November and January deliveries was reduced by half on Monday, October 7, falling from about \$0.40 to \$0.20 per MMBtu as market participants took advantage of the large price spread. Since early October, average temperatures in the four major gas consuming areas of Chicago, Kansas City, New York, and Pittsburgh have been below normal (see figure), and futures prices for November delivery have risen accordingly.

Summary: Low temperatures in the Midwest and the East and a supply disruption in the Gulf contributed to spot price increases of about \$0.30 per MMBtu at many market areas during the week. Storage refill continued at record rates as natural gas inventory levels improved in contrast to other major winter heating fuels.