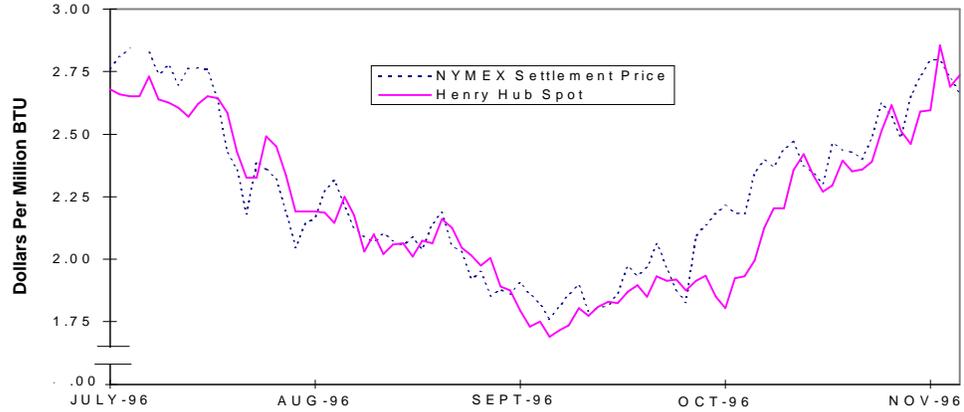


**NYMEX Price Futures vs Henry Hub Spot Price**

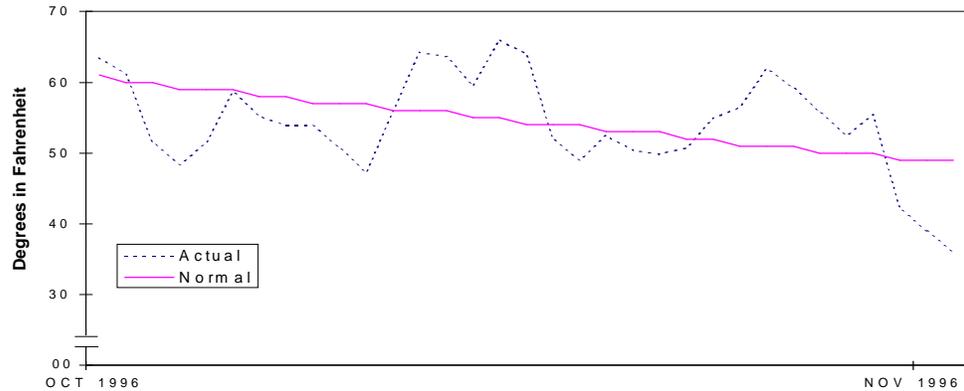
HENRY HUB PRICE		
	CASH	FUTURES
Oct./Nov.	Dec.	
Del	Del	
(\$ per MMBtu)		
10/28	2.56-2.62	2.731
10/29	2.57-2.62	2.795
10/30	2.82-2.89	2.795
10/31	2.68-2.70	2.728
11/01	2.70-2.77	2.662



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)

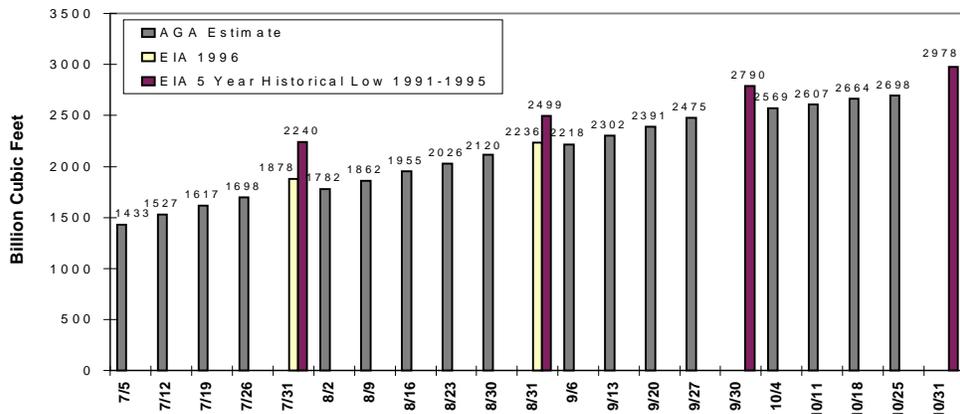
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
10/27	59	51	8
10/28	56	50	6
10/29	53	50	3
10/30	55	50	5
10/31	42	49	-7
11/01	39	49	-10
11/02	36	49	-13



**Working Gas In Storage 1996**

Working Gas Volume as of 10/25/96		
	BCF	% Full
EAST	1,699	95
WEST	339	70
Prod Area	660	73
U. S.	2,698	85

Source: AGA



The NYMEX futures price for December delivery at the Henry Hub opened Monday, November 4 at \$2.690 per MMBtu, \$0.028 above Friday's close. Both spot and futures prices displayed much volatility during the week but in the case of the spot market the trend was up almost \$0.15 per MMBtu while the futures price ended the week down \$0.07. As in the previous week, the increase in the cash market was not confined to the Henry Hub. Other markets have been steadily trending up also and most are now in a \$2.60 to \$2.80 per MMBtu range - a level exceeding prices during some of the coldest periods of last winter. The return of cold weather arrived in the Midwest on Wednesday with temperatures 15 to 20 percent colder-than-normal and by Friday this weather pattern had spread East. The forecasts for the weekend called for temperatures to be 20 to 30 percent colder-than-normal in the 4 Metro areas (Chicago, Kansas City, New York and Pittsburgh) covered in this report. This was the first wide spread cold weather event of the season and had several consecutive days with low temperatures below freezing. Low temperatures in early November will do much to support a continuation of these high spot market prices.

**Storage:** According to the American Gas Association (AGA) estimates, net injections during the week ending October 25, were 34 Bcf, the lowest weekly level since mid-April. This is almost 25 Bcf less than the previous week's estimate and thus far, using AGA's estimates, brings total injections in October to nearly 185 Bcf (October 1- 4 is estimated at 54 Bcf followed by weekly totals of ; 38, 57, and 34 Bcf). This total already exceeds EIA's latest 5-year average of about 165 Bcf for net injections in October. The AGA estimates close to 2.7 Tcf currently in storage. Since the end of July, EIA's natural gas survey data has indicated storage levels that are more than 100 Bcf above the AGA estimate. With nearly one full week of storage refill activity still to be reported, it appears that, barring any unforeseen events, the level of working gas available on November 1, will exceed 2.8 Tcf.

**Spot Prices:** At the close of business on Friday, the spot price at the Henry Hub and most other locations exceeded the futures price for December delivery by about \$0.10 per MMBtu. The prices at most major market locations continue to eclipse those seen at this time last year by \$1.00 per MMBtu or more. The price of Canadian gas at Western import points is far outstripping those seen last year i.e. Sumas, WA \$1.20 vs \$2.32 per MMBtu this year. Just 3 weeks ago the price of Canadian gas at Sumas was \$1.00 per MMBtu. At all major gas markets in the United States, prices for November delivery were between \$0.80 per MMBtu and \$1.00 per MMBtu greater than price for October delivery. At most major gas markets in the United States, prices for November delivery were between \$0.80 and \$1.00 per MMBtu greater than the price for October delivery. For example; Katy, TX-\$2.76, Midcont, OK- \$2.72, Waha, TX-\$2.66, DJ Basin, Rocky Mtn.- \$2.58 per MMBtu, etc. This represents a 50 percent change in one month and is indicative of the great price volatility that exists in natural gas markets.

**Futures Prices:** Prices for December delivery now exceed the price for the January contract at the various market locations. As is the case on the cash market, these price levels for December gas are considerably higher than last year and exceed the price for January. In fact, at the close of business on Friday, November 1 spot prices were above \$2.70 per MMBtu while the futures price for December delivery settled at \$2.66 per MMBtu. Each futures prices from January through June was lower than the previous months price. Futures prices for April 1997 were almost \$0.60 per MMBtu less than the December 1996 price. Thus, current supplies are viewed as tight relative to future supplies

**Summary:** The heating season's first extensive period of low temperatures has contributed to continued upward price pressure in all markets.