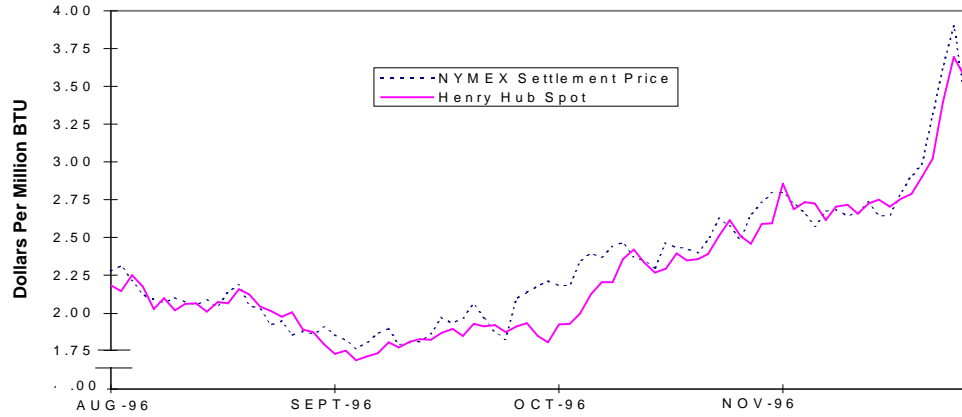


NYMEX Price Futures vs Henry Hub Spot Price

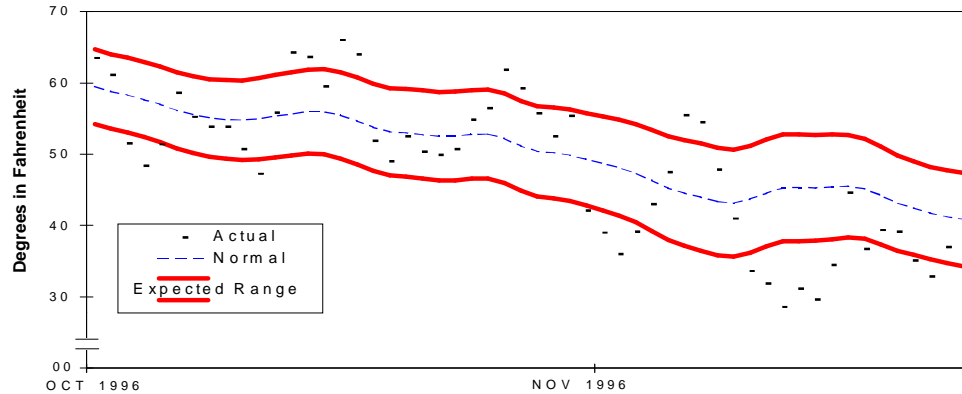
HENRY HUB PRICE		
	CASH	FUTURES
	Nov. Del	Dec./Jan. Del
	(\$ per MMBtu)	
11/18	2.88-2.92	2.978
11/19	2.99-3.05	3.306
11/20	3.35-3.44	3.627
11/21	3.60-3.79	3.901
11/22	3.52-3.61	3.437



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)

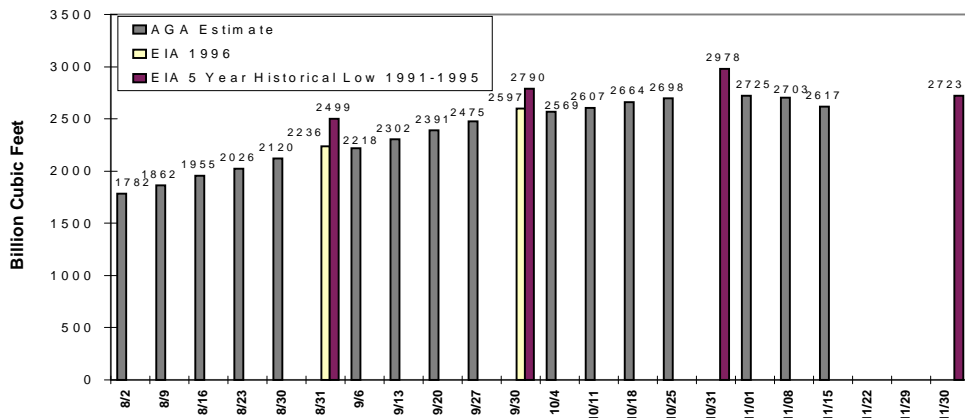
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
11/17	37	45	-8
11/18	39	44	-5
11/19	39	43	-4
11/20	35	42	-7
11/21	34	42	-8
11/22	37	41	-4
11/23	40	41	-1



Working Gas In Storage 1996

Working Gas Volume as of 11/15/96		
	BCF	% Full
EAST	1,656	92
WEST	332	69
Prod Area	629	69
U. S.	2,617	82

Source: AGA



The NYMEX futures price for January delivery at the Henry Hub opened Monday, November 25, at \$3.440 per MMBtu. This year's December natural gas futures contract price settled at a record \$3.901 per MMBtu. This is more than \$1.65 per MMBtu higher than last year and higher than the previous record high of \$2.396 set in 1993. Prices at major cash markets across the US also recorded record highs. Cash prices between \$3.50 and \$4.50 per MMBtu were very common. The very high recent prices are a consequence of several factors. Storage was low by historical standards even before the recent large withdrawals from storage of 86 Bcf for the week ending Friday, November 15. Demand has been consistently high as evidenced by the average temperature being colder-than-normal in major gas consuming regions for almost every day in the last several weeks.

Storage: According to the American Gas Association (AGA), net withdrawals from storage for the week ending November 15 totaled 86 Bcf - 64 more than the previous week. Of the 86 Bcf estimated to have been withdrawn, 58 were taken from storage facilities located in the East consuming region during the second full week of the heating season. The colder-than-normal weather in the US, especially in the East, during the first half of November is following a similar pattern seen last year. In 1995, the weather for the entire month of November was 13 percent colder-than-normal in the US and in the East it was 15 to 30 percent colder-than-normal. Based on EIA data, net withdrawals for November 1995 reached a 20-year high of 266 Bcf. Current AGA estimates report that the East consuming region storage facilities contain 50 more Bcf than at the same time last year while the Producing and West regions have about 110 and 90 Bcf less.

Texas Storage: The Texas Railroad Commission reports Texas, which has almost a third of the available storage capacity in the Producing region, had more than 226 Bcf of working gas available on November 1 - more than 70 Bcf below last year's level. The majority (67 Bcf) of this shortfall was in the industry's conventional storage facilities. The State's fast-cycle salt cavern storage sites held 45.5 Bcf, only about 5 percent less than last year. Salt cavern storage allows the operator to withdraw gas and refill the facility several times a year while conventional storage sites usually only cycle once a year.

Spot Prices: During bid week (November 18 - 22), spot prices at the Henry Hub rose rapidly and at the close of business on November 21, were about \$3.90 per MMBtu - \$1.40 more than a month earlier. Spot prices at other major market locations also increased during this period. For example, prices in the Permian Basin Area were \$3.70 per MMBtu or higher, Katy, \$3.65 per MMBtu, and the San Juan Basin, \$3.55 per MMBtu. All these prices were \$.80 to \$1.20 per MMBtu higher than just 10 days ago. A system disruption at a key Canadian import location (Sumas, WA) pushed prices at that import point to levels exceeding \$5.00 per MMBtu on Thursday.

Futures Price: The NYMEX futures price for December delivery closed November 21, at \$3.901 per MMBtu and eclipsed the previous December contract high of \$2.396. In addition to the steep increase in the December contract, the price of both the January and February futures contracts rose to new highs. January's price was \$3.304 per MMBtu - \$1.25 higher than last year's. At the same time February's futures contract price at \$3.00 per MMBtu was almost \$1.00 higher. The high prices did not appear to have weakened market activity as almost 90,000 futures contracts were traded on December 21. Settlement prices at other futures sites also recorded record highs for the December contract - Permian, \$3.40 per MMBtu and Waha, \$3.650 per MMBtu.

Summary: A combination of events including; colder-than-normal temperatures, elevated storage withdrawals during the past week, historically low storage levels, and high prices and low stock levels for other major winter heating fuels has created an environment of upward price pressure in all gas markets. Still, expected future supply conditions appear robust as domestic productive capacity and expected import capability of both Canadian gas and LNG are higher than last year. This assessment is supported by futures contract prices through April, which are all much lower than the current January contract.