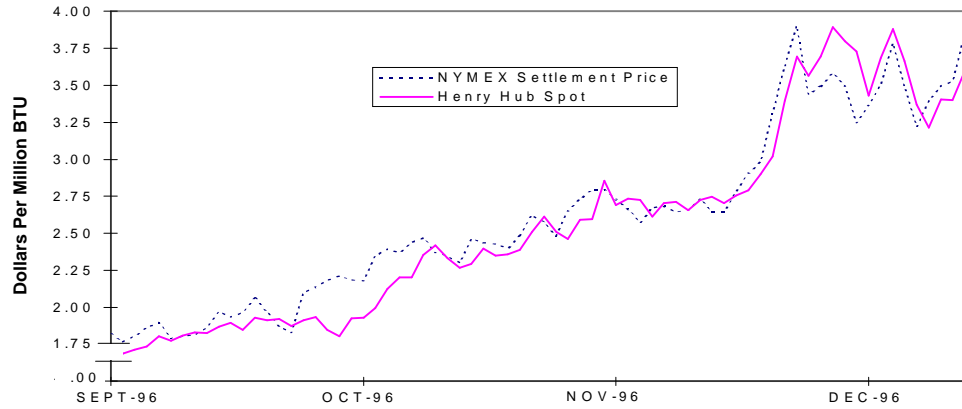


NYMEX Price Futures vs Henry Hub Spot Price

HENRY HUB PRICE		
	CASH	FUTURES
	Dec.	Jan.
	Del	Del
	(\$ per MMBtu)	
12/09	3.31-3.43	3.222
12/10	3.18-3.25	3.396
12/11	3.37-3.44	3.493
12/12	3.33-3.47	3.529
12/13	3.52-3.67	3.851

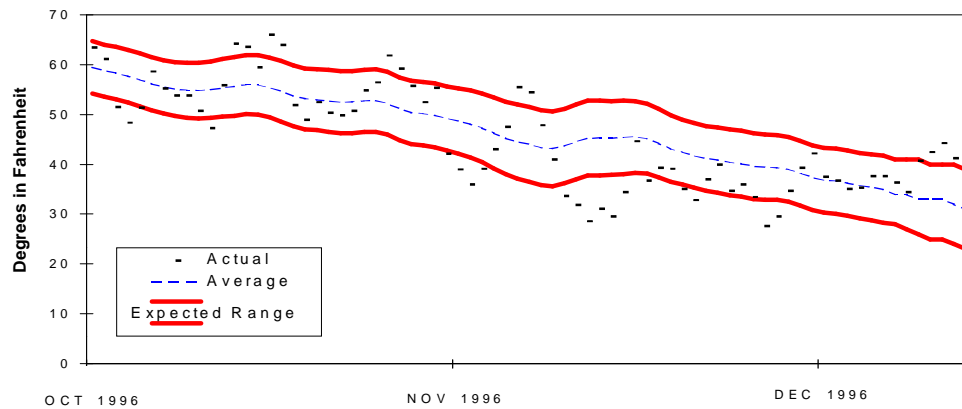


Note: The Henry Hub spot price is from the GAS DAILY and is the midpoint of their high and low price for a day.

Average temperature for Four Major Gas Consuming Metro Areas

(Chicago, Kansas City, New York, and Pittsburgh)

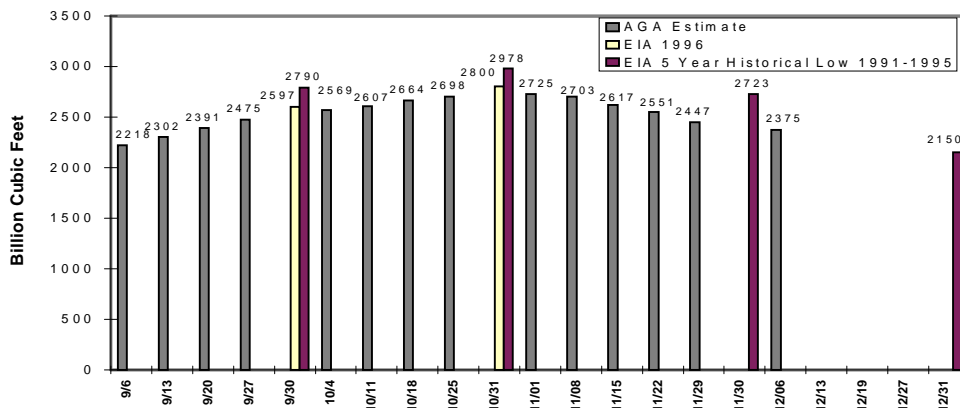
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
12/08	36	34	2
12/09	35	34	1
12/10	41	33	8
12/11	43	33	10
12/12	44	33	11
12/13	41	32	9
12/14	40	31	9



Working Gas In Storage 1996

Working Gas Volume as of 12/06/96		
	BCF	% Full
EAST	1,508	84
WEST	312	65
Prod Area	555	61
U. S.	2,375	75

Source: AGA



The NYMEX futures price for January delivery at the Henry Hub opened Monday, December 16, at \$4.050 per MMBtu, \$0.199 higher than Friday's settlement price. Steadily moderating temperatures in the Midwest and the East dominated weather patterns during the past week. The average temperatures in the four metropolitan areas (Chicago, Kansas City, New York City, and Pittsburgh) that are monitored in this report, rose at midweek, with temperatures 25 to 35 percent warmer-than-normal. Temperatures in other parts of the country were also rising as several cities in the Southwest recorded temperatures near 80 degrees last week. On Friday, weather forecasts calling for a return to lower temperatures in the Northwest and then moving east this week, sent prices up \$0.20 to \$0.30 per MMBtu on the spot and futures markets. Prices on the spot market and for the January futures contract at the Henry Hub continue to be \$1.20 to \$1.50 per MMBtu higher than last year at this time, respectively. Both price series displayed a high level of volatility as prices moved both up and down 15 to 30 cents per MMBtu between days as the market appeared to be searching for a level that most market participants would support. Net withdrawals from storage were estimated to have slowed by more than 30 percent from the previous week. The price of West Texas crude oil was down more than \$2.00 a barrel at mid-week in response to news that Iraqi oil is again being traded on a limited basis.

Storage: The American Gas Association (AGA) estimates that 72 Bcf of working gas was withdrawn from storage during the week ending Friday, December 6—a drop of 32 Bcf from the previous week. According to the AGA estimates, at end of the first week of December, total working gas on hand equaled 2,375 Bcf—8 percent or 214 Bcf less than last year at this time. EIA's survey data for the end of October are now available and indicates that 2,800 Bcf of working gas was available at the start of the heating season. This total is 75 Bcf greater than the AGA estimate released earlier and is 7 percent less than EIA's October 31, 1995 total of 2,996 Bcf. The EIA data for October 31, 1996, report that the East Consuming region had 1,836 Bcf of working gas available while the AGA estimate showed 1,721 Bcf. The EIA and AGA data for the West region were virtually the same while for the Producing region EIA had 631 Bcf compared to 670 Bcf by AGA.

Spot Prices: On Monday, the cash price for natural gas at the Henry Hub ended the day about \$0.30 per MMBtu lower than the previous Friday's close and as reports for continued moderating weather persisted, it dropped another \$0.15 on Tuesday. The price then moved up \$0.20 per MMBtu on Wednesday on a mixed news day. That included; reports of more warm weather in the northern states, spring-like temperatures in the south that had many homeowners and businesses turning on their air-conditioners, reports of supply outage at an offshore Louisiana facility, a pipeline mishap on the TransCanada system and anticipation of the weekly AGA estimate on storage withdrawals. By Thursday, the offshore supply outage and the TransCanada interruption were resolved and the AGA estimate of weekly storage withdrawals had decreased by over 30 percent from the previous week. These events, along with continued moderate weather, saw prices generally unchanged on Thursday. By Friday, on news of a return of cold weather, prices moved up about \$0.20 per MMBtu to end the week over \$3.60 per MMBtu at the Henry Hub. The previous Friday's price was about \$3.65 per MMBtu.

Futures Prices: The price for the January futures contract at the Henry Hub moved down more than \$0.25 per MMBtu on Monday, December 9, on news of the long anticipated removal of sanctions on Iraqi oil and the expected drop in the price of West Texas crude oil. By Thursday, the price had moved up to where it had been at the end of the previous week—about \$3.50 per MMBtu for January delivery. On Friday, the January contract at the Henry Hub reached a high of \$3.87 per MMBtu before settling at \$3.851 per MMBtu, which is more than \$0.40 higher than the record for the January contract set last year when persistently cold weather drove prices up. The price for the February and March contracts also settled up on Friday at \$3.415 per MMBtu (+ \$0.203 from Thursday) and \$2.984 (+\$0.10), respectively. The January contract is currently scheduled to close at noon on December 24th.

Consumer Prices: On Thursday, December 12, the Bureau of Labor Statistics reported the consumer price index for November 1996, which showed increases in the price of gas from October of 3.5 percent nationally. Compared to November 1995, the difference is plus 11 percent—up 3 percentage points from last month's report.

Summary: Warmer-than-normal weather throughout most of the U.S. reduced some of the upward price pressure that had been prevalent during most of November. Prices on most markets have displayed a high degree of volatility in response to a myriad of energy market news but in general prices for natural gas remain high.