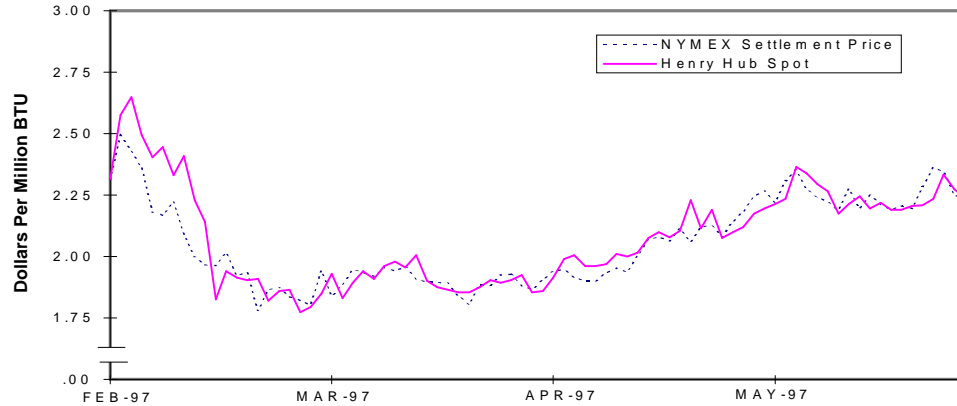


**NYMEX Future Prices vs Henry Hub Spot Prices**

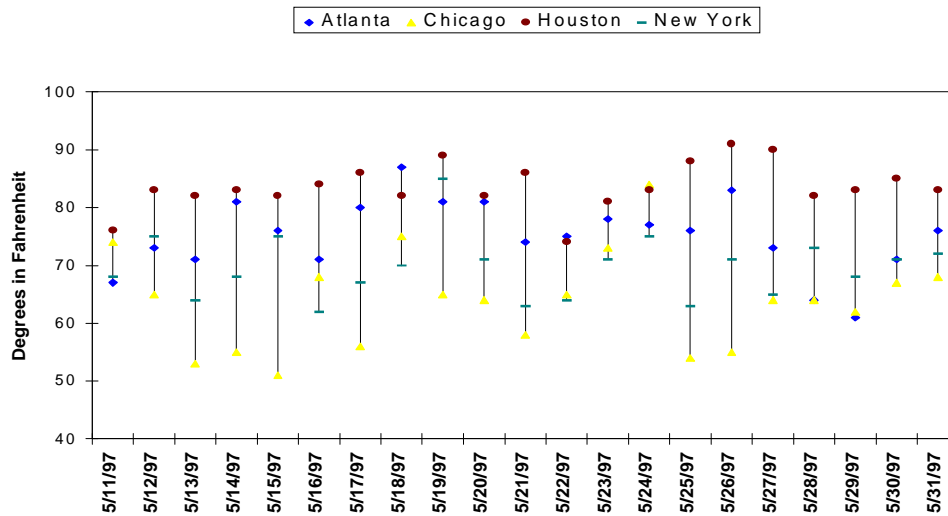
HENRY HUB PRICE		
	CASH	FUTURES
	May	Jun/Jul
	Del	Del
	(\$ per MMBtu)	
05/26	closed	closed
05/27	2.21-2.26	2.363
05/28	2.30-2.37	2.346
05/29	2.26-2.29	2.250
05/30	2.20-2.28	2.239



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**

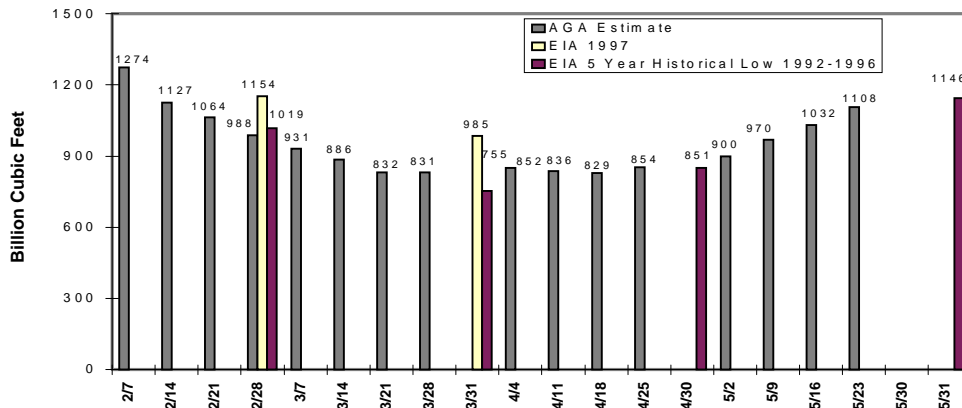
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
05/25	65	70	-5
05/26	68	70	-2
05/27	66	70	-4
05/28	64	70	-6
05/29	63	71	-8
05/30	66	71	-5
05/31	67	71	-4



**Working Gas In Storage 1997**

Working Gas Volume as of 05/23/97		
	BCF	% Full
EAST	515	29
WEST	220	46
Prod Area	373	41
U. S.	1108	35

Source: AGA



The NYMEX futures price for July delivery at the Henry Hub opened Monday, June 2, at \$2.210 per MMBtu, \$0.029 less than Friday's settlement price and \$0.136 less than last Tuesday's final settlement price of \$2.346 per MMBtu for the June contract. Temperatures in most parts of the country remained unseasonably cool during the last week of May. Many cities in the Midwest and the East have yet to have daytime temperatures in excess of 90 degrees Fahrenheit. Chicago, in particular, has not seen daytime highs above the mid-70s in more than 3 weeks. Spot prices at the Henry Hub moved up 7 cents per MMBtu on average last week as cash prices displayed their normal tendency to increase during bid week. The June futures contract closed at almost \$2.35 per MMBtu—less than 2 cents below last year's June contract price, which was the highest level for June since NYMEX began futures trading of natural gas in 1990. The spot price of West Texas crude oil continued to trend downward and ended the week at \$20.90 per barrel—about 70 cents less than the level the previous Friday. Net injections to storage increased during the third week of May, averaging almost 11 Bcf per day for the period.

**Storage:** Net injection activity was the strongest to date in week 5 of the current nonheating, or injection, season, according to American Gas Association (AGA) estimates for the week ending Friday, May 23. The nation's storage operators added 76 Bcf to inventories—nearly 11 Bcf per day, compared with about 9 Bcf per day for the previous week. (During this same week last year, estimated injections were 83 Bcf.) Most of the 14 Bcf increase over the previous week's estimate (62 Bcf) occurred in the Consuming East region, where net injections totaled 47 Bcf, up from 36 Bcf for the previous week. As of the week ending May 23, AGA estimates total working gas inventories to be 1,108 Bcf. EIA data for May of last year had a working gas level of 1,158 Bcf. By way of comparison, the May 1997 issue of EIA's Natural Gas Monthly estimates working gas in storage at the end of May at 1,404 Bcf.

**Spot Prices:** The continued period of cooler-than-normal temperatures in most parts of the country has kept demand for natural gas by electric utilities at a minimum for meeting air-conditioning load. This has resulted in relatively stable prices during the past 2 weeks, with prices only moving up as a reaction to bid week activity. Prices at the Henry Hub (\$2.34 per MMBtu) and most other major market locations had their largest daily increase of between 6 to 12 cents per MMBtu on Tuesday, May 28, the day the June contract closed. If the cool weather persists and additions to storage continue at a steady but conservative rate, spot prices are likely to trend down to the level seen in mid-May of less than \$2.20 per MMBtu.

**Futures Prices:** The futures contract for June delivery at the Henry Hub closed at \$2.346 per MMBtu last Tuesday—down about 2 cents from Monday's settlement price but almost 25 cents higher than the May contract. The July delivery contract ended the week at \$2.239 per MMBtu. Last year the July contract closed at \$2.647 per MMBtu.

**Summary:** Spot prices moved up during bid week as the futures contract for June closed near \$2.35 per MMBtu. The continuation of unseasonably cool temperatures and moderate storage refill rates may apply downward pressure on prices in early June.