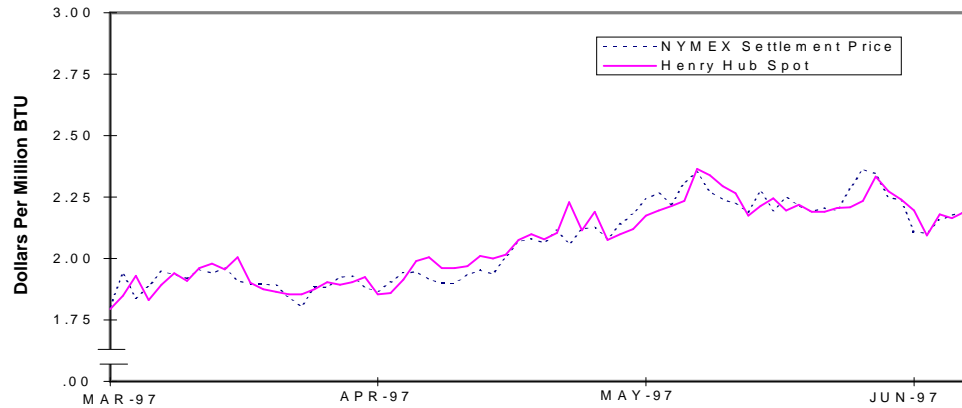


**NYMEX Future Prices vs Henry Hub Spot Prices**

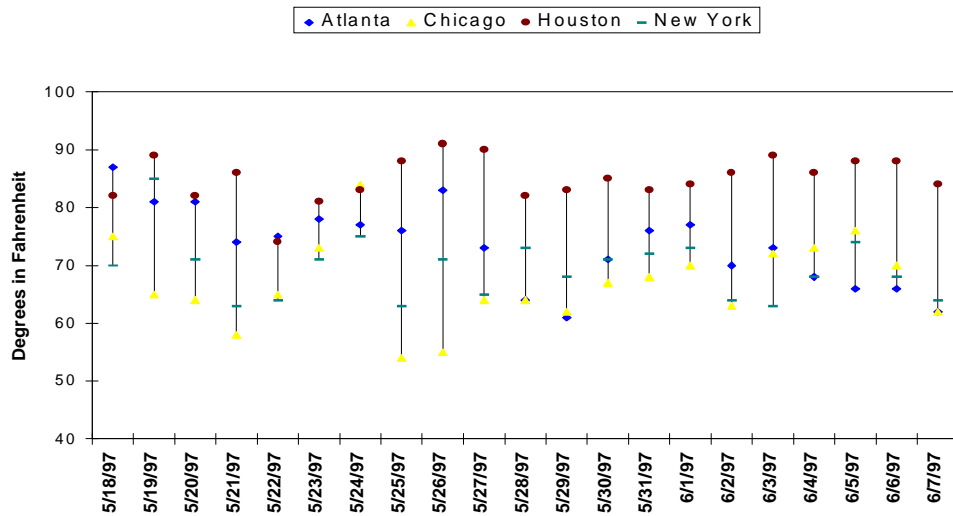
HENRY HUB PRICE		
	CASH	FUTURES
	Jun	Jul
	Del	Del
	(\$ per MMBtu)	
06/02	2.18-2.21	2.110
06/03	2.07-2.12	2.103
06/04	2.16-2.20	2.157
06/05	2.14-2.19	2.177
06/06	2.16-2.22	2.188



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**

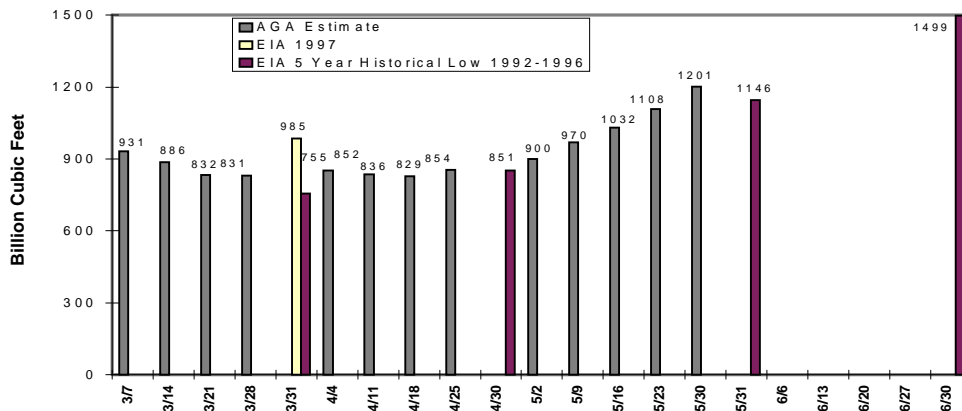
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
06/01	67	71	-4
06/02	63	71	-8
06/03	66	72	-6
06/04	64	72	-8
06/05	66	72	-6
06/06	66	72	-6
06/07	64	73	-9



**Working Gas In Storage 1997**

Working Gas Volume as of 05/30/97		
	BCF	% Full
EAST	577	32
WEST	229	47
Prod Area	395	43
U. S.	1201	38

Source: AGA



The NYMEX futures price for July delivery at the Henry Hub opened Monday, June 9 at \$2.180 per MMBtu, virtually the same as Friday's settlement price. The weather for the past week remained cool in many parts of the country with average temperatures continuing to be 4 to 9 degrees Fahrenheit below normal in the four cities (Atlanta, Chicago, Houston, and New York) monitored by this report. Prices on the spot market at the Henry Hub moved down three out of five days and ended the week about 6 cents less per MMBtu compared with the level the previous Friday. The July futures contract followed a different pattern, moving up three out of five days, but still ended the week down about 5 cents. The spot price of West Texas crude oil moved down \$2.10 per barrel partly on news of the extension of Iraqi oil exports and perception of favorable election results in Iran. Net injections to storage continued to grow, with an estimated 93 Bcf added during the last week of May, the highest weekly total thus far this spring.

**Storage:** According to American Gas Association (AGA) estimates, total net injections for the week ending May 30 were 93 Bcf, with two-thirds of the total, or 62 Bcf, being injected into Consuming East storage facilities. AGA's estimates translate into a refill rate of about 13.3 Bcf per day, in a week containing a holiday (Memorial Day, Monday, May 26). The estimated refill activity outpaced by almost 20 Bcf the weekly average of about 74.1 Bcf during May last year, using the Energy Information Administration's (EIA) reported total net injections in May 1996 of 328 Bcf. AGA estimated total working gas in storage as of May 30 to be 1,201 Bcf, while EIA's preliminary estimate is 1,404 Bcf. In Canada, net injection activity continues to be strong. The Canadian Gas Association (CGA) reported net injections for the week ending May 30 at 15.4 Bcf, bringing the national total inventory to almost 121 Bcf. Net injections into Canadian storage facilities have averaged about 11.4 Bcf per week over the past 4 weeks.

**Spot Prices:** The consistent cool weather has kept demand for gas by electric utilities for air conditioning needs at a minimum thus far. On the other hand, it appears that storage refill activity may be picking up as evidenced by the sharp increase of more than 2 Bcf per day in the estimated injection rate during the last week of May. This rate of storage refill may have contributed to the 7 cent per MMBtu rise in prices at the Henry Hub on Wednesday. Prices moved up again slightly on Friday but, at \$2.18 per MMBtu, still ended the week down about 6 cents from the week before. Prices at other market locations displayed similar downward trends during the week. Some of these were: Katy in East Texas down an average of 9 cents per MMBtu to end the week on Friday, June 6 at \$2.11; Waha in West Texas down 5 cents at \$2.03; and Blanco in New Mexico down 4 cents at \$1.92. Some of the lowest spot prices continue to be in the Rocky Mountain region where prices ranged from \$1.13 to \$1.26 per MMBtu last week.

**Futures Prices:** The NYMEX futures price for the July contract at the Henry Hub, which is scheduled to close on June 26, settled for a low of \$2.103 per MMBtu on Tuesday but rose the next 3 days and ended the week at \$2.188 - down almost 5 cents from the level at the end of the previous week. Last year at this time the July contract at settled \$2.362 before closing at \$2.646 per MMBtu.

**Summary:** Temperatures in many parts of the country remain unseasonably cool, contributing to downward pressure on prices as air conditioning load on electric utilities has been light. Oil prices are also down at this time. It appears that the increased rate of additions to storage is the most evident price supporting factor for natural gas at this time.