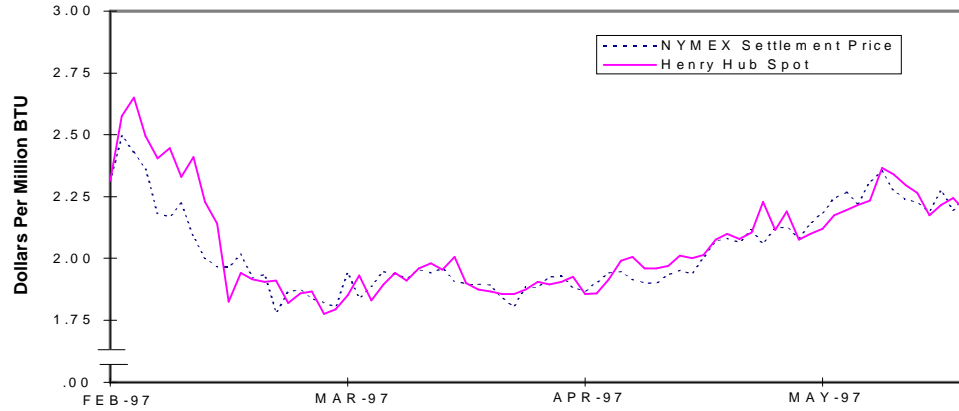


NYMEX Future Prices vs Henry Hub Spot Prices

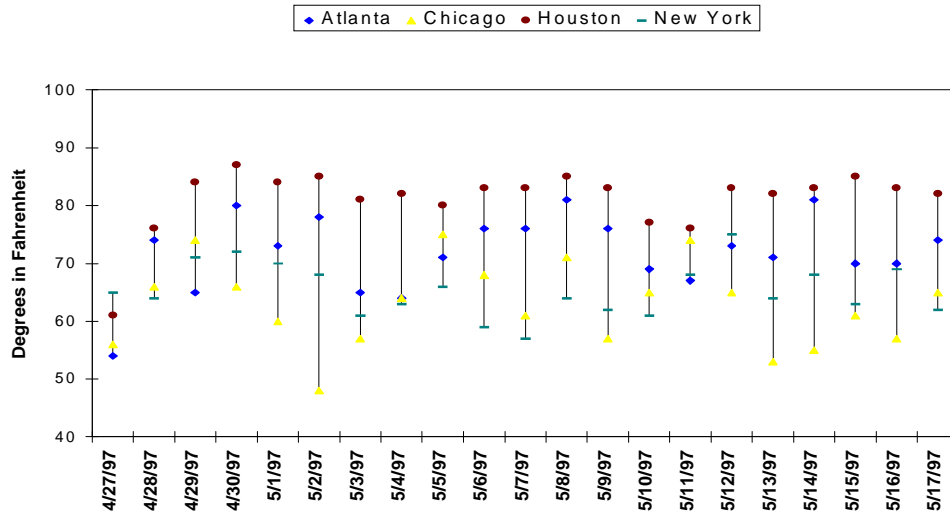
HENRY HUB PRICE		
	CASH	FUTURES
	May	Jun
	Del	Del
	(\$ per MMBtu)	
05/12	2.22-2.31	2.224
05/13	2.16-2.19	2.189
05/14	2.19-2.24	2.276
05/15	2.22-2.27	2.195
05/16	2.17-2.22	2.249



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

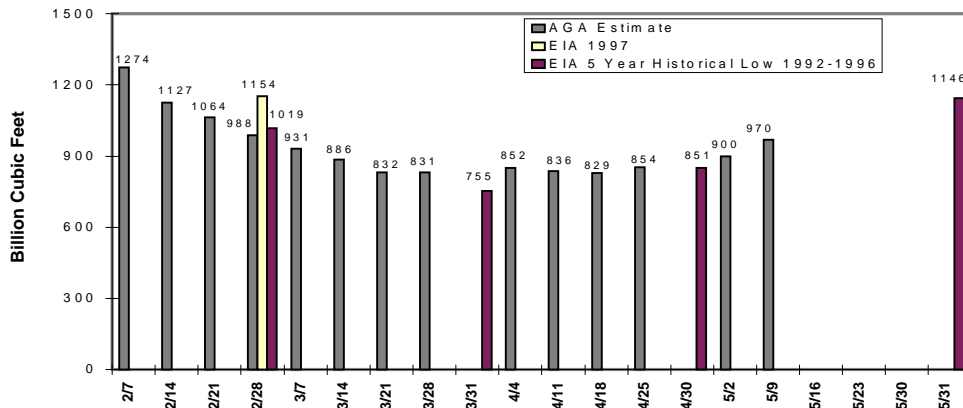
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
05/11	61	65	-4
05/12	63	65	-2
05/13	60	66	-6
05/14	62	66	-4
05/15	63	67	-4
05/16	60	67	-7
05/17	60	67	-7



Working Gas In Storage 1997

Working Gas Volume as of 05/09/97		
	BCF	% Full
EAST	432	24
WEST	199	41
Prod Area	339	37
U. S.	970	30

Source: AGA



The NYMEX futures price for June delivery at the Henry Hub opened Monday, May 19, at \$2.265 per MMBtu, \$0.016 more than Friday's settlement price. Temperatures continue to moderate as daytime highs were generally above 70 degrees Fahrenheit by the end of this past week in many parts of the country. Night time lows remained somewhat cooler than normal, but overall temperatures are much higher than those in mid-April. Spot prices have moved down somewhat but generally have remained above \$2.20 per MMBtu at the Henry Hub for the past 2 weeks. The futures market at the Henry Hub continued to display volatility, as settlement prices for the June contract moved both up and down 2 to 9 cents between days but ended the week at \$2.249 per MMBtu—about the same as the previous Friday. The spot price for West Texas crude oil last Monday was \$1.00 higher than the previous Friday's level of \$20.45 per barrel, remained stable the next few days, and then moved up 85 cents on Friday to end the week at \$22.15. The latest Bureau of Labor Statistics (BLS) report indicates that both the producer price index and the residential consumer price index for natural gas continued to decline in April from their respective highs in January and February. Net injections increased again as estimates indicate that additions to storage averaged 10 Bcf per day during the second week of May.

Storage: Injection activity accelerated for the second week in a row, as American Gas Association (AGA) estimates for the week ending Friday, May 9, showed net injections nationwide of 70 Bcf, or an average of 10 Bcf per day for the week. Injections were again strong in the Consuming East region, totaling 40 Bcf, while injections in the Consuming West region, at 19 Bcf, were nearly double the preceding week's estimated level of 10 Bcf. AGA's estimate of total working gas in storage as of May 9, is 970 Bcf, nearly 29 percent greater than its estimate of 754 Bcf for this same time last year, but significantly less than the estimates of 1,235 Bcf and 1,269 Bcf for this time in 1994 and 1995.

Spot Prices: Most Gulf Coast markets saw some downward movement in prices last week, but in general prices continue to be above \$2.15 per MMBtu with many at or above \$2.20. The Henry Hub market, as usual, tends to have some of the higher postings, as prices last week averaged over \$2.25 per MMBtu. Prices at most other major markets also trended down last week but still remain slightly higher than prices seen last year at this time, which were considered high at the time. On Friday, May 16, prices were about \$2.10 per MMBtu at Katy in East Texas, \$2.02 at Waha in West Texas, and \$1.92 at the San Juan Basin in New Mexico. Some of the lowest spot prices continue to be found in the Rocky Mountain area where prices at Kern River were about \$1.40 per MMBtu late last week.

Futures Prices: NYMEX settlement prices at the Henry Hub last week displayed some of the highest level of volatility in several weeks, as prices moved both up and down several cents between days but ended the week virtually unchanged at \$2.249 per MMBtu. Between Wednesday and Thursday of last week, the price moved more than 17 cents—up over 9 cents on Wednesday to \$2.276 per MMBtu, then down 8 cents the next day to \$2.195. Buyers and sellers appear to be testing various market levels to see where support lies.

Consumer Prices: In its current report covering the month of April, BLS data indicate that the consumer price index for natural gas sold to residential consumers decreased nationally in April by almost 5 percent from March's price level and over 10 percent compared with February's level. In another report covering the producer price index, BLS preliminary data show that the producer or wellhead price of natural gas in the United States declined more than 12 percent between March and April and a dramatic 70 percent from January's level.

Summary: Consistent spring time temperatures are now the order of the day in most of the country. Prices on the spot market trended down slightly last week while the futures market saw some very noticeable rounds of volatility. Additions to storage continue to pick up, and the latest BLS data for April illustrate the market's sharp decline since January and February of this year.