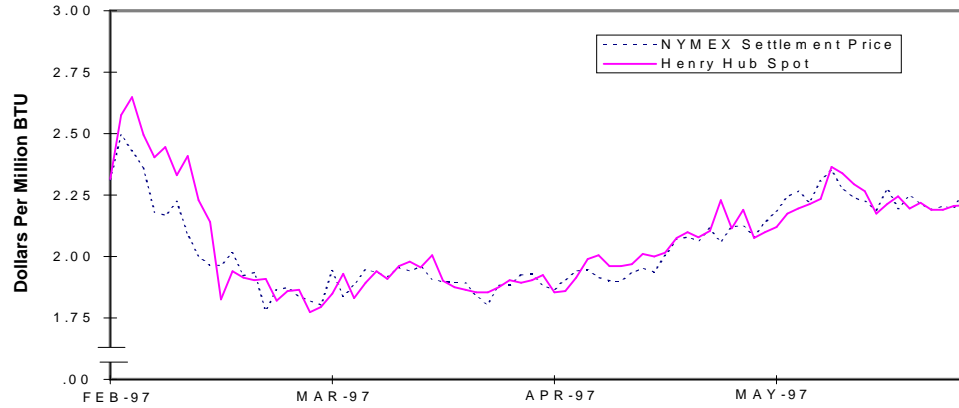


**NYMEX Future Prices vs Henry Hub Spot Prices**

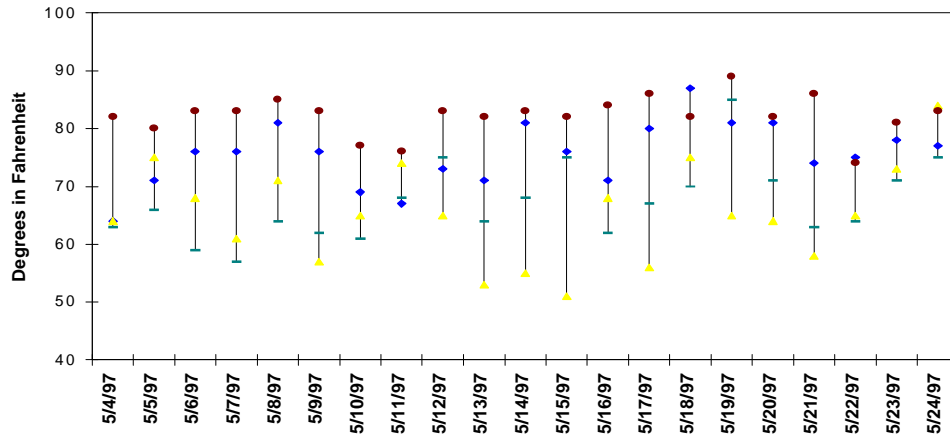
HENRY HUB PRICE		
	CASH	FUTURES
	May	Jun
	Del	Del
	(\$ per MMBtu)	
05/19	2.19-2.25	2.215
05/20	2.18-2.22	2.191
05/21	2.17-2.21	2.206
05/22	2.19-2.22	2.196
05/23	2.19-2.23	2.285



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**

◆ Atlanta ▲ Chicago ● Houston — New York

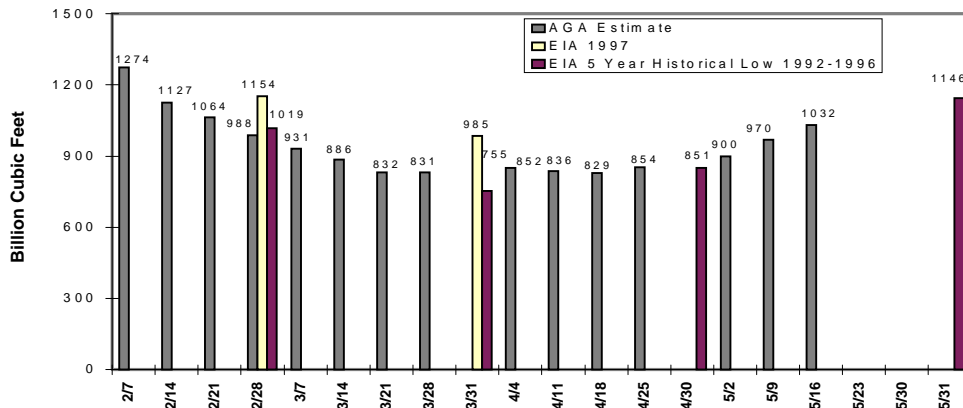


Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
05/18	66	67	-1
05/19	69	68	1
05/20	66	68	-2
05/21	62	68	-6
05/22	60	69	-9
05/23	65	69	-4
05/24	70	69	1

**Working Gas In Storage 1997**

Working Gas Volume as of 05/16/97		
	BCF	% Full
EAST	468	26
WEST	209	43
Prod Area	355	39
U. S.	1032	32

Source: AGA



The NYMEX futures price for June delivery at the Henry Hub opened Tuesday, May 27, at \$2.290 per MMBtu, \$0.005 higher than Friday's settlement price. Moderate temperatures continued last week in most of the country with daytime temperatures in the 60s and 70s in the Midwest and the East. The pleasant spring weather was also prevalent in many parts of the South and Southwest where daytime temperatures in New Orleans and Houston were no higher than the mid-80s most days. This dominant weather pattern has placed a less than usual demand for air-conditioning services on most electric utilities thus far this spring. Last year at this time, several Eastern cities had already had periods of temperatures in the mid-90s. Prices on the spot market at the Henry Hub were stable last week with prices staying generally near \$2.20 per MMBtu. The futures market for June delivery at the Henry Hub displayed similar stability for the first 4 days of the week before moving up almost 9 cents on Friday. The spot price of West Texas crude oil ended the week at \$21.60 a barrel—about a dime more than Monday's price but about 50 cents lower than last Friday's price. Net injections to storage slowed during the second week of May, averaging about 9 Bcf per day.

**Storage:** Net injection activity continued for the fourth straight week, but at a reduced rate, for the week ending Friday, May 16. The American Gas Association (AGA) estimated that 62 Bcf of gas was added to storage that week, compared with 70 Bcf for the previous week. AGA's estimated total working gas in storage as of May 16 stands at 1,032 Bcf. AGA estimates that net injections during the 4 weeks ending May 16, totaled 203 Bcf, with 114 Bcf in the Consuming East region. This compares with 240 Bcf and 170 Bcf, respectively, for the same 4-week period last year—the year in which, according to EIA data, working gas inventories fell to their lowest-ever recorded levels by the end of the heating season. According to EIA survey data, working gas in storage at the end of the recent heating season (March 31) was 985 Bcf, 230 Bcf more than the record low of 755 Bcf reported at the end of last year's heating season. In Canada, the injection season is in full swing. The Canadian Gas Association (CGA) reported net injections of 16.0 Bcf and 21.2 Bcf, respectively, in their East and West regions over the past 4 weeks, bringing Canada's total working gas inventory to 93.9 Bcf as of May 16. CGA estimates the nation's working gas capacity to be about 19 percent full.

**Spot Prices:** For the second week in a row, prices at the Henry Hub traded near \$2.20 per MMBtu most days. Prices at other market locations, though generally lower, have displayed similar price stability. On Friday, May 23, prices at many of the other major natural gas markets were between \$2.00 and \$2.10 per MMBtu. For example, prices were \$2.09 per MMBtu at Katy in East Texas, \$2.05 at Waha in West Texas, and \$2.00 at most Oklahoma locations. Some of the lowest spot prices continue to be in the Rocky Mountain region where prices ranged between \$1.40 and \$1.80 per MMBtu much of last week.

**Futures Prices:** The NYMEX price for the June Henry Hub contract, which is scheduled to close on May 28, was quite stable most days last week as it moved less than 2 cents the first 4 days of the week and settled on Thursday at \$2.196 per MMBtu. Also during this period, prices within trading days had an average range of less than 7 cents per MMBtu between the high and low prices for the day. Activity picked up on Friday, probably in anticipation of bid week, as the range between the high and low price increased to 12 cents and ended the day with an increase of almost 9 cents per MMBtu in the settlement price (\$2.285). Last year's June contract settled at \$2.361 per MMBtu.

**Summary:** Pleasant and somewhat cooler-than-normal spring weather continued to be dominant in most parts of the country. Prices on major spot markets were stable for the second consecutive week. The NYMEX futures market for the June contract showed some volatility late in the week as buyers and sellers prepare to close the contract on Tuesday, May 28. Additions to storage slowed a bit, but storage levels remain much improved over those seen last year at this time.