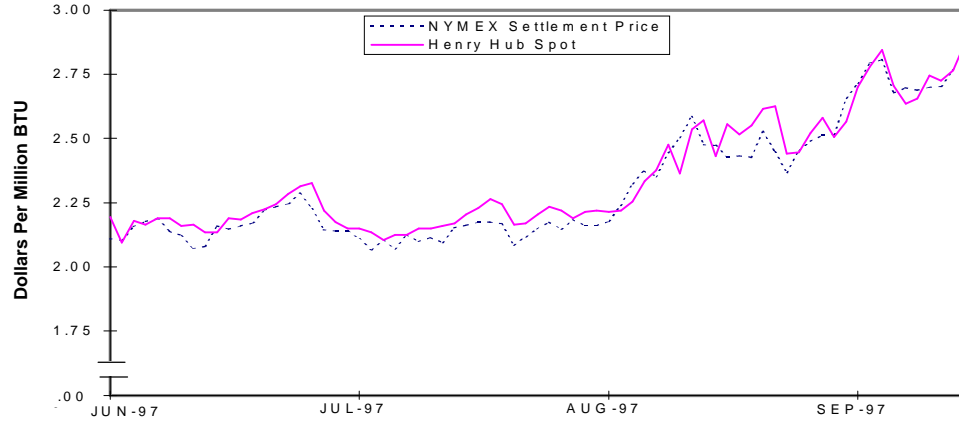


NYMEX Future Prices vs Henry Hub Spot Prices

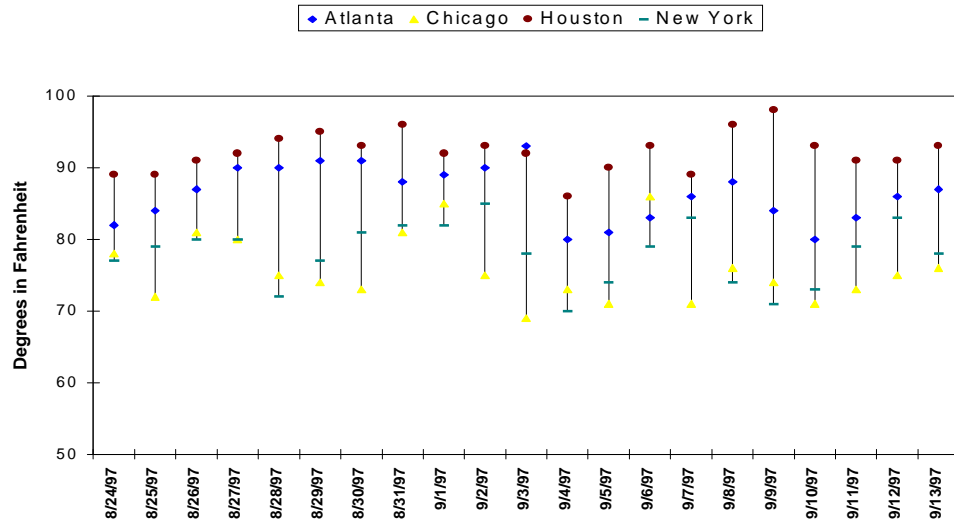
HENRY HUB PRICE		
	SPOT	FUTURES
	Sept	Oct
	Del	Del
	(\$ per MMBtu)	
09/08	2.62-2.69	2.688
09/09	2.71-2.78	2.699
09/10	2.69-2.76	2.702
09/11	2.74-2.79	2.766
09/12	2.83-2.91	2.795



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

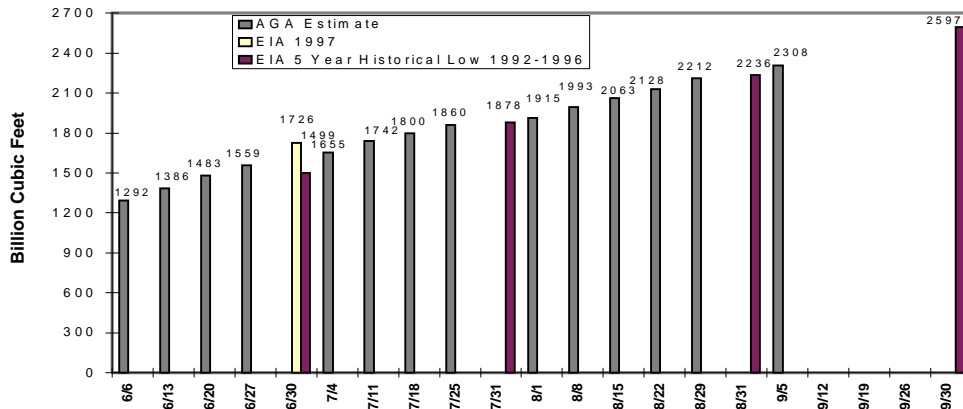
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
09/07	73	74	-1
09/08	75	74	1
09/09	74	73	1
09/10	71	73	-2
09/11	72	73	-1
09/12	73	72	1
09/13	73	72	1



Working Gas In Storage 1997

Working Gas Volume as of 09/05/97		
	BCF	% Full
EAST	1386	77
WEST	337	70
Prod Area	585	64
U. S.	2308	72

Source: AGA



The NYMEX futures price for October delivery at the Henry Hub opened Monday, September 15 at \$2.830 per MMBtu, \$0.043 higher than Friday's settlement price. With less than a week remaining in the summer season, the National Oceanic and Atmospheric Administration (NOAA) reports that cooling degree-days continue to be more than 10 percent less than normal for the lower 48 states. The one major exception to this trend is in Southern California where NOAA data indicates that Los Angeles has seen an increase of more than 60 percent in its normal cooling degree-days. On Monday and Tuesday of last week Los Angeles had daytime highs of 104 degrees Fahrenheit. Other parts of the country, primarily the Midwest and the East, have had a generally moderate summer with cities such as Atlanta, Chicago, Indianapolis, Memphis and St. Louis recording cooling degree-days of 15 to 20 percent lower than normal. The spot price at the Henry Hub increased most days last week and by Friday it was more than \$0.20 per MMBtu higher than the previous Friday. The October futures contract was stable early in the week then moved up on Thursday and settled up about \$0.10 per MMBtu compared to last week. Net injections to storage in the first week of September were estimated to be 96 Bcf-the highest level since late June. The price of West Texas crude oil moved down \$0.30 to end the week at \$19.35 per barrel.

Storage: According to American Gas Association (AGA) estimates, the industry recorded net storage injections of 96 Bcf during the week ended September 5 - almost 14 Bcf a day. This is the highest level of weekly injections in almost three months and follows a week earlier estimate of 84 Bcf. Prior to that, AGA weekly net injection estimates had averaged about 70 Bcf during July and August. This latest AGA estimate brings total working gas in storage to 2,308 Bcf - 90 more than last year at this time. EIA has estimated that working gas in storage at the end of August of this year totaled 2,366 Bcf. Using historical EIA survey data, net injections for September have averaged almost 330 Bcf for the last 5-year period (1992-96) and last year reached 364-the high for this period. If additions to storage in September are between the 5-year average and last year's level, total working gas on hand at the end of September could exceed 2,700 Bcf. Based on EIA data, net injections in October of last year totaled over 200 Bcf. If this rate of refill is repeated or a rate close to October's 5-year average of 182 Bcf, the level of working gas in storage on November 1 will likely be above last year's total of 2,800 Bcf. The 5-year average for working gas on hand November 1 is almost 3,020 Bcf.

Spot Prices: Prices at the Henry Hub reached about \$2.67 per MMBtu last Monday and by Friday were more than \$2.90 - their highest posting since January and more than \$1.00 per MMBtu higher than last year at this time. Several factors have been noted by industry observers as contributing to these price increases, such as lower-than-expected growth in productive capacity, a steady increase in natural gas demand, and lower-than-average working gas storage levels during July and August. Prices at most other major market locations are also considerably higher than year-ago levels. For example, on Friday, September 12, prices at Katy in East Texas were \$2.85 per MMBtu compared with \$1.78 last year; at Chicago, \$2.95 vs. \$1.95; and at Waha in West Texas, \$2.84 vs. \$1.65. The larger increase at Waha is primarily due to the increased demand in Southern California to meet growth in the electric utility load for air-conditioning services in response to warmer-than-normal temperatures.

Futures Prices: The futures contract for October delivery at the Henry Hub is currently trading at more than \$0.90 per MMBtu above the level last year at this time. Last year's October contract settled at a record price of \$2.807 per MMBtu. The November and December contracts are also trading at higher levels than a year ago: \$2.930 vs. \$2.072 per MMBtu and \$3.017 vs. \$2.234, respectively.

Summary: Spot market prices continue to increase at all markets and the futures contracts for October, November, and December delivery are trading at record high levels for this time of the year. Net injections to storage were at a high rate for the second consecutive week but concerns about the level of working gas in storage continue.