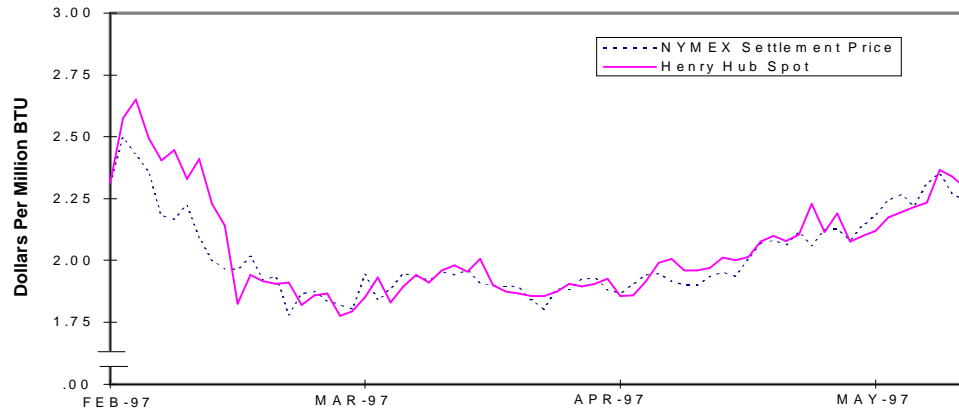


NYMEX Future Prices vs Henry Hub Spot Prices

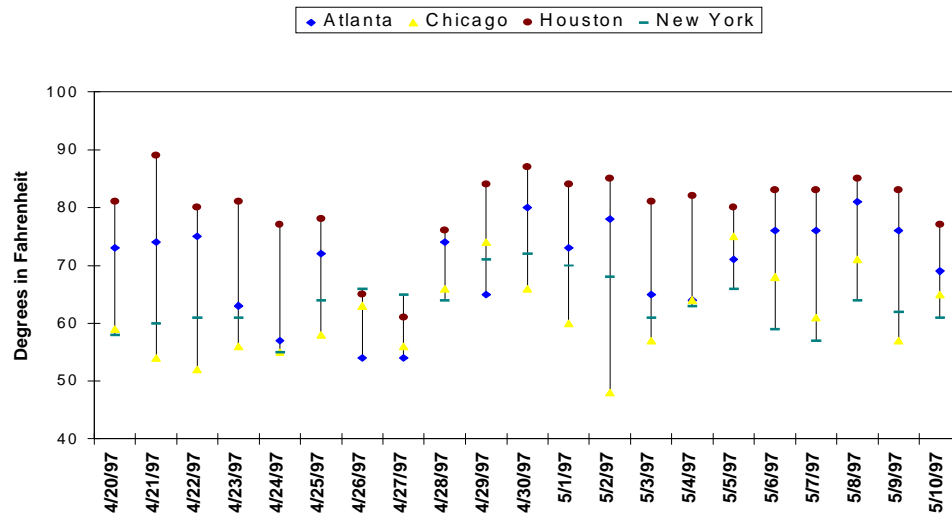
HENRY HUB PRICE		
	CASH	FUTURES
	May	Jun
	Del	Del
	(\$ per MMBtu)	
05/05	2.19-2.24	2.220
05/06	2.21-2.26	2.309
05/07	2.35-2.38	2.353
05/08	2.32-2.36	2.273
05/09	2.27-2.32	2.242



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

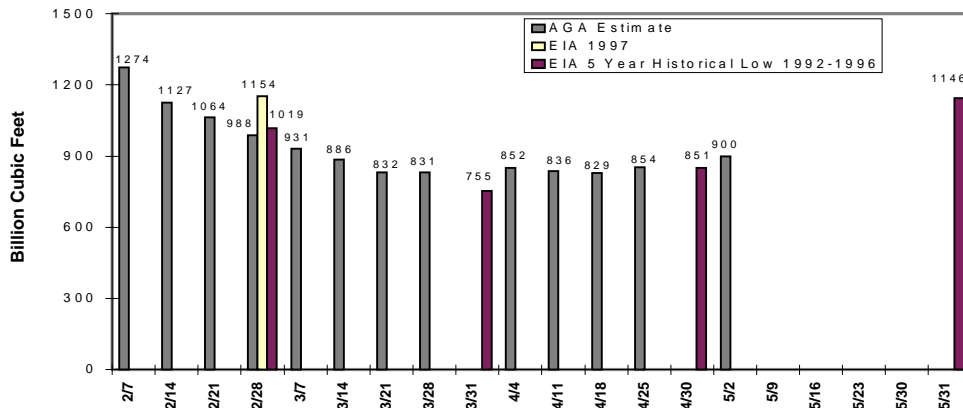
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
05/04	58	64	-6
05/05	62	64	-2
05/06	61	64	-3
05/07	59	64	-5
05/08	65	64	1
05/09	62	65	-3
05/10	59	65	-6



Working Gas In Storage 1997

Working Gas Volume as of 05/02/97		
	BCF	% Full
EAST	392	22
WEST	188	39
Prod Area	320	35
U. S.	900	28

Source: AGA



The NYMEX futures contract for June delivery at the Henry Hub opened Monday, May 12, at \$2.250 per MMBtu, virtually the same as Friday's settlement price. Temperatures have moderated lately in most parts of the United States, and it appears that the long-delayed arrival of consistent springtime weather is finally here. Accordingly, the temperature graph in this weekly update will now monitor the daily high temperatures in four cities: Atlanta, Chicago, Houston, and New York. The objective of tracking these temperatures is to have some indication of U.S. air-conditioning requirements and how such needs would affect electric utilities' demand for natural gas during the remainder of the spring and throughout the summer. Prices on the spot market at the Henry Hub were near \$2.30 per MMBtu most days last week, reaching a high of \$2.38 on Wednesday. The futures market saw the return of price volatility as the June contract at the Henry Hub moved down during the last half of the week to \$2.353 per MMBtu on Friday, after reaching a high of \$2.433 during trading on Wednesday. The spot price for West Texas crude oil gained about \$1.75 from last Friday's level and ended the week at \$20.45 per barrel. Net injections almost doubled from the previous week, bringing AGA's estimate for working gas in storage in early May to 900 Bcf.

Storage: Injection activity began to pick up some steam during the week ending Friday, May 2, with the American Gas Association (AGA) estimating that net storage injections were 46 Bcf, nearly double the 25 Bcf injected the previous week. Most of the increase occurred in the Consuming East region, where net injections totaled 28 Bcf versus 10 Bcf the week before. According to AGA, total working gas in storage stood at 900 Bcf as of May 2. This compares with EIA's estimate of 1,131 Bcf as of the end of April. Based on EIA data for the past 5 years, net injections during May have averaged 355 Bcf, ranging from a low of 277 Bcf in 1992 to a high of 432 Bcf in 1993. To attain this average level of net injections for May, storage facilities would have to refill at the rate of about 11.5 Bcf per day, certainly within the range of physical capability. However, attaining this rate would run counter to recent experience. According to EIA's survey data, the refill rate averaged less than 11 Bcf per day during May 1995 and 1996. Interestingly, both EIA and AGA data show a decline in the average refill rate during May in the recent past—for all 3 years of AGA's weekly estimates and for the past 4 years of EIA's survey data. EIA's data show the refill rate falling from about 13.9 Bcf per day in May 1993 to 10.6 Bcf per day in May 1996.

Spot Prices: Last Monday, May 5, the spot price at the Henry Hub was about \$2.21 per MMBtu, and by Friday was \$2.30, after falling from a mid-week high of \$2.38. This level of pricing for the first week of May is similar to last year at this time, when prices were in the \$2.18 to \$2.22 per MMBtu range. However, prices in April and May of last year were trending down, while prices this year are moving up. Prices at the Henry Hub on April 1, 1997, were close to \$1.80 per MMBtu, but were about \$2.40 on the same date in 1996. Prices at other market locations have also trended up during the last 5 weeks. For example: the price at Katy in East Texas was \$1.80 per MMBtu on April 1, and by Friday, May 9, had moved up to \$2.17; Waha in West Texas – \$1.72 to \$2.08; and Opal in Wyoming – \$1.41 to \$1.65.

Futures Prices: The NYMEX futures market at the Henry Hub displayed a relatively high level of price volatility for the June contract, with a spread of 8 to 11 cents between the low and high during trading days last week. Last year at this time, trading-day price spreads were in the order of 2 to 4 cents. For the first time in 2 weeks, Friday's settlement price for the June contract ended the day lower than the previous Friday (\$2.243 vs. \$2.267 per MMBtu). On May 10 of last year, the June contract settled at \$2.204 per MMBtu and closed 2 weeks later at \$2.361 per MMBtu.

Summary: Prices on the spot and futures markets moved down for the first time in 2 weeks. Temperatures continue to moderate and springtime weather appears to be finally arriving in most areas of the country. Net injections to storage were estimated to be at their highest level this spring as the industry seems poised to begin an uninterrupted period of refilling its storage facilities.