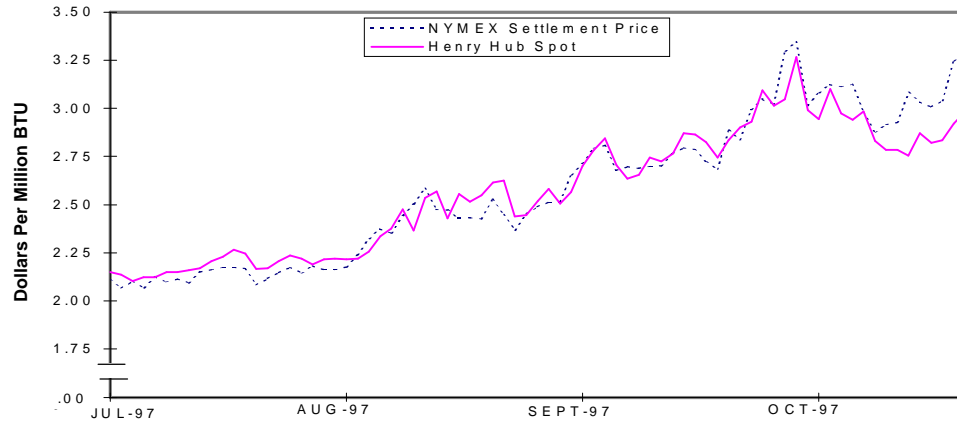


NYMEX Future Prices vs Henry Hub Spot Prices

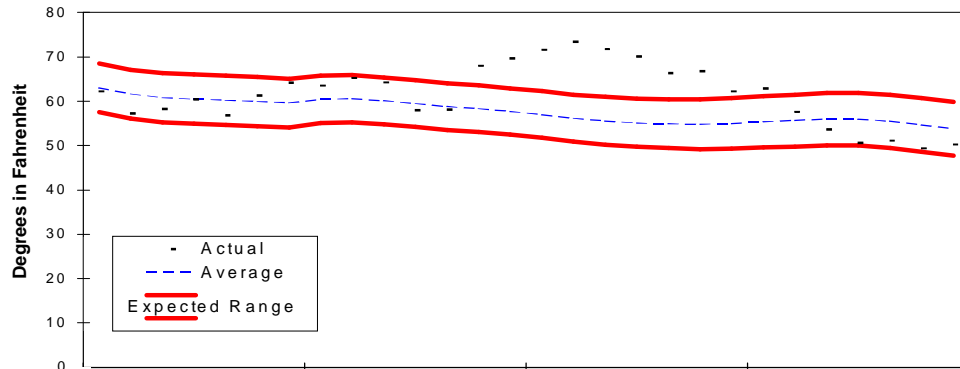
HENRY HUB PRICE		
	SPOT	FUTURES
	Oct	Nov
	Del	Del
	(\$ per MMBtu)	
10/13	2.82-2.92	3.033
10/14	2.78-2.86	3.006
10/15	2.82-2.85	3.039
10/16	2.90-2.94	3.247
10/17	2.93-3.03	3.288



Average temperature for Four Major Gas Consuming Metro Areas

(Chicago, Kansas City, New York, and Pittsburgh)

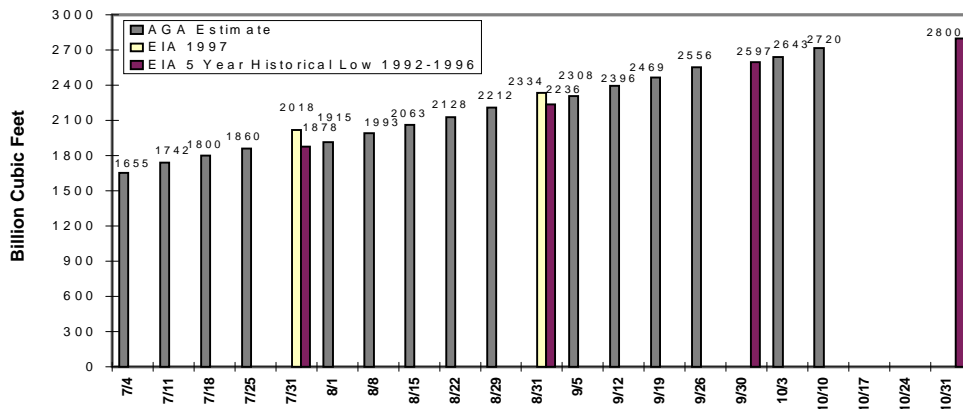
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
10/12	63	55	8
10/13	58	56	2
10/14	54	56	-2
10/15	51	56	-5
10/16	51	55	-4
10/17	49	55	-6
10/18	50	54	-4



Working Gas In Storage 1997

Working Gas Volume as of 10/10/97		
	BCF	% Full
EAST	1651	92
WEST	363	75
Prod Area	706	77
U. S.	2720	85

Source: AGA



The NYMEX futures price for November delivery at the Henry Hub opened Monday, October 20, at \$3.340 per MMBtu, \$0.052 more than Friday's settlement price. The extended period of Indian summer weather that most of the country enjoyed for almost 2 weeks ended early last week. Temperatures in the four cities monitored by this report (Chicago, Kansas City, New York, and Pittsburgh) were 2 to 6 degrees below normal most days. Prices on both the spot and nearby futures market at the Henry Hub appear headed back up to levels seen in late September. The futures price for the November contract was generally stable or flat most of the week and then jumped up more than \$0.20 per MMBtu on Thursday to end the week at almost \$3.30. Prices on the Henry Hub spot market followed the same pattern and moved down early in the week before reversing this trend to end the week up more than \$0.10 per MMBtu at about \$3.00. A potentially critical coal supply situation has developed for some Texas utilities because of a 2 to 3 month period of reduced coal shipments from the Rocky Mountains to Texas. The Texas Railroad Commission has reported that several large electric utilities in the state may have to begin using increasing amounts of gas to offset low coal stocks and delayed deliveries of coal. The logistics problem has been brought about by the planned merger of two railroad systems that are primary sources for delivering the coal from the mining location in Wyoming. On the gas side, the industry continued the accelerated rate of storage refill that began 4 weeks ago as 77 Bcf was added to working gas levels during the first full week of October.

Storage: Net injections remained strong for the fourth consecutive week as the American Gas Association (AGA) estimated that 77 Bcf were added to working gas totals during the week ended Friday, October 10. This brings working gas levels to an estimated 2,720 Bcf, just 5 Bcf less than AGA's estimate at the beginning of last year's heating season. While less than the 87 Bcf of net injections in each of the previous two weeks, the 77 Bcf added is considerably higher than the 38 Bcf of net injections estimated by AGA for this same week last year. The rate of refill usually slows toward the end of October as storage facilities approach their working gas capacity levels. With 3 weeks of injections remaining, it appears that storage inventories will be greater than last year's levels to begin this heating season.

Spot Prices: The spot price at the Henry Hub was again trading for more than \$3.00 per MMBtu at the end of last week. This is a price level not seen since late September at the time of the record settlement (\$3.35 per MMBtu) of the October futures contract. It appears that several factors are contributing to this rebound in prices: the first period of cooler-than-normal weather in major gas-consuming regions, reaction to the increases in the near month's futures contract, and, at least in Texas, concern that there may be some unforeseen demand on gas supply by some of the state's large electric utilities.

Futures Prices: The futures contract for November delivery at the Henry Hub began the week at about \$3.00 per MMBtu and remained stable through Wednesday's trading. It then moved up over \$0.25 per MMBtu by the end of the week. Some market observers believe that there continues to be an underlying concern about a lack of growth in Gulf of Mexico productive capacity. Following last week's price increase, the November contract is trading for almost \$0.65 per MMBtu above last year's record settlement price of \$2.652. The November contract will close on October 29.

Summary: Prices on both the spot and futures market moved up last week as cooler-than-normal weather dominated many areas of the country. A reduction in the amount of coal on hand at several large electric utilities in Texas could increase gas demand in the Southwest. Additions to storage continued at an accelerated rate for this time of the year.