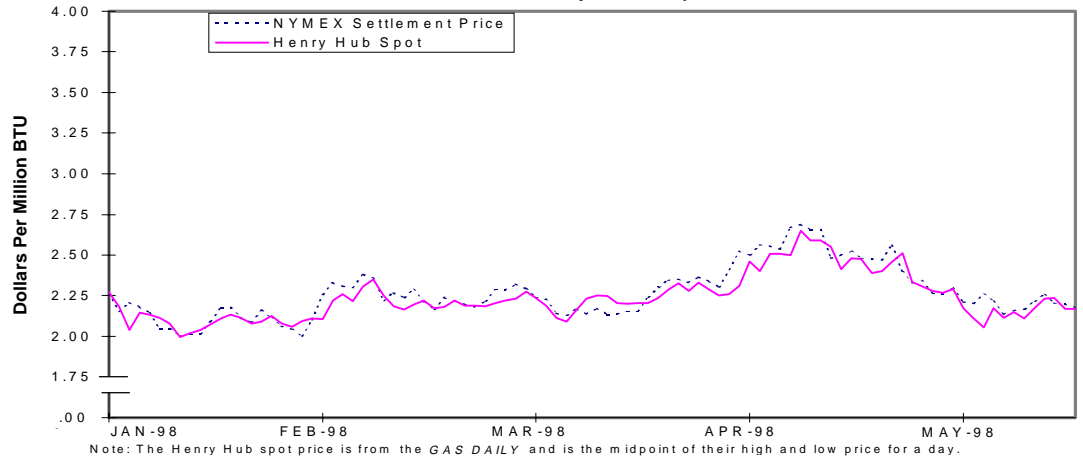


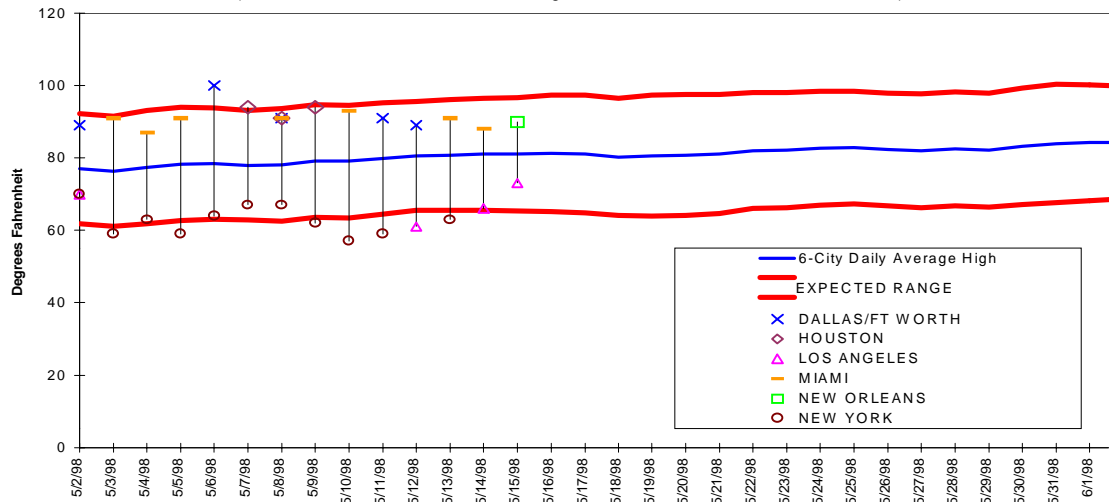
**NYMEX Future Prices vs Henry Hub Spot Prices**



**HENRY HUB PRICE**  
SPOT FUTURES  
May June  
Del Del  
(\$ per MMBtu)

5/11	2.15-2.20	2.215
5/12	2.21-2.25	2.256
5/13	2.21-2.26	2.204
5/14	2.15-2.19	2.200
5/15	2.16-2.18	2.178

**Ten-Year Average of High Temperatures, and Daily Highest and Lowest High Temperatures for 6 Cities, May-September**  
(Dallas/Ft Worth, Houston, Los Angeles, Miami, New Orleans, New York)

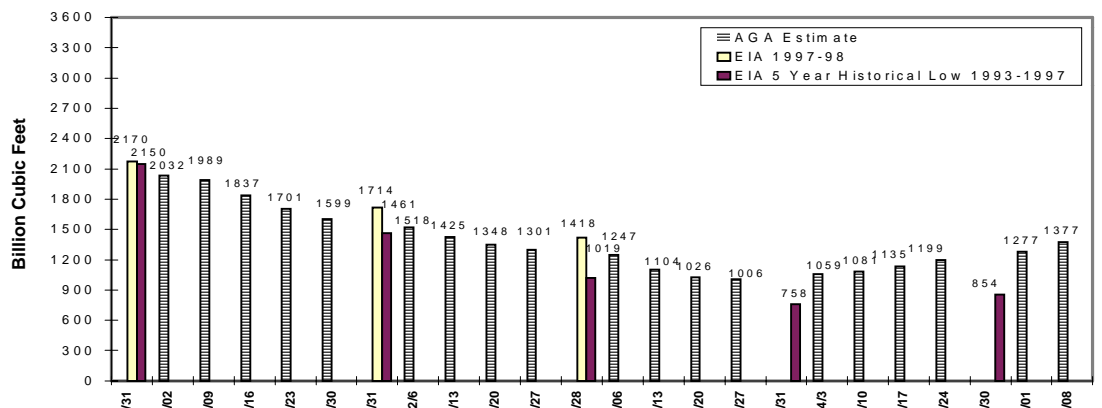


The bounds are computed by adding to and subtracting from the daily average high temperatures for the last 10 years an amount equal to twice an estimate of the standard deviation for high temperatures for each day.

**Average High Temperature for Six Major Electricity Consuming Cities**

	Actual	Normal	Diff
5/09	81	79	2
5/10	78	79	-1
5/11	81	80	1
5/12	79	81	-2
5/13	78	81	-3
5/14	81	81	0
5/15	85	81	4

**Working Gas In Storage**



**Working Gas Volume as of 5/08/98**

	BCF	% Full
EAST	688	38
WEST	199	41
Prod Area	490	53
U. S.	1377	43

Source: AGA

The NYMEX futures contract for June delivery at the Henry Hub opened on Monday, May 18 at \$2.195 per MMBtu, \$0.017 more than Friday's settlement price. Last week's weather was highlighted by a measurable snowfall in the higher elevations of southern California and several days of warm temperatures in Texas and other parts of the Southwest. Temperatures in the Midwest and Northeast were moderate most days last week. The accelerated rate of additions to storage that occurred throughout April continued as the American Gas Association (AGA) estimated that 100 Bcf of gas was injected in the first week of May. The June futures contract gained about a dime during the first 2 days of trading last week then moved down to end the week at \$2.178 per MMBtu - about the same as the previous Friday's price (\$2.167). In a pattern seen throughout April, the spot price at the Henry Hub followed the near-month futures contract as it moved up more than 15 cents per MMBtu by mid-week before trending down to end the week at \$2.17. The latest reports from the Bureau of Labor Statistics (BLS) indicate that natural gas prices to the residential consumer were virtually unchanged in April compared with March. The price of West Texas Intermediate crude oil was generally stable most of the week before declining \$0.60 on Friday to end the week trading for \$14.50 per barrel.

**Storage:** According to AGA estimates, net storage injections for the week ended Friday, May 8 were an eye-catching 100 Bcf. This is the third largest weekly total for May since AGA began its storage survey in January 1994, and the first time since May 1995 that net injections reached triple digits in May. This brings total inventories as estimated by AGA to 1,377 Bcf, the largest inventory amount at this point in any year of AGA's data, and over 400 Bcf more in storage than at this time last year. Likewise, in the Consuming East region, storage inventories, at an estimated 688 Bcf, are over 250 Bcf greater than at this time last year. With spring-like weather prevailing, supply of gas plentiful, and continued concern about a warmer-than-normal summer, many have chosen to build their inventories. If operators maintained this average pace of over 14 Bcf per day of net injections throughout the month, May additions to inventories would be around 440 Bcf. Over the past 5 years, the largest net injections measured by EIA in May were 426 Bcf in 1993. Last year net injections in May totaled 321 Bcf.

**Spot Prices:** The spot market at the Henry Hub trended up during the first 3 days of last week reaching a high of \$2.26 per MMBtu on Wednesday. It then proceeded to move down as in the previous week, following the price movements of the NYMEX near-month contract, and ended the week at \$2.17. This price activity pattern has become so prevalent that it is known by most market participants as "following the screen." Prices at most other major market locations remained above \$2.10 per MMBtu last week. The Rocky Mountain region continues to be the exception as prices at most of its market locations traded for about \$1.95 per MMBtu most days last week.

**Futures Prices:** Similar to last week, the NYMEX futures contract for June delivery at the Henry Hub displayed a moderate level of price variability as it rose almost 10 cents early in the week, then moved down about 8 cents to end the week at \$2.178 per MMBtu. Since late April, the June contract, which closes on May 27, has moved down almost 15 cents. The July and August contracts have followed a similar pattern and are currently trading for \$2.223 and \$2.276 per MMBtu, respectively. Last year the June contract closed at \$2.346 per MMBtu.

**Summary:** Most of the country was dominated by moderate spring-like temperatures last week. Prices on the spot and futures markets remain generally lower than those seen in April. Net additions to storage continue to be robust as an estimated 100 Bcf was added in the first week of May.

**Note:** Monday, May 25 is Memorial Day. Therefore, this report will appear next on Tuesday, May 26.