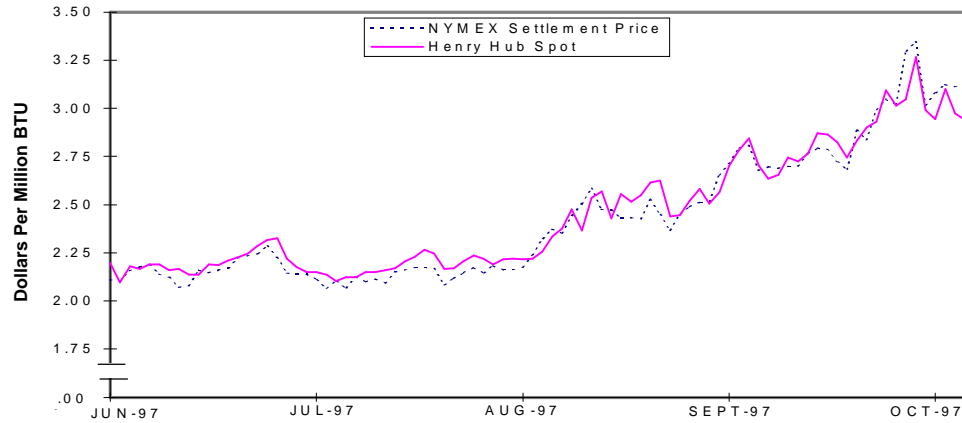


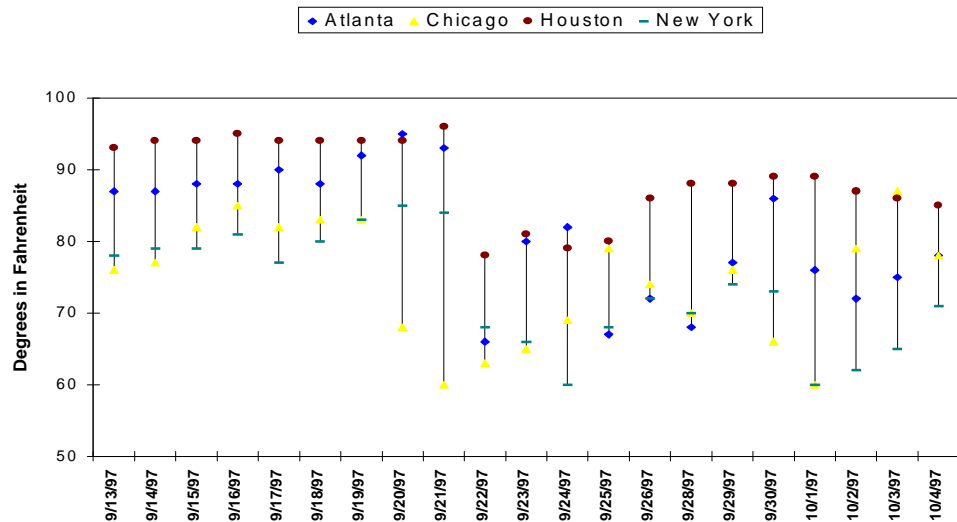
NYMEX Future Prices vs Henry Hub Spot Prices

HENRY HUB PRICE		
	SPOT	FUTURES
	Oct	Nov
	Del	Del
	(\$ per MMBtu)	
09/27	2.94-3.04	3.015
09/28	2.89-3.00	3.082
09/29	3.03-3.17	3.124
09/30	2.93-3.02	3.112
10/01	2.88-3.00	3.125



High Temperature for Four Selected Cities

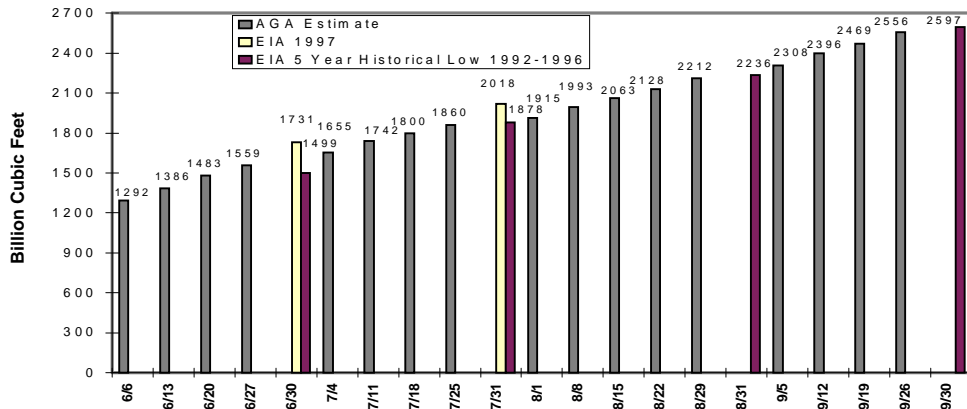
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
09/28	67	68	-1
09/29	70	67	3
09/30	70	67	3
10/01	64	67	-3
10/02	64	66	-2
10/03	67	66	1
10/04	70	65	5



Working Gas In Storage 1997

Working Gas Volume as of 09/26/97		
	BCF	% Full
EAST	1546	86
WEST	352	73
Prod Area	658	72
U. S.	2556	80

Source: AGA



The NYMEX futures price for November delivery at the Henry Hub opened on Monday, October 6, at \$3.100 per MMBtu, \$0.025 less than Friday's settlement price. Indian-summer type temperatures were the norm in many parts of the country at the end of last week with daytime highs in Baltimore, Chicago, Denver, Kansas City, Washington, DC, and other cities in the mid to upper 80s. Forecasts call for this weather pattern to continue through Wednesday or Thursday of this week. Spot prices at the Henry Hub started last week about \$0.25 per MMBtu lower than the level seen on the previous Friday (September 26) and ended the week down more than \$0.30 at \$2.95 - the first weekly decline in 3 weeks. The futures price for November began the week down \$0.25 per MMBtu but over the remainder of the week recouped about \$0.10 of that price drop to end the week almost \$0.15 less than the previous Friday. Net injections during the 4th week of September averaged almost 12.5 Bcf per day, up about 20 percent from the previous week. The price of West Texas crude oil continued to move up more than \$1.00 per barrel (\$22.05) as diplomatic sources in the Middle East indicate that the Iran/Iraq political and military situation may be worsening.

Storage: Net injections increased by almost 15 Bcf from the week-earlier level, according to American Gas Association (AGA) estimates, and totaled 87 Bcf for the week ended Friday, September 26. About 60 percent (52 Bcf) of the additions went to storage facilities located in the East, bringing the area's working gas stocks, as estimated by AGA, to virtually the same level as last year at the same time (1,546 Bcf vs. 1,545). The Producing region received about 33 percent (29 Bcf) of net injections during the week and is estimated to have almost 10 percent more working gas on hand than last year at the same time (658 Bcf vs. 600). Meanwhile, the Consuming West region is also estimated to have higher working gas levels than last year at the same time (352 Bcf vs. 330). EIA survey data for last year reported that working gas levels for the three storage regions at the end of September 1996 were 1,697 Bcf for the East, 570 Bcf for the Producing region, and 330 Bcf for the West. AGA estimates that storage facilities nationwide were 80 percent full on September 26, based on its estimate of total working gas capacity of 3,190 Bcf. In a special report on underground storage in the September issue of the *Natural Gas Monthly*, EIA puts the nation's working gas capacity at the beginning of 1997 at 3,765 Bcf, with an additional 57 Bcf of working gas capacity and about 2 Bcf of deliverability scheduled for development by the beginning of the upcoming heating season. EIA's estimate of working gas in storage at the end of September is 2,691 Bcf, or 71 percent full. In Canada, the Canadian Gas Association (CGA) reported 418.2 Bcf in storage as of September 26, or about 85 percent full. Canadian operators are about 1 week behind their refill pace of last year, when the same level of 418.2 Bcf was reached on September 20, 1996.

Spot Prices: Prices at the Henry Hub had their largest weekly decline in more than 2 months as prices during the past week moved down over \$0.30 per MMBtu. Contributing to this decline was the return of summer-like temperatures, a slowing price trend for the November NYMEX contract, and an increase in the storage refill rate. Spot prices declined at almost all major markets. An exception to this trend occurred at the Rocky Mountain locations where scheduled maintenance at several Canadian import points interrupted supply to markets in the West. Prices moved up about \$0.20 per MMBtu at Rocky Mountain markets on Friday (\$1.90 to \$2.10 per MMBtu). Canadian pipelines expect these supply constraints to end over the weekend.

Futures Prices: The futures contract for delivery at the Henry Hub had its first significant weekly decline in 5 weeks as the price of the November contract moved down almost \$0.15 per MMBtu. Even with this decline, the November contract began this week trading at almost \$0.50 per MMBtu more than last year's record settlement price of \$2.652. The November contract closes on October 29.

Summary: The return of summer-like temperatures, along with forecasts calling for a continuation into this week, contributed to the first significant weekly price declines on both the spot and futures market. Net injections to storage returned to the level seen in early September.