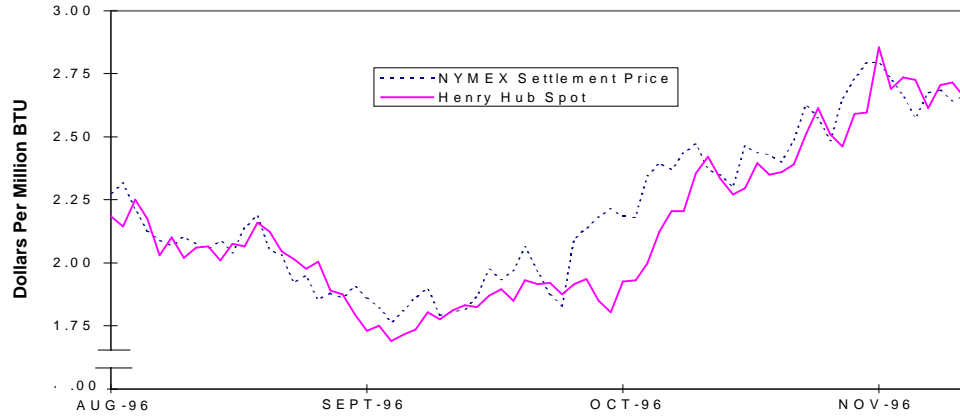


NYMEX Price Futures vs Henry Hub Spot Price

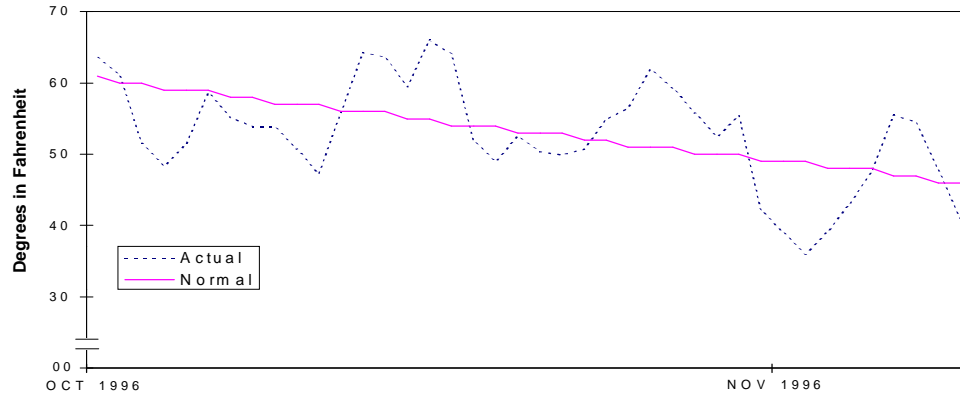
HENRY HUB PRICE		
	CASH	FUTURES
	Nov.	Dec.
	Del	Del
	(\$ per MMBtu)	
11/04	2.70-2.75	2.573
11/05	2.60-2.63	2.674
11/06	2.69-2.72	2.684
11/07	2.70-2.73	2.643
11/08	2.65-2.66	2.660



Note: The Henry Hub spot price is from the GAS DAILY and is the midpoint of their high and low price for a day.

Average temperature for Four Major Gas Consuming Metro Areas
(Chicago, Kansas City, New York, and Pittsburgh)

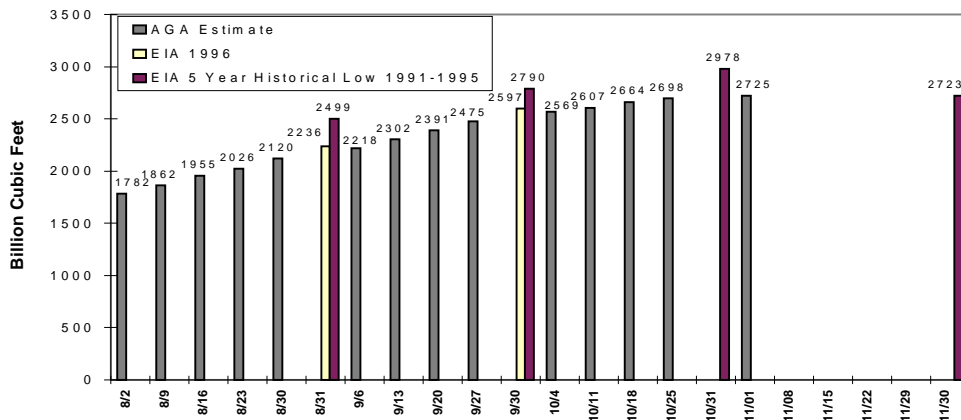
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
11/03	39	48	-9
11/04	43	48	-5
11/05	48	48	0
11/06	56	47	9
11/07	55	47	8
11/08	48	46	2
11/09	41	46	-5



Working Gas In Storage 1996

Working Gas Volume as of 11/01/96		
	BCF	% Full
EAST	1,721	96
WEST	334	69
Prod Area	670	74
U. S.	2,725	86

Source: AGA



The Nymex futures price for December delivery at the Henry Hub opened Tuesday, November 12, at \$2.729 per MMBtu, \$0.069 above Friday's close. Recently, spot prices at the Henry Hub for current delivery have tended to be above the futures price for December delivery, reflecting the perception of tight current supplies as the industry heads into the heating season. On the other hand, last week's spot prices for November delivery were more than \$0.50 higher than futures prices for March delivery. This indicates that supplies relative to expected gas demands at the end of the heating season are viewed as more robust, in part because of an increased domestic production capability, increased import and LNG capability, and some reduction in demand from higher prices. Midweek futures price for December delivery were high relative to last year's price and to last month's price for December delivery, but they were also relatively stable for a change. On Tuesday, Wednesday, and Friday prices settled near \$2.670 per MMBtu.

Energy Futures Markets: The NYMEX Henry Hub contract with 143,674 outstanding contracts (open interest) on Wednesday, November 6, ranked second behind the very successful crude oil contract with 393,657 contracts. However, other NYMEX natural gas futures contracts have had very little activity. In fact, there were only about 400 NYMEX West Texas contracts outstanding at midweek and no trading occurred on several days. Although the NYMEX futures contract for delivery in Alberta, Canada experienced trading throughout the week, open interest was also only about 400 contracts. The small size of these markets is explained by different factors. The NYMEX West Texas contract competes with the more established Kansas City Board of Trade (KCBOT) West Texas contract market which has consistently numbered near 3,000 contracts in the last month. The Alberta futures contract receives some competition from the active, real-time spot and forward markets in Alberta, which report summary statistics every day in a form similar to futures markets.

Storage: The American Gas Association (AGA) storage statistics show that working gas supplies in the East Consuming region are 1.72 Trillion cubic feet, as high as last year. On the other hand working storage levels in the producing region are 142 Billion cubic feet (Bcf) or 17 percent below last year's level. However, it is useful to note that working salt storage capacity in this region is 79 Bcf and that this storage has the capability of being turned over 4 or 5 times a heating season. Although the industry has not yet achieved this capability, the rate of turnover of this gas has been increasing, this may offset the need for conventional seasonal storage which is cycled only once a heating season.

Spot Prices: As the weather warmed from week-earlier levels in the North Central United States, prices declined significantly. Prices at the Chicago city gate were above \$3.00 per MMBtu on Friday, November 1, and near \$2.60 per MMBtu the following Tuesday. Moreover, the difference or basis between the Chicago and the Henry Hub spot prices declined from \$0.23 per MMBtu on Friday, November 1, to \$0.03 per MMBtu the following Tuesday. Thus, the implied incremental value of transportation rights between Louisiana and Chicago, as indicated by the basis, declined by \$0.20 per MMBtu in a few days.

Futures Prices: The NYMEX futures settlement price for December delivery at the Henry Hub has been above \$2.50 per MMBtu for more than a week and more than \$0.40 per MMBtu higher than the futures price for March delivery. This means that a company with access to flexible storage but no current need for the gas could sell the gas at current prices and replace it in March at a profit. Today's higher prices reflect the greater concern about adequate supply inventories at the beginning rather than at the end of this heating season. The futures settlement price for December delivery at the Henry Hub has also been about \$0.14 per MMBtu higher than the price for December delivery of the KCBOT West Texas contract. Last year at this same time the difference was only \$0.10 per MMBtu. The greater difference this year also suggests concerns about tightness of supply and transportation space.

Summary: Spot and futures prices stayed very stable in the \$2.60 per MMBtu range during the week as the weather remained mild. Prices then increased with the onset of cold weather in major consuming regions. Gas is currently trading in the \$2.70 per MMBtu range at the Henry Hub.