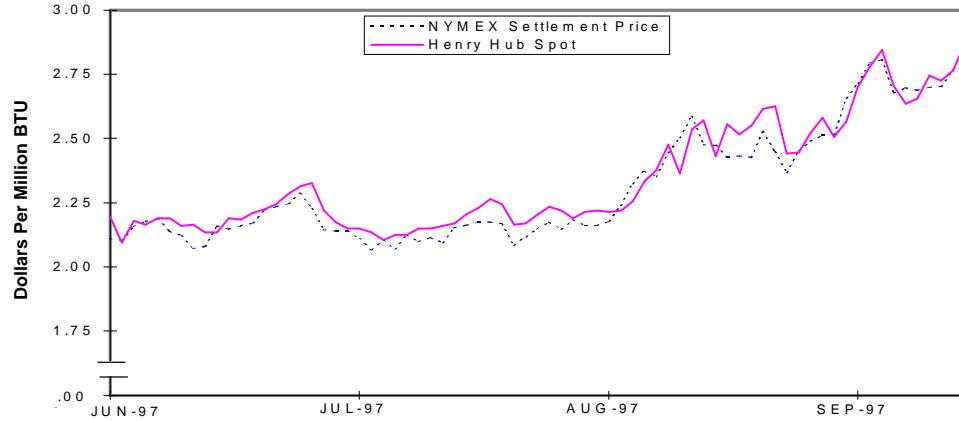


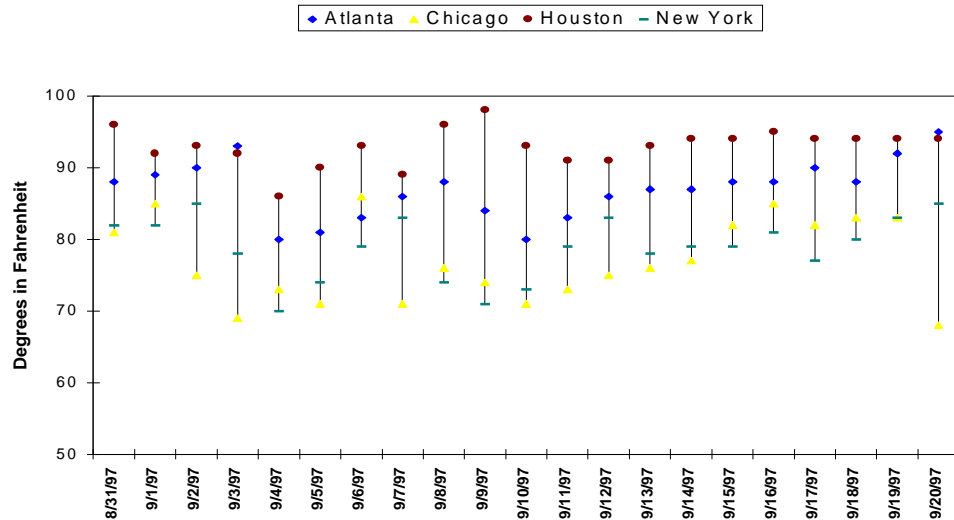
**NYMEX Future Prices vs Henry Hub Spot Prices**

HENRY HUB PRICE		
	SPOT	FUTURES
	Sept	Oct
	Del	Del
	(\$ per MMBtu)	
09/15	2.85-2.88	2.786
09/16	2.80-2.85	2.722
09/17	2.72-2.77	2.683
09/18	2.81-2.86	2.887
09/19	2.86-2.94	2.837



**High Temperature for Four Selected Cities**

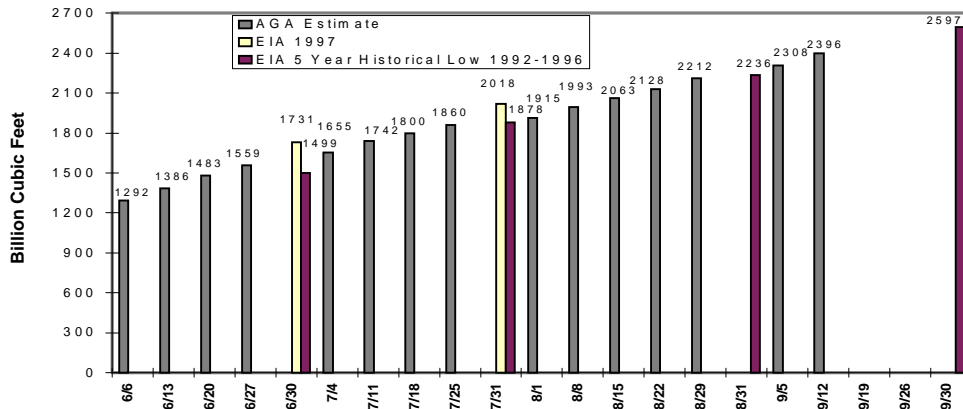
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
09/14	74	72	2
09/15	74	72	2
09/16	77	72	5
09/17	76	71	5
09/18	77	71	6
09/19	78	70	8
09/20	77	70	7



**Working Gas In Storage 1997**

Working Gas Volume as of 09/12/97		
	BCF	% Full
EAST	1443	81
WEST	339	70
Prod Area	614	64
U. S.	2396	72

Source: AGA



The NYMEX futures price for October delivery at the Henry Hub opened Monday, September 22, at \$2.870 per MMBtu, \$0.033 higher than Friday's settlement price. Last week's weather was highlighted by unseasonably high temperatures in parts of the South and Southwest with daytime temperatures in Atlanta, Dallas, Houston, and Oklahoma City in the mid-90s for several days. The last days of summer saw continued moderate weather in the Midwest and the Northeast with daytime highs by the end of the week in the low 70s. Average temperatures in the four cities that are monitored by this report (Atlanta, Chicago, Houston, and New York) were 5 to 8 degrees above normal most days last week. The warm weather, especially in the Southwest, contributed to the continued increase in spot market prices at the Henry Hub where postings reached almost \$2.95 per MMBtu on Friday. The futures price at the Henry Hub displayed the broadest level of volatility since January as the daily settlement price for the October contract moved both up and down between 4 and 20 cents per MMBtu. Net injections during the second week of September averaged more than 12.5 Bcf per day. The price of West Texas crude oil was stable most days and ended the week up 5 cents at \$19.40 per barrel.

**Storage:** The rate of net injections remained strong for the third consecutive week as the American Gas Association (AGA) estimated that 88 Bcf was added to working gas totals during the week ended Friday, September 9. The East Consuming region, which depends heavily on its storage resources to meet demand during the winter, again received the bulk of these injections with 57 Bcf added to its numerous storage facilities. This brings total working gas in the East to 1,443 Bcf - 9 Bcf more than last year at this time according to AGA data. The Energy Information Administration (EIA) estimates that the working gas level at the end of August was 2,350 Bcf, with about 1,435 Bcf in the East, 565 Bcf in the Producing region, and 350 Bcf in the West Consuming region. Last year, according to EIA data, about 570 Bcf was added to working gas storage in September and October. If similar refill rates occur this year and the distribution among the three storage regions remains the same, the total level of working gas in the East will be over 1,800 Bcf at the start of the heating season on November 1. Working gas levels in the Producing region and the West would be about 735 and 395 Bcf, respectively. Last year at the beginning of the heating season, the region totals were 1,782 Bcf in the East, 630 Bcf in the Producing region, and 388 Bcf in the West,

**Spot Prices:** Price at the Henry Hub reached almost \$2.95 per MMBtu on Friday - a level last seen in January. The unseasonably warm weather in the South and Southwest appears to have kept pressure on spot prices. This was the 6th consecutive week of increasing spot prices at the Henry Hub and most other major market locations. Prices continue to be more than \$1.00 per MMBtu higher than year-ago levels. Last year the spot market did not reach these price levels (\$2.85 per MMBtu to \$2.95) until late November, when temperatures throughout most of the country were 25 percent colder than normal.

**Futures Prices:** The futures contract for October delivery at the Henry Hub began bid week this year more than \$0.06 per MMBtu higher than last year's record settlement price of \$2.807. Last week the trading price on the October contract moved down the first 3 days of the week and settled on Wednesday at \$2.683 per MMBtu - the lowest level in almost 2 weeks. On Thursday it moved up more than \$0.20 per MMBtu, then moved down 5 cents on Friday to end the week at \$2.837. The October contract will close on Friday, September 26. The contracts for November and December delivery continued to trade at record levels for this time of the year, settling on Friday at \$2.930 and \$3.020 per MMBtu, respectively.

**Summary:** Late summer warm temperatures kept pressure on spot market prices and the futures market began bid week trading at record levels for the October contract. The industry's rate of refill of its storage resources continued at a strong pace for the 3rd consecutive week.