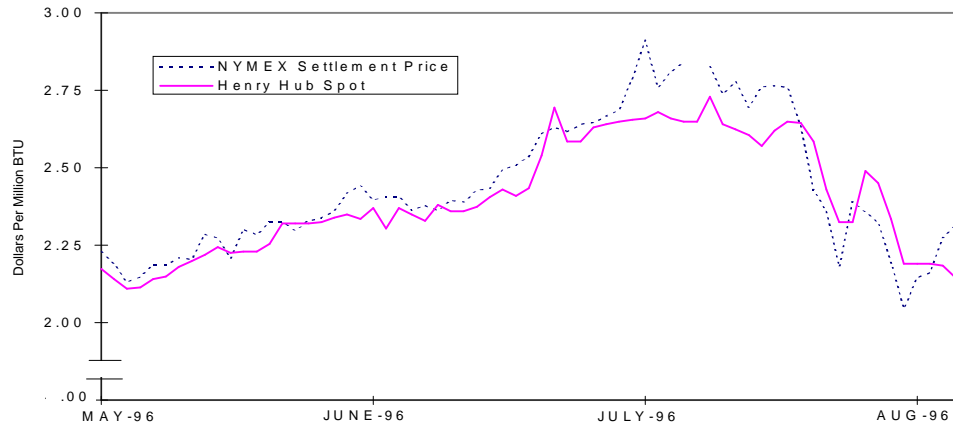


NYMEX Price Futures vs Henry Hub Spot Price

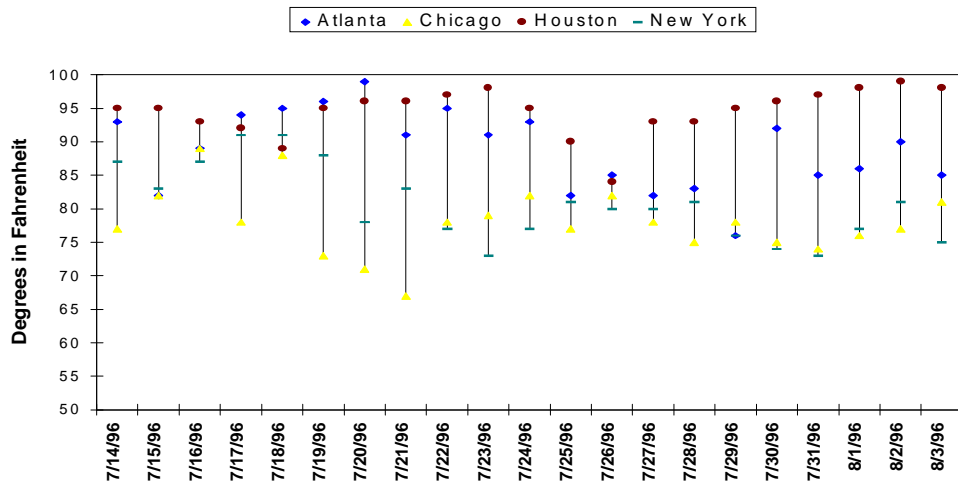
HENRY HUB PRICE		
	CASH	FUTURES
	Aug	Sept
	Del	Del
	(\$ per MMBtu)	
7/29	2.14-2.24	2.046
7/30	2.14-2.24	2.144
7/31	2.14-2.24	2.163
8/01	2.16-2.21	2.276
8/02	2.09-2.20	2.315



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 Areas			
	Actual	Normal	Diff
7/28	74	78	-4
7/29	74	78	-4
7/30	76	78	-2
8/31	75	78	-3
8/01	77	78	-1
8/02	78	78	0
8/03	77	78	-1

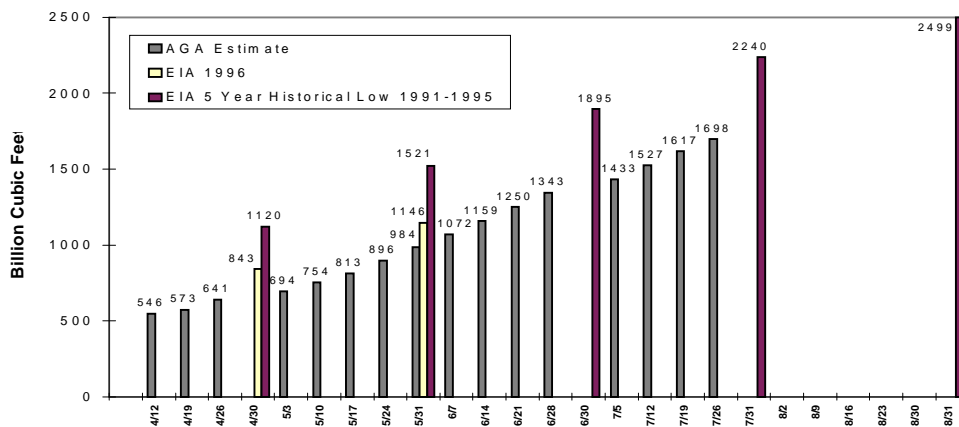
High Temperature for Four Selected Cities



Working Gas Volume as of 7/26/96		
	BCF	% Full
EAST	1008	56
WEST	317	66
Prod Area	373	41
U. S.	1698	53

Source: AGA

Working Gas In Storage 1996



NYMEX Henry Hub futures price for September delivery opened at \$2.295 per MMBtu on Monday, August 5, 1996, two cents less than the previous Friday's settlement price. Spot prices for August during bid week, which closed at 10:00 AM on July 29, ranged between \$2.14 per MMBtu to \$2.24 according to the Gas Daily. This was less than the futures settlement price of \$2.322 per MMBtu on Thursday, July 25, the closing day for the August delivery. The settlement price had been declining on the last several day's of trading of the futures market and it's average value during the last three trading days was \$2.36 per MMBtu. Thus, it appears that futures prices may not have converged to spot prices for many market participants, meaning that they did not receive a perfect hedge with a NYMEX futures contract. Overall, the futures settlement price for September delivery, the next contract to expire, trended downwards throughout July. At the beginning of July this price was \$2.85 per MMBtu, while at the end of the month it approached \$2.15.

United States Storage: Net injections slowed to 81 Bcf according to the AGA estimate for the week ending July 26. This was the first week since the end of May that additions to storage were not at or above 90 Bcf. Over 80 percent of last week's injections went to storage sites located in the East. This continues the pattern begun in mid-April which so far has most of injections dedicated to refilling Eastern region storage, while the Producing and West regions share much smaller volumes. Of the nearly 1.2 Tcf that AGA estimates has been injected into storage thus far this year, almost 75 percent, or about 850 Bcf, has gone into Eastern region storage facilities. Of the remaining 25%, or about 304 Bcf, the Producing and West regions have received about 212 Bcf and 92 Bcf, respectively. This pattern is indicative of the critical role that gas stored in or near market areas plays in satisfying the demands of local distribution companies, marketers, and end users in the East consuming region during the heating season. [Based on EIA data, the past winter's protracted heating season saw over 1500 Bcf withdrawn from over 250 Eastern region storage facilities.] On the other hand, some in the industry think that there is cause for concern in the slow pace of the refilling of Producing region storage facilities relative to last year. To date, AGA estimates put producing region storage at about 373 Bcf, or 41 percent of working gas capacity. Others believe, however, that the producing region can still accumulate sufficient stored gas to ensure supply reliability for the coming winter. They note that over 14 weeks remain before the start of the heating season (Nov. 1), that storage facilities are relatively close to production facilities, and that 23 of the nation's 25 rapid-cycle, salt-formation-based storage facilities are located in the Producing region.

Canadian Storage: The Canadian Gas Association reports that as of July 26, a total of 280 Bcf of working gas is in storage. This is an increase of 22.6 Bcf from the previous week and represents 55 percent of working gas capacity of 505 Bcf. Eastern and western storage sites have 113 Bcf and 167 Bcf, respectively.

Spot Prices: During the week of July 29 to August 2, spot prices at Henry Hub were near \$2.20 per MMBtu. This is about \$0.20 per MMBtu less than in the previous week as cooler than normal temperatures in the eastern part of the United States kept down the demand for natural gas used to generate electricity to satisfy cooling loads.

Futures Prices: Futures prices for September delivery remained volatile during the week. On Wednesday, July 31, the high and low prices were \$2.235 and \$2.135 per MMBtu, respectively. A \$0.10 per MMBtu difference in high and low prices for the day was also observed on August 1. Implied volatilities computed from futures options for the September futures contract, a measure of price variability, was near 60%. For most commodities, the implied volatility is less than 20%. Futures prices for September 1996 through January 1997 deliveries are increasing in each subsequent month. On Thursday, August 1, these prices were \$2.276 (September), \$2.295 (October), \$2.369 (November), \$2.413 (December) and \$2.418 (January). This is considered a more normal pattern for a commodity with seasonal demands and significant storage costs. This is the first time in recent weeks that the natural gas futures contract market has begun to behave more "normally."

Summary Price volatility remains great in the gas marketplace. Yet, prices are lower than they have been all summer. Thus, conditions are supportive of increased storage injections.