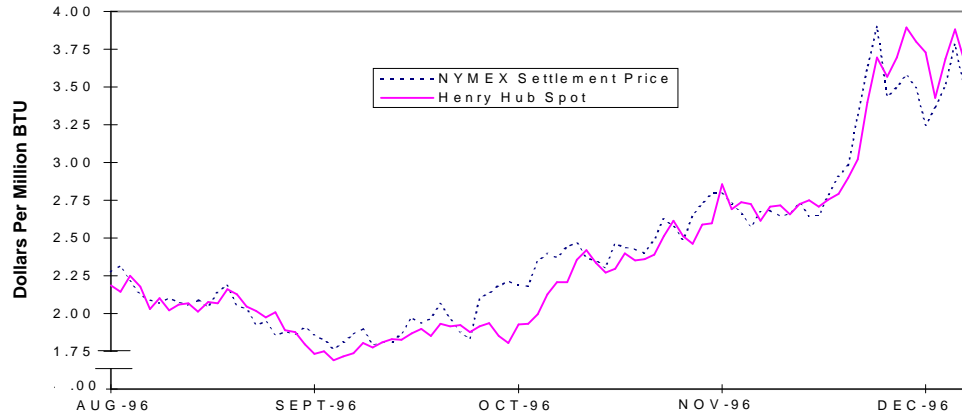


NYMEX Price Futures vs Henry Hub Spot Price

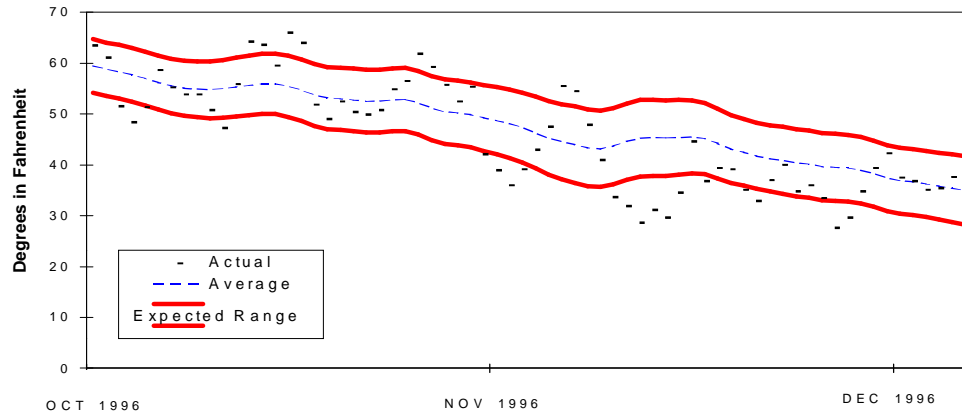
HENRY HUB PRICE		
	CASH	FUTURES
	Dec.	Jan.
	Del	Del
	(\$ per MMBtu)	
12/02	3.71-3.75	3.246
12/03	3.39-3.47	3.364
12/04	3.63-3.74	3.505
12/05	3.83-3.93	3.784
12/06	3.60-3.73	3.487



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)

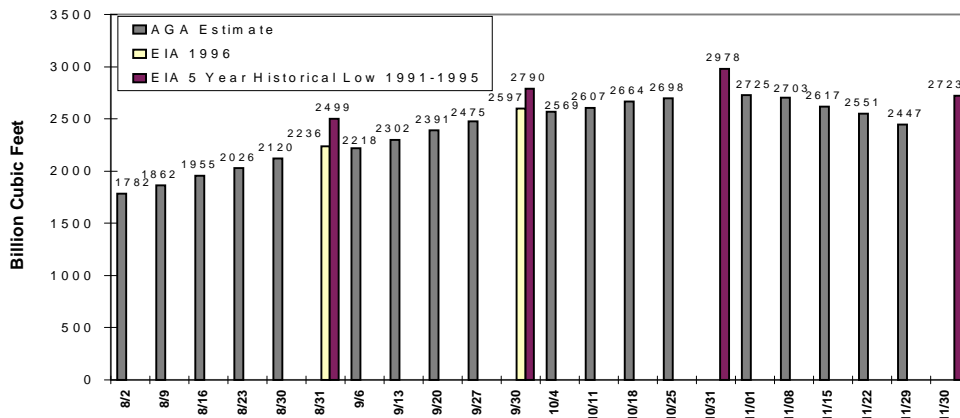
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
12/01	42	37	5
12/02	38	37	1
12/03	37	37	0
12/04	35	36	-1
12/05	35	36	-1
12/06	38	35	3
12/07	38	35	3



Working Gas In Storage 1996

Working Gas Volume as of 11/29/96		
	BCF	% Full
EAST	1,548	86
WEST	320	66
Prod Area	579	64
U. S.	2,447	77

Source: AGA



The NYMEX futures price for January delivery at the Henry Hub opened Monday, December 9, at \$3.280 per MMBtu, \$0.207 less than Friday's settlement price. Last week's weather forecasts calling for below normal temperatures to remain in effect in the Midwest and the East through the weekend had prices on both the spot and futures markets at the Henry Hub rising more than \$0.20 per MMBtu between days after midweek. By Thursday, the futures price for January delivery of \$3.784 per MMBtu had already surpassed the record-high contract closing of last year (\$3.448 per MMBtu) by \$0.336. But when weather forecasts for the weekend moderated, especially those for the Chicago area, prices retreated on both markets - dropping 15 to 30 cents across the board. Prior to Friday, prices at all spot markets rose steadily, especially in the West where cold weather and heavy snows have been prevalent in areas such as Portland, OR and Seattle, WA. Net withdrawals from storage during the last week of November are estimated to have exceeded 100 Bcf - a level not usually seen until December. The price and stock levels of other primary winter heating fuels (distillate oil and propane) and the high price of West Texas crude oil continue to be of concern in the overall energy market.

Storage: According to the American Gas Association (AGA), net storage withdrawals for the week ending Friday, November 29, were estimated to be 104 Bcf, bringing the total for most of November to 278 Bcf. Of this total, over 60 percent or 173 Bcf is estimated to have come from storage facilities located in the East Consuming region. For now, the level of working gas in eastern storage sites exceeds last year's estimate by almost 35 Bcf, even though the total of estimated working gas on hand is more than 200 Bcf less than at the same time last year. Based on EIA data, the previous 20-year high for November withdrawals (266 Bcf) occurred last November. During the past 5 years (1991-96), average net withdrawals for November have been less than 170 Bcf. Current cash prices - more than \$1.25 per MMBtu higher than last year - could be providing some added incentive for LDC's, marketers, and others to meet periods of increased demand primarily through withdrawals from storage.

Spot Prices: During the past week, spot prices at the Henry Hub generally continued the steady climb that began in early October and accelerated in mid-November. It is normal for cash prices to rise during this time of year. For example, between October 3, 1995 and December 7, 1995, cash prices at the Henry Hub increased \$0.56 per MMBtu (\$1.80 to \$2.36). Over the same period this year, prices at the Henry Hub have increased nearly \$1.80 per MMBtu. Also, in contrast to previous years, these elevated prices are being seen at all major market locations: e.g., Katy, East TX - \$3.55 per MMBtu; Waha, West TX - \$3.40; and Rocky Mtn.- \$3.50. Prices at all these locations were between \$1.30 and \$1.80 per MMBtu less last year at this time. Spot prices at many Canadian import locations have also risen and are currently at the following levels: in the West - Sumas, WA, \$3.39 per MMBtu; and in the East - Iroquois, \$4.42. In early November, prices at these entry points were: \$2.14 per MMBtu at Sumas and \$2.84 at Iroquois.

Futures Price: The NYMEX futures price for January delivery at the Henry Hub began the week at \$3.246, about \$0.25 per MMBtu less than the previous close on Wednesday, November 27. However, by Thursday, December 5, in response to the reports of large withdrawals from storage the previous week and forecasts for continued colder-than-normal weather in much of the northern tier of the United States, it had increased more than \$0.54 per MMBtu. On Friday it dropped almost \$0.30 per MMBtu settling at \$3.487 on reports of moderating weather in the Midwest. At this time last year, the futures price for January delivery was \$2.208 per MMBtu before closing at the record high price for the January contract of \$3.448. Prices for the February and March contracts are also at record-breaking levels of \$3.186 and \$2.780 per MMBtu, respectively.

Summary: Below normal temperatures in much of the northern United States are forecasted to continue. The already extensive use of the industry's storage resources, coupled with the high price and low stock levels of other primary winter heating fuels, appear to be combining to place strong upward price pressure on all gas markets.