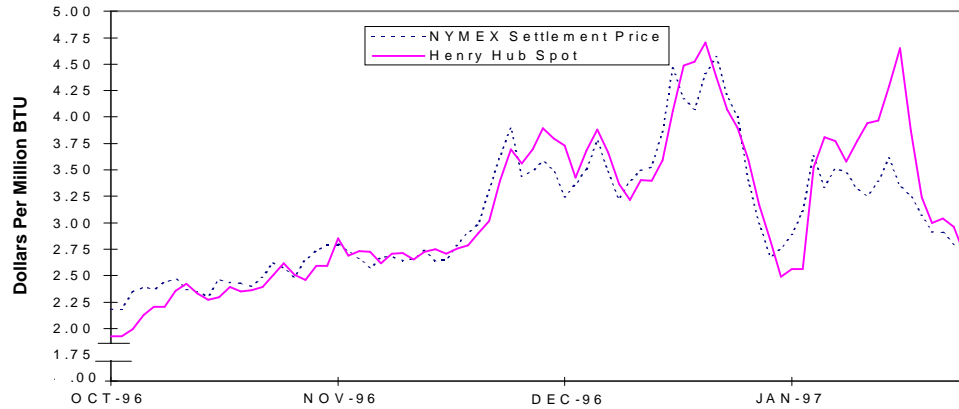


**NYMEX Price Futures vs Henry Hub Spot Price**

HENRY HUB PRICE		
	CASH	FUTURES
	Jan	Feb
	Del	Del
	(\$ per MMBtu)	
01/20	3.18-3.30	3.070
01/21	2.90-3.10	2.916
01/22	2.99-3.09	2.908
01/23	2.87-3.05	2.794
01/24	2.61-2.78	2.824

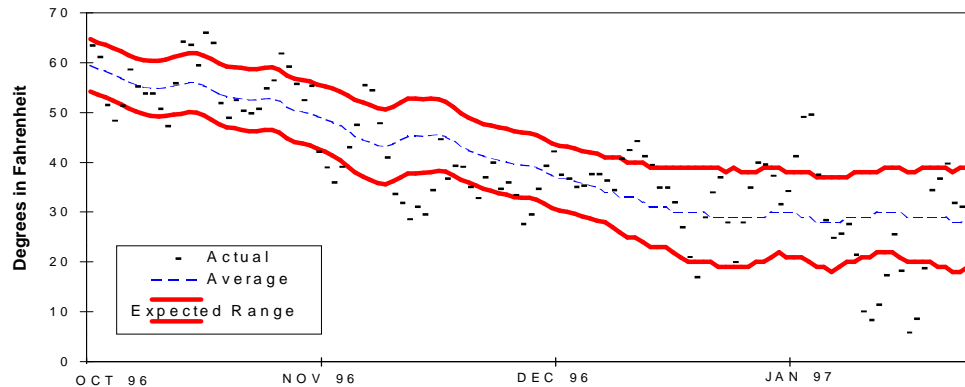


Note: The Henry Hub spot price is from the GAS DAILY and is the midpoint of their high and low price for a day.

**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
01/19	19	29	-10
01/20	35	29	6
01/21	37	29	8
01/22	40	29	11
01/23	32	28	4
01/24	31	28	3
01/25	24	29	-5

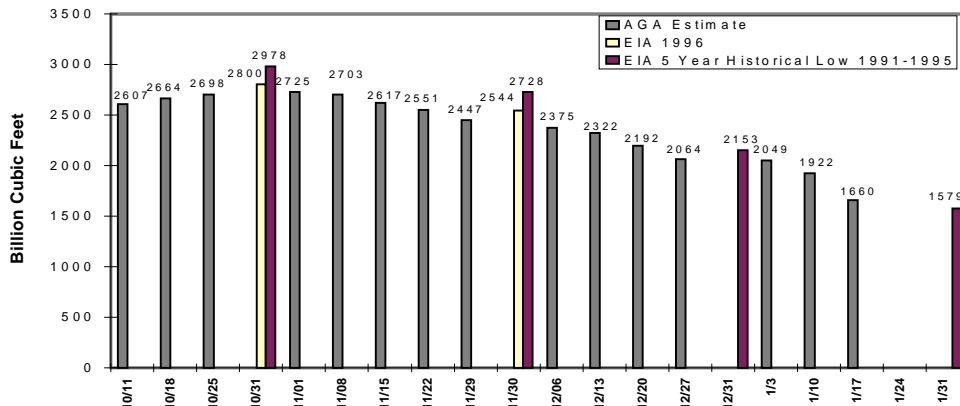


The bounds are computed by adding and subtracting from the average temperatures for the last 10 years an amount equal to twice an estimate of the standard deviation for temperatures on a day.

**Working Gas In Storage 1996-1997**

Working Gas Volume as of 01/17/97		
	BCF	% Full
EAST	1,066	60
WEST	237	49
Prod Area	357	39
U. S.	1,922	52

Source: AGA



The NYMEX futures price for February delivery at the Henry Hub opened Monday, January 27, at \$2.900 per MMBtu, before closing at \$2.986 - \$0.162 higher than Friday's settlement price and \$0.65 higher than last year's February contract. The price of the February futures contract had declined 4 out of 5 days last week, and by Friday was down \$0.433 per MMBtu. Prices also declined on spot markets with the return last week of normal to moderate temperatures to the eastern third of the country. The four metropolitan areas monitored in this report had temperatures that averaged 35 percent warmer than normal at mid-week. Compared with week-earlier levels, spot prices declined by more than \$1.00 per MMBtu at the Henry Hub and by more than \$2.00 at most markets in the Midcontinent. Net estimated withdrawals from storage during the week ending January 17th were more than double the level of the previous week, but did not appear to have any significant impact on prices. The price of West Texas crude oil was also down and ended the week close to \$24.00 per barrel - a level not seen in several weeks. Normal to colder-than-normal temperatures are forecasted for the Plains states and the Midwest in the coming week. Some forecasts are calling for this weather pattern to spread to the Northeast.

**Storage:** Based on American Gas Association (AGA) estimates for the week ending Friday, January 17, net withdrawals from storage were 262 Bcf - by far the largest weekly total seen this heating season and more than double the previous week's level of 127 Bcf. The high level of estimated storage withdrawals is testament to the severe cold weather in the Midwest and the East during that period. According to AGA, over 150 Bcf was withdrawn from storage facilities located in the East Consuming region, which was reminiscent of the levels during early February last year. Even with this high withdrawal activity, estimated working gas available in the East remains about 20 percent or more than 170 Bcf greater than at the same last year.

**Spot Prices:** On Monday of last week, the spot price for gas available at the Henry Hub was about \$3.25 per MMBtu, almost \$0.60 less than on the previous Friday. As weather forecasts continued to call for moderating temperatures, prices continued to drop, and by Friday were down another \$0.50 per MMBtu. Prices at other major market locations in the Midcontinent had even sharper declines. Some of the steepest declines are worth noting: Katy in East Texas was down \$2.20 per MMBtu; Waha, in West Texas - \$2.60; Opal in Wyoming - \$2.05; and Chicago city gate - \$4.00. By the end of the week, most spot market prices were in the \$2.40 to \$2.60 per MMBtu range. The price premium between the spot and futures price at the Henry Hub, which was as high as \$1.30 per MMBtu last week, has disappeared at the beginning of bid week for the February contract as a result of the reduction in demand from the milder weather.

**Futures Prices:** The price of the February futures contract remained below \$3.00 per MMBtu for most of last week at the Henry Hub, settling at a low of \$2.794 per MMBtu on Thursday. It closed at \$2.986 on Monday, January 27, after reaching a high of \$3.064 during the day. At the end of the business day on Monday at the Henry Hub, the spot price and the February futures contract price were less than \$0.02 per MMBtu apart - \$2.986 vs about \$3.00. This year's final February futures contract is almost \$0.65 per MMBtu higher than last year's \$2.340, which was considered high at that time. The March 1997 futures contract settled at \$2.615 per MMBtu, up \$0.058 from Friday's close.

**Summary:** The moderate weather of last week provided some welcomed downward pressure on spot market prices, especially in those markets that serve the Midwest. Weather forecasts calling for the return of winter-like temperatures helped the February contract move up on its last business day. Storage levels in the East remain well above last year following the highest weekly withdrawals of the season.