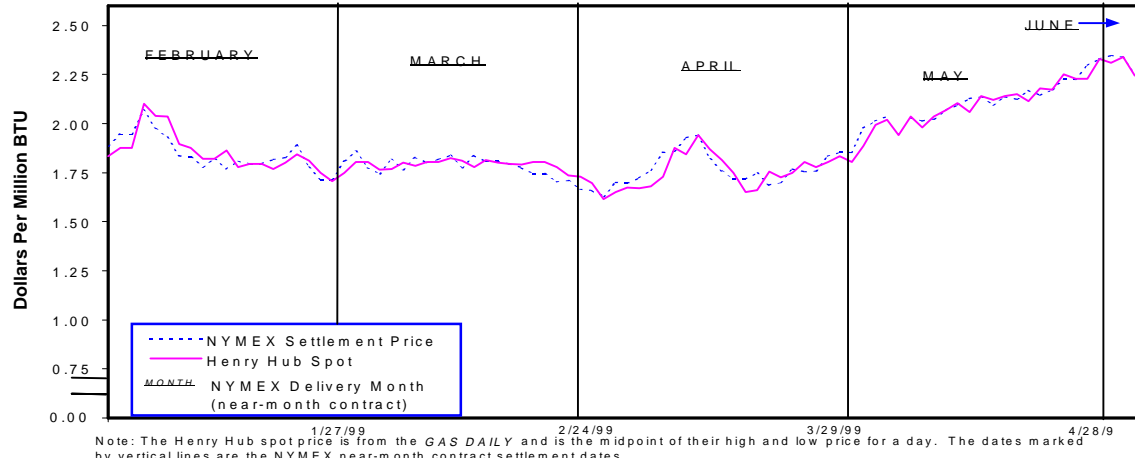


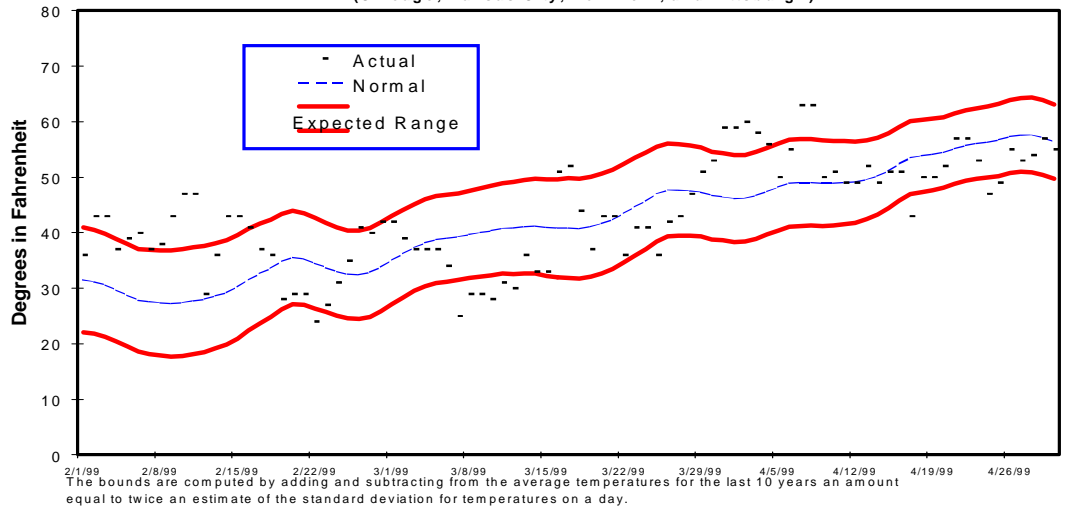
NYMEX Future Prices vs Henry Hub Spot Prices

HENRY HUB PRICE (\$ per MMBtu)		
	SPOT	FUTURES
	April	May/June
	Del	Del
4/30	2.21-2.25	2.299
5/01	2.31-2.35	2.331
5/02	2.29-2.33	2.348
5/03	2.33-2.35	2.339
5/04	2.21-2.28	2.253



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

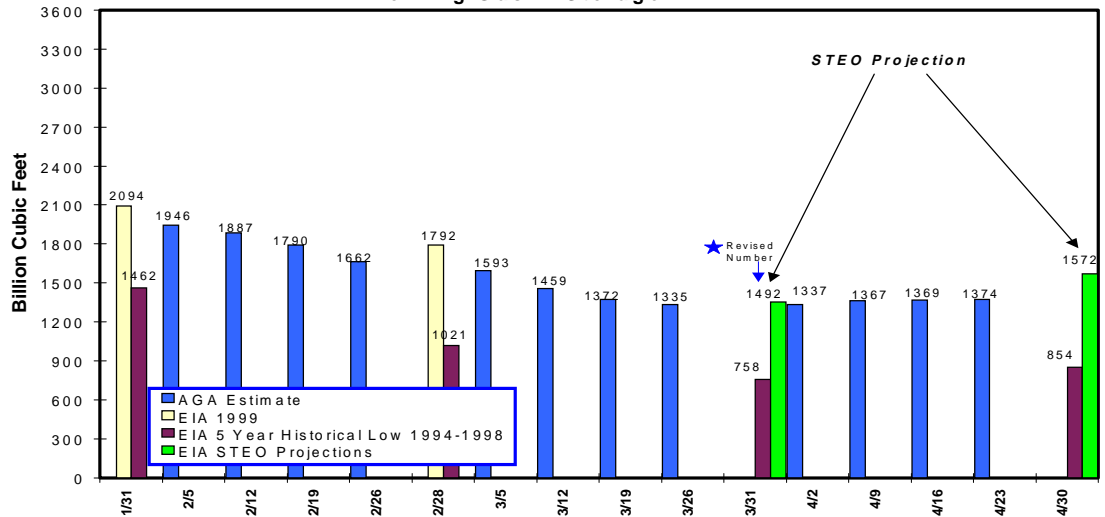
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
4/24	47	56	-9
4/25	49	57	-8
4/26	55	57	-2
4/27	53	58	-5
4/28	54	58	-4
4/29	57	57	0
4/30	55	56	-1



Working Gas Volume as of 4/23/99		
	BCF	% Full
EAST	600	33
WEST	236	48
Prod Area	538	57
U. S.	1,374	42

Source: AGA

Working Gas In Storage



The NYMEX futures contract price for May delivery at the Henry Hub closed on Wednesday, April 28, at \$2.348 per MMBtu—almost \$0.50 higher than the final price for the April contract. Temperatures moved up in most parts of the country last week but generally remained below normal. For the second consecutive week, the composite average temperatures in the four cities monitored for this report (Chicago, Kansas City, New York, and Pittsburgh) were between 1 and 9 degrees below normal. Spot prices at the Henry Hub continued to trend up most days last week and reached a high of \$2.35 per MMBtu on Thursday before moving down to end the week at about \$2.25 on Friday. The new near-month (June) futures contract also moved down and ended the week at \$2.253 per MMBtu. Net additions to storage during the third week of April were estimated to have been less than 1 Bcf per day, well below the level for the same week last year. The price of West Texas Intermediate crude oil again moved up as it ended the week at \$18.70 per barrel—roughly equivalent to \$3.25 per MMBtu.

Storage: For the week ending Friday, April 23, the American Gas Association (AGA) estimated that net injections to storage were only 5 Bcf. This brings the AGA estimate of net storage additions thus far in April to about 40 Bcf. The cool spring temperatures in many parts of the country so far this year and elevated storage inventory levels at the end of the past winter appear to be contributing to the low refill rate. During the same week last year, AGA reported that 64 Bcf was added to the working gas inventory. According to AGA, even with this reduced refill rate, overall working gas inventories, continue to be ahead of last year at this time (1,374 Bcf vs. 1,199). EIA estimates that 1,492 Bcf of working gas was on hand at the end of March, well above last year's total of 1,185 Bcf and almost 450 Bcf greater than the average for the previous 5 years (1,046 Bcf). The EIA estimate of 1,492 Bcf would be the highest end-of-March storage inventory level since 1992 when stocks totaled 1,545 Bcf.

Spot Prices: Over the past 2 weeks, spot prices at the Henry Hub have been at their highest levels—between \$2.20 and \$2.35 per MMBtu—since last October. The key factors contributing to these higher prices have been the late arrival of spring-time temperatures in many parts of the country, the “follow the screen” effect from price rises on the futures market, and the recent increases in the price of petroleum.

Futures Market: The price for the NYMEX May futures contract continued to move up during bid- week and settled at the highest level for a near-month contract since July's \$2.362 per MMBtu. Several factors appear to be contributing to this upward price trend. Some of those noted by market observers and the industry media have been: the sharp drop from last year in the number of drilling rigs directed toward gas (368 vs. 600); the decrease (although less than 1 percent) in domestic production in the first quarter of 1999 along with some forecasts calling for U.S. production to drop 2 to 5 percent over the next 12 months; the potential need for additional natural gas electric generating capacity this summer; and increased demand from the continued growth of the U.S. economy. The June contract opened today (May 3) at \$2.24 per MMBtu, \$0.013 less than Friday's settlement price.

Summary: The NYMEX near-month (May) contract closed at \$2.348 per MMBtu—the highest level since last summer as news about lower domestic production and potential growth in demand have buyers putting upward pressure on the market. Weekly net injections to storage were again much lower than last year, but overall stocks remain at a 7-year high.