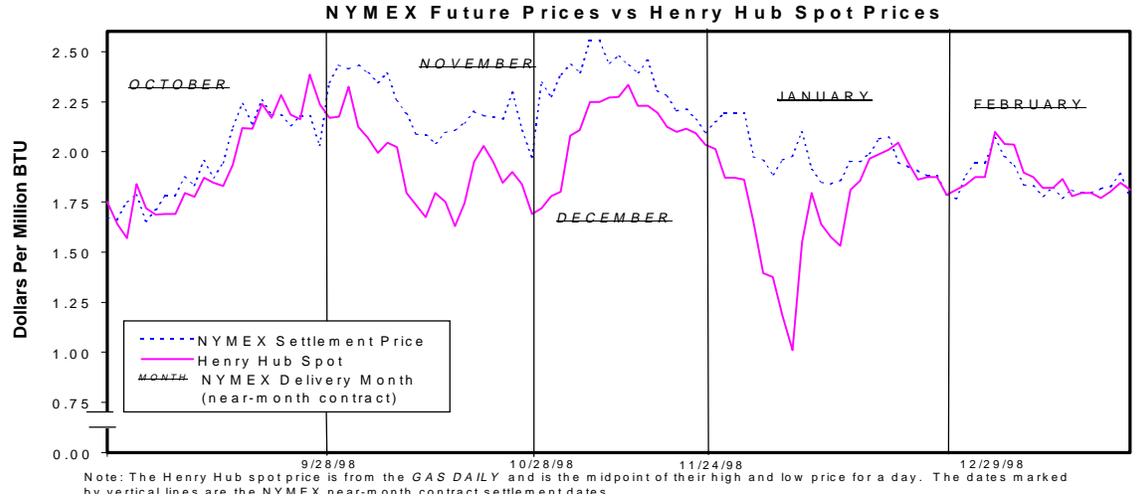
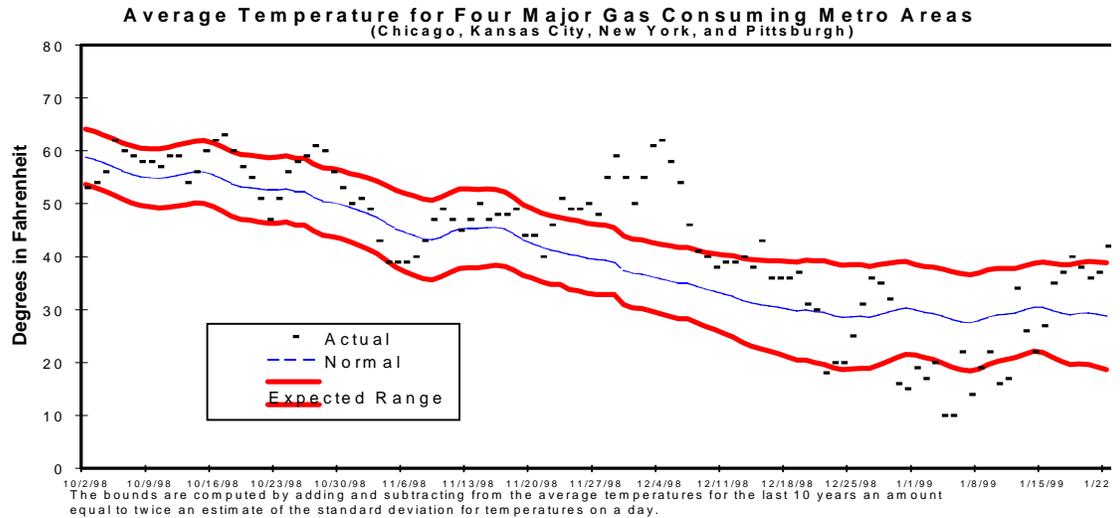


HENRY HUB PRICE (\$ per MMBtu)		
SPOT	FUTURES	
January Del	February Del	
1/18	1.78-1.81	Holiday
1/19	1.75-1.79	1.817
1/20	1.77-1.83	1.827
1/21	1.83-1.86	1.892
1/22	1.80-1.82	1.778



Average Temperature for Four Major Gas Consuming Areas

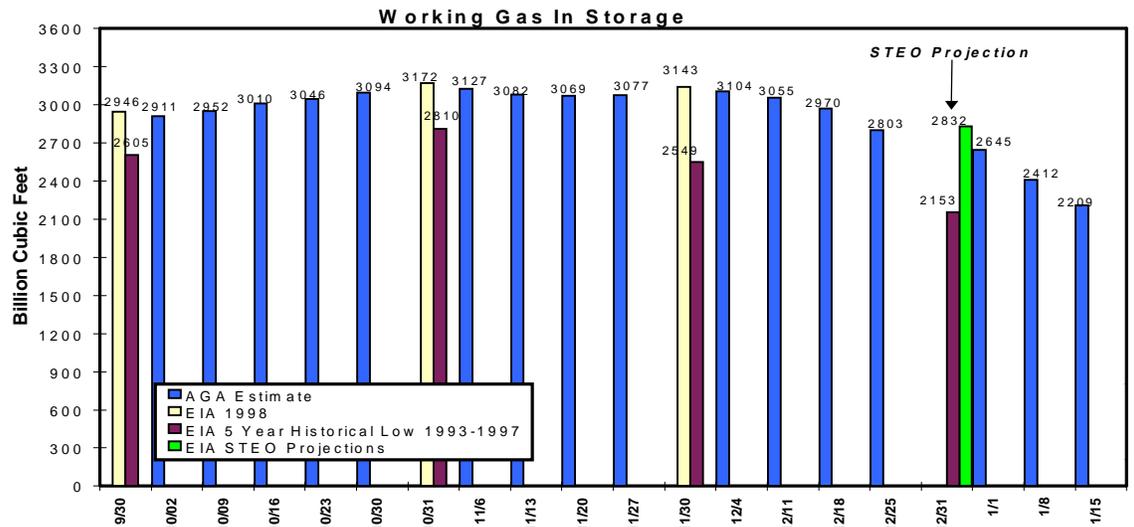
	Actual	Normal	Diff
1/16	35	30	5
1/17	37	29	8
1/18	40	29	11
1/19	38	29	9
1/20	36	29	7
1/21	37	29	8
1/22	42	29	13



Working Gas Volume as of 1/15/99

	BCF	% Full
EAST	1182	65
WEST	356	73
Prod Area	671	71
U. S.	2209	68

Source: AGA



The NYMEX futures price for February delivery at the Henry Hub opened Monday, January 25, at \$1.730 per MMBtu, \$0.048 less than Friday's settlement price. Generally mild temperatures returned to most parts of the country last week with daytime highs in Chicago, Cleveland, Detroit, and Pittsburgh above 60 degrees on Thursday and Friday. The National Weather Service (NWS) forecasts are calling for moderate weather to continue in the East for most of this week and for above normal temperatures to prevail in most parts of the country during February and March. Thus far this season, the NWS reports that heating degree days (HDD) are lower than normal throughout the United States. This is especially the case in major gas-consuming areas. For example, the number of HDDs are 15 percent below normal for Chicago and New York City, 12 percent below for both Kansas City and Philadelphia, and 9 percent below for Pittsburgh. The spot price at the Henry Hub remained stable early in the week before gaining about 5 cents per MMBtu on Thursday, then moved down to end the week at \$1.82. The February NYMEX contract, which closes this week, displayed some volatility last week as it gained more than 8 cents at midweek before dropping almost 12 cents on Friday to settle at \$1.778 per MMBtu. Withdrawals from storage during the second week of January exceeded 200 Bcf for the second consecutive week. The price of West Texas Intermediate crude oil gained more than 50 cents late in the week to end trading on Friday at \$12.70 per barrel—roughly equivalent to \$2.20 per MMBtu.

Storage: For the week ending Friday, January 15, the American Gas Association (AGA) estimated that withdrawals from storage totaled 203 Bcf. Thus, almost 440 Bcf was estimated to have been withdrawn from storage during the first 2 weeks in January. This is almost equal to total estimated withdrawals for the entire month of December (450 Bcf) and at a rate well ahead of the most recent 3-year average for January weekly withdrawals (155 Bcf). Yet even with this recent accelerated rate, industry storage facilities have 372 Bcf more gas on hand than at the same time last year (2,209 Bcf vs. 1,837). Most of this differential is held in storage sites in the Producing region, which have 220 Bcf more gas on hand than at the same time last year (671 Bcf vs. 451). At the same time, the Consuming West region has a differential of 126 Bcf from last year's level (356 Bcf vs. 229). The Consuming East region, which encompasses virtually the entire area east of the Mississippi River, has 25 Bcf more gas on hand than last year (1,182 Bcf vs. 1,157).

Spot Prices: Since early January, the spot price of gas has moved down at most major market locations as the prevailing market fundamentals of ample supply, relatively low seasonal demand, robust stock levels, and depressed oil prices continue to be dominant. The price last week at an overwhelming majority of U.S. markets ranged between \$1.65 and \$1.75 per MMBtu. This is the beginning of bid week and the spot price remains within 1 to 3 cents per MMBtu of the near-month futures contract. This could be an indication that the market believes that future demand will not increase under current and anticipated conditions.

Futures Prices: The price of the February futures contract appears to be continuing the downward trend that began in early January. It did have a short-lived 1-day gain last Thursday when it settled at the end of trading at \$1.892 per MMBtu. This may have been a reaction to the higher-than-expected 200+ Bcf storage withdrawal that was reported the day before, but by Friday the price had dropped almost 12 cents per MMBtu to end the week at \$1.778. The contract will expire on Wednesday, January 27, and it appears that it may close below the closing level of the January contract (\$1.763 per MMBtu).

Summary: A full week of above-normal temperatures continued to put downward pressure on prices. The February futures contract continues to trend down and may close below the January contract's \$1.763 per MMBtu. Stocks continue to be robust even after higher-than-expected storage withdrawals.