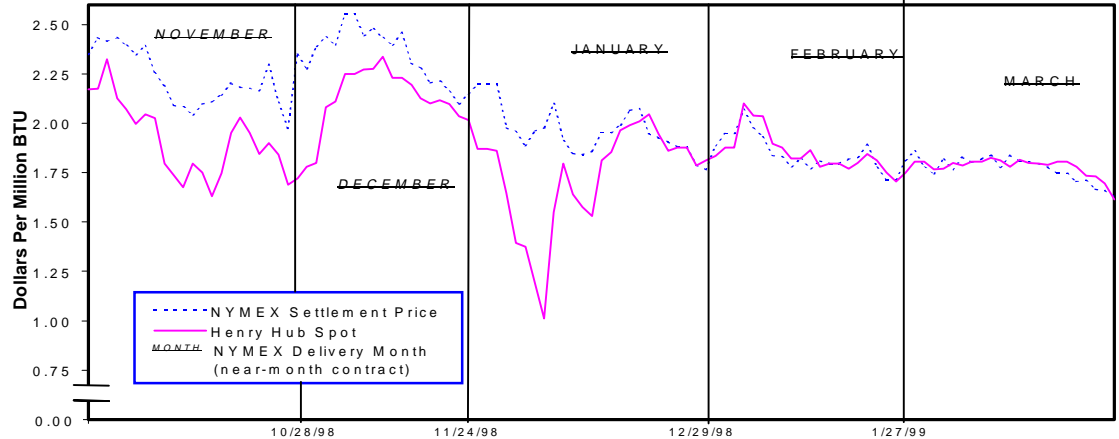


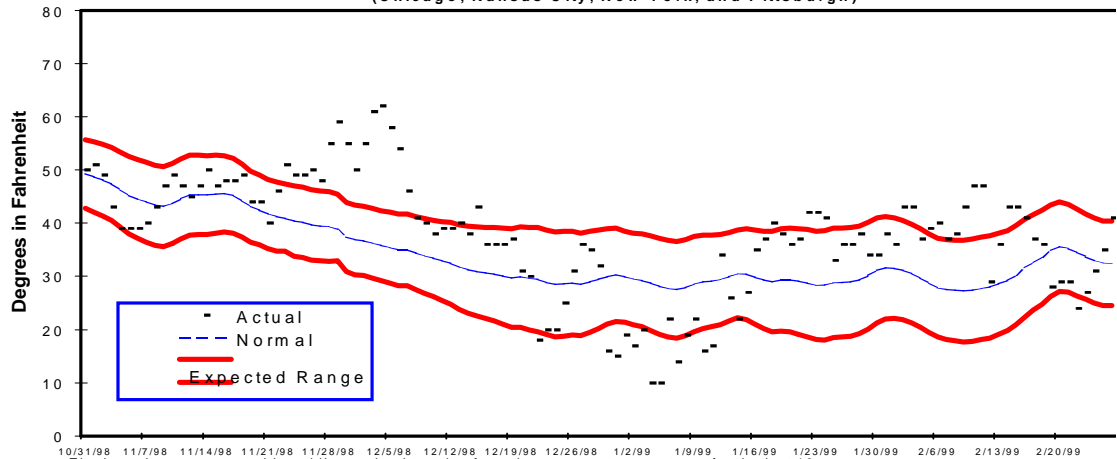
NYMEX Future Prices vs Henry Hub Spot Prices



Note: The Henry Hub spot price is from the GAS DAILY and is the midpoint of their high and low price for a day. The dates marked by vertical lines are the NYMEX near-month contract settlement dates.

HENRY HUB PRICE (\$ per MMBtu)		
	SPOT	FUTURES
	February	March/Apr
	Del	Del
2/22	1.76-1.80	1.704
2/23	1.72-1.75	1.710
2/24	1.71-1.75	1.666
2/25	1.67-1.72	1.659
2/26	1.59-1.64	1.628

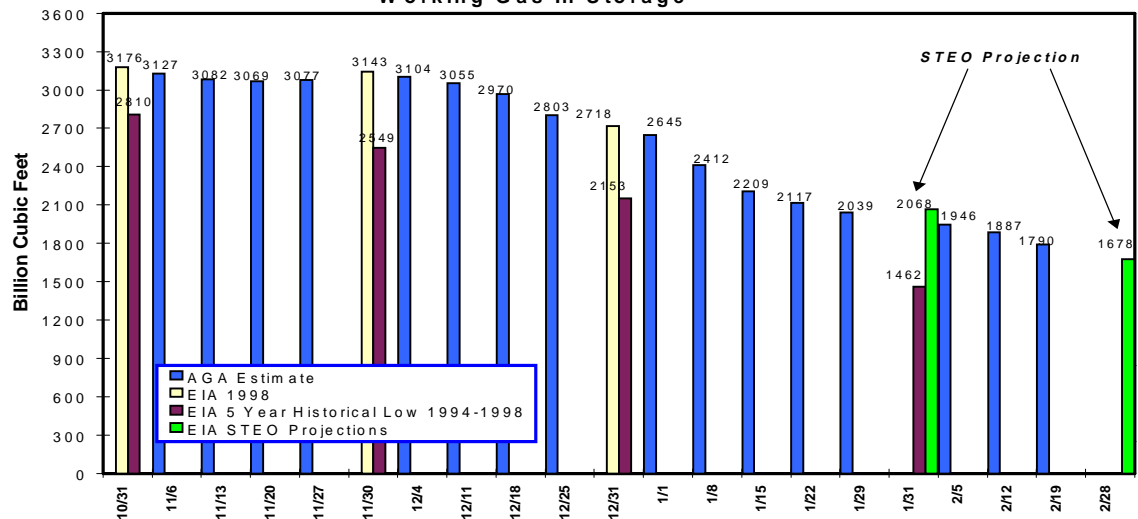
**Average Temperature for Four Major Gas Consuming Metro Areas
(Chicago, Kansas City, New York, and Pittsburgh)**



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.

Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
2/20	29	36	-7
2/21	29	35	-6
2/22	24	35	-11
2/23	27	34	-7
2/24	31	33	-2
2/25	35	33	2
2/26	41	32	9

Working Gas In Storage



Working Gas Volume as of 2/19/99		
	BCF	% Full
EAST	891	49
WEST	290	59
Prod Area	609	64
U. S.	1790	55

Source: AGA

The NYMEX futures contract for March delivery at the Henry Hub closed on Wednesday, February 24, at \$1.666 per MMBtu, about 20 cents less than when it began trading as the near-month contract in late January (\$1.860) and \$0.62 less than last year's March contract. Last week's seasonal temperatures in the Northeast—the first such period in over a month—brought daytime highs in the mid-30s to Boston, Cleveland, and New York, as well as other cities. This week's forecasts are calling for a return to moderate weather in most parts of the country. Nationally, according to National Weather Service data, this heating season has recorded almost 12 percent less heating degree days (HDD) than normal. At the same time, most major gas-consuming areas of the country have seen an even greater decline. For example, Chicago, Detroit, and Kansas City have had an 18-percent decline in HDD, while New York City, Pittsburgh, and St. Louis have had a 15-percent drop. Spot prices began bid week near \$1.80 per MMBtu—about the same level they had been for the previous 5 weeks. During the remainder of the week, the price trended down each day and ended the week at about \$1.62. The March NYMEX contract opened the week down 10 cents at \$1.704 per MMBtu and continued to decline up to its expiration on Wednesday. During the third week of February, withdrawals from storage averaged almost 14 Bcf per day. The price of West Texas Intermediate crude oil moved up about 50 cents per barrel through last Thursday before dropping 30 cents on Friday to end the week at \$12.05—roughly equivalent to \$2.09 per MMBtu. The posted price of low sulfur (less than 1 percent) residual fuel oil in New York Harbor was \$1.55 per MMBtu and about \$1.40 along the Gulf Coast last week.

Storage: Based on the American Gas Association's (AGA) weekly estimate, net storage withdrawals for the week ending Friday, February 19, were 97 Bcf—almost 40 Bcf more than during the previous week. With about 5 weeks remaining in the heating season, 1,790 Bcf of working gas was still available—442 Bcf or 32 percent more than last year at the same time. The majority of last week's storage withdrawals (72 Bcf) occurred in the East Consuming region, which at the end of the third week of February had 49 percent of its working gas capacity still available (891 Bcf). The other two regions, the Producing and the West Consuming, have 64 percent (609 Bcf) and 59 percent (290 Bcf), respectively. Storage levels in Canada are also well ahead of last year at the same time. On February 19, almost 24 percent more gas was still available compared with the year-earlier level (257 Bcf vs. 208).

Spot Prices: Seasonal temperatures in the Northeast last week were the key factor in keeping spot prices stable at about \$1.80 per MMBtu at the Henry Hub at the beginning of the week. But following the closing of the March NYMEX contract on Wednesday at \$1.666 per MMBtu, and with the absence of any favorable market fundamentals, prices declined to end the week at \$1.62. Prices at other major market locations also moved down sharply and on Friday, February 26, ranged from \$1.80 per MMBtu in Chicago to \$1.36 in the Rockies.

Futures Prices: During bid week, the highest price (\$1.760 per MMBtu) seen for the March contract was near the opening of trading on Monday, February 22. The next 2 days saw a steady decline as the dominant market fundamentals of strong supply, mild winter temperatures, high stocks, and low oil prices continued to prevail. The April NYMEX contract at the Henry Hub began trading on Thursday at \$1.659 per MMBtu and opened on Monday, March 1, at \$1.650.

Summary: The March NYMEX futures contract continued to trend down last week before closing at \$0.62 per MMBtu less than last year's contract. Spot prices, which had been stable for over a month, also began to move down, and the median posted price at major market hubs at the end of last week was about \$1.50 per MMBtu. Stock levels remain almost 33 percent higher than last year.