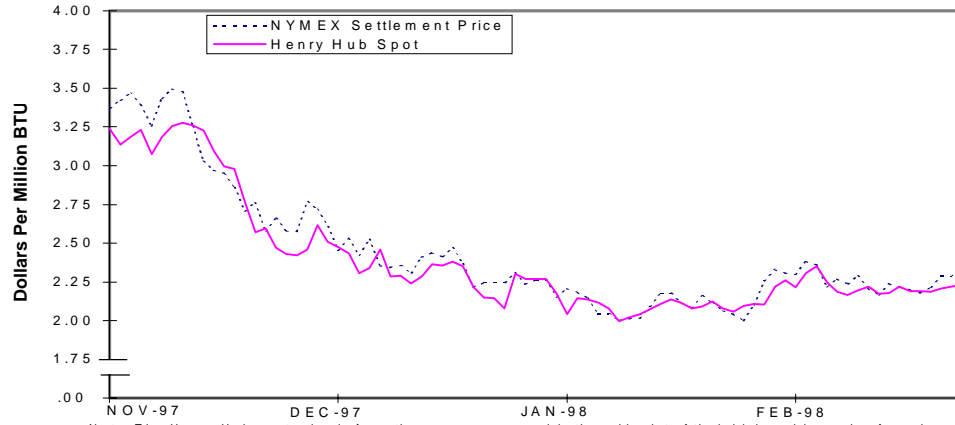


NYMEX Future Prices vs Henry Hub Spot Prices

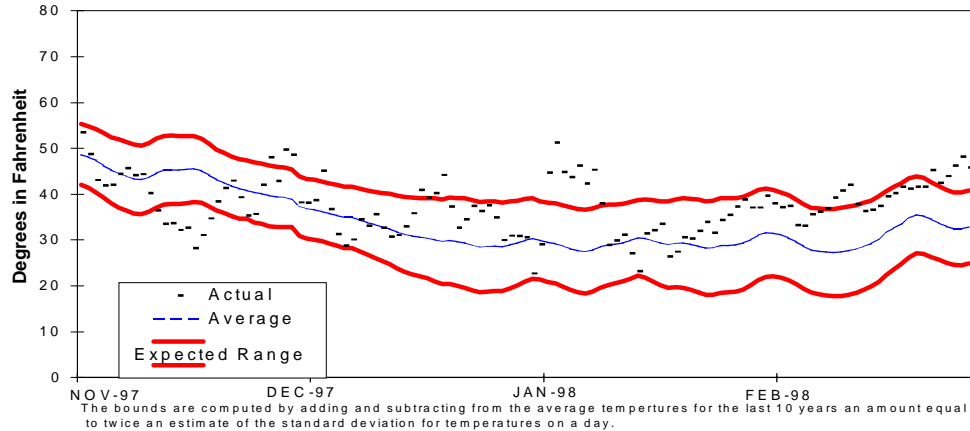
HENRY HUB PRICE		
	SPOT	FUTURES
	Feb	Mar/Apr
	Del	Del
	(\$ per MMBtu)	
2/23	2.17-2.21	2.179
2/24	2.17-2.20	2.216
2/25	2.19-2.22	2.286
2/26	2.20-2.24	2.284
2/27	2.21-2.25	2.321



Average temperature for Four Major Gas Consuming Metro Areas

(Chicago, Kansas City, New York, and Pittsburgh)

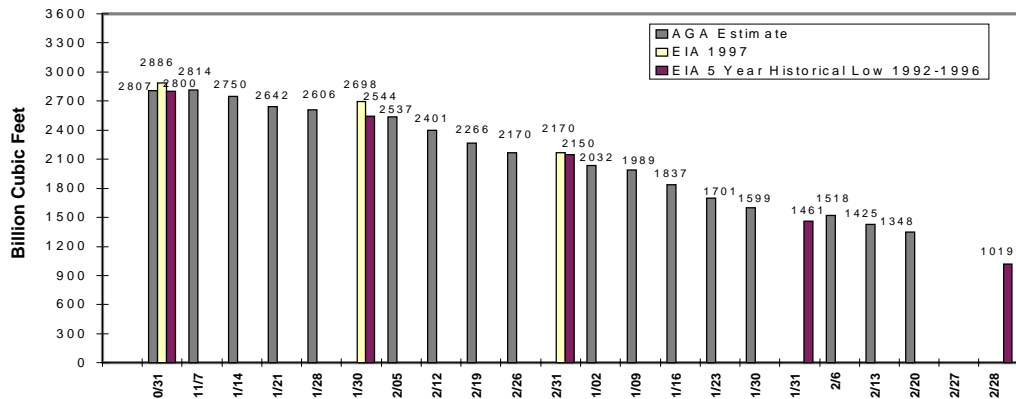
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
2/21	42	35	7
2/22	45	35	10
2/23	43	34	9
2/24	44	33	11
2/25	46	33	13
2/26	48	32	16
2/27	46	33	13



Working Gas In Storage

Working Gas Volume as of 2/20/98		
	BCF	% Full
EAST	778	44
WEST	202	42
Prod Area	368	40
U. S.	1348	42

Source: AGA



The NYMEX futures contract for March delivery at the Henry Hub closed on Wednesday, February 25, at \$2.286 per MMBtu - almost \$0.30 higher than the February contract. This marked the first time in 5 months that the expiring contract closed at a higher price than the previous month's contract. Strong support for this increase is not readily identifiable at this time since basic market fundamentals have remained the same - generally moderate weather, good supply, and no major distribution bottlenecks, etc. The National Weather Service (NWS), however, is forecasting that normal temperatures accompanied by some measurable snowfalls will move across the Midwest this week. This will be in sharp contrast to earlier weeks this year, as the NWS reports that temperatures in the United States have been about 25 percent warmer than normal since January 1. The futures contract for April delivery opened today, Monday, March 2, at \$2.335 per MMBtu, \$0.014 more than Friday's settlement price. Similar to the previous week, spot prices at the Henry Hub remained generally near \$2.20 per MMBtu most days last week. According to the latest Bureau of Labor Statistics (BLS) data for January, the seasonally adjusted price index for natural gas delivered to residential consumers declined for the second consecutive month. The improvement in the Iraqi/UN tensions contributed to a resumption in the price decline of West Texas crude oil as it ended the week below \$15.50 per barrel.

Storage: For the week ending Friday, February 20, the American Gas Association (AGA) estimated that net withdrawals from storage totaled 77 Bcf. This estimate is similar to the previous week's 81 Bcf and continues to reflect the generally mild temperatures that have been prevalent since early January. Total working gas available remains well above (almost 285 Bcf) levels seen last year at the same time. Canadian storage operators are also reporting higher working gas levels than last year. The Canadian Gas Association estimates that working gas levels as of February 20 were more than 19 percent higher than at the same time last year - 142 Bcf vs. 119 Bcf.

Spot Prices: Natural gas continued to be traded at the Henry Hub at generally the same price level as the previous week - about \$2.20 per MMBtu. Considering that last week was bid week for the March futures contract, prices showed surprisingly little movement. Over the 5 days, the difference between the midpoint of high and low prices was about 4 cents (\$2.19 to \$2.23 per MMBtu). On the closing day of the March futures contract, the spot price was trading for about 8 cents less per MMBtu at the Henry Hub, indicating that current supplies are adequate.

Futures Prices: The reasons for the higher March contract price compared with February's (\$2.286 vs. \$2.001 per MMBtu) are somewhat unclear at this time, as none of the traditional market fundamentals are present that usually contribute to upward price pressure. Some market observers have suggested that the upward price movement could be caused by an increase in futures contract purchasing by large institutional investment funds or because some groups are taking steps to avoid being short of supply later in the month in case more typical winter-like weather occurs. Last year the March contract closed at \$1.761 per MMBtu - almost \$1.20 less than the February 1997 contract.

Consumer Prices: The BLS Consumer Price Index of natural gas for residential consumers moved down in January by less than 1 percent compared with December. This is the second consecutive month that the BLS has reported a decline in the price of natural gas to residential consumers, although the decline was considerably smaller than the 3.5 percent decrease between November and December. As in past months, the BLS data indicate that the price movements vary throughout the country. For example, Chicago and Los Angeles saw declines of 10 and 17 percent, respectively, compared to December, while Baltimore and Dallas had reductions of 3 and 6 percent. The majority of other metropolitan areas surveyed by BLS had little or no price change between December and January.

Summary: The March futures contract settled higher than the February contract price, ending four consecutive months of declining future contract settlement prices. Consumer prices for natural gas declined again in January but at a slower rate than in December. Working gas storage levels remained close to 300 Bcf above last year.