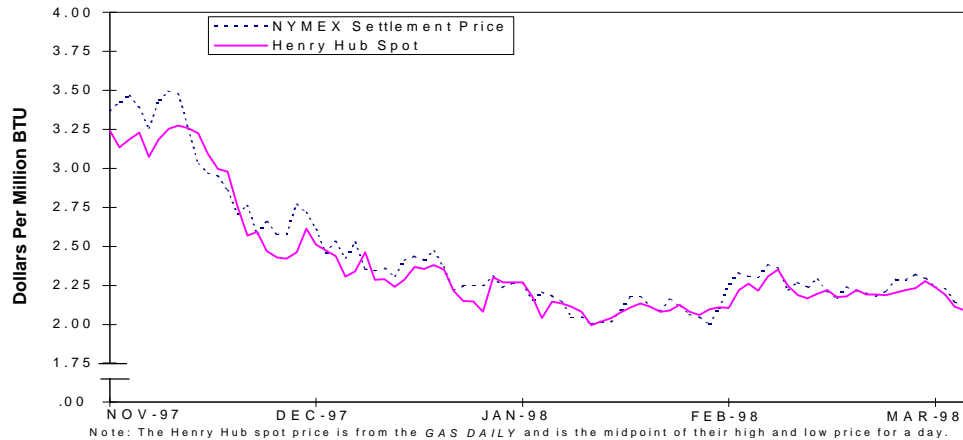


NYMEX Future Prices vs Henry Hub Spot Prices

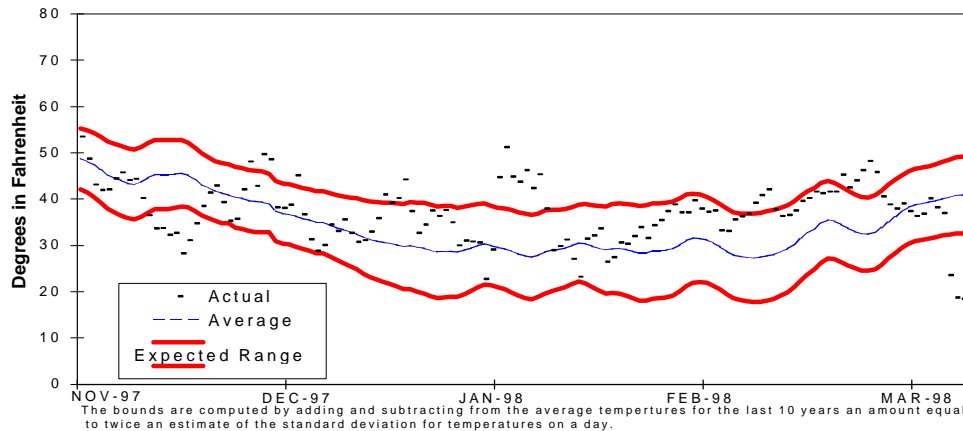
HENRY HUB PRICE		
	SPOT	FUTURES
	Mar	Apr
	Del	Del
	(\$ per MMBtu)	
3/09	2.14-2.19	2.169
3/10	2.20-2.26	2.137
3/11	2.23-2.27	2.172
3/12	2.22-2.27	2.134
3/13	2.18-2.23	2.137



Average temperature for Four Major Gas Consuming Metro Areas

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

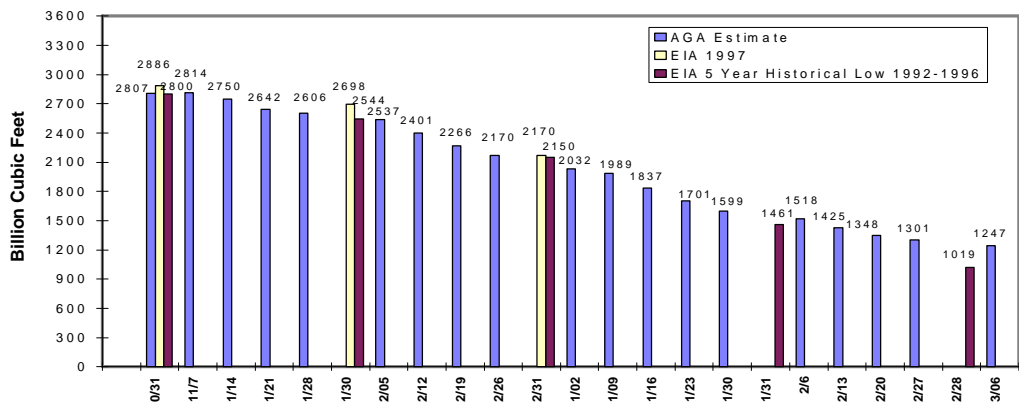
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
3/07	40	39	1
3/08	38	40	-2
3/09	37	40	-3
3/10	24	40	-16
3/11	19	41	-22
3/12	19	41	-22
3/13	30	41	-11



Working Gas In Storage

Working Gas Volume as of 3/06/98		
	BCF	% Full
EAST	688	38
WEST	176	37
Prod Area	383	42
U. S.	1247	39

Source: AGA



The NYMEX futures contract for April delivery at the Henry Hub opened on Monday, March 16, at \$2.125 per MMBtu, \$0.012 less than Friday's settlement price. This winter's most widespread period of cold weather brought heavy snows to the Midwest and nighttime temperatures below 20 degrees in an area from Michigan to Georgia. The four metropolitan areas monitored by this report (Chicago, Kansas City, New York, and Pittsburgh) recorded daily average temperatures that were 16 to 22 degrees colder than normal during the middle of last week. Spot prices at most market locations moved up 10 to 20 cents per MMBtu in response to this late winter cold spell. The spot price at the Henry Hub reached a high of about \$2.27 per MMBtu on Wednesday and ended the week at \$2.20. The futures market for April gas appeared generally unaffected by the cold weather as it traded in a 4-cent range (\$2.134 to \$2.172 per MMBtu) last week. The price of West Texas crude oil continued to decline most days and ended the week at \$14.10 per barrel.

Storage: According to American Gas Association (AGA) estimates, net withdrawals during the first week of March were 54 Bcf (about 8 Bcf a day), leaving almost 1,250 Bcf of working gas remaining in storage - over 300 Bcf more than last year at the same time (1,247 vs. 938). EIA data for the past 3 years indicate that net withdrawals in March have averaged about 265 Bcf or 8.5 Bcf a day. Last week's widespread cold weather should result in an increase in weekly net withdrawals and a reduction in the annual differential, but the level of gas available at the end of March will most likely exceed last year's EIA total of 991 Bcf.

Spot Prices: Last week's low temperatures may have brought about this winter's sharpest increase in gas demand for space heating in the Midwest and the East. The resulting impact on spot prices, up 10 to 20 cents per MMBtu, has been noteworthy, but it appears to have occurred too late in the heating season to have had a more significant impact on prices. The combination of extremely mild temperatures during January and February (about 25 percent warmer than normal) and the resultant growth of a "surplus" of working gas in storage going into March were two basic fundamentals that kept price increases in a moderate range.

Futures Prices: The Henry Hub futures contract for April delivery traded for 8 to 12 cents below the spot price most days last week and ended the week at \$2.137 per MMBtu - about the same level as the previous Friday. The National Weather Service calls for a return of moderate temperatures in most parts of the country early this week, increasing the possibility that end-of-March storage levels will be somewhere between 1,100 and 1,200 Bcf. This would be the highest level of working gas in storage at the end of the heating season in 3 years and could slow demand for gas when the refill season starts in April.

Summary: Some of the lowest temperatures of the winter had a moderate impact on prices this late in the heating season as the supply of gas remains strong.