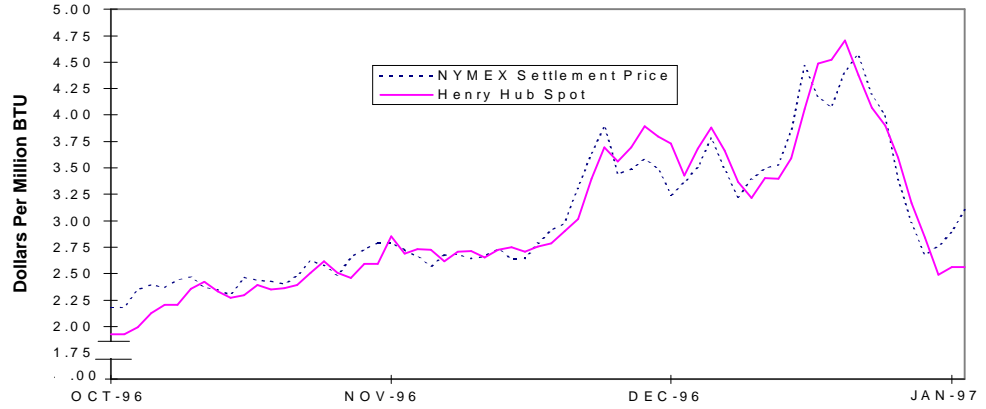


NYMEX Price Futures vs Henry Hub Spot Price

HENRY HUB PRICE		
	CASH	FUTURES
	Dec./Jan	Jan./Feb
	Del	Del
	(\$ per MMBtu)	
12/30	2.74-2.94	2.677
12/31	2.40-2.58	2.757
01/01	closed	closed
01/02	2.46-2.66	2.890
01/03	2.55-2.58	3.106

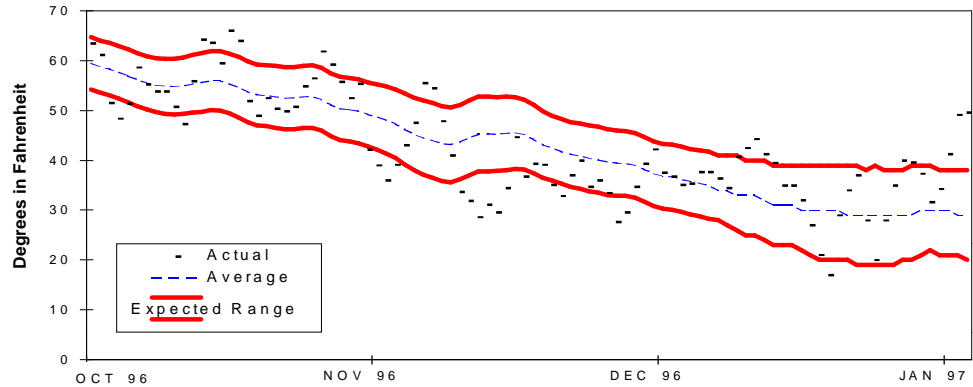


Note: The Henry Hub spot price is from the GAS DAILY and is the midpoint of their high and low price for a day.

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
12/29	40	29	11
12/30	37	30	7
12/31	32	30	2
01/01	34	30	4
01/02	41	30	11
01/03	49	29	20
01/04	50	29	21

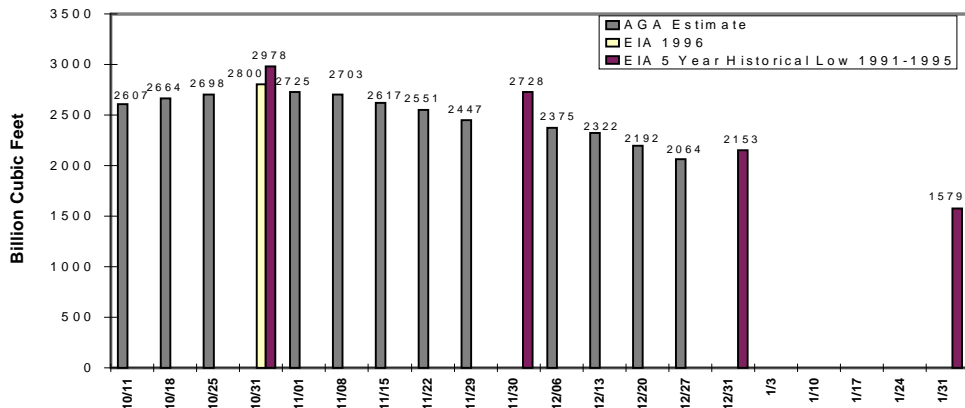


The bounds are computed by adding and subtracting from the average temperatures for the last 10 years an amount equal to twice an estimate of the standard deviation for temperatures on a day.

Working Gas In Storage 1996-1997

Working Gas Volume as of 12/27/96		
	BCF	% Full
EAST	1,318	74
WEST	278	58
Prod Area	468	52
U. S.	2,064	65

Source: AGA



The NYMEX futures price for February delivery at the Henry Hub opened Monday, January 6, at \$3.600 per MMBtu, \$0.494 higher than Friday's settlement price. Prices on the spot market at the Henry Hub continued the decline that began on December 20, and by the end of the week were more than \$2.00 per MMBtu less than 2 weeks earlier. The futures price for February delivery has also decreased and remained well below \$3.00 per MMBtu for most of the week before settling at \$3.106 on Friday. The unseasonably mild weather that coincided with the decline in prices remained in effect over most of the country last week. Several cities in the East registered record high temperatures in the 70s, reducing the demand for gas use in space heating. New weather forecasts are calling for a return of winter-like weather in the West and Midwest this week. Somewhat surprisingly, the latest estimate for net storage withdrawals was again near 130 Bcf for the week ending December 27. This relatively high estimate did not appear to have any impact on the current price trend as earlier concerns about the adequacy of working gas storage levels, especially in the East, seem to be lessening.

Storage: Based on American Gas Association (AGA) estimates for the week ending Friday, December 27, net withdrawals from storage were 128 Bcf - similar to the level of the previous week. Many industry watchers had expected the latest week's estimates to be lower because of warmer-than-normal weather during the period. There were some reports of local distribution companies and others with storage contracts having no choice but to take gas from storage because of a set withdrawal schedule. This situation may have contributed to the level of storage withdrawals being larger than anticipated. According to AGA estimates, working gas in storage is less than 3 percent below last year's level at the same time (2,064 Bcf vs 2,118). At the beginning of this heating season (Nov. 1, 1996), AGA estimated that working gas was almost 9 percent less than last year. The level of gas in the critical East Consuming region now is estimated to be 13 percent greater than this time last year (1,318 Bcf vs 1,167).

Spot Prices: On Thursday of last week, the spot price for gas available at the Henry Hub was about \$2.55 per MMBtu, more than \$2.00 less than 2 weeks ago and about \$0.20 lower than last year at this time. Unseasonably warm weather has reduced the demand for gas to meet space-heating needs. The decline in prices has occurred at all major markets and Canadian import locations. For example, on Friday, January 3, prices at Katy, East Texas were \$2.40 per MMBtu, down \$2.20 in 2 weeks. The price at the U.S.-Canadian import point for the Iroquois Pipeline in New York was \$3.07, down \$1.30 over the same period.

Futures Prices: The price for the February futures contract remained well below \$3.00 per MMBtu for most of the week at the Henry Hub. The NYMEX futures market had not seen this level of pricing for the near-month contract since early November during trading for the December contract which eventually closed at \$3.908. The February contract did increase \$0.216 per MMBtu on Friday to end the week at \$3.106 per MMBtu on news of an anticipated return to normal winter weather for much of the country later this week.

Summary: The recent sharp drop in prices has been brought about by an almost 2-week period of warmer-than-normal temperatures. A return to normal or colder-than-normal weather could reverse this price trend. The level of concern regarding the status of the industry's storage resources, especially in the East, appears to be moderating.