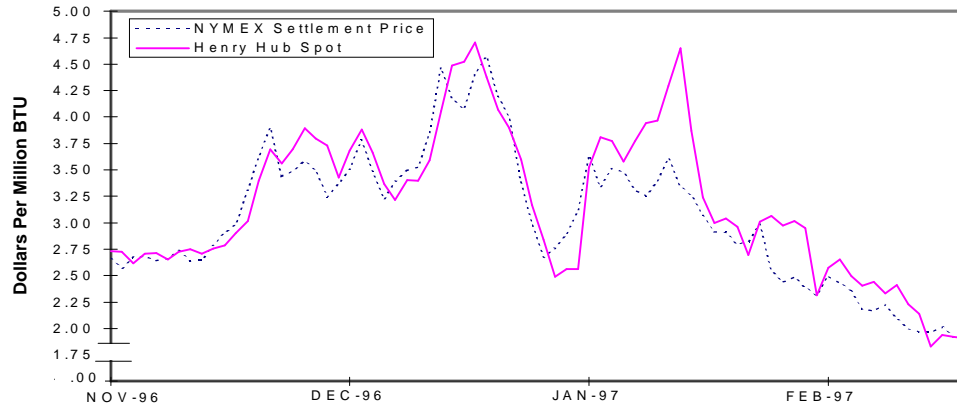


NYMEX Future Prices vs Henry Hub Spot Prices

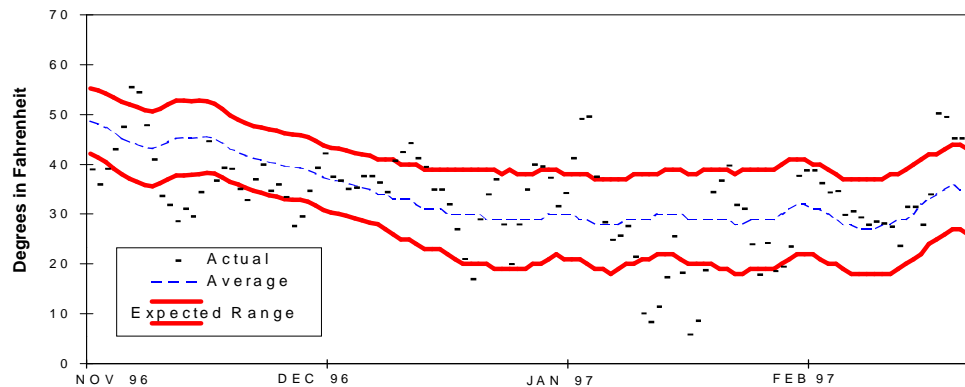
HENRY HUB PRICE		
CASH	FUTURES	
Feb	Mar	
Del	Del	
(\$ per MMBtu)		
02/17	closed	closed
02/18	1.78-1.87	1.979
02/19	1.91-1.97	2.016
02/20	1.89-1.94	1.922
02/21	1.88-1.93	1.936



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
02/16	28	32	-4
02/17	34	33	1
02/18	50	34	16
02/19	50	35	15
02/20	45	36	9
02/21	45	35	10
02/22	38	35	3

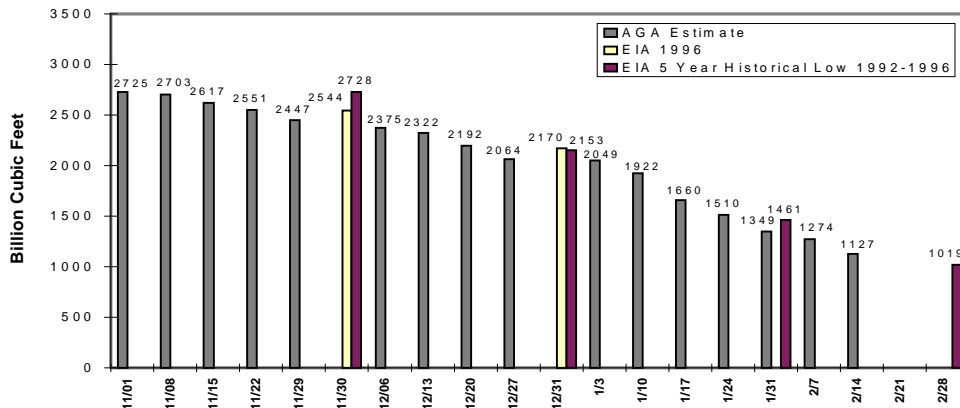


The bounds are computed by adding and subtracting from the average temperatures for the last 10 years an amount equal to twice an estimate of the standard deviation for temperatures on a day.

Working Gas In Storage 1996-1997

Working Gas Volume as of 02/14/97		
	BCF	% Full
EAST	687	38
WEST	188	39
Prod Area	252	28
U. S.	1,127	35

Source: AGA



The NYMEX futures price for March delivery at the Henry Hub opened Monday, February 24, at \$1.930 per MMBtu, virtually the same as Friday's settlement price. Average temperatures in the four metropolitan areas (Chicago, Kansas City, New York City, and Pittsburgh) monitored for this report were 9 to 16 degrees Fahrenheit higher than normal several days last week. This moderating trend, which saw daytime highs in many Eastern cities in the low 70s, began in late January. During this period, prices on both the spot and futures market have declined significantly. The average spot price of natural gas at all major market locations is more than 60 percent less (\$1.75 vs \$4.60 per MMBtu) than in mid-January. The price of the futures contract for March delivery at the Henry Hub ended last week at \$1.936 per MMBtu, more than \$1.00 per MMBtu less than its mid-January level. Working gas in storage remains at a higher level than at the same time last year. The Bureau of Labor Statistics (BLS) consumer price index for January reports that natural gas prices were 4.8 percent higher than in December – the largest monthly increase since the data series began in 1952.

Storage: According to American Gas Association (AGA) estimates, 147 Bcf was withdrawn from storage during the week ending February 14. This is almost double the previous week's revised estimate of 75 Bcf, even though the average temperatures for the first two weeks of February were similar in the Midwest and the East. The increased withdrawals may be the result of prevailing contract provisions that require the removal of specified gas volumes from storage facilities by certain dates, e.g., February 15. Working gas levels continue to be 15 percent greater than last year at this time (1,127 vs 984 Bcf), and the amount of gas available in the East is over 50 percent more than last year (687 vs 454 Bcf).

Spot Prices: Buyers and sellers appear to be looking for a workable price level in a changing market. At the Henry Hub, spot prices started last week down about \$0.30 per MMBtu on Tuesday. Prices then rose about \$0.10 on Wednesday before ending the week at \$1.90, about \$0.25 per MMBtu lower than the previous Friday. Prices at other major gas trading locations also declined as market conditions during the past three weeks have remained much the same - mild temperatures, low demand, good supply, and the decreasing price of alternative fuels (primarily petroleum). Prices at some of these locations are now almost \$3.00 per MMBtu lower than levels during the mid-January cold spell. Some examples of these price drops are: Katy in East Texas is now \$1.88 per MMBtu, down \$2.89 from January 17th; Waha in West Texas is \$1.72, down \$2.96; and Opal in Wyoming is \$1.57, down \$2.99. This price trend could change if recent weather forecasts calling for a return to normal temperatures prove correct.

Futures Prices: The futures price for March delivery declined most days last week and again ended the week below \$2.00 per MMBtu. Three weeks of unseasonably mild temperatures and accompanying low demand for gas have allowed the industry's storage facilities to sustain a much improved level compared to last year. This improved confidence in storage resources has removed most of the uncertainty regarding storage assets that was present in November, December, and much of January. The positive outlook on storage levels has been a key contributor to the steady decline in the March futures contract price. The March contract will close today after 3:10 PM EST.

Consumer Price: The latest consumer price index report from BLS shows that the price of gas increased by 4.8 percent nationally between December 1996 and January of this year. It has been reported that this is the largest monthly rise since record-keeping began in 1952. Prices in some key regional markets have seen even sharper increases. According to the BLS data, natural gas prices in January to residential consumers in Chicago, Cleveland, Dallas, and St. Louis were about 18 percent higher than in December. Prices increases in other markets were moderate in comparison: Pittsburgh–2 percent; New York City–3 percent; and Boston–5 percent.

Summary: Another week of warmer-than-normal weather, especially in the East, has continued the downward price trend that began in late January. A return of normal seasonal temperatures may reverse this trend, but the robust storage levels could be a factor in weakening a sharp jump in prices.