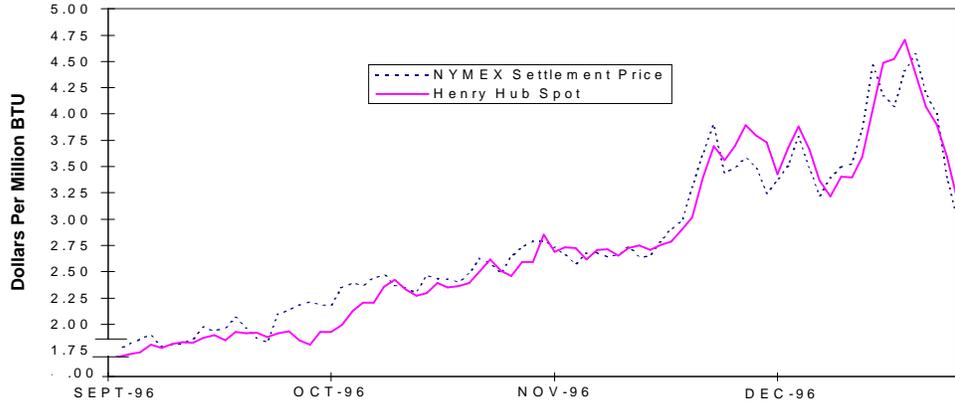


NYMEX Price Futures vs Henry Hub Spot Price

| HENRY HUB PRICE | | |
|-----------------|----------------|----------|
| | CASH | FUTURES |
| | Dec. | Jan./Feb |
| | Del | Del |
| | (\$ per MMBtu) | |
| 12/23 | 3.94-4.20 | 4.198 |
| 12/24 | 3.80-4.00 | 3.998 |
| 12/25 | closed | closed |
| 12/26 | 3.49-3.71 | 3.384 |
| 12/27 | 3.05-3.28 | 2.984 |

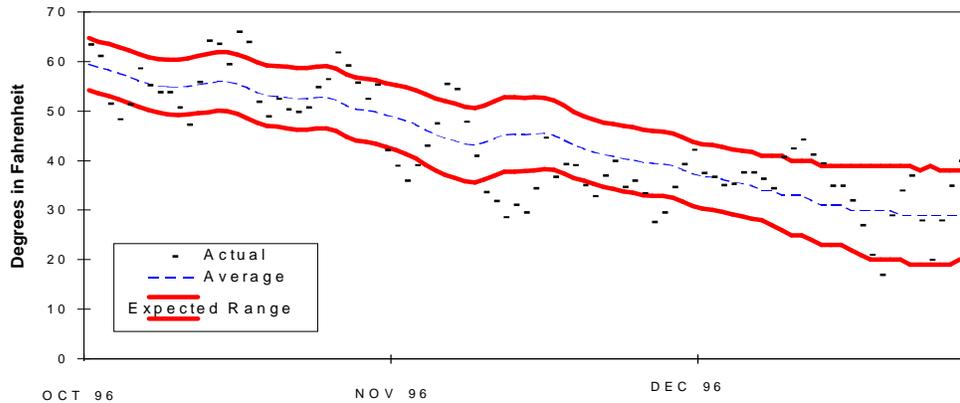


Note: The Henry Hub spot price is from the GAS DAILY and is the midpoint of their high and low price for a day.

Average temperature for Four Major Gas Consuming Metro Areas

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

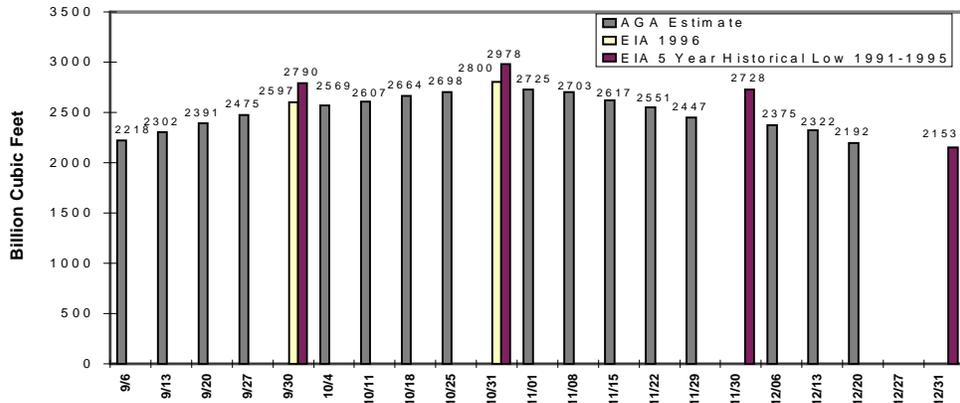
| Average Temperature for Four Major Gas Consuming Areas | | | |
|--|--------|--------|------|
| | Actual | Normal | Diff |
| 12/22 | 34 | 29 | 5 |
| 12/23 | 37 | 29 | 8 |
| 12/24 | 28 | 29 | -1 |
| 12/25 | 20 | 29 | -9 |
| 12/26 | 28 | 29 | -1 |
| 12/27 | 35 | 29 | -6 |
| 12/28 | 40 | 29 | 11 |



Working Gas In Storage 1996

| Working Gas Volume as of 12/20/96 | | |
|-----------------------------------|-------|--------|
| | BCF | % Full |
| EAST | 1,402 | 78 |
| WEST | 292 | 60 |
| Prod Area | 498 | 55 |
| U. S. | 2,192 | 69 |

Source: AGA



The NYMEX futures price for February delivery at the Henry Hub opened Monday, December 30, at \$2.800 per MMBtu – \$1.198 less than the January futures contract price that settled on December 24 at \$3.998. Last week saw the return of moderate weather throughout most of the country as average temperatures were above normal most days. In the Northeast, the thermometer did not go below 32 degrees for several days and unseasonably high temperatures in the 60s were recorded in several cities, including Baltimore, Pittsburgh, and New York City. The only area experiencing winter weather is the Northwest where snow and ice storms have caused widespread disruptions in electric utility service. Prices on the spot market declined throughout the week, and by Friday had dropped over \$1.50 per MMBtu at the Henry Hub from levels seen in the previous week. The futures price also decreased, and even though the January contract closed \$0.55 per MMBtu higher than last year's record, it was almost \$0.60 lower than the previous Friday's settlement price. Prices on the oil market also declined. The spot price of benchmark West Texas crude dropped \$3.20 per barrel on Thursday of last week and ended the week near \$25.00. Net storage withdrawals were up from levels the previous week, but total working gas available in the East remains well above last year's level.

Storage: According to the latest American Gas Association (AGA) estimates, net storage withdrawals for the third week in December were 130 Bcf, in response to the cold weather in the Southwest and Midwest during the week. This level was more than twice the withdrawals during the previous week (130 Bcf vs 53) and brings AGA's withdrawal estimate for the first three weeks of December to 255 Bcf. Even with this large increase, total withdrawals for this December should still be considerably less than last December. Based on EIA data, total net withdrawals for last December was a record 567 Bcf. The overall level for working gas in storage on December 20, according to AGA, is less than 4 percent below last year (2,192 Bcf vs 2,278), but the estimated level remaining in facilities in the East Consuming region is more than 10 percent greater.

Spot Price: Prior to the close of the January futures contract on December 24, spot prices at the Henry Hub declined over \$0.75 per MMBtu from the previous week's high, and by the end of the day were about \$0.10 per MMBtu lower than the January contract price. This was an indication that gas demand was low as a result of the continuation of moderate temperatures. By the end of the week (December 27), cash prices at the Henry Hub were about \$0.05 per MMBtu less than last year at this time. Prices at other major market locations, which had previously been exceeding those at the Henry Hub, also dropped considerably. For example, on Friday, December 27, prices at Katy, East Texas were \$2.90 per MMBtu, down \$1.70 from the previous Friday; prices at Waha, West Texas dropped \$1.80 to \$3.00, and prices at Opal, Rocky Mtn. dropped \$1.40 to \$3.20. Even with such significant declines, these prices are still \$0.60 to \$1.90 higher than last year at this time when the weather was considerably colder, especially in the Northeast.

Futures Prices: The NYMEX futures price for January delivery at the Henry Hub closed December 24, at \$3.998 per MMBtu, \$0.55 higher than last year's record of \$3.448 but only \$0.097 more than the closing price for the December 1996 contract. This is the first indication that the steady climb in futures prices, which began in early November, could be weakening. This appeared to be the case as the February delivery price decreased \$0.40 per MMBtu on Friday and settled at \$2.984 – almost \$1.00 less than the January contract price. A continuation of above-normal temperatures, especially in the East Consuming region, would be a key ingredient for this trend to continue. The current price for the February contract exceeds last year's by \$0.74 per MMBtu, while the March contract price is almost \$0.07 below last year's.

Summary: The continuation of unseasonably mild temperatures has provided the first break in the steady climb in prices on both the spot and futures markets. The level of working gas available remains at an adequate level overall and is much improved in storage sites located in the East.