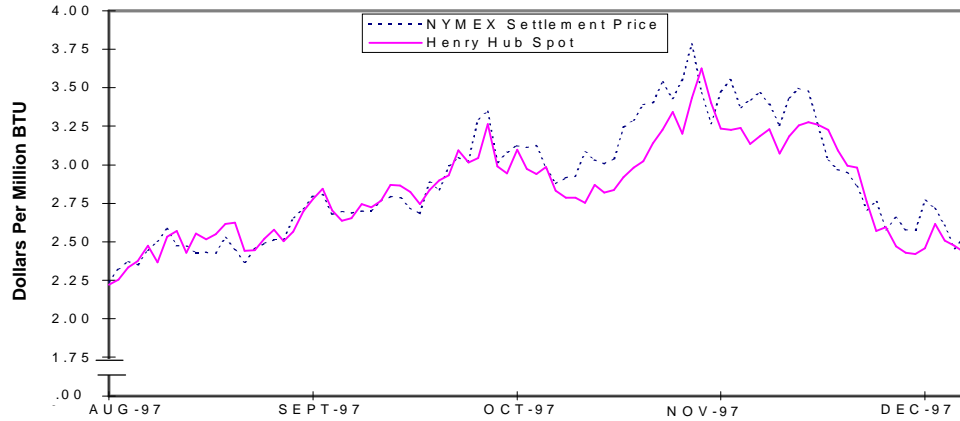


NYMEX Future Prices vs Henry Hub Spot Prices

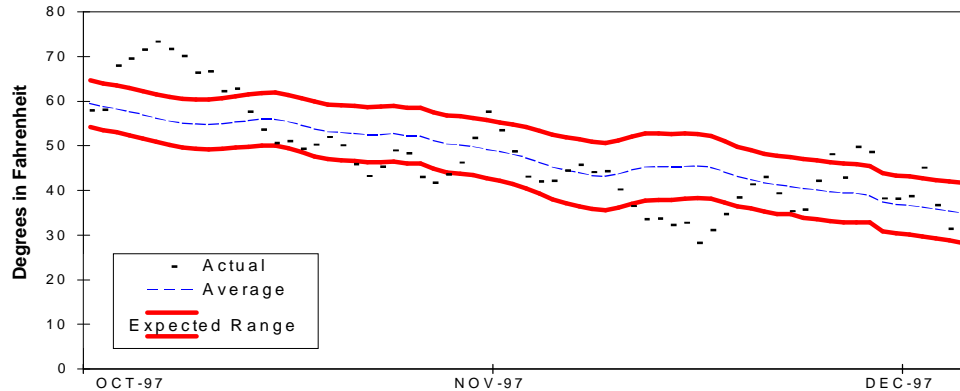
HENRY HUB PRICE		
	SPOT	FUTURES
	Dec	Jan
	Del	Del
	(\$ per MMBtu)	
12/01	2.44-2.48	2.768
12/02	2.59-2.64	2.718
12/03	2.50-2.52	2.609
12/04	2.45-2.50	2.456
12/05	2.40-2.47	2.453



Average temperature for Four Major Gas Consuming Metro Areas

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

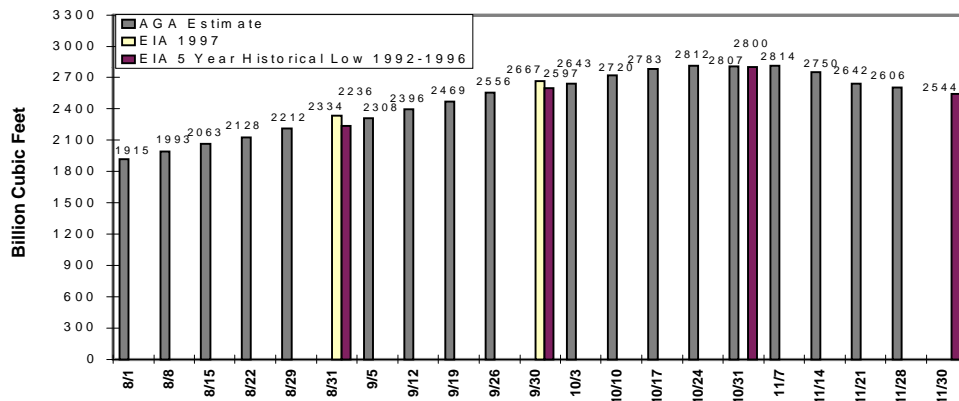
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
11/30	38	38	0
12/01	38	37	1
12/02	39	37	2
12/03	45	37	8
12/04	37	36	1
12/05	31	36	-5
12/06	29	35	-6



Working Gas In Storage 1997

Working Gas Volume as of 11/28/97		
	BCF	% Full
EAST	1581	88
WEST	358	74
Prod Area	669	73
U. S.	2606	82

Source: AGA



The NYMEX futures price for January delivery at the Henry Hub opened on Monday, December 8, at \$2.380 per MMBtu. \$0.073 less than Friday's settlement price. The moderate weather pattern that began in late November continued to dominate most days last week. Forecasts calling for the return of lower temperatures in the Midwest by the week's end had little impact on spot prices at the Henry Hub as they stayed in the \$2.45 to \$2.50 per MMBtu range most days last week. The price of the January futures contract moved up early in the week but then trended down to end the week near \$2.45 per MMBtu - a price not seen for the near-month contract since late August. Prices for both the spot and near-month futures contract have dropped more than \$1.00 per MMBtu in the past 6 weeks. In response to the mild weather, storage withdrawals during the last week of November were about 5 Bcf per day. The price of West Texas crude oil continued to move down and by the end of the week was \$18.75 per barrel. News that OPEC members had voted to increase production in 1998 contributed to this price decline.

Coal Deliveries to Texas Utilities: The Union Pacific Railroad (UP) continues to report that the coal delivery situation in Texas and other States is improving. For example, the Lower Colorado River Authority, a large electric utility in West Texas, reports that it needs about 44 to 48 unit trains a month to rebuild coal supplies for the winter. In November, the utility received 32 trains, which was well over the number received in October. Electric utilities that have coal conservation plans in place have increased their natural gas consumption. EIA data for September indicate that more than 126 Bcf of gas was consumed at Texas utilities, almost 40 percent more than in September 1996. However, not all of this increase was due to substituting gas for low coal supplies. High temperatures were predominant in the Southwest in September, with cooling degree days 23 percent above normal for the month. In response to increased air-conditioning demand, electricity generation in Texas during September was almost 20 percent greater than for the same time last year.

Storage: Net withdrawals from storage for the week ending November 28, according to the American Gas Association (AGA), were 36 Bcf, compared with 108 Bcf the previous week. During the same week last year, more than 100 Bcf was withdrawn, with more than 60 Bcf coming from storage sites located in the East Consuming region. AGA data indicate that working gas levels at the end of November are almost 160 Bcf greater than last year, after being 82 Bcf greater than last year at the start of the heating season (2,807 Bcf vs. 2,725). Even more significant, storage levels in the critical East Consuming region at the end of November exceeded last year's level by 33 Bcf after being lower than year-ago levels at the start of the season (1,693 Bcf vs. 1,721). Based on EIA data, total net withdrawals from storage totaled 267 Bcf in November of last year. The AGA estimate of withdrawals through November 28 of this year is 201 Bcf.

Spot Prices: Early last week, prices at the Henry Hub moved up in apparent reaction to the almost \$0.20 per MMBtu increase in the January futures contract. During the remainder of the week, prices trended down to end the week at less than \$2.50 per MMBtu, more than \$1.25 lower than prices in October. The generally moderate temperatures along with higher working gas storage levels appear to be the main contributing factors in the downward trend of prices. The National Weather Service reports that heating degree days are currently running over 12 percent less than normal and 25 percent lower than last year.

Futures Prices: The downward price trend for the near month contract that began with the November contract is continuing with January's. The January contract is now trading for almost \$1.00 per MMBtu less than the settlement price of the October contract and more than \$1.50 less than last year's record-high January contract of \$3.991. Last year at this time, the January contract was trading for \$3.49 per MMBtu. Similar to the spot price, the futures price has been affected by the moderate temperatures and higher storage levels and also by weather forecasts that call for warmer-than-normal temperatures over the next 30 to 90 days. The January contract will close on December 29.

Summary: Prices continue to trend down, although at slower rate, and both the spot and futures prices at the Henry Hub are now trading at levels last seen in late August. Relatively low storage withdrawals in the last week of November have left working gas storage levels at almost 160 Bcf more than year-earlier levels.