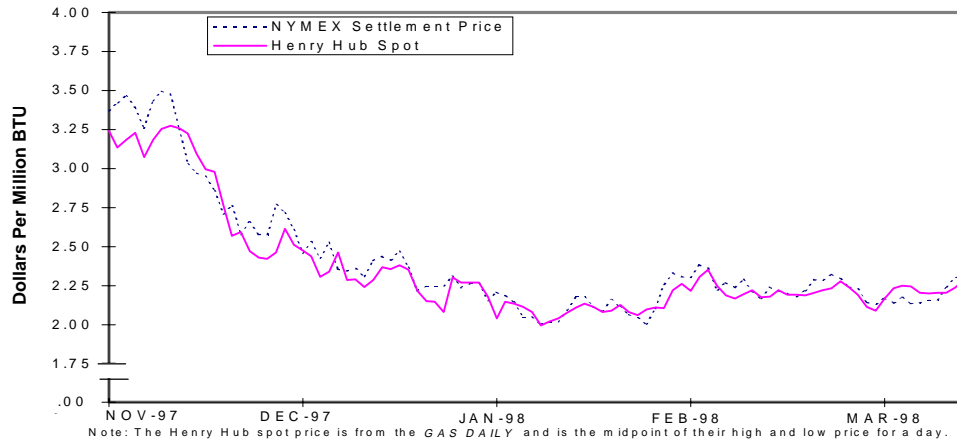


NYMEX Future Prices vs Henry Hub Spot Prices

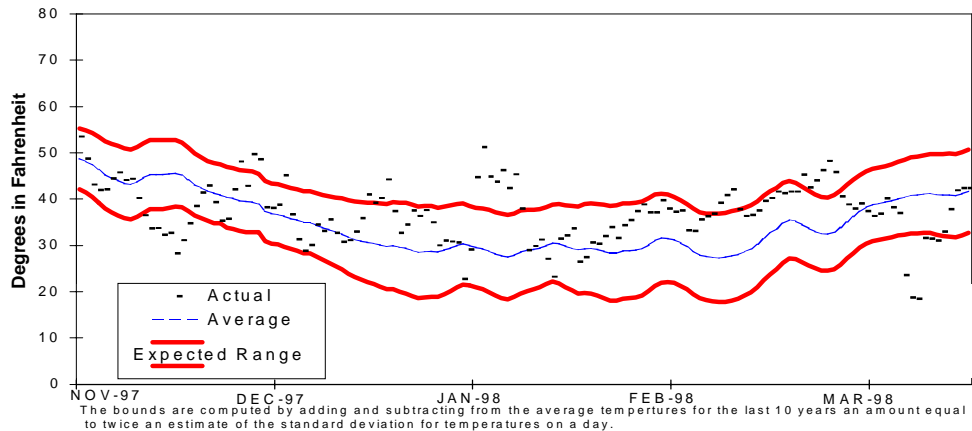
HENRY HUB PRICE		
	SPOT	FUTURES
	Mar	Apr
	Del	Del
	(\$ per MMBtu)	
3/16	2.18-2.22	2.155
3/17	2.19-2.22	2.155
3/18	2.19-2.22	2.239
3/19	2.21-2.26	2.300
3/20	2.25-2.32	2.343



Average temperature for Four Major Gas Consuming Metro Areas

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

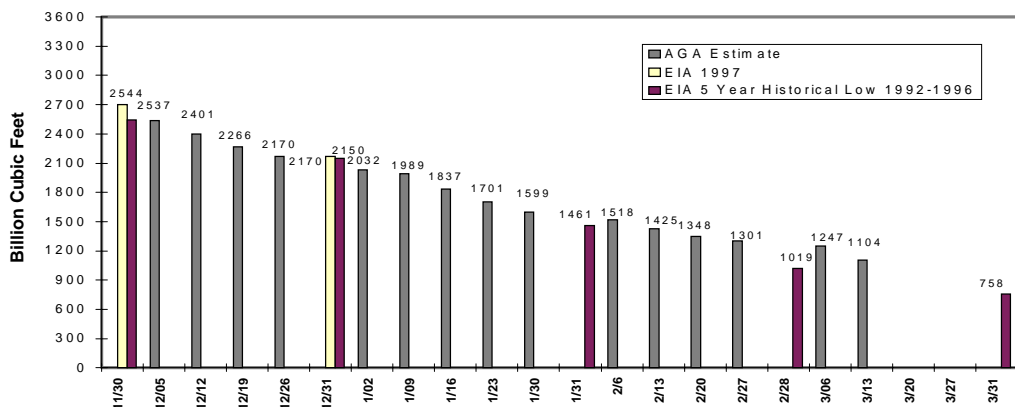
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
3/14	32	41	9
3/15	31	41	-10
3/16	33	41	-12
3/17	38	41	3
3/18	42	41	1
3/19	42	41	1
3/20	42	42	0



Working Gas In Storage

Working Gas Volume as of 3/13/98		
	BCF	% Full
EAST	595	33
WEST	168	35
Prod Area	341	37
U. S.	1104	35

Source: AGA



The NYMEX futures contract for April delivery at the Henry Hub opened on Monday, March 23, at \$2.330 per MMBtu, \$0.013 lower than Friday's closing price. Temperatures in most parts of the country began to moderate from the frigid, mid-winter-like conditions experienced in the previous week. On Wednesday, March 18, Alberta, Canada experienced the largest snowfall from a single storm in its history, with accumulations of 2 to 3 feet, resulting in modest price increases on the Nova system by the end of the week. Spot price developments at many other market locations were mixed. The Henry Hub spot price hovered in the low \$2.20s per MMBtu for the first 3 days of the week and then moved up modestly at the end of the week, seemingly following the April futures price. The April futures contract came alive in midweek and posted 3 straight days of increases, totaling over 20 cents, to settle Friday at \$2.343 per MMBtu. Early in the week, the price for West Texas crude oil reached its lowest level in almost 10 years at \$13.25 per barrel on Tuesday, March 17. However, the price quickly recovered more than \$1.00 on news that OPEC nations, particularly Saudi Arabia and Venezuela, were planning to meet soon to set and enforce new crude oil production quotas.

Consumer Prices: The BLS consumer price index for utility natural gas for all urban consumers (the U.S. city average) declined by about 2 percent in February. This was the third month in a row that the index has dropped. February natural gas price indices for 13 of the 14 selected local areas for which BLS publishes data were equal to or lower than their January levels. Only one area - Philadelphia- showed a very modest increase. The Dallas-Fort Worth, TX area recorded the largest decline at almost 12 percent, while the Chicago area showed a decrease of about 6 percent. The BLS producer price index (PPI) for natural gas (the wellhead price) also decreased in February for the third month in a row, dropping by almost 10 percent. Since reaching its heating season peak in November 1997, the PPI has dropped nearly 32 percent.

Storage: The American Gas Association (AGA) reported net storage withdrawals of 143 Bcf for the week ended March 13, the second largest draw on inventories this heating season and the largest AGA-estimated drawdown for any March week. However, estimated inventory levels are still more than 218 Bcf higher than at this time last year, with 126 Bcf of this held in Consuming East region storage facilities. Total inventories are about 25 percent greater than at this time last year, and about 27 percent greater in the Consuming East region. In Canada, current inventory levels are multiples of levels held at this time last year. According to estimates provided by the Canadian Gas Association, total inventories are almost 2.5 times last year's level (178.4 Bcf vs. 71.5 Bcf). In the East Canadian region, storage levels are over 4 times more than at this time last year (93.6 Bcf vs. 21.4 Bcf).

Spot Prices: The Henry Hub spot price seemed frozen in a 3-4 cent range around \$2.21 per MMBtu during the first 3 days of last week, then moved upward slightly Thursday and Friday, ending the week with the middle of the range at \$2.29, a gain of 8 cents from the previous Friday. While prices at many other market locations held steady or softened at the beginning of the week, the results were mixed by week's end. Prices at markets in East and South Texas, onshore Louisiana, many Canadian points, and some Northeast locations were up a few cents over the previous Friday. Prices at locations in West Texas, New Mexico, the Rockies, and California were down a few cents.

Futures Price: By week's end, the April NYMEX contract had jumped 19 cents from its Monday close, settling at \$2.343 per MMBtu. This was the first time in 2 weeks that the futures price was above the \$2.20 level and the first time in over a week that it was higher than the Henry Hub spot price. Some industry analysts attributed this spurt to the perhaps unexpectedly high AGA withdrawal estimate, coupled with "technical factors" that have drawn some fund groups into the market. Others have expressed some puzzlement at this movement at this time, given the apparent lack of fundamentals. The April contract will close out trading on Friday, March 27. Last year, the April contract ended trading at \$1.805 per MMBtu.

Summary: A very cold second week of March with high storage withdrawals, followed by continued colder-than-normal temperatures for the first half of last week, boosted demand and provided some support for spot and futures prices. Nevertheless, the heating season is almost over. The industry will end the season with excess inventories compared to last year, which could dampen demand for gas early in the refill season.