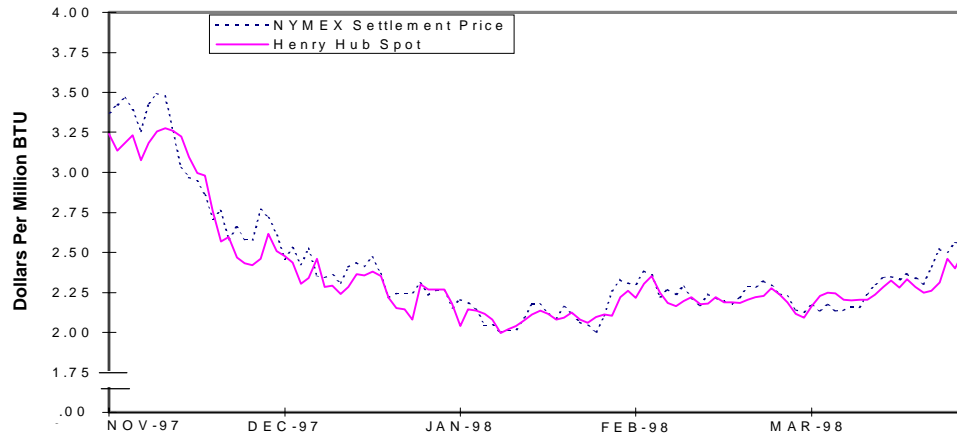


NYMEX Future Prices vs Henry Hub Spot Prices

HENRY HUB PRICE		
	SPOT	FUTURES
	Mar/Apr	May
	Del	Del
	(\$ per MMBtu)	
3/30	2.25-2.27	2.409
3/31	2.29-2.33	2.522
4/01	2.43-2.49	2.501
4/02	2.36-2.44	2.562
4/03	2.49-2.52	2.556

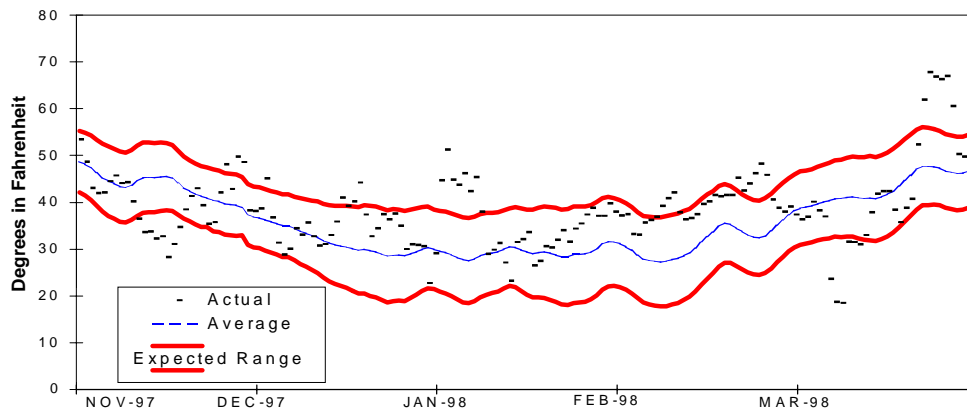


Note: The Henry Hub spot price is from the GAS DAILY and is the midpoint of their high and low price for a day.

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
3/28	67	48	19
3/29	66	47	19
3/30	67	47	20
3/31	61	46	15
4/01	50	46	4
4/02	50	46	4
4/03	46	47	-1

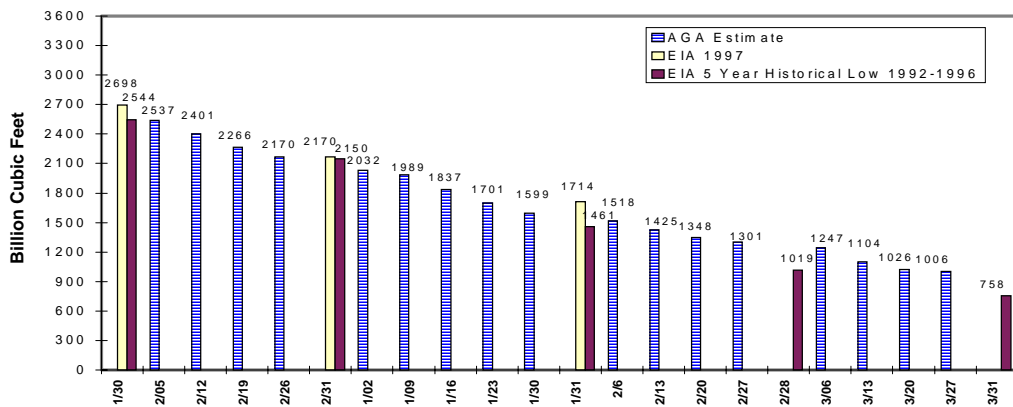


The bounds are computed by adding and subtracting from the average temperatures for the last 10 years an amount equal to twice an estimate of the standard deviation for temperatures on a day.

Working Gas In Storage

Working Gas Volume as of 3/27/98		
	BCF	% Full
EAST	490	27
WEST	177	37
Prod Area	339	37
U. S.	1006	32

Source: AGA



The NYMEX futures contract price for May delivery at the Henry Hub opened Monday, April 6, at \$2.545 per MMBtu, \$0.011 less than Friday's settlement price. Temperatures in most parts of the Midwest and the East remained well above normal in the first half of last week. Average temperatures in Chicago, Kansas City, New York, and Pittsburgh were 20 degrees above normal during the last 3 days of March before a cooling pattern arrived to bring temperatures back to normal by Friday. The futures price reached a high of \$2.562 per MMBtu on Thursday before ending the week at \$2.556 as an unusually high number of contracts (for the first week of trading) were entered into at mid-week. With a 1-day lag, spot prices at the Henry Hub followed the May futures price trend as they moved up more than \$0.25 per MMBtu and ended the week at about \$2.50. Some recent reports coming out of the Southwest indicate that the railroad shipping problems affecting the movement of Western coal to electric utilities that prompted widespread concern last summer and fall are still unresolved and may be contributing to the increases in gas prices. The price of West Texas crude oil moved down about \$0.45 per barrel last week as it traded for \$16.00 on Friday.

Storage: Net withdrawals for the last full week of March were estimated by the American Gas Association (AGA) to be 20 Bcf. According to AGA, this would leave more than 1,000 Bcf of working gas still available at the end of the heating season - the highest level since 1995. As a reflection of the unseasonably warm temperatures that much of the nation experienced recently, two of the three regions covered in the AGA report reported net injections: 13 Bcf in the Producing region and 5 Bcf in the West.. The arrival of normal spring weather in April usually signals the beginning of refill season for all regions. EIA data indicate that net additions to working gas storage in April have ranged from 49 to 212 Bcf since 1993. Last year, net injections during April totaled 58 Bcf.

Spot Prices: At the Henry Hub and most other major market locations, the spot price for gas moved up most days last week. These price increases, especially at the Henry Hub, followed increases in the settlement price for the May futures contract. On Tuesday and Thursday of last week, the May futures contract moved up almost \$0.12 and \$0.06 per MMBtu, respectively. Each of the following days, the Henry Hub spot price moved up about the same amount to end the week near \$2.50 per MMBtu. This price movement pattern was last seen in the fall of 1997 when the price of the September and October futures contracts moved up steadily. The October contract reached a record level of \$3.35 per MMBtu, more than \$1.00 higher than the record August price of \$2.34. The spot price reached a high of almost \$3.80 per MMBtu at the Henry Hub in late October before steadily decreasing throughout the warmer-than-normal winter.

Futures Prices: The settlement price for the May contract at the Henry Hub moved up more than \$0.20 per MMBtu to end the week at \$2.556. Last year at this time the May contract was trading for \$1.95 per MMBtu before closing at \$2.122. The number of contracts being entered into is also well ahead of last year. During Tuesday and Wednesday of last week, it was reported that more than 180 thousand contracts were entered into for the May contract, which closes on April 28. During the same period last year, fewer than 30 thousand contracts were originated. This high level of contract activity early in the trading period, according to many market observers, is a good indication that large investment funds are participating in the natural gas futures market at this time. These funds and other market investors may see an opportunity at this time, with some weather forecasting organizations calling for the possibility of a warmer-than-normal summer and the continuing railroad logistics problems in the Southwest. The current trading price for the June, July, and August futures contracts at the Henry Hub are all \$0.60 to \$0.70 per MMBtu higher than last year at this time.

Summary: Normal spring time weather returned to most areas of the country last week. The trading price for the May futures contract along with the spot market trended up most days last week in anticipation of what many believe will be a warmer-than-normal summer. The railroad shipping problems for supplying coal to electric utilities in the Southwest, especially Texas may also increase the use of natural gas this summer.