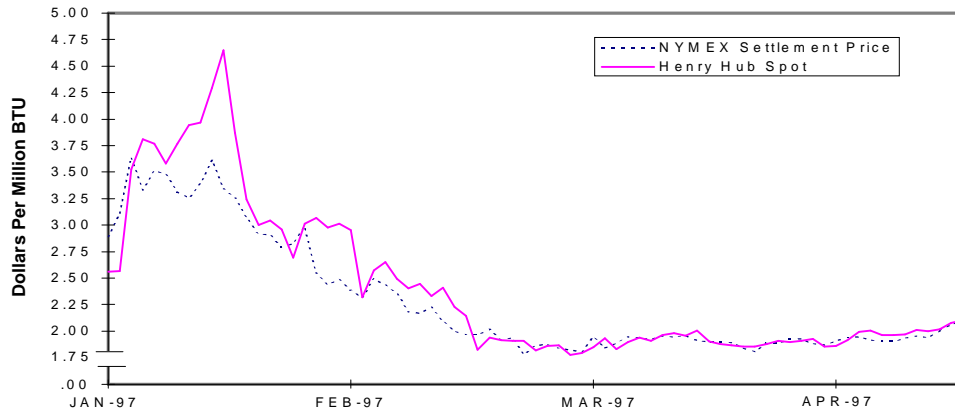


NYMEX Future Prices vs Henry Hub Spot Prices

HENRY HUB PRICE		
	CASH	FUTURES
	Apr	May
	Del	Del
	(\$ per MMBtu)	
04/14	1.99-2.03	1.953
04/15	1.98-2.02	1.937
04/16	1.99-2.04	2.005
04/17	2.06-2.09	2.069
04/18	2.08-2.12	2.081

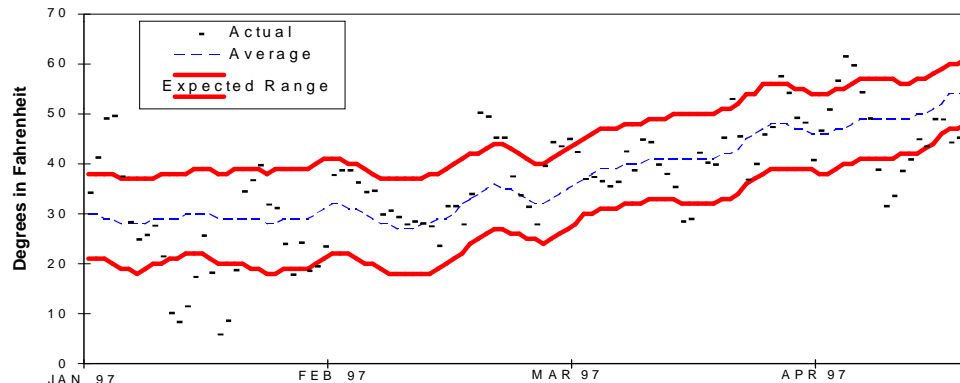


Note: The Henry Hub spot price is from the GAS DAILY and is the midpoint of their high and low price for a day.

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
04/13	45	50	-5
04/14	44	50	-6
04/15	49	51	-2
04/16	49	52	-3
04/17	44	54	-10
04/18	45	54	-9
04/19	48	54	-6

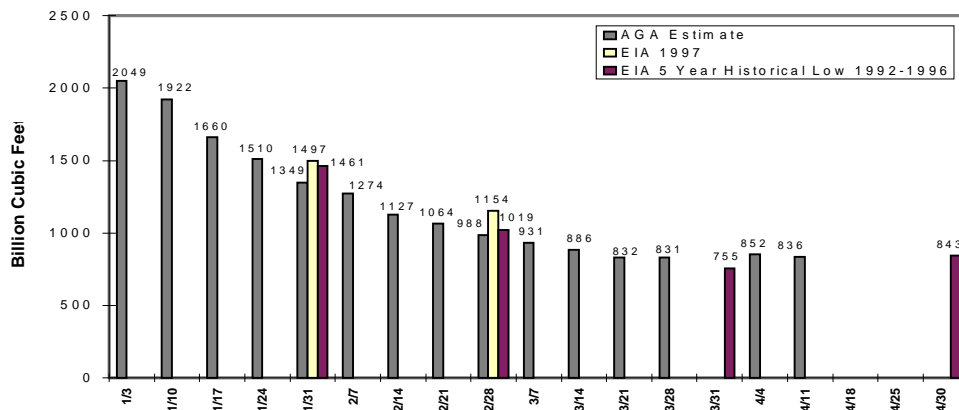


The bounds are computed by adding and subtracting from the average temperatures for the last 10 years an amount equal to twice an estimate of the standard deviation for temperatures on a day.

Working Gas In Storage 1997

Working Gas Volume as of 04/11/97		
	BCF	% Full
EAST	356	20
WEST	170	35
Prod Area	310	34
U. S.	836	26

Source: AGA



The NYMEX futures price for May delivery at the Henry Hub opened Monday, April 21, at \$2.055 per MMBtu, \$0.026 lower than Friday's settlement price but still \$0.10 higher than last Monday's price. Cool weather remained dominant most days last week as temperatures were consistently lower than the 10-year averages for the four cities monitored by this report (Chicago, Kansas City, New York, and Pittsburgh). The persistent cool weather that has delayed the arrival of spring-like temperatures in much of the Midwest and Northeast has continued to apply upward price pressure. At the Henry Hub, spot market prices were near or above \$2.00 per MMBtu each day and ended the week at about \$2.10. The futures market had a similar price trend, as the settlement price for the May contract was up almost \$0.13 per MMBtu from Monday's price of \$1.953. The price of West Texas crude oil has remained in the \$19.00 to \$20.00 per barrel range for over 2 weeks, while the price of heating oil in the Northeast moved up several cents, probably in reaction to the cool weather. The latest data from the Bureau of Labor Statistics (BLS) indicate that the cost of natural gas to residential consumers decreased nationally by almost 6 percent in March for the first decline since last September. Activity at the industry's storage facilities returned to estimated net withdrawals during the second week of April.

Storage: According to the American Gas Association (AGA) estimates, net withdrawals from storage were 16 Bcf during the week ending Friday, April 11. This follows a week in which AGA reported net injections of 21 Bcf. The unseasonably cold weather that began the weekend of April 5-6 appears to have increased the need for gas to meet space-heating demand. The cool temperatures first affected the Midwest, then moved eastward, resulting in daytime highs in the mid-30s and record lows in the 20s or the teens at night in many locations including Chicago, Detroit, Pittsburgh, and Boston. In order to meet this demand, many LDC's in the eastern third of the country utilized their storage resources, resulting in net withdrawals of 23 Bcf in the Consuming East region. In contrast, the Producing region had net injections of 7 Bcf, marking the sixth consecutive week of net injections into that region's storage facilities. AGA estimates showed zero net storage activity in the Consuming West, putting the level of stored gas nationwide at 836 Bcf, 53 percent higher than last year at this time (546 Bcf). The cold weather also affected the Canadian storage picture, as the Canadian Gas Association reported net withdrawals of 2 Bcf in the East region and 1.3 Bcf in the West. This same week last year marked the beginning of the injection season for Canadian storage overall. Total gas in Canadian storage facilities stands at only 11 percent of maximum working gas capacity (57 Bcf out of 492 Bcf), compared with 15 percent for this time last year (73 Bcf out of 484 Bcf). The difference is attributable to lower levels in the West this year than last (45 Bcf vs. 68 Bcf), while eastern Canadian facilities have almost twice the gas this year (9 Bcf vs. 5 Bcf).

Spot Prices: In response to the unseasonably cold weather in the Midwest and the Northeast, spot prices at most major market locations have moved up steadily since early April. At the end of last week, prices at the Henry Hub were about \$2.10 per MMBtu—in late March they were consistently below \$1.90. Other market locations reported price increases of 10 to 20 cents per MMBtu over this period, but in general prices were lower than those at the Henry Hub. For example, on Friday, April 18, prices were \$2.05 per MMBtu at Katy in East Texas; \$1.98 at Waha in West Texas; and about \$1.99 at most Oklahoma points. Even with these recent increases, prices at all these markets are still 10 to 15 cents below last year at this time.

Futures: During the last full week of trading before the close of the May contract on Thursday, April 24, the futures price at the Henry Hub moved up a somewhat unexpected \$0.13 per MMBtu and settled on Friday at \$2.081. If this price trend continues, the final May contract could come very close to matching last year's level of \$2.219.

Consumer Prices: The latest consumer price index report from BLS shows that the price of gas decreased by 5.9 percent nationally between February and March. This interrupted a period that saw prices increase for 5 consecutive months—October 1996 to February 1997. According to BLS data, the largest price reductions occurred in Chicago, Dallas, and St. Louis, where prices to residential consumers moved down more than 20 percent. Other metropolitan areas experienced varying price changes in March. Among these were: New York City-down 4 percent, Detroit-down 7 percent, Cleveland-up 7 percent, Pittsburgh-up 2.8 percent, and Boston-no change.

Summary: The dominant weather pattern that has brought almost three weeks of unseasonably cool temperatures to the Midwest and the Northeast has continued a trend of steadily increasing spot market prices and may be affecting the May futures contract. The price of natural gas to residential consumers decreased in March nationally by almost 6 percent.