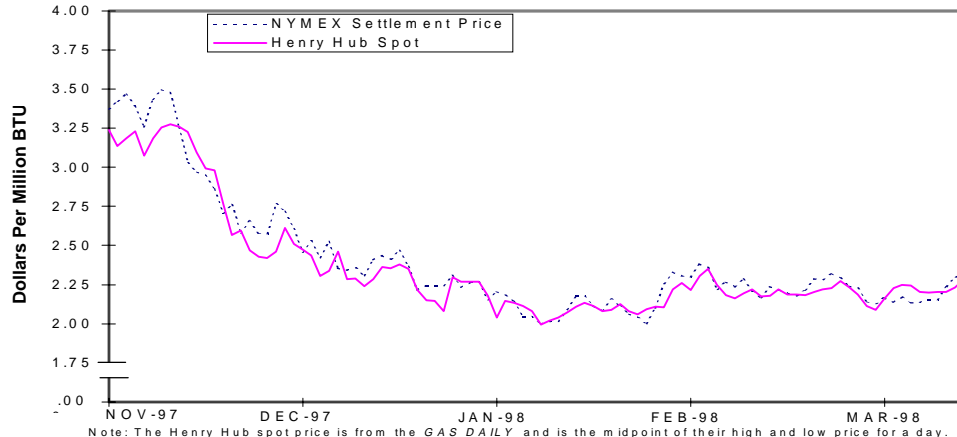


NYMEX Future Prices vs Henry Hub Spot Prices

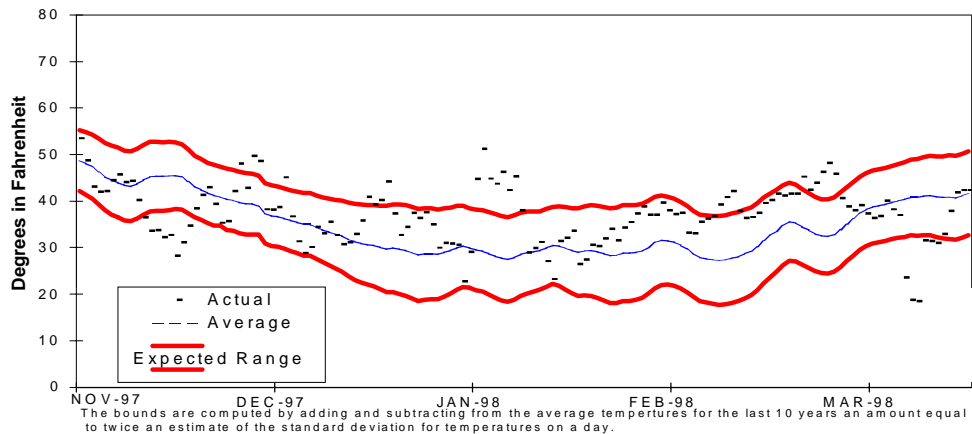
HENRY HUB PRICE		
	SPOT	FUTURES
	Mar	Apr
	Del	Del
	(\$ per MMBtu)	
3/23	2.30-2.35	2.351
3/24	2.27-2.29	2.330
3/25	2.31-2.35	2.365
3/26	2.27-2.30	2.338
3/27	2.23-2.27	2.300



Average temperature for Four Major Gas Consuming Metro Areas

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

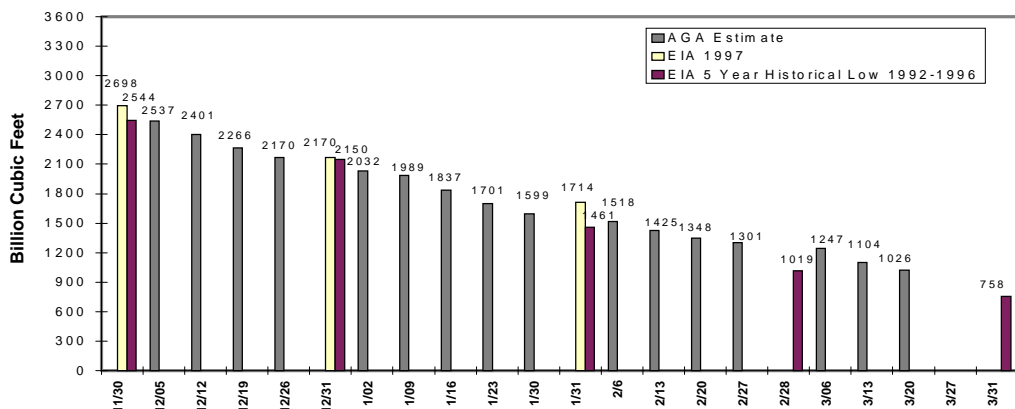
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
3/21	38	42	-4
3/22	36	43	-7
3/23	39	45	-6
3/24	41	46	-5
3/25	52	47	5
3/26	62	48	14
3/27	68	48	20



Working Gas In Storage

Working Gas Volume as of 3/20/98		
	BCF	% Full
EAST	522	30
WEST	172	36
Prod Area	326	35
U. S.	1026	32

Source: AGA



The futures contract for April delivery at the Henry Hub closed on Friday, March 27, at \$2.300 per MMBtu, about 2 cents more than the March contract settlement price and about \$0.50 above last year's April contract. Springlike weather finally arrived in most parts of the country in the second half of last week. Average temperatures in the four cities monitored by this report (Chicago, Kansas City, New York, and Pittsburgh) were 8 degrees below normal on Tuesday then rose to 20 degrees above normal by Friday. Daytime temperatures reached the upper 70s and the low 80s in most parts of the Midwest and the East late last week. The warm weather is forecasted to continue into the middle of this week. Spot market prices at the Henry Hub stayed at or above \$2.30 per MMBtu most days last week before moving down to \$2.25 on Friday. The increase in the April futures contract, although small, was the second consecutive month that the closing price has exceeded the previous month's level. The price of crude oil rebounded last week following the announcement that several OPEC members had agreed to production quotas. West Texas crude oil prices did display some price volatility early in the week before closing at \$16.80 per barrel-up \$2.45 from the previous Friday.

Storage: According to American Gas Association (AGA) estimates, net storage withdrawals were 78 Bcf for the third week of March - about 15 Bcf more than for the same week last year. This follows the previous week's drawdown estimate of 143 Bcf and lowers the stock differential to last year at the same time to less than 200 Bcf (1,026 vs. 832). It now appears that some earlier estimates of end-of- heating-season storage levels of between 1,100 and 1,200 Bcf may not be realized. EIA's storage survey data indicate that 1,714 Bcf of working gas was on hand at the end of January. Based on AGA data, net withdrawals since then have been almost 575 Bcf (300 Bcf during February and 275 for the first 3 weeks of March). If net withdrawals during the last week of March are near the AGA 4-year average of 34 Bcf, the end of March total for working gas will be near 1,100 Bcf - about 110 more than last year.

Spot Prices: During bid week (last week), the spot price at the Henry Hub remained close to \$2.30 per MMBtu most days - about 10 cents higher than levels the previous week. On Friday, the final day for the April futures contract, spot gas traded for about \$2.25 per MMBtu - \$0.05 less than the futures closing price. This was about half the differential seen last month when the March contract settled at \$2.286 per MMBtu. This would again indicate that market participants hold the view that current supplies are ample. Prices at other market locations, although generally lower, displayed the same pricing pattern. For example, on Friday, March 27, the price was \$2.21 per MMBtu at Katy in East Texas; \$2.217 at Waha in West Texas; and \$2.18 at most Oklahoma locations. The lowest prices were available at the Rocky Mountain markets where levels remained near \$1.90 per MMBtu. As with the futures contract price, the current spot market price level is about \$0.50 higher than last year at this time.

Futures Prices: The reasons for the upward price movement in the April contract, which usually settles lower than the March contract, are not readily identified. Market fundamentals, excluding the week of cold weather in early March, remain generally constant: above normal average temperatures, adequate supply, and no transportation bottlenecks. According to several market observers, some of the factors that may be contributing to this upward price movement could be: the continued involvement of large institutional investors in the gas futures market, some evidence that an "El Nino" winter can be followed by a warmer-than-normal summer, and expectations that the level of growth in the US economy will continue strong demand for natural gas. The NYMEX futures price for May delivery at the Henry Hub opened Monday, March 30, at \$2.345 per MMBtu, virtually the same as Friday's settlement price (\$2.352).

Summary: Warm spring weather arrived last week but the futures contract price settled up again. Storage volumes remain ahead of last year's end of heating season levels.