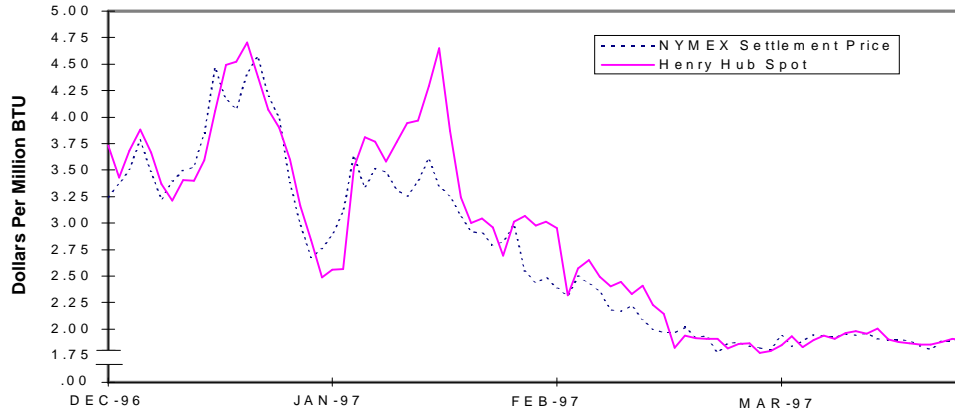


NYMEX Future Prices vs Henry Hub Spot Prices

HENRY HUB PRICE		
	CASH	FUTURES
	Mar	Apr
	Del	Del
	(\$ per MMBtu)	
03/24	1.84-1.87	1.805
03/25	1.86-1.89	1.884
03/26	1.88-1.93	1.884
03/27	1.87-1.92	1.925
03/28	closed	closed

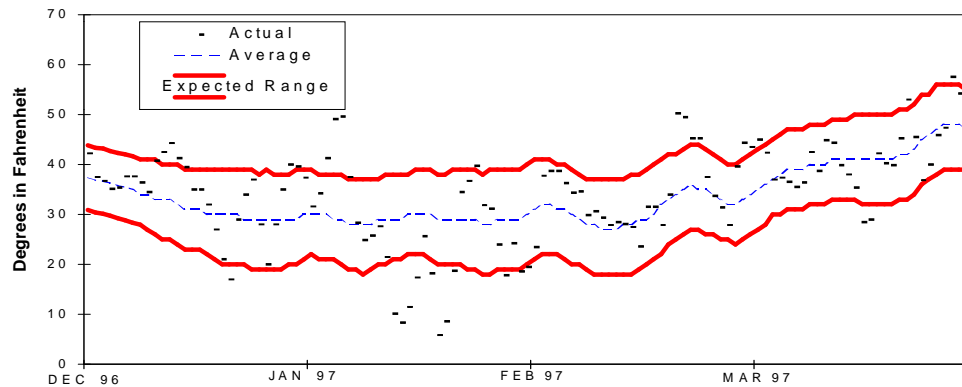


Note: The Henry Hub spot price is from the GAS DAILY and is the midpoint of their high and low price for a day.

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
03/23	37	45	-8
03/24	40	46	-6
03/25	46	47	-1
03/26	47	48	-1
03/27	57	48	9
03/28	54	48	6
03/29	49	47	2

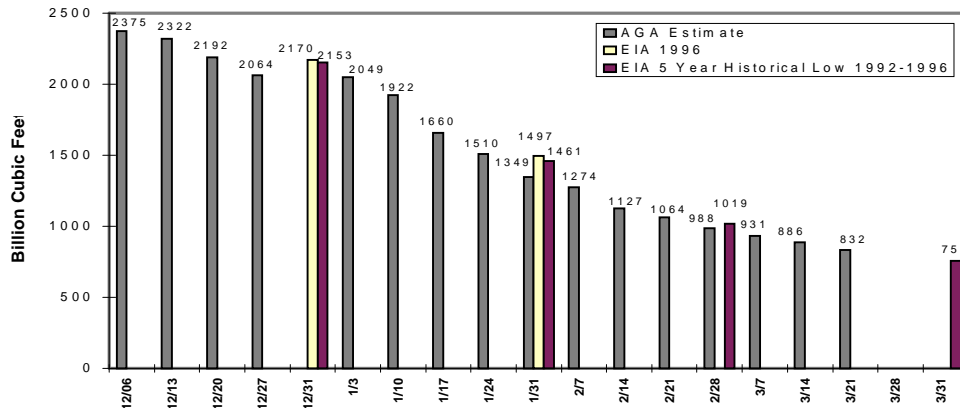


The bounds are computed by adding and subtracting from the average temperature for the last 10 years an amount equal to twice an estimate of the standard deviation for temperatures on a day.

Working Gas In Storage 1996-1997

Working Gas Volume as of 03/21/97		
	BCF	% Full
EAST	406	23
WEST	165	34
Prod Area	261	28
U. S.	832	26

Source: AGA



The NYMEX futures for May delivery at the Henry Hub opened Monday, March 31, at \$1.950 per MMBtu, \$0.022 more than Thursday's settlement price. During the first full week of spring, average temperatures in the four metropolitan areas covered in this report were cooler than normal during the first half of the week, then rose considerably. Daytime highs in many areas of the Midwest and the East were near 70 degrees Fahrenheit on Thursday, March 28. The April futures contract closed on Monday, March 24, at \$1.805 per MMBtu—almost \$1.00 less than last year's. Prices on the Henry Hub spot market rose 2 to 3 cents most days, but by the end of the week remained generally below \$1.90 per MMBtu. The price of West Texas crude oil decreased most days and ended the week at \$20.75 per barrel—more than \$5.00 less than prices seen in December and January. Net storage withdrawals exceeded 60 Bcf during the week ending March 21, but overall levels of working gas remained much higher than at the same time last year.

Storage: The American Gas Association (AGA) estimates that net withdrawals (not including an accounting adjustment) from storage were 64 Bcf during the week ending Friday, March 21, some 19 Bcf more than the previous week's estimated 45 Bcf. Virtually all the storage demand was in the East where net withdrawals totaled 63 Bcf, 6 Bcf greater than during the previous week and nearly double the 32 Bcf estimated by AGA for the same week 1 year ago. In the Producing region, 10 Bcf was reclassified by one company from base to working gas, which offset 3 Bcf of withdrawals to yield a net increase in Producing region working gas in storage. Including this reclassification, U.S. net withdrawals were still 9 Bcf greater than the estimate for last week, although this is the first week since early in the heating season that AGA has reported net injections in the West region—a modest 2 Bcf. At the national level, with just over a week remaining in the heating season, AGA estimates show 207 Bcf more working gas in storage than at this time last year, and 77 Bcf more than EIA's 5-year (1992-1996) historical low level at the end of March 1996 of 755 Bcf. Given that net withdrawals have averaged only about 52 Bcf over the past 3 weeks, gas inventories seem more than adequate as the heating season winds down, especially since working gas levels in the East region are estimated to be 189 Bcf more than at this time last year.

Spot Prices: The cool weather early last week appears to have contributed to a small increase of about 4 cents per MMBtu in spot prices at the Henry Hub between last Monday and Thursday. However, prices were generally stable with spot transactions in the \$1.85 to \$1.90 per MMBtu range most days at the Henry Hub. Prices at most other major market locations displayed similar stability but in general were lower than those seen at the Henry Hub. Some worth noting are: Katy in East Texas—\$1.80 to \$1.86 per MMBtu on Thursday, March 27; Waha in West Texas—\$1.71 to \$1.80; and most Oklahoma postings—\$1.70 to \$1.75. The Rocky Mountain market area appears to have seen price declines of more than 10 cents per MMBtu, with prices ranging between \$1.35 and \$1.40 per MMBtu by Thursday.

Futures Prices: Following the settlement of the April contract at \$1.805 per MMBtu on Monday, March 24, the contract for May delivery at the Henry Hub showed some unexpected strength and by Thursday had settled at \$1.928. A variety of reasons for this early interest in the May contract have been offered in the trade press. Two of these are: the forecast of cold weather this week in the Northeast and the view of some buyers that a May contract price of less than \$2.00 is particularly attractive at this time.

Summary: The futures contract for April delivery closed almost \$1.00 per MMBtu less than last year's while early prices for the May contract are up. Spot market prices continue to be generally stable with some price declines in the Rocky Mountain market areas. Working gas in storage remains ample and will probably end the heating season with close to 800 Bcf still available.