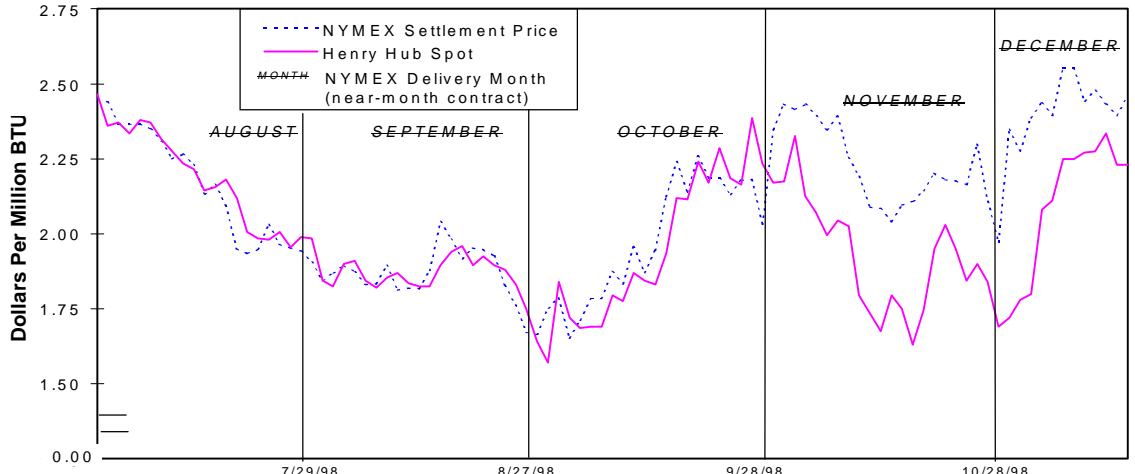


NYMEX Future Prices vs Henry Hub Spot Prices

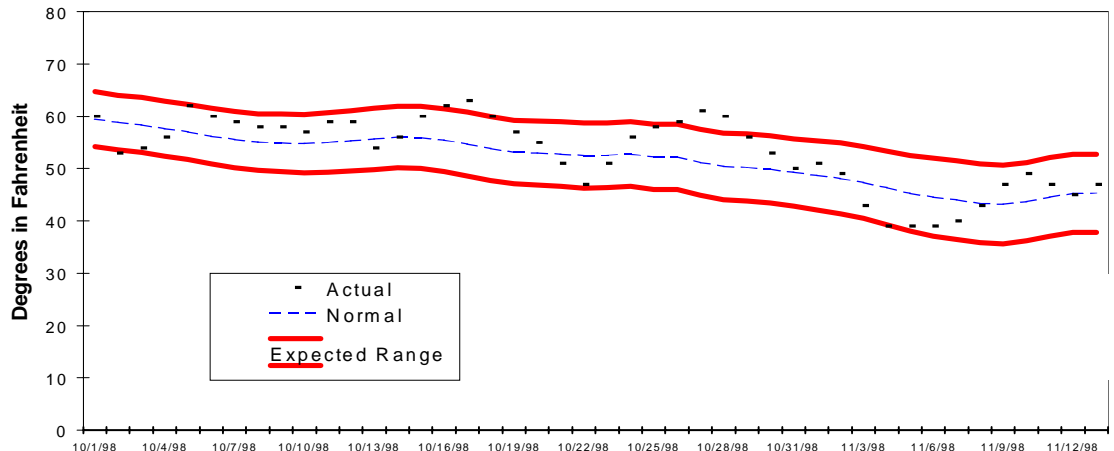


Note: The Henry Hub spot price is from the GAS DAILY and is the midpoint of their high and low price for a day. The dates marked by vertical lines are the NYMEX near-month contract settlement dates.

| HENRY HUB PRICE | | |
|-----------------|-----------|-------|
| SPOT | FUTURES | |
| November | December | |
| Del | Del | |
| (\$ per MMBtu) | | |
| 11/9 | 2.23-2.31 | 2.442 |
| 11/10 | 2.25-2.30 | 2.478 |
| 11/11 | 2.31-2.36 | 2.432 |
| 11/12 | 2.21-2.25 | 2.394 |
| 11/13 | 2.20-2.26 | 2.459 |

Average Temperature for Four Major Gas Consuming Metro Areas

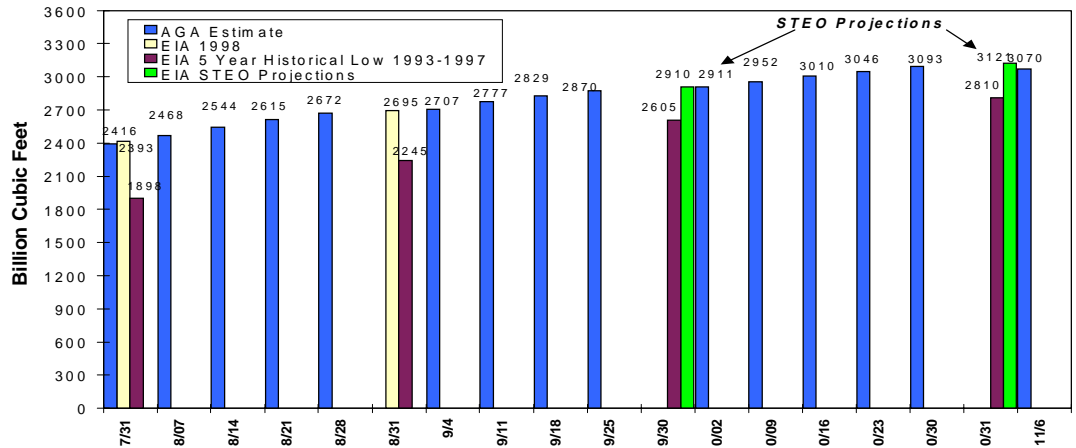
(Chicago, Kansas City, New York, and Pittsburgh)



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.

| Average Temperature for Four Major Gas Consuming Areas | | | |
|--|--------|--------|------|
| | Actual | Normal | Diff |
| 11/7 | 40 | 44 | -4 |
| 11/8 | 43 | 43 | 0 |
| 11/9 | 47 | 43 | 4 |
| 11/10 | 49 | 44 | 5 |
| 11/11 | 47 | 45 | 2 |
| 11/12 | 45 | 45 | 0 |
| 11/13 | 47 | 45 | 2 |

Working Gas In Storage



| Working Gas Volume as of 11/06/98 | | |
|-----------------------------------|------|--------|
| | BCF | % Full |
| EAST | 1735 | 97 |
| WEST | 441 | 92 |
| Prod Area | 894 | 97 |
| U. S. | 3070 | 96 |

Source: AGA

The NYMEX futures contract for December delivery at the Henry Hub opened on Monday, November 16, at \$2.370 per MMBtu, \$0.089 less than Friday's settlement price. The season's first significant snow storm roared through the Great Plains and the Upper Midwest early last week dropping more than 10 inches of snow in parts of Minnesota and Wisconsin. Temperatures in the four cities monitored for this report (Chicago, Kansas City, New York, and Pittsburgh) were cool early last week but then gradually moderated to end the week about 2 degrees above normal. Several forecasts are now calling for this warm trend to continue. Spot prices began the week up slightly at the Henry Hub then rose further to about \$2.35 per MMBtu on reports that the cold air and snow would move into the Northeast. When the weather moderated, prices declined to end the week near \$2.25, similar to the previous Friday's level. Prices on the futures market for December were down about 10 cents per MMBtu ending the week at \$2.459 per MMBtu. The American Gas Association (AGA) reported that, on average, almost 3.5 Bcf per day was withdrawn from storage during the first week of November, the season's first week of net storage withdrawals. The Bureau of Labor statistics (BLS) producer price index for October 1998 indicates that the wellhead price of natural gas has declined more than 30 percent compared with the previous October. Increases in US/Iraqi tensions had no apparent impact on oil prices last week as price of West Texas Intermediate crude oil declined 30 cents per barrel to \$13.60—roughly equivalent to \$2.35 per MMBtu.

Storage: According to AGA estimates, net withdrawals from storage were 24 Bcf during the week ended Friday, November 6, with flow patterns varying among regions. Storage facilities in the Consuming East, which includes virtually the entire area east of the Mississippi River, had withdrawals totaling 28 Bcf in the first week of November. The Producing region reported net withdrawals of 2 Bcf for the week, while the West reported net injections of 6 Bcf. Last year during the first week of November, the industry was still refilling storage as net additions of 7 Bcf were reported. Overall, the level of working gas remains more than 250 Bcf ahead of last year at the same time (3,070 Bcf vs. 2,814).

Spot Prices: After reaching a midweek high of \$2.35 per MMBtu at the Henry Hub, the spot price ended the week at about the same level as the previous week—\$2.25. The differential between the spot price and the near-month (December) futures contract narrowed to 10 cents per MMBtu on Wednesday (\$2.33 vs. \$2.43). This first movement toward price convergence in almost 6 weeks appears to have been brought about by midweek weather forecasts calling for the storm in the upper Midwest to move into the Northeast. When forecasts were revised and the weather in the Northeast remained generally warmer-than-normal, spot prices retreated. By the end of the week, the differential had risen above \$0.25 per MMBtu (\$2.23 vs. \$2.459).

Futures Prices: The pending threat of an early winter storm spreading into major gas-consuming areas in the East had little impact on the near-month NYMEX futures contract. The December contract began last week down more than 10 cents per MMBtu (\$2.442 vs. \$2.553) and remained generally stable most days. After Monday, which saw the December contract trade in a broad \$0.21 per MMBtu range (\$2.64 to \$2.43), trading moderated and by Friday the range had narrowed to 10 cents (\$2.495 to \$2.395). The ample supply of gas, relatively low demand, and elevated storage levels continue to dominate the market.

Summary: The first winter storm of the season stayed confined to the Great Plains and upper Midwest prompting early-week price increases on the spot market to evaporate, returning prices to the previous week's level as the weather moderated. December's futures contract ended the week down about 10 cents per MMBtu but remains more than 25 cents higher than spot market prices as robust supply continues to be the prevailing feature of the current gas market. The cold weather in the East in early November contributed to the season's first week of net storage withdrawals.