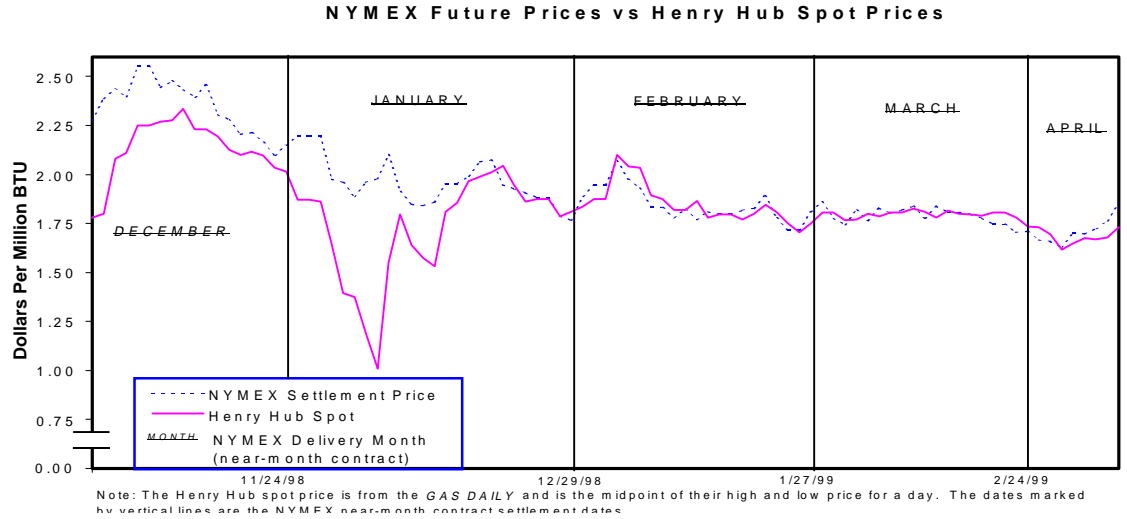
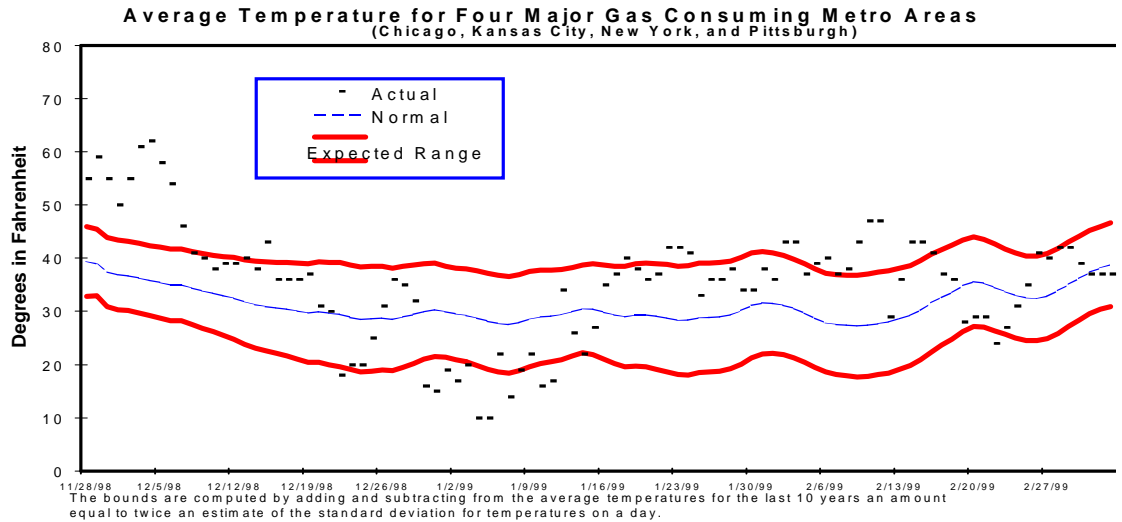


HENRY HUB PRICE (\$ per MMBtu)		
	SPOT	FUTURES
	March	April
	Del	Del
3/01	1.64-1.66	1.701
3/02	1.66-1.69	1.696
3/03	1.66-1.68	1.723
3/04	1.67-1.69	1.762
3/05	1.71-1.75	1.853



Average Temperature for Four Major Gas Consuming Areas

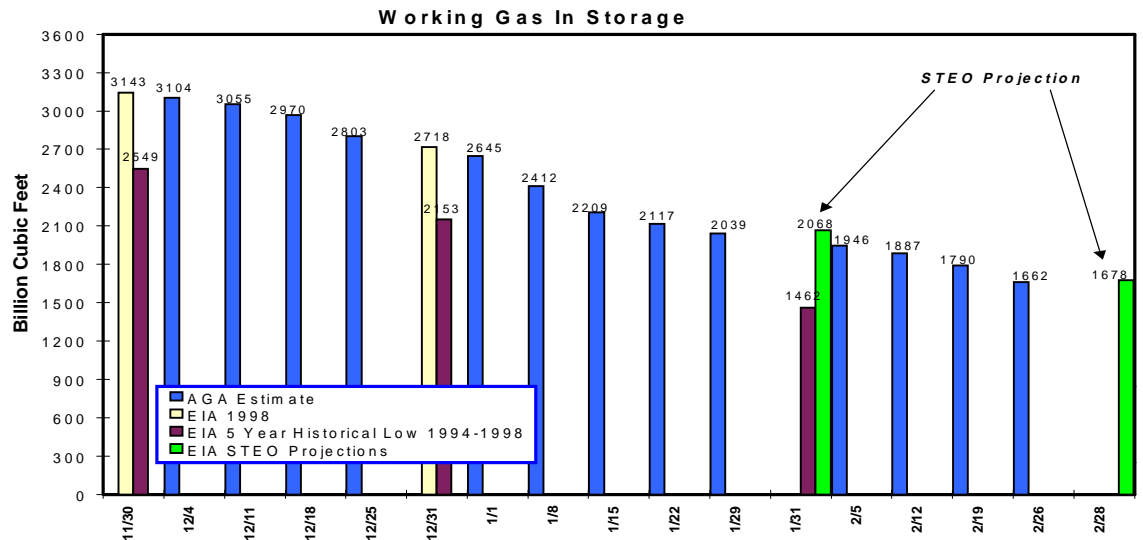
	Actual	Normal	Diff
2/27	40	33	7
2/28	42	34	8
3/01	42	35	7
3/02	39	36	3
3/03	37	37	0
3/04	37	38	-1
3/05	37	39	-2



Working Gas Volume as of 2/26/99

	BCF	% Full
EAST	795	44
WEST	284	58
Prod Area	795	61
U. S.	1662	51

Source: AGA



The NYMEX futures price for April delivery at the Henry Hub opened Monday, March 8, at \$1.905 per MMBtu, \$0.052 more than Friday's settlement price. Most parts of the country had moderate to somewhat cooler-than-normal weather most days last week. However in the Northeast, low temperatures accompanied by heavy snows moved into western Pennsylvania, northern New York, and parts of New England late in the week. The wintry weather, along with forecasts calling for colder-than-normal temperatures in many parts of the Midwest and the Northeast this week, contributed to an almost \$0.25 per MMBtu rise in the trading price for the April NYMEX futures contract. The spot price at the Henry Hub remained stable most days last week before it moved up to about \$1.74 per MMBtu on Friday—more than \$0.10 above the previous Friday level. Larger-than-expected net withdrawals, averaging more than 18 Bcf per day, in the last week of February also played a part in the price increases. Last week's intensified aerial bombing in Iraq contributed to the reversal of the recent steady decline in world oil prices. The price of West Texas Intermediate crude oil also moved up by \$1.30 to end the week at \$13.35 per barrel, its highest level in months and roughly equivalent to \$2.32 per MMBtu.

Storage: According to the American Gas Association (AGA), an estimated 128 Bcf was withdrawn from storage in the week ended Friday, February 26. This is the highest withdrawal level in 6 weeks but still leaves 1,662 Bcf, or more than 50 percent of full capacity, with about 5 weeks remaining in the heating season. EIA's estimate for end-of-February inventories is 1,678 Bcf. Using either amount, it appears that stocks at the end of March will be at their highest level since 1995 (1,330 Bcf). Since 1994, net withdrawals in March have averaged 215 Bcf, with the most withdrawals in March 1996 (324 Bcf) and the least, at less than half that (155 Bcf), in 1997. Last year's March total was 241 Bcf.

Spot Prices: Natural gas spot prices at the Henry Hub were generally "flat" most days last week, trading for about \$1.68 per MMBtu. Then on Friday the price moved up about 6 cents in response to daily increases in the near-month NYMEX futures contract. This type of spot price increase, which was prevalent in the fall, is known as "following the screen." Prices at other major market locations also moved up at the end of last week, with the highest posted prices occurring in Chicago at about \$1.87 per MMBtu and some of the lowest in the Rockies at \$1.48.

Futures Prices: On Tuesday, March 2, the spot price at the Henry Hub was just about the same as the price of the near-month (April) futures contract at \$1.68 per MMBtu. But by the end of the week a differential of more than 10 cents per MMBtu had opened up, with the spot price at \$1.74 versus the April NYMEX at \$1.853. The cold stormy weather in parts of the Northeast and forecasts calling for it to continue and for winter weather to return to many areas of the Midwest this week appear to have returned some price pressure to the futures market. Also contributing to this upward trend was the higher-than-expected storage withdrawals in the last week of February.

Summary: The price of the near-month (April) futures contract moved up about \$0.25 per MMBtu last week with the return of seasonal temperatures and heavy snows in parts of the Northeast and forecasts calling for it to continue this week. Spot market prices also rose late in the week as they appeared to have been pulled along by the activity on the NYMEX. Storage stocks continue to be at a 4-year high even following the highest withdrawals (128 Bcf) in 6 weeks.