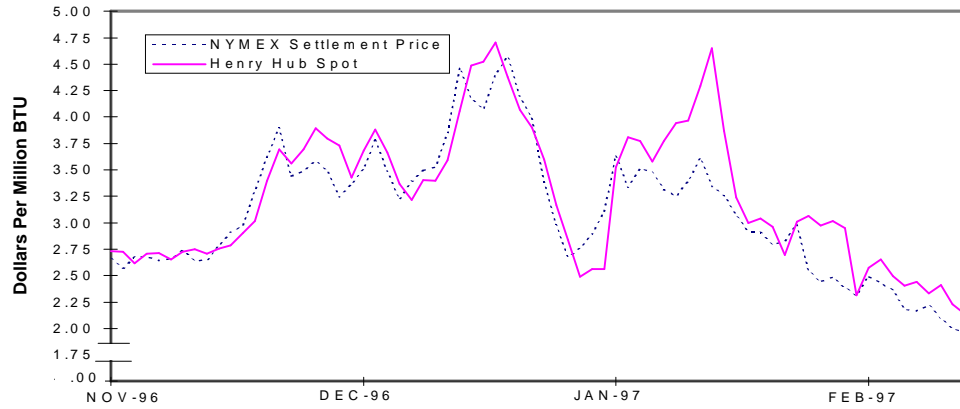


NYMEX Future Prices vs Henry Hub Spot Prices

HENRY HUB PRICE		
	CASH	FUTURES
	Feb	Mar
	Del	Del
	(\$ per MMBtu)	
02/10	2.41-2.48	2.167
02/11	2.31-2.35	2.224
02/12	2.38-2.44	2.090
02/13	2.21-2.25	1.999
02/14	2.11-2.17	1.966

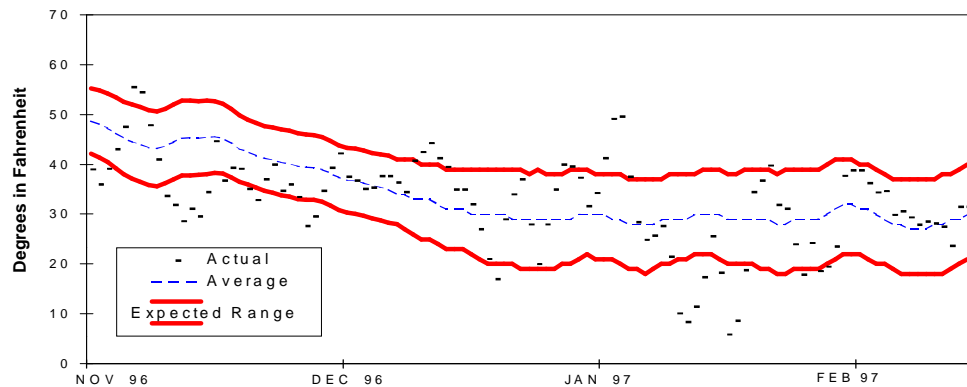


Note: The Henry Hub spot price is from the GAS DAILY and is the midpoint of their high and low price for a day.

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
02/09	28	27	1
02/10	29	27	2
02/11	28	28	0
02/12	28	28	0
02/13	24	29	-5
02/14	32	29	3
02/15	32	30	2

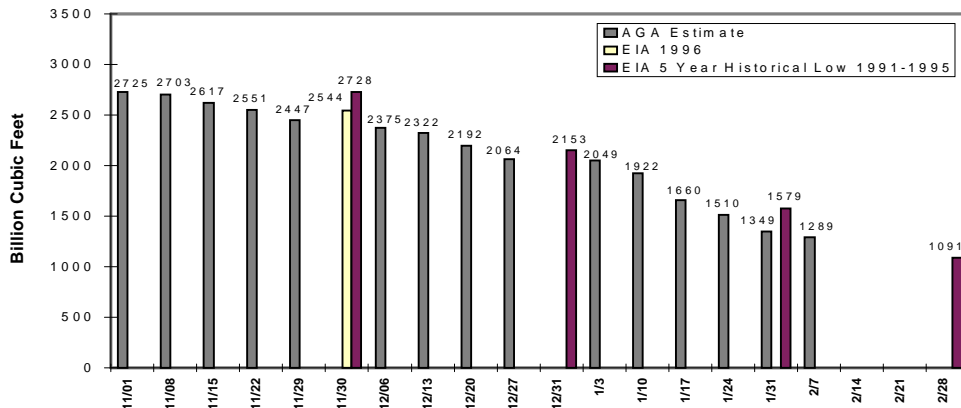


The bounds are computed by adding and subtracting from the average temperatures for the last 10 years an amount equal to twice an estimate of the standard deviation for temperatures on a day.

Working Gas In Storage 1996-1997

Working Gas Volume as of 02/07/97		
	BCF	% Full
EAST	784	44
WEST	202	42
Prod Area	303	33
U. S.	1,289	41

Source: AGA



The NYMEX futures price for March delivery at the Henry Hub opened Tuesday, February 18, at \$1.860 per MMBtu, \$0.094 lower than Friday's settlement price. Prices on both the spot and futures market have continued the downward trend that began the last week of January. The cash price ended the past week at about \$2.14 per MMBtu at the Henry Hub, while the futures price for March delivery settled below \$2.00 - its lowest level in over 4 months. Cash prices at other market locations were close to \$1.95 per MMBtu for several days last week. The sharp drop in prices of more than \$2.40 per MMBtu on most spot markets is primarily the result of an extended period of moderate weather in many areas of the country since late January. Also contributing to the decline in prices has been the steadily improving levels of working gas in storage compared to last year. Other energy markets have also shown similar price declines. The price of West Texas crude oil was below \$22.00 a barrel at midweek - the lowest price in 6 months. Wholesale and retail prices of heating oil and propane also declined during the last 2 weeks while stock levels for these fuels and others that can be used as alternatives for natural gas have improved recently.

Storage: The American Gas Association (AGA) estimated that 60 Bcf of working gas was withdrawn from storage during the week ending February 7. This was more than 100 Bcf less than the previous week's estimate of 161 Bcf and reflects the diminished level of demand brought on by the prolonged period of above-normal temperatures. Last year during the same time more than 225 Bcf was withdrawn to meet demand during some of the lowest temperatures of last winter. Based on EIA data, weekly withdrawals in February during the previous 5 years (1992-96) have averaged about 120 Bcf. After more than 3 months into this heating season, the overall level of working gas in storage is 20 percent higher than last year. In the critical East Consuming region, working gas levels are 200 Bcf greater than last year with 7 weeks remaining in the heating season.

Spot Prices: Following a period of 2 ½ weeks of unseasonably mild temperatures, the posted price for gas at all major market locations has moved downward. It appears that this trend will continue into this week as several weather forecasts are calling for this mild weather pattern to remain dominant. Cash prices last week at the Henry Hub averaged near \$2.30 per MMBtu - more than \$2.10 less than for the same period last year. Prices at most major Midcontinent markets were in the \$1.90's per MMBtu on Friday and the lowest posted cash prices (\$1.72 to \$1.87 per MMBtu) were available in the Permian Basin region of West Texas. Canadian import prices in the West declined to levels near \$1.00 per MMBtu on Friday and this too applies downward pressure on prices in the United States.

Futures Prices: The same market conditions—moderate temperatures, continuing favorable weather forecasts, adequate storage resources, low demand, and price declines in major petroleum products— have affected the futures market. The March futures price for delivery at the Henry Hub decreased most days last week and settled on Friday at \$1.966 per MMBtu. The current settlement price for March delivery is almost \$0.80 per MMBtu less than last year's March contract of \$2.746.

Pipeline Closing: A major interruption in natural gas pipeline transmission of between 250 and 300 MMcf per day occurred in Washington State last week. The 26-inch pipe, owned by Northwest Pipeline, had two major ruptures and one explosion, with no injuries reported. Many in the industry familiar with the situation believe these incidents are the result of soil shifting brought on by the record rain and snow in the region over the last 18 months. Northwest Pipeline reports that it has been able to provide all customer needs from a parallel 30-inch line. Repair work on the pipeline has been successful and the latest information indicates that only a small segment of the damaged pipeline has not been cleared by the U.S. Dept. of Transportation to return to service.

Summary: Over 2 weeks of predominantly warmer-than-normal temperatures in most parts of the country has reduced demand for natural gas and allowed for the level of gas in storage to grow above last year's level. This along with price decreases in other energy markets continues to apply strong downward pressure on natural gas prices.