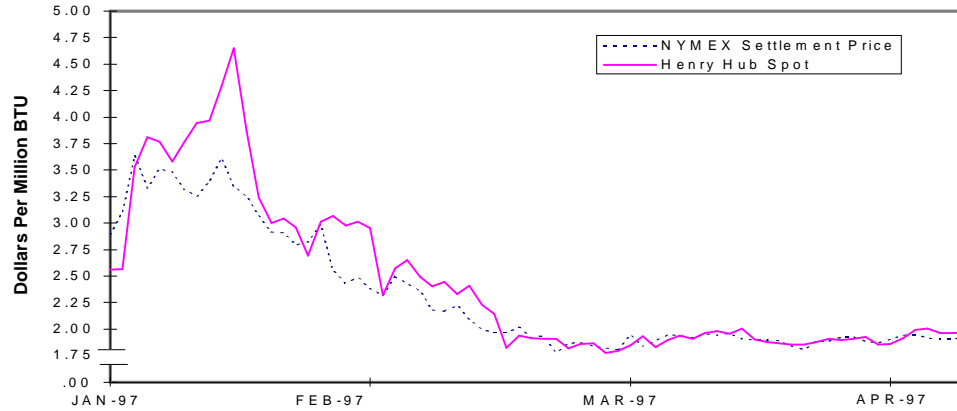


**NYMEX Future Prices vs Henry Hub Spot Prices**

HENRY HUB PRICE		
	CASH	FUTURES
	Apr	May
	Del	Del
	(\$ per MMBtu)	
04/07	1.96-2.02	1.946
04/08	1.97-2.04	1.916
04/09	1.93-1.99	1.901
04/10	1.94-1.98	1.900
04/11	1.96-1.98	1.933

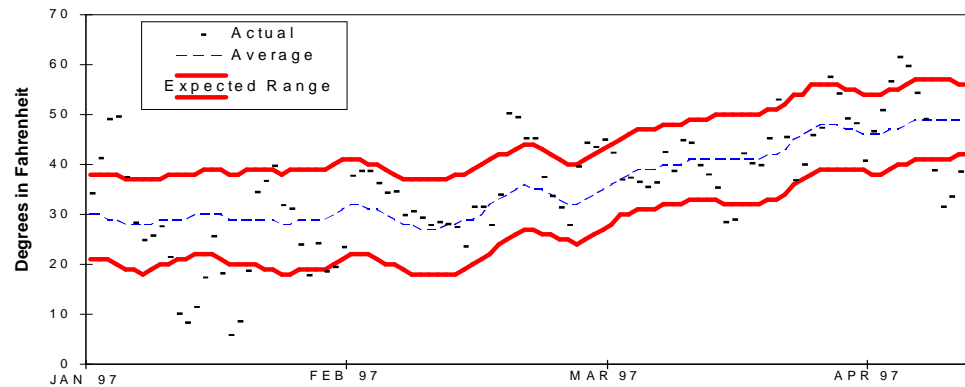


Note: The Henry Hub spot price is from the GAS DAILY and is the midpoint of their high and low price for a day.

**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
04/06	54	49	5
04/07	49	49	0
04/08	46	49	-3
04/09	32	49	-17
04/10	34	49	-15
04/11	39	49	-10
04/12	41	49	-8

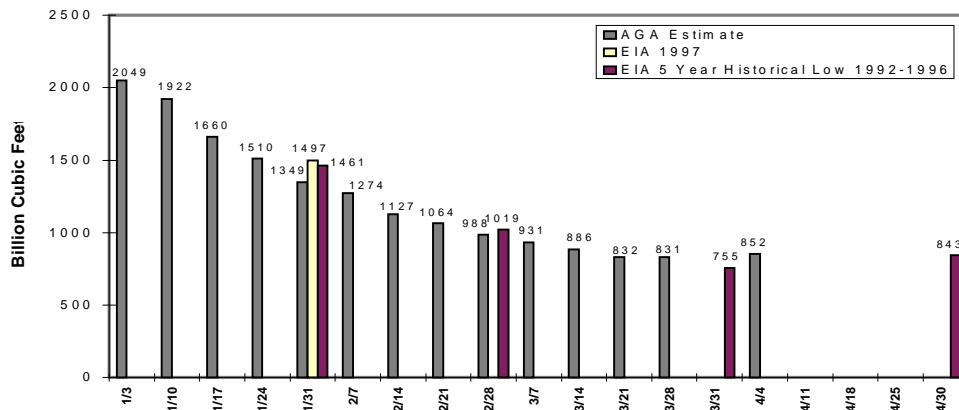


The bounds are computed by adding and subtracting from the average temperatures for the last 10 years an amount equal to twice an estimate of the standard deviation for temperatures on a day.

**Working Gas In Storage 1997**

Working Gas Volume as of 04/4/97		
	BCF	% Full
EAST	379	21
WEST	170	35
Prod Area	303	33
U. S.	852	27

Source: AGA



The NYMEX futures price for May delivery at the Henry Hub opened on Monday, April 14, at \$1.940 per MMBtu, \$0.007 higher than Friday's settlement price. Unseasonably cool weather during the first week of April brought a record-level snowstorm to many parts of New England. This was followed by a week that saw daytime temperatures in many areas of the Midwest in the mid-30s most days and snowstorms in Minnesota, Wisconsin, and the Dakotas. Major league baseball games were either postponed or moved to the daytime in Chicago and Detroit in order to avoid night time temperatures in the low 20s. Prices on both the spot and futures markets at the Henry Hub were generally up during this period. Spot prices exceeded \$2.00 per MMBtu some days last week, while futures prices stayed in the \$1.90 to \$1.95 per MMBtu range. The price of West Texas Intermediate oil ended last week at about \$19.50 per barrel—almost \$5.00 less than last year at this time. The level of gas in storage continues to be more than 50 percent higher than last year at this time as all three storage regions had estimated net injections during the first week of April.

**Storage:** The week ending Friday, April 4, was the first week since late October that estimated storage activity resulted in net injections in all three regions, according to the American Gas Association (AGA) weekly storage report. AGA estimates that a total of 21 Bcf was injected nationwide, with the Producing region storing the most at 18 Bcf, with the West and East Consuming regions injecting 2 Bcf and 1 Bcf, respectively. AGA estimated that nationwide net withdrawals during the previous week were only 1 Bcf (but 28 Bcf for the Consuming East region). In contrast, during the same 2-week period last year, the estimated net withdrawals were 51 Bcf (last week of March) and 15 Bcf. However, it may be premature to announce the beginning of the so-called "injection season"—April to October. The unseasonably cold weather that began over the weekend of April 5-6 in the upper Midwest and swept eastward this past week produced record cold nights in many locations. It seems likely that AGA estimates for storage activity for this period may reflect net withdrawals, at least for the Consuming East region. Storage levels remain much higher than last year at this time, with 52 percent more gas estimated to be in storage nationwide on April 4 and over twice as much stored gas remaining in the Consuming East region (379 Bcf vs. 174 Bcf) compared with last year.

**Spot Prices:** The unseasonably cold weather during the first 2 weeks of April appears to have had an impact on spot prices at most major market locations, as prices were up about 10 to 20 cents per MMBtu. Even with these recent increases, however, prices continue to be considerably less than last year at this time. At the Henry Hub, prices in mid-April of last year were about \$2.25 per MMBtu, while on Friday, April 11, spot gas transactions were available at \$1.96. Most other locations displayed similar differences between years. Some of these are: Katy in East Texas - \$1.92 vs \$2.18 per MMBtu last year; Waha in West Texas - \$1.85 vs \$2.05; and Chicago citygate - \$2.10 vs \$2.38. The gas markets in the Rocky Mountains and in northwest New Mexico are among the few that are reporting higher prices compared with last year. Prices last Friday in the Rockies were \$1.60 vs \$1.10 per MMBtu last year and in New Mexico at Blanco were \$1.75 vs \$1.20. The estimated amount of gas remaining in western storage sites may be contributing to the regional differences in price trends. According to AGA estimates, on April 4, the level of gas in storage in the West region was more than 20 percent less than last year at about the same time (170 vs 219 Bcf).

**Futures Prices:** The futures contract for May delivery at the Henry Hub has stayed within a 6-cent range between \$1.90 to \$1.95 per MMBtu since Thursday, April 3. A year ago on April 15, the May contract settled at \$2.41 per MMBtu at the Henry Hub. Given the overall higher levels of gas remaining in storage compared with last year, it appears likely that the May contract, which closes on April 24, will be lower than last year's final settlement of \$2.21 per MMBtu.

**Summary:** Low temperatures and early spring snowstorms, especially in the Midwest, have applied upward pressure to spot prices at major gas markets. Net additions were made to storage facilities across the country as overall storage levels are more than 50 percent greater than those of last year, contributing to stable prices on the futures market at this time.