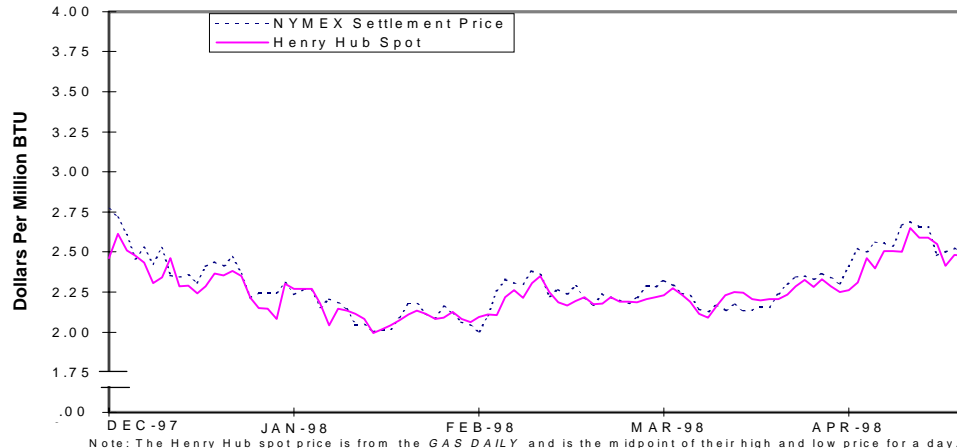


**NYMEX Future Prices vs Henry Hub Spot Prices**

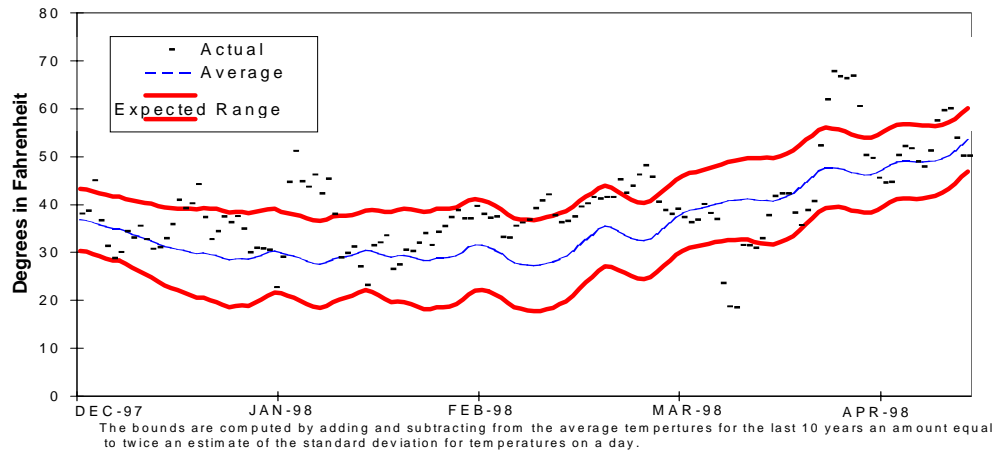
| HENRY HUB PRICE |                |         |
|-----------------|----------------|---------|
|                 | SPOT           | FUTURES |
|                 | Apr            | May     |
|                 | Del            | Del     |
|                 | (\$ per MMBtu) |         |
| 4/13            | 2.51-2.59      | 2.479   |
| 4/14            | 2.39-2.44      | 2.501   |
| 4/15            | 2.46-2.50      | 2.521   |
| 4/16            | 2.46-2.49      | 2.479   |
| 4/17            | 2.37-2.41      | 2.475   |



**Average temperature for Four Major Gas Consuming Metro Areas**

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

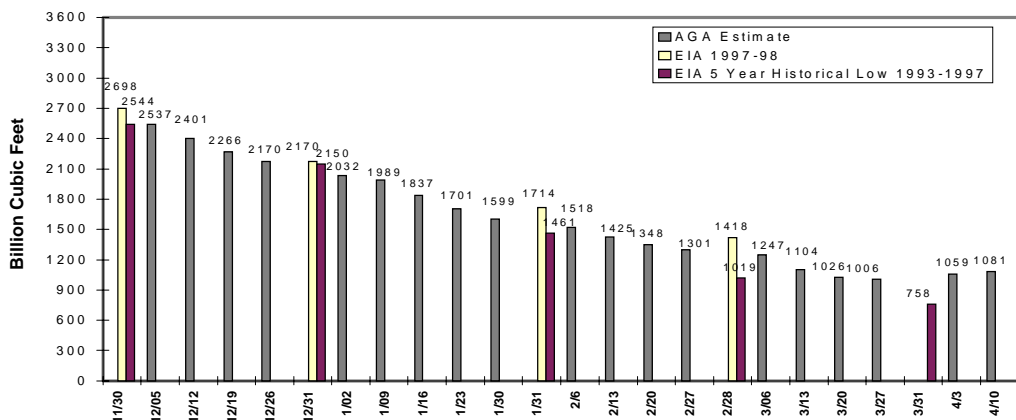
| Average Temperature for Four Major Gas Consuming Areas |        |        |      |
|--|--------|--------|------|
|  | Actual | Normal | Diff |
| 4/11   | 51     | 49     | 2    |
| 4/12   | 58     | 49     | 9    |
| 4/13   | 60     | 50     | 10   |
| 4/14   | 60     | 50     | 10   |
| 4/15   | 54     | 51     | 3    |
| 4/16   | 50     | 52     | -2   |
| 4/17   | 50     | 54     | -4   |



**Working Gas In Storage**

| Working Gas Volume as of 4/10/98 |      |        |
|----------------------------------|------|--------|
|                                  | BCF  | % Full |
| EAST                             | 535  | 30     |
| WEST                             | 163  | 34     |
| Prod Area                        | 338  | 42     |
| U. S.                            | 1081 | 34     |

Source: AGA



The NYMEX contract for May delivery at the Henry Hub opened Monday, April 20, at \$2.460 per MMBtu, \$0.015 less than Friday's settlement price. Average temperatures in most parts of the country were normal or higher most days last week. The one exception was in some of the Rocky Mountain states where early spring snow storms and daytime temperatures in the mid-30s were reported at mid-week. The price for the May futures contract at the Henry Hub began last week down almost \$0.18 per MMBtu from the previous Friday's close. This was followed by 3 days of  $\pm$  4 cent price movements, and the contract ended the week at \$2.475 per MMBtu. Similar to the prior week, spot prices at most major market locations continued to track the previous day's NYMEX price movement, except in the Rockies. In response to increased demand from the recent winter-like weather, the largest LDC in Colorado issued operational flow orders early last week and by Thursday prices rose to a high of \$2.75 per MMBtu at DJ Basin in Colorado. The price of West Texas intermediate crude oil moved up and down between 25 and 45 cents most days last week before closing on Friday at \$15.40 per barrel - this is roughly comparable to \$2.73 per MMBtu. Both the producer and consumer price indices for March natural gas prices, released by the Bureau of Labor Statistics, were generally unchanged from February's report.

**Storage:** For the third consecutive week, the overall level of working gas in storage increased in the industry's storage facilities. The one exception again occurred in the West where net withdrawals were estimated by the American Gas Association (AGA) to be 3 Bcf. The other two storage regions, the Consuming East and the Producing, added 9 and 16 Bcf, respectively. This brings the AGA estimated total for working gas to 1,081 Bcf for the week ending Friday, April 10, up 22 Bcf. EIA's storage survey indicates that 1,418 Bcf of working gas was on hand at the end of February. Coupling this with AGA's estimate that net withdrawals in March were close to 300 Bcf, the end-of-March storage level was probably above 1,100 Bcf. Last year, the EIA survey reported that 991 Bcf was in storage at the end of March

**Spot Prices:** The spot market price at the Henry Hub moved down 4 out of 5 days last week to end the week at \$2.39 per MMBtu, a drop of about \$0.19. Most of the price declines followed by a day a similar price change for the NYMEX May futures contract. The previous week, spot prices had increased in reaction to activity on the futures market. Prices at most other markets behaved in a similar fashion. For example, on Friday, April 17, the price at Katy in East Texas was \$2.37 per MMBtu - down 12 cents; at Waha in West Texas, \$2.30 - down 10 cents; and at Chicago, \$2.45 - down 14 cents. The winter-like weather in the central Rocky Mountains appeared to be the main factor behind price increases of 40 to 70 cents per MMBtu at most markets in that region. On Thursday, spot transactions at the DJ Basin Hub in the Rocky Mountains were trading between \$2.48 to \$2.75 per MMBtu, then declined about 25 cents on Friday.

**Futures Prices:** The price for the May futures contract at the Henry Hub reversed the upward trend of the previous 3 weeks as it ended the week at its lowest level since early April at \$2.475 per MMBtu. The number of new contracts has also declined since early April. At that time, several large investment funds were very active in the early trading for the May contract. It was reported that as many as 80,000 contracts a day were being entered into during the first few days that the May contract traded as the near-month contract. Last week, the volume slowed to less than 30,000 most days. Many market observers believe that interest in the May contract may pick up again as we enter bid week. The contract will close on Tuesday, April 28. In addition, interest in the contracts for June, July, and August may also increase if weather forecasts calling for a warmer-than-normal summer continue. Prices for all these contracts are currently trading at levels that are 40 to 50 cents per MMBtu higher than last year at this time: June-\$2.519, July-\$2.545, and August-\$2.552.

**Summary:** The price of the May NYMEX contract declined for the first time in 3 weeks. Prices at the various spot markets followed suit with the exception of those in the central Rocky Mountain states where winter-like weather was making a last gasp. Net additions to storage continued and it appears that end-of-March working gas levels were more than 100 Bcf higher than last year's total.