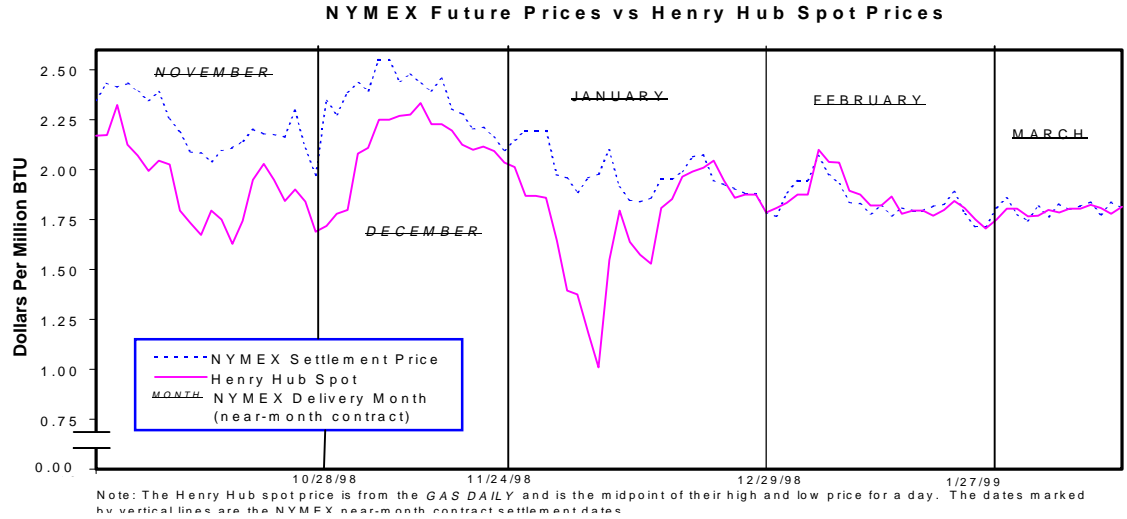
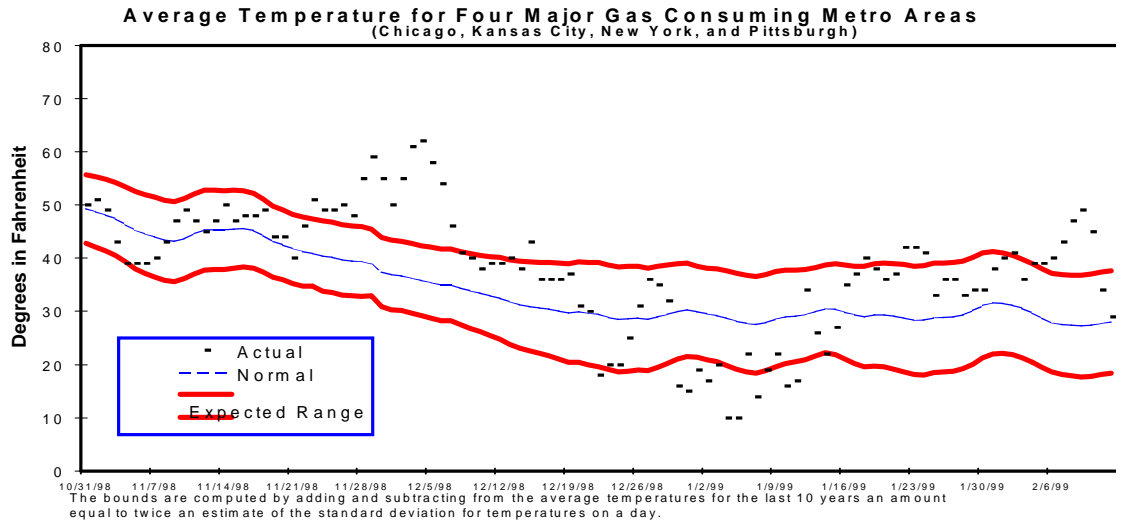


HENRY HUB PRICE (\$ per MMBtu)		
	SPOT	FUTURES
	February	March
	Del	Del
2/08	1.79-1.82	1.818
2/09	1.81-1.84	1.838
2/10	1.79-1.83	1.775
2/11	1.77-1.79	1.837
2/12	1.80-1.83	1.807

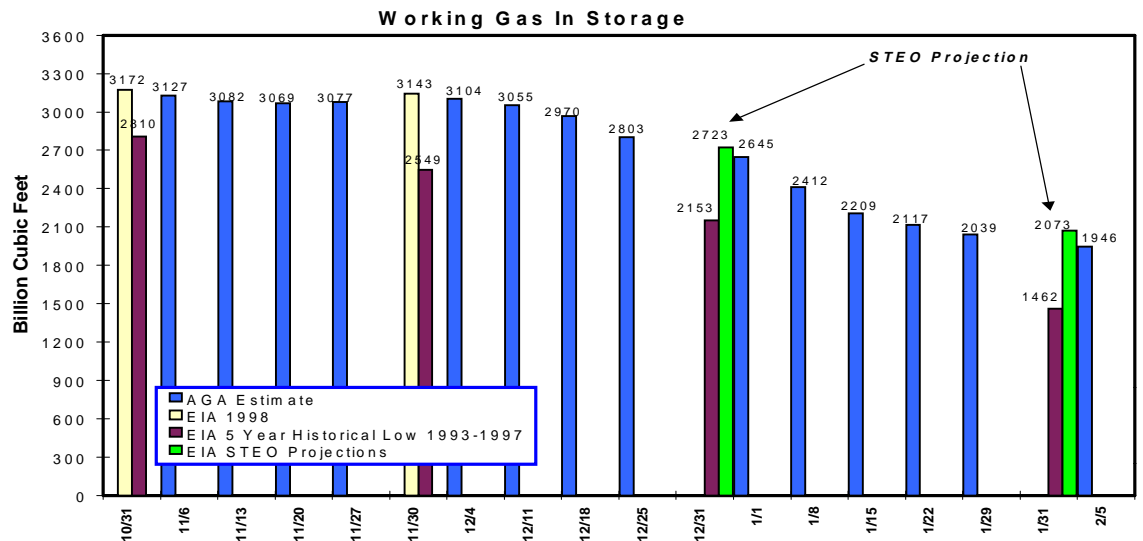


Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
2/06	40	28	12
2/07	43	28	15
2/08	47	27	20
2/09	49	27	22
2/10	45	27	18
2/11	34	28	6
2/12	29	28	1



Working Gas Volume as of 2/5/99		
	BCF	% Full
EAST	1006	56
WEST	320	65
Prod Area	620	65
U. S.	1946	60

Source: AGA



The NYMEX futures price for March delivery at the Henry Hub opened on Tuesday, February 16, at \$1.805 per MMBtu, virtually the same as Friday's settlement price. For the fourth consecutive week, temperatures were above normal in most parts of the country. Daily average temperatures in the four cities monitored for this report (Chicago, Kansas City, New York, and Pittsburgh) ranged from 1 to 22 degrees warmer than normal. Several cities in the Northeast had daytime highs in the 60s late last week. This continuing period of mild weather that began in mid-November has resulted in a more than 10-percent reduction in normal heating degree days since the start of the heating season. The National Weather Service, along with most commercial weather organizations, is calling for this weather pattern to continue through the end of February in most parts of the United States. Spot prices at the Henry Hub remained generally stable last week as they traded in a range between \$1.78 and \$1.82 per MMBtu. The near-month (March) futures contract traded in a tight 6-cent range as it ended the week almost unchanged at \$1.807 per MMBtu. During the first week of February, withdrawals from storage averaged about 13 Bcf per day. The price of West Texas Intermediate crude oil remained almost unchanged last week as it traded for \$11.80 per barrel—roughly equivalent to \$2.05 per MMBtu.

Storage: The American Gas Association (AGA) estimated that net storage withdrawals were 93 Bcf for the week ended Friday, February 5, bringing AGA-estimated working gas in storage to 1,946 Bcf, 428 Bcf more than at that time last year. For the 4-week period ending February 5, estimated net withdrawals totaled only 466 Bcf, the lowest level of withdrawals for this 4-week period since AGA has been publishing estimates. This equates to an average withdrawal rate of under 17 Bcf per day, or about one-third less than the average for this 4-week period for the years 1994-97 (last year, the average rate was just over 17 Bcf per day). The weekly surplus inventory over the level for the same week last year has held at over 400 Bcf for the past 3 weeks and has averaged over 400 Bcf for 5 consecutive weeks. Thus, even as storage inventories decline, the surplus percentage grows: as of January 8, it was about 21 percent; as of February 5, it was over 28 percent. The overall low level of inventory drawdown thus far during this heating season is striking: according to AGA's weekly reports, estimated cumulative net withdrawals through February 5 were only 1,181 Bcf, nearly 9 percent less than last year (1,294 Bcf). Furthermore, the cumulative level to this point last year was itself nearly 8 percent less than the previous lowest drawdown through this point in the heating season (1,399 Bcf in 1994-1995).

Spot Prices: Prices at the Henry Hub traded near \$1.80 per MMBtu most days last week—similar to levels seen during the previous 3 weeks. Spot prices at other major markets also remained generally stable during this period. Spot prices at various markets on Friday, February 12, were: \$1.75 per MMBtu at Katy in East Texas; \$1.72 at Waha in West Texas; and \$1.64 in the Rockies.

Futures Prices: The futures contract for March delivery ended last week within 1 cent of the previous Friday's price (\$1.807 per MMBtu vs. \$1.800). This small price movement continues the pattern of relatively stable price activity that began in late January. This trend may well continue through the end of the heating season as the current market fundamentals persist. These consist of ample supply, near record stock levels, moderate weather forecasts, and the continued depressed level of petroleum prices.

Summary: Prices on both the spot and futures markets remain stable as the warmer-than-normal temperatures in most parts of the country continue to be the dominant weather pattern. Stock levels remain more than 400 Bcf higher than last year at the same time.