



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

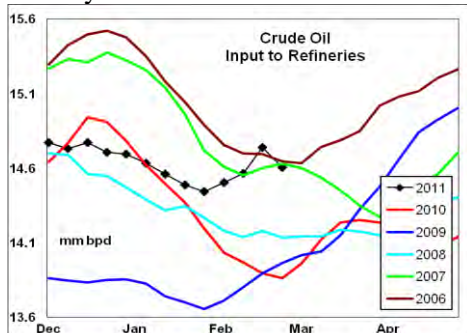
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, February 29,

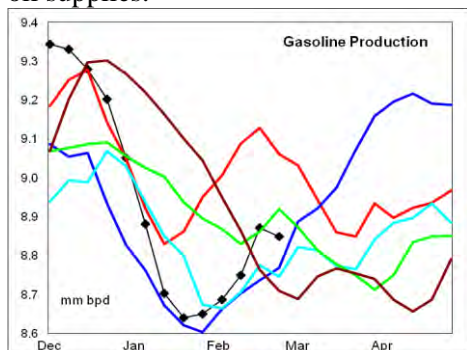


Major Fundamental Trends¹

Crude oil input to refiners has averaged +0.8 million bpd above a year ago during the latest 4-wk period. Thru put has significantly exceeded each of the last 3-years since mid January.



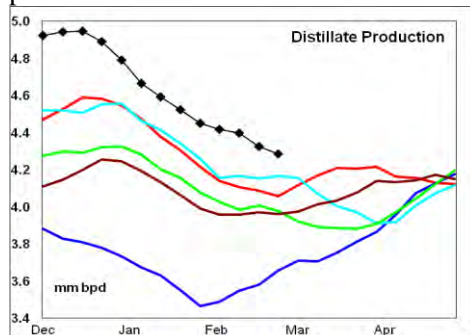
Runs are higher in all regions except the East Coast. Higher runs result from a light refinery maintenance schedule in the Gulf, favorable weather conditions for refinery operations, year-on-year incremental increase in capacity, and highly favorable refining margins for plants that process Canadian and inland domestic crude oil supplies.



High crude oil runs have been offset by a drop in gasoline blend stock imports, so that total gasoline production rates are near the 5-year mid range. Very weak gasoline demand, which saw a year-on-year decline during the latest 4-wk period of -600,000 bpd, has offset the decrease in production so that stock levels are comparable to the last 2-years. There is risk of a supply squeeze in the Central Atlantic and

New England Regions of PADD 1, other regional markets should be well supplied for the spring quarter.

Distillate output averaged +276,000 bpd above last year for the latest 4-wk period, with jet fuel also up +79,000 bpd. Higher crude oil runs have significantly increased the production of middle distillates.



Increased crude oil thru put at U.S. refiners compared to prior years should lead to continued high production of middle distillates during the next quarter. Combined with lackluster demand and a moderate rise in exports, the distillate supply balance should improve during the quarter.

Demand for middle distillates reversed the prior week decline, rising a combined +0.6 million bpd; while gasoline demand fell -0.3 million bpd. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline decreased -6.7%; distillate down -5.1%; jet fuel down -1.8% while residual fuel oil decreased -46%.

Stocks forward coverage: Gasoline demand coverage was unchanged on the week, due to a -0.3 million bpd drop in demand, offset by a -1.6 million barrel stock draw. Coverage remains well above the 5-year range.

Distillate coverage decreased on a +0.3 million bpd rise in demand and -2.1 million barrel stock draw. Coverage levels were well below the last 2-years.

Jet fuel coverage levels fell sharply on a -0.7 million barrel stock draw and +0.3 million bpd rise in demand. Coverage levels are at the upper end of the 5-year range.

Refinery utilization rates decreased on a -282,000 bpd decline in crude oil runs. During the latest 4-wk period crude oil input was +768,000 bpd above a year ago.

Gasoline yield % on crude oil runs was nearly unchanged on a -125,000 bpd decrease in output compared to the -282,000 bpd fall in crude oil runs. Yield % on crude oil runs was at the low end of the 5-year range.

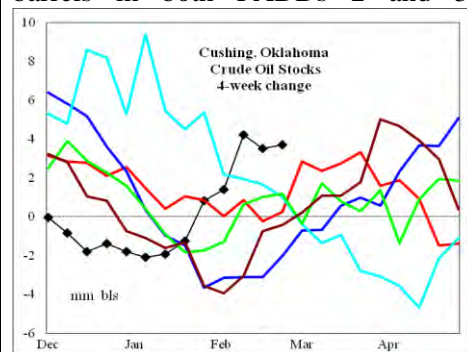
Distillate yield % on crude oil runs increased on a -12,000 bpd decrease in output, compared to the larger decline in crude oil runs. The yield % matched highs of the last 5-years for the period.

Jet fuel yield % on crude oil runs increased last week on a -29,000 bpd decrease in output compared to the lower crude oil runs. Yield % levels were at the historic mid range.

Petroleum Imports of gasoline and residual fuel were sharply lower last week, while middle distillates and crude oil increased.

During the latest 4-wk period crude oil imports were +539,000 bpd above last year; distillate imports decreased -67,000 bpd; finished gasoline imports decreased -69,000 bpd, gasoline blend stock imports declined -152,000 bpd; jet fuel imports were -6,000 bpd lower, while residual fuel oil imports declined -123,000 bpd.

Crude Oil stocks increased +4.2 million barrels on the week, including builds of more than +1.5 million barrels in both PADDs 2 and 3.



Stocks increased +1.6 million barrels in Cushing, Oklahoma last week. The latest 4-wk build rate continues at a record high for this time of year.

¹ Source is latest EIA Weekly Statistics



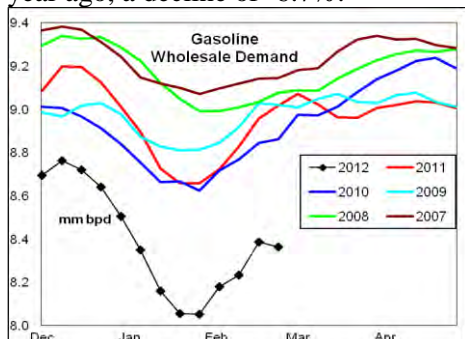
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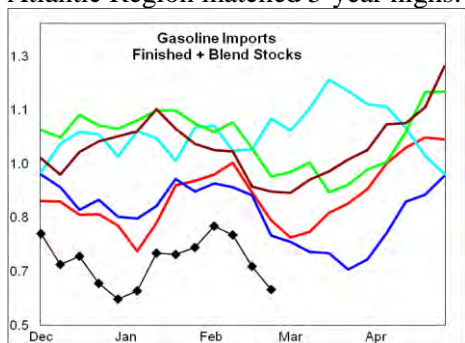
Product Supply-Demand Trends

Gasoline demand declined -265,000 bpd reversing a part of the prior week surge. The latest 4-wk average demand was -600,000 bpd below a year ago, a decline of -6.7%.



Combined production and imports decreased -371,000 bpd last week. Supply levels fell below the historic mid range on these cuts.

Stocks decreased -1.6 million barrels on the week, a level that matched the mid range. The key PADD 1 region saw a stock draw of -1.5 million barrels. Stock levels in the New England and Central Atlantic Regions of PADD 1 were each below the mid range, while the Lower Atlantic Region matched 5-year highs.



Supplies remain moderately tight in the Central Atlantic and New England regions of PADD 1, largely the result of lower imports.

Exceptionally weak demand has offset declines in imports and production compared to a year ago.

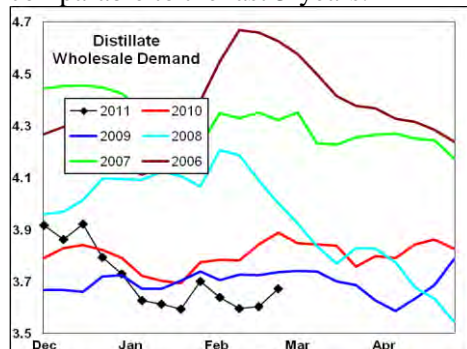
The potential remains for a supply squeeze in the Central Atlantic and New England regions of PADD 1 as a result of closed refinery capacity in the Atlantic Basin. However, Gulf refiners (operating +0.6 million bpd above last year) should have the capacity to

resupply these regional markets, minimizing the duration of any supply disruptions.

Distillate demand reversed the prior week collapse, rising +349,000 bpd. The latest 4-wk average year-on-year change in demand was a -192,000 bpd decline; driven by mild temperatures in heating oil markets and a lack of demand for highway snow/ice removal.

Supplies increased +83,000 bpd on higher imports; with the latest 4-wk average supply +209,000 bpd above a year ago. Stocks decreased -2.1 million barrels on the week, including draws of -0.7 and -1 million barrels on the East and West Coasts; respectively.

The latest 4-wk stock change in markets East of the Rockies was a draw of -3.1 million barrels, which was comparable to the last 3-years.



Wholesale demand continues to track below last year and below the 5-year range. Warm temperatures and record low natural gas prices have reduced distillate use.

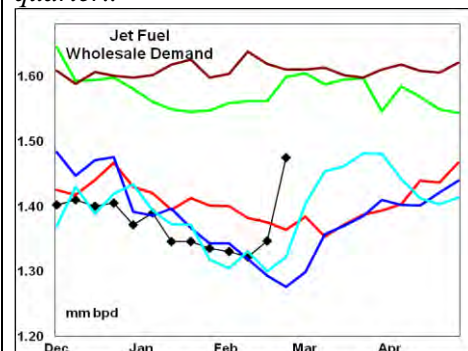
Production in PADDs 2, 3 & 4 remain extremely high. PADD 1 production has climbed back to levels comparable to the last 3-years. West Coast production fell sharply on the BPAmoco fire.

These high levels of distillate production across most regional markets, and very light refinery maintenance in the Gulf region, should lead to improved supply balance during the next quarter.

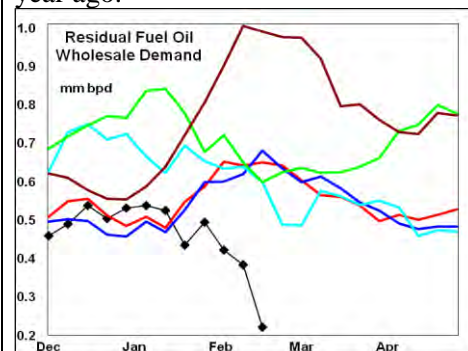
Jet Fuel demand spiked +260,000 bpd last week on heavy airline buying. The latest 4-wk average demand was -49,000 bpd below a year ago.

Supply was nearly unchanged on the week, with lower production offset by higher imports. Stocks declined -0.7 million barrels last week, to a level just below 5-year highs.

Production averaged +79,000 bpd above a year ago for the latest 4-wk period and above each of the last 3-years. The jump in demand this week points to the start of higher seasonal demand ahead. With both production and stocks at the upper end of the historic range, the market should remain well supplied during the next quarter..



Residual fuel oil demand increased +54,000 bpd last week. The latest 4-wk average was -308,000 bpd below a year ago.



Supply (production + imports) fell -189,000 bpd last week, on lower imports. The latest 4-wk average supply was -136,000 bpd below last year. Stocks were nearly unchanged on the week, at a level -3 million barrels below last year.

Demand has collapsed on the unusually warm temperatures and substitution of low cost gas; down -46% from a year ago.

Stock levels are comparable to the last 2-years in the key Gulf region.



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

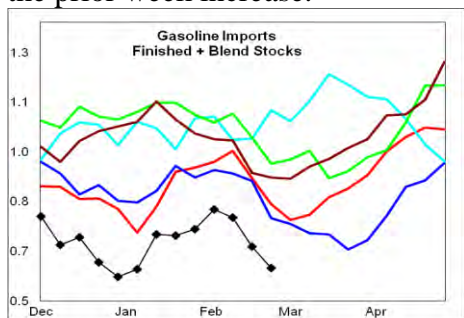
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PADD Supply Trends

PADD 1 refinery crude oil runs were nearly unchanged on the week, with the latest 4-wk average -102,000 bpd below last year.

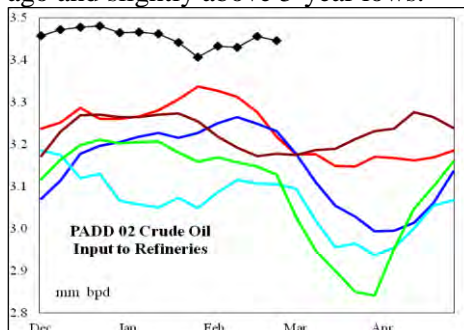
Gasoline imports decreased -258,000 bpd last week, reversing the prior week increase.



Stocks fell -1.5 million barrels on the week, a level above the historic mid range. Stock levels in the key Central Atlantic Region ended the week slightly below the historic mid range.

Distillate supply increased +157,000 bpd on the week, to a level slightly below the average of the last 3-years. Stocks decreased -0.7 million barrels on the week, a level below the last 3-years.

Jet fuel stocks increased +0.2 million barrels on the week, with the level above four of the last 5-years. Supply was -43,000 bpd below a year ago and slightly above 5-year lows.



PADD 2 crude oil refinery runs decreased -72,000 bpd last week, with the 4-wk average +122,000 bpd above last years' highs. Crude imports increased 0.1 million bpd, and were nearly +500,000 bpd above last year for the week.

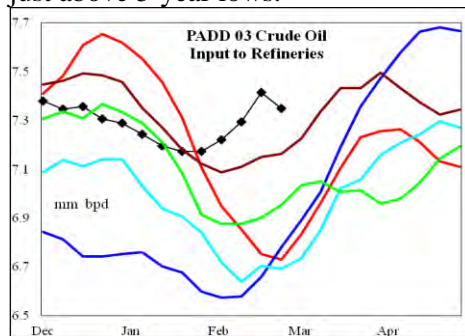
Gasoline production decreased -

39,000 bpd last week, to a level below the mid range. Stocks decreased -0.5 million barrels to a level +2% above the mid range.

Distillate production increased +14,000 bpd on the week, with output +38,000 bpd above last year for the latest 4-wk period. Stocks decreased -0.4 million barrels to a level that matched last years' season high.

Jet fuel production was nearly unchanged last week, with the latest 4-wk average +16,000 bpd above last year. Stocks ended the week at a level above the 5-year range.

PADD 3 refinery runs declined -152,000 bpd last week, with the level above the 5-year range. The latest 4-wk average thru put was +589,000 bpd above last year on very light refinery maintenance. Crude oil imports increased +0.4 million bpd to a level comparable to the last 2-years. Stocks increased +1.9 million barrels, a level just above 5-year lows.



Gasoline production increased +50,000 bpd on the week, a level -6% below a year ago. Stocks increased +0.8 million barrels last week, to a level near last years' record high.

Distillate production increased +62,000 bpd on the week, with the latest 4-wk average +222,000 bpd above the previous 5-year high. Stocks were unchanged on the week, at a level -21% below last year.

Jet fuel supply increased slightly on the week, to a level near 5-year highs for the period. Stocks declined -0.4 million barrels to a level matching the 5-year highs.

Residual fuel oil supplies fell -98,000 bpd on the week. Stock levels

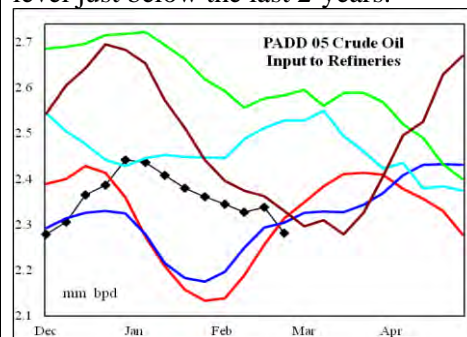
are comparable to the last 2-years.

PADD 4 refinery crude runs decreased -6,000 bpd on the week, with the level still above the 5-year range. The most recent 4-wk average run rate was +27,000 bpd (+5%) above a year ago.

Gasoline production matched the historic mid range for the week. Stocks decreased -0.2 million barrels, to a level that matched 5-year highs.

Distillate production decreased -13,000 bpd on the week, with the level +10,000 bpd above the historic range. The latest 4-wk average output was +28,000 bpd above last year (+16%) and a 5-year high. Stock levels were +29% above last year and the 5-year range.

PADD 5 crude oil refinery runs decreased -59,000 bpd last week, to a level just below the last 2-years.



Gasoline production increased +75,000 bpd on the week to a level that exceeds the 5-year range. Supply (production + imports) for the latest 4-wk average was +7,000 bpd above a year ago. Stocks were nearly unchanged on the week with the level well below the last 2-years.

Distillate supply fell -136,000 bpd on the week, to a level well below the 5-year range. The drop in crude oil runs due to the BPAmoco fire led to the sharp decline in distillate output.

The latest 4-wk average supply was +7,000 bpd above a year ago. Stocks fell -1 million barrels on the week, +10% above a year ago, and above the historic range.


Jet fuel supply fell -51,000 bpd, to a level that matched lows of the last 5-years. Stocks fell -0.7 million barrels to a level -10% below a year ago.



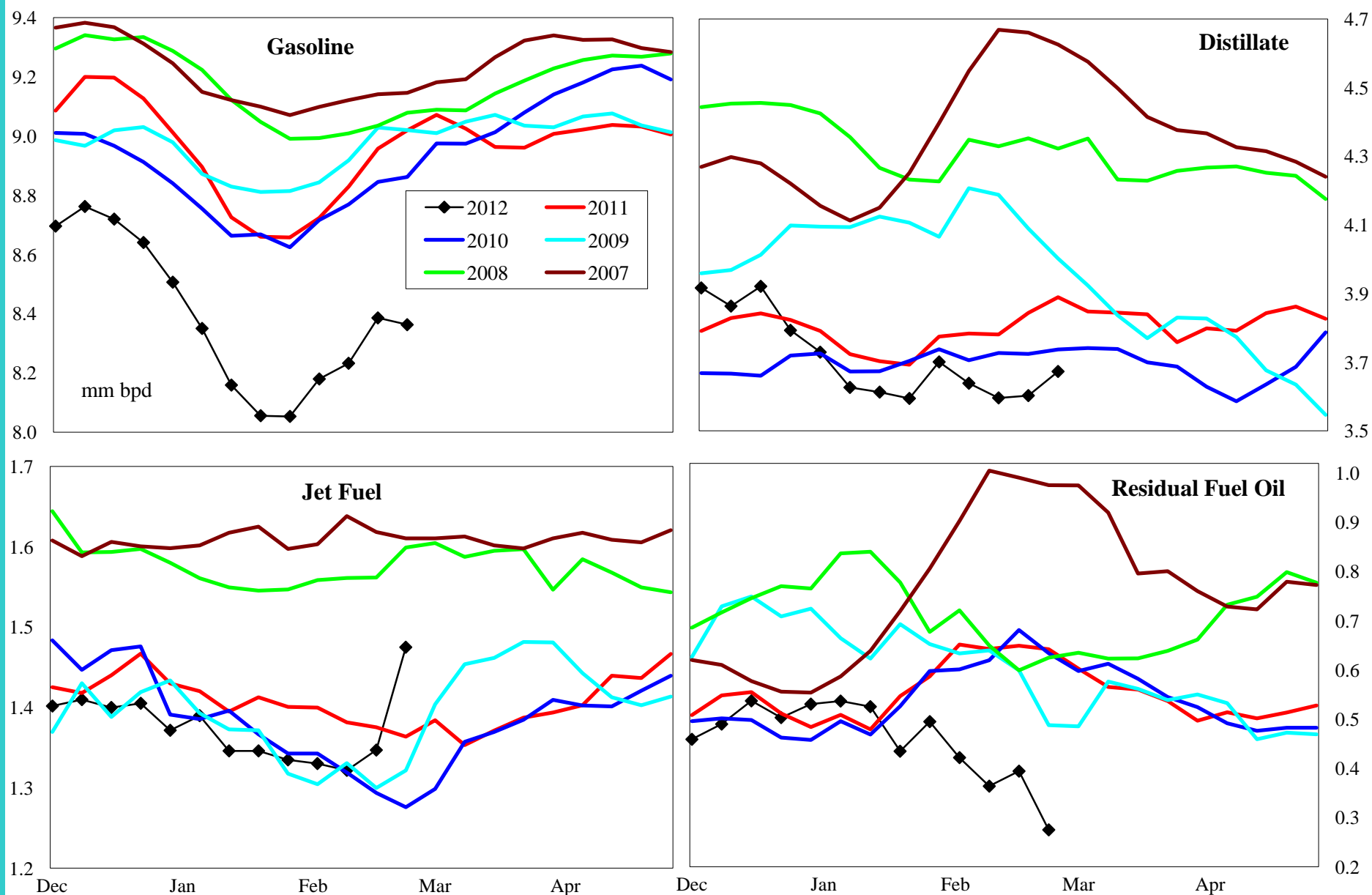
PETROLEUM: Graph Link and Weekly Summary

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Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization Product Yield %				Imports
Supply/Demand Trends	24-Feb-12	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	4,160	-47	1,667	1,912	34	595
	Imports	96	-113	94	362	-10	-237
	Input	-282	8	-72	-152	-6	-59
	% Utilization	-1.90					
Gasoline	Stocks	-1,600	-1,520	-548	792	-155	-169
	Production	-125	62	-39	55	-6	75
	Imports	-246	-258	0	0	0	12
	Supplied	-265					
Distillate	Stocks	-2,069	-685	-355	92	-152	-969
	Production	-12	64	14	62	-13	-140
	Imports	95	93	0	0	-1	4
	Supplied	349					
Jet Fuel	Stocks	-709	243	153	-423	42	-725
	Production	-29	24	-2	2	-5	-48
	Imports	24	27	0	0	0	-3
	Supplied	260					
Residual Fuel Oil	Stocks	58	370	28	-443	3	100
	Production	-6	3	-2	16	-2	-19
	Imports	-183	-76	-1	-118	0	12
	Supplied	54					

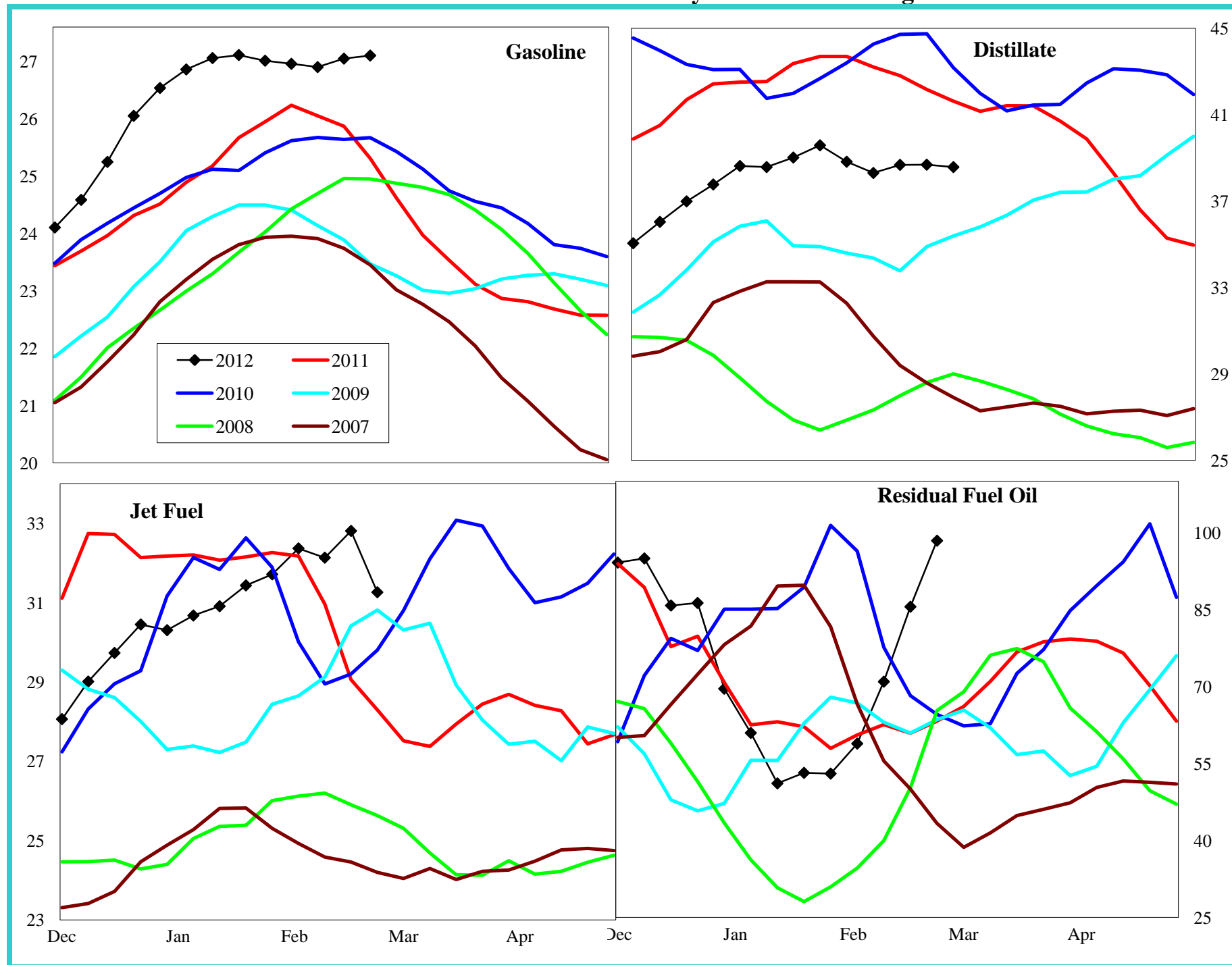
 FUNDAMENTAL PETROLEUM TRENDS		<div>CHARTS: Graph Link and Weekly Summary</div> <div>A Fundamental Petroleum Trends Weekly Report February 29, 2012</div> <div>Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com</div>					
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	Imports	-183	-76	-1	-118	0	12
	Supplied	54					
Propane	Stocks	-984	-481	-689	241	-55	
	Propylene stk	-36					
	Production	-28	6	-20	-11	-3	
	Imports	6	5	-6	0	7	
	Supplied	-103					

United States Wholesale Petroleum Demand

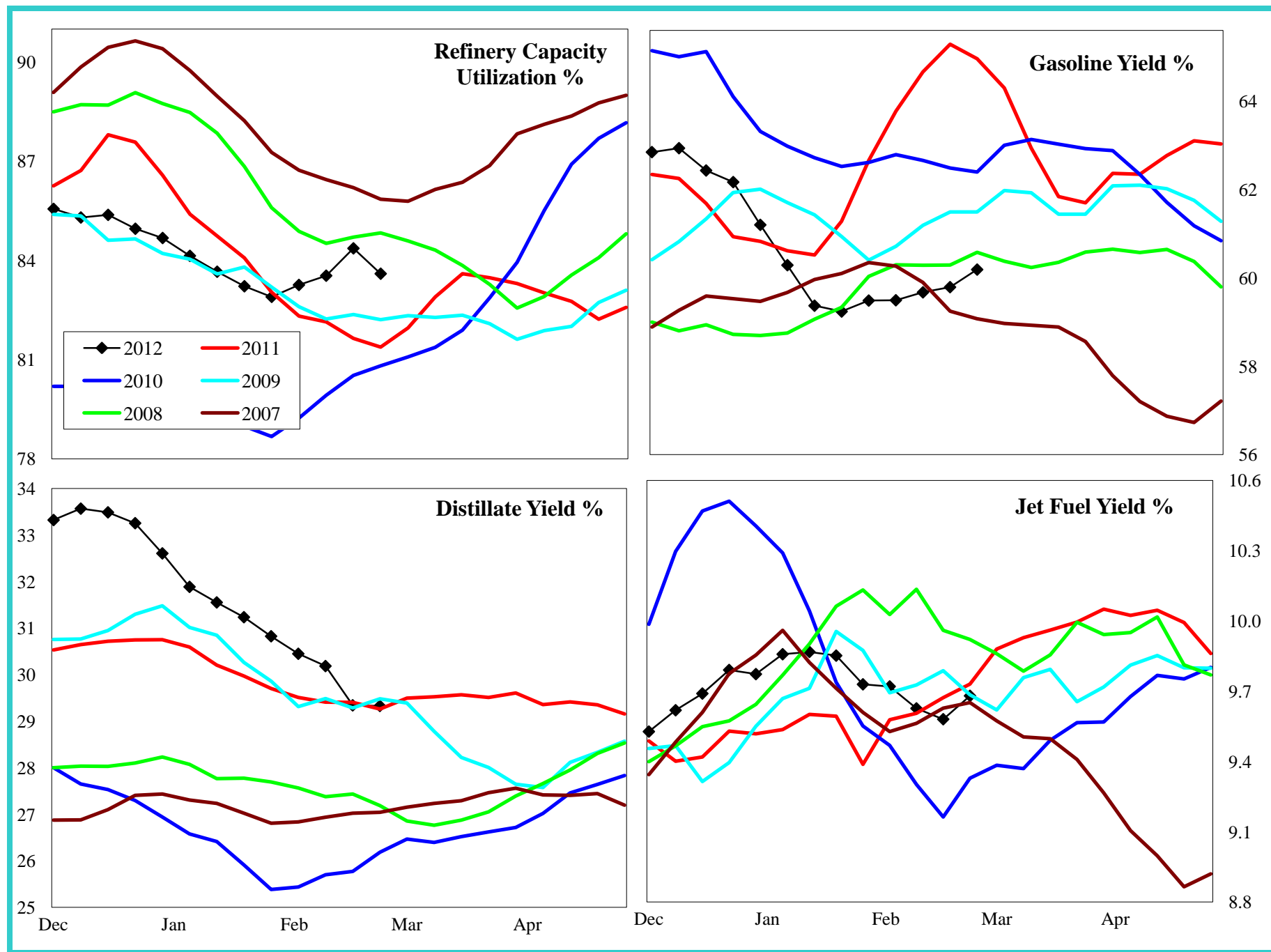


	000 bpd change from prior year				% change from prior year			
	4wk avg	Jan	Jan	Nov	4wk avg	Jan	Dec	Nov
Gasoline	-600	-374	-155	-152	-6.7	-4.4	-1.7	-1.7
Distillate	-192	-295	-255	92	-5.1	-7.4	-6.1	2.4
Jet Fuel	-49	-24	22	81	-3.5	-1.8	1.6	5.8
Resid	-308	-176	8	-214	-46.3	-28.3	1.5	-38.8

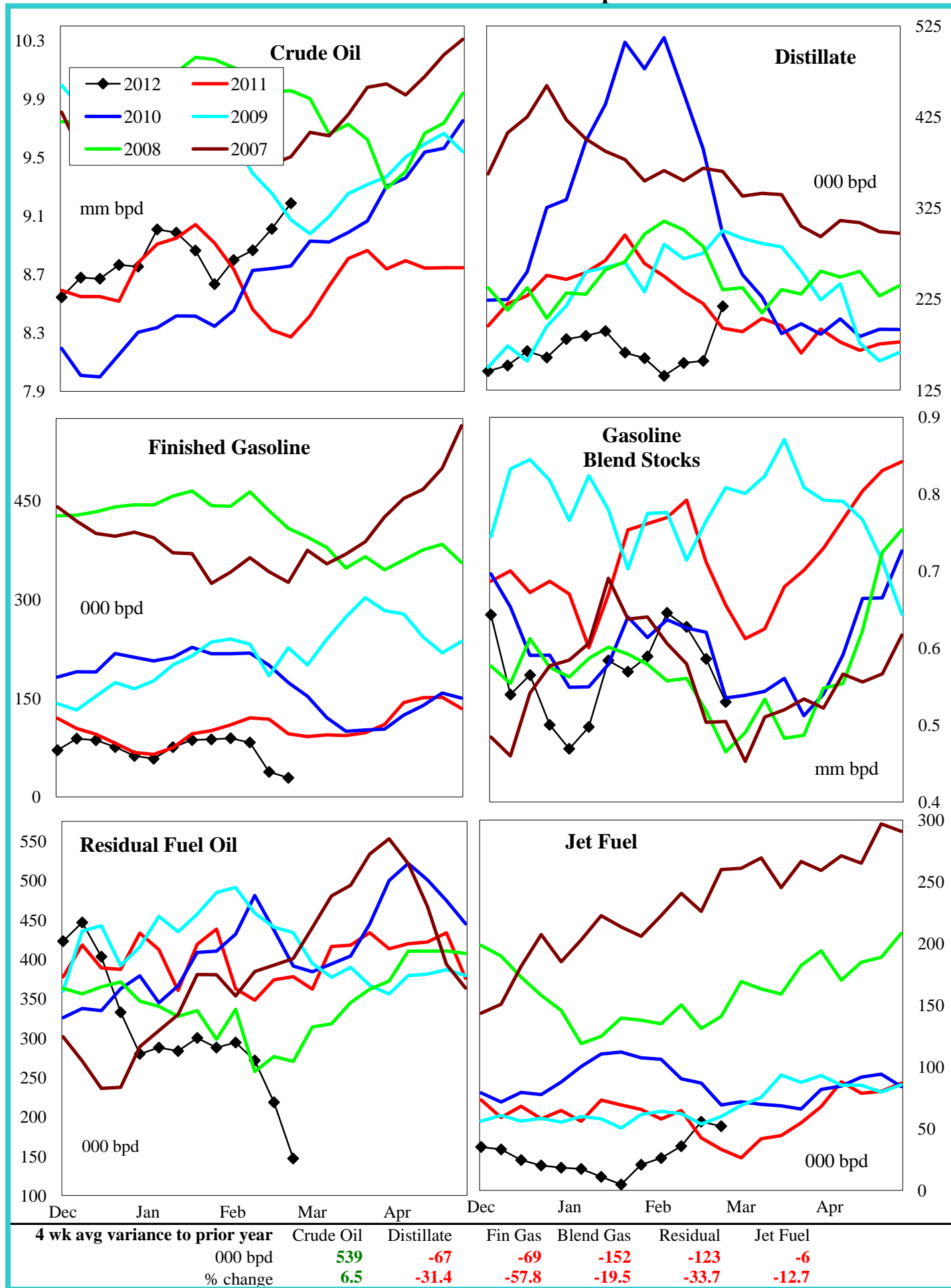


United States Product Stocks: Days Forward Coverage

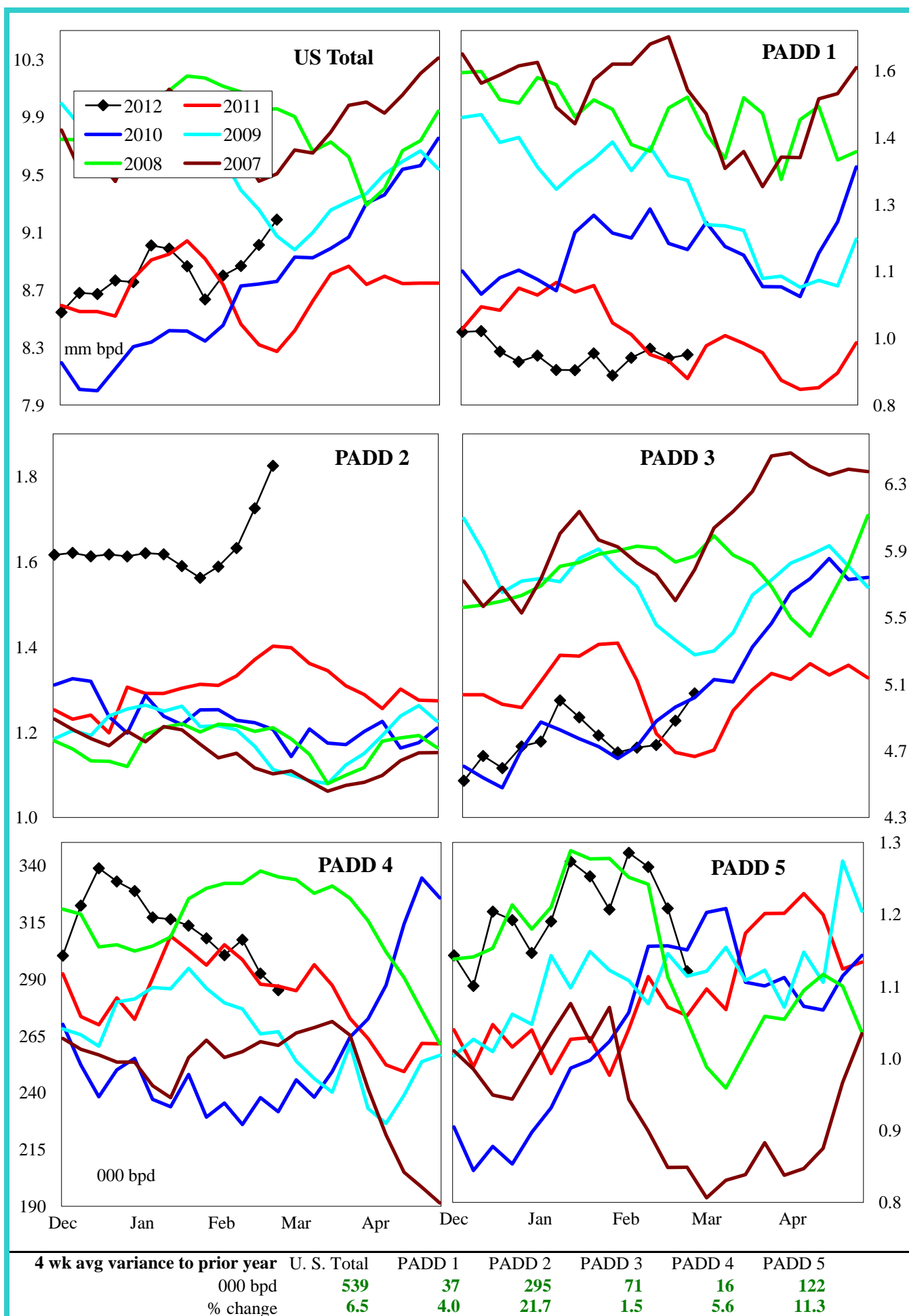
United States Refinery Percent Utilization Rate and Product Yields



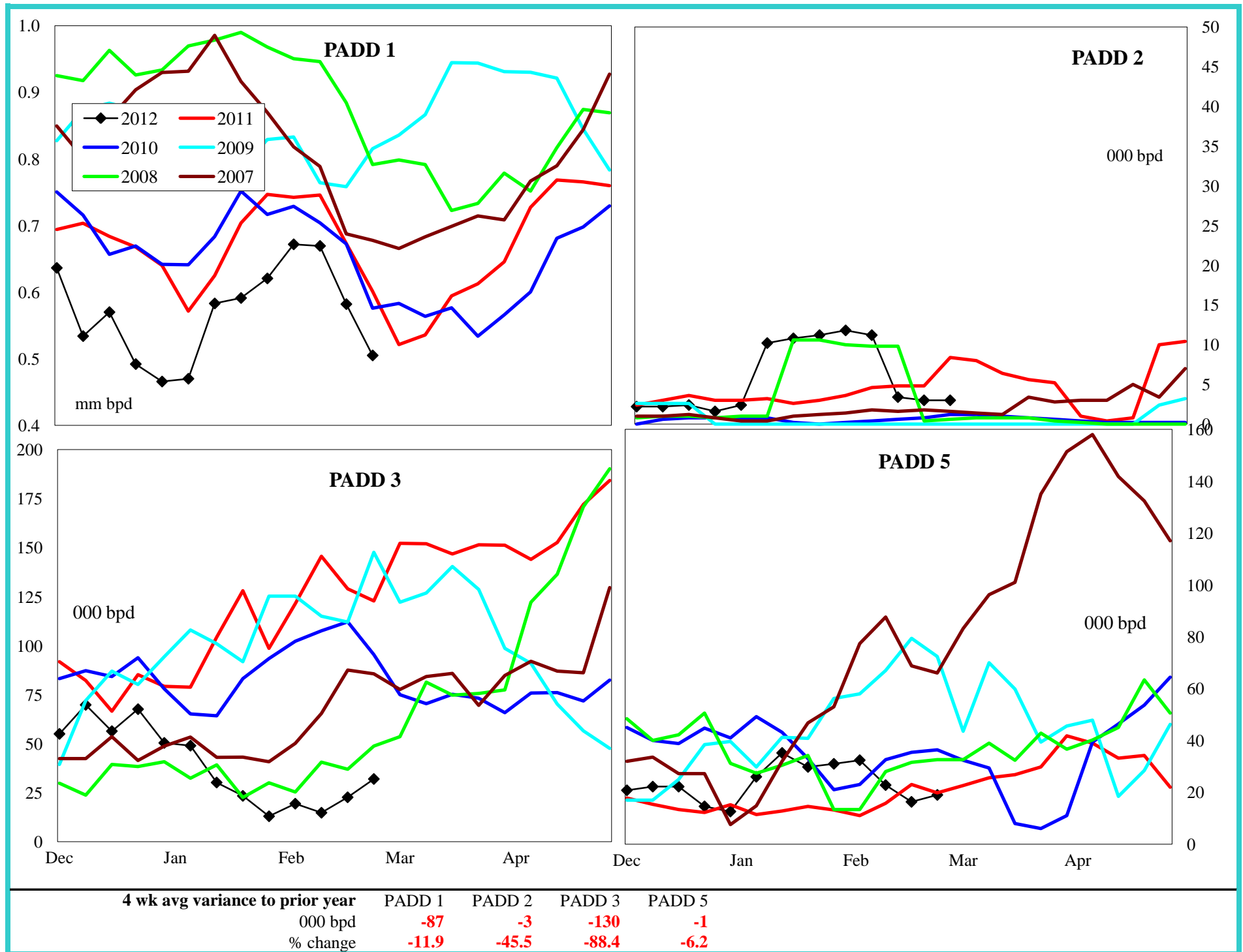
United States Petroleum Imports



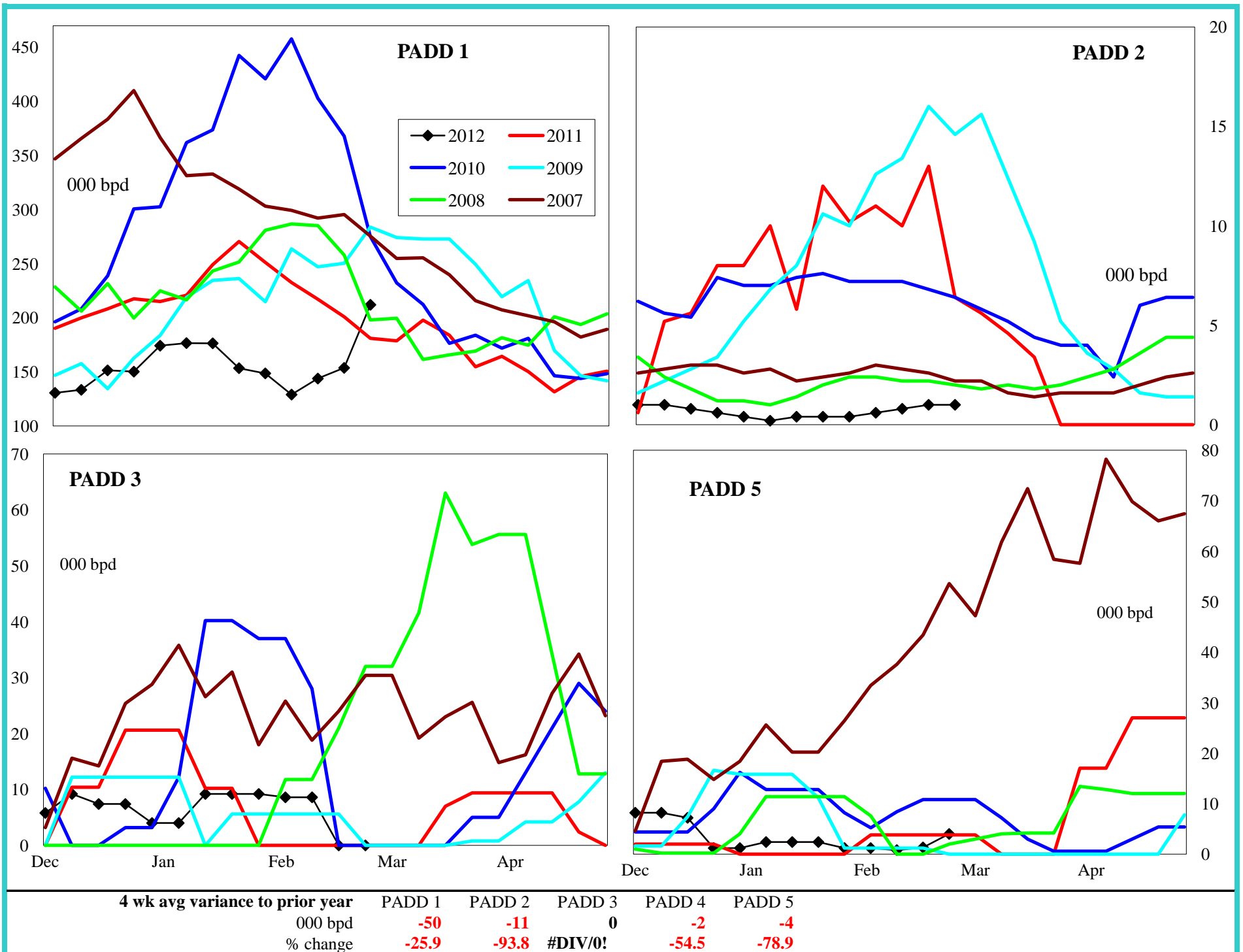
Crude Oil Imports by PADD



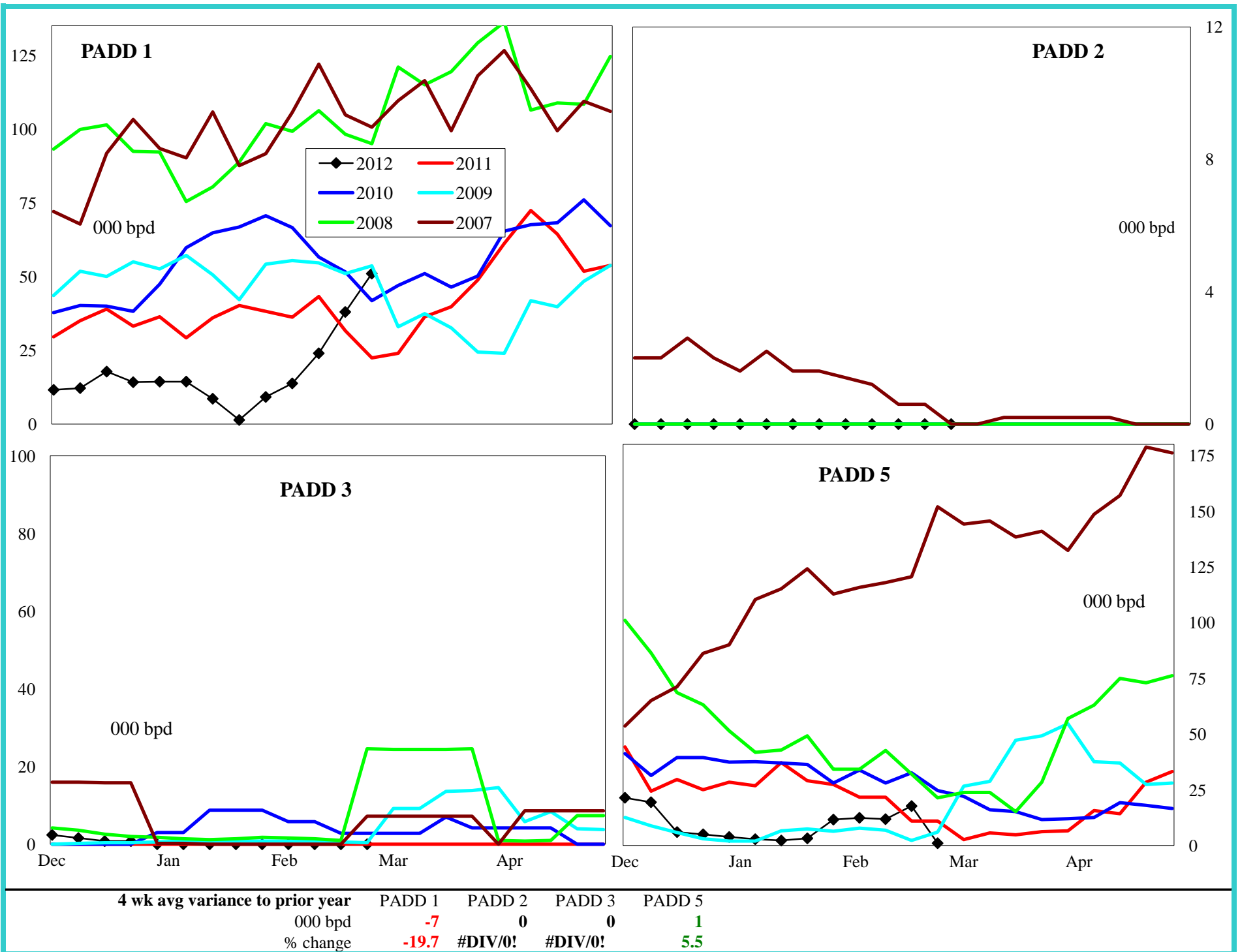
Gasoline Imports by PADD (Finished + Blend Stocks)



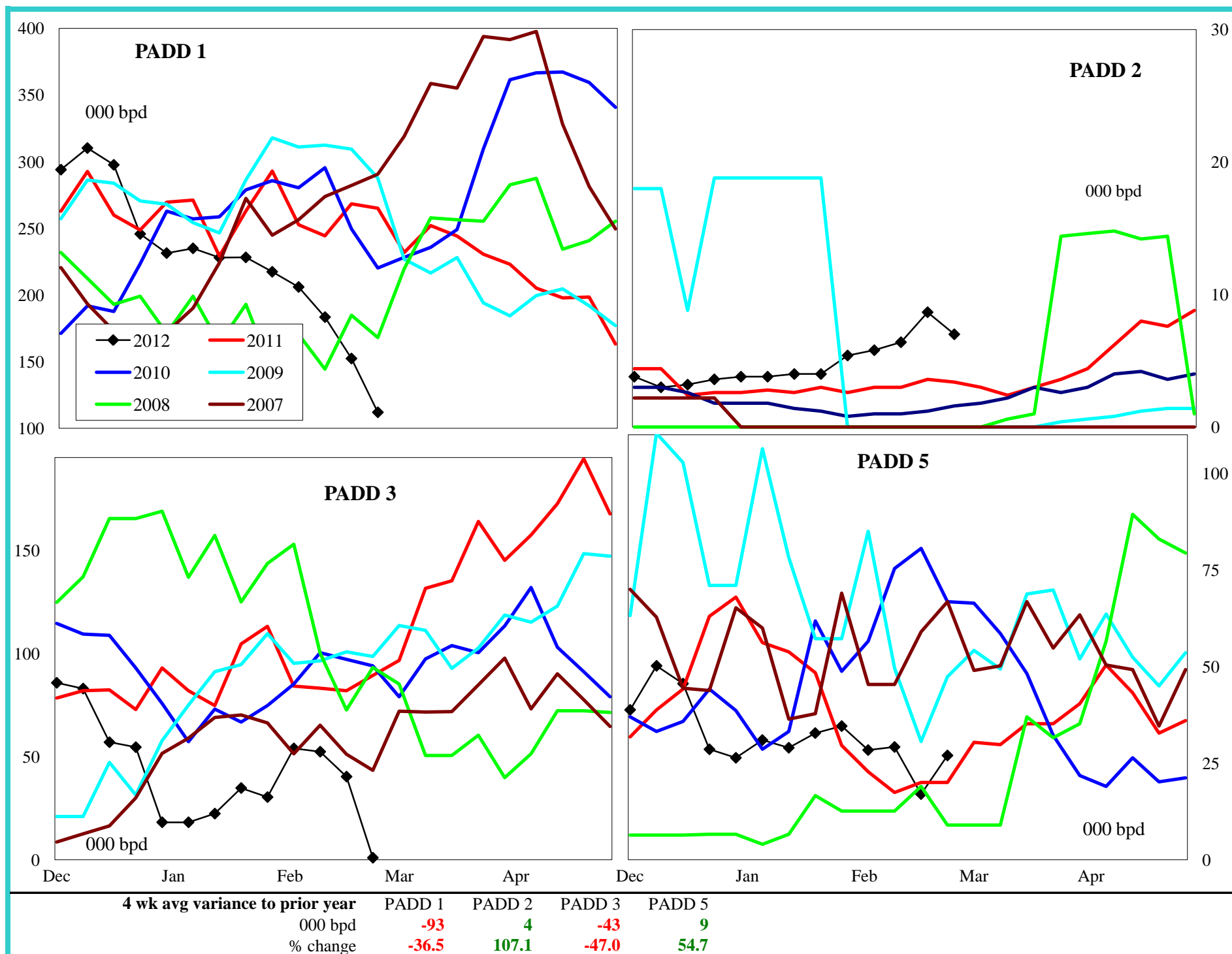
Distillate Imports by PADD



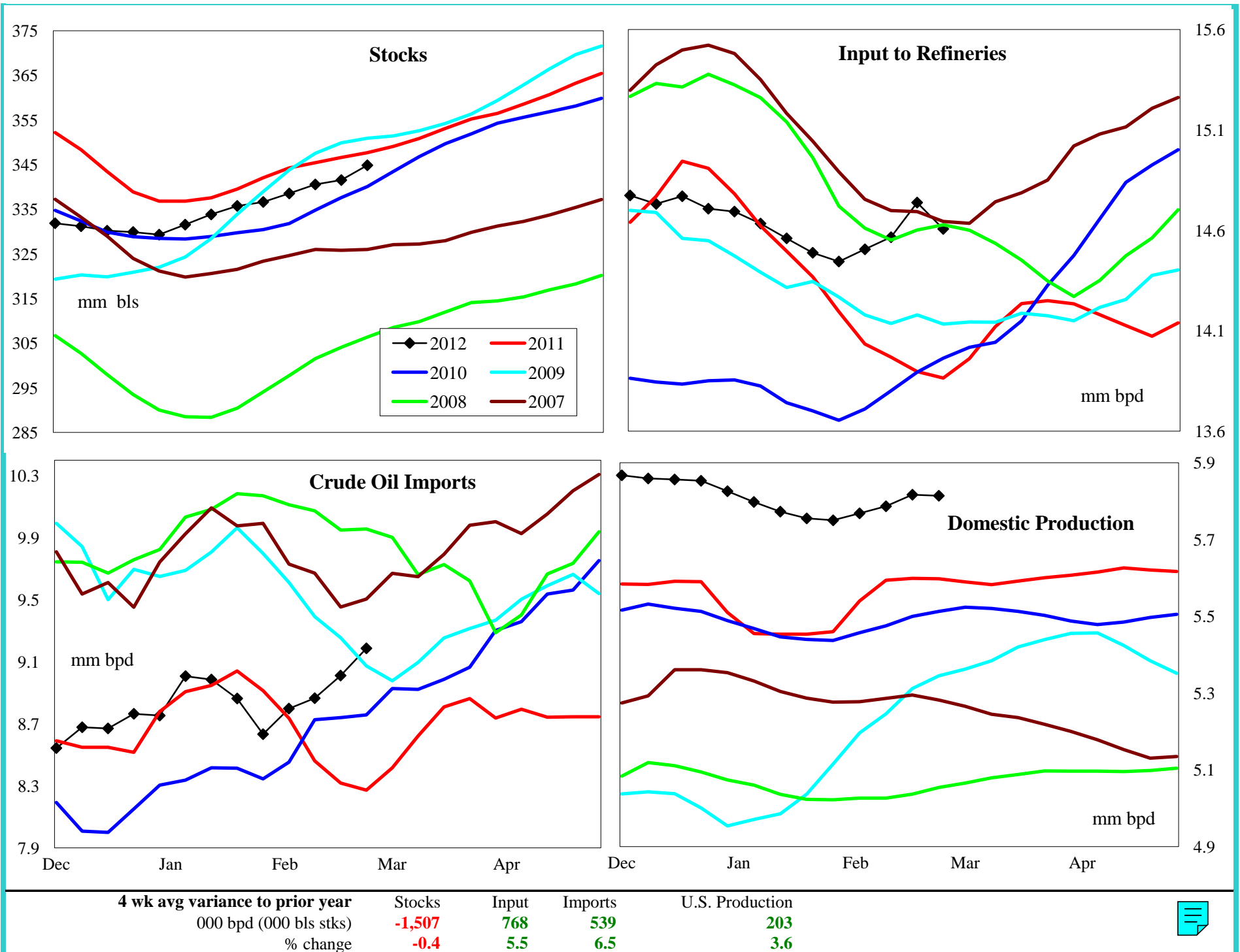
Jet Fuel Imports by PADD



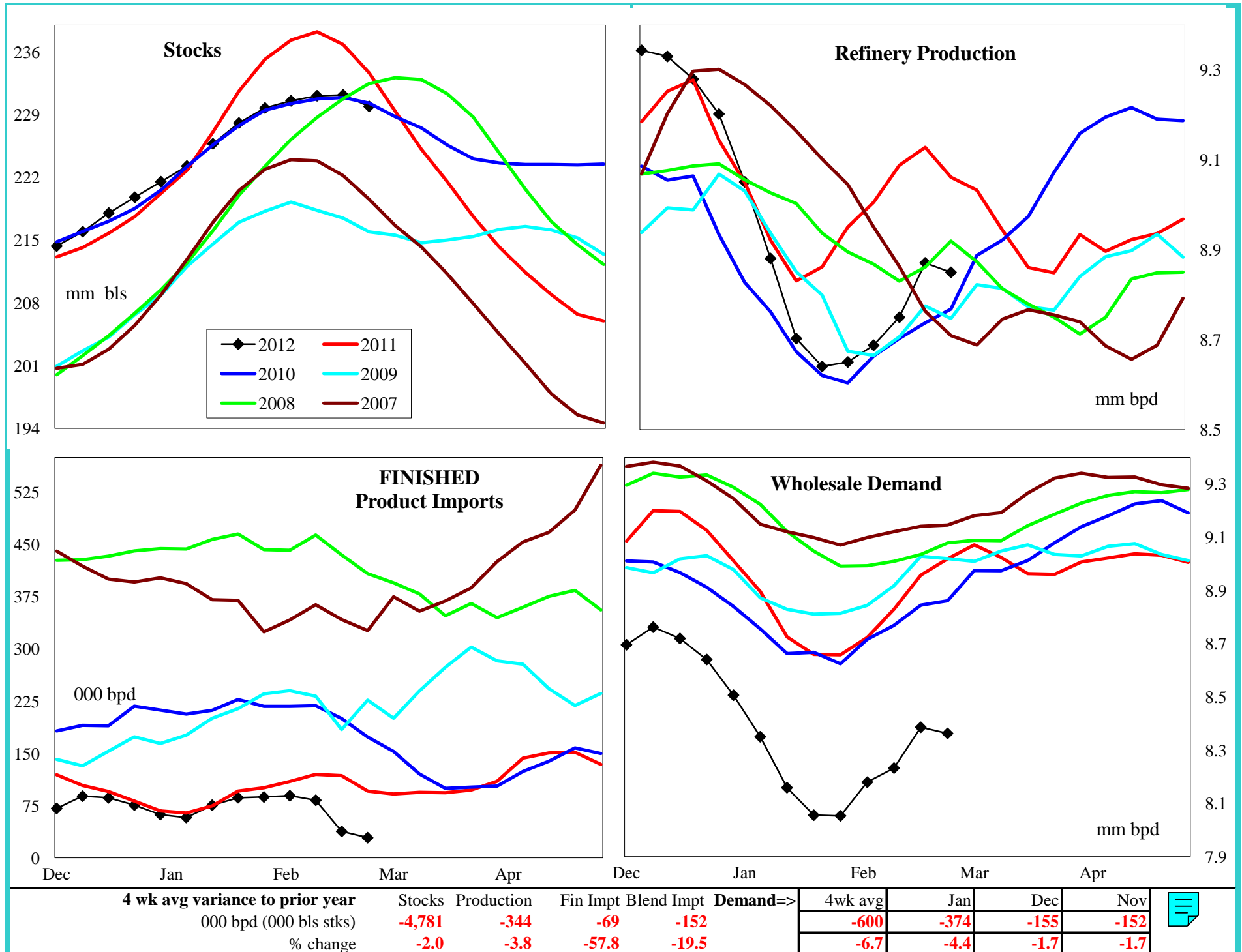
Residual Fuel Oil Imports by PADD



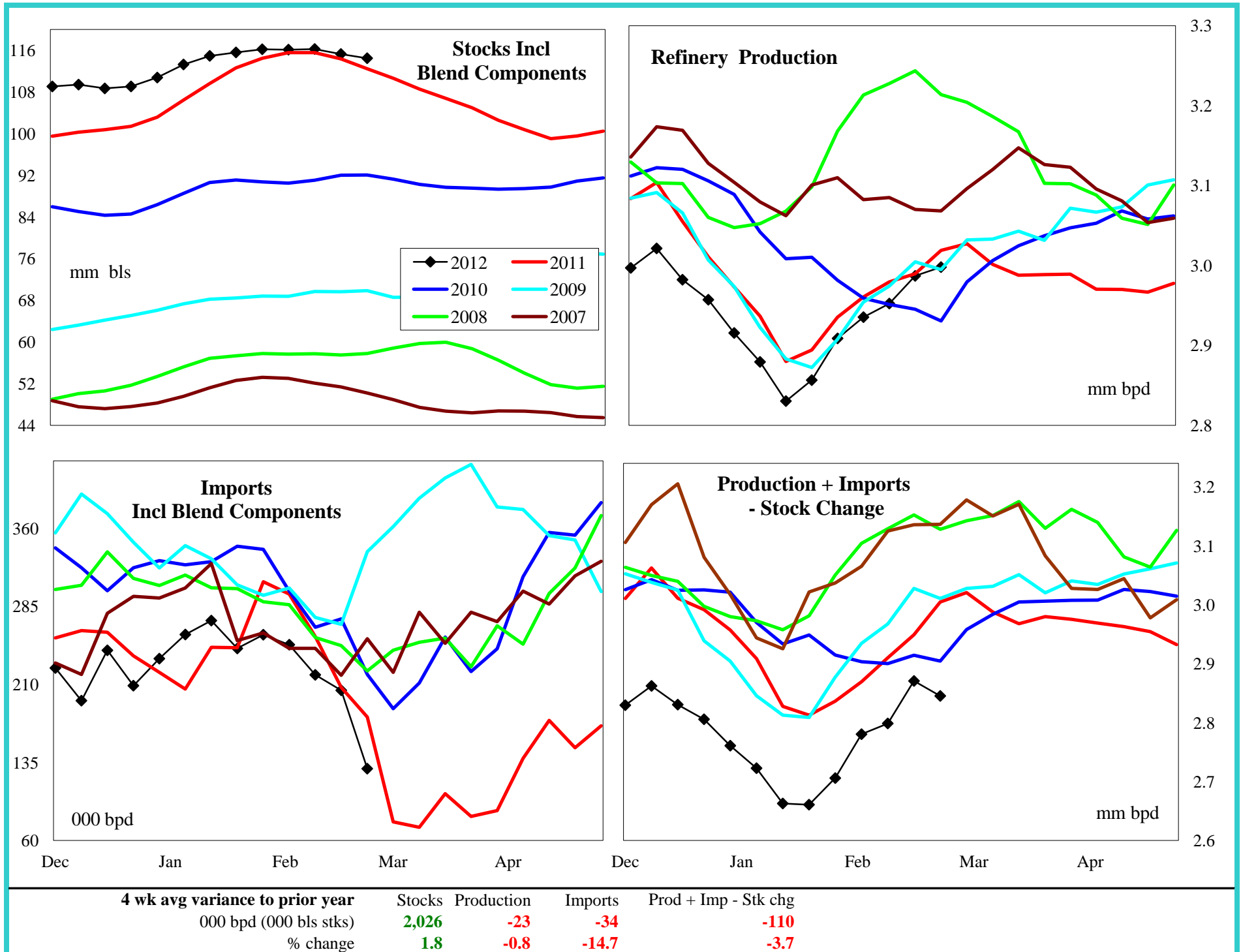
United States Crude Oil Supply and Demand Balance



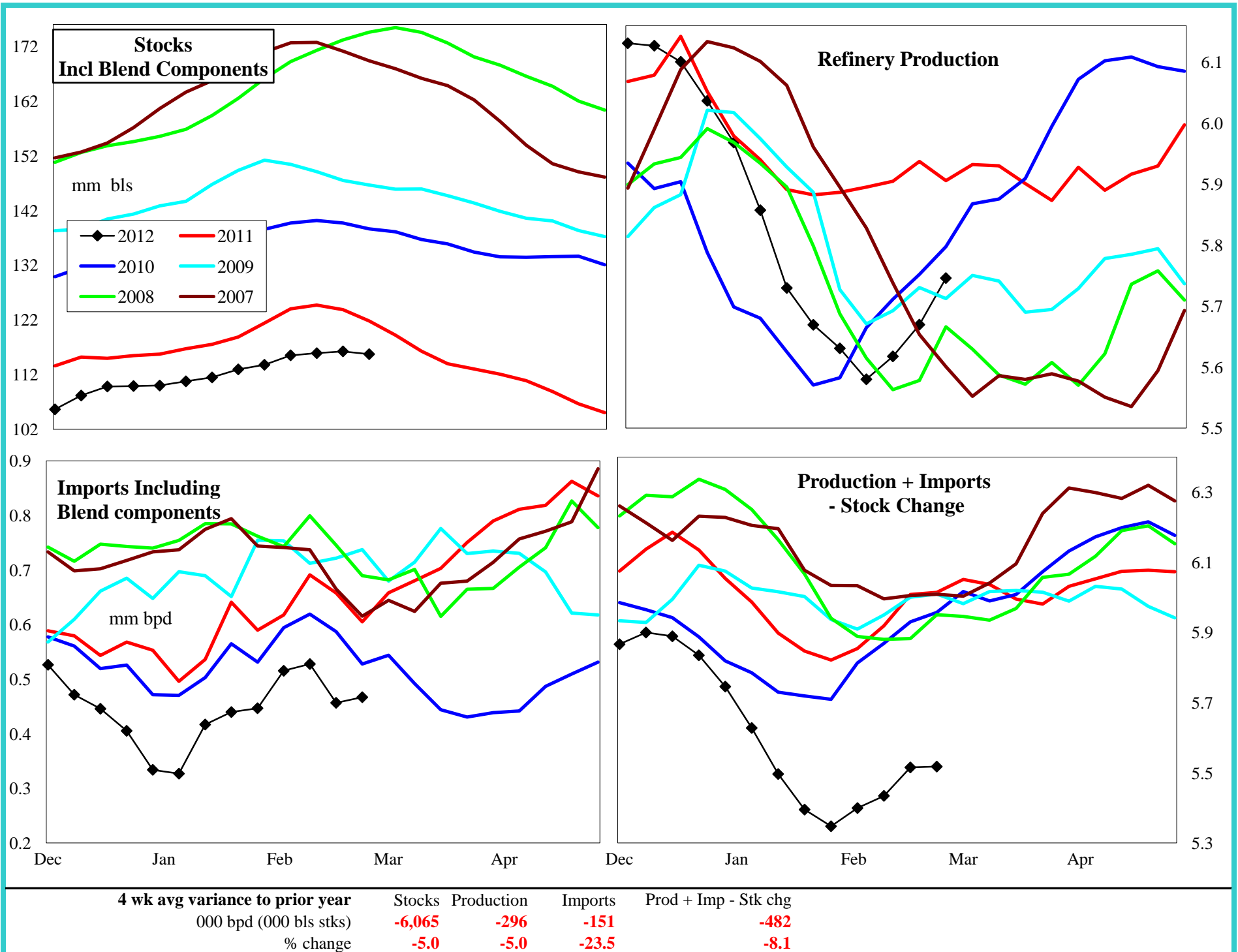
United States Gasoline Supply and Demand Balance



United States Reformulated Gasoline Supply



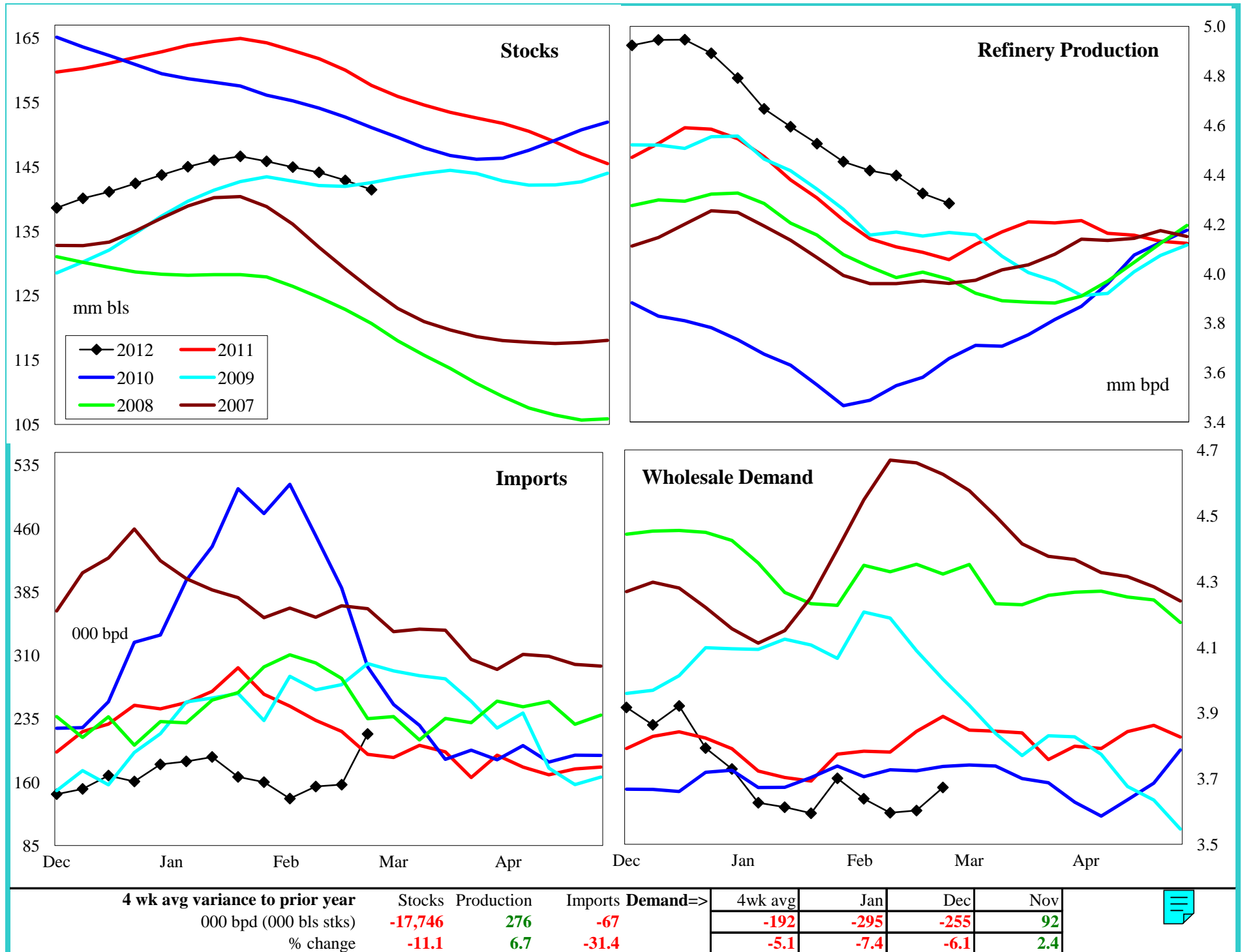
United States Conventional Gasoline Supply



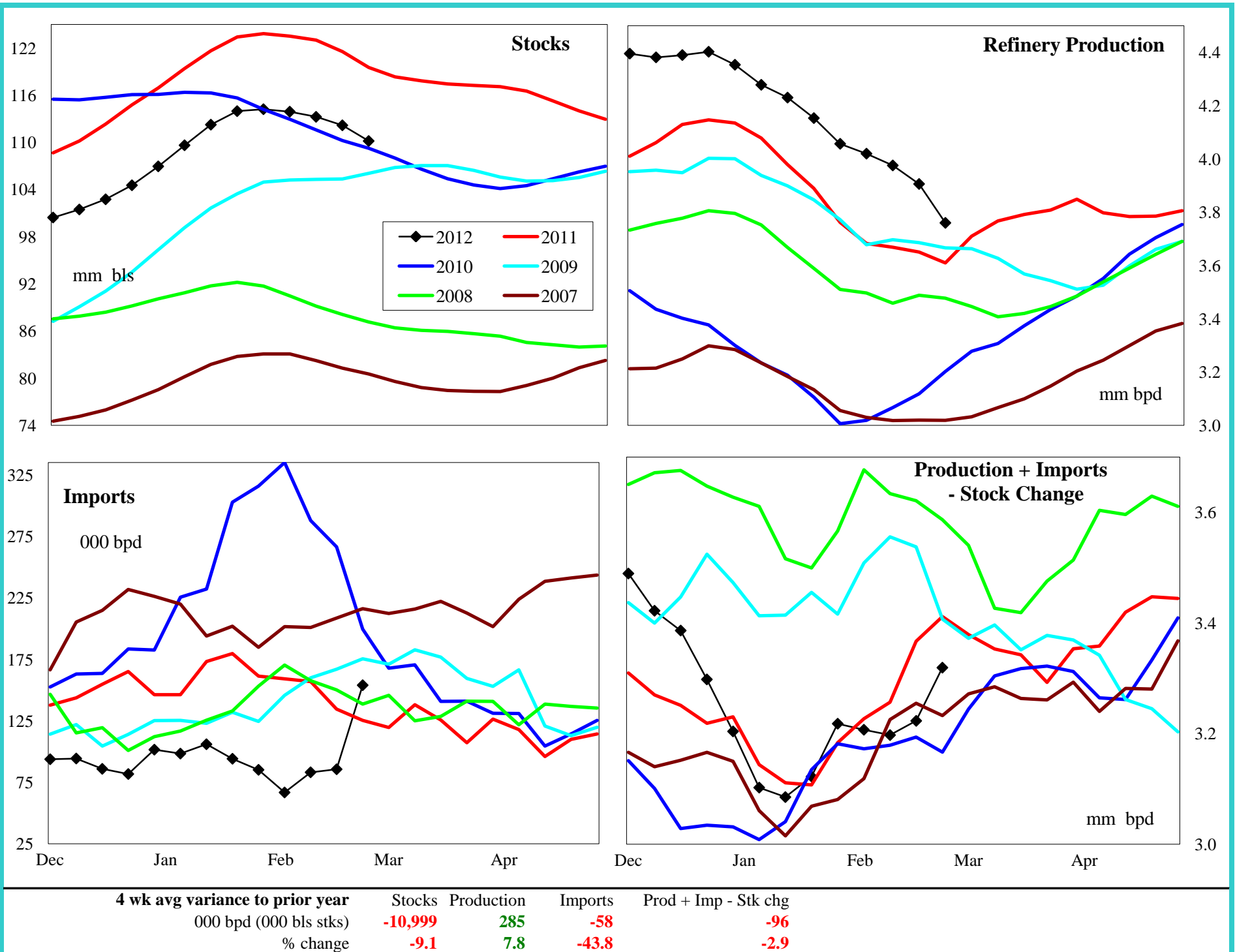
United States Gasoline Imports by Type



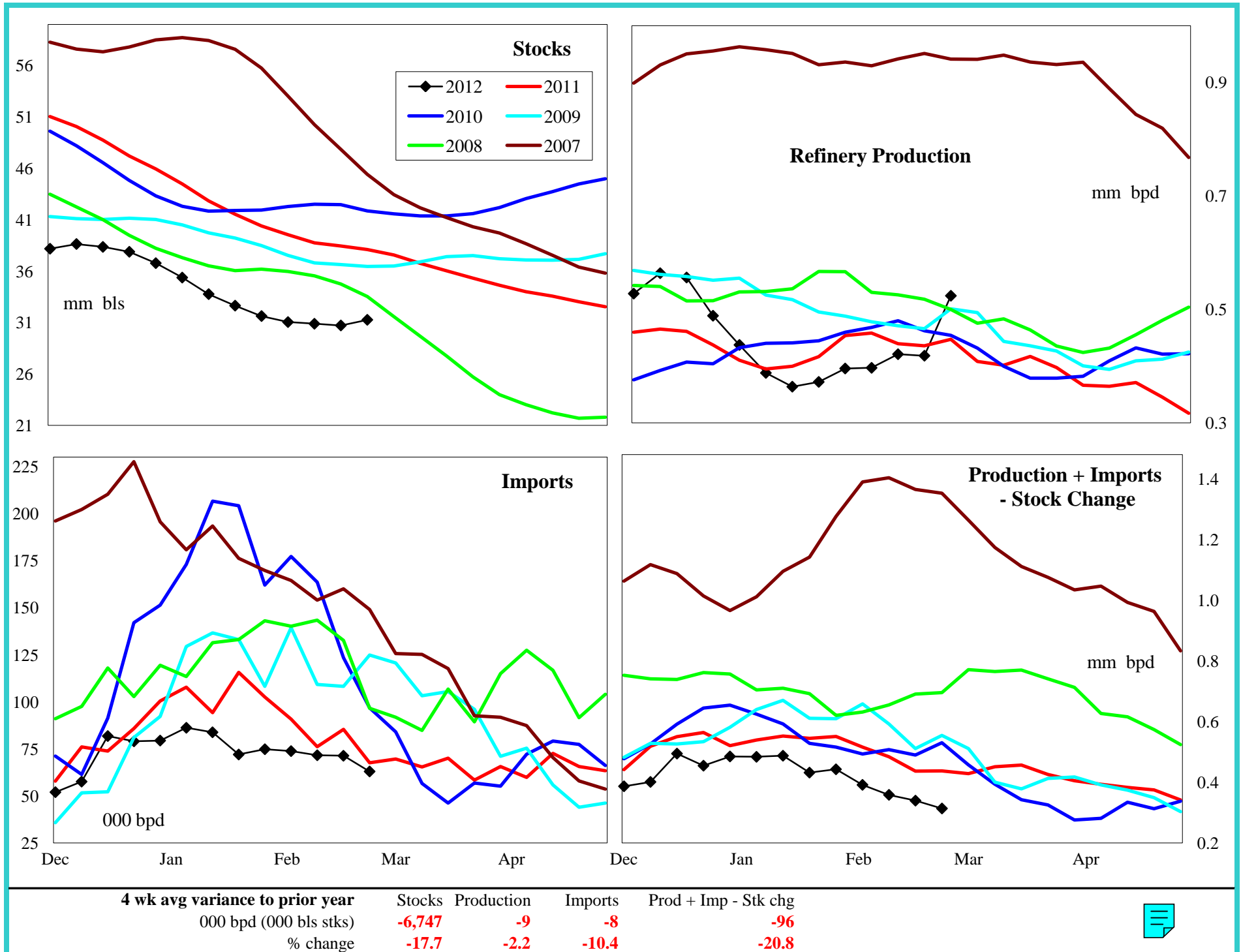
United States Distillate Supply and Demand Balance



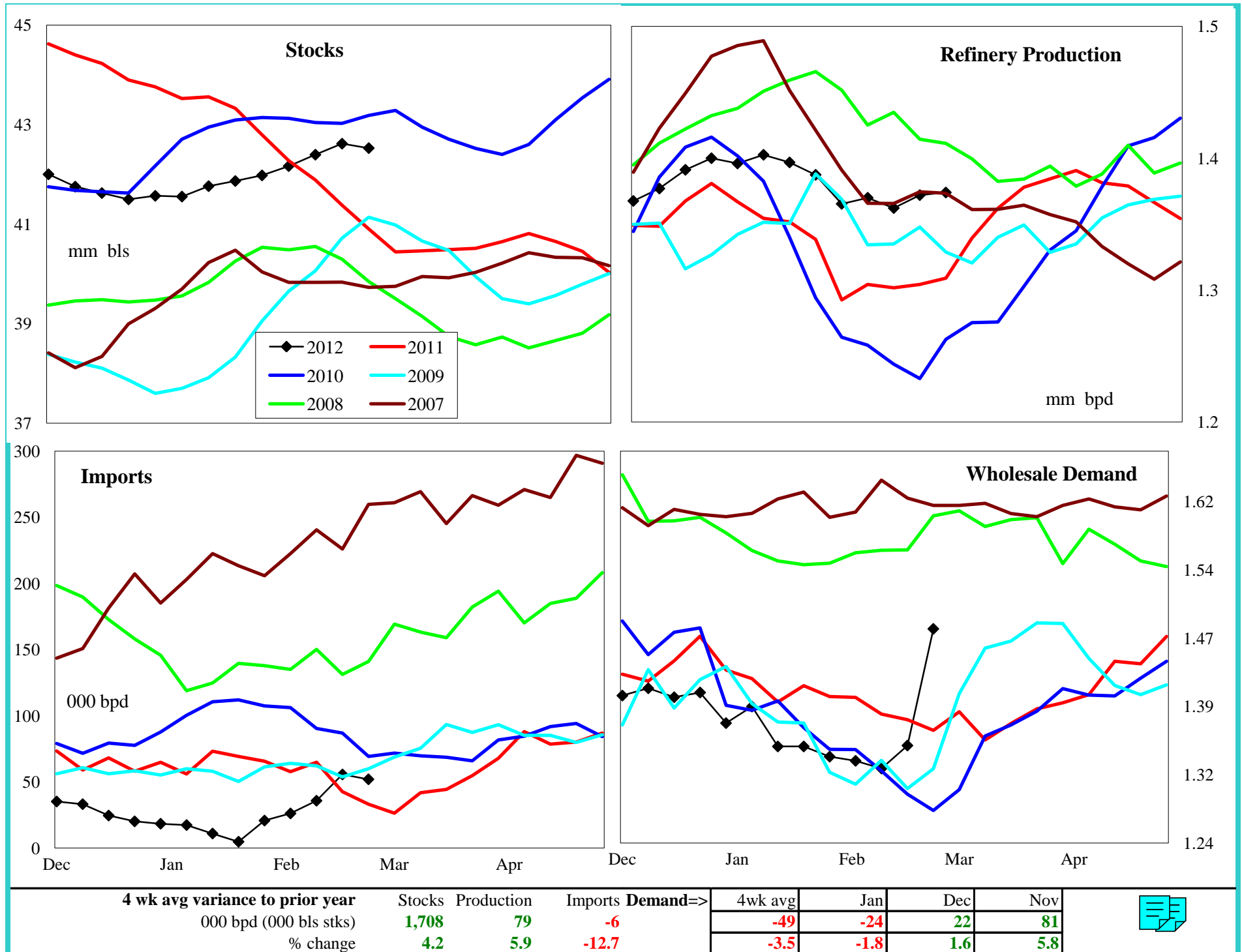
United States Low Sulfur Distillate Supply



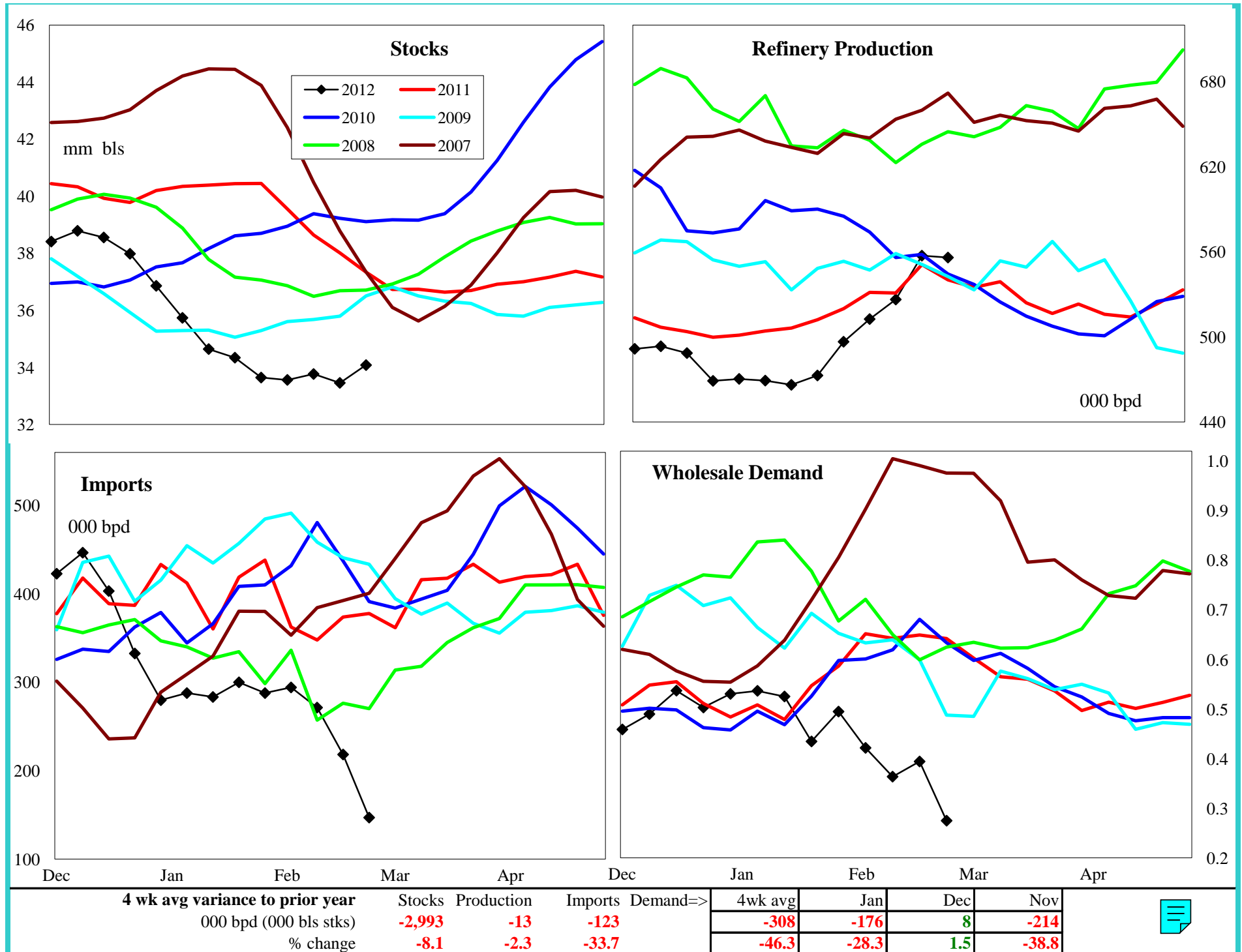
United States High Sulfur Distillate Supply



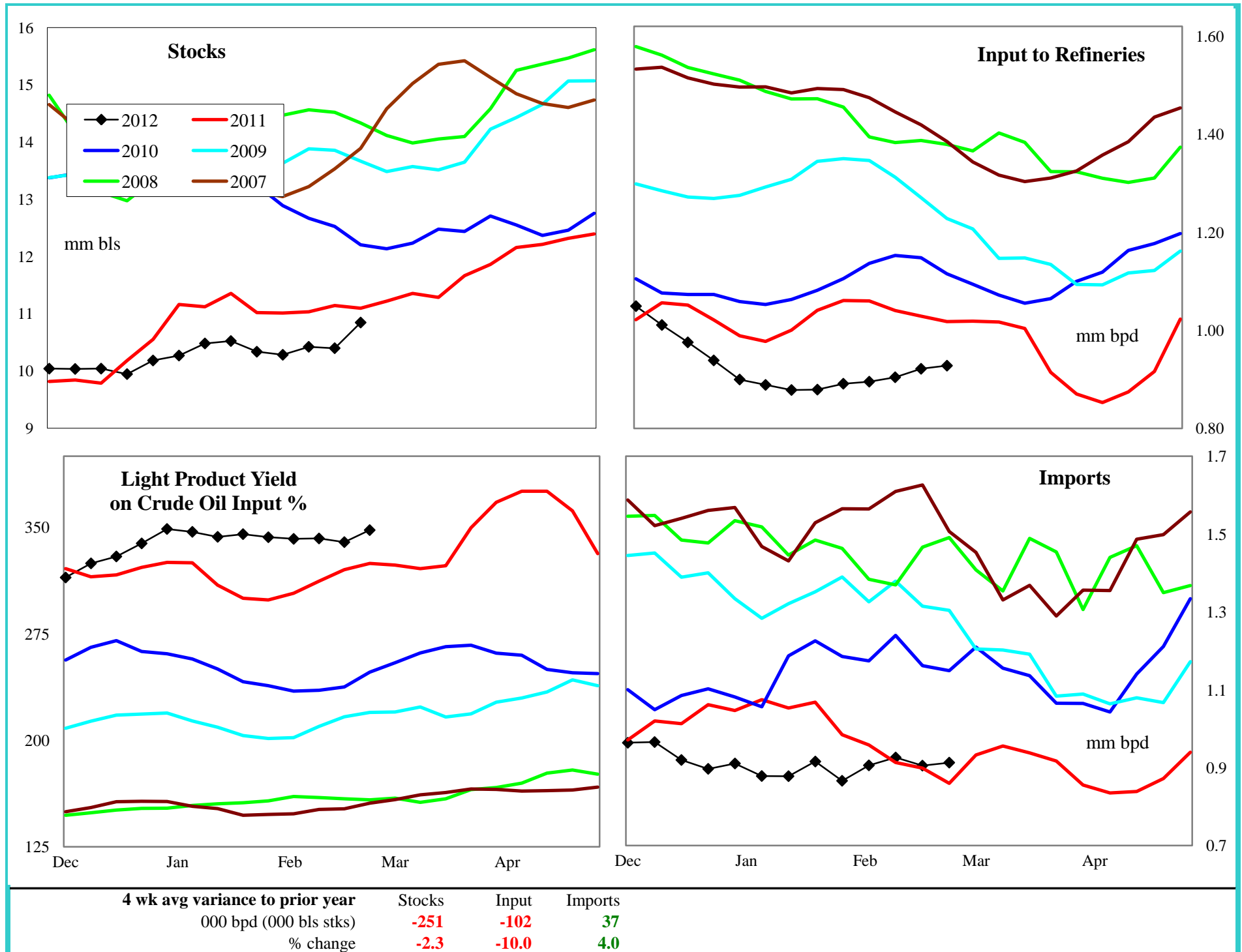
United States Jet Fuel Supply and Demand Balance



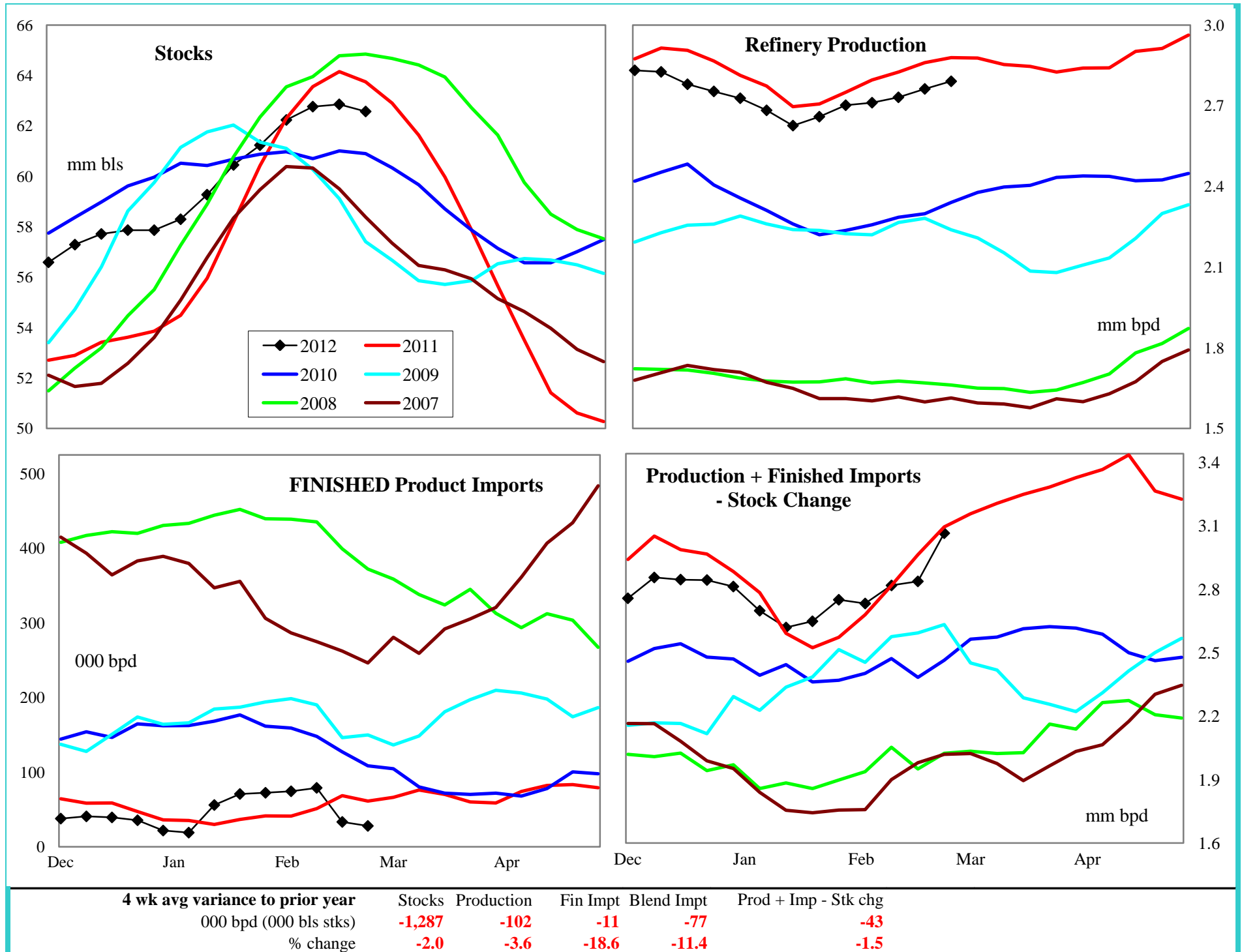
United States Residual Fuel Oil Supply and Demand Balance



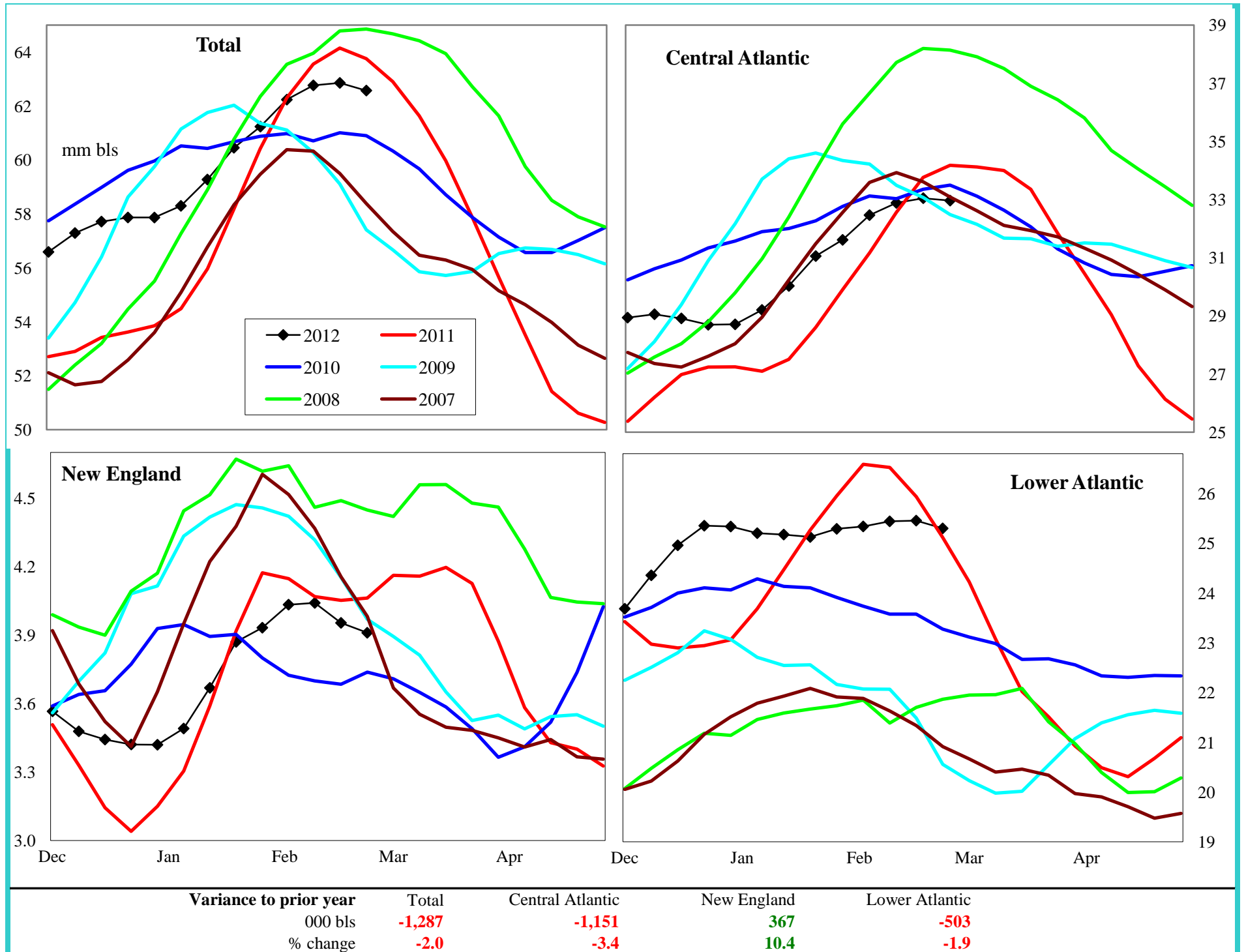
PADD 1 Crude Oil Supply and Refining



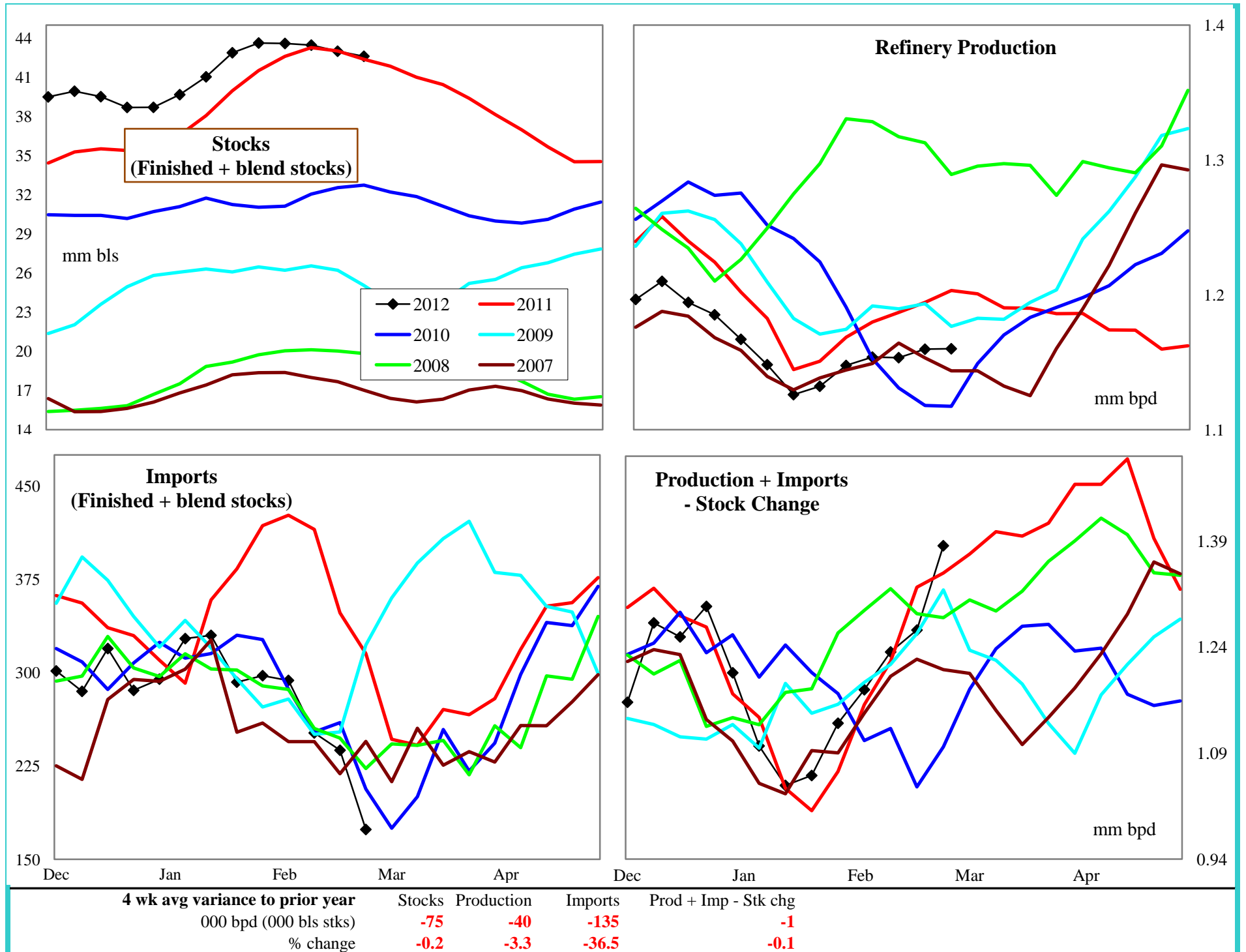
PADD 1 Gasoline Supply



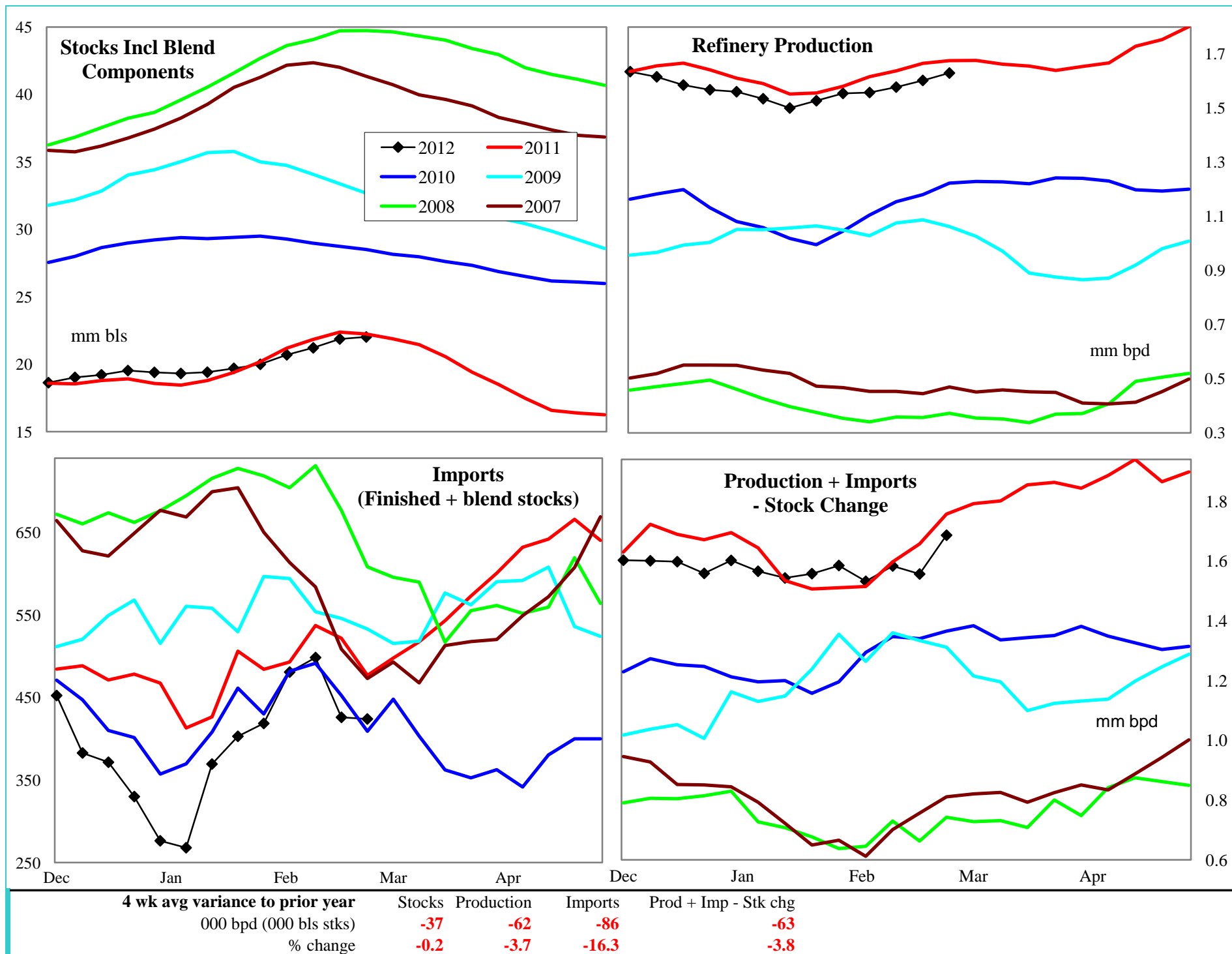
PADD 1 Gasoline Stocks by Region



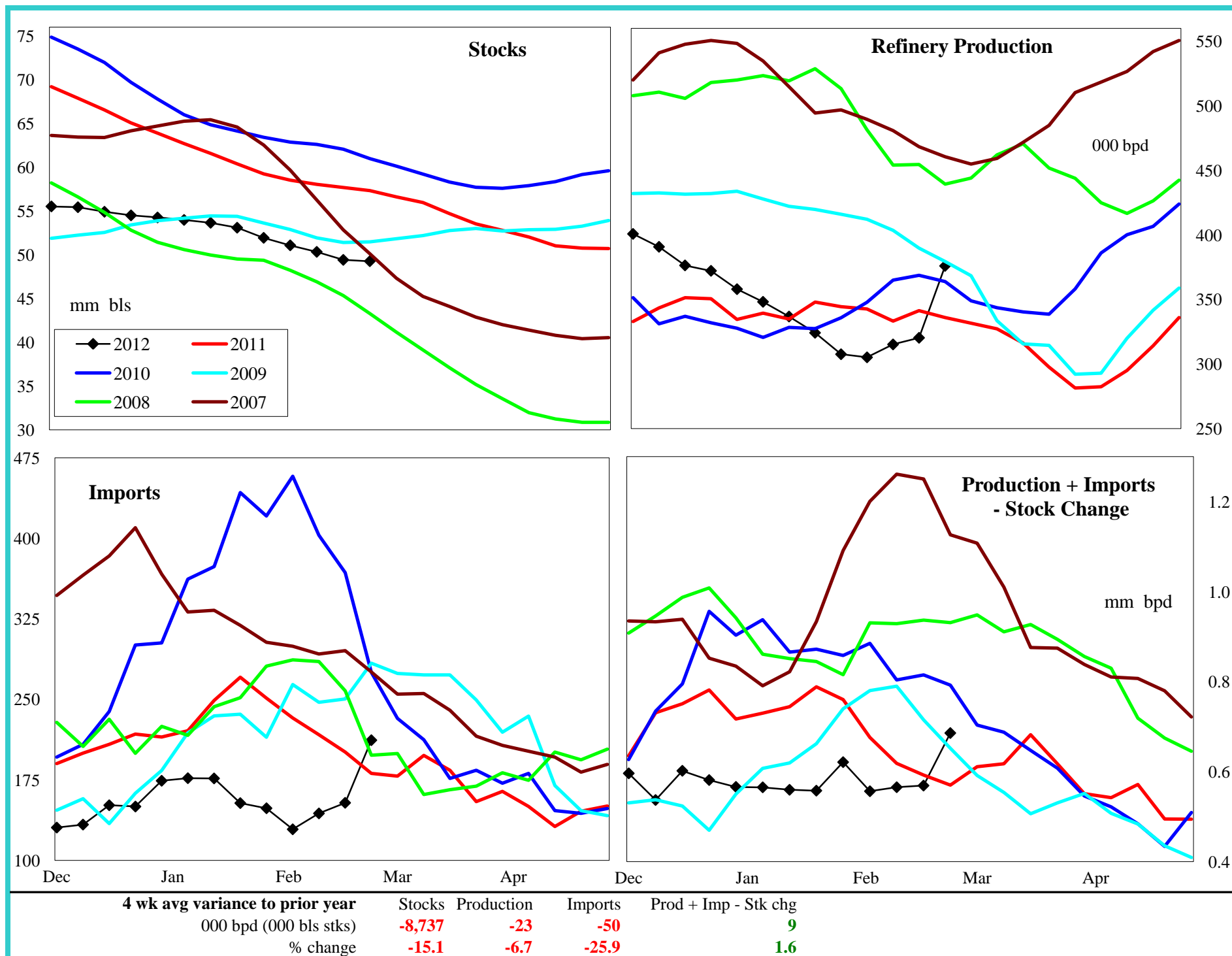
PADD 1 Reformulated Gasoline Supply



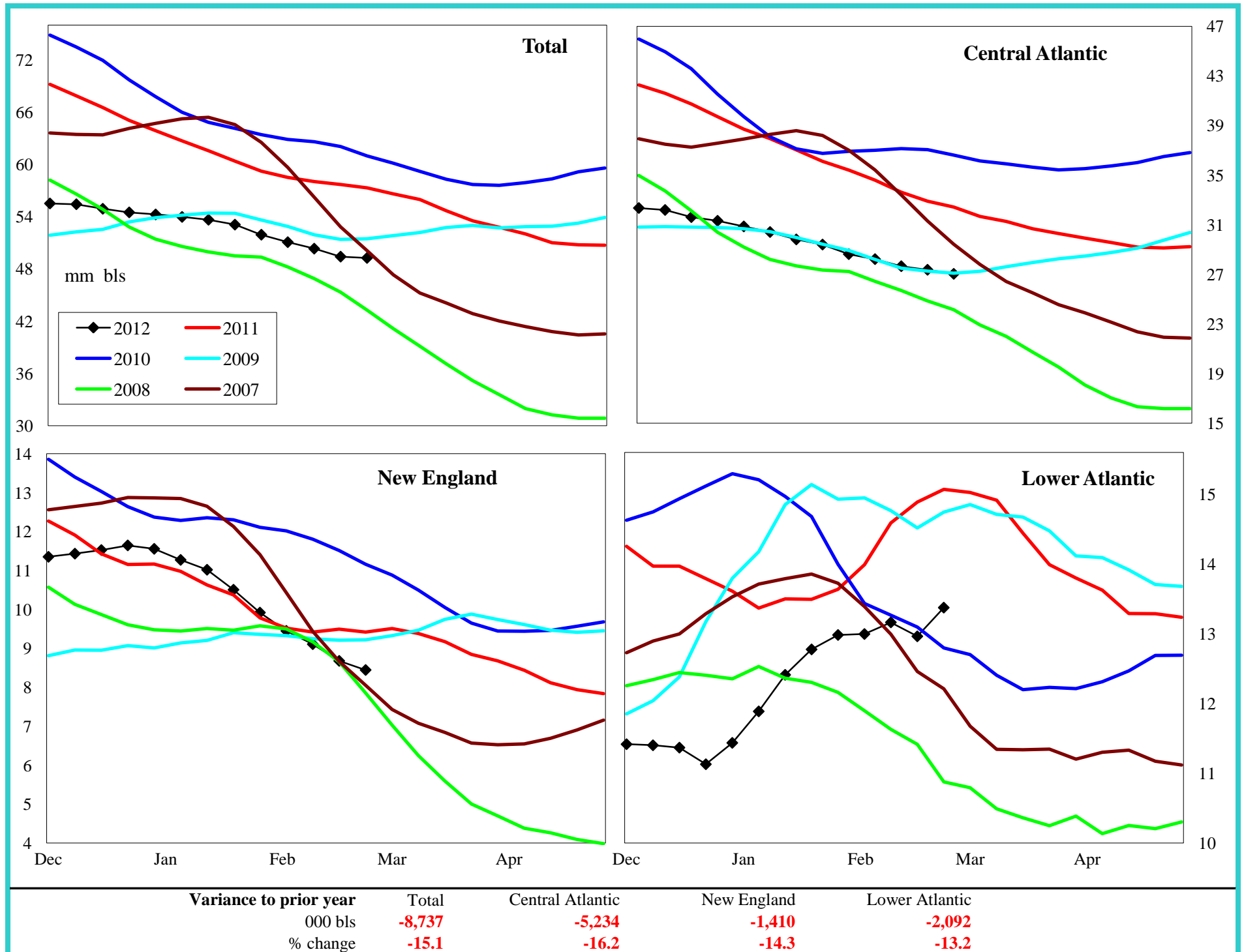
PADD 1 Conventional Gasoline Supply



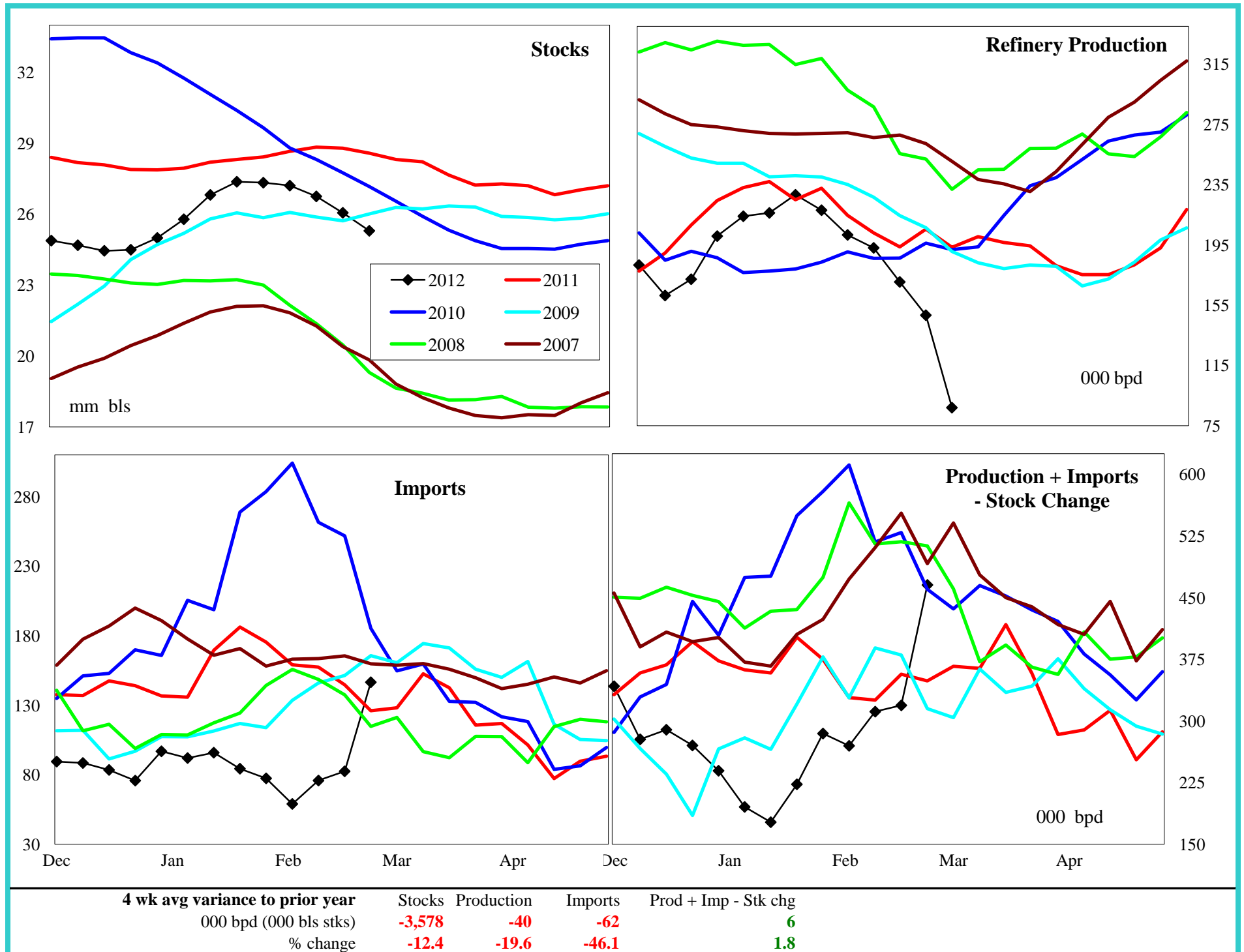
PADD 1 Distillate Supply



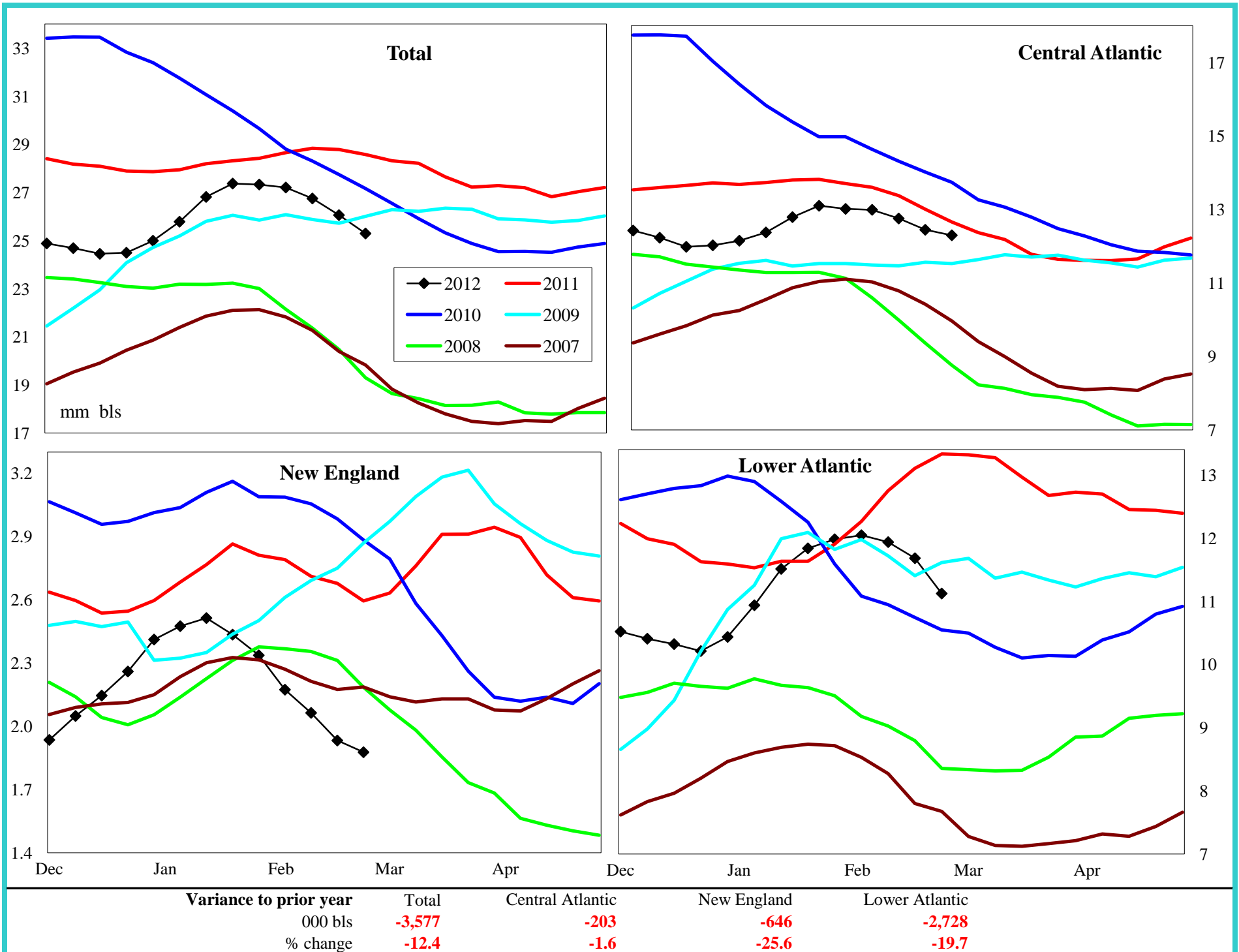
PADD 1 Distillate Stocks by Region



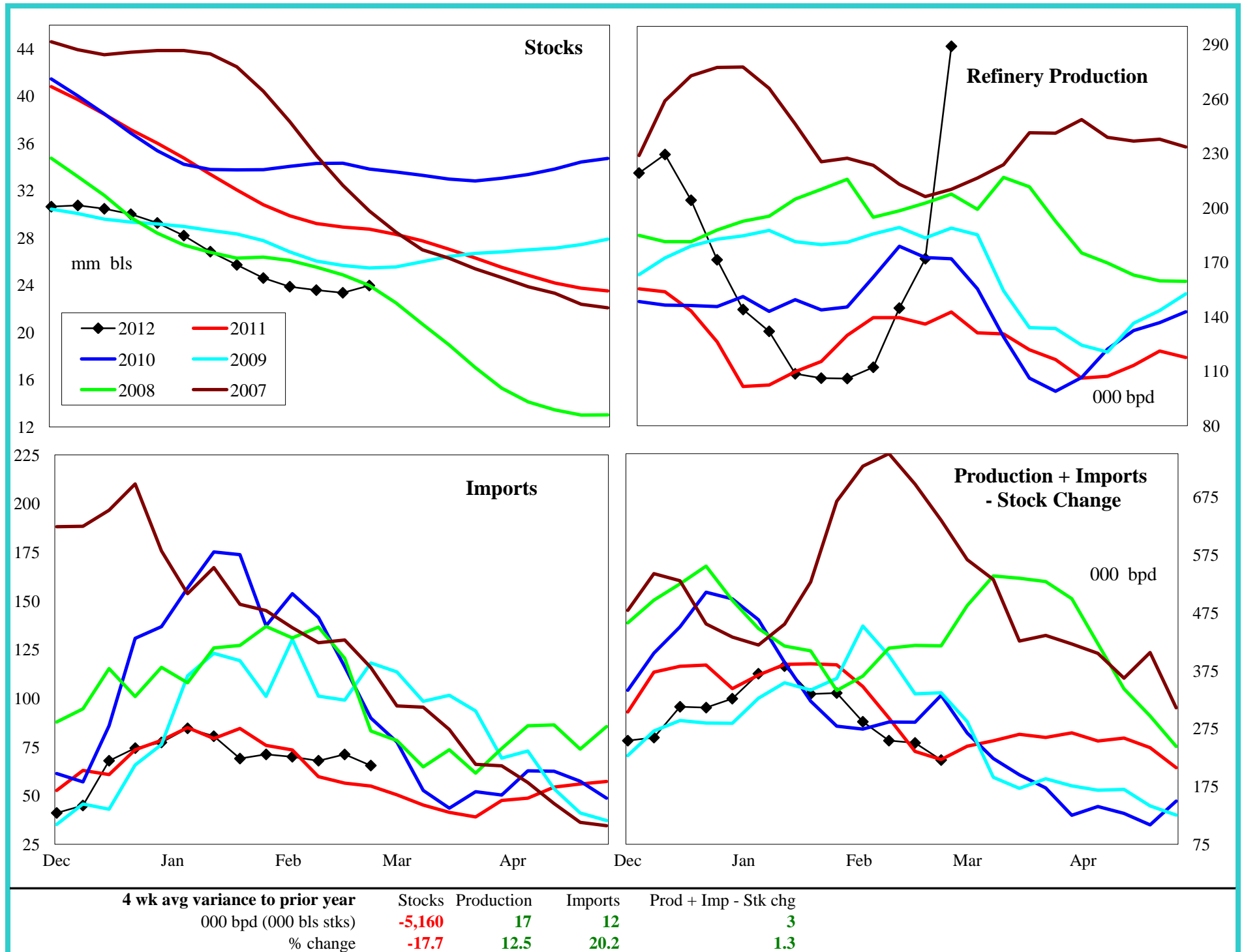
PADD 1 Low Sulfur Distillate Supply



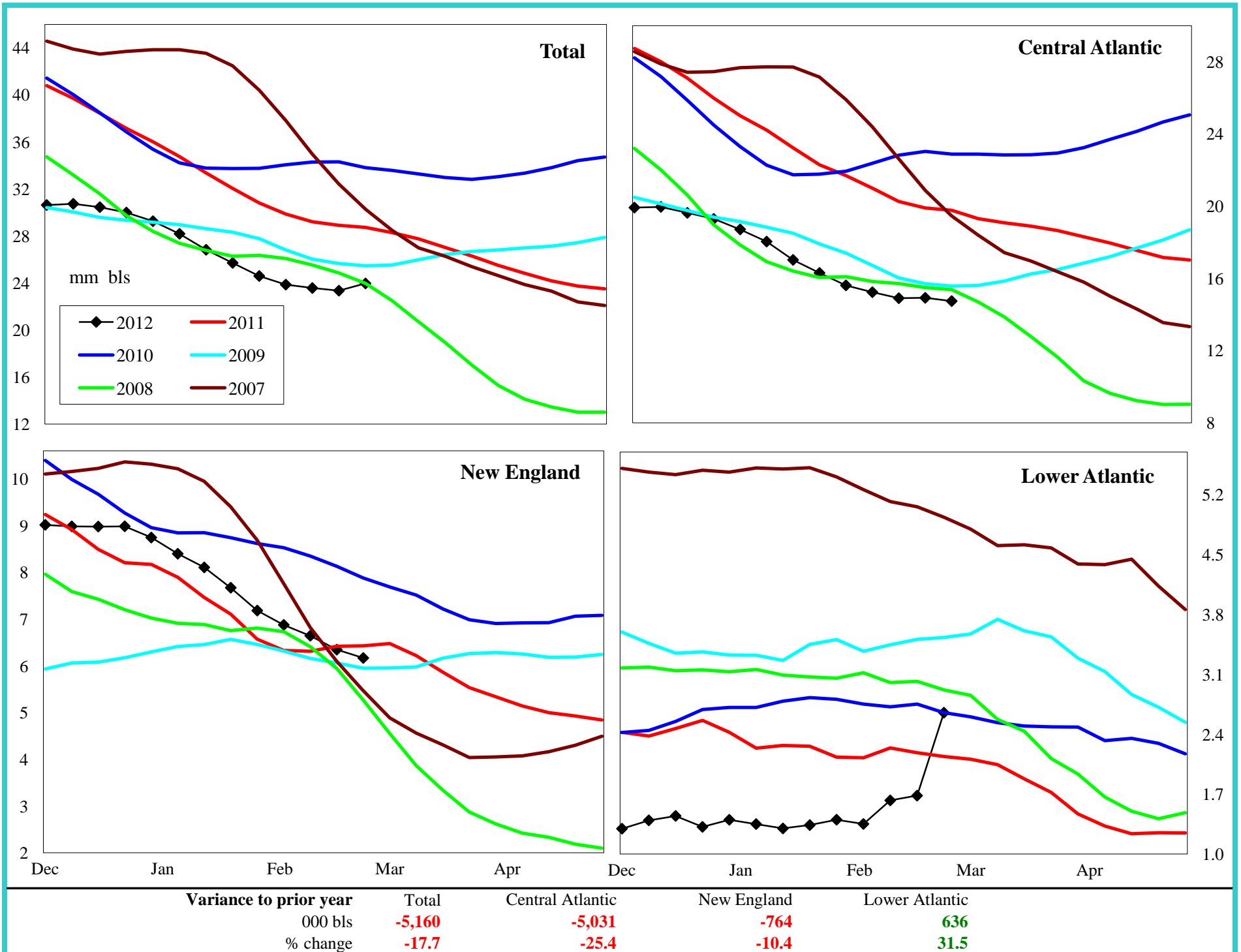
PADD 1 Low Sulfur Distillate Stocks by Region



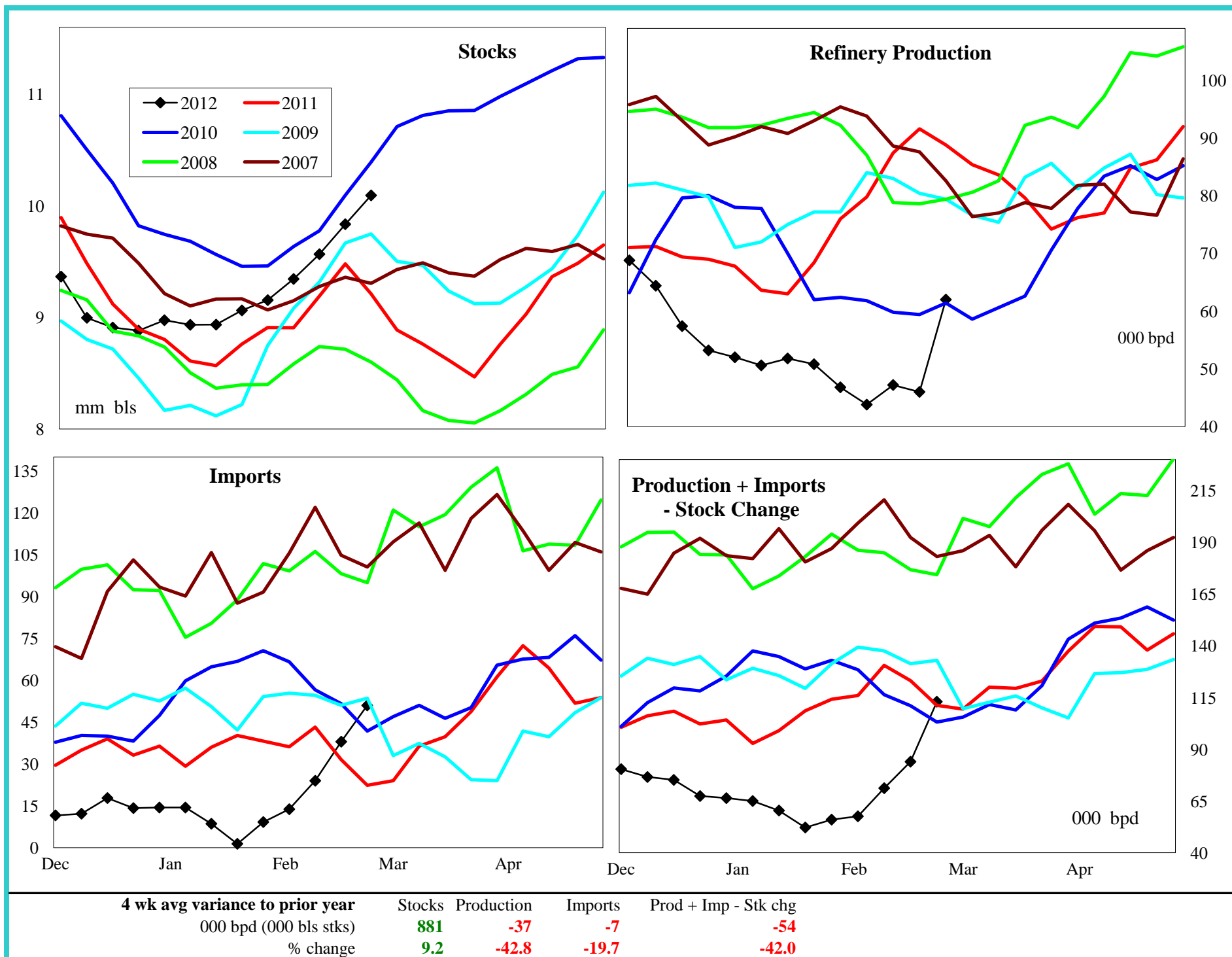
PADD 1 High Sulfur Distillate Supply



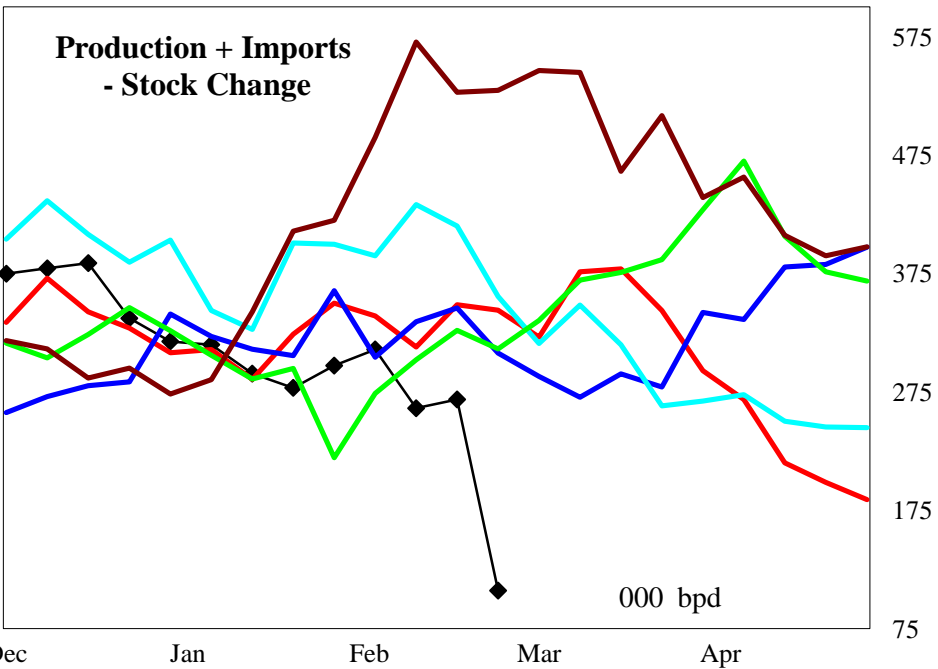
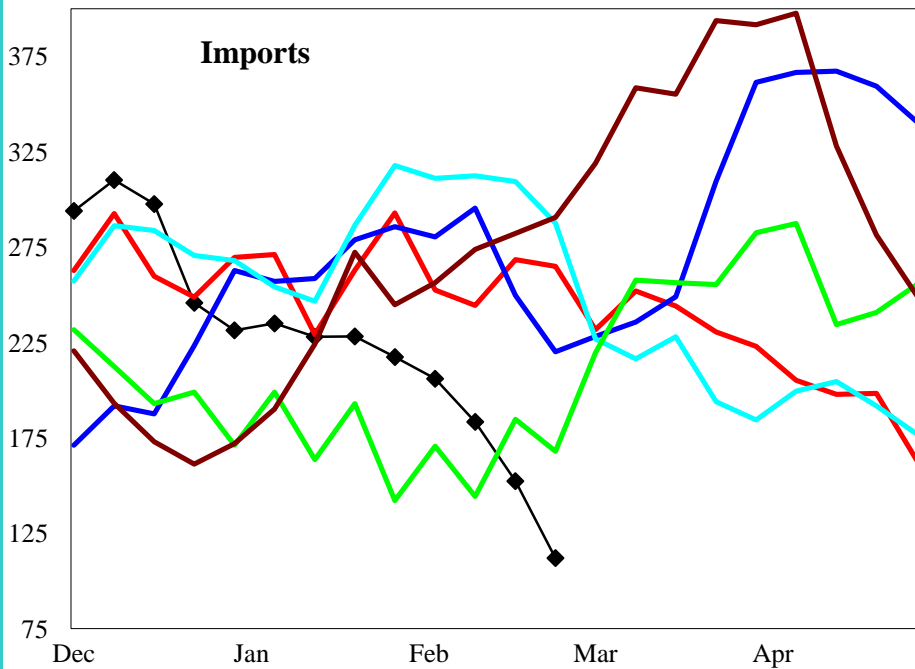
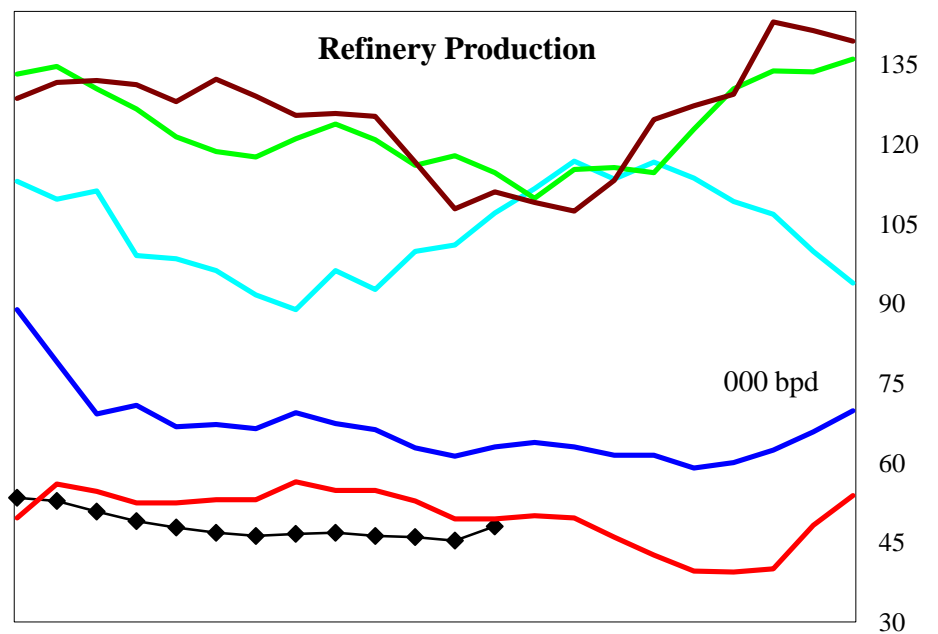
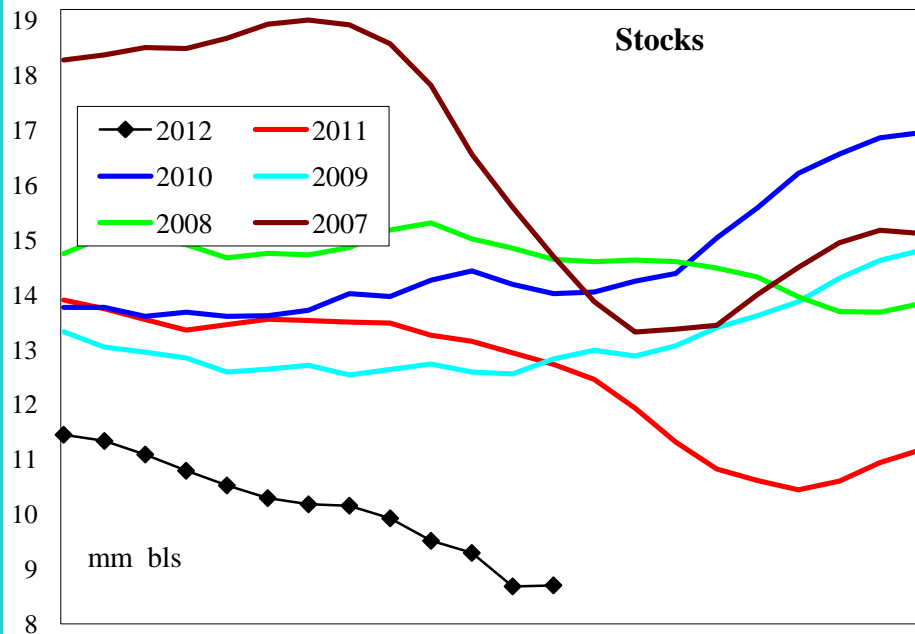
PADD 1 High Sulfur Distillate Stocks by Region



PADD 1 Jet Fuel Supply



PADD 1 Residual Fuel Oil Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

-4,030

-4

-93

-55

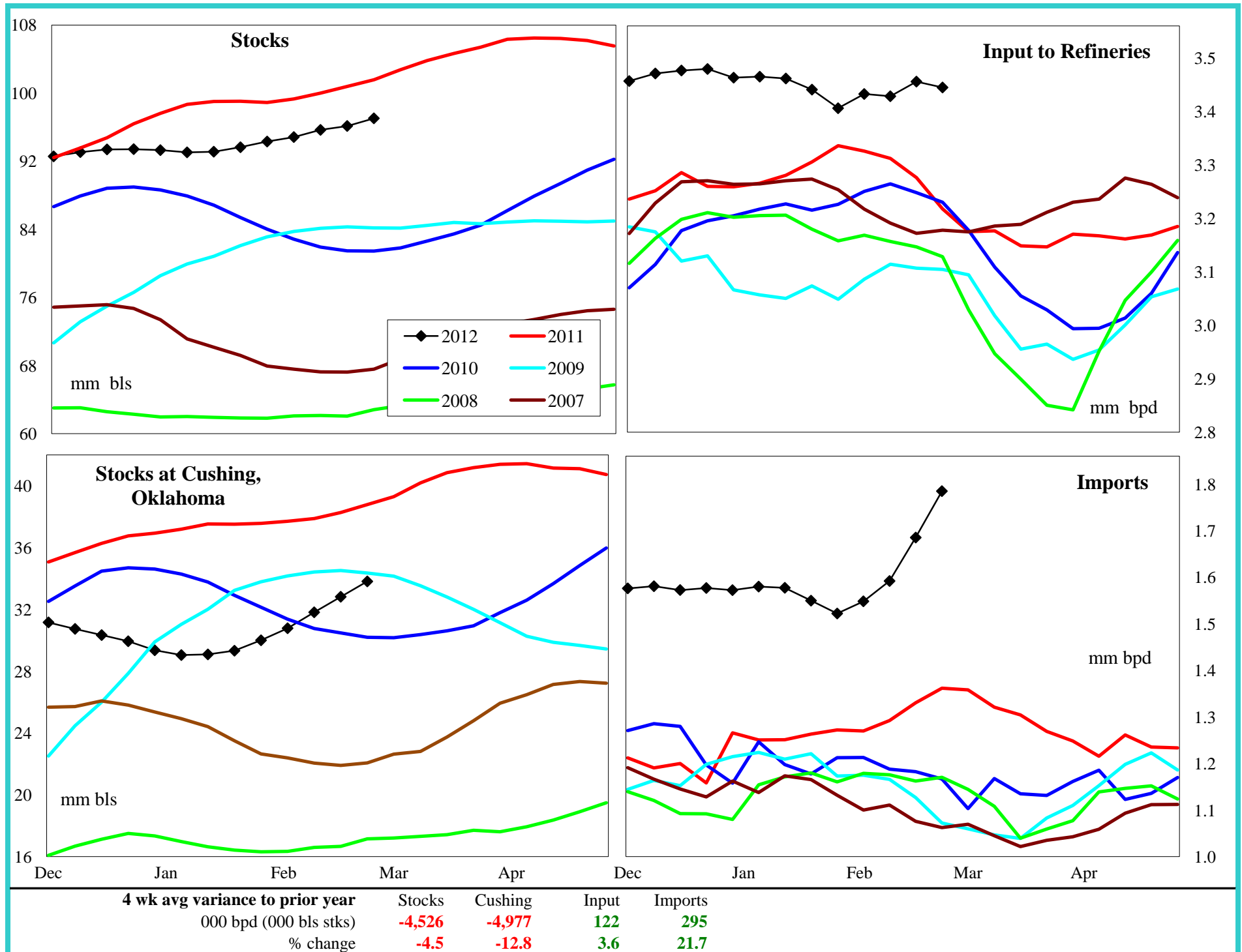
-31.6

-7.1

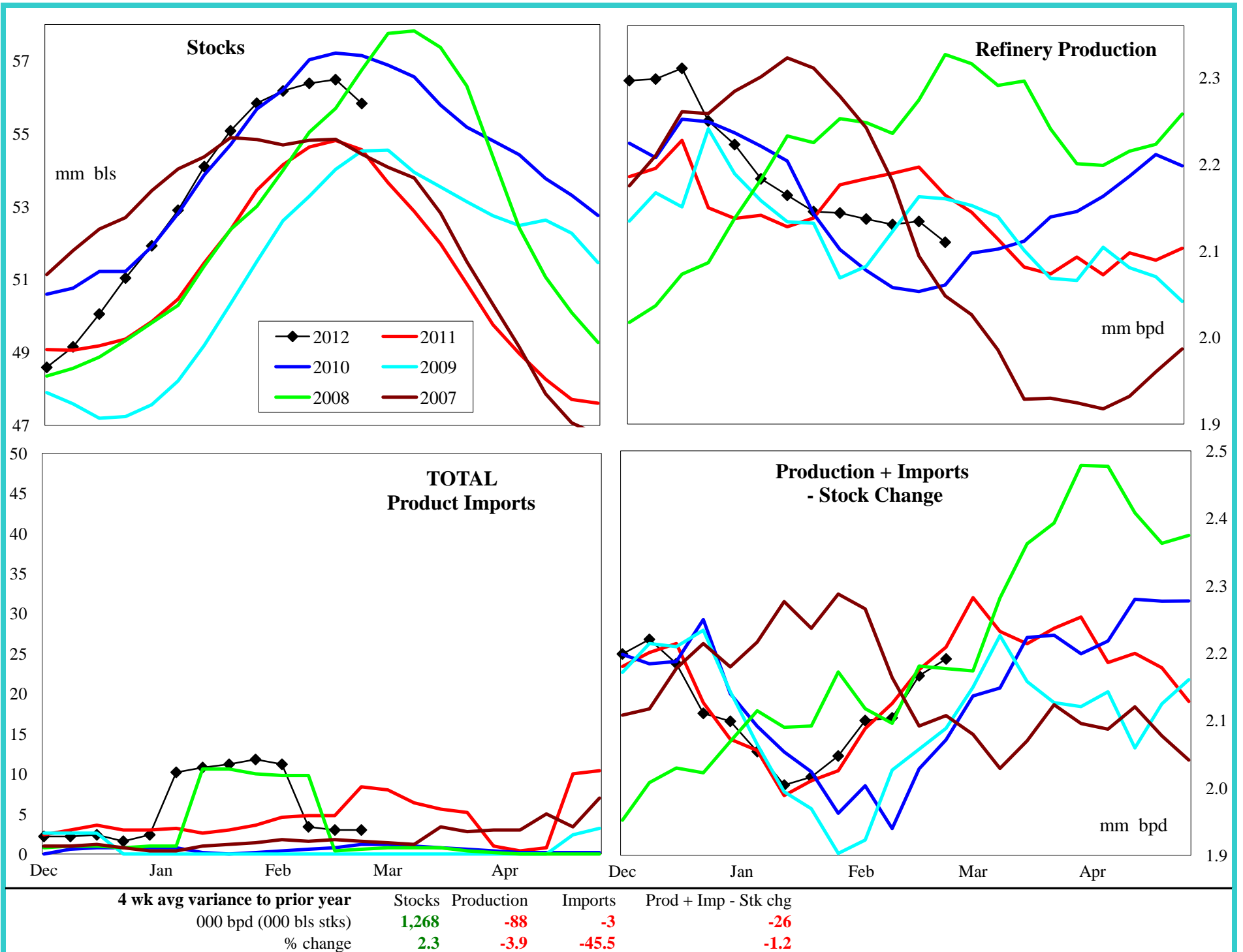
-36.5

-17.4

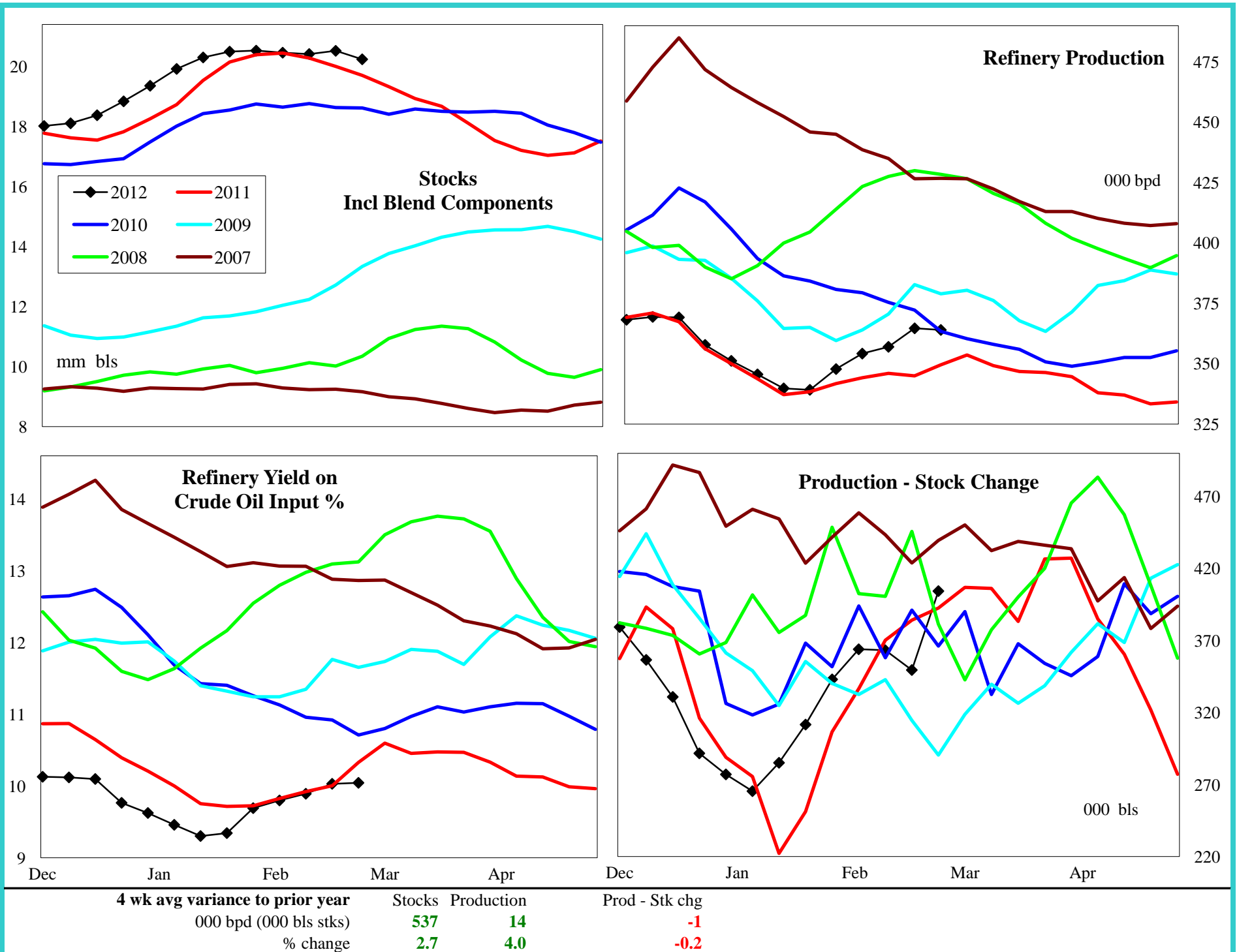
PADD 2 Crude Oil Supply and Refining



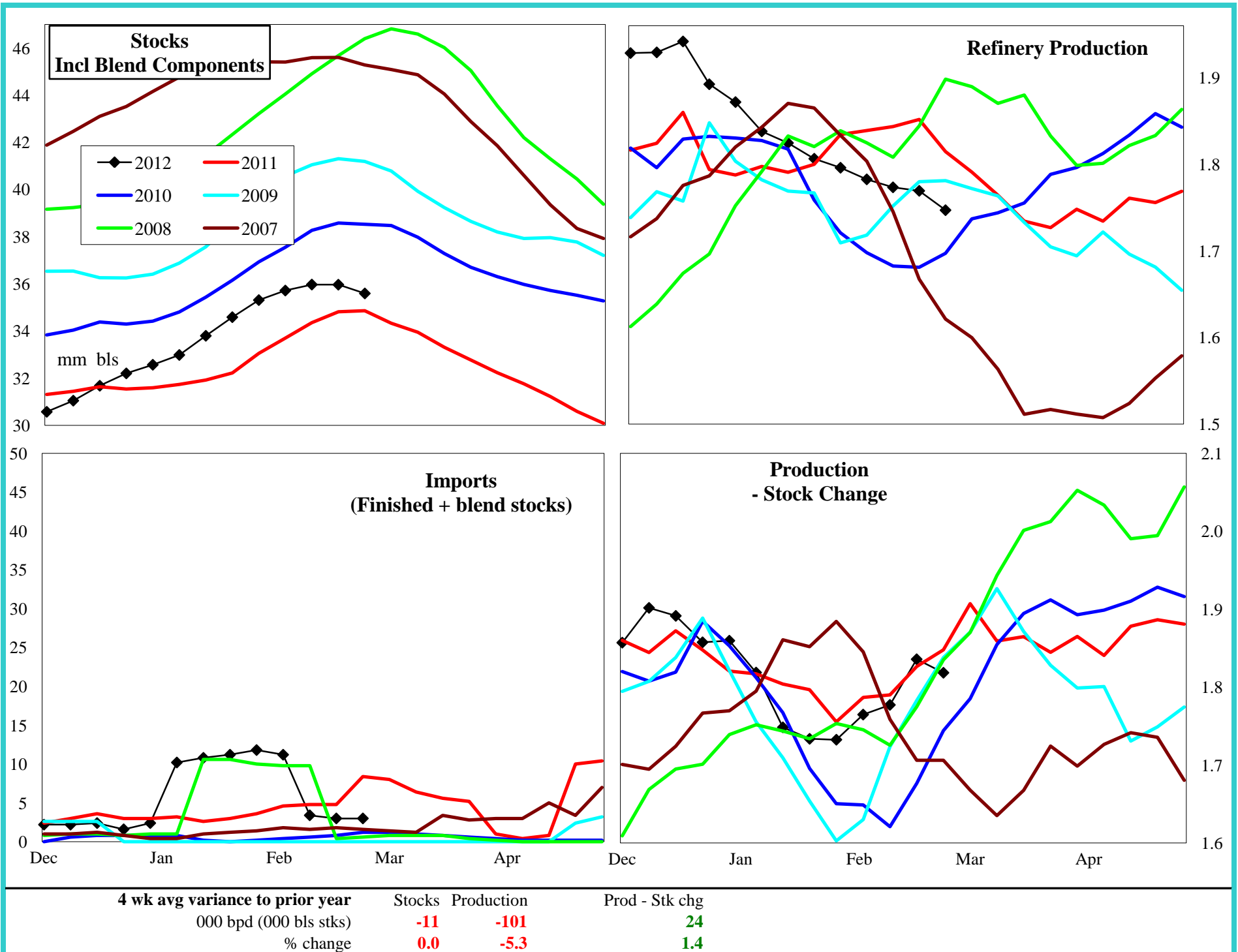
PADD 2 Gasoline Supply



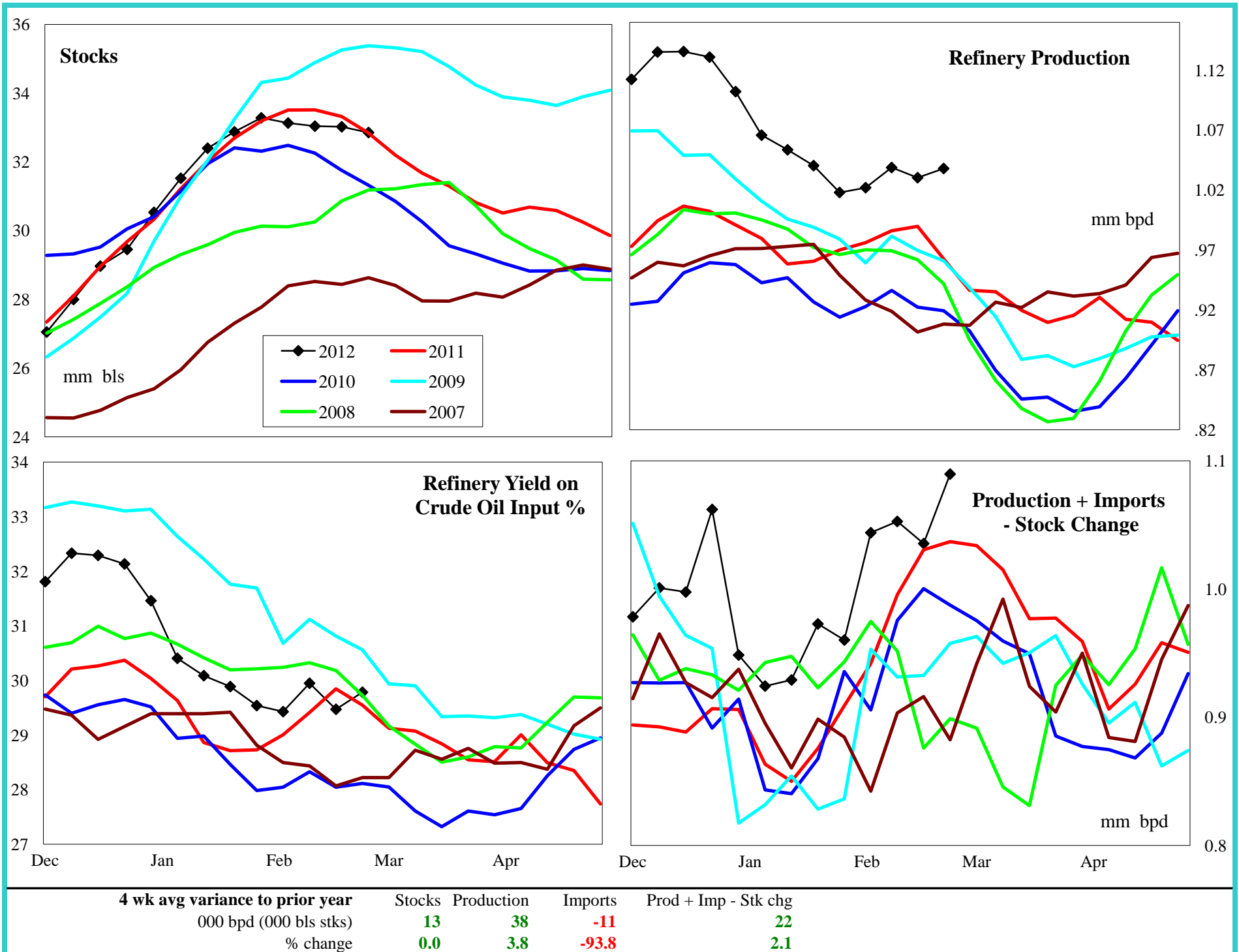
PADD 2 Reformulated Gasoline Supply



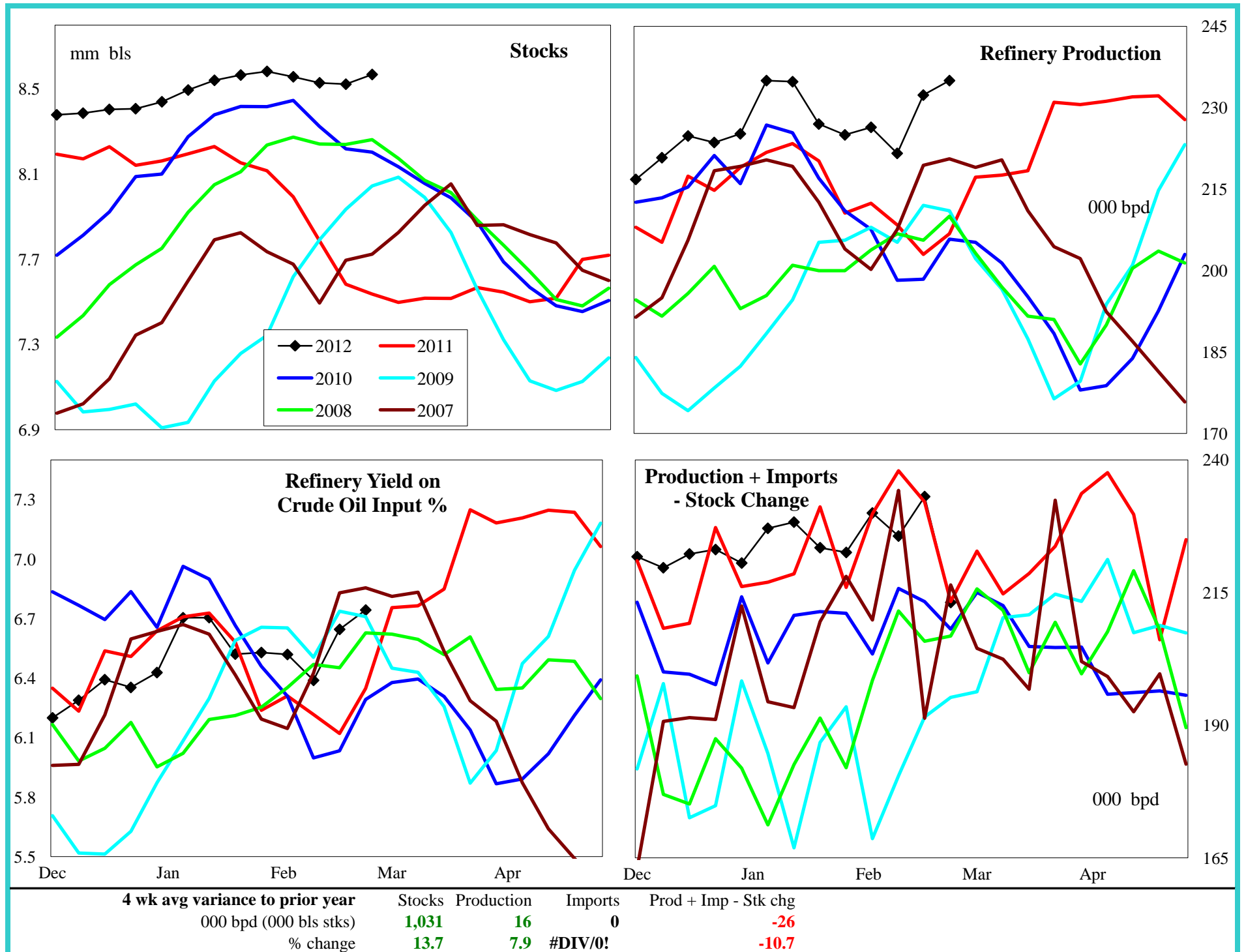
PADD 2 Conventional Gasoline Supply



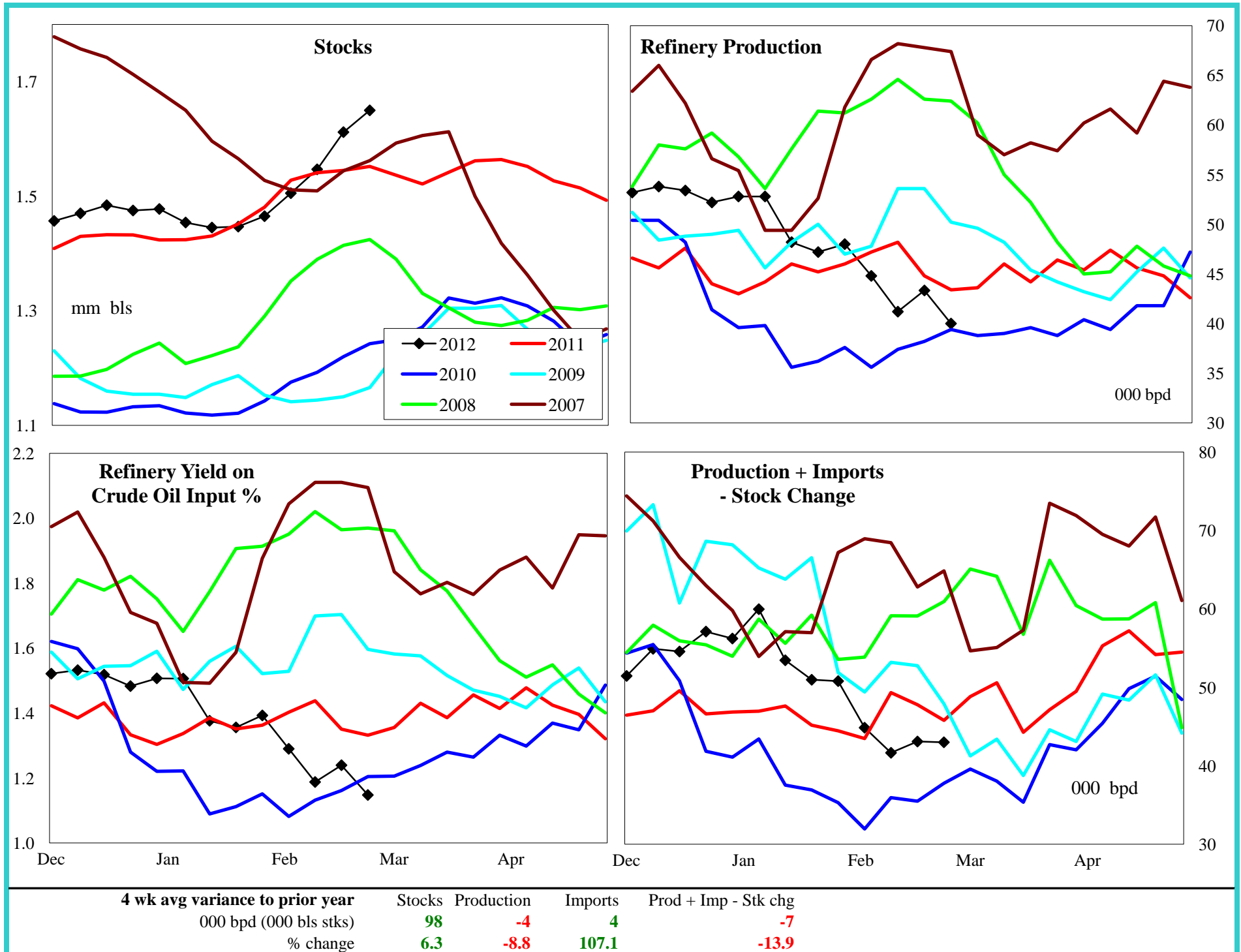
PADD 2 Distillate Supply



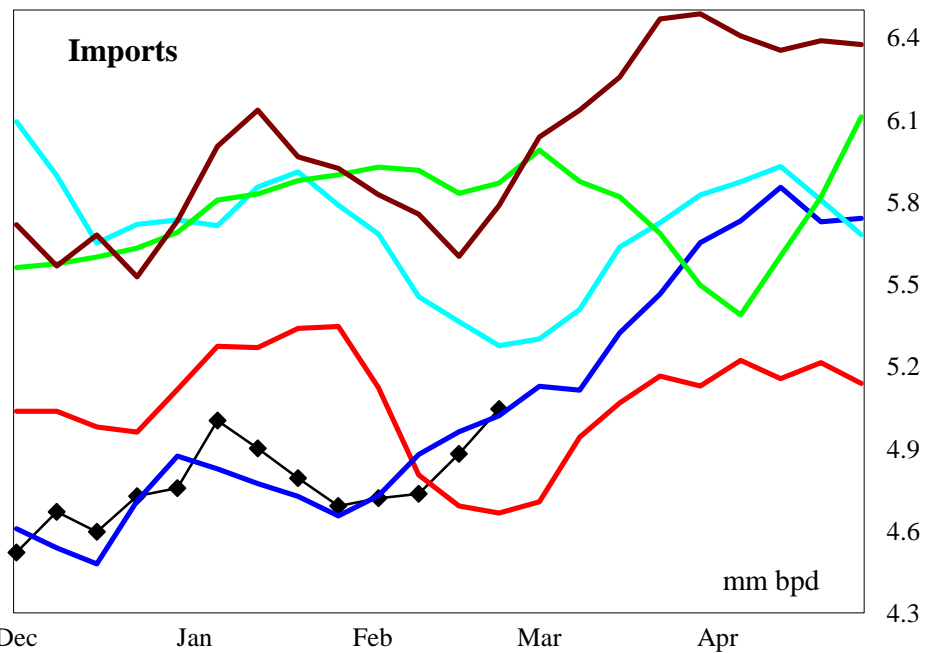
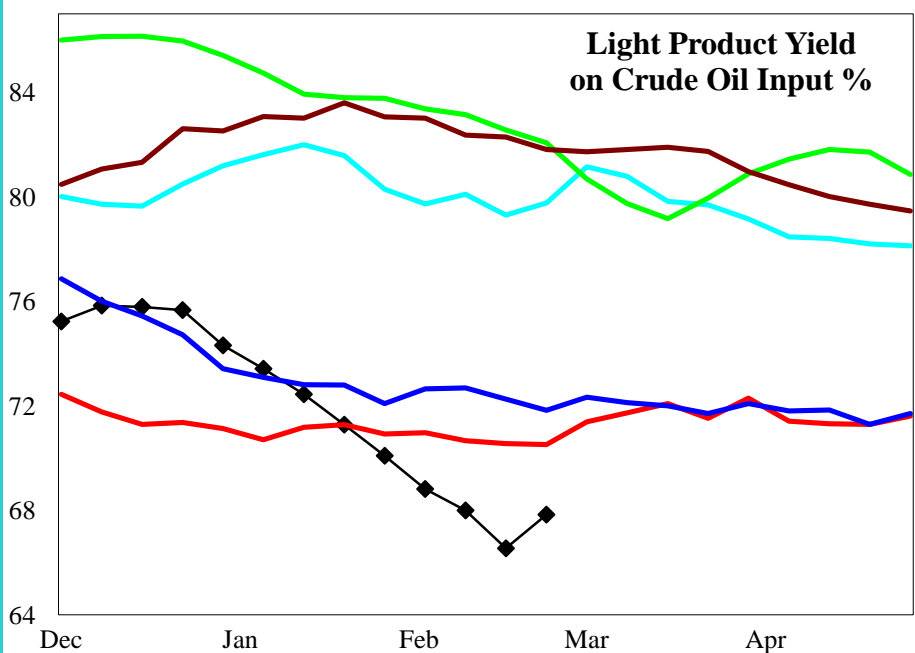
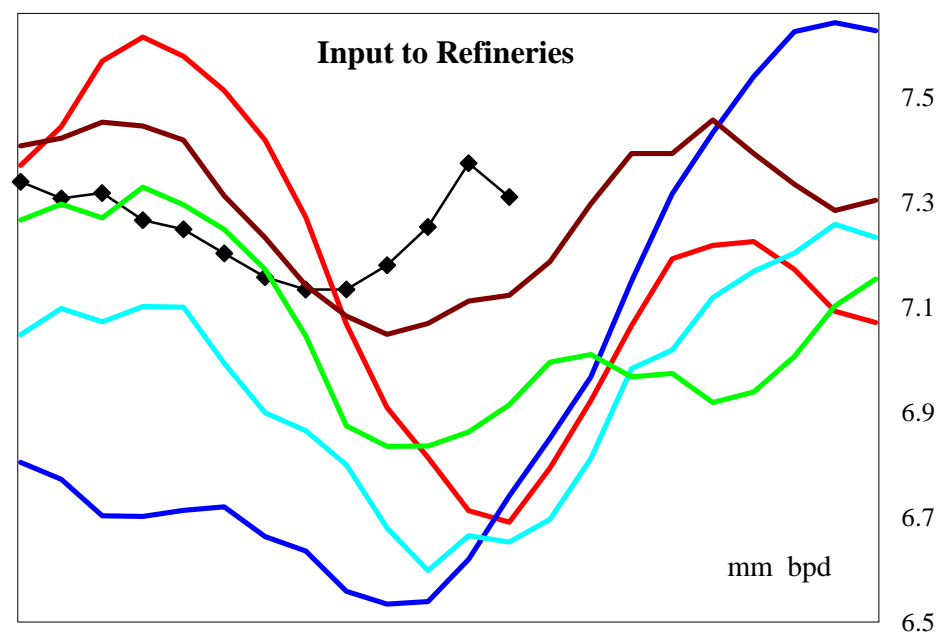
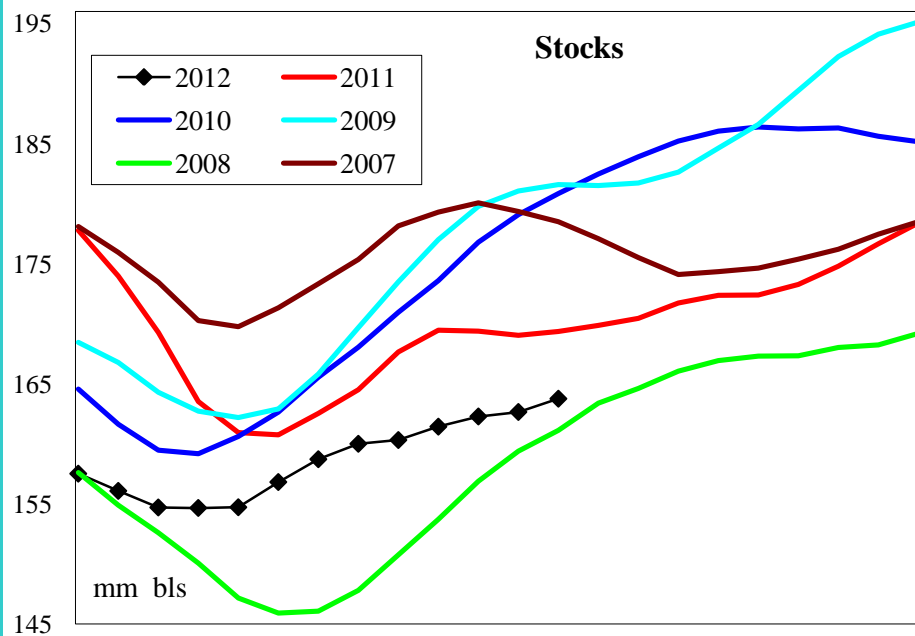
PADD 2 Jet Fuel Supply



PADD 2 Residual Fuel Oil Supply



PADD 3 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

-5,594

-3.3

Input

589

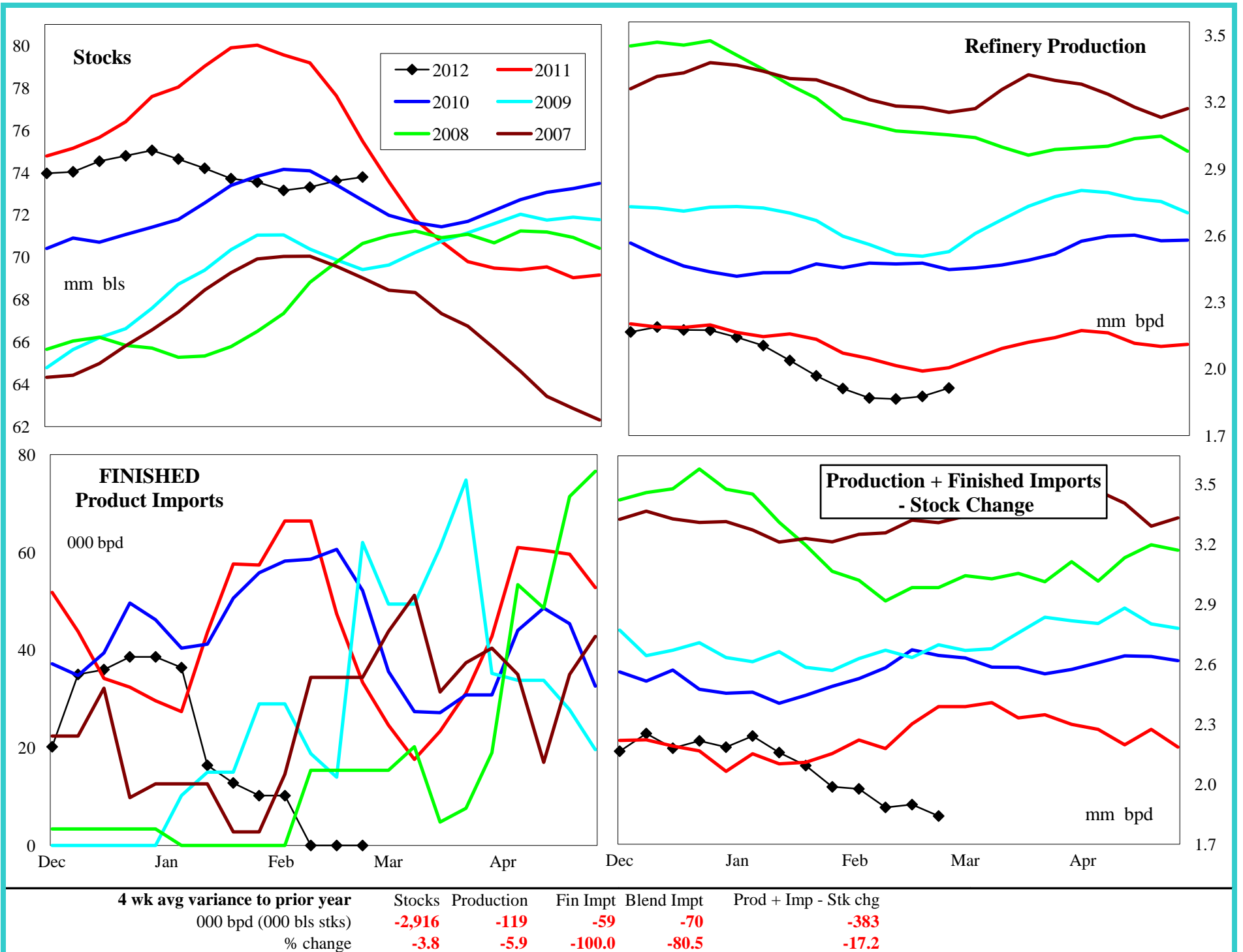
8.7

Imports

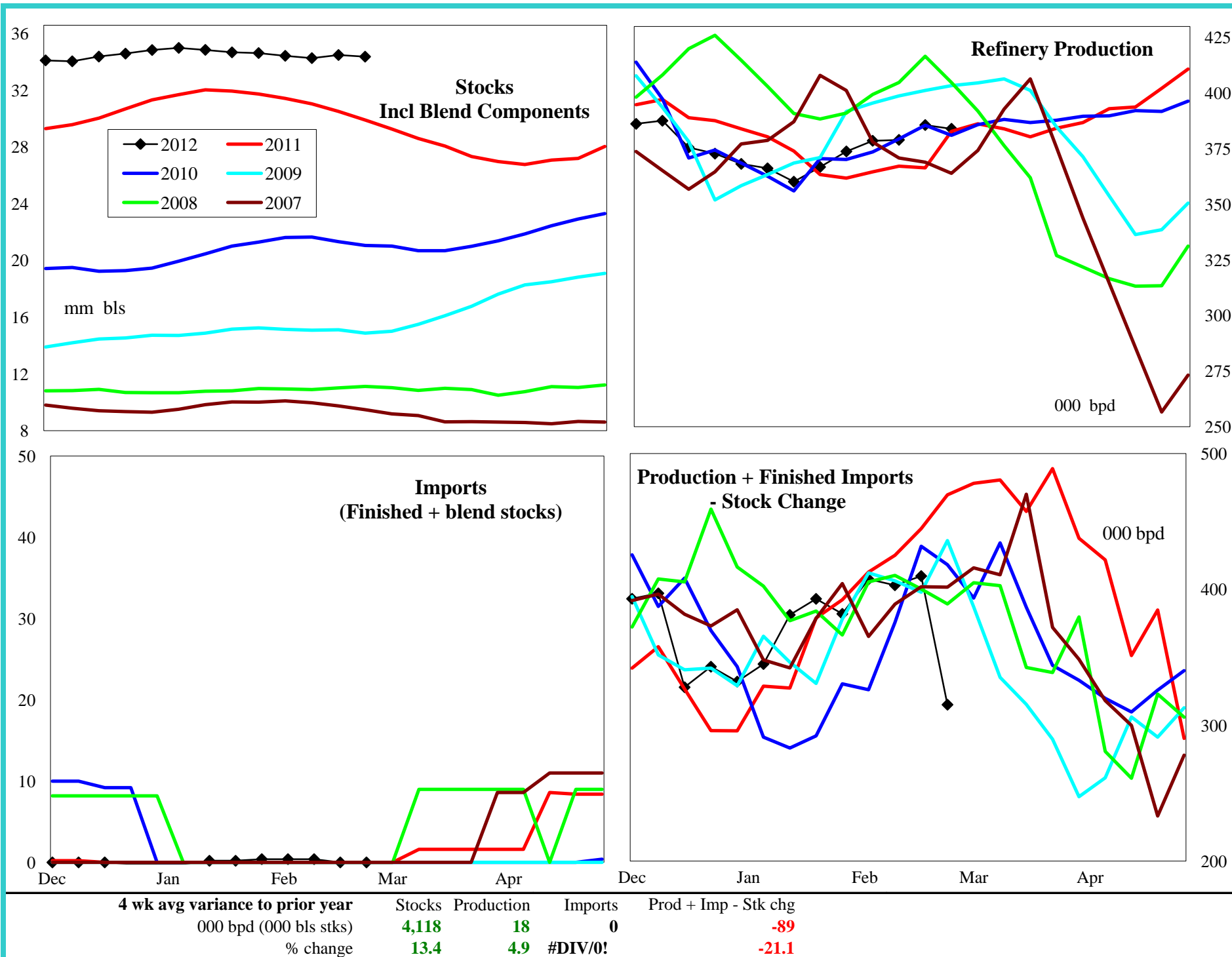
71

1.5

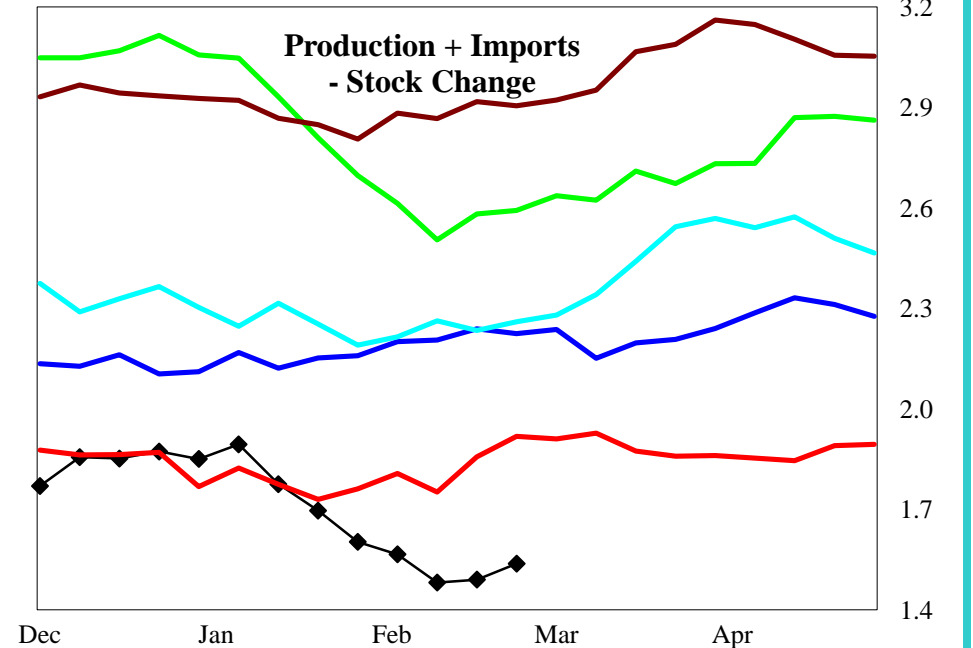
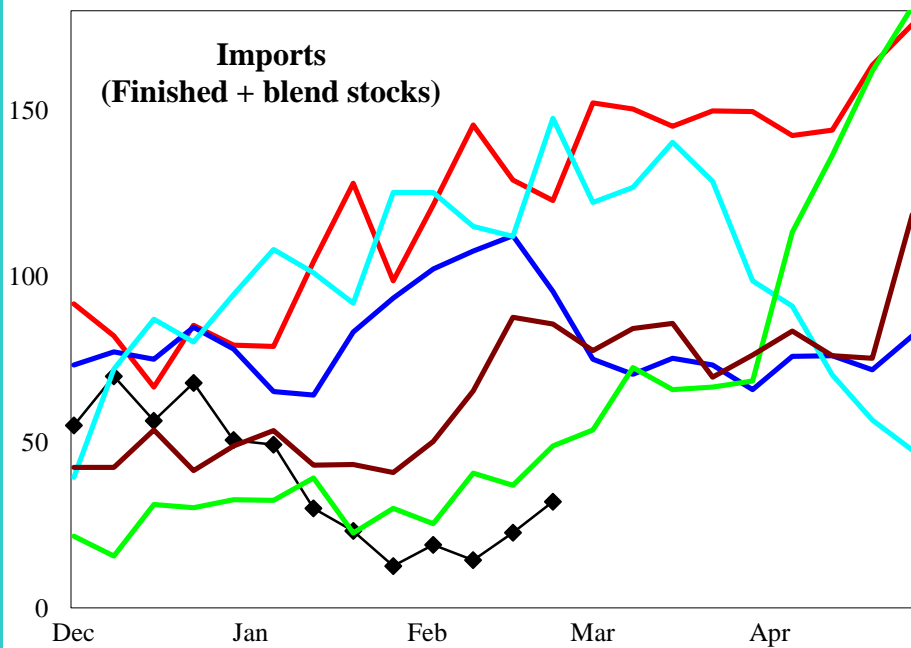
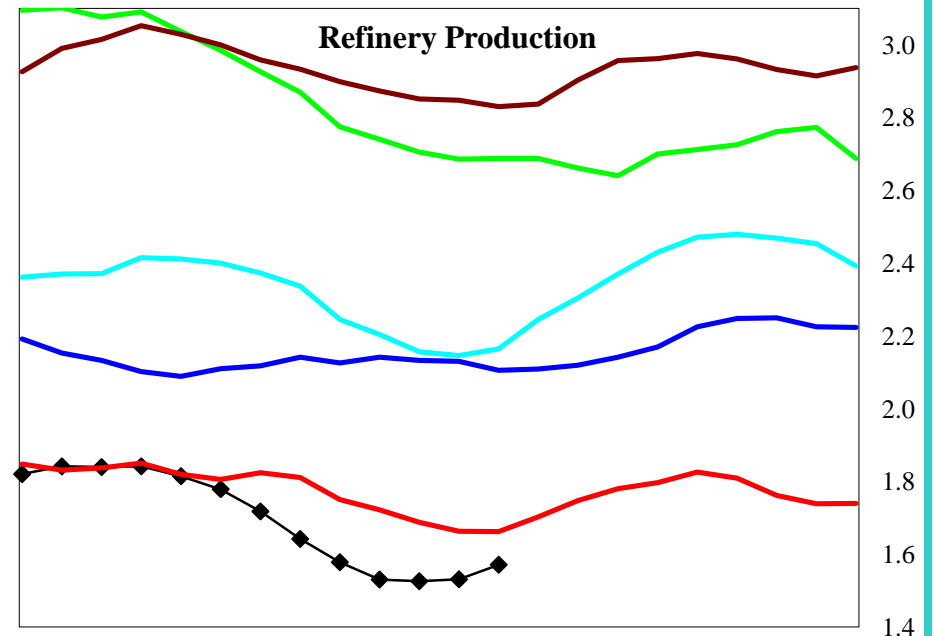
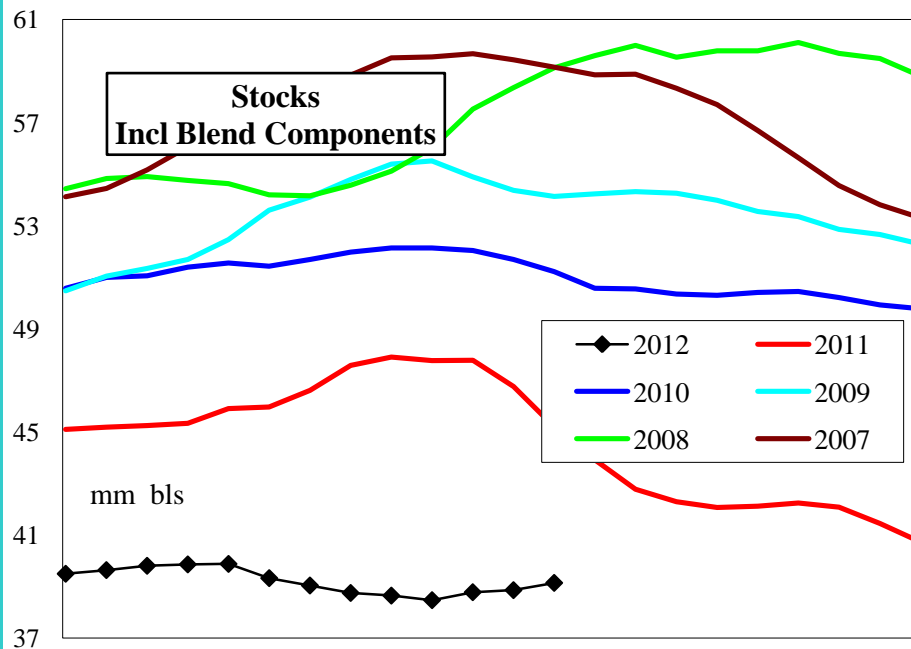
PADD 3 Gasoline Supply



PADD 3 Reformulated Gasoline Supply



PADD 3 Conventional Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-6,940

-15.1

Production

-137

-8.3

Imports

-130

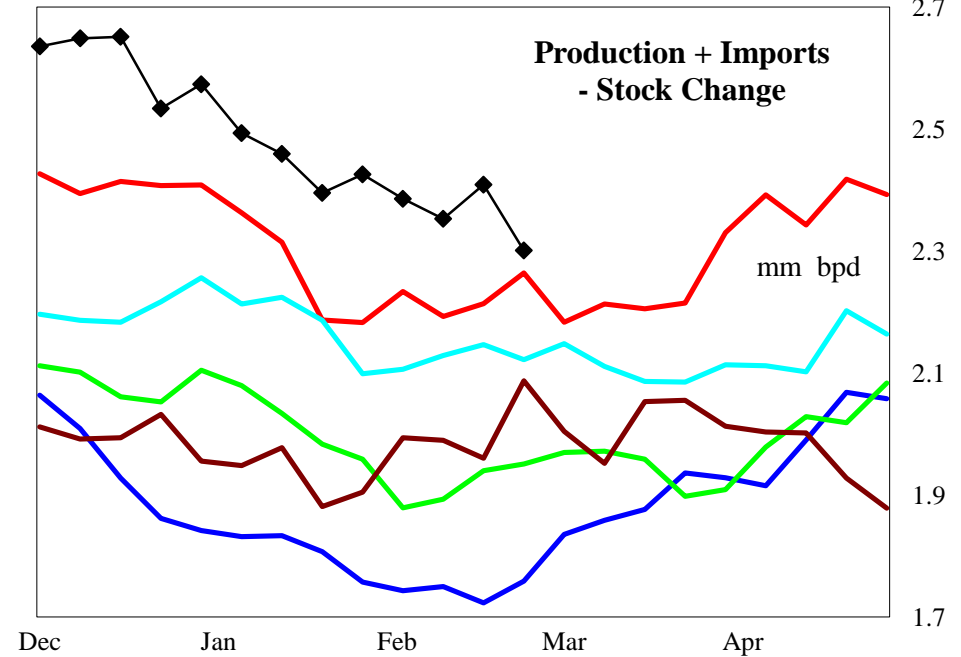
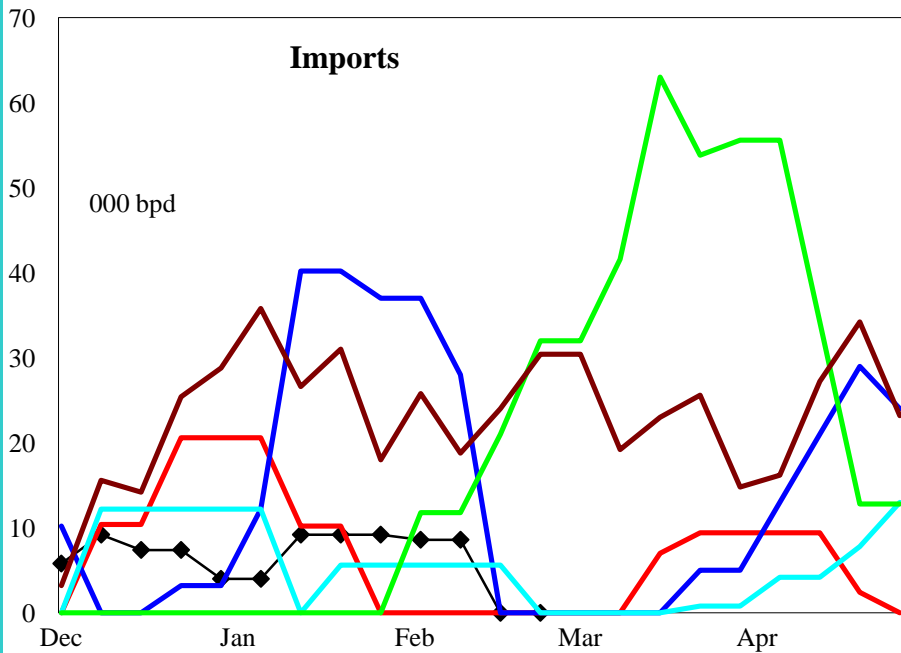
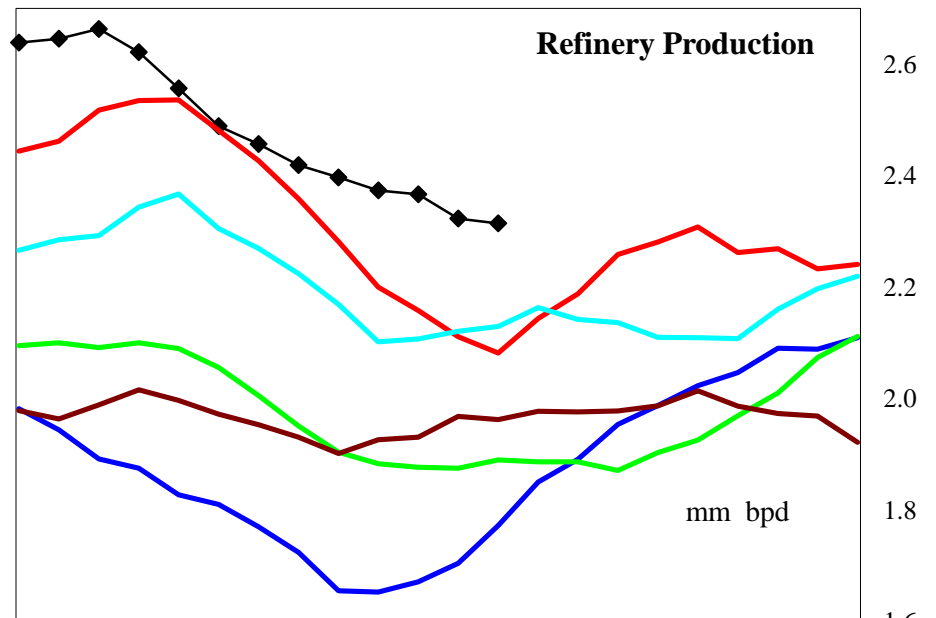
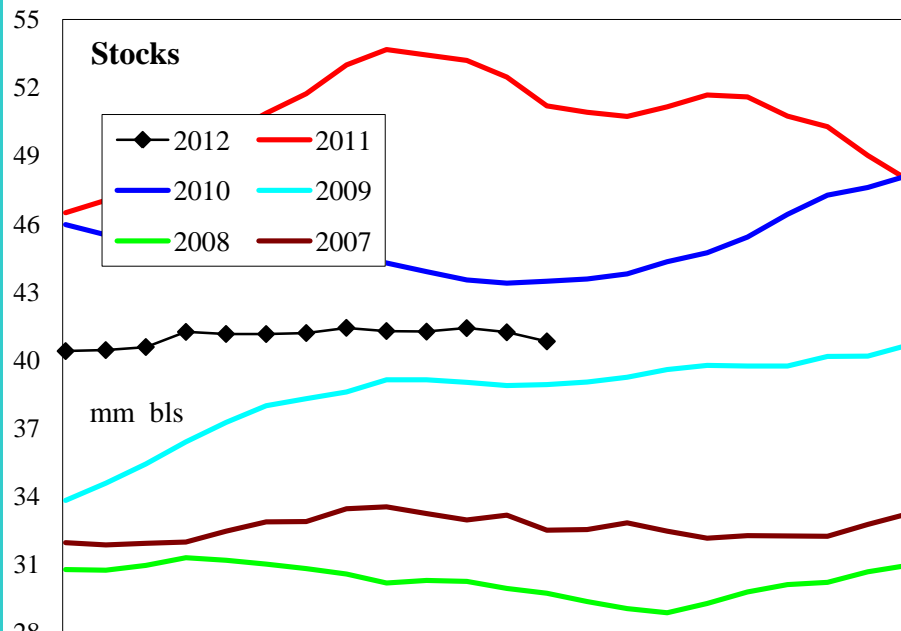
-88.4

Prod + Imp - Stk chg

-294

-16.3

PADD 3 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-10,671

-20.7

Production

222

10.5

Imports

0

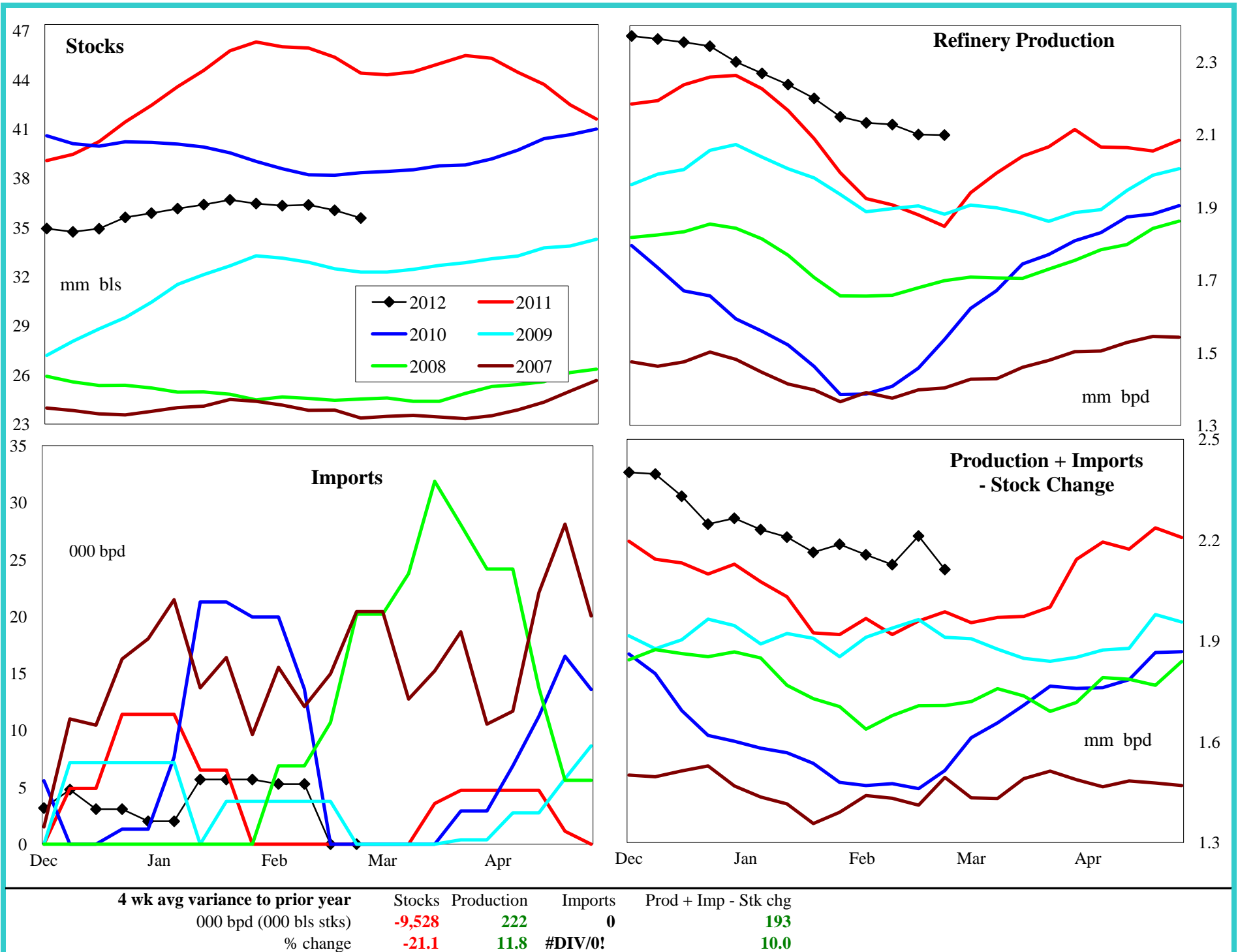
#DIV/0!

Prod + Imp - Stk chg

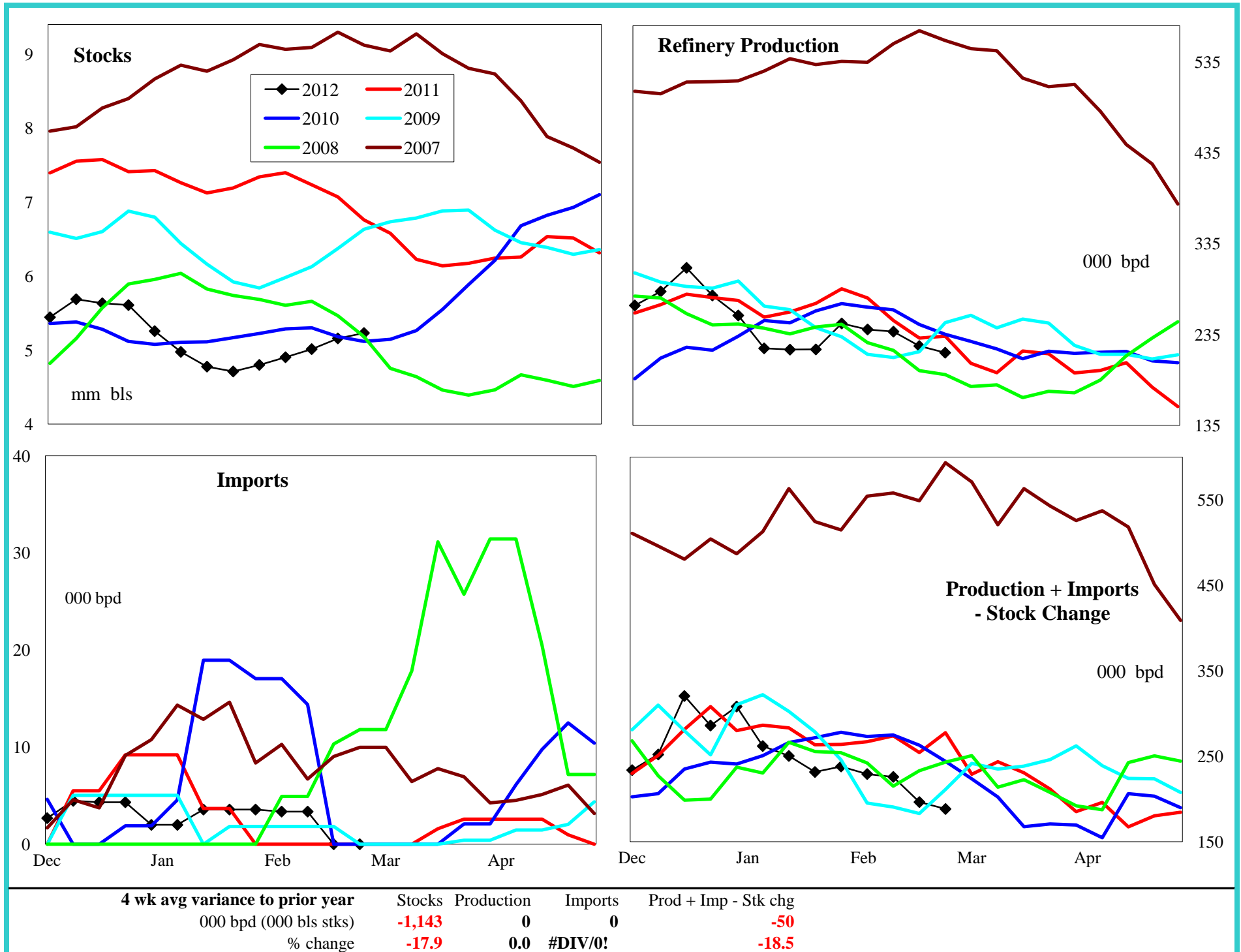
143

6.5

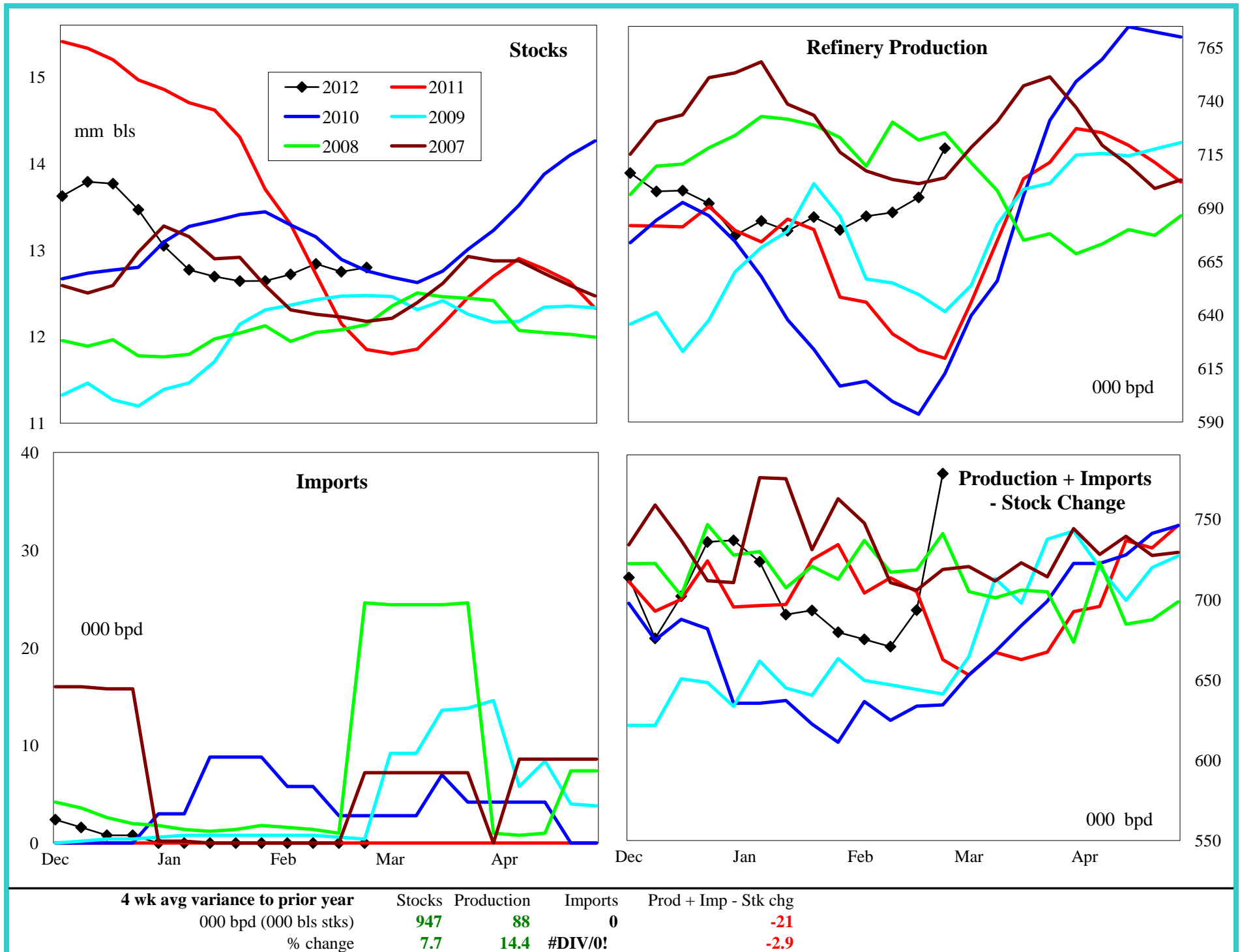
PADD 3 Low Sulfur Distillate Supply



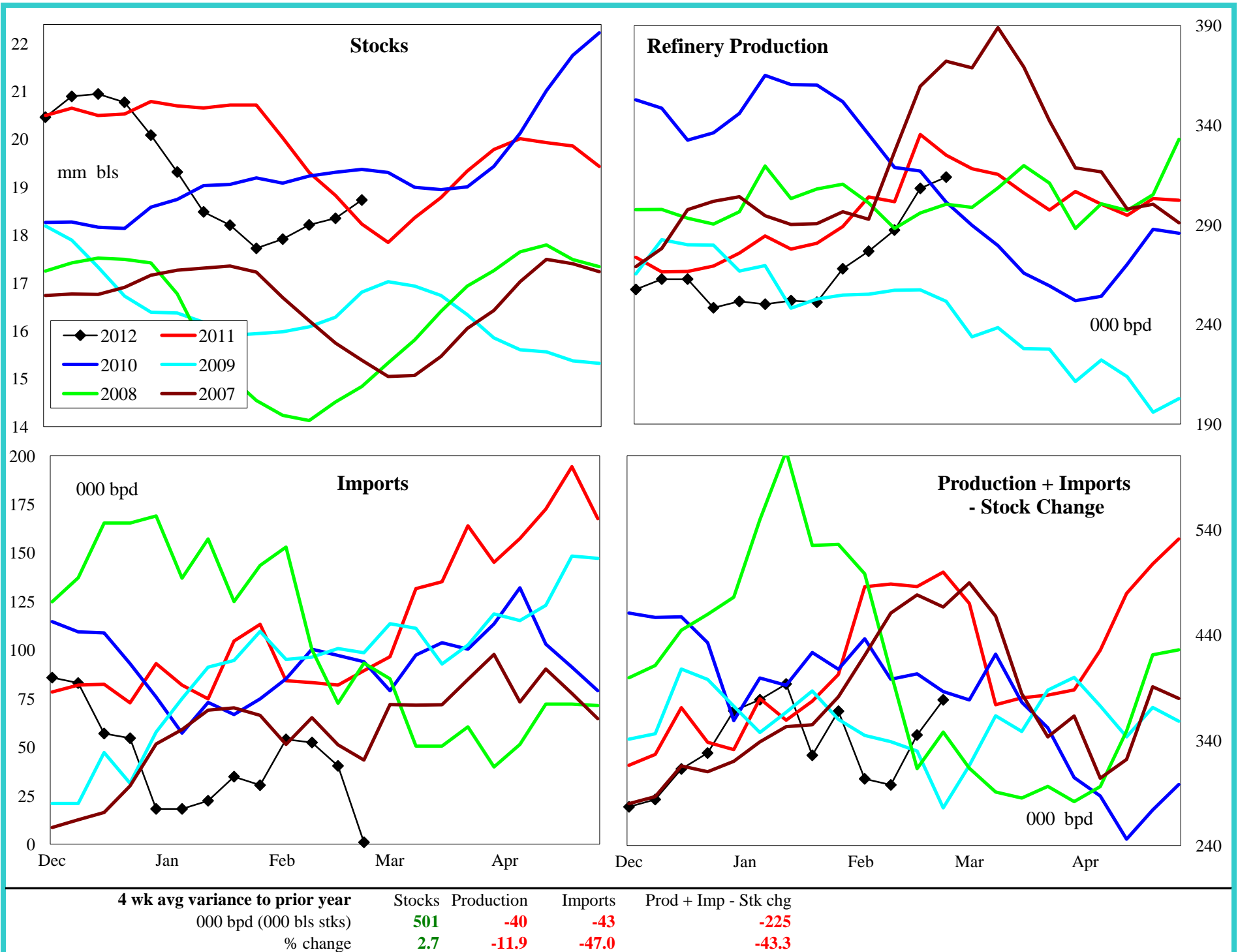
PADD 3 High Sulfur Distillate Supply



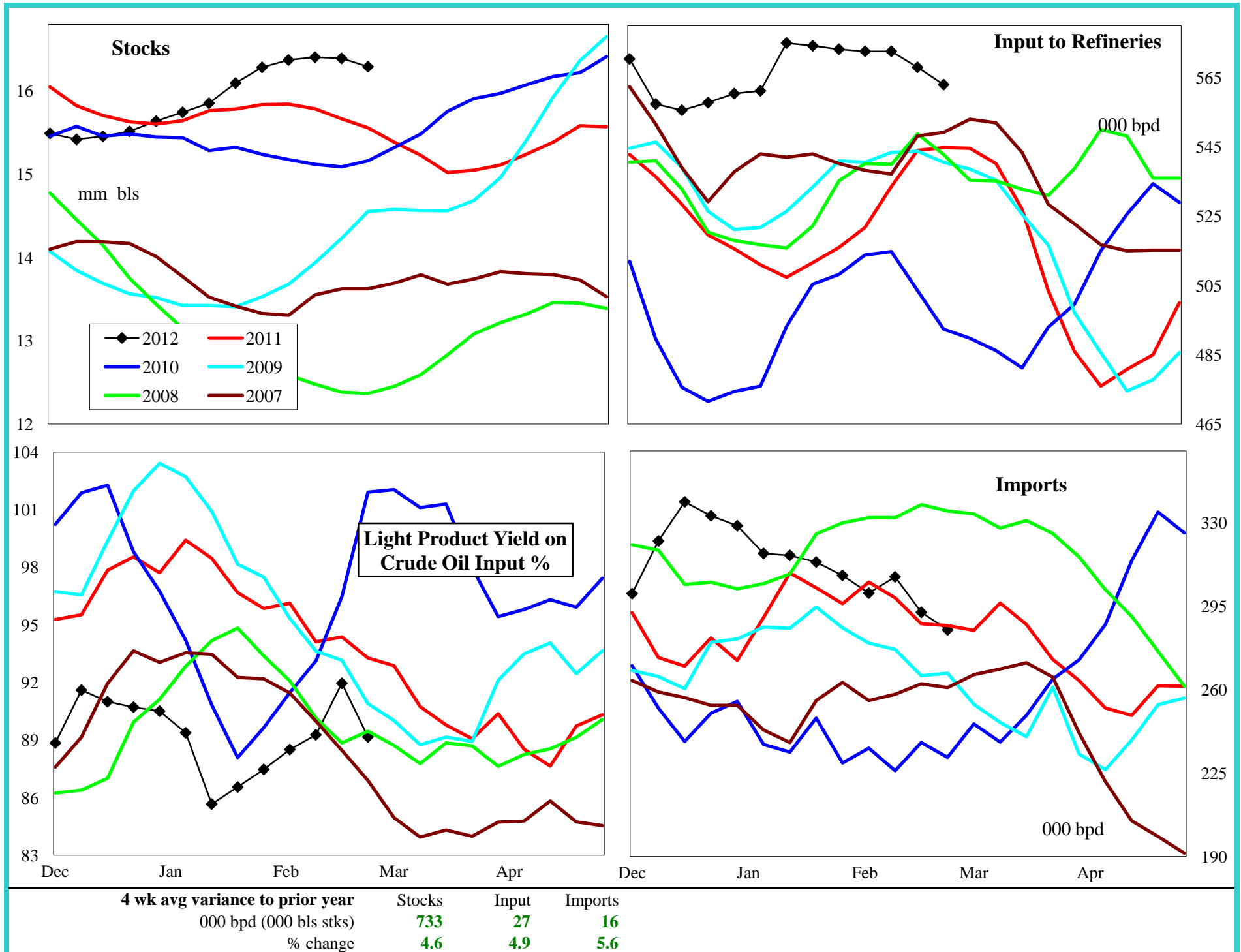
PADD 3 Jet Fuel Supply



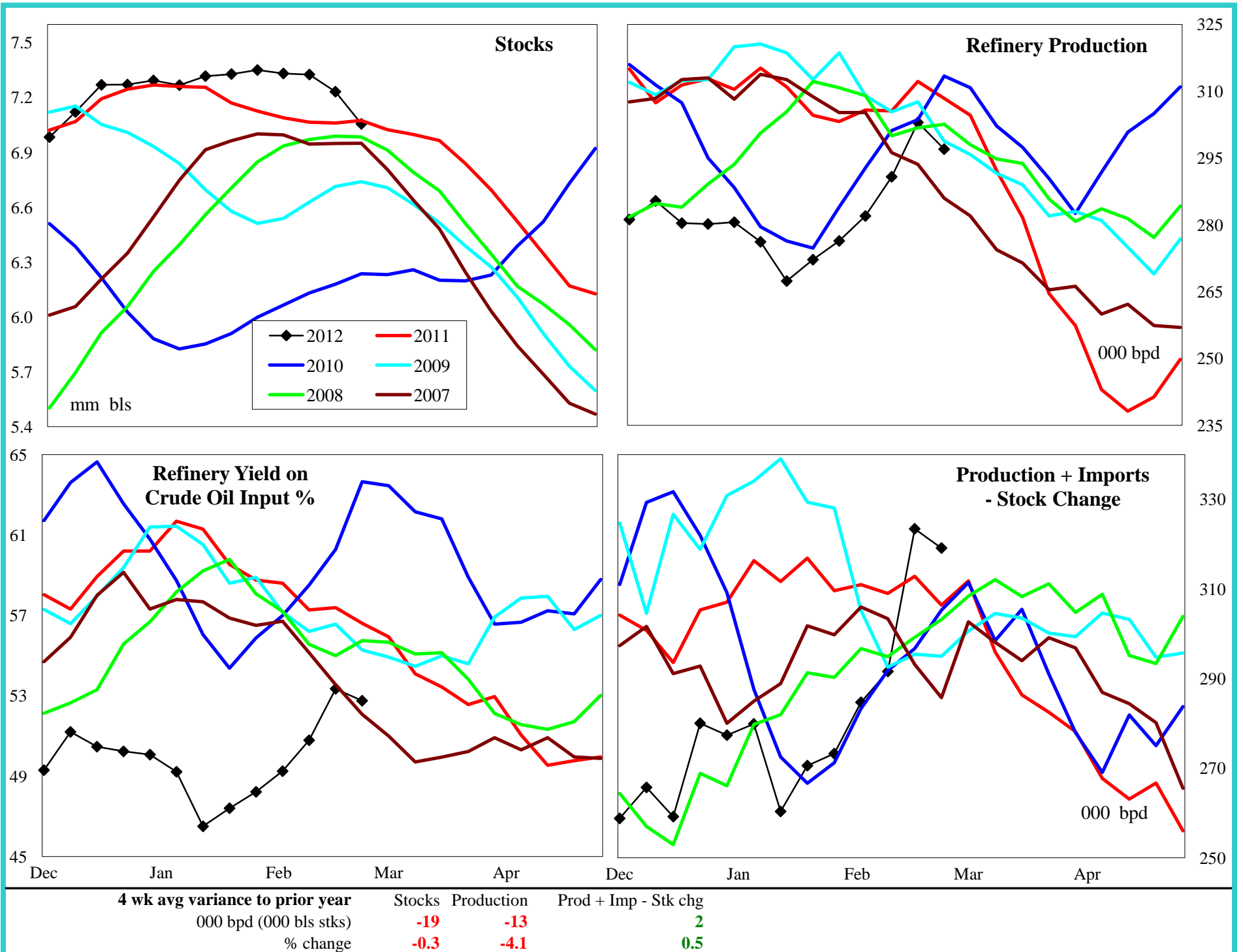
PADD 3 Residual Fuel Oil Supply



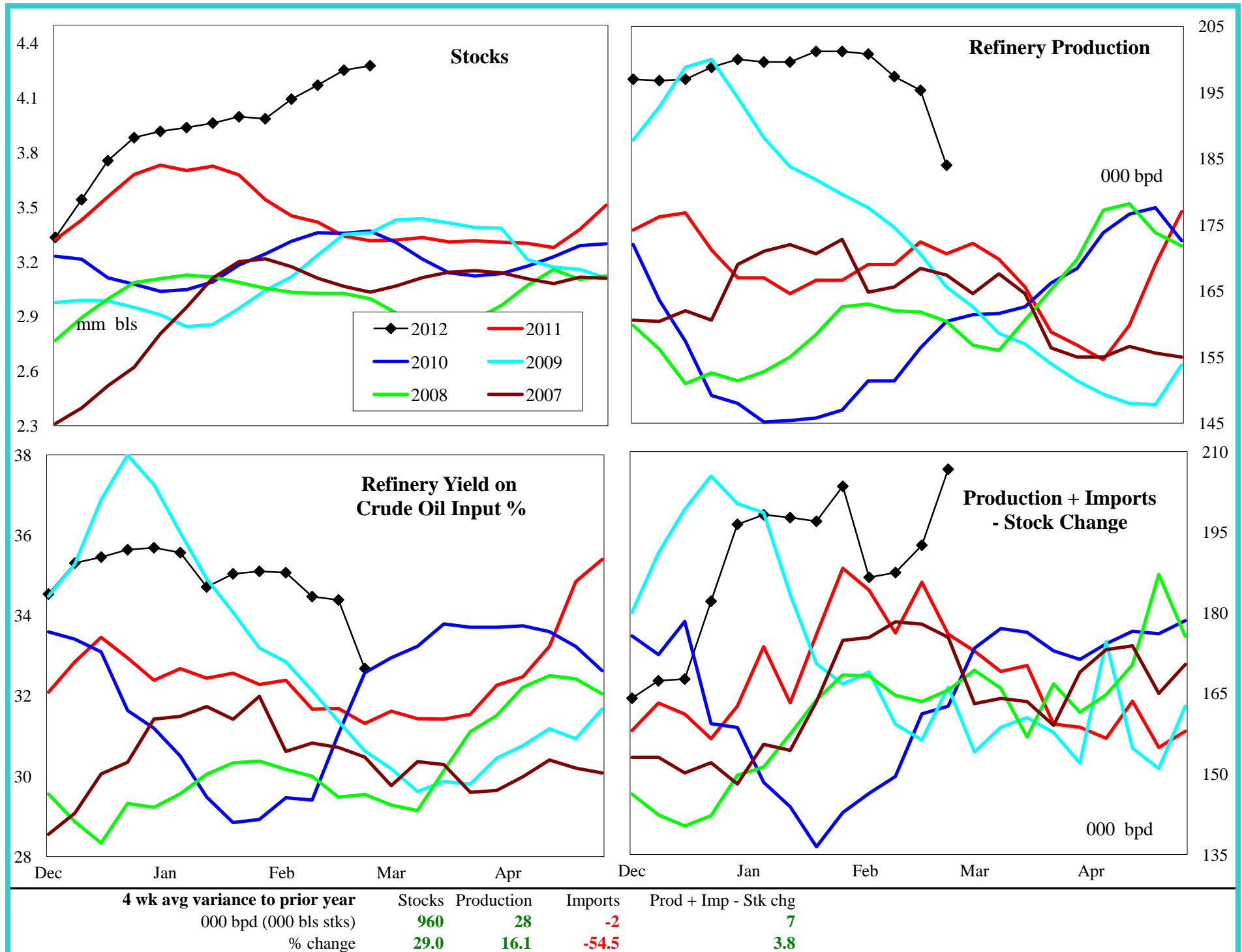
PADD 4 Crude Oil Supply and Refining



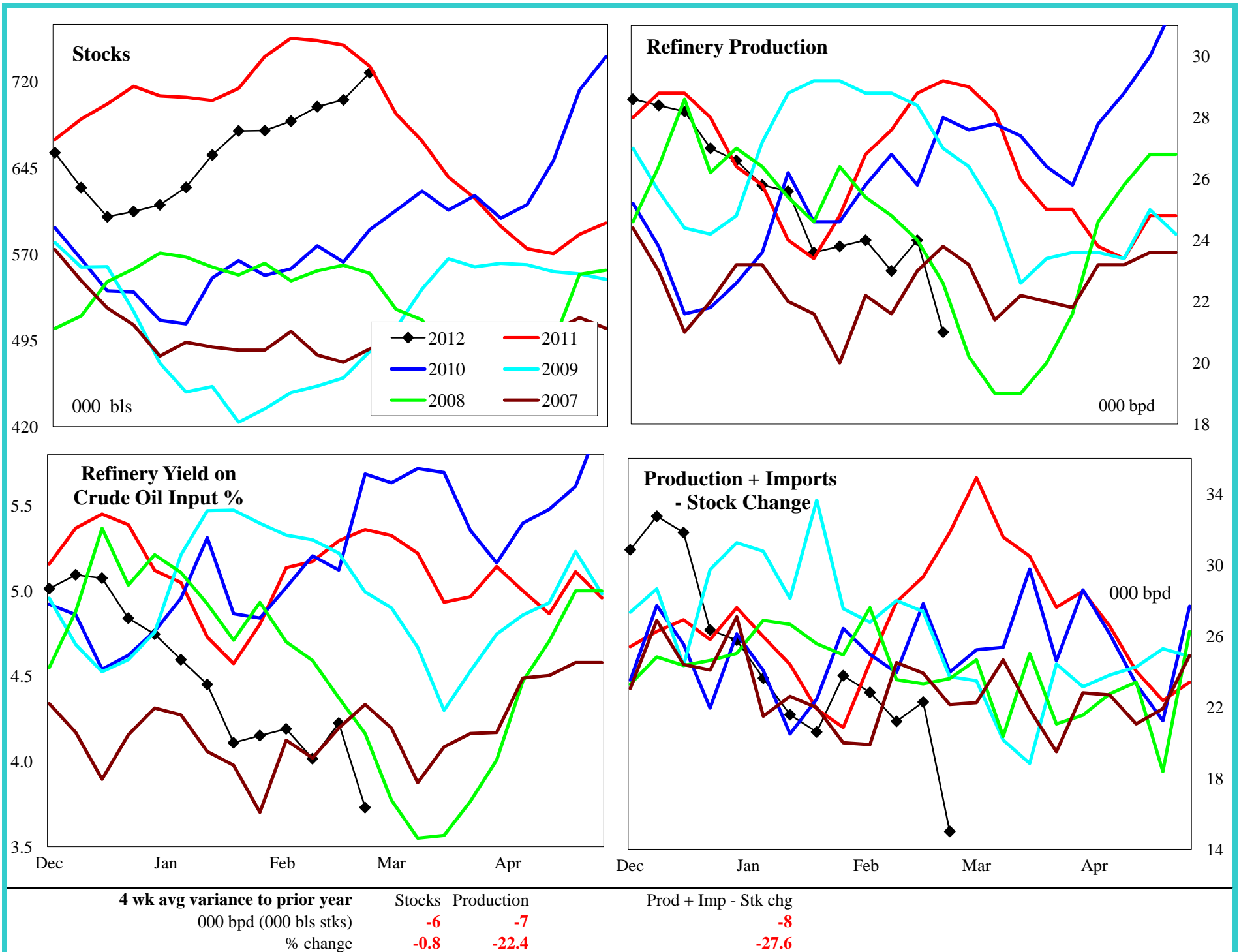
PADD 4 Gasoline Supply



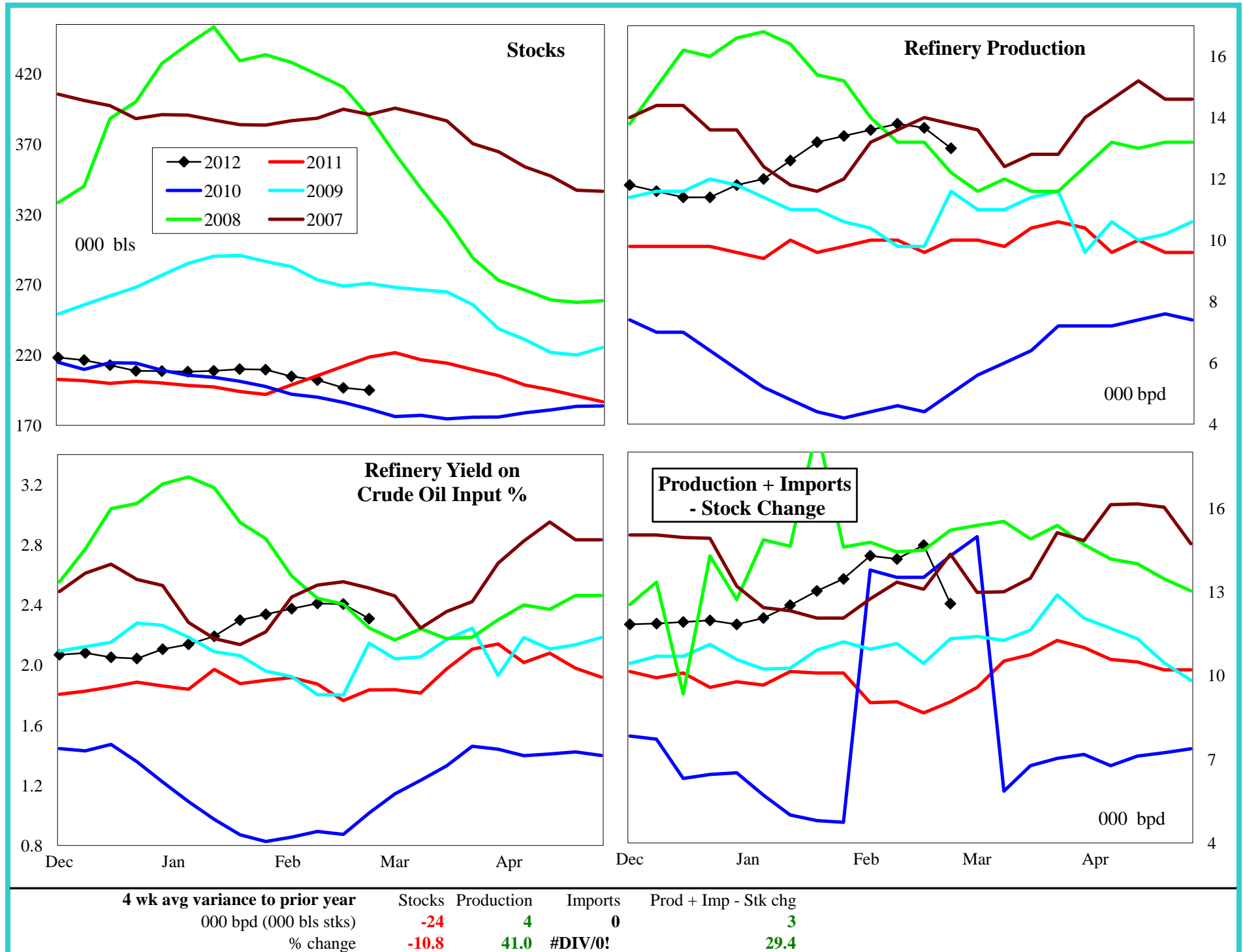
PADD 4 Distillate Supply



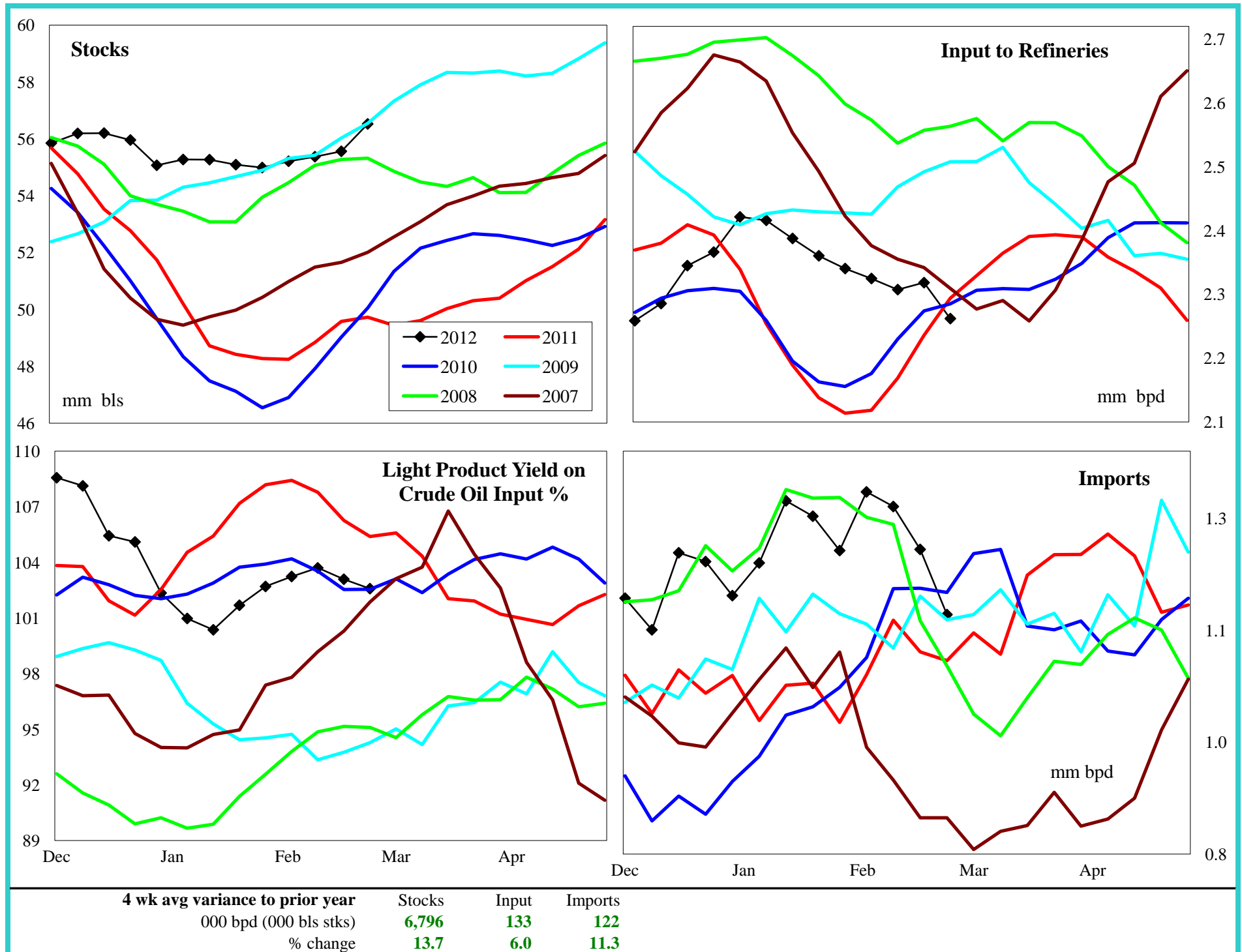
PADD 4 Jet Fuel Supply



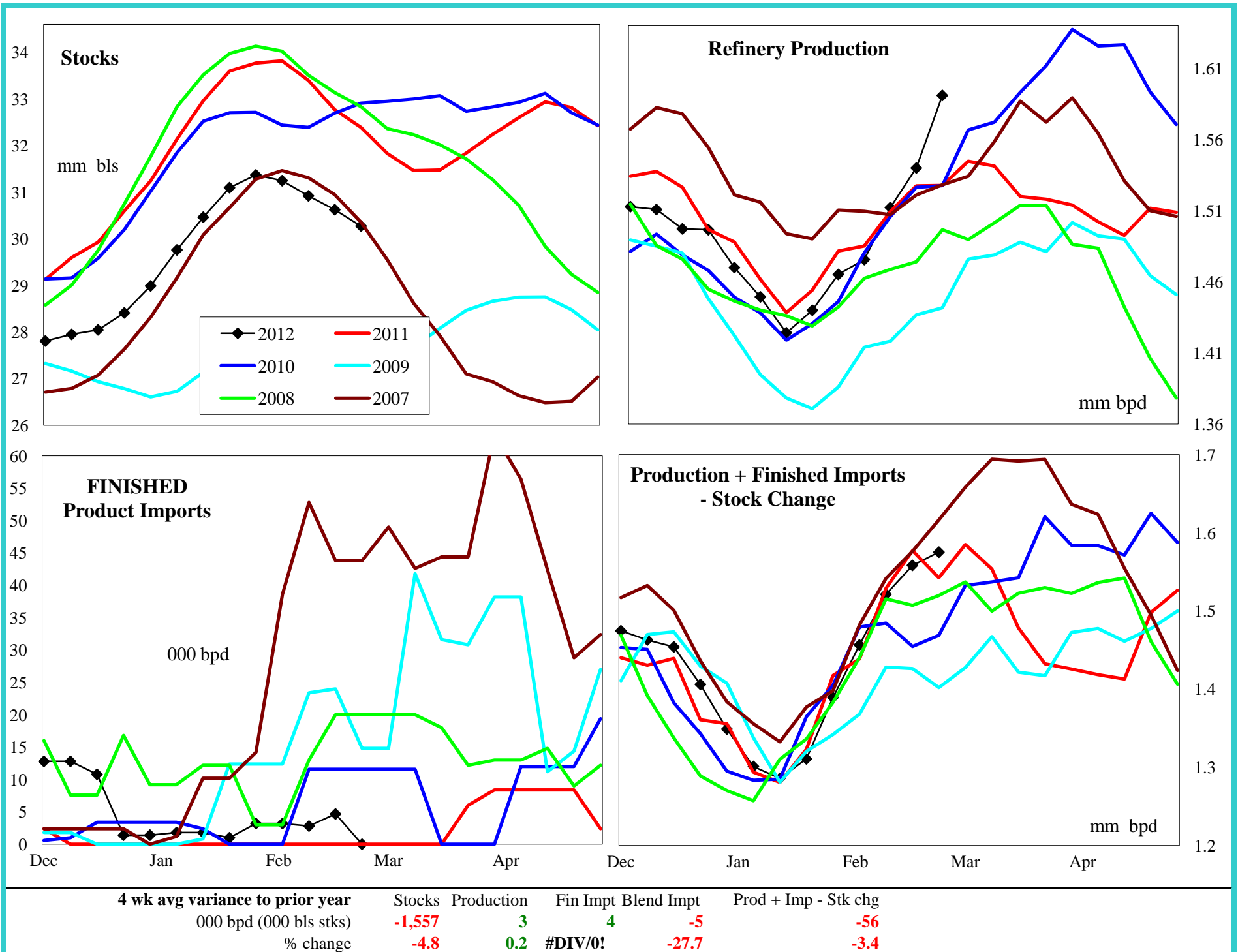
PADD 4 Residual Fuel Oil Supply



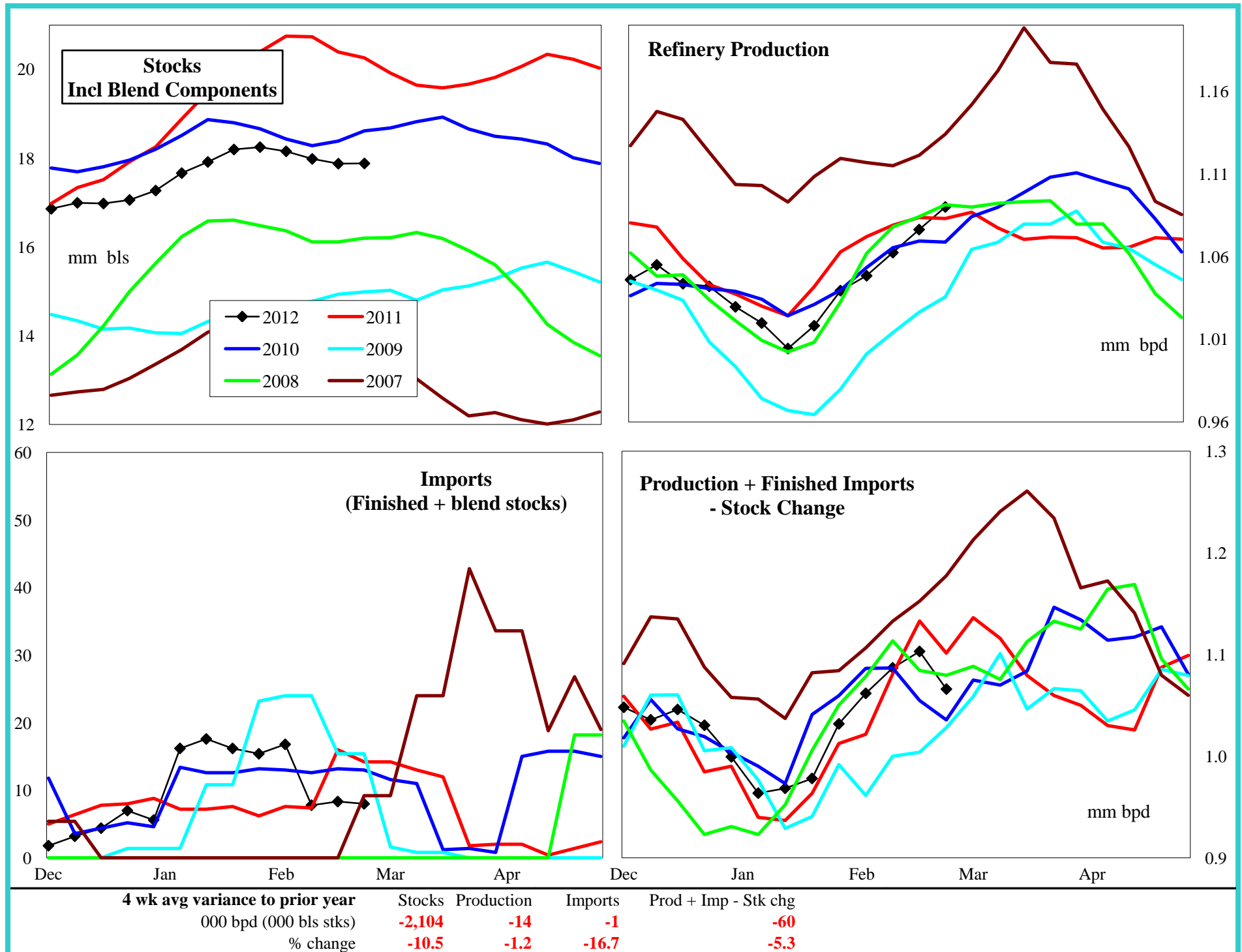
PADD 5 Crude Oil Supply and Refining



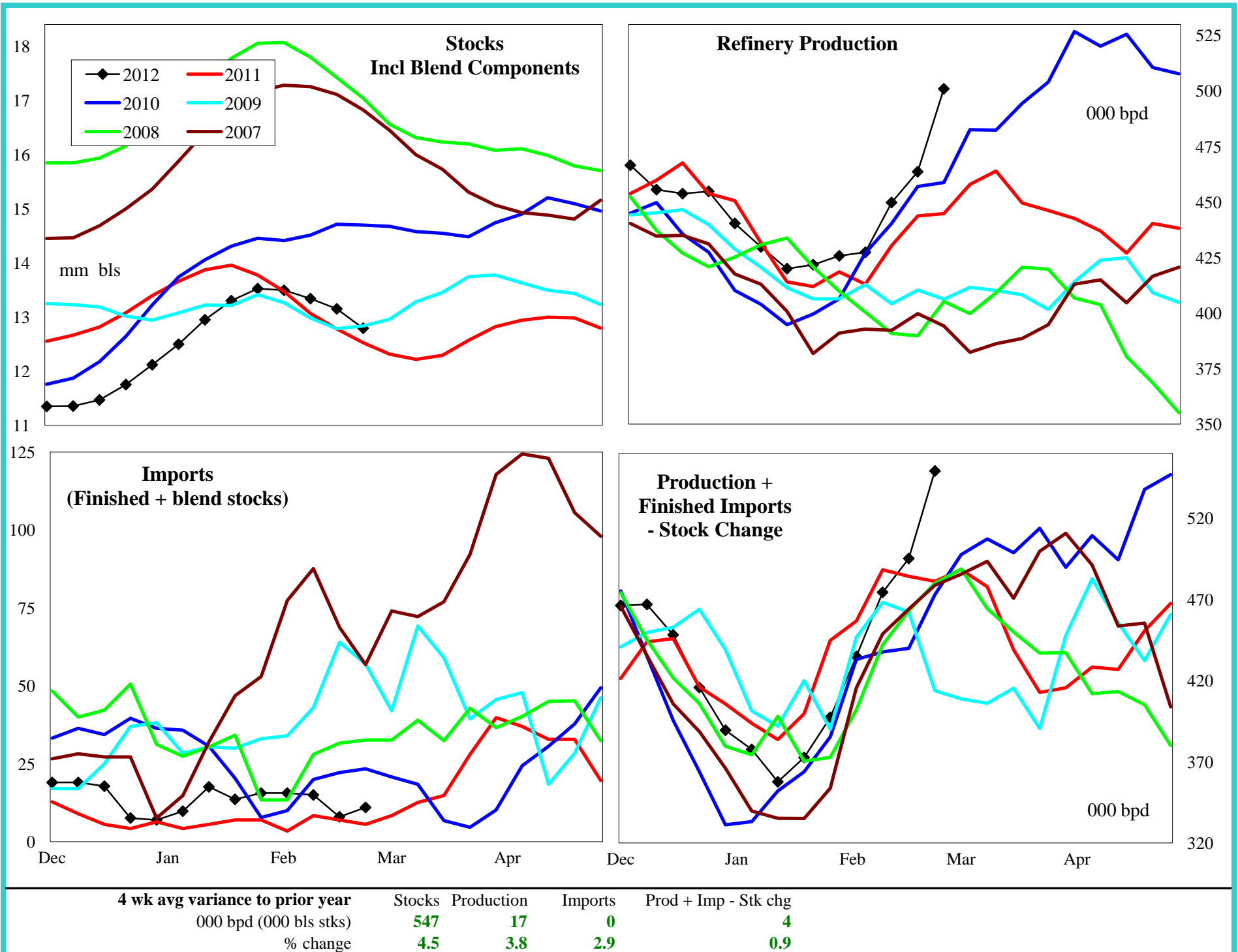
PADD 5 Gasoline Supply



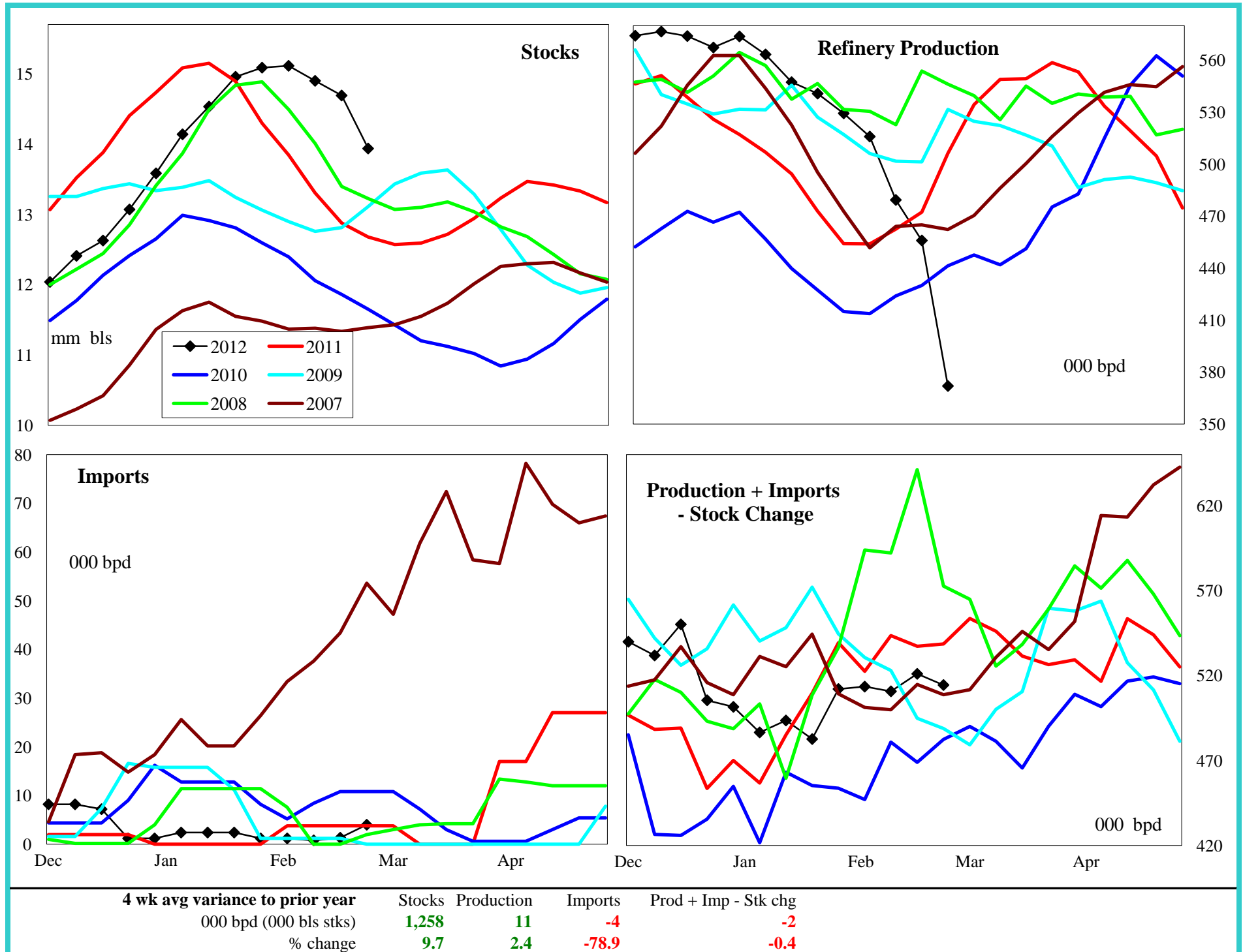
PADD 5 Reformulated Gasoline Supply



PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply

