FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, February 03, 2010

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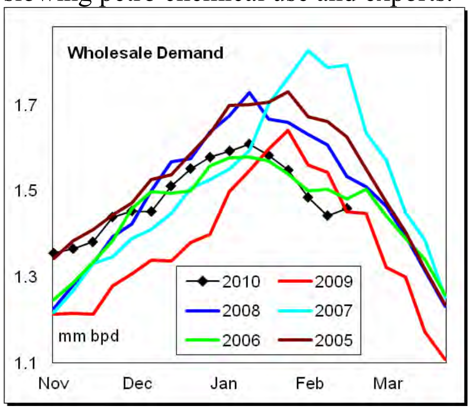
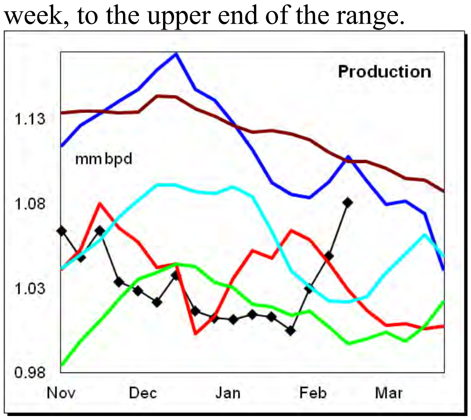
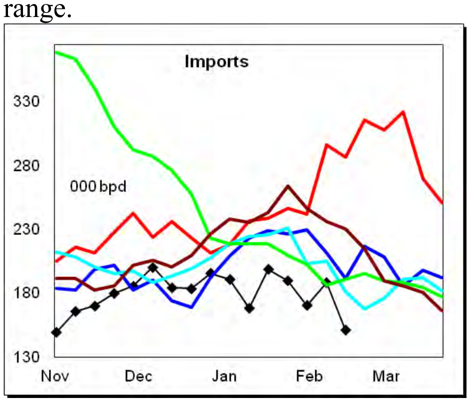
Summary[1]: Wholesale demand, including exports, increased +44,000 bpd last week, with the latest 4-wk average -68,000 bpd below last year. Demand has declined sharply compared to a year ago during the last 4-wks, due in part to slowing petro chemical use and exports.



Production increased +83,000 bpd on the week, to the upper end of the range.

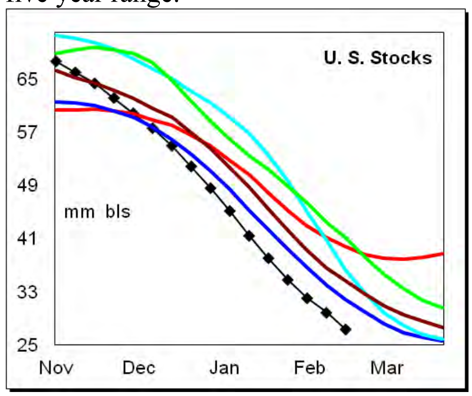


Imports increased +57,000 bpd last week, but remains below the historic range.

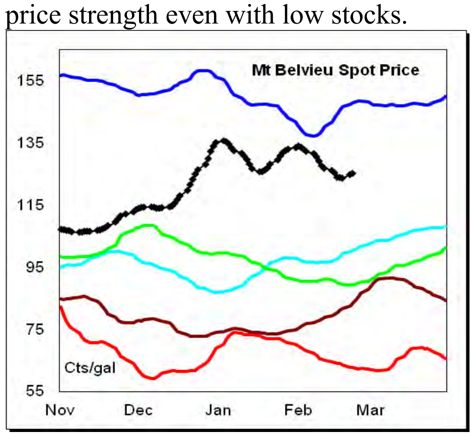


Combined production and imports during the last 4-wk period were -71,000 bpd below last year, compared to the -68,000 bpd decrease in demand for the same period.

Stocks decreased -2.3 million barrels on the week with draws in most regions. The 4-wk stock change was a draw of -10.9 million barrels, at the 5-year mid range. Stock levels are well below the five year range.



Price and Spreads Mt Belvieu prices were unchanged while prices at Conway increased +1 ct/gal for the week ending 23Feb10. Demand weakness has limited price strength even with low stocks.

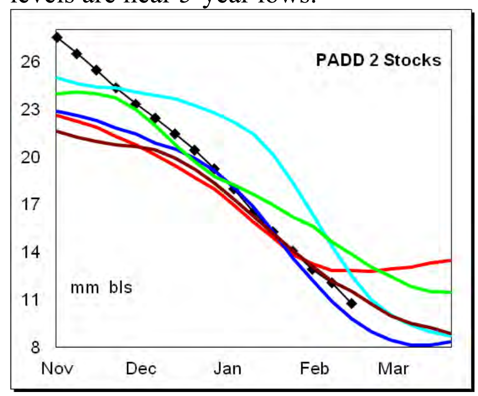


The Conway – Mt Belvieu price spread trended higher in favor of Conway for the week ending 23Feb10. The spread ended the week above the 5-year mid range.

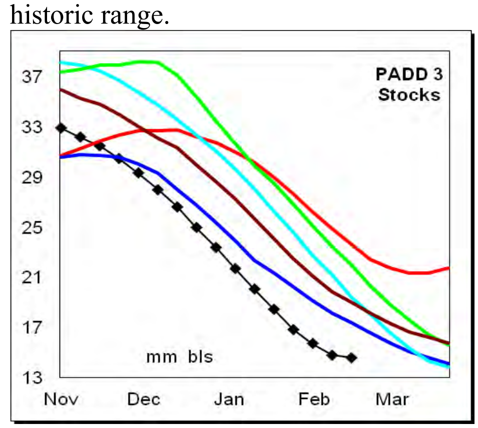
The propane to natural gas price spread trended sharply higher during the week, ending at a new 5-year high on very weak gas prices. The propane / crude oil price spread extended the recent downtrend on strength in crude oil prices.

PADD 1 stocks decreased -1 million barrels on the week, as a result of strong heating demand. Production remains near 5-year lows. Stock levels match 5-year lows.

PADD 2 stocks decreased -1.6 million barrels last week on strong heating oil demand. Production and imports were at the upper end of the historic range. Supply for the latest 4-wk period matched year ago levels. The latest 4-wk stock draw of -4.5 million barrels was greater than the mid range. Stock levels are near 5-year lows.



PADD 3 stocks increased +0.6 million barrels last week. Combined production and imports increased +58,000 bpd. Stock levels remain well below the historic range.



PADDs 4 & 5 stocks decreased -0.3 million barrels last week. Stock levels are well below the historic range.

Emerging Trends *show heating degree days moderating during the 1st half of March. Winter heating demand is winding down, exports have slowed and petro chemical demand is also weak. Look for price weakness over the next quarter even with low carry out stocks.*

[1] Source is latest EIA Weekly Statistics

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PROPANE: Graph Link and Weekly Summary

February 24, 2010

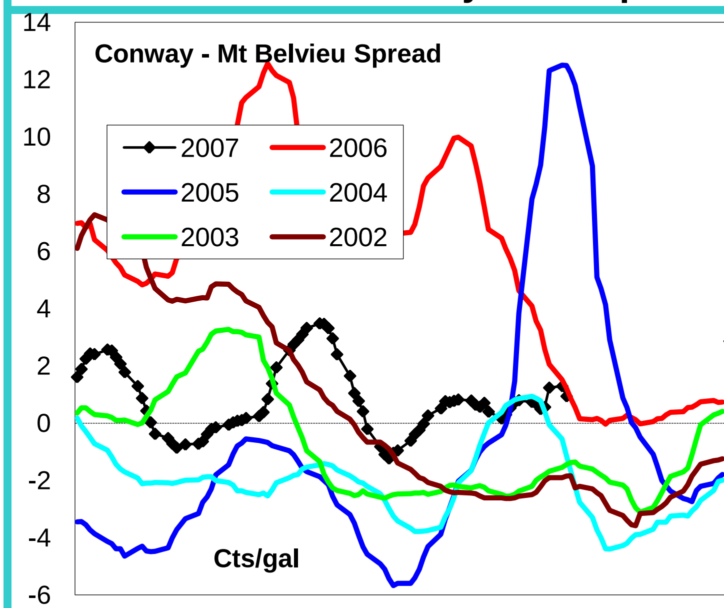
Fundamental Trends for the Week Ending: Friday, February 19, 2010

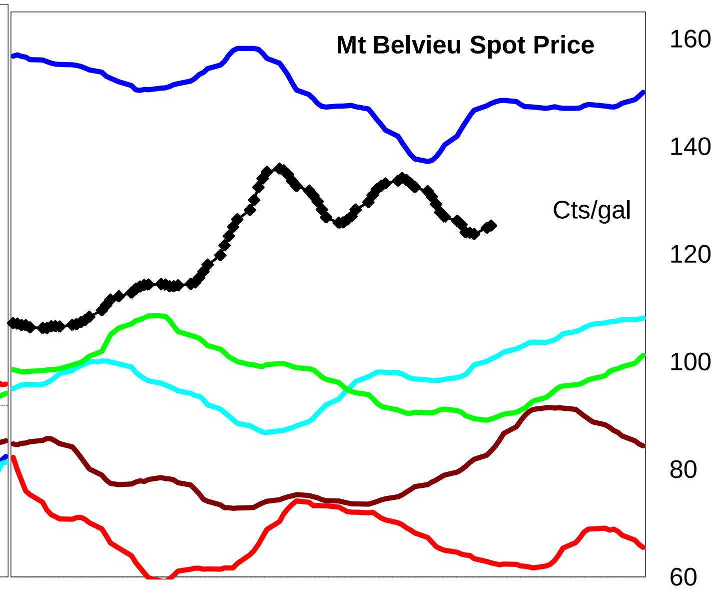
000 bpd / Stocks 000 bls	Weekly Supply-Demand U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	Change from prior week: U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	27,364	1,409	10,718	14,585	652	-2,278	-1,021	-1,564	573	-266
Propylene Stocks	2,750					172				
Production	1,081	49	255	708	69	83	1	6	58	18
Imports	151	29	111	0	11	57	-3	64	0	-4
Whsle Demand	1,479					44				

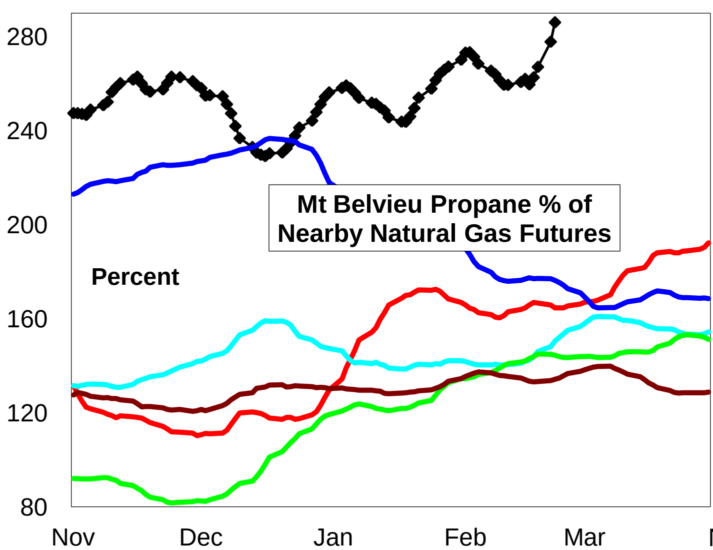
Price Trends for the Week Ending: Tuesday, February 23, 2010

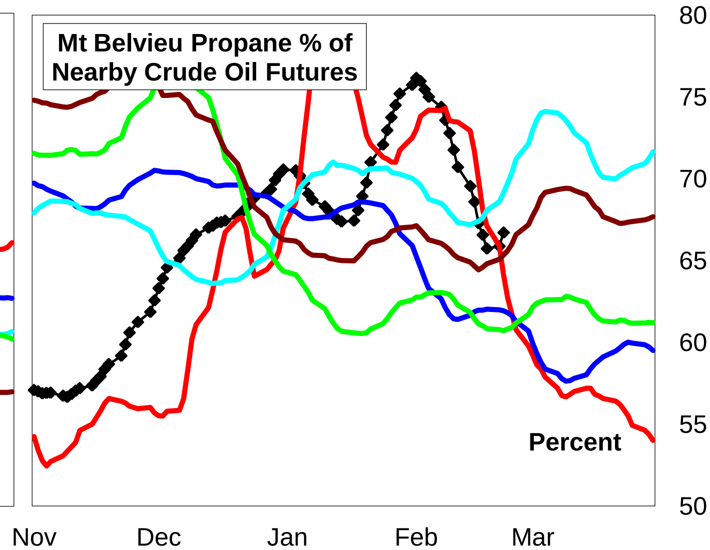
Cents/gal	Average for week ending: 2/23/10	2/16/10	1/25/10	2/12/09	Change from: 2/16/10	1/25/10	2/12/09	% change from: 2/16/10	1/25/10	2/12/09
Mont Belvieu Spot	123.7	125.4	129.0	62.5	-1.70	-3.58	66.52	-1.4	-2.8	106.5
Conway Spot	124.9	125.1	130.8	64.4	-0.16	-5.70	66.45	-0.1	-4.4	103.3

Key Price Spreads and Differentials

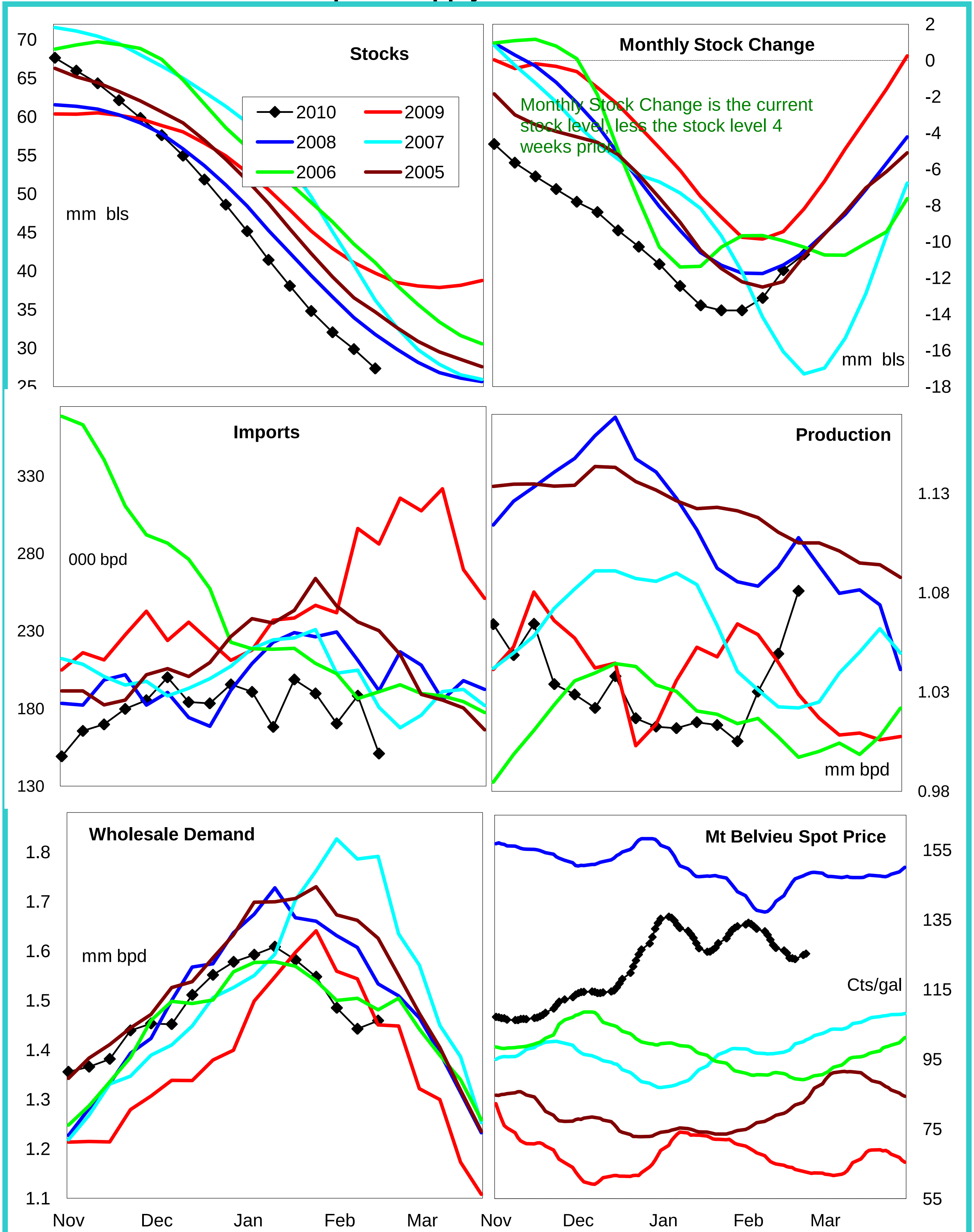






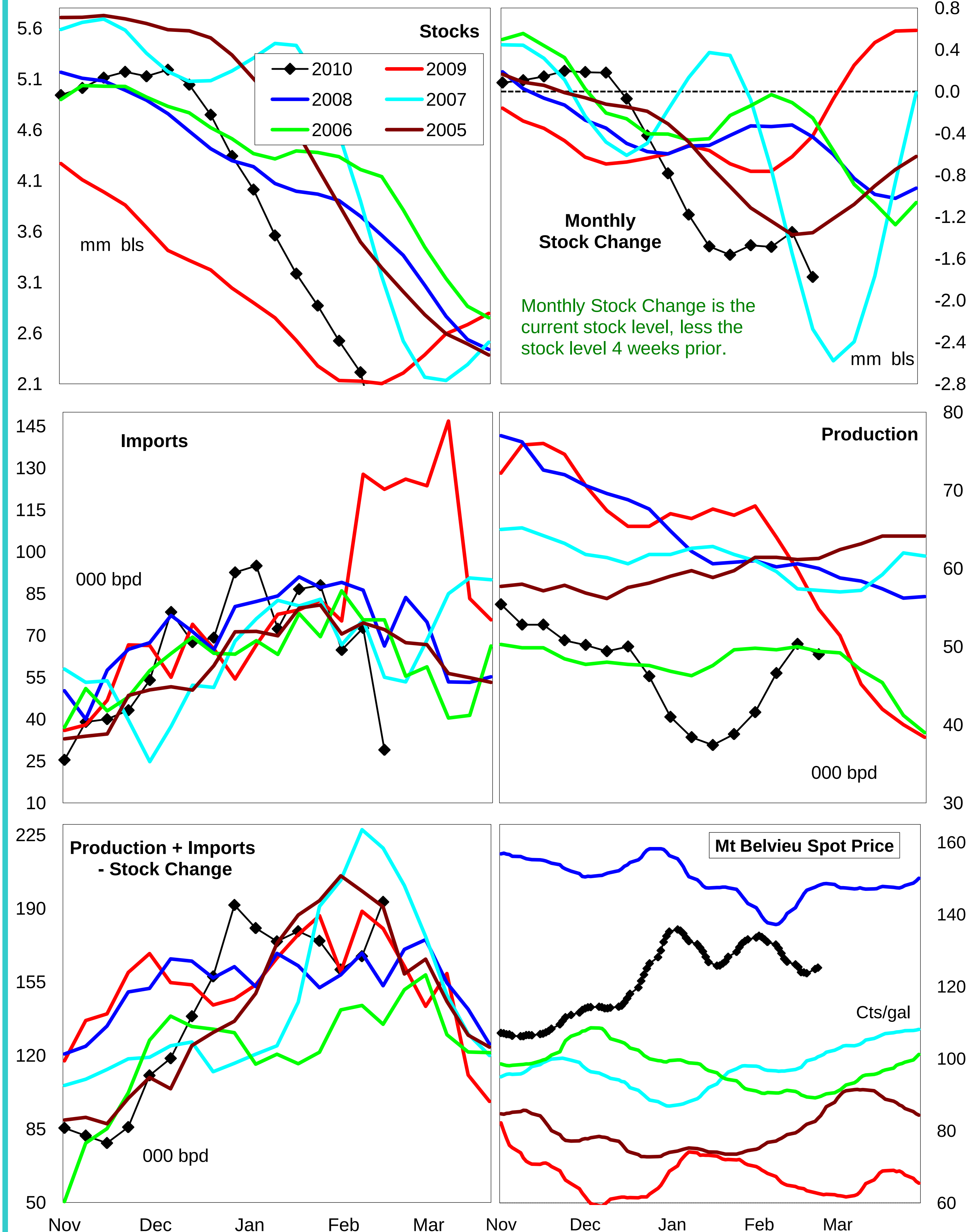


U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Jan	Dec	Nov
000 bpd (000 bls stks)	-12,031	-2,512	-8	-63		-68	181	204	236
% change	-30.5	31	-0.7	-26.7		-4.5	12.6	15.2	20.2

PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-438	-1,351	-16	-10	-5
% change	-23.7	317.5	-24.1	-13.6	-2.7

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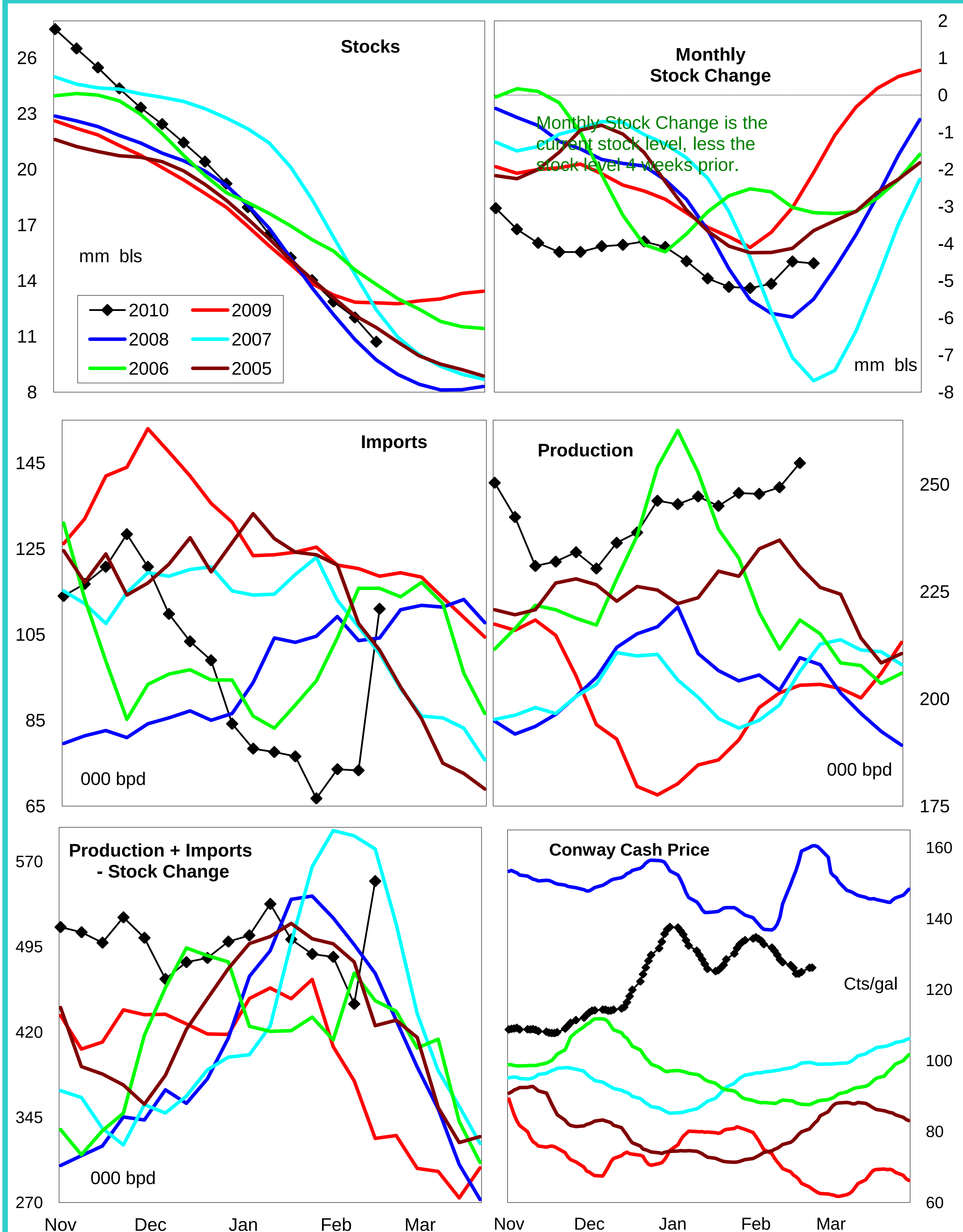
PADD 2 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-2,166	-2,443	49	-48	99
% change	-16.8	117.1	24.5	-39.3	25.1

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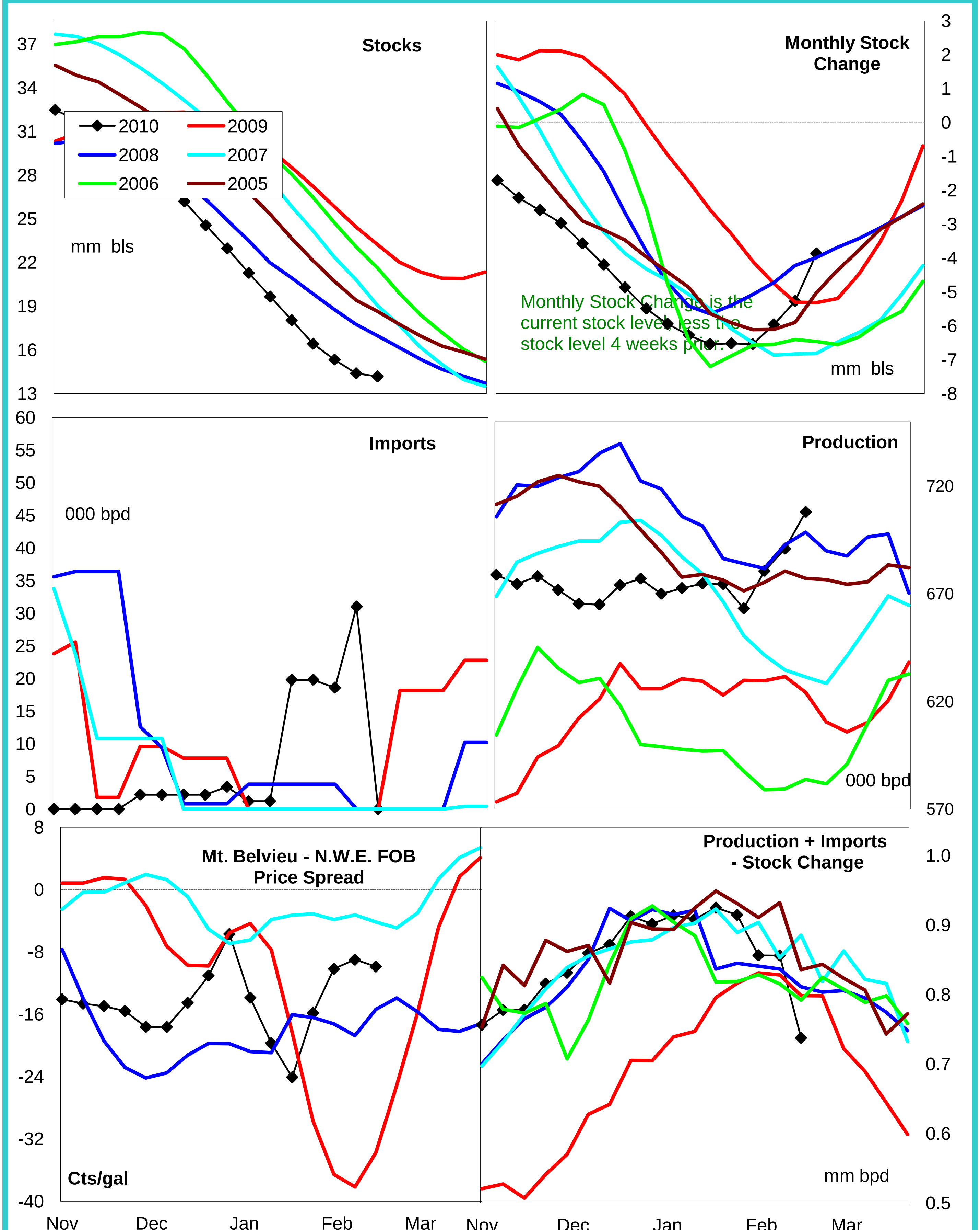
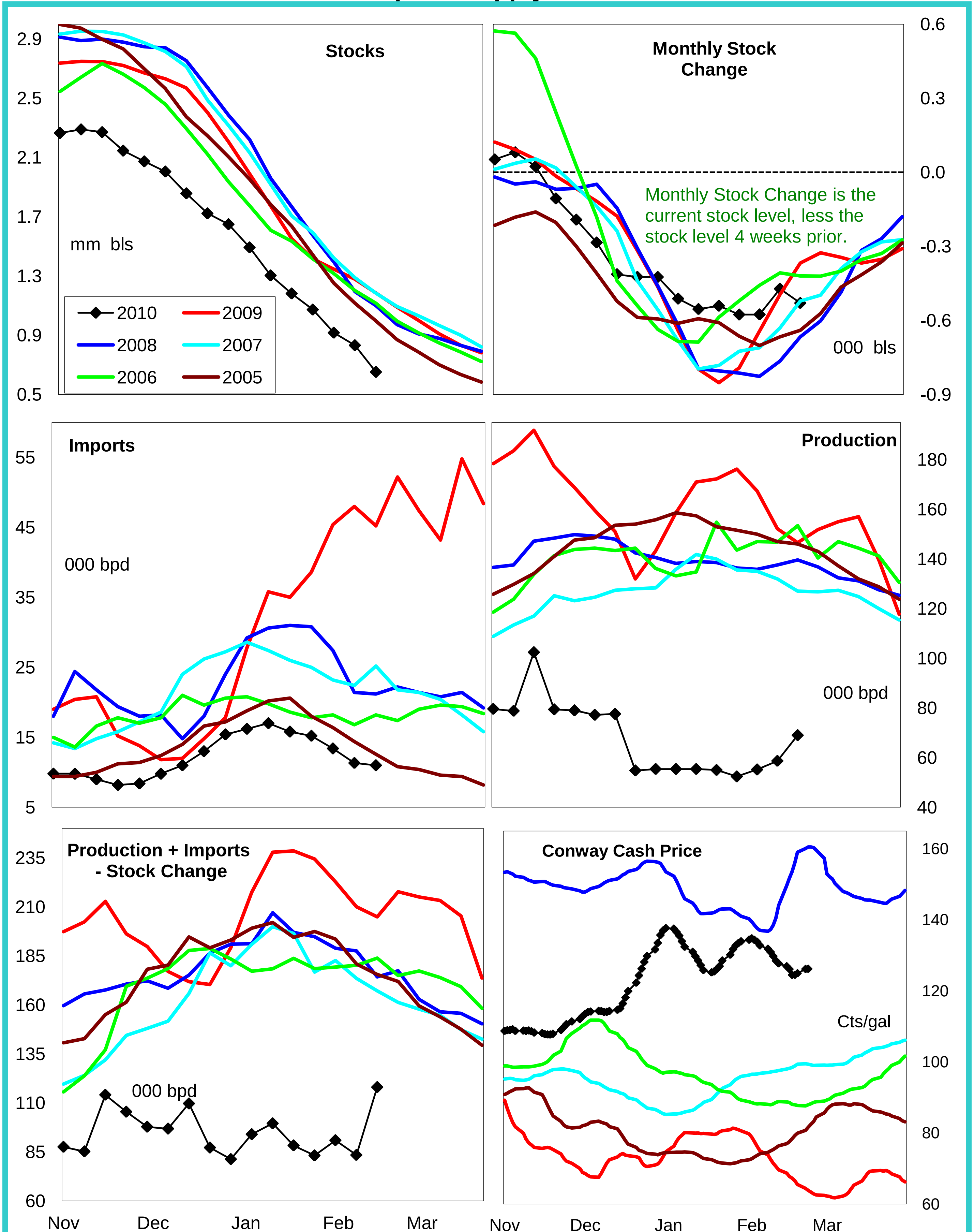
PADD 3 Propane Supply and Demand Balance



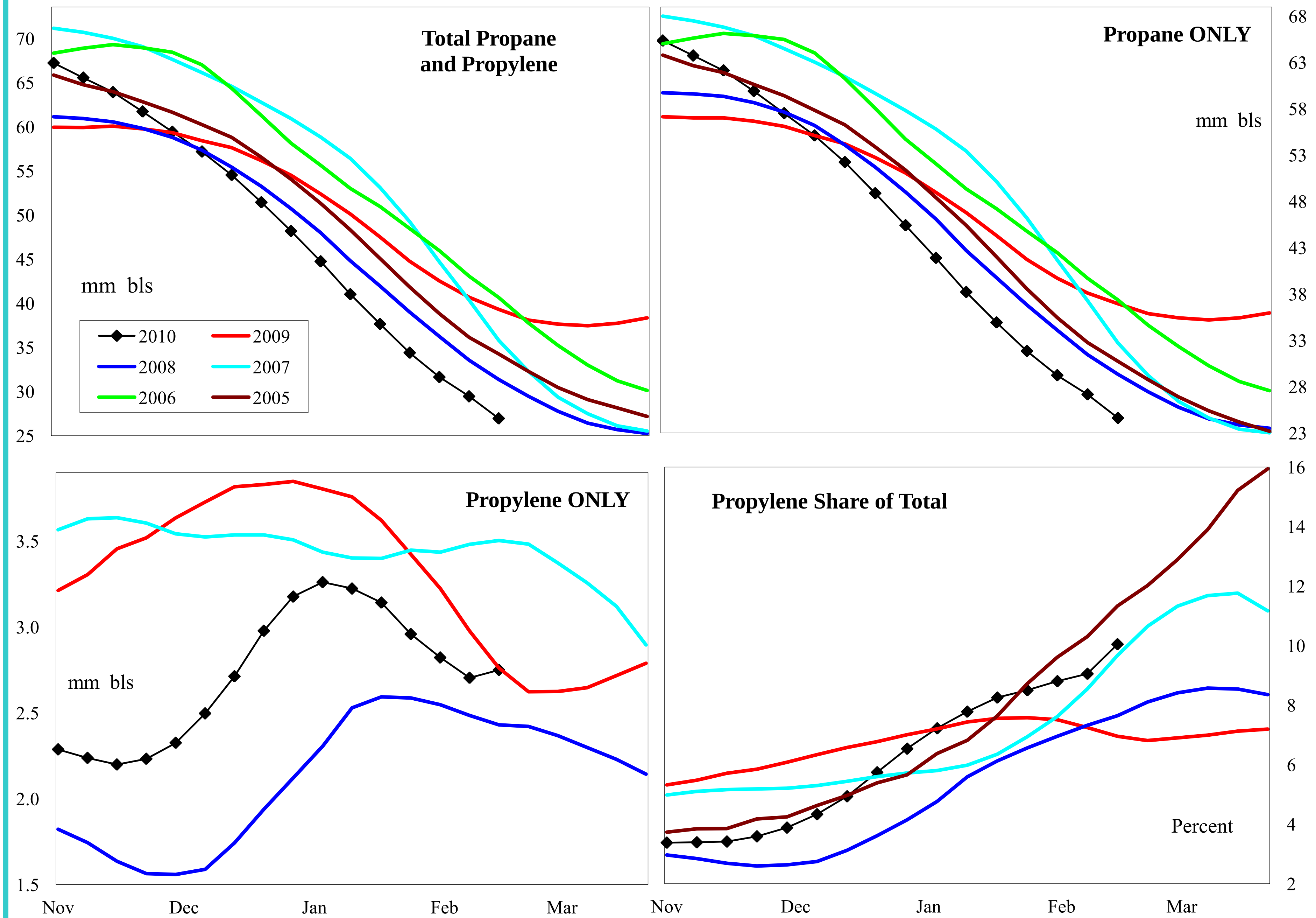
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-8,788	1,444	57	23	23
% change	-37.6	-27.2	9.1	#DIV/0!	2.8

PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-639	-162	-99	-29	-124
% change	-49.5	44.2	-63.7	-68.7	-57.0

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-12,031	-12,064	-11
% change	-30.5	-32.9	-0.4

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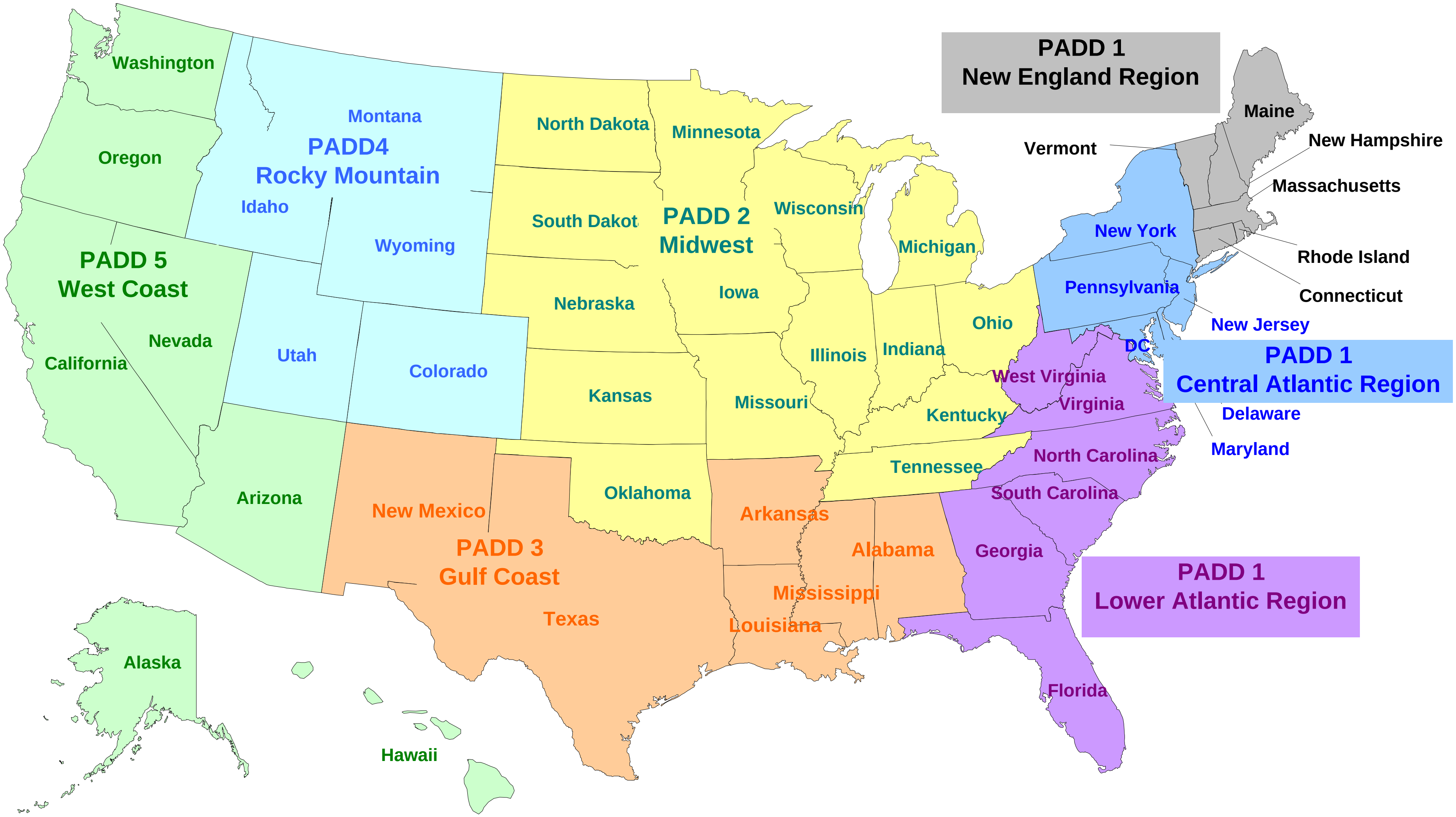
U. S. Petroleum Administrative for Defense Districts (PADDs)



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