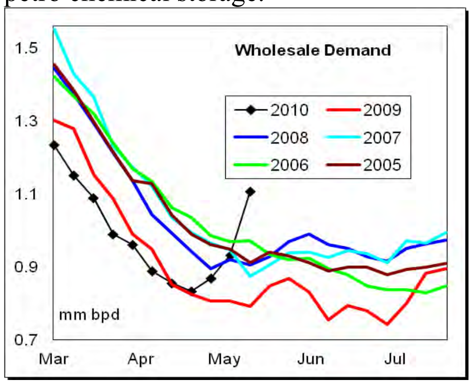
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

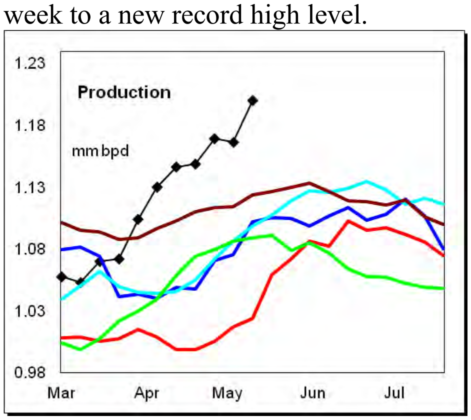
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, May 19, 2010

Table of Contents

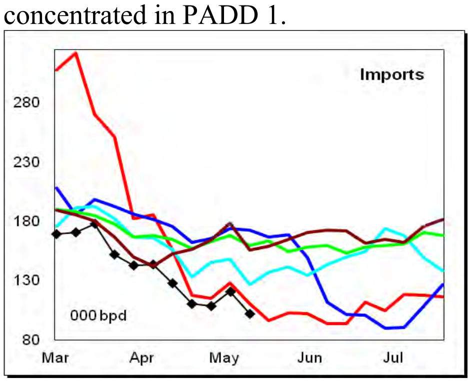
Summary[1]: Wholesale demand increased +272,000 bpd last week. This surge was due in part to heating degree days that were +49% above normal for the week, and barrels being placed into private petro chemical storage.



Production increased +40,000 bpd on the week to a new record high level.

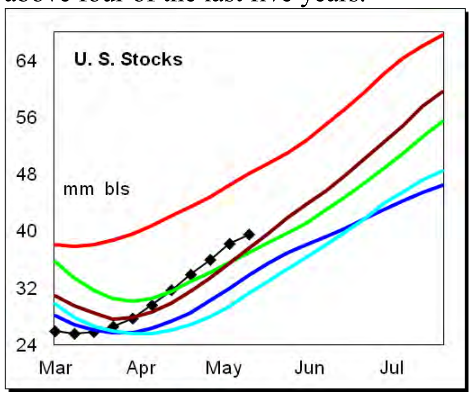


Imports fell -79,000 bpd with the decline concentrated in PADD 1.

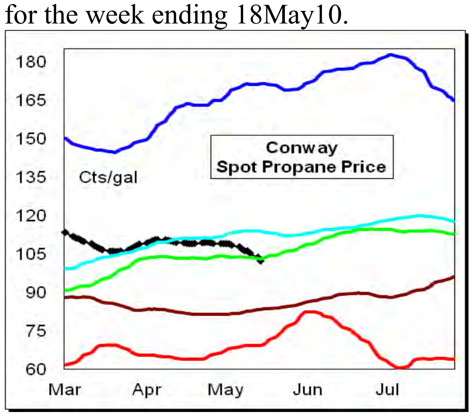


Combined production and imports during the latest 4-wk period were +155,000 bpd above a year ago. Imports declined -10,000 bpd during the period, offset by a +165,000 bpd rise in production. The latest 4-wk average demand was +83,000 bpd above last year.

Stocks increased +0.6 million barrels on the week, including a -1.3 million barrel draw in PADD 1. The latest 4-wk stock change was a build of 7.7 million barrels, matching the 5-year high for the period. Stock levels are above four of the last five years.



Price and Spreads Mt Belvieu and Conway prices decreased -6 cts/gal each for the week ending 18May10.



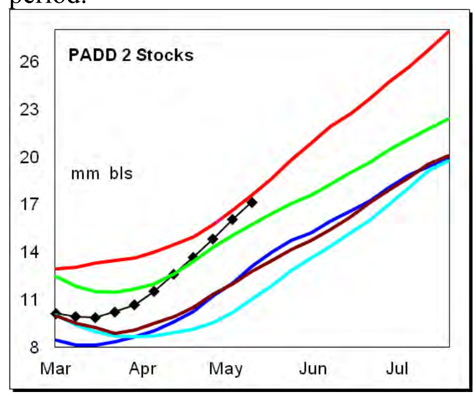
The Conway – Mt Belvieu price spread traded flat on the week ending 18May10. The spread ended the week below the 5-year range.

The propane to natural gas price spread extended the recent downtrend on strength in gas prices. The level remains very high in favor of propane.

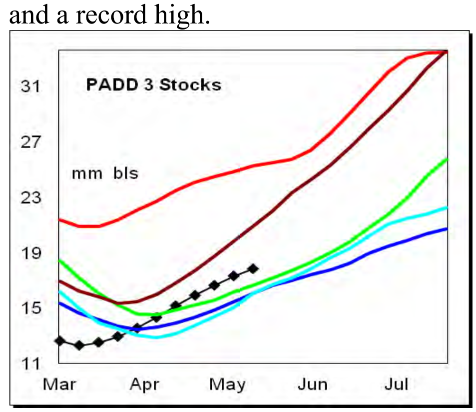
The propane / crude oil price spread extended the recent surge on a collapse in prompt month crude oil prices. The level ended the week above the mid range.

PADD 1 stocks reversed the prior week build, falling -1.3 million. Imports declined -66,000 bpd on the week. Combined production and imports were -5,000 bpd below last year for the latest 4-wk period. Stock levels are at the mid range.

PADD 2 stocks increased +1.3 million barrels last week. Combined imports and production increased +29,000 bpd last week. Supply was +36,000 bpd above last year for the latest 4-wk period. The most recent 4-wk stock build of +4.5 million barrels was a record build for this time of year. Stock levels are near the 5-year high for the period.



PAD 3 stocks increased +0.6 million barrels last week. Production decreased -12,000 bpd on the week, with the 4-wk average +123,000 bpd above last year, and a record high.



PADDs 4 & 5 stocks were unchanged on the week. Stock levels are below the mid range.

Emerging Trends *show record production. Last weeks' demand surge was a one off weather event. With Midwest stock levels matching 5-year highs expect price weakness over the next 60-days.*

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

May 19, 2010

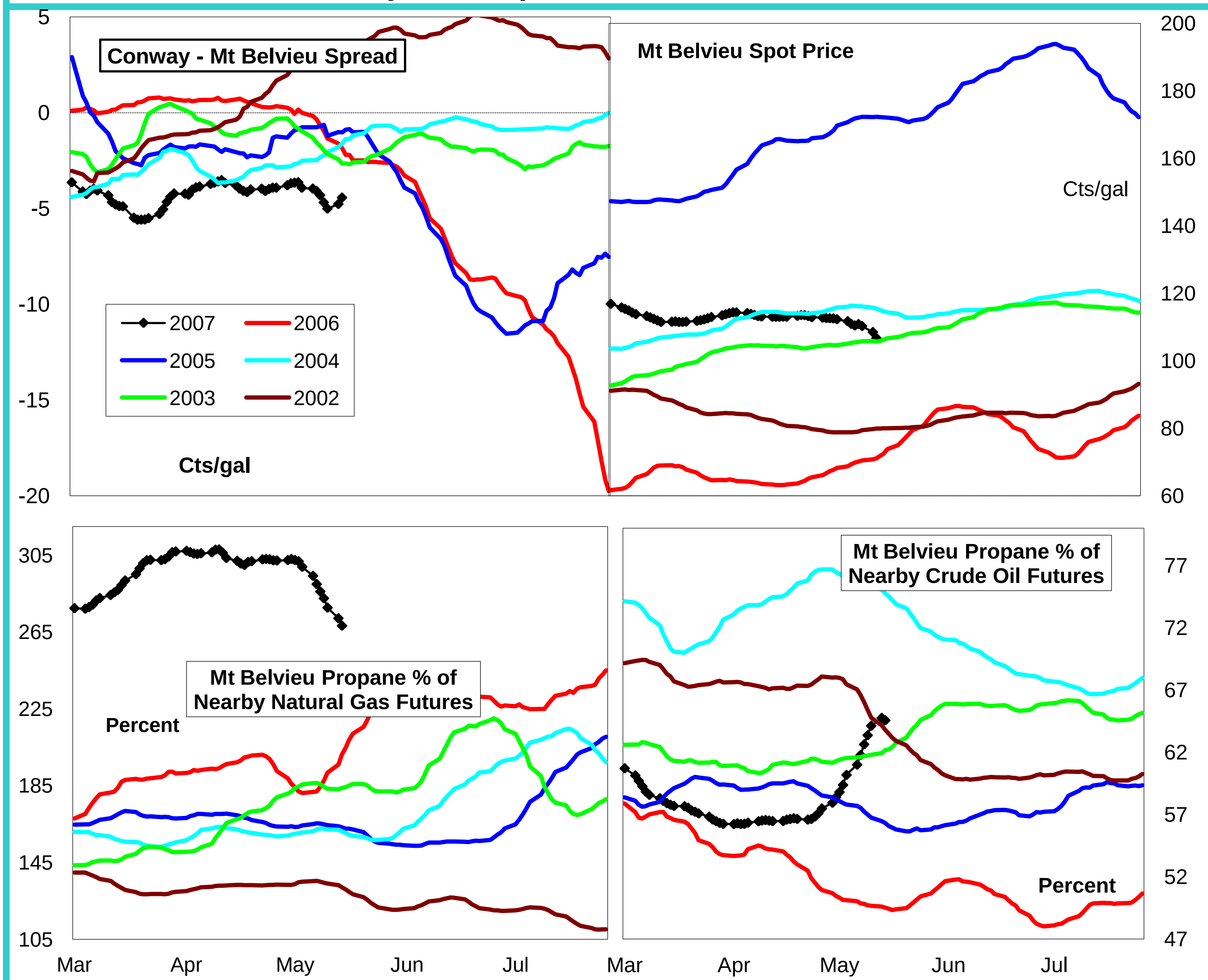
Fundamental Trends for the Week Ending: Friday, May 14, 2010

000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	39,521	3,439	17,131	18,236	715	579	-1,266	1,270	555	20
Propylene Stocks	3,018					-15				
Production	1,200	51	315	769	65	40	13	41	-12	-2
Imports	102	42	56	0	4	-79	-66	-12	0	-1
Whsle Demand	1,147					272				

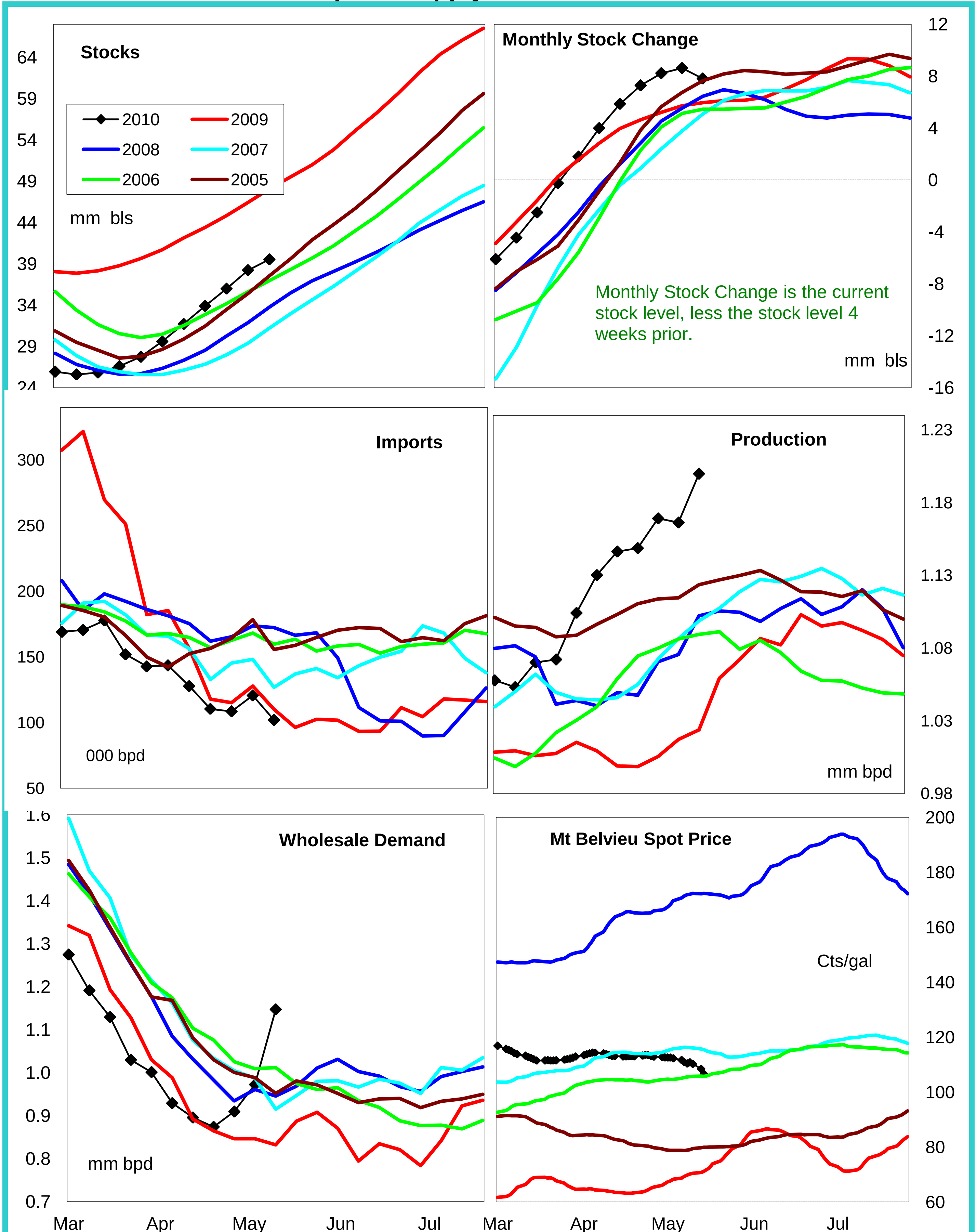
Price Trends for the Week Ending: Tuesday, May 18, 2010

Cents/gal	Average for week ending:				Change from:			% change from:		
	5/18/10	5/11/10	4/20/10	5/8/09	5/11/10	4/20/10	5/8/09	5/11/10	4/20/10	5/8/09
Mont Belvieu Spot	110.3	110.9	112.8	70.4	-0.67	-1.90	42.48	-0.6	-1.7	60.4
Conway Spot	105.3	107.7	109.5	69.3	-2.49	-1.77	40.24	-2.3	-1.6	58.1

Key Price Spreads and Differentials



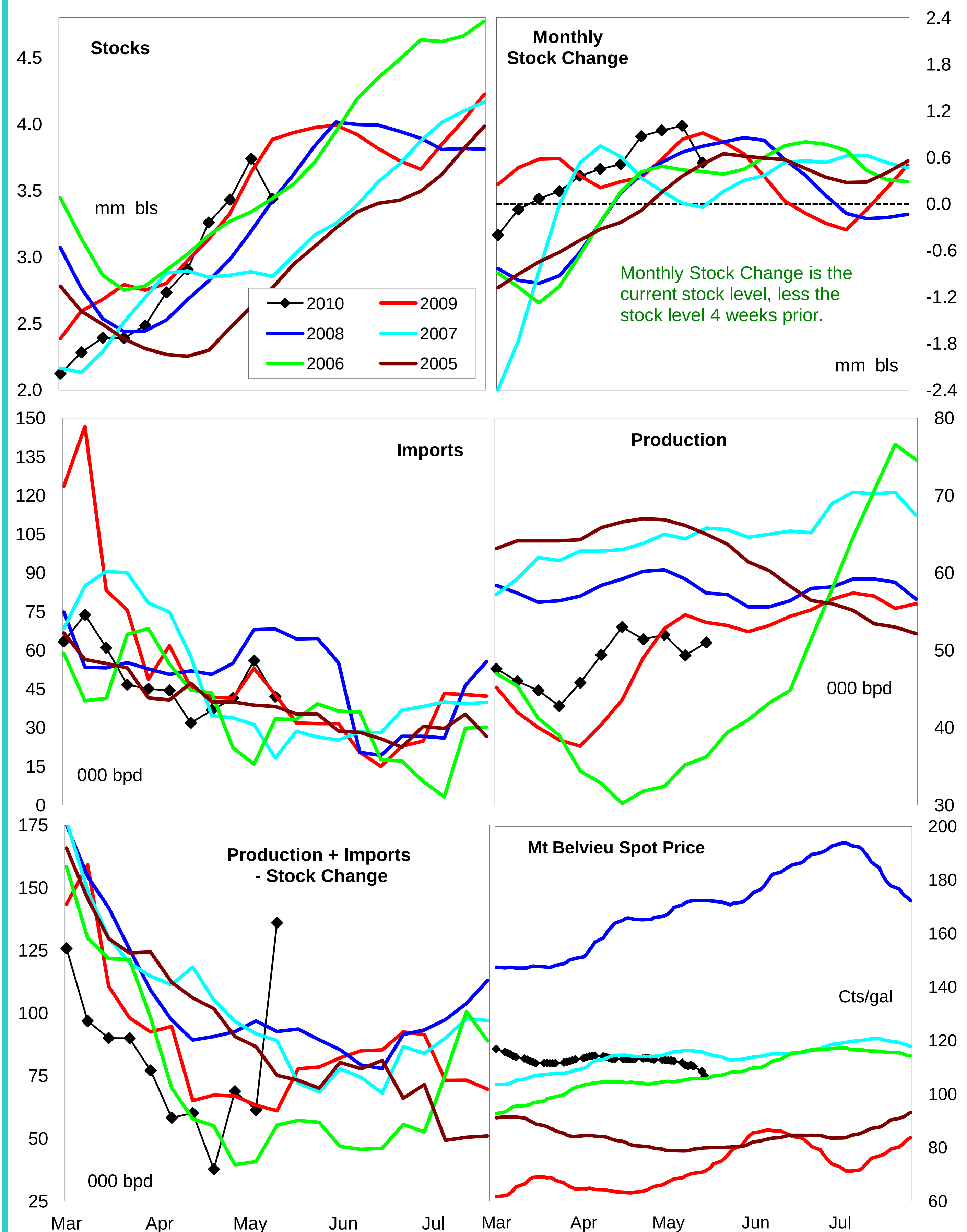
U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Apr	Mar	Feb
000 bpd (000 bls stks)	-8,481	1,854	165	-10		83	-81	-64	209
% change	-17.7	31	16.4	-7.9		10.1	-8.5	-5.5	16.3

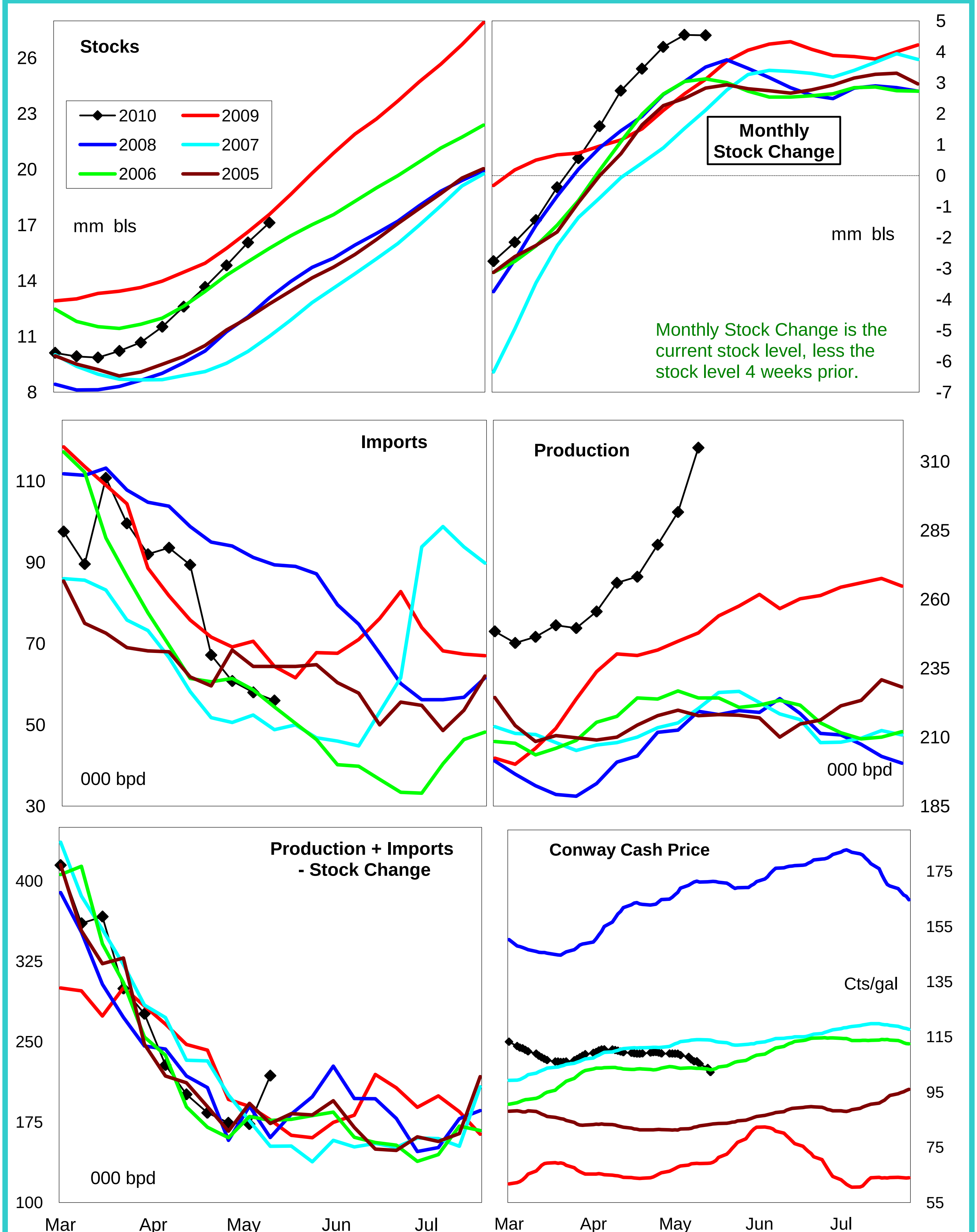
Lehi German Tel: 816-505-0980

PADD 1 Propane Supply and Demand Balance



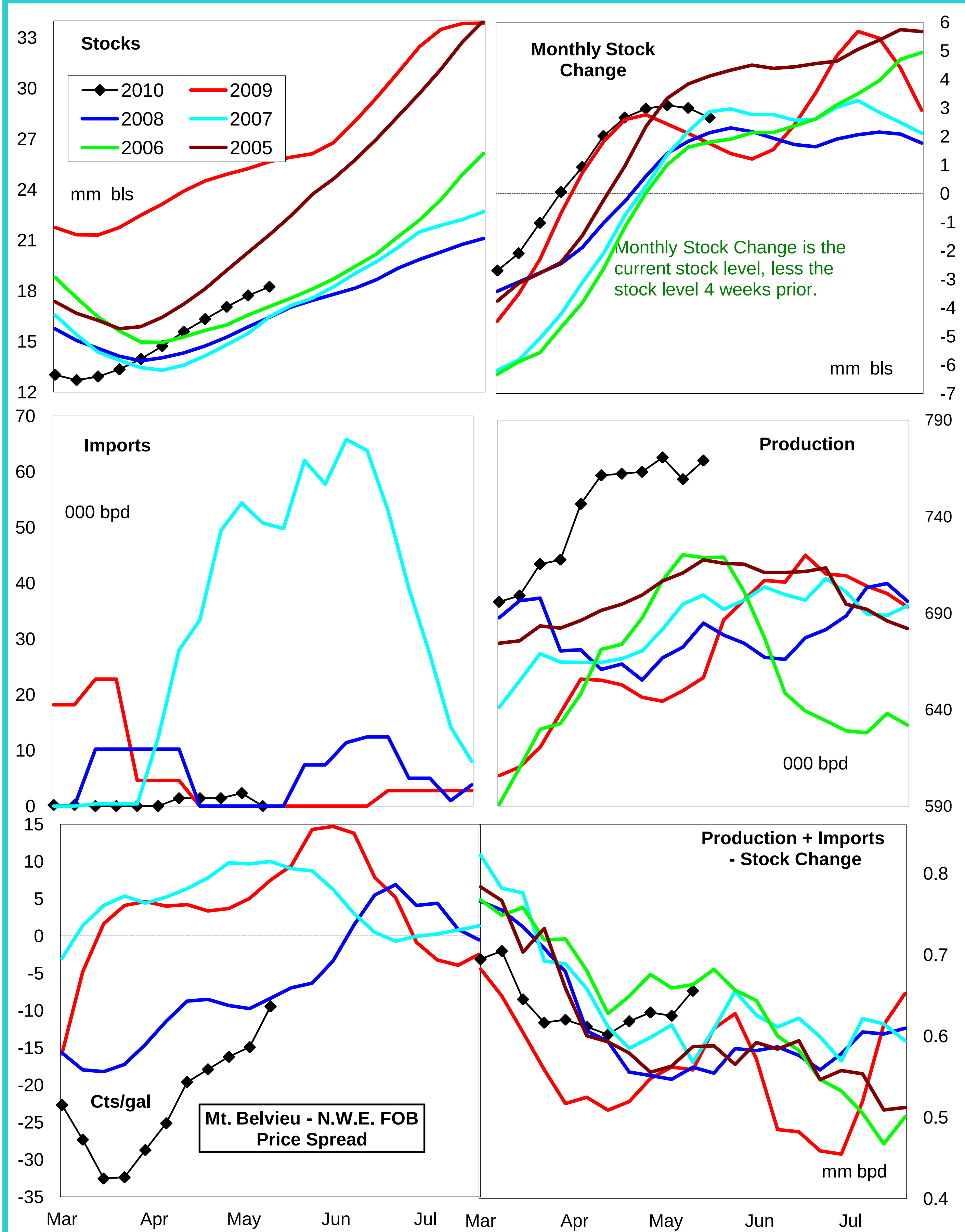
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-262	-381	-4	-1	11
% change	-7.1	-41.7	-7.2	-1.5	17.6

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)	-474	1,420	47	-11	-14
% change	-2.7	45.7	19.5	-15.2	-6.9

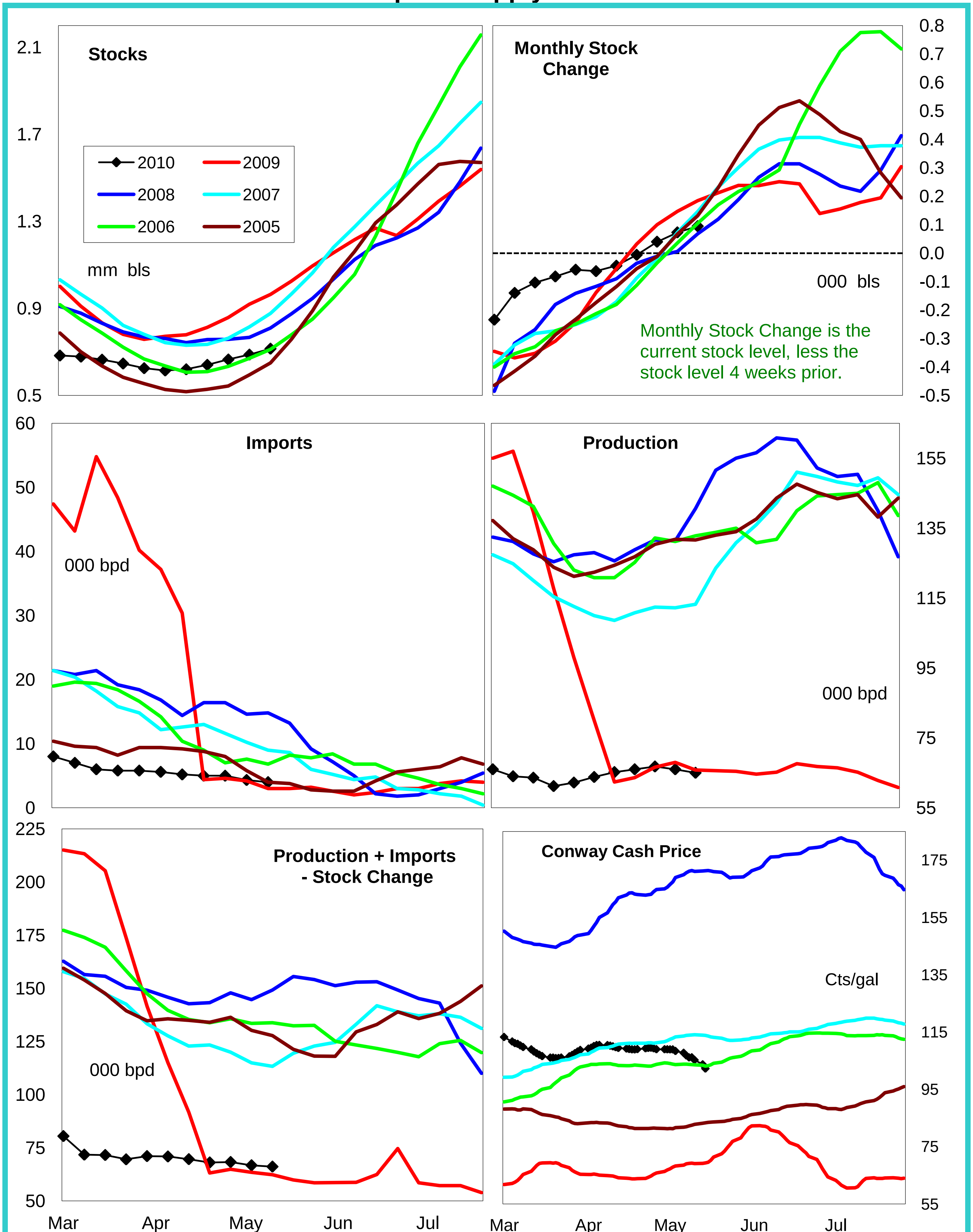
PADD 3 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-7,532	904	123	2	85
% change	-29.2	51.6	19.3	#DIV/0!	14.5

Lehi German Tel: 816-505-0980

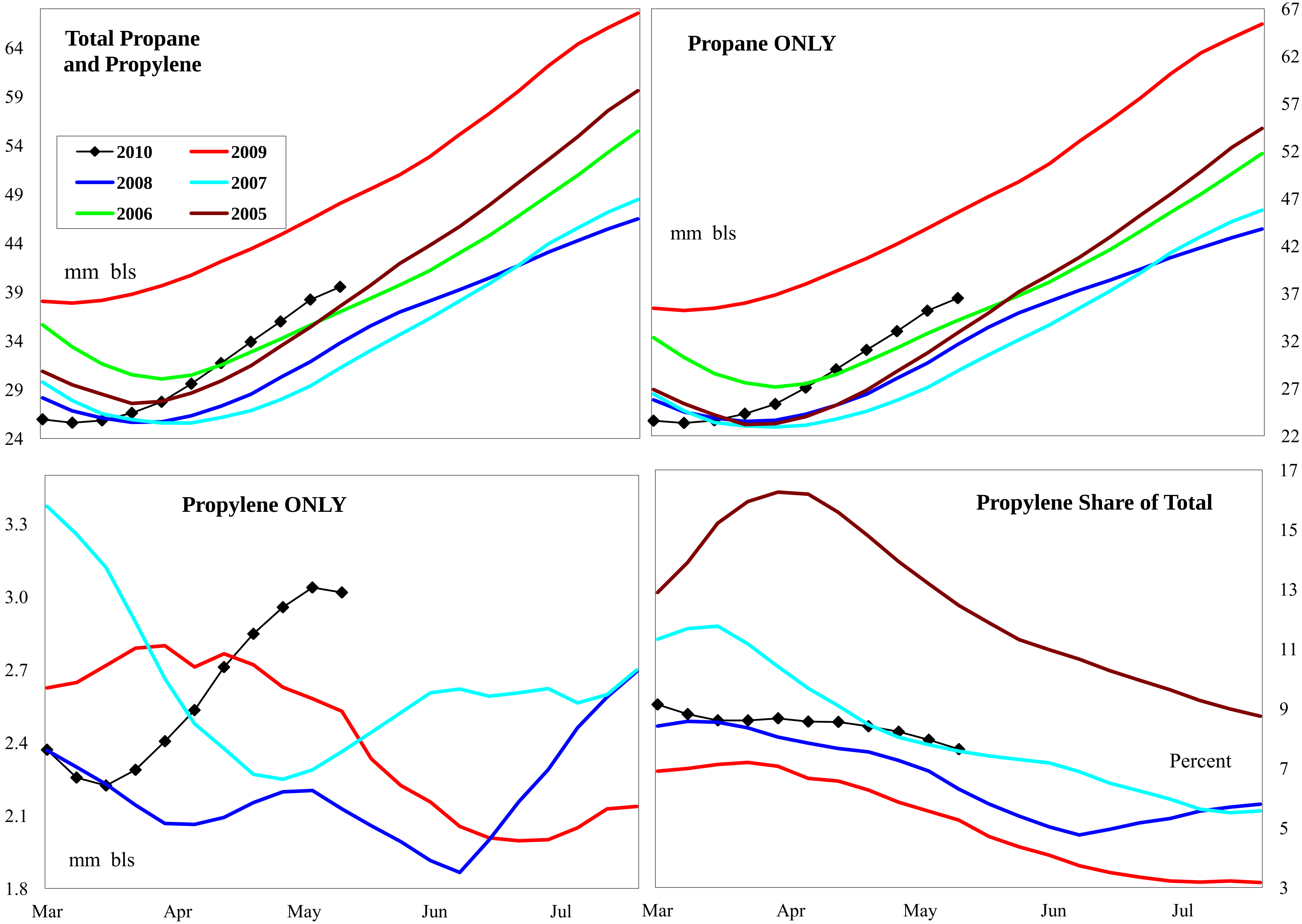
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-213	-90	-1	0	4
% change	-23.0	-48.6	-1.8	5.9	6.1

Lehi German Tel: 816-505-0980

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-8,481	-9,121	489
% change	-17.7	-20.0	19.3

Lehi German Tel: 816-505-0980

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