FUNDAMENTAL PETROLEUM TRENDS

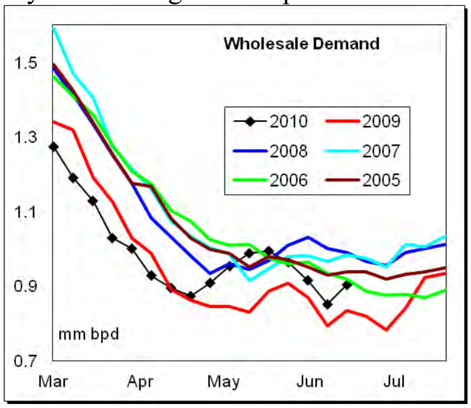
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

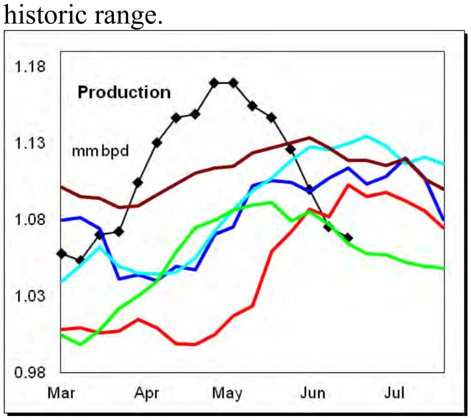
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, June 16, 2010

Table of Contents

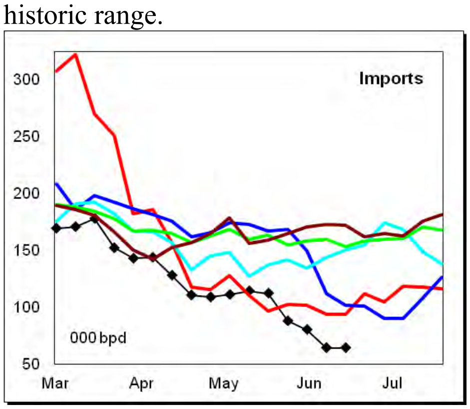
Summary[1]: Wholesale demand increased +179,000 last week, to a level below the 5-year mid range for the period.



Production increased +11,000 bpd on the week, a level that is at the low end of the historic range.

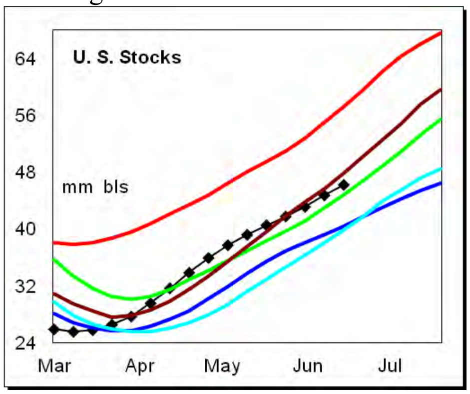


Imports increased +5,000 bpd last week, a level that remains well below the historic range.

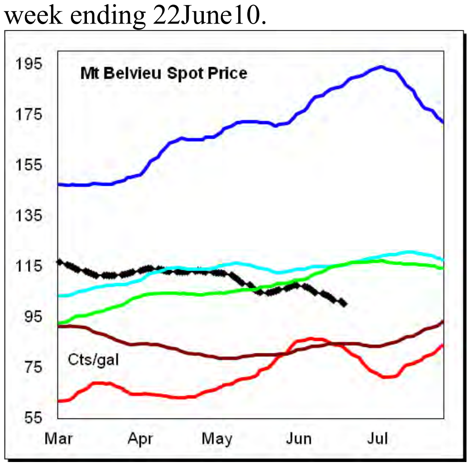


Combined production and imports during the latest 4-wk period were -25,000 bpd below a year ago. Imports declined -16,000 bpd during the period, while production was -9,000 bpd lower. The latest 4-wk average demand was +5,000 bpd above last year.

Stocks increased +1.1 million barrels on the week. The latest 4-wk stock change was a build of +5.7 million barrels, at the low end of the historic range. Stock levels are just above the mid range.



Price and Spreads Mt Belvieu and Conway prices decreased -4.25 cts/gal and -5.75 cts/gal; respectively for the week ending 22June10.

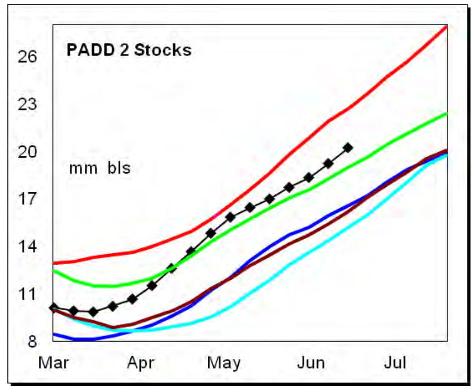


The Conway – Mt Belvieu price spread trended lower during the week ending 22June10. The spread ended the week comparable to the last two years.

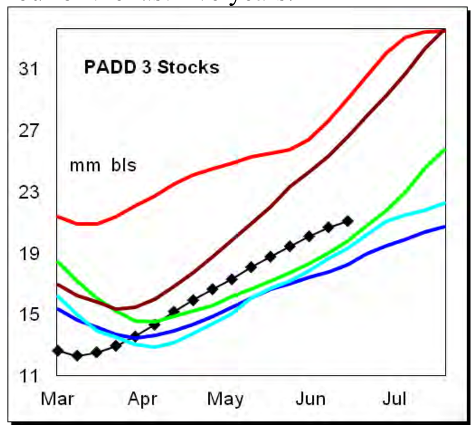
The propane to natural gas price spread traded sideways last week. The spread remains at the upper end of the historic range.

The propane / crude oil price spread fell sharply last week, with the level at the low end of the historic range.

PADD 1 stocks were nearly unchanged on the week. Combined production and imports decreased -12,000 bpd compared to a year ago for the latest 4-wk period. Stock levels match the historic low.



PADD 2 stocks increased +0.7 million barrels last week. Combined imports and production decreased -10,000 bpd last week. Supply was -12,000 bpd below last year for the latest 4-wk period. The most recent 4-wk stock build of +3.3 million barrels, was above the mid range. Stock levels are above four of the last five years.



PAD 3 stocks increased +0.4 million barrels last week. Production increased +15,000 bpd on the week, with the 4-wk average +9,000 bpd above last year.

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

Emerging Trends *show a relatively balanced market. Supply (imports + production) has dropped to the low end of the historic range, with demand also relatively weak. Lackluster demand has driven the downtrend in prices since an end to winter heating. Renewed price strength will depend on the start of buying for the fall season.*

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

June 23, 2010

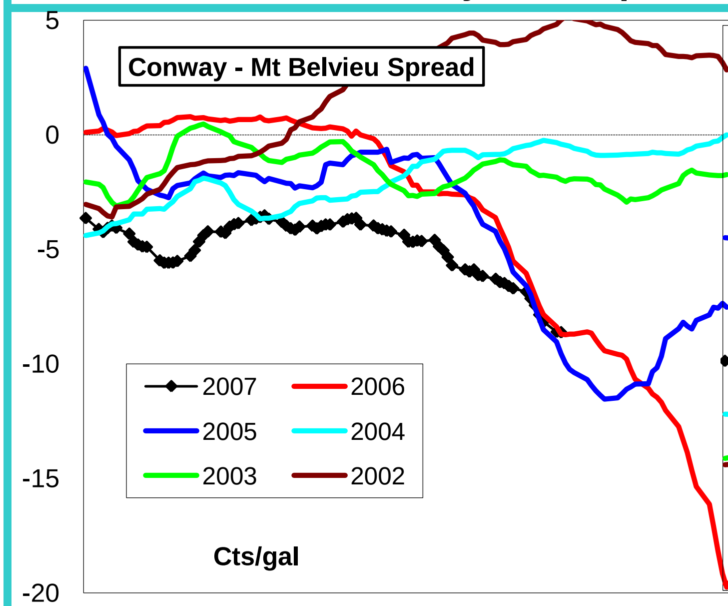
Fundamental Trends for the Week Ending: Friday, June 18, 2010

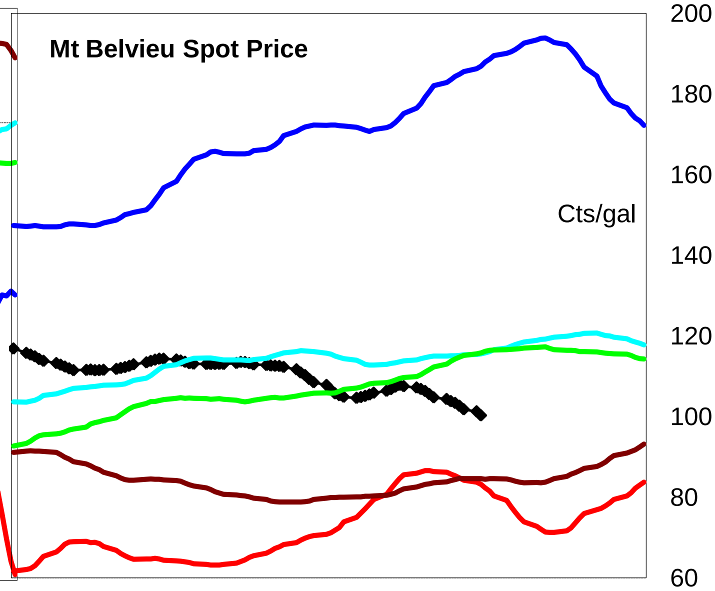
000 bpd / Stocks 000 bls	Weekly Supply-Demand: U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	Change from prior week: U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	46,224	3,422	20,216	21,486	1,100	1,094	-12	686	412	8
Propylene Stocks	3,188					-30				
Production	1,068	41	258	708	61	11	-1	-13	15	10
Imports	64	18	40	0	6	5	-1	3	0	2
Whsle Demand	904					179				

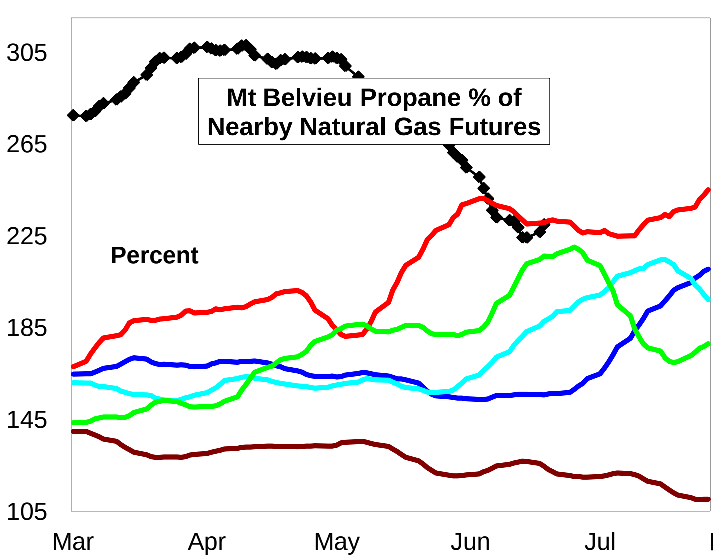
Price Trends for the Week Ending: Tuesday, June 22, 2010

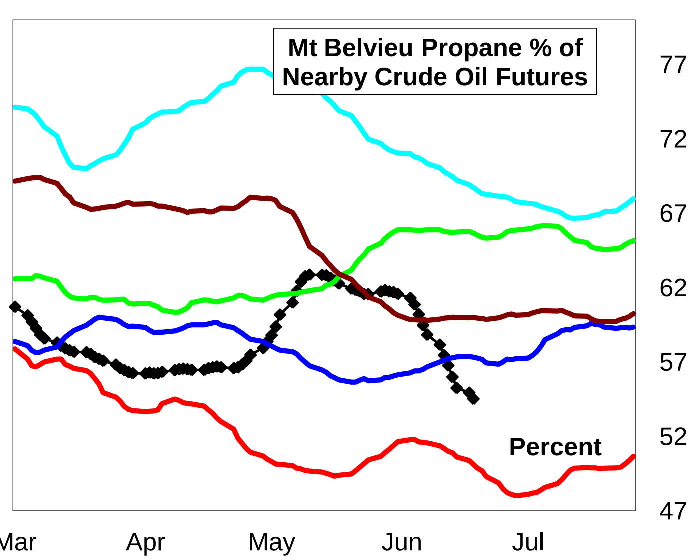
Cents/gal	Average for week ending: 6/22/10	6/15/10	5/24/10	6/12/09	Change from: 6/15/10	5/24/10	6/12/09	% change from: 6/15/10	5/24/10	6/12/09
Mont Belvieu Spot	101.8	105.5	101.9	83.3	-3.70	3.56	18.60	-3.5	3.5	22.3
Conway Spot	93.6	99.0	97.4	74.9	-5.42	1.59	22.54	-5.5	1.6	30.1

Key Price Spreads and Differentials

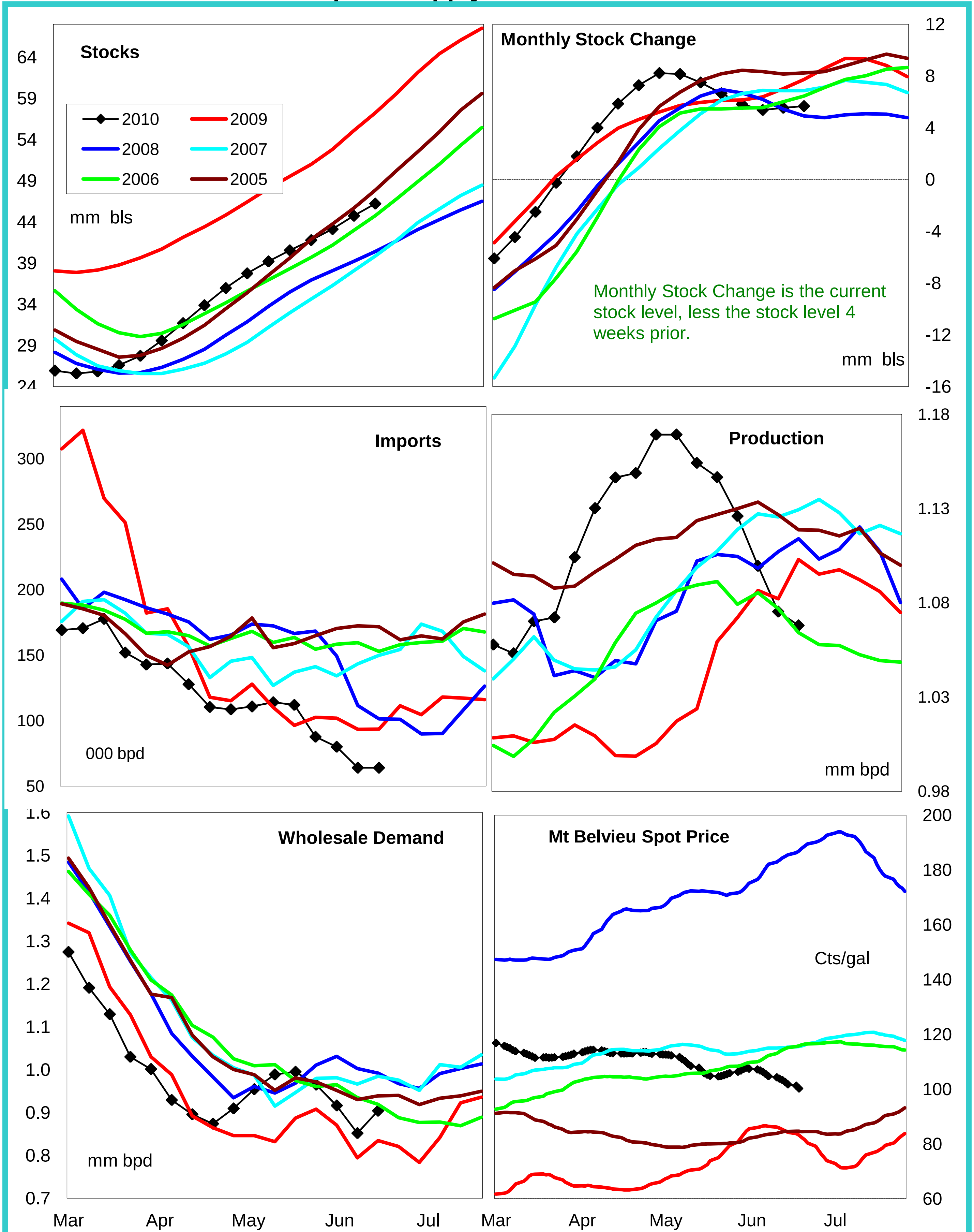








U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	May	Apr	Mar
000 bpd (000 bls stks)	-10,915	-2,052	-9	-16		5	189	-84	3
% change	-19.1	-27	-0.8	-17.0		0.6	23.0	-8.8	0.3

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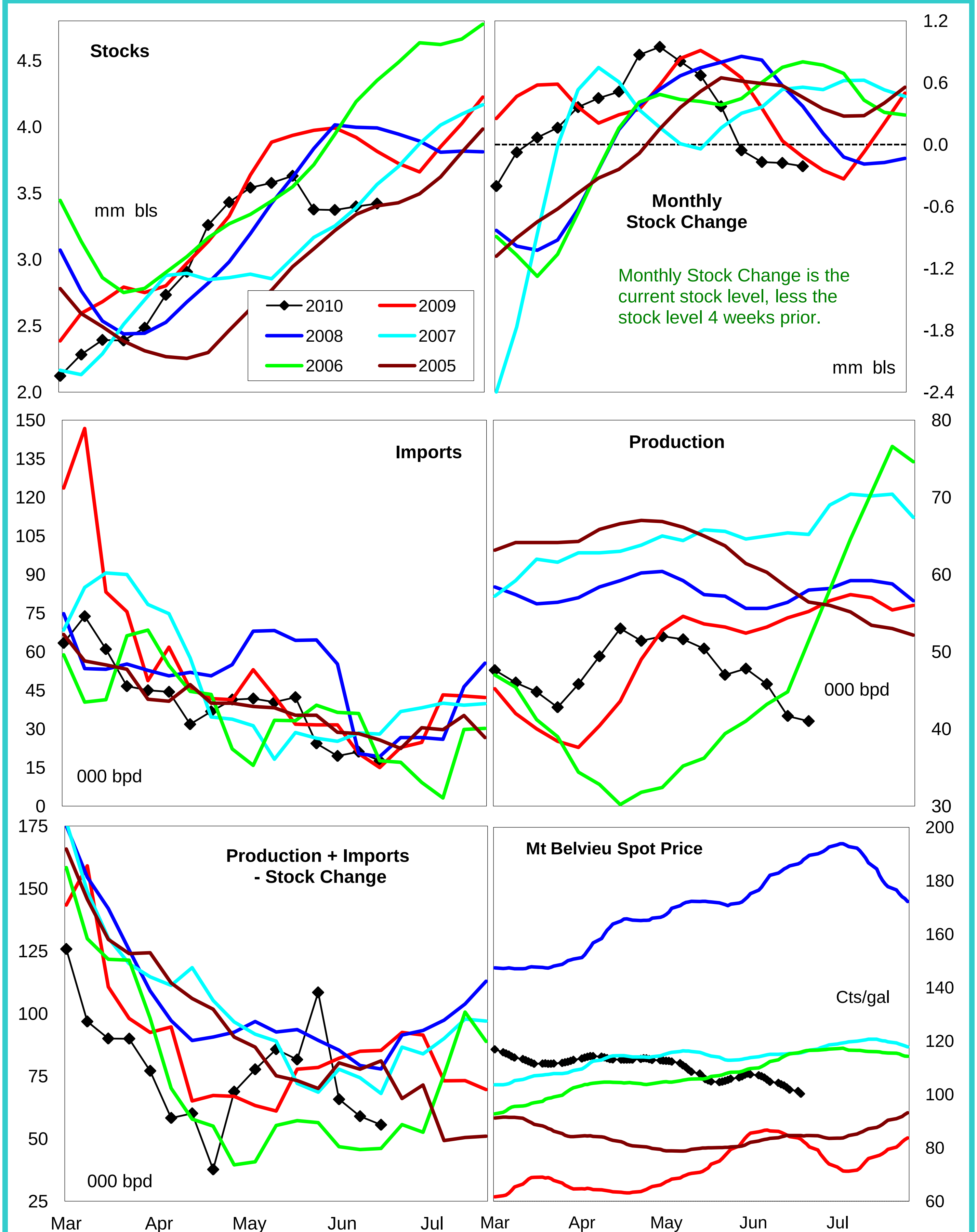
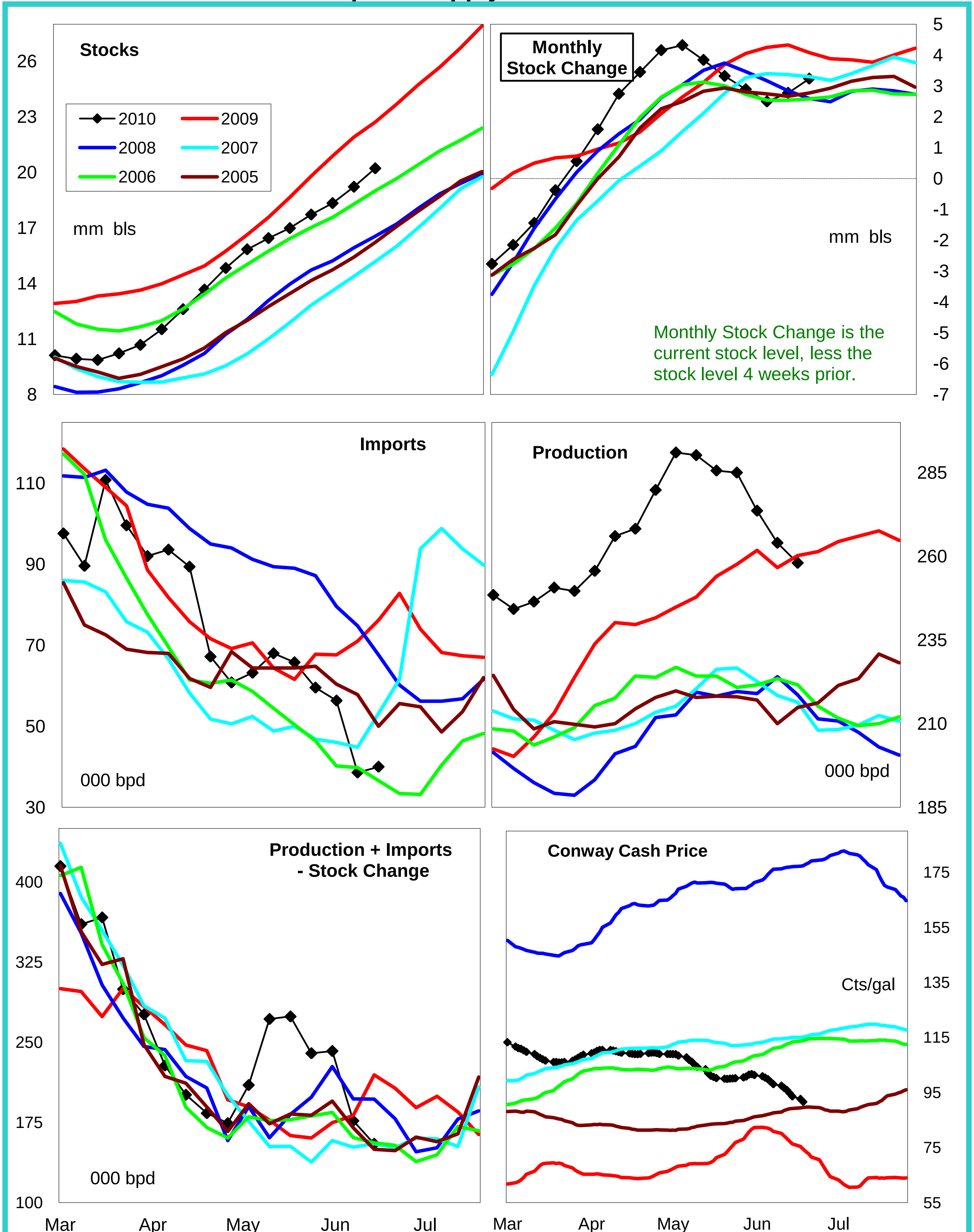
PADD 1 Propane Supply and Demand Balance



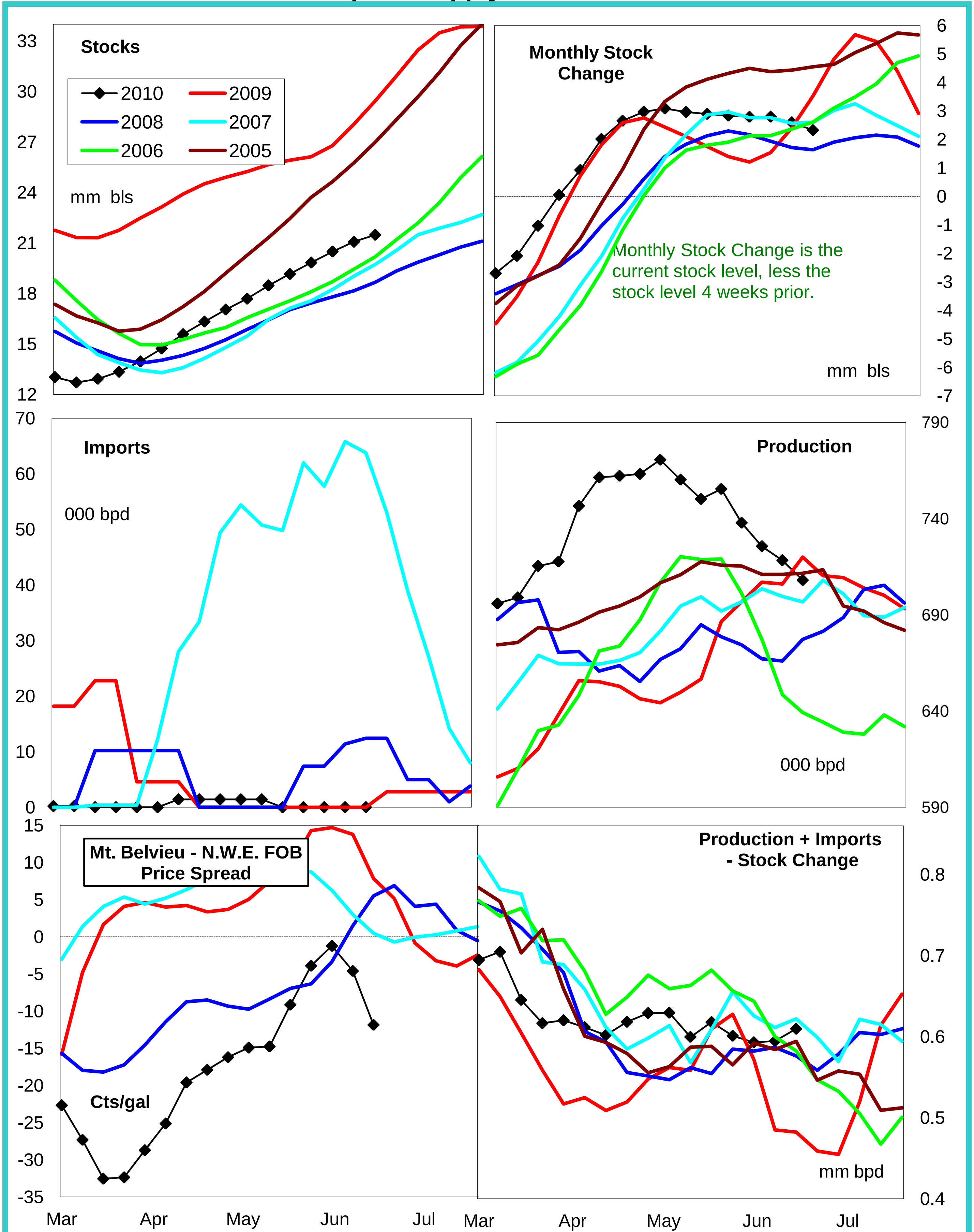
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-373	-90	-10	-2	-11
% change	-9.8	75.8	-17.8	-8.9	-12.7

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)	-2,798	-843	4	-16	19
% change	-12.2	-20.7	1.4	-22.9	10.4

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)	-7,616	-1,198	9	0	58
% change	-26.2	-34.0	1.2	#DIV/0!	9.9

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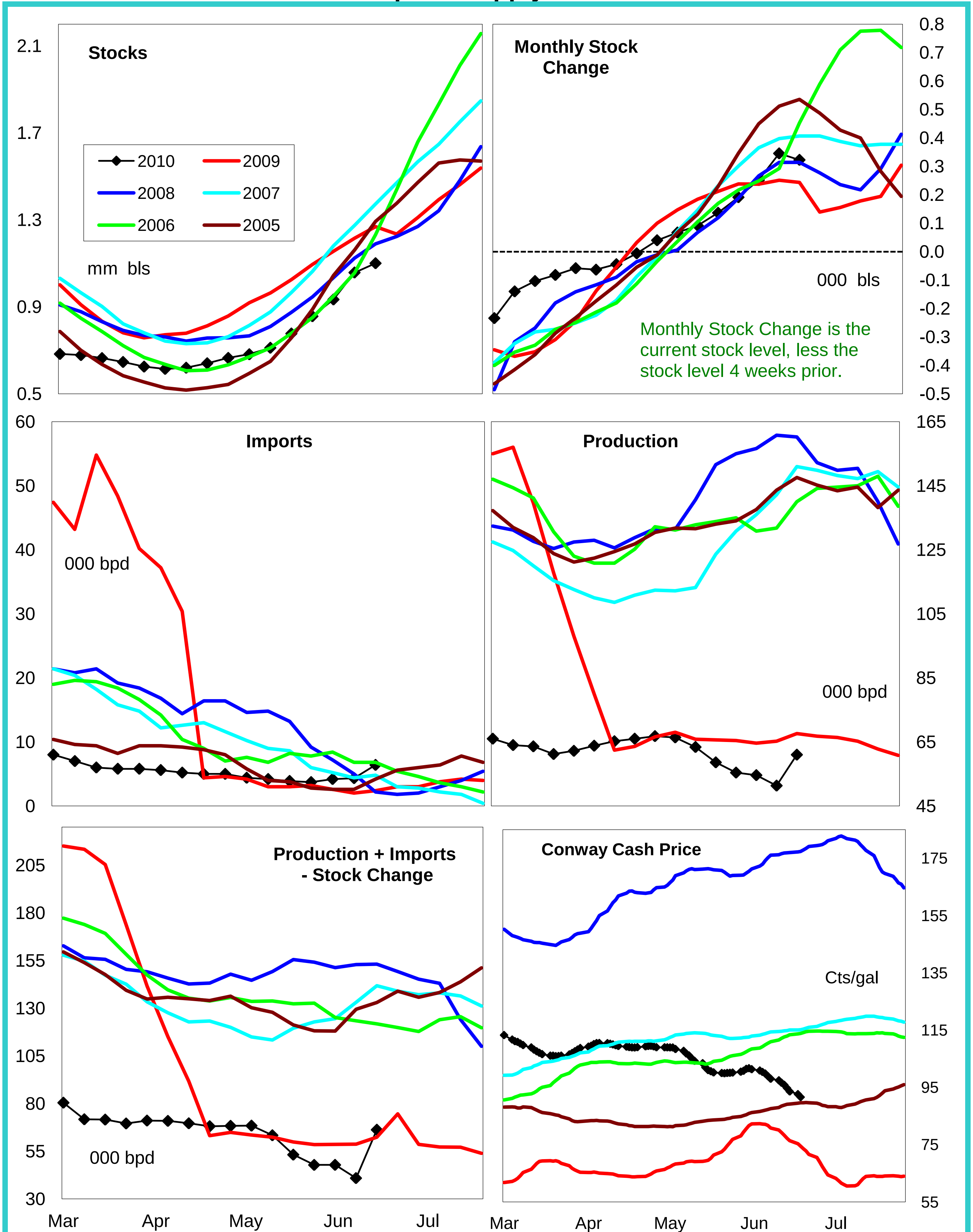
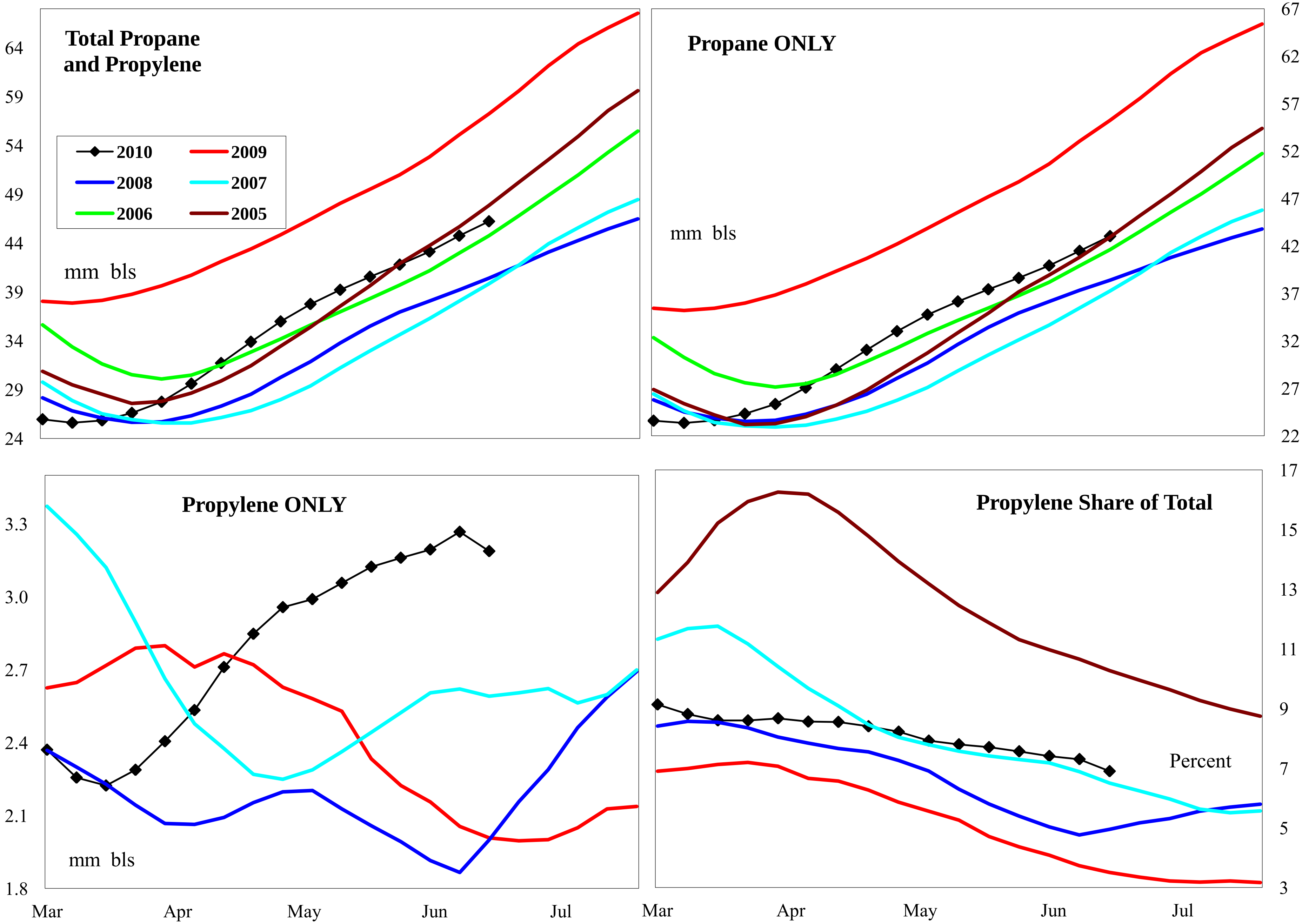
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-128	79	-12	2	-9
% change	-10.4	32.5	-18.3	88.9	-14.9

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-10,915	-12,064	1,180
% change	-19.1	-21.9	58.7

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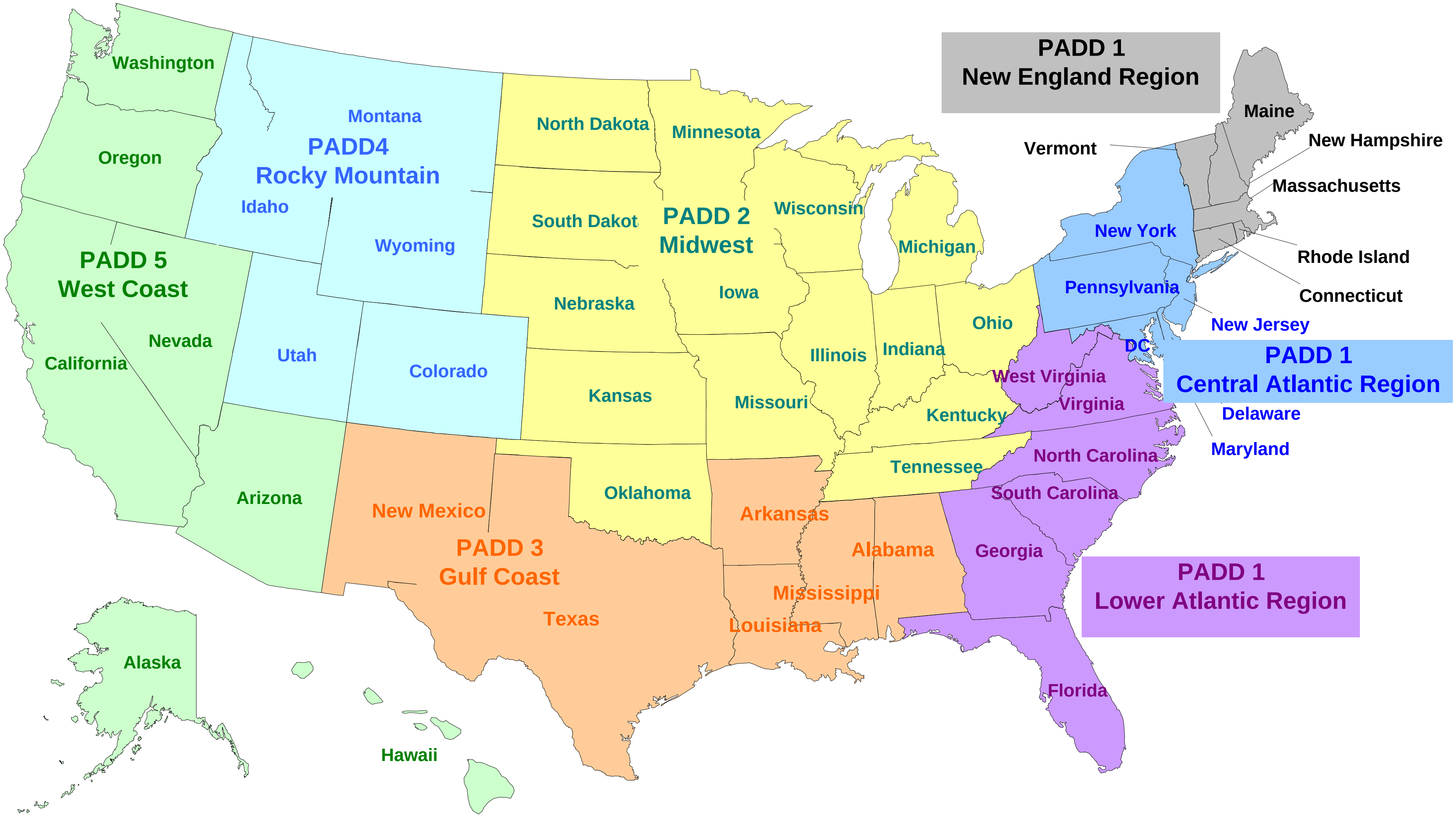
U. S. Petroleum Administrative for Defense Districts (PADDs)



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