WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, July 14, 2010

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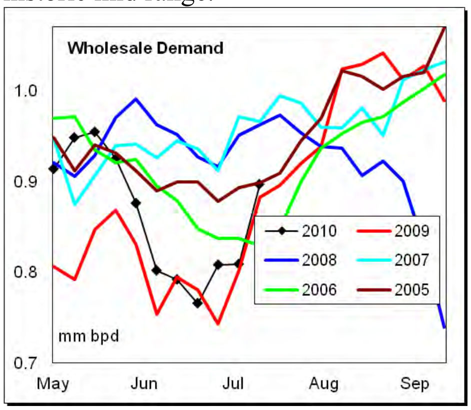
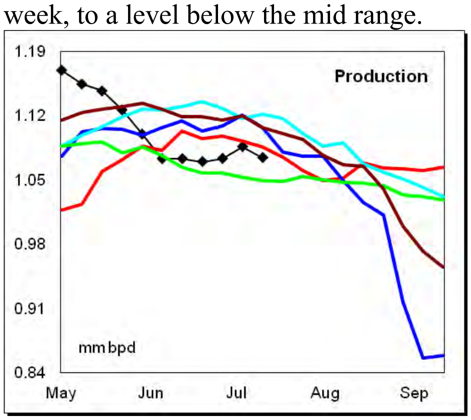
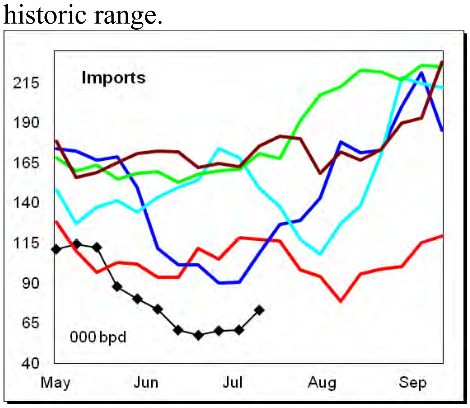
Summary[1]: Wholesale demand increased +142,000 bpd last week, to the weekly historic mid range.



Production declined -11,000 bpd on the week, to a level below the mid range.



Imports increased +20,000 bpd last week, with the level still well below the historic range.

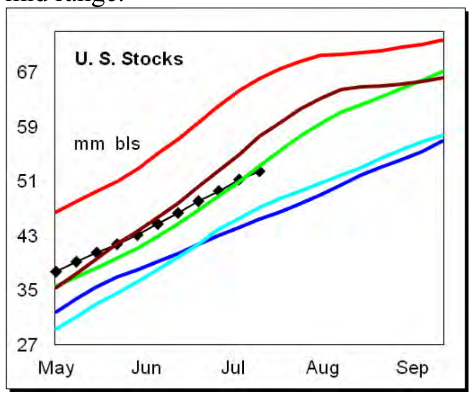


Combined production and imports during the latest 4-wk period were -72,000 bpd below a year ago. Imports declined -48,000 bpd during the period, while production was -24,000 bpd lower.

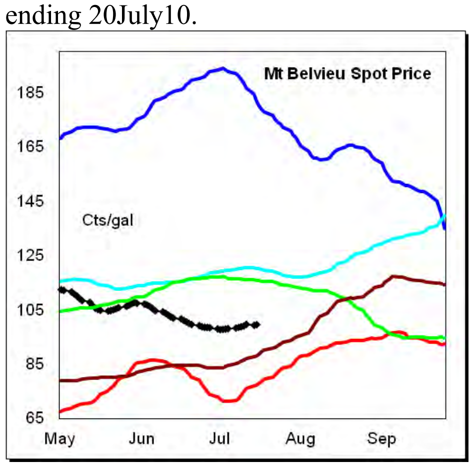
[1] Source is latest EIA Weekly Statistics

The latest 4-wk average demand was +10,000 bpd above last year.

Stocks increased +0.9 million barrels on the week. The latest 4-wk stock change was a build of +6.1 million barrels, at the low end of the historic range. Stock levels are now below the mid range.



Price and Spreads Mt Belvieu prices increased +2 cts/gal while Conway increased +2.5 cts/gal for the week ending 20July10.

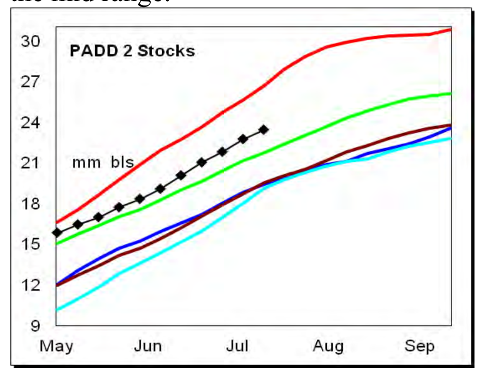


The Conway – Mt Belvieu price spread trended higher during the week ending 20July10. The spread ended the week above the last two years.

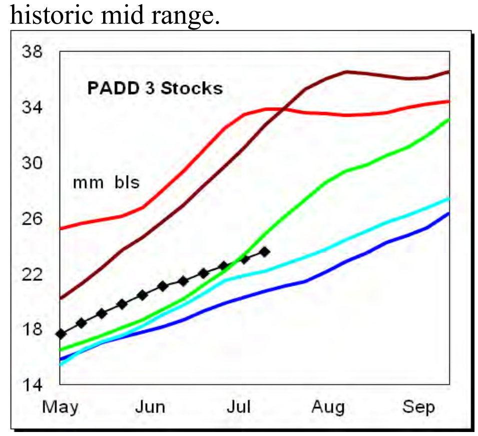
The propane to natural gas price spread traded sideways on the week. The spread now matches the high of the historic range.

The propane / crude oil price spread trended lower on the week. The level was at the low end of the historic range.

PADD 1 stocks were unchanged last week. Combined production and imports increased +3,000 bpd for the week, however, the level remains well below the historic range. Supply for the latest 4-wk period was -25,000 bpd below a year ago. Stock levels were at the mid range.



PADD 2 stocks increased +0.7 million barrels last week, with stock levels -3.9 million barrels below the 5-year high for the period. Combined imports and production increased +11,000 bpd last week. The most recent 4-wk stock build of +3.3 million barrels, was at the historic mid range.



PAD 3 stocks increased +0.2 million barrels last week. Supply declined -16,000 bpd, with the 4-wk average -3,000 bpd below last year. Stock levels were below the mid range.

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

Emerging Trends *indicates that higher wholesale demand has began to supply summer fill programs by end users and distributors. Supply remains at the low end of the historic range, which has led to a low rate of stock building during the last 60-days. These fundamental trends should provide support to prices for the balance of the quarter.*

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PROPANE: Graph Link and Weekly Summary

July 21, 2010

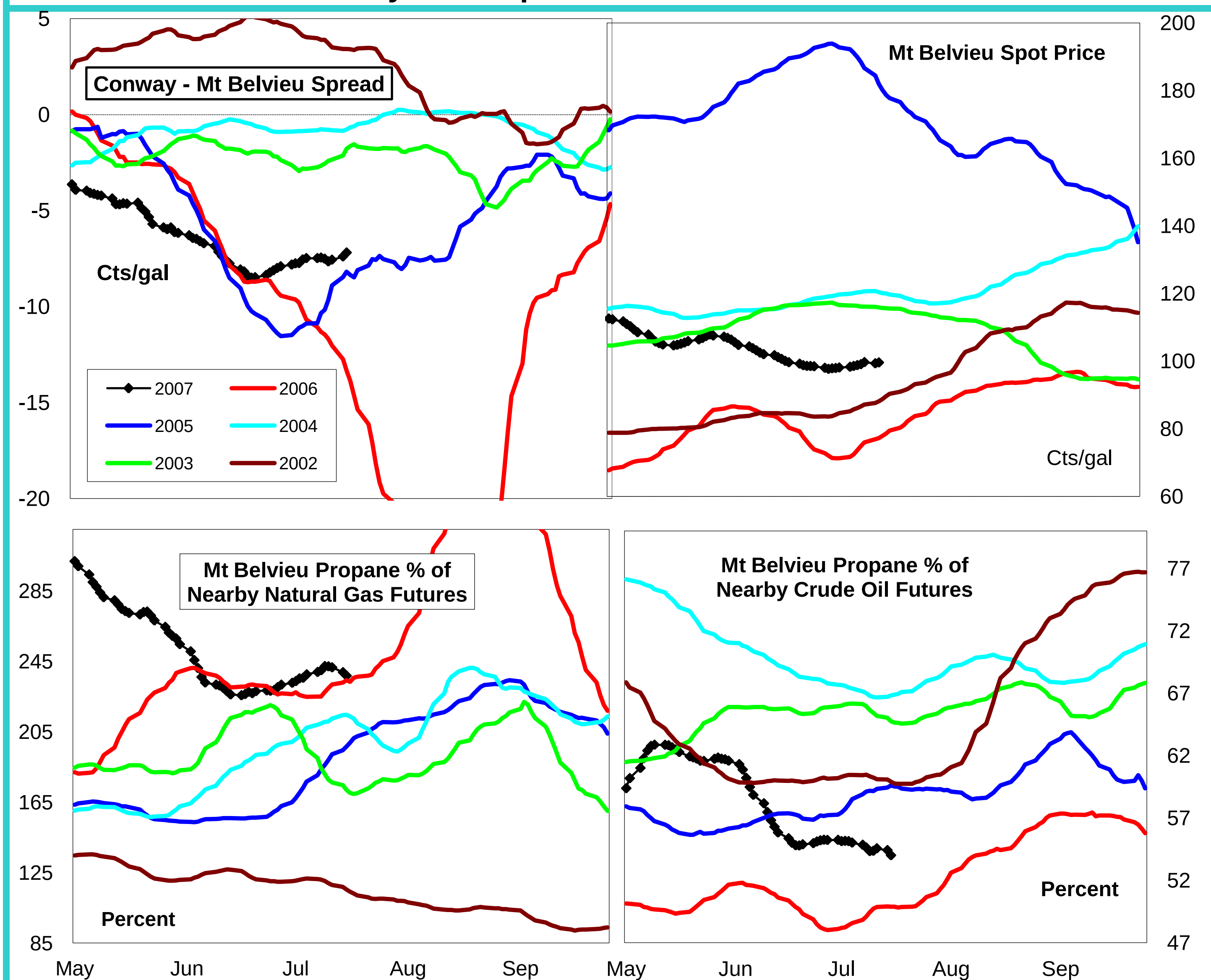
Fundamental Trends for the Week Ending: Friday, July 16, 2010

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	52,478	4,007	23,438	23,614	1,419	860	15	725	158	-38
Propylene Stocks	3,143					15				
Production	1,074	42	261	711	60	-11	1	-5	-16	9
Imports	73	19	50	0	5	20	3	16	0	2
Whsle Demand	937					142				

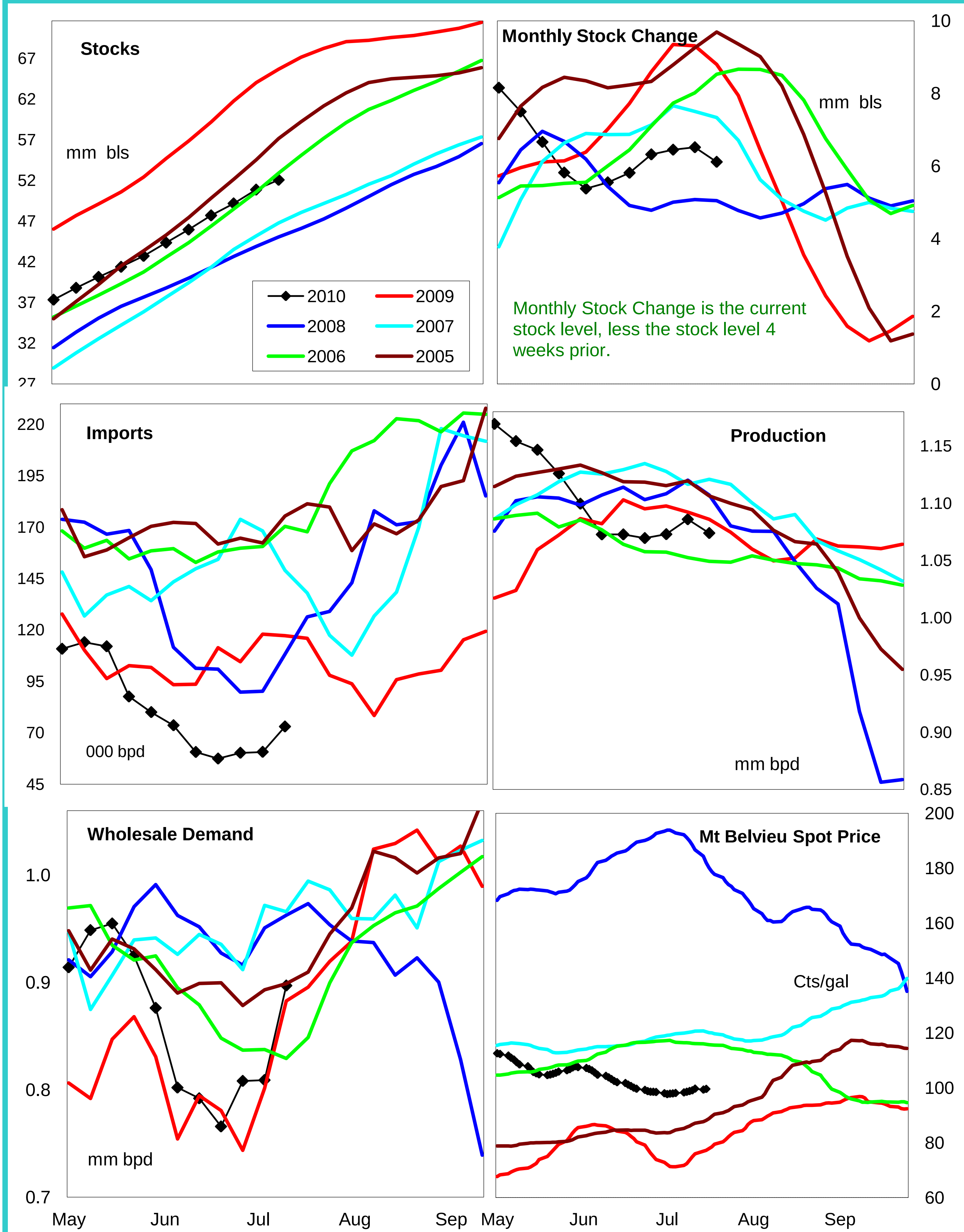
Price Trends for the Week Ending: Sunday, July 18, 2010

Cents/gal	Average for week ending: 7/18/10	7/13/10	6/21/10	7/10/09	Change from: 7/13/10	6/21/10	7/10/09	% change from: 7/13/10	6/21/10	7/10/09
Mont Belvieu Spot	99.7	97.7	101.8	75.9	1.93	-4.01	25.85	2.0	-3.9	34.1
Conway Spot	92.1	90.3	93.6	64.6	1.80	-3.29	29.01	2.0	-3.5	44.9

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	Jun	May	Apr
000 bpd (000 bls stks)	-13,951	-2,689	-24	-48		10	24	202	-64
% change	-21.0	-31	-2.2	-44.6		1.2	3.1	24.5	-6.7

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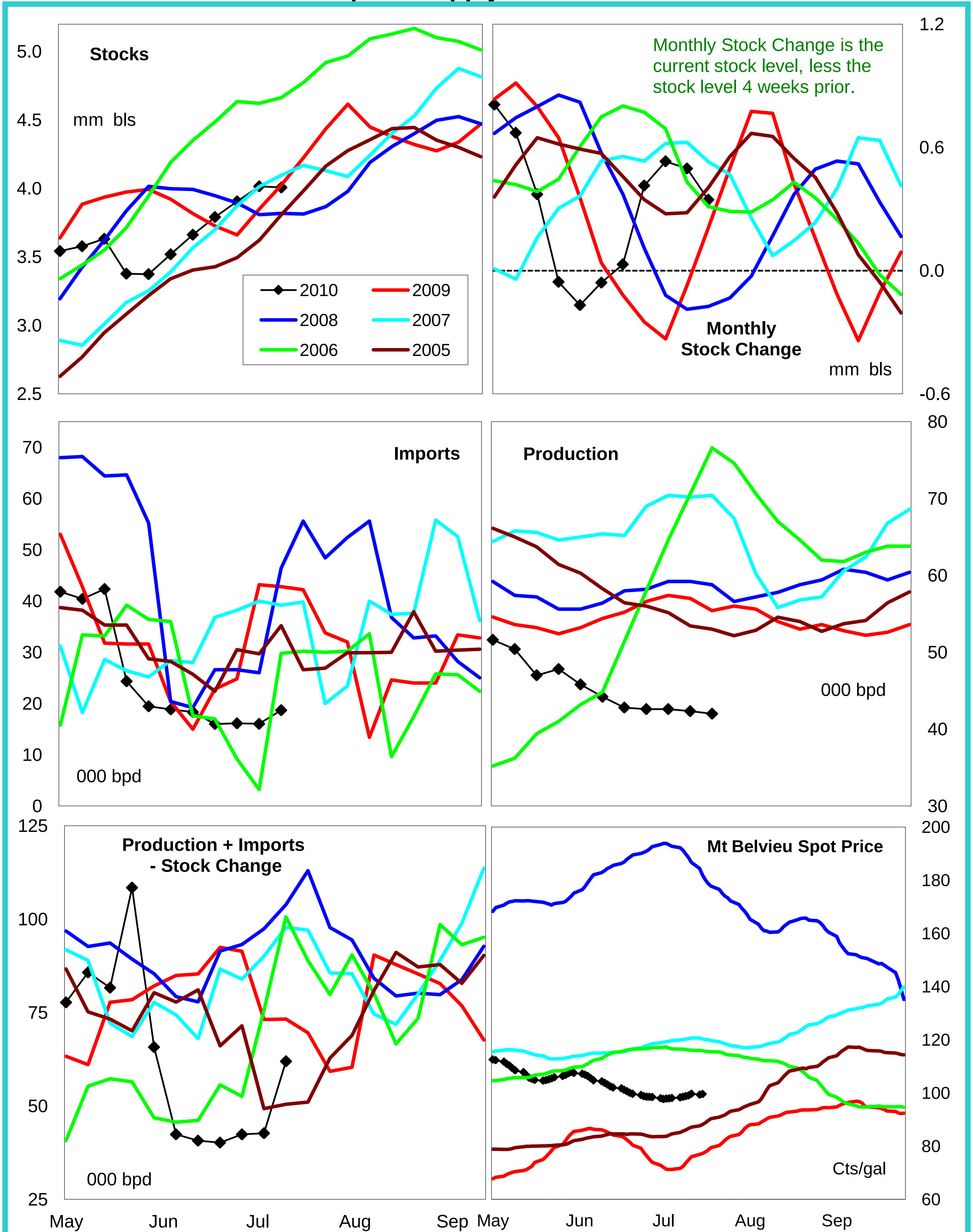
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	492	137	-14	-11	-36
% change	14.0	65.5	-24.6	-42.1	-43.3

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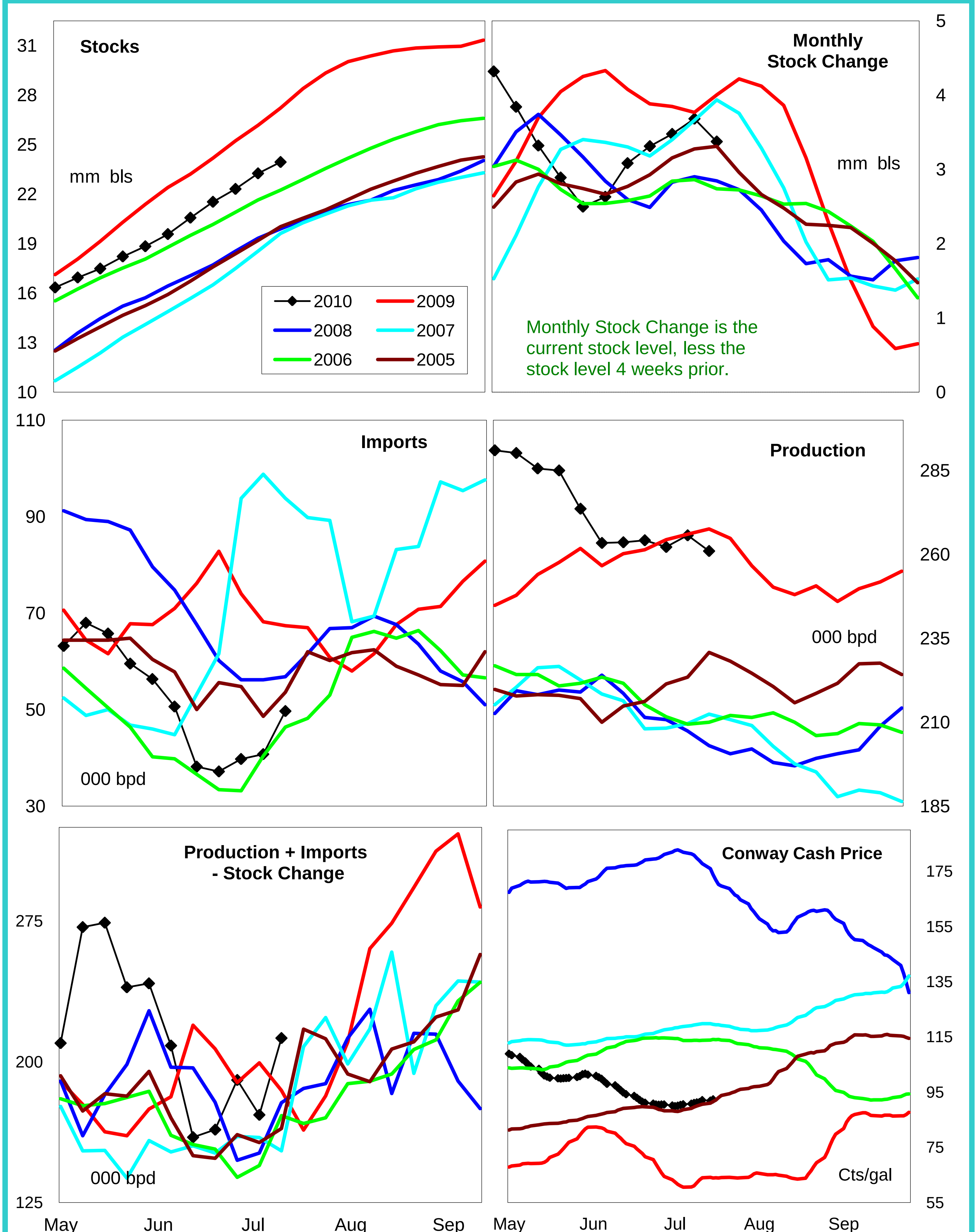
PADD 2 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-3,929	-629	-1	-33	-10
% change	-14.4	-15.7	-0.3	-45.6	-5.3

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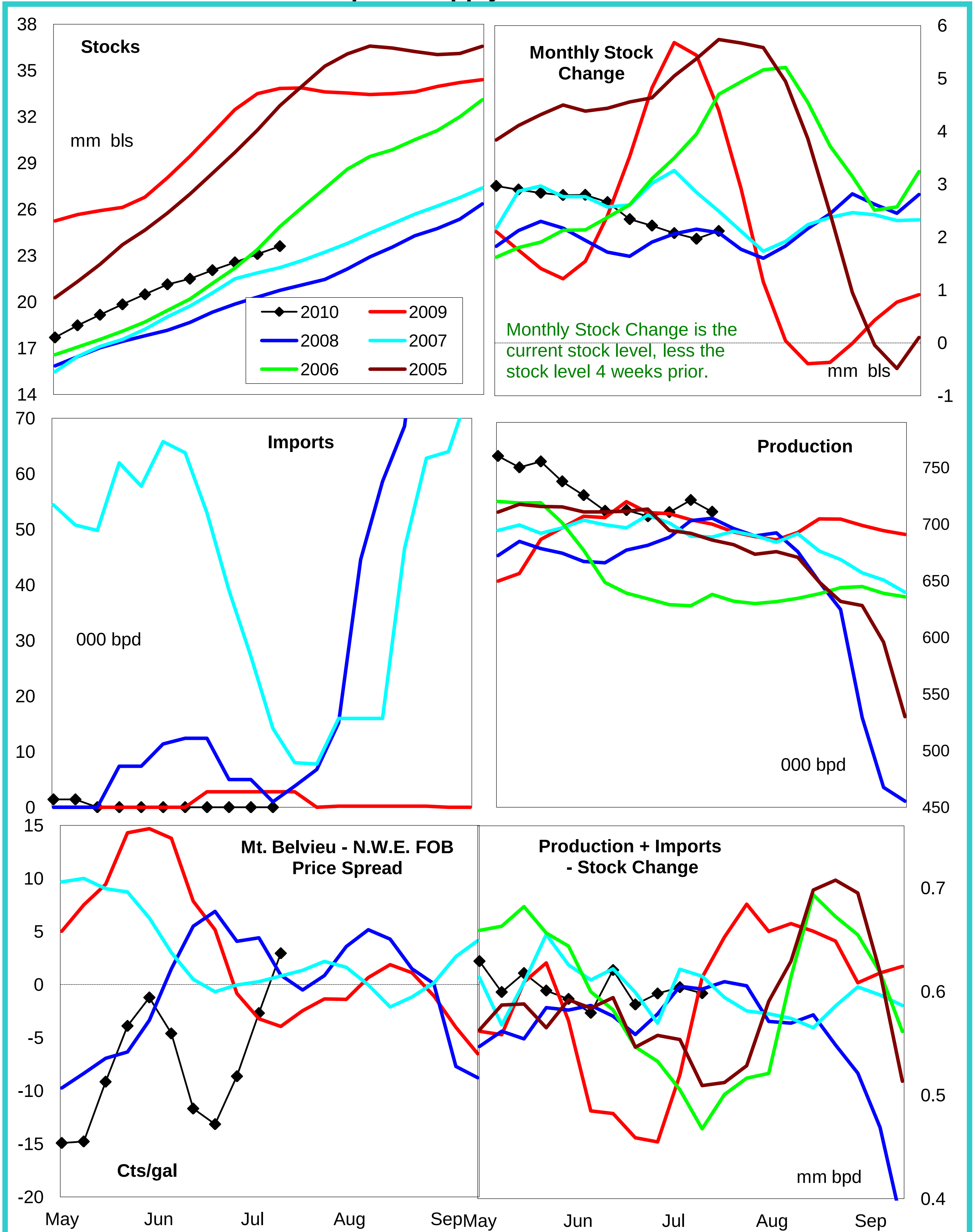
PADD 3 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-10,325	-2,283	1	-4	85
% change	-30.4	-51.9	0.2	-100.0	15.4

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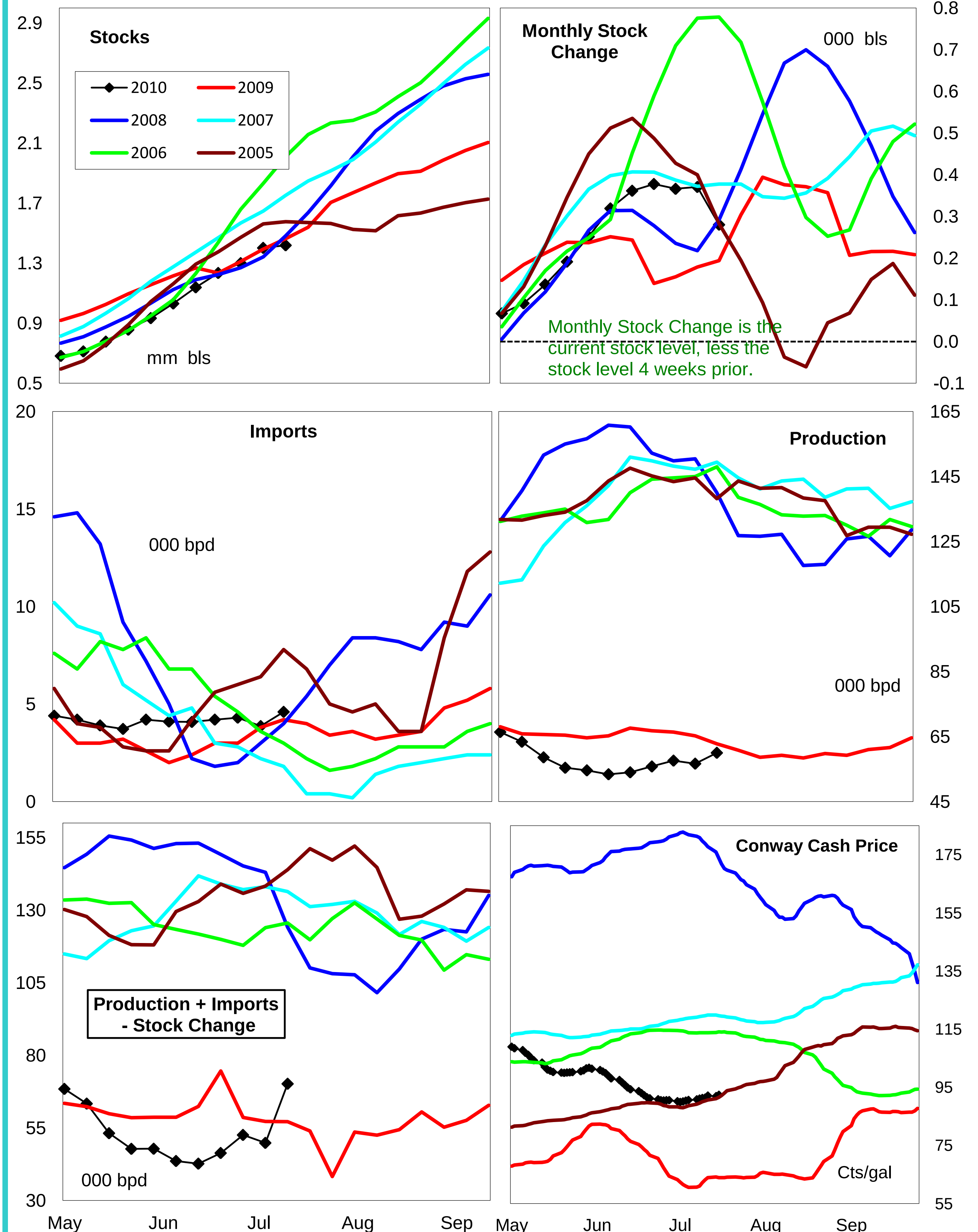
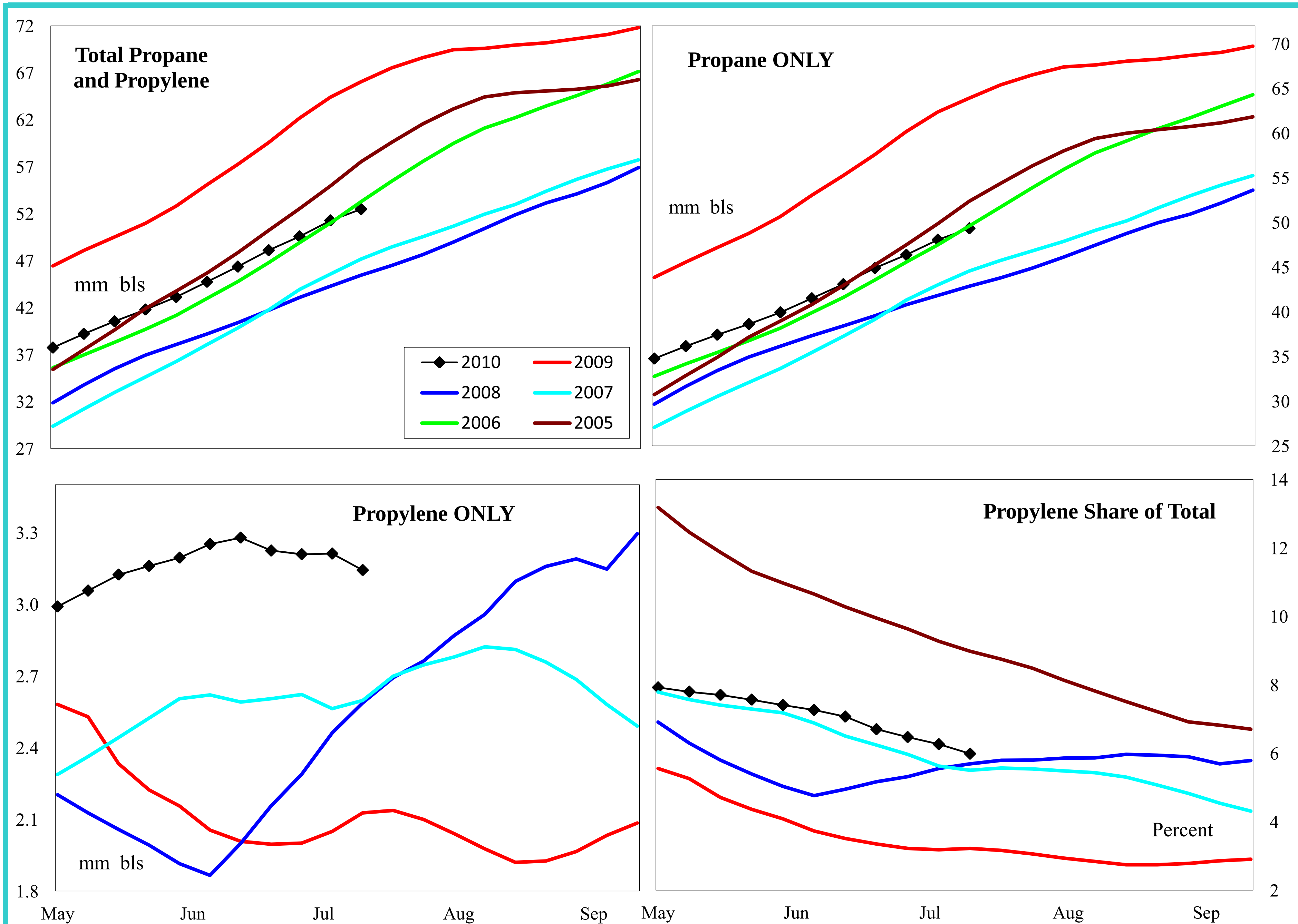
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-189	86	-11	1	-7
% change	-11.8	44.3	-15.9	16.2	-11.5

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-13,951	-15,012	1,016
% change	-21.0	-23.3	47.7

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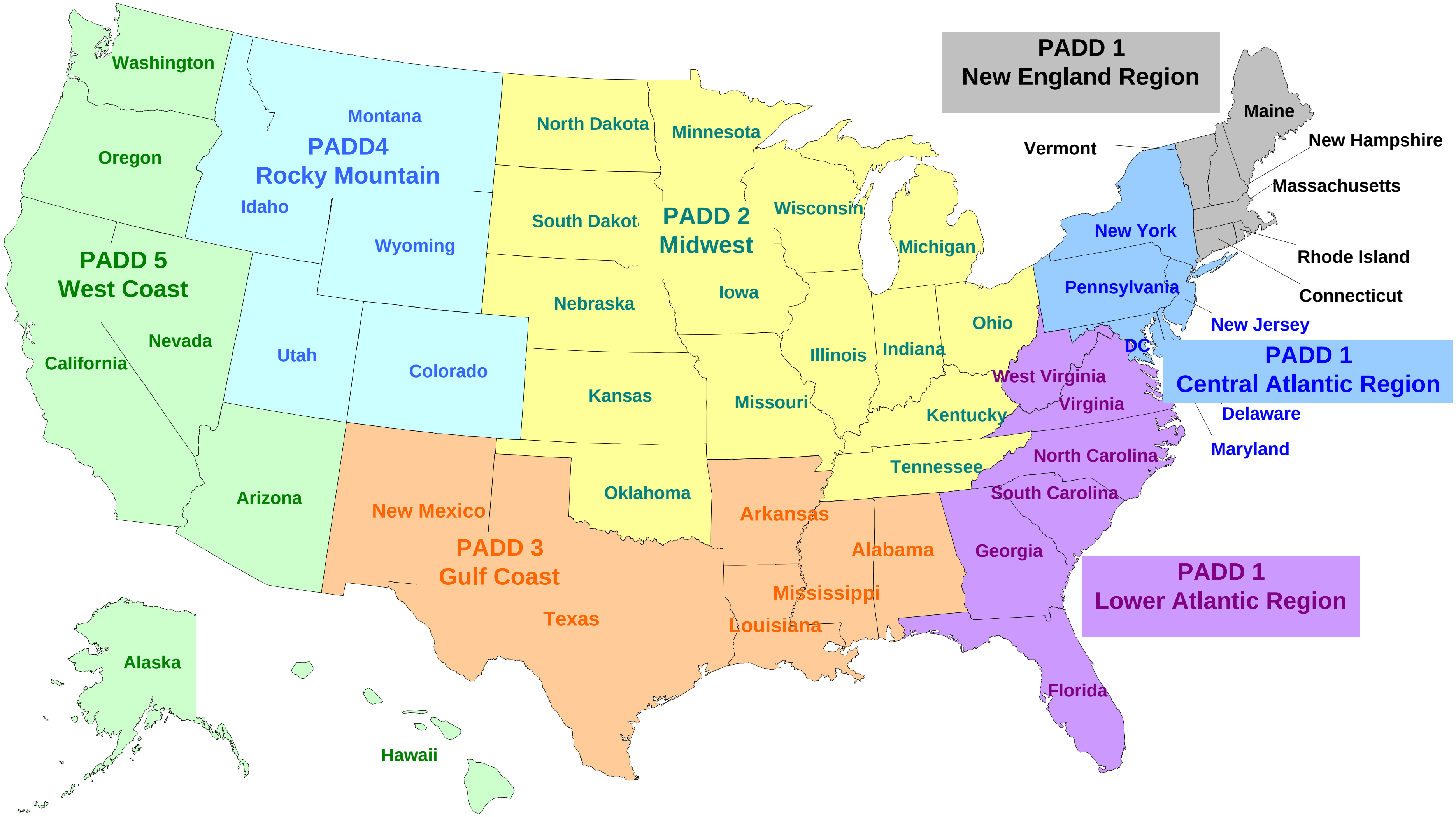
U. S. Petroleum Administrative for Defense Districts (PADDs)



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