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, August 25, 2010

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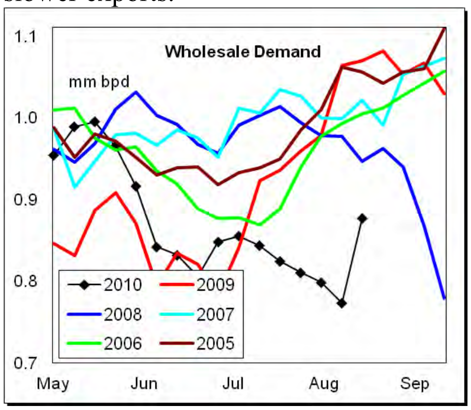
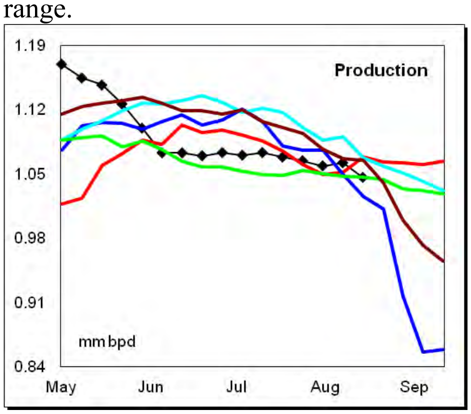
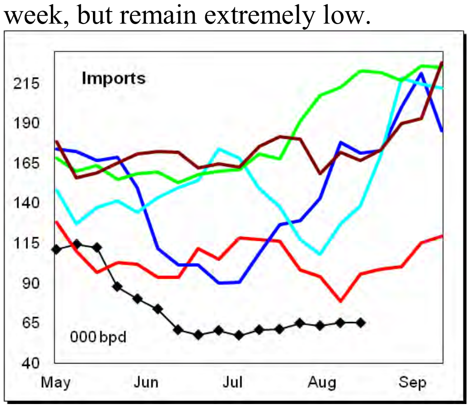
Summary[1]: Wholesale demand increased +152,000 bpd last week. Demand remains well below the historic range on weak petro chemical consumption, lack of summer fill due to extreme heat and slower exports.



Production decreased -19,000 bpd on the week, to a level below the historic mid range.

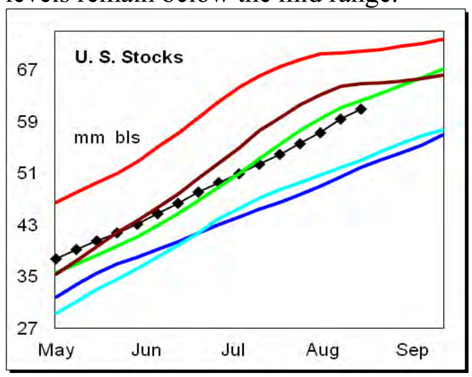


Imports increased +11,000 bpd last week, but remain extremely low.

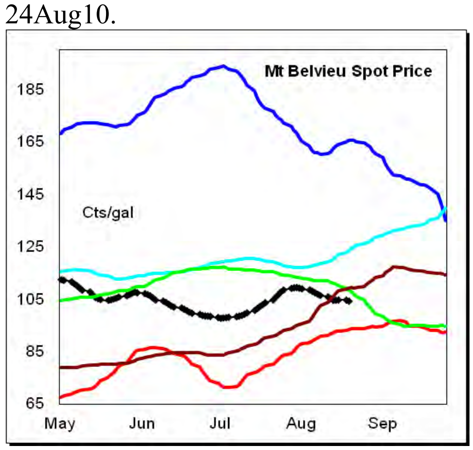


Combined production and imports during the latest 4-wk period were +5,000 bpd above a year ago. Imports declined -10,000 bpd during the period, while production was +15,000 bpd higher. The latest 4-wk average demand was -233,000 bpd below last year.

Stocks increased +1.1 million barrels on the week. The latest 4-wk stock change was a build of +6.7 million barrels, above the historic high. Stock levels remain below the mid range.



Price and Spreads Mt Belvieu prices decreased -0.75 ct/gal while Conway increased +2 cts/gal for the week ending 24Aug10.

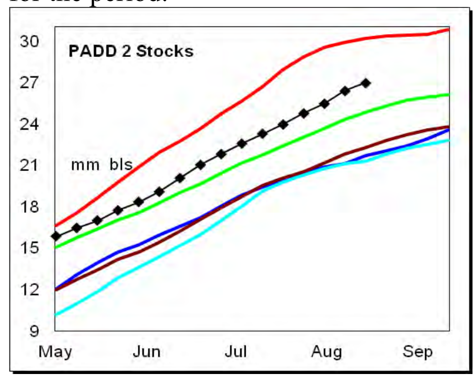


The Conway – Mt Belvieu price spread trended higher last week ending 17Aug10. The spread ended the week above the 5-year mid range on continued strength in Conway.

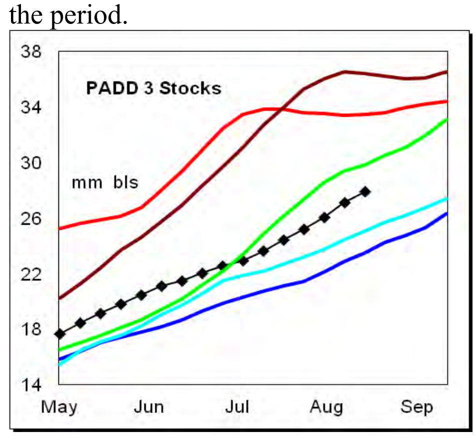
The propane to natural gas price spread trended higher on the week. The spread was near the 5-year high set last year.

The propane / crude oil price spread trended higher last week. The level ended above the last two years.

PADD 1 stocks increased +0.1 million barrels last week. Combined production and imports increased +3,000 bpd on the week, with the level well below the historic range. Supply for the latest 4-wk period was -7,000 bpd below a year ago. Stock levels matched historic lows for the period.



PADD 2 stocks increased +0.2 million barrels last week, with stock levels -3.8 million barrels below the 5-year high for the period. Combined imports and production increased +7,000 bpd last week. The most recent 4-wk stock build of +3 million barrels, was a record for the period.



PAD 3 stocks increased +0.7 million barrels. Supply declined -23,000 bpd on the week, with the 4-wk average +19,000 bpd above last year. Stock levels were below the mid range.

PADDs 4 & 5 stocks increased +0.1 million barrels last week. Stock levels were near historic lows.

Emerging Trends *point toward an immediate rise in seasonal demand, though at a level below the historic range. Very low imports and below average stock levels should lead to price strength on higher seasonal demand.*

[1] Source is latest EIA Weekly Statistics

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PROPANE: Graph Link and Weekly Summary

August 25, 2010

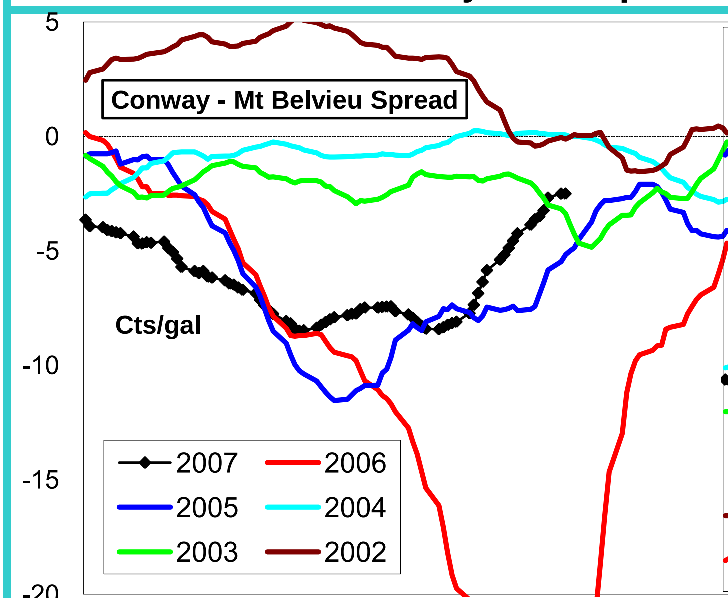
Fundamental Trends for the Week Ending: Friday, August 20, 2010

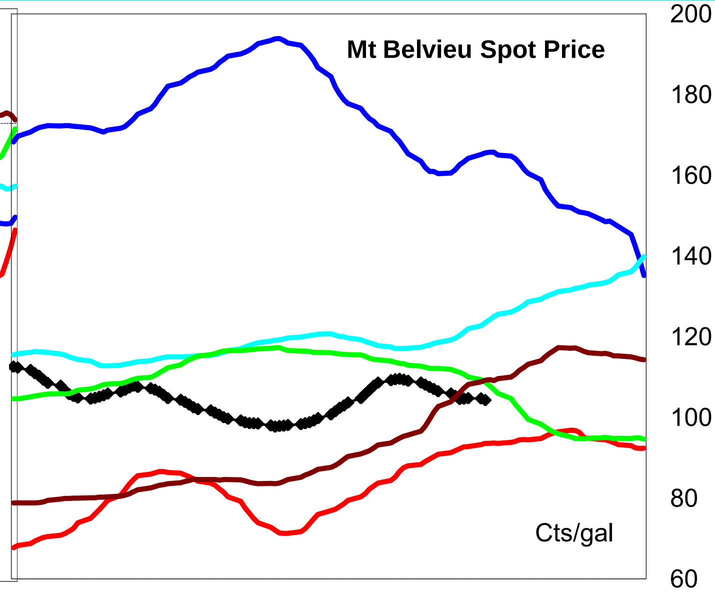
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	60,949	4,301	26,966	27,933	1,749	1,128	124	228	664	112
Propylene Stocks	2,567					1				
Production	1,046	44	261	693	48	-19	-1	3	-14	-7
Imports	65	19	42	0	4	-7	4	-9	0	-2
Whsle Demand	877					152				

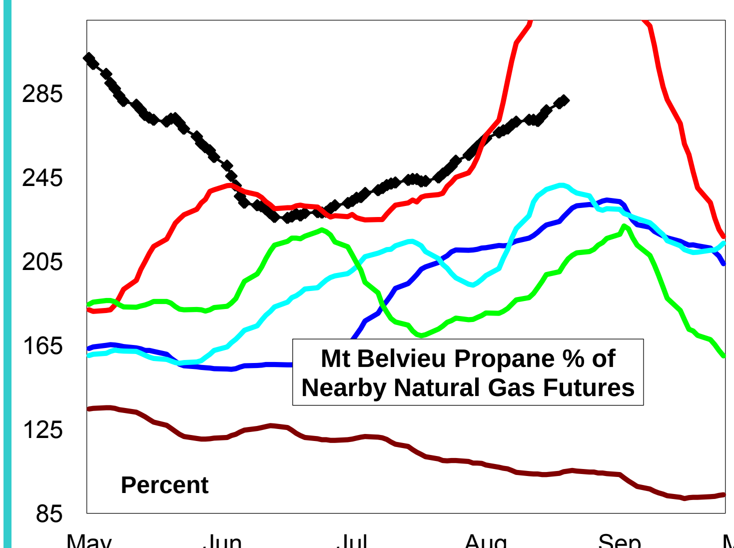
Price Trends for the Week Ending: Tuesday, August 24, 2010

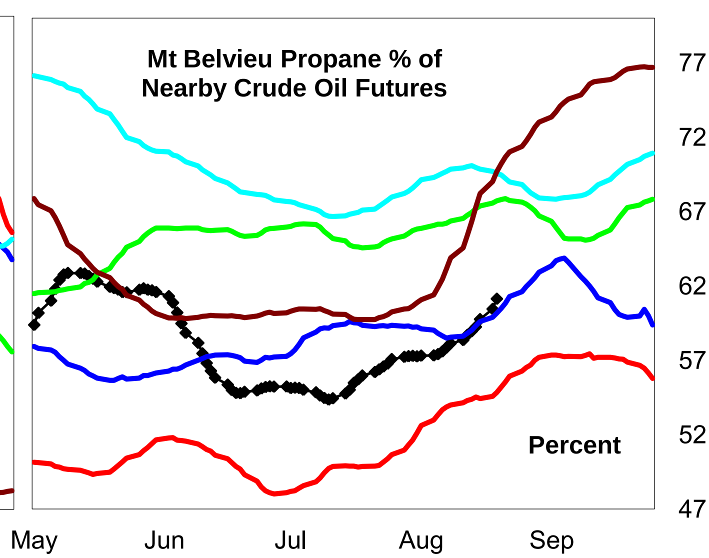
Cents/gal	Average for week ending:				Change from:			% change from:		
	8/24/10	8/17/10	7/27/10	8/14/09	8/17/10	7/27/10	8/14/09	8/17/10	7/27/10	8/14/09
Mont Belvieu Spot	104.7	104.8	104.0	93.8	-0.06	0.76	10.24	-0.1	0.7	10.9
Conway Spot	102.1	100.4	95.8	63.7	1.63	4.67	32.02	1.6	4.9	50.3

Key Price Spreads and Differentials









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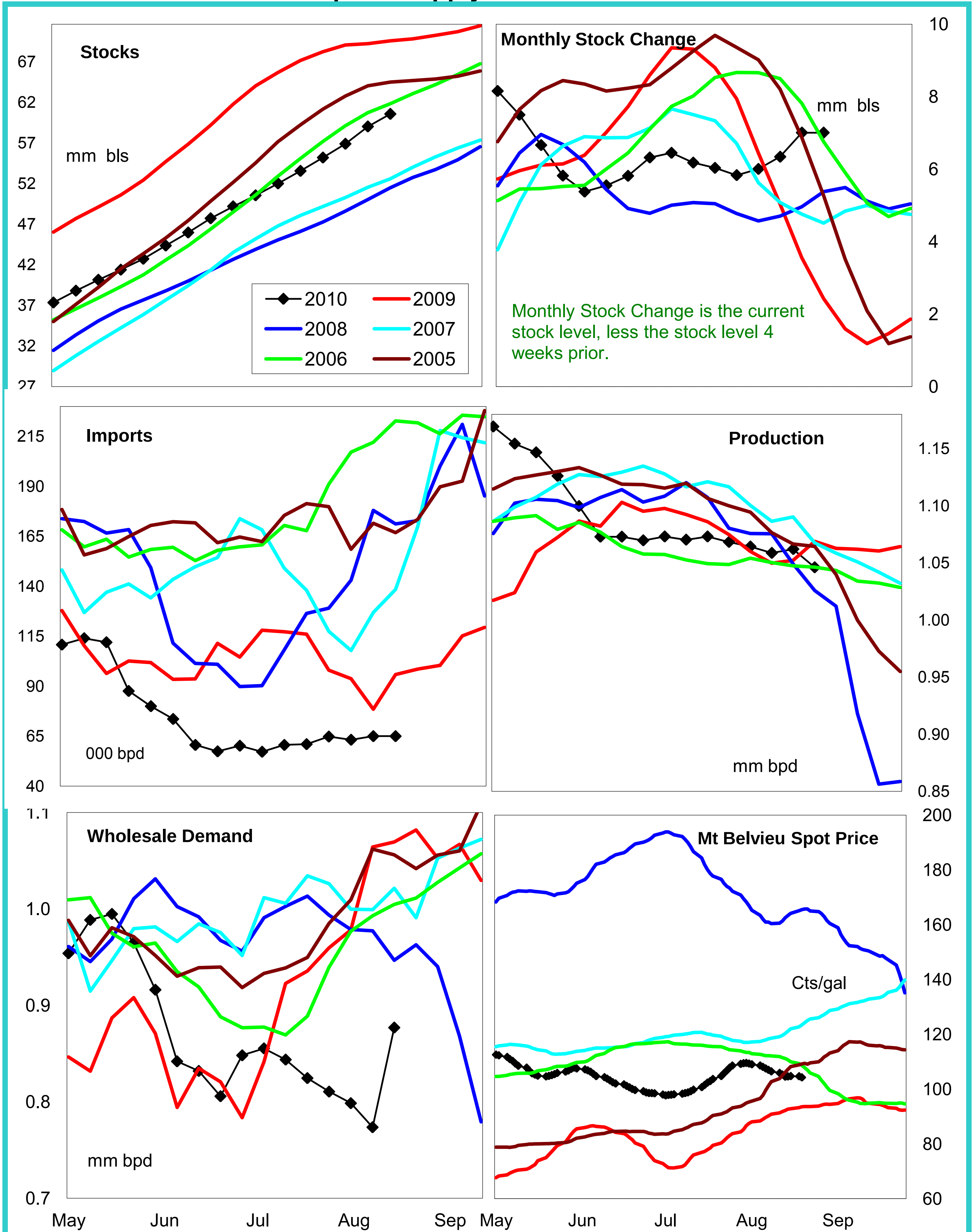
U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Jul	Jun	May
000 bpd (000 bls stks)	-9,709	4,577	15	-10		-233	-83	-13	47
% change	-13.7	188	1.4	-13.0		-23.3	-8.7	-1.5	5.7

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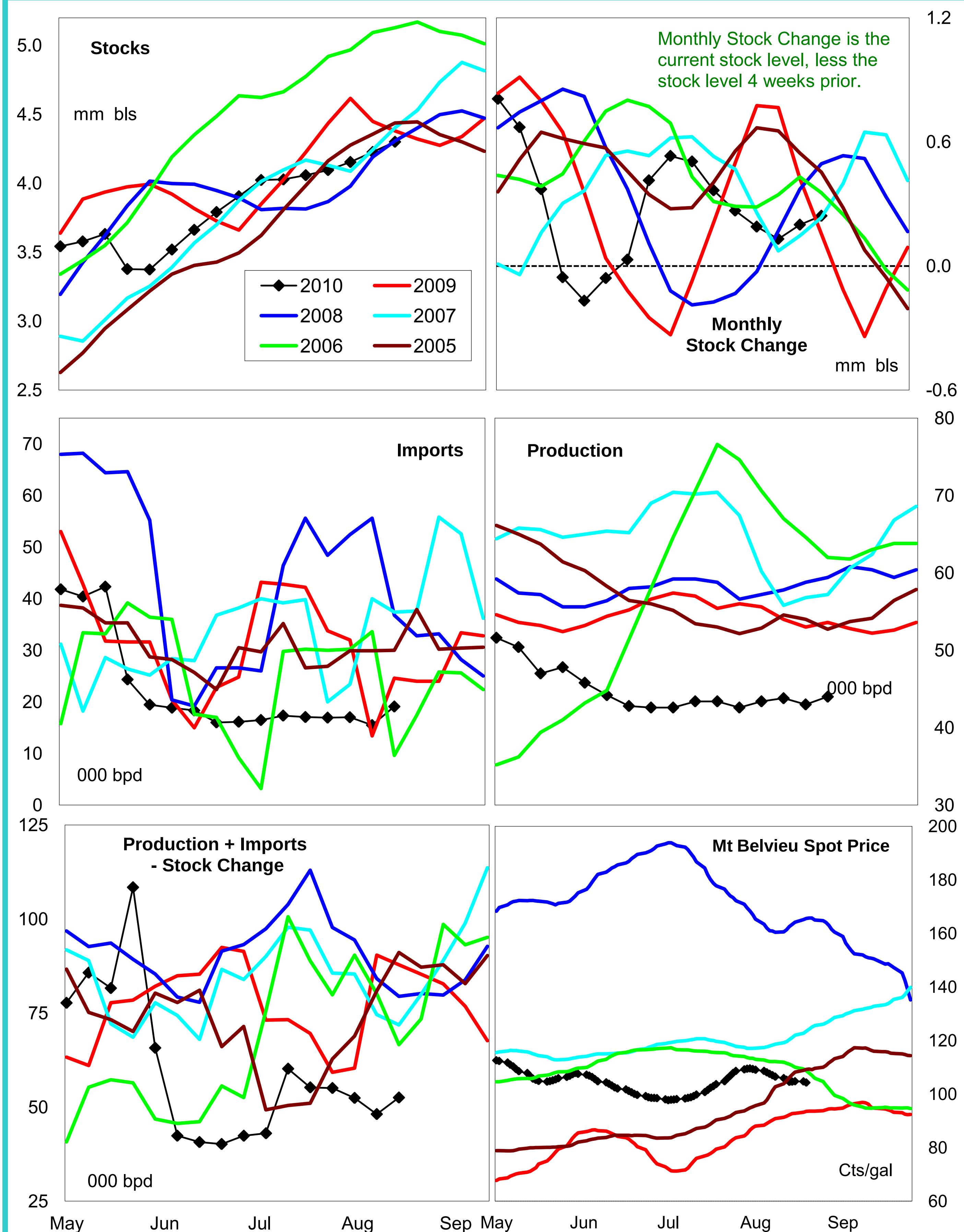
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-112	87	-10	3	-22
% change	-2.5	55.8	-18.3	24.2	-30.1

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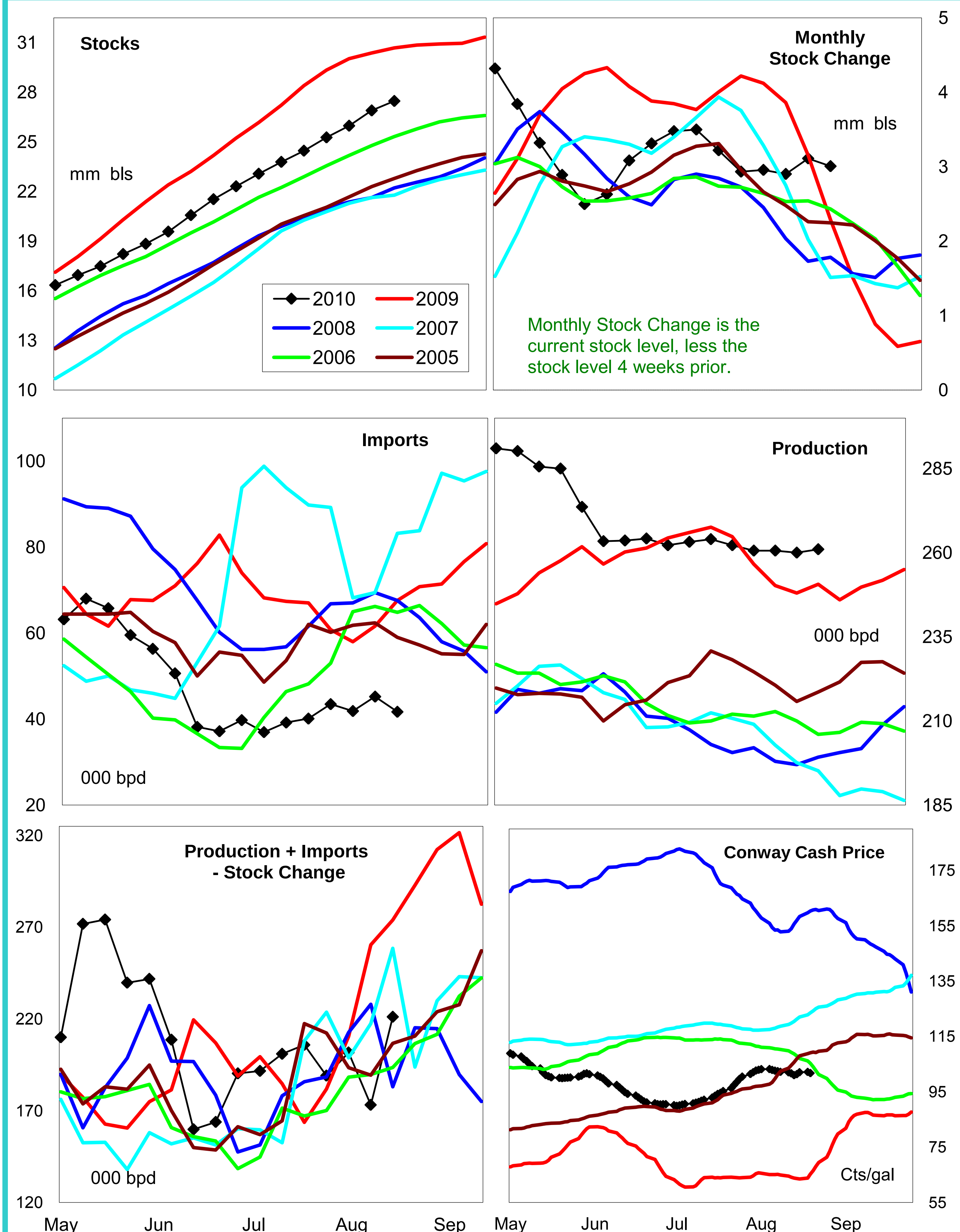
PADD 2 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-3,817	720	16	-14	-35
% change	-12.4	31.5	6.4	-23.9	-15.3

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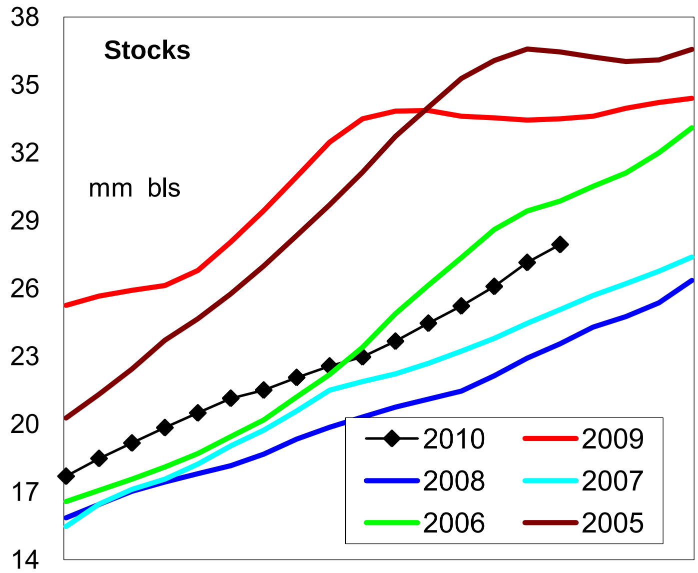
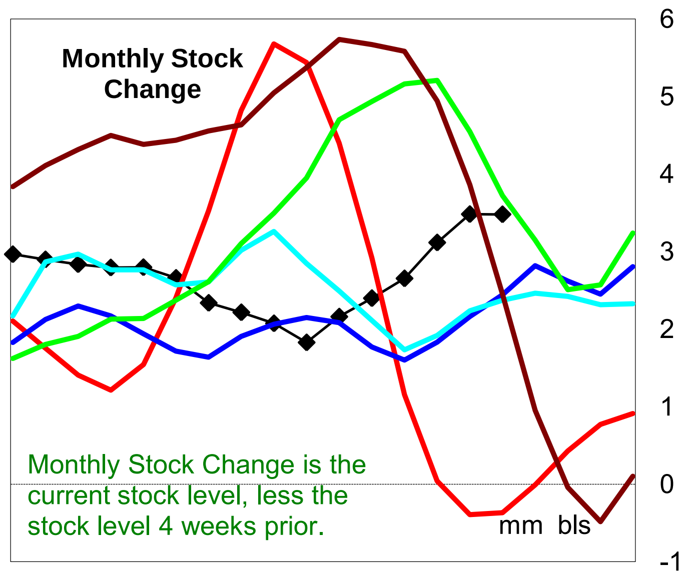
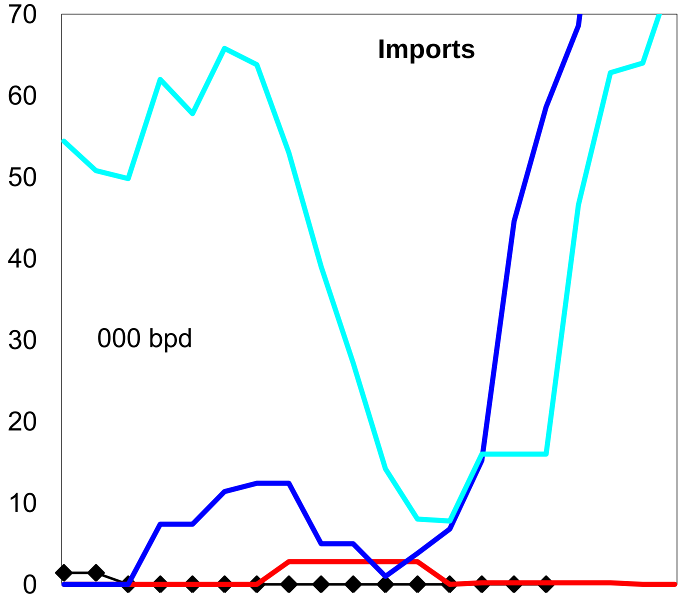
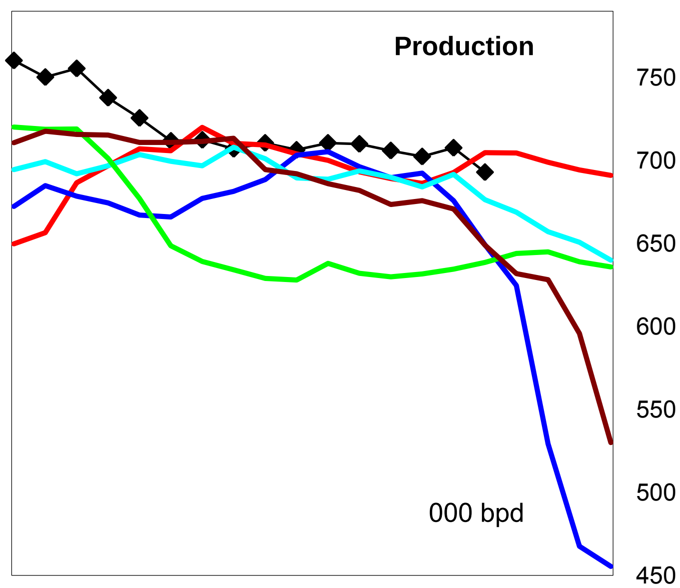
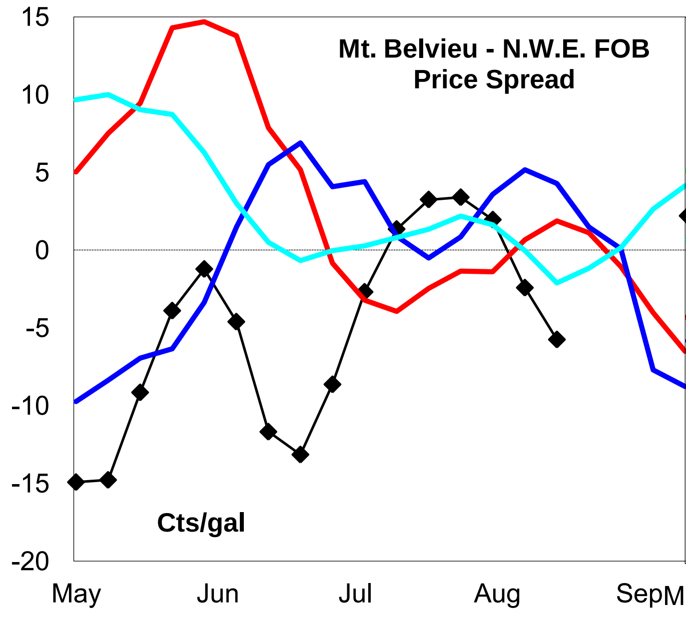
PADD 3 Propane Supply and Demand Balance

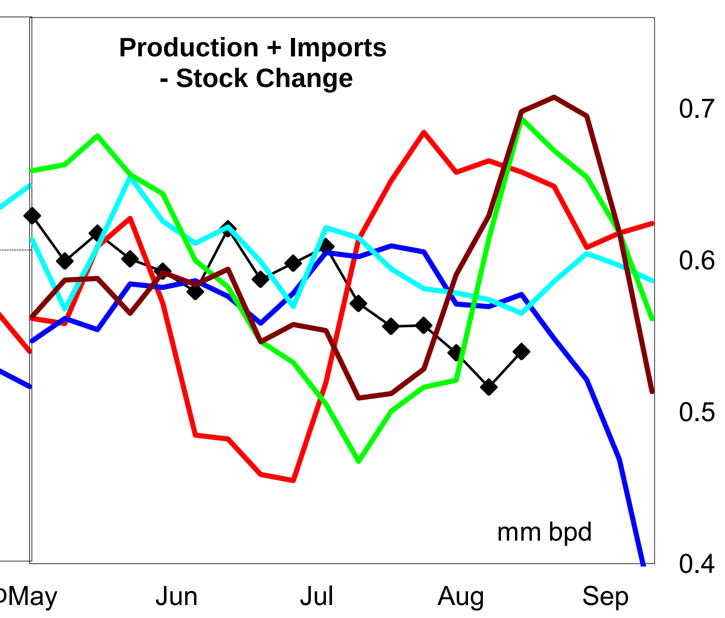












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-5,597	3,846	19	0	-129
% change	-16.7	-1,044.6	2.7	-100.0	-18.2

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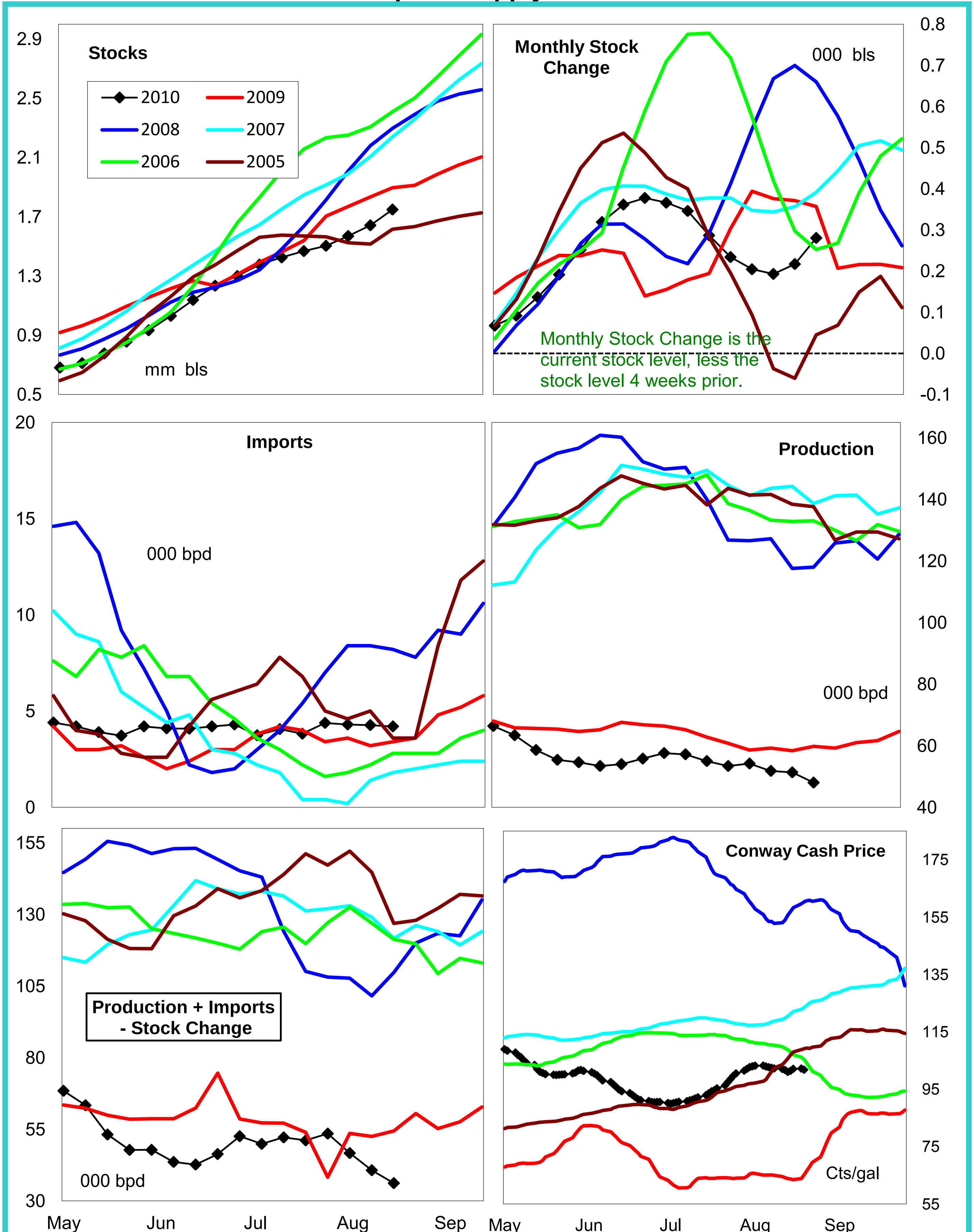
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-183	-76	-10	1	-5
% change	-9.5	-21.4	-16.7	49.2	-10.9

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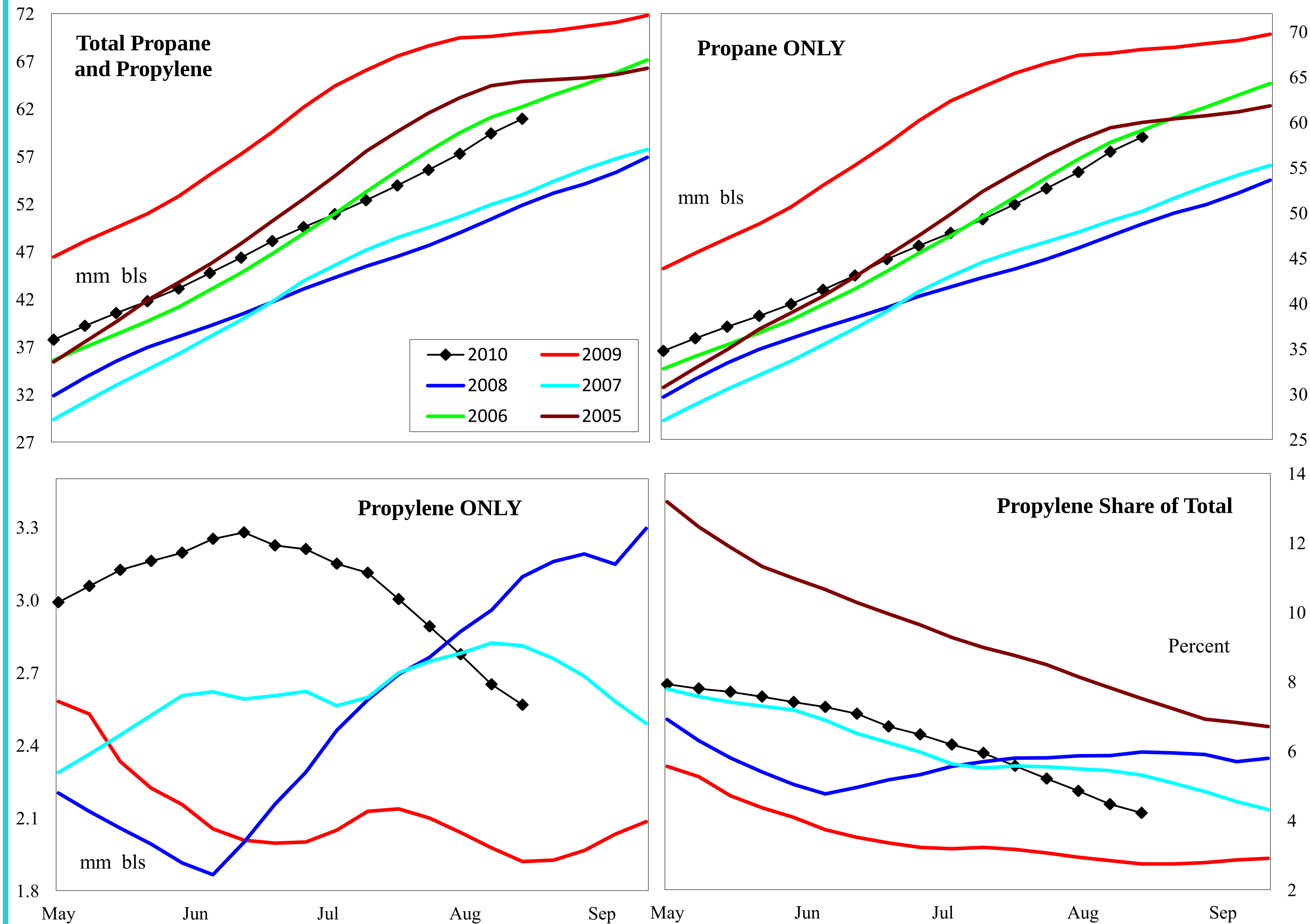
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-9,709	-10,490	647
% change	-13.7	-15.2	33.7

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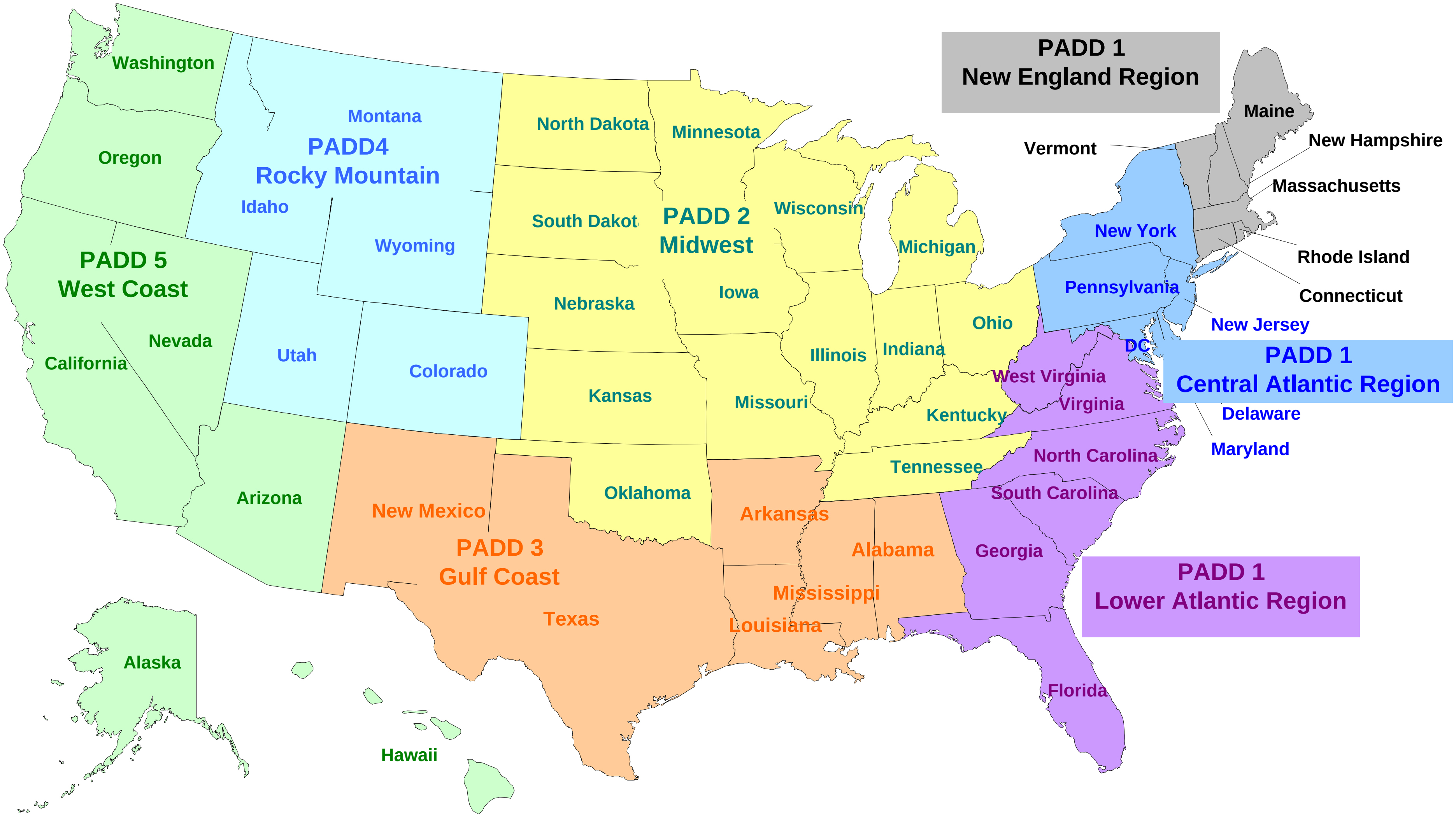
U. S. Petroleum Administrative for Defense Districts (PADDs)



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