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, September 15, 2010

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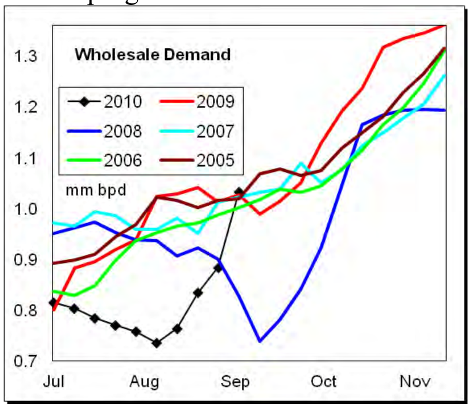
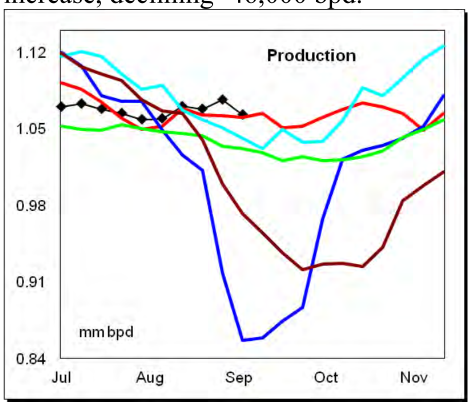
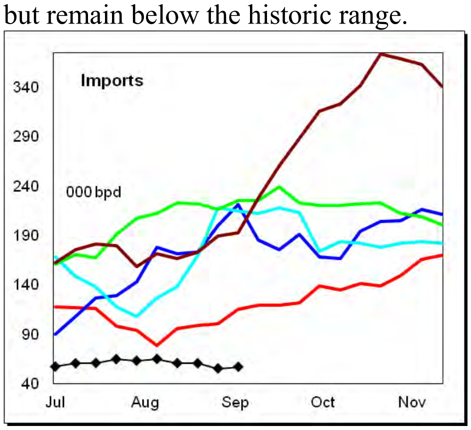
Summary[1]: Wholesale demand increased +201,000 bpd last week. With this increase, the weekly level has returned to the historic mid range as the downstream distribution chain and end users began fall fill programs.



Production reversed the prior week increase, declining -46,000 bpd.

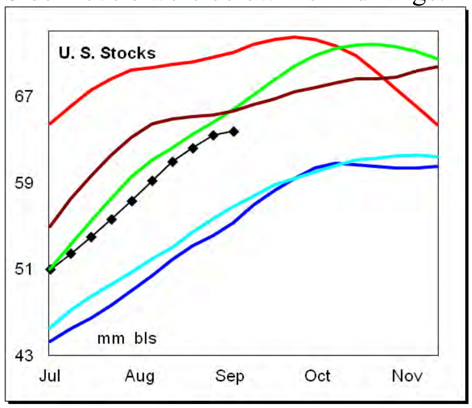


Imports increased +6,000 bpd last week, but remain below the historic range.

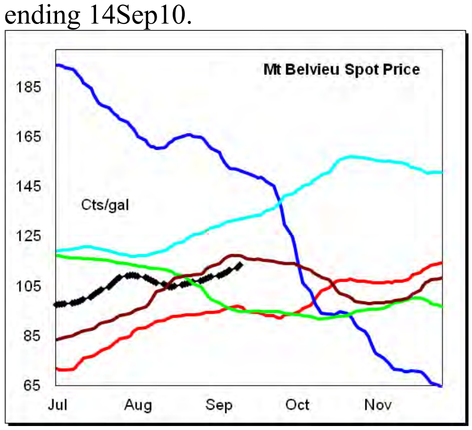


Combined production and imports during the latest 4-wk period were -48,000 bpd below a year ago. Production was unchanged from last year while imports were -48,000 bpd lower. The latest 4-wk average demand was -186,000 bpd below last year.

Stocks decreased -0.2 million barrels on the week. The latest 4-wk stock change was a build of +4.7 million barrels, matching the 5-year mid range. Stock levels were below the mid range.



Price and Spreads Mt Belvieu prices increased +5 cts/gal while Conway increased +6.5 cts/gal for the week ending 14Sep10.

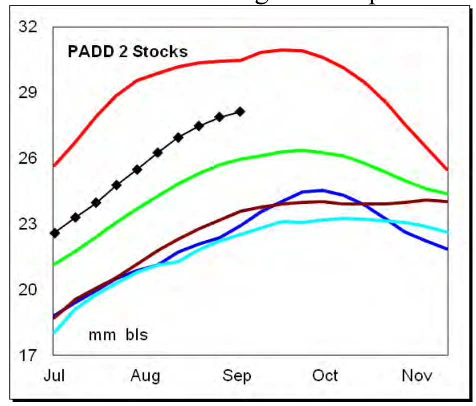


The Conway – Mt Belvieu price spread trended higher last week ending 14Aug10. The spread ended the week at the 5-year mid range.

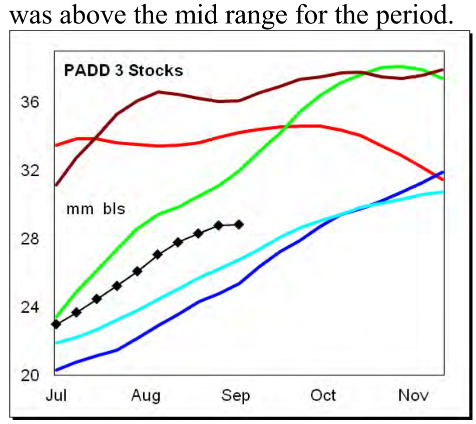
The propane to natural gas price spread traded sideways on the week. The spread matched the 5-year high set last year.

The propane / crude oil price spread trended higher last week. The level ended the week below the mid range.

PADD 1 stocks declined -0.5 million barrels last week, reversing 1/2 of the previous week spike. Combined production and imports decreased -4,000 bpd on the week, with the level below the historic range. Supply for the latest 4-wk period was -18,000 bpd below a year ago. Stock levels were at the upper end of the historic range for the period.



PADD 2 stocks increased +0.5 million barrels last week, with stock levels -2.3 million barrels below the 5-year high for the period. Combined imports and production were nearly unchanged from the previous week. The most recent 4-wk stock build of +1.8 million barrels, was above the mid range for the period.



PAD 3 stocks decreased -0.2 million barrels. Supply declined -37,000 bpd on the week, with the 4-wk average +5,000 bpd above last year. Stock levels were well below the mid range.

PADDs 4 & 5 stocks were unchanged on the week. Stock levels were near historic lows.

Emerging Trends *show the expected seasonal uptrend in demand underway. Stock levels are below the mid range on very low imports, partially offset by high production Based on these fundamental trends expect modest price strength.*

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

September 15, 2010

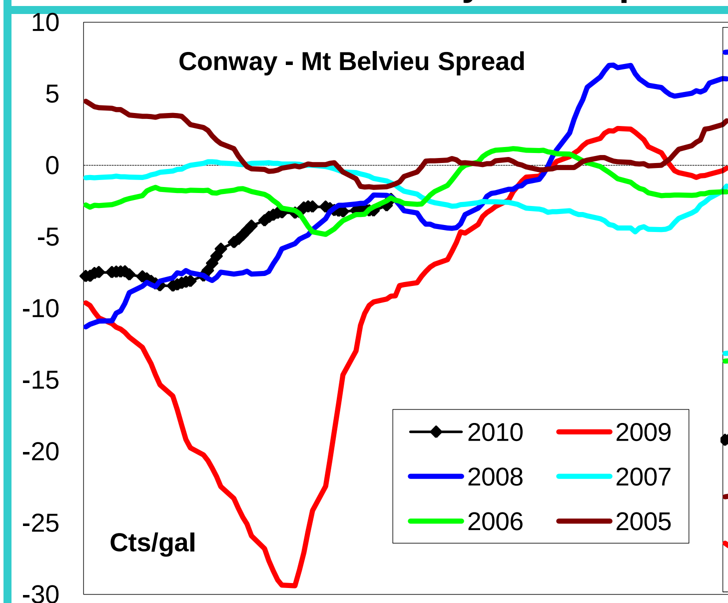
Fundamental Trends for the Week Ending: Friday, September 10, 2010

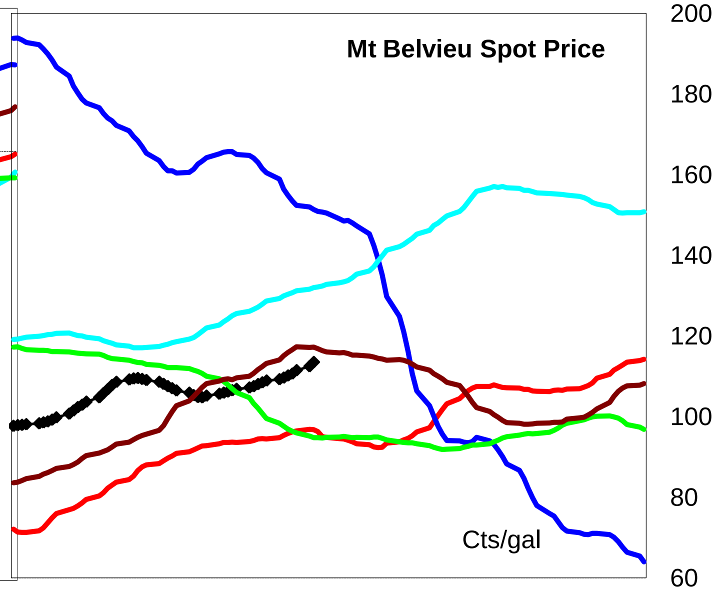
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	63,736	4,929	28,122	28,831	1,854	-234	-544	500	-232	42
Propylene Stocks	2,458					10				
Production	1,063	42	256	709	56	-46	-7	-3	-37	1
Imports	57	16	33	0	8	6	3	2	0	2
Whsle Demand	1,073					201				

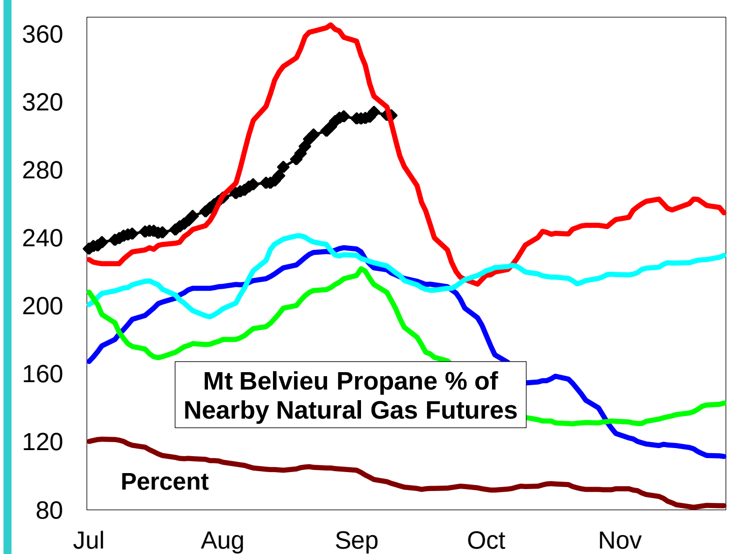
Price Trends for the Week Ending: Tuesday, September 14, 2010

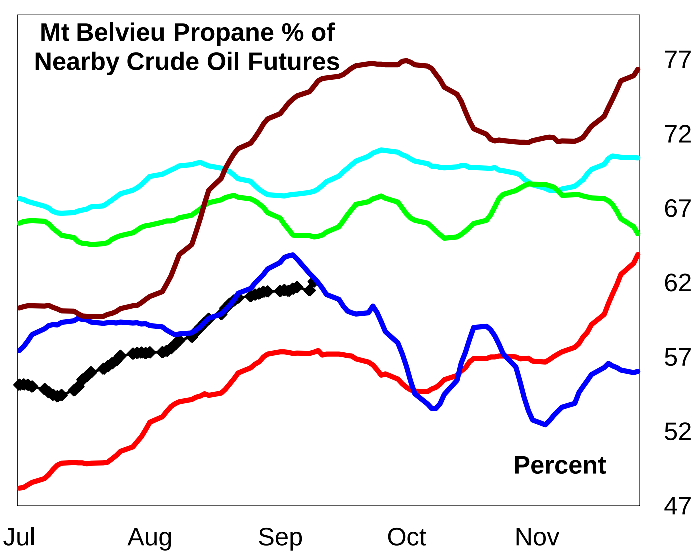
Cents/gal	Average for week ending:				Change from:			% change from:		
	9/14/10	9/7/10	8/16/10	9/3/09	9/7/10	8/16/10	9/3/09	9/7/10	8/16/10	9/3/09
Mont Belvieu Spot	111.5	108.4	104.8	96.0	3.06	3.61	8.75	2.8	3.4	9.1
Conway Spot	108.3	105.7	100.4	87.3	2.58	5.30	13.11	2.4	5.3	15.0

Key Price Spreads and Differentials









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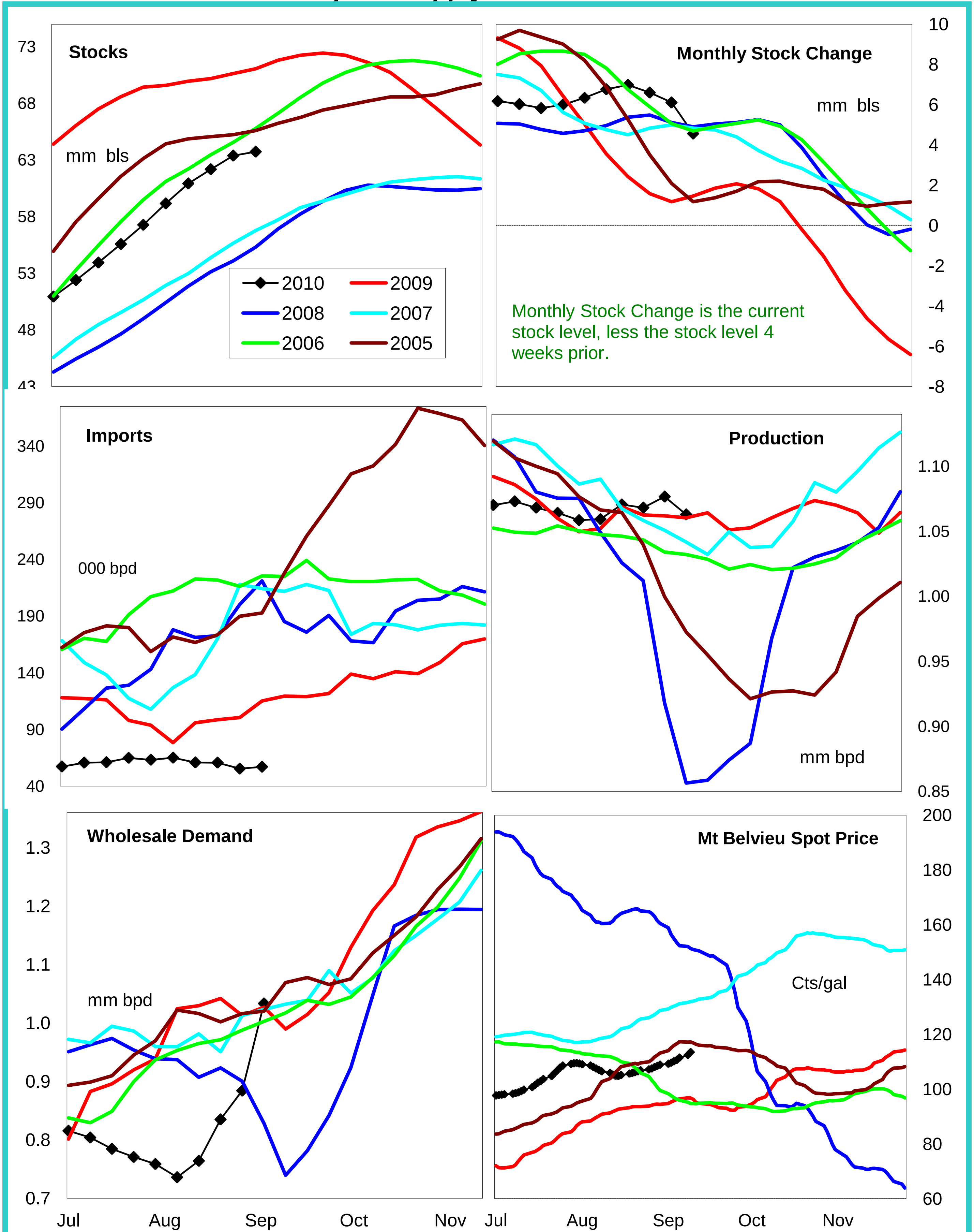
U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Aug	Jul	Jun
000 bpd (000 bls stks)	-6,935	3,103	0	-48		-186	-187	-83	-13
% change	-9.8	212	0.0	-45.4		-16.9	-18.5	-8.7	-1.5

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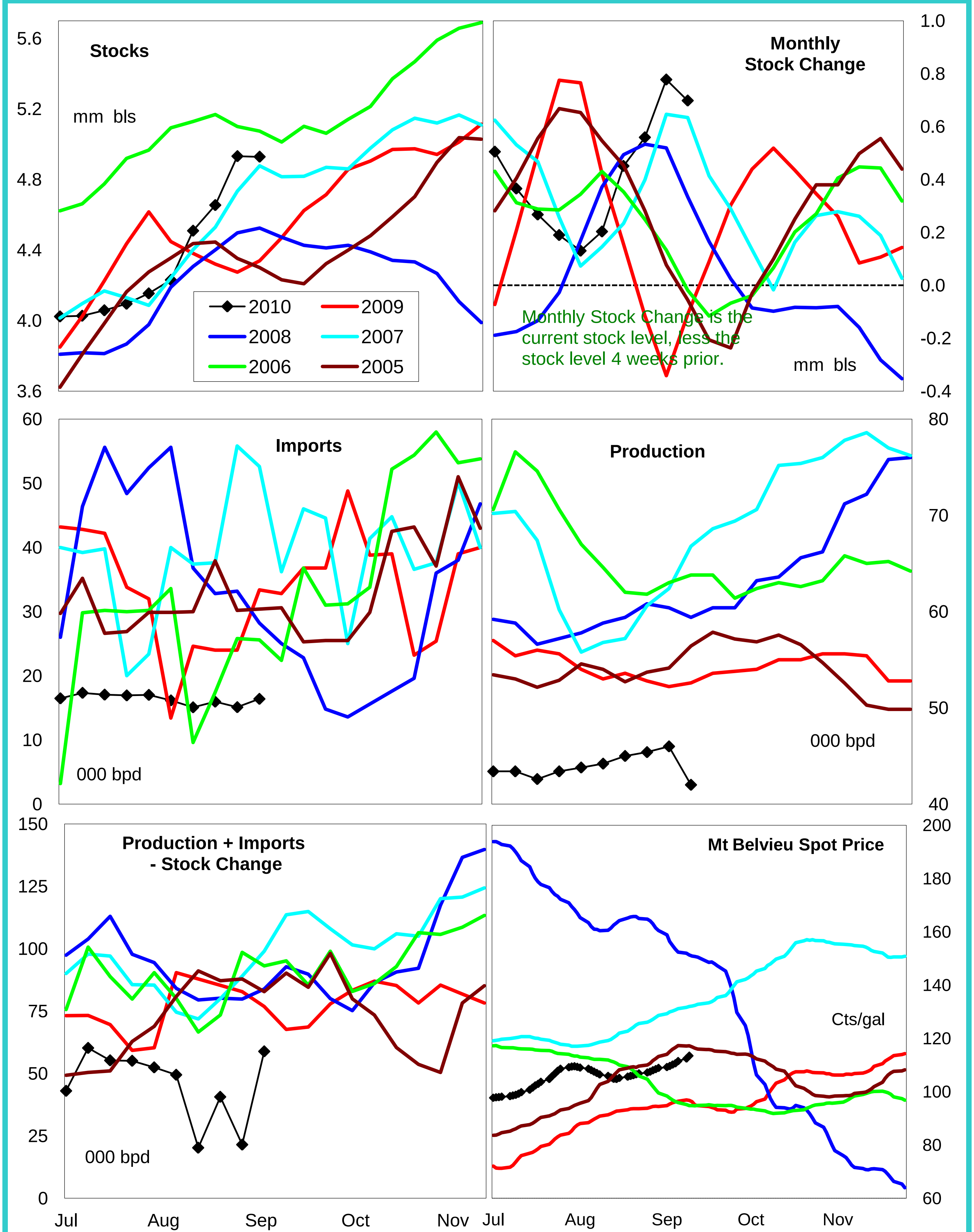
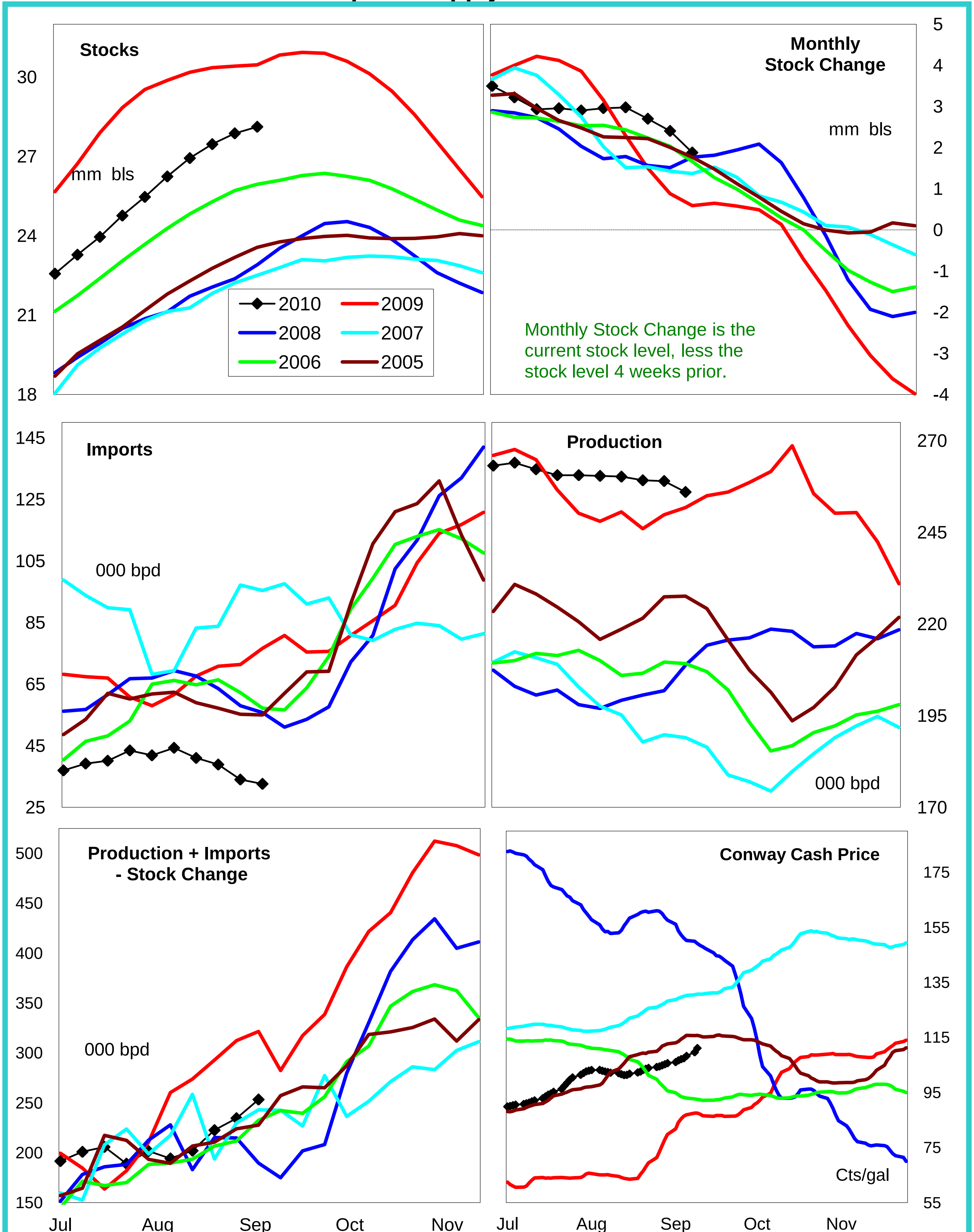
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	527	807	-7	-11	-48
% change	12.0	-740.6	-12.9	-40.4	-57.6

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)	-2,335	1,290	10	-39	-72
% change	-7.7	219.4	3.9	-51.8	-24.0

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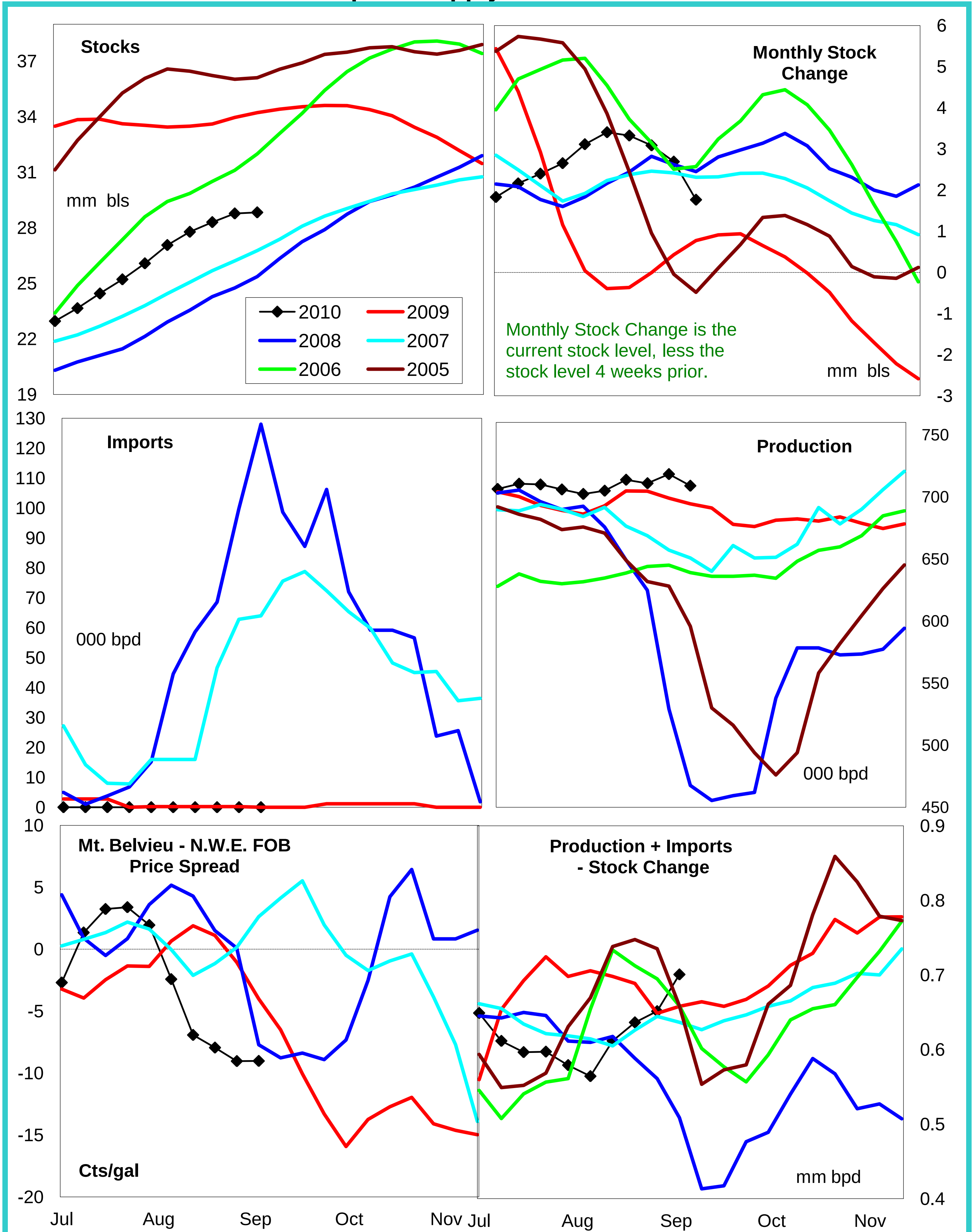
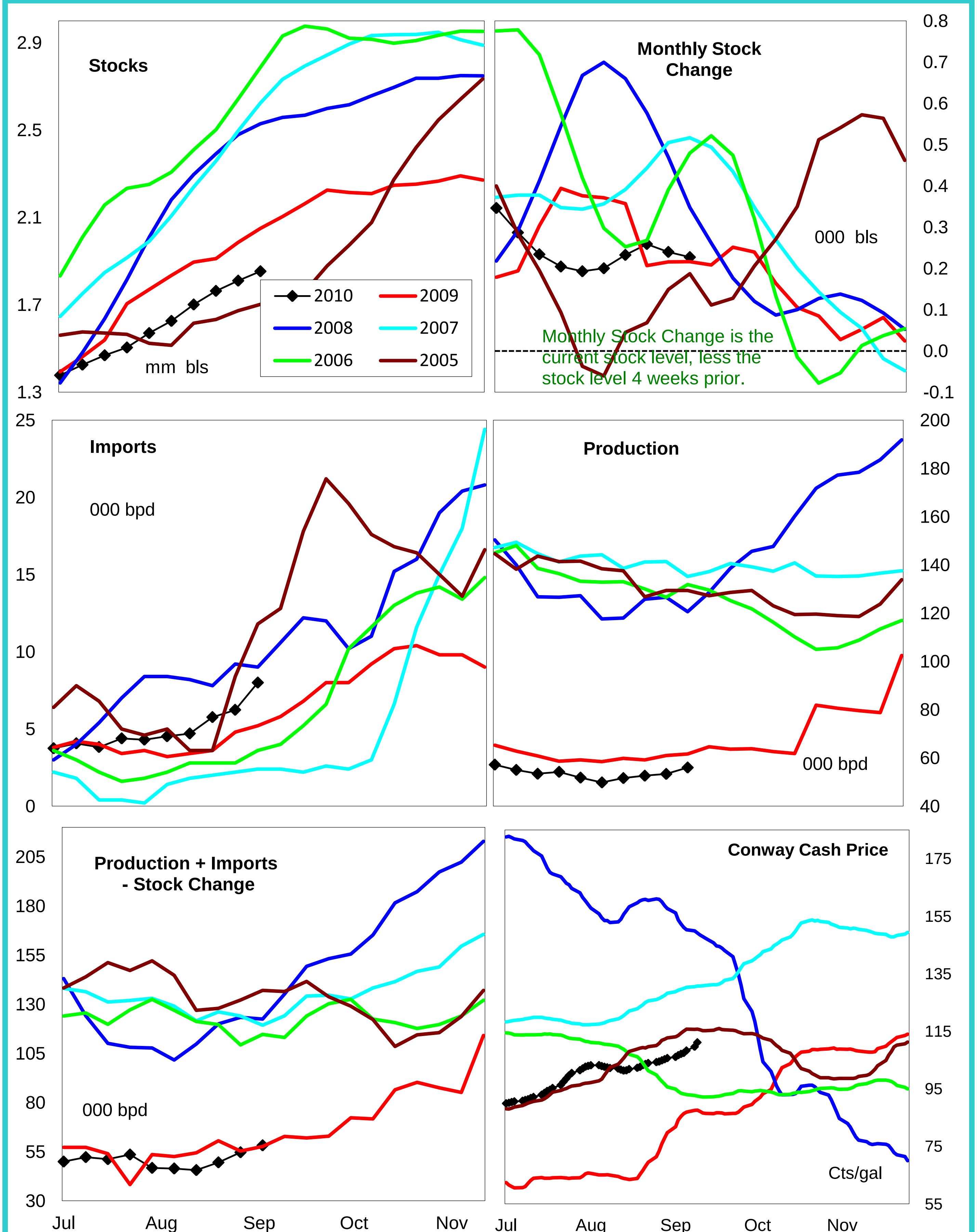
PADD 3 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-5,137	993	5	0	-23
% change	-15.1	128.9	0.7	-100.0	-3.5

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)	9	11	-8	2	-5
% change	0.5	5.0	-13.0	43.1	-8.7

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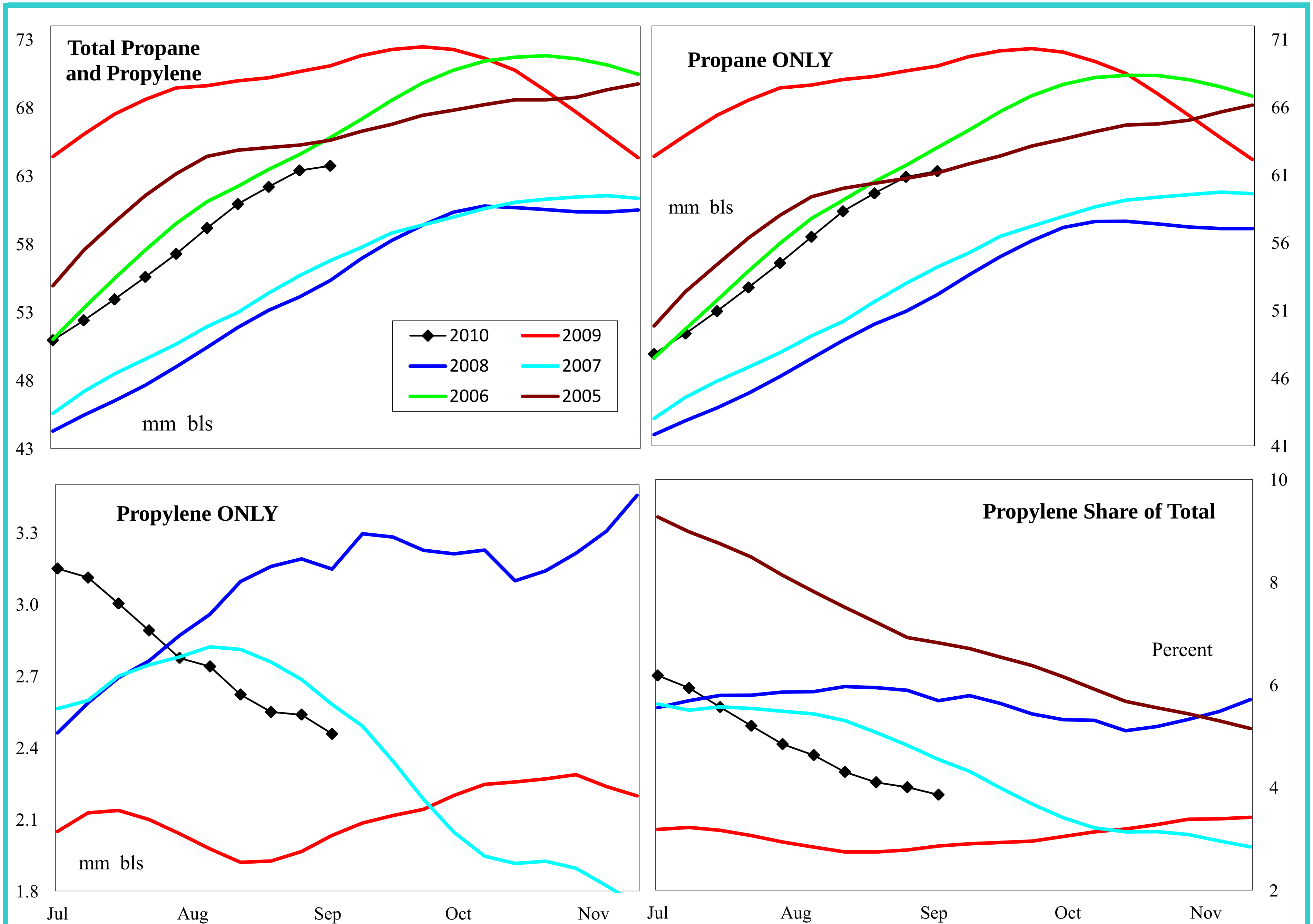
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-6,935	-7,380	425
% change	-9.8	-10.7	20.9

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