FUNDAMENTAL PETROLEUM TRENDS

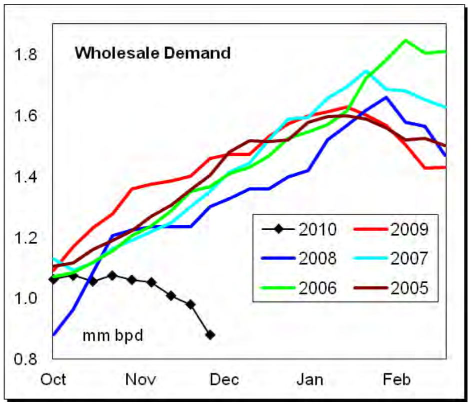
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

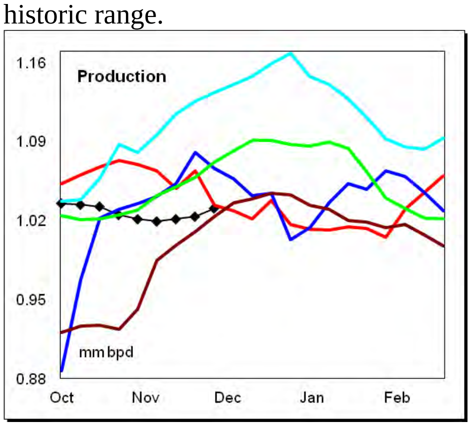
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, December 01, 2010

Table of Contents

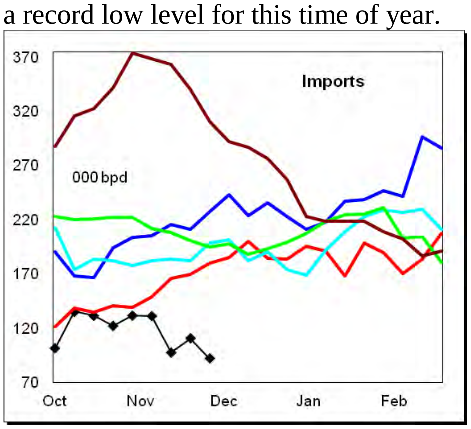
Summary[1]: Wholesale demand fell -250,000 bpd last week, an exceptionally low level.



Production decreased -3,000 bpd on the week, with the level at the low end of the historic range.

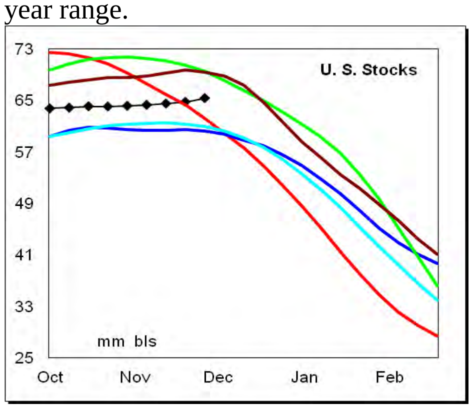


Imports decreased -7,000 bpd last week, a record low level for this time of year.

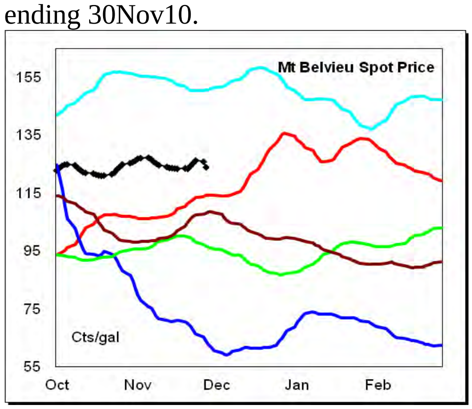


Combined production and imports during the latest 4-wk period were -103,000 bpd below a year ago. Production was -26,000 bpd below last year, and near historic lows while imports were off -77,000 bpd. The latest 4-wk average demand was -395,000 bpd below last year, a -28% drop.

Stocks increased +1.1 million barrels this week, lifting the 4-wk change to a record build for the period. The U.S. stock level is now above the 5-year range.



Price and Spreads Mt Belvieu spot prices increased +0.5 cts/gal and Conway increased +3 cts/gal lower for the week ending 30Nov10.



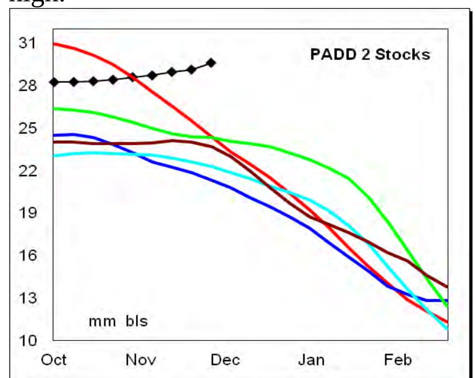
The Conway – Mt Belvieu price spread increased last week ending 30Nov10. The spread ended the week below the historic range.

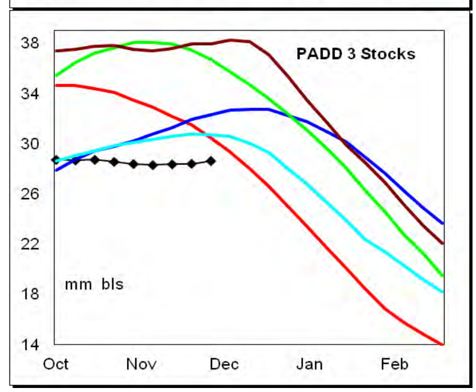
The propane to natural gas price spread traded sideways last week. The spread remains well above the historic range.

The propane / crude oil price spread trended lower late in the week, ending below four of the last 5-years.

PADD 1 stocks decreased -0.1 million barrels on lower imports. Combined production and imports decreased -2,000 bpd, with both production and imports well below the historic range. Supply for the latest 4-wk period was -18,000 bpd below last year. Stock levels were above the 5-year mid range.

PADD 2 stocks jumped +0.9 million barrels last week, lifting the 4-wk change to a record build for the period. Production matched the 5-year high for this time of year while imports were a record low. Stock levels are now +5.2 million barrels above the prior 5-year high.





PAD 3 stocks increased +0.4 million barrels on the week. Production was unchanged on the week, at a level near historic highs. Stock levels were -2.1 million barrels below the previous 5-year low for the period.

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

Emerging Trends *show exceptionally weak demand, -25% below the prior 5-year lows. Substitution of natural gas for propane, and moderately below normal heating degree days underlie the weakness. Higher heating degree days may not support prices with very ample supplies that have forced imports to record low levels.*

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

December 1, 2010

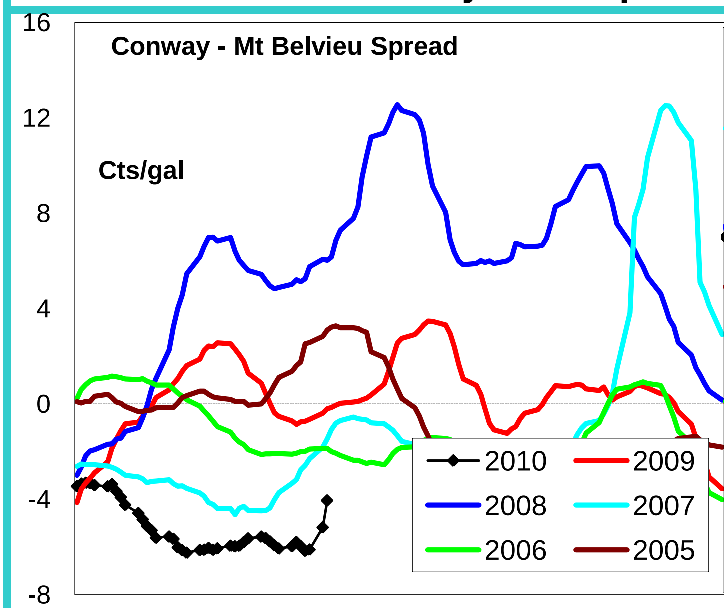
Fundamental Trends for the Week Ending: Friday, November 26, 2010

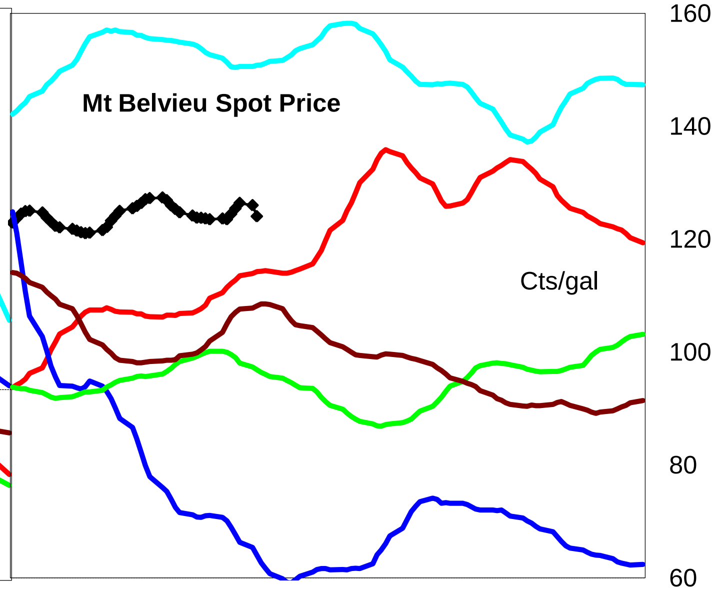
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	65,375	5,214	29,591	28,616	1,954	1,141	-83	915	354	-45
Propylene Stocks	1,956					-134				
Production	1,031	34	238	706	53	-3	-5	0	-2	4
Imports	92	29	51	0	11	-7	3	-9	0	-1
Whsle Demand	879					-250				

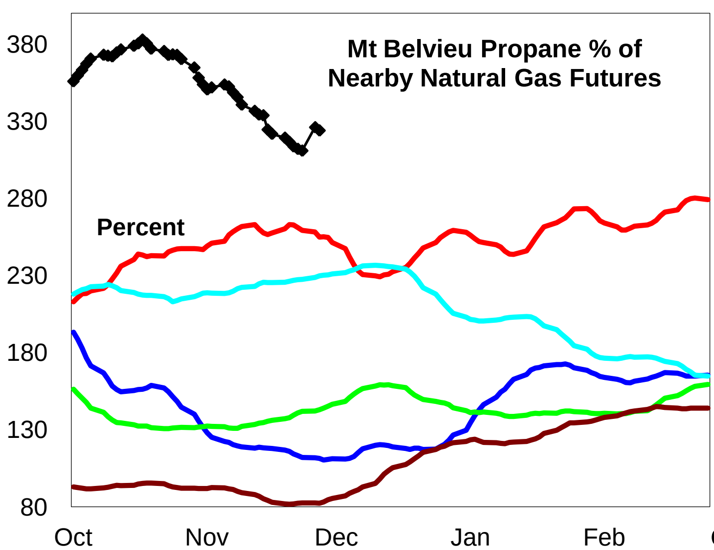
Price Trends for the Week Ending: Tuesday, October 26, 2010

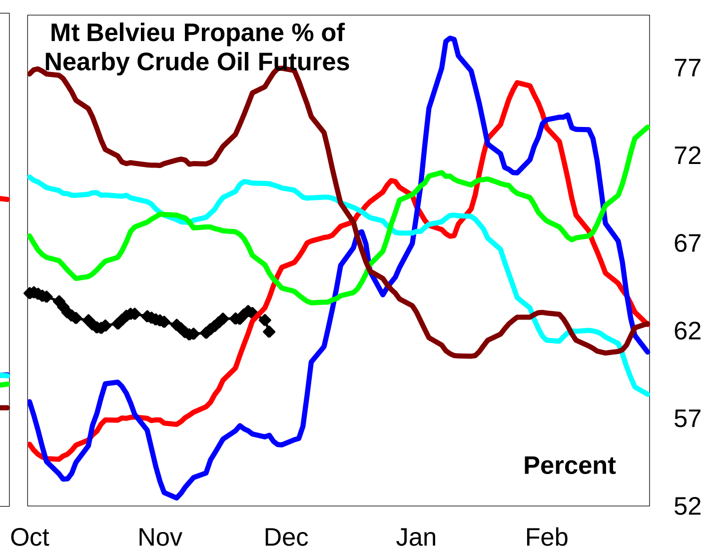
Cents/gal	Average for week ending:				Change from:			% change from:		
	10/26/10	10/19/10	9/28/10	10/16/09	10/19/10	9/28/10	10/16/09	10/19/10	9/28/10	10/16/09
Mont Belvieu Spot	126.4	121.1	124.5	114.5	5.28	-3.35	9.96	4.4	-2.7	8.7
Conway Spot	120.3	115.4	118.9	113.9	4.89	-3.45	4.96	4.2	-2.9	4.4

Key Price Spreads and Differentials

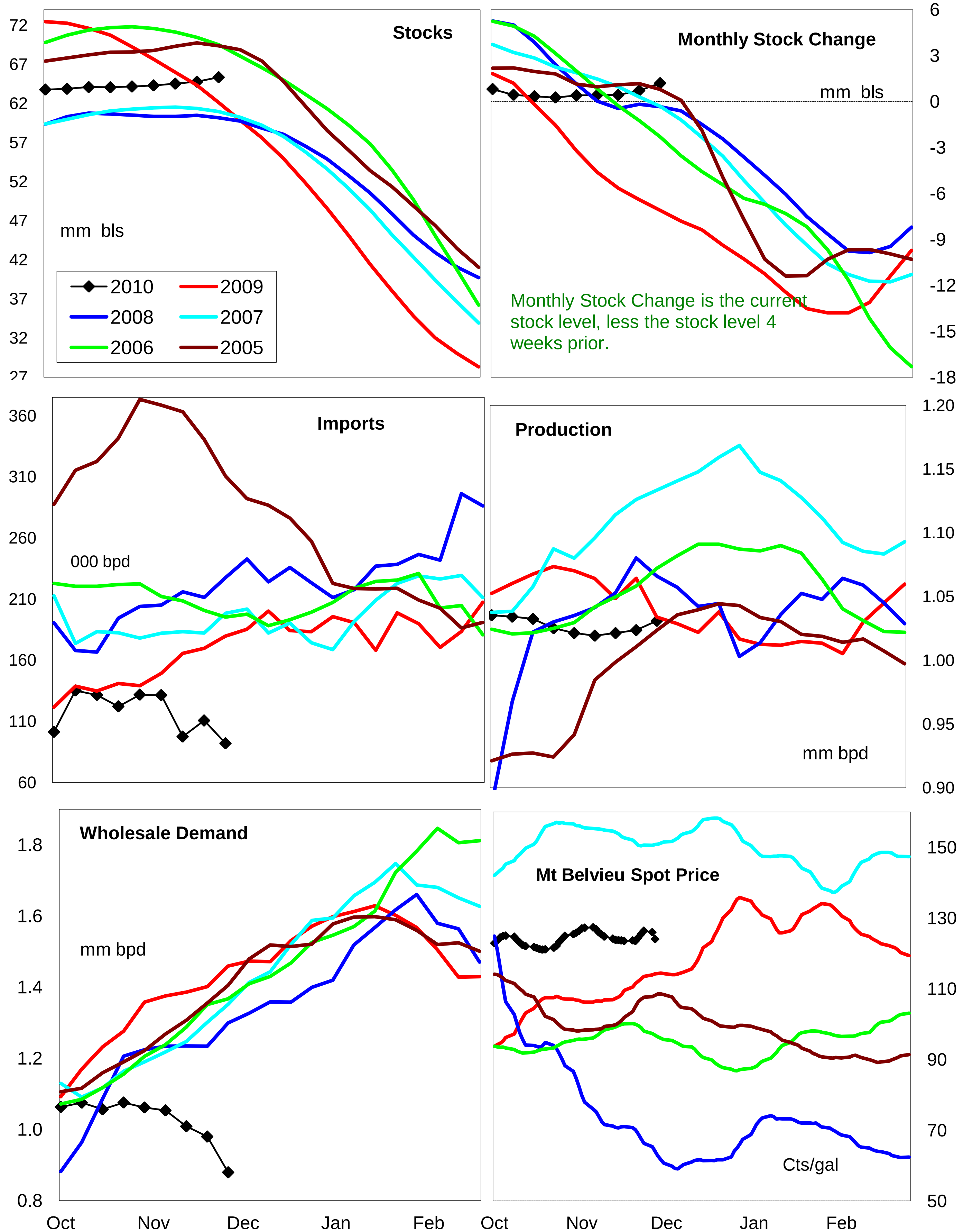








U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Oct	Sep	Aug
000 bpd (000 bls stks)	2,664	8,296	-26	-77		-395	-125	46	-187
% change	4.2	-117	-2.4	-43.5		-28.2	-10.3	4.6	-18.5

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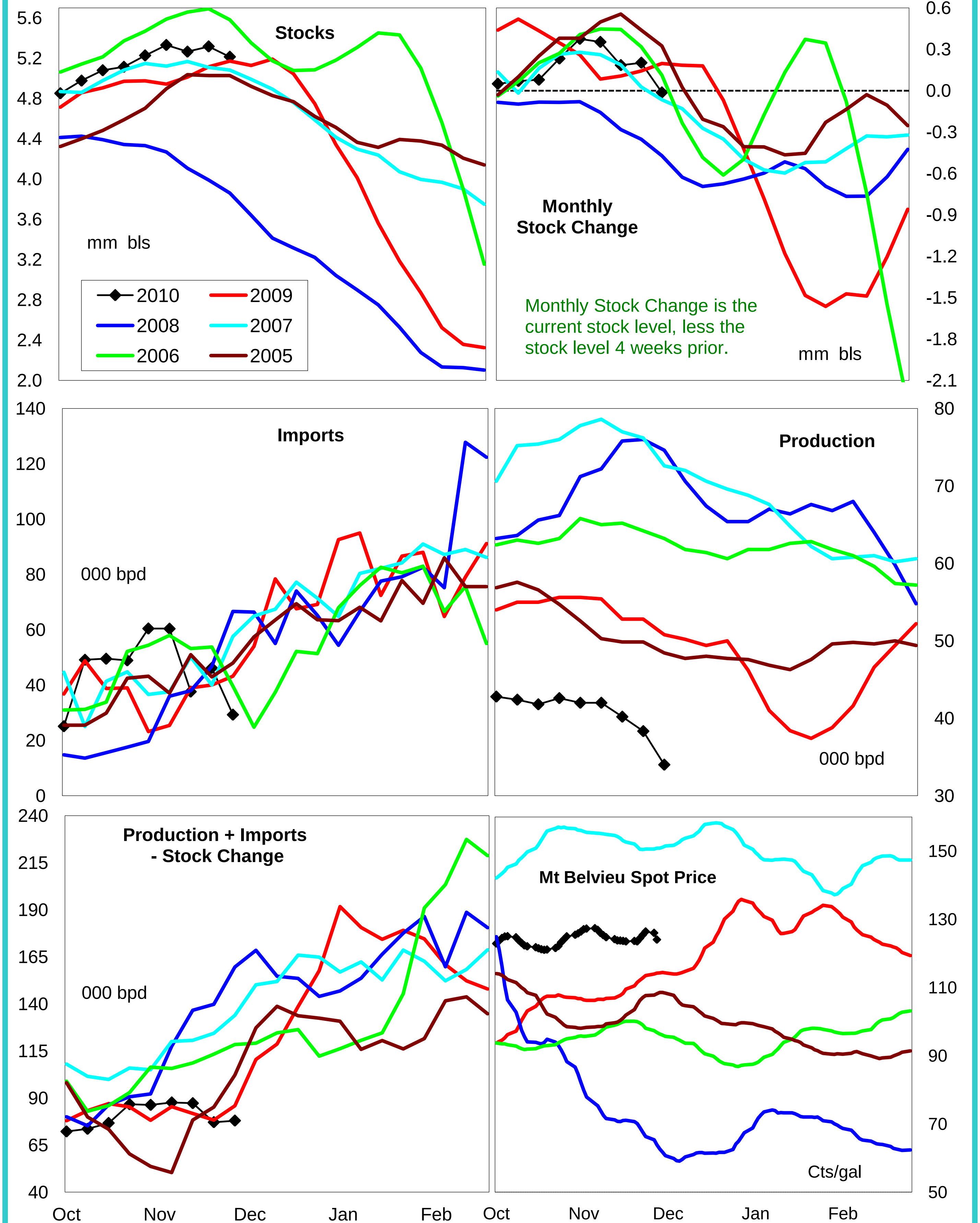
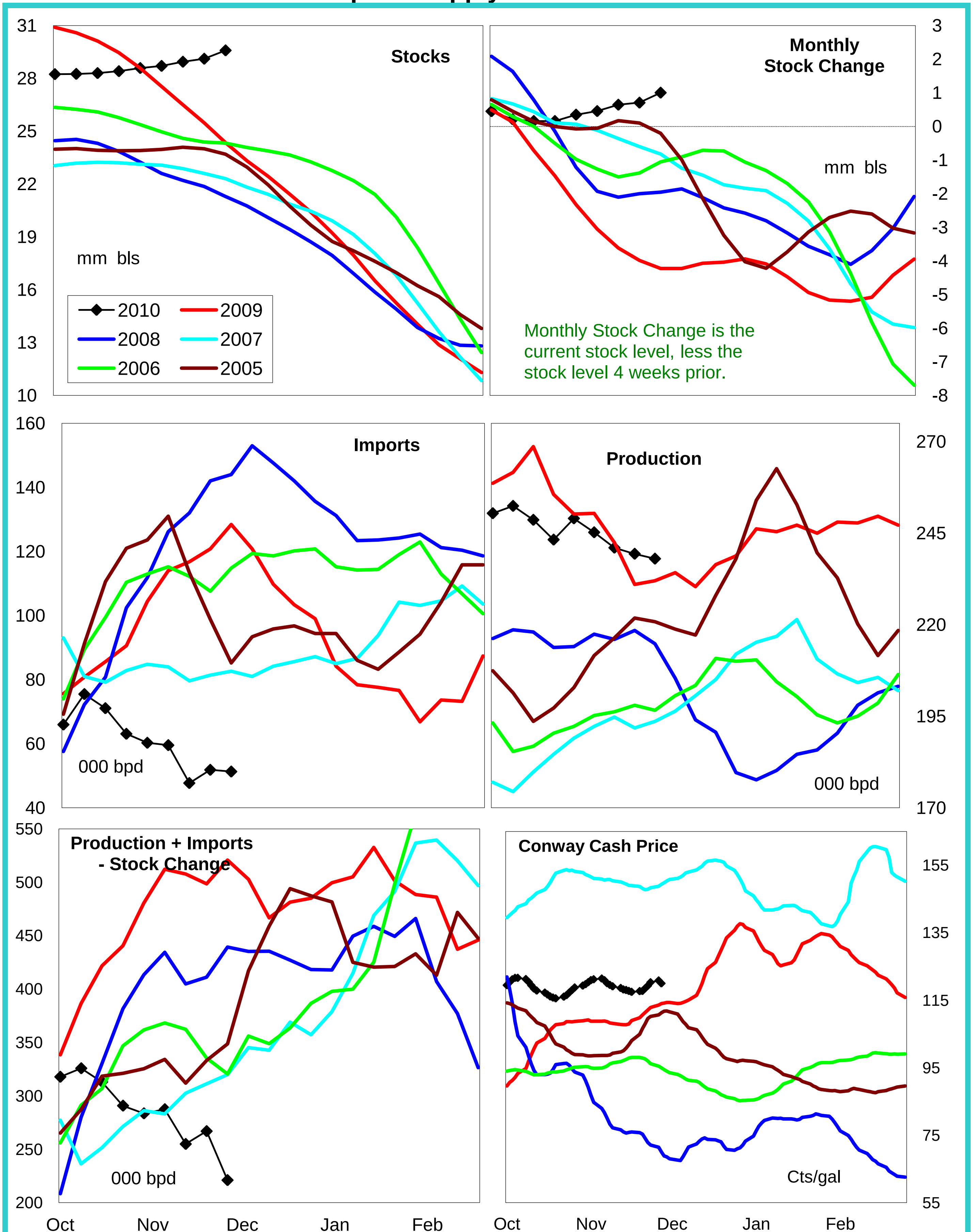
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-207	-210	-13	-5	0
% change	-3.8	-106.7	-23.7	-10.6	-0.4

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)	5,266	5,230	6	-75	-252
% change	21.6	-123.8	2.4	-61.5	-49.5

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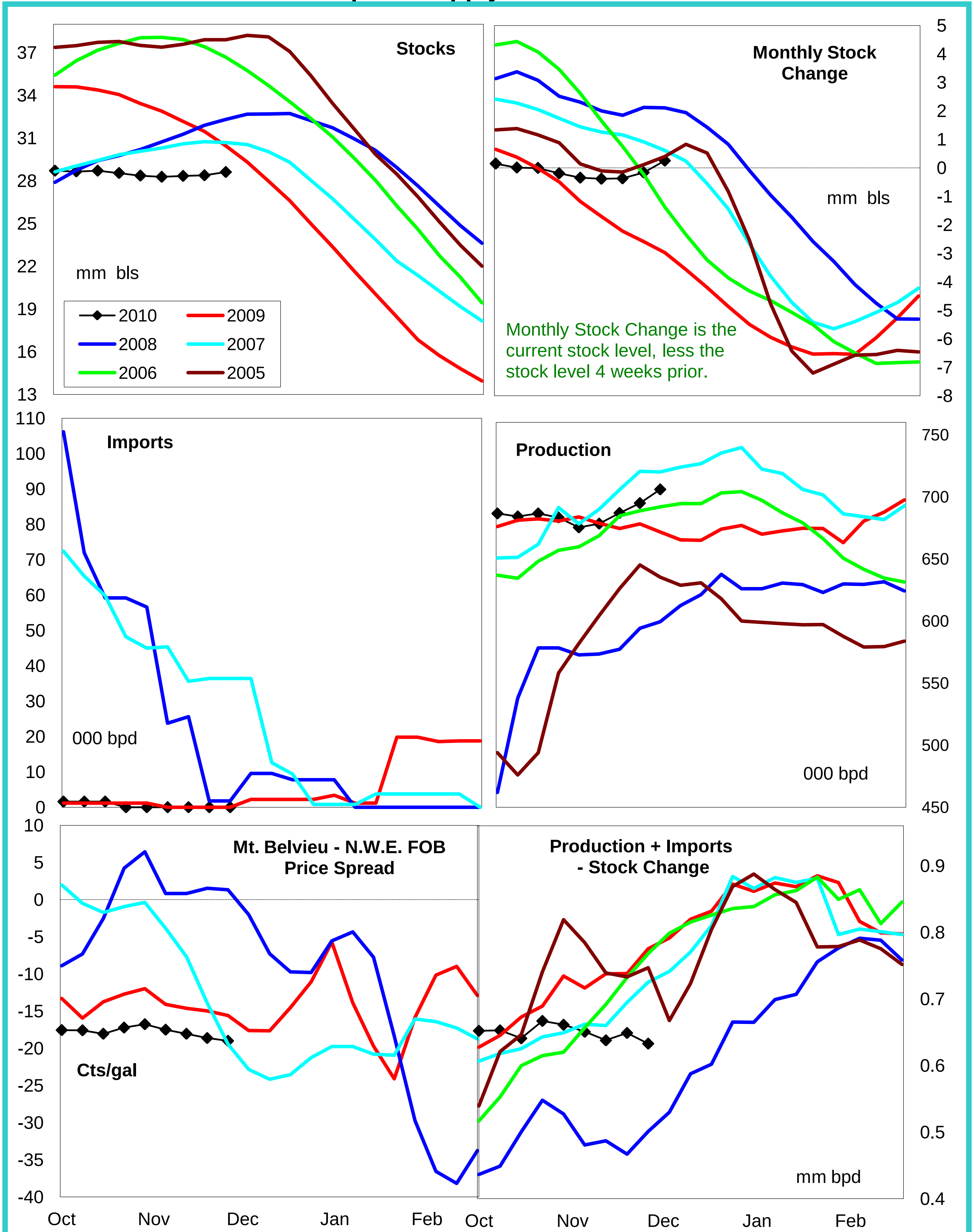
PADD 3 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-2,077	3,220	13	0	-99
% change	-6.8	-108.5	1.9	#DIV/0!	-12.7

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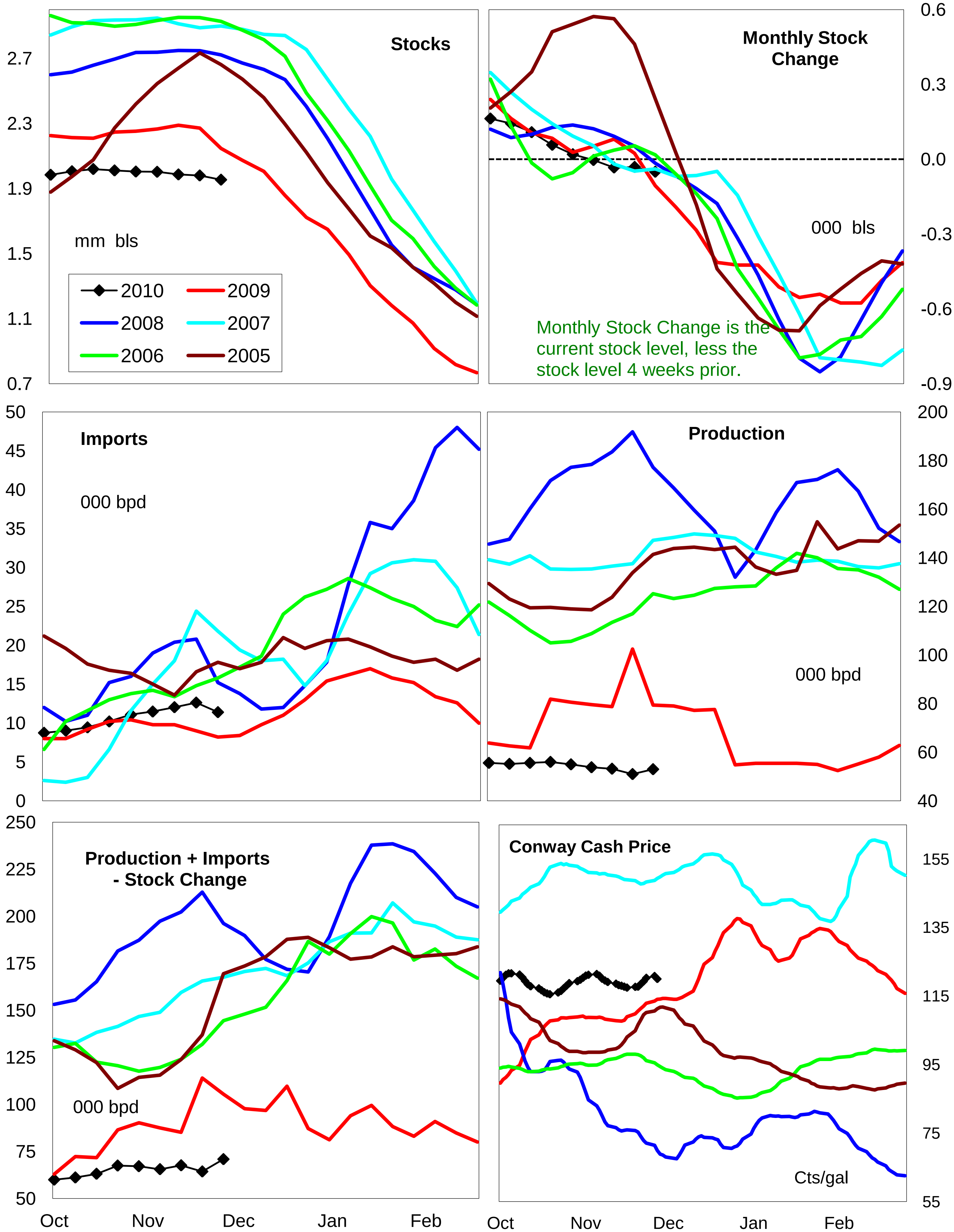
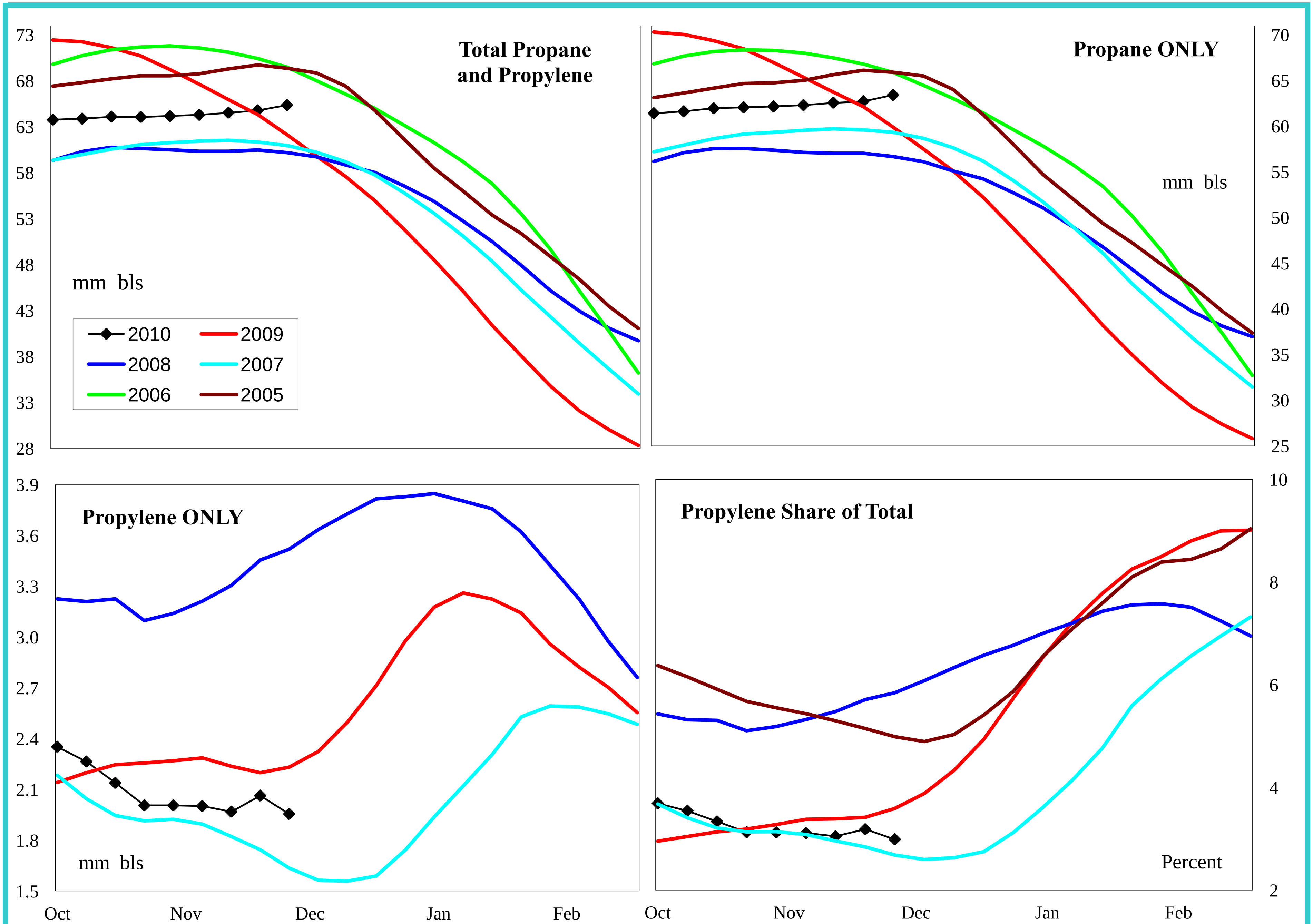
PADDs 4 and 5 Propane Supply and Demand Balance



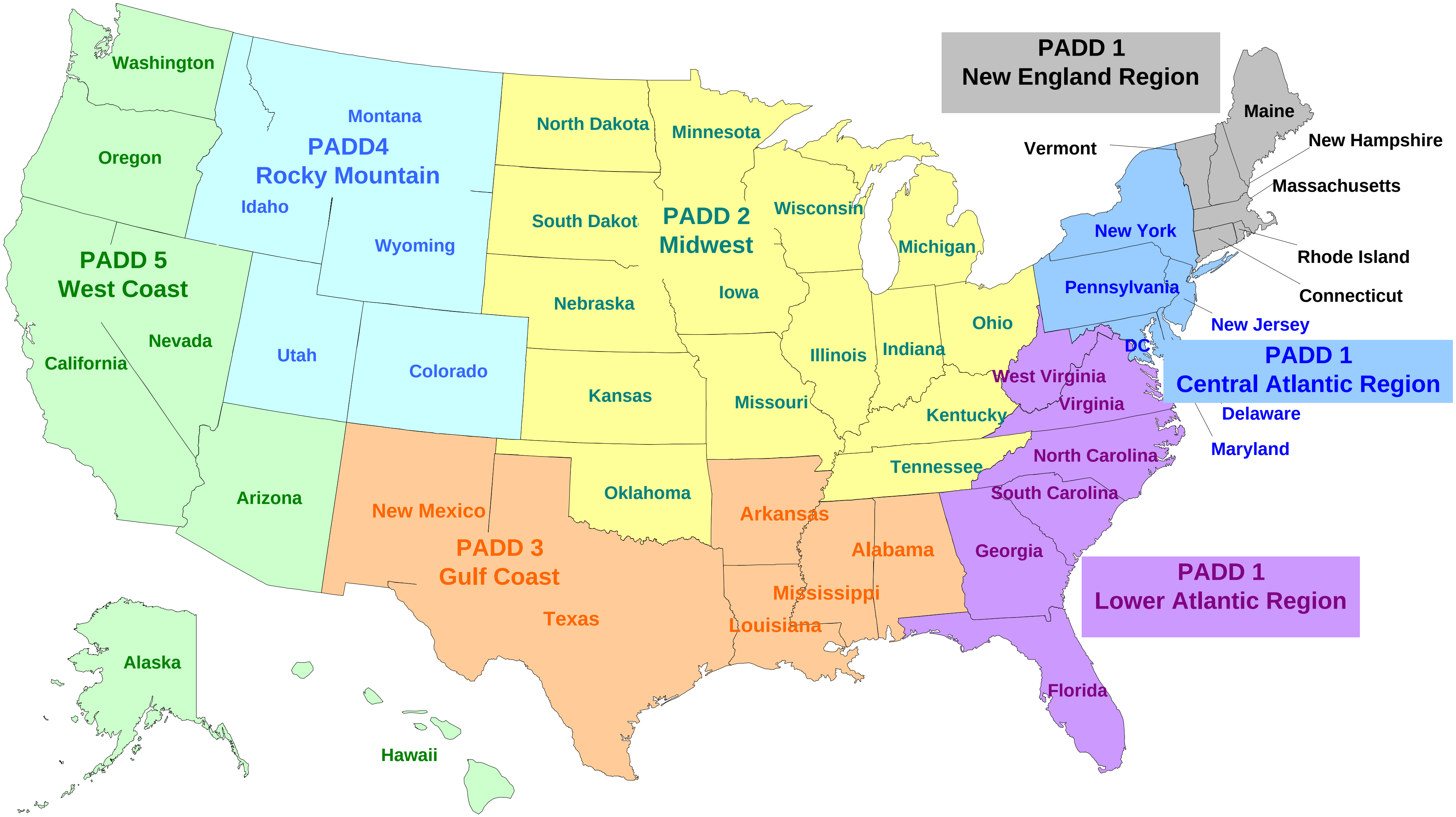
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-318	56	-32	3	-31
% change	-14.0	-52.5	-37.7	31.1	-31.6

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	2,664	2,821	-276
% change	4.2	4.7	-12.4

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



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