FUNDAMENTAL PETROLEUM TRENDS

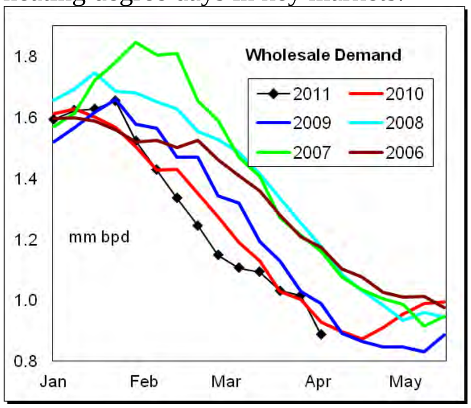
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

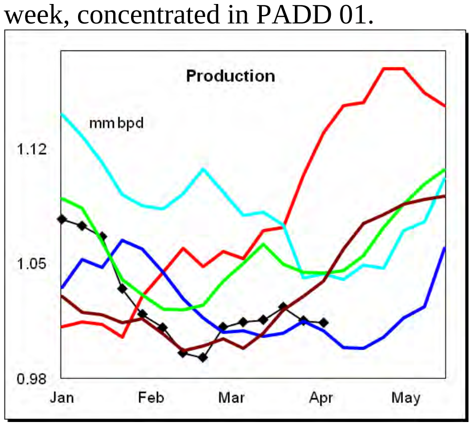
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, April 13, 2011

Table of Contents

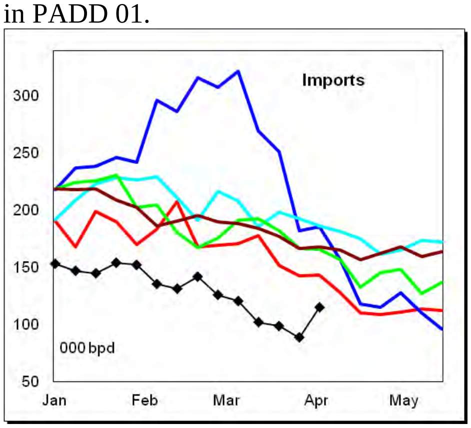
Summary[1]:
Wholesale demand fell -269,000 bpd last week, on much lower than normal heating degree days in key markets.



Production decreased -5,000 bpd on the week, concentrated in PADD 01.



Imports increased +38,000 bpd on the week, including a +55,000 bpd increase in PADD 01.

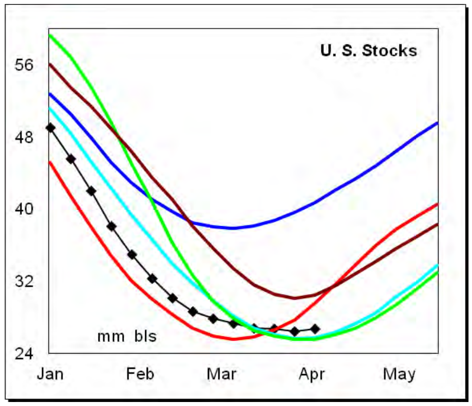


Combined production and imports during the latest 4-wk period were -137,000 bpd below a year ago.

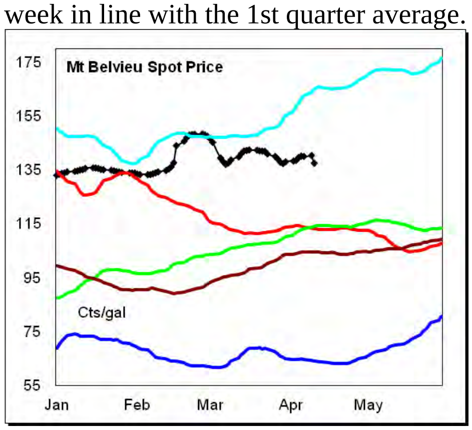
[1] Source is latest EIA Weekly Statistics

Production was -64,000 bpd below last year, while imports were -73,000 bpd lower. The latest 4-wk average demand was +13,000 bpd above last year.

Stocks increased +1 million barrels this week, including a -0.1 million barrel decline in propylene stocks. The 4-wk stock draw was greater than the last 2-years, with the stock level near 5-year lows.



Price and Spreads Mt Belvieu spot prices declined -2.50 cpg while Conway declined -2.75 cpg for the week ending 12Apr11. The price level ended the week in line with the 1st quarter average.



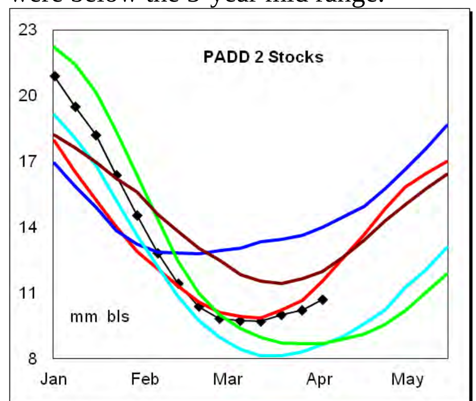
The Conway – Mt Belvieu price spread traded sideways last week. The spread ended the week at the highest level in favor of Conway for the last 60-days.

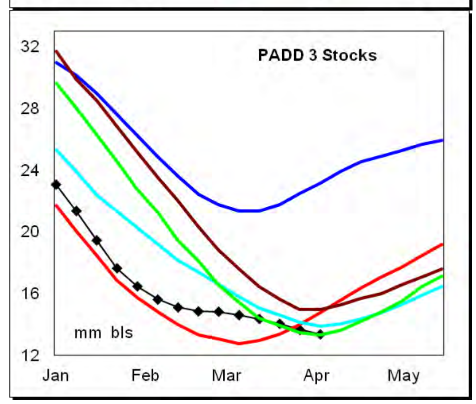
The propane to natural gas price spread trended higher on the week as gas prices trended lower. The spread remains above the 5-year range.

The propane / crude oil price spread traded sideways last week at a level that matched 5-year lows.

PADD 1 stocks increased +0.2 million bpd last week, with the level below the 5-year range. Supply for the latest 4-wk period was -20,000 bpd below a year ago.

PADD 2 stocks climbed +1.2 million barrels last week. Supply decreased -10,000 bpd on the week. The latest 4-wk average supply was -71,000 bpd below a year ago, on lower imports. Stock levels were below the 5-year mid range.





PAD 3 stocks decreased -0.5 million barrels on the week, including a -0.1 million barrel drop in propylene stocks. The latest 4-wk average supply was -50,000 bpd below a year ago. Stock levels ended the week at 5-year lows.

PADDs 4 & 5 stocks were unchanged on the week, with the level below the 5-year range.

Emerging Trends Supply has declined to very low levels with combined imports and production below the 5-year range. Alternative uses for propane (refinery fuel, crude oil blending) has significantly reduced supplies, -137,000 bpd below a year ago. Combined with low carry out stock levels, an off season pull back in prices is less likely.

PROPANE: Graph Link and Weekly Summary

April 13, 2011

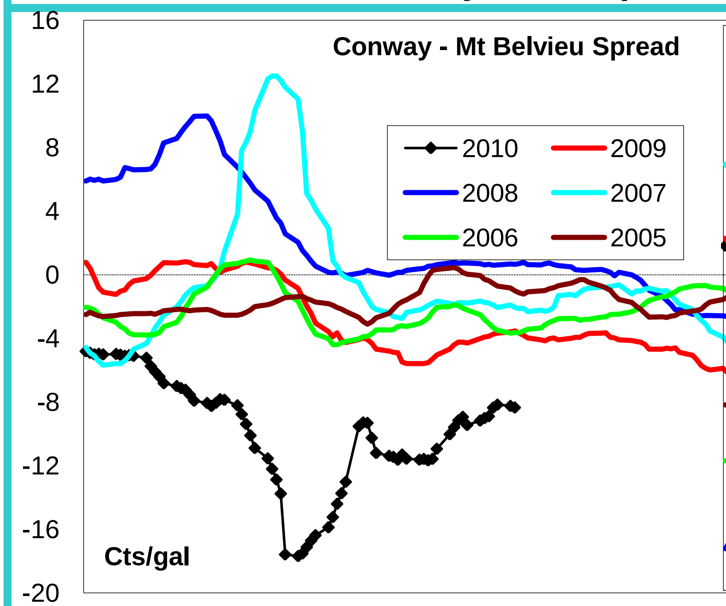
Fundamental Trends for the Week Ending: Friday, April 08, 2011

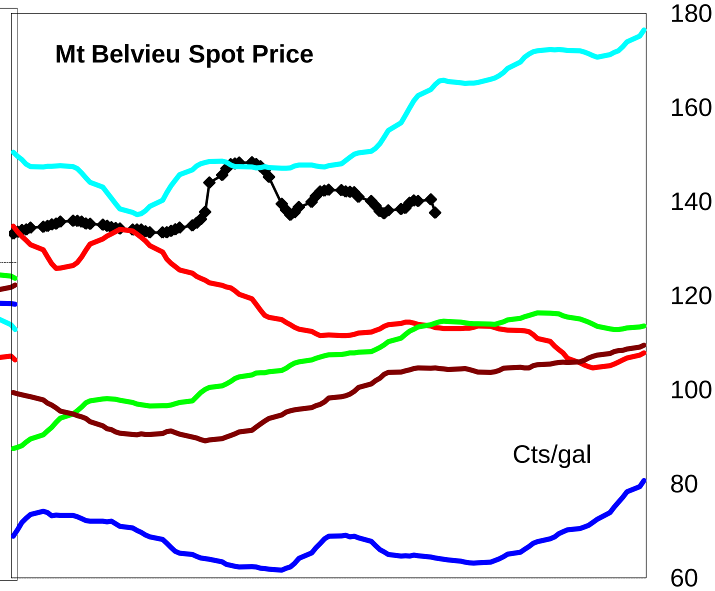
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	26,746	2,122	10,687	13,356	581	983	205	1,209	-464	33
Propylene Stocks	1,523					-107				
Production	1,014	32	243	682	57	-5	-5	2	-1	-1
Imports	115	79	29	0	7	38	55	-12	0	-5
Whsle Demand	887					-269				

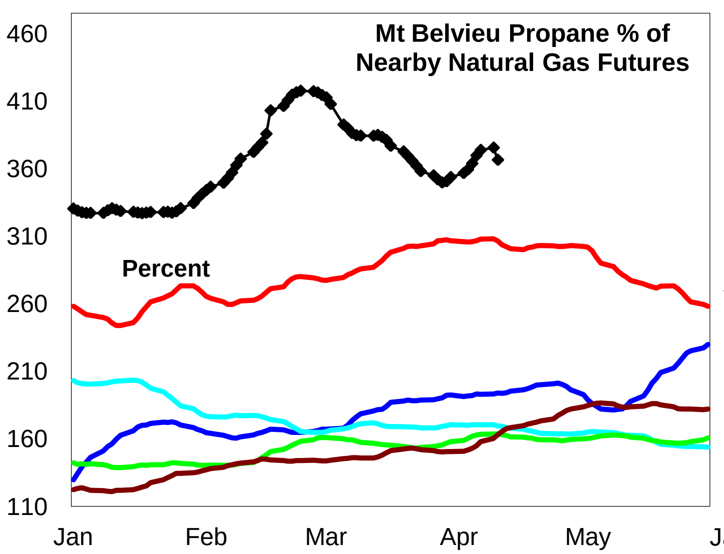
Price Trends for the Week Ending: Tuesday, March 29, 2011

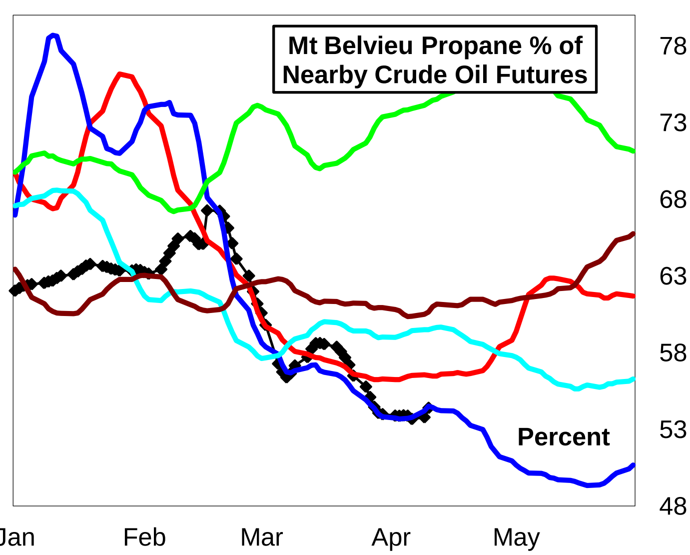
Cents/gal	Average for week ending:				Change from:			% change from:		
	3/29/11	3/22/11	3/1/11	3/26/10	3/22/11	3/1/11	3/26/10	3/22/11	3/1/11	3/26/10
Mont Belvieu Spot	140.1	138.0	135.4	113.9	2.03	2.67	21.47	1.5	2.0	18.8
Conway Spot	131.9	128.4	126.9	110.1	3.49	1.55	16.76	2.7	1.2	15.2

Key Price Spreads and Differentials

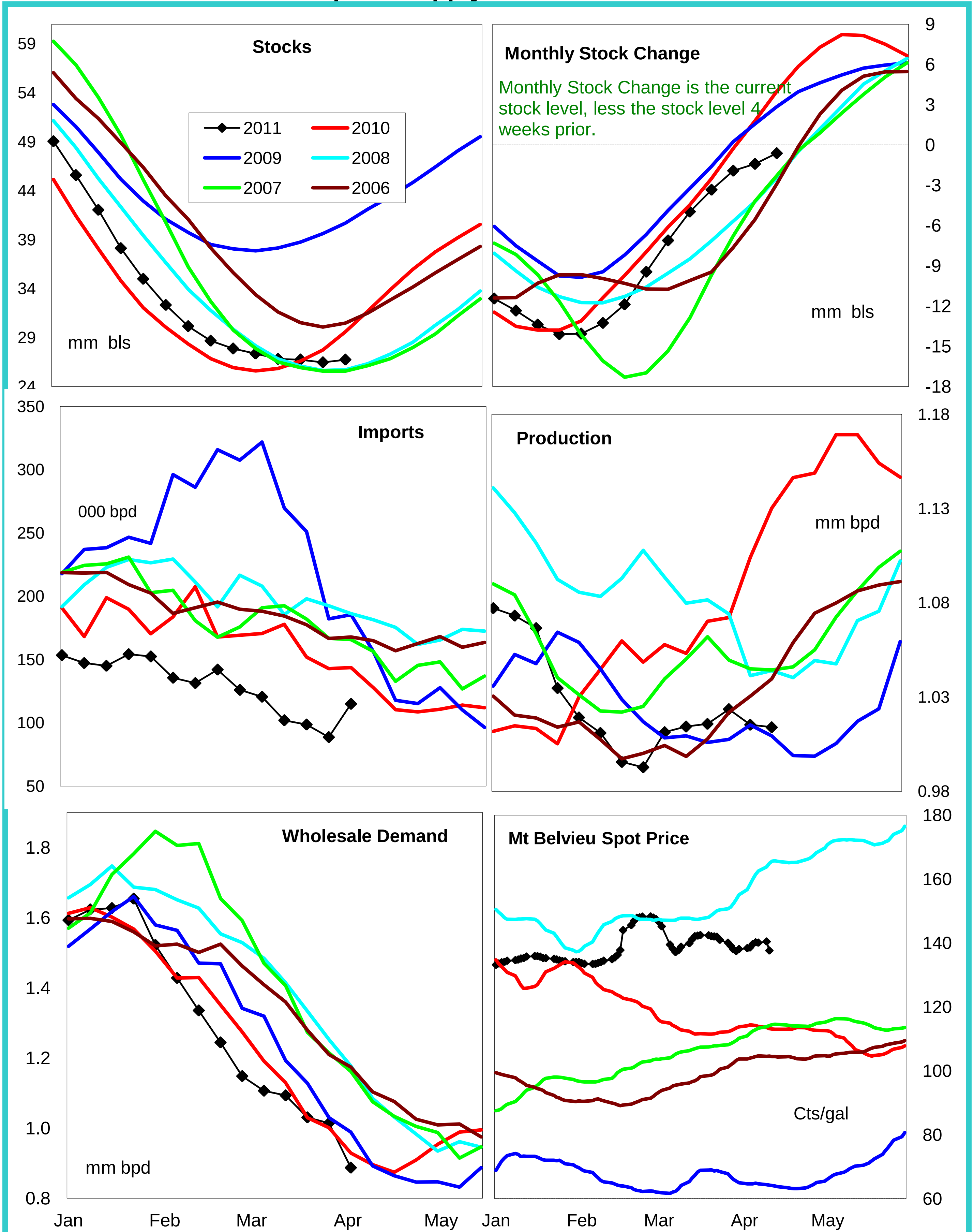








U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Mar	Feb	Jan
000 bpd (000 bls stks)	-2,364	-4,612	-64	-73		13	-91	-197	22
% change	-8.1	-115	-5.9	-45.6		1.3	-7.8	-13.2	1.3

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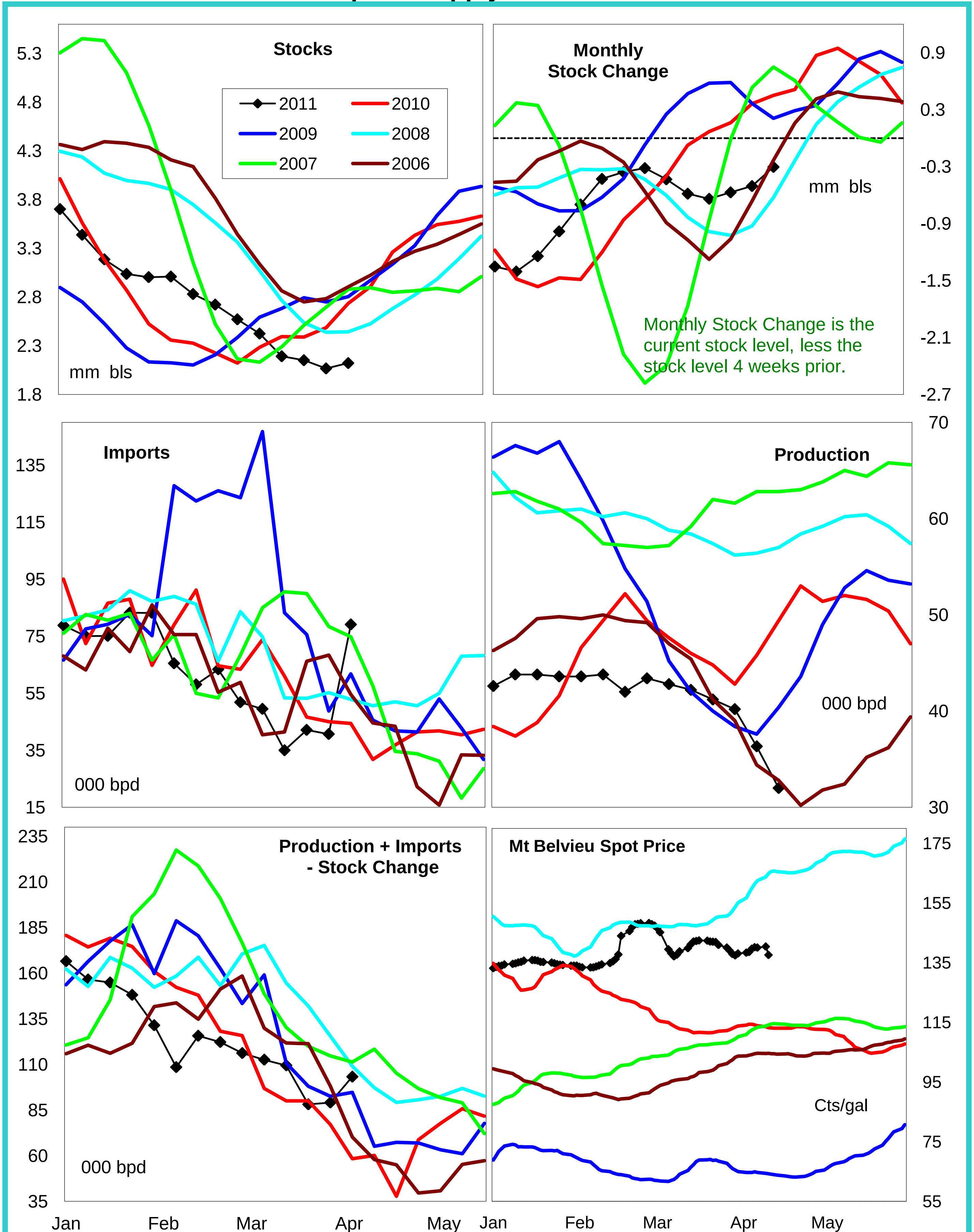
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-456	-754	-5	-15	19
% change	-17.7	-167.2	-12.1	-28.4	23.6

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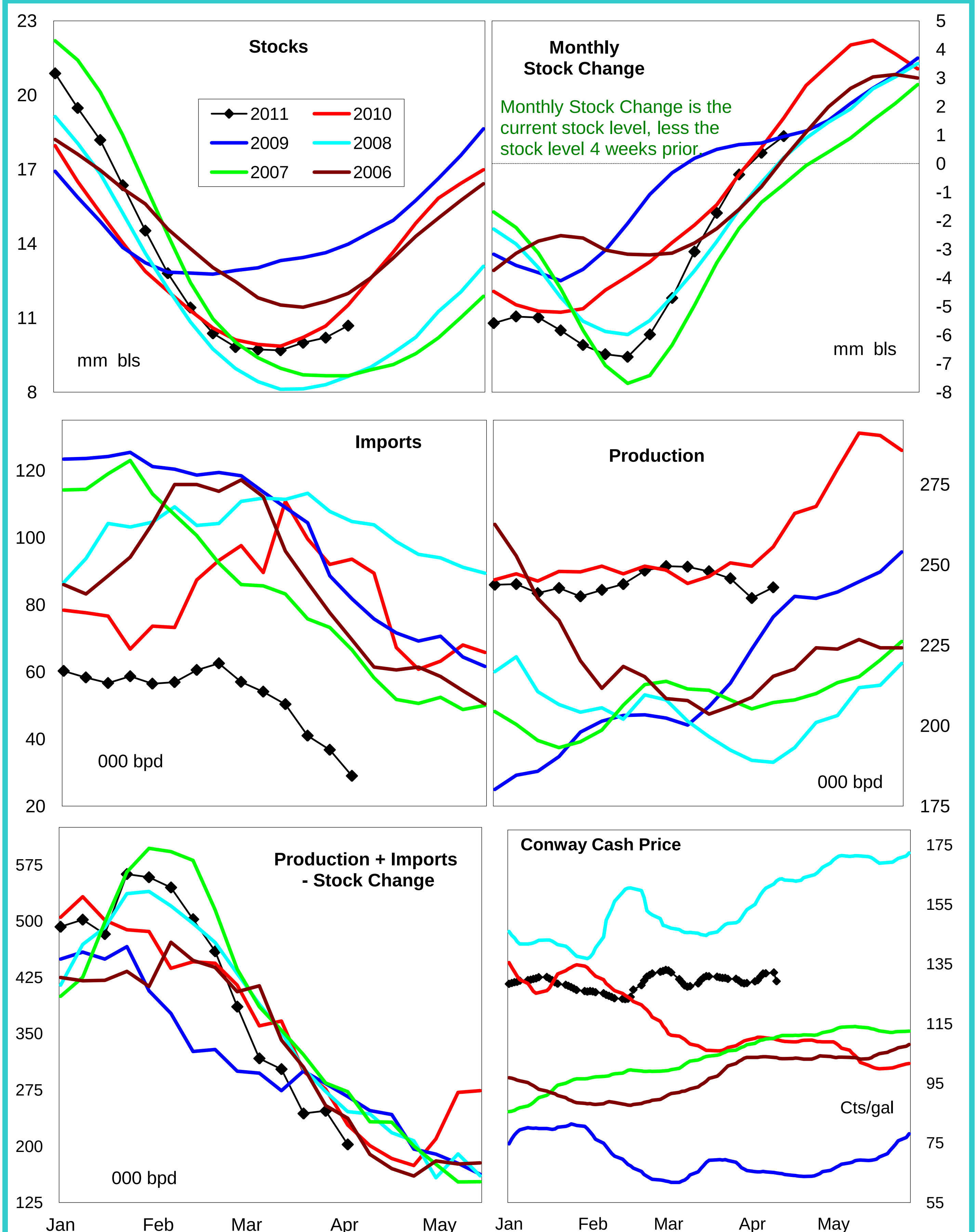
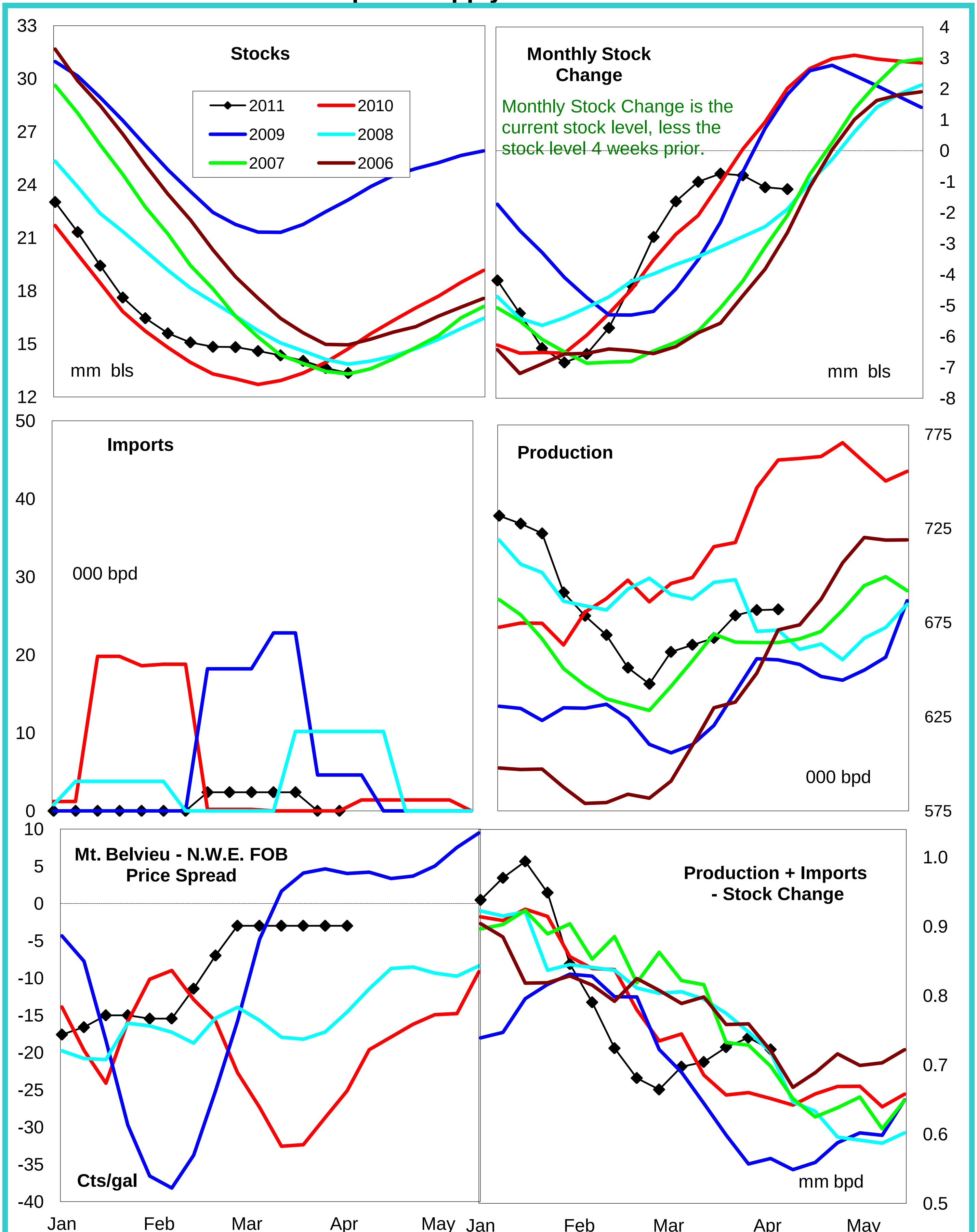
PADD 2 Propane Supply and Demand Balance



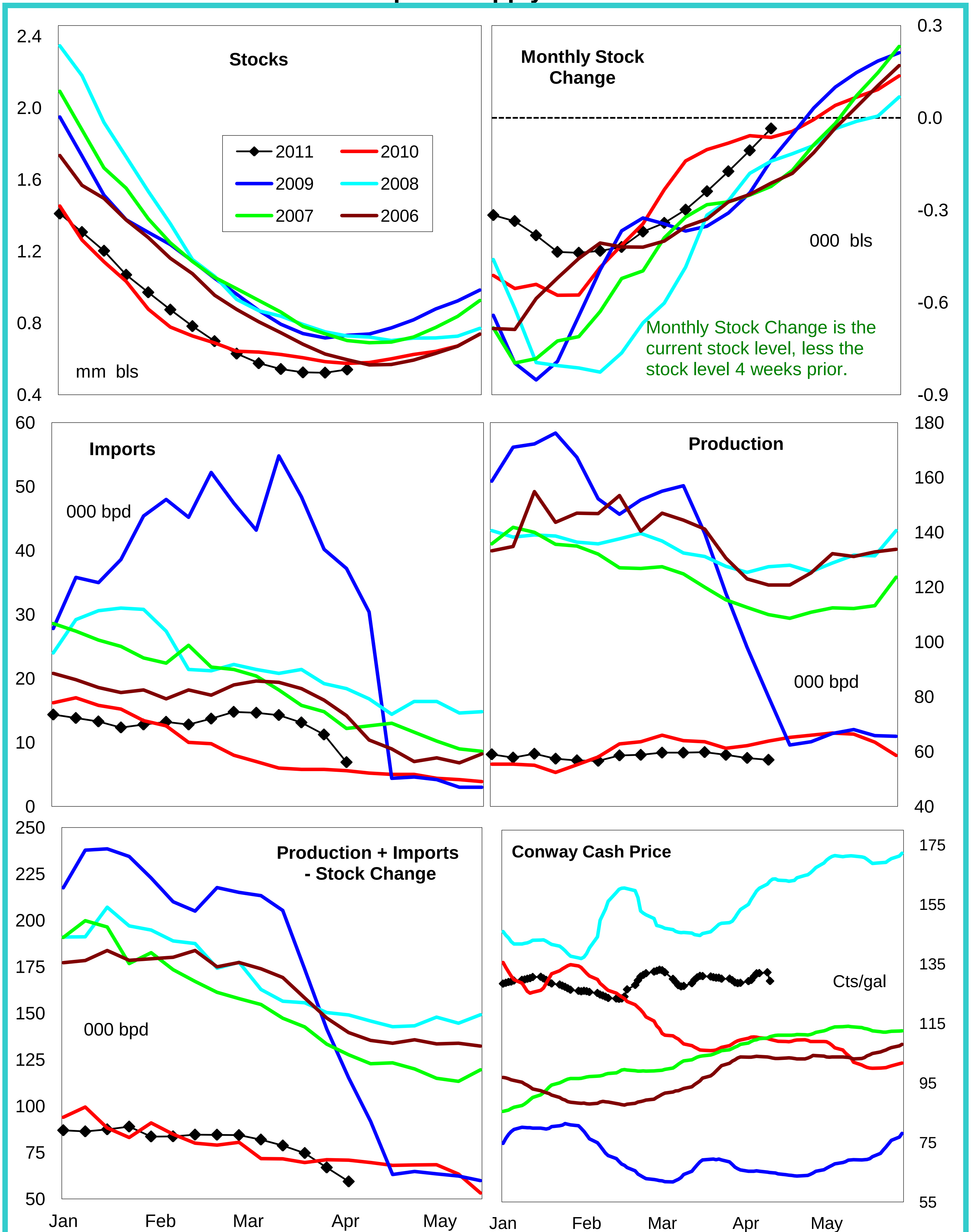
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-624	-630	-6	-65	-44
% change	-5.5	-39.6	-2.3	-63.7	-14.9

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)	-1,273	-3,256	-50	0	60
% change	-8.7	-161.5	-6.8	#DIV/0!	9.0

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)	-11	28	-3	7	-1
% change	-1.9	-44.8	-5.3	126.4	-1.3

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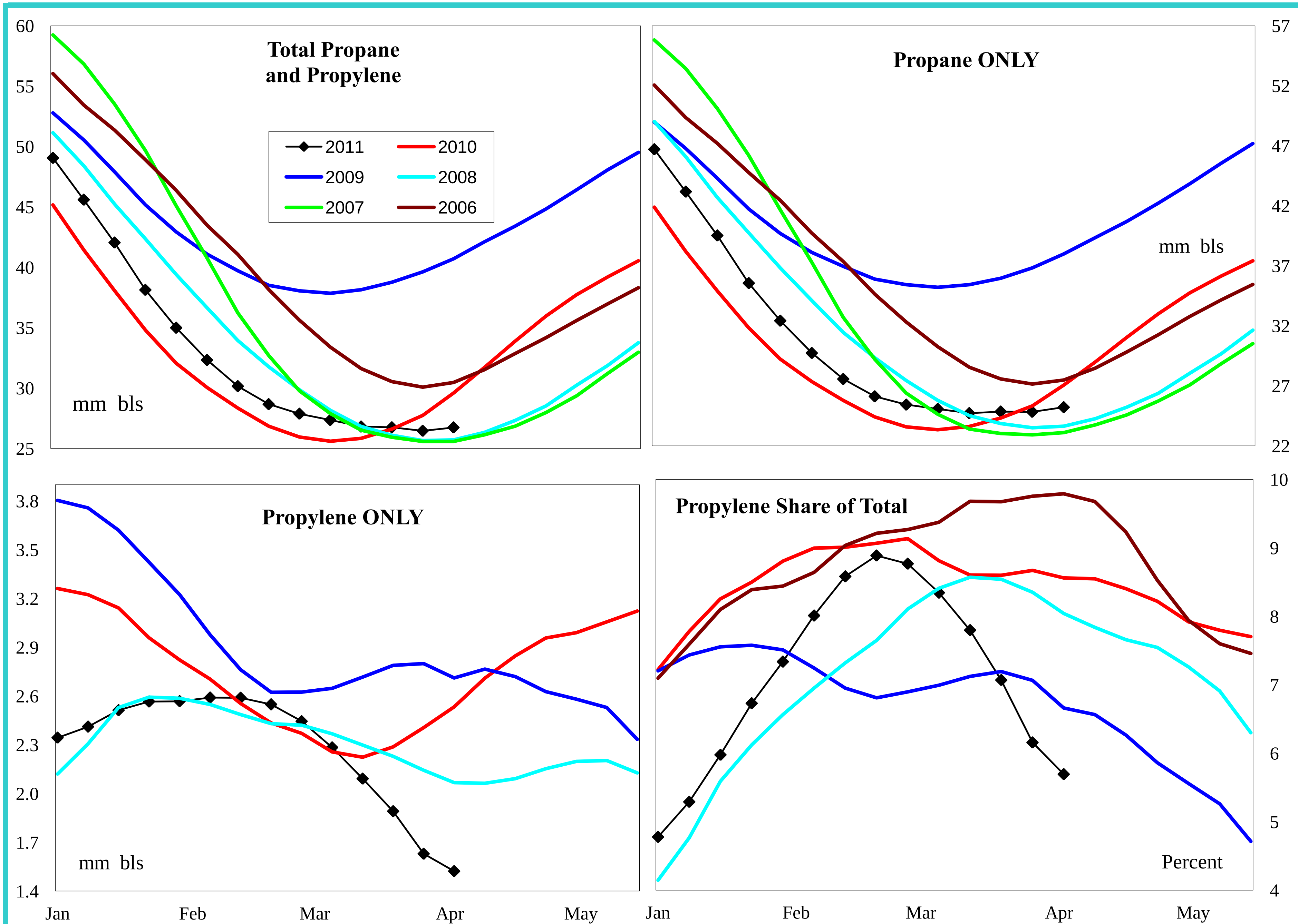
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-2,364	-1,417	-1,011
% change	-8.1	-5.3	-39.9

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