FUNDAMENTAL PETROLEUM TRENDS

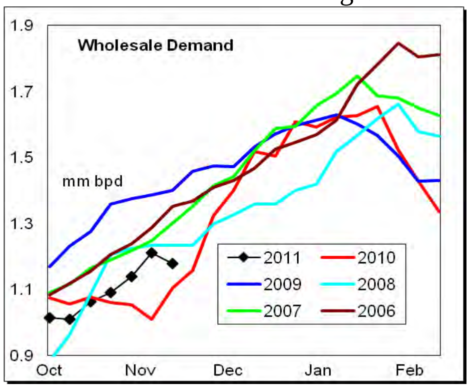
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

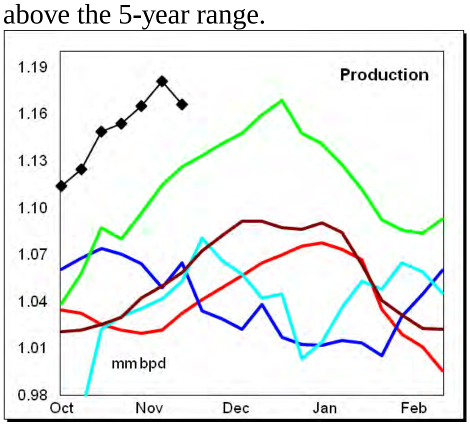
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Friday, November 25, 2011

Summary[1]: Table of Contents

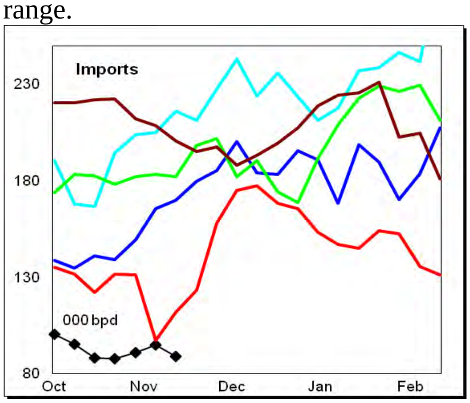
Wholesale demand declined -80,000 bpd on the week, due in part to below normal heating degree days. The level was at the low end of the historic range.



Production declined -31,000 bpd last week, although the level remains well above the 5-year range.

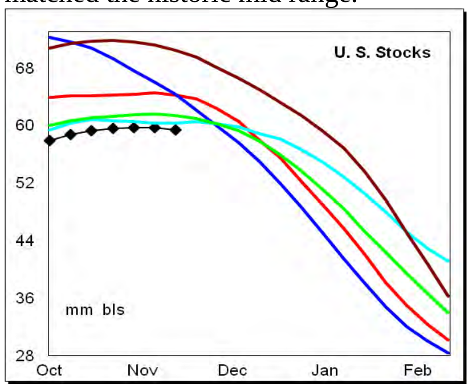


Imports decreased -22,000 bpd on the week, with the level below the 5-year range.

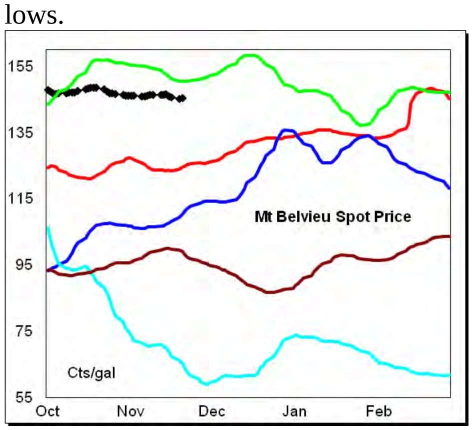


Combined production and imports during the latest 4-wk period were +149,000 bpd above a year ago. Production was +155,000 bpd above last year (+15.2%), while imports were -6,000 bpd lower. The latest 4-wk average demand was +111,000 bpd above last year.

Stocks declined -0.2 million barrels last week. The 4-wk stock change was a build of +0.2 million barrels, a level that matched the historic mid range.



Price and Spreads Mt Belvieu prices decreased -2.50 cpg for the week ending 22Nov11, while Conway prices decreased -2 cpg for the period. The Conway prices remain are at 6-month lows.



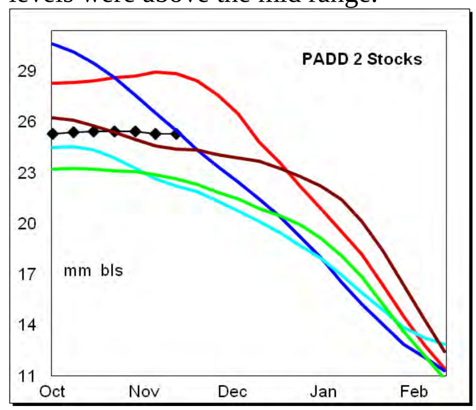
The Conway – Mt Belvieu price spread traded sideways last week. The spread ended the week at a -16 cpg discount, a level well below the historic range for this time of year.

The propane to natural gas price spread trended higher last week, on record low natural gas prices.

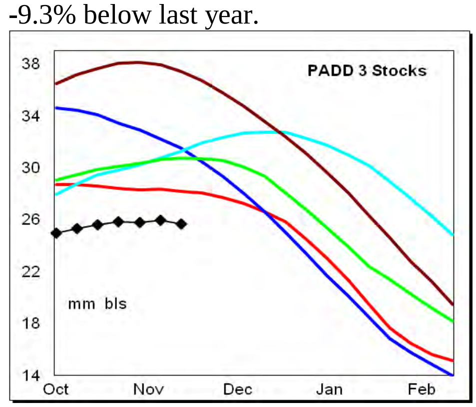
The propane / crude oil price spread traded sideways last week. The level ended the week at a level near the upper end of the last 3-years.

PADD 1 stocks were unchanged last week. Stocks are at record highs for this time of year; +1 million barrels above a year ago. Supply for the latest 4-wk period was+18,000 bpd above last year.

PADD 2 stocks increased +0.2 million barrels on the week. Supply decreased -9,000 bpd last week. The latest 4-wk average supply was +22,000 bpd above a year ago, on record production. Stock levels were above the mid range.



PAD 3 stocks decreased -0.4 million barrels on the week, with the 4-wk rate of stock change a small build compared to draws in the last 2-years. Supply decreased -37,000 bpd on lower production. Stock levels ended the week -9.3% below last year.



PADDs 4 & 5 stocks were nearly unchanged on the week. The stock level was comparable to the last 2-years.

Emerging Trends Production has averaged +155,000 bpd above last year and a record high on attractive gas liquids extraction economics. Demand remains below four of the last 5-years. High retail prices and a weak consumer economy continues to limit demand. Expect these trends to constraint wholesale prices.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

November 25, 2011

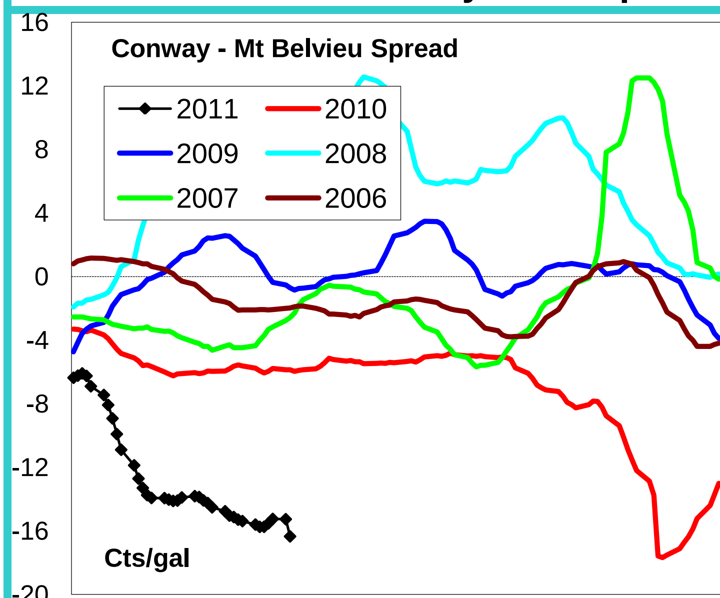
Fundamental Trends for the Week Ending: Friday, November 18, 2011

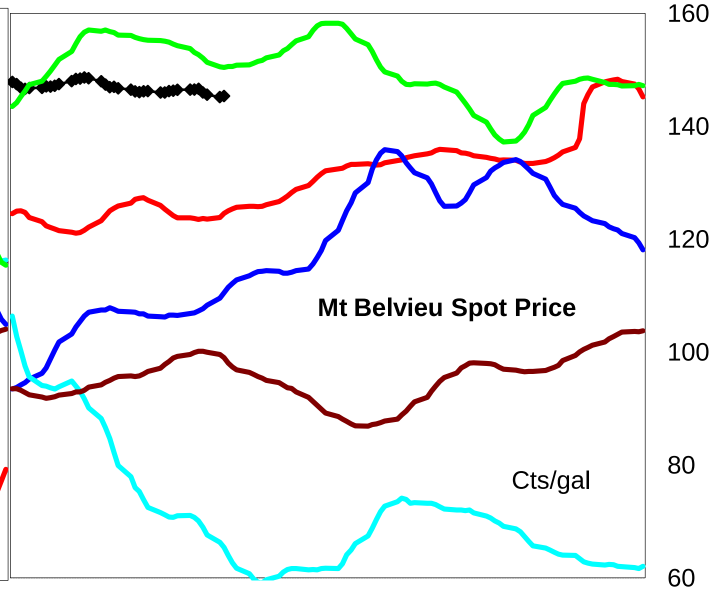
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	59,385	6,294	25,300	25,641	2,150	-235	-45	197	-352	-35
Propylene Stocks	4,130					273				
Production	1,166	67	268	720	111	-31	-2	1	-37	7
Imports	89	36	37	0	16	-1	4	-10	0	4
Whsle Demand	1,177					-80				

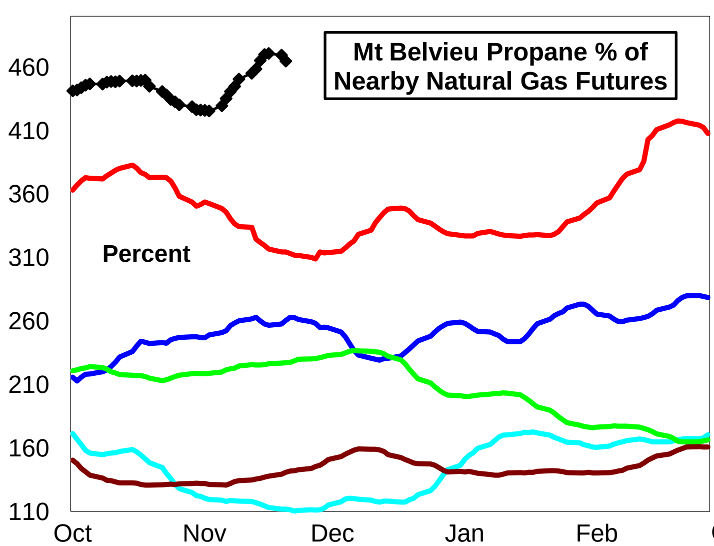
Price Trends for the Week Ending: Tuesday, November 22, 2011

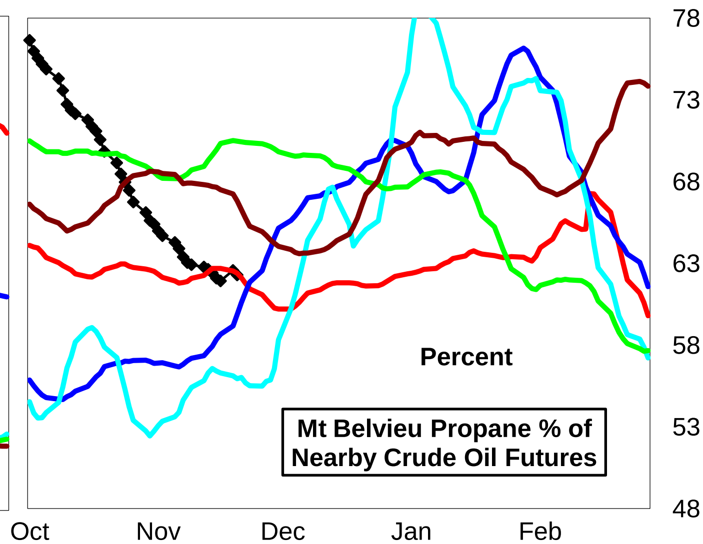
Cents/gal	Average for week ending:				Change from:			% change from:		
	11/22/11	11/15/11	10/25/11	11/24/10	11/15/11	10/25/11	11/24/10	11/15/11	10/25/11	11/24/10
Mont Belvieu Spot	145.6	147.6	146.9	124.3	-2.04	0.69	22.61	-1.4	0.5	18.2
Conway Spot	130.3	131.3	132.4	117.7	-0.96	-1.10	14.69	-0.7	-0.8	12.5

Key Price Spreads and Differentials

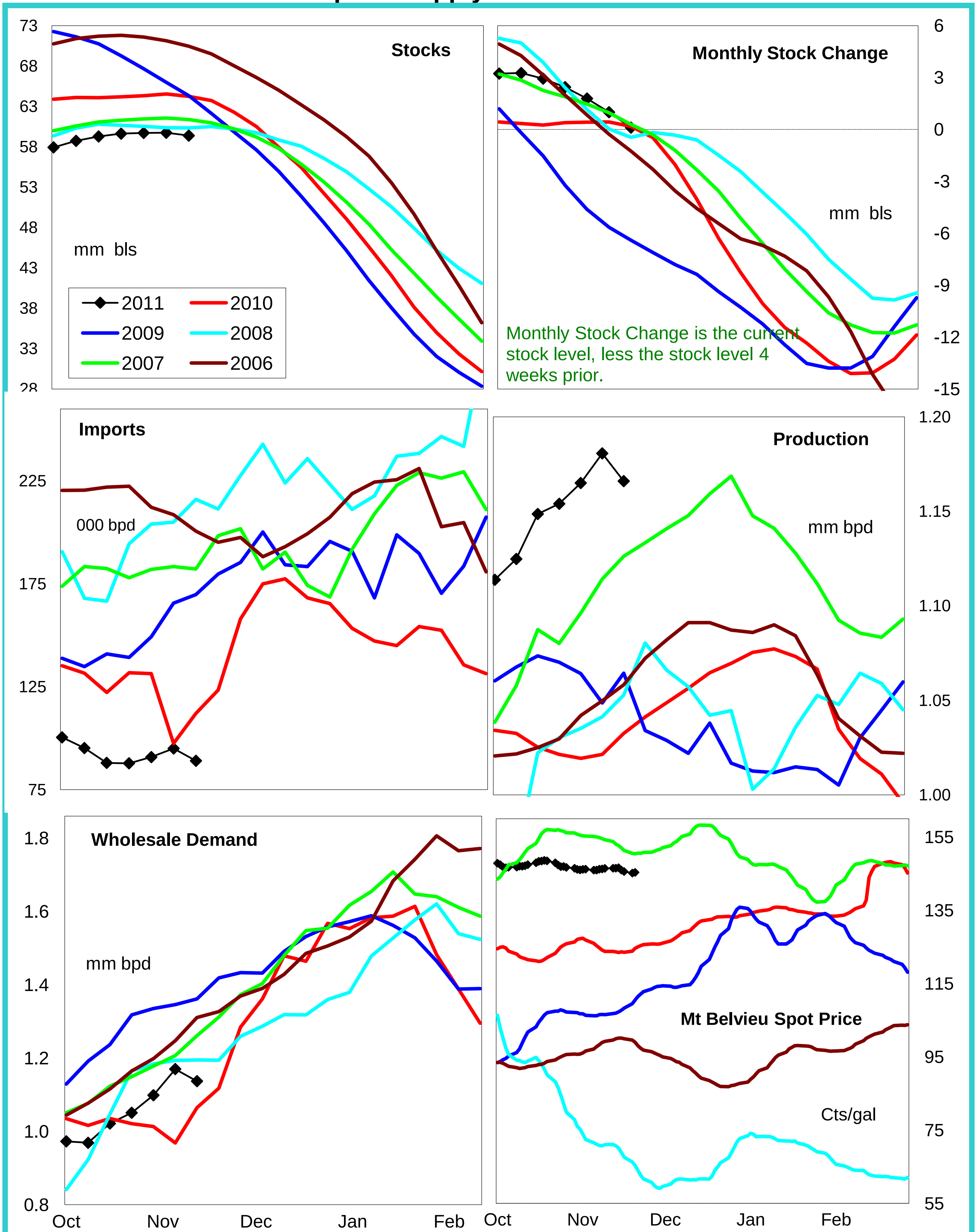






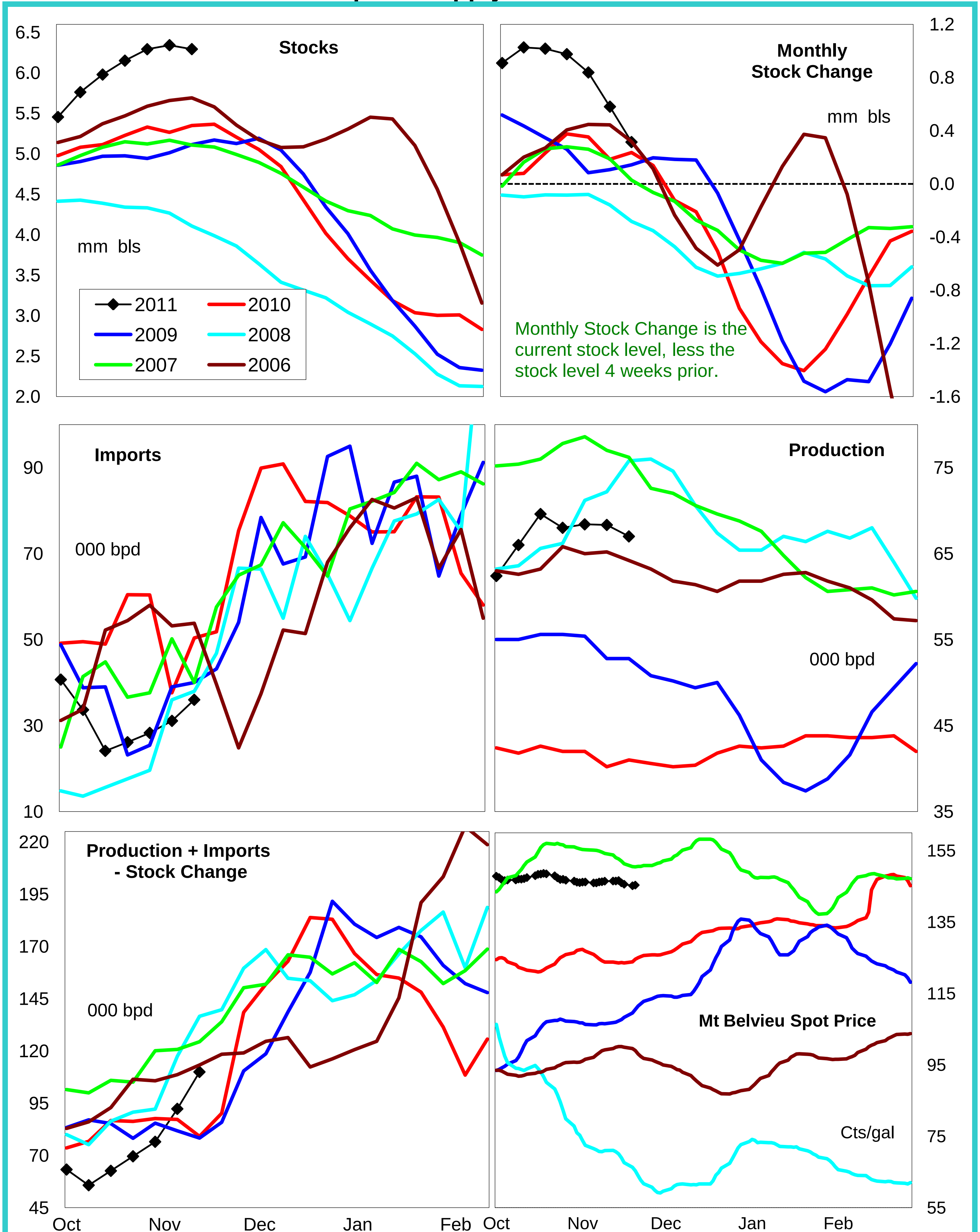


U. S. Propane Supply and Demand Balance



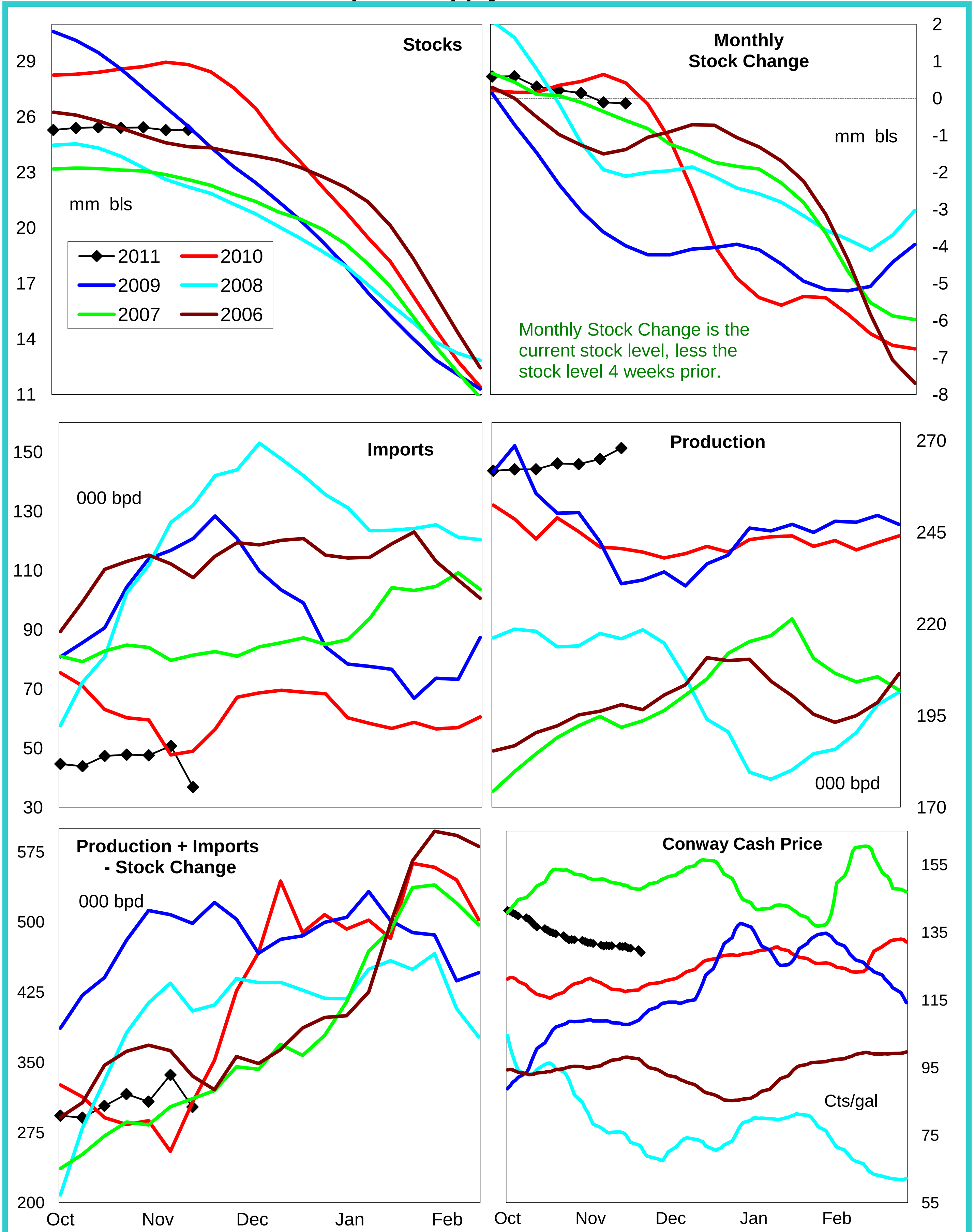
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Oct	Sep	Aug
000 bpd (000 bls stks)	-4,849	-72	155	-6		111	-86	-88	-106
% change	-7.5	-40	15.2	-5.8		10.7	-7.6	-8.5	-10.9

PADD 1 Propane Supply and Demand Balance



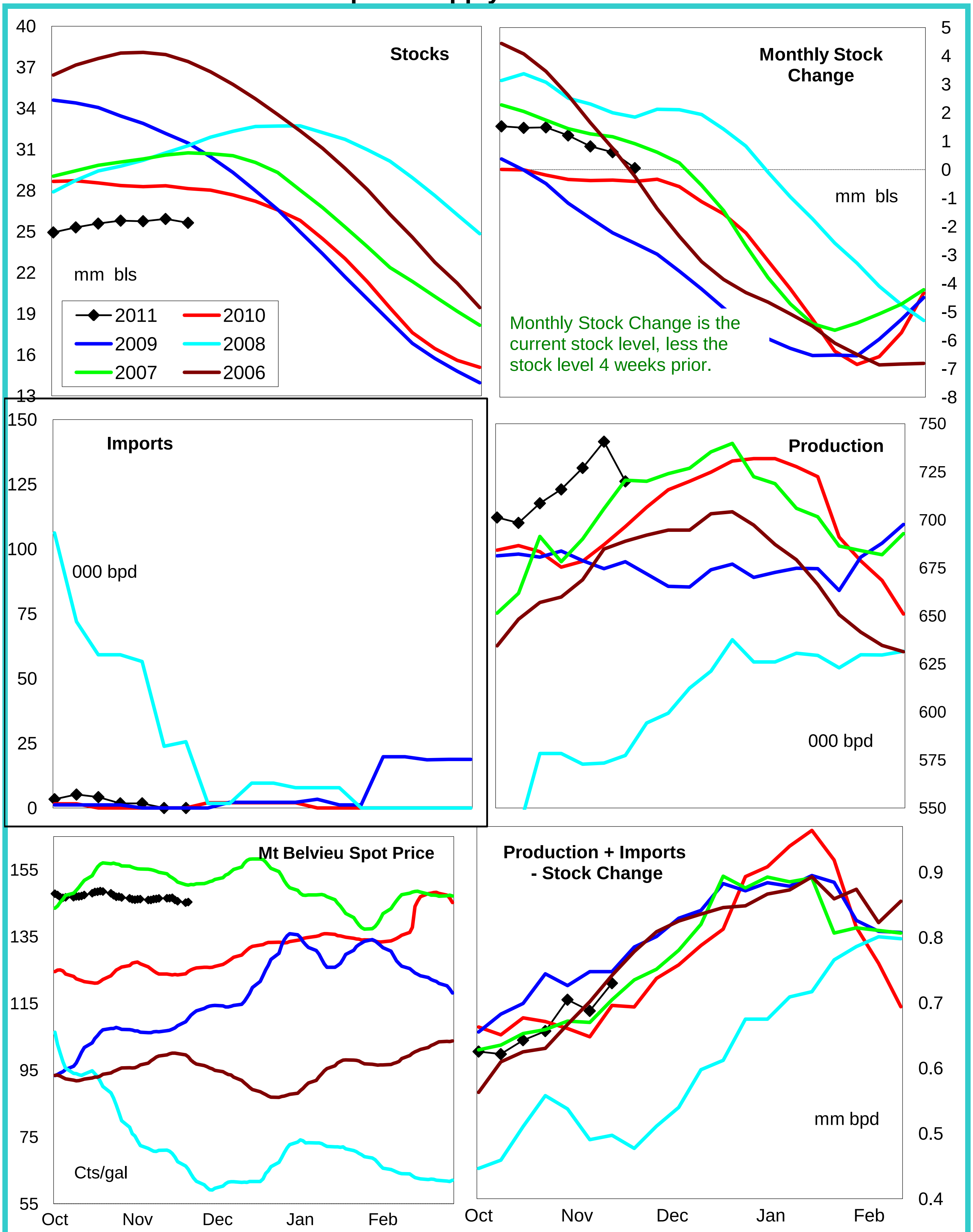
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	997	78	28	-10	2
% change	18.8	33.1	66.5	-26.2	2.3

PADD 2 Propane Supply and Demand Balance



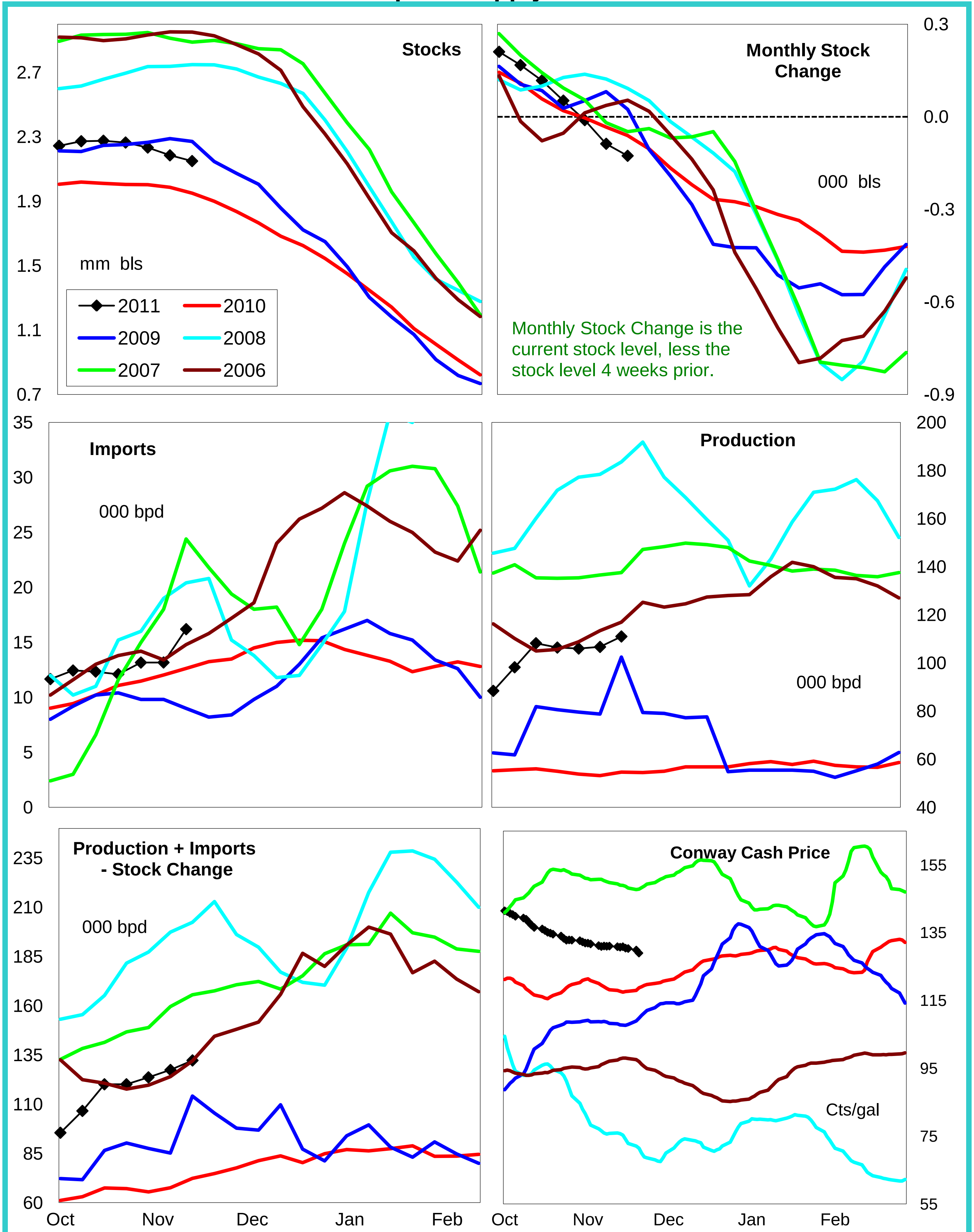
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-3,376	-551	21	1	32
% change	-11.8	-132.9	8.7	1.8	11.4

PADD 3 Propane Supply and Demand Balance



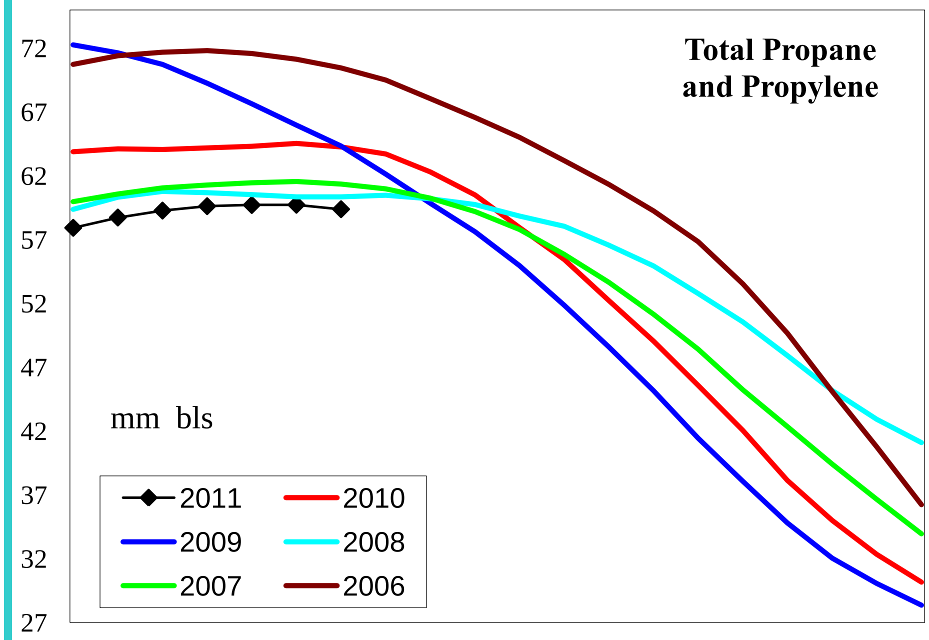
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-2,621	467	53	2	26
% change	-9.3	-113	7.8	#DIV/0!	3.7

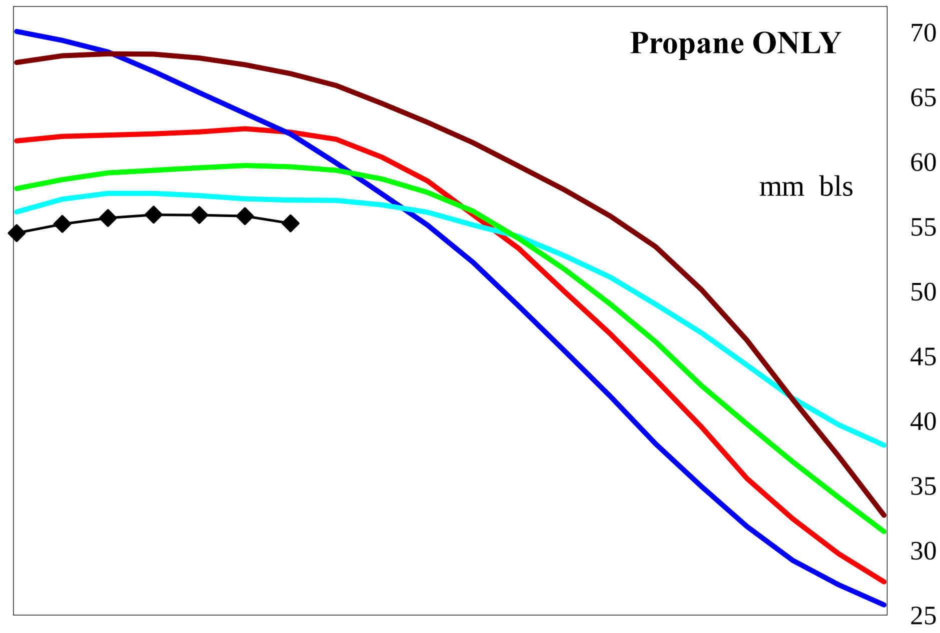
PADDs 4 and 5 Propane Supply and Demand Balance

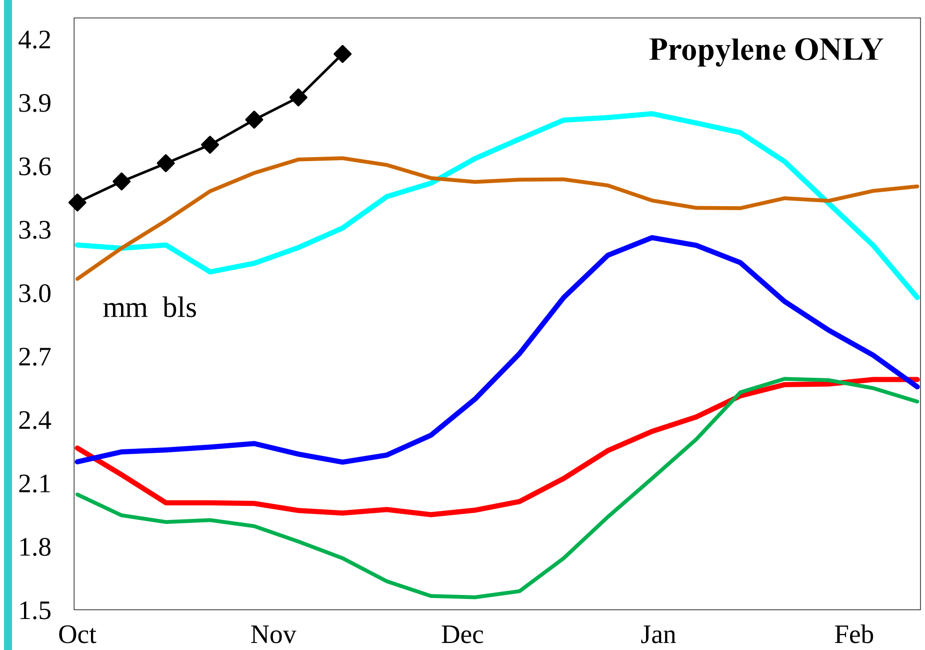


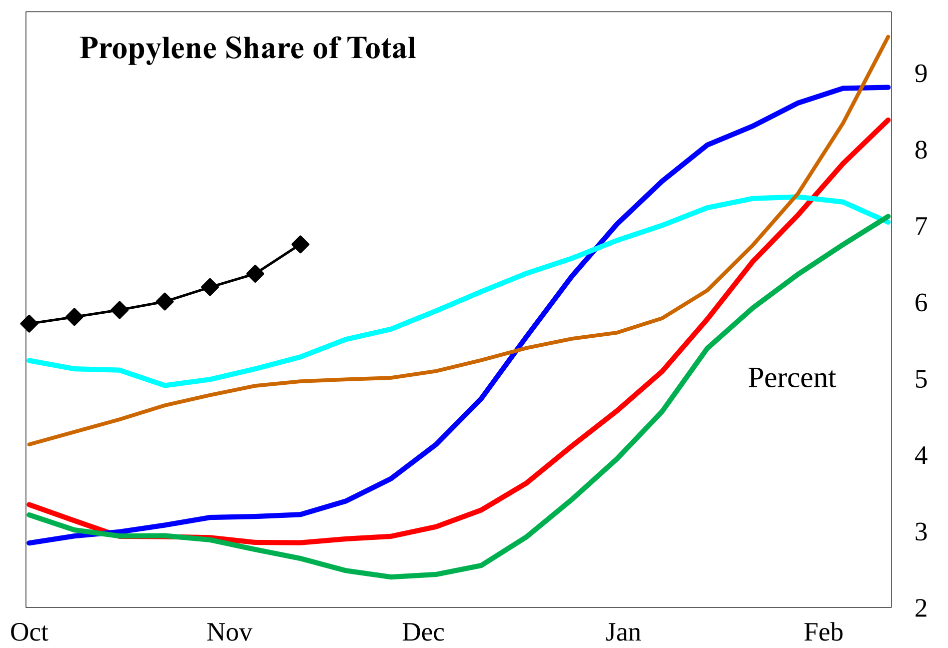
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	151	-66	54	2	58
% change	7.6	108.6	100.5	13.1	84.7

U. S. Propane and Propylene Stocks









Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	**-4,849**	**-6,889**	**2,172**
% change	**-7.5**	**-11.1**	**110.9**

Lehi German Tel: 816-505-0980

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