WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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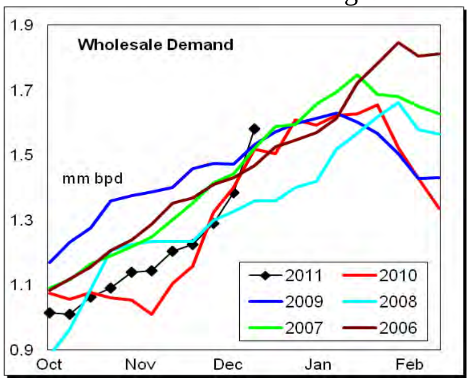
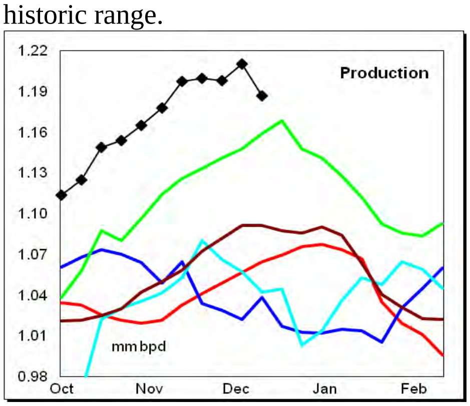
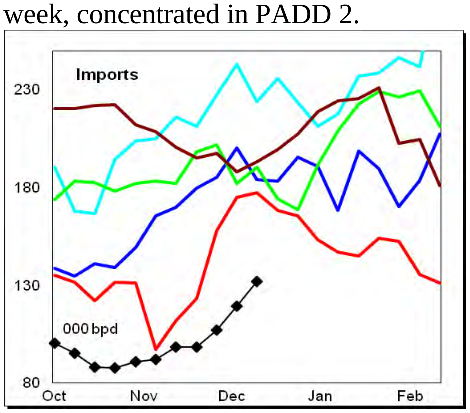
Wholesale demand increased +279,000 bpd on the week, driven by higher seasonal heating demand. The weekly level exceeded the historic range.



Production decreased -4,000 bpd last week, with the level still well above the historic range.

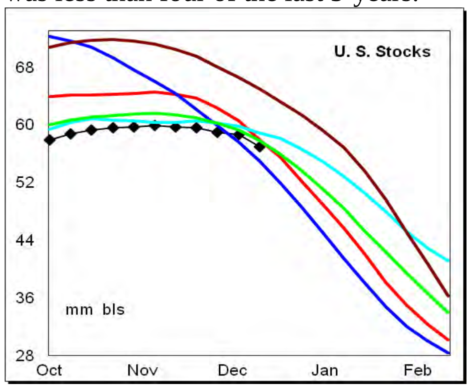


Imports increased +26,000 bpd on the week, concentrated in PADD 2.

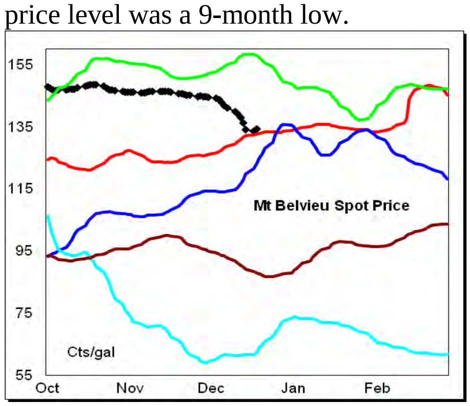


Combined production and imports during the latest 4-wk period were +93,000 bpd above a year ago. Production was +154,000 bpd above last year (+14.6%), while imports were -61,000 bpd lower. The latest 4-wk average demand was -56,000 bpd below last year, although the current week exceeded the historic range.

Stocks decreased -2.3 million barrels last week. The 4-wk stock change was a draw of -2.8 million barrels, a level that was less than four of the last 5-years.



Price and Spreads Mt Belvieu spot prices decreased -6.5 cpg for the week ending 20Dec11 while Conway fell -5 cpg during the same week. The Conway price level was a 9-month low.



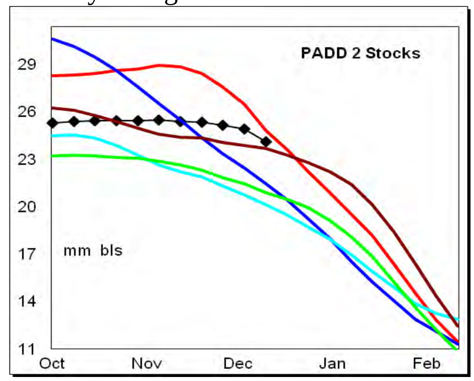
The Conway – Mt Belvieu price spread traded sideways last week, in favor of Mt Belvieu. The spread ended the week at a -17 cpg discount, a level which matched record lows for the last 5-years.

The propane to natural gas price spread trended higher last week, to a new record high level on very low gas prices.

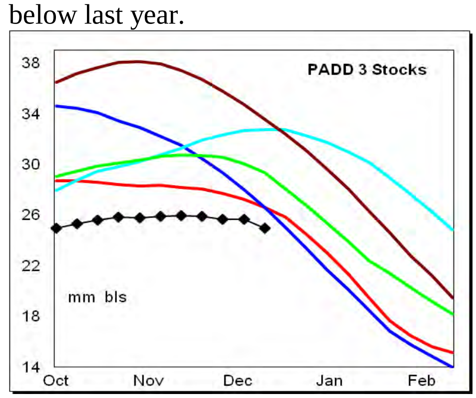
The propane / crude oil price spread extended the longer term downtrend last week. The spread ended the week at a level below the historic range.

PADD 1 stocks decreased -0.2 million barrels last week. Stocks remain at a level well above the 5-year range. Supply for the latest 4-wk period was -26,000 bpd below last year.

PADD 2 stocks decreased -1.1 million barrels on the week. Supply increased +18,000 bpd last week on higher imports. The latest 4-wk average supply was +20,000 bpd above a year ago, on record production. Stock levels were near 5-year highs.



PAD 3 stocks declined -0.9 million barrels on the week, with the 4-wk rate of stock draw less than four of the last 5-years. Stock levels ended the week -6% below last year.



PADDs 4 & 5 stocks decreased -0.1 million barrels on the week. The stock level was comparable to the last 2-years.

Emerging Trends Wholesale demand increased last week, due in part to price weakness and filling of consumer storage ahead of Christmas/New Year's holidays. Heating degree days were -16% below normal in key heating markets last week.

Heating degree days are forecast to be -23% below normal during the current week, and remain below normal into the 1st week of January. Combined with record production; expect propane prices to remain weak.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

December 21, 2011

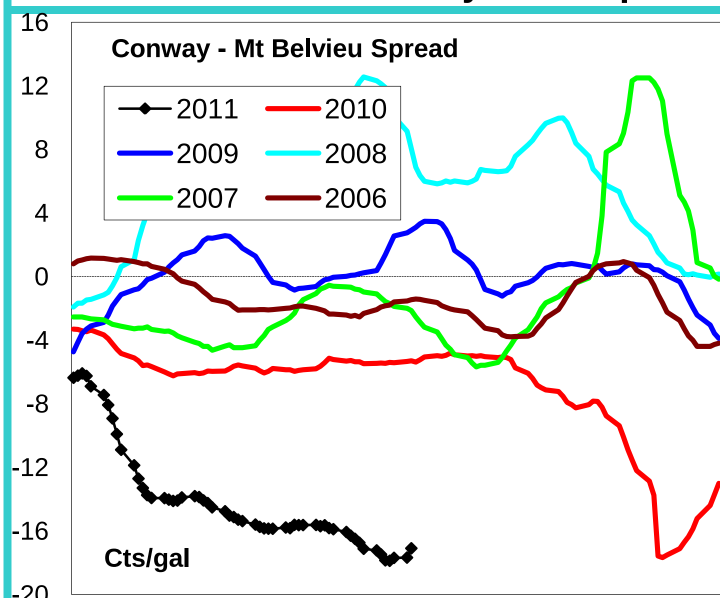
Fundamental Trends for the Week Ending: Friday, December 16, 2011

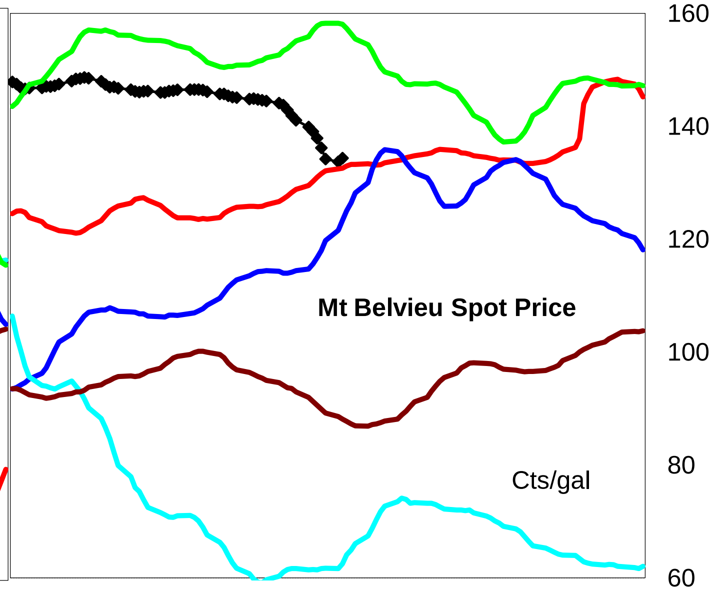
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	56,887	5,986	24,078	24,947	1,876	-2,296	-181	-1,119	-889	-107
Propylene Stocks	5,090					145				
Production	1,187	66	255	757	109	-4	-13	-6	29	-14
Imports	132	32	81	0	20	26	0	24	0	2
Whsle Demand	1,580					279				

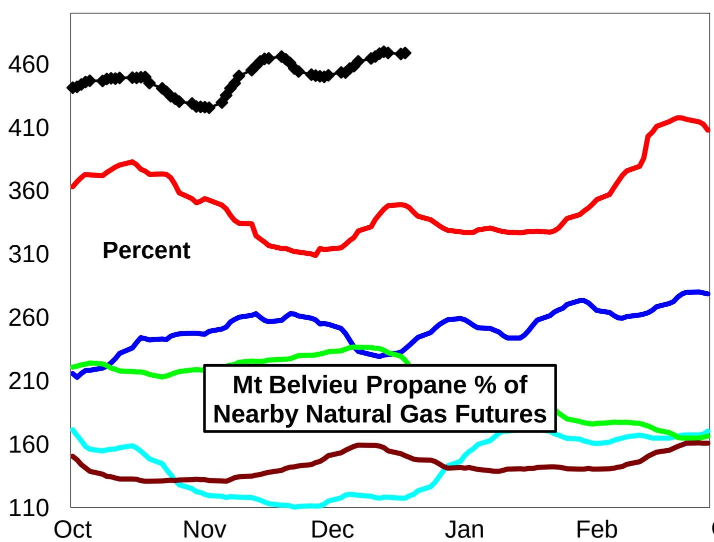
Price Trends for the Week Ending: Tuesday, December 20, 2011

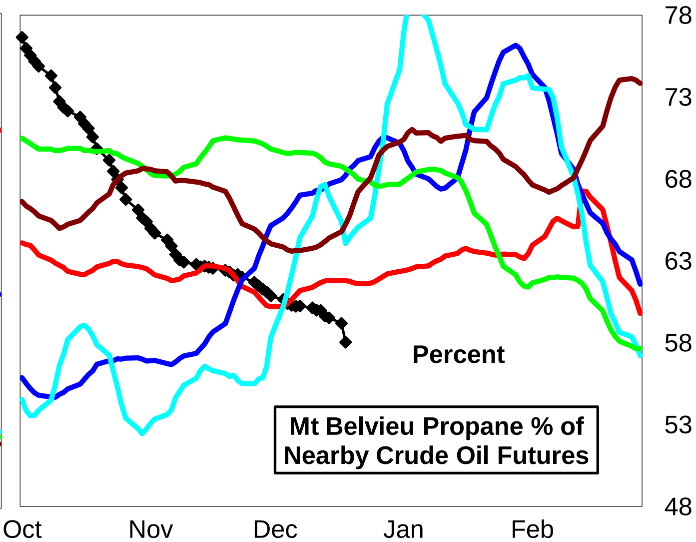
Cents/gal	Average for week ending:				Change from:			% change from:		
	12/20/11	12/13/11	11/22/11	12/22/10	12/13/11	11/22/11	12/22/10	12/13/11	11/22/11	12/22/10
Mont Belvieu Spot	134.2	142.7	145.6	132.4	-8.54	-2.86	13.19	-6.0	-2.0	10.0
Conway Spot	116.5	125.2	130.3	126.5	-8.66	-5.19	3.89	-6.9	-4.0	3.1

Key Price Spreads and Differentials









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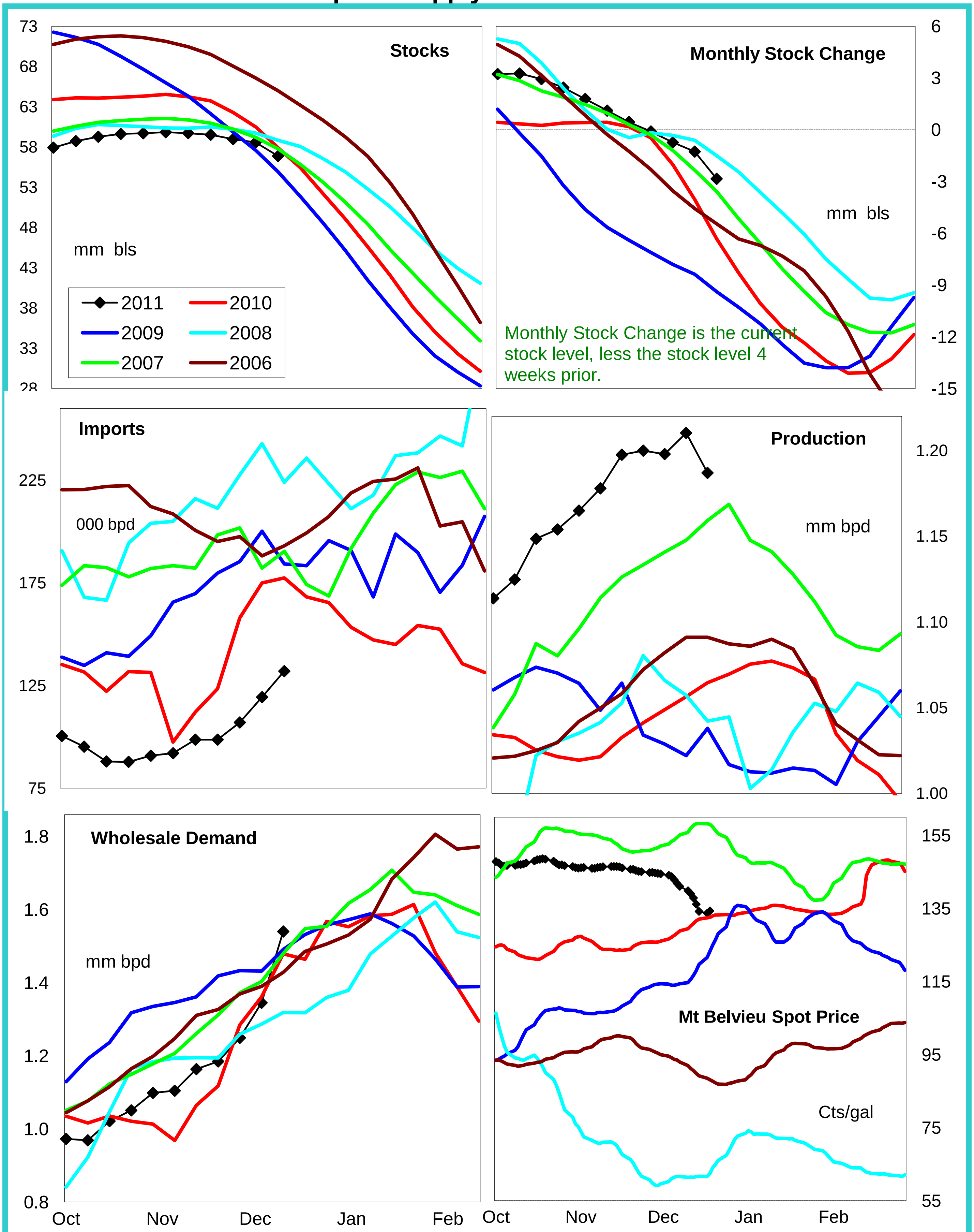
U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Nov	Oct	Sep
000 bpd (000 bls stks)	-783	3,476	154	-61		-56	18	-86	-61
% change	-1.4	-55	14.6	-35.5		-4.1	1.5	-7.6	-5.9

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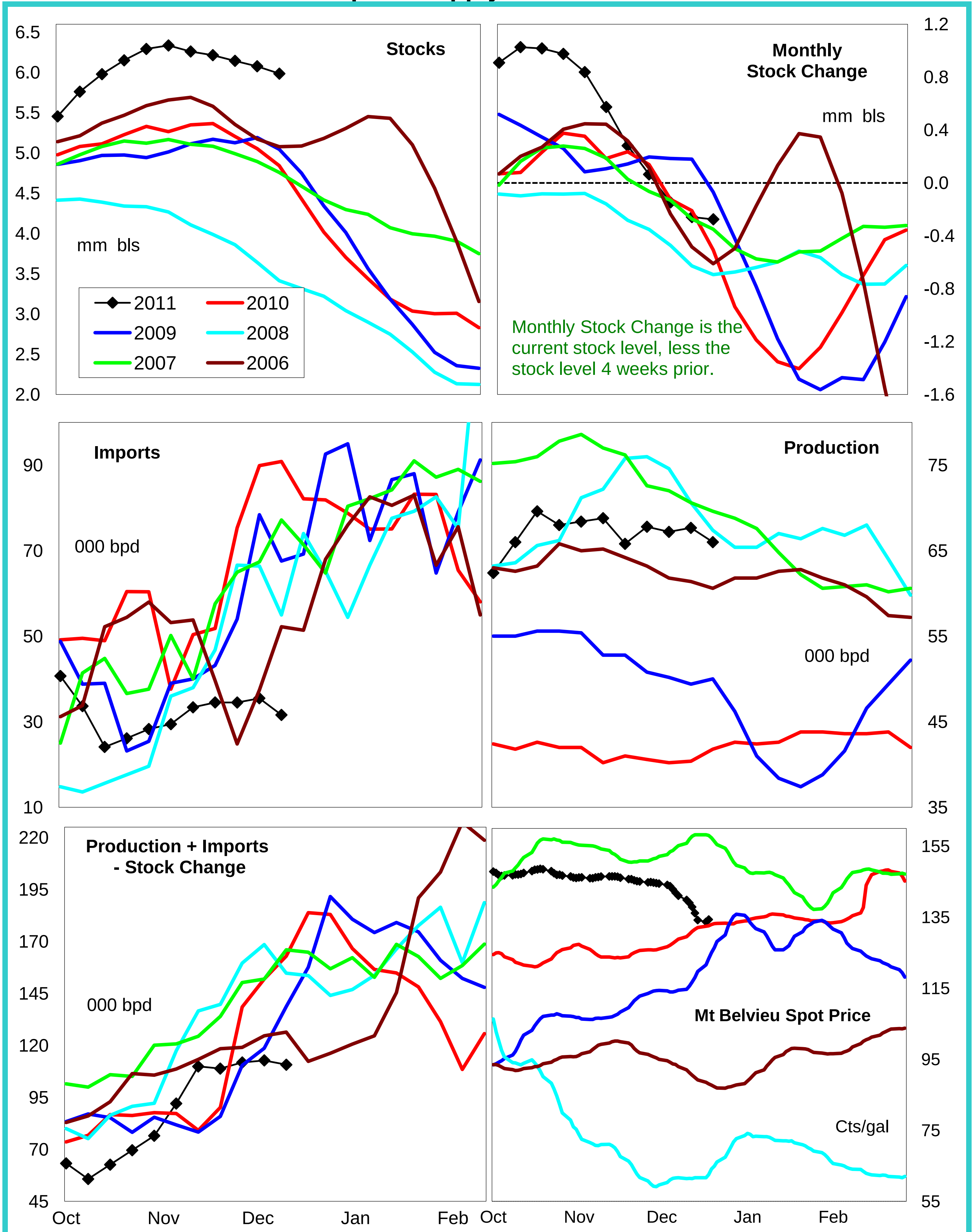
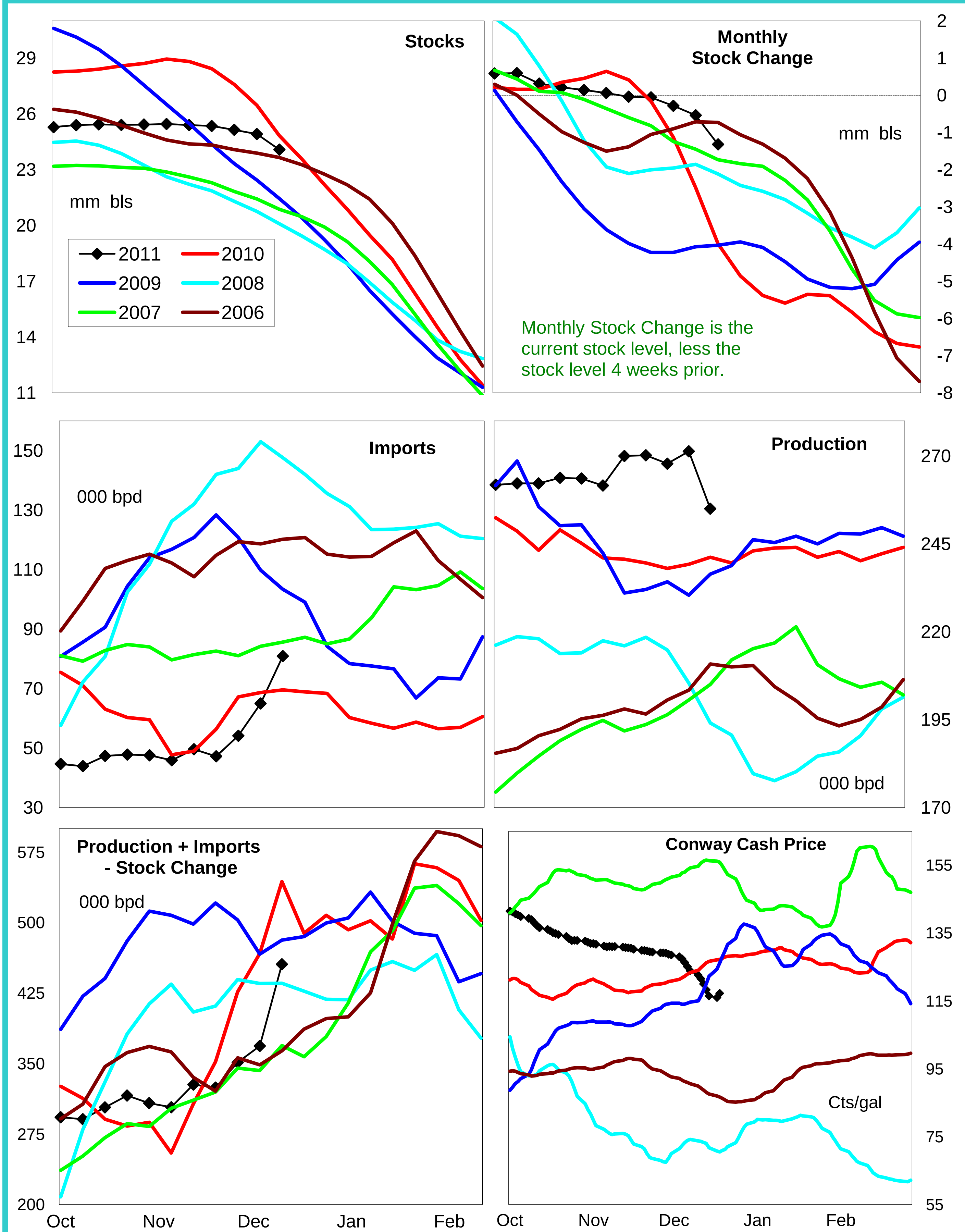
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	1,348	232	27	-53	-25
% change	29.1	-45.8	66.0	-61.0	-18.3

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)	-750	2,668	30	-10	-72
% change	-3.0	-66.9	12.5	-15.2	-16.2

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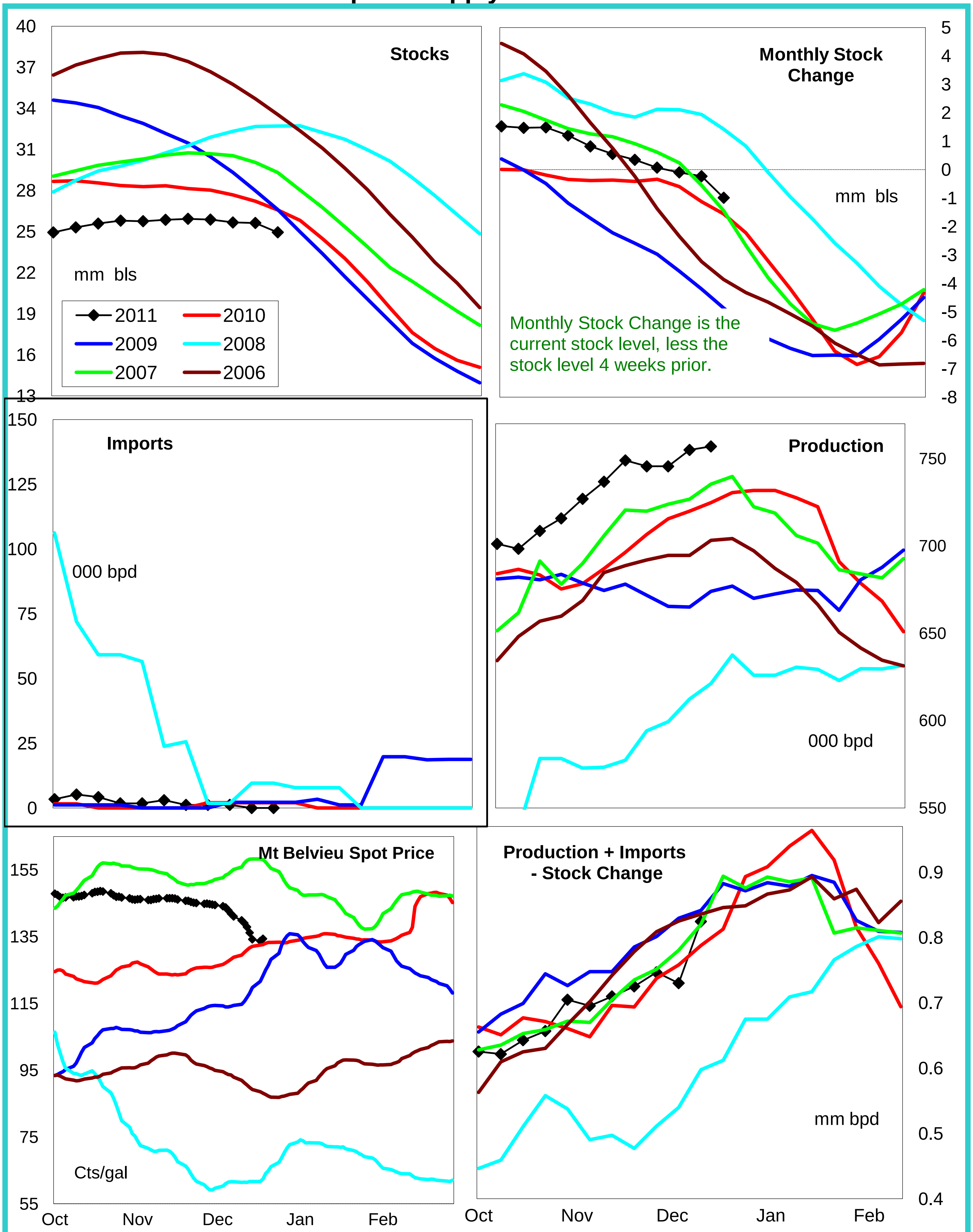
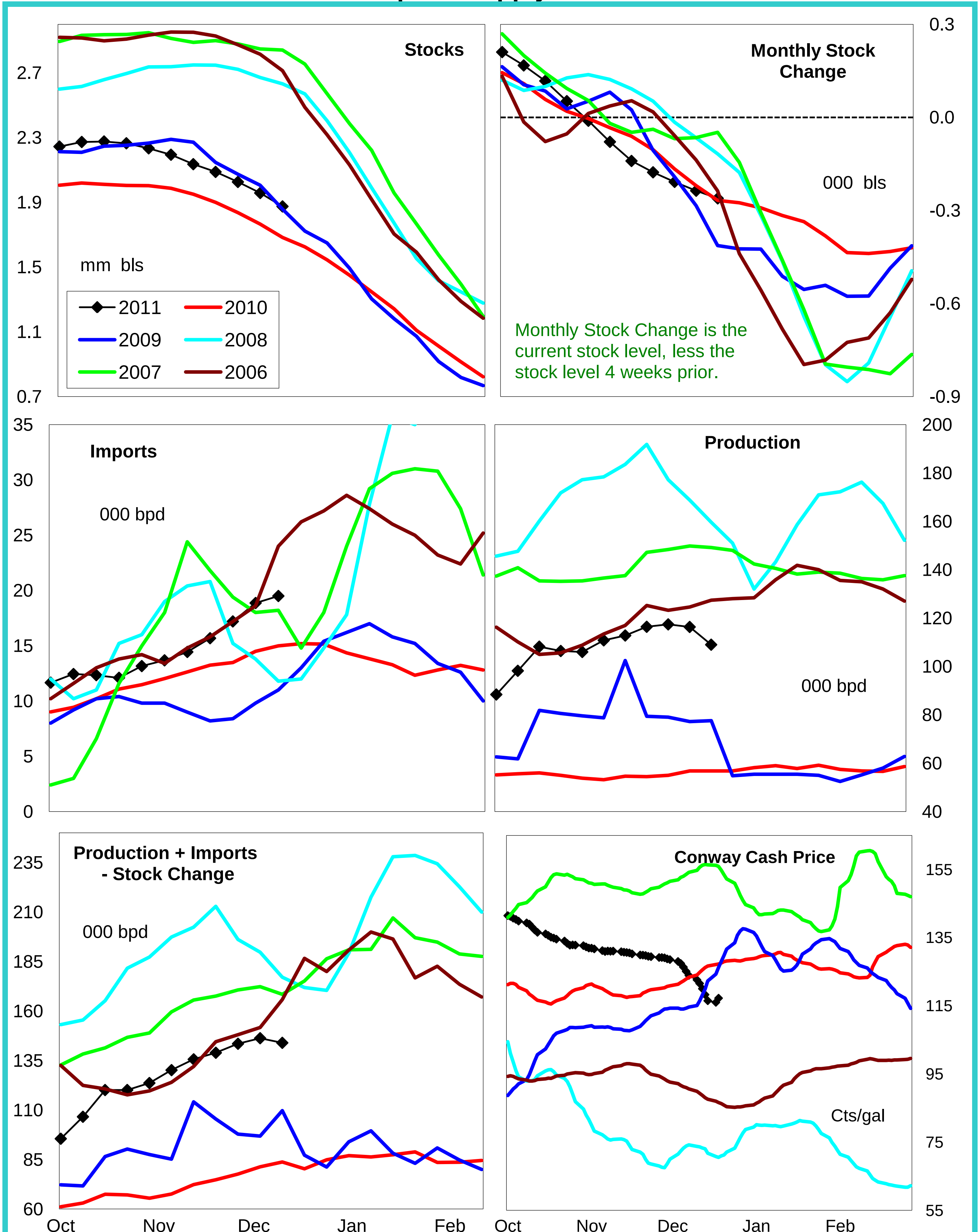
PADD 3 Propane Supply and Demand Balance



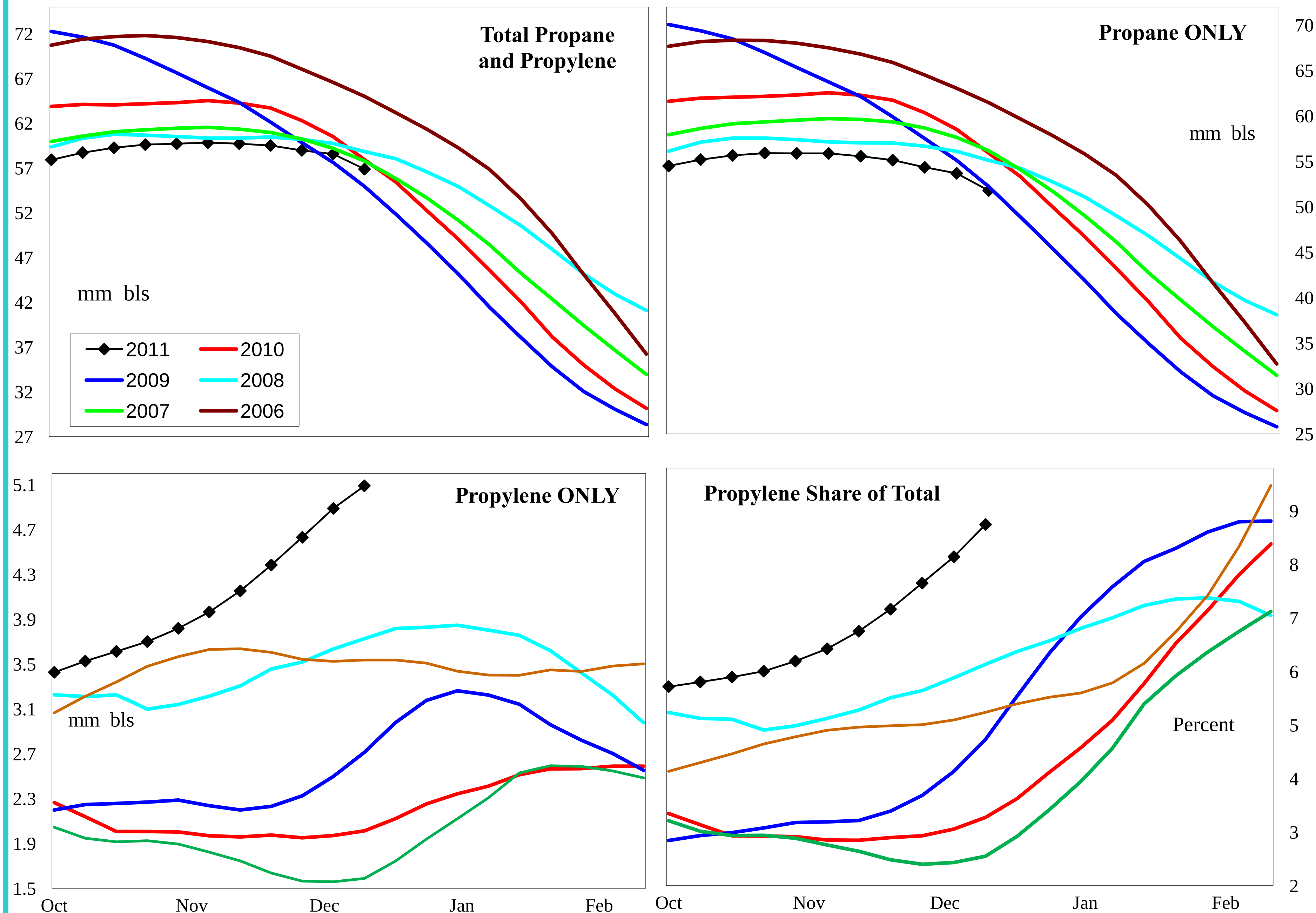
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-1,590	567	35	-1	12
% change	-6.0	-37	4.8	-40.0	1.6

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)	208	7	63	4	64
% change	12.5	-2.5	110.6	26.9	80.4

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	-783	-3,846	3,077
% change	-1.4	-6.9	152.9

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