WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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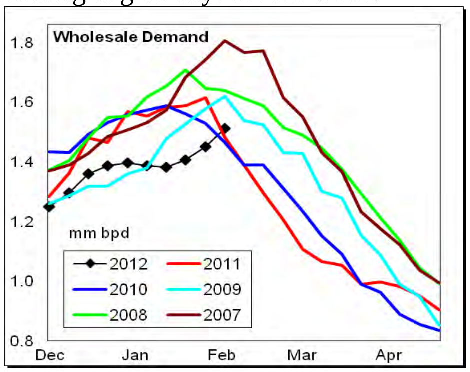
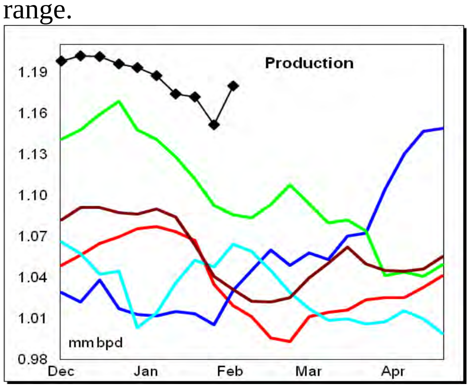
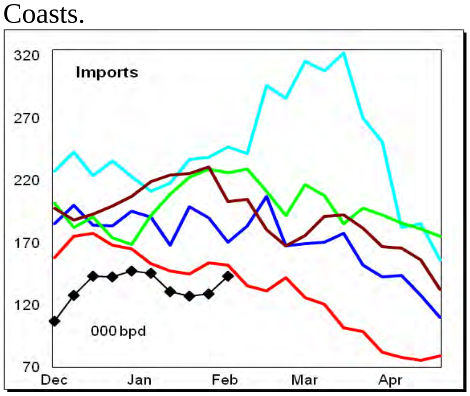
Wholesale demand increased +165,000 bpd on the week, reflecting near normal heating degree days for the week.



Production increased +64,000 bpd last week, a level well above the 5-year range.

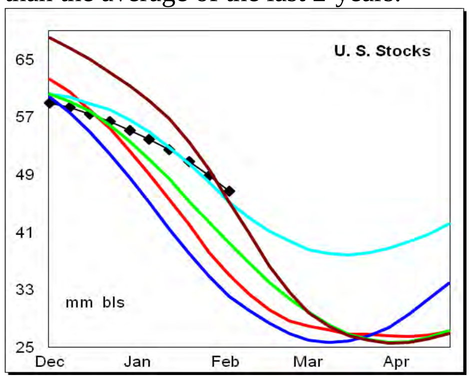


Imports increased +23,000 bpd on the week, concentrated on the East and West Coasts.

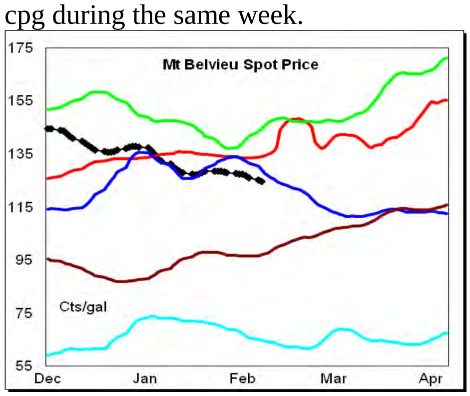


Combined production and imports during the latest 4-wk period were +79,000 bpd above a year ago. Production was +103,000 bpd above last year (+10%), while imports were -24,000 bpd lower. The latest 4-wk average demand was -221,000 bpd below last year; driven by low heating degree days in major markets.

Stocks decreased -2.3 million barrels last week. The 4-wk stock change was a draw of -7.2 million barrels, -50% less than the average of the last 2-years.



Price and Spreads Mt Belvieu spot prices decreased -4 cpg for the week ending 07Feb12 while Conway increased +3 cpg during the same week.



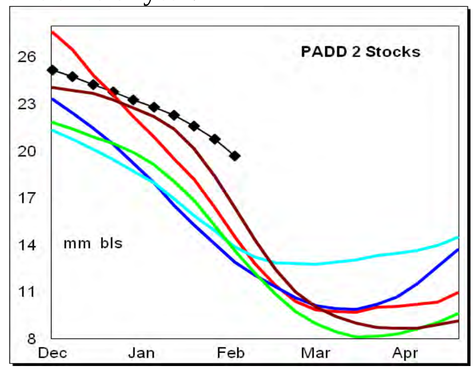
The Conway – Mt Belvieu price spread traded sideways last week, ending the week at -26 cpg discount.

The propane to natural gas price spread traded flat last week on continued weak natural gas prices. The spread matched record highs in favor of propane.

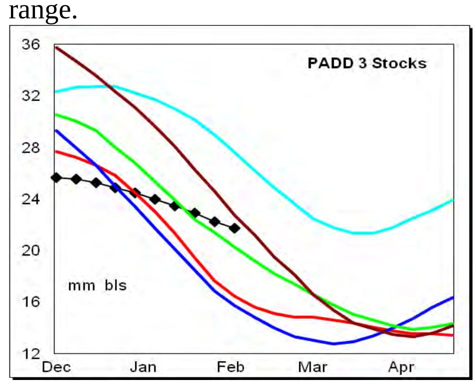
The propane / crude oil price spread trended lower for the week at a level that matched recent record lows.

PADD 1 stocks declined -0.4 million barrels last week. Stock levels ended the week well above the last 3-years. Supply for the latest 4-wk period was -28,000 bpd below last year on low imports.

PADD 2 stocks decreased -1.1 million barrels on the week. Supply increased +10,000 bpd on the week; with the latest 4-wk average +39,000 bpd above a year ago. Stock levels ended the week +31% above a year ago, and a record high for this time of year.



PAD 3 stocks decreased -0.7 million barrels on the week, with the 4-wk rate of stock draw a record low draw compared to the last 5-years. Stock levels ended the week above the mid range.



PADDs 4 & 5 stocks decreased -0.1 million barrels. The stock level was +30% above a year ago.

Emerging Trends Temperatures are forecast to be warmer than normal in the upper midwest and eastern 1/3rd of the country for the next 10-days. U.S. stocks are now at 5-year highs for this time of year and +30% above a year ago. Peak seasonal heating degree days have now passed, production remains +10% above last year and at 5-year highs. The propane market is extremely over supplied in the Midwest.

Expect price weakness through the end of the heating season, partially offset by pre buying for the next season on price pullbacks.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

February 8, 2012

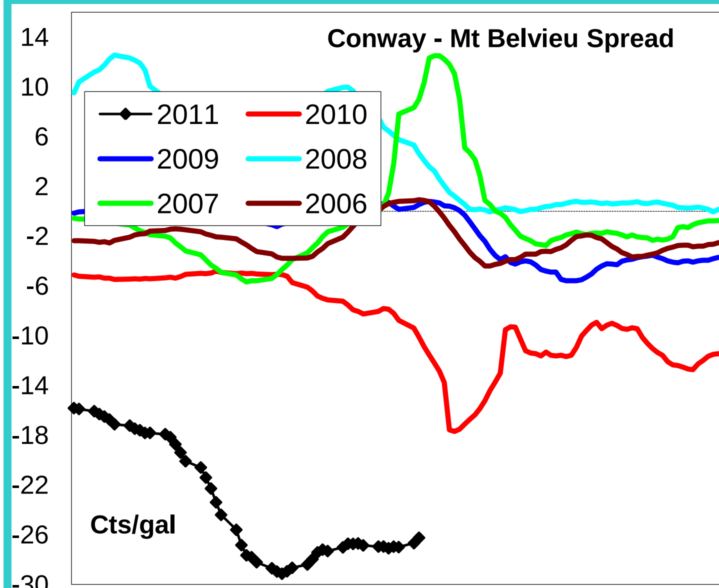
Fundamental Trends for the Week Ending: Friday, February 03, 2012

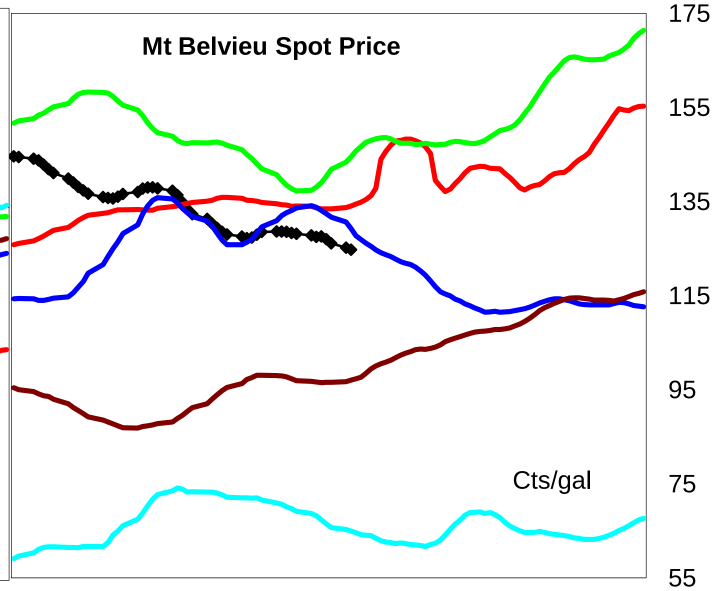
000 bpd Stocks 000 bls	Weekly Supply-Demand U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	Change from prior week: U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	46,677	3,969	19,665	21,724	1,319	-2,312	-435	-1,083	-650	-144
Propylene Stocks	4,951					-60				
Production	1,180	54	270	732	124	64	-8	9	55	8
Imports	143	44	72	0	28	23	11	1	0	10
Whsle Demand	1,551					165				

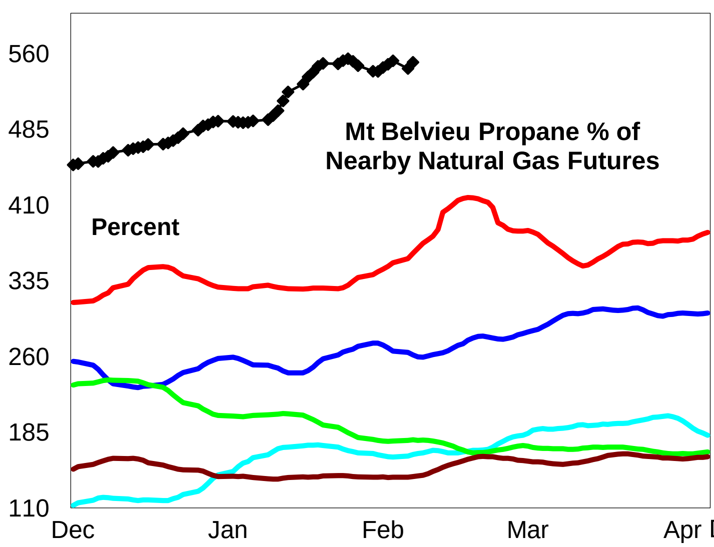
Price Trends for the Week Ending: Tuesday, February 07, 2012

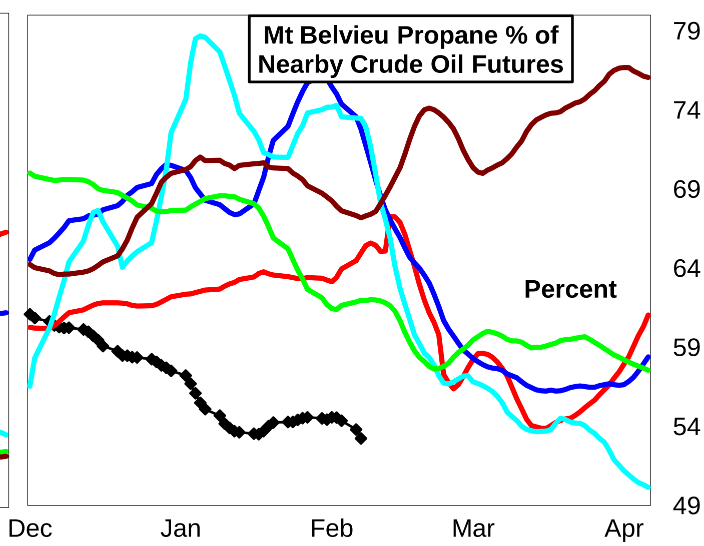
Cents/gal	Average for week ending: 2/7/12	1/31/12	1/10/12	2/9/11	Change from: 1/31/12	1/10/12	2/9/11	% change from: 1/31/12	1/10/12	2/9/11
Mont Belvieu Spot	126.1	129.0	132.3	133.7	-2.90	-3.26	-1.48	-2.2	-2.5	-1.1
Conway Spot	99.1	102.1	102.5	125.8	-2.97	-0.43	-23.27	-2.9	-0.4	-18.5

Key Price Spreads and Differentials

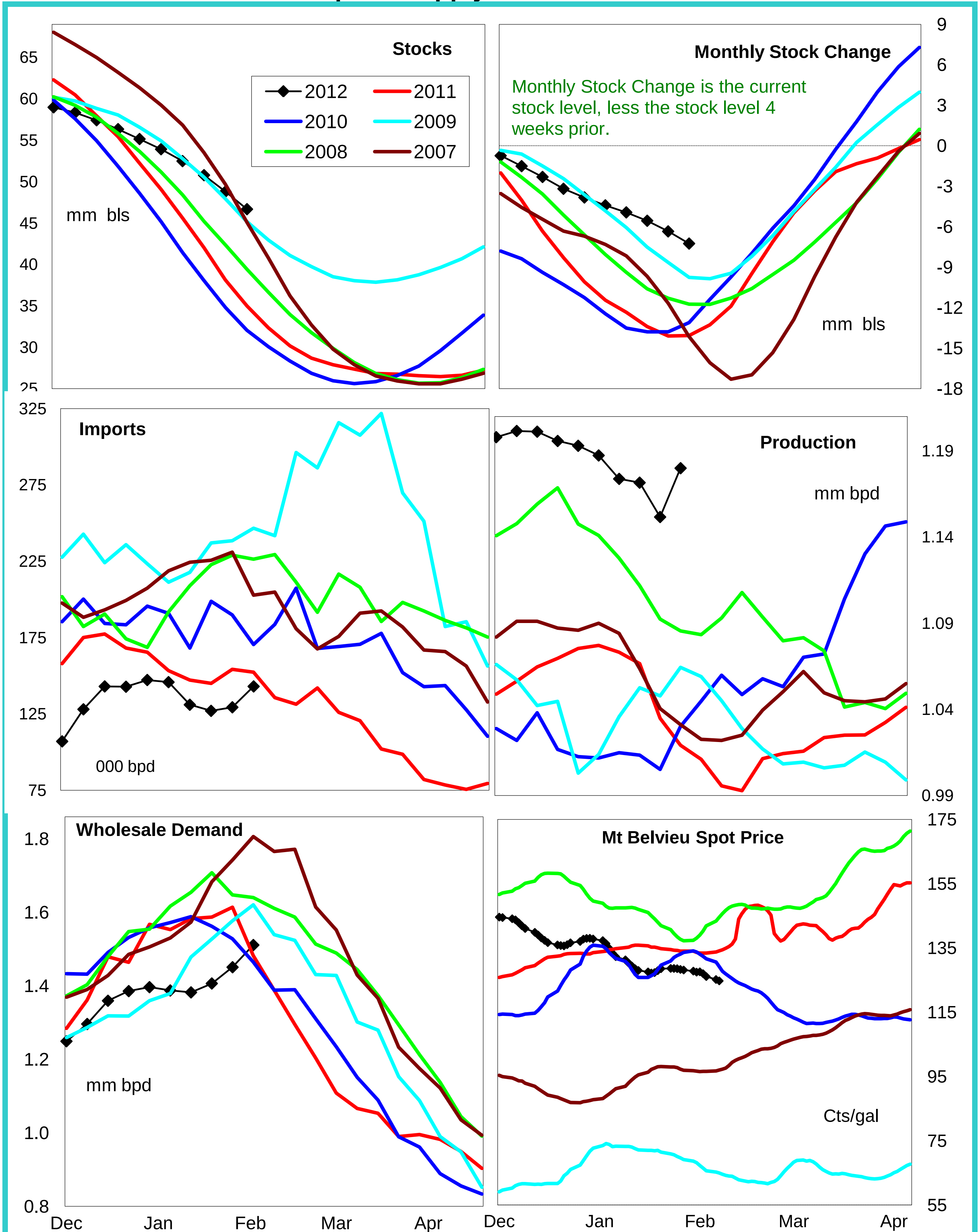








U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Dec	Nov	Oct
000 bpd (000 bls stks)	11,872	6,813	103	-24		-221	-203	18	-86
% change	34.1	-48	9.8	-15.4		-13.2	-12.4	1.5	-7.6

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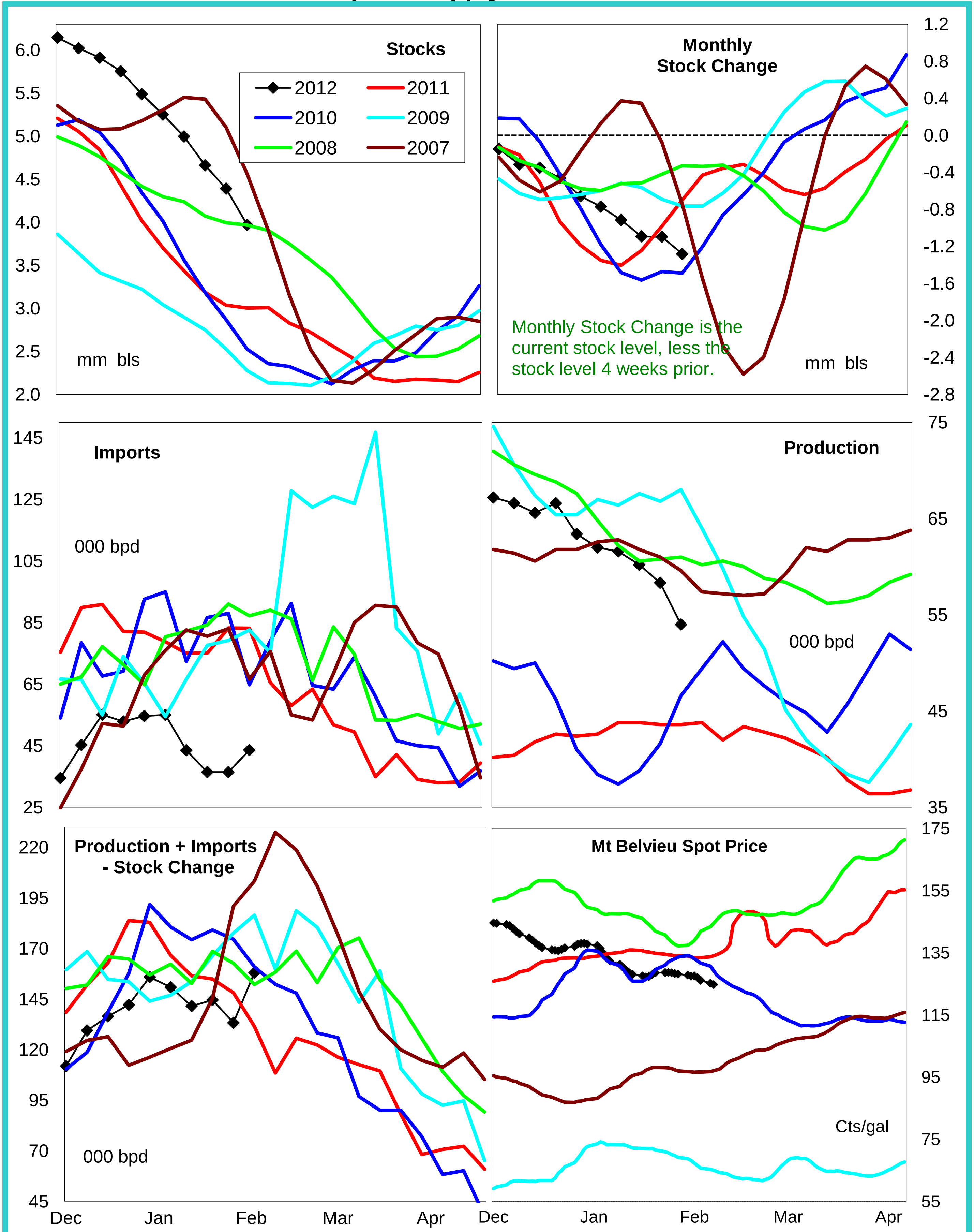
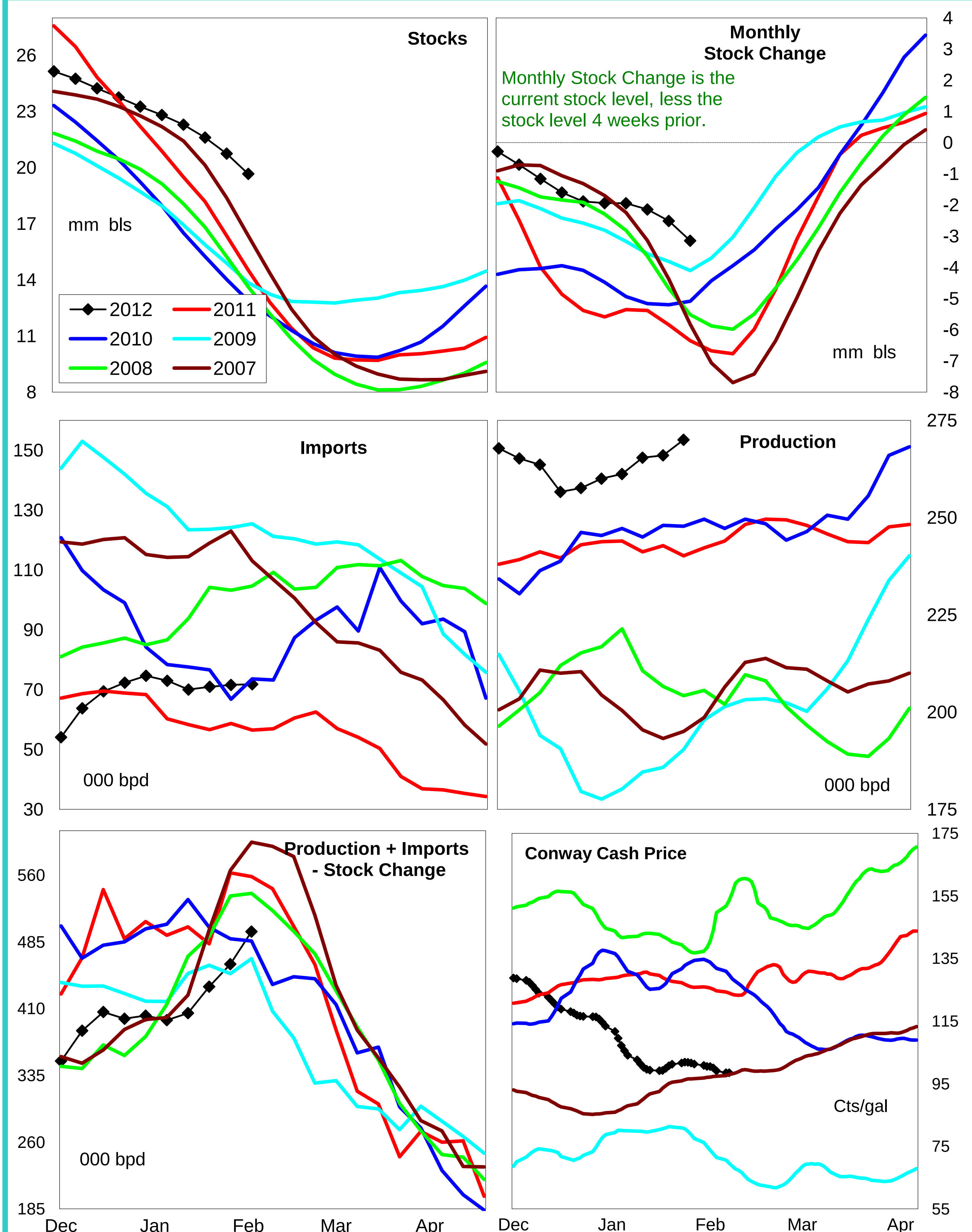
PADD 1 Propane Supply and Demand Balance



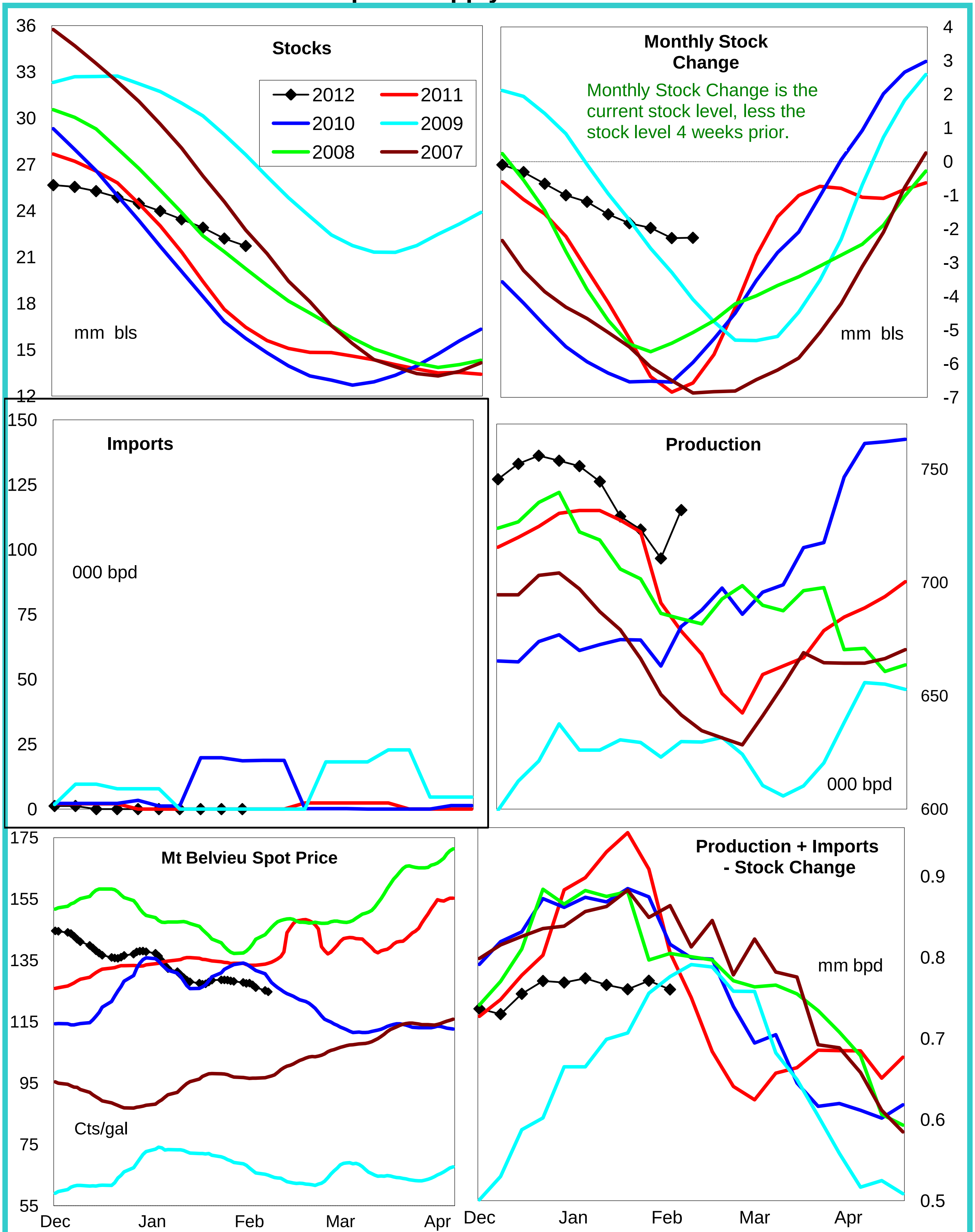
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	1,073	-584	17	-45	-3
% change	37.1	83.7	39.2	-54.8	-2.3

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)	4,700	3,206	25	14	-77
% change	31.4	-50.5	10.1	24.1	-14.7

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)	5,795	4,309	-1	0	-135
% change	36.4	-66	-0.1	#DIV/0!	-14.4

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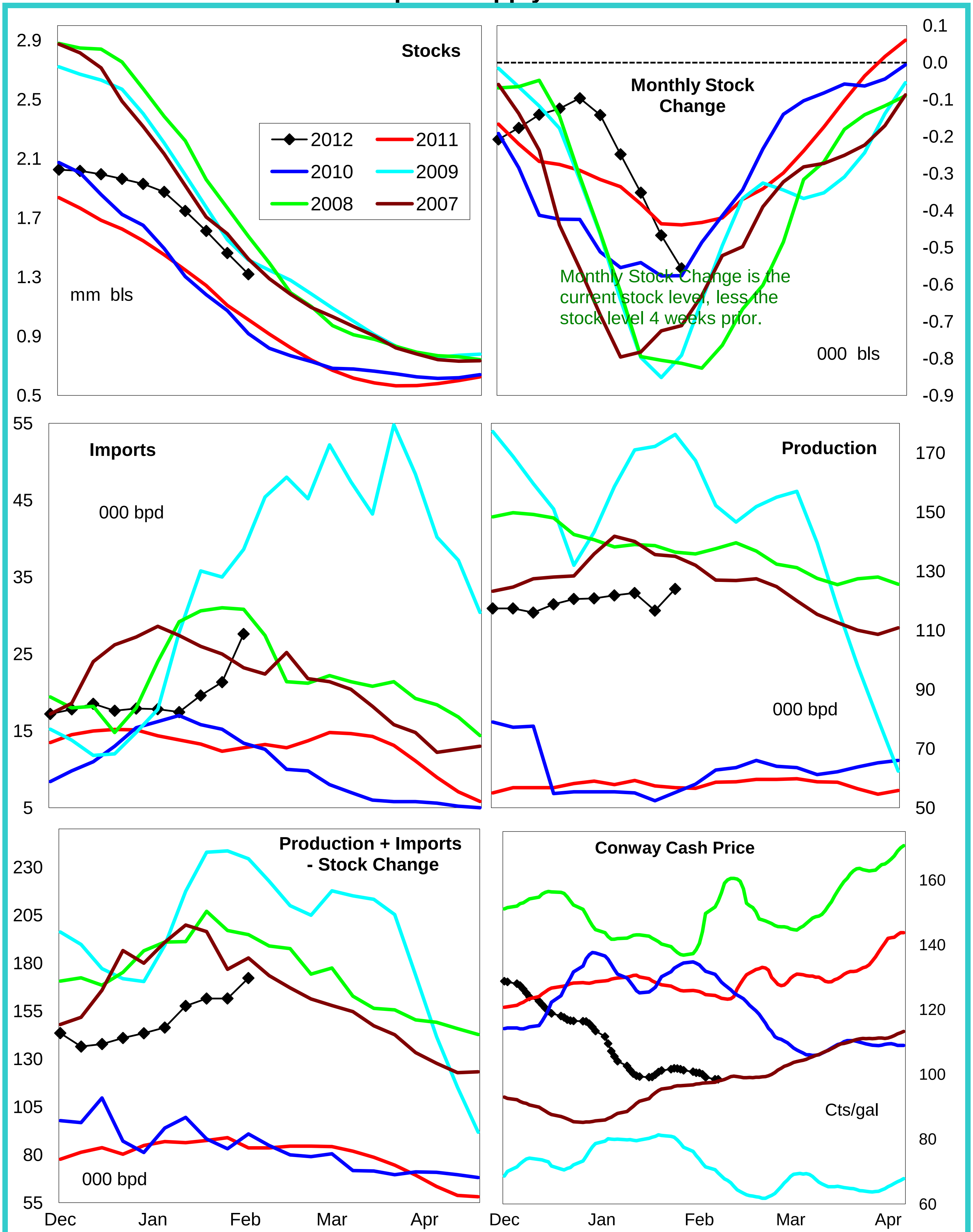
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	304	-118	63	8	77
% change	30.0	26.8	108.7	63.1	88.6

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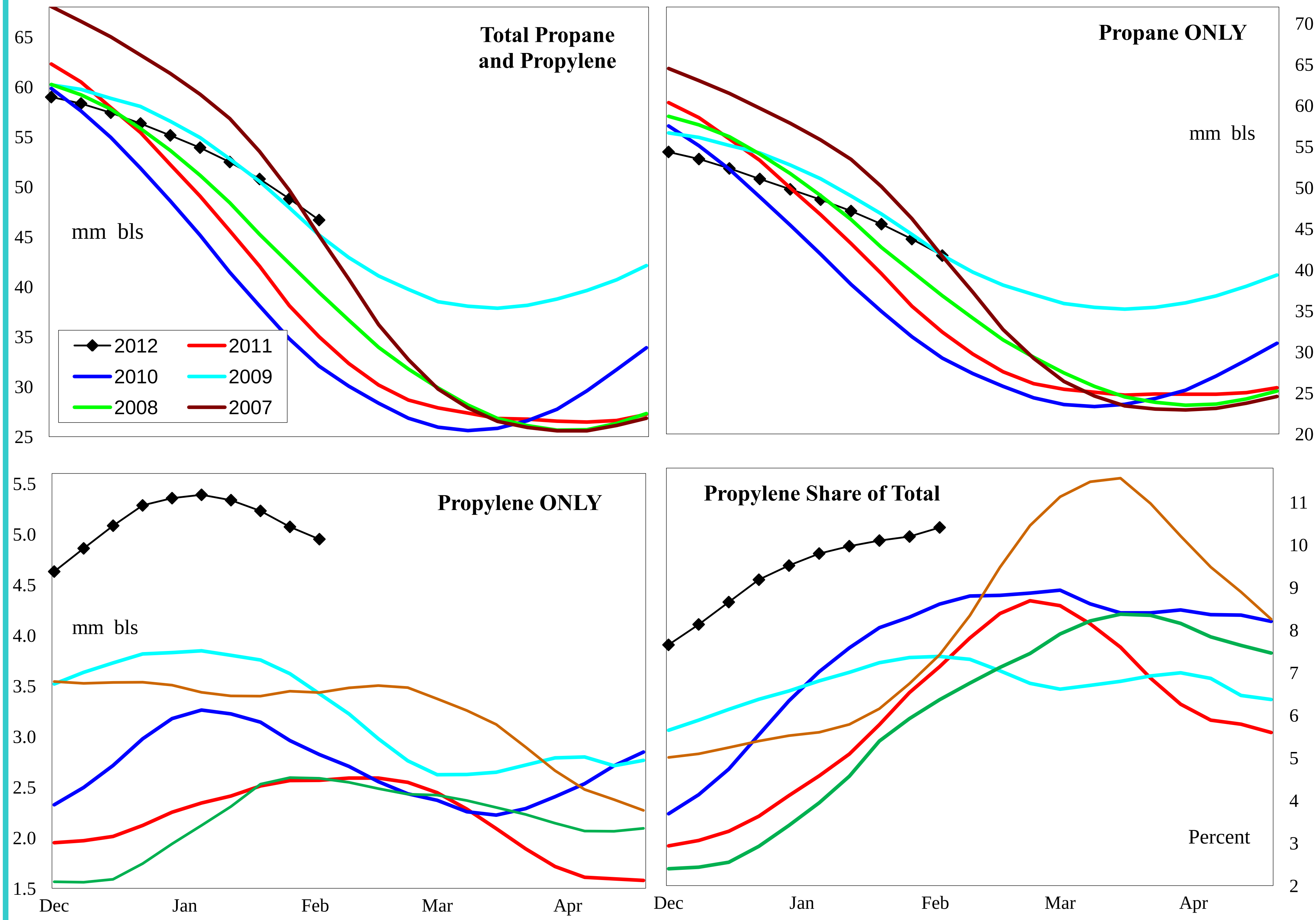
U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	**11,872**	**9,592**	**2,383**
% change	**34.1**	**29.9**	**92.8**

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