FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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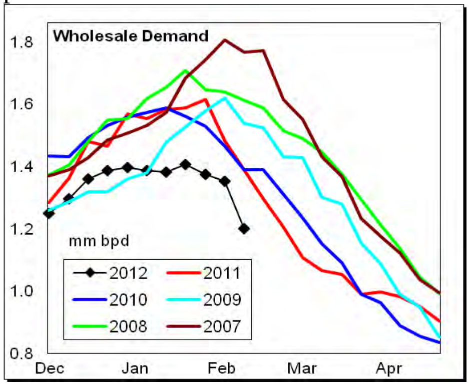
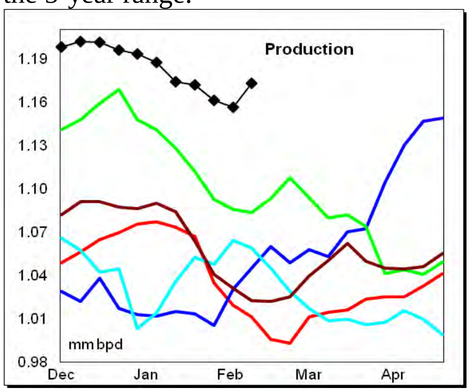
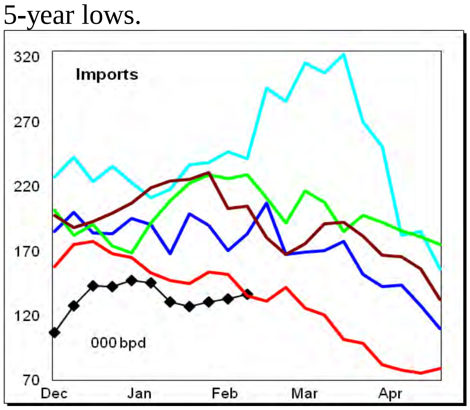
Wholesale demand fell -311,000 bpd on the week, reflecting -9% lower than normal heating degree days and the seasonal downtrend in demand after peak winter use.



Production decreased -7,000 bpd last week, but remains at a level well above the 5-year range.



Imports decreased -6,000 bpd on the week, with the level matching last years' 5-year lows.

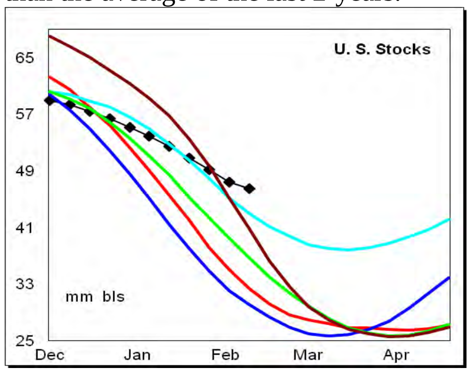


Combined production and imports during the latest 4-wk period were +99,000 bpd above a year ago.

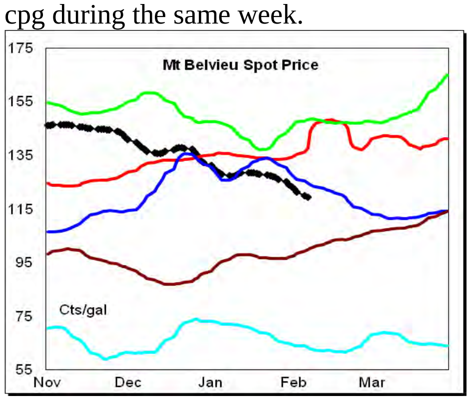
[1] Source is latest EIA Weekly Statistics

Production was +133,000 bpd above last year (+13%), while imports were -34,000 bpd lower. The latest 4-wk average demand was -173,000 bpd below last year; driven by low heating degree days in major markets.

Stocks decreased -0.2 million barrels last week. The 4-wk stock change was a draw of -6 million barrels, -55% less than the average of the last 2-years.



Price and Spreads Mt Belvieu spot prices decreased -5 cpg for the week ending 14Feb12 while Conway was down -1.5 cpg during the same week.



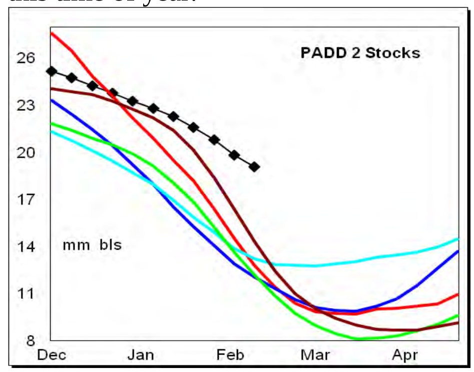
The Conway – Mt Belvieu price spread extended a longer term uptrend on weakness in the Gulf market; with Conway now trading at a -20 cpg discount.

The propane to natural gas price spread trended lower last week on some strength in natural gas prices. The spread was still near record highs in favor of propane.

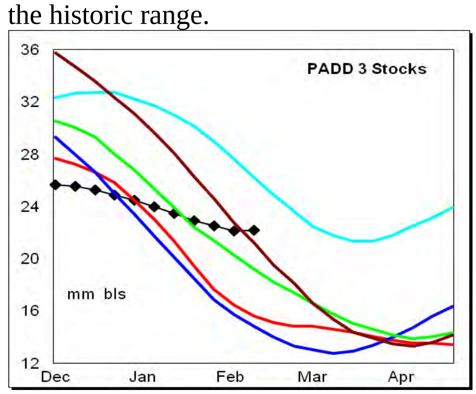
The propane / crude oil price spread extended the longer term downtrend last week, falling to new all time record lows for the season.

PADD 1 stocks were unchanged last week. Stock levels matched 5-year highs for this time of year. Supply for the latest 4-wk period was -42,000 bpd below last year on low imports.

PADD 2 stocks decreased -0.6 million barrels on the week. Supply decreased -27,000 bpd on the week; with the latest 4-wk average +34,000 bpd above a year ago. Stock levels ended the week +54% above a year ago, and a record high for this time of year.



PAD 3 stocks increased +0.4 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 at the upper end of the historic range.



PADDs 4 & 5 stocks decreased -0.1 million barrels. The stock level was +39% above a year ago.

Emerging Trends The propane market in key regions of PADD 2 and 3 has entered an era of abundance - driven by expansion in gas liquids processing plants that has lifting output +12% over last year, to record highs. Expect a period of oversupply, until export infrastructure projects are completed to facilitate increased exports.

PROPANE: Graph Link and Weekly Summary

February 17, 2012

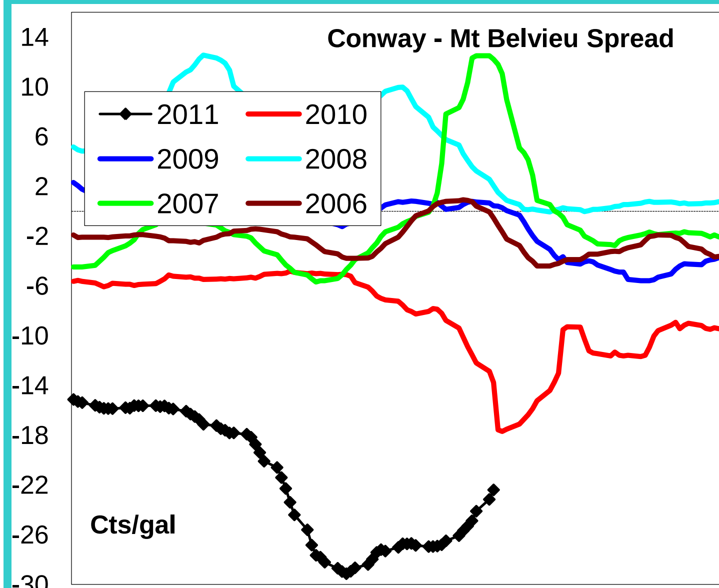
Fundamental Trends for the Week Ending: Friday, February 10, 2012

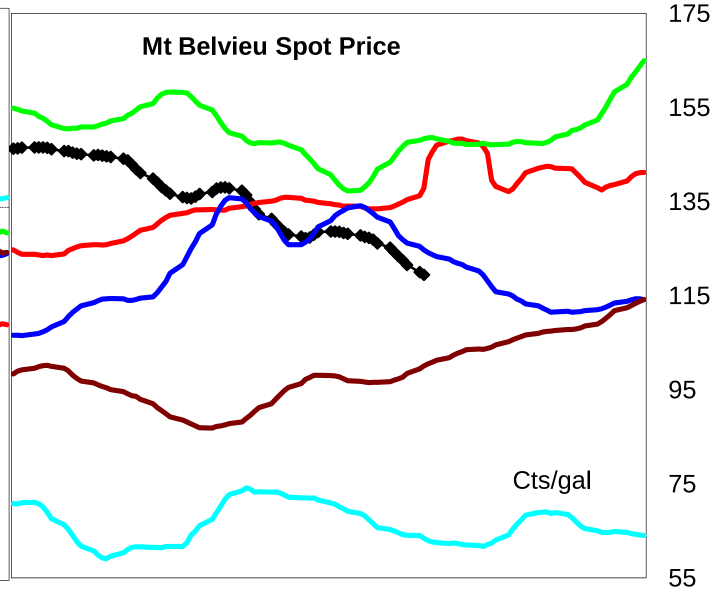
000 bpd Stocks 000 bls	Weekly Supply-Demand U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	Change from prior week: U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	46,439	3,976	19,068	22,162	1,233	-238	7	-597	438	-86
Propylene Stocks	4,933					-18				
Production	1,173	61	261	722	129	-7	7	-9	-10	5
Imports	137	47	54	0	36	-6	3	-18	0	9
Whsle Demand	1,240					-311				

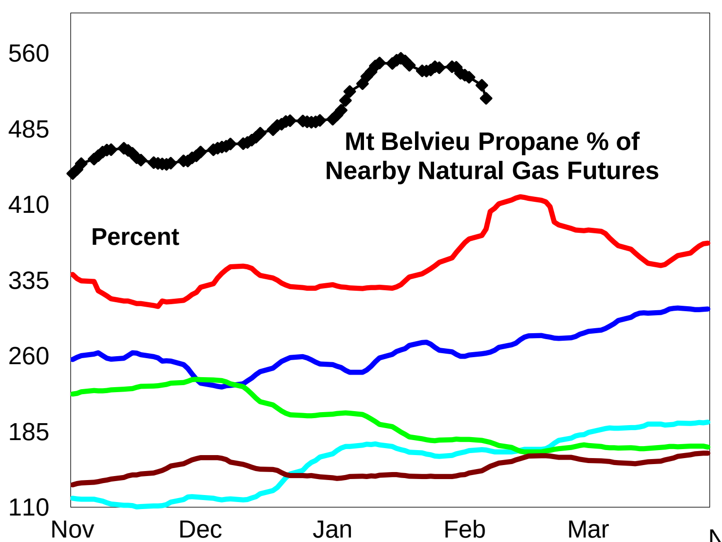
Price Trends for the Week Ending: Tuesday, February 14, 2012

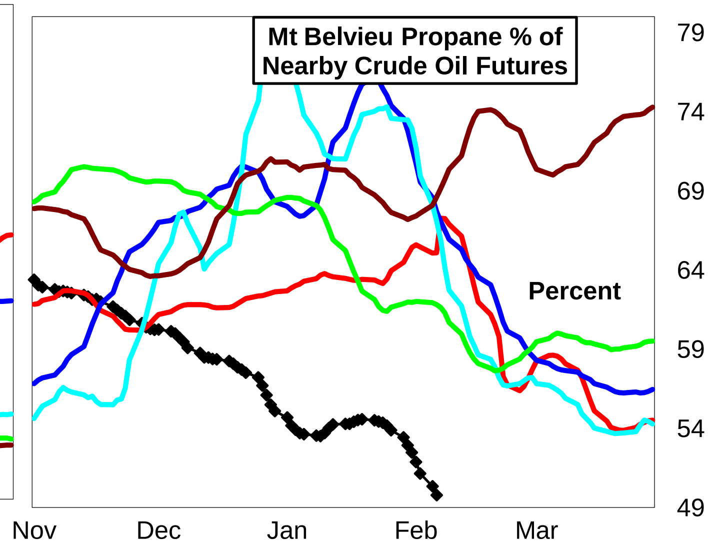
Cents/gal	Average for week ending: 2/14/12	2/7/12	1/17/12	2/16/11	Change from: 2/7/12	1/17/12	2/16/11	% change from: 2/7/12	1/17/12	2/16/11
Mont Belvieu Spot	121.5	126.1	126.5	134.5	-4.60	-0.36	-8.01	-3.6	-0.3	-6.0
Conway Spot	97.4	99.1	97.6	121.9	-1.71	1.47	-24.25	-1.7	1.5	-19.9

Key Price Spreads and Differentials

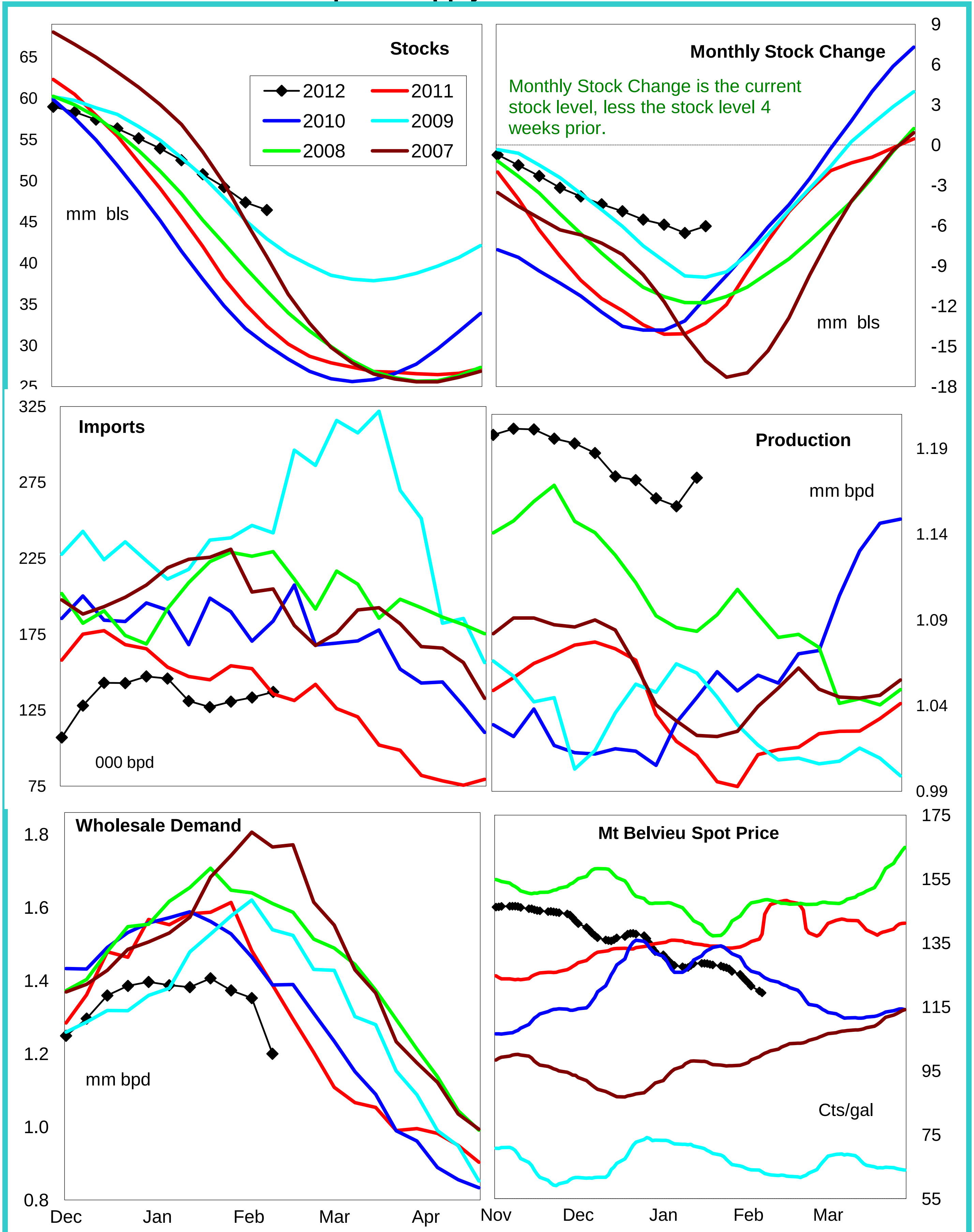






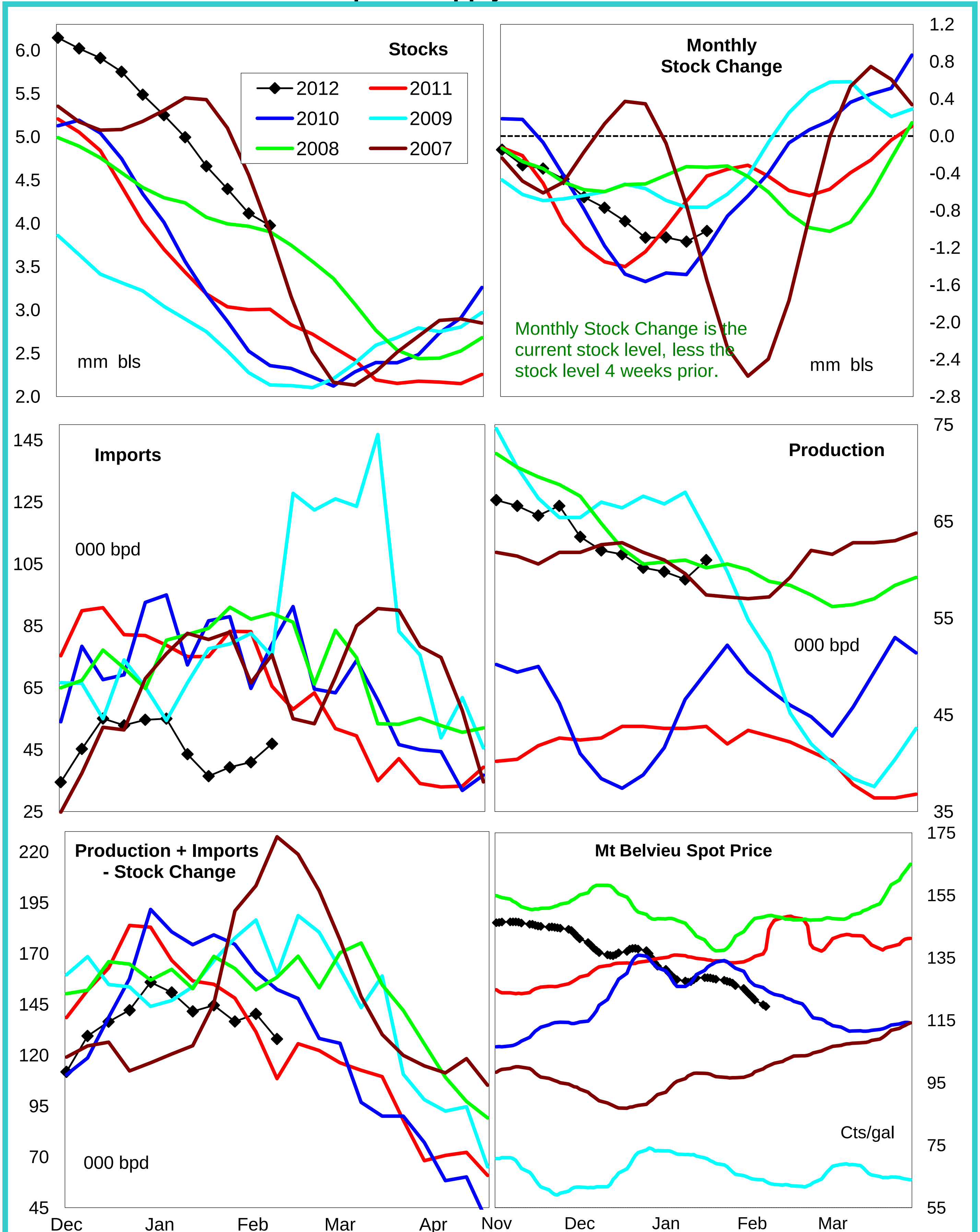


U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Jan	Dec	Nov
000 bpd (000 bls stks)	15,466	7,217	133	-34		-173	-195	-203	18
% change	49.9	-54	12.9	-20.6		-10.8	-11.8	-12.4	1.5

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)	1,019	-591	15	-57	2
% change	34.5	137.9	34.9	-59.4	1.2

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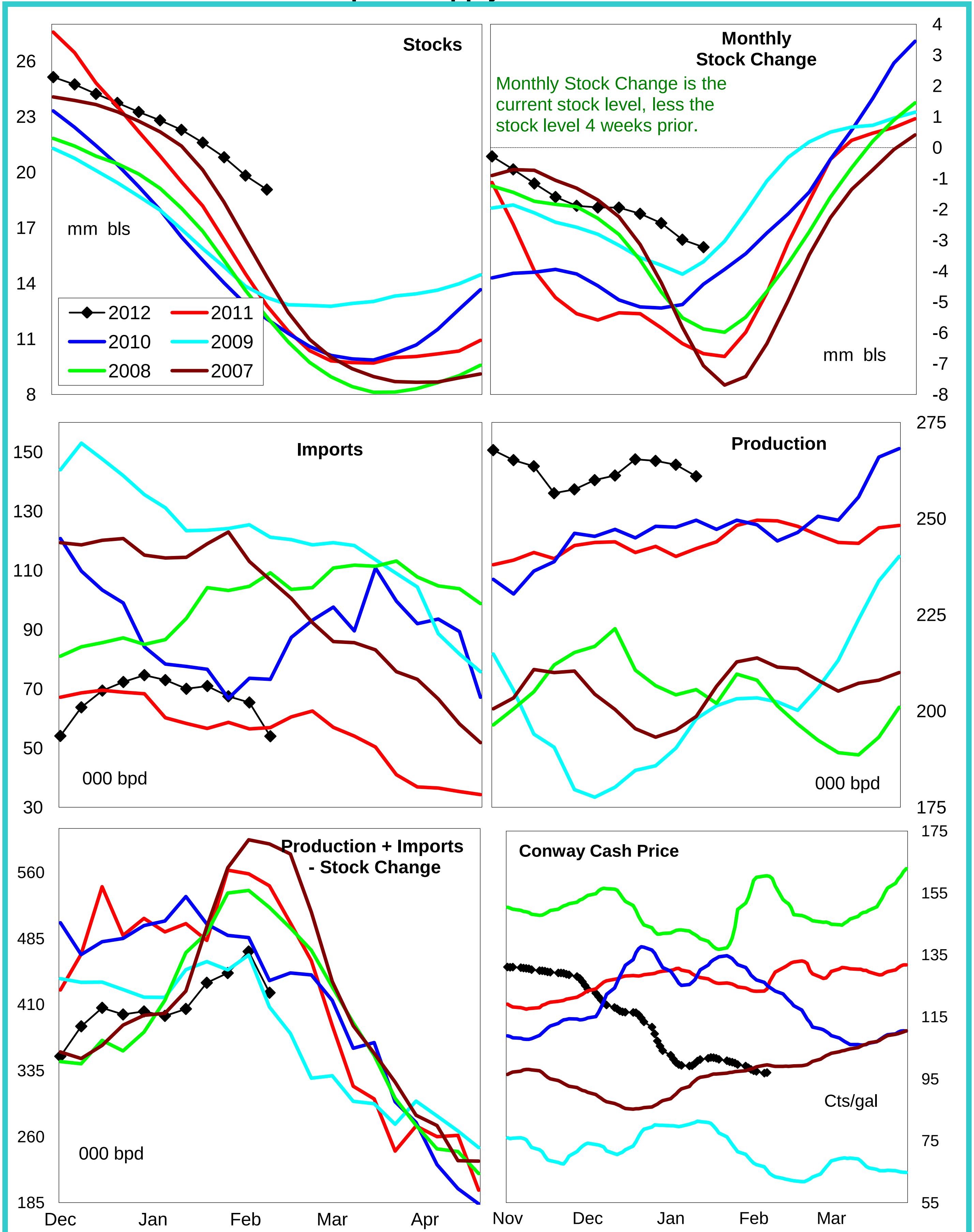
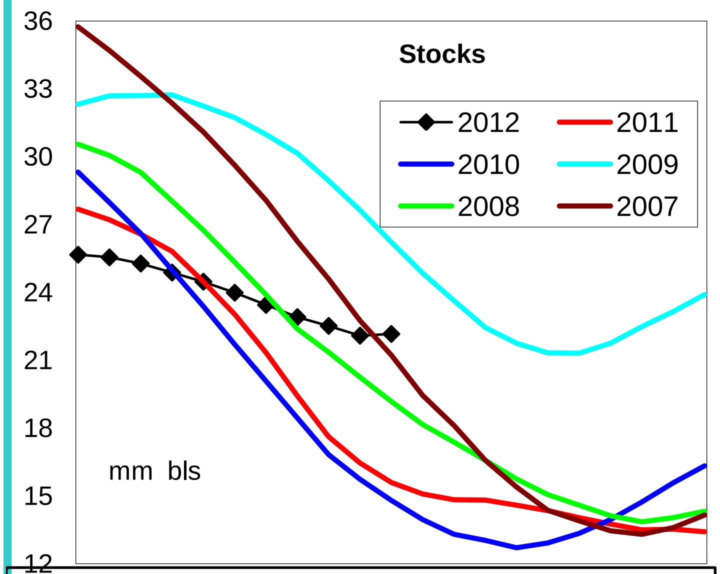
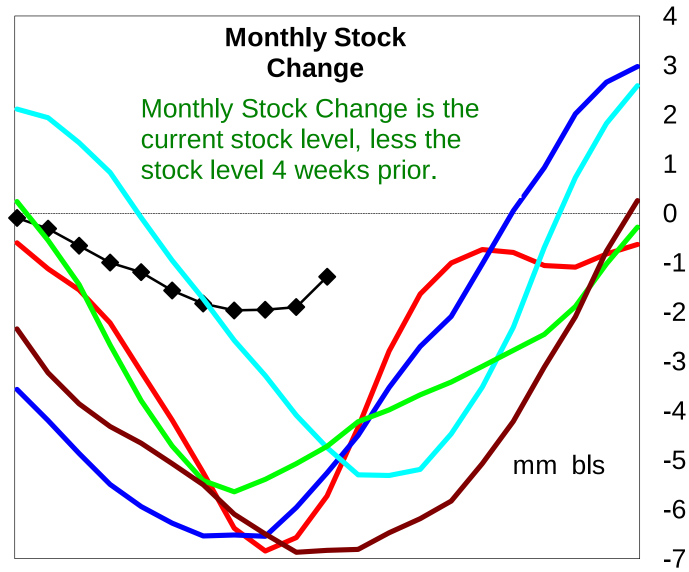
PADD 2 Propane Supply and Demand Balance

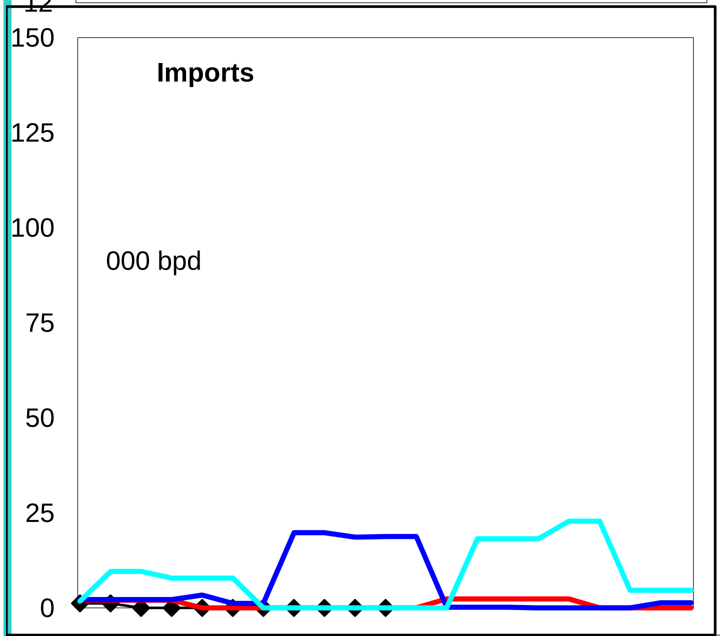


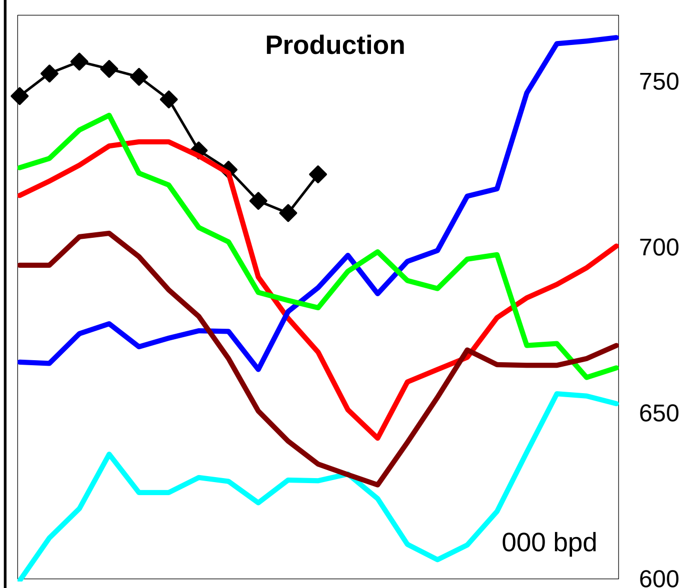
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	6,660	3,448	24	10	-94
% change	53.7	-51.7	9.7	18.0	-17.4

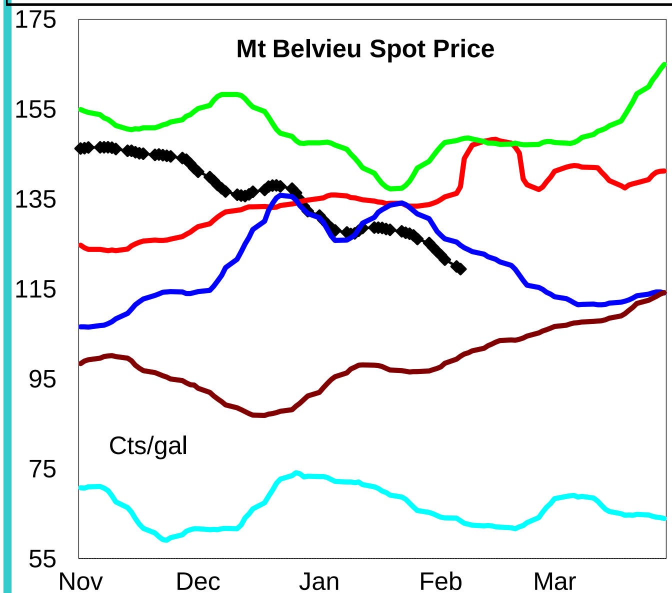
PADD 3 Propane Supply and Demand Balance

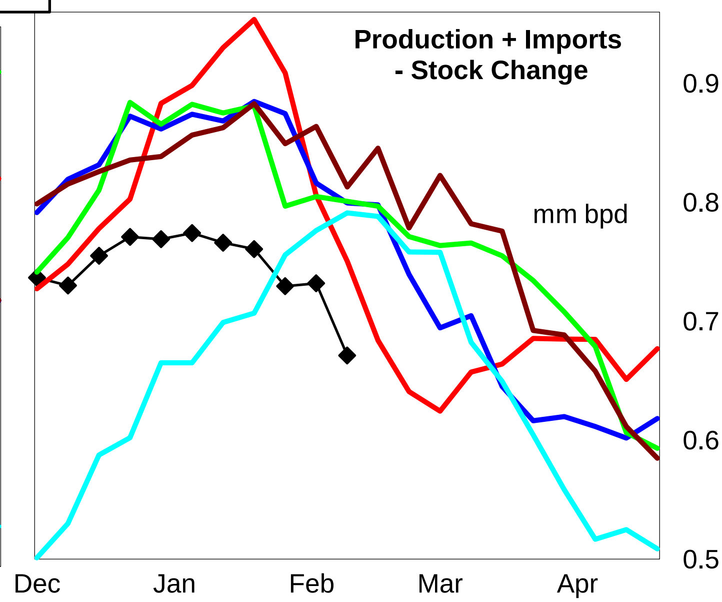












4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	7,440	4,442	31	0	-131
% change	50.5	-78	4.5	#DIV/0!	-14.7

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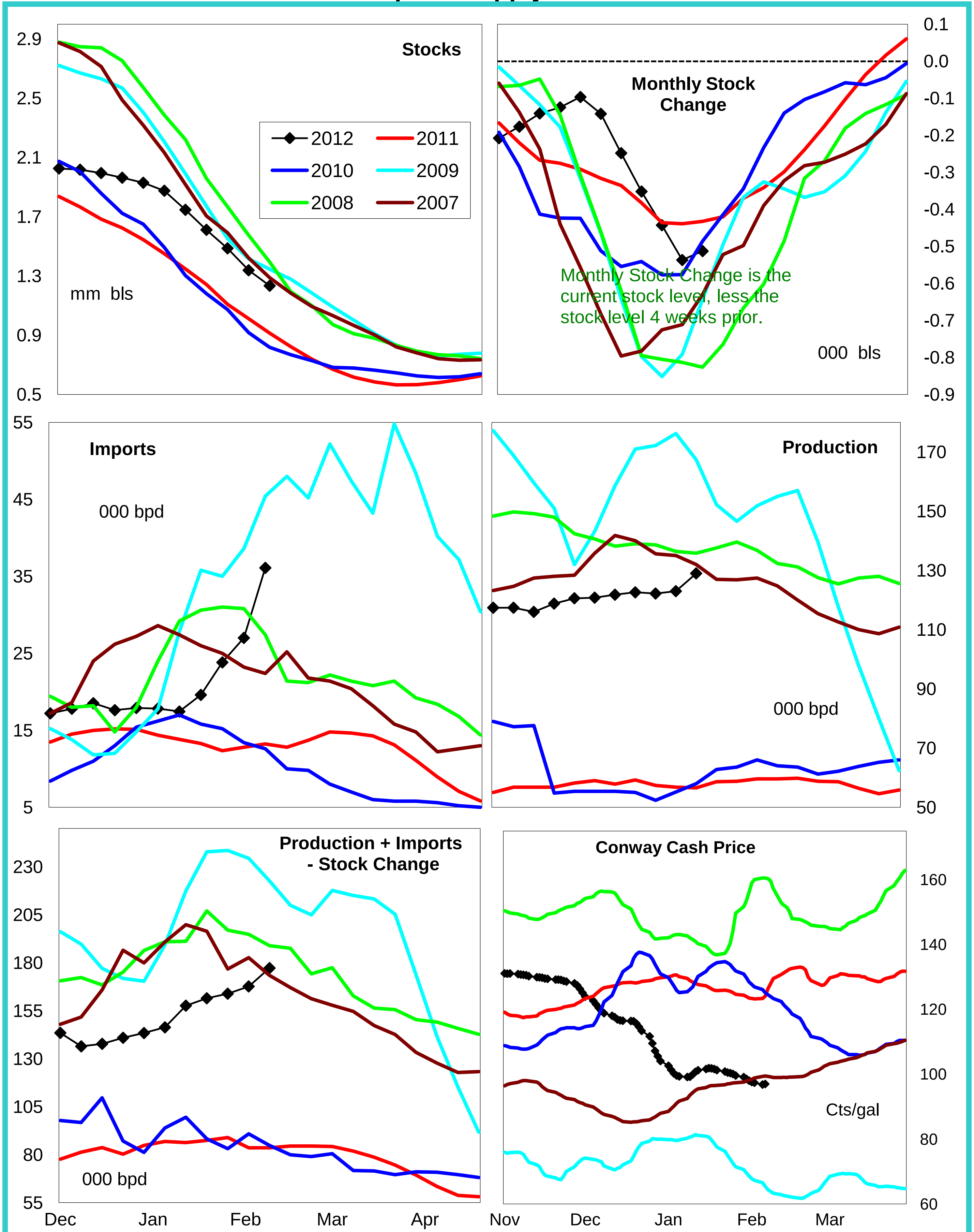
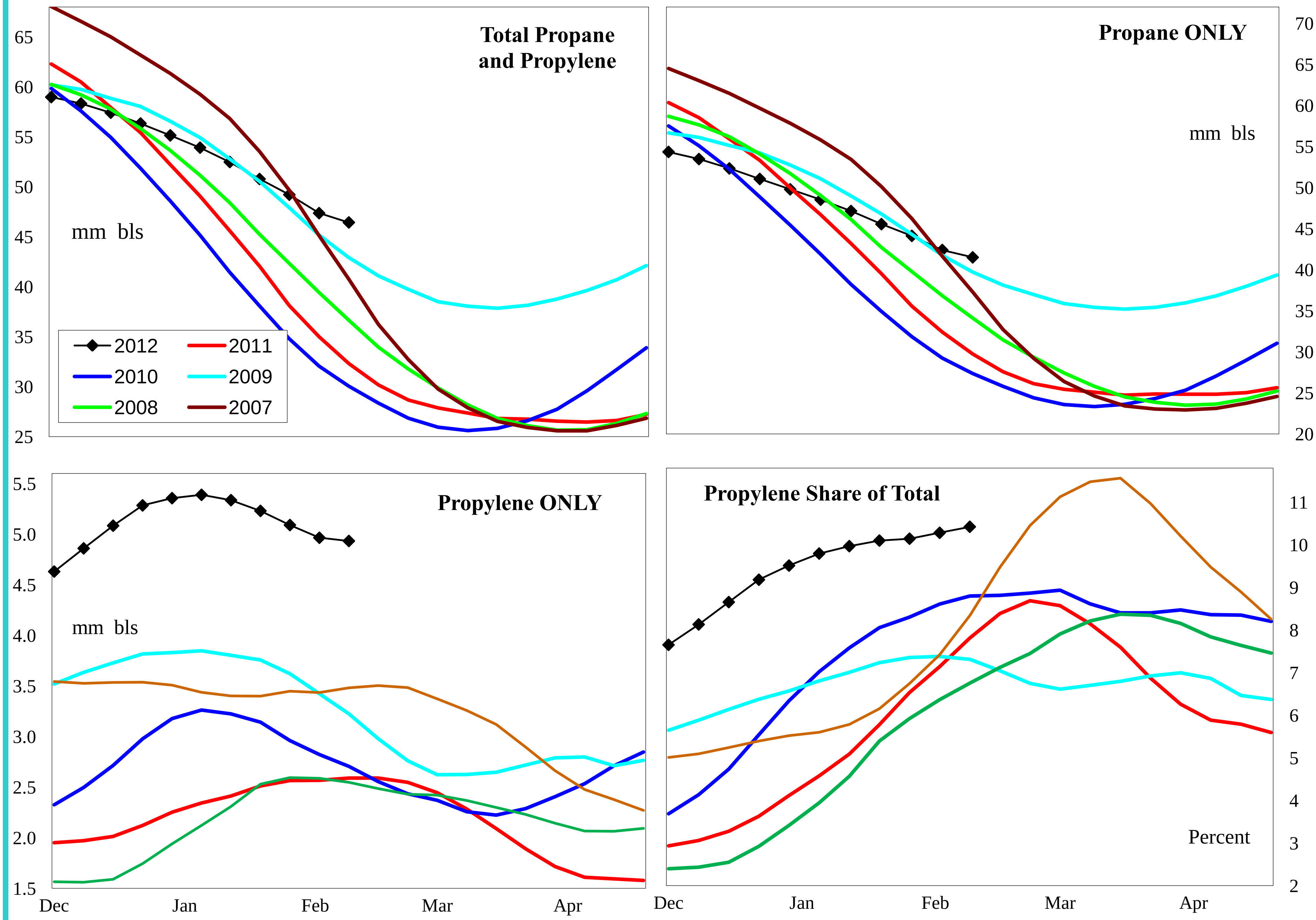
PADDs 4 and 5 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	349	-80	63	13	82
% change	39.4	18.5	111.9	107.7	95.2

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	15,466	13,152	2,343
% change	49.9	46.4	90.4

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