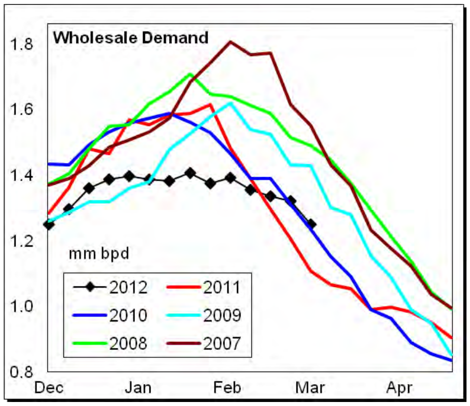
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

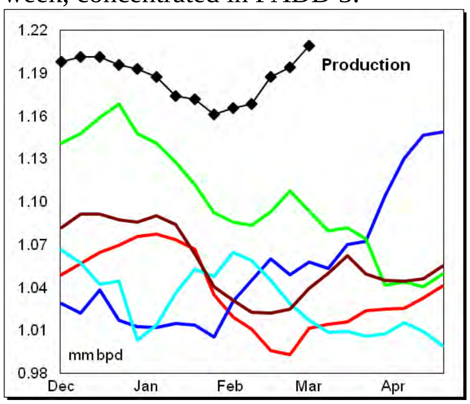
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com

Summary[1]: Table of Contents

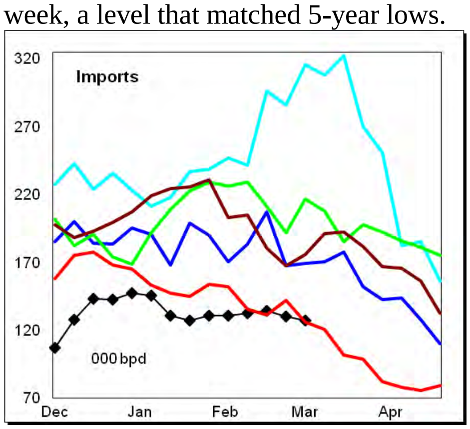
Wholesale demand decreased -56,000 bpd on the week, extending the seasonal downtrend.



Production increased +36,000 bpd last week, concentrated in PADD 3.

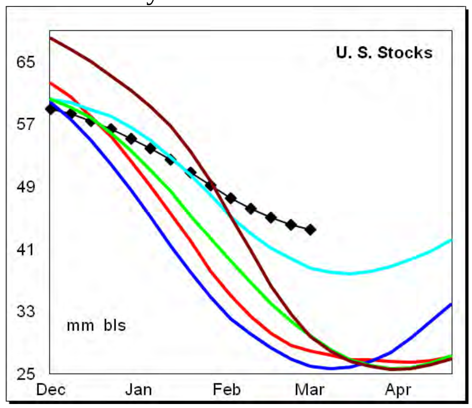


Imports decreased -8,000 bpd on the week, a level that matched 5-year lows.

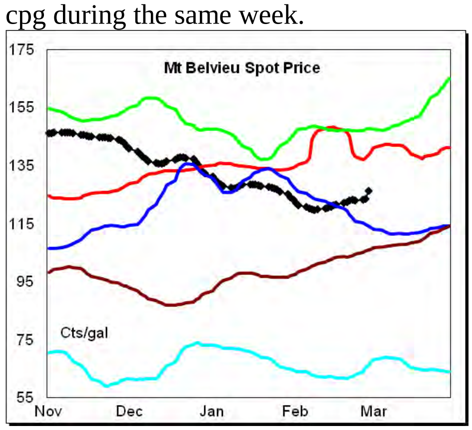


Combined production and imports during the latest 4-wk period were +195,000 bpd above a year ago. Production was +204,000 bpd above last year (+21%), while imports were -9,000 bpd lower. The latest 4-wk average demand was +33,000 bpd above last year.

Stocks decreased -0.4 million barrels last week. The 4-wk stock change was a draw of -4 million barrels, less than any of the last 5-years.



Price and Spreads Mt Belvieu spot prices increased +5 cpg on the week ending 07Mar12, while Conway increased +3.5 cpg during the same week.



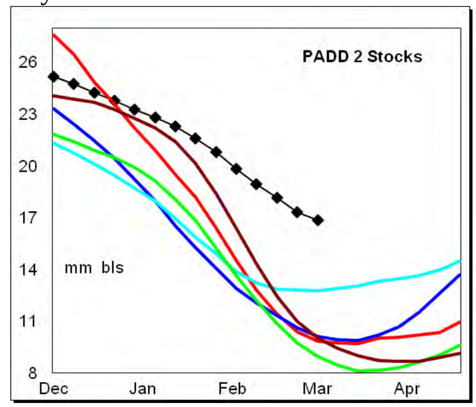
The Conway – Mt Belvieu price spread traded sideways last week, at a -16 cpg discount.

The propane to natural gas price spread trended sharply higher on the week, to a new all time record high as a result of weak gas prices.

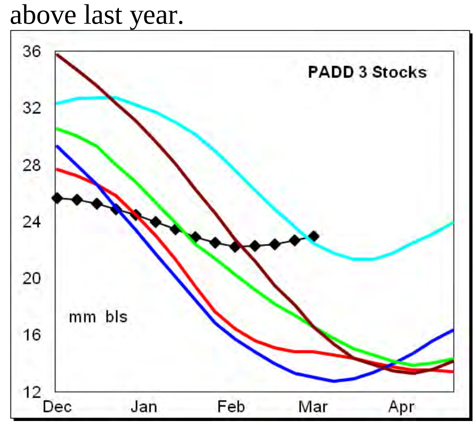
The propane / crude oil price spread trended higher last week, but remains at a level near all time lows.

PADD 1 stocks decreased -0.3 million barrels on the week. Stock levels remain above the mid range. Supply for the latest 4-wk period was +18,000 bpd above last year.

PADD 2 stocks decreased -0.3 million barrels on the week. Supply declined -20,000 bpd on lower imports and production. The latest 4-wk average supply was +5,000 bpd above a year ago, driven by increased production. Stock levels ended the week +84% above a year ago, and a record high for this time of year.



PAD 3 stocks increased +0.3 million barrels on the week, with the 4-wk stock change a build of +0.7 million barrels compared to an average draw of -2.5 million barrels for the last 2-years. Stock levels ended the week +54% above last year.



PADDs 4 & 5 stocks decreased -0.1 million barrels. The stock level was +47% above a year ago.

Emerging Trends Stocks in the Midwest were +84% above a year ago and Gulf stocks reached a record high for this time of year; driven by +21% rise in production.

Expect price weakness during the next quarter on an extremely over supplied market. Increased exports are needed to offset the imbalance between domestic supply/demand.

[1] Source is latest EIA Weekly Statistics

Lehi German Tel: 816-505-0980

PROPANE: Graph Link and Weekly Summary

March 8, 2012

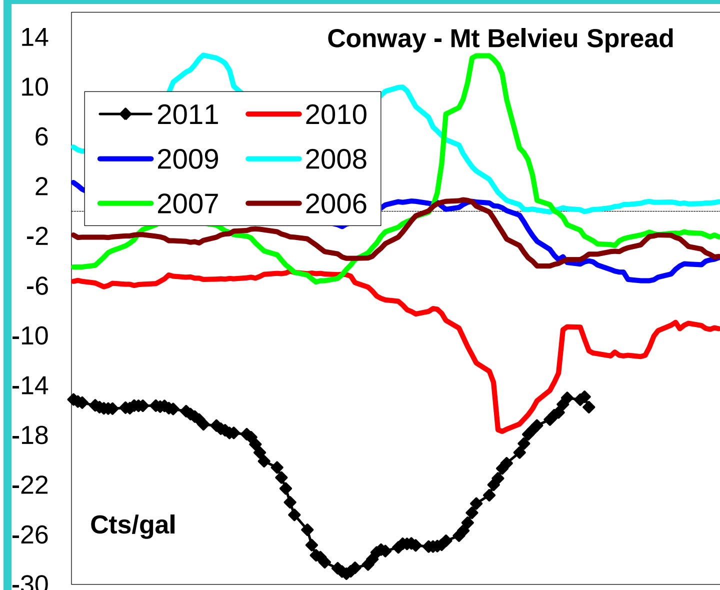
Fundamental Trends for the Week Ending: Friday, March 02, 2012

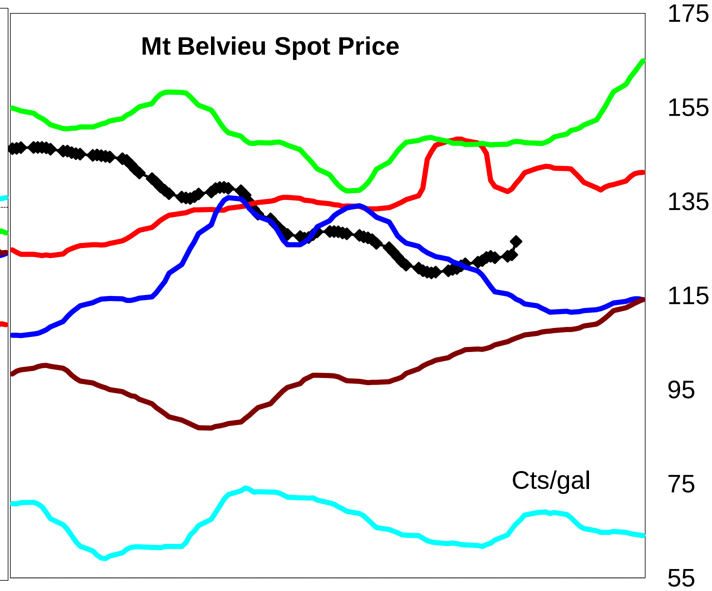
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	43,498	2,665	16,852	22,981	1,000	-402	-282	-348	307	-79
Propylene Stocks	4,363					-369				
Production	1,209	90	246	740	133	36	7	-10	29	10
Imports	127	58	48	1	21	-8	15	-10	1	-14
Whsle Demand	1,289					-56				

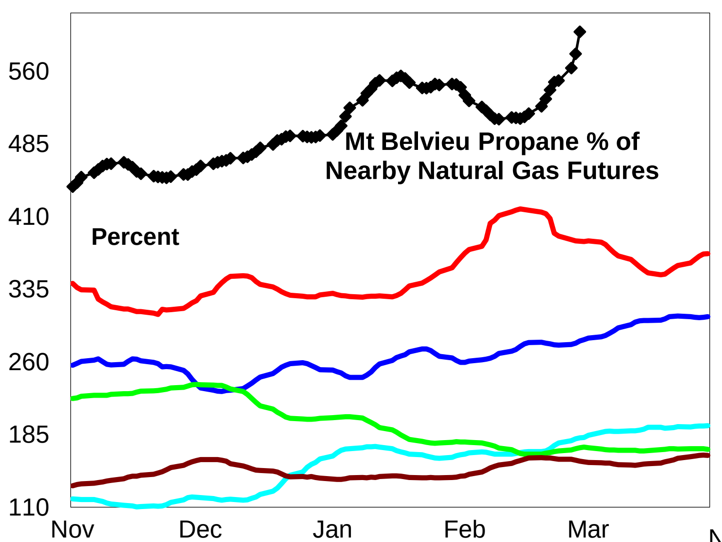
Price Trends for the Week Ending: Wednesday, March 07, 2012

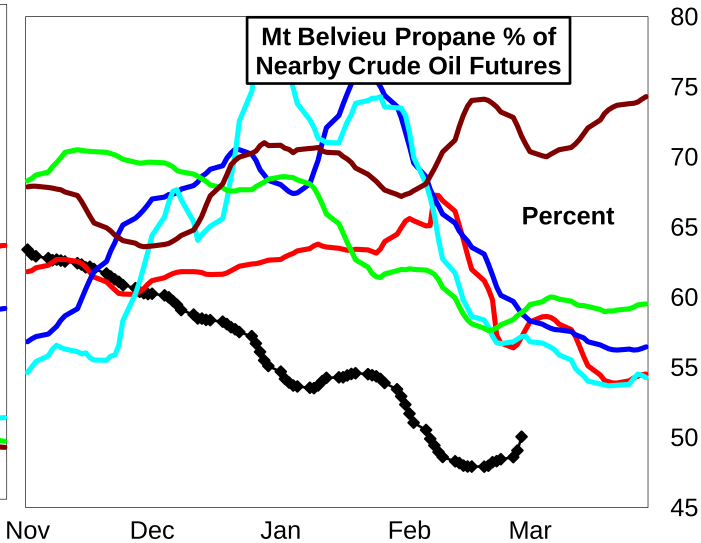
Cents/gal	Average for week ending:				Change from:			% change from:		
	3/7/12	2/29/12	2/8/12	3/10/11	2/29/12	2/8/12	3/10/11	2/29/12	2/8/12	3/10/11
Mont Belvieu Spot	123.4	123.2	125.4	135.6	0.19	-2.24	-10.25	0.2	-1.8	-7.6
Conway Spot	108.2	106.8	98.7	126.7	1.38	8.18	-28.09	1.3	8.3	-22.2

Key Price Spreads and Differentials

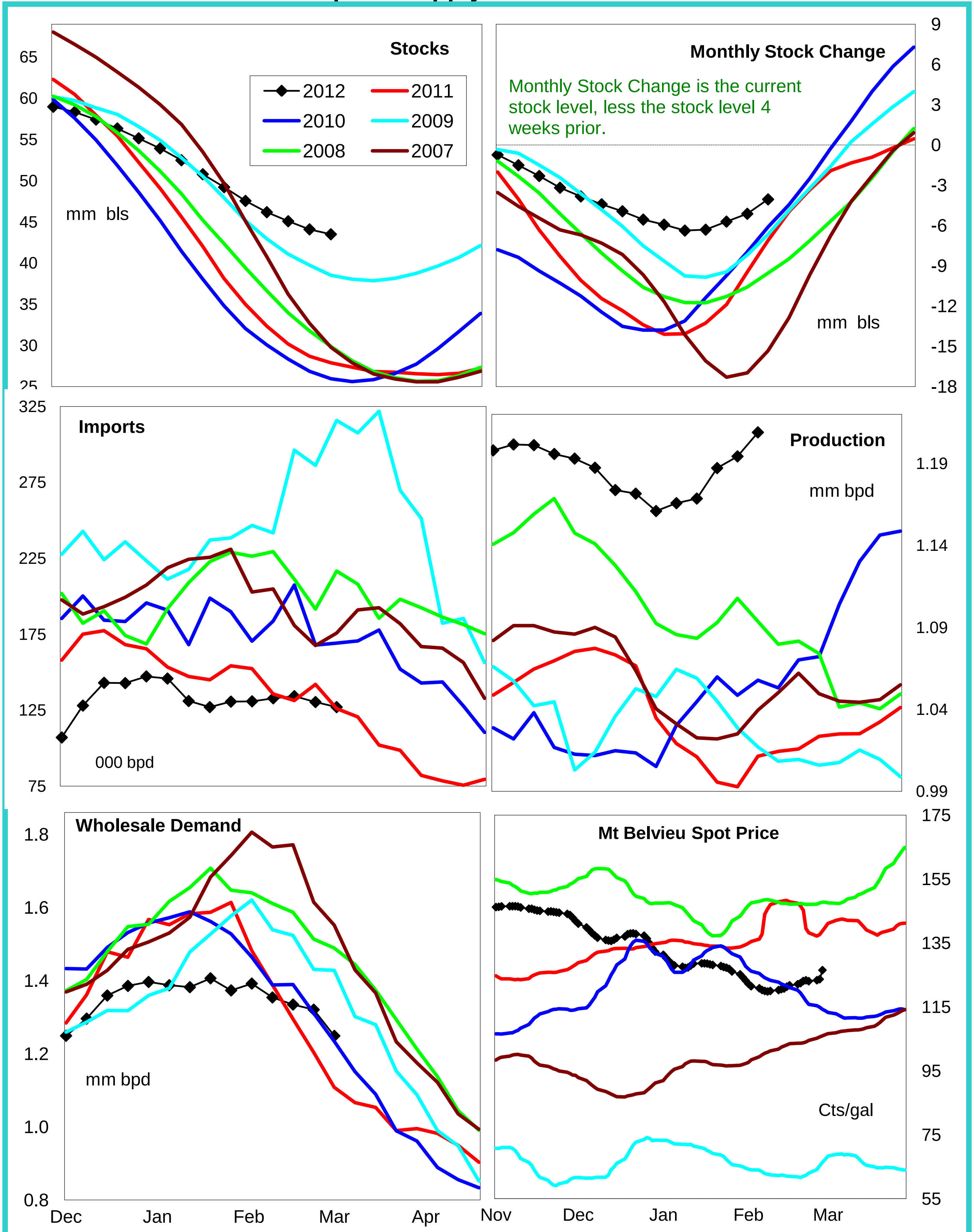








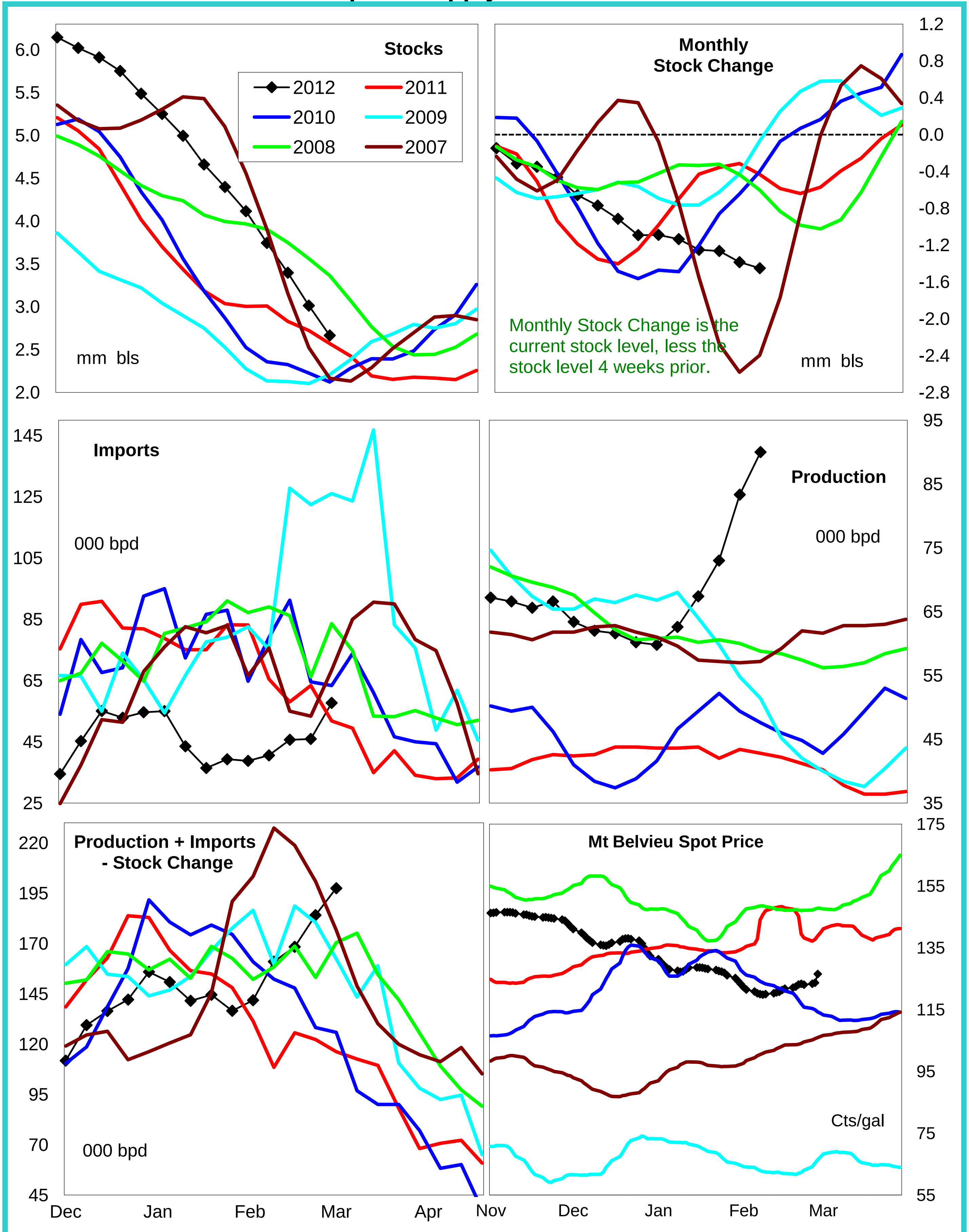
U. S. Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Jan	Dec	Nov
000 bpd (000 bls stks)	16,412	3,066	204	-9		33	-195	-203	18
% change	60.6	-43	20.7	-6.4		2.5	-11.8	-12.4	1.5

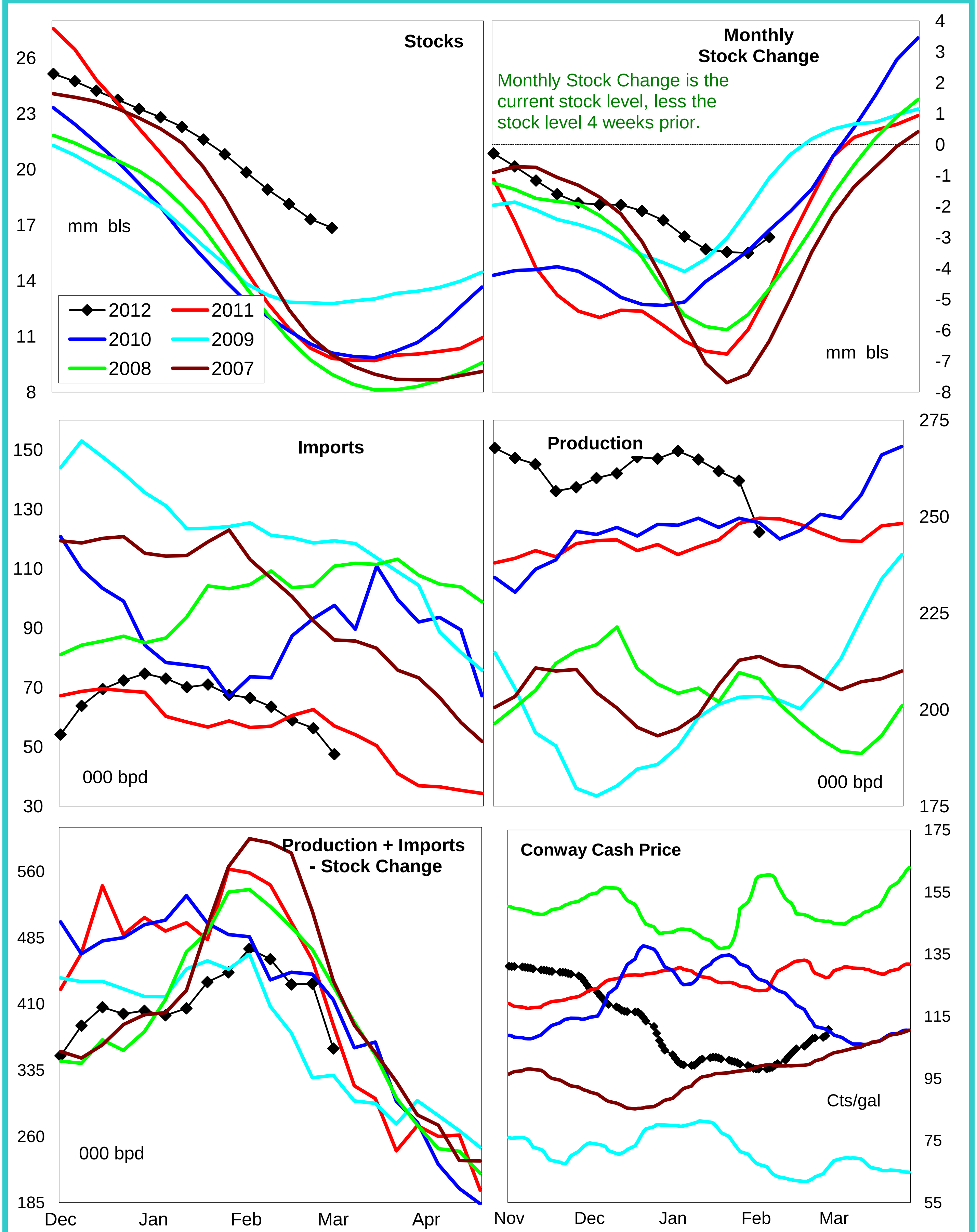
Lehi German Tel: 816-505-0980

PADD 1 Propane Supply and Demand Balance



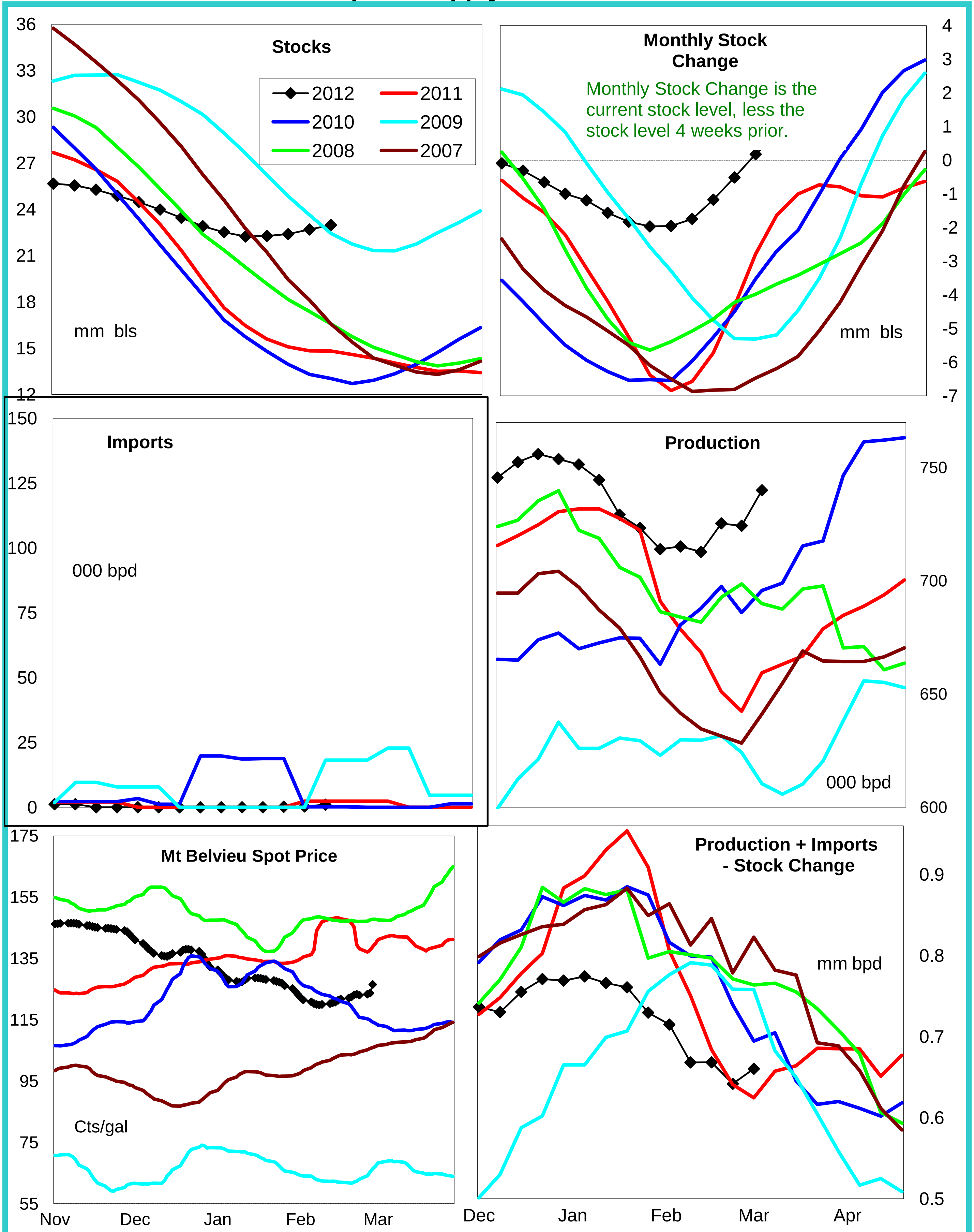
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	341	-1,018	36	-18	60
% change	14.7	234.9	84.0	-27.8	50.4

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)	7,674	1,717	13	-8	-52
% change	83.6	-36.5	5.4	-12.8	-11.0

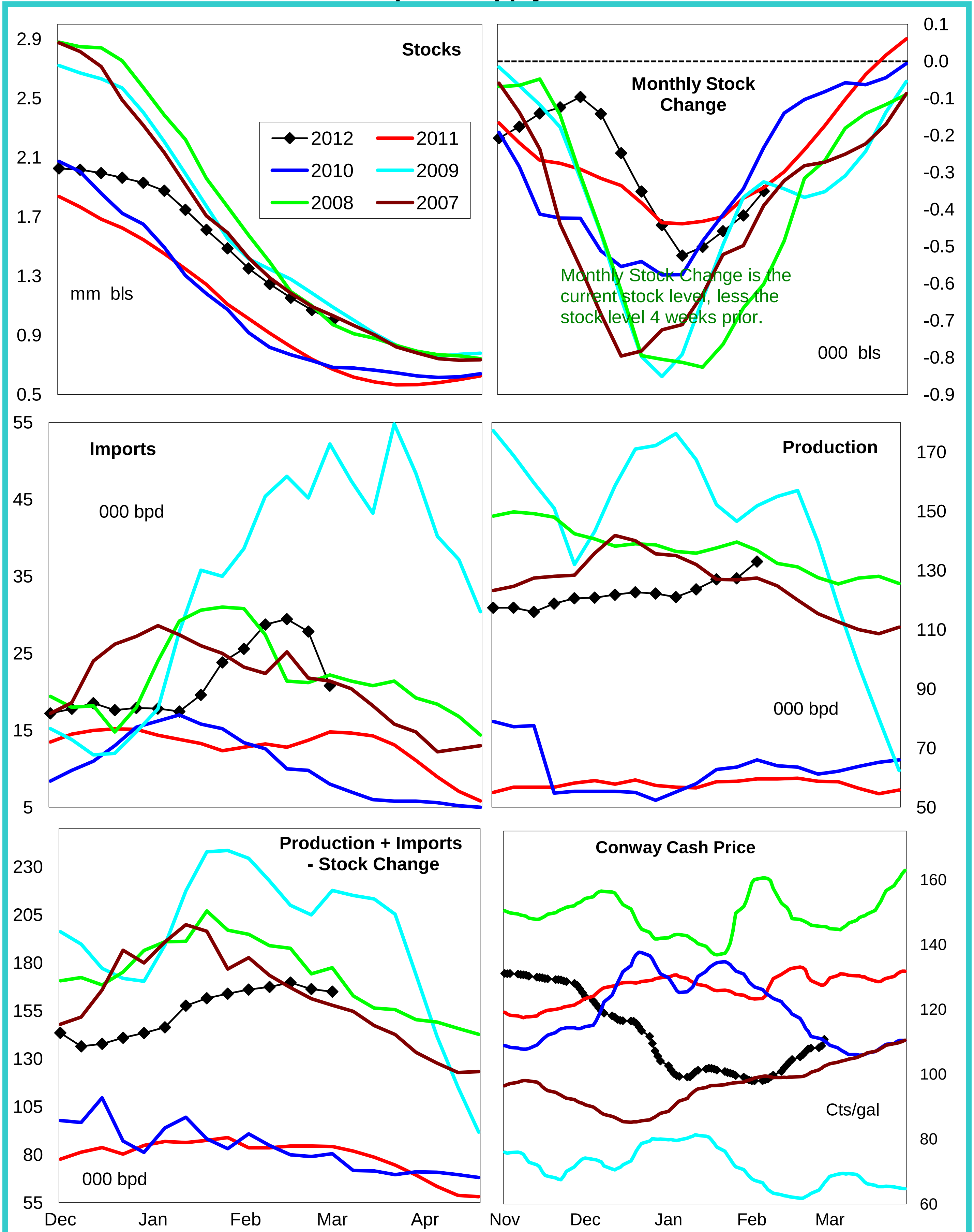
PADD 3 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	8,073	2,377	86	0	-15
% change	54.2	-145	13.5	#DIV/0!	-2.1

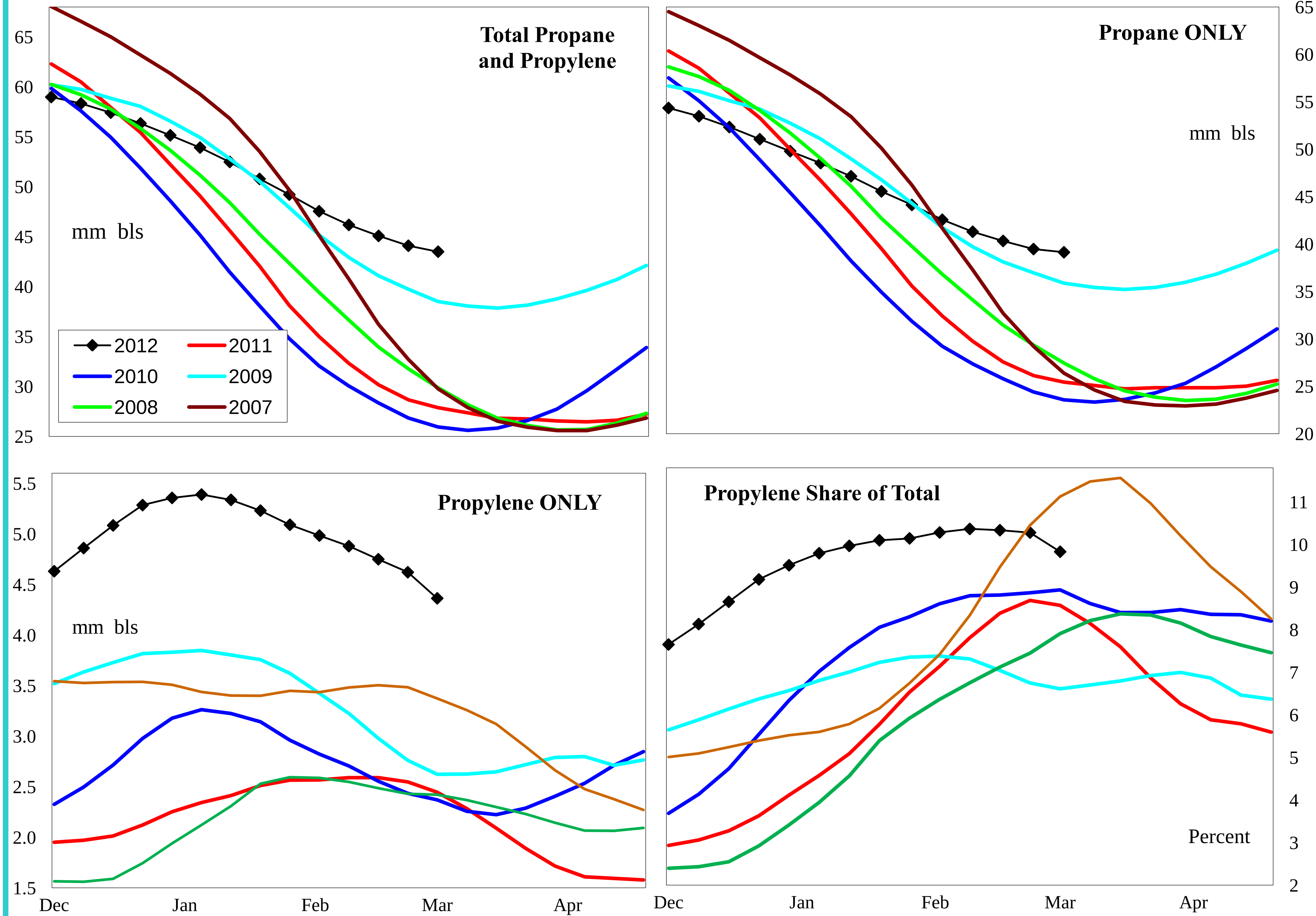
Lehi German Tel: 816-505-0980

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)	324	-9	70	17	83
% change	47.9	2.6	119.3	126.5	98.3

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	16,412	14,573	1,918
% change	60.6	59.3	78.5

Lehi German Tel: 816-505-0980

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