FUNDAMENTAL PETROLEUM TRENDS

WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

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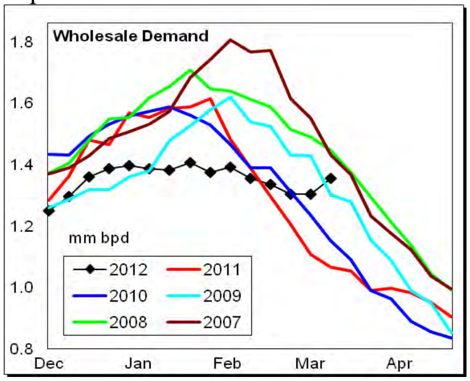
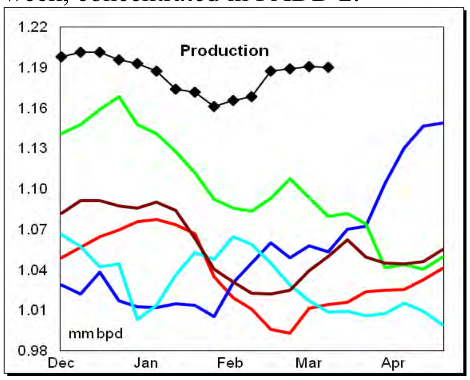
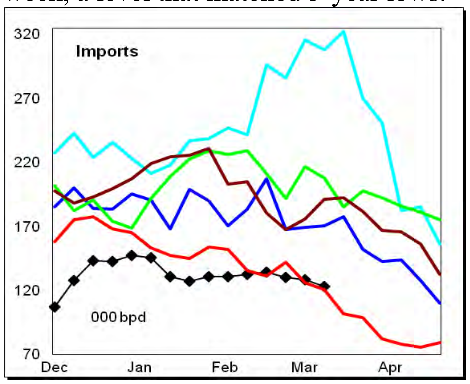
Wholesale demand increased +107,000 bpd on the week, driven by Gulf Coast exports.



Production declined -19,000 bpd last week, concentrated in PADD 2.

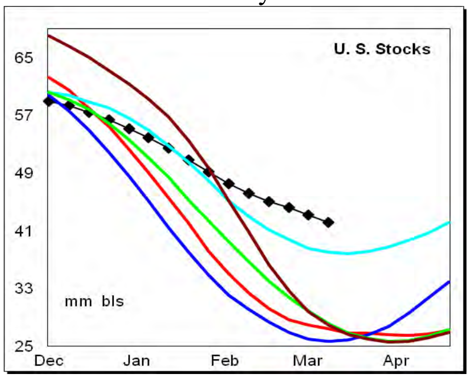


Imports decreased -4,000 bpd on the week, a level that matched 5-year lows.

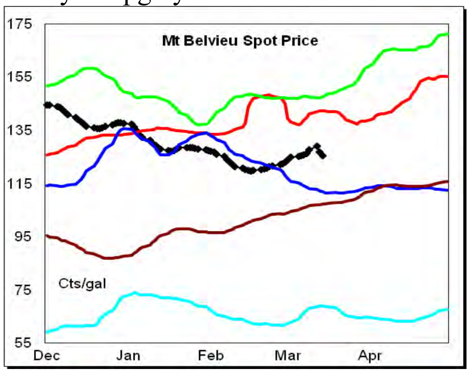


Combined production and imports during the latest 4-wk period were +182,000 bpd above a year ago. Production was +191,000 bpd above last year (+19%), while imports were -9,000 bpd lower. The latest 4-wk average demand was +204,000 bpd above last year, driven by restocking exports from the gulf and restocking private inventory.

Stocks decreased -1.3 million barrels last week. The 4-wk stock change was a draw of -4 million barrels, slightly less than each of the last 3-years.



Price and Spreads Mt Belvieu spot prices decreased -1 cpg on the week ending 14Mar12, while Conway declined -2 cpg during the same week. Prices spiked early in the week, then pulled back nearly -8 cpg by week end.



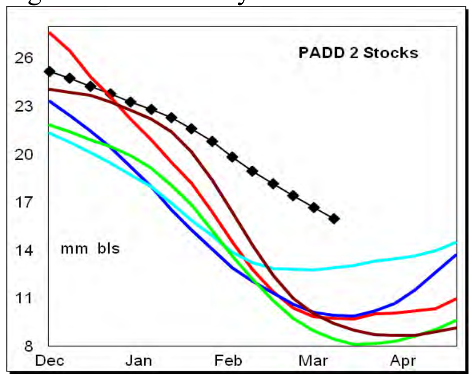
The Conway – Mt **Belvieu** price spread trended lower early in the week, then pulled back to end nearly unchanged from the previous week at -17 cpg.

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

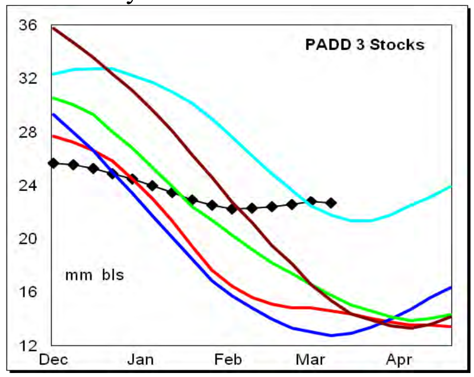
The propane / crude oil price spread traded sideways last week, and remains slightly above recent all time lows.

PADD 1 stocks decreased -0.1 million barrels on the week. Stock levels remain above the mid range. Supply for the latest 4-wk period was +31,000 bpd above last year.

PADD 2 stocks decreased -0.9 million barrels on the week. Supply declined -19,000 bpd on lower production. The latest 4-wk average supply was -5,000 bpd below a year ago, driven by lower imports. Stock levels ended the week +63% above a year ago, and a record high for this time of year.



PAD 3 stocks decreased -0.3 million barrels on the week, with the 4-wk stock change a build of +0.4 million barrels compared to an average draw of -2 million barrels for the last 3-years. Stock levels ended the week +55% above last year.



PADDs 4 & 5 stocks were unchanged on the week. The stock level was +62% above a year ago.

Emerging Trends Wholesale demand has been unusually strong during the latest 4-wk period compared to prior years, given the very warm weather in key markets. This points to stock building in private storage by distributors on the recent price pull back and unintended including export data in the domestic wholesale demand statistics by the EIA. The market remains extremely over supplied with likely further price weakness.

[1] Source is latest EIA Weekly Statistics

PROPANE: Graph Link and Weekly Summary

March 15, 2012

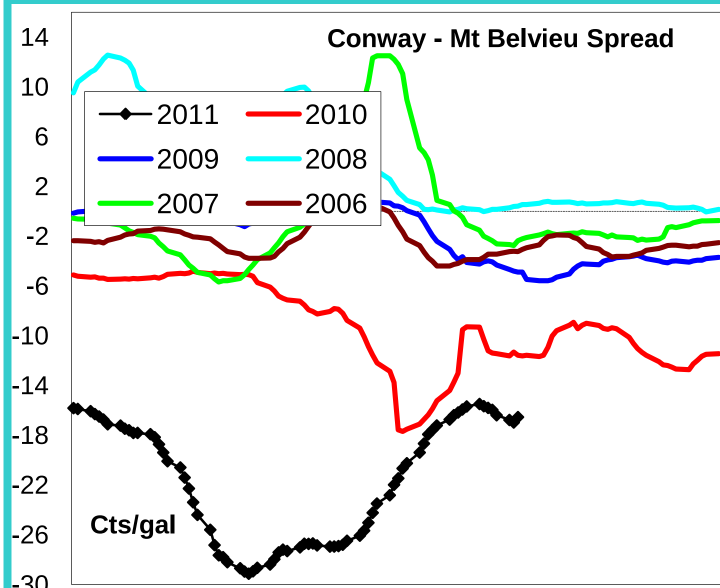
Fundamental Trends for the Week Ending: Friday, March 09, 2012

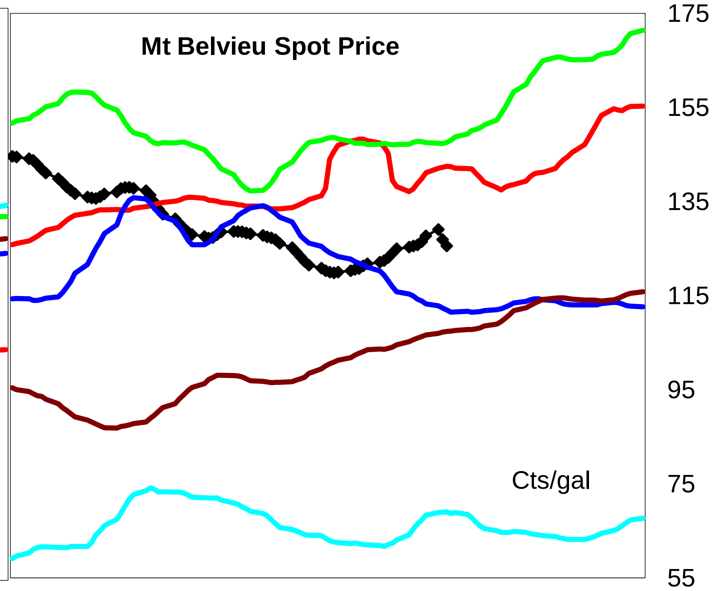
000 bpd Stocks 000 bls	Weekly Supply-Demand U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5	Change from prior week: U.S. Total	PADD 1	PADD 2	PADD 3	PADD 4&5
Stocks	42,187	2,613	15,940	22,665	969	-1,311	-52	-912	-316	-31
Propylene Stocks	4,326					-37				
Production	1,190	92	222	742	134	-19	2	-24	2	1
Imports	123	45	53	0	25	-4	-12	5	-1	4
Whsle Demand	1,396					107				

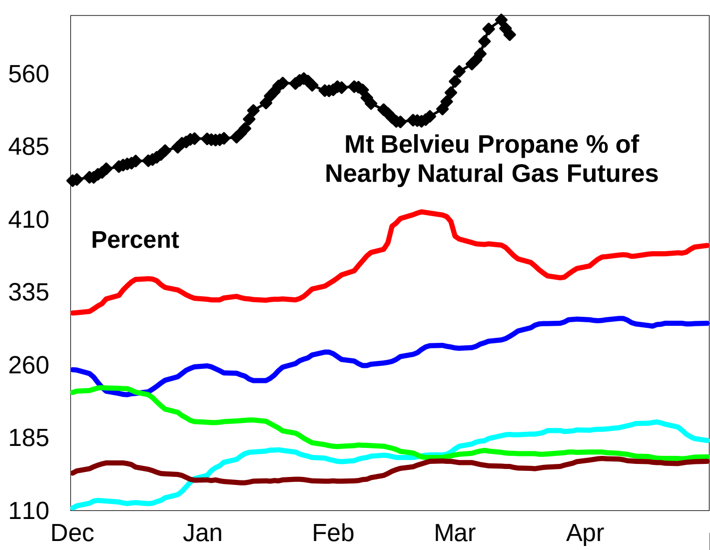
Price Trends for the Week Ending: Wednesday, March 14, 2012

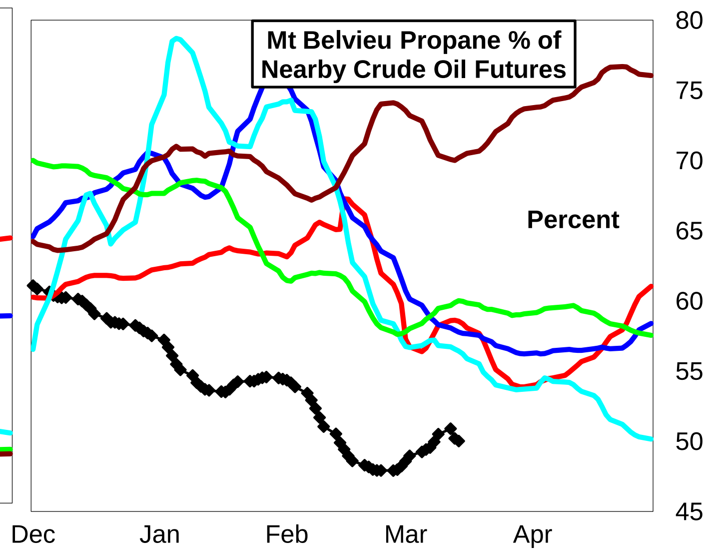
Cents/gal	Average for week ending: 3/14/12	3/7/12	2/15/12	3/17/11	Change from: 3/7/12	2/15/12	3/17/11	% change from: 3/7/12	2/15/12	3/17/11
Mont Belvieu Spot	129.1	123.4	120.1	141.9	5.70	3.21	-21.80	4.6	2.7	-15.4
Conway Spot	112.3	108.2	97.3	128.4	4.07	10.86	-31.01	3.8	11.2	-24.2

Key Price Spreads and Differentials

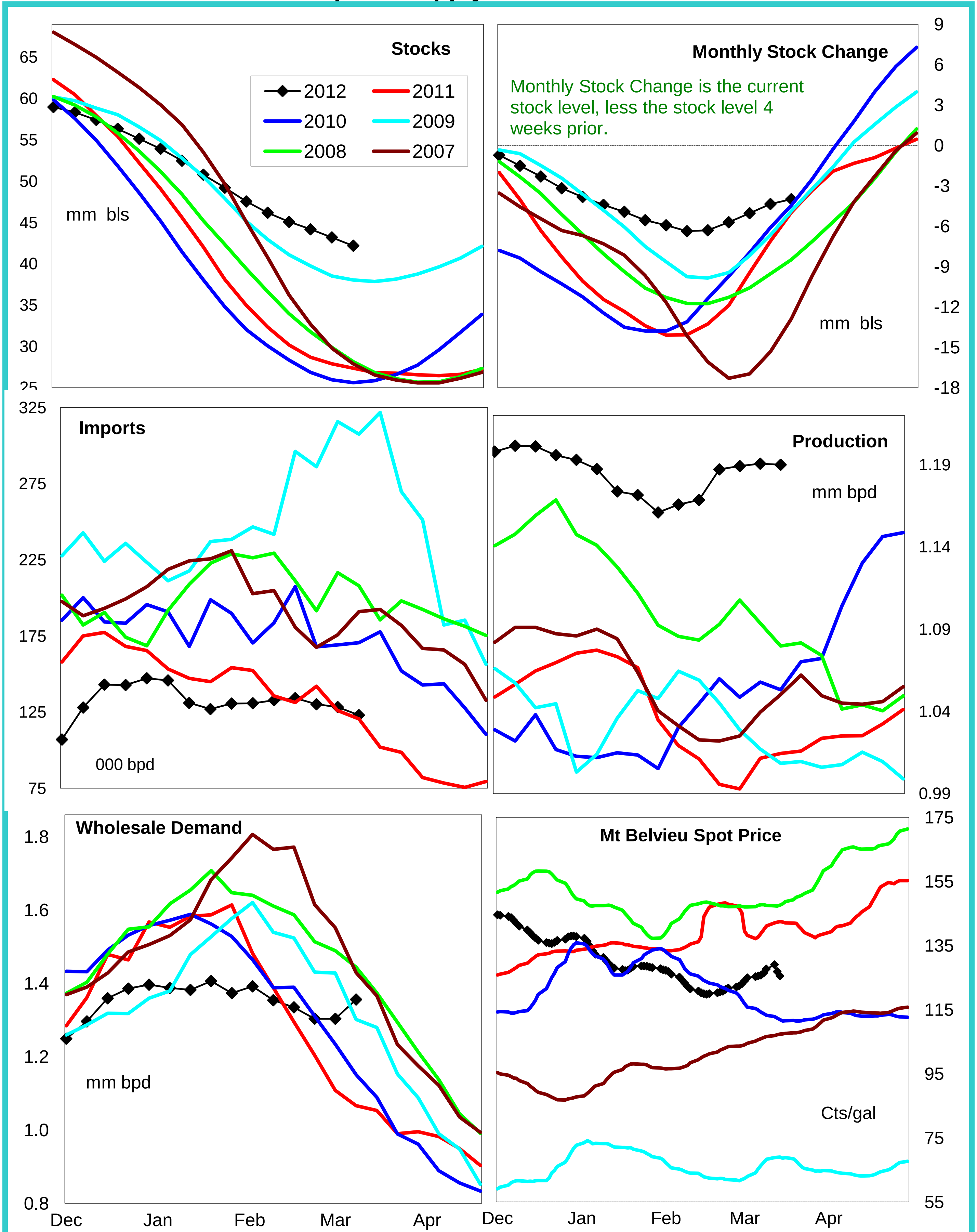






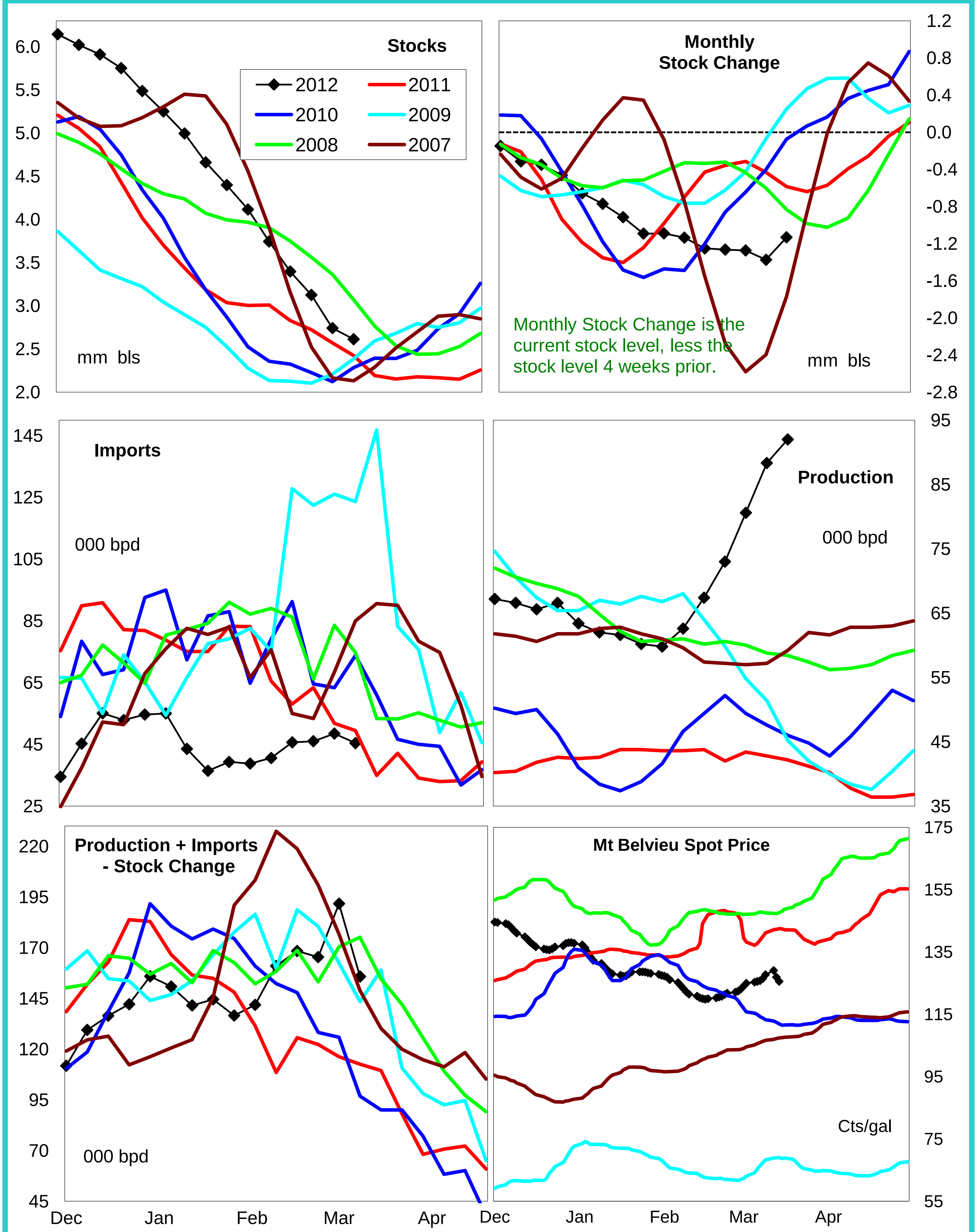


U. S. Propane Supply and Demand Balance



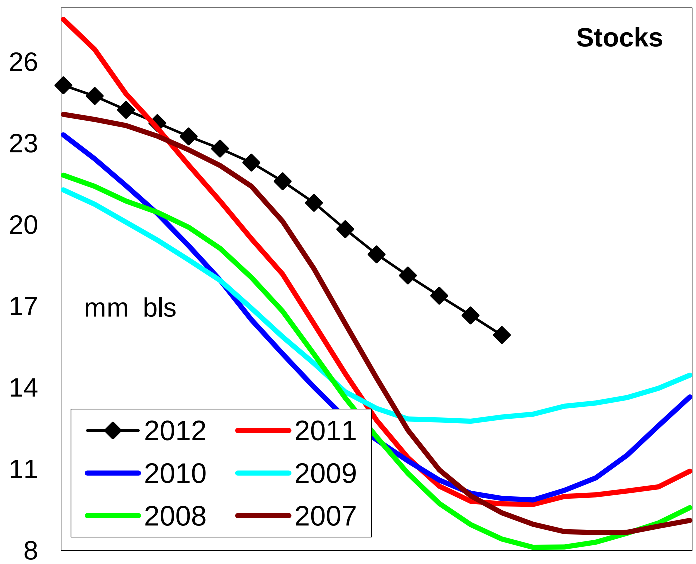
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Feb	Jan	Dec
000 bpd (000 bls stks)	14,825	978	191	-9		204	-92	-195	-203
% change	54.2	-20	19.0	-6.4		17.5	-6.5	-11.8	-12.4

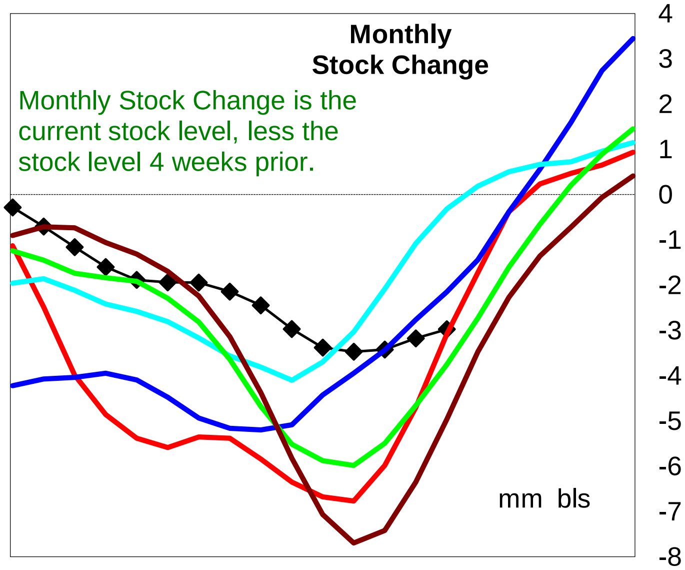
PADD 1 Propane Supply and Demand Balance

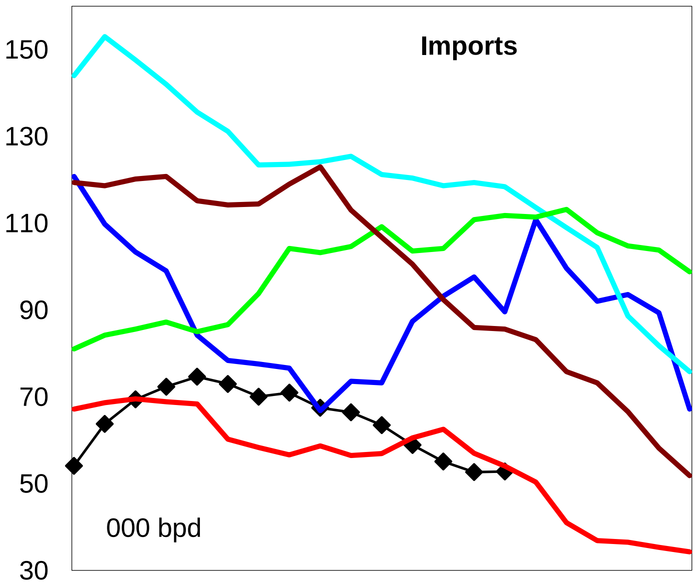


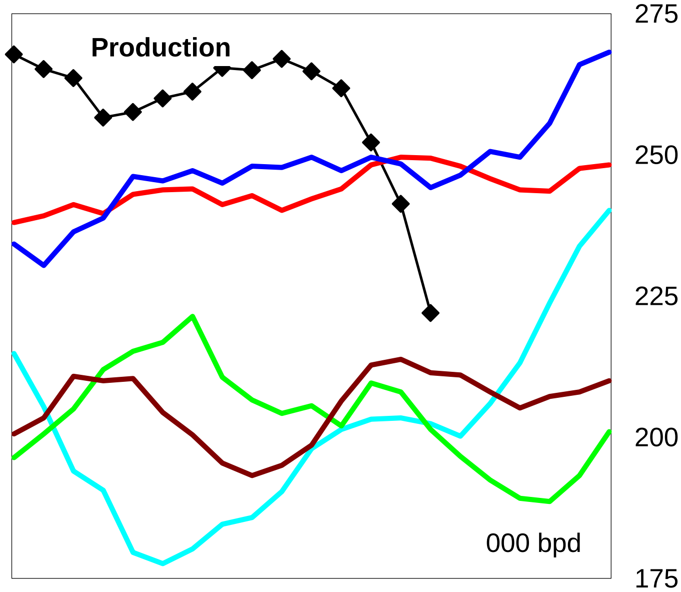
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	259	-547	43	-12	51
% change	11.0	93.5	101.2	-20.9	42.9

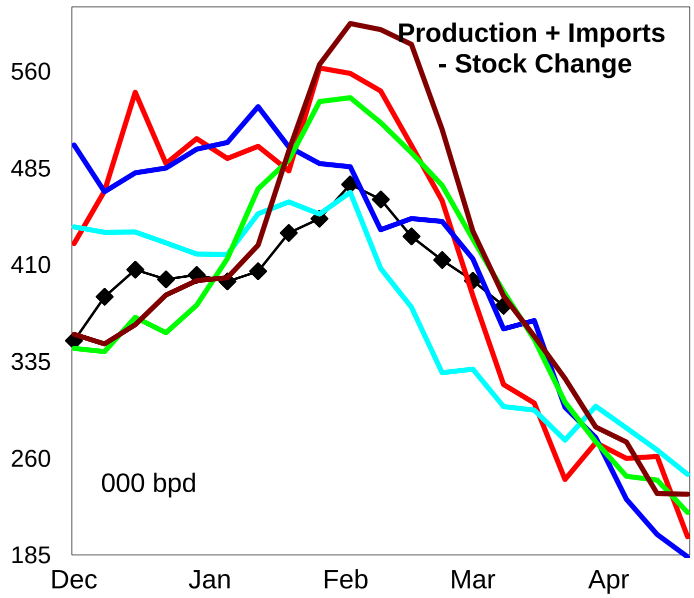
PADD 2 Propane Supply and Demand Balance

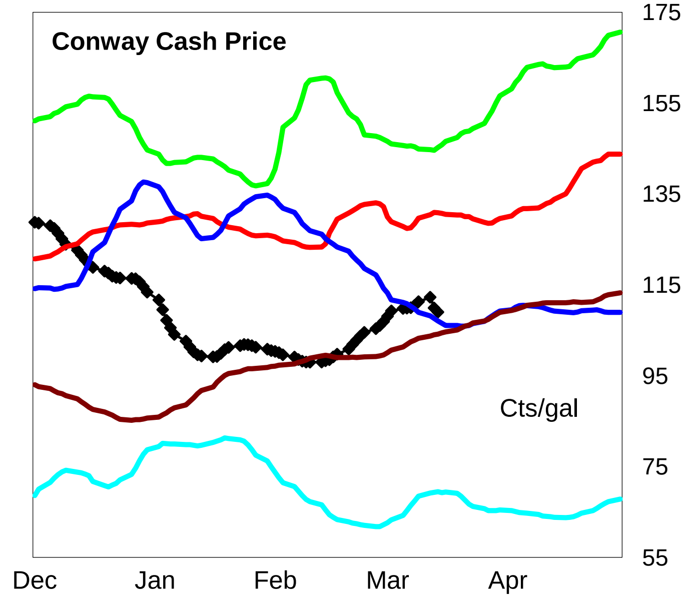






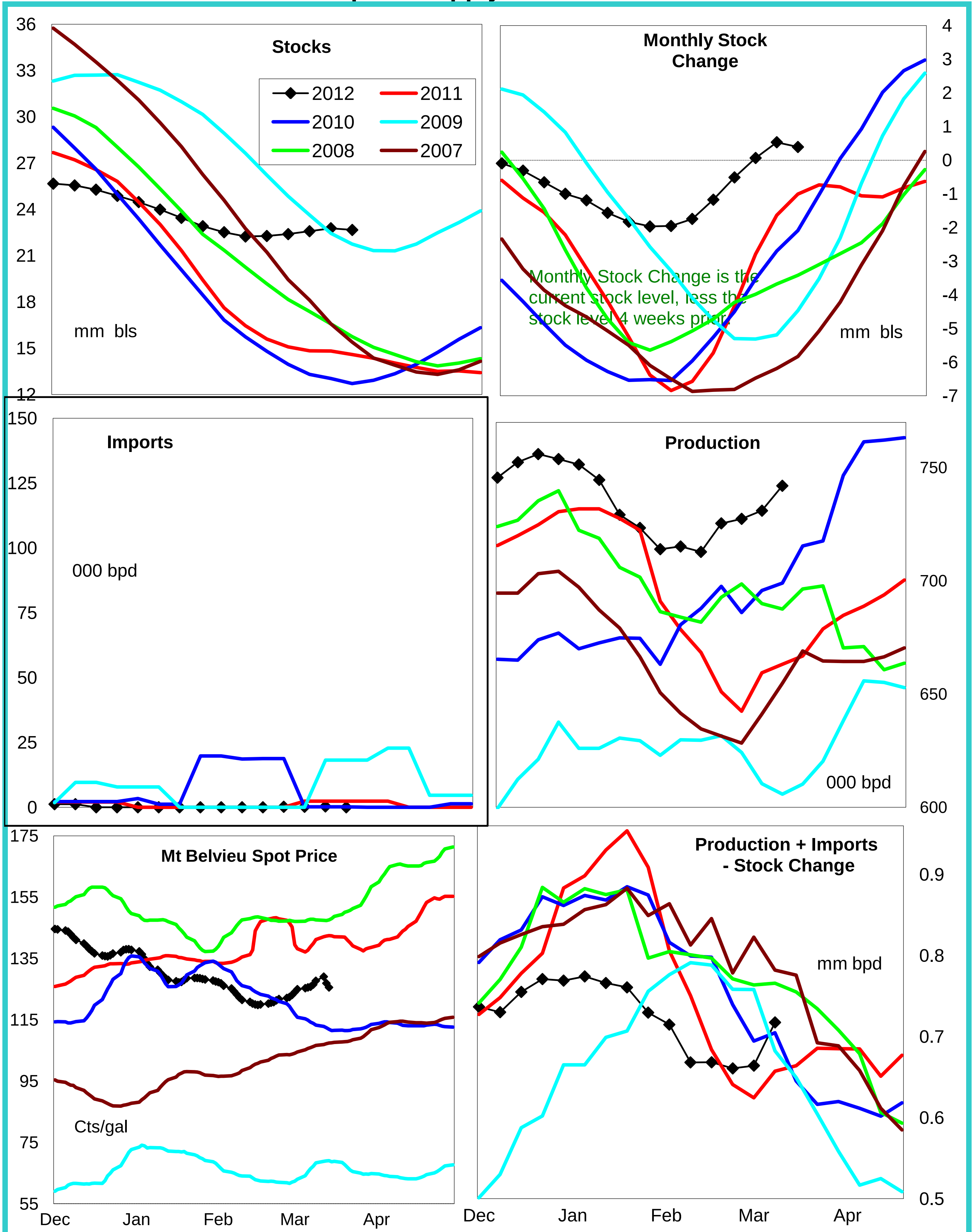






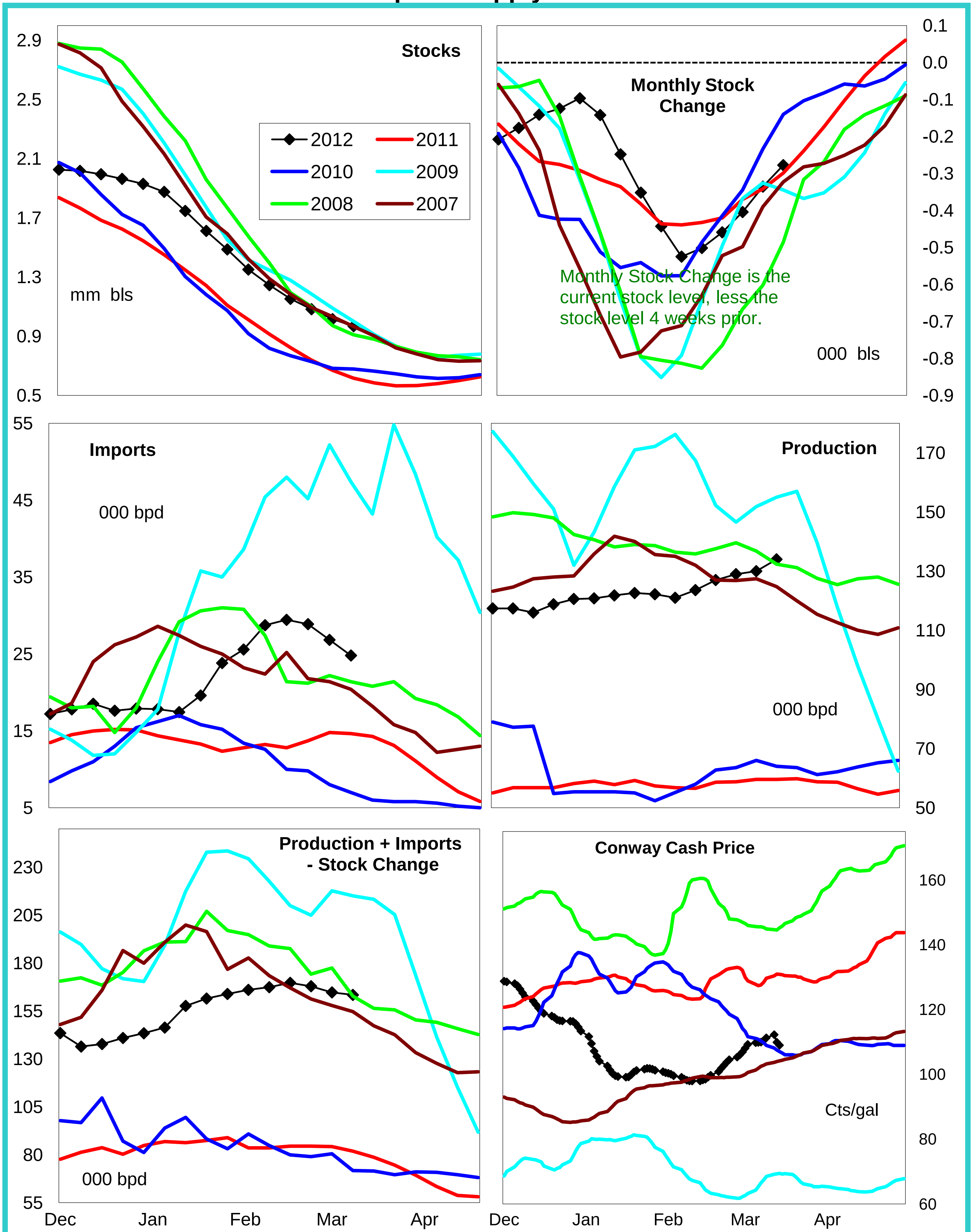
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	**6,193**	**107**	**2**	**-7**	**-11**
% change	**63.5**	**-3.5**	**0.7**	**-10.6**	**-2.6**

PADD 3 Propane Supply and Demand Balance



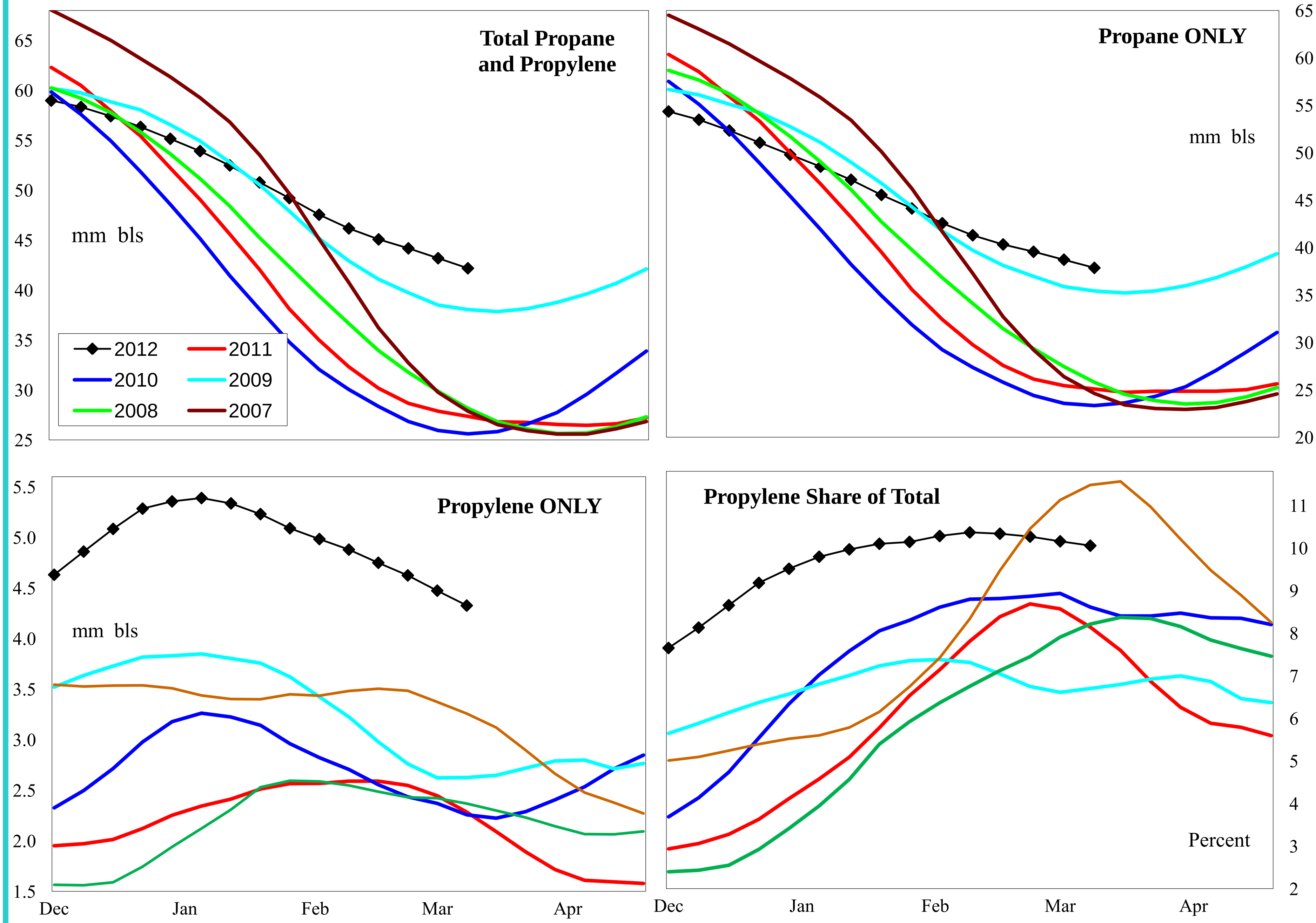
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	8,001	1,396	77	-3	26
% change	54.6	-139	11.7	-91.7	3.8

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)	372	21	70	13	83
% change	62.4	-7.2	116.8	87.4	98.6

U. S. Propane and Propylene Stocks



Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	**14,825**	**12,967**	**2,042**
% change	**54.2**	**52.1**	**89.4**

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