FUNDAMENTAL PETROLEUM TRENDS

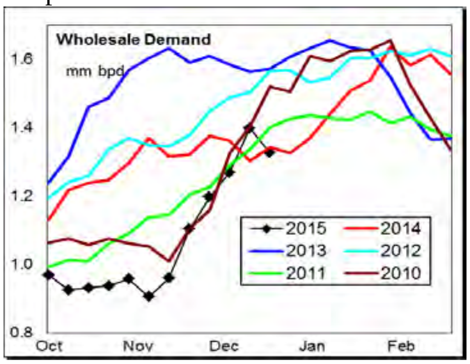
WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

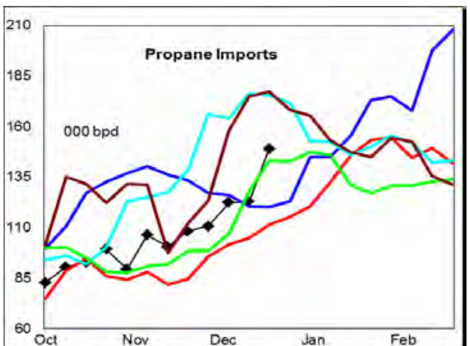
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com

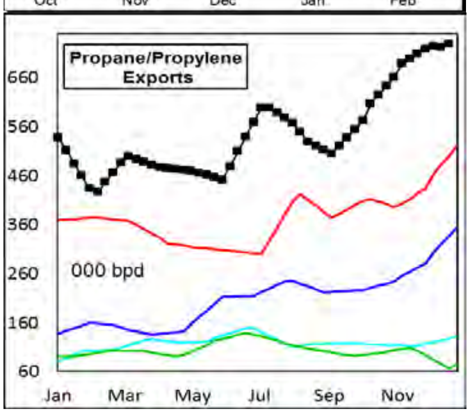
Summary[1]:

Wholesale demand was unchanged last week, at a level that matched 5-yr lows for the period; driven by continued mild temperatures East of the Rockies.



Imports increased +36,000 bpd last week, concentrated in the Midwest and Rockies.



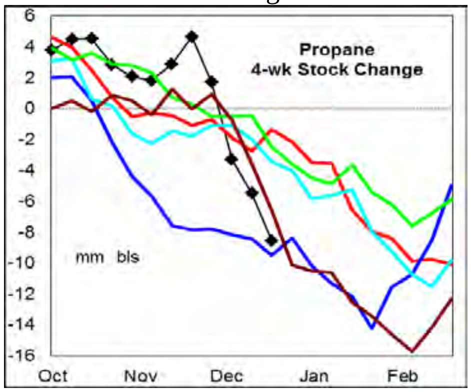


Exports for the week ending 18Dec15 were +204,000 bpd above last year, and a new record high of 729,000 bpd.

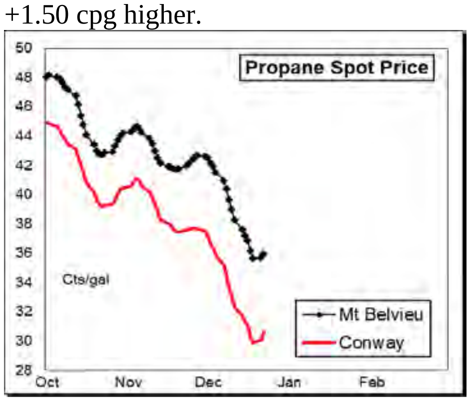
Stocks decreased -1.3 million barrels last week, concentrated in the Midwest. Stock levels ended the week +25% above the prior historic high for the period.

[1] Source is latest EIA Weekly Statistics

The rate of stock draw was a -8.6 million barrels during the latest 4-wk period, a larger draw than four of the last 5-yrs; driven by exports and cold weather in the West Region.



Price and Spreads Mt Belvieu spot price were unchanged last week ending 22Dec15, while Conway prices were +1.50 cpg higher.



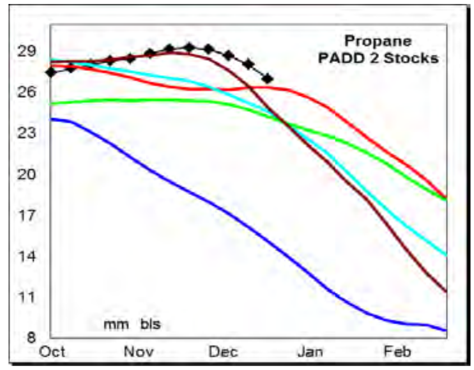
The Conway – Mt Belvieu price spread was nearly unchanged last week, ending at a level near the 3-yr midrange for the period.

The propane to natural gas price spread traded sideways last week, ending at a level above a year ago.

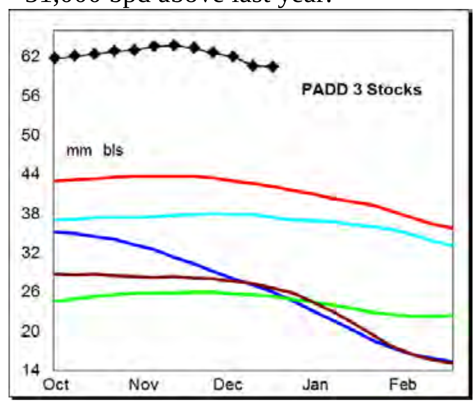
The propane / crude oil price spread was nearly unchanged for the week, ending at a level slightly above two of the last 3-yrs.

PADD 1 stocks were unchanged on the week at a level +21% above a year ago and above the 5-yr range. Supply increased +5,000 bpd on the week.

PADD 2 supply increased +13,000 bpd last week, with production +38,000 bpd above last year for the week. Stocks decreased -1.2 million barrels on the week, with the level still above the 5-yr range.



PAD 3 stocks were unchanged on the week. Stock levels ended the week +42% above the prior 5-yr high. Supplies for the latest 4-wk period were +51,000 bpd above last year.



PADDs 4 & 5 stocks decreased -0.1 million barrels on the week. Stocks continue to draw at a record rate, driven by colder than normal temperatures in the region.

Emerging Trends Temperatures are forecast to be sharply above normal for the next 2-wks across the eastern 1/2 of the country. Exports have climbed to new record levels, partially offsetting weak domestic use.

The strengthening $dollar and global over supply of crude oil continues to depress energy prices; offsetting the impact of increased Middle East political tension.

Very high stock levels, record production combined with much above normal average temperatures point toward exceptional weakness in wholesale prices.

PROPANE: Graph Link and Weekly Summary

December 23, 2015

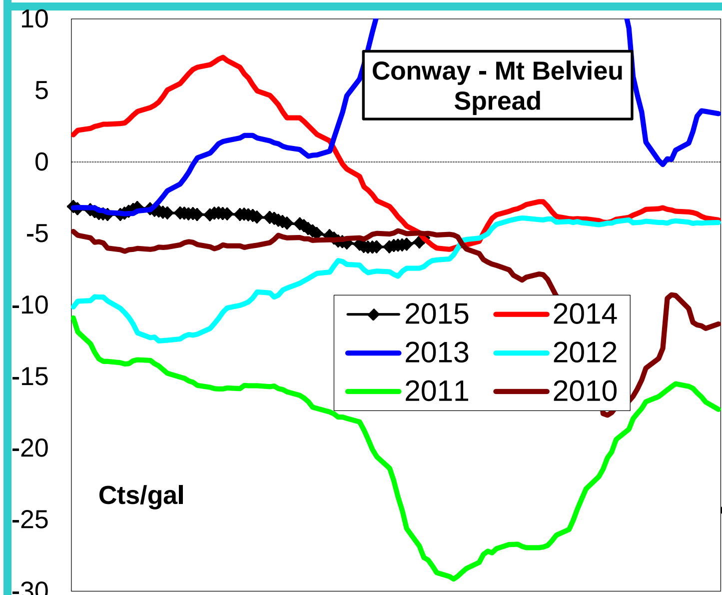
Fundamental Trends for the Week Ending: Friday, December 18, 2015

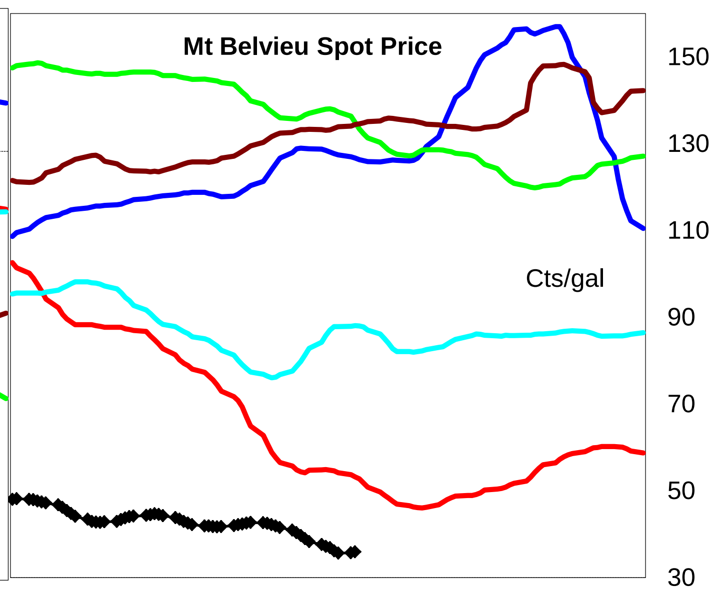
000 bpd Stocks 000 bls	Weekly Supply-Demand					Change from prior week:				
	U.S.	PADD				U.S.	PADD			
	Total	1	2	3	4&5	Total	1	2	3	4&5
Stocks	97,638	6,478	26,985	60,468	3,707	-1,337	-28	-1,188	17	-138
Propylene Stocks	3,064					-125				
Production	1,697	158	375	994	170	-4	3	-12	-2	7
Imports	149	47	64	0	38	36	2	25	0	9
Whsle Demand	1,326					1				

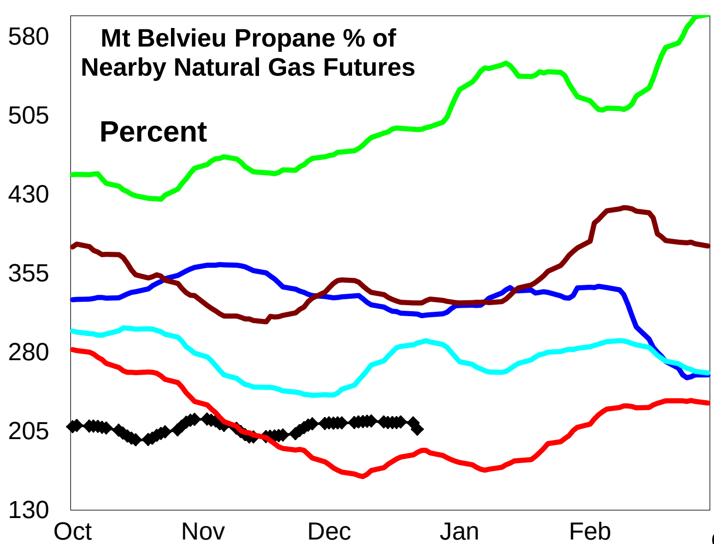
Price Trends for the Week Ending: Tuesday, December 22, 2015

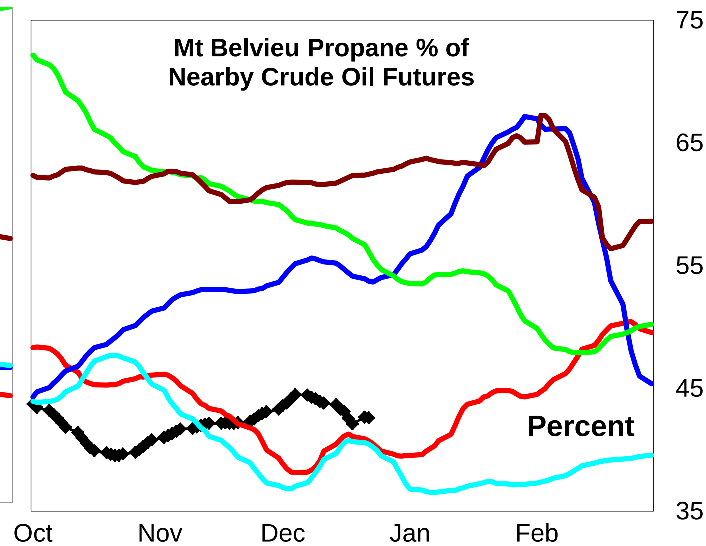
Cents/gal	Average for week ending:				Change from:			% change from:		
	12/22/15	12/15/15	11/24/15	12/24/14	12/15/15	11/24/15	12/24/14	12/15/15	11/24/15	12/24/14
Mont Belvieu Spot	35.6	38.2	41.9	55.0	-2.63	-3.65	-13.15	-6.9	-8.7	-23.9
Conway Spot	30.0	32.2	37.8	50.3	-2.20	-5.60	-12.50	-6.8	-14.8	-24.9

Key Price Spreads and Differentials

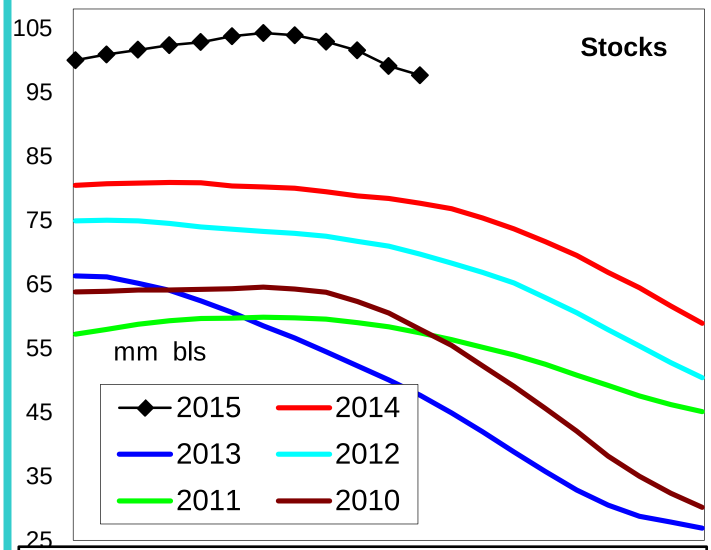


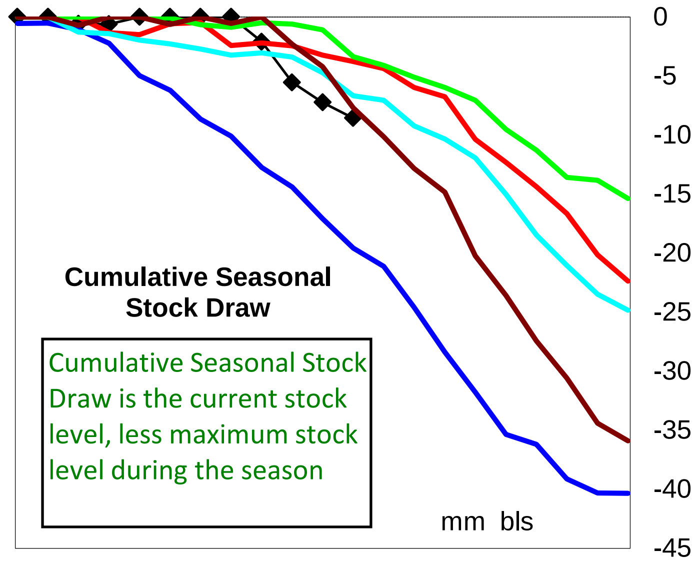


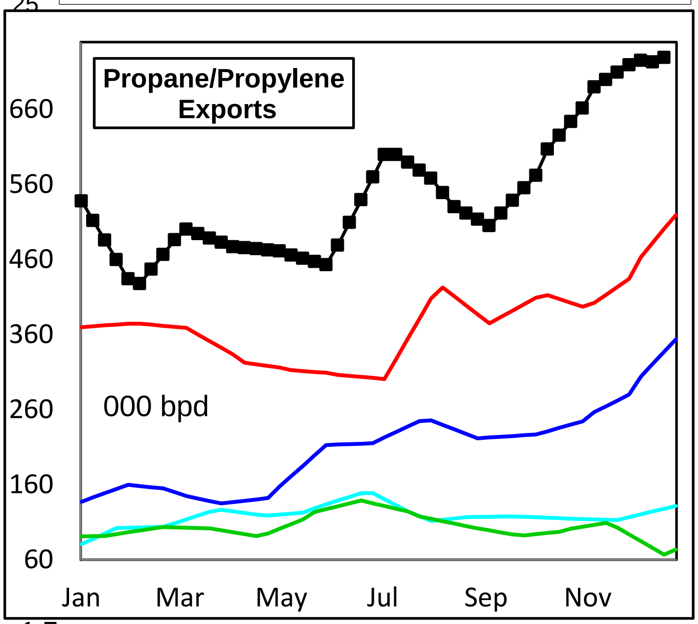


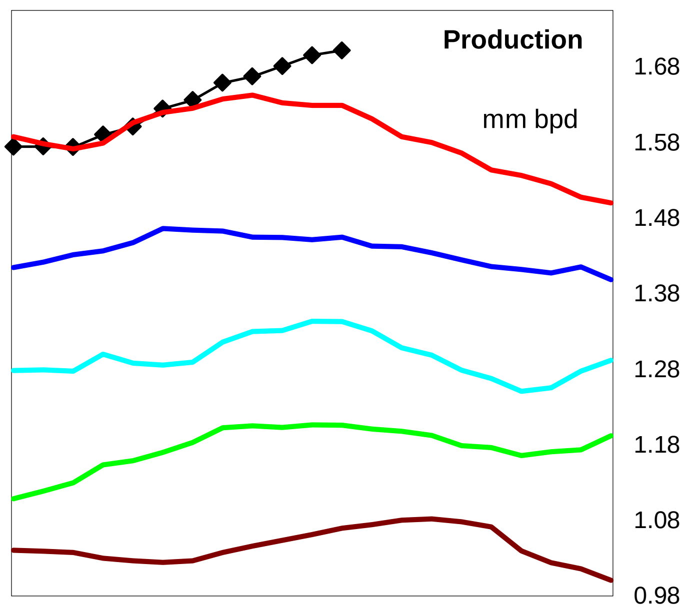


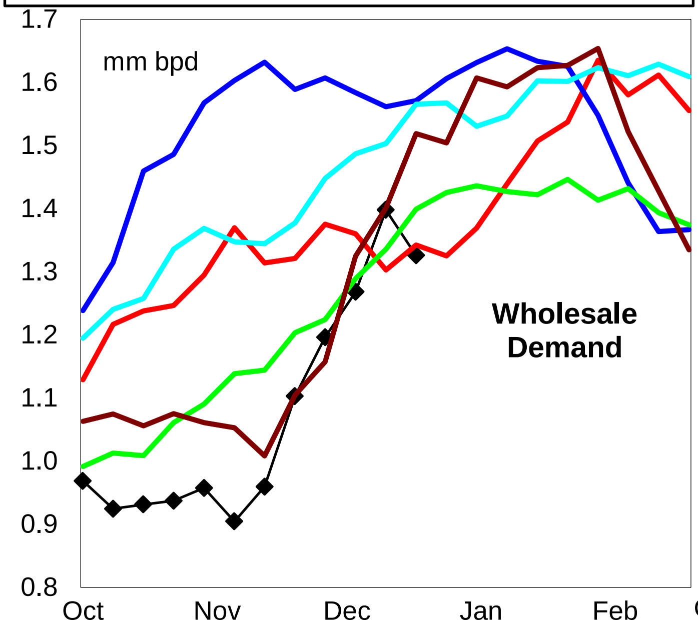
U. S. Propane Supply and Demand Balance

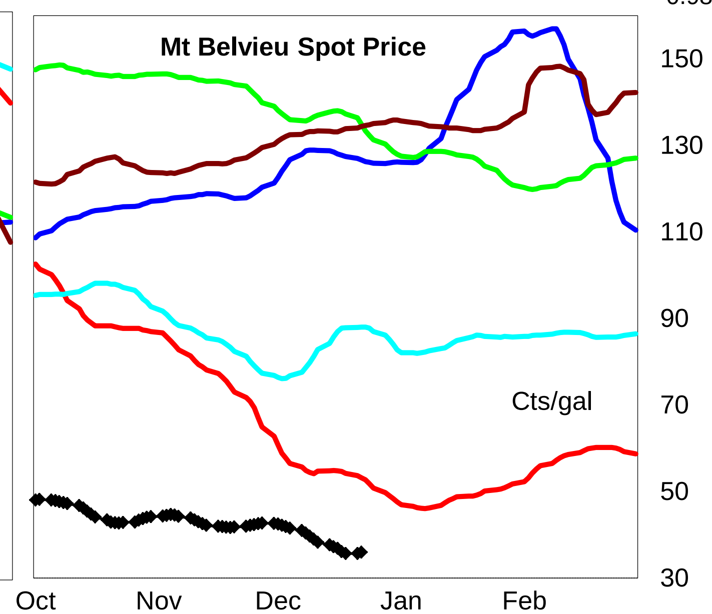






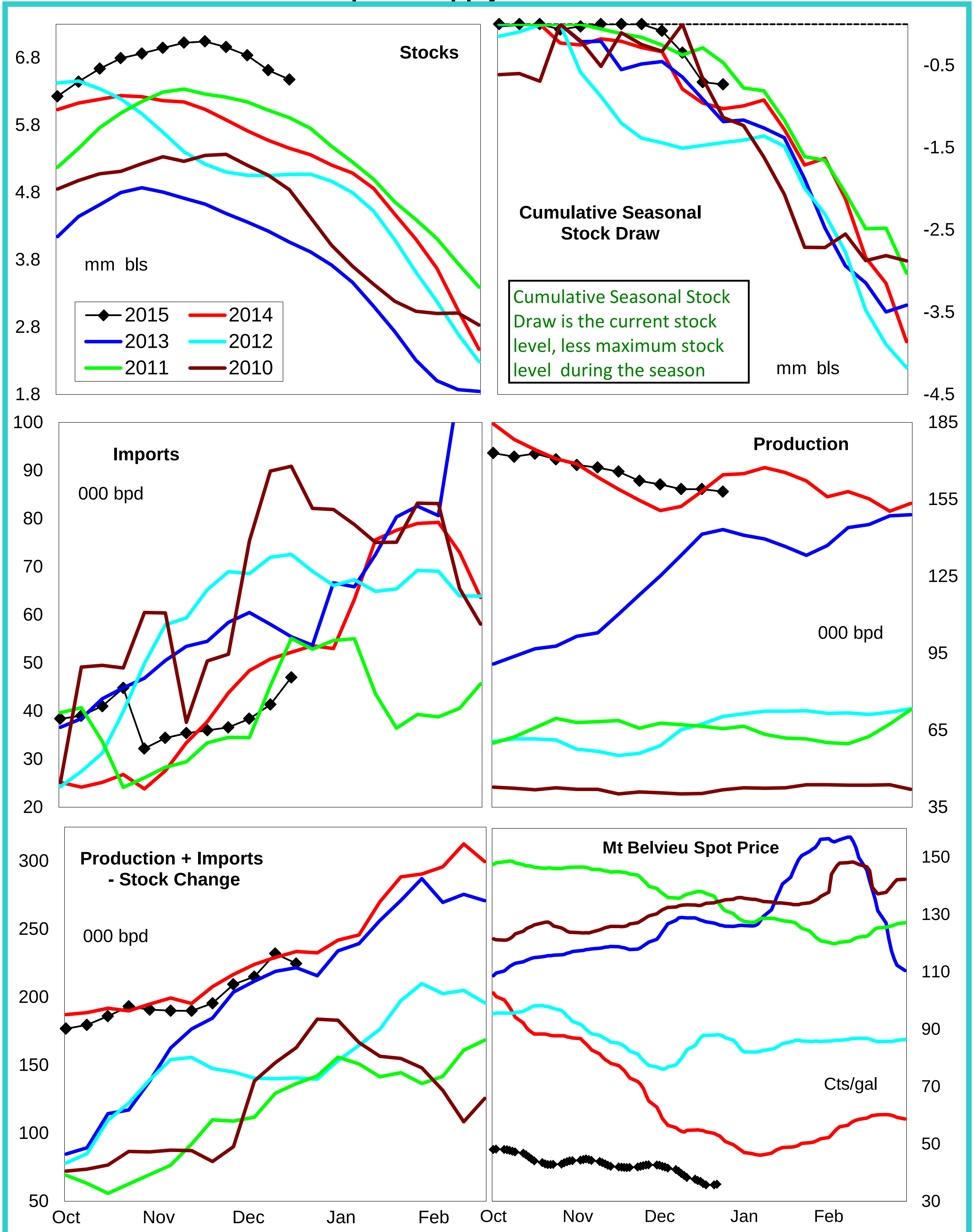






4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Demand	4wk avg	Nov	Oct	Sep
000 bpd (000 bls stks)	19,798	-4,792	53	8		61	-335	-185	-131
% change	25.4	127	3.2	7.1		4.6	-25.2	-16.2	-12.8

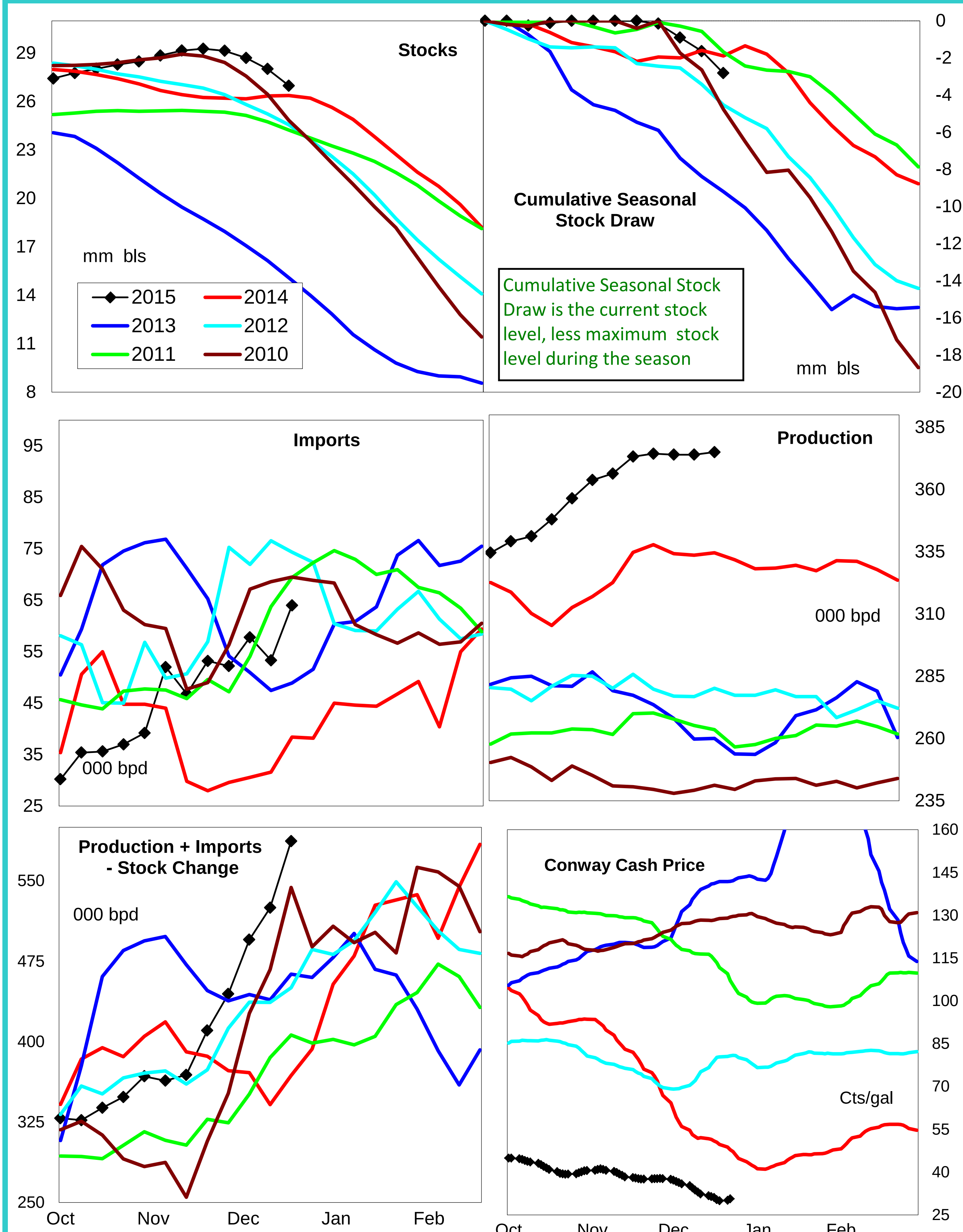
PADD 1 Propane Supply and Demand Balance



4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	1,110	295	5	-11	-6
% change	20.7	-28.7	3.1	-21.4	-2.5

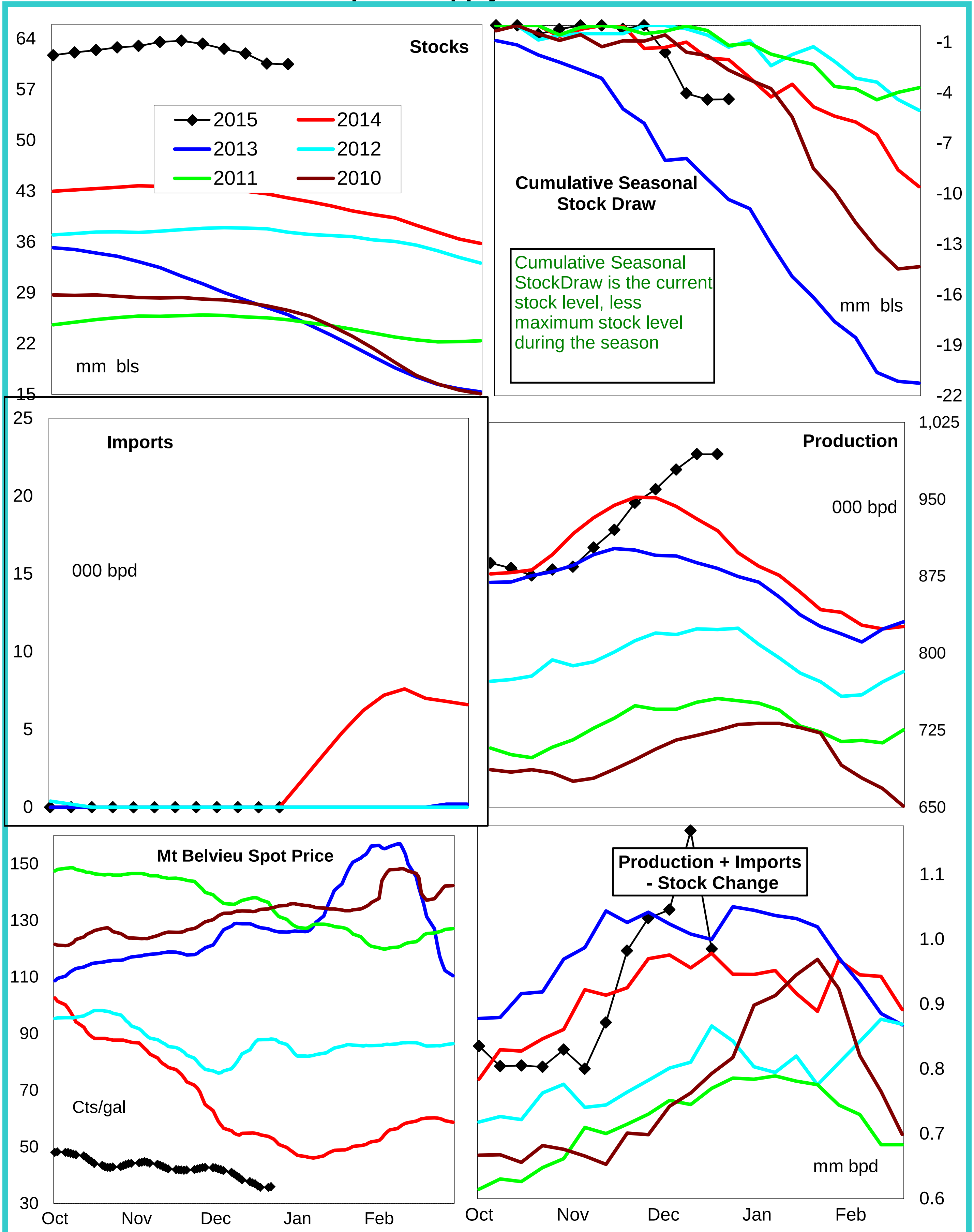
Lehi German Tel: 816.505.0980

PADD 2 Propane Supply and Demand Balance



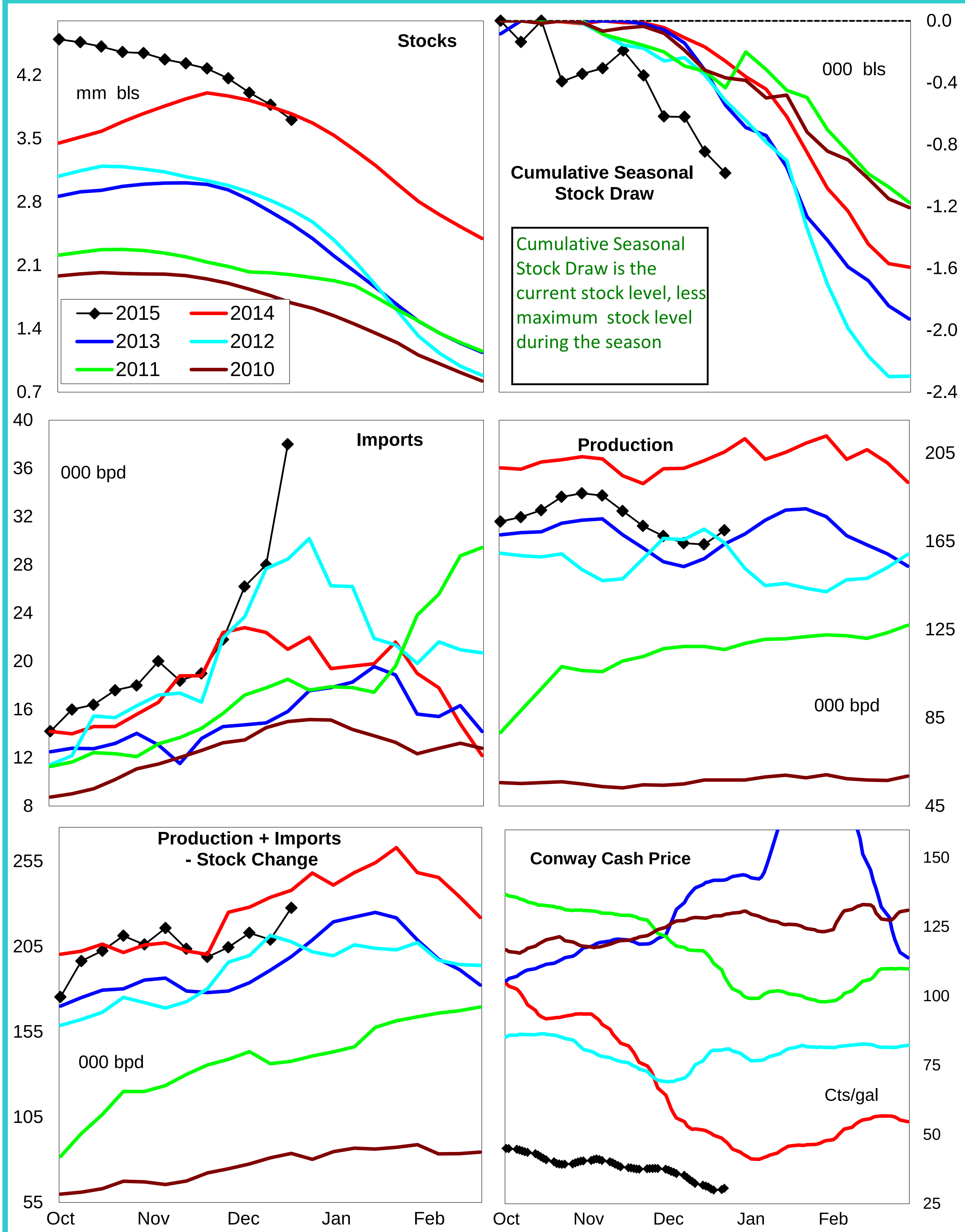
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	777	-932	38	17	149
% change	3.0	49.4	11.2	52.3	41.1

PADD 3 Propane Supply and Demand Balance



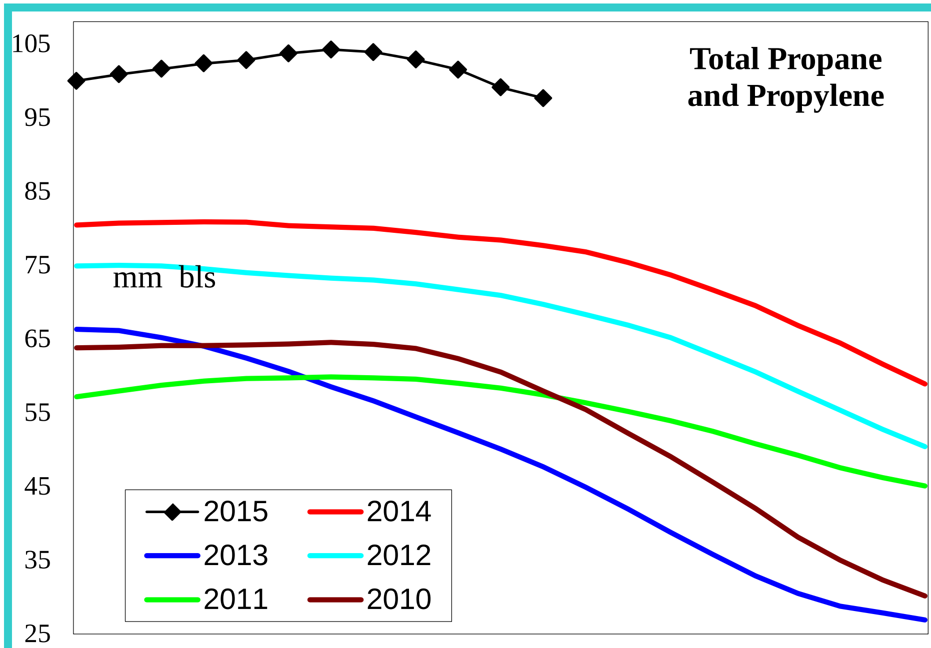
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	17,983	-2,359	51	0	88
% change	42.3	117	5.5	#DIV/0!	8.8

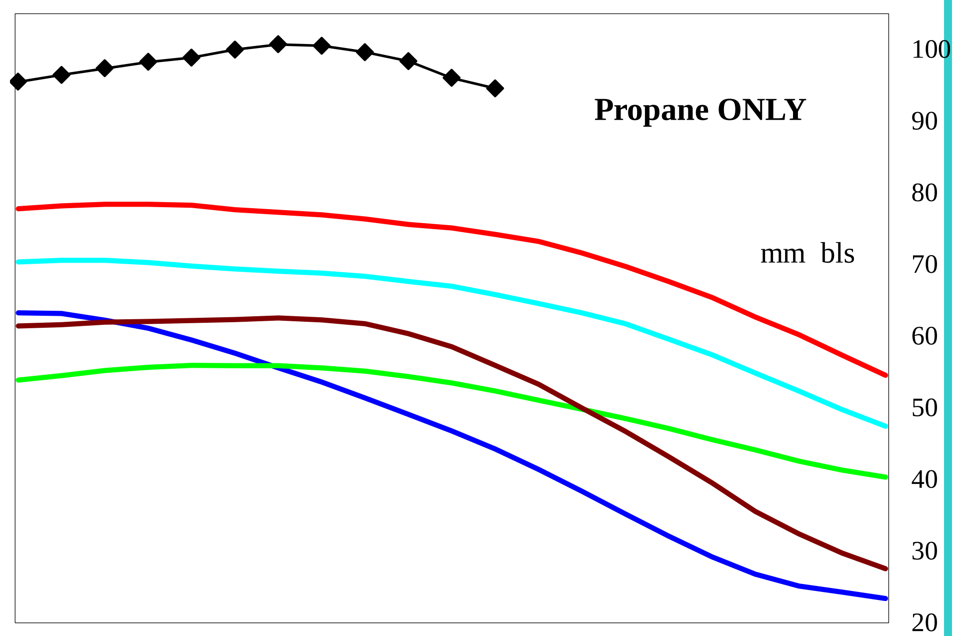
PADDs 4 and 5 Propane Supply and Demand Balance

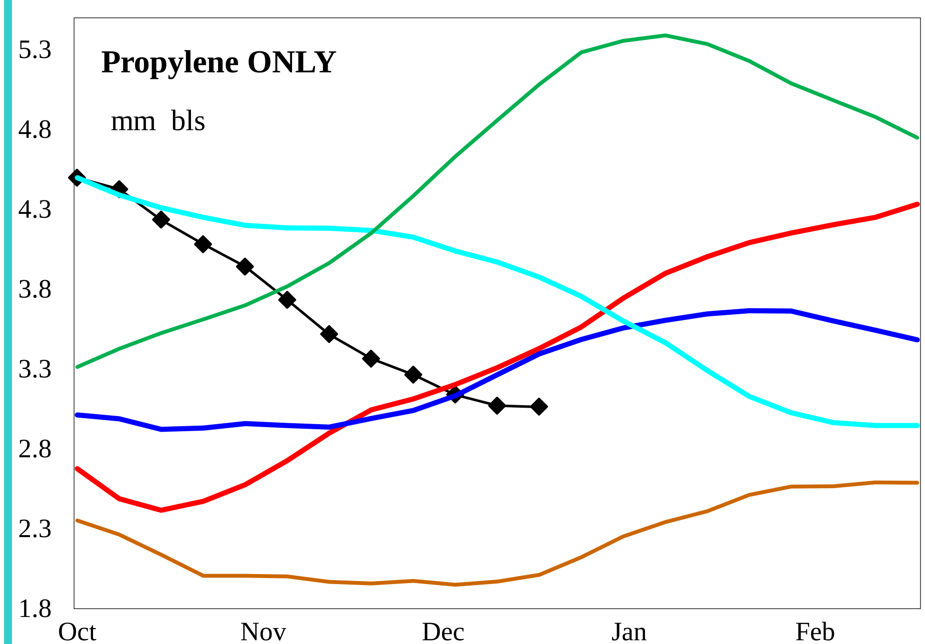


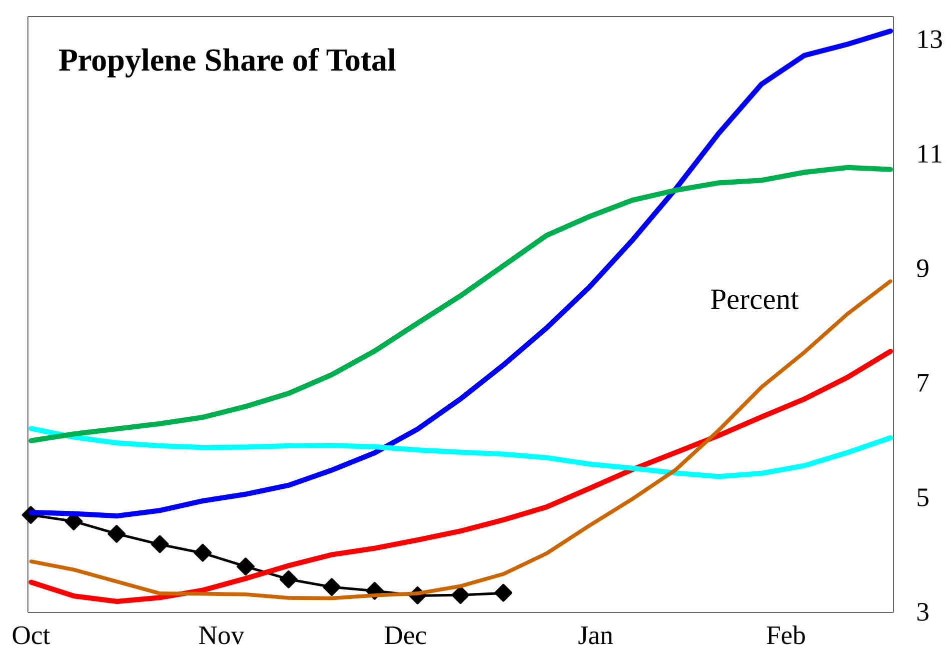
4 wk avg variance prior year	Stocks	4wk stk	Prod	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-73	-723	-41	2	-18
% change	-1.9	277.0	-20.1	6.3	-7.7

U. S. Propane and Propylene Stocks





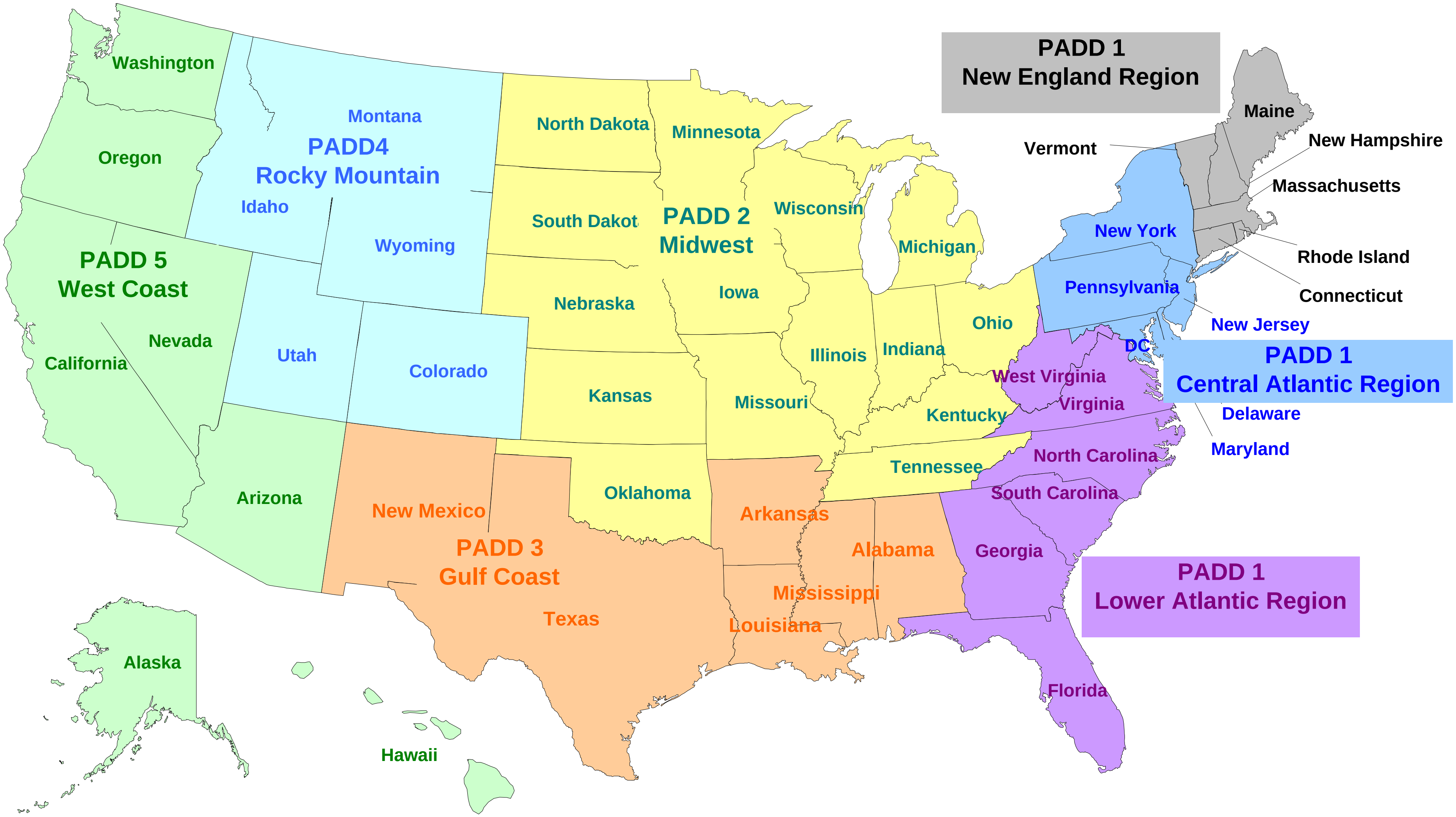




Variance to prior year	Total	Propane ONLY	Propylene ONLY
000 bls	**19,798**	**20,173**	**-365**
% change	**25.4**	**27.1**	**-10.7**

Lehi German Tel: 816.505.0980

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



Lehi German Tel: 816.505.0980