

Weekly Propane Newsletter

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Principal Averages

Mont Belvieu.....	79.207
Kearney.....	84.958
Conway.....	83.294
West Texas	83.750
Selkirk	89.760
Apex	94.150
Hattiesburg.....	90.491

All Postings reflect rack price only and do not include other fees, assessments, or taxes.

Weekly Propane Newsletter
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Stock Gains, Labor Concerns Sink Crude

NGL trading was fairly quiet today as players digested the latest inventory numbers for crude, distillate, gasoline, and propane, which all showed unexpected gains. Combined with sobering job market news, in which collection of unemployment benefits reached a 26-year high, the bears came roaring back to push the stock market down, taking crude along with it.

In mid-day trading Thursday on NYMEX, February crude futures fell to \$41.83/bbl, off more than \$7/bbl since Monday. Prices ranged from \$40.54 to \$43.63/bbl. The price of oil for delivery in January 2010 is 41% more than for the current month, and insiders are saying that a lot of traders are taking advantage of this contango situation.

“Inventories are getting squirreled away because of both the wide spread and also in anticipation that the market will tighten through the year as OPEC cuts back,” said one energy analyst. “Putting extra barrels away seems a prudent game plan here.” Citigroup Inc., BP, and Royal Dutch Shell now all have full oil tankers anchored offshore in Northern Scotland in order to profit from higher prices later in the year.

The latest Energy Information Administration (EIA) report shows a 6.68-MMMbbl gain in crude oil supplies to 325.4 MMbbl, which is the highest since May. Venezuela and Angola have just signaled compliance with OPEC's latest cuts, but all the gains and bad economic news are nullifying anything the group says or does.

Despite the inventory gains, propane is trading fairly actively today. At Mont Belvieu, prices have slid slightly since Monday for LDH and non-LDH spot propane to 69.75-71.00 cents/gal. Group 140 (Conway, Kan.) spots were stronger today, with buyers narrowing the spread to trade at 75.25-77.50 cents/gal.

...Other NGLs. The trading of other liquids was quiet Thursday, but buyers narrowed the spread for both LDH and non-LDH normal butane at Belvieu to trade at 81.00-83.50 cents/gal. That liquid in the Group was not as strong, trading down as sellers narrowed the spread to 73.00-75.00 cents/gal.

IMPCO Celebrates 50th Year, Launches U.S. Production

Fuel Systems Solutions Inc. is set to begin manufacturing its alternative fuel solutions for the North American transportation market with the launch of its Automotive Alternative Fuel Division on Feb. 6. It will be held at the headquarters of its U.S. subsidiary, IMPCO Technologies (Santa Ana, Calif.), which is celebrating its 50th year in the industrial market.

Founded in 1958, IMPCO developed the “clean air car” used to promote propane as a motor fuel by the Western Liquefied Gas Association, now the Western Propane Gas Association, and the then National LP-Gas Association. Today, the company is a world leader in the manufacturing and marketing of products and systems that allow transportation and industrial engines to operate on cleaner-burning gaseous fuels such as propane and natural gas.

The launch expands Fuel Systems Solutions’ global distribution of transportation products. Its subsidiary, BRC (Cherasco, Italy), has been converting gasoline vehicles to run on natural gas or propane since the 1960s, and in 2008 increased production to approximately 800,000 vehicle conversions annually.

“Our technology and U.S. manufacturing facility provides Fuel Systems a strong and unique base to enter the U.S. automotive market,” said company president Matthew Beale. “As part of our long-term growth strategy, we will begin by serving U.S. automotive fleets as they can quickly build the infrastructure necessary to fuel their vehicles, as well as achieve significant cost savings and emission benefits by converting their gasoline vehicles to run on our proven solution.

“The next step will be to replicate our original equipment manufacturers (OEM) and delayed-OEM model to distribute to U.S. consumers. We are positioned to be a leader as the U.S. market evolves, and we continue to believe there is a significant opportunity world wide for alternative gaseous fuel vehicles,” said Beale.

Fuel Systems Solutions CEO Mario Costa-

magna adds, “We will bring our technology to the U.S. at a time when our country is focused on decreasing its dependence on foreign oil and greenhouse gas emissions. Our bi-fuel vapor sequential fuel injection systems enable the use of two fuels in one vehicle, which extends the driving range of the alternative fuel vehicle while protecting against refueling infrastructure shortfalls as the nation invests in infrastructure to allow U.S. consumers greater access to natural gas and propane,” said Costamagna. “In this way, we deliver an immediate solution to aid in reducing harmful pollution and greenhouse gas emissions.”

Tim Standke, director of automotive operations for IMPCO, pointed out the employment and economic benefits of implementing the alternative fuel systems technology, as it is focused on installation and execution on a national basis. He also said that since the technology is already available for many new and existing vehicles, the time to market is greatly expedited.

OSHA Crane Proposal Under Scrutiny

A recent proposal by the Occupational Safety and Health Administration (OSHA) that would update the agency’s requirements for cranes and derricks is under review by the National Propane Gas Association (NPGA). One aspect of the proposal would require operators of cranes used in construction to complete third-party training and/or certification.

There is concern that these requirements could apply to a crane operator who is setting a propane tank in a residential or commercial application. But since the industry already offers comprehensive training and voluntary certification for employees involved in ASME tank delivery and installation, implementation of this requirement would seem redundant.

NPGA is trying to determine whether the use of cranes in the delivery and installation of propane tanks would be covered in the OSHA proposal, and if so, it will seek an exemption from the requirements for the propane industry.

NPGA Continues Push for 'Green' Propane Appliances

The National Association of Home Builders (NAHB) appeals panel on Dec. 16 heard a second appeal filed by the National Propane Gas Association (NPGA) regarding the National Green Building Standard Draft Version #2. At issue was NPGA's contention that the National Green Building Standard as drafted is deficient in that it causes an adverse effect due to its failure to recognize unvented gas-burning appliances as energy-conserving space heating alternatives.

The standard does not prohibit the installation of unvented appliances, but neither does it allow credit for homeowners that use them. In addition, in some cases the standard even penalizes the homeowner for utilizing an unvented appliance.

NPGA and other organizations submitted comments during the standards development process that were intended to provide recognition by the Green Building Standard of unvented heaters listed in accordance with the requirements of ANSI Z21/83 standards. Unvented appliances are the most efficient fuel-burning appliances because all of the heat produced by the combustion of propane is released into the heated space.

Among the points made by NPGA in its appeal are the following:

- The standards development committee provided no technical substantiation for not allowing credit for the installation of unvented appliances.
- Millions of units are already installed throughout the U.S. and are operating safely and efficiently.

(Continued on p. 6)

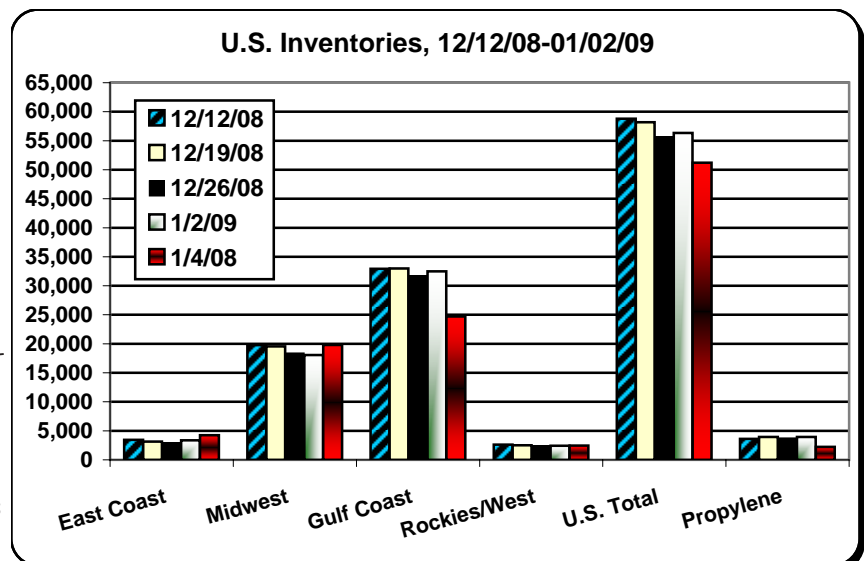
Propane Stocks Post Unexpected Jump; Low December Draw

Compared to the 10.6-MMbbl five-year average draw for the month of December, 2008's 4-MMbbl draw was quite modest. This was largely due to relatively normal weather for the month. According the Energy Information Administration's (EIA) "This Week in Petroleum" report for the week ended Jan. 2, 2009, there was an unexpected gain in U.S. primary propane inventories of 0.5 MMbbl, bringing the total to 56.3 MMbbl.

East Coast stocks picked up 0.3 MMbbl to 3.4 MMbbl for the week, down 0.9 MMbbl from 2008, while the Midwest declined 0.3 MMbbl to 18.1 MMbbl, which is off 1.7 MMbbl 2008. Gulf Coast inventories surged 0.7 MMbbl to 32.5 MMbbl, and are a whopping 7.8 MMbbl ahead of 2008's pace. Rocky Mountain/Gulf Coast stocks lost 0.1 MMbbl to 2.4 MMbbl, while propylene non-fuel use gained nearly 0.2 MMbbl to 3.9 MMbbl.

Propane fundamentals revealed a drop in demand to 1.202 MMbbld from 1.444 MMbbld a week earlier, and far behind last year's 1.747 MMbbld. Propane production was slightly higher in all regions, with an average of 1.058 MMbbld for the week, up from 0.977 MMbbld, but still trailing 2008's 1.203 MMbbld. Imports jumped 0.1 MMbbld to 0.259 MMbbld thanks to East Coast shipments last week; nothing came in to the Gulf Coast once again.

Average U.S. residential propane prices fell 0.7 cents to 231 cents/gal. for the week ended Jan. 5. East Coast customers experienced the 0.7-cent reduction as prices backed off to 266.8 cents/gal., putting them 30.4 cents below 2008's 297.2 cents/gal. Midwest prices dipped 0.8 cents to 208.7 cents/gal., significantly less than 230.8 cents/gal. this time last year.



PROPANE PRICES UPDATE

PRINCIPAL U.S. POSTINGS

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Thursday, January 08, 2009

	<u>Mont Belvieu</u>	<u>Kearney Mo.</u>	<u>Conway Kan.</u>	<u>West Texas</u>	<u>Selkirk N.Y.</u>	<u>Apex N.C.</u>	<u>Hatties- burg</u>
Alliance Energy Svcs	-	83.690	85.000	-	-	92.890	-
American Energy	-	-	-	-	-	93.900	90.900
BP	-	-	-	-	-	98.200	96.300
CHS/Cenex	80.350	85.530	83.470	-	87.770	90.020	85.750
ConocoPhillips	75.550	86.340	83.000	-	87.050	95.900	90.850
DCP/GSR	-	-	-	83.750	95.000	-	-
Econogas	-	-	-	-	-	92.520	88.000
Enterprise Prod	80.000	84.250	-	-	89.000	96.950	94.100
Inergy Services	-	84.750	82.500	-	88.750	94.500	90.010
Martin Gas	81.000	-	-	-	-	92.250	88.500
NGL Supply Ltd	-	-	-	-	-	95.750	92.500
Plains Marketing	77.340	85.190	82.500	-	87.200	92.770	-
Targa	<u>81.000</u>	-	-	-	<u>93.550</u>	-	<u>88.000</u>
AVERAGES	79.207	84.958	83.294	83.750	89.760	94.150	90.491

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SPOT PRICES FOR NATURAL GAS LIQUIDS

	<u>Propane</u>	<u>Normal Butane</u>	<u>Iso Butane</u>	<u>Natural Gasoline</u>	<u>EP-Mix 80%-20%</u>	<u>Ethane</u>
Mont Belvieu	69.75 71.00	81.00 83.50	85.00 89.00	89.00 91.00	38.25 43.00	41.50 43.25
Mont Belvieu LDH	69.75 71.00	81.00 83.50	85.00 89.00	89.00 91.00	-	-
Conway, Kan.	75.75 77.50	73.00 75.00	85.00 90.00	85.50 91.00	25.75 27.25	-
Hattiesburg	83.00 85.00	-	-	-	-	-
Hobbs, N.M.	81.00 83.75	-	-	-	-	-
Delivered L.A. Basin	107.00 110.00	50.00 52.00	107.00 109.00	95.00 100.00	-	-
On The River	-	-	-	89.00 91.00	-	-
Sarnia	96.50 99.50	74.00 75.00	85.00 86.00	-	-	-
Edmonton	68.00 69.00	73.00 74.00	-	-	-	-

*Bakersfield, Calif

CANADIAN PRODUCER POSTINGS

	<u>Edmonton Cochin</u>	<u>Edmonton Rail</u>	<u>Sarnia</u>	<u>Marysville</u>	<u>St Clair</u>
BP Canada	97.570	-	96.500	-	99.500
ConocoPhillips	83.000	-	-	100.000	-
Kinetic Resources	-	-	96.500	99.500	-
Shell Canada	-	80.000	96.500	99.500	-
Spectra Energy	<u>74.250</u>	<u>74.250</u>	-	-	-
AVERAGES	84.940	77.125	96.500	99.667	99.500

(In U.S. cents/gal)

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COMMENTARY

Prices Up, but Faltering

Although posted propane prices along every major pipeline today are still well above where they had climbed to on Monday, they began to decline yesterday as crude started to back down from its run at \$50/bbl last week. Fairly normal weather for January, and an inventory gain last week, both reflect persistently weak demand, which is putting some downward pressure on prices.

Mont Belvieu prices have made some big jumps since Monday. ConocoPhillips added 5 cents/gal., CHS/Cenex 6 cents, and Plains Marketing 6.5 cents. Targa rose 7 cents, Martin Gas Sales 12 cents, and Enterprise Products soared 12.5 cents/gal. higher.

Postings along the Dixie at Apex, N.C. also increased, but not as much. Econogas picked up 1.5 cents/gal., Inergy Services 3 cents, American Energy 4 cents/gal., CHS/Cenex 4.5 cents, and Alliance Energy Services rose 4.75 cents. Plains Marketing jumped 5 cents/gal., and ConocoPhillips and Enterprise Products 9 cents. BP and NGL Supply shot up 10 cents/gal.

The MAPCO pipeline at Conway, Kan. experienced some relatively moderate advances, with Inergy Services and Plains Marketing adding 4.5 cents, Alliance Energy Services and CHS/Cenex 5 cents, and ConocoPhillips rose 6 cents/gal.

TEPPCO prices at Selkirk, N.Y. rose nearly in step with Belvieu since Monday. Inergy Services went up 3.25 cents/gal., ConocoPhillips 5 cents, and CHS/Cenex 6 cents/gal. Plains Marketing added 6.5 cents, and Enterprise Products 9.5 cents/gal. DCP/GSR jumped 10.75 cents, and Targa 15.5 cents/gal.

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BPN's PRICES FOR OTHER BASING POINTS

Thursday, January 08, 2009

ALLIANCE ENERGY SVCS: [Dixie] Albany, GA 90.450; Alma, GA 91.800; Cheraw, SC 91.930; Demopolis, AL 90.180; Lexington, SC 92.020; Milner, GA 91.250; Opelika, AL 90.820; [Kaneb] Geneva, NE 85.530; Norfolk, NE 86.550; North Platte, NE 87.020; Wolsey, SD 87.860; Yankton, SD 86.570; [Kinder-Morgan] Clear Lake, IA 88.320; Coralville, IA 88.180; Des Moines, IA 87.730; Lemont(k), IL 87.750; Morris, IL 87.100; Plattsmouth, NE 86.020; Rockford, IL 89.230; Tampico, IL 88.400; [MAPCO] Canton(m), SD 85.780; Cantril, IA 85.530; Clay Center, KS 83.040; Dubuque, IA 87.130; Farmington, IL 86.120; Greenwood, NE 83.550; Iowa City(m), IA 84.920; Janesville, WI 87.920; Mankato, MN 86.570; Moberly, MO 84.510; Ogden, IA 85.040; Pine Bend, MN 87.070; Sanborn, IA 85.610; Whiting, IA 84.410; [TEPPCO] Coshocton, OH 83.390; Princeton, IN 82.290; Todhunter, OH 82.600.

AMERICAN ENERGY: Tirzah, SC 94.900; [Dixie] Albany, GA 92.340; Alma, GA 92.810; Cheraw, SC 93.430; Demopolis, AL 91.880; Lexington, SC 93.030; Milner, GA 92.250; Opelika, AL 91.810.

ATLANTIC ENERGY: Chesapeake, VA 102.000; Yorktown, VA 101.000.

BP: Anacortes, WA 117.000; Cherry Point, WA 115.000; Griffith, IN 90.500; Hobbs, NM 83.750; Los Angeles, CA 110.000; San Francisco, CA 109.000; Tirzah, SC 100.200; Tuscola, IL 91.500; [Dixie] Albany, GA 96.900; Alma, GA 97.300; Cheraw, SC 97.900; Demopolis, AL 96.050; Lexington, SC 97.550; Milner, GA 96.850; Opelika, AL 96.350.

CHS/CENEX: Greenbay (Tank Car), WI 92.000; Lebanon, IN 88.250; Lemont, IL 88.750; Lima, OH 85.750; Philadelphia, PA 89.750; Rapid River, MI 99.000; Siloam, KY 83.000; Slaughter, TX 86.000; West Memphis, AR 90.000; Westville, NJ 89.750; Wingate, NM 107.500; [Dixie] Albany, GA 88.820; Alma, GA 89.290; Cheraw, SC 89.660; Demopolis, AL 87.430; Lexington, SC 89.260; Milner, GA 88.550; Opelika, AL 88.050; [Kinder-Morgan] Clear Lake, IA 87.380; Coralville, IA 86.800; Des Moines, IA 85.510; Morris, IL 88.100; Plattsmouth, NE 83.930; Rockford, IL 89.250; Tampico, IL 87.540; [MAPCO] Bushton, KS 82.130; Cantril, IA 87.490; Clay Center, KS 85.110; Dubuque, IA 88.840; Farmington, IL 88.260; Greenwood, NE 85.160; Iowa City(m), IA 86.640; Janesville, WI 90.710; Lecompton, KS 86.200; Moberly, MO 86.330; Ogden, IA 86.720; Pine Bend, MN 89.300; Sanborn, IA 87.380; Whiting, IA 86.300; [TEPPCO] Coshocton, OH 85.990; Du Bois, PA 86.170; Eagle, PA 86.630; Greensburg, PA 85.500; Kingsland, AR 92.050; Light, AR 93.830; Oneonta, NY 88.290; Princeton, IN 84.380; Rixie, AR 92.180; Todhunter, OH 85.180; Watkins Glen, NY 87.090; [Williams] Canton(w), SD 87.590; Carthage(w), MO 87.640.

CONOCOPHILLIPS: Bayway, NJ 100.000; Billings, MT 135.000; Denver, CO 89.500; Ferndale (Tank Car), WA 118.000; Ferndale (Truck), WA 118.000; La Junta, CO 89.600; Medford, OK 84.250; Wingate, NM 106.250; [Cherokee] Mt Vernon, MO 85.250; Wood River, IL 89.000; [Dixie] Albany, GA 94.350; Alma, GA 94.800; Cheraw, SC 95.450; Demopolis, AL 93.200; Lexington, SC 95.050; Milner, GA 94.250; Opelika, AL 93.800; [Kaneb] Geneva, NE 87.650; Norfolk, NE 88.680; North Platte, NE 89.980; Wolsey, SD 90.020; Yankton, SD 88.730; [MAPCO] Clay Center, KS 85.690; Farmington, IL 88.770; Greenwood, NE 86.200; Janesville, WI 90.570; Lecompton, KS 86.800; Moberly, MO 87.160; Whiting, IA 87.310; [TEPPCO] Coshocton, OH 83.400; Du Bois, PA 84.300; Eagle, PA 85.900; Greensburg, PA 83.950; Oneonta, NY 86.600; Princeton, IN 80.650; Todhunter, OH 80.800; Watkins Glen, NY 85.650.

CROSSTEX NGL: Altamont, UT 93.000; Bluebell, UT 93.000.

DGP/GSR: Greeley, CO 89.000; Gulf Plains, TX 83.750; Jameson, TX 83.750; Ozona Gas Plant, TX 83.750; Sonora, TX 83.750; Spindle, CO 89.000; Wilcox, TX 83.750; [TEPPCO] Coshocton, OH 91.890; Du Bois, PA 92.750; Eagle, PA 93.180; Greensburg, PA 92.260; Princeton, IN 90.780; Todhunter, OH 91.080; Watkins Glen, NY 92.850.

ECONOGAS: Tirzah, SC 98.790; [Dixie] Albany, GA 90.960; Alma, GA 91.430; Cheraw, SC 92.050; Demopolis, AL 89.810; Lexington, SC 91.650; Milner, GA 90.870; Opelika, AL 90.430.

ENOGEX: Calumet, OK 82.000; Rush Springs, OK 80.000; Wetumka, OK 82.000.

ENTERPRISE PROD: Anacortes, WA 116.000; Armstrong, TX 80.000; Bakersfield, CA 115.000; Harford Mills, NY 100.550; Hobbs, NM 81.000; Martinez, CA 111.000; Shoup, TX 80.000; Stephens City, VA

106.500; Tirzah, SC 95.700; [Dixie] Albany, GA 95.600; Alma, GA 96.050; Cheraw, SC 96.600; Demopolis, AL 94.600; Lexington, SC 96.200; Milner, GA 95.400; Opelika, AL 95.100; [Kaneb] Geneva, NE 86.000; Norfolk, NE 87.750; North Platte, NE 88.250; Wolsey, SD 89.000; Yankton, SD 87.750; [Kinder-Morgan] Clear Lake, IA 88.500; Des Moines, IA 86.500; Plattsmouth, NE 86.000; Rockford, IL 89.000; [MAPCO] Canton(m), SD 86.500; Cantril, IA 86.250; Clay Center, KS 83.750; Dubuque, IA 87.750; Farmington, IL 86.750; Greenwood, NE 84.250; Iowa City(m), IA 85.500; Janesville, WI 88.500; Mankato, MN 86.750; Moberly, MO 85.250; Ogden, IA 85.500; Pine Bend, MN 87.250; Sanborn, IA 85.750; Whiting, IA 85.000; [TEPPCO] Coshocton, OH 86.850; Du Bois, PA 87.250; Eagle, PA 90.250; Greensburg, PA 87.500; Oneonta, NY 88.400; Princeton, IN 84.450; Todhunter, OH 84.700; Watkins Glen, NY 87.350; [Williams] Carthage(w), MO 85.500.

EXXONMOBIL: [Dixie] Albany, GA 91.650; Alma, GA 92.050.

ENERGY SERVICES: [Dixie] Albany, GA 92.940; Alma, GA 93.410; Cheraw, SC 94.030; Demopolis, AL 91.790; Lexington, SC 93.630; Milner, GA 92.850; Opelika, AL 92.410; [Kaneb] Geneva, NE 85.350; Norfolk, NE 86.350; North Platte, NE 86.850; Wolsey, SD 87.600; Yankton, SD 86.350; [Kinder-Morgan] Clear Lake, IA 88.100; Des Moines, IA 87.500; Iowa City(k), IA 88.000; Plattsmouth, NE 86.000; Rockford, IL 89.050; Tampico, IL 88.150; [MAPCO] Bushton, KS 83.000; Cantril, IA 86.400; Clay Center, KS 84.000; Dubuque, IA 88.000; Farmington, IL 87.000; Greenwood, NE 84.550; Iowa City(m), IA 85.900; Janesville, WI 88.750; Mankato, MN 87.500; Moberly, MO 85.500; Ogden, IA 86.000; Pine Bend, MN 88.000; Sanborn, IA 86.500; Whiting, IA 85.500; [TEPPCO] Du Bois, PA 86.950; Eagle, PA 91.500; Greensburg, PA 86.350; Oneonta, NY 88.150; Princeton, IN 82.000; Todhunter, OH 81.750; Watkins Glen, NY 87.000; [Williams] Canton(w), SD 86.750.

MARATHON ASHLAND PET.: Catlettsburg, KY 84.000; Woodhaven, MI 88.000.

MARKWEST: Siloam, KY 90.500.

MARTIN GAS: Arcadia, LA 84.000; East Texas, TX 84.000; [Dixie] Albany, GA 91.150; Alma, GA 91.550; Cheraw, SC 91.950; Demopolis, AL 90.250; Lexington, SC 91.650; Milner, GA 91.000; Opelika, AL 90.750.

NGL SUPPLY LTD: [Dixie] Albany, GA 94.500; Alma, GA 95.000; Cheraw, SC 95.500; Demopolis, AL 93.500; Lexington, SC 95.000; Milner, GA 94.250; Opelika, AL 94.000.

OCCIDENTAL ENERGY: Bakersfield, CA 110.000; Slaughter, TX 85.000.

PLAINS MARKETING: Hugoton, KS 87.500; Schaefferstown, PA 96.000; Tulsa, OK 86.000; Wattenburg, CO 91.000; [Dixie] Albany, GA 91.210; Alma, GA 91.680; Cheraw, SC 92.300; Demopolis, AL 90.060; Lexington, SC 91.900; Milner, GA 91.120; Opelika, AL 90.680; [Kaneb] Geneva, NE 85.150; Norfolk, NE 86.180; North Platte, NE 86.650; Wolsey, SD 87.490; Yankton, SD 86.200; [Kinder-Morgan] Clear Lake, IA 87.270; Coralville, IA 85.970; Des Moines, IA 85.410; Lemont(k), IL 88.850; Morris, IL 87.640; Plattsmouth, NE 84.120; Rockford, IL 87.680; Tampico, IL 87.040; [MAPCO] Bushton, KS 82.500; Canton(m), SD 87.280; Cantril, IA 87.030; Clay Center, KS 84.540; Dubuque, IA 88.630; Farmington, IL 87.620; Greenwood, NE 85.050; Iowa City(m), IA 86.420; Janesville, WI 89.420; Lecompton, KS 85.240; Mankato, MN 88.070; Moberly, MO 86.010; Ogden, IA 86.540; Pine Bend, MN 88.570; Sanborn, IA 87.110; Whiting, IA 85.910; [TEPPCO] Coshocton, OH 84.390; Du Bois, PA 85.250; Eagle, PA 85.000; Greensburg, PA 84.760; Oneonta, NY 86.560; Princeton, IN 83.280; Todhunter, OH 83.580; Watkins Glen, NY 85.350.

SUNOCO: Girard Point, PA 92.000; Marcus Hook, PA 92.000; Point Breeze, PA 92.000.

TARGA: Ardmore, OK 86.000; Calvert City, KY 91.000; Chico, TX 83.500; Columbia, TN 99.000; Los Angeles, CA 110.000; Maysville, OK 87.000; Mc Kittrick, CA 110.000; San Francisco, CA 110.000; Tebone, LA 75.000; [Dixie] Albany, GA 92.500; Alma, GA 92.850; [TEPPCO] Coshocton, OH 91.250; Du Bois, PA 90.100; Eagle, PA 92.900; Greensburg, PA 91.700; Oneonta, NY 93.100; Princeton, IN 90.600; Todhunter, OH 90.750; Watkins Glen, NY 92.750.

VALERO: Delaware City, DE 92.000; El Paso, TX 100.000; Los Angeles, CA 108.000; Mc Kee, TX 82.000; Paulsboro, NJ 92.000.

- In the report titled “Propane Reduces Greenhouse Gas Emissions: A Comparative Analysis,” further support for “green” propane is provided in that LPG (propane) produces significantly lower greenhouse gas emissions than gasoline, diesel, or electricity on a per-Btu basis.

Participating in the appeal via conference call were Bruce Swiecicki, NPGA senior technical advisor; Don Denton, technical chairman of the Vent-Free Gas Products Alliance; and Sue Walker, chairman of the Vent-Free Gas Products Alliance.

Although NPGA and the other appellants were not successful this time around, the association will continue to work with the many codes and standards organizations, advocating for the use of propane appliances in green buildings. For more information on this and other technical projects, contact Swiecicki at bswiczicki@npga.org.

Pemex to Produce NGLs At Planned Gas Plant

State-run Petroleos Mexicanos (Pemex; Mexico City) plans to build a natural gas processing plant to handle new supplies from the Chicontepec basin that is currently under development. Pemex will award the construction contract and begin work before the end of May.

The plant will process 200 MMcfd from Chicontepec, which is mainly an oil field, but also produces natural gas from the same wells. The company, which is just beginning to develop the area, plans to pump around 1 Bcf of natural gas from Chicontepec by 2016, according to the Energy Ministry.

The new plant will produce propane, butane, and natural gasoline. Pemex’ November gas output hit a new record of 7.2 Bcfd, up 19% year-to-date, despite suffering a steep fall in oil production over the past few years.

CO Incidents Most Common in January

Illinois has experienced a number of carbon monoxide (CO) poisoning incidents recently, prompting the state fire marshal and state public health direc-

tor to urge residents to protect themselves by installing a CO detector. The Centers for Disease Control and Prevention found that January is the worst month for CO poisoning, noting that during the month at least two people in the U.S. die from it each day.

The fire marshal is applauding a new state law that requires CO detectors in homes that has potentially saved a number of lives since it took effect in 2007. That year fire departments responded to nearly 9000 CO-related calls compared to just over 4400 in 2006.

Under the law, all buildings that use fossil fuels and have sleeping rooms or an attached garage must have an approved, operating CO detector installed within 15 feet of any sleeping area. Heating equipment, such as furnaces, hot water heaters, stoves, and fossil-fueled space heaters are among the potential indoor sources of CO, and attached garages can allow CO into a home when vehicles are left running inside.

The CO detectors are relatively inexpensive and come in models that are battery-powered, plug-in with battery backup, or AC hardwired with battery backup. They should be listed by an independent testing laboratory. All units should be tested once a month. Additional information on CO poisoning can be found on the fire marshal’s website at www.state.il.us/osfm.

United Fuel & Energy Sells Propane Operations

United Fuel & Energy Corp. (Midland, Tex.), a distributor of gasoline, diesel, and lubricant products to customers in the southwestern and south-central U.S., has sold the assets of its propane distribution business to the newly formed Texas-based Propane Direct Enterprises LLC.

The deal, which was done for an aggregate purchase price of \$9.8 million, including \$7.7 million in cash, and \$2.1 million in seller notes, closed on Dec. 31, 2008. United Fuel & Energy will retain approximately \$3.4 million in accounts receivable.

“We are pleased to have completed the sale of this non-core business line at a substantial gain,”

stated Frank Greinke, United Fuel & Energy chairman and CEO. "The propane business didn't integrate well into our fuel distribution and card-lock operations, and we felt that this was an excellent time to complete this attractive transaction to streamline operations and strengthen our balance sheet."

Big Chinese Oil Buys Could Affect Prices

The beginning of the year has seen another significant bump in crude oil prices, and some believe that this time they won't fall below \$40/bbl again.

The Gaza conflict, along with OPEC's apparent compliance with self-imposed production cuts, and now Russia's natural gas cut-off to Ukraine that is affecting several other European countries, has pushed crude back to, at times, hover around \$50/bbl.

But there is yet another factor to consider in the surge in prices: on Jan. 2, the U.S. Department of Energy announced that currently low crude prices prompted a decision to fill the country's Strategic Petroleum Reserve to capacity in 2009. This followed news that China would take similar action.

Exports of Waterborne LPGs Rise While Imports Fall

Propane and butane waterborne imports were sharply lower in October for both the month and year, according to Commercial Services' "Waterborne LPG" report. Waterborne LPG imports totaled only 1,654,740 bbl for the month, off 2,133,690 bbl, or 56.3%, from September 2008's 3,788,430 bbl. Imports were 47.3%, or 1,484,880 bbl, below October 2007's 3,139,620 bbl.

There were 1,471,740 bbl of propane imported in October, which was off 44.8% from September's 2,667,710 bbl, and 32.3% below October 2007's 2,173,380 bbl. Butane imports for the month totaled only 183,000 bbl, an 80.6% drop from September's 940,720 bbl, and a 63.8% decline from 2007's 505,200 bbl.

Reversing a recent trend, there were 1,035,000 bbl of propane shipped after four straight months of no exports, and 124,000 bbl of butane were exported, the first since July 2008. There was no propane or butane shipped in October 2007. Exports of iso-butane fell 17.5% to 99,000 bbl in October from the previous month's 120,000 bbl, but were nearly double October 2007's 50,000 bbl.

Recapping Commercial Services' "Waterborne LPG" report:

U.S. LPG Imports - October 2008 (All Figures Listed in U.S. Barrels)

Date	Source Port	Vessel Name	Destination	Propane	Butane	Iso-Butane	Participants
10/03/08	Nigeria	Jeanne-Marie	Empiregas-Prico	124,200	-	-	Geogas
10/06/08	Venezuela	BW Trader	Marcus Hook, PA	-	90,000	-	o
10/08/08	Venezuela	Surrey	Plaquemine, LA	-	93,000	-	Pdvs/Dow (LA)
10/14/08	Algeria	Hassi Messaoud 2	Newington, NH	397,440	-	-	SPC/Sea-3 (NH)
10/17/08	Trinidad	Cumbria	Empiregas-Prico	99,360	-	-	Geogas
10/17/08	Algeria	Reggane	Enterprise-Hou	583,740	-	-	SPC/EPD
10/31/08	Kaarstoe	Captain John NP	Enterprise-Hou	<u>267,000</u>	-	-	Statoil/EPD
				1,471,740	183,000	0	1,654,740

U.S. LPG Exports - October 2008 (All Figures Listed in U.S. Barrels)

Date	Source Port	Vessel Name	Destination	Propane	Butane	Iso-Butane	Participants
10/08/08	Enterprise	Norgas Traveller	Mexico	-	-	33,000	EPD/PMI
10/19/08	Enterprise	Clipper Moon	Ecuador	400,000	-	-	EPD/Trafigura
10/21/08	Enterprise	Norgas Traveller	Mexico	-	-	33,000	EPD/PMI
10/22/08	Enterprise	Rene	Dom.Rep.	250,000	-	-	EPD/Geogas
10/27/08	Enterprise	Clipper Sirius	Ecuador	385,000	124,000	-	EPD/Glencor/Trafigura
10/30/08	Enterprise	Norgas Traveller	Mexico	-	-	<u>33,000</u>	EPD/PMI
				1,035,000	124,000	99,000	1,258,000

U.S. "Net" LPG Imports (Exports) - October 2008 (All Figures Listed in U.S. Barrels)

Date	Source Port	Vessel Name	Destination	Propane	Butane	Iso-Butane	Sum Total
Oct '08	NA	NA	NA	436,740	59,000	-99,000	396,740

In a rare public statement the last week of December, China's top energy official, Zhang Guobao, said in the *People's Daily* newspaper that China should take advantage of the falling global energy demand to increase its oil reserves. He commented that China will "encourage companies to utilize idle storage capacity to increase inventories."

There is some speculation that China has been building its stockpiles before this, as recently increased imports are an indication that that country is already filling its strategic reserves. One U.S. energy analyst estimates that about 25 MMbbl of crude have been transferred to China's strategic tanks since August.

It's believed that the U.S. purchases won't significantly affect oil prices over the long term, as the Energy Information Administration (EIA) expects global oil consumption to fall to 85.3 MMbbl/d. But as evidenced by completion of four of its oil-reserve bases capable of holding 102 MMbbl of crude, and future projects of facilities that can contain 170 MMbbl more, it is expected that China's desire for oil has much more potential to influence prices.

TSA Completes Millionth Hazmat Check for Truckers

The Transportation Security Administration (TSA) said Jan. 1 that it has completed just over one million fingerprint-based background checks on truck drivers that are required to carry a hazardous material endorsement (HME) on a commercial driver's license. The HME Threat Assessment Program has completed a review of 1,015,660 applications, with more than a million approved.

"Truckers are another set of eyes on the road and are part of the security network," said TSA deputy administrator Gale Rossides. "They play a vital role in keeping our freeways, streets, counties, and cities safe."

Applicants who initially may not meet eligibility requirements will be able to take advantage of a robust redress program without losing their HME in the meantime. TSA allows states the flexibility to extend HMEs for drivers with background checks that are pending, and gives applicants the opportunity to continue to work if they request an appeal or waiver.

Those disqualified by TSA may seek a review by the U.S. Coast Guard Advocate Law Judge.

Drivers must renew their TSA background assessment at least every five years, but certain states may require more frequent renewals. For information about the program, application instructions, and eligibility criteria visit www.tsa.gov. Applications for TSA background assessments are available at www.hazprints.com, or by calling 877/429-7746.

Topping off...

...Suburban Propane Partners LP (Whippany, N.J.) on Jan. 7 disclaimed any affiliation with the recently announced Chapter 11 bankruptcy filing by LyondellBasell Industries (Rotterdam, the Netherlands) and its affiliates. Suburban Propane GP Inc. was listed in a Jan. 7 Lyondell news release as one of the affiliated entities of Lyondell that was included in the voluntary petition for relief under Chapter 11 of the Bankruptcy Code. Suburban Propane Partners LP's press release clarified that neither Suburban Propane Partners LP, nor any of its affiliates—including its general partner Suburban Energy Services Group LLC and its operating subsidiaries Suburban Propane LP, Suburban Heating Oil Partners LLC, and Agway Energy Services LLP—has any affiliation with any entity of Lyondell. Therefore, it is not impacted in any way by the Lyondell bankruptcy filing...

...The Vermont Fuel Dealers Association has notified its members who are participating in Vermont's Seasonal Fuel Assistance Program that the state will begin visiting suppliers to inspect their records to ensure that they are granting LIHEAP customers the mandated discount as required. VFDA has made available details of the requirement and a list of FAQs at www.vermontfuel.com.

Propane Futures Market Recap: 1/7/09

	Settling Price	Open Interest
Feb	77.13	0
Mar	76.13	0
Apr	74.88	0
May	75.00	0