

# Weekly Propane Newsletter

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## **Principal Averages**

Mont Belvieu.....	141.097
Kearney.....	141.437
Conway.....	139.167
West Texas.....	142.750
Selkirk.....	150.665
Apex.....	146.931
Hattiesburg.....	143.442

Weekly Propane Newsletter  
 Pete Ottman, Editor  
 Published by  
 Butane-Propane News, Inc.  
 338 E. Foothill Blvd.  
 P.O. Box 660698  
 Arcadia, CA 91006  
 Phone 626/357-2168  
 Fax 626/303-2854  
 pete@bpnews.com  
 subscriptions@bpnews.com

## **Markets Retreat with Weaker Crude Oil Futures**

Although crude oil futures bounced around and were up in mid-day activity, they were off for the week. This has led to a sharp drop in the propane spot markets of about 10 cents/gal. at Group 140 (Conway, Kan.) and 11.75 cents/gal. at Mont Belvieu.

The crude oil markets were mixed for the day, hopping around on varied news. On one hand, crude oil futures were lower on fresh economic concerns of a recession, which were sparked by grim sales in the retail sector for January, while production cuts in Nigeria and the North Sea bolstered the short-term outlook for supply troubles.

NYMEX crude oil futures for March were up 76 cents/bbl to \$87.90/bbl in mid-day trading. Crude finished Wednesday at \$87.14/bbl. For the day, crude oil futures bounced from a low of \$86.24/bbl to a high of \$88.14.

Propane spots have lost a bit of ground in their relationship to crude oil. Mont Belvieu LDH and non-LDH propane spots are 132.50-133.00 cents/gal., about 63% of the value of crude on a per-gallon basis. Belvieu spots are down more than 11 cents from Monday's 144.25-144.75.

Group 140 spots are trading at 132.00-132.50, which was down from Wednesday when the Group was around 134.00 cents/gal. On Monday that market was trading at 142.00-142.75. Hattiesburg propane is 134.00-135.00.

Sarnia propane spots, which tend to track the Belvieu market, are also down sharply from Monday. Sarnia propane is 140.00-143.00, off 10 cents from Monday's posting.

**...Other NGLs.** Propane wasn't the only NGL to lose a lot of ground during the week. LDH normal butane is trading at 165.50-166.00, down from 173.50-174.00, while non-LDH product is 166.50-167.00. In the Group that liquid is 163.75-164.25.

Belvieu iso-butane spots are 172.75-173.25, down from 176.00-177.50. In the Group, iso-butane spots are 169.75-170.25, while Sarnia iso-butane is 180.50-181.00.

## New Legislation Could Make DHS Regs Even Tougher

Rep. Bennie Thompson (D-Miss.) has plans to strengthen the Department of Homeland Security (DHS) Chemical Anti-Terrorism Standards (CFATS). Thompson, who is chairman of the House Homeland Security Committee, is sponsoring a bill that would reauthorize and expand the regulations when they expire in 2009.

The National Propane Gas Association (NPGA) points out that the draft bill would make permanent the chemical security regulations issued in 2007. These regulations, which affect propane marketers and thousands of other companies with chemicals on the DHS list, would expire in October 2009. The House Homeland Security Subcommittee on Transportation Security and Infrastructure Protection approved the draft bill in late January, and the full committee is expected to vote on it at the end of this month.

Among the changes is a requirement that every facility storing over a certain threshold quantity of these chemicals would be placed into a risk tier, says NPGA. While the current process doesn't mandate this, under the new proposal a facility could be placed into a risk tier based on DHS determination of minimal risk through the survey that facilities must complete.

All tiered facilities also will have to submit to DHS a vulnerability assessment using inherently safe technologies (IST), and a security plan. This requirement, NPGA believes, will ultimately force propane customers to figure out how to use less propane because IST includes—as a safety measure—using smaller quantities of a hazmat as a potential safety measure. Even worse is the requirement that DHS will supply marketers with information on IST and how to apply it.

NPGA believes the legislation further threatens propane businesses by encouraging customers to lower on-site storage in order to avoid regulation. This will result in additional deliveries, more fuel transfers, and more associated accidents as customers try to avoid storing propane at the threshold quantity or higher. By requiring IST, the association says, the government is providing a roadmap for propane cus-

tomers to use less product, reduce storage, and even to switch fuels completely.

## Court Denies Petition to Eliminate HOS Provisions

A court motion filed by five organizations to eliminate the 11-hour driving limit and the 34-hour restart provisions from the Federal Motor Carrier Safety Administration's (FMCSA) hours-of-service (HOS) interim final rule was denied in late January by the U.S. Court of Appeals for the District of Columbia Circuit. As a result, the rules stand as they are until FMCSA completes the final version of the rules and consults with experts, which could take many months.

In the motion, filed by the International Brotherhood of Teamsters, Public Citizen, Citizens for Reliable and Safe Highways, Parents Against Tired Truckers, and Advocates for Highway and Auto Safety, the groups asked the court to vacate FMCSA's interim final HOS rule, or at least the portion that reinstates the two provisions. The groups also requested the court to direct FMCSA to issue another interim final rule, or other authoritative guidance, that limits drivers to a 10-hour consecutive driving limit and to the governing 60-hour and 70-hour on-duty limits with no 34-hour restart.

The American Trucking Associations said that the Court's decision proves that it does not believe the 11-hour/34-hour provisions are unsafe. It also shows that the Court's problems with the regulations are procedural, which is being taken care of by redrafting the HOS rules.

Barring other legal challenges, FMCSA can move forward with the interim final rule published Dec. 17, 2007, which leaves current HOS regulations as they are with no changes to the sleeper berth provision. Truckers may continue using both the 11th hour of driving and the optional 34-hour restart provision.

## NPGA Offers Builders Free Southeastern Expo Entrance

To increase builder attendance at the "2008 Southeastern Convention & International Expo," the National Propane Gas Association is offering builders a "Free Expo Only Pass." The 2008 show, which runs

March 29-31, will be held at Georgia World Congress Center in Atlanta.

In addition to increasing attendance at the expo, NPGA hopes the free passes will “foster partnerships between propane marketers and the builder industry.” This will give builders the opportunity to see the latest in propane technology, from appliances and hearth products to underground tanks and outdoor living spaces.

Builders may register in advance by March 21, or register on-site during the exhibit hall hours, which are March 30 from 12 p.m. to 5 p.m., or on Monday from 9 a.m. to 4 p.m. On-line registration is available at [www.npgaexpo.com](http://www.npgaexpo.com).

## Utah Legislation Would Offer Tax Incentives for AFV

If it passes the state’s senate and is signed, a bill in Utah would give \$1000 in tax credits for the pur-

chase of a new vehicle that meets or exceeds current air quality and fuel economy standards. Alternative fuels, such as propane, are included in the legislation.

Vehicles must meet differing mileage requirements depending on the fuel used. Gasoline engines would have to meet a standard of 31 mpg, 36 mpg for diesel, 26 mpg for compressed natural gas, and 19 mpg for propane or a blend of 85% ethanol and 15% gasoline.

In addition to the \$1000 tax credit for mileage and air quality, the legislation would offer up to \$2500 for vehicle conversions to an alternative fuel. These include propane, natural gas, and electricity, but exclude biofuels and other advanced technologies.

The legislation, HB 106, has passed Utah’s house of representatives and is awaiting action in the senate.

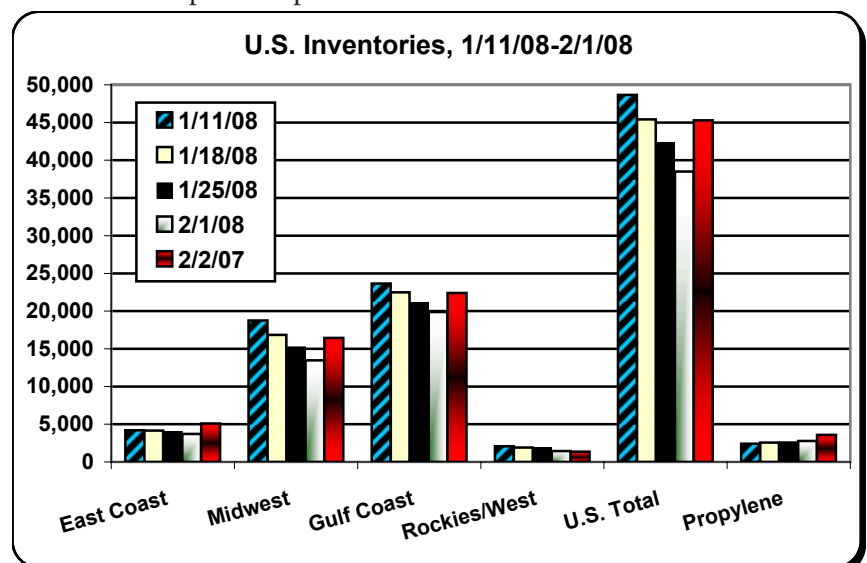
## Inventories Post Largest Weekly Draw of the Winter

Primary propane inventories fell 3.9 MMbbl as of Feb. 1, falling to an estimated 38.5 MMbbl, according to the Energy Information Administration’s (EIA) “This Week in Petroleum.” Propane demand during January was strong, with inventories declining around 12.7 MMbbl, which was “a level slightly above the most recent five-year average of 11.6 MMbbl,” said EIA.

Inventory levels in all three major consuming regions dropped over the week. The East Coast declined 0.3 MMbbl to 3.7 MMbbl, which is 1.4 MMbbl lower than last year. The Midwest fell 1.8 MMbbl to 13.5 MMbbl, putting it well under last year’s 2.9 MMbbl, while the Gulf Coast dropped 1.3 MMbbl to 19.9 MMbbl. Rocky Mountain/West Coast volumes retreated 0.5 MMbbl to 1.4 MMbbl, and nonfuel use propylene stocks rose to 2.8 MMbbl.

Demand outpaced increases in production and imports to pull inventories lower. As of the week ended Feb. 1, demand for propane was 1.861 MMbbld, up from the previous week’s 1.703 MMbbld, but off from last year’s 2.142 MMbbld. Production for the week was 1.091 MMbbl, while propane imports rose to 0.285 MMbbld.

The average residential price for propane on Feb. 4 was 256.3 cents/gal., up marginally from the previous week’s 256.2 cents/gal. East Coast residential consumers paid an average of 297.9 cents/gal., while in the Midwest they paid 230.3 cents/gal. for their propane.



**PROPANE PRICES UPDATE**

**PRINCIPAL U.S. POSTINGS**

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Thursday, February 07, 2008

	Mont <u>Belvieu</u>	Kearney <u>Mo.</u>	Conway <u>Kan.</u>	West <u>Texas</u>	Selkirk <u>N.Y.</u>	Apex <u>N.C.</u>	Hatties- <u>burg</u>
American Energy	-	-	-	-	-	147.750	144.950
BP	-	-	-	-	-	146.200	143.050
Cenex	143.350	141.620	140.050	-	149.600	146.920	143.450
ConocoPhillips	138.500	142.050	139.950	-	150.750	147.500	142.750
DCP/GSR	-	-	-	142.500	156.500	-	-
Econogas	-	-	-	-	-	146.110	142.500
Enterprise Prod	141.500	142.250	-	-	149.000	146.700	143.850
Global Gas	-	-	138.750	-	150.090	-	-
Inergy Services	-	141.250	139.000	-	149.500	146.750	142.370
Martin Gas	142.000	-	-	-	-	145.750	142.000
NGL Supply Ltd	-	-	-	-	-	148.750	145.500
Plains Marketing	139.730	141.600	139.500	-	148.580	146.880	-
Targa (Dynergy)	<u>141.500</u>	<u>139.850</u>	<u>137.750</u>	<u>143.000</u>	<u>151.300</u>	-	<u>144.000</u>
<b>AVERAGES</b>	141.097	141.437	139.167	142.750	150.665	146.931	143.442

**COMMENTARY**

**Postings Off for the Week**

Is it falling crude oil futures, worries over the economy, the end of winter, or a combination of all those that has energy prices tumbling? Regardless the reason, propane postings across the major pipeline systems plummeted over the last week, declining more than a dime per gallon for some companies.

Breaking down the reductions by pipeline, TEPPCO postings were off from 8.25 cents to as much as 10.50 cents. On MAPCO, decreases were a bit more modest, with drops from 6.5 cents to 8.5 cents, while on the Dixie wholesalers lowered prices from 6.5 cents to as much as 10.25 cents.

One retailer reflecting on those sharp drops told the *NEWSLETTER* that with propane inventories off 3.9 MMbbl, he expected propane to hold its ground a bit more rather than drop significantly.

On TEPPCO, Cenex is off 8.5 cents, ConocoPhillips 10.25 cents, DCP/GSR 10.50, Enterprise 9.75, Global Gas 9.25, Inergy 10 cents, Plains Marketing 9.5 cents, and Targa Resources declined 8.25 cents. Selkirk postings are around 150.00 cents/gal., with Cenex at 149.60, ConocoPhillips 150.75, DCP/GSR 156.50, Enterprise 149.00, Global Gas 150.09, Inergy 149.50, Plains Marketing 148.58, and Targa 151.30.

MAPCO decreases included Cenex and Targa down 7.75 cents, ConocoPhillips and Inergy 8 cents, Enterprise 6.5 cents, and Plains Marketing 8.5 cents. Conway postings are from 137.75 to 140.05.

On the Dixie, American Energy, ConocoPhillips, Econogas, and Martin Gas all shaved off 9 cents; BP 8.75 cents; Cenex 10 cents; Enterprise 10.25 cents; Inergy 9.25 cents, NGL Supply 6.5 cents, and Plains Marketing 9.5 cents. Apex postings range from 145.75 to 148.75 cents/gal.

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**SPOT PRICES FOR NATURAL GAS LIQUIDS**

	<u>Propane</u>	Normal <u>Butane</u>	Iso- <u>Butane</u>	Natural <u>Gasoline</u>	EP-Mix <u>80%-20%</u>	<u>Ethane</u>
Mont Belvieu	132.50 133.00	166.50 167.00	172.75 173.25	190.50 191.00	88.50 89.00	89.50 90.00
Mont Belvieu LDH	132.50 133.00	165.50 166.00	172.75 173.25	190.50 191.00	-	-
Conway, Kan.	132.00 132.50	163.75 164.25	169.75 170.25	194.00 195.00	80.75 81.25	-
Hattiesburg	134.00 135.00	-	-	-	-	-
Hobbs, N.M.	145.00 146.00	-	-	-	-	-
Delivered L.A. Basin	178.00 179.00	152.00 154.00	209.00 211.00	178.00 * 182.00	-	-
On The River	-	-	-	189.50 190.00	-	-
Sarnia	140.00 143.00	168.50 169.00	180.50 181.00	-	-	-
Edmonton	125.00	183.00	-	-	-	-
*Bakersfield, Calif.	126.00	184.00	-	-	-	-

**CANADIAN PRODUCER POSTINGS**

	Edmonton <u>Cochin</u>	Edmonton <u>Rail</u>	Sarnia	Marysville	St Clair
BP Canada	139.340	-	140.000	-	143.000
ConocoPhillips	135.500	-	-	143.500	-
Kinetic Resources	-	-	140.000	143.000	-
NGL Supply Ltd	131.000	132.000	-	-	-
Shell Canada	-	130.000	140.000	143.000	-
<u>Spectra Energy</u>	<u>133.250</u>	<u>133.250</u>	-	-	-
<b>AVERAGES</b>	134.773	131.750	140.000	143.167	143.000

(In U.S. cents/gal)

# BPN's PRICES FOR OTHER BASING POINTS

Thursday, February 07, 2008

**AMERICAN ENERGY:** Tirzah, SC 149.75; [Dixie] Albany, GA 146.50; Alma, GA 146.85; Cheraw, SC 147.40; Demopolis, AL 145.55; Lexington, SC 147.05; Milner, GA 146.40; Opelika, AL 146.05.

**ATLANTIC ENERGY:** Chesapeake, VA 154.00; Yorktown, VA 154.00.

**BP:** Anacortes, WA 180.00; Cherry Point, WA 180.00; Griffith, IN 146.50; Hobbs, NM 150.00; Los Angeles, CA 179.00; Rawlins, WY 183.00; Tirzah, SC 148.25; Tuscola, IL 149.00; [Dixie] Albany, GA 144.90; Alma, GA 145.30; Cheraw, SC 145.90; Demopolis, AL 144.05; Lexington, SC 145.55; Milner, GA 144.85; Opelika, AL 144.35.

**CENEX:** Dexter, MO 148.75; Greenbay (Tank Car), WI 149.25; Lebanon, IN 149.50; Memphis, TN 148.75; Slaughter, TX 146.00; West Memphis, AR 149.75; [Dixie] Albany, GA 145.55; Alma, GA 145.99; Cheraw, SC 146.33; Demopolis, AL 144.21; Lexington, SC 145.95; Milner, GA 145.27; Opelika, AL 144.80; [Kinder-Morgan] Clear Lake, IA 144.15; Coralville, IA 142.92; Des Moines, IA 142.04; Plattsmouth, NE 140.72; Rockford, IL 143.77; Tampico, IL 143.28; [MAPCO] Bushton, KS 139.46; Cantril, IA 143.65; Clay Center, KS 141.49; Dubuque, IA 144.86; Farmington, IL 145.06; Greenwood, NE 141.74; Iowa City(m), IA 143.31; Janesville, WI 146.21; Lecompton, KS 142.80; Moberly, MO 142.85; Ogden, IA 143.40; Pine Bend, MN 145.43; Sanborn, IA 143.28; Whiting, IA 142.80; [TEPPCO] Coshocton, OH 147.46; Eagle, PA 148.57; Kingsland, AR 146.67; Light, AR 147.50; Oneonta, NY 149.66; Princeton, IN 146.06; Rixie, AR 146.69; Todhunter, OH 146.33; Watkins Glen, NY 148.76; [Williams] Canton(w), SD 144.33; Carthage(w), MO 144.40.

**CONOCOPHILLIPS:** Bayway, NJ 150.75; Billings, MT 191.00; Denver, CO 152.50; Ferndale (Tank Car), WA 180.00; Ferndale (Truck), WA 180.00; Hobbs, NM 144.00; La Junta, CO 152.60; Medford, OK 143.00; Tirzah, SC 148.50; Wingate, NM 160.00; [Cherokee] Mt Vernon, MO 143.00; Wood River, IL 142.50; [Dixie] Albany, GA 146.10; Alma, GA 146.50; Cheraw, SC 147.10; Demopolis, AL 145.00; Lexington, SC 146.70; Milner, GA 146.00; Opelika, AL 145.50; [Kaneb] Geneva, NE 142.15; Norfolk, NE 143.15; North Platte, NE 143.55; Wolsey, SD 144.40; Yankton, SD 143.15; [MAPCO] Clay Center, KS 141.45; Farmington, IL 144.38; Greenwood, NE 141.95; Janesville, WI 146.09; Lecompton, KS 142.60; Moberly, MO 142.84; Whiting, IA 142.76; [TEPPCO] Coshocton, OH 145.35; Du Bois, PA 146.25; Eagle, PA 146.85; Greensburg, PA 145.90; Oneonta, NY 147.55; Princeton, IN 144.35; Todhunter, OH 144.50; Watkins Glen, NY 146.60.

**CROSSTEX/EL PASO:** Altamont, UT 148.00; Bluebell, UT 148.00.

**DCP/GSR:** Greeley, CO 146.00; Gulf Plains, TX 142.50; Jameson, TX 142.50; La Gloria, TX 142.50; Odessa, TX 142.50; Ozona Gas Plant, TX 142.50; Sonora, TX 142.50; Spindle, CO 146.00; Wilcox, TX 142.50; [TEPPCO] Coshocton, OH 147.96; Du Bois, PA 148.78; Eagle, PA 149.19; Greensburg, PA 148.31; Princeton, IN 146.91; Todhunter, OH 147.19; Watkins Glen, NY 148.87.

**DEVON ENERGY:** Worland, WY 171.00.

**ECONOGAS:** Tirzah, SC 146.97; [Dixie] Albany, GA 144.63; Alma, GA 145.07; Cheraw, SC 145.66; Demopolis, AL 143.53; Lexington, SC 145.28; Milner, GA 144.54; Opelika, AL 144.12.

**ENOGEX:** Calumet, OK 147.00; Rush Springs, OK 147.00; Wetumka, OK 147.00.

**ENTERPRISE PROD:** Anacortes, WA 180.00; Armstrong, TX 142.00; Bakersfield, CA 178.00; Chesapeake, VA 155.00; Harford Mills, NY 157.55; Hobbs, NM 142.00; Martinez, CA 179.00; Shoup, TX 142.00; Stephens City, VA 160.50; Tirzah, SC 147.70; [Dixie] Albany, GA 145.35; Alma, GA 145.80; Cheraw, SC 146.35; Demopolis, AL 144.35; Lexington, SC 145.95; Milner, GA 145.15; Opelika, AL 144.85; [Kaneb] Geneva, NE 142.50; Norfolk, NE 143.50; North Platte, NE 143.75; Wolsey, SD 145.00; Yankton, SD 143.50; [Kinder-Morgan] Clear Lake, IA 144.75; Des Moines, IA 143.75; Plattsmouth, NE 142.25; Rockford, IL 145.25; [MAPCO] Canton(m), SD 144.00; Cantril, IA 143.75; Clay Center, KS 141.50; Dubuque, IA 145.75; Farmington, IL 144.25; Greenwood, NE 142.00; Iowa City(m), IA 143.25; Janesville, WI 146.75; Mankato, MN 144.50; Moberly, MO 143.00; Ogden, IA 143.25; Pine Bend, MN 145.50; Sanborn, IA 144.00; Whiting, IA 142.75; [TEPPCO] Coshocton, OH 146.35; Du Bois, PA 147.25; Eagle, PA 147.75; Greensburg, PA 147.00;

Oneonta, NY 148.40; Princeton, IN 144.95; Todhunter, OH 145.20; Watkins Glen, NY 147.35; [Williams] Carthage(w), MO 143.75.

**EXXONMOBIL:** [Dixie] Albany, GA 145.45; Alma, GA 145.85.

**GLOBAL GAS:** [TEPPCO] Coshocton, OH 147.44; Du Bois, PA 148.25; Eagle, PA 148.66; Greensburg, PA 147.77; Oneonta, NY 149.49; Princeton, IN 146.38; Todhunter, OH 146.65; Watkins Glen, NY 148.34.

**INERGY SERVICES:** [Dixie] Albany, GA 145.27; Alma, GA 145.72; Cheraw, SC 146.31; Demopolis, AL 144.17; Lexington, SC 145.92; Milner, GA 145.18; Opelika, AL 144.77; [Kaneb] Geneva, NE 141.85; Norfolk, NE 143.35; North Platte, NE 143.35; Wolsey, SD 144.10; Yankton, SD 142.85; [Kinder-Morgan] Clear Lake, IA 144.35; Des Moines, IA 142.50; Iowa City(k), IA 143.00; Plattsmouth, NE 141.50; Rockford, IL 144.05; Tampico, IL 143.40; [MAPCO] Bushton, KS 139.50; Cantril, IA 142.90; Clay Center, KS 140.50; Dubuque, IA 144.50; Farmington, IL 143.50; Greenwood, NE 141.05; Iowa City(m), IA 142.40; Janesville, WI 145.25; Mankato, MN 144.00; Moberly, MO 142.00; Ogden, IA 142.50; Pine Bend, MN 144.50; Sanborn, IA 143.00; Whiting, IA 142.00; [TEPPCO] Du Bois, PA 147.70; Eagle, PA 148.00; Greensburg, PA 147.10; Oneonta, NY 148.90; Princeton, IN 145.00; Todhunter, OH 145.25; Watkins Glen, NY 147.75; [Williams] Canton(w), SD 143.25.

**MARATHON ASHLAND PET.:** Catlettsburg, KY 146.00; Robinson, IL 145.00; Woodhaven, MI 146.00.

**MARKWEST:** Siloam, KY 144.50.

**MARTIN GAS:** Arcadia, LA 145.00; East Texas, TX 145.00; [Dixie] Albany, GA 144.65; Alma, GA 145.05; Cheraw, SC 145.45; Demopolis, AL 143.75; Lexington, SC 145.15; Milner, GA 144.50; Opelika, AL 144.25.

**NGL SUPPLY LTD:** [Dixie] Albany, GA 147.50; Alma, GA 148.00; Cheraw, SC 148.50; Demopolis, AL 146.50; Lexington, SC 148.00; Milner, GA 147.25; Opelika, AL 147.00.

**OCCIDENTAL ENERGY:** Bakersfield, CA 160.00; Slaughter, TX 145.00.

**PLAINS MARKETING:** Hugoton, KS 147.50; Schaefferstown, PA 153.50; Tulsa, OK 146.75; Wattenburg, CO 155.00; [Dixie] Albany, GA 145.40; Alma, GA 145.85; Cheraw, SC 146.44; Demopolis, AL 144.30; Lexington, SC 146.05; Milner, GA 145.31; Opelika, AL 144.90; [Kaneb] Geneva, NE 141.86; Norfolk, NE 142.83; North Platte, NE 143.28; Wolsey, SD 144.08; Yankton, SD 142.85; [Kinder-Morgan] Clear Lake, IA 144.22; Coralville, IA 142.92; Des Moines, IA 142.39; Lemont(k), IL 145.82; Morris, IL 144.62; Plattsmouth, NE 141.19; Rockford, IL 143.87; Tampico, IL 143.27; [MAPCO] Bushton, KS 139.50; Canton(m), SD 143.59; Cantril, IA 143.36; Clay Center, KS 140.99; Dubuque, IA 144.88; Farmington, IL 143.92; Greenwood, NE 141.48; Iowa City(m), IA 142.78; Janesville, WI 145.63; Lecompton, KS 142.15; Mankato, MN 144.34; Moberly, MO 142.39; Ogden, IA 142.89; Pine Bend, MN 144.82; Sanborn, IA 143.43; Whiting, IA 142.29; [TEPPCO] Coshocton, OH 146.46; Du Bois, PA 146.73; Eagle, PA 148.50; Greensburg, PA 146.26; Oneonta, NY 147.98; Princeton, IN 145.41; Todhunter, OH 145.69; Watkins Glen, NY 146.37.

**SUNOCO:** Girard Point, PA 154.00; Marcus Hook, PA 154.00; Point Breeze, PA 154.00.

**TARGA (DYNEGY):** Ardmore, OK 145.00; Big Spring, TX 143.00; Calvert City, KY 147.75; Chico, TX 145.00; Columbia, TN 158.50; Los Angeles, CA 179.00; Maysville, OK 145.00; Mc Kittrick, CA 177.00; San Francisco, CA 179.00; Tebone, LA 148.50; [Dixie] Albany, GA 145.00; Alma, GA 145.35; [Kaneb] Geneva, NE 140.12; Norfolk, NE 141.10; North Platte, NE 141.54; Wolsey, SD 142.34; Yankton, SD 141.11; [Kinder-Morgan] Clear Lake, IA 142.74; Des Moines, IA 142.19; Iowa City(k), IA 142.61; Morris, IL 143.19; Plattsmouth, NE 140.56; Rockford, IL 143.61; Tampico, IL 142.82; [MAPCO] Cantril, IA 141.61; Clay Center, KS 139.24; Dubuque, IA 143.13; Farmington, IL 142.17; Greenwood, NE 139.73; Lemont(m), IL 146.45; Mankato, MN 142.59; Moberly, MO 140.64; Ogden, IA 141.14; Sanborn, IA 141.68; Whiting, IA 140.54; [TEPPCO] Coshocton, OH 149.00; Du Bois, PA 147.87; Eagle, PA 150.65; Greensburg, PA 149.45; Oneonta, NY 150.85; Princeton, IN 148.35; Todhunter, OH 148.50; Watkins Glen, NY 150.50.

**VALERO:** Delaware City, DE 150.00; El Paso, TX 155.50; Los Angeles, CA 179.00; Mc Kee, TX 148.50; Paulsboro, NJ 150.00.

## Heritage Buys Propane Assets of Nine Businesses

Last week the Heritage/Titan propane divisions of Energy Transfer Partners (Dallas) acquired the propane assets of nine propane businesses, including two North Carolina companies: Campbell Oil Co. (Elizabethtown) and Sampson-Bladen Oil Co. (Clinton). The purchases involve only the propane operations of Campbell Oil and Sampson-Bladen, which have retained their other business units.

In addition to the two companies in North Carolina, the propane division picked up assets in Ohio, Michigan, Missouri, Illinois, Texas, Arkansas, and Arizona. Heritage/Titan added sales of 22 MMgal. and more than 32,000 customers with the acquisitions. Several of the new locations will be blended into existing Heritage/Titan districts in the same marketing areas.

The Campbell Oil and Sampson-Bladen operations have been merged, and are operating as Campbell-Sampson Bladen Propane. The new company will eventually operate as Cape Fear Propane, Energy Transfer noted. Heritage/Titan has retained the employees of both companies, as well as the management teams.

## Oneok to Extend NGL Pipeline

Earlier this month, Oneok Partners LP (Tulsa) said that it will build a \$25-million pipeline extension that will connect two natural gas processing plants in Southeast Oklahoma to its Mid-Continent natural gas liquids (NGL) gathering system.

The 78-mile extension will move raw NGLs from the Woodford Shale, a natural gas-rich formation in Southeast Oklahoma. The pipeline will connect to a processing plant in Hughes County planned by Devon Energy Corp. (Oklahoma City) and a plant owned by Antero Resources Midstream Corp. (Denver) in Coal County. According to Oneok Partners, the plants will have a combined production capacity of 25,000 bbl/d of NGLs, including propane, butane, and ethane.

The extension is part of an overall plan that will see NGLs move from Southeast Oklahoma to

the Belvieu market. It will allow Oneok Partners to move the liquids to storage and fractionation facilities in Conway, Kan., and it will eventually allow the company to bring NGLs to Belvieu once its Arbuckle Pipeline is completed in 2009.

The 440-mile Arbuckle Pipeline will carry NGLs from the Barnett Shale to a fractionation facility on the Gulf Coast of Texas. The pipeline will have a capacity of 160,000 bbl/d.

## OGJ Forecasts U.S. Demand To Stagnate in 2008

Although natural gas demand is expected to see modest growth, and use of renewable energy a small increase, demand for other energy sources will hold steady or decline from 2007 levels, according to a forecast by the *Oil & Gas Journal (OGJ)*. The outlook calls for moderating oil prices over the year, but that won't impact demand as consumers spend less as the economy weakens: lower prices will not translate into higher demand.

Global oil demand growth is set at 1.8% in 2008, with most growth coming from outside the Organization for Economic Cooperation & Development (OECD) countries, says *OGJ*. The forecast matches the International Energy Agency's 2007 oil demand estimate of 25.5 MMbbl/d for North America, while demand growth for European OECD member countries is expected to climb 0.8% to 15.4 MMbbl/d. Asian demand it is expected to rise to 8.5 MMbbl/d from 8.3 MMbbl/d in 2007.

*OGJ* forecasts oil demand in the U.S. to fall to 39.84 quads (quadrillion Btu), a 0.4% drop from 2007's 40 quads. Coal demand is expected to drop "0.5% following a 2% power generation-led gain during 2007," and nuclear energy demand will hold to 8.3 quads. Alternative energy—hydroelectric, solar, wind—will rise 0.6% in 2008 after dropping 2% in 2007. Natural gas demand is forecast to climb to 23.19 quads, which *OGJ* says will raise its energy market share to 23%, surpassing coal's 22.5% market share.

Countries outside of the OECD are forecast to experience a 3.5% increase in demand this year to

an average of 37.8 MMbbld. Countries of the former Soviet Union as well as China are expected to see yearly demand growth of 5%, with China's demand growth falling after the summer Olympics.

LPG demand will fall to 2.05 MMbbld, says *OGJ*, which is about the same as 2006 but off from 2007's 2.06 MMbbld. Overall LPG demand in 2007 was driven higher by increased propane and propylene demand. The forecast notes that propane and propylene exports fell around 15% in 2007 while production increased.

## San Joaquin Valley Offering Cash for Old Stoves

California's San Joaquin Valley Air Pollution Control District began a program on Feb. 4 that will give residents of the eight counties it oversees money to change out old, polluting woodstoves and fireplace inserts for cleaner units. The program will run until April 30 or until funding is exhausted.

Residents in the covered counties can apply for vouchers to be used toward the purchase of clean-burning propane or natural gas stoves or fireplace

## Residential Propane Users Paid the Most in November

Looking at propane prices for November by sales type, as reported in the Energy Information Administration's (EIA) February 2008 "Petroleum Marketing Monthly," residential propane users definitely paid the highest amount. During November, the average residential price for propane was 229.0 cents/gal., followed by industrial consumers at 214.0 cents/gal.

Although residential propane prices increased 17.9 cents/gal. for the month, they were up 42.1 cents/gal. from November 2006's 186.9 cents/gal. Sales for resale increased 12 cents for the month to 146.0 cents/gal., but were 45.8 cents/gal. higher than last year's 102.2 cents/gal.

As usual, East Coast (EIA's PADD I) consumers paid the most for their propane, averaging 259.6 cents/gal., up from October's 241.6 cents/gal. The New England states (PADD I, Subdistrict 1A) paid the highest amount within that region: 264.0 cents/gal., up from 253.7 cents/gal. the month prior. In the Midwest (PADD II), residential propane users paid an average of 199.6 cents/gal., which was by far the lowest amount nationwide.

In a slight twist, sales for resale were less costly than sales to petchems. Petchems paid an average price of 150.1 cents/gal., which was 2.1 cents/gal. more than sales for resale. Commercial/institutional consumers paid an average of 207.7 cents/gal.

**Table 34. Propane (Consumer Grade) Prices by Sales Type and PAD District**  
(Cents per Gallon Excluding Taxes)

Geographic Area Month	Sales to End Users							Sales for Resale
	Residential Consumers	Commercial/ Institutional Consumers	Industrial Consumers	Through Retail Outlets	Petro- Chemical	Other End Users	Average	
<b>United States</b>								
November 2007 .....	229.0	207.7	214.0	W	150.1	192.4	214.8	148.0
October 2007 .....	211.1	191.6	197.7	W	137.0	171.0	193.5	136.0
November 2006 .....	186.9	163.7	162.5	W	93.9	144.9	170.6	102.2
<b>PAD District I</b>								
November 2007 .....	259.6	213.3	216.9	W	-	203.2	241.7	160.8
October 2007 .....	241.6	195.6	200.2	W	-	187.3	222.0	145.0
November 2006 .....	213.7	163.0	161.6	W	W	NA	192.4	105.1
<b>Subdistrict 1A</b>								
November 2007 .....	264.0	209.6	228.7	W	-	249.9	247.3	168.1
October 2007 .....	253.7	193.2	223.3	W	-	234.1	234.6	150.7
November 2006 .....	224.1	159.7	159.3	W	W	214.7	201.2	112.2
<b>Subdistrict 1B</b>								
November 2007 .....	263.3	215.9	226.3	W	-	NA	246.1	163.7
October 2007 .....	245.7	198.8	210.0	W	-	197.8	229.9	148.7
November 2006 .....	217.6	167.1	165.2	W	-	NA	197.9	105.7
<b>Subdistrict 1C</b>								
November 2007 .....	254.0	213.4	211.8	W	-	202.5	235.8	156.3
October 2007 .....	232.6	194.3	193.8	W	-	182.2	212.2	141.0
November 2006 .....	206.1	162.3	161.0	W	-	151.5	185.4	102.6
<b>PAD District II</b>								
November 2007 .....	199.6	189.6	207.4	W	-	172.7	196.8	144.1
October 2007 .....	183.0	172.3	192.7	W	-	157.5	177.3	133.0
November 2006 .....	163.6	156.1	162.2	W	-	140.8	159.4	102.3
<b>PAD District III</b>								
November 2007 .....	239.3	203.0	216.4	W	150.1	NA	189.6	144.4
October 2007 .....	220.2	189.4	199.7	W	137.0	202.6	170.5	133.7
November 2006 .....	198.0	161.2	163.2	173.3	93.7	NA	146.2	99.0
<b>PAD District IV</b>								
November 2007 .....	217.4	223.6	215.6	222.1	-	241.2	220.4	154.1
October 2007 .....	202.4	NA	194.3	202.3	-	NA	206.3	140.8
November 2006 .....	173.4	171.6	152.7	171.6	-	198.2	172.0	102.6
<b>PAD District V</b>								
November 2007 .....	249.9	212.8	222.7	W	-	244.9	239.9	161.0
October 2007 .....	232.3	194.3	204.2	W	-	NA	220.4	149.8
November 2006 .....	208.4	176.2	168.5	W	-	186.9	197.2	119.1

Dash (-) = No data reported.

NA = Not available.

W = Withheld to avoid disclosure of individual company data.

Notes: Values shown for the current month are preliminary. Values shown for previous months are revised. Data are final upon publication in the *Petroleum Marketing Annual*.

Sources: Energy Information Administration Forms EIA-782A, "Refiners'/Gas Plant Operators' Monthly Petroleum Product Sales Report," and EIA-782B, "Resellers'/Retailers' Monthly Petroleum Product Sales Report."

inserts. The program is being run on a first-come, first-served basis.

Applicants must be full-time residents of the Valley air basin and the stove being changed out must be within the air basin, which includes San Joaquin, Stanislaus, Merced, Madera, Fresno, Kings, Tulare, and the valley portions of Kern counties. Applications and supporting materials can be downloaded from [www.valleyair.org](http://www.valleyair.org).

## Topping Off...

...The website address for the Air-Conditioning, Heating, and Refrigeration Institute's (AHRI) Directory of Certified Product Performance changed to [www.ahridirectory.org](http://www.ahridirectory.org) as of Feb. 5. The directory's new address and name reflects the organization's new name. On Jan. 1, the Air-Conditioning & Refrigeration Institute merged with the Gas Appliance Manufacturers Association (GAMA) to become AHRI. Although the two organizations have merged, the certification directory listing GAMA- and I=B=R-certified equipment will still be located at [www.gama-power.org](http://www.gama-power.org). Plans are underway to combine the three programs into one directory...

...TEPPCO Partners LP (Houston) has entered the marine transportation business for refined products, crude oil, and lube products through the purchase of assets from Cenac Towing Inc. (Houma, La.) and Cenac Offshore LLC. TEPPCO, through its subsidiary, TEPPCO Marine Services LLC, acquired 42 push boats, 89 barges, and related commercial agreements for \$500 million. The new business serves refineries and storage terminals along the Mississippi, Illinois, and Ohio rivers, as well as the Intracoastal Waterway between Texas and Florida. TEPPCO's assets also gather crude oil from production facilities and platforms along the Gulf Coast and the Gulf of Mexico...

...Sempra Energy (San Diego, Calif.) is proposing the construction of a marine petroleum terminal and storage facility on land it owns in Port Arthur, Texas. The company has initiated an open-season solicitation for potential customers interested in purchasing terminal capacity. The initial phase of the terminal would provide storage and transportation

assistance in the import and export of crude oil, LPG, and related products. The terminal would serve Gulf Coast refineries, pipelines, and storage facilities. The proposed terminal would allow 24-hour marine terminal access with an initial, first-phase throughput of up to 500,000 bbl/d. The Sempra property in Port Arthur is also the proposed site of an energy complex that includes development of an LNG terminal capable of storing and regasifying up to 3 Bcf/d of natural gas...

...Truck manufacturer Paccar (Bellevue, Wash.) is recalling nearly 2800 Peterbilt and Kenworth trucks manufactured in October and November 2007 because they may have brake hoses that could fail. Paccar is voluntarily recalling trucks equipped with Eaton Synflex Eclipse extruded-nylon air brake hose tubing. The tubing in question was made with only four layers of nylon material, instead of the specified five layers. The diameter of the hose affects the fittings, which may allow air to leak from the brakes and create the potential for a vehicle crash, according to the recall notice. For more information, Peterbilt owners should call 940/591-4201, and Kenworth owners, 425/828-5440...

## Propane Futures Market Recap: 02/06/2008

	Settling Price	Open Interest
Mar	136.25	0
Apr	134.00	0
May	141.25	0
Jun	141.00	0