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## 2010 NGL Prices in Review: Strong Gains for Heavy NGLs; Ethane Slumps

After dropping across the board in mid-2010, natural gas liquids (NGL) prices finished on a high to close out 2010 as stronger demand for heavy liquids and tightened supplies helped to push butane, iso-butane and C<sub>5+</sub> prices to their highest levels in well over a year.

The largest increase for any NGL on a year-on-year basis was for C<sub>5+</sub>, which rose 24% from US\$1.70 per gallon (/gal) in December 2009 to \$2.10/gal in December 2010 at Mont Belvieu and 17% to \$2.06/gal in December 2010 from \$1.76/gal in December 2009 at Conway. As was befitting its role as the NGL most closely aligned with crude oil and gasoline, this price surge coincided with increased crude prices in the latter half of the year.

Prior to peaking at the close of 2010, C<sub>5+</sub> prices had peaked on a monthly basis at \$1.96/gal at Mont Belvieu and \$1.88/gal at Conway in April before hitting a low of \$1.65/gal at Mont Belvieu and \$1.59/gal at Conway in July due to lower and higher supply levels respectively.

The year-on-year gains posted by iso-butane and butane at Mont Belvieu and Conway weren't quite as high as those for C<sub>5+</sub> at those hubs, but they reflected a stronger market in late 2010 for heavier NGLs as much of the energy market is now focused on E&P operations in liquids-rich plays as well as increased demand for winter-grade gasoline.

Mont Belvieu iso-butane increased 10% to \$1.77/gal in December 2010 from \$1.61/gal in December 2009 after having bottomed out at \$1.39/gal in August before refiners began to switch to winter-grade gasoline in the fall and increased demand. Conway iso-butane rose 8% in December



2010 to \$1.71/gal from \$1.58/gal in December 2009. The lowest monthly average for iso-butane at the hub was in July at \$1.36/gal.

Butane prices rose at a greater rate on a year-on-year basis as butane was one of the strongest performers this year, although it was a favored over ethane as a feedstock for ethylene during various times of the year. However, by the close of 2010 ethane had regained this status.

On a year-on-year basis Mont Belvieu butane rose 15% in December 2010 to \$1.70/gal from \$1.48/gal in December 2009 while Conway butane rose 7% to \$1.68/gal in December 2010 from \$1.57/gal in December 2009. July was the weakest-performing month for the NGL as it fell to \$1.35/gal on a monthly average at Mont Belvieu and \$1.25/gal on a monthly average at Conway.

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Propane posted smaller year-on-year gains primarily due to its strong prices early in the year when heating demand was high throughout much of the country. Although prices fell throughout the spring and summer they had gained strength by the close of 2010.

Mont Belvieu propane rose 9% to \$1.30/gal in December 2010 from \$1.19/gal in December 2009 with a peak of \$1.31/gal in January 2010 and a low of \$1.01/gal in July. Conway propane rose 2% to \$1.24/gal in December 2010 from \$1.22/gal in December 2009 with a peak of \$1.30/gal in both January and February and a low of 93¢/gal in June.

The lone NGL to experience a year-on-year pricing decline was ethane, which suffered from a combination of a stagnant economy, high storage levels due to strong production, which resulted in low demand. Mont Belvieu ethane fell 11% to 62¢/gal in December 2010 from 70¢/gal in December 2009 with a high of 76¢/gal in January and February and a low of 42¢/gal in July. Conway ethane had a worse year as it dropped 18% to 52¢/gal in December 2010 from 63¢/gal in December 2009 with a high of 67¢/gal in January and a low of 27¢/gal in July.

The harsh winter of 2010 had a strong effect on NGL prices throughout the year as not only did it help to drive up prices on the spot market in the early part of the year, but it also worked through a great deal of natural gas in storage that could have been a disaster for the market at the close of the year given the already high storage levels that were reported by the U.S. Energy Information Administration. Any scenario involving increased storage levels would make it hard to see the sort of turnaround in NGL prices.

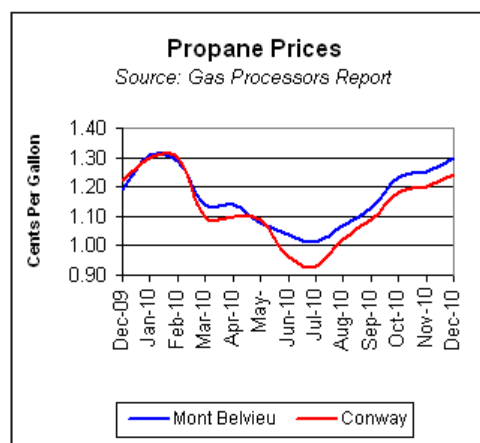
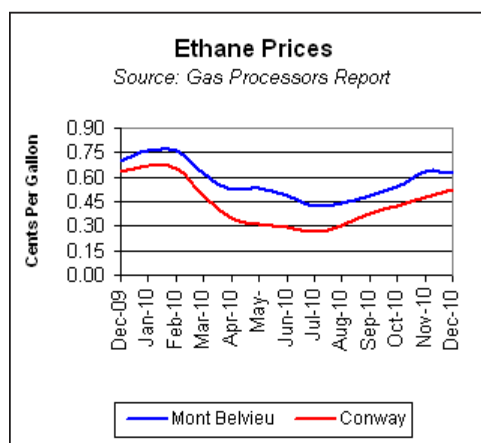
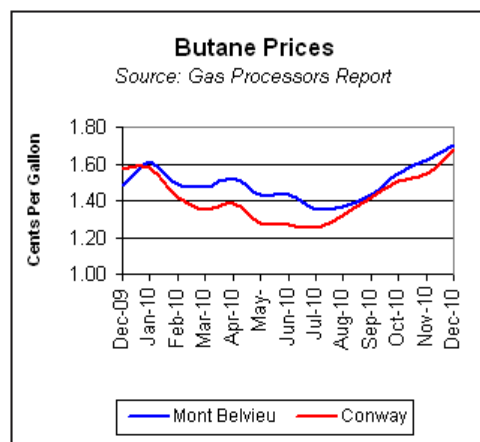
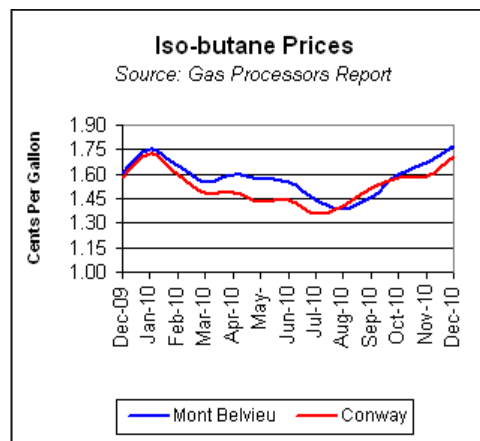
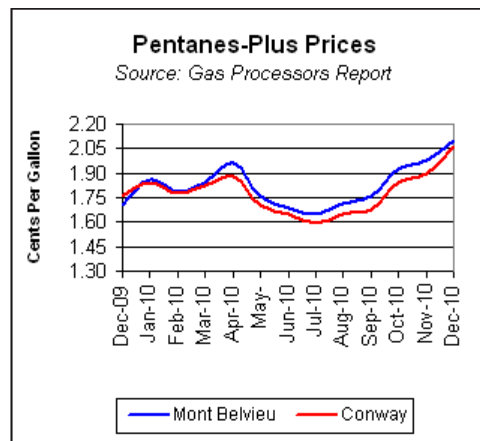
While NGL prices mainly saw improvements on both a year-on-year basis as well as a 12-month basis of January to December 2010, natural gas prices had a reverse experience as they fell in both cases and many analysts expect dry gas to continue to trade at a stagnant rate in 2011 with the market for liquids likely remaining strong.

Raymond James & Associates cut its forecast for U.S. gas prices this week due to strong supply growth with its estimates for 2011 dropping from \$4.25 per thousand cubic feet (/Mcf) to \$3.75/Mcf.

“Unfortunately for energy companies, this supply problem may be around for a while. We expect that the U.S. will remain structurally oversupplied with gas until we see a step-change upward in demand,” the company said in a research note.

However, FBR Capital Markets forecasts a strong gas market in the second-half of 2011 as it raised its pricing outlook from \$4.50/Mcf to \$5.50/Mcf. The company’s forecast for the first-half of this year is for gas prices to average \$4.50/Mcf.

“We believe that current operating margins are insufficient to ‘incent’ the required level of shale gas investment needed to balance the market beyond 2011. As such, ei-



ther cost structure needs to adjust materially lower or natural gas prices need to go higher for margins to become investable,” the company said in a research note.

According to FBR Capital, gas supply growth in the first-half of 2011 will be driven by such non-economic issues

## INSIDE LOOK AT PROCESSING TRENDS

### Chesapeake Signs on with Enterprise in Eagle Ford

Enterprise Products Partners LP entered 10-year agreements to handle a substantial portion of Chesapeake Energy Corp.’s liquids-rich gas production in the Eagle Ford shale.

Chesapeake’s gross acreage position currently comprises more than 625,000 acres in and around the oil and natural gas liquids (NGL)-rich areas of the Eagle Ford shale across Dimmit, LaSalle, McMullen, Webb and Zavala counties in South Texas. The agreements provide Chesapeake with a comprehensive package of midstream natural gas and NGL services, including firm commitments for gas transportation, processing and NGL transportation and fractionation services.

Chesapeake’s NGL-rich natural gas will initially be gathered and compressed by Chesapeake affiliate, Chesapeake Midstream Development LLC, for delivery to a central location. Enterprise will then transport and process the NGL-rich gas at its existing facilities while a previously announced gas processing plant currently under development in Texas is completed. This cryogenic processing facility, expected to be completed early in 2012, is designed for an initial capacity of 600 million cubic feet per day (MMcf/d) and with an initial capability to extract as many as 75,000 barrels per day (b/d) of NGLs.

The NGL production from Chesapeake’s gas will ultimately be transported via Enterprise’s previously announced

such as held by production drilling and completing wells that were previously drilled but not completed.

– Frank Nieto

127-mile NGL pipeline, which will extend from the new gas processing plant to Enterprise’s NGL fractionation complex in Mont Belvieu, Texas. This new NGL pipeline, also scheduled for completion in early 2012, is expected to have an initial capacity of more than 85,000 b/d and would be readily expandable to over 120,000 b/d.

“We are extremely pleased with our new agreements with Chesapeake, which represent one of the largest single producer commitments to date for Enterprise in the Eagle Ford shale,” said Michael A. Creel, Enterprise president and chief executive. “The deal with Chesapeake marks the fifth major midstream transaction Enterprise has executed with Eagle Ford shale producers in the past year, reflecting the strategic importance of our integrated and expanding assets serving the various demands of producers in the prolific region.”

Enterprise has previously announced long-term commitments with Petrohawk, EOG, Anadarko and Pioneer.

Meanwhile, activity in the Eagle Ford shale continues to increase. Approximately 115 rigs have drilled more than 330 wells completed to date. Total current production from the play is estimated at approximately 425 MMcf/d of natural gas and 35,000 B/d of crude oil and condensate.

### MarkWest to Buy EQT Gas Complex in KY; DCP Won’t Pursue EQT JV

MarkWest Energy Partners LP reached an agreement to acquire a Kentucky natural gas complex and pipeline from EQT Corp. for US\$230 million as EQT looks to shift its focus to development in its key shale regions from processing activities.

Trading of shale assets has heated up as new technology allows companies to extract resources from the dense rock.

Under the acquisition agreement, expected to close in this quarter, MarkWest will expand capacity at the site, and EQT will execute a long-term agreement with MarkWest to provide processing services and extend another agreement for transportation and other services. MarkWest also will complete a natural-gas pipeline that is under way.

EQT also unveiled its 2011 capital spending forecast of \$970 million, 19% below its projected 2010 spending estimate. The spending plans will be partly funded by proceeds from the sale of the Kentucky complex. The largest portion of the funds is earmarked to drill new wells in the Marcellus shale gas region.

Separately, DCP Midstream Partners LP said it is no longer pursuing plans with EQT to form a joint venture to create a natural gas processing and related liquids infrastructure for EQT’s projects in the Marcellus and Huron shale gas regions (*see Gas Processors Report 06/02/10*). The company said it would continue to pursue opportunities in the Marcellus shale, without giving a reason for the move.



## December 2010 Frac Spread: Margins Down Despite Stable NGL Prices

(Note: This is not this week's Frac Spread)

Although natural gas liquids (NGL) prices were relatively stable on a monthly average at both Conway and Mont Belvieu, natural gas feedstock price increases at both hubs due to increased heating demand caused frac spread margins to drop across the board.

Natural gas prices rose 5% to US\$4.14 per million Btu (/MMBtu) from the start of the month to the end of the month at Conway and 3% to \$4.15/MMBtu at Mont Belvieu. These increases counteracted gains for propane prices for the month at both hubs for propane and C<sub>5+</sub>. Propane margins were down 2% at both hubs while C<sub>5+</sub> margins were down 3% at Conway and 1% at Mont Belvieu.

The largest margin decreases at both hubs was for ethane, which fell 10% at Conway and 14% at Mont Belvieu. This was followed by butane, which had a margin decrease of 5% at Conway and 3% at Mont Belvieu.

The theoretical NGL barrel price for the month fell 1% at Conway to \$50.78 per barrel (/bbl) with a margin decrease of 3% to \$35.65/bbl, while the Mont Belvieu theoretical barrel price fell 2% to \$52.73/bbl with a margin decrease of 4% to \$37.57/bbl.

The most profitable NGL to make for the month at both hubs was C<sub>5+</sub> at \$1.60 per gallon (/gal) at Conway and \$1.66/gal at Mont Belvieu. This was followed, in order, by iso-butane at \$1.33/gal at Conway and \$1.32/gal at Mont Belvieu; butane at \$1.20/gal at Conway and \$1.22/gal at Mont Belvieu; propane at 90¢/gal at Conway and 95¢/gal at Mont Belvieu; and ethane at 24¢/gal at Conway and 33¢/gal at Mont Belvieu. – **Frank Nieto**

Price, Shrink of 42-gal NGL barrel based on following: Ethane, 36.5%; Propane, 31.8%; Normal Butane, 11.2%; Isobutane, 6.2%; Pentane+, 14.3%. Fuel, frac, transport costs not included. Conway gas based on NGPL Midcontinent zone, Mont Belvieu based on Houston Ship Channel.

Shrink is defined as Btus that are removed from natural gas through the gathering and processing operation.

## DCP Midstream Partners Acquires NGL Storage Company for US\$95 Million

DCP Midstream Partners LP has acquired all of the ownership interests of Marysville Hydrocarbon Holdings LLC for US\$95 million plus inventory and other working capital of about \$6 million.

Through its wholly-owned subsidiary, Marysville Hydrocarbons Inc. (MHI), Marysville owns and operates a propane and butane storage facility in Marysville, Mich., which includes nine underground salt caverns with 285 million

Frac Spread (Cents/Gal)				
December 2010				
	Conway	Change from Last Week	Mont Belvieu	Last Week
Ethane	51.13		60.37	
Shrink	27.45		27.51	
Margin	23.68	-9.87%	32.86	-13.49%
Propane	128.10		132.50	
Shrink	37.92		38.01	
Margin	90.18	-1.74%	94.49	-2.22%
Normal Butane	162.40		164.90	
Shrink	42.93		43.04	
Margin	119.47	-4.98%	121.86	-3.25%
Iso-Butane	174.00		173.30	
Shrink	41.23		41.33	
Margin	132.77	-1.33%	131.97	-4.69%
Pentane+	206.00		212.00	
Shrink	45.91		46.02	
Margin	160.09	-2.63%	165.98	-0.95%
NGL \$/Bbl	50.78	-1.19%	52.73	-1.97%
Shrink	15.12		15.16	
Margin	35.65	-3.44%	37.57	-3.93%
Gas (\$/mmBtu)	4.14	4.55%	4.15	3.23%
Gross Bbl Margin (in cents/gal)	81.82	-3.41%	87.60	-3.99%
NGL Value in \$/mmBtu				
Ethane	2.81	-2.67%	3.32	-6.59%
Propane	4.45	0.04%	4.60	-0.71%
Normal Butane	1.75	-2.64%	1.78	-1.64%
Iso-Butane	1.08	0.00%	1.08	-2.91%
Pentane+	2.66	-1.12%	2.73	-0.07%
Total Barrel Value in \$/mmbtu	12.76	-1.18%	13.52	-2.39%
Margin	8.62	-3.72%	9.37	-4.70%

gallons of storage capacity; rail, truck and pipeline connections providing an important supply point for refiners and wholesale propane distributors in the Midwest, Sarnia and Northeast markets; and a 620-acre site including 300 undeveloped acres.

DCP Midstream believes the Marysville storage facility has expansion potential through the development of two additional underground salt caverns.

In addition, in January, 2011, the partnership will convert MHI from a corporation to a limited liability company. This conversion triggers a liability for tax gains, which the partnership will pay within 75 days of the conversion following a third-party valuation of the MHI assets.

“This immediately accretive acquisition, with the majority of its margins being fee-based tied to storage capacity, expands our existing wholesale propane business,” said Mark

Borer, president and chief executive of the partnership. “The addition of this Michigan storage asset builds on our supply and logistics capabilities, while providing future expansion potential and new business opportunities. The acquisition also provides additional business and geographic diversification to our asset portfolio.”

The acquisition was financed with borrowings under the Partnership’s revolving credit facility.

## MIDSTREAM NEWS

### September Ethane Stock Levels 19% Lower Than Year Before

Ethane stock levels in 2010 were much higher than their 2009 counterparts for most of the six-month period from March to August before stock levels finally began to drop to normal levels in September, according to data from the U.S. Energy Information Administration (EIA).

The September 2010 stock level of 1.1 million barrels (bbls) was firmly in the middle of the six-year period for the month from 2005 to 2010. It was around this time that ethane prices finally began to recover (see this week’s feature) due to this storage overhang finally being worked off due to ethane crackers running at peak levels.

During the six-month period from April 2010 to September 2010, ethane stock levels fell 46%. The September 2010 stock level was 19% lower than the 1.4 million bbls reported by EIA in September 2009.

EIA defines ethane as “a normally gaseous straight-chain hydrocarbon. It is a colorless paraffinic gas that boils at a temperature of -127.48° F. It is extracted from natural gas and refinery gas streams.”

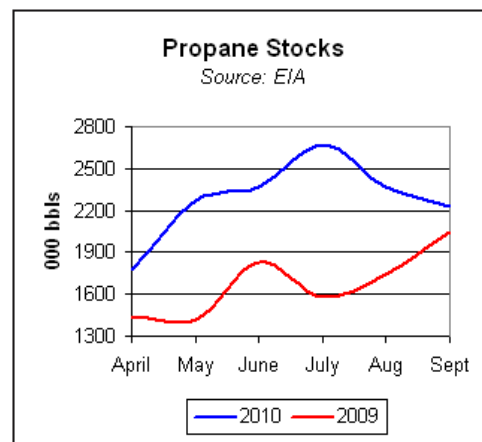
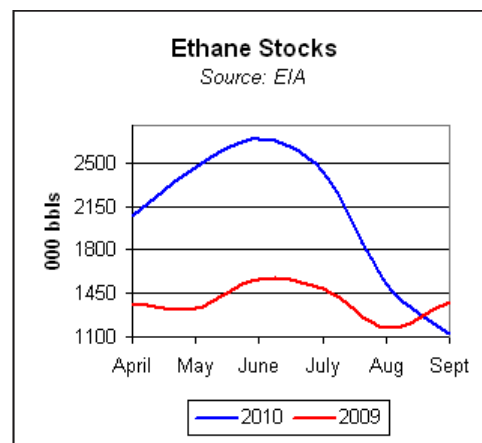
– Frank Nieto

### Propane Stock Levels Ran High for Much of the Year

Outside of the first two months of 2010, propane monthly stock levels were above their 2009 counterparts from March to September with the widest gap in July, and the gap narrowing in late summer and early fall, according to the U.S. Energy Information Administration (EIA).

Although stock levels from April 2010 to September 2010 rose 26% from 1.8 million barrels (bbls) to 2.2 million bbls, the stock level from July 2010 to September 2010 fell 17% from 2.7 million bbls to 2.2 million bbls. The September 2010 stock level was 9% greater than the September 2009 level of 2 million bbls.

The September 2010 stock level was the highest in the month since 2002, when it was 3 million bbls. The same held true for the August stock level, while the June and July stock levels were the highest in those months since 2001. These high stock levels help explain why, outside of extremely cold weather, propane was unable to generate any real upward mobility throughout this time period.



EIA defines propane as “a normally gaseous straight-chain hydrocarbon. It is a colorless paraffinic gas that boils at a temperature of -43.67o F. It is extracted from natural gas or refinery gas streams. It includes all products designated in ASTM Specification D1835 and Gas Processors Association Specifications for commercial propane and HD-5 propane.”

– Frank Nieto

### Butane Monthly Stocks from May to September Highest Monthly Levels Since 1993

Throughout the course of the first nine months of 2010 butane stock levels ran much higher than in 2009. In fact, butane stock levels on a monthly basis typically ran higher than those found in the same month for several years.

Given that butane performed strongly on a price basis for much of this year, one wonders how much greater these values could have gone without such high stock levels. Indeed, the September 2010 stock level of 2.9 million barrels (bbls) was the highest level recorded in the month since at least 1993 according to data from the U.S. Energy Information Administration and was 38% greater than the stock level of 2.1 million bbls reported at the same time the year prior.

In addition, the monthly totals in May, June, July and August were similar, with each being the highest stock levels recorded in the month as far back as 1993, the oldest data available from the EIA.

For the six-month period from April to September 2010, butane stocks grew 68% with a peak level of 3.2 million bbls in July.

EIA defines normal butanes as “a normally gaseous straight-chain hydrocarbon. It is a colorless paraffinic gas that boils at a temperature of 31.1° F. It is extracted from natural gas or refinery gas streams.”

– Frank Nieto

### September Iso-butane Stock Levels Highest Monthly Level Since 1994

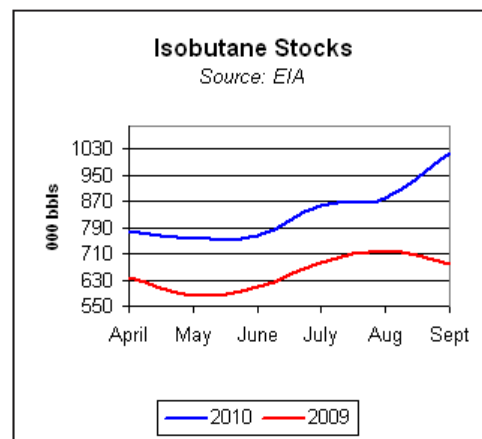
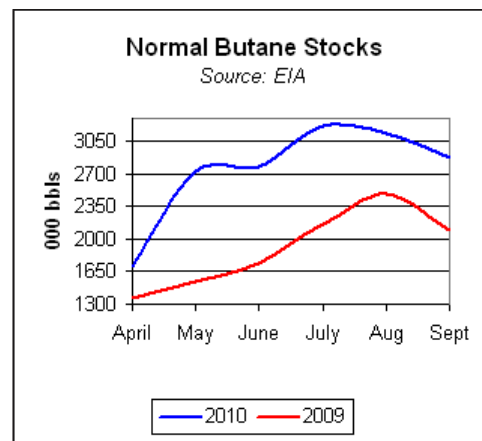
Unlike most other natural gas liquids (NGL), iso-butane stock levels began to widen further on a year-on-year basis in September 2010 from its September 2009 counterpart as stock levels rose 50% from the prior year to 1 million barrels (bbls). This was the highest monthly level for iso-butane in any month since September 1994 according to the U.S. Energy Information Administration (EIA).

The most interesting aspect is that the 16% increase in September 2010 stock levels from August 2010 stock levels coincided with iso-butane prices rising as refiners began to gear up to make winter-grade gasoline (see this week’s feature). However, this perceived increase in demand was obviously not reflected in stock level depletions. The same held true for October 2010 stock levels, which we will evaluate in a future issue of Gas Processors Report.

For the six-month period from April 2010 to September 2010, iso-butane stock levels rose 30%.

EIA defines iso-butane as a normally gaseous branch-chain hydrocarbon. It is a colorless paraffinic gas that boils at a temperature of 10.9° F. It is extracted from natural gas or refinery gas streams.

– Frank Nieto



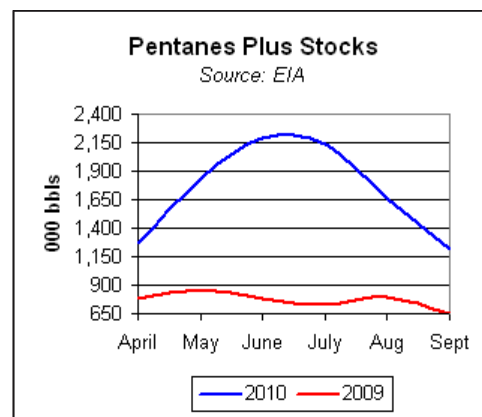
## C<sub>5+</sub> Stock levels Down 4% from April 2010 to September 2010

Although C<sub>5+</sub> stock levels in 2010 were much higher than those in 2009 from February to September, there was a steady drop in stock levels that began in July and ended with the September level being in-line with the six-year average level for the month.

In fact, the September 2010 level of 1.2 million barrels (bbls) was 4% lower than the April 2010 level of 1.3 million bbls and 44% lower than the June stock level of 2.2 million bbls. This push down on stock levels coincided with C<sub>5+</sub> prices increasing in value to their highest levels since 2008 despite the September 2010 level being 87% greater than the 650,000 bbls level reported in September 2009 by the U.S. Energy Information Administration (EIA).

EIA defines pentanes plus as “a mixture of hydrocarbons, mostly pentanes and heavier, extracted from natural gas. Includes isopentane, natural gasoline, and plant condensate.”

– Frank Nieto



## FRACTIONATION SPREAD

### Mont Belvieu C<sub>5+</sub> Lone NGL to Improve Frac Spread Margin

Frac spread margins for natural gas liquids (NGL) took hits almost across the board this week as NGL prices were largely down and natural gas feedstock prices had significant gains of 13% at Conway and 11% at Mont Belvieu this week.

The largest drops in margin at both hubs were for ethane, which fell 21% at Conway and 16% at Mont Belvieu. The second-largest drop in margin at Conway was for butane, which was down 8%. Iso-butane had the second largest margin drop at Mont Belvieu at 5% this week.

The lone NGL to post a gain in margin at either hub was Mont Belvieu C<sub>5+</sub>, which improved by 1%. Its Conway counterpart dropped in margin, but had the smallest reduction this week at 5%.

The theoretical NGL barrel fell 1% at both hubs with the Conway price down to US\$50.65 per barrel (/bbl) with a 7% drop in margin to \$34.28/bbl and the Mont Belvieu price down to \$53.52/bbl with a 5% drop in margin to \$37.30/bbl.

The most profitable NGL to make at both hubs was C<sub>5+</sub> at \$1.57 per gallon (/gal) at Conway and \$1.69/gal at Mont Belvieu. This was followed, in order, by iso-butane at \$1.26/gal at Conway and \$1.32/gal at Mont Belvieu; butane at \$1.16/gal at Conway and \$1.21/gal at Mont Belvieu; propane at 87¢/gal at Conway and 92¢/gal at Mont Belvieu; and ethane at 21¢/gal at Conway and 32¢/gal at Mont Belvieu.

Natural gas in storage for the week of December 24, the most recent data available from the U.S. Energy Information Administration, was down 136 billion cubic feet to 3.232 trillion cubic feet (Tcf) from 3.368 Tcf recorded the previous week. This was 2% below the storage level of 3.294 Tcf recorded last year at the same time and 8% above the five-year average of 2.986 Tcf.

Storage levels should fall further this coming week as the U.S. National Weather Service's forecast for next week includes colder than normal weather throughout much of the country with the Midwest, in particular, expected to experience colder temperatures. The upper Northeast, including New England and the Tri-State area, along with the West Coast and Southwest are expected to experience normal winter weather. – **Frank Nieto**

#### Current Frac Spread (Cents/Gal)

January 6, 2011

	Conway	Change from Last Week	Mont Belvieu	Last Week
Ethane	50.46		61.17	
Shrink	29.70		29.44	
Margin	20.76	-21.00%	31.73	-16.44%
Propane	128.36		133.02	
Shrink	41.04		40.67	
Margin	87.32	-4.85%	92.35	-4.43%
Normal Butane	162.56		167.37	
Shrink	46.46		46.04	
Margin	116.10	-7.66%	121.33	-3.68%
Iso-Butane	170.50		175.86	
Shrink	44.62		44.22	
Margin	125.88	-6.45%	131.64	-4.93%
Pentane+	206.52		218.00	
Shrink	49.68		49.24	
Margin	156.84	-4.61%	168.76	0.71%
NGL \$/Bbl	50.65	-1.44%	53.52	-0.51%
Shrink	16.37		16.22	
Margin	34.28	-7.15%	37.30	-4.62%
Gas (\$/mmBtu)	4.48	13.13%	4.44	10.45%
Gross Bbl Margin (in cents/gal)	78.58	-7.24%	86.83	-4.83%
<b>NGL Value in \$/mmBtu</b>				
Ethane	2.78	-3.94%	3.37	-5.35%
Propane	4.46	0.24%	4.62	-0.32%
Normal Butane	1.76	-2.54%	1.81	-0.17%
Iso-Butane	1.06	-2.01%	1.09	-1.48%
Pentane+	2.66	-0.87%	2.81	2.76%
Total Barrel Value in \$/mmbtu	12.71	-1.50%	13.70	-1.08%
Margin	8.23	-7.98%	9.26	-5.79%

Price, Shrink of 42-gal NGL barrel based on following: Ethane, 36.5%; Propane, 31.8%; Normal Butane, 11.2%; Isobutane, 6.2%; Pentane+, 14.3%, Fuel, frac, transport costs not included. Conway gas based on NGPL Midcontinent zone, Mont Belvieu based on Houston Ship Channel.

Shrink is defined as Btus that are removed from natural gas through the gathering and processing operation.



## BOX SCORE

### NGL Prices Largely Down to Open 2011

Natural gas liquids (NGL) prices were largely down the first week of 2011 compared to the prior week as despite heavy snowfalls in parts of the Northeast, this was counteracted by a strong turnaround in temperatures days later that caused heating demand to fall.

After gaining strength throughout the month of December at Mont Belvieu and remaining consistent at Conway, ethane prices fell at both hubs this week. The price fell 4% to 61¢ at Mont Belvieu, the hub's lowest price in nine weeks. The Conway price fell 2% to 51¢, which is slightly below its average price in the month of December.

Both prices are well below what was recorded at the hubs last year at the same time with the Mont Belvieu price being 16% below the 77¢ recorded last year and the Conway price 21% below the 69¢ price recorded last year.

Iso-butane had the second largest drop in price at both hubs this week as it fell 2% at Conway to US\$1.71, the lowest price at the hub in a month, and 1% at Mont Belvieu to \$1.76, which was the hub's lowest price in five weeks. While the Texas price remained higher than its price at the same time last year by 2¢, the Kansas price was 4% below its price of \$1.80 recorded last year.

Butane prices also fell at both hubs with the Conway price down 2% to \$1.63, and the Mont Belvieu price down slightly to \$1.67. The Mont Belvieu price was the hub's lowest price since it was \$1.65 the week of November 24 and was 3% greater than the price of \$1.60 recorded the first week of 2010. The Conway price was also the lowest price at the hub since the week of November 24, when it was \$1.58. This week's price was 4% below the \$1.70 price recorded in the first week of 2010.

Propane prices remained largely unchanged at both hubs with a slight gain at Conway and a slight loss at Mont Belvieu as it continues to benefit from the winter heating season.

Box Score						
Mont Belvieu	Eth	Pro	Norm	Iso	Pen+	NGL Bbl
Dec. 29, '10 - Jan 4, '11	61.17	133.02	167.37	175.86	218.00	\$53.52
Dec. 22 - 28, '10	64.63	133.45	167.65	178.50	212.15	\$53.80
Dec. 15 - 21, '10	64.01	131.20	169.92	177.36	208.45	\$53.27
Dec. 8 - 14, '10	62.85	127.08	172.34	178.82	209.95	\$52.87
December '10	61.75	129.45	169.76	177.25	209.47	\$52.77
November '10	62.88	125.42	161.66	166.63	197.78	\$50.96
4th Qtr '10	59.07	126.07	162.01	168.24	198.89	\$50.59
3rd Qtr '10	44.99	106.98	138.23	143.25	171.45	\$42.37
2nd Qtr '10	50.97	108.43	145.01	157.23	178.04	\$44.64
1st Qtr '10	70.80	123.84	151.72	165.09	183.29	\$50.45
Dec. 30, '09 - Jan 5, '10	76.52	134.70	160.30	173.93	180.33	\$53.11
Conway, Group 140	Eth	Pro	Norm	Iso	Pen+	NGL Bbl
Dec. 29, '10 - Jan 4, '11	50.46	128.36	162.56	170.50	206.52	\$50.65
Dec. 22 - 28, '10	52.53	128.05	166.80	174.00	208.33	\$51.39
Dec. 15 - 21, '10	51.14	125.40	169.57	171.90	205.90	\$50.77
Dec. 8 - 14, '10	51.93	121.66	170.70	171.00	206.50	\$50.53
December '10	51.74	124.32	167.51	170.70	205.49	\$50.57
November '10	48.20	119.49	154.72	158.68	189.78	\$47.36
4th Qtr '10	47.01	120.80	157.16	161.69	193.86	\$47.80
3rd Qtr '10	31.16	101.46	132.39	141.93	163.91	\$39.04
2nd Qtr '10	31.56	103.03	130.96	145.20	172.55	\$39.90
1st Qtr '10	59.82	123.81	143.58	160.70	181.55	\$48.69
Dec. 30, '09 - Jan 5, '10	69.33	140.35	169.60	179.50	183.75	\$54.23

Data Provided by Intercontinental Exchange. Individual product prices in cents per gallon. NGL barrel in \$/42 gallons

The Conway price was \$1.28, which represented a 7% drop from the \$1.40 price posted last year at the same time. The Mont Belvieu price of \$1.33 was down 1% from the price of \$1.35 posted last year at the same time.

Mont Belvieu C<sub>5+</sub> was the lone NGL to post a significant gain at either hub, as it rose 2% to \$2.18, the highest price at the hub since it was \$2.34 the week of September 3, 2008. This was 15% higher than the price of \$1.80 recorded last year at the same time. Meanwhile the Conway price fell 1% to \$2.07 from last week. This was the second highest price at the hub since it was \$2.07 the week of September 10, 2008. The price this week was 9% higher than the price of \$1.84 recorded last year at the same time.

– Frank Nieto

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## CONTACT INFORMATION

### FRANK NIETO

Editor

[fnieto@hartenergy.com](mailto:fnieto@hartenergy.com)

### ARI ROMAN

To subscribe to Gas Processors Report

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