

Three Rivers FS, Inc.

Energy Market Update February 1, 2012

NYMEX Prices

	Close	Wk Change
March Crude Oil	\$ 97.61	-1.79
March Gasoline	\$ 2.8922	+.0584
March Heating Oil	\$ 3.0455	+.0263
March Natural Gas	\$ 2.382	-.347

MARKET COMMENTS: The oil market attempted a sell-off towards the close, but it didn't gather too many followers. We had a rumor of a refinery problem in Garysville, LA. Refinery issues and closures recently have had a bullish effect on this market. The inventory report was on the bearish side today with builds in gasoline and crude, despite some refinery production cuts in the face of low demand for products. Distillate stocks had a very small build today. The U.S. dollar stayed lower today versus the euro, and the stock market is having a pretty good day so far. Economic reports today were mostly positive. France is pushing the U.N. to adopt a resolution condemning the Syrian government for violence against protestors that is said to have about 5500 dead. Russia has said that it rejects any armed intervention in Syria.

	<u>Crude</u>				<u>Gasoline</u>				<u>Heating Oil</u>			
	<u>Change</u>	<u>Total</u>	<u>3Yr Avg.</u>	<u>5 Yr. Avg.</u>	<u>Change</u>	<u>Total</u>	<u>3Yr Avg.</u>	<u>5 Yr. Avg.</u>	<u>Change</u>	<u>Total</u>	<u>3Yr Avg.</u>	<u>5 Yr. Avg.</u>
DOE	+4.175	338.9	335	323	+3.017	230.1	223	221	-.135	145.4	156	148
EST.	-1.90/+4.90				-3.00/+2.50				-3.00/+1.50			
Propane	U.S.	49.0	-1.8		Midwest (P.II)	20.7	-1.1		Gulf (P.III)	22.4	-.1	
API's	Crude	+2.067			Gasoline	-.222			Dist.	+.97		

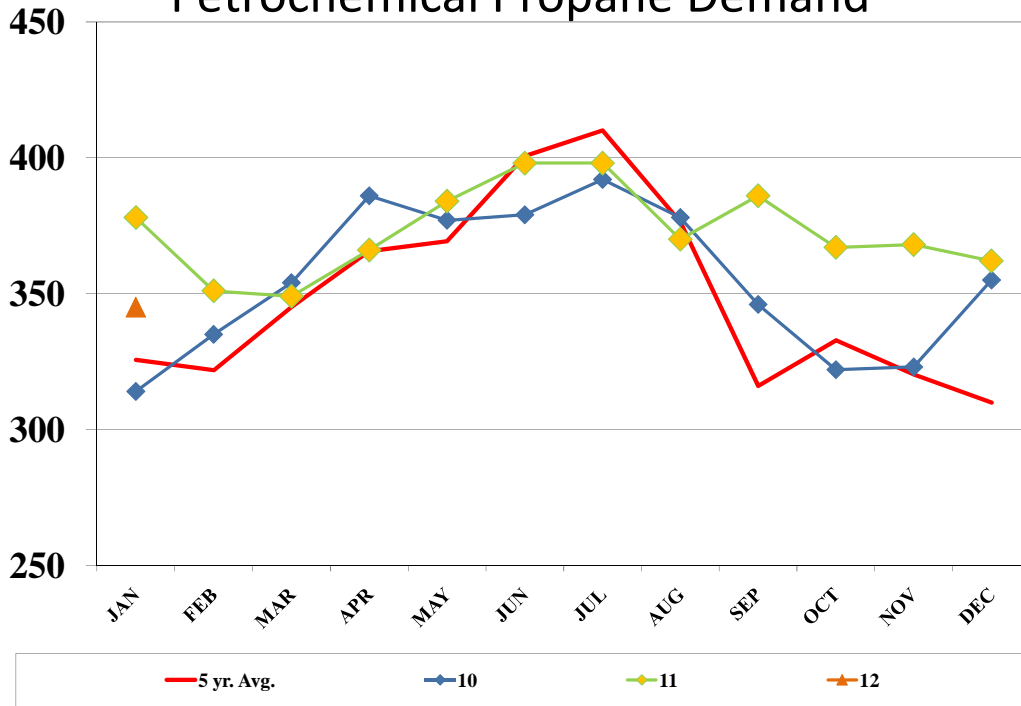
U.S. spy chief James Clapper said Iran's leaders appear willing to conduct an attack within the U.S. in response to real or perceived actions that threaten the regime. Intelligence officials are also concerned about Iranian plotting overseas against the U.S. or allied interests.

In other news, Iran's parliament delayed a vote on a bill that would halt all oil exports to the European Union in response to expanded sanctions by the EU countries. This move would scuttle a five-month transitional period to allow EU members to find alternative sources of supply. Saudi Arabia, the world's largest oil exporter, has repeatedly insisted it would fill any gap in global supply if needed.

The secretary general of the Organization of Petroleum Exporting Countries said Monday that he doesn't expect the Strait of Hormuz to be closed, but said it would be impossible to replace the oil route if a closure happens. In recent weeks Iran has threatened to retaliate against Western sanctions by closing the Strait, through which one-third of global seaborne oil exports transits every day. But speaking at a Chatham House energy conference, Abdalla Salem el-Badri said that, in his view: "There will be no closure of [the Strait of] Hormuz."

1000 Barrels / Day

Petrochemical Propane Demand



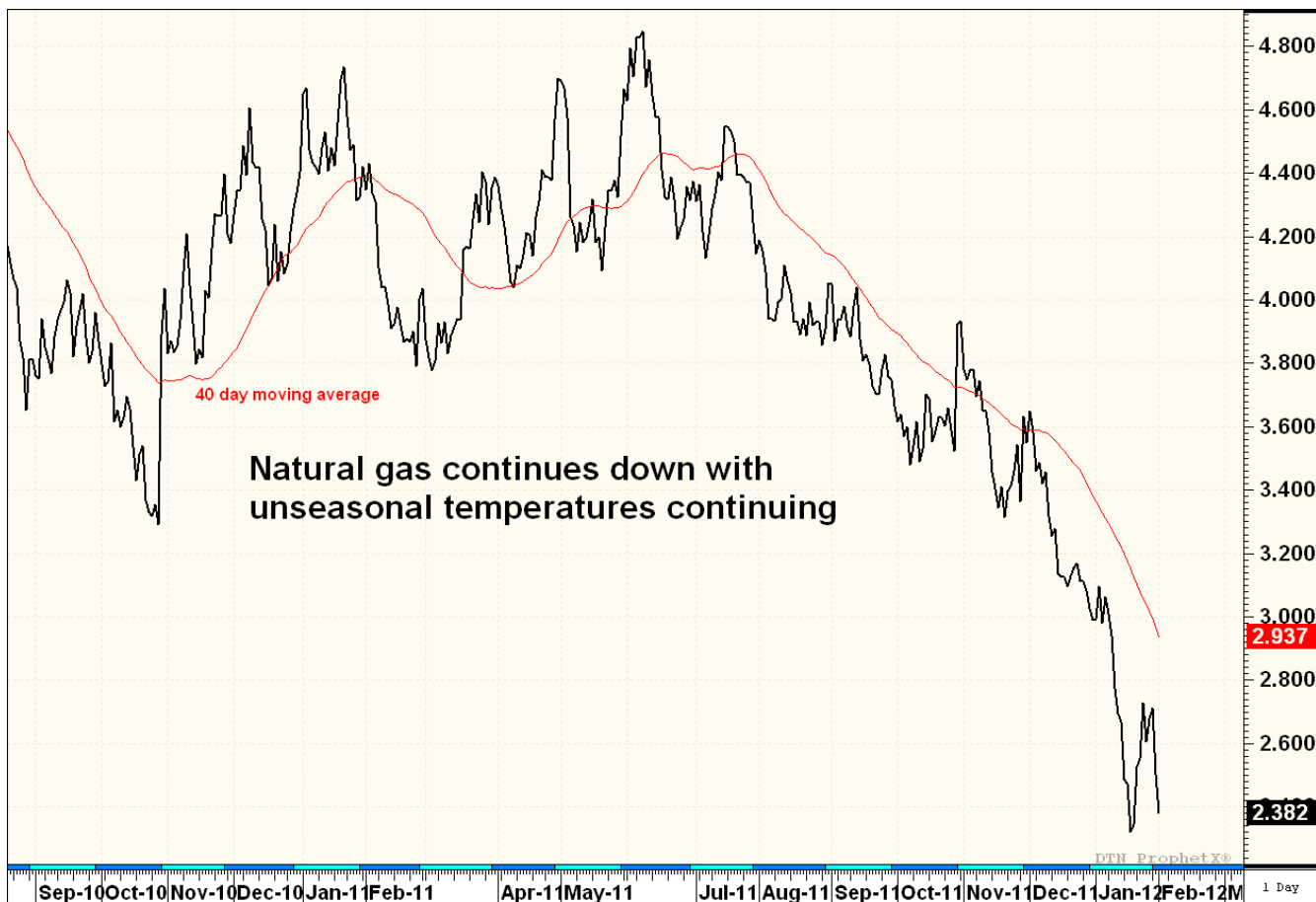
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Energy Risk Management

Petrochemical demand began 2012 over the 5-year average, just as it stayed over the 5-year average for most of 2011. Propane continues to be a cheap feedstock for the petrochemical industry which is the biggest user in this country. Overall propane demand has also taken a tick up lately, despite the warm winter over much of the U.S.

QUOTE OF THE DAY:

“The road to success is always under construction”



Natural gas inventories are very high right now, and demand is poor with our warm winter. Natural gas in storage is 20.7% higher than last year, and 21.4% over the 5-year average. The price bounced up at the end of January as some producers announced cuts, but the rally was brief.