

US Marketscan

Volume 37 / Issue 131 / July 11, 2011

ATLANTIC COAST

New York

cts/gal	Cargo	Barge
Conventional 9.0 RVP		
Unleaded 87	-299.46-299.56-	-298.89-298.99-
Unleaded 89	-304.47-304.57-	-304.47-304.57-
Unleaded 93	-311.98-312.08-	-312.84-312.94-
CBOB 9.0 RVP	-302.71-302.81-	-301.54-301.59-
PREM CBOB 9.0 RVP	-323.74-323.84-	-321.64-321.74-
RBOB 9.0 RVP		
Unleaded RBOB 9.0 RVP	-312.63-312.73-	-311.69-311.74-
Premium RBOB 9.0 RVP	-332.20-332.25-	-331.19-331.29-
Unleaded RBOB (Boston)	-313.13-313.23-	
RBOB ratables	-304.08 -304.18-	
CBOB ratables	-294.03 -294.13-	
Ethanol NYH Barge	(JUL)	-287.20-287.30-
Ethanol NYH Barge	(AUG)	+278.20-278.30+
Cargo Ex-Duty*		Duty+RINS**
UNL-87	-296.39-296.49-	3.07
UNL-89	-301.39-301.49-	3.08
UNL-93	-308.89-308.99-	3.09
CBOB	-299.64-299.74-	3.07
PREM CBOB	-320.64-320.74-	3.10
UNL RBOB	-309.54-309.64-	3.09
PREM RBOB	-329.09-329.14-	3.11

*These assessments reflect gasoline cargoes sold on a delivered, ex-duty basis New York, excluding import duty, import taxes/fees, and Renewable Identification Number (RINS) credits.

**This assessments reflects import duty, import fees, and the value of RINS credits for a gasoline cargoes sold into New York Harbor. The RINS values is derived from Platts assessments of 2011 calendar-year RINS.

New York

Distillates and blendstocks

Jet	-314.30-314.40-	-315.55-315.65-
Low sulfur jet	-321.80-321.90-	-322.80-322.90-
ULS Kero	-329.55-329.65-	-330.55-330.65-
No. 2	-305.80-305.90-	-306.80-306.90-
LS Diesel off-road	-308.30-308.40-	-309.30-309.40-
ULSD	-317.80-317.90-	-318.80-318.90-

Residual fuel (\$/bbl)	Cargo	1S strip	Differential vs 1S strip
No. 6 .3% HP	+120.80-120.90+		14.25 -14.35
No. 6 .3% LP	+122.80-122.90+		16.25 -16.35
No. 6 .7%	+109.90-110.00+		3.35 -3.45
No. 6 1%	+107.15-107.25+	106.54 -106.56	0.60 -0.70
No. 6 2.2%	-101.85-101.95-		-4.70 -4.60
No. 6 3.0%	-101.80-101.90-		-4.75 -4.65
No. 6 1% paper Balance month	-106.74-106.76-		
No. 6 1% paper 1st month	-105.94-105.96-		
No. 6 1% paper 2nd month	-105.29-105.31-		
No. 6 1% paper next quarter	+104.39-104.41+		

MARKET COMMENTARY

Atlantic Coast

Cash RBOB prices trading in the New York Harbor market ended Monday higher, although most of the gains were locked in during the morning, market sources in the US Atlantic Coast said. The rise came despite widespread reports of trouble at a wet gas compressor linked to a fluid catalytic cracking unit at Sunoco's Philadelphia refinery, market sources in the US Atlantic Coast said. Sunoco has declined to comment on the matter. According to market sources, the FCC has cut rates because of the compressor issues, and this may have led to some refinery run cuts. Cash RBOB was assessed at NYMEX August RBOB plus 5.025 cents/gal, from Friday's plus 3.875 cents/gal. Most traders were surprised at the calm response toward the Sunoco news on the physical market. But some suggested that a prolonged recent arbitrage window for RBOB imports across the Atlantic could have drawn several cargoes into the region, potentially thwarting any upward spiral in cash RBOB. Over the past few weeks, at least four cargoes have been heard sold into the US Atlantic Coast market for July delivery.

Platts Futures Assessments 3:15 pm ET*

	NYMEX light sweet crude	NYMEX RBOB	NYMEX heating oil
Aug	94.95	Aug 306.69	307.85
Sep	95.42	Sep 302.08	308.99
Oct	95.88	Oct 288.71	310.23

*These assessments reflect prevailing futures value exactly at 3:15 pm Eastern Time.

Corrections/Subnotes:

Correction note: Please note that the Platts July 8 assessments for US Gulf Coast pipeline and waterborne 7.8 RVP conventional unleaded 93 octane gasoline have been corrected. The pipeline should read 334.34 to 334.44 cents/gal and the waterborne should read 335.59 to 335.69 cents/gal. These assessments appear in US Marketscan, OPR

continued on page 13

New York

Residual fuel (\$/bbl)

	FREIGHT RATES**
NYH-BOSTON	1.30
NYH-PHILADELPHIA	0.85
NYH-BALTIMORE	1.25

*This assessment reflects 150 max al+si. On January 4, 2010, Platts will only publish the 1%S 150ppm al+si fuel oil cargo assessment, which, on that day, will use existing 1% sulfur nomenclature. **These freight rates reflect the assessed \$/barrel rate for a 120,000 barrel fuel oil barge.

Boston cargoes

ULS Kero	-331.55-331.65-
No. 2	-307.80-308.40-
Low sulfur jet	-323.80-323.90-
LS Diesel off-road	-311.05-311.15-
ULSD	-320.55-320.65-

\$/bbl

No. 6 2.2%	-102.00-102.10-
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Buckeye pipeline

	9.0 RVP		9.0 RVP
Unleaded 87	-298.89-298.99-	Unleaded RBOB	-311.69-311.74-
Unleaded 89	-304.47-304.57-	Premium RBOB	-331.19-331.29-
Unleaded 93	-312.84-312.94-	CBOB	-302.04-302.09-
		CBOB Prem	-321.64-321.74-
		CBOB-PA	-296.99-297.04-
		CBOB-PA Prem	-311.89-311.99-

RVP for CBOB 9.0 is after ethanol. RVP for Pennsylvania CBOB is 10.0 after ethanol

Distillates

No. 2	-306.80-306.90-
Jet fuel	-315.55-315.65-
Low sulfur jet/kerosene	-322.80-322.90-
ULSD	-318.80-318.90-

Delivered at pipeline, Linden, NJ

Laurel pipeline

	10.0 RVP
CBOB	-297.49-297.54-
Premium CBOB	-312.89-312.99-
RBOB*	-312.19-312.24-
Premium RBOB*	-332.69-332.79-

RVP for RBOB and Premium RBOB is 9.0 after ethanol.

GULF COAST

Gasoline

cts/gal	Waterborne	Pipeline
Conventional 7.8 RVP		
Unleaded 87	-302.19-302.29-	-300.94-301.04-
Unleaded 89	-315.07-315.17-	-313.82-313.92-
Unleaded 93	-334.39-334.49-	-333.14-333.24-
RBOB 83.7 7.0 RVP		-306.39-306.49-
RBOB 91.4 7.0 RVP		-330.89-330.99-
Atl CBOB 87 7 7.0 RVP		-306.29-306.39-
Atl CBOB 93 7 7.0 RVP		-330.79-330.89-

Sources also pointed out that RBOB stocks for the USAC rose in the week ending July 1, albeit by just 18,000 barrels to 15.5 million barrels, marking the third consecutive weekly rise. However, others suggested that there were just too many people away on summer vacation, reducing the number of potential bids to spur a typical rally for such an incident. Other grades in the cash market were stable to slightly stronger, amid thin liquidity. CBOB 328 was assessed at minus 5.125 cents/gal for barges and minus 4.625 cents/gal for Buckeye; on Friday, this grade was assessed for barges at minus 4.675 cents/gal, and Buckeye was assessed at minus 5.375 cents/gal. There was talk of some CBOB grades, with various RVPs, on offer for end-July or early August delivery, but price and other details were unclear.

US Atlantic Coast Gasoline Deals

No deals reported

The spread between US Atlantic Coast jet fuel and jet kerosene differentials narrowed from recent record levels Monday as the aviation-grade fuel, jet 54, firmed while grade 55, which is free of engine additives, was unchanged. The spread narrowed 75 points to 7.25 cents/gal, off a 2011 high of 8 cents/gal reached Friday. Jet fuel grade 54 was assessed 75 points higher at NYMEX August heating oil contract plus 7.75 cents/gal, while grade 55 was assessed unchanged at plus 15 cents/gal. After trades earlier in the day jet 54 was at a bid/ask of plus 7.50 cents/gal by plus 8.00 cents/gal by the end of the session. Meanwhile, the jet 54/ ultra low sulfur diesel spread widened 28 points to minus 3.25 cents/gal on tight supply, marking ULSD's highest premium to jet since the start of the year. Jet had maintained a premium of 6.75 cents/gal over ULSD until June 24 when the spread flipped as supplies on the Buckeye Pipeline have lessened due to an increase in exports of ULSD from the US Gulf Coast to Latin America. "There are some new players (in exports) this year. We saw PDVSA buying in addition to Chile, Argentina, and Uruguay," said a source referring to the state-owned oil company in Venezuela which made purchases of ULSD in late June. Noble reported buying New York-basis ULSD at plus 11 cents/gal for the 134e cycle on the Buckeye Pipeline. Heating oil differentials were unchanged at minus 0.75 cents/gal.

US Atlantic Coast Distillates Deals

No deals reported

Gasoline

cts/gal	Waterborne	Pipeline
Conventional 7.8 RVP		
CBOB 87 7.8 RVP		-300.84-300.94-
CBOB 93 7.8 RVP		-330.24-330.34-

Extended cycle assessments

	Cycle		Cycle	
Gasoline 7.8 RVP				
Unleaded 87 Prompt	39	-300.94-301.04-	42	-300.34-300.44-
Unleaded 87 Next	40	-300.74-300.84-	43	-300.13-300.23-
Unleaded 87 After Next	41	-300.54-300.64-	44	-299.93-300.03-
Premium 93 Prompt	39	-333.14-333.24-	42	+332.54-332.64+
Premium 93 Next	40	+332.94-333.04+	43	+332.33-332.43+
Premium 93 After Next	41	+332.74-332.84+	44	+332.13-332.23+

Conventional Supplemental 9.0 RVP		
Unleaded 87	-297.89-297.99-	-296.64-296.74-
Unleaded 89	-302.99-303.09-	-301.74-301.84-
Unleaded 93	-310.64-310.74-	-309.39-309.49-

	Cycle		Cycle	
Supplemental extended cycle assessments 9.0 RVP				
Unleaded 87 Prompt	39	-296.64-296.74-	42	-296.04-296.14-
Unleaded 87 Next	40	-296.44-296.54-	43	-295.78-295.88-
Unleaded 87 After Next	41	-296.24-296.34-	44	-295.58-295.68-
Premium 93 Prompt	39	-309.39-309.49-	42	-308.79-308.89-
Premium 93 Next	40	-309.19-309.29-	43	-308.53-308.63-
Premium 93 After Next	41	-308.99-309.09-	44	-308.33-308.43-
CBOB 87	9.0		39	-296.54-296.64-
CBOB 93	9.0		39	-309.29-309.39-

Distillates and blendstocks

	Waterborne	Pipeline
ULS Kero	-315.55-315.65-	-314.55-314.65-
No. 2	-305.05-305.15-	-304.05-304.15-
Jet 54	-313.30-313.40-	-312.30-312.40-
Jet 55	-314.05-314.15-	-313.05-313.15-
Low sulfur diesel	-306.85-306.95-	
Off road low sulfur diesel	-306.85-306.95-	-305.85-305.95-
Ultra low sulfur diesel	-313.05-313.15-	-312.05-312.15-
Biodiesel***	-466.95-467.05-	
Ethanol**	286.95-287.05	— - —
MTBE	+356.20-356.30+	— - —
Naphtha	-277.69-277.79-	— - —
Heavy Naphtha	-278.69-278.79-	— - —
Paraffinic Naphtha (barge)(\$/mt)	-923.19-923.56-	
Paraffinic Naphtha diff.(a)	-7.00	
Alkylate*	34.95-35.05	— - —
Reformate*	59.95-60.05	— - —
Raffinate*	-16.30—16.20	— - —

* Premium to US Gulf Coast waterborne Unl 87 ** FOB Tank Houston 3-15 days ***truck or rail delivered Houston a)vs.Mont Belvieu Non-Targa gasoline (cents/gal)

Renewable Identification Number (RIN*) credits

Ethanol RIN 2010	0.45-0.55
Ethanol RIN 2011	-3.45-3.55-
Biodiesel RIN 2010	130.95-131.05

US Atlantic Coast 1% sulfur residual fuel oil assessments were mixed Monday. Low sulfur grades firmed on buying interest and moved in the opposite direction of crude and heating oil futures, while higher sulfur grades edged lower following paper markets. During the Platts Market on Close assessment process, a trade for a 120,000-barrel 1% sulfur cargo delivered July 21-25 traded at \$107.35/barrel. Platts marked the 1%S assessment for the whole range of July 21-August 5 at \$107.20/b, up 55-cents given a 3.1-cent per day backwardation in the Balance-July to August market. Also in the Platts MOC, a bid for 0.3%S high-pour fuel oil was shown at a \$14.25/b premium to the average of Platts 1%S physical assessments priced in Balance-July. The 0.3%S HP grade was assessed at a flat price of \$120.85/b, up \$1.90/b from Friday, and at \$14.30/b premium to the mean of Platts Balance-July to August forward price normalized for the assessment range. NYMEX August crude oil was assessed down \$1.35/b at \$94.95/b.

US Atlantic Coast Residual Fuel Deals

1%S, COP sells to JPM bid at \$107.35/b for 120,000 barrels +/-10% seller's option, dlvd Jul 21-25 basis NYH, Platts spec.

Gulf Coast

The US Gulf Coast 7.8 RVP premium unleaded cash differential rallied 5.85 cents/gal Monday on tight blendstock supplies. The market was assessed by Platts at conventional unleaded plus 32.2 cents/gal compared to unleaded plus 26.35 cents/gal Friday. The biggest cost for blenders right now is low RVP high octane blendstock reformat, which is running 60 cents/gal over waterborne conventional unleaded. Reformate is an attractive blend for premium 93 barrels because of its 1 RVP and 100 octane specifications. It appears to be meeting the low RVP in the summer that is giving blenders challenges as 9.0 RVP conventional unleaded was mostly unchange at 12.75 cents/gal over unleaded. Monday's moves put 7.8 RVP 93 octane unleaded gasoline at a fairly rare premium to 93 octane RBOB. The difference between the two products shifted with premium 93 on Monday at premium RBOB plus 2.25 cents from premium 93 at premium RBOB minus 0.05 cents/gal The rest of the market was fairly sedate. The 7.8 RVP conventional unleaded moved 1.45 cents/gal lower to the August NYMEX RBOB contract minus 5.7 cents/gal from

Renewable Identification Number (RIN*) credits

Biodiesel RIN 2011	134.95-135.05
Cellulosic biofuel RIN 2010	74.95-75.05
Cellulosic biofuel RIN 2011	112.95-113.05
Advanced biofuel RIN 2010	55.95-56.05
Advanced biofuel RIN 2011	82.45-82.55

*RINs are Renewable Identification Number credits, which allow obligated parties to satisfy their renewable fuel usage as required by the US Environmental Protection Agency; trade is in cents/RIN. Biodiesel RINs allow obligated parties to satisfy their biodiesel usage specifically as required by the US EPA

Extended cycle assessments

	Cycle		Cycle	
No. 2 Prompt	39	-304.05-304.15-	42	-304.50-304.60-
No. 2 Next	40	-304.20-304.30-	43	-304.69-304.79-
No. 2 After Next	41	-304.35-304.45-	44	-304.84-304.94-
Jet kerosene Prompt	39	-312.30-312.40-	42	-312.75-312.85-
Jet kerosene Next	40	-312.45-312.55-	43	-312.89-312.99-
Jet kerosene After Next	41	-312.60-312.70-	44	-313.04-313.14-
Ultra LS diesel Prompt	38	-312.05-312.15-	41	-312.05-312.15-
Ultra LS diesel Next	39	-312.05-312.15-	42	-312.05-312.15-
Ultra LS diesel After Next	40	-312.05-312.15-	43	-312.24-312.34-
Ultra LS diesel ratable	Aug	-312.74-312.84-		

US Gulf Coast colonial pipeline cycles are as follows: Unleaded gasoline reflects cycle 39 , No. 2 oil reflects cycle 39 , Low sulfur No. 2 oil reflects cycle 38 , Jet 54 grade reflects cycle 39 , Jet 55 grade reflects cycle 39 . RBOB reflects cycle 39

Residual fuel

	\$/bbl	3S strip	Differential
Slurry Oil	-101.80-101.85-		1.82 -1.87
No. 6 1% 6°API min	-103.00-103.05-		3.02 -3.07
No. 6 3%	-99.60-99.65-	99.97 -99.99	-0.38 -0.33
RMG 380	-101.40-101.45-		1.42 -1.47
No. 6 3% paper balance month	-99.94-99.96-		
No. 6 3% paper 1st month	-99.34-99.36-		
No. 6 3% paper 2nd month	-98.94-98.96-		
No. 6 3% paper next quarter	-98.49-98.51-		

US WEST COAST

Pipeline

cts/gal	Los Angeles 9.0	San Francisco 7.8
Unleaded 84	+294.64-294.74+	
Unleaded 87		+293.89-293.99+
Premium 91	-319.64-319.74-	-318.89-318.99-
CARBOB	-296.64-296.74-	-295.89-295.99-
CARBOB PREM	-303.64-303.74-	-302.14-302.24-
Jet	-318.30-318.40-	-318.30-318.40-
ULS (EPA) Diesel	-306.30-306.40-	-302.55-302.65-
CARB diesel	-313.55-313.65-	-309.80-309.90-
	Phoenix —	
RBOB 84	— —	
RBOB 89.5		— —
	Seattle 9.0	Portland 7.8
Unleaded 87	-300.24-300.34-	-301.39-301.49-
Premium 92	-311.24-311.34-	-312.39-312.49-

minus 4.25 cents/gal Friday. Conventional 9.0 RVP gasoline was 1.5 cents/gal higher at NYMEX RBOB minus 10 cents/gal compared to NYMEX RBOB minus 11.5 cents/gal Friday. The CBOB markets were running at conventional unleaded minus 0.10 cents/gal and regular RBOB was at unleaded minus 5.45 cents/gal. Atlanta CBOB was at unleaded minus 5.35 cents/gal.

US Gulf Coast Gasoline Deals

C39 M1: Morgan Stanley sells Vitol Aug -5 cts/gal, 25kb
 C39 M2: LDE sells Trafigura Aug -10.5 cts/gal, 25kb
 C39 M2: Valero sells Trafigura Aug -10.5 cts/gal, 25kb
 C39 M2: Mabanft sells Trafigura Aug -10 cts/gal, 25kb
 Deals reported done after 3:15 pm EDT
 C39 M2: ConocoPhillips reports buying Aug -11 cts/gal, 25kb

US Gulf Coast middle distillates gained across the board Monday as traders debated the strength of the export market. Platts assessed ULSD up 25 points to NYMEX August heating oil plus 4.25 cents/gal on a deadline day to schedule barrels for the latest Colonial Pipeline shipping cycle. It traded 22 times for 550,000 barrels in the Platts Market on Close assessment process. Valero and Morgan Stanley led the selling with 10 and eight trades, respectively, while buyers were spread over eight companies, including Shell with six trades and Noble Petro with five. Off-road low sulfur diesel was assessed up 55 points to minus 1.95 cents/gal, where Conoco Phillips sold to Morgan Stanley. USGC heating oil was assessed 15 points higher to minus 3.75 cents/gal, while jet fuel was assessed up about half a cent on a new cycle to plus 4.50 cents/gal. Sources said distillate exports have been a key source of support for the US Gulf Coast but some question if it can continue at such a strong pace. "There's always exports," one trader said. "But is it at such levels that we should completely ignore the domestic economics? I don't think so." Other sources noted that while exports to Latin America remain strong and steady, USGC cargoes to Europe, already shut to Northwest Europe, are tapering off to the remaining strongholds of the Mediterranean and German heating oil pool. "US values are so much stronger versus Europe," a second trader said. "I imagine the bulk of it is sourced from NWE." But a third source noted strong contract buying by South American countries. "The exports are just tremendous," he said.

Pipeline

	Seattle 9.0	Portland 9.0
Jet	-318.30-318.40-	— - —
LS (EPA) diesel	-309.40-309.50-	-310.55-310.65-
ULS (EPA) Diesel	310.40-310.50	311.55-311.65
180 CST	+688.00-690.00+	+728.00-730.00+
380 CST	+658.00-660.00+	+698.00-700.00+

Differential to NYMEX

CARBOB	-10.05—9.95
CARBOB paper 1st month*	-2.75—2.25
CARBOB paper 2nd month*	-1.00—0.50
Jet Fuel	10.45-10.55
ULS (EPA) Diesel	-1.55—1.45
CARB Diesel	5.70-5.80

* Premium to NYMEX gasoline settlement

West Coast Waterborne

Light ends

Gasoil	-128.24-128.26-
Unleaded 87	+293.64-293.74+
Jet	-317.30-317.40-

Fuel oil

0.5% S	-111.81-111.83-
1.0% S	-111.31-111.33-
2.0% S	-108.81-108.83-

Bunkers

180 CST	-720.00-722.00-	+710.00-712.00+
380 CST	-690.00-692.00-	+680.00-682.00+

Ethanol

Southern California Rail Car Assessments

	Prompt 7-14	Forward 15-30 days
	+291.95-292.05+	+291.95-292.05+

Northern California Rail Car Assessments

	+291.95-292.05+	+291.95-292.05+
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MIDWEST

Chicago 9.0 RVP

cts/gal

Unleaded 87	-298.89-298.99-
Unleaded 89	-309.29-309.39-
Premium 93	-324.89-324.99-
CBOB*	-298.39-298.49-
PBOB*	-346.39-346.49-
RBOB*	-315.89-315.99-
Ethanol	276.95-277.05+
LS Diesel off-road	-314.30-314.40-
ULSD	-314.55-314.65-
Jet	-318.05-318.15-
Biodiesel**	-465.95-466.05-

*9.0 RVP; **truck or rail delivered Chicago

US Gulf Coast Distillates Deals

Deals during the MOC

61 C38, STUS buys from MS Aug \$0.0450 for 25kb
 61 C38, LDE buys from VALERO Aug \$0.0450 for 25kb
 61 C38, KOCH buys from ATMI Aug \$0.0450 for 25kb
 61 C38, KOCH buys from MS Aug \$0.0450 for 25kb
 61 C38, KOCH buys from VALERO Aug \$0.0450 for 25kb
 61 C38, STUS buys from VALERO Aug \$0.0460 for 25kb
 61 C38, LDE buys from MS Aug \$0.0450 for 25kb
 61 C38, STUS buys from VALERO Aug \$0.0470 for 25kb
 61 C38, STUS buys from ATMI Aug \$0.0470 for 25kb
 88 C39, MS buys from TAG Aug \$-0.0375 for 25kb
 61 C38, STUS buys from VALERO Aug \$0.0470 for 25kb
 61 C38, VALERO sells to APEXINC Aug \$0.0450 for 25kb
 61 C38, VALERO sells to PETCOM Aug \$0.0445 for 25kb
 61 C38, CHEV buys from ATMI Aug \$0.0450 for 25kb
 61 C38, STUS buys from MS Aug \$0.0445 for 25kb
 61 C38, VALERO sells to KOCH Aug \$0.0440 for 25kb
 76 C38, COPUS sells to MS Aug \$-0.0195 for 25kb
 61 C38, MS sells to HETCO Aug \$0.0430 for 25kb
 61 C38, MS sells to NPETI Aug \$0.0425 for 25kb
 61 C38, VIT sells to HETCO Aug \$0.0430 for 25kb
 61 C38, MS sells to NPETI Aug \$0.0425 for 25kb
 61 C38, MS sells to NPETI Aug \$0.0425 for 25kb
 61 C38, VALERO sells to NPETI Aug \$0.0425 for 25kb
 54 C39, HETCO sells to COPUS Aug \$0.0450 for 25kb
 61 C38, VALERO sells to NPETI Aug \$0.0425 for 25kb
 Deals reported done after 2:15 p.m. CDT:
 54 C39 COP reports selling Apr \$0.0475 for 25kb
 54 C39 COP reports selling Apr \$0.0450 for 25kb
 54 C39 COP reports selling Apr \$0.0475 for 25kb
 54 C39 COP reports selling Apr \$0.0475 for 50kb
 54 C39 COP reports buying Apr \$0.0450 for 50kb

Group 3 9.0 RVP

Unleaded	-300.54-300.64-
Premium	-319.54-319.64-
Jet	-315.80-315.90-
ULSD	-315.30-315.40-

GAS LIQUIDS

cts/gal	Non-LST Mt Belvieu	LST Mt Belvieu	Conway
Ethane/propane	-76.95-77.05-		+55.95-56.05+
Ethane purity	-80.70-80.80-		
Propane	-151.85-151.95-	-152.10-152.20-	-142.90-143.00-
Normal butane	-186.80-186.90-	-176.80-176.90-	-171.70-171.80-
Isobutane	-199.65-199.75-	-199.65-199.75-	-189.70-189.80-
Natural gasoline		-247.00-247.10-	-228.40-228.50-
Natural gasoline Targa	-247.00-247.10-		
Natural gasoline non-Targa	-244.00-244.10-		

CARIBBEAN

	\$/mt	cts/gal
Naphtha	-890.98-891.34—	-251.69-251.79-
Jet kerosene	-1058.10-1058.43-	-315.85-315.95-
Gasoil	-938.94-939.25-	-307.85-307.95-
	\$/bbl	
Fuel oil 2% S	-94.85-94.95-	
Fuel oil 2.8% S	-93.80-93.90-	

EUROPEAN PRODUCTS**Mediterranean**

\$/mt	FOB (Italy)	CIF (Genova/Lavera)
Prem Unl 10 ppm	1043.50-1044.00	
Naphtha	940.75-941.25	956.25-956.75
Jet aviation fuel	1032.00-1032.50	
Gasoil 0.1%	959.75-960.25	973.25-973.75
1%	686.25-686.75	698.75-699.25
3.5%	634.75-635.25	647.25-647.75
Jet FOB Med premium	14.00-14.50	

Northwest Europe cargoes

	CIF Basis ARA	FOB NWE
Premium unleaded Non Oxy		1048.25-1048.75
Reg Unl Non Oxy		1041.25-1041.75
Naphtha Swap	960.25-960.75	
Naphtha Phy	962.50-963.00	
Jet	1050.50-1051.00	1040.00-1040.50
Ultra low sulfur diesel 10ppm	993.25-993.75	
Gasoil 0.1%	966.25-966.75	951.25-951.75
Diesel 10ppm NWE	995.75-996.25	981.75-982.25

US Gulf Coast Distillates Deals (cont)

54 C39 COP reports selling Apr \$0.0475 for 25kb
 76 C38 COP reports selling Apr \$-0.0250 for 25kb
 76 C38 COP reports selling Apr \$-0.0195 for 25kb
 88 C39 COP reports selling Apr \$-0.0375 for 25kb
 88 C39 COP reports selling Apr \$-0.0375 for 25kb

The US Gulf Coast 3% residual fuel market was assessed \$1.18/barrel lower Monday. In the early afternoon, there were two trades with Glencore selling to Westport at \$99.85/b in the back-end (July 24-July 26) and Glencore selling to BP at \$99.80/b in the front-end (July 18-July 20) of the assessment time frame. The trade was done below the pegged price for USGC 3% at \$100.50/b. After the Glencore sale to BP, Glencore offered down to \$99.75/b at the end of the MOC. For the assessment, the differential curve against the swaps strip was used to value the mid-window (July 21-July 23) at \$99.63/b, bringing the differential between the paper market and physical market to approximately 36 cents/b, with the physical market trading at a discount to the paper market. The swaps curve, based on the 60 cents/b backwardation on July and August paper, was used for the remaining nine days of the swap assessment time frame. The swaps curve narrowed to 60 cents/b Monday from a previous 80 cents/b Friday with one market source attributing the spread movement to the weakening of the USGC resid market. The RMG spread was unchanged at \$1.80 plus 3%S; the absolute number was \$101.40-\$101.45/b.

US Gulf Coast Residual Fuel Deals

Platts FO 3% FOB Houston BE (Jul 24-Jul 26)
 Glencore sells Westport's bid at \$99.85/b for 45kb 19:10:01 GMT
 Platts FO 3% FOB Houston FE (Jul 18-Jul 20)
 Glencore sells BP's bid at \$99.80/b for 45kb 19:10:28 GMT

Group Three

The Group 3 unleaded gasoline cash differential fell just 10 points Monday to NYMEX August RBOB futures minus 6.10 cents/gal. The market was last heard done at minus 6 cents/gal, but assessed slightly lower based on a backwardated

Northwest Europe cargoes

	CIF Basis ARA	FOB NWE
Diesel 10 PPM UK	996.75-997.25	
1%	690.25-690.75	679.00-679.50
3.5%	629.50-630.00	616.00-616.50
0.5-0.7% straight run		787.00-788.00
Low sulfur VGO	843.00-844.00	837.00-838.00
High sulfur VGO	819.50-820.50	813.50-814.50

Northwest Europe barges

	FOB Rotterdam	150ppm	Differentials 50ppm
Eurobob Gasoline	1034.25-1034.75		
Unleaded 98	1064.75-1065.25		
Premium Unleaded	1044.75-1045.25		
MTBE (1)	1249.75-1250.25		
Naphtha Phy	958.50-959.00		
Jet	1049.75-1050.25		
Gasoil 0.1%	959.25-959.75		
10 ppm	987.50-988.00		
1%	683.75-684.25		
3.5%	633.00-633.50		
Low sulfur VGO	837.00-838.00		
High sulfur VGO	797.00-798.00		
FAME minus 10	1477.00-1482.00		

ICE gasoil GWAVE*

Jul	967.25
Aug	970.75

Rotterdam bunker

380 CST	644.00-645.00
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Platts Euro denominated product assessments

Cargoes CIF NWE/Basis ARA (Euro/mt)	Barges FOB Rotterdam (Euro/mt)	
Prem	Prem Unl	744.71-745.06
Nap Phy	10 PPM	703.90-704.26
Jet	Gasoil 0.1%	683.76-684.12
	3.5%	451.21-451.56

Cargoes FOB NWE (Euro/mt)

1%	484.00-484.35
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Conventional cargoes NY harbor (Euro/gallon)

Unleaded 87	211.80-211.83	Unleaded 93	220.90-220.94
Unleaded 89	215.44-215.48	No. 2	216.79-216.86

Euro/US\$ forex rate:1.4029 . Platts Euro denominated product assessments are based on market values and a Euro/US\$ forex rate at 5:30 PM local London time. * The gasoil average data refer to the previous day's business

1) MTBE FOB Amsterdam-Rotterdam-Antwerp

Jet Fuel Index

	Index	cts/gal
North America	351.76	315.04
Latin America & Carribean	380.72	327.23
Global	361.00	314.43

market for delivery anytime of the month at about minus 7.5 cents/gal. Premium unleaded gasoline in Group 3 was unchanged at a 19 cent/gal premium to unleaded. In distillates, ultra low sulfur diesel was down 5 points to NYMEX August heating oil contract plus 7.5 cents/gal where it was last heard done. Jet fuel differentials were flat at plus 8 cents/gal.

Group Three Deals

No deals reported

West Coast

The Los Angeles CARBOB cash differential was stable Monday in a fairly active market. CARBOB was assessed at NYMEX August RBOB futures minus 10 cents/gal, just 50 points up from Friday. Earlier deals for prompt barrels were heard at minus 9.5 cents/gal and minus 9 cents/gal. Deals for August-delivery barrels were heard at September minus 2.5 cents/gal. In San Francisco, CARBOB was flat on the day at a 75 points/gal discount to LA. Portland unleaded gasoline fell 4.25 cents/gal to a 5.25 cent/gal under NYMEX with an offer heard at minus 5 cents/gal.

San Francisco CARB diesel fell below Los Angeles Monday with deals last heard at NYMEX August heating oil contract plus 2 cents/gal, down from 5.75 cents/gal. It was also heard done at plus 4 cents/gal. The LA CARB diesel differential was off a quarter-cent to plus 5.75 cents/gal after it was heard done and rebid at plus 6 cents/gal. In the Pacific Northwest, Portland ultra low sulfur diesel flat at plus 3.75 cents/gal. Jet fuel in LA was up a half-cent to plus 10.5 cents/gal. It was heard earlier done at plus 10 cents/gal and left bid at plus 10.25 cents/gal.

Los Angeles weakened moderately on Monday tracking the moves of NYMEX crude futures, while the ports on the upper West Coast were markedly stronger. In Los Angeles a confirmed deal for 380 CST was done mid-morning local time for \$688/mtw by Conoco, which was \$7/mtw off the bunker values Friday and in line with crude, which opened about \$1.50/barrel lower, or the equivalent of \$6-9/mtw softer. Later in the day, as crude stabilized, Conoco stemmed higher for \$690/mtw and Chemoil for \$692/mtw. In Vancouver, MPB stemmed \$669/mtw, or \$31/mtw higher than Friday. In Portland offers were \$10-15/mtw higher and were assessed \$11 higher at \$699/mtw. San Francisco was only slightly changed, up \$1/mt to \$681/mtw based

Futures settlements

Nymex Light Sweet

AUG	SEP	OCT	NOV	Volume	PNT
95.15	-1.05	95.62	-1.08	96.11	-1.08
96.64	-1.08	96.64	-1.08	692799	38244

Nymex USG Sour

AUG	SEP	OCT	NOV	Volume
109.15	-1.05	109.35	-1.05	109.50
-1.05	109.55	-1.05	109.55	-1.05
				NA

DME Oman

SEP	OCT	NOV	DEC	Volume	PNT
111.36	-1.09	111.41	-1.10	111.61	-1.06
111.77	-1.03	111.77	-1.03	5574	4380

ICE/IPE WTI

AUG	SEP	OCT	NOV	Volume
95.15	-1.05	95.62	-1.08	5
96.11	-1.08	96.64	-1.08	1228

ICE/IPE Brent

AUG	SEP	OCT	NOV	Volume	PNT
117.24	-1.09	116.46	-1.24	116.42	-1.21
116.53	-1.17	116.53	-1.17	597504	21792

ICE/IPE Mideast Crude

SEP	OCT	NOV	DEC	Volume
111.21	-1.67	111.27	-1.91	111.43
-2.00	111.56	-2.05	111.56	-2.05
				0

ICE/IPE BWAVE	AUG	SEP
	117.93	117.37
Volume	217548	159515

Nymex RBOB unleaded gasoline

AUG	SEP	OCT	NOV	Volume	PNT
307.05	-2.21	302.49	-2.82	289.15	-3.10
285.61	-3.21	285.61	-3.21	113459	13775

Nymex No. 2

AUG	SEP	OCT	NOV	Volume	PNT
308.75	-0.89	309.82	-0.99	311.06	-1.11
312.62	-1.19	312.62	-1.19	128391	13635

Nymex Natural Gas

AUG	SEP	OCT	NOV	Volume
4.288	0.08	4.277	0.07	4.302
0.07	4.447	0.06	4.447	0.06
				238817

ICE/IPE Gasoil

JUL	AUG	SEP	OCT	Volume	PNT
958.75	-4.00	960.75	-5.75	962.75	-6.00
964.75	-6.00	964.75	-6.00	256285	11120

Please note that all total volumes reflect prior day's data, except for the ICE Brent, Gasoil and Mideast Crude. BWAVE = trade-weighted average of all electronic trades from 2:00 AM to 10:00 PM local London time. BWAVE data refer to the previous business day.

on offers in the market. NYMEX August crude was assessed \$1.35/b lower at \$94.95/b.

LPG Deals

C5 Non-Targa Jul11, GLT sells to TAG \$2.4410 for 25

C5 Non-Targa Jul11, GLT sells to TAG \$2.4410 for 25

C5 Non-Targa Jul11, LDE sells to TAG \$2.4410 for 25

Chicago

The Chicago PBOB market was higher Monday as Glencore sought prompt barrels during the Platts Market on Close assessment process. Bid at NYMEX August RBOB contract plus 39.5 cents/gal, the market was assessed at plus 39.75 cents/gal, up 4.75 cents, or a 30.5 cent/gal premium to RBOB. RBOB differentials were assessed flat at 17 cents/gal over unleaded, which was assessed at minus 8 cents/gal. It was heard traded and reoffered earlier at minus 7.5 cents/gal. Premium unleaded was unchanged from Friday at 26 cents/gal over unleaded, while CBOB was also flat at 50 points under unleaded. Chicago ULSD was flat at NYMEX August heating oil plus 6.75 cents/gal.

Chicago Deals

No deals reported

continued on page 11

Weekly API/DOE Comparison

	DOE STATISTICS			API STATISTICS		
	7/1/11	6/24/11	Change	7/1/11	6/24/11	Change
Crude Input	15.315	15.247	68.000	14.721	14.710	11.000
Pct Op	88.4%	88.1%	0.3	86.3%	86.5%	-0.2
Mogas Prod	9.529	9.097	432.000	9.567	9.461	106.000
Distillate Prod	4.447	4.363	84.000	4.581	4.471	110.000
Residual Prod	0.566	0.596	-30.000	0.563	0.632	-69.000
Crude Stocks	358.580	359.469	-0.889	357.080	360.252	-3172.000
Cushing Stocks	37.034	37.494	-0.460	37.051	37.510	-459.000
Mogas Stocks	212.539	213.173	-0.634	209.930	211.844	-1914.000
Distillate Stocks	142.061	142.252	-0.191	140.599	142.224	-1625.000
Residual Stocks	37.805	38.374	-0.569	37.889	38.227	-338.000
Crude Imports	9.854	8.878	976.000	9.410	9.868	-458.000
Product Imports	2.123	2.236	-113.000	1.687	1.814	-127.000

(stocks in million barrels, others million b/d)

US Wholesale Posted Prices

	Unleaded	Midgrade	Premium	Kerosene	Diesel No.2	Low Sulfur Diesel	ULSD
PAD1							
Albany, NY	302.65-316.30	308.75-321.15	322.90-333.40	346.85-371.30	311.00-340.35		319.10-329.05
Allentown, PA	300.91-317.70	308.53-325.80	323.83-350.55	-	310.86-315.25	-	321.95-328.14
Atlanta	306.75-322.92	313.90-325.11	324.40-347.68	349.35-349.35		-	313.95-318.44
Baltimore (a)	309.55-329.20	319.48-340.52	328.95-361.25	338.00-343.38	306.80-310.66	-	314.90-320.00
Binghamton, NY	306.35-308.39	314.35-318.09	326.85-341.50	-	315.02-318.98	-	322.10-333.04
Boston (a)	311.85-318.92	318.85-325.72	332.85-340.70	354.47-354.47	313.86-317.02	-	321.50-328.90
Charleston, SC	301.65-304.60	307.49-314.45	322.10-331.55	338.48-338.48			321.27-325.30
Charlotte	302.75-309.61	310.25-324.31	321.50-344.89			-	314.45-319.49
Fairfax (a)	307.75-317.65	319.31-330.25	332.27-353.65			-	315.50-321.05
Greensboro	303.70-309.45	310.35-322.75	322.85-345.31	334.00-334.00		-	314.40-319.45
Miami	307.05-311.75	311.50-320.68	326.10-340.73			318.35-320.55	
New Haven (a)	311.95-321.05	319.20-330.90	328.88-349.20	356.70-391.00	309.05-313.11		320.14-325.27
New York City (a)	315.30-319.95	321.80-327.95	333.05-341.35	-	311.95-316.96	-	323.48-332.16
Newark, NJ (a)	310.50-318.50	318.50-333.75	331.85-345.90	384.57-384.57	306.46-314.20	-	317.50-324.20
Norfolk (a)	310.89-324.05	317.25-331.40	327.75-347.44	342.39-342.39		-	316.50-320.81
Orlando	303.45-305.22	309.20-313.25	321.10-328.48				319.64-322.35
Philadelphia (a)	310.45-317.85	317.95-328.01	332.45-341.55	354.96-354.96	307.30-310.10	-	317.34-321.70
Pittsburgh	315.50-318.50	322.50-327.25	342.35-345.50	366.55-366.55	311.34-313.58	-	318.70-323.98
Providence	312.75-326.75	320.15-332.60	333.25-343.50		310.26-321.00		320.87-331.65
Portland, ME	316.48-320.60	324.26-328.30	328.90-338.20	-	317.52-329.80		321.59-326.09
Raleigh	304.25-312.25	311.50-318.75	324.85-331.25				314.60-318.75
Richmond	309.38-317.53	319.38-329.39	336.00-347.35	337.00-337.00		-	315.30-319.68
Savannah	305.00-305.00	313.00-313.00	327.85-327.85			-	321.54-323.90
Spartanburg	296.50-312.33	302.50-312.88	314.85-324.09	-		-	313.75-320.41
Tampa	307.20-312.05	314.16-318.65	327.35-336.96			-	317.00-320.56
PAD2							
Cape Girardeau	305.02-312.00	312.94-313.15	320.65-347.35			-	321.25-333.55
Chattanooga	296.90-306.43	303.80-310.75	313.45-328.52			-	314.10-319.60
Chicago (a)	310.90-320.00	317.90-322.94	331.90-369.42	-		-	314.20-319.50
Cleveland	302.90-307.44	310.75-310.75	325.90-325.90	-			313.85-321.35
Columbus	298.00-310.66	306.00-318.66	323.00-332.41	-			316.25-319.83
Duluth	306.36-311.69	308.34-312.50	319.35-328.50			-	325.85-328.83
Des Moines	306.00-314.33	318.92-320.21	328.28-362.50	-		-	319.55-330.41
Detroit	308.30-317.79	317.10-317.88	334.10-358.38	-			312.60-326.13
Fargo	309.05-323.10	317.22-322.50	331.70-353.65			-	320.70-329.71
Green Bay	300.40-311.60	308.22-314.01	321.88-327.34	-		-	318.90-323.73
Indianapolis	297.00-307.58	298.60-315.08	316.05-330.95	-			315.35-326.13
Kansas City, KS	307.05-313.40	315.76-329.00	321.38-335.33	-		-	320.15-325.45
Knoxville	297.00-306.67	302.65-308.68	310.50-326.20	352.35-352.35		-	313.75-319.79
Milwaukee	313.75-318.00	320.75-323.52	333.75-369.12	-			318.15-322.00
Minneapolis/St.Paul	301.25-310.55	302.75-312.05	315.25-330.05	330.50-330.50		-	316.75-325.96
Oklahoma City	304.35-311.75	312.35-319.25	323.35-341.45				317.20-324.00
Omaha	305.64-314.18	316.15-318.29	329.08-362.60			-	319.20-325.81
Sioux Falls	305.70-314.32	318.53-318.53	326.85-362.20			-	319.25-334.19
St.Louis	313.88-323.00	320.81-331.60	333.68/351.50				319.05-322.84
PAD3							
Albuquerque	308.25-314.75	315.75-323.25	326.75-332.75				320.15-336.90
Amarillo	306.45-310.10	319.85-321.45	332.10-332.10				316.65-320.65
Baton Rouge	303.90-305.55	315.55-318.90	328.90-329.55	-			314.35-316.25
Birmingham	307.25-309.54	314.10-317.56	326.60-337.25	373.40-373.40		-	313.25-319.50
Corpus Christi	305.10-306.01	313.53-313.60	325.10-326.01	-		-	315.45-315.86
Dallas/Ft.Worth (a)	313.05-314.25	319.47-324.45	338.13-344.25				315.16-323.55
Houston (a)	305.80-312.62	316.35-320.90	332.60-340.70	343.90-343.90		-	312.45-320.80
Little Rock	299.05-306.00	304.48-311.95	317.05-336.80				319.80-323.35
New Orleans	304.15-307.40	313.15-316.40	325.15-331.40			-	313.40-315.50
San Antonio	306.15-313.70	313.65-317.08	326.65-333.68				317.78-325.75
PAD4							
Aberdeen	309.00-315.42	326.95-326.95	331.75-344.13			-	324.05-332.02

US Wholesale Posted Prices (cont)

	Unleaded	Midgrade	Premium	Kerosene	Diesel No.2	Low Sulfur Diesel	ULSD
Billings (b)	305.61-309.87		323.93-331.65				295.52-302.20
Casper (b)	297.05-297.05		316.85-316.85			303.93-308.50	
Denver	292.79-311.80	301.70-320.25	312.59-329.90				314.82-324.20
Salt Lake City	296.26-307.00	304.18-316.25	315.07-325.50			-	310.07-316.50

PAD5

Anacortes	307.25-307.25	316.25-316.25	325.25-325.25			-	308.45-312.85
Las Vegas (e)	300.75-301.00	310.75-311.00	320.75-321.00				307.00-323.50
Los Angeles(e)	300.50-301.75	309.50-309.75	317.75-319.50				313.25-318.50
Phoenix	288.00-309.00	294.00-310.50	300.00-329.00				304.65-316.00
Portland,OR	304.50-308.25	313.50-320.25	320.75-326.25			-	306.75-313.00
SanFran-EBay (e)	299.75-300.50	308.75-310.50	317.75-320.50				316.50-317.96
Seattle/Tacoma	307.00-308.75	316.00-317.75	325.00-326.75			-	310.60-318.40
Spokane	300.86-305.75	308.88-315.75	319.87-325.75				317.75-325.00

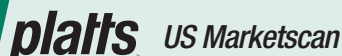
All prices are provided by DTN. Discounts or temporary allowances offered by individual companies are not included in posted prices. Prices are unbranded unless noted. Prices are conventional gasoline unless noted. All prices in cts/gal. (a)=RFG. (b)=Branded postings (e)=CARB gasoline/No.2 oil

Five-Day Rolling Averages*

***Five Days ending Jul 11**

Naphtha			Crude Oil, FOB Source		
	\$/MT	c/Gal		\$/Bbl	
US Gulf W	980.16**980.52	276.10—276.20	Mars	107.92—107.94	
Carib Cargo	885.36—885.71	243.90**244.00	WTI Posting Plus	2.74 —2.76	
Jet Kerosene			Gasoil/Heating Oil		
	\$/MT	c/Gal		\$/Bbl	c/Gal
US Gulf Water	1026.34**1026.67	309.14—309.24	L.A. LS Diesel	127.20**127.24	302.86—302.96
US Gulf Pipe	1023.02**1023.35	308.14—308.24	S.F. LS Diesel	126.95**126.99	302.26—302.36
Carib Cargo	1044.16—1044.49	323.27**323.37			
NY Cargo	1022.47**1022.80	309.84—309.94			
LA Pipeline	1002.64**1002.96	314.31—314.41			
Group 3	1033.04**1033.38	311.16—311.26			
Chicago	1042.01**1042.34	313.86—313.96			
Low Sulfur Resid Fuel Oil			Gasoline, U.S. Market		
	\$/Bbl	\$/Mt		Unleaded	Premium
NY Cargo .3% HP	117.76—117.86	788.99**789.66	NY Cargo	297.52—297.61	309.28—309.37
NY Cargo .3% LP	119.78—119.88	802.53**803.20	NY Barge	296.95—297.04	310.37—310.46
NY Cargo .7% Max	108.83—108.93	707.40**708.05	US Gulf Water	302.50—302.60	330.64—330.74
NY Cargo 1% Max	106.45—106.55	691.93**692.58	US Gulf Pipe	301.25—301.35	329.39—329.49
US Gulf 1%	103.36—103.45	653.24**653.80	Group	299.99—300.09	318.29—318.39
			LA Pipeline	203.72—204.22	323.57—323.67
			SF Pipeline	291.77—291.87	321.42—321.52
			Chicago	300.42—300.52	325.22—325.32
			NYMEX Unl	158.13	
Hi Sulfur Resid Fuel Oil					
	\$/Bbl	\$/Mt			
NY Cargo 2.2%	101.21—101.31	647.74**648.38			
NY Cargo 3.0%	101.16—101.26	647.42**648.06			
US Gulf 3%	99.96—100.05	639.74**640.32			
Carib 2.0%	94.21—94.31	602.94**603.58			
Carib 2.8%	93.16—93.26	596.22**596.86			
Crude Oil, FOB Source					
	\$/Bbl				
West Texas Int	96.63—96.65				
NYMEX Crude	96.67				

Conversions either side of asterisks



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Gas liquids

US NGL prices receded on weaker crude and gasoline futures Monday. NYMEX August crude oil was assessed at \$94.95/barrel, down \$1.35 on pressure from macroeconomic concerns and the weight of a lofty US dollar. August RBOB was assessed at 306.69 cents/gal, down 2.45 cents. With a gasoline crack spread around \$35/barrel, traders noted the widening gap between crude oil and refined products, most notably natural gasoline. "I see it as crude is weak and products are strong," a gasoline trader said. Platts assessed non-Targa natural gasoline at 244.05 cents/gal, down 1.60 cents. During the Platts Market on Close assessment process, Glencore sold 50,000 barrels of July non-Targa natural gasoline to Trafigura at 244.10 cents/gal, and Louis Dreyfus sold 25,000 barrels of natural gasoline to Trafigura at the same price. Lukoil left its offer at 244.10 cents/gal. In other news, the American Petroleum Institute released its monthly NGL inventory statistics for May with total US propane stocks down about 12% to 38 million barrels from May 2010. gasoline.

Caribbean

The Caribbean products market was quiet Monday with no new activity reported. There were no indications of any tropical weather disturbances in the region.

NEWS

Large oil companies' US refining capacity down 10% in 30 months: analysts

Large integrated oil companies have reduced their US refining capacity by nearly 10% in the past 30 months, and could reach as low as 20.245 million b/d by the end of the year, from 23.653 million b/d at year-end 2010, as they follow a path of "dis-integration," according to a Raymond James investor note issued on Monday. "While the companies themselves largely retain their familiar logos—a legacy of their consumer branding strategy—there is an interesting dynamic at work that has become increasingly visible in the past few years: the integrated model is slowly eroding," analysts Pavel Molchanov and Alex Morris said. "Put simply, almost all of the majors are deliberately shrinking the downstream presence, with some exiting downstream altogether," the analysts said. They added that the large integrated companies are becoming more like E&P "pure plays," though larger more oil-weighted and more internationally oriented than their traditional US E&P peers. "As any energy investor knows, the bulk of the value in the energy value chain is in the upstream, i.e., it's almost always better to be the resource owner than the processor," Raymond James said. The analysts focused on a "peer group" of 10 companies: ExxonMobil, Shell, Chevron, BP, Total, ConocoPhillips, Marathon, Hess, Murphy Oil and Petrobras. "Aggregate refining capacity of these 10 companies at year-end 2008 was 23.945 [million b/d]," Raymond James said. Raymond James said it has identified 15 refineries, with a capac-

ity of 2.296 million b/d, that have been sold since year-end 2008, with another seven officially for sale. "If it looks like the majors just don't like refining all that much, that's because it's true," Molchanov and Morris said. The large integrated oil companies "are putting downstream operations on what amounts to a 'starvation diet' with spending close to the lowest levels possible," they said. They cited Chevron, which "has allocated \$2.9 billion to downstream out of a total capital budget of \$26 billion," and Marathon, which has been the most "refining-centric of the majors" before its spinoff this year. The analysts said "the 2011 budget included \$1.2 billion for downstream, or 24% of the \$5.3 billion total, whereas the segment comprised just over half of the companywide assets at year-end 2010." "Most majors are understandably frustrated to be trading at [pricing/earnings] multiples far below their historical averages...while there are multiple factors behind that, one possible solution is to reduce refining exposure," Molchanov and Morris said. "Not that this is any huge revelation—the market prefers companies that produce the resource vs. the ones who process it...Thus, at least in theory, a company with lower refining exposure should be rewarded with a higher multiple, everything else being equal," the analysts said. Large integrated companies also sense that oil consumption in the west has peaked—"permanently and irreversibly," Raymond James said. "Insofar as downstream investments are still being made, they are increasingly focused on emerging markets, such as refinery build-out in Brazil and BP's fuel marketing joint venture in China," the note said.

US DOE schedules early deliveries for 7 million barrels from SPR

After inking contracts for the largest drawdown of US emergency oil reserves, the US Department of Energy said Monday that it hoped to deliver about a quarter of the 30.64 million barrels before August. An agency spokeswoman who asked not to be identified said buyers want to pick up about 7 million barrels of the light sweet crude ahead of schedule in July. The remaining 23 million barrels are scheduled for delivery in August. Early deliveries hinge on companies lining up vessels and securing waivers to exempt them from the Jones Act, a maritime law that prohibits foreign vessels from hauling cargo between US ports. Refiners, major producers and oil traders will pay a total of \$3.28 billion to the US Treasury, or an average of \$107.05/b, for the third-ever presidentially directed release from the Strategic Petroleum Reserve. Valero, the largest US refiner, submitted winning bids for 22.5% of the release, or 6.9 million barrels. Vitol will buy 4 million barrels, or 13.1%, followed by Shell, which will get 3.65 million barrels, or 11.9% of the total release. DOE said it is working with buyers, the Maritime Administration and the Department of Homeland Security to grant the requests for early delivery. "This completes the initial phase of the drawdown of the Strategic Petroleum Reserve as directed by President Obama and fulfills the United States' obligation under the International Energy Agency response to offset the disruption in oil supply caused by unrest in the Middle East," the agency said in a statement. The US is selling the crude as part of the coordinated release of 60 million barrels of oil from International Energy

News (cont)

Agency member countries to help make up for the continued absence from world markets of Libya's oil exports. Total contracts awarded: BUYER VOLUME SHARE OF RELEASE Valero 6.9 million 22.5% Vitol 4 million 13.1% Shell 3.65 million 11.9% ConocoPhillips 2.1 million 6.9% Plains 2.08 million 6.8% Hess 2 million 6.5% Marathon 2 million 6.5% ExxonMobil 1.51 million 4.9% JP Morgan 1.5 million 4.9% Sunoco 1.4 million 4.6% Tesoro 1.2 million 3.9% Trafigura 1.1 million 3.6% Murphy Oil 500,000 1.6% BP 500,000 1.6% Barclays Bank 200,000 0.7%

US EPA proposes eliminating gasoline vapor systems at retail pumps

The US Environmental Protection Agency Monday proposed doing away with requirements for retail fuel pumps to be equipped to capture gasoline vapors. The EPA said that by 2013, 70% of all vehicles will be equipped with systems to capture potentially harmful gasoline vapors, making the capture systems on fuel pumps unnecessary. The result of eliminating the requirement could save retail stations about \$3,000 per year, the EPA said. The proposal is part of a larger effort the administration of President Barack Obama has made to eliminate redundant and unnecessary regulations, the EPA said. Gasoline stations have been required since 1994 to use vapor recovery systems that capture fumes that escape from gasoline tanks during refueling. The Clean Air Act required auto makers to install onboard refueling vapor recovery systems (ORVR) in 1998. Since 2006, all new automobiles and light trucks are equipped with an ORVR system, the EPA said. The agency is proposing to eliminate the requirement for retail gasoline stations by June 30, 2013. The EPA will accept public comment on the proposal for 60 days.

US rail traffic increases in June, but pace slows: AAR

US rail carloads and intermodal traffic increased at a slower pace in June, delivering a mixed picture of the economy, the Association of American Railroads said Monday. The monthly carloads for June increased 0.9% year-over-year to 1.43 million carloads, while intermodal traffic rose 4.6% to 1.15 million trailers and containers, AAR said in its Rail Time Indicators Report. Though positive, June's intermodal traffic growth marked the lowest year-over-year increase since January 2010. "For several months now, rail traffic, along with other economic indicators, have presented a mixed picture of the economy," AAR Senior Vice President John Gray said in a statement. "While rail carloads have been relatively weak for the past quarter, largely due to coal traffic being down, rail intermodal remains relatively strong." "Just like America waits to see what will happen with

overall economic recovery, railroads are waiting to see what's in store for the second half of the year," he added. For the first six months of 2011, total carloads were up 2.7% over the same period in 2010, AAR said. Total intermodal loadings were up 7.8% over that span. Containers accounted for 85.2% of US intermodal units, the highest mark ever "and a signal that the containerization of freight—long in the making—is continuing," the report said. Intermodal traffic involves movement by more than one mode of transport—rail, ship and truck. Rail traffic is seen as a useful gauge of the health of the US economy. The railroad industry is a key user of low sulfur diesel after a government ban on refiners making it for highway use went into effect June 1, 2010. Highway diesel is now ultra low sulfur, and railroads have through 2012 to switch over.

Chicago ethanol stable as market awaits US crops report

Chicago spot fuel ethanol opened the week mostly stable in Monday trade, as most market participants kept to the sidelines awaiting a key US Department of Agriculture report due Tuesday on the supply and demand conditions of the agricultural sector. Platts assessed Chicago ethanol price at \$2.77/gal on Monday, up 2.5 points from its Friday assessment. July corn futures on the Chicago Board of Trade settled 9 cents higher at \$6.81/bushel. Corn prices staged a small recovery during the first week of July, after sharp declines were prompted by the last USDA report released on June 30, on renewed momentum of strong global demand, coupled with concerns of weather-related problems in crop production. On June 10, corn futures reached a high of just under \$8/bushel, but by June 30 had slid back to \$6.15/bushel. Morgan Stanley, earlier Monday, said it expects USDA figures to prove bearish overall, but added it does not expect a large market reaction (See story, 1452 GMT). Although there is a political possibility that the 45 cents/gal federal tax credit for blending ethanol might be eliminated by the end of July, current blending economics suggest ethanol production will not immediately suffer without a tax credit, sources said. According to sources, USDA figures on raw corn use in producing ethanol do not provide an accurate estimate as some producers rely on using an industry-developed conversion ratio of 2.8 gallons per bushel of corn as compared to USDA's 2.74 gallon per bushel. That has led to some questioning estimates of corn stocks dedicated to ethanol production, with the market poised for USDA's July 14 Feed Outlook report, which will contain 2010-2011 Q3 figures of corn stocks usage. During the Platts Market on Close assessment process, Valero Energy sold 5,000 barrels of Chicago ethanol twice at \$2.77/gal, first to Vitol and then to Noble, and also bought a 25,000-barrel barge in New York Harbor from Global Energy at \$2.8725/gal. Platts assessed New York Harbor Any-July at \$2.8725/gal on Monday, down 25 points from Friday.

Subscriber Notes (continued from page 1)

and on Platts Global Alert pages 19 and 575. In the Platts database, the pipeline assessment code is PGAJB00 and the waterborne assessment code is PGAIX00.

Correction note: Please note that Platts' July 8 assessment for C2 Chicago PBOB should read 348.59-348.69. The assessment appears in Platts US Marketscan, Platts Oilgram Price Report and Platts Global Alert page 275 under AAUEU00.

Subscriber note: Platts is seeking feedback on a proposal to discontinue its US Atlantic Coast Buckeye Pipeline conventional gasoline assessments basis New York Harbor after April 30, 2012. This proposal follows a move by Buckeye Partners to replace conventional gasoline shipments with conventional blendstock for oxygenate blending (CBOB) in its Buckeye pipeline system. Platts, however, intends to continue assessing the US Atlantic Coast barge conventional gasoline assessments basis New York Harbor even after discontinuing its Buckeye conventional gasoline assessments basis New York Harbor. Please send inquires/comments by September 16 2011 to americas_products@platts.com and pricegroup@platts.com.

Subscriber note: Effective July 5, Platts LPG eWindow instruments for LDH and non-LDH trading hubs now reflect LST and non-LST

trading hubs, respectively. Effective July 7, Platts assessments for E/P mix, purity ethane, propane, normal butane, iso-butane and natural gasoline will reflect LST and non-LST hubs where relevant in Platts Market Data, Platts Global Alert, Platts Petrochemical Alert, Platts LP Gaswire, and Platts US Marketscan. These changes are in line with the change in ownership of the Louis Dreyfus trading hub (LDH) to Lone Star NGL (LST). Please contact americas_products@platts.com and pricegroup@platts.com for any questions or comments.

Subscriber note: Platts proposes to start publishing midpoints for all of its oil market assessments, where such midpoints are not already provided. All midpoints will be published and databased to three decimal places, to ensure a high degree of accuracy, and will represent the average between the high and low of each market assessment published for the day. The high and low for each assessment will continue to be published, and will continue to be published to two decimal places only. Rounding shall follow typical mathematical conventions, where decimal points beyond the third place will be rounded up from 5 and higher, and rounded down from 4 and lower. Platts proposes to start publishing these new midpoints progressively, and subscriber notes will be published well in advance of any addition of midpoints. Please send all comments to oil@platts.com and pricegroup@platts.com.



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