

Argus Crude

Crude market prices and analysis

Issue 10H - 189

Friday 24 September 2010

North Sea \$/bl					
	Basis	Diff	Bid	Ask	+/-
Dated	Nov	-0.22	78.70	78.76	+1.18
Brent	Dated	+0.75	79.45	79.51	+1.18
Forties	Dated	+0.13	78.83	78.89	+1.19
Oseberg	Dated	+1.45	80.15	80.21	+1.18
Ekofisk	Dated	+1.25	79.95	80.01	+1.18
<i>See p4 for all other North Sea assessments</i>					
Russia-Caspian \$/bl					
Urals NWE	Dated	-0.65	78.05	78.11	+1.23
Urals Med (80kt)	Dated	-0.55	78.15	78.21	+1.18
Azeri Light	Dated	+2.05	80.75	80.81	+1.18
CPC Blend	Dated	+0.70	79.40	79.46	+1.18
<i>See p6 for all other Russia-Caspian assessments</i>					
Russia-Caspian fob netbacks \$/bl					
Urals fob Primorsk	Dated	-1.51	77.19	77.25	+1.23
Urals Fob Novo (80kt)	Dated	-1.52	77.18	77.24	+1.18
CPC fob terminal	Dated	+0.12	78.82	78.88	+1.18
Azeri fob Supsa	Dated	+1.21	79.91	79.97	+1.18
<i>See p6 for all other Russia-Caspian assessments</i>					
Mediterranean \$/bl					
Saharan Blend	Dated	+0.70	79.40	79.46	+1.18
Es Sider	Dated	-0.20	78.50	78.56	+1.18
Syrian Light	Dated	+0.30	79.00	79.06	+1.18
<i>See p8 for all other Mediterranean assessments</i>					
West Africa \$/bl					
Bonny Light	Dated	+1.45	80.15	80.21	+1.13
Girassol	Dated	+0.10	78.80	78.86	+1.18
Hungo	Dated	-1.95	76.75	76.81	+1.18
<i>See p9 for all other west African assessments</i>					

Mideast Gulf \$/bl						
	Month	Basis	Diff	Bid	Ask	+/-
Dubai	Nov			75.18	75.28	+0.40
Oman	Nov	Dubai swaps	-0.59	75.50	75.60	+0.35
Murban	Nov	Adnoc	+0.35	76.95	77.05	+0.39
<i>See p10 for all other Mideast Gulf assessments</i>						
Asia-Pacific \$/bl						
		Basis	Diff	Bid	Ask	+/-
Minas		ICP	+0.90	79.74	79.84	+0.59
Tapis		Tapis APPI	+5.05	83.46	83.56	+0.62
Northwest Shelf		Dated	-2.00	76.68	76.78	+1.18
ESPO Blend		Dubai	+0.48	75.66	75.76	+0.40
Sokol		Dubai swaps	+3.60	79.69	79.79	+0.39
<i>See p11 for all other Asia-Pacific assessments</i>						
US pipeline \$/bl						
	Month	Basis	Diff	Price	+/-	
LLS	Oct	Oct	+5.05	79.88	+0.48	
Mars	Oct	Oct	+1.24	76.07	+1.41	
Argus Sour Crude Index (ASCI™) \$/bl						
	Month	Basis	Diff	Price	+/-	
ASCI	Oct	Oct	+1.24	76.07	+1.41	
<i>See index methodology on p3</i>						
Canada pipeline \$/bl						
	Timing	Basis	Low	High	+/-	
Synthetic	Nov	Nov	73.74	74.74	+1.31	
WCS	Nov	Nov	60.24	60.74	+1.81	
Americas cargoes \$/bl						
Qua Iboe	Dated	Nov	81.49	82.49	+1.06	
Vasconia	Dated	Dec	76.15	76.65	+1.36	
<i>See p13 onwards for all other Americas assessments</i>						

Overview

Outright prices moved higher ahead of the weekend on the back of positive economic data from Germany.

In New York, November Nymex WTI ended the session \$1.31/bl stronger at \$76.49/bl.

In London, the November Ice Brent contract settled at \$78.87/bl, up by 76¢/bl from the previous session.

Towards 4:30pm in London the November 21-day North Sea price was \$78.95/bl, up by \$1.02/bl from the previous session.

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In the News

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- Enbridge to start Alberta Clipper deliveries soon
- US Gulf drilling slowed until 2012, BofA says
- West Africa Suezmax activity picks up
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Infrastructure

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- Chevron shuts plant at Pascagoula after fire

Overview continued

Forties edged higher driven by stronger bidding, while Statoil was heard to have sold a distillate-rich Gullfaks.

Preliminary October loading programmes dominated the Urals market with differentials otherwise largely unchanged.

Algerian values leveled off after falling considerably over the course of the week.

Spot trade was limited on November Angolan cargoes.

Activity on Mideast Gulf grades has turned quiet with traders focusing on November sales of Russian ESPO Blend crude.

In Asia-Pacific, more November cargoes of Malaysian light sweet crude were sold as demand for gasoil and kerosene strengthened ahead of winter.

October US domestic crude trading terminated with most differentials weaker in a very illiquid day overall.

A narrowing in WTI's discount to the North Sea Dated benchmark left asking prices for delivered foreign grades at the US Gulf coast weaker heading into the weekend.

The October trade month ended quietly at the US west coast today following Alaskan North Slope (ANS) crude's move from a discount to a premium to November WTI yesterday.

Aside from the launch of a Chilean crude oil buy tender, the Latin American market ended the week on a quiet note.

Western Canadian heavy crude continued to trade stronger on optimism that Enbridge's Line 6B will restart next week and its 450,000 b/d Alberta Clipper pipeline will soon begin deliveries.

Futures markets

Ice Brent							\$/bl
	Open	High	Low	S'pore*	London†	Settle	+/-
Nov	78.09	79.40	77.69	78.19	79.04	78.87	+0.76
Dec	78.43	79.66	78.00	78.47	79.27	79.12	+0.69
Jan	78.84	80.01	78.44	78.85	79.67	79.50	+0.64

*4.30pm Singapore minute marker, †4.30pm London minute marker

Nymex Light Sweet							\$/bl
	Open	High	Low	S'pore*	London†	Settle	+/-
Nov	74.95	76.68	74.66	75.38	76.38	76.49	+1.31
Dec	76.29	78.00	76.05	76.70	77.71	77.65	+1.11
Jan	77.37	79.07	77.24	77.76	78.78	78.62	+0.92
Feb	78.25	79.87	78.11	78.65	79.56	79.41	+0.84
Dec 2011						83.17	+0.74
Dec 2012						85.16	+0.64
Dec 2013						86.32	+0.52
Dec 2014						87.62	+0.40
Dec 2015						89.18	+0.28

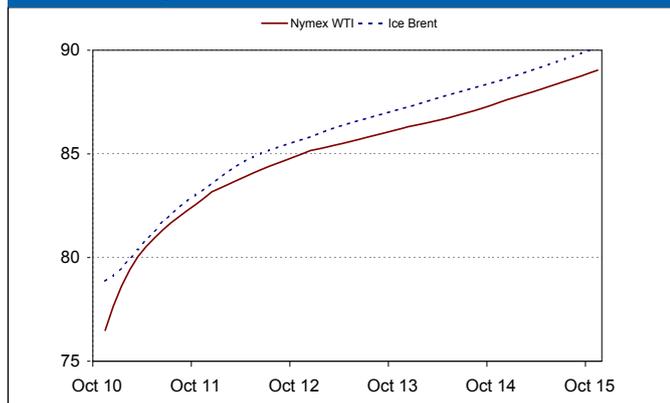
*4.30pm Singapore snapshot, †4.30pm London snapshot

DME Oman	\$/bl		Tocom Mideast Gulf (day session)	\$/bl	
	Settle	+/-	Nov	Settle	+/-
Nov	75.49	+0.34	Nov	76.28	+0.03
Dec	75.89	+0.23	Dec	76.62	+0.03
Jan	76.38	+0.23	Jan	77.09	+0.13
Feb	76.85	+0.23	Feb	77.45	+0.08
Volume (bl)	905,000		Volume (bl)	736,538	

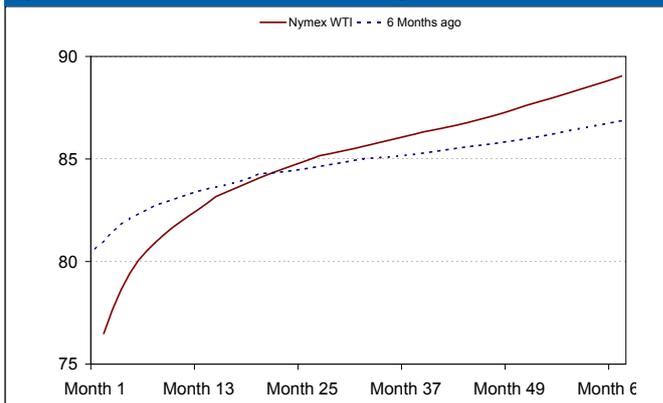
Forward spreads

	4.30pm London			4.30pm Singapore	
	N Sea/ Dubai	WTI/ N Sea	WTI/ Dubai	Tapis/ N Sea	Tapis/ Dubai
Oct	na	na	na	+0.51	na
Nov	+2.91	-2.57	+0.34	+1.02	+3.93
Dec	+2.74	-1.49	+1.22	+1.35	+4.09
Jan	+2.66	-0.80	+1.83	+1.44	+4.10

Forward curve Nymex WTI and Ice Brent



Nymex WTI curve current and six months ago



Forward markets

21-day North Sea	Singapore close		\$/bl
	Bid	Ask	+/-
Oct	77.66	77.74	+0.56
Nov	78.11	78.17	+0.57
Dec	78.38	78.46	+0.50
Jan	78.76	78.84	+0.43

21-day North Sea	London close		\$/bl
	Bid	Ask	+/-
Dated	78.70	78.76	+1.18
Oct	78.58	78.66	+1.13
Nov	78.92	78.98	+1.02
Dec	79.16	79.24	+0.95
Jan	79.54	79.62	+0.90

Dubai	Singapore close		\$/bl
	Bid	Ask	+/-
Nov	75.18	75.28	+0.40
Dec	75.63	75.73	+0.40
Jan	76.09	76.19	+0.39
Feb	76.54	76.64	+0.38

Dubai	London close		\$/bl
	Bid	Ask	+/-
Nov	76.00	76.08	+0.85
Dec	76.44	76.54	+0.85
Jan	76.89	77.01	+0.84
Feb	77.35	77.45	+0.83

Dated to Ice Brent frontline	London close		\$/bl
	Bid	Ask	+/-
Sep	-0.41	-0.33	+0.14
Oct	-0.65	-0.57	+0.08
Nov	-0.73	-0.65	+0.07
Q4	-0.72	-0.64	+0.07
Q1	-0.84	-0.76	+0.03
2011	-0.74	-0.68	+0.03

WTI Cushing	2:15pm Houston		\$/bl
	Bid	Ask	+/-
Oct	74.81	74.85	+1.50
Nov	76.47	76.51	+1.31
Dec	77.63	77.67	+1.11
Jan	78.60	78.64	+0.92

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Methodology

Argus Sour Crude Index

Argus publishes a daily price series, called the Argus Sour Crude Index ("ASCI"), that represents the value of US Gulf coast medium sour crude by including transactions from three separate crude streams. The ASCI pricing tool is designed to serve primarily buyers and sellers of imported crude that need a broader index of US Gulf coast medium sour crude value for use in long-term contracts.

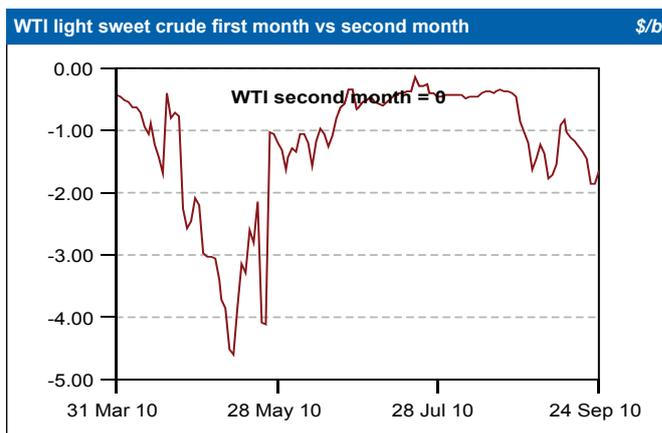
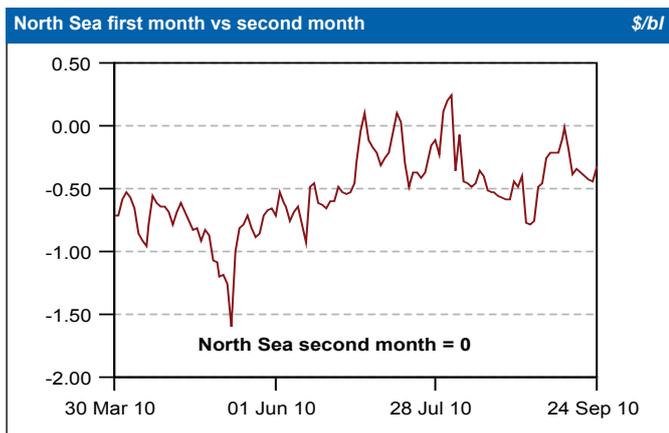
The ASCI price is a volume-weighted average of all deals done for three grades of crude combined: Mars, Poseidon, and Southern Green Canyon.

The methodology and a White Paper discussing the ASCI price are available at www.argusmedia.com/asci.



3rd China-Russia-Central Asia Oil and Gas Summit
 - Markets, Trading and Opportunities -
 20 - 21 October 2010, Beijing, China

China-Russia-Central Asia Oil and Gas Summit is the premier event that brings together the leading oil and gas companies from around the globe to explore cross-border trading opportunities in China, Russia, central Asia and beyond. Visit www.argusmedia.com/crc to find out more.



North Sea

North Sea						\$/bl
	Basis	Diff	Bid	Ask	+/-	
Dated*	Nov	-0.22	78.70	78.76	+1.18	
Brent†	Dated	+0.75	79.45	79.51	+1.18	
Forties	Dated	+0.13	78.83	78.89	+1.19	
Oseberg	Dated	+1.45	80.15	80.21	+1.18	
Ekofisk	Dated	+1.25	79.95	80.01	+1.18	
Statfjord cif Rotterdam	Dated	+1.90	80.60	80.66	+1.18	
Statfjord fob platform	Dated	+1.00	79.70	79.76	+1.18	
Gullfaks cif Rotterdam	Dated	+2.85	81.55	81.61	+1.13	
Gullfaks fob platform	Dated	+1.95	80.65	80.71	+1.13	
Flotta	Dated	-1.00	77.70	77.76	+1.18	

*Argus North Sea Dated is the equivalent of Platts dated Brent
 †Argus Brent is the price of physical Brent calculated using Argus North Sea Dated plus the Dated-related market differential for Brent

North Sea EFP				\$/bl
		Basis	Diff	
Nov		Ice	-0.05	
Dec		Ice	-0.03	

Ice Bwave 23 Sep 2010		\$/bl
Nov		77.59
Dec		77.88
Jan		78.36
Saudi formula base		77.87

Ice minute markers		1-minute	+/-	\$/bl
Nov		79.04	+1.02	
Dec		79.27	+0.95	
Jan		79.67	+0.89	

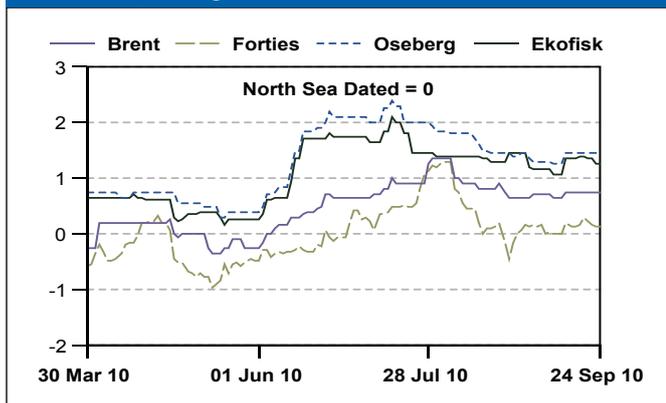
Dated CFDs			Singapore Close	\$/bl
		Bid	Ask	+/-
27 Sep - 01 Oct	Nov	-0.54	-0.46	-0.08
4 Oct - 8 Oct	Nov	-0.57	-0.49	-0.03
11 Oct - 15 Oct	Nov	-0.51	-0.43	-0.02
18 Oct - 22 Oct	Nov	-0.45	-0.37	-0.01

Dated CFDs			London close	\$/bl
		Bid	Ask	+/-
27 Sep - 01 Oct	Nov	-0.36	-0.28	+0.18
4 Oct - 8 Oct	Nov	-0.39	-0.31	+0.18
11 Oct - 15 Oct	Nov	-0.39	-0.31	+0.12
18 Oct - 22 Oct	Nov	-0.36	-0.28	+0.09

Intermonths	Singapore Close	\$/bl
	Bid	Ask
Oct/Nov	-0.48	-0.40
Nov/Dec	-0.32	-0.24
Dec/Jan	-0.42	-0.34

Intermonths	London close	\$/bl
	Bid	Ask
Oct/Nov	-0.37	-0.29
Nov/Dec	-0.29	-0.21
Dec/Jan	-0.42	-0.34

Brent, Forties, Oseberg and Ekofisk vs North Sea Dated \$/bl



Forties edged higher driven by stronger bidding, while Statoil was heard to have sold a distillate-rich Gullfaks.

In the Forties market, one bid and one offer was heard. Trafigura offered a 9-11 October cargo from Dated +0.30 down to Dated +0.20, while on the buy side Shell bid for supplies loading 12-17 October from Dated -0.10 up to Dated +0.05.

Statoil indicated nine cargoes today, this included two distillate-rich Gullfaks cargoes, the first for loading 21-23 October at Dated +2.90 cif Rotterdam and the second is scheduled to load 25-27 October at Dated +2.95 cif Rotterdam. One trader said one of the Gullfaks cargoes was heard traded, but this was not confirmed. The producer also offered a 29-31 October Statfjord at Dated +2.10 cif Rotterdam and a cross-month Oseberg at Dated +1.55.

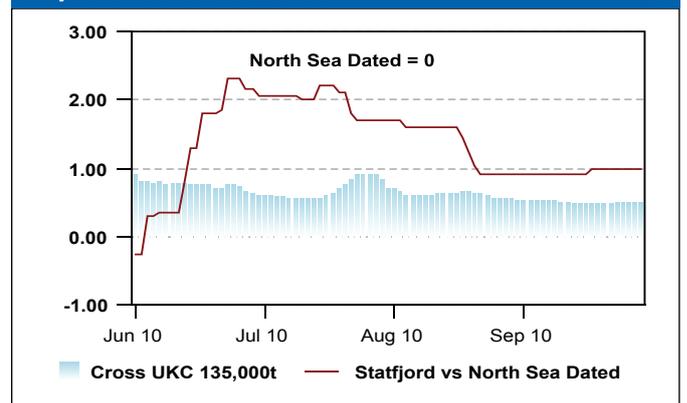
Statoil also indicated the availability of a 20-22 October Norne at Dated +4.25 cif Rotterdam, 21-23 October Varg at Dated +2.50 cif Rotterdam, 26-28 October Glitne at Dated +0.50 cif Rotterdam, 29-31 October Jotun at Dated +1.90 cif Rotterdam.

North Sea calculations			\$/bl
Volume weighted average of North Sea partial traded	Nov		78.95
Ice Brent marker	Nov		79.04
Exchange of futures for physical (EFP)	Nov		-0.05
North Sea basis (flat price)	Nov		78.95
			+/-
Anticipated Dated based on 10-21 days CFD strip:			
4 Oct-15 Oct		78.60	+1.17
Argus Brent component of Dated		79.35	+1.17
Argus Forties component of Dated*		78.73	+1.18
Argus Oseberg component of Dated		80.05	+1.17
Argus Ekofisk component of Dated		79.85	+1.17
*the lowest component sets Dated			

Argus alternative Dated illustrations					\$/bl
					+/-
Argus Dated Average	Nov	+0.55	79.50		+1.18
Argus Dated BFOE	Nov	-0.22	78.73		+1.18
Argus Dated BFO	Nov	-0.22	78.73		+1.18
Argus Dated FOE	Nov	-0.22	78.73		+1.18

Argus North Sea Reference Price				\$/bl
				+/-
Argus North Sea Reference Price (NSRP)		79.38		+1.18
Argus Synthetic Brent (NSRP component)		78.60		+1.18

Statfjord vs North Sea Dated and UKC \$/bl



dam and a cross-month Grane at Dated -1.50.

CFDs strengthened along the curve especially at the front leaving the curve flatter. The front week of 27 September-1 October strengthened by 18¢ to Nov NSea -0.32 and the week of 4-8 October also gained 18¢ to Nov NSea -0.35. The week of 11-15 October gained 12¢ to Nov NSea -0.35 and the week of 18-22 October gained 9¢ to Nov NSea -0.32.

The Argus November 21-day North Sea price was \$78.95/bl, up by \$1.02/bl from the previous session, based on the weighted average of trade in the minute leading up to the timestamp.

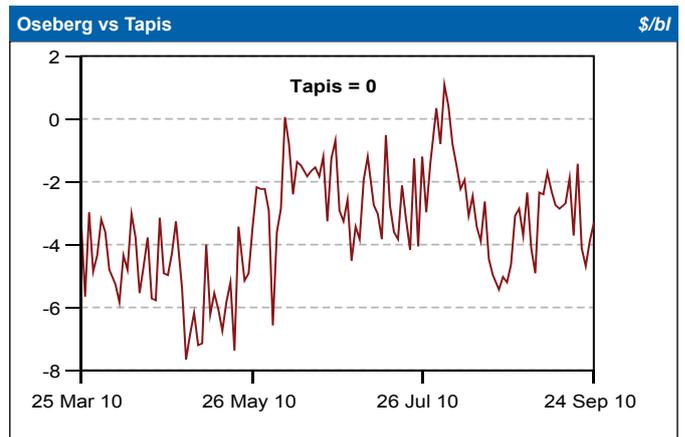
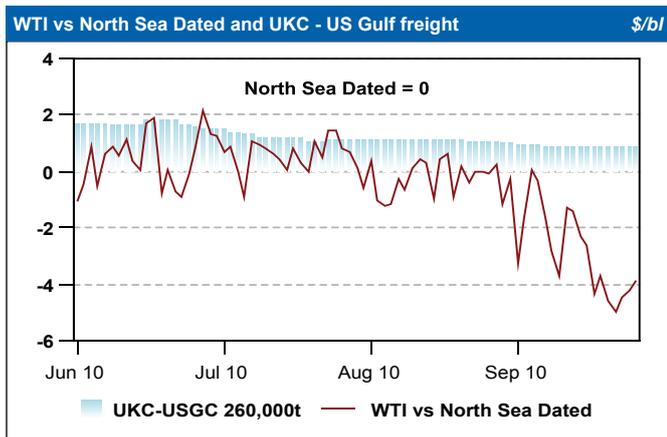
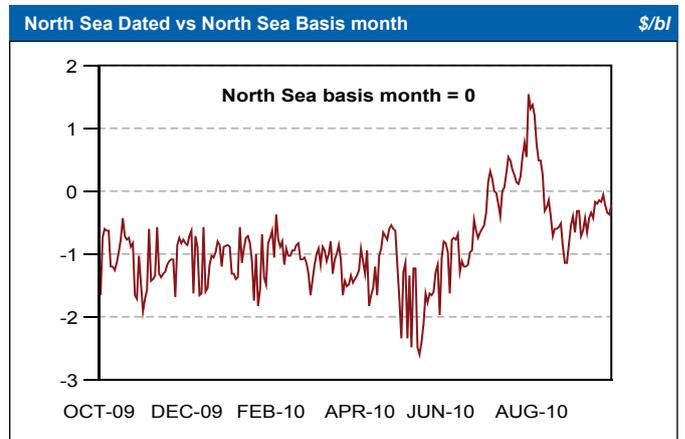
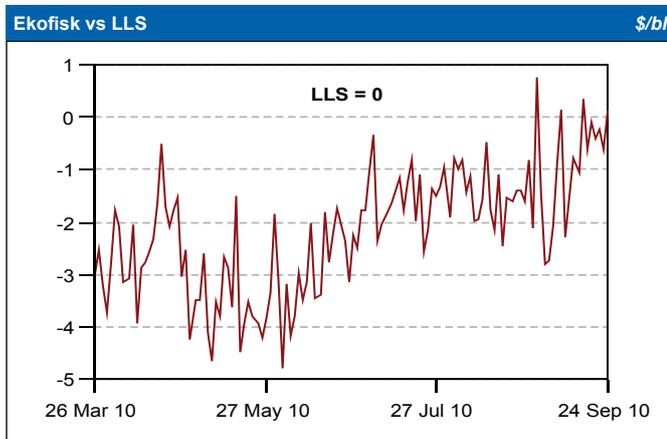
Argus Bid/Offer/Deal Bulletin Board

Argus publishes European bids, offers and deals done that have been reported to its crude reporting team. These can be seen at www.argusmedia.com/petroleum. The Bulletin Board is free to view but readers will need to register a few details at the site in order to access the information. If you are a market participant and would like to submit your deals to Argus for inclusion in the Bulletin Board, please contact the Argus Crude team by telephone, +44 20 7780 7220, email crude@argusmedia.com or send a Yahoo message to arguscruce.

Argus Crude Methodology

Argus uses a precise and transparent methodology to assess prices in all the markets it covers. The latest versions of each methodology can be found at: www.argusmedia.com/methodology.

For a hard copy, please email info@argusmedia.com, but please note that methodologies are updated frequently and for the latest version, you should visit the internet site.



Russia-Caspian

Russia-Caspian						\$/bl
	Basis	Diff	Bid	Ask	+/-	
Urals NWE	Dated	-0.65	78.05	78.11	+1.23	
Urals Med (80kt)	Dated	-0.55	78.15	78.21	+1.18	
Urals Med (135kt)	Dated	-0.85	77.85	77.91	+1.18	
Siberian Light	Dated	+0.80	79.50	79.56	+1.18	
CPC Blend	Dated	+0.70	79.40	79.46	+1.18	
Tengiz	Dated	+0.60	79.30	79.36	+1.18	
BTC	Dated	+2.05	80.75	80.81	+1.18	
Azeri Light	Dated	+2.05	80.75	80.81	+1.18	
Kumkol	Dated	+1.00	79.70	79.76	+1.18	

Fob netbacks						\$/bl
	Basis	Diff	Bid	Ask	+/-	
Urals Primorsk	Dated	-1.51	77.19	77.25	+1.23	
Urals Novo (80kt)	Dated	-1.52	77.18	77.24	+1.18	
Urals Novo (135kt)	Dated	-1.80	76.90	76.96	+1.18	
CPC Terminal	Dated	+0.12	78.82	78.88	+1.18	
Tengiz Odessa	Dated	-0.35	78.35	78.41	+1.18	
BTC Ceyhan	Dated	+1.31	80.01	80.07	+1.18	
Azeri Light Supsa	Dated	+1.21	79.91	79.97	+1.18	

Retrospective netbacks						\$/bl
	Basis	Diff	Bid	Ask	+/-	
Urals fob Primorsk	Dated	-1.14	77.56	77.62	+1.20	
Urals fob Novo (80kt)	Dated	-0.87	77.83	77.89	+1.17	
CPC Blend fob	Dated	-0.16	78.54	78.60	+1.22	

Turkish straits demurrage		
Delay (days)		3
LR1 (Aframax) demurrage rate \$/day		21,500
LR2 (Suezmax) demurrage rate \$/day		27,500

Preliminary October loading programmes dominated the market with differentials otherwise largely unchanged.

Lukoil bought a 4-8 October loading cargo of Urals from Glencore at Dated -0.65 cif Rotterdam. There were no other bids or offers heard for Urals either in the north or the Mediterranean.

Preliminary full month loading programmes for October appeared for Novorossiysk and Tuapse in the Black Sea, for Primorsk in the Baltic and Kozmino on Russia's eastern coast.

Although these are subject to change the indications are that expectations of increased loadings from Novorossiysk will be met. In the south, where tight supplies in September sent differentials for Urals to record heights, more is due to load in October. Just over 800,000 b/d or 3.425mn t is scheduled for October in 14 LR2s and 18 LR1s, compared with 3.13mn t in September. Traders say that a 4-5 October free position on berth 1, where the LR2s load, is unlikely to be filled taking loadings to 3.285mn t or close to 770,000 b/d. But once again Lukoil have no 80,000t cargoes scheduled.

Supplies from Tuapse make little difference to Black Sea balances with six cargoes totaling 412,000t or 98,300 b/d scheduled, marginally down on September levels of 421,000t or 103,800 b/d. And traders say that nothing is scheduled for the Ukrainian port of Yuzhny for a second consecutive month.

Druzhba pipeline

Druzhba pipeline						\$/bl
	Basis	Diff	Bid	Ask	+/-	
Druzhba Czech Republic	Dated	-1.35	77.35	77.41	+1.18	
Druzhba Slovakia	Dated	-1.55	77.15	77.21	+1.18	
Druzhba Hungary	Dated	-1.55	77.15	77.21	+1.18	
Druzhba Poland	Dated	-1.70	77.00	77.06	+1.18	
Druzhba Germany	Dated	-2.00	76.70	76.76	+1.18	

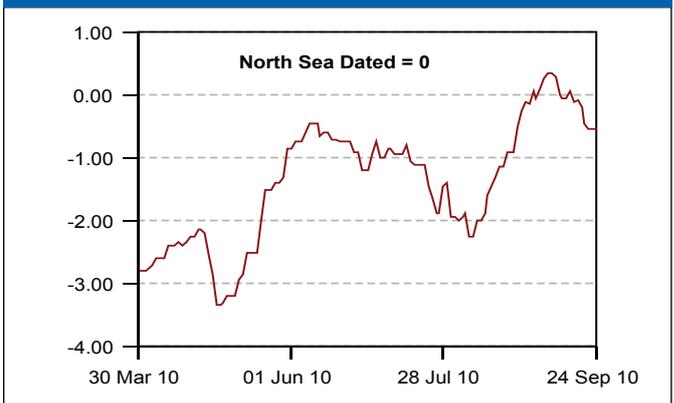
Druzhba monthly prices

North Sea Dated month average		\$/bl
Aug	77.13	
Jul	75.62	
Jun	74.89	

Druzhba monthly prices				
	Basis	Diff	Bid	Ask
Czech Republic				
Aug	Monthly avg of Dated	-2.45	74.65	74.71
Jul	Monthly avg of Dated	-2.40	73.19	73.25
Jun	Monthly avg of Dated	-2.05	72.82	72.88
Slovakia				
Aug	Monthly avg of Dated	-2.65	74.45	74.51
Jul	Monthly avg of Dated	-2.60	72.99	73.05
Jun	Monthly avg of Dated	-2.20	72.67	72.73
Hungary				
Aug	Monthly avg of Dated	-2.65	74.45	74.51
Jul	Monthly avg of Dated	-2.60	72.99	73.05
Jun	Monthly avg of Dated	-2.20	72.67	72.73
Poland				
Aug	Monthly avg of Dated	-2.85	74.25	74.31
Jul	Monthly avg of Dated	-2.80	72.79	72.85
Jun	Monthly avg of Dated	-2.05	72.82	72.88
Germany				
Aug	Monthly avg of Dated	-2.95	74.15	74.21
Jul	Monthly avg of Dated	-3.00	72.59	72.65
Jun	Monthly avg of Dated	-2.60	72.27	72.33

Cif basis Singapore				\$/bl
	Bid	Ask	+/-	
BTC Blend	82.60	82.66	+1.18	
Urals (Black Sea)	79.55	79.61	+1.18	

Urals Med vs North Sea Dated



In the north loadings at Primorsk are set to increase substantially with maintenance that has affected supply during August and September fully over. Nearly 1.5mn b/d or 6.3mn t in 63 100,000t cargoes are set for October, up from 1.331mn b/d or 5.5mn t in 55 100,000t cargoes during September.

Also in the Baltic, the Polish port of Gdansk is scheduled to load 600,000t in October, down from 700,000t in September.

Expectations that Azeri Light values might rise were quashed with a trade indicating a further fall in differentials. After offering an early October cargo of Azeri Light down to Dated +2.05 cif Augusta earlier in the week, BP bought a 20-24 October cargo from Petro Diamond at Dated +1.90 cif Augusta. Traders estimate that 6-700,000b/d of October loading west African crude is heading for the Mediterranean.

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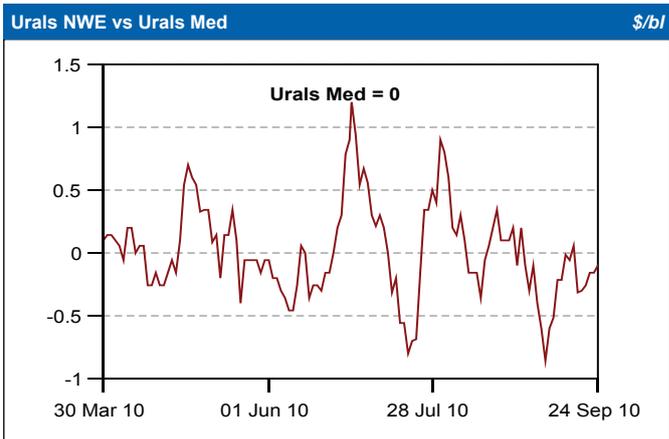
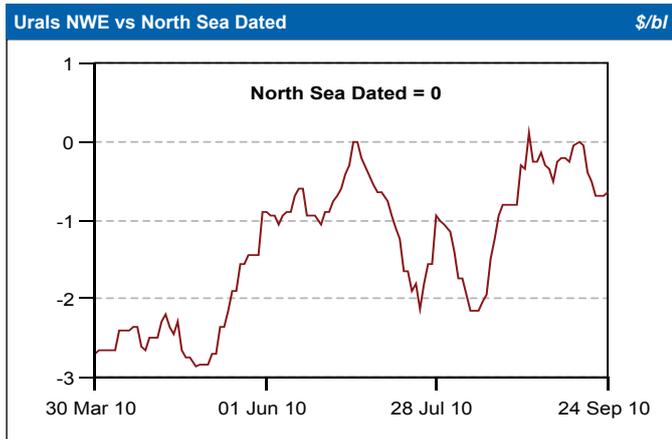
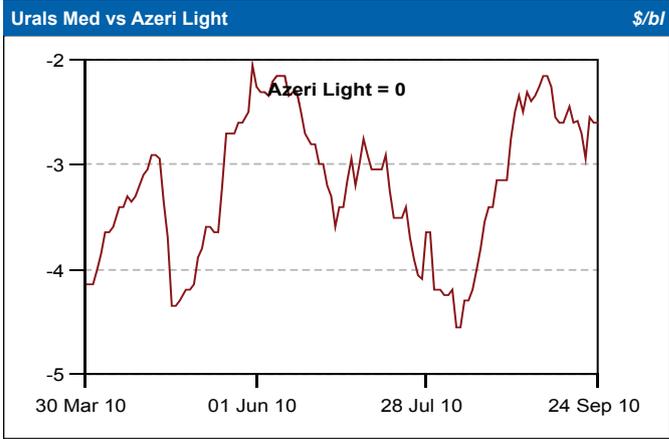
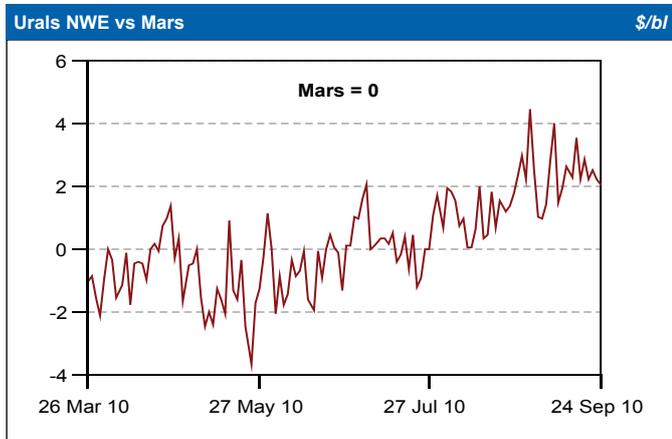
Argus Crude Data

The price information contained in *Argus Crude* is available as regularly updated data files. The daily files contain all the data from the report and are available in Comma Separated Values (CSV) format accessible from *Argus* FTP sites. The documentation for and explanation of these files are available at www.argusmedia.com under the Resource/Data tab.

Alternatively *Argus* can provide custom one-off historical collections for specific price assessments .

If you are interested in *Argus* data files please contact info@argusmedia.com.

Argus constantly makes improvements to its publications to reflect the current energy markets most accurately. *Argus* announces any changes to the data content by email, and online at www.argusmedia.com. If you would like to receive these announcements, please contact us at info@argusmedia.com.



Mediterranean

Mediterranean	Basis	Diff	Bid	Ask	+/-
Saharan Blend	Dated	+0.70	79.40	79.46	+1.18
Zarzaitine	Dated	+0.75	79.45	79.51	+1.18
Syrian Light	Dated	+0.30	79.00	79.06	+1.18
Es Sider	Dated	-0.20	78.50	78.56	+1.18
Kirkuk	Dated	-0.20	78.50	78.56	+1.18
Basrah Light fob Sidi Kerir	Dated	-0.85	77.85	77.91	+1.18
Iran Light fob Sidi Kerir	Dated	-1.15	77.55	77.61	+1.18
Iran Heavy fob Sidi Kerir	Dated	-2.10	76.60	76.66	+1.18
Suez Blend	Dated	-3.95	74.75	74.81	+1.18

Algerian values leveled off after falling considerably over the course of the week.

Hess was still offering its 13 October Saharan Blend cargo at Dated +0.80 as of Friday evening. Maersk was expected to start marketing its cargo more aggressively next week. Sonatrach was still targeting Dated +1.00 and turned down a bid of Dated +0.75. Key Algerian export terminal Arzew was closed early Friday morning because of poor weather. Production of Saharan Blend has bounced back to 675,000 b/d this month from just 610,000 b/d in August. Asia has taken almost half of September production to date.

Lifters continued to react negatively to Sytrol's proposed October formula price of Dated -3.40. Recent weakness in the Urals market should point to lower numbers, one trader argued. Overall Syrian production will rise to 190,000 b/d in October from 140,000 b/d in September.

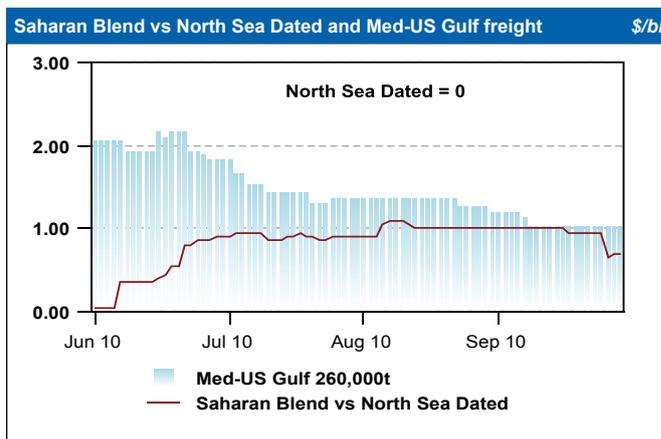
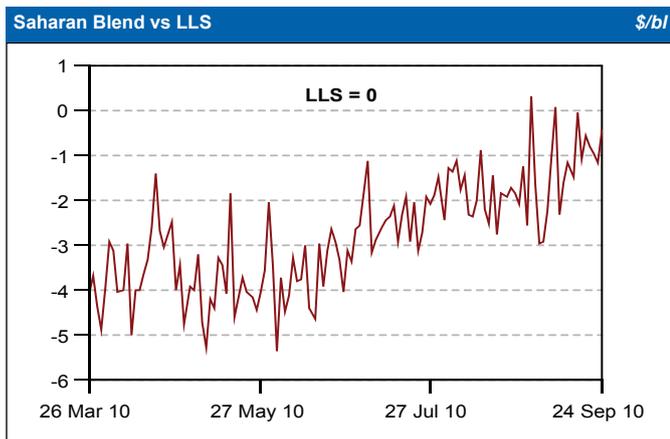
Official formula prices

Algeria	Basis	Jul	Aug	Sep
Saharan Blend	Dated	+0.85	+1.15	+1.15

Syria	Basis	Jul	Aug	Sep
Syrian Light	Dated	na	na	na
Souedie	Dated	-5.30	-4.90	-4.90

Libya	Basis	Aug	Sep	Oct
Es Sider	Dated	-0.80	-0.65	-0.15
Bu Atiffel	Dated	+1.00	+1.10	+1.20
Sirtica	Dated	-0.70	-0.60	-0.35
Zueitina	Dated	+0.05	+0.15	+0.25
Brega	Dated	+0.05	+0.15	+0.25
Sarir	Dated	-0.25	-0.15	-0.20
Amna	Dated	+0.00	+0.05	+0.15
Bouri	Urals Med	-0.75	-0.75	-0.45
Mellitah	Dated	+0.75	+0.85	+0.95
Al-Jurf	Urals Med	+0.20	+0.20	+0.40
Esharara	Dated	+0.80	+0.90	+1.10

Egypt	Basis	May	Jun	Jul
Suez Blend	Dated	-3.95	-2.95	-3.80
Ras al-Behar	Dated	-3.85	-2.85	-3.70
Zeit-Bay	Dated	-3.85	-2.85	-3.70
Belayim	Dated	-5.25	-5.40	-5.47
Ras Budran	Dated	-11.20	-10.80	-10.80
Ras Gharib	Dated	-11.25	-10.85	-10.85
Western Desert	Dated	-2.80	-2.50	-2.80



West Africa

West Africa	Basis	Diff	Bid	Ask	\$/b
Agbami	Dated	+0.35	79.05	79.11	+1.18
Amenam	Dated	+1.00	79.70	79.76	+1.18
Bonga	Dated	+1.55	80.25	80.31	+1.18
Bonny Light	Dated	+1.45	80.15	80.21	+1.13
Brass River	Dated	+1.40	80.10	80.16	+1.18
Erha	Dated	+1.65	80.35	80.41	+1.18
Escravos	Dated	+1.40	80.10	80.16	+1.18
Forcados	Dated	+2.00	80.70	80.76	+1.18
Qua Iboe	Dated	+1.45	80.15	80.21	+1.13
Cabinda	Dated	-1.00	77.70	77.76	+1.28
Dalia	Dated	-2.20	76.50	76.56	+1.18
Girassol	Dated	+0.10	78.80	78.86	+1.18
Hungo	Dated	-1.95	76.75	76.81	+1.18
Kissanje	Dated	-0.60	78.10	78.16	+1.28
Nemba	Dated	-0.45	78.25	78.31	+1.18
Zafiro	Dated	+0.10	78.80	78.86	+1.18

Nigerian official formula prices	Basis	Aug	Sep	Oct	\$/b
Abo	Dated	+0.60	+0.70	+0.55	
Agbami	Dated	+0.50	+0.60	+0.45	
Akpo	Dated	+0.55	+0.65	+0.50	
Amenam	Dated	+1.20	+1.35	+1.10	
Antan	Dated	-0.50	-0.40	-0.30	
Bonga	Dated	+1.75	+1.90	+1.65	
Bonny Light	Dated	+1.75	+1.85	+1.60	
Brass River	Dated	+1.65	+1.85	+1.60	
EA	Dated	+2.55	+2.70	+2.55	
Erha	Dated	+1.80	+1.95	+1.65	
Escravos	Dated	+1.65	+1.75	+1.45	
Forcados	Dated	+1.80	+1.90	+1.65	
Okono	Dated	+1.60	+1.70	+1.50	
Okwori	Dated	+1.75	+1.85	+1.55	
Oso Condensate	Dated	+0.35	+0.45	+0.40	
Pennington	Dated	+2.60	+2.75	+2.15	
Qua Iboe	Dated	+1.75	+1.85	+1.60	
Yoho	Dated	+1.75	+1.85	+1.60	
Premium for advanced pricing	Dated	+0.05	+0.05	na	
Premium for deferred pricing	Dated	+0.05	+0.10	na	

Spot trade was limited on November Angolan cargoes.

Sonangol sold a 11-12 November Mondo but no details emerged. Most of the November trades so far have been on a term basis.

Offers for Nemba have moved slightly lower to Dated -0.20 but no bids were heard. The grade was valued at around Dated -0.50/-0.40 by traders.

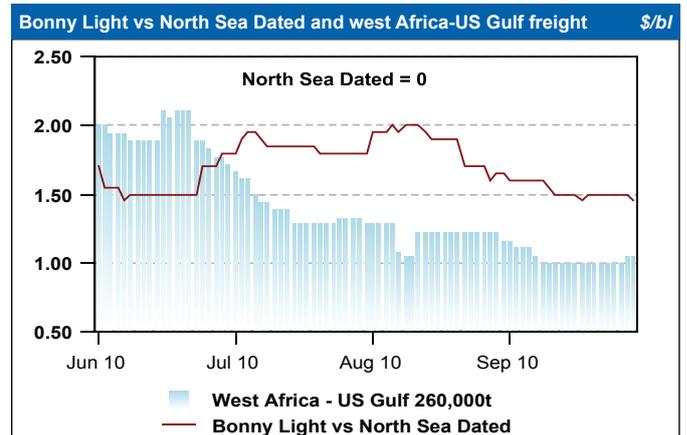
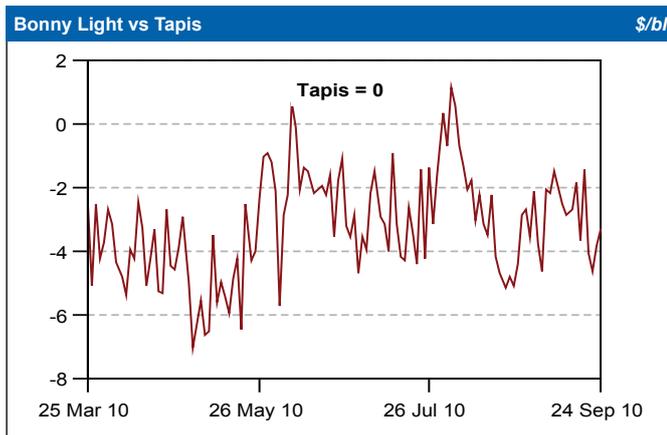
Offers for Cabinda were at Dated -0.30 but last deals for end-October cargoes were done at weaker than Dated -1.00. Some of the end-October Cabinda purchases may have been to cover November requirements, leading to slack demand for the grade so far. And ConocoPhillips is now thought to be taking Nemba for November rather than Cabinda on a term basis. Cabinda was seen in a wide -1.00/-0.30 range. Kissanje was put at around Dated -0.70/-0.40 by traders. Dalia offers have been at around Dated -1.90 and the grade was seen in a Dated -2.20/-2.00 range.

IOC is heard to have cancelled its latest tender for light sweet crude but has issued two fresh tenders. The Indian refiner is seeking November crude through one of the tenders and December crude through the other. Part one of both tenders closes on Tuesday 28 September and part two on 29 September

to remain valid until 30 September.

Some of the end-October Nigerian cargoes were still finding homes. Vitol is heard to have bought a 22-23 October Bonny Light from Sahara at Dated +1.40/+1.45.

An increase in Bonny Light exports in November will partly offset lower Qua Iboe and Amenam loadings. Bonny Light output is expected to recover to around 295,000 b/d in November, up from 250,000 b/d in October.



Mideast Gulf

Mideast Gulf						\$/bl
	Month	Basis	Diff	Bid	Ask	+/-
Dubai	Nov			75.18	75.28	+0.40
Oman	Nov			75.50	75.60	+0.35
Murban	Nov	Adnoc	+0.35	76.95	77.05	+0.39
Lower Zakum	Nov	Adnoc	+0.32	76.67	76.77	+0.41
Qatar Land	Nov	QP	+0.10	76.05	76.15	+0.39
Qatar Marine	Nov	QP	+0.15	75.05	75.15	+0.39
Qatar Al-Shaheen	Dubai	swaps	-0.60	75.49	75.59	+0.39
Banoco Arab Medium	Nov	OSP	+0.32	74.04	74.14	+0.37

A few cargoes of Abu Dhabi grades such as Murban and Lower Zakum may be unsold for November but other crude grades were said to be all finished for the month.

November Murban was valued around Adnoc +0.30/+0.35, easing marginally from the last November trades around Adnoc +0.39/+0.40.

With Mideast Gulf trade now concluded, the market will focus on November light sour Russian ESPO Blend cargoes. Russian producer Rosneft has issued its tender to sell five ESPO Blend cargoes, for loading 6-9 November, 10-13 November, 19-22 November, 30 November-3 December, and 4-9 December. Fellow producer Surgutneftegaz has also tendered to sell four ESPO Blend cargoes, to load 8-12 November, 15-19 November, 23-27 November, and 2-6 December. Both the Rosneft and Surgutneftegaz tenders will close on 27 September.

Some traders expect the latest ESPO Blend tenders to fetch stronger prices than the previous tender, as November Mideast Gulf cargoes had traded at firm prices partly because of upcoming Northeast Asian winter requirements. Previous ESPO Blend cargoes, for late October-early November loading, had been sold around Dubai +0.50/+0.75 fob Kozmino. Two to three of the October-loading ESPO Blend cargoes were heard to have eventually been sold into Thailand, although details were unclear.

In the Singapore trading window, Glencore declared delivery of a physical cargo of Upper Zakum crude to Shell, after selling 19 November Dubai partials to the major this month.

The November Brent-Dubai EFS widened slightly to \$2.05/bl, from \$1.85/bl on Thursday. November-December intermonth Dubai swaps were largely stable around -0.45 in contango, with December-January also pegged around -0.45.

Dubai forward	4.30pm Singapore			4.30pm London			\$/bl
	Bid	Ask	+/-	Bid	Ask	+/-	
Nov	75.18	75.28	+0.40	76.00	76.08	+0.85	
Dec	75.63	75.73	+0.40	76.44	76.54	+0.85	
Jan	76.09	76.19	+0.39	76.89	77.01	+0.84	
Feb	76.54	76.64	+0.38	77.35	77.45	+0.83	

Dubai intermonths	4.30pm Singapore			\$/bl
	Bid	Ask	+/-	
Nov/Dec	-0.50	-0.40		
Dec/Jan	-0.52	-0.40		
Jan/Feb	-0.50	-0.40		

Dubai swaps	4.30pm Singapore			\$/bl
	Bid	Ask	+/-	
Nov	76.09	76.19	+0.39	
Dec	76.54	76.64	+0.39	
Jan	76.99	77.09	+0.37	

Dubai swaps months are pricing months

Dubai EFS	4.30pm Singapore			\$/bl
Dubai/Ice Brent	Bid	Ask	+/-	
Nov	+2.00	+2.10	+0.20	
Dec	+1.83	+1.93	+0.13	
Jan	+1.76	+1.86	+0.08	

Ice Brent	4.30pm Singapore			\$/bl
	Bid	Ask	+/-	
Nov	+78.19		+0.59	
Dec	+78.47		+0.52	
Jan	+78.85		+0.45	
Feb	+79.31		+0.41	

Oman forward	4.30pm Singapore				\$/bl
	Differential to Dubai swaps	Bid	Ask	+/-	
Nov	-0.59	75.50	75.60	+0.35	
Dec	-0.63	75.91	76.01	+0.26	
Jan	-0.59	76.40	76.50	+0.23	

Russia-Caspian crude cif basis Singapore	\$/bl		
	Bid	Ask	+/-
Urals (Black Sea)	79.55	79.61	+1.18

Methodology

Dubai forward month calculator	\$/bl		
Ice Brent month 1	Nov		78.19
Dubai EFS month 1	Nov	-	2.05
Dubai swap month 1*	Nov	=	76.14
Dubai forward month 3*	Jan	=	76.14
Dubai intermonth	Dec/Jan	+	-0.46
Dubai forward month 2	Dec	=	75.68
Dubai intermonth	Nov/Dec	+	-0.45
Dubai forward month 1	Nov	=	75.23

**Dubai swap month 1 = Dubai forward month 3*

Oman forward month calculator	\$/bl				
	MOG formula	Dubai-Oman spread	Diff to Dubai swaps	Dubai swaps outright	Oman forward midpoint
Nov	+0.06	-0.65	-0.59	76.14	75.55
Dec	+0.07	-0.70	-0.63	76.59	75.96
Jan	+0.08	-0.67	-0.59	77.04	76.45

Asia-Pacific

Asia-Pacific					\$/bl
	Basis	Diff	Bid	Ask	+/-
Minas	ICP	+0.90	79.74	79.84	+0.59
Duri	ICP	+1.90	73.79	73.89	+0.59
Cinta	ICP	+1.50	75.84	75.94	+0.59
Widuri	ICP	+1.50	75.84	75.94	+0.59
Senipah	ICP	+2.80	76.54	76.64	+0.79
Attaka	ICP	+2.30	79.64	79.74	+0.59
Ardjuna	ICP	+1.60	77.64	77.74	+0.59
Belida	ICP	+3.20	79.04	79.14	+0.59
Bach Ho	Formula	+1.70	84.50	84.60	+0.59
Sutu Den	Minas	+4.50	83.34	83.44	+0.59
Tapis	Tapis APPI	+5.05	83.46	83.56	+0.62
Kikeh	Tapis APPI	+5.05	83.46	83.56	+0.62
Labuan	Tapis APPI	+5.05	83.46	83.56	+0.62
Kutubu Light	Dated*	+2.50	81.18	81.28	+1.18
Cossack	Dated*	+1.40	80.08	80.18	+1.28
Northwest Shelf	Dated*	-2.00	76.68	76.78	+1.18
Enfield	Dated*	+4.25	82.93	83.03	+1.18
Stybarrow	Dated*	+3.80	82.48	82.58	+1.18
Vincent	Dated*	+0.90	79.58	79.68	+1.18
Pyrenees	Dated*	+1.00	79.68	79.78	+1.18
Van Gogh	Dated*	-0.60	78.08	78.18	+1.18

* When North Sea Dated is unavailable due to a UK holiday, Substitute Dated will be used

Trade for November-loading light sweet Malaysian crude cargoes became more active.

Malaysia's state-owned firm Petronas is heard to have sold one cargo each of November Miri and Kikeh crude at Dated +4.00/+4.50, although further details were unavailable. Petronas was said to have sold a November Tapis crude cargo earlier to western trader Glencore at a record-high premium of \$5.05/bl to Tapis APPI, on the back of firm middle distillate demand and expectations of lower Tapis APPI values.

Thai refiner PTT may have purchased a cargo of Malaysian Labuan crude, but this is unconfirmed. Philippines' refiner Petron is also thought to have purchased a December-arrival Malaysian crude cargo via tender. Some traders said Petron may have taken Labuan as well, although details were unclear. Petron had sought 500,000-700,000 bl of crude for 1-5 December arrival in its tender which closed on 15 September.

In the medium-heavy sweet crude market, Vietnamese state-owned marketer PVOil has yet to conclude its tender to sell one cargo each of Bunga Orkid and Bunga Kekwa. The cargoes are slated for loading on 24-30 November and 9-15 November respectively. PVOil last sold a mid-September loading Bunga Orkid cargo to BP at Minas +2.00/+2.10.

Sudan's state-owned oil firm Sudapet has released a tender to sell 600,000 bl of November-loading Nile Blend crude. The tender closes on 28 September.

Tapis paper			
	Bid	Ask	+/-
Oct	78.16	78.26	+0.59
Nov	79.11	79.21	+0.59
Dec	79.72	79.82	+0.51
Jan	80.19	80.29	+0.45
Q4	78.95	79.05	+0.56
Q1	80.14	80.24	+0.45

Benchmarks	\$/bl
Tapis 15-45 day value	78.46
Tapis 30-60 day value	79.02
North Sea Dated	78.73
Substitute Dated	77.72

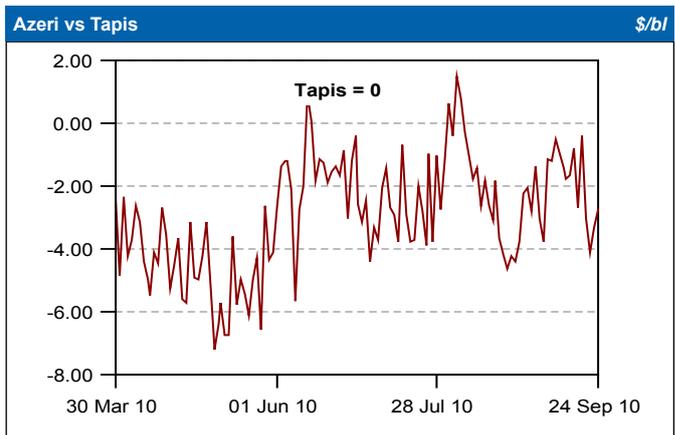
Sudan					
	Basis	Diff	Bid	Ask	+/-
Nile Blend	Dated*	-3.50	75.18	75.28	+1.18
Dar Blend	Dated*	-8.00	70.68	70.78	+1.18

* When North Sea Dated is unavailable due to a UK holiday, Substitute Dated will be used

Russia						
	Basis		Diff	Bid	Ask	+/-
ESPO Blend	Nov	Dubai	+0.48	75.66	75.76	+0.40
Sokol	Nov	Dubai swaps	+3.60	79.69	79.79	+0.39
Vityaz	Nov	Dubai swaps	+2.65	78.74	78.84	+0.39

Dirty freight rates from Kozmino (ESPO) 100,000t	\$/bl
To Yosu	0.67
To Tianjin	0.78
To Chiba	0.76
To Singapore	0.84

Russia-Caspian crude cif basis Singapore			
	Bid	Ask	+/-
BTC Blend	82.60	82.66	+1.18



Official formula prices

Saudi Arabia to US: fob Ras Tanura					\$/bl
	Basis	Aug	Sep	Oct	
Berri (Extra Light)	ASCI	+1.45	+1.15	+1.20	
Arab Light	ASCI	-0.40	-0.45	-0.35	
Arab Medium	ASCI	-2.10	-2.00	-1.90	
Arab Heavy	ASCI	-3.50	-3.35	-3.30	
Saudi Arabia to US: delivered US Gulf					\$/bl
Berri (Extra Light)	ASCI	+2.80	+2.50	+2.55	
Arab Light	ASCI	+0.95	+0.90	+1.00	
Arab Medium	ASCI	-0.75	-0.65	-0.55	
Arab Heavy	ASCI	-2.15	-2.00	-1.95	
Saudi Arabia to NW Europe: fob Ras Tanura					\$/bl
Berri (Extra Light)	Ice Bwave	-0.35	-1.70	-0.50	
Arab Light	Ice Bwave	-1.40	-2.40	-1.65	
Arab Medium	Ice Bwave	-3.05	-3.90	-3.15	
Arab Heavy	Ice Bwave	-3.90	-4.60	-4.15	
Saudi Arabia to Mediterranean: fob Sidi Kerir					\$/bl
Berri (Extra Light)	Ice Bwave	-0.30	-1.20	+0.05	
Arab Light	Ice Bwave	-1.95	-2.45	-1.05	
Arab Medium	Ice Bwave	-3.70	-4.15	-2.55	
Arab Heavy	Ice Bwave	-4.60	-4.90	-3.75	
Saudi Arabia to Mediterranean: fob Ras Tanura					\$/bl
Berri (Extra Light)	Ice Bwave	-0.60	-1.70	-0.40	
Arab Light	Ice Bwave	-2.25	-2.95	-1.50	
Arab Medium	Ice Bwave	-4.00	-4.65	-3.00	
Arab Heavy	Ice Bwave	-4.90	-5.40	-4.20	
Saudi Arabia to Asia-Pacific: fob Ras Tanura					\$/bl
Arab (Super Light)	Oman/Dubai avg	+1.10	+0.25	+1.00	
Berri (Extra Light)	Oman/Dubai avg	+0.80	+0.20	+0.30	
Arab Light	Oman/Dubai avg	-0.15	-0.65	-0.50	
Arab Medium	Oman/Dubai avg	-1.75	-2.15	-2.05	
Arab Heavy	Oman/Dubai avg	-3.00	-3.40	-3.35	
Iran to Mediterranean: fob Sidi Kerir					\$/bl
	Basis	Aug	Sep	Oct	
Iran Light	Ice Bwave	-2.10	-2.55	-1.00	
Iran Heavy	Ice Bwave	-3.35	-3.75	-2.15	
Foroozan Blend	Ice Bwave	-3.30	-3.70	-2.10	
Iran to Mediterranean: fob Kharg Island					\$/bl
Iran Light	Ice Bwave	-3.65	-4.00	-2.40	
Iran Heavy	Ice Bwave	-4.90	-5.20	-3.55	
Foroozan Blend	Ice Bwave	-4.85	-5.15	-3.50	
Soroush	Ice Bwave	-8.70	-8.40	-6.75	
Nowruz	Ice Bwave	-8.70	-8.40	-6.75	
Iran to NW Europe: fob Kharg Island					\$/bl
Iran Light	Ice Bwave	-2.25	-3.25	-1.95	
Iran Heavy	Ice Bwave	-2.80	-3.65	-2.75	
Foroozan Blend	Ice Bwave	-2.75	-3.60	-2.70	
Iran to Asia-Pacific: fob Kharg Island					\$/bl
Iran Light	Oman/Dubai avg	+0.10	-0.40	-0.28	
Iran Heavy	Oman/Dubai avg	-1.65	-2.05	-1.98	
Foroozan Blend	Oman/Dubai avg	-1.60	-2.00	-1.90	
Soroush	Oman/Dubai avg	-6.00	-6.40	-6.32	
Nowruz	Oman/Dubai avg	-6.00	-6.40	-6.32	
Kuwait to Asia-Pacific					\$/bl
	Basis	Aug	Sep	Oct	
Kuwait	Oman/Dubai avg	-2.00	-2.35	-2.30	
Kuwait to US					\$/bl
	Basis	Aug	Sep	Oct	
Kuwait	ASCI	-2.10	-2.00	-1.90	
Dubai fob					\$/bl
	Basis	Oct	Nov	Dec	
Dubai	Oman MOG OSP	-0.20	-0.20	-0.20	

Official formula prices

Yemen fob Salif/Ash Shihr					\$/bl
	Basis	Sep	Oct	Nov	
Marib Light	Dated	+0.00	+0.00	+0.00	
Masila	Dated	-0.08	-0.08	-0.68	
Iraq to Europe					\$/bl
	Basis	Aug	Sep	Oct	
Kirkuk (fob Ceyhan)	Dated	-0.95	-1.80	+0.15	
Basrah Light	Dated	-1.95	-2.95	-1.45	
Iraq to US					\$/bl
Kirkuk (fob Ceyhan)	ASCI	0.25	0.25	0.35	
Basrah Light	ASCI	-1.4	-1.3	-1.15	
Iraq to Asia-Pacific					\$/bl
Basrah Light	Oman/Dubai avg	-1.10	-1.55	-1.35	

Official selling prices

Abu Dhabi				\$/bl
	Jun	Jul	Aug	
Murban	74.80	73.00	74.60	
Lower Zakum	74.55	72.75	74.35	
Upper Zakum	72.85	71.20	72.80	
Umm Shaif	74.25	72.45	74.15	
Qatar				\$/bl
	Jun	Jul	Aug	
Dukhan/Land	74.00	72.35	73.95	
Premium to Dubai	+0.01	-0.14	-0.14	
Marine	72.75	71.25	72.90	
Premium to Dubai	-1.24	-1.24	-1.19	
Oman				\$/bl
	Aug	Sep	Oct	
Oman	74.09	72.50	74.58	
Indonesia				\$/bl
	Jun	Jul	Aug	
Minas	78.24	75.10	77.83	
Duri	71.18	72.35	71.79	
Widuri	72.40	72.45	73.84	
Belida	75.38	74.93	77.24	
Attaka	75.75	75.61	77.81	
Ardjuna	74.47	74.11	75.84	
Cinta	72.45	72.46	73.81	
Senipah	73.10	72.16	74.54	
Malaysia				\$/bl
	Jun	Jul	Aug	
Tapis	75.51	77.09	75.54	
Tapis 'Alpha' Premium	+4.05	+4.00	+3.70	
Labuan	75.51	77.09	75.54	
Miri	75.51	77.09	75.54	
Bintulu	75.21	76.79	75.24	
Dulang	75.21	76.79	75.24	
Brunei				\$/bl
	Jun	Jul	Aug	
Seria Light	75.53	77.11	75.56	
Champion	75.38	76.96	75.41	

Reference prices

Opec reference basket monthly average				\$/bl
	Jun	Jul	Aug	
Opec	72.97	72.51	74.15	
Japanese crude cocktail				\$/bl
	Apr	May	Jun	
JCC	79.86	85.00	79.66	

Americas

US Gulf coast and midcontinent pipeline

Gulf coast and midcontinent pipeline									\$/bl
	Month	Basis	Diff low	Diff high	Diff wtd avg	MTD wtd avg	Low	High	Wtd avg
WTI Diff to CMA Nymex	Oct	CMA	-2.30	-1.85	-2.08	-1.80			
WTI Postings-Plus	Oct	Pst	+1.00	+1.55	+1.06	+1.52			
WTI Midland	Oct	Oct	-0.25	-0.15	-0.20	-0.22	74.58	74.68	74.63
LLS	Oct	Oct	+4.90	+5.20	+5.05	+4.81	79.73	80.03	79.88
LLS	Nov	Nov	+4.50	+4.70	+4.53	+3.91	80.99	81.19	81.02
HLS	Oct	Oct	+4.00	+4.50	+4.25	+3.10	78.83	79.33	79.08
Thunder Horse	Oct	Oct	+1.75	+2.35	+2.05	+1.28	76.58	77.18	76.88
Bonito	Oct	Oct	+3.45	+3.80	+3.63	+2.39	78.28	78.63	78.46
Eugene Island	Oct	Oct	+3.25	+3.50	+3.38	+2.16	78.08	78.33	78.21
WTS	Oct	Oct	-1.85	-1.70	-1.78	-2.12	72.98	73.13	73.05
WTS	Nov	Nov	-2.20	-2.15	-2.18	-2.37	74.29	74.34	74.31
Poseidon	Oct	Oct	+0.45	+0.80	+0.63	-0.75	75.28	75.63	75.46
Mars	Oct	Oct	+1.00	+1.35	+1.24	-0.17	75.83	76.18	76.07
Mars	Nov	Nov	-0.25	-0.15	-0.19	-1.12	76.24	76.34	76.30
Southern Green Canyon	Oct	Oct	+0.00	+0.25	+0.13	-1.47	74.83	75.08	74.96

Wtd avg is volume-weighted average of deals done during entire trading day

October US domestic crude trading terminated with most differentials weaker in a very illiquid day overall.

The most active market was November LLS with 13,000 b/d trading to weaken its weighted-average differential by about 40¢/bl to around \$4.50/bl. Front-month LLS was the second-most active grade with just over 8,000 b/d changing hands between WTI +4.90/+6.00. At WTI +5.05, October LLS was about \$1/bl weaker than yesterday.

The only discussion heard on October HLS was WTI +4.00/+4.50, softer than yesterday's trade range of between WTI +4.50/+4.65.

October Mars ended the trade month at a premium to WTI over \$1/bl, about 10¢/bl weaker than yesterday. November Mars returned to a discount to November WTI with trades between 15-25¢/bl below the forward-month benchmark.

October Poseidon was exchanged in conversion trades for Mars at a 60¢/bl discount. October SGC traded on a ConocoPhillips' WTI Posting Basis +1.25 with bids and offers heard relative to WTI on either side at WTI Even/+0.25. The October/November SGC box also trade at +1.00.

Light sour Thunder Horse got done 10¢/bl weaker than yesterday at WTI +2.05. A very small October Eugene Island trade was reported at WTI +3.50. At the end of the day its value was called weaker. October Bonito's value continued to be pegged higher than Eugene Island.

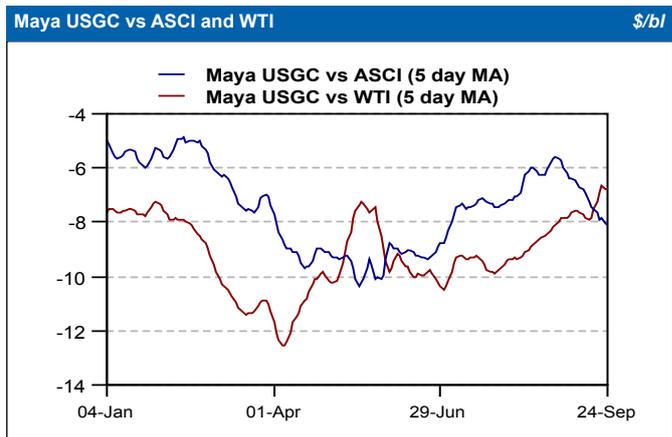
One trade for October WTI Midland surfaced at 20¢/bl under WTI Cushing. Yesterday's deals were at WTI -0.15 and -0.10. No trades were reported for WTS. October WTS was called close to where it traded yesterday when it got done between WTI -1.95/-1.70. November WTS was offered at WTI -2.15 where it traded yesterday.

Argus Sour Crude Index (ASCI™)				\$/bl
	Month	Basis	Diff	Price
ASCI	Oct	Oct	+1.24	76.07

See index methodology on p3

WTI Formula Basis			\$/bl
Month		MTD avg	
Oct	74.83	74.56	
Nov	76.49		

WTI Formula Basis is used to calculate prices for US Gulf coast and Midcontinent grades



US Gulf coast waterborne and midcontinent

Gulf coast waterborne							\$/bl
	Timing	Basis	Low	High	Low	High	+/-
Saharan Blend	Dated	Nov	+4.50	+5.50	80.99	81.99	+1.06
Qua Iboe	Dated	Nov	+5.00	+6.00	81.49	82.49	+1.06
Escravos	Dated	Nov	+4.60	+5.60	81.09	82.09	+1.06
Forties del	Dated	Nov	+3.65	+4.65	80.14	81.14	+1.06
Nemba	Dated	Nov	+2.75	+3.75	79.24	80.24	+1.06
Kissanje	Dated	Nov	+3.05	+4.05	79.54	80.54	+1.06
Basrah Light	Dated	Nov	-0.55	-0.05	75.94	76.44	+1.01

Midcontinent delivered equivalent							\$/bl
	Month	Basis	Low	High	Low	High	+/-
LLS	Oct	Oct	+5.45	+5.75	80.28	80.58	+0.45
LSB	Nov	Nov	-6.25	-3.45	70.24	73.04	+1.31
Mars	Oct	Oct	+1.67	+2.02	76.50	76.85	+1.37
WCS	Nov	Nov	-13.26	-12.76	63.23	63.73	+1.81
LLB	Nov	Nov	-13.51	-13.01	62.98	63.48	+6.18

A narrowing in WTI's discount to the North Sea Dated benchmark left asking prices for delivered foreign grades at the US Gulf coast weaker heading into the weekend.

Despite firming transatlantic freight rates from destinations in west Africa to the Gulf coast region, offer levels for delivered shipments of Nigerian and Angolan crudes edged lower compared with the previous session.

A cargo of Bonny Light for delivery at the Gulf coast nearing the middle of October was heard for sale during discussion today at a premium of \$5.70/bl to November WTI. This was 30¢/bl softer from an asking price heard attached to the same shipment during discussion yesterday.

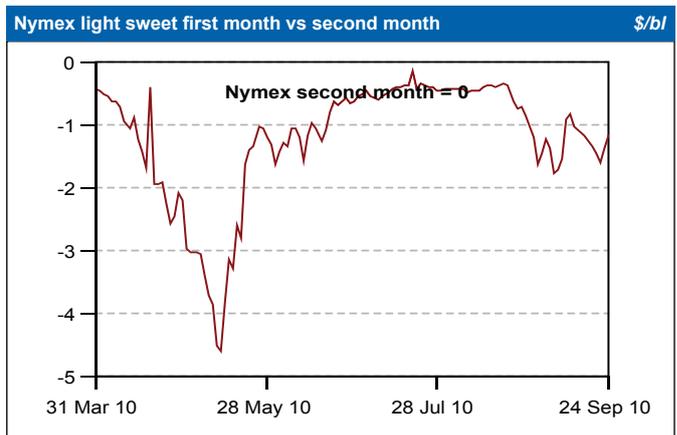
Qua Iboe was heard reappearing on offer to buyers in the Gulf coast after limited discussion for the grade during the past couple of sessions. A cargo scheduled for delivery during the second half of October was heard offered today at a premium of \$4.80/bl to December WTI.

Light sweet foreign crudes available out of Louisiana Offshore Oil Port (Loop) storage also were heard for sale at softer levels today. Volumes with availability in a prompt through mid October window were heard seeking buyers at premiums of \$5.70/bl to November WTI, some 30¢/bl weaker from where volumes were heard marketed yesterday.

A cargo of Angolan Girassol with delivery dates beginning next week through the month of October was heard offered during today's discussion at a premium of just over \$4.70/bl to November WTI.

Delivered shipments of Saharan Blend were heard to be available once again today for Gulf coast delivery in scattered periods. A cargo for delivery in a prompt window was heard on show at a premium of just over \$5.70/bl to November WTI, while a shipment with delivery dates near the middle of November was heard with a premium asking price of \$4.50/bl over December WTI attached to it.

Americas crude deals done					
WTI Cash Roll			LLS		
Oct/Nov	-1.85	1452	Nov	+4.50	1000
Oct/Nov	-1.85	3871	Nov	+4.50	1000
Oct/Nov	-1.80	1000	Nov	+4.50	2000
Oct/Nov	-1.75	1000	Nov	+4.50	2000
Oct/Nov	-1.75	1129	Nov	+4.50	3000
Oct/Nov	-1.75	3226	Nov	+4.55	2000
Oct/Nov	-1.70	1000	Nov	+4.60	1000
Oct/Nov	-1.65	806	Nov	+4.70	1000
Oct/Nov	-1.65	1613	Nov/Dec	+0.95	2000
Oct/Nov	-1.65	1613	Nov/Dec	+0.95	5000
Oct/Nov	-1.60	806	Nov/Dec	+1.00	5000
Oct/Nov	-1.60	1613	Nov/Dec	+1.00	5000
Oct/Nov	-1.55	806	Nov/Dec	+1.05	3000
Oct/Nov	-1.55	5290	Oct	+4.90	1000
Oct/Nov	-1.50	1484	Oct	+4.90	1000
Oct/Nov	-1.50	1613	Oct	+4.90	4000
Oct/Nov	-1.47	1613	Oct	+5.20	1000
WTI CMA (Merc)			Oct	+5.40	500
Nov	-1.62	1000	Oct	+6.00	595
Nov	-1.61	1000	Oct/Nov	+1.25	5290
Nov	-1.61	1000	Mars		
WTI CoP P-Plus			Nov	-0.25	2000
Oct	+1.06	2000	Nov	-0.20	1000
WTI Midland			Nov	-0.20	2000
Oct	-0.20	1800	Nov	-0.15	1000
Eugene Island			Nov	-0.15	2000
Oct	+3.50	161	Nov/Dec	+1.05	2000
Poseidon vs. Mars			Nov/Dec	+1.05	5000
Oct	-0.60	945	Oct	+0.90	61
Oct	-0.60	1500	Oct	+1.00	1300
SGC			Oct	+1.25	595
Oct/Nov	+1.00	1129	Oct	+1.25	1000
SGC vs. CoP P-Plus			Oct	+1.25	1000
Oct	+1.25	1300	Oct	+1.30	1129
Thunder Horse			Oct	+1.35	1000
Oct	+2.05	2000	Oct	+1.35	1000



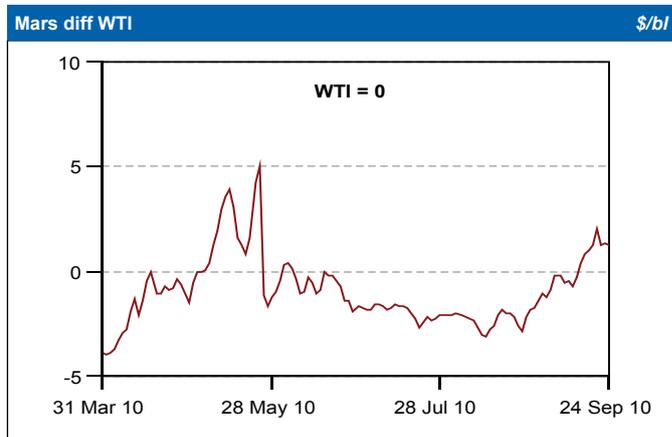
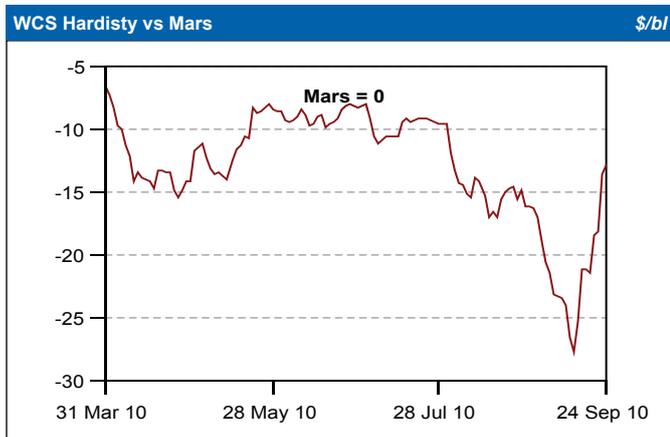
Deals done

US crude deals								\$/b
Grade	Location	Trade month	Basis month	Differential basis	Differential	Price	Volume (b/d)	
WTI	Cushing Oklahoma	Nov	Nov	CMA Nymex Trade Days	-1.62		1,000	
WTI	Cushing Oklahoma	Nov	Nov	CMA Nymex Trade Days	-1.61		1,000	
WTI	Cushing Oklahoma	Nov	Nov	CMA Nymex Trade Days	-1.61		1,000	
WTI	Cushing Oklahoma	Oct	Oct	ConocoPhillips Posting	+1.06		2,000	
WTI	Cushing Oklahoma	Oct	Nov	WTI	-1.85		1,452	
WTI	Cushing Oklahoma	Oct	Nov	WTI	-1.85		3,871	
WTI	Cushing Oklahoma	Oct	Nov	WTI	-1.80		1,000	
WTI	Cushing Oklahoma	Oct	Nov	WTI	-1.75		3,226	
WTI	Cushing Oklahoma	Oct	Nov	WTI	-1.75		1,000	
WTI	Cushing Oklahoma	Oct	Nov	WTI	-1.75		1,129	
WTI	Cushing Oklahoma	Oct	Nov	WTI	-1.70		1,000	
WTI	Cushing Oklahoma	Oct	Nov	WTI	-1.65		1,613	
WTI	Cushing Oklahoma	Oct	Nov	WTI	-1.65		1,613	
WTI	Cushing Oklahoma	Oct	Nov	WTI	-1.65		806	
WTI	Cushing Oklahoma	Oct	Nov	WTI	-1.60		1,613	
WTI	Cushing Oklahoma	Oct	Nov	WTI	-1.60		806	
WTI	Cushing Oklahoma	Oct	Nov	WTI	-1.55		806	
WTI	Cushing Oklahoma	Oct	Nov	WTI	-1.55		5,290	
WTI	Cushing Oklahoma	Oct	Nov	WTI	-1.50		1,613	
WTI	Cushing Oklahoma	Oct	Nov	WTI	-1.50		1,484	
WTI	Cushing Oklahoma	Oct	Nov	WTI	-1.47		1,613	
WTI	Midland Texas	Oct	Oct	WTI	-0.20		1,800	
Eugene Island	St. James Louisiana	Oct	Oct	WTI	+3.50		161	
LLS	St. James Louisiana	Nov	Dec	LLS	+0.95		2,000	
LLS	St. James Louisiana	Nov	Dec	LLS	+0.95		5,000	
LLS	St. James Louisiana	Nov	Dec	LLS	+1.00		5,000	
LLS	St. James Louisiana	Nov	Dec	LLS	+1.00		5,000	
LLS	St. James Louisiana	Nov	Dec	LLS	+1.05		3,000	
LLS	St. James Louisiana	Oct	Nov	LLS	+1.25		5,290	
LLS	St. James Louisiana	Nov	Nov	WTI	+4.50		1,000	
LLS	St. James Louisiana	Nov	Nov	WTI	+4.50		1,000	
LLS	St. James Louisiana	Nov	Nov	WTI	+4.50		2,000	
LLS	St. James Louisiana	Nov	Nov	WTI	+4.50		2,000	
LLS	St. James Louisiana	Nov	Nov	WTI	+4.50		3,000	
LLS	St. James Louisiana	Nov	Nov	WTI	+4.55		2,000	
LLS	St. James Louisiana	Nov	Nov	WTI	+4.60		1,000	
LLS	St. James Louisiana	Nov	Nov	WTI	+4.70		1,000	
LLS	St. James Louisiana	Oct	Oct	WTI	+4.90		1,000	
LLS	St. James Louisiana	Oct	Oct	WTI	+4.90		1,000	
LLS	St. James Louisiana	Oct	Oct	WTI	+4.90		4,000	
LLS	St. James Louisiana	Oct	Oct	WTI	+5.20		1,000	
LLS	St. James Louisiana	Oct	Oct	WTI	+5.40		500	
LLS	St. James Louisiana	Oct	Oct	WTI	+6.00		595	
Mars	Clovelly Louisiana	Nov	Dec	Mars	+1.05		2,000	
Mars	Clovelly Louisiana	Nov	Dec	Mars	+1.05		5,000	
Mars	Clovelly Louisiana	Nov	Nov	WTI	-0.25		2,000	
Mars	Clovelly Louisiana	Nov	Nov	WTI	-0.20		2,000	
Mars	Clovelly Louisiana	Nov	Nov	WTI	-0.20		1,000	
Mars	Clovelly Louisiana	Nov	Nov	WTI	-0.15		1,000	
Mars	Clovelly Louisiana	Nov	Nov	WTI	-0.15		2,000	
Mars	Clovelly Louisiana	Oct	Oct	WTI	+0.90		61	
Mars	Clovelly Louisiana	Oct	Oct	WTI	+1.00		1,300	
Mars	Clovelly Louisiana	Oct	Oct	WTI	+1.25		595	
Mars	Clovelly Louisiana	Oct	Oct	WTI	+1.25		1,000	
Mars	Clovelly Louisiana	Oct	Oct	WTI	+1.25		1,000	
Mars	Clovelly Louisiana	Oct	Oct	WTI	+1.30		1,129	
Mars	Clovelly Louisiana	Oct	Oct	WTI	+1.35		1,000	
Mars	Clovelly Louisiana	Oct	Oct	WTI	+1.35		1,000	
Poseidon	Houma Louisiana	Oct	Oct	Mars	-0.60		945	
Poseidon	Houma Louisiana	Oct	Oct	Mars	-0.60		1,500	
Southern Green Canyon	Nederland / Texas City	Oct	Oct	ConocoPhillips Posting	+1.25		1,300	
Southern Green Canyon	Nederland / Texas City	Oct	Nov	Southern Green Canyon	+1.00		1,129	

Deals done continued

US crude deals								\$/b/
Grade	Location	Trade month	Basis month	Differential basis	Differential	Price	Volume (b/d)	
Thunder Horse	Clovelly Louisiana	Oct	Oct	WTI	+2.05		2,000	

Global crude deals											\$/b/
Region	Grade	Deal date	Delivery period	Volume (bl)	Price	Diff timing	Diff basis	Diff price	Loading from	Loading to	
Russia-Caspian	Sokol	17-Sep-2010		700			Dubai	+3.40	01-Nov-2010	30-Nov-2010	
Mideast Gulf	Dubai	20-Sep-2010		500			Dubai	-0.80	01-Nov-2010	30-Nov-2010	
Mideast Gulf	Dubai	20-Sep-2010		500			Dubai	-0.80	01-Nov-2010	30-Nov-2010	
Mideast Gulf	Murban	22-Sep-2010		600			Adnoc	+0.93	27-Nov-2010	29-Nov-2010	
Asia-Pacific	Northwest Shelf con-	23-Sep-2010		600,000			North Sea Dated	-2.10	01-Nov-2010	15-Nov-2010	
Northwest Europe	21-day North Sea	24-Sep-2010	Nov	200,000	78.97						
Northwest Europe	21-day North Sea	24-Sep-2010	Nov	100,000	78.94						
Northwest Europe	21-day North Sea	24-Sep-2010	Nov	100,000	78.91						
Northwest Europe	21-day North Sea	24-Sep-2010	Nov	100,000	78.92						
Northwest Europe	21-day North Sea	24-Sep-2010	Nov	100,000	78.91						
Northwest Europe	21-day North Sea	24-Sep-2010	Nov	100,000	79.03						
Northwest Europe	21-day North Sea	24-Sep-2010	Nov	100,000	78.92						
Northwest Europe	North Sea Dated CFD	24-Sep-2010		100,000		Nov	North Sea	-0.32	27-Sep-2010	01-Oct-2010	
Northwest Europe	North Sea Dated CFD	24-Sep-2010		100,000		Nov	North Sea	-0.32	27-Sep-2010	01-Oct-2010	
Northwest Europe	North Sea Dated CFD	24-Sep-2010		100,000		Nov	North Sea	-0.35	04-Oct-2010	08-Oct-2010	
Northwest Europe	North Sea Dated CFD	24-Sep-2010		100,000		Nov	North Sea	-0.35	04-Oct-2010	08-Oct-2010	
Northwest Europe	North Sea Dated CFD	24-Sep-2010		100,000		Nov	North Sea	-0.35	04-Oct-2010	08-Oct-2010	
Northwest Europe	North Sea Dated CFD	24-Sep-2010		150,000		Nov	North Sea	-0.35	04-Oct-2010	08-Oct-2010	
Northwest Europe	North Sea Dated CFD	24-Sep-2010		200,000		Dec	North Sea	-0.57	11-Oct-2010	15-Oct-2010	
Northwest Europe	North Sea Dated CFD	24-Sep-2010		500,000		Dec	North Sea	-0.60	11-Oct-2010	15-Oct-2010	
Northwest Europe	North Sea Dated CFD	24-Sep-2010		200,000		Dec	North Sea	-0.60	11-Oct-2010	15-Oct-2010	
Northwest Europe	North Sea Dated CFD	24-Sep-2010		100,000		Dec	North Sea	-0.60	11-Oct-2010	15-Oct-2010	
Northwest Europe	North Sea Dated CFD	24-Sep-2010		100,000		Dec	North Sea	-0.60	11-Oct-2010	15-Oct-2010	
Russia-Caspian	Azeri Light	24-Sep-2010		600,000			North Sea Dated	+1.90	20-Oct-2010	24-Oct-2010	
Russia-Caspian	Urals NWE	24-Sep-2010		730,000			North Sea Dated	-0.65	04-Oct-2010	08-Oct-2010	



US west coast and Latin America

US west coast

West coast pipeline							\$/bl
	Month	Basis	Low	High	Low	High	+/-
SJLB P-Plus	Oct	Pst	-0.10	+0.10	75.83	76.03	+1.30
Implied WTI diff	Oct	Oct	+1.00	+1.20			
Line 63 P-Plus	Oct	Pst	+1.10	+1.30	77.03	77.23	+1.30
Implied WTI diff	Oct	Oct	+2.20	+2.40			
Midway Sunset P-Plus	Oct	Pst	+0.45	+0.75	70.73	71.03	+1.30
Implied WTI diff	Oct	Oct	-4.10	-3.80			
Light postings avg					75.93		+1.30
Heavy postings avg					70.28		+1.30

West coast waterborne							\$/bl
	Timing	Basis	Low	High	Low	High	+/-
ANS	Nov	Nov	-0.25	+0.75	76.24	77.24	+1.31
Oriente	Dated	Dec	-3.85	-2.85	73.80	74.80	+1.11

Latin America

Latin America							\$/bl
	Timing	Basis	Low	High	Low	High	+/-
Cusiana	Dated	Dec	+1.25	+2.25	78.90	79.90	+1.11
Cano Limon	Dated	Dec	-1.00	-0.50	76.65	77.15	+1.11
Vasconia	Dated	Dec	-1.50	-1.00	76.15	76.65	+1.36
Escalante	Dated	Dec	-3.15	-2.95	74.50	74.70	+1.11
Oriente	Dated	Dec	-6.75	-5.75	70.90	71.90	+1.11
Napo	Dated	Dec	-10.25	-9.25	67.40	68.40	+1.11
Castilla	Dated	Dec	-8.25	-7.25	69.40	70.40	+1.11
Olmecca	Dated	Oct	+1.46		76.29		+4.72
K-factor	Sep		-0.85				
Isthmus	Dated	Oct	-0.56		74.27		+3.24
K-factor	Sep		-2.65				
Maya	Dated	Oct	-6.91		67.92		+2.12
K-factor	Sep		-4.15				

The October trade month ended quietly at the US west coast today following Alaskan North Slope (ANS) crude's move from a discount to a premium to November WTI yesterday.

A shipment of November ANS traded late in the previous session in a deal concluded at a premium of 25¢/bl above November WTI, which was over \$1.30/bl firmer compared with previous trade for November cargoes last week in deals taking place in a range of November WTI -1.15/-1.00.

Market participants had little explanation today for what was accounting for stronger differential pricing for November ANS, with most traders in agreement that production issues at the North Slope were not playing a role.

As of 23 September, to-date ANS production during the month of September has averaged 625,984 b/d, according to the latest data available from Alaska's department of revenue tax division. This is over 120,000 b/d higher than ANS output during the same period in August, tax division historical data showed.

But historical data from Alaska's tax division did indicate that this year's to-date September output was around 48,000 b/d lower compared with the same timeframe last year, when ANS production through the 23 September 2009 averaged 673,971 b/d.

The spot markets for California light and heavy domestic crudes also passed a subdued session today, with neither fresh discussion nor trade surfacing by the day's end.

A deal for San Joaquin Valley Light Blend (SJVL) for volumes delivering during the month of October was confirmed done yesterday at Even to the Buena Vista Postings Average. October San Joaquin Valley Heavy (SJVH) crude was confirmed trading last week in a deal taking place at a premium of 60¢/bl to the Midway-Sunset Postings Average.

A couple of 50,000t cargoes were fixed from Ecuador to the US west coast this week at WS 160, unchanged from a week ago. Brokers said there were reports that a WS 150 had been done, but that would be a steep drop for the run.

Aside from the launch of a Chilean crude oil buy tender, the Latin American market ended the week on a quiet note.

Chile's Enap has launched a tender to purchase close to 5mn bl of crude for November delivery. Bids are due Tuesday, 28 September. The company previously held tenders for smaller lots every 10 to 15 days. The firm has been conducting tenders for larger volumes once per month since July, company sources say.

An asking price of Even to December WTI for a cross-month October-November delivering cargo of Vasconia on show to US Gulf coast buyers earlier in the week was heard to be moving to premiums above benchmark WTI on a delivered basis. But no buyers were heard to have emerged by the session's end.

Otherwise, Caribbean Aframax rates held steady today after falling below the Worldscale (WS) 100 barrier earlier in the week as the volume of available tonnage continued to build amid a lack of new orders. The remaining cargoes left for September were covered, but rates for these slipped 2.5pt on the week to WS 97.5 for 70,000t cargoes from the Caribbean to the US Gulf. Brokers said rates could come under further downward pressure but it will be dependent on whether ship owners will have the resolve to hold rates where they are. At WS 95, the return on the voyage would be under \$4,500/day and some owners may be reluctant to take such a low rate.

For the Panamax, brokers said a few cargoes were being worked privately but rates remained unchanged at WS 110 for 50,000t cargoes from the Caribbean to the US Gulf.

Canada

Pipeline Volume Weighted Indices

Grade	Timing	Basis	Low/High (diff)	Low/High outright	+/-	Daily Wtd Avg (diff)	Daily Wtd Outright	Daily Deals	Daily Volume	Trade Month Wtd Avg	Monthly Deals	Monthly Volume
Syncrude (SYN)	Nov	Nov	-2.75/-1.75	73.74/74.74	+1.31	-2.25	74.24	0	0	-	-	-
WCS	Nov	Nov	-16.25/-15.75	60.24/60.74	+0.50	-16.00	60.49	0	0	-	-	-

Pipeline Low/High Prices

	Month	Basis	Low	High	Low	High	+/-
Condensate	Nov	Nov	-1.30	-0.70	75.19	75.79	+1.31
MSW	Nov	Nov	-5.90	-5.00	70.59	71.49	+1.31
LSB	Nov	Nov	-8.00	-5.20	68.49	71.29	+1.31
LLB	Nov	Nov	-16.50	-16.00	59.99	60.49	+6.19

Waterborne

	Basis	Low	High	Low	High	+/-
Hibernia	Dated	-0.10	+0.10	78.63	78.83	+12.18
Terra Nova	Dated	-0.30	-0.10	78.43	78.63	+12.18

Western Canadian heavy crude continued to trade stronger on optimism that Enbridge’s Line 6B will restart next week and its 450,000 b/d Alberta Clipper pipeline will soon begin deliveries.

In a subdued session, November volumes of WCS were heard trading around the WTI -16.00 level, falling within yesterday’s WTI -17.50/-15.50 range.

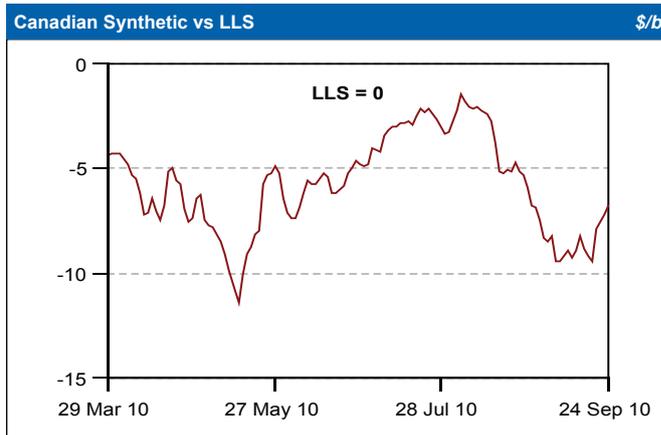
Enbridge informed shippers that it will seek to begin operations on its Alberta Clipper system on 1 October, providing additional heavy crude capacity out of western Canada.

In other news, the Syncrude joint venture in Fort McMurray, Alberta, has slashed its internal production forecasts for September and October as a result of unplanned maintenance.

The coalition trimmed the September forecast by about 23,000 b/d, while the October forecast was cut by nearly 39,000 b/d, the people said.

The work caused Canadian Oil Sands Trust (COS), the largest partner in the consortium, to revise yesterday’s Syncrude yearly production forecast to 105mn bl, or about 287,700 b/d, from 110mn bl, or 301,400 b/d.

The Argus assessment of November Syncrude remained at a -2.25 discount to WTI, which is firmer compared with earlier in the week as the production cut impacted spot market supply of the light sweet crude.



ANNOUNCEMENT — Argus Sour Crude Index (“ASCI”)**Proportional assessment**

Following the end of the third trading quarter of 2010 and in accordance with the *ASCI* price methodology, Argus has revised the proportionality assigned to Mars, Poseidon and SGC to be used in the event that the combined volume minimum of 6,000 b/d is not met in any given trade day. The latest proportional assessment values are based on the volume of trade over the last six trade months and will be applicable for the next three trade months starting 26 August and ending 24 November 2010. Each grade has been assigned the following percentage values:

Mars	72pc
Poseidon	10pc
SGC	18pc

A table containing a history of the proportional assessment values can be found in the *ASCI* price methodology, which is available at www.argusmedia.com/asci. If you have any questions or would like to comment on these changes, please contact Gustavo Vasquez at gustavo.vasquez@argusmedia.com and (713) 968-0014 or Amanda Hillman Smith at amanda.smith@argusmedia.com and (713) 968-0013.

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This new publication offers a comprehensive review of international physical petroleum markets and trading.

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- Price risk management
- Market regulation

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INVESTOR IN PEOPLE



THE QUEEN'S AWARDS
FOR ENTERPRISE
2009

Industry News

Dana board recommends KNOC takeover

The board of UK-listed Dana Petroleum this afternoon recommended that shareholders accept the £18.00/share offer made for the company by South Korea's state-owned KNOC.

The change in stance from the board, which for weeks has insisted that the offer undervalued the company, follows KNOC's announcement earlier today that it now either owns or has received valid acceptances for just over 64pc of Dana's shares.

KNOC declared its takeover offer "wholly unconditional", waived a clause in the original offer document that required it to have 90pc acceptances from shareholders, and said it will apply for Dana's delisting from the London Stock Exchange if it manages to secure more than 75pc of the company.

"In light of KNOC's stated intention to delist the company, today we are reluctantly recommending that shareholders accept KNOC's offer because we believe that this is now in the best interest of the significant number of Dana shareholders who have supported the company and not yet accepted," said Dana chairman Colin Goodall.

KNOC earlier warned that once Dana was delisted, outstanding shares would have little liquidity or marketability.

As of the end of March, Dana board members held a total of some 5pc of shares in the company.

This week, IHS Herold analyst Michael Wang, who specializes in Asian national oil companies, said the hostile bid was a milestone for the group and likely the start of a trend.

"It's not going to be the last one," he said. "We expect more hostile bids to come."

Enbridge to start Alberta Clipper deliveries soon

Canadian pipeline operator Enbridge will start moving crude to refiners on its 450,000 b/d Alberta Clipper pipeline in early Octo-

ber, shippers informed of the plans told *Argus*.

The heavy crude pipeline, which is also called Line 67, stretches from Hardisty, Alberta to Superior, Wisconsin.

Enbridge began line fill of the system around 1 April. Shippers had been providing volumes of heavy sour Cold Lake crude to fill the pipeline, but Enbridge also began to allow shippers to use volumes of Western Canadian Select (WCS) crude to fill the system after the shutdown of the Line 6B system caused heavy crude to back up in western Canada.

Enbridge shut Line 6B on 26 July after a rupture spilled 19,500 bl of oil in Michigan.

As of 20 September, the system needed about 160,000 bl of heavy crude injected into it to complete line fill, according to a shipper document, which targets 1 October for the start of operations.

Enbridge did not respond to a request for comment.

US Gulf drilling slowed until 2012, BofA says

Any material pickup in either shallow or deepwater drilling in the US Gulf of Mexico will not happen until 2012 because of a "de facto moratorium" in the form of permitting delays from the US Bureau of Ocean Energy Management, Regulation and Enforcement (BOEM), Bank of America-Merrill Lynch said in a report today.

The bank said the assumption arose from a series of roundtable discussions in Washington, DC, with senior US government officials and committee staffers.

The US Department of the Interior imposed the six-month deepwater drilling ban on 28 May following the fatal 20 April rig explosion at BP's Macondo well site in the Gulf, which caused a three-month oil leak.

The bank's base case for US Gulf drilling had called for an end to the deepwater drilling moratorium in mid-2011, including continued delays from the permitting process.

"Following our meeting in Washington, DC, we are increasingly concerned that the de facto Gulf of Mexico drilling moratorium will extend into 2012, six months longer than our current base case," the bank's analysts said in the report.

Democratic staffers suggested the move toward a steady issue of shallow water permits may take six to 12 months, and getting the first dozen deepwater permits may be even slower given the level of scrutiny and fear weighing on BOEM, the bank said.

Officials told the bank that the relationship BOEM has with the industry is "adversarial with emphasis on enforcement rather than by collaboration."

The bank said there is bipartisan agreement that the agency is underfunded and that it lacks the manpower and training necessary to implement whatever new rules the US government issues. BOEM director Michael Bromwich has said the agency would release the rules by 30 September.

In addition, shallow-water operators are finding it difficult to comply with new rules issued in June requiring them to provide blowout and worst-case discharge scenarios, the bank said. Some officials in Washington have suggested the rules may be illegal because retrospective application may represent a breach of contract on leases in place, the bank said.

The bank said it expects more rigs to migrate to other markets, with two of the five rigs scheduled for delivery in the Gulf by the end of 2011 seen finding work outside the area.

The bank's outlook is similar to that of energy consultancy IHS Herold, which said this week that 400,000 b/d of crude output expected to start up in the US Gulf by 2015 may not materialize even if the deepwater drilling moratorium expires in

Infrastructure News

Poor weather halts Algeria exports

Exports of Algerian crude came to a standstill this morning after poor weather conditions forced authorities to close two export terminals.

Port authorities closed Arzew and Bethioua around 03:45 local time because of deteriorating weather conditions. It was unclear when the two ports would reopen.

Just one tanker was loading crude at Arzew as of last night. Four other tankers are waiting to load, although the closure has yet to cause any serious disruption to shipments.

Chevron shuts plant at Pascagoula after fire

Chevron shut down a hydrocracker last night at its 330,000 b/d refinery in Pascagoula, Mississippi, following a fire, the company said.

The isomax unit, a type of hydrocracker, is one of two at the refinery, Chevron spokesman Steve Renfroe said. The two units have a combined capacity of 58,000 b/d. The hydrocracking process uses a catalyst in the presence of hydrogen to turn feedstock into distillates and gasoline.

The fire, which occurred around 9:30 p.m. ET and was quickly extinguished by Chevron's in-house fire crew, did not affect any other units or cause any injuries, Renfroe said, adding he did not know when the hydrocracker would return

Infrastructure News (Continued)

to service.

"We're still supplying products to customers," he said.

Hess says Port Reading refinery OK after storm

US integrated oil company Hess' 65,000 b/d refinery in Port Reading, New Jersey, is operating normally after a power disruption on 22 September, the company said today.

The disruption had "minimal impact on production", a Hess spokeswoman said.

The facility, where the main processing unit is a fluid catalytic cracker, processes residual fuel oil and vacuum gas oil to make gasoline and heating oil.

ExxonMobil's Beaumont refinery has flaring

Conditions at ExxonMobil's 348,000 b/d refinery in Beaumont, Texas, have caused the refinery to flare, the company said.

In a message on a local community hotline in the last 48 hours, the company said, "Operating conditions within the plant require that we flare at this time."

ExxonMobil spokeswoman Kristen Hellmer declined to comment on the operational status of the refinery. "Flaring occurs from time to time as part of day-to-day operations," she said.

On 10 September, the company said in a message on the same line that it was beginning a turnaround at the refinery. "I don't have any information on the planned maintenance, other than it will happen during September 2010," Hellmer said.

BP Texas City reformer resuming operation

An Ultraformer at BP's 475,000 b/d refinery in Texas City, Texas, will start up today following downtime related to maintenance and repair, the company said.

BP shut down Ultraformer No. 4, a type of reformer, after a compressor went off line on 5 September. Reformers produce gasoline blending components.

The unit will resume operation between today and 27 September, the company said in a filing with the Texas Commission on Environmental Quality.

Greece strike halts bitumen loading

A nationwide strike by Greek truck drivers has led to a halt in loadings of bitumen at all four domestic refineries, but transport fuel supplies appear to have been unaffected, Balkan oil traders said today.

The strike, which began on 20 September, was called by the country's main truck drivers' union after a government minister said licences would no longer be required for companies to operate trucks. This has triggered opposition from owner-drivers and haulage company operators who have paid large sums for their existing licences and are worried about competition from new market entrants.

The biggest market impact of the strike has been on the truck loadings of bitumen at Hellenic Petroleum's 72,000 b/d Thessaloniki refinery.

Bitumen exports to Bulgaria from the Thessaloniki refinery jumped to 734t in August from 320t in July. Those volumes are carried on trucks, each carrying 24t. The inland refinery is also a big domestic supplier of bitumen in a region of Greece where some road project work is under way.

Industry News (Continued)

November. IHS cited the slow permit process and uncertainty over the oil spill liability cap, which is set at \$75mn and is proposed to be eliminated.

Noble chief executive Chuck Davidson and Independent Petroleum Association of America Bruce Vincent, president of fellow US independent Swift, both have said recently they do not expect US Gulf drilling to rebound until late 2011 at best.

West Africa Suezmax activity picks up

Interest in moving very large crude carriers (VLCCs) out of West Africa picked up in the week now ending, resulting in two VLCCs being fixed for either transatlantic, UK-Continent or Mediterranean discharge, one loading on October 9, the other on October 22.

Brokers suggested that there was other chartering interest for VLCCs but ships in place were scarce for the 10-20 October date range, which could begin to have an impact on the 130,000t Suezmax market, where demand for ships to move transatlantic was already showing signs of picking up.

A steady stream of fixtures for US Gulf and US Atlantic coast destinations was reported, and the expectation was that rates would hold steady at Worldscale (WS)65 for US Gulf and WS67.5 for US Atlantic coast discharge, but charterers were said to be pushing for a couple of points lower, resulting in one vessel being fixed at WS62.5 at the start of the week for a WAF-US Gulf voyage.

Brokers suggested the market remained slightly higher for good-quality prompt tonnage, but discussion then settled around this level for the balance of the week, the marginal increase in discussion not enough to stave off a slight dip in rates overall. Rates are now broadly expected to have reached bottom, with returns for owners under pressure at these levels and more cargoes for dates towards mid-October expected to provide a solid floor to the market.

Activity in the 260,000t VLCC market in the Mideast Gulf was subdued through the week by a succession of public holidays in China, Japan and South Korea. The widely discussed oversupply of ships in relation to cargo enquiries in the first 10 days of the month continued to be a feature, but cargoes were steadily being fixed and the market began to look a little more balanced. Owners were keen to hold rates steady in the WS47-48 range for eastbound voyages, and rates did stabilize in this range for most business on modern double-hulled vessels through the week.

Spot rates for crude tankers in the Asia-Pacific have weakened slightly, as regional oil demand remains weak amid ample available capacity. Spot rates for Aframax vessels carrying ESPO Blend from the far east Russian port of Kozmino have also fallen.

Kozmino-Japan rates are currently assessed at \$530,000-\$540,000 compared with \$545,000 a week earlier. Kozmino-Tianjin, China rates are around \$540,000-\$550,000, compared with \$550,000 a week ago.

Caribbean Aframax rates fell below the WS100 barrier this week as the volume of available tonnage continued to build amid a lack of new orders.

The remaining cargoes left for September were covered, but rates for these slipped 2.5pt on a week ago to W97.5 for 70,000t cargoes from the Caribbean to the US Gulf. Brokers said rates could come under further downward pressure but it will be dependent on whether ship owners will have the resolve to hold rates where they are. For the Panamax, brokers said a few cargoes were being worked privately but rates remained unchanged at WS110 for 50,000t cargoes from the Caribbean to

Infrastructure News (Continued)

Meanwhile, supplies of gasoline and other transport fuels appear to have been unaffected. "In the past, truck drivers' strikes in Greece have caused immediate gasoline shortages at petrol stations, but this time there has been no noticeable effect on those supplies," a Greek oil products trader said.

Support for the strike has already begun to fade, with many of the country's truck workers opposed to the action continuing.

Industry News (Continued)

the US Gulf.

A couple of 50,000t cargoes were fixed from Ecuador to the US west coast this week at WS160, unchanged from a week ago. Brokers said there were reports that a WS150 had been done, but that would be a steep drop for the run.

Crude in floating storage update

The number of trading very large crude carriers (VLCCs) storing crude stood at two today, up from one last week, according to shipbrokers Icap.

One is offshore Fujairah in the UAE and the other offshore Singapore.

One of the Iranian state-owned NITC VLCCs employed in long-term storage has discharged, reducing the total to six. Another 13 are engaged in short-term storage or shuttle operations, said Icap.

The number of VLCCs storing gasoil is stable at three.

Interior to end RIK program on 30 September

The US Interior Department will close out its controversial royalty in kind (RIK) program on 30 September, when all existing contracts under the program expire, interior secretary Ken Salazar said today.

"The termination of the royalty in kind program is part of our commitment to ensuring that royalty collection on behalf of the American people is conducted transparently, accurately and fairly," Salazar said.

The RIK program enabled oil and gas producers to pay the royalties owed to the federal government for production on federal lands in the form of actual oil and gas rather than in cash.

RIK was popular with producers because it allowed them to forego the often-complicated calculations necessary to make cash royalty payments.

But the program was plagued by scandal. Interior's inspector general issued a blistering report in 2008 detailing widespread misconduct in the program, including inappropriate relationships between program employees and industry officials.

Under the RIK program, the former US Minerals Management Service — now the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEM) — collected and then sold into the markets nearly 30.4mn bl of crude and 226mn mnBtu (6.2bn m³) of natural gas to generate revenues of \$2.4bn.

An additional 4.5mn bl collected under the RIK program was injected into the Strategic Petroleum Reserve, the nation's emergency oil stockpile, BOEM said in a report to Congress.

Senator asks BP to push deadline for rig workers

Senator Mary Landrieu (D-Louisiana) is calling on BP to extend the 30 September deadline for offshore workers displaced

because of the deepwater drilling moratorium to apply for assistance under BP's \$100mn rig workers fund.

Landrieu sent a letter to BP director Bob Dudley on 23 September asking that the deadline be extended until the moratorium on deepwater drilling activity is lifted. That ban is slated to expire 30 November.

"I hope you can find a way to extend this deadline to accommodate those rig workers ... that might have a need in the near future," Landrieu wrote.

A BP spokesman declined to comment on the request, saying the company would respond to Landrieu directly.

Only 365 applicants have applied for assistance under the fund so far, Landrieu said, pointing to numbers from the Baton Rouge Area Foundation, the fund's administrator. A spokesman for the foundation was not immediately available.

According to the foundation's website, only workers on the 33 deepwater rigs forced to halt activity on 6 May when the moratorium began are eligible to apply for grants ranging from \$3,000-\$30,000. Those grants will be awarded by 31 October.

Landrieu said the small number of applicants "is because many companies, to their credit, are keeping their workers on the payroll, despite the uncertainty of knowing exactly when new permits will commence.

"Yet, with each passing day, their balance sheets take significant hits, and it becomes harder for these companies to maintain their employees," Landrieu added. "As a consequence, the demand for this fund may be on the rise over the next two months or until the moratorium is lifted."

Regulators considering costly pipeline policies

Regulators are considering drafting policies that could increase costs for oil pipeline operators, and say pipelines must be able to recoup costs through a federal oil pipeline index.

The Pipeline and Hazardous Materials Safety Administration (PHMSA) notified the Federal Energy Regulatory Commission (FERC) in a filing made public today that it is reviewing requirements for pipelines under so-called "integrity management" programs.

"We anticipate additional regulations may be imposed to expand the safety benefits currently mandated for limited segments of pipeline," PHMSA said in a filing to FERC. "If these anticipated regulations are adopted, pipeline operators may expend significant funds bringing their facilities and operations into compliance."

Integrity management programs allow pipeline operators to independently evaluate and resolve damage on the systems by identifying all pipeline segments that could affect a "high-consequence area" such as one that is populated or environmentally sensitive. An operator must also evaluate the integrity of those segments and repairs and report certain defects it identifies as a result of those evaluations.

Integrity requirements are already costing the industry millions, PHMSA said. Pipeline assessments from 2000 to 2007 have cost pipeline operators more than \$120mn, and retesting an additional \$14.5mn annually, according to the agency's estimates. Preparing integrity plans cost operators \$18mn, and related implementation costs such as ensuring data was not only collected but put to use, cost operators almost \$10mn in 2000 and almost \$5mn annually thereafter.

"Anecdotal reports of rule implementation cost estimates in the range of \$2bn to \$2.5bn are not uncommon," PHMSA said.

To ensure pipelines do not cut corners on safety, abandon projects or make patches instead of replacing pipes, FERC must ensure the companies can recoup costs. PHMSA said the commission can do that by allowing flexibility in how it determines its oil pipeline prices index.

Industry News (Continued)

FERC is in the process of deciding whether to continue using its current index of the Producer Price Index for Finished Goods (PPI-FG) plus 1.3pc to determine annual changes to the maximum tariff rate for oil pipelines from July 2011 through 2016. FERC set the methodology to PPI plus 1.3pc in 2006 after conducting a mandatory five-year review.

Pipelines have argued the index should be raised because costs of operation are increasing, but shippers say the pipelines are over-recovering and the rate should not be raised.

Pipeline regulators seek more safety authority

A top US pipeline regulator told a congressional subcommittee yesterday that a recent string of pipeline spills and explosions reflects the need of the Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA) for increased authority to enforce safety.

"As recent pipeline failures have shown, [PHMSA] needs stronger authority in several key areas of its pipeline safety program," Cynthia Quarterman, the agency's administrator, told a House energy and environment subcommittee.

US lawmakers and regulators want to prevent a "wave of high-profile pipeline incidents", namely the 26 July rupture of Enbridge's Line 6B near Marshall, Michigan, which resulted in the release of up to nearly 24,000 bl of light crude into Talmadge Creek and Kalamazoo River, according to the House Committee on Energy and Commerce. The oil was carried 30 miles downstream and contained about 80 miles from Lake Michigan.

The National Transportation Safety Board says Enbridge experienced an abrupt pressure drop on the line at around 5:58 p.m. on 25 July, but reported the spill to the National Response Center at 1:29pm on 26 July.

Enbridge reported a second pipeline spill on 9 September on its Line 6A in Illinois, and the company estimates nearly 6,100 bl were released before the pipeline could be shut down. Both incidents are under investigation.

Also on 9 September, a gas transmission pipeline owned by Pacific Gas & Electric exploded in northern California, killing four people in a neighborhood.

Quarterman urged lawmakers to pass the Strengthening Pipeline Safety and Enforcement Act of 2010, which US transportation secretary Ray LaHood sent to Congress last week.

The legislation aims to increase civil penalties for serious safety violations, beef up PHMSA's staffing by 40 additional full-time staff and expand what information is collected on pipeline infrastructure. The bill would also eliminate current regulatory exemptions for gas and hazardous liquids gathering pipelines that collect products from processors and refiners for delivery to transmission pipelines.

Quarterman also urged support for the Corporate Liability and Emergency Accident Notification Act, or CLEAN Act, which requires pipeline owners or operators to notify appropriate authorities of spills no later than one hour after they are discovered.

But industry representatives expressed concern about ramping up oversight too quickly, saying current regulations require pipeline operators to provide an approximate amount of material released when reporting a spill, and that shortening the reporting time to one hour could skew that information. Donald Santa, president of the Interstate Natural Gas Association of America, said he would recommend the time be modified to two hours.

Representative Edward Markey (D-Massachusetts), who chaired the subcommittee, asked

Stephen Wuori, Enbridge's executive vice president, why the company did not report the 26 July spill in Michigan for up to 20 hours, but Wuori would not comment.

Markey also questioned Wuori about a 2009 integrity test that found Enbridge's Line 6A pipeline was covered in polyethylene tape, which can cause a "tenting" pattern, which holds in water and corrodes the pipes.

Wuori confirmed the tape covered the pipe, but was unsure what percentage of the company's system was covered in polyethylene tape, a material used commonly in the 1940s and 1950s.

The tape can cause corrosion by capturing and holding water near the pipe, said Rick Kessler, vice president of the Pipeline Safety Trust, a nonprofit public charity focused on promoting fuel transportation safety.

"I'm concerned that if this is something that's a pattern, it is going to lead to catastrophic conditions," Markey said. "It's a concern and families across the country should know they could be at risk."

Net long positions: futures					000 contracts	
	Producer-merchant-refiner		Swaps dealers		Non-commercial*	
	21 Sep	14 Sep	21 Sep	14 Sep	21 Sep	14 Sep
Nymex WTI	-178	-187	451	457	44	48
Ice WTI	-74	-79	46	48	25	30
Nymex heating oil	-109	-101	80	82	18	11
Nymex Rbob	-72	-70	41	42	35	31
Total oil contracts	-433	-436	619	629	122	120
Nymex Henry Hub natural gas	-11	-14	159	159	-183	-179
Total energy contracts	-444	-450	778	787	-61	-58
*combined 'managed money' and 'other reportables' categories						

Oil rig count up by 3, Baker Hughes says

The number of rigs drilling for oil in the US increased by three to 673 active units this week, while the number of rigs drilling for natural gas decreased by 15 to 967, oilfield services firm Baker Hughes said today.

Rigs drilling for oil are up from the 297 in the year-ago period, while the number of rigs drilling for natural gas is up by 257, or 36pc. The total US rig count — onshore and offshore — is down by 11 units from the previous week and up by 62pc from this time last year to total 1,650.

Land rigs account for 98pc of active US rigs, with the count being down by seven units from a week ago to 1,619, according to Baker Hughes. The inland water rig increased by two units to 16 units and the offshore rig count decreased by six units to total 15, down by 52pc from a year earlier in part because of the continuing deepwater drilling ban.

The total North American rig count fell by 62 units from the week prior, up by 55pc from the prior year to total 1,932 this week, Baker Hughes said. The rig count in Canada decreased

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by 51 to total 282, while the Gulf of Mexico was up down by six units to 15 units.

By state, North Dakota saw a decrease of one rig, down to 132 units, but up by 84 units year-over-year. Texas lost 12 rigs, down to 718 units this week. That level is up by 91pc year-over-year. Louisiana lost four rigs to total 180 units up by 27 units, or 18pc.

Oilfield services firm Smith International's rig count shows total US oil rigs at 581 for this week, up by 14 units from the prior week and more than double the count of 291 units seen in the corresponding period of 2009. Smith's US natural gas rig count decreased by 16 to 988, up by 19pc from the year-ago level.

Smith's total US rig count ended the week at 1,578, down by four units from the previous week and higher by 42pc from a year ago. The offshore count fell by one unit to 17 units, putting it 61pc below year-ago levels.

Syncrude slices September, October forecasts

Canada's 375,000 b/d Syncrude joint venture in Fort McMurray, Alberta, has slashed its internal production forecasts for September and October as a result of unplanned maintenance, according to people familiar with the consortium's operations.

The coalition trimmed the September forecast by about 23,000 b/d, while the October forecast was cut by nearly 39,000 b/d, the people said.

The work caused Canadian Oil Sands Trust (COS), the largest partner in the consortium, to revise yesterday Syncrude's yearly production forecast to 105mn bl, or about 287,700 b/d, from 110mn bl, or 301,400 b/d.

"The amended production target is the result of unplanned maintenance in certain upgrading units and an extension of the planned Coker 8-1 turnaround that is currently underway," COS said in a statement.

The work on the coker is "less of a problem", COS spokeswoman Siren Fisecki said, adding the revision is mainly attributable to unplanned maintenance on a hydrotreater and other upgrading units, including those at the hydrogen plants.

Along with COS, the Syncrude partnership includes Imperial Oil, Nexen, Suncor, Murphy, Sinopec and Mocal Energy.

Petrobras offer raises \$67bn

Brazil's state-controlled energy company Petrobras raised nearly \$67bn in a massive share offering, and proceeds will be used to bankroll ambitious exploration plans and boost government social spending, according to company chief executive Jose Sergio Gabrielli.

Brazilian finance minister Guido Mantega claimed the offer transformed Petrobras into the oil company with the second highest market value in the world. Petrobras is now worth \$220bn compared to ExxonMobil's \$290bn, Mantega said.

"Never before in the history of this country of the world has an operation of this size taken place," Mantega said.

In a filing on 23 September with Brazil's stock market regulator, the CVM, Petrobras said it would sell 2.4bn common shares at 29.65 reais (\$17.25) each and had priced 1.87bn preferential stocks at R26.30 (\$15.30) each.

Yesterday, Petrobras said 68pc of the public offer would be used to pay for the government transfer of around 5bn of oil to the company, while 32pc would fund the company's \$224bn business plan for 2010-14.

About 95pc of the spending – some \$212.3bn – will go toward domestic projects. Roughly 53pc of Petrobras' total investments through 2014, about \$118.8bn, will be spent on exploration and production.

Referring to the recent sub-salt discoveries up to 300km off Brazil's southeastern coast, Brazilian President Luiz Inacio Lula da Silva said "the greatest [oil] discovery of the last 30 years" would help his country "eradicate poverty [and] guarantee quality public education."

Petrobras hopes to be producing 5.3mn b/d by 2020, as it pushes ahead with its sub-salt campaign that includes developing the 5bn-8bn Tupi field where a pilot project is set to begin next month.

Chile's Enap launches crude purchase tender

Chile's state-owned oil company Enap launched a tender to purchase close to 5mn bl of crude for November delivery.

Bids are due 28 September.

The company previously held tenders for smaller lots every 10 to 15 days. The firm has been conducting tenders for larger volumes once per month since July, company sources say.

Falklands well test was impaired

A series of technical problems has hampered a recent test at the Sea Lion discovery offshore the Falkland Islands in the south Atlantic, halving the well's potential flow rate.

The Sea Lion 1 well flowed for sustained periods at over 2,000 b/d but could have flowed at around 4,000 b/d had it not encountered the problems, UK-listed independent Rockhopper Exploration said today.

"Rockhopper believes that the flow rate was inhibited by incomplete perforation, waxing of the tubing string above 800 metres, increased viscosity of the oil as it cooled in the upper part of the test string and a lack of specialist equipment," the company said.

With a more optimal well location, significantly higher flow rates could be achieved from future production wells, it added.

Rockhopper last week reiterated its assertion that Sea Lion is commercially viable.

Meanwhile, Argentinian president Cristina Fernandez today accused the UK of systematically avoiding negotiations with Buenos Aires over sovereignty of the UK-controlled islands.

"This is not just a historical claim, the UK systematically refuses to hold negotiations with the Republic of Argentina on the subject of sovereignty, and has also taken unilateral decisions to exploit hydrocarbons, with what this implies for the pillage of the our natural resources," Fernandez told the UN General Assembly in New York.

The UK foreign office had not issued a statement responding to the accusations. But in February the office said: "We have no doubt about our sovereignty over the Falkland Islands. It is underpinned by the principle of democratic self-determination: Falkland Islanders want to remain British. We're also clear that the Falkland Islands government is entitled to develop a hydrocarbons industry within its waters. We remain focused on supporting the Falkland Islands government in developing this legitimate business in its territory."

Spain energy sector braces for strike

Spain's refiners and power generators plan to continue operations as normal during a general strike on 29 September, but remain concerned that picket lines and transport chaos may disrupt energy activities.

Leading refiner Repsol says that legally binding minimum staffing rules should guarantee that refineries continue to function, and generators Gas Natural Fenosa and Iberdrola said that the companies' policies are to work as normal during the strike. But none can guarantee that output will not be affected.

"We have no forecast of any effect, but we will not know until

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the day," said Gas Natural Fenosa. Iberdola said that it plans to run as normal, but that transport disruptions and picket lines may have an effect on operations.

The possible impact on port activity is uncertain. A shipping agency said, "We are trying to get information from our agents but will not know for sure until one day before the strike. Ports may be affected by the stevedores not working. My impression is people want to work but they may find some picket lines."

Unions are threatening to halt a majority of international flights in and out of Spain, and other public services are expected to be heavily disrupted. The planned general strike will be the first in eight years.

Leading union federations UGT and CCOO are coordinating the general strike in protest at the government's austerity measures. Around 9pc of Spanish workers are expected to take part, according to a poll published by the newspaper El Pais earlier this month.

Spain's finance minister Elena Salgado will today outline a tight budget for 2011, which will be presented to the parliament by the end of September ahead of a vote next month.

French unions plan new strike

The CGT union has announced a new strike in France, for 12 October.

In addition, demonstrations are planned across the country for 2 October, partly to "engage new employees in the industrial action", the union said. The protests will follow a fourth strike this month, scheduled for 29 September, following industrial action on 7, 15 and 23 September.

The strikes aim to prevent the senate from passing new legislation to raise the pension age. The senate begins debating the package on 5 October and is expected reach a decision by 20 October.

Today's announcement comes after a 24-hour strike by French public-sector workers stopped operations at oil terminals across the Marseille-Lavera-Fos port complex on the country's Mediterranean coast yesterday. But the refiners said their output was relatively unaffected.

Lundin starts North Sea Apollo well

Swedish independent Lundin has begun drilling an exploration well on the Apollo prospect in production licence 338 in the Norwegian North Sea.

Apollo is located immediately to the south of the Draupne oil field in production licence 001B. The well will test a possible extension of Draupne into production licence 338. The proximity to the Draupne infrastructure means a discovery on Apollo might be brought into production quickly.

Apollo has estimated unrisks prospective resources of 20mn-130mn bl of oil equivalent (boe).

Lundin is operator of the Apollo licence with a 50pc stake. Germany's Wintershall (30pc) and RWE Dea (20pc) hold the rest.

India refinery output down

Output from Indian refineries in August fell by 2.3pc compared with the same month last year, the sharpest year-on-year decline since July 2009.

Refineries processed 3.19mn b/d of crude in August, compared with 3.27mn b/d in August last year and 3.3mn b/d last month. Capacity utilisation was 102.3pc in August, compared with 105.6pc in July.

In the private sector, Reliance Industries' (RIL) 660,000 b/d Jamnagar refinery produced 716,450 b/d, up by 1.4pc on August last year. Reliance does not report output for its 580,000 b/d export-oriented plant at Jamnagar.

Crude processing at state-run refineries fell by 3.8pc in August compared with a year earlier, mainly because of scheduled maintenance shutdowns at Mangalore Refineries' 240,000 b/d plant and Chennai Petroleum's (CPCL) 210,000 b/d Manali refinery in southern India. Those refineries processed 10pc and 5pc less crude respectively.

IOC, the largest state-run refining company, processed 0.4pc more crude than in August last year.

Output from Hindustan Petroleum's (HPCL) refineries declined by 19.4pc compared with August last year because of an extended shutdown of units at its 190,000 b/d Vishakhapatnam plant. Production from Bharat Petroleum's (BPCL) refineries increased by 3pc.