

Argus US Products

Argus US refined products market prices, analysis and news

Issue 10E -188

Friday 24 September 2010

Price Summary

c/USG

Price	New York	Houston	Chicago	L.A.
Conventional	197.71	193.89	196.21	202.04
RBOB	195.74	194.04	197.46	204.43
Ethanol	239.50	214.50	207.50	231.00
Jet Fuel	215.06	213.52	218.06	219.69
ULSD	217.81	214.44	215.31	221.87
Bunker fuel \$/t	456.50	436.50	-	445.00

Diff to Nymex	New York	Houston	Chicago	L.A.
Conventional	+3.00	+0.26	+1.50	-7.00
RBOB	+1.03	-0.23*	+1.25*	+9.75
Jet Fuel	+2.00	-1.91	+5.00	+6.63
ULSD	+4.75	-0.52	+2.25	+6.88
Bunker fuel \$/bl vs WTI	-4.21	-7.38		-6.03

*vs 87 conventional

Change on Day	New York	Houston	Chicago	L.A.
Conventional	+2.97	+3.15	+2.22	+4.30
RBOB	+2.87	+4.33	+1.97	+4.30
Ethanol	+7.50	+4.50	+4.50	-11.50
Jet Fuel	+0.36	+2.19	+0.61	+1.24
ULSD	+1.24	+2.09	+1.61	+1.42
Bunker fuel \$/t vs WTI	+6.50	+2.50		+5.00

Forward Curve (Swaps/Futures)	87 M USGC†	ULSD USGC†	RBOB New York*	Heating Oil New York*	
Nov	194.31	212.94	Oct	194.71	213.06
Dec	191.44	213.74	Nov	194.04	214.99
Jan	189.98	214.57	Dec	194.68	216.59
Feb	192.13	216.97	Jan	196.88	218.59
Mar	195.02	219.39	Feb	199.27	219.89
Apr	192.65	221.76	Mar	201.65	220.26

* CME Nymex Futures, † Swaps

In the News

See page 15

Industry

- US EPA gives guidance on E15 timing
- Silver Eagle gets back Utah refinery equipment
- California gasoline, diesel stocks on the rise
- Caribbean, USG clean rates rise
- CFTC Commitments of Traders Report
- Pipeline regulators seek more safety authority

Infrastructure

- Hess says Port Reading refinery OK after storm
- ExxonMobil's Beaumont refinery has flaring
- BP Texas City reformer resuming operation
- Chevron shuts plant at Pascagoula after fire

Overview

• Atlantic coast gasoline differentials were mixed, and trading was light. Cargo trading was muted, and the forward curves in all gasoline markets remained backwardated. High octane gasoline differentials firmed.

• Distillate differentials were mixed, and trading was light to end the week. ULSD differentials weakened, as did jet fuel Heating oil differentials were stable, and undyed heating oil trading saw renewed interest, as traders looked to blend barrels for European diesel.

• Gulf coast conventional gasoline differentials strengthened on the newly-prompt 55th cycle, as trade for the October trade month kicked off in earnest Friday. The forward curve held 10-15pt of backwardation after trading at either side of flat for most of the week.

• Gulf coast distillate differentials climbed to end the week Friday on the Colonial pipeline and trade was light. The distillate forward markets held in contango across the board. A lack of scheduling pressure kept many market participants on the sidelines.

• Low sulphur VGO premiums to crude oil futures inched higher despite weakened gasoline cracks on Friday. High sulphur VGO trading was tame by comparison, with no new business located.

• Fuel oil prices ended the week on a higher note on the Atlantic and Gulf coast. Another cargo traded in the Atlantic coast 1pc sulphur market, and four more high sulphur barges changed hands at the Gulf coast.

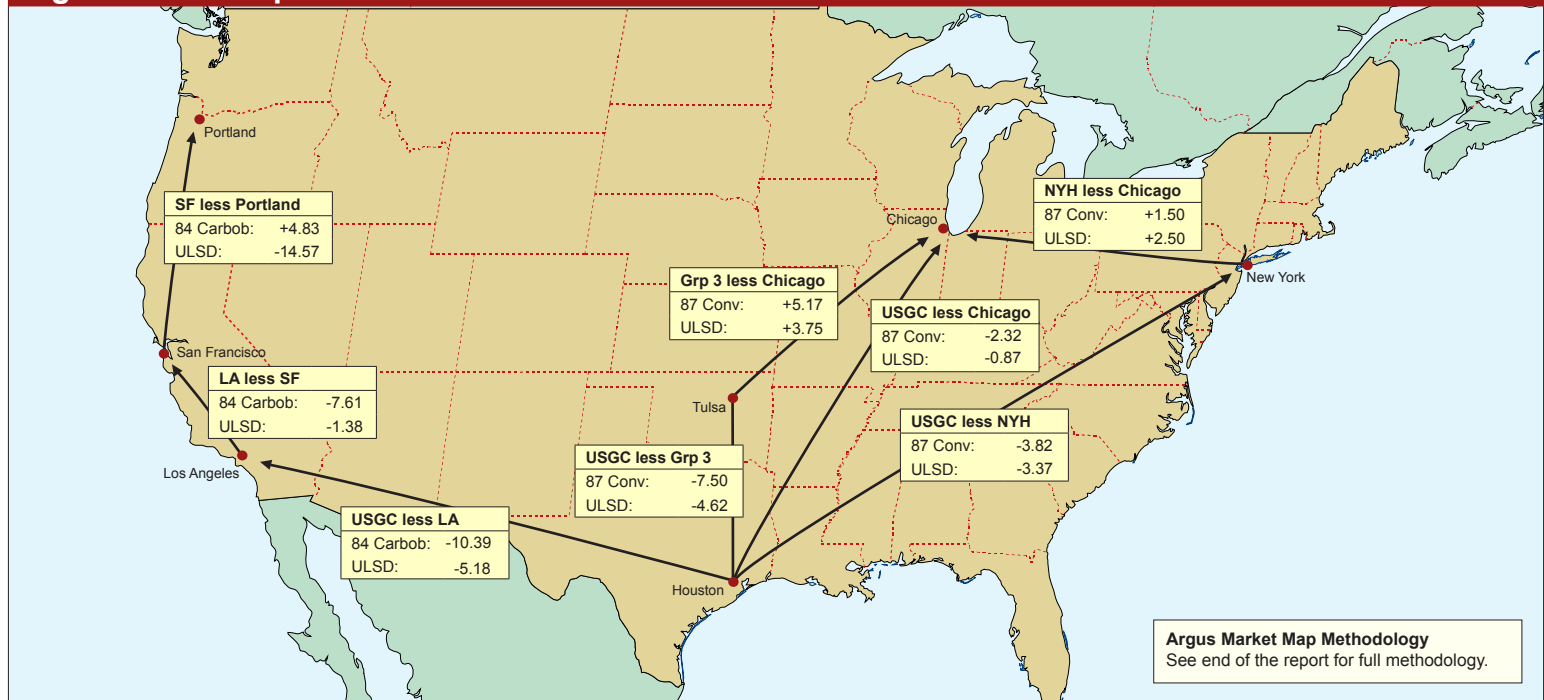
Announcement

On 30 September, Argus will permanently end the following quotes:

USGC waterborne 74, Colonial 74, New York Harbor LS diesel, Chicago LS diesel, Group Three LS diesel XH.

Please contact Emily Lewis at Emily.lewis@argusmedia.com or 713-968-0018 with questions or comments.

Argus Market Map



Gasoline

Gasoline Atlantic Coast

Gasoline differentials were mixed on the Atlantic coast, and trading was quiet compared to the previous day. 87 conventional M4 differentials were stable, while 83.7 Rbob F4 differentials firmed. High octane differentials were also stronger.

Traders said that limited supplies of F4 have come as a result of a limited European-grade gasoline cargoes and lagging production because of US turnarounds. Turnaround season in Europe has caused cargoes of European-grade gasoline to vanish. One trader was heard to have a low RVP cargo of European-grade gasoline available for October delivery, but bids were more than 1c/USG away from offer levels. On Friday, prompt F4 traded at October Nymex +0.80, October Nymex +0.85 and October Nymex +1.25. F4 available any September traded at October Nymex +0.50 at least twice and October Nymex +0.75. October ratable F4 traded at November Nymex +0.25.

M4 differentials were stable, and trading was muted. Prompt M4 was pegged between October Nymex +2.75 to October Nymex +3.25. M4 available any September was bid at October Nymex +2.60 and offered at October Nymex +2.85. M2 available on the Colonial's 50th cycle traded at October Nymex +4.00, as did M3 available on the Colonial's 49th and 50th cycle.

Cbob trading was muted, and differentials moved to a discount to F4. Cbob available on cycle 191e of the Buckeye traded at October Nymex +0.65 for 15,000 bl.

High octane gasoline trading was steady, and differentials firmed. 91.3 Rbob H4 traded at October Nymex +12.00 and October Ny-

mex +12.25. Premium Cbob traded at least twice at October Nymex +12.25. 93 conventional V4 was bid at October Nymex +11.00 and offered at October Nymex +13.00, but no trades were completed.

Gasoline Gulf Coast

Gulf coast conventional gasoline differentials strengthened on the newly-prompt 55th cycle, as trade for the October trade month kicked off in earnest Friday. The forward curve held 10-15pt of backwardation after trading at either side of flat for most of the week. Cash prices climbed as the October Nymex Rbob futures contract gained 2.75c/USG.

Trades for prompt 11.5 RVP M3 were confirmed at even to November Nymex, November Nymex +0.20, November Nymex +0.25, November Nymex +0.30, November Nymex +0.35 and November Nymex +0.45, with November Nymex +0.25 receiving the bulk of the day's commerce. Thursday's US Gulf coast session saw 55th cycle M3 availabilities trade between November Nymex -0.70 and even to November Nymex.

The prompt M3 roll transacted repeatedly at 10-15pt backward into the 56th cycle, yet overall forward curve activity abated in the absence of scheduling pressure. Trades for 56th cycle barrels were confirmed at November Nymex +0.10, November Nymex +0.15, November Nymex +0.25 and November Nymex +0.35.

October ratable M material changed hands at even to November Nymex and November Nymex +0.15, while October odd ratable M grade transacted at a 25pt premium to the November screen.

Gasoline Continued

Prompt 87 conventional winter-grade M4 traded multiple times at a 75pt discount to the November screen for delivery into the Colonial pipeline's 55th cycle.

Prompt 83.7 Rbob F4 traded early at a 50pt discount to the November screen, while trades were confirmed later in the day at November Nymex +0.25 and November Nymex +0.50 during a narrow afternoon window. The day's trades placed the low octane Rbob grade around 46pt under concurrent M3, nearly 100pt stronger than where the re-grade left off on the 54th cycle.

55th cycle 85 Cbob A3 traded at M3 -0.55, in line with where trade left off on the Colonial pipeline's 54th cycle. The market for 85 Cbob S3 continued to hold at a 40pt premium to concurrent A3 amid insipid interest on the newly-prompt 55th cycle.

The market for high octane conventional V3 remained at either side of M3 +6.50 as buyers and sellers failed to enter Friday's market in earnest. Market participants continued to place 91.3 Rbob H4 around 11.50c/USG over the November screen, or around M3 +11.27, yet no deals surfaced over the course of the day.

Gasoline Midcontinent

Gasoline differentials firmed at the midcontinent and trading was active in Group Three and Chicago.

In Chicago, offers on the Badger pipeline returned to the same levels as generic Chicago pipeline levels, as selloff because of the cancelled 30th cycle on the Badger ended. On Friday, 3rd cycle September 87 conventional gasoline traded at October Nymex +1.25. Later, bids were at October Nymex +1.00 against offers at October Nymex +2.00. 2nd cycle October 87 CNV traded at November Nymex +4.00 for 25,000 bl.

Cbob discounts to 87 CNV narrowed, with a 3rd cycle September trade confirmed at October Nymex -1.25. Late in the day, prompt Chicago Cbob was talked between a 2.5c to 3c/USG discount to 87

CNV. 1st cycle October Cbob traded at November Nymex +3.00 and at a 50pt discount to 1st cycle October 87 CNV.

Also in Chicago, Rbob was talked at a 1.25c/USG premium to 87 CNV, while premium Cbob held an 11.75c/USG premium to Rbob. No trades were confirmed for those grades.

In Group Three, Prompt N traded at October Nymex +6.25, October Nymex +6.50, October Nymex +6.75 and October Nymex +6.85. N available any September traded at October Nymex +6.25. October ratable N traded at least twice at November Nymex +5.25 and at November Nymex +5.50.

Gasoline West Coast

Los Angeles gasoline differentials moved sideways Friday as traders shifted their attention to October availabilities. San Francisco barrels continued to trade at hefty premiums to Los Angeles.

Trade for October Los Angeles 84 Carbob was confirmed at November Nymex +14.75, November Nymex +15.00 and November Nymex +15.25, unchanged from the previous day's levels.

The market for November availabilities in Los Angeles was discussed between December Nymex +9.00 and December Nymex +10.50.

October Los Angeles 88.5 Carbob transacted at Los Angeles 84 Carbob +8.00 and Los Angeles 84 Carbob +8.50.

October San Francisco 84 Carbob changed hands repeatedly at a 18c/USG premium to the November screen, at the stronger end of Thursday's discussion.

Sellers of September Portland 84 sub-octane conventional were seen at a 13c/USG premium to the October screen in the absence of corresponding bids, down from Thursday's trades at October Nymex +14.50 and October Nymex +15.50.

Gasoline Deals Done

Gasoline Gulf Coast Deals					
	Price	Volume '000		Price	Volume '000
Colonial M3			Colonial M3		
55th Cycle	0.00	25	56th Cycle	+0.10	25
55th Cycle	0.00	25	56th Cycle	+0.15	25
55th Cycle	+0.20	25	56th Cycle	+0.25	25
55th Cycle	+0.20	25	56th Cycle	+0.35	25
55th Cycle	+0.20	25	56th Cycle	+0.35	25
55th Cycle	+0.20	25	56th Cycle	+0.35	25
55th Cycle	+0.25	25	56th Cycle	+0.35	25
55th Cycle	+0.25	25			
55th Cycle	+0.25	25	Oct ratable	0.00	125
55th Cycle	+0.25	25	Oct ratable	+0.15	125
55th Cycle	+0.25	25			
55th Cycle	+0.25	25	Oct odd rate	+0.25	75
55th Cycle	+0.25	25			
55th Cycle	+0.25	25	Colonial M4		
55th Cycle	+0.25	25	55th Cycle	-0.75	25
55th Cycle	+0.25	25	55th Cycle	-0.75	25
55th Cycle	+0.30	25			
55th Cycle	+0.30	25	Colonial F4		
55th Cycle	+0.30	25	55th Cycle	-0.50	25
55th Cycle	+0.30	25	55th Cycle	-0.50	25
55th Cycle	+0.35	25	55th Cycle	-0.50	25
55th Cycle	+0.35	25	55th Cycle	+0.25	25
55th Cycle	+0.45	25	55th Cycle	+0.50	25
55th Cycle	+0.45	50			
			Colonial A3		
			55th Cycle	M3-0.55	25

Gasoline West Coast Deals					
	Price	Volume '000			
LA 84 Carbob					
Oct	Nov+14.75	25			
Oct	Nov+14.75	25	Cycle 1-2		
Oct	Nov+14.75	25	Cycle 1		
Oct	Nov+15.00	25			
Oct	Nov+15.25	25			
Oct	Nov+15.25	25			
SF 84 Carbob					
Oct	Nov+18.00	25			
Oct	Nov+18.00	25			
LA 88.5 Carbob					
Oct	LA+8.00	25			
Oct	LA+8.50	25			

Gasoline Atlantic Coast Deals					
	Price	Volume '000			
NYH M2					
2-Oct	Oct+4.00	50	CPL C50		
NYH M3					
27-Sep	Oct+4.00	50	CPL C49		
2-Oct	Oct+4.00	50	CPL C50		
NYH F4					
26-Sep	Oct +0.80	100	Barge		
26-Sep	Oct+0.85	25	Barge		
26-Sep	Oct+1.25	100	Barge		
Any Sep	Oct+0.50	25	Barge/BPL		
Any Sep	Oct+0.50	25	Barge/BPL		
Any Sep	Oct+0.75	25	Barge/BPL		
Oct rates	Nov+0.25	25	Barge/BPL		
NYH Cbob					
1-3 Oct	Oct+0.65	15	BPL 191e		
NYH H4					
30 Sep	Oct+12.25	25	Barge		
30 Sep	Oct+12.00	25	Barge		
NYH Prem Cbob					
3 Oct	Oct+12.25	12	BPL 191e		
3 Oct	Oct+12.25	35	BPL 191e		

Gasoline Midcontinent Deals					
	Price	Volume '000			
Prompt	Oct+6.75	10			
Prompt	Oct+6.50	25			
Any Sep	Oct+6.25	25			
Prompt	Oct+6.85	10			
Oct rates	Nov+5.25	75			
Oct rates	Nov+5.25	75			
Oct rates	Nov+5.50	25			
27-Sep	Oct+6.50	10			
Prompt	Oct+6.50	25			
Chicago 87					
3rd cycle Sep	Oct+1.25	25			
2nd cycle Oct	Nov+4.00	25			
Chicago Cbob					
3rd cycle Sep	Oct-1.25	25			
1st cycle Oct	Nov+3.00	10			
1st cycle Oct	87-0.50	25			

Distillates

c/USG

Atlantic Coast

New York Waterborne		Low/High Diff	Low/High Price	Delta
Heating Oil	Oct	-2.25/-2.00	210.81/211.06	+1.61
LS Diesel	Oct	-0.13/+0.38	212.94/213.44	+1.74
Off Road Diesel	Oct	0.00/+0.25	213.06/213.31	+1.61
ULS Diesel	Oct	+4.25/+4.75	217.31/217.81	+1.36
Jet 54	Oct	+1.68/+1.93	214.74/214.99	+0.36
Jet 55	Oct	+7.93/+8.18	220.99/221.24	+1.61
ULSK	Oct	+19.00/+20.00	232.06/233.06	+1.61

Boston Waterborne

Heating Oil	Oct	-0.68/-0.18	212.39/212.89	+1.61
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New York Barge

Heating Oil Prompt	Oct	-2.00/-1.85	211.06/211.21	+1.61
Heating Oil Any Sep	Oct	-2.00/-1.85	211.06/211.21	+1.61
LS Diesel Prompt	Oct	+0.25/+0.50	213.31/213.56	+1.61
LS Diesel Any Sep	Oct	+0.25/+0.50	213.31/213.56	+1.61
Off Road Diesel	Oct	+0.25/+0.50	213.31/213.56	+1.61
ULS Diesel Prompt	Oct	+4.50/+5.00	217.56/218.06	+1.24
ULS Diesel Any Sep	Oct	+4.50/+5.00	217.56/218.06	+1.24
Jet 54 Prompt	Oct	+1.50/+2.50	214.56/215.56	+0.36
Jet 55 Prompt	Oct	+8.00/+8.50	221.06/221.56	+1.61
ULSK Prompt	Oct	+19.00/+20.00	232.06/233.06	+1.61

Buckeye

Heating Oil	Oct	-2.00/-1.85	211.06/211.21	+1.61
ULS Diesel	Oct	+4.50/+5.00	217.56/218.06	+1.24
Jet 54	Oct	+1.50/+2.50	214.56/215.56	+0.36
Jet 55	Oct	+8.00/+8.50	221.06/221.56	+1.61

Laurel

Heating Oil	Oct	-1.50/-1.25	211.56/211.81	+1.61
ULS Diesel	Oct	+5.00/+5.50	218.06/218.56	+1.61
Jet 54	Oct	+1.50/+2.50	214.56/215.56	+0.36

CME Nymex Heating Oil, c/USG

Oct	213.06	+1.61	Nov	+13.81
Nov	214.99	+1.54	Dec	+13.32
Dec	216.59	+1.52	Jan	+13.19

Heating Oil Crack, \$/bl

West Coast

Los Angeles

Carb ULS Diesel (Oct)	Nov	+6.50/+7.25	221.49/222.24	+1.42
EPA ULS Diesel (Oct)	Nov	+4.25/+5.00	219.24/219.99	+0.92
Jet (Sep)	Oct	+6.25/+7.00	219.31/220.06	+1.24

San Francisco

Carb ULS Diesel (Oct)	Nov	+6.50/+7.50	221.49/222.49	+1.04
EPA ULS Diesel (Oct)	Nov	+5.50/+6.50	220.49/221.49	+1.04
Jet (Sep)	Oct	+6.25/+7.00	219.31/220.06	+1.24

Portland

LS Diesel (Sep)	Oct	+19.00/+24.00	232.06/237.06	-0.89
ULS Diesel(Sep)	Oct	+20.00/+25.00	233.06/238.06	-0.89

Gulf Coast

US Gulf Coast Waterborne		Low/High Diff	Low/High Price	Delta
Heating Oil	Nov	-5.50/-5.00	209.49/209.99	+2.12
LS Diesel	Nov	-3.50/-3.00	211.49/211.99	+1.92
Off Road Diesel	Nov	-4.50/-4.00	210.49/210.99	+1.92
ULS Diesel	Nov	-0.40/+0.30	214.59/215.29	+1.99
Jet 54	Nov	-2.00/-1.15	212.99/213.84	+2.09
Jet 55	Nov	+2.75/+3.25	217.74/218.24	+1.42

Colonial	Low/High Diff	Wtd Avg	Low/High Price	Wtd Avg
Heating Oil Cycle 56	Nov	-6.00/-5.50	208.99/209.49	209.24
Heating Oil Cycle 57	Nov	-5.85/-5.35	209.14/209.64	
LS Diesel Cycle 55	Nov	-4.00/-3.50	210.99/211.49	211.24
LS Diesel Cycle 56	Nov	-3.80/-3.25	211.19/211.74	
Off Road Diesel 55	Nov	-5.00/-4.50	209.99/210.49	
ULS Diesel Cycle 55	Nov	-0.90/-0.20	214.09/214.79	214.47
ULS Diesel Cycle 56	Nov	-0.70/+0.05	214.29/215.04	
Jet 54 Cycle 56	Nov	-2.50/-1.65	212.49/213.34	213.08
Jet 54 Cycle 57	Nov	-2.25/-1.30	212.74/213.69	
Jet 55 Cycle 56	Nov	+2.25/+2.75	217.24/217.74	
Jet 55 Cycle 57	Nov	+2.50/+3.10	217.49/218.09	

"Wtd Avg" is volume weighted average of deals done during the entire trading day.

Midcontinent

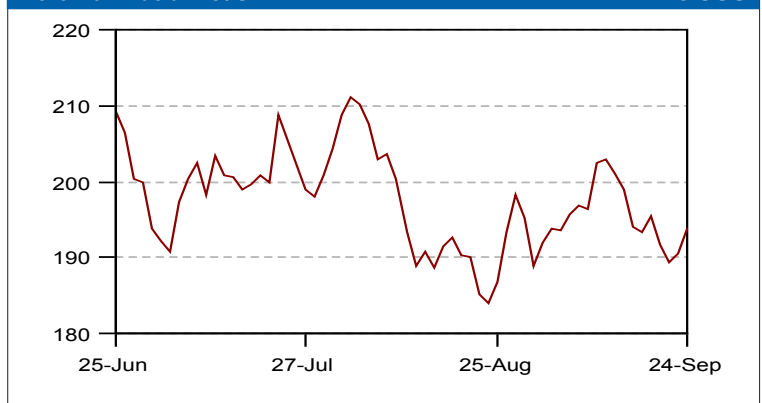
Group 3	Low/High Diff	Low/High Price	Delta	
LS Diesel XH Prompt	Oct	+5.50/+6.50	218.56/219.56	+1.86
LS Diesel XH Any Sep	Oct	+5.75/+6.50	218.81/219.56	+2.11
ULS Diesel X Prompt	Oct	+5.50/+6.50	218.56/219.56	+1.86
ULS Diesel X Any Sep	Oct	+5.75/+6.00	218.81/219.06	+1.86
Jet Q Prompt	Oct	+3.00/+5.00	216.06/218.06	+1.61

Chicago

LS Diesel 3rd Sep	Oct	+4.00/+4.50	217.06/217.56	+1.61
LS Diesel 1st Oct	Nov	+3.50/+4.50	218.49/219.49	+1.54
ULS Diesel 3rd Sep	Oct	+1.50/+3.00	214.56/216.06	+1.61
ULS Diesel 1st Oct	Nov	+1.00/+2.00	215.99/216.99	+0.54
Jet 3rd Sep	Oct	+4.00/+6.00	217.06/219.06	+0.61
Jet 1st Oct	Nov	+3.00/+5.00	217.99/219.99	+0.54

Colonial Cbob A cash

c/USG



Distillates

Distillates Atlantic Coast

Distillate differentials were mixed on the Atlantic coast, and trading was light to end the week.

In heating oil, one major continued buying undyed heating oil off the Colonial Pipeline. These supplies were expected to be used to blend into European diesel for export. Although the arbitrage into Europe out of New York Harbor was said to still be closed, traders expected it to re-open as European refineries moved into the full heat of turn-around season in the next few weeks. A major bought 75,000 bl of undyed heating oil available on the Colonial's 51st cycle at October Nymex -0.50.

Standard 88-grade heating oil available on the Colonial's 50th cycle traded at October Nymex -1.25, and heating oil available on the Colonial's 51st cycle traded at October Nymex -0.80. Heating oil barges were bid again at October Nymex -2.00 and offered at October Nymex -1.85. No trades were confirmed.

ULSD differentials weakened, and trading was light. A trader sold another trader 25,000 bl of ULSD available on cycle 184e of the Buckeye at October Nymex +4.75. Another trader bought ULSD available on the Colonial's 51st cycle at October Nymex +6.00.

Jet fuel differentials weakened again. Supplies remained actively offered into the spot market in an effort to make room in storage tanks for heating oil. A trader sold jet 54 available at the end of the month at October Nymex +2.25 and October Nymex +2.50. Late in the day, jet 54 was bid at November Nymex +0.50 and offered at November Nymex +1.25, but no other trades were completed.

Distillates Gulf Coast

Gulf coast distillate differentials climbed to end the week Friday on the Colonial pipeline and trading was light. The distillate forward markets held in contango across the board. A lack of scheduling pressure kept many market participants on the sidelines. Cash prices rose as the November Nymex heating oil futures contract gained 1.64c/USG.

On the newly-prompt 56th cycle heating oil traded once at a 5.75c/USG discount to the November screen, up from where differentials left off during the previous session's 56th cycle assessed range between November Nymex -6.25 and November Nymex -6.10. Trade for the heating oil forward curve remained inactive and discussion in the market pegged the roll at about a 15pt contango each cycle out to the 59th cycle.

55th cycle ULSD transacted at November Nymex -0.90, November Nymex -0.75, November Nymex -0.65, November Nymex -0.50, November Nymex -0.40, November Nymex -0.25, and November Nymex -0.20, leaving differentials stronger than Thursday's market of between a 1.5c to 0.5c discount to the November screen.

The ULSD forward curve traded at a 25pt contango into the 56th cycle. A 55-57th cycle ULSD roll was confirmed traded at a 55pt

contango. 56th cycle ULSD was confirmed traded at November Nymex -0.50 and even to November Nymex. The 57-60th cycle ULSD package traded twice at a 40pt premium over the November screen. October ULSD full ratable was confirmed at November Nymex +0.20 and the November ULSD ratable changed hands at a 1.25c/USG discount to the December screen.

Prompt off road LS diesel supplies were confirmed traded only once at November Nymex -4.75, firming from the previous session's pegged range between November Nymex -5.50 and November Nymex -4.75.

Gulf coast jet fuel differentials firmed Friday on the Colonial pipeline's newly-prompt 56th cycle. Prompt jet 54 was confirmed traded at November Nymex -2.50, November Nymex -2.25, November Nymex -1.95, November Nymex -1.75, and November Nymex -1.65. Thursday's jet 54 market traded between November Nymex -2.75 and November Nymex -2.50, over 60pt lower than Friday's range. The jet 54 forward curve traded at a 25 to 35pt contango into the 57th cycle.

Distillates Midcontinent

Distillate differentials firmed in the midcontinent, and trading was active throughout the day.

In Chicago, differentials firmed, as distressed sellers were no longer in the market. The Badger pipeline had cancelled the 30th cycle, causing sellers to offer supplies off that line into the spot market at reduced rates on Thursday. On Friday, however, sellers firmed their offers for generic Chicago barrels. 3rd cycle September ULSD traded at October Nymex +1.50 early in the day and was later offered at October Nymex +3.00. 1st cycle October ULSD was bid at November Nymex +2.00 and offered at November Nymex +3.00.

In Group Three, Prompt ULSD X traded at October Nymex +5.50, October Nymex +6.00 and October Nymex +6.50. X available any September was heard traded at October Nymex +5.75 early in the day and later bid at October Nymex +5.75 and offered at October Nymex +6.50. X available any September traded at a 25pt discount to X available 1-10 October, and the market moved back into contango. X available 1-10 October traded at November Nymex +6.00. October ratable X traded at November Nymex +5.25, as well.

Jet fuel trading was muted again, and differentials were stable. Group Three jet Q was bid at October Nymex +3.00 and offered at October Nymex +5.00. Chicago 3rd cycle September jet fuel was bid at October Nymex +4.00 and offered at October Nymex +6.00.

Distillates West Coast

West coast diesel differentials lost ground against the Nymex benchmark in subdued activity, while jet fuel values in the region strengthened. Cash prices were lifted as futures prices rebounded.

October Los Angeles Carb ULSD failed to trade on Friday, yet discussion placed the grade between November Nymex +6.50 and November Nymex +7.25. Thursday's US west coast session saw October

Distillates Continued

availabilities trade at a 7c/USG premium to the November screen.

Los Angeles EPA ULSD available in October transacted at November Nymex +4.25, November Nymex +4.75 and November Nymex +5.00. The EPA material last changed hands at November Nymex +5.00 and November Nymex +5.50.

In San Francisco, prompt San Francisco Carb ULSD was discussed between November Nymex +6.50 and November Nymex +7.50, yet no trades surfaced over the course of the day. This left the San Francisco market roughly at parity with Los Angeles, in line with Thursday's levels.

September Portland EPA ULSD was pegged between October Nymex +20.00 and October Nymex +25.00 yet went un-traded to end the week.

West coast jet fuel differentials crept up and cash prices climbed amid a pop in heating oil futures. Trade for October Los Angeles jet fuel availabilities were confirmed at November Nymex +6.50 and November Nymex +6.75, up marginally from the previous day's trade at November Nymex +6.25. The San Francisco jet fuel market held at parity to Los Angeles amid thin interest.

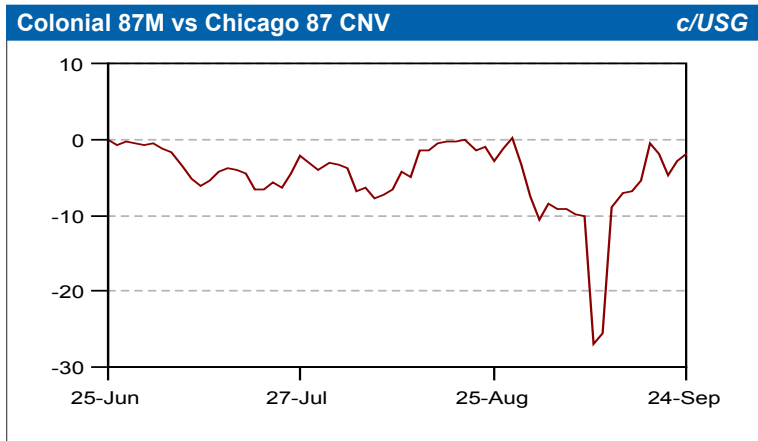
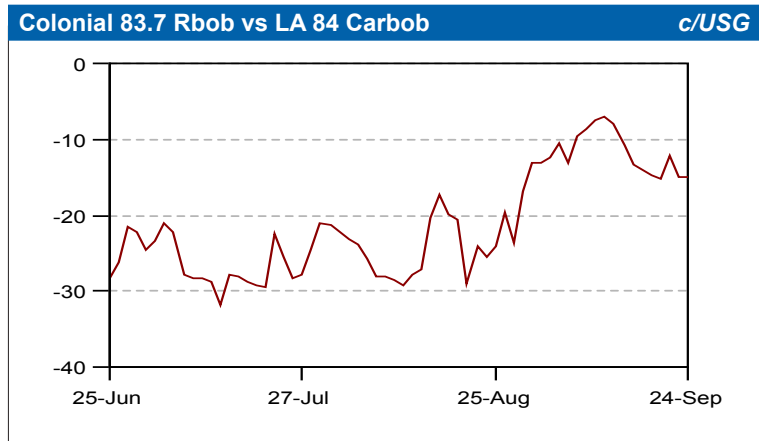
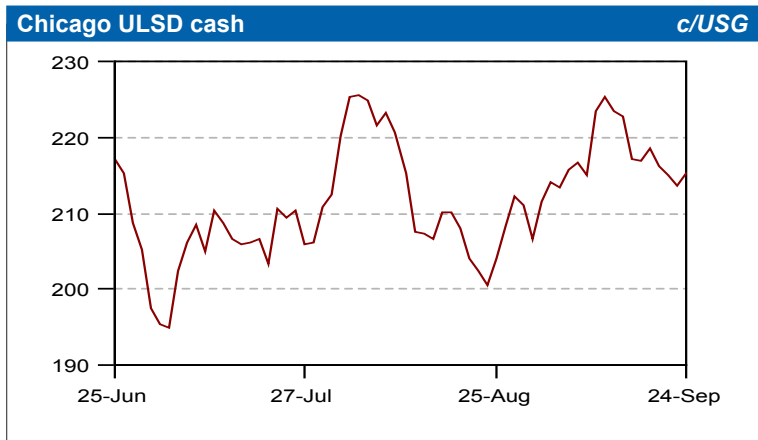
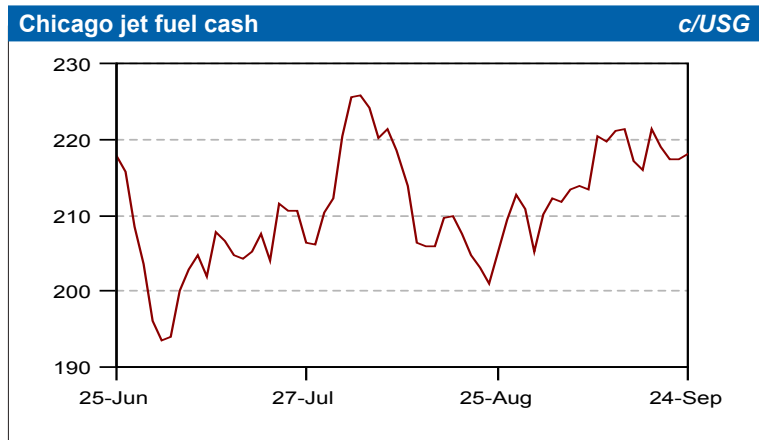
CORRECTION :

On 23 September, the prompt Colonial Pipeline distillate assessments were incorrect. The correct numbers should be:

Colonial Cycle 55

Heating oil	206.95/207.10
LS diesel	208.85/209.60
ULSD	211.85/212.85
Off road	207.85/208.60
Jet 54	210.60/210.85
Jet 55	215.60/216.35

Please contact Emily Lewis at Emily.lewis@argusmedia.com or 713-968-0018 with questions or comments.



Distillates Deals Done

Distillates Gulf Coast Deals

	Price	Volume '000		Price	Volume '000
Colonial 88			Colonial 61		
56th Cycle	-5.75	25	56th Cycle	-0.50	25
			56th Cycle	0.00	25
Colonial 76			Oct Rates	+0.20	125
55th Cycle	-4.75	25	Nov Rates	-1.25	150
Colonial 61			Colonial 54		
55th Cycle	-0.90	50	56th Cycle	-2.50	25
55th Cycle	-0.90	50	56th Cycle	-2.25	25
55th Cycle	-0.75	25	56th Cycle	-1.95	25
55th Cycle	-0.75	25	56th Cycle	-1.95	25
55th Cycle	-0.65	25	56th Cycle	-1.75	25
55th Cycle	-0.65	25	56th Cycle	-1.75	25
55th Cycle	-0.65	25	56th Cycle	-1.75	25
55th Cycle	-0.50	25	56th Cycle	-1.75	25
55th Cycle	-0.50	25	56th Cycle	-1.65	25
55th Cycle	-0.50	25	56th Cycle	-1.65	25
55th Cycle	-0.50	25	Colonial 55		
55th Cycle	-0.50	25	55th Cycle	+2.50	25
55th Cycle	-0.50	50	Colonial 61		
55th Cycle	-0.40	25	57-60th Cycle	+0.40	75
55th Cycle	-0.25	25	57-60th Cycle	+0.40	75
55th Cycle	-0.25	25			
55th Cycle	-0.25	50			
55th Cycle	-0.25	50			
55th Cycle	-0.20	25			

Distillates Atlantic Coast Deals

	Price	Volume '000	
NYH Heating oil			
27-Sep	Oct-1.25	25	CPL C50
6-Oct	Oct-0.50	75	CPL C51
6-Oct	Oct-0.80	58	CPL C51
NYH ULSD			
29-Sep	Oct+4.75	25	BPL 184e
7-Oct	Oct+6.00	25	CPL C51
NYH Jet 54			
28 Sep	Oct+2.50	25	BPL
28-Sep	Oct+2.25	25	BPL

Distillates Midcontinent Deals

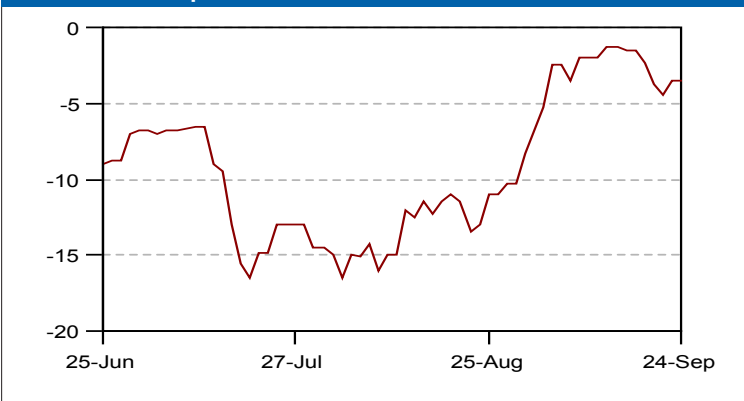
	Price	Volume '000
Group Three X		
Prompt	Oct+5.50	25
Prompt	Oct+6.00	25
Prompt	Oct+6.50	50
Prompt	Oct+5.50	50
1-10 Oct	Nov+6.00	25
Oct rates	Nov+5.25	75
5/10 Oct	Nov+6.00	50
Chicago ULSD		
3rd cycle Sep	Oct+1.50	25

Distillates West Coast Deals

	Price	Volume '000
LA Jet		
Oct	Nov+6.50	25
Oct	Nov+6.75	25
LA EPA ULSD		
Oct	Nov+4.25	25
Oct	Nov+4.75	25
Oct	Nov+5.00	25

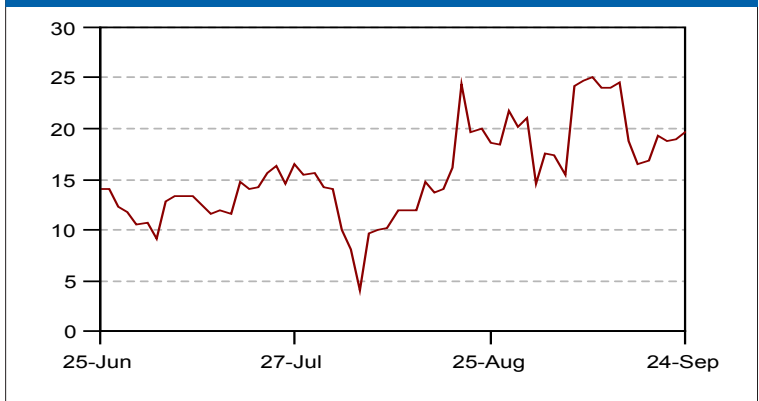
USGC 40 N+A naphtha vs USGC 87M

c/USG



USGC reformat vs Colonial 91.3 Rbob

c/USG



Clean Product Physical Forward Curves

		Low/High Diff	Low/High Price	Delta
87 M New York Barge				
Prompt	Oct	+2.75/+3.25	197.46/197.96	+2.97
10 Days Fwd	Nov	+2.25/+2.50	196.29/196.54	+2.75
15 Days Fwd	Nov	+2.00/+2.35	196.04/196.39	+2.75
20 Days Fwd	Nov	+1.75/+2.25	195.79/196.29	+2.75
Any Sep	Oct	+2.60/+2.85	197.31/197.56	+2.97

83.7 RBOB New York Barge				
Prompt	Oct	+0.80/+1.25	195.51/195.96	+2.87
10 Days Fwd	Nov	+0.25/+0.50	194.29/194.54	+2.75
15 Days Fwd	Nov	0.00/+0.25	194.04/194.29	+2.75
20 Days Fwd	Nov	-0.25/ 0.00	193.79/194.04	+2.75
Any Sep	Oct	+0.50/+0.75	195.21/195.46	+2.97

93 V New York Barge				
Prompt	Oct	+11.00/+13.00	205.71/207.71	+4.47
10 Days Fwd	Nov	+11.25/+11.75	205.29/205.79	+4.00
15 Days Fwd	Nov	+11.00/+11.50	205.04/205.54	+4.00
20 Days Fwd	Nov	+10.75/+11.25	204.79/205.29	+4.00

91.3 RBOB New York Barge				
Prompt	Oct	+12.00/+12.25	206.71/206.96	+3.10
10 Days Fwd	Nov	+12.50/+12.75	206.54/206.79	+3.63
15 Days Fwd	Nov	+12.25/+12.50	206.29/206.54	+3.63
20 Days Fwd	Nov	+12.00/+12.25	206.04/206.29	+3.63

87 M Colonial				
Cycle 55	Nov	0.00/+0.45	194.04/194.49	+3.15
Cycle 56	Nov	-0.15/+0.35	193.89/194.39	+4.43
Cycle 57	Nov	-0.30/+0.25	193.74/194.29	+3.07
Cycle 58	Nov	-0.45/+0.15	193.59/194.19	

Heating Oil New York Barge				
Prompt	Oct	-2.00/-1.85	211.06/211.21	+1.61
10 Days Fwd	Nov	-3.75/-3.25	211.24/211.74	+1.54
15 Days Fwd	Nov	-3.25/-2.75	211.74/212.24	+1.54
20 Days Fwd	Nov	-2.75/-2.25	212.24/212.74	+1.54
Any Sep	Oct	-2.00/-1.85	211.06/211.21	+1.61

LS Diesel New York Barge				
Prompt	Oct	+0.25/+0.50	213.31/213.56	+1.61
10 Days Fwd	Nov	-1.25/-0.75	213.74/214.24	+1.54
15 Days Fwd	Nov	-1.00/-0.50	213.99/214.49	+1.54
20 Days Fwd	Nov	-0.75/-0.25	214.24/214.74	+1.54
Any Sep	Oct	+0.25/+0.50	213.31/213.56	+1.61

		Low/High Diff	Low/High Price	Delta
ULS Diesel New York Barge				
Prompt	Oct	+4.50/+5.00	217.56/218.06	+1.24
10 Days Fwd	Nov	+3.00/+3.50	217.99/218.49	+1.54
15 Days Fwd	Nov	+3.25/+3.75	218.24/218.74	+1.54
20 Days Fwd	Nov	+3.50/+4.00	218.49/218.99	+1.54
Any Sep	Oct	+4.50/+5.00	217.56/218.06	+1.24

Jet 54 New York Barge				
Prompt	Oct	+1.50/+2.50	214.56/215.56	+0.36
10 Days Fwd	Nov	+0.50/+1.25	215.49/216.24	+1.17
15 Days Fwd	Nov	+0.50/+1.25	215.49/216.24	+0.92
20 Days Fwd	Nov	+0.50/+1.25	215.49/216.24	+0.54

Jet 55 New York Barge				
Prompt	Oct	+8.00/+8.50	221.06/221.56	+1.61
10 Days Fwd	Nov	+6.50/+7.00	221.49/221.99	+1.54
15 Days Fwd	Nov	+6.75/+7.25	221.74/222.24	+1.54
20 Days Fwd	Nov	+7.00/+7.50	221.99/222.49	+1.54

Heating Oil Colonial				
Cycle 56	Nov	-6.00/-5.50	208.99/209.49	+1.97
Cycle 57	Nov	-5.85/-5.35	209.14/209.64	+1.96
Cycle 58	Nov	-5.70/-5.20	209.29/209.79	+1.97
Cycle 59	Nov	-5.55/-5.05	209.44/209.94	

LS Diesel Colonial				
Cycle 55	Nov	-4.00/-3.50	210.99/211.49	+2.02
Cycle 56	Nov	-3.80/-3.25	211.19/211.74	+1.89
Cycle 57	Nov	-3.60/-3.00	211.39/211.99	+1.87
Cycle 58	Nov	-3.40/-2.75	211.59/212.24	+1.84

ULS Diesel Colonial				
Cycle 55	Nov	-0.90/-0.20	214.09/214.79	+2.09
Cycle 56	Nov	-0.70/+0.05	214.29/215.04	+1.97
Cycle 57	Nov	-0.50/+0.30	214.49/215.29	+1.94
Cycle 58	Nov	-0.30/+0.55	214.69/215.54	+1.92

Jet 54 Colonial				
Cycle 56	Nov	-2.50/-1.65	212.49/213.34	+2.19
Cycle 57	Nov	-2.25/-1.30	212.74/213.69	+1.74
Cycle 58	Nov	-2.00/-0.95	212.99/214.04	+1.71
Cycle 59	Nov	-1.75/-0.60	213.24/214.39	

Clean Product Swaps Forward Curves

87M Colonial	Low/High Diff	Low/High Price
Nov	-0.65/-0.15	194.06/194.56
Dec	-2.85/-2.35	191.19/191.69
Jan	-4.95/-4.45	189.73/190.23
Feb	-5.00/-4.50	191.88/192.38
Mar	-4.50/-4.00	194.77/195.27
Apr	-9.25/-8.75	192.40/192.90

ULS Diesel Colonial	Low/High Diff	Low/High Price
Nov	-0.25/ 0.00	212.81/213.06
Dec	-1.35/-1.15	213.64/213.84
Jan	-2.15/-1.90	214.44/214.69
Feb	-2.00/-1.25	216.59/217.34
Mar	-0.75/-0.25	219.14/219.64
Apr	+1.35/+1.65	221.61/221.91

Ethanol/Blending Components

Ethanol		
Chicago	205.00/210.00	+4.50
Chicago (Oct)	198.00/202.00	-2.50
New York	238.00/241.00	+7.50
New York (Oct)	220.00/222.00	+4.00
Atlanta	217.00/222.00	+4.50
Tampa	218.00/223.00	+4.50
Gulf coast (Houston)	212.00/217.00	+4.50
Dallas	210.00/215.00	+4.50
Los Angeles	230.00/232.00	-11.50
Brazil Anhydrous	224.00/234.00	
Brazil Hydrous	209.00/219.00	
Ethanol 2009 RINS	2.00/2.75	-0.13
Ethanol 2010 RINS	3.75/4.50	-0.38
Cellulosic 2009 RINS	2.00/2.75	-0.13
Cellulosic 2010 RINS	40.00/50.00	
Ethanol Crush Spread	+0.50	

Biodiesel		
SME fob USGC (rail)	328.00/338.00	+1.00
SME fob Chicago (rail)	327.00/337.00	+5.00
Biodiesel 2009 RINS	1.75/2.75	-0.75
Biodiesel 2010 RINS	52.00/54.00	-4.00
Biodiesel Crush Spread	+1.26	

Ethanol

US ethanol prices rebounded and ended the day mostly firmer on Friday, supported by a stronger futures market. The RINs market ended the week mostly weaker.

Activity was light and spot trades were only confirmed in the New York Harbor. A 25,000bl barge for October delivery changed hands at 221.00c/USG, causing the physical forward market to firm by 4.00c/USG. Prompt September volumes were discussed between 238.00c/USG and 241.00c/USG, or up by 7.50c/USG.

In Chicago, prompt September availabilities were pegged between 205.00c/USG and 210.00c/USG, or 4.50c/USG above Thursday's market. October delivery barrels were talked between 198.00c/USG and 202.00c/USG, causing the market to ease by 2.50c/USG.

Gulf and east coast markets strengthened on the back of gains in the prompt Chicago benchmark price. In Texas, prompt Dallas prices were talked from 210.00c to 215.00c/USG, while Houston ethanol discussions hovered around 212.00c to 217.00c.

In the southeast, prompt Tampa prices were pegged 13.00c/USG below Chicago values, no change from Thursday. Prompt Atlanta ethanol was pegged 100pt below Tampa, also stable from the previous session.

Alkylate				
New York	Oct	+16.00/+21.00	210.71/215.71	+2.97
Houston	87 M	+15.50/+16.00	209.77/210.27	+1.90

MTBE Barge			
Houston	87 M	+25.70/+35.70	220.00/230.00

Raffinate				
Houston	87 M	-5.00/-4.50	189.27/189.77	+3.15

Reformate				
Houston	87 M	+30.00/+32.00	224.27/226.27	+3.15
New York	Oct	+30.00/+32.00	224.71/226.71	+2.97

Ethanol Deals		
	Price	Volume '000
Ethanol-RINs		
2010	40.00	1,000
2010	40.25	3,576
New York Harbor		
Oct	221.00	25

2010 ethanol RINs traded at 4.00c/USG and 4.25c/USG for 1mn and 3.6mn USG respectively, causing the midpoint to ease by 38pt from Thursday. 2009 ethanol RINs were pegged between 2.00c to 2.75c/USG, or 13pt under the last market.

2010 cellulosic RINs were discussed between 40.00c/USG and 50.00c/USG, unchanged from Thursday. 2009 cellulosic RINs were seen between 2.00c/USG and 2.75c/USG, down by a marginal 13pt.

Blending Components

Trading was quiet for blending components on Friday, and differentials were generally unchanged. Only Gulf coast alkylate trading was detected.

A major sold 50,000 bl of alkylate available 27-29 September at Argus Gulf coast 87 conventional pipeline +16.25 to another major. Differentials weakened by 75pt from the previous day.

Also on the Gulf coast, raffinate was again pegged at Gulf coast waterborne -4.75. Reformate was pegged between Gulf coast unleaded +30.00 to +32.00.

On the Atlantic coast, reformate was talked between October Nymex +30.00 to October Nymex +32.00. Alkylate was again offered at October Nymex +21.00, but buyers held at October Nymex +16.00, the same level as bids on Thursday.

Feedstocks

Vacuum Gasoil Gulf Coast Waterborne					
70:30 Diff (cUSG)			WTI Diff (\$/bl)		
0.5% Cargo	70:30	+3.60/+4.79	Nov	WTI	+8.50/+9.00
0.5% Barge	70:30	+3.60/+4.79	Nov	WTI	+8.50/+9.00
1.0% Cargo	70:30	+1.22/+2.41	Nov	WTI	+7.50/+8.00
1.0% Barge	70:30	+1.22/+2.41	Nov	WTI	+7.50/+8.00
2.0% Cargo	70:30	-1.16/+0.03	Nov	WTI	+6.50/+7.00
2.0% Barge	70:30	-1.16/+0.03	Nov	WTI	+6.50/+7.00

70:30 Formula		¢/USG
Gulf Coast	198.53/198.99	+2.85

Naphtha Barge Gulf Coast			
40 N+A (c/USG)	87 M	-3.75/-3.25	
80 min Paraffin (\$/t)		735.75/736.25	+12.75

Light Cycle Oil (c/USG)				
0.005	USGC No. 2	-1.75/-1.25	207.99/208.49	+1.36
0.02	USGC No. 2	-3.25/-2.75	206.49/206.99	+1.24

CME Nymex

Light Sweet Crude (WTI)			\$/bl
Nov	76.49	+1.31	
Dec	77.65	+1.11	
Jan	78.62	+0.92	

Henry Hub Natural Gas			\$/mn btu
Oct	3.880	-0.14	
Nov	4.010	-0.15	

BTU Values and Spark Spreads

	BTU Value		Spark Spread vs PJM	
New York Diesel	15.48	+0.11	-111.82	-1.66
New York 0.3% HP Resid	12.71	+0.09	-84.08	-1.38
New York 1% Resid	11.25	+0.09	-69.51	-1.36
Transco Zone 6 Gas	4.16	-0.30	+1.45	+2.50
1% Central App Coal	3.32	+0.04	+9.80	-0.90

Vacuum Gasoil/Straight Run

Low sulphur VGO premiums to crude oil future inched higher in sporadic trading interest on Friday while high sulphur VGO differentials were deemed unchanged. Gasoline cracks weakened, but did not seem to hamper prompt low sulphur trading.

Low sulphur VGO offers were well represented on Friday, with a couple of sellers offering barrels on the Mississippi River in the high November Nymex +8.00s range up to November Nymex +9.00. A major that was offering 0.34pc sulphur, 194 aniline, 749 nitrogen VGO with 0.42 MCRT and 24.5 API out of Texas early on later sold the barrels to a refiner. The deal was heard done at November Nymex +9.00 for 28-30 September delivery to Texas City.

A major purchased good quality Calcasieu low sulphur VGO from a trader at November Nymex +9.00 delivered Texas City around 26-28 September. Calcasieu low sulphur VGO typically runs around 0.35pc sulphur, 200 aniline, 500 nitrogen with 26 API. No confirmed deals were detected from low sulphur VGO sellers on the Mississippi River.

Residual Fuel Oil (\$/bl)

New York Waterborne			\$/bl
0.3% Low Pour	77.50/77.75		+0.55
0.3% High Pour	76.50/76.75		+0.55
0.7%	73.85/74.10		+0.55
1.0%	71.70/71.95		+0.55
2.2%	69.65/69.90		+0.55
3.0%	69.65/69.90		+0.55

Gulf Coast Waterborne			\$/bl
1.0%	69.85/70.10		+0.60
3.0%	67.35/67.60		+0.60

1pc New York Swaps			\$/bl
Oct	71.35/71.45		+0.60
Nov	71.45/71.55		+0.65
Dec	71.70/71.80		+0.65

3pc Gulf Coast Swaps			\$/bl
Oct	67.60/67.70		+0.70
Nov	67.75/67.85		+0.70

Bunker Fuel (\$/t)

	180 CST		380 CST	\$/t
New York	471.00/474.00	+6.50	455.00/458.00	+6.50
Philadelphia			457.00/460.00	+6.50
Houston	455.00/458.00	+2.50	435.00/438.00	+2.50
Los Angeles	470.00/480.00	+10.00	440.00/450.00	+5.00
Portland	480.00/490.00	+10.00	455.00/465.00	+5.00
Seattle	465.00/475.00	+5.00	440.00/450.00	+5.00

High sulphur VGO activity was subdued on Friday following brisk trading earlier in the week. Late on Thursday, a refiner bought a 45,000 bl barge of 2pc sulphur, 155 aniline, 1800 nitrogen, 17.5 API, 0.5 CCR VGO from a second refiner at November Nymex +5.50 fob Houston, loading 4-6 October. Fresh high sulphur VGO discussions were difficult to detect on Friday, and no new deals were noted at the end of the day.

A coker gas-oil (CGO) sell tender offering 225,000 bl of 2.9pc sulphur, 135 aniline, 4500 nitrogen CGO with 1.5ppm iron and 14.5 API for delivery throughout the month of October was heard awarded on Friday, but the results were heard to be confidential. The seller reportedly has a hydrotreater turnaround planned at its Houston-area refiner in October.

Light cycle oil (LCO) differentials to Gulf coast heating oil (GC HSD) waterborne were marginally weaker on Friday amid thin trading interest. A refiner purchased two 45,000 bl pieces of 0.8pc sulphur, 16.5 API VGO from a major at GC HSD waterborne -2.00, delivered to Lake Charles. The first barge will deliver 1-3 October while the

Feedstocks/ Residual Fuel Oil

second barge will deliver 6-8 October.

Naphtha

Naphtha trading was stagnant on the Gulf coast, with limited participation as the week drew to a close. A major that had been offering very high nitrogen N+A naphtha at Gulf coast unleaded (GC UNL) pipeline -2.50 delivered Gulf coast on Thursday was heard to have taken the barrels back into its system.

A refiner was reportedly offering 37-40 N+A naphtha at GC UNL pipeline -1.00 delivered Gulf coast, but there were no deals confirmed to this end.

On the cargo front, two heavy N+A naphtha cargoes with low RVP were heard offered to the Atlantic coast at November Nymex -3.00. One of the cargoes was heard from Spain, while the other cargo on offer was reported to be Talara-quality barrels from Peru. Both offers were believed to be still on the table at the end of the day.

Paraffinic naphtha differentials to Rbob futures were generally unchanged in scattered talks on Friday. Light naphtha barrels offered to gasoline blenders in New York Harbor was pegged around November Rbob -13.50 to November Rbob -11.50, with no fresh business detected.

Fuel Oil Atlantic Coast

Atlantic coast fuel oil prices rebounded on Friday, led by bullish Nymex crude oil futures and stronger fuel oil swaps.

A major purchased a 1pc sulphur cargo from a trader, during a narrow afternoon trading window, at \$71.85/bl for approximately 120,000 bl delivered New York Harbor 4-8 October. It was the third consecutive day that the same two parties teamed up to do a 1pc sulphur transaction. The trader also offered the same price of \$71.85/bl for 120,000 bl of 1pc sulphur delivered New York Harbor 6-10 October.

As has been the case all week, 1pc sulphur prices determined the direction for rest of the fuel oil sulphur grades. 1pc sulphur strengthened by 55c which pushed up all other waterborne grades by the same amount, leaving all price differentials unchanged from the day before.

New York 1pc sulphur swaps climbed by 60c in October and by 65c in November and December. October deals were recorded between \$71.35 and \$71.45, while November's premium to October increased slightly to 10c. The November/December swaps contango remained unchanged from a day earlier at 25c.

Friday finished off a quiet week in the New York Harbor bunker market, where again nothing was reported to have traded. 380 CST prices firmed about \$6.50/t, as indications for 380 CST were heard between \$455/t and \$458/t on the back of the rise on crude oil. Bunker prices in Philadelphia remained at a slightly premium to New York Harbor.

Fuel Oil Gulf Coast

Fuel oil values at the Gulf coast ended the week on a higher note on Friday on the back of crude oil futures, fuel oil swaps, and steady demand in the high sulphur market.

Several VLCCs have either recently been fixed or are on subs to move oil from the Gulf coast and Caribbean to Asia-Pacific in the coming weeks, which has improved activity in the Gulf coast 3pc sulphur market. On Friday four barges of 3pc sulphur changed hands during a narrow afternoon trading window, pushing the total to 17 for the week. At least three barges of 3pc sulphur changed hands every day of this week.

A major's offer at \$67.60/bl for 45,000 bl of 3pc sulphur was purchased by a trader, available 2-4 October fob Houston. A trader bought a refiner's offer at \$67.50/bl for 45,000 bl of 3pc sulphur available 5-7 October fob Houston. The refiner also sold a 45,000 bl barge of 3pc sulphur to a trader and a major at \$67.45/bl, available 5-7 October fob Houston.

Gulf coast 3pc sulphur prices firmed by 60c on Friday to \$67.35-\$67.60, while 1pc sulphur firmed by the same level to remain \$2.50 above 3pc sulphur.

Gulf coast 3pc sulphur swaps firmed by 70c in the front three months on Friday. October paper ended the day either side of \$67.65, and November remained 15c above October. The November/December swaps contango also remained flat at 30c on Friday from the previous session.

The Gulf coast bunker market was active on Friday, as 4,730t of 380 CST traded in Houston and another 550t was done in New Orleans. 380 CST in the Houston area traded between \$435/t and \$437/t, available from 26-30 September. 180 CST was done at \$457/t for 400t available 27-30 September. In New Orleans 380 CST traded at \$440/t available 28 September.

Fuel Oil West Coast

West coast fuel oil prices firmed with rising crude oil markets, while California inventories came off.

Los Angeles 380 CST was discussed between \$440/t and \$450/t, or \$5/t over Thursday's market.

In the Pacific north-west 380 market, prices also strengthened by \$5/t. Seattle was pegged at \$445/t, while Portland prices stood at \$460/t.

Residual fuel oil inventories in California fell by 8.5pc to 955,000bl last week, according to the California Energy Commission. Stocks are 14.8pc under the levels recorded in the same week last year.

Industry News

US EPA gives guidance on E15 timing

The US Environmental Protection Agency (EPA) will decide on whether to allow fuel manufactures to introduce E15, ethanol blending in gasoline up to 15pc, into commerce prior to the final rulemaking in the waiver decision expected in the fall, the agency said in response to questions from the US House of Representatives' committee on energy and commerce.

"The practical effect of the rule provisions and timing of it and other local, state and federal actions related to bringing E15 to market is that we believe it is highly unlikely that E15 will be introduced before the labeling rule's effective date," the EPA said.

The EPA responded to various questions from the committee regarding the petition to increase ethanol blending in gasoline to 15pc (E15).

In the question about the infrastructure to support the use of E15, the EPA said if it passes a partial waiver on E15, underground storage tank (UST) systems will be not be required to store E15, the EPA said.

"We do not have data on how many UST systems would be fully compatible with E15," the EPA said.

The EPA said it expects to make a decision on E15 blend on 2007 vehicle models and newer after the Department of Energy (DOE) finishes testing by the end of September.

"If DOE's test results support E15, the EPA will also propose a labeling rule on fuel dispensing equipment," EPA assistant administrator Gina McCarthy said in the letter.

In November, the EPA said the DOE is expected to test vehicle models from 2001-06, and the EPA will make a "further determina-

tion" on E15 use in those vehicles after those tests are completed.

The letter included 16 enclosed questions for the EPA to respond to regarding the effect of E15 on consumers' cars, trucks and other engines. The committee said the EPA should not approve E15 without "sufficient" testing

"EPA is currently considering a petition from ethanol producers to allow the sale of gasoline that contains up to 15pc ethanol," the letter said. "We believe that EPA should not approve the use of E15 until the agency has sufficient test results to allow you to assure consumers that use of E15 will not harm their vehicles or engines."

Silver Eagle gets back Utah refinery equipment

Investigators from the US and Utah governments have released to Silver Eagle Refining equipment that was involved in an explosion in November at its 10,000 b/d refinery in Woods Cross, Utah, the company said.

The US Chemical Safety Board and the Utah Occupational Safety and Health division released to Silver Eagle the process furnace and reactor involved in the 4 November blast, which damaged nearby homes. It occurred after a pipe failed at the bottom of a distillate de-waxing unit.

The Chemical Safety Board had restricted Silver Eagle's access to the damaged section of the refinery, and the lifting of the restriction will allow Silver Eagle to complete an inspection of the equipment and piping, the company said.

Silver Eagle shut the refinery in mid-November and to date has only restarted the refinery's crude distillation unit, Silver Eagle spokeswoman Cindy Gubler said today.

Silver Eagle plans to follow protocols and procedures outlined by the US and the state and then set dates for restarting the rest of the refinery, the company said.

Infrastructure

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.

California gasoline, diesel stocks on the rise

California's total motor gasoline inventories fell by 2.8pc to 6.6mn bl last week and output came off by 3.1pc to 1.1mn b/d, according to the California Energy Commission (CEC). California's gasoline stocks stand 8pc over the levels recorded for the same week last year.

Distillates stocks built by 10.6pc to 4.3mn bl in California, despite a 2.8pc production cut to 372,000 b/d, the CEC said. Inventories are up by 31.5pc from the same week last year.

California's jet fuel inventories decreased by 3.1pc to 3.1mn bl, as output came off by 7.1pc to 242,000 b/d. Stocks stand 8.3pc under year-ago levels.

Crude throughput at California refineries retreated by 4.1pc to 1.7mn b/d, while stocks saw a 1.4pc draw to 16.2mn bl.

Residual fuel oil inventories in California fell by 8.5pc to 955,000bl last week. Stocks are 14.8pc under the levels recorded in the same week last year.

Caribbean, USG clean rates rise

Clean product tanker rates from the US Gulf and Caribbean into Latin America moved higher this week because of a tightening of available tonnage supply for loading through to the end of September.

A combination of increased demand for clean shipments into Latin

Infrastructure (Continued)

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.

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 to service.

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

Industry News (Continued)

America and a rise in diesel cargoes into Europe has been whittling away what had been a lengthy tonnage list.

For 38,000t cargoes from the US and Caribbean to the UK, European continent or Mediterranean, levels climbed from Worldscale (WS) 75 to WS82.5 and brokers were pegging rates as high as WS 85-W87.5, although these had still to be tested. Levels for cargoes from the Caribbean to the US Atlantic coast nudged up a few points to WS130.

While rates for 38,000t cargoes from the US Gulf to Brazil typically mirror rates from the Caribbean to the US Atlantic coast, a couple of shipments were fixed as high as WS145-WS147.5 from WS127.5 a week ago because so few vessels were able to load end September shipments.

One oil refiner is seeking to fix a 38,000t cargo from the US Gulf to Colombia's Atlantic coast, and rates have been pegged between \$325,000-\$350,000 lumpsum, up from \$305,000 a week ago. A cargo from the US Gulf to east coast Mexico was covered at \$220,000 lumpsum, up \$20,000 a week ago, but brokers said the rates could also see a further move higher.

Of the shipments headed to Latin America's west coast, levels for 38,000t cargoes from the US Gulf to Chile were being assessed around \$30,000 higher at \$1.05m lumpsum, but this was still to be tested. Cargoes of 30,000t from the Caribbean to Ecuador were being pegged at around \$660,000 lumpsum, placing levels to Peru at around \$750,000 lumpsum.

In the fuel oil trades, at least three very large crude carriers were

reported fixed on subjects to load 270,000t cargoes from the US Gulf and Caribbean to Asia. Rates to Singapore rose \$100,000 on a week ago to \$3mn lumpsum with shipments to China at \$3.9mn lumpsum.

For the Panamax, brokers said a few cargoes were being worked privately but rates remained unchanged at W110 for 50,000t cargoes from the Caribbean to the US Gulf.

	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

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

Industry News (Continued)

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."

Japan kerosene stocks hit a high

Kerosene stocks in Japan reached an eight-month high last week, suggesting the country might have starting stockpiling heating fuels ahead of winter.

Japan had 15.7mn bl of kerosene in storage as of 18 September, 4.6pc higher than a week ago and marking the 12th consecutive week of increases. The latest week's kerosene output, at 1.86mn bl, was also the second highest since early May.

Japan, one of the few countries to still use kerosene as a heating fuel, can store up to 28mn bl of the product to meet the growth in heating demand during winter months. Weekly kerosene output can also surge from as low as 1.2mn bl during spring to a high of 4.4mn during winter.

The expected increase in year-end kerosene demand is likely to be one of the few factors supporting Asian middle distillates market in the coming months. Regional jet fuel supplies are ample but demand had

been subdued because of poor arbitrage economics. Japan produced 1.56mn bl of jet fuel in the week to 18 September, 30pc less than the previous week, but stocks only registered an 8.7pc decline over the same period to 5.9mn bl.

But Japan's stockpiling growth might end up weaker than last year as kerosene consumption has either been declining or stagnating in recent years, with more Japanese households switching to other types of heating fuels or electricity.

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 October, 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.

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 bank-roll 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 reals (\$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.



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Price Assessment Methodology

Argus US refined products prices represent the market over the course of the entire trading day. Argus believes that a fair and representative price will include trade throughout the day. For refined products in the US, Argus publishes the low and the high of deals done. In illiquid markets, Argus looks to assess the range within which product could have traded, based on bids and offers through the day, movements in similar grades, and a market consensus following extensive polling of participants. The Argus assessment is an intelligent range of trade not a mechanistic system.

Price assessments in Argus US Products rely on a wide variety of sources for information, including discussion with refiners, marketers, importers, traders and brokers, and also data from online trading. Argus works to verify all deal prices, counterparties, and volumes. Argus values transparency, so we publish as much price, volume, and specification information as we discover. This allows you to cross check and verify the deals against the published prices.

The details of our methodology are available at www.argusmedia.com or by calling any Argus office.

Argus Market Map Methodology

The page 3 *Argus Market Map* represents spreads between regions for conventional gasoline east of the Rockies, Rbob on the west coast and ULSD. These spreads compare prompt vs prompt prices in the respective regions. The *Argus Market Map* does not account for transit time or backwardation/contango in the various markets.

To arrive at these spreads, Argus compares the cash price midpoint of its assessments in these regions:

USGC less NYH:

87 conv: 87 conv Colonial midpoint minus NYH 87 conv Buckeye midpoint
ULSD: ULSD Colonial midpoint minus NYH ULSD Buckeye midpoint

NYH less Chicago:

87 conv: NYH 87 conv Buckeye midpoint minus 87 conv Chicago generic pipe midpoint
ULSD: NYH ULSD Buckeye midpoint minus ULSD Chicago generic pipe midpoint

USGC less Chicago:

87 conv: 87 conv Colonial midpoint minus 87 conv Chicago generic pipe midpoint
ULSD: ULSD Colonial midpoint minus ULSD Chicago generic pipe midpoint

USGC less Group Three (Tulsa):

87 conv: 87 conv Colonial midpoint minus 87 conv Group Three midpoint
ULSD: ULSD Colonial midpoint minus ULSD Group Three midpoint

Group Three (Tulsa) less Chicago:

87 conv: 87 conv Group Three midpoint minus 87 conv Chicago generic pipe midpoint
ULSD: ULSD Group Three midpoint minus ULSD Chicago generic pipe midpoint

USGC less LA:

84 Carbob: 83.7 Rbob Colonial midpoint minus 84 Carbob LA midpoint
ULSD: ULSD Colonial midpoint minus EPA ULSD LA midpoint

LA less SF:

84 Carbob: 84 Carbob LA midpoint minus 84 Carbob SF midpoint
ULSD: EPA ULSD LA midpoint minus EPA ULSD SF midpoint

SF less Portland:

84 Carbob: 84 Carbob SF midpoint minus 84 Cbob Portland midpoint
ULSD: EPA ULSD SF midpoint minus ULSD Portland midpoint