

OPIS OIL PRICE INFORMATION SERVICE

Independent Refined Products Prices and Comprehensive Analysis for All US Markets

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MARKET OVERVIEW: MARCH BLOCKBUSTER

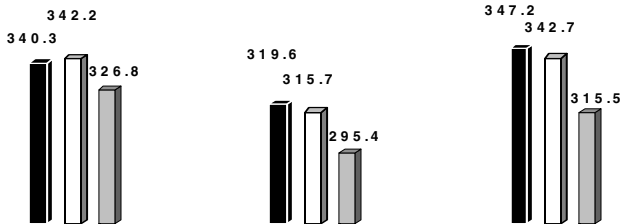
Spring sometimes brings blockbuster movies, like this year's *The Hunger Games*. It also nearly always delivers huge gasoline rallies. This year is no exception, but perhaps represents the most uneven blockbuster of the century.

The diversity in 2012 crude oil markets (more than \$50/bbl) appears likely to continue into another calendar quarter. Light Louisiana Sweet briefly hit \$130/bbl last Friday and again Monday. On the same business days, prices for the geographically disadvantaged Western Canadian Select crude blend fetched less than \$80. West Texas sour crudes brought about \$103 while Bakken was available for less than \$90, or some \$18 less than WTI.

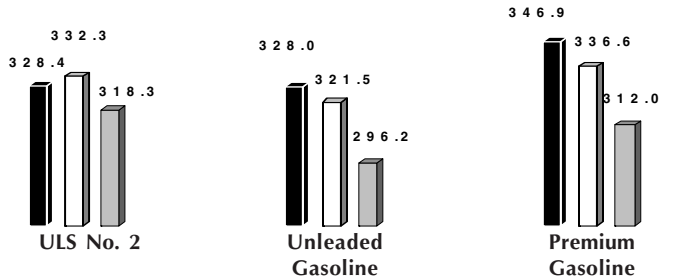
New for the week was equally compelling diversity within gasoline grades. Thanks to uneven refining maintenance, with plenty of ongoing work along the Great Lakes and also in Texas and Louisiana, we have unprecedented disparity in gasoline blends.

Leading the charge was the Chicago market, the oil industry's version of *Sybil*. During January, OPIS charted

AVERAGE U.S. CONTRACT PRICES IN CTS/GAL



AVERAGE U.S. SPOT PRICES IN CTS/GAL



Legend: Current Week (Black), Previous Week (White), Year Ago (Grey)

Source: Oil Price Information Service

U.S. PETROLEUM PRODUCT AVERAGES

Product	Spot	▲ Last Wk.	Rack	▲ Last Wk.
Gasoline	328.03	6.57	319.57	3.85
ULS No.2	328.42	-3.92	340.25	-1.91
Jet	325.71	-4.62	335.74	1.56
Ethanol	234.03	-0.24	248.21	3.07
Curr RIN	2.33	-0.03		
Pre RIN	0.13	-0.03		
MTBE	370.00	-5.00		
Propane	121.14	0.58	123.41	-2.83
Resid	113.35	-0.35		
Naphtha	309.20	8.55		
Med.VGO	330.40	9.15		

Note: All price averages in cts/gal except resid (\$/bbl)

NATIONAL SPOT-RACK-RETAIL MARGINS

National Index	Gasoline	▲ Last Wk.	Diesel	▲ Last Wk.
Retail	386.23	4.92	410.06	2.74
Net	335.51	4.90	368.28	2.99
Wholesale	324.28	5.68	341.34	2.94
Rack-Retail Margin	11.22	-0.78	26.94	0.05
Spot	328.03	6.57	328.42	-3.92
Spot-Retail Margin	7.47	-1.67	39.86	6.91

Note: All price averages in cts/gal

BANK ASKS WILL N. AMERICAN OIL, GAS REVOLUTION UNSEAT OPEC?

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winter-grade RBOB deals at 60cts/gal under NYMEX futures. Outright prices for Chicago RBOB bottomed at \$2.35/gal. Less than 60 days later, OPIS documented summer RBOB deals with prompt barrels commanding a price some 30cts/gal above the NYMEX, or \$3.64/gal.

For Great Lakes refiners fortunate enough to be making RBOB without incident, that added up to a sales price in excess of \$150/bbl, compared to the winter low of less than \$100. Depending on where the crude was sourced, RBOB in late March was fetching cracks of \$30-\$60/bbl.

Chicago is now moving through the weeks that see an overlap between refinery maintenance and the replacement of summer gas into coffers that held winter material. *(continued on page 16)*

IMPRECISE GASOLINE DEMAND ESTIMATES STIR CONTROVERSY

It is undisputed that U.S. motorists in 2012 are bruised and battered by the pinch of high gasoline prices. But the methods, and in some cases motives, of entities that attempt to measure motor fuel demand numbers are currently under siege. It turns out that determining the precise nature of gasoline demand destruction is as subjective an exercise as judging an Olympic boxing match. *(continued on page 6)*

IN CASH MARKETS

WEEKLY AVERAGES SPOT REPORT

GULF COAST		NORTHEAST			BUCKEYE/LAUREL		
	Gulf Coast Pipeline Wk Avg.	Gulf Coast Waterborne Wk Avg.	N.Y. Harbor Barge Wk Avg.	N.Y. Harbor Cargo Wk Avg.	Boston Cargo Wk Avg.	Buckeye Pipeline Wk Avg.	Laurel Pipeline Wk Avg.
Reg Unl	320.755	322.005	319.990	319.990	N/A	319.990	N/A
Mid Unl	328.275	329.525	327.870	328.070	N/A	327.870	N/A
Pre Unl	339.555	340.805	339.690	340.190	N/A	339.690	N/A
RBOB	338.790	N/A	317.090	317.590	320.090	317.090	319.490
Pre RBOB	363.555	N/A	338.440	338.940	341.440	338.440	340.840
CBOB	317.655	N/A	316.925	N/A	N/A	316.785	319.185
Pre CBOB	N/A	N/A	337.840	N/A	N/A	337.840	340.240
LS CBOB	316.890	N/A	N/A	N/A	N/A	N/A	N/A
PrLSCBOB	338.265	N/A	N/A	N/A	N/A	N/A	N/A
Alkylate	N/A	365.755	N/A	N/A	N/A	N/A	N/A
ULSD	328.336	329.336	331.046	331.296	332.796	331.046	331.546
HS No2	319.816	321.066	321.616	321.616	323.116	321.616	321.866
LS2OFF	321.096	322.096	325.796	325.796	327.296	N/A	N/A
Jet 54	325.621	327.121	328.771	328.771	N/A	328.771	329.021
ULS Kero	329.871	N/A	337.496	337.496	338.996	N/A	N/A
55Kero	328.371	329.871	334.496	334.496	335.996	334.496	334.746
B100 SME	494.500	N/A	N/A	N/A	N/A	N/A	N/A

MIDWEST

	Chicago Pipeline Wk Avg.	Group 3 Pipeline Wk Avg.	Wolverine Pipeline Wk Avg.
Reg Unl	328.690	318.275	329.885
Mid Unl	339.650	320.485	340.865
Pre Unl	356.090	323.800	357.335
Pre RBOB	389.790	N/A	391.785
RBOB	364.590	N/A	366.585
CBOB	328.590	N/A	329.785
ULSD	309.646	325.946	313.571
LS2OFF	309.646	N/A	N/A
Jet 54	316.746	307.346	316.746
B100 SME	474.500	N/A	N/A

WEST COAST

	Los Angeles Pipeline Wk Avg.	San Francisco Pipeline Wk Avg.	Pac Northwest Pipeline Wk Avg.
UNL-CLEAR	N/A	331.362	N/A
PREM-CLEAR	355.140	339.662	N/A
CARBOB-R	331.840	331.362	N/A
CARBOB-P	337.040	340.262	N/A
AZRBOB-R	330.840	N/A	N/A
AZRBOB-P	338.340	N/A	N/A
Sub-oct REG	335.140	N/A	340.640
Sub-oct Pre	N/A	N/A	352.640
SEA Sub	N/A	N/A	339.640
SEA SubPre	N/A	N/A	351.640
CARB No.2	335.805	335.471	N/A
ULS No.2	334.530	335.471	346.596
.05% No.2	N/A	N/A	343.596
Jet	338.071	N/A	N/A
B5	N/A	N/A	348.596

Methodology: OPIS spot weekly averages are calculated by averaging the daily averages, adding each low and high for each business day and dividing by the total.

OPIS provides real-time prices for all of these spot markets and products on the "OPIS Spot Ticker." Each day, OPIS publishes closing spot prices for all of these prices in daily price reports. These prices can also be accessed electronically in a variety of ways. To trial any of our daily or real-time spot pricing services please call 888-301-2645 or e-mail us at energycs@opisnet.com.

Cash markets fell as futures gave up some gains. The most notable losses were on the West Coast, where CARBOB discounts widened to as much as 15cts, and then eased to 7cts.

Discounts for March CARBOB have not been uncommon in the last few years, nor was last week's low of minus 15cts the weakest ever seen. Last August saw discounts in the 20cts area for Los Angeles CARBOB. The tug of war between West Coast demand and supply, noted previously, drags on. Supplies are not exactly robust and refiners continue to encounter snags. At the same time, demand is soft and expectations are not strong (as witnessed by April and May CARBOB trading at discounts to futures.)

The CARBOB drop puts it halfway between Gulf Coast 9-lb RBOB and 13.5-lb New York Harbor RBOB. Should the West Coast remain depressed and the New York market shift significantly higher as it transitions to summer-grade gasoline, the rare West Coast-to-East Coast arbitrage window could swing open.

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GROUP 3 SPOT MARKET FORWARD INDEX

Month	ULSD Spot	ULSD Diesel	ULSD Spot	ULSD Diesel	Unleaded Spot	Unleaded Regular
	Midpoint	Buy x Sell	Midpoint	Buy x Sell	Midpoint	Buy x Sell
Prompt Mar	320.87	2.75 x 3.25	320.87	2.75 x 3.25	316.71	-17.5 x -17
Any Mar	321.87	3.75 x 4.25	321.87	3.75 x 4.25	318.46	-15.75 x -15.25
Prompt Apr	322.41	3 x 3.25	322.41	3 x 3.25	318.20	-14.75 x -14
Any Apr	323.53	4 x 4.5	323.53	4 x 4.5	319.07	-13.75 x -13.25
Any May	324.47	3.75 x 4.25	324.47	3.75 x 4.25	317.09	-11.5 x -11

CHICAGO SPOT MARKET FORWARD INDEX

Month	ULSD Spot	ULSD Diesel	ULSD Spot	ULSD Diesel	Unleaded Spot	Unleaded Regular
	Midpoint	Buy x Sell	Midpoint	Buy x Sell	Midpoint	Buy x Sell
Prompt Mar	305.87	-12.25 x -11.75	305.87	-12.25 x -11.75	324.46	-9.75 x -9.25
Any Mar	305.87	-12.25 x -11.75	305.87	-12.25 x -11.75	324.46	-9.75 x -9.25
Prompt Apr	308.28	-11.25 x -10.75	308.28	-11.25 x -10.75	325.32	-7.5 x -7
Any Apr	309.28	-10.25 x -9.75	309.28	-10.25 x -9.75	321.57	-11.25 x -10.75
Any May	314.47	-6.25 x -5.75	314.47	-6.25 x -5.75	317.34	-11.25 x -10.75

BANK ASKS WILL N. AMERICAN OIL, GAS REVOLUTION UNSEAT OPEC?

North American oil and natural gas production is growing the fastest of any world region and likely to keep surging through the decade and into the 2020s, according to Citigroup Global Markets.

New analysis by the bank's commodity researchers puts numbers on what appear to be some of the boldest supply and demand projections available and raises questions about the domestic and international implications for the U.S. economy, markets and energy security.

Themes touched on in the research hit the hottest buttons in the raging U.S. energy policy debate: what could more North American drilling do for fuel prices, employment, the U.S. economy? Will the U.S. become a major oil and natural gas exporter? Will North America, in 2020, be the new Middle East?

Citigroup says that by 2020 total liquids production in North America could nearly double, to close to 27 million b/d from more than 15 million b/d as of end-2011. The U.S. and Canada could see natural gas production rise by 22 Bcf/d by 2020 to some 76 Bcf/d, with more than half of the increase coming from the Lower 48 states.

Among the different sectors contributing to that total, Citigroup sees deepwater output rebounding, possibly taking "a hockey-stick trajectory" to raise current production of 1.3 million b/d to 3.75 million b/d by 2020. Shale and tight oil production could grow by as much as 3.8 million b/d during that same time.

Estimates for total Canadian liquids production reflect more than 3 million b/d to 6.5 million b/d by 2020 (2.1 million b/d from Western Canadian oil sands, along with 500,000 b/d of tight oil output and 500,000 b/d from natural gas liquids).

During a conference call to discuss their findings, the analysts noted that most of the production increase would be in the latter part of the decade. "The market could see real tightness before longer-term equilibrium kicks in," said one. Pressed for some notion of where the price of crude might go as a result of increasing output, another of the analysts said their forecast was for U.S. crude prices to fall to some \$70/bbl.

The group does not see the new output and lower prices as de-incentivizing production. "The break-even cost is \$50-\$60/bbl in a lot of these basins, which would make them profitable and fully producing for some time," said one of the analysts. Citigroup also believes that the costs of production for shale and oil sands crude are declining.

The demand side of the 2010-2020 period shows structural, secular decline, driven by demographic changes, increasing fuel efficiency and new transportation technologies, "particularly natural gas vehicles, likely to be first adopted in fleet vehicles," Citigroup said.

Between lower consumption and greatly increased oil and gas supply, real Gross Domestic Product (GDP) in the U.S.

could increase by 2% to 3.3% (\$370 billion to \$624 billion in 2005 dollars), according to Citigroup's analysis. Job creation could be anything from 2.2 million to 3.6 million on a net basis and the current account deficit (now 3% of GDP) could be cut by 1.2% to 2.4% of GDP.

The bank also sees politics and policies creating some headwinds for the North American oil and gas revolution.

With new and growing volumes of shale gas behind industry transformations including power generation and the re-industrialization of America based on lowest-in-the-world feedstock costs, Citigroup asks whether some might seek to block exports of gas to maintain the input cost advantage against global competitors. Likewise, will crude export controls and the Jones Act work to constrain oil movement abroad or between U.S. ports, respectively?

Pipeline infrastructure build-out in particular has run afoul of U.S. politics. The Keystone XL process has been "portrayed as a binary choice between environmental protection on the one hand, and job creation on the other."

The reshaping of North American oil supply has put pressure on existing transportation infrastructure in well-known ways such as the blow-out of the WTI-Brent spread, but in-process changes in refinery crude slates also promise pressure on light, WTI-like crudes. By 2013, Citigroup says, Midcontinent refinery upgrades to process heavy crudes will leave 420,000 b/d of light crude without a home in PADD2.

"Over the next 5-10 years, infrastructure or political bottlenecks look like they will make it impossible for WTI to reach equilibrium price levels with global waterborne crude streams," the analysts said.

If the U.S. were to see a 3-million-b/d surplus of crude supply over consumption, would it export out of the Gulf Coast, becoming the new Middle East and challenging the role of OPEC?

Doing so probably hinges on whether a newly energy-independent U.S. economy would want to continue to play a central role in global affairs. Citigroup casts some doubt on the political will of the U.S. government continuing to be the guarantor of supply lanes around the world and the protector of main producer countries in the Middle East.

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POLL: HIGHER ENERGY TAXES MEAN HIGHER GASOLINE PUMP PRICES

Seventy-six percent of Americans polled in a recent survey think higher energy taxes mean higher gas prices, according to the American Petroleum Institute (API), which commissioned the survey.

In a statement issued last week, API focused on the impact higher taxes might have on retail pump prices, but the survey broadly addressed people's views of President Obama's job performance and their thoughts about increasing domestic oil production.

Poll participants were asked whether they agree or dis-

(continued from page 3)

agree with the statement that “increasing energy taxes could increase consumer costs on a wide variety of products and services, including higher gasoline prices.”

A majority of participants agreed with the statement regardless of demographic breakdown, including political party, gender, age, race, income, education and political ideology.

Democrats voiced the greatest dissent, with about 30% of Democrats in disagreement. Poll participants with incomes of \$25,000 or less also expressed doubt.

“Voters understand that raising taxes is not a solution for high gasoline prices,” said API president and CEO Jack Gerard. Gerard advocated an “all-of-the-above energy strategy” that focuses on “greater access to areas that are currently off limits, a regulatory and permitting process that [supports] reasonable timelines for development, and immediate approval of the Keystone XL pipeline to bring more Canadian oil to US refineries.”

API also said that “large majorities of voters” believe that more U.S. oil and natural gas development could reduce gasoline prices (81%), lead to more American jobs (90%) and enhance America’s energy security (84%).

The study came a week or so after a briefing by the Congressional Research Service (CRS) that put forth a potential “gasoline excise tax holiday” as a temporary relief valve for high gasoline prices. The strategy was opposite the one posited by the API poll and is one which CRS believes would decrease gasoline prices by an amount up to that of the tax. “The market response to a cut in the excise tax would be a tendency to reduce consumer prices by an amount less than or equal to the tax cut,” CRS predicted.

The study also appears beside an initiative by California state Board of Equalization leader George Runner to cap gasoline taxes in the Golden State, where residents were paying \$4.37/gal as of March 20.

The study was conducted for API by Harris Interactive, a market research firm, via telephone survey of 1,009 registered voters in the U.S.

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ICE IMPLEMENTS FIRST-EVER TRADING LIMITS FOR OIL FUTURES

The InterContinentalExchange (ICE) will begin the implementation of Interval Price Limits (IPL) on the trading platform for designated ICE Futures Europe contracts, including Brent crude, gasoil, low-sulfur gasoil, West Texas Intermediate, RBOB gasoline and heating oil, according to a market advisory issued by ICE last week.

Unlike NYMEX oil contracts, ICE oil futures do not have daily price limits.

The circuit breakers are the first of their kind for

ICE oil contracts to mitigate sharp daily price moves, an ICE spokesman told OPIS.

IPL provides new functionality to limit large price movements from occurring within a given time frame.

For each contract, there will be a set limit, the IPL, to which prices can move within a set timeframe known as the re-calculation time.

If a bid or offer attempts to breach the IPL, the market will enter a hold period preventing any further trading beyond the limit until the end of the hold period.

(continued on page 16)

U.S. Crude Oil Buying Prices (\$/bbl)						
	West Texas Intermediate	West Texas Sour	Louisiana Sweet	Change in Week	Effective Date	
Plains Marketing	103.75	97.80	102.25	1.75	3/21	
ChevronTexaco	103.75	100.75	123.25	1.75	3/21	
Conoco/Phillips	103.89	98.55	102.64	1.84	3/21	
Sunoco	103.75	98.75	102.50	1.75	3/21	
Shell Trading	103.90	98.60	102.25	1.90	3/21	
Crude Oil Stocks (in 1,000)						
	Current Week	Last Week	Last Year	Change in Week	Change in Year	
	3/16/2012	3/9/2012	3/18/2011			
U.S.	346,300	347,500	352,800	-1,200	-6,500	
Imports	8,224	8,716	8,987	-492	-763	
Crude Oil Crack Spread						
	Crack Value	Crack Spread	Change from Last Week			
	2:1:1	2:1:1				
May	\$138.90	\$31.63	-\$2.32			
Jun	\$137.98	\$30.23	-\$3.20			
Window Spot-to-Rack Netback Spreads						
Downstream netbacks are determined by subtracting the Average Rack price from the Delivered Spot price (total of the Spot Average and Delivery Costs).						
New York Harbor Wholesale Netbacks						
	Diesel spot average 330.67			Unleaded Gasoline conventional spot avg 322.78 reformulated spot avg 318.78		
	Delivered Spot	Average Rack	Netback	Delivered Spot	Average Rack	Netback
Albany	334.32	344.70	10.38	326.43	322.49	-3.94
Boston	333.52	343.09	9.57	321.63	321.63	0.00
Newark	331.97	338.92	6.95	320.08	319.38	-0.70
New Haven	332.67	341.80	9.13	320.78	321.70	0.92
Portland	334.17	350.97	16.80	326.28	322.93	-3.35
Gulf Coast Colonial Pipeline Wholesale Netbacks						
	Diesel spot average 327.57			Unleaded Gasoline spot average 337.29		
	Delivered Spot	Average Rack	Netback	Delivered Spot	Average Rack	Netback
Atlanta	330.46	336.26	5.80	323.93	352.73	28.80
Baltimore	330.98	338.77	7.79	340.70	337.39	-3.31
Fairfax	330.98	337.60	6.62	340.70	338.78	-1.92
Greensboro	330.73	336.06	5.33	324.20	330.44	6.24
Philadelphia	331.05	338.18	7.13	340.77	320.44	-20.33
Chicago	331.57	319.66	-11.91	0.00	0.00	0.00
St. Louis	330.57	336.37	5.80	324.04	340.15	16.11
Birmingham	330.98	336.64	5.66	324.45	318.76	-5.69
Dallas	329.97	335.21	5.24	339.69	339.49	-0.20
Houston	329.07	337.49	8.42	338.79	335.99	-2.80
Group 3 Williams Pipeline Wholesale Netbacks						
	Diesel spot average 326.92			Unleaded Gasoline spot average 321.28		
	Delivered Spot	Average Rack	Netback	Delivered Spot	Average Rack	Netback
Kansas City	329.52	333.37	3.85	323.88	327.08	3.20
Minnesota	331.28	335.25	3.97	325.64	325.76	0.12
Omaha	330.22	335.70	5.48	324.58	332.61	8.03
Tulsa	328.17	331.14	2.97	322.53	324.98	2.45
Denver	329.92	337.83	7.91	324.28	331.47	7.19
West Coast Netbacks						
	Diesel spot average 335.49			Unleaded Gasoline spot average 335.81		
	Delivered Spot	Average Rack	Netback	Delivered Spot	Average Rack	Netback
Los Angeles	337.09	341.66	4.57	334.41	336.90	2.49
Phoenix	339.24	359.17	19.93	339.56	340.03	0.47
San Francisco	337.52	338.65	1.13	332.91	334.72	1.81

CURRENT EIA STATISTICS

Gasoline	Current	Last Week	3-Yr Avg
PADD 1 Inventories	60,500	62,100	58,500
PADD 2 Inventories	54,200	54,800	52,767
PADD 3 Inventories	75,100	73,800	70,900
PADD 4 Inventories	6,400	6,300	6,533
PADD 5 Inventories	30,700	31,100	30,933

LS Distillate	Current	Last Week	3-Yr Avg
PADD 1 Inventories	24,100	23,400	26,067
PADD 2 Inventories	32,200	32,700	29,667
PADD 3 Inventories	34,300	33,300	39,067
PADD 4 Inventories	4,100	4,000	3,133
PADD 5 Inventories	12,200	11,800	11,267

HS Distillate	Current	Last Week	3-Yr Avg
PADD 1 Inventories	21,800	22,700	28,833
PADD 2 Inventories	600	600	1,767
PADD 3 Inventories	5,900	4,800	6,133
PADD 4 Inventories	200	200	167
PADD 5 Inventories	1,200	1,300	1,333

Inventories	Current	Last Week	3-Yr Avg
Gasoline	226,900	228,100	219,633
Gasoline RFG	600	600	1,067
LS Distillate	106,900	105,100	109,233
HS Distillate	29,700	29,700	38,167

Refinery	Current	Last Week	3-Yr Avg
Crude Input	14,572	14,657	14,530
Mogas Output	8,577	8,737	8,938
LS Distillate Output	3,852	3,773	3,557
HS Distillate Output	399	373	353

Imports	Current	Last Week	3-Yr Avg
Crude	8,224	8,716	9,256
Mogas	632	532	818
Distillate	174	141	270

Demand	Current	Last Week	3-Yr Avg
Mogas	8,379	8,415	9,087
4-week Avg	8,355	8,417	9,025
Distillate	3,217	3,832	3,836
4-Week Avg	3,567	3,594	3,819

Note: All statistics shown in thousands of bbl.

DOMESTIC DEMAND WORRIES PERSIST

Judging by the latest EIA weekly data, the U.S. is still in the throes of demand destruction. Total demand of 17.674 million b/d reflects a drop of 897,000 b/d for the week, and is off 1.636 million b/d from a year ago. Gasoline demand saw a small drop, but remains 694,000 b/d above mid-March 2011 levels.

The 694,000 b/d figure is notably much higher than the lost production from closed East Coast refineries.

Traders banking on an April rendezvous with tight RBOB supply might also be worried by offshore trends. Trading companies found 133,000 b/d of additional foreign RBOB last week, and that was supplemented by 128,000 b/d of offshore GTAB, which often gets turned into reformulated gas. Gasoline cracks that are \$15/bbl above North Atlantic sweet crude suggest that foreign refiners may continue to target destinations near New York and Boston Harbors.

Gasoline stocks fell by 1.2 million bbl, and that included a 1.6-million-bbl decline on the East Coast. But RBOB inventories held steady, and the overall stock drop is consistent with the typical purge of winter blends of gas.

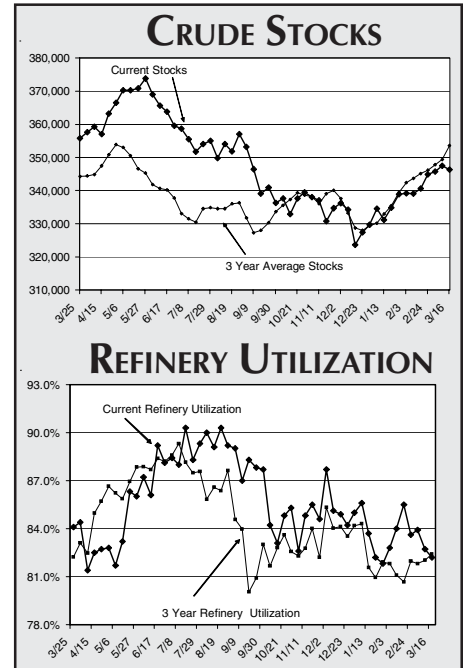
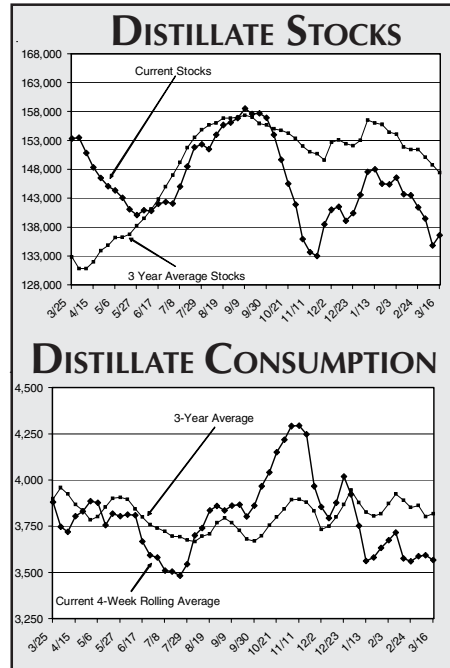
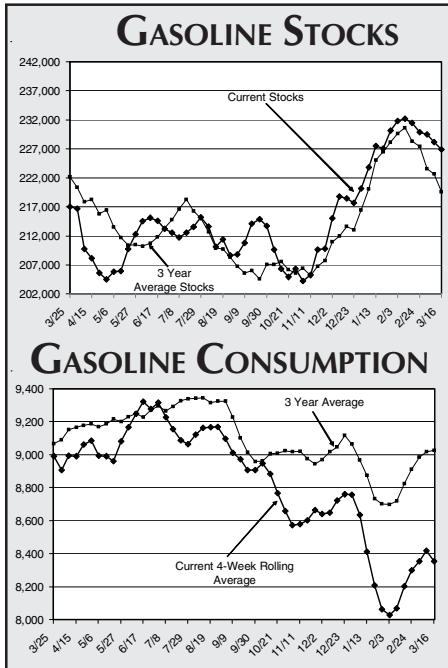
This was also the first week of a new round of export numbers put out by EIA, and the beginning of the latest cycle saw gasoline export estimates drop by 236,000 b/d to just 380,000 b/d.

Distillate demand appeared to be hurt not by warm temperatures, but by shipping difficulties. The 1.76-million-bbl inventory increase was attributed to a 2-million-bbl build at the Gulf Coast, which may have been tied to fog issues that kept diesel slated for export in reportable U.S. storage. Heating oil stocks drew down on the East Coast.

Domestic distillate demand of 3.217 million b/d is still anemic by any standard. It represents the lowest figure since Aug. 7, 2009, which some might recall was the last inning of the Great Recession.

EIA also lowered its estimates for U.S. exports of diesel, dropping the daily figure by 168,000 b/d to 956,000 b/d.

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(continued from page 1)

The Energy Information Administration (EIA) is catching plenty of flak, particularly from oil/equities analysts and economists who believe EIA is overstating demand attrition from last year. And indeed, the numbers are striking: year-to-date gasoline demand numbers for the first eleven weeks of 2012 are down 7.087 percent from the same period in 2011. If one were to project that loss through the entire year, it would result in a 2012 average gasoline demand number of just 8.117 million b/d. That would be 1.17 million b/d below the generally recognized peak year of 2007 when gasoline demand flirted with 9.3 million b/d.

Few chain marketers, and even fewer oil analysts, believe that there is 7% demand destruction. And even EIA notes that year-on-year comparisons of weekly numbers are skewed. EIA's final word on demand arrives via much more accurate monthly estimates delivered about 60 days after the fact. The weekly numbers one year ago essentially overstated real demand, because EIA underestimated the gasoline export number. Monthly numbers were eventually adjusted lower, but EIA still shows the less accurate year ago in weekly statistical bulletins issued each Wednesday.

Several banks have critiqued the EIA flaws, although independent trade analysts observe that there is an offsetting skew among investment researchers – namely, that they tend to grab statistics that promote a bullish view the majority of the time.

MasterCard Advisors data tends to back up the assertion that notwithstanding weekly/monthly accuracy issues, this year's demand attrition can't be summarily dismissed. MasterCard's SpendingPulse gasoline report includes a four-week moving average demand number, and that figure has posted 52 consecutive year-over-year declines. MasterCard says that its report goes beyond card receipts to reflect total gasoline demand in the country, and year to date, it shows a 5.6% deterioration in demand. The MasterCard numbers include actual pump sales, and thus reflect the ethanol portion of motor fuel. If the rate of destruction is projected through the entire year, the final 2012 fuel drop would be on the order of 497,000 b/d.

The MasterCard SpendingPulse reports have established more traction with gasoline traders in the last year or so, but critics still suggest flaws. Companies like Costco that don't take the card are generally acknowledged to be gaining market shares from retail merchants who take MasterCard and Visa, for example. Thus, the SpendingPulse report may not account for the volume surge as consumers aggregate their shopping at retail outlets that don't emphasize credit cards.

Investment bank Morgan Stanley saw fit last week to perform an exhaustive study, taking into consideration all of the measurements and data sets for gasoline, vehicle counts, and driving. While the bank referred to a "lost decade of gasoline demand," authors of the report put current 2012 gas demand destruction at just 140,000 b/d, when adjusted for export anomalies. Morgan Stanley suggests that

2012 will see demand of about 8.583 million b/d, a drop of only 155,000 b/d from last year. It suggests flat numbers between 2013-2015, with gasoline demand falling within close proximity of 8.6 million b/d each of those years.

The investment house even has a model that explains some 495,000 b/d of the 548,000 b/d of gasoline demand destruction recorded from 2007 through 2011. About 147,000 b/d of that total can be attributed to lower utilization; 247,000 b/d is tied to a smaller fleet; and 104,000 b/d from fuel efficiency gains.

Many oil traders dismiss such specificity as a quest to be precise in an oil price data world that lacks precision. But they will patiently reserve judgment on the staying power of the ongoing consumption slump until June.

Using EIA's monthly records for last year, one finds that gasoline demand in 2011 advanced from 8.53 million b/d in the first two months of the year to 8.773 million b/d in April and May, an increase of 243,000 b/d. That increase took place despite price increases of over 50cts/gal. In 2010, the same calendar periods yielded an advance of 585,000 b/d while 2010 delivered a 327,000 b/d increase.

So, beginning next month, it may be "getting late early" as Yogi Berra might say. Recent history suggests that gasoline demand should surge despite higher prices, particularly in an economy that appears to be growing. Any lack of surge might suggest that something more secular is afoot.

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ENTERPRISE MULLS BI-DIRECTIONAL FLOW ON TEPPCO

In a bid to stem a slide in usage, Enterprise Products says it may make the Texas Eastern Products Pipeline (TEPPCO) fully reversible, allowing gasoline, diesel and jet fuel to travel in either direction between Arkansas and Ohio.

During an analyst day presentation, Enterprise vice-president Jim Collingsworth said the company has been working on the project for the past year and has been feeling out customers regarding the switch, which may be announced in the coming weeks.

TEPPCO currently moves refined products from the Gulf Coast to Midwest markets. But Collingsworth said TEPPCO is facing several major changes, including less demand for Gulf Coast gasoline due to increasing ethanol blending in the Midwest and local refineries turning out lower-cost gasoline thanks to increasing use of heavy Canadian crudes.

"We've been assaulted on two fronts up there," Collingsworth told analysts at a recent meeting discussing the proposal. "We've got to be able to set up our system in Ohio and Chicago so we can gather refined products from those refiners cracking Canadian heavy crude. We've got to flow that product south."

To underscore the weakening demand in the Midwest, Collingsworth said overall refined products imports into PADD2 have fallen from 1 million b/d to 400,000 b/d. TEPPCO has grabbed a larger share of (continued on page 13)

REGIONAL DOWNSTREAM PROFITABILITY ANALYSIS



PADD 1 NORTHEAST

NORTHEAST SPOT-RACK-RETAIL MARGINS

National Index	Gasoline	▲ Last Wk.	Diesel	▲ Last Wk.
Retail	386.74	4.08	418.33	2.30
Net	333.91	4.02	375.11	3.18
Wholesale	320.83	6.67	345.34	2.99
Rack-Retail Margin	13.08	-2.66	29.78	0.19
NY Spot	319.96	6.89	328.87	-3.81
Regional Spot-Rack Margin	0.87	-0.21	16.47	6.80
Regional Spot-Retail Margin	13.95	-2.87	46.24	6.99

Note: All prices are averages in cts/gal

- Northeast refiners looking to lock in second quarter summer-gasoline profits could do so last week at \$14-\$16/bbl above the most expensive crude blends. But winter gas was still barely \$9/bbl above sweet crude.
- Traders believe that a summer shutdown of Sun's Philadelphia refinery is built in to RBOB prices. The possibility of closure probably accounts for 5-15cts/gal in July and August contracts.
- EPA confirmed near presstime that it is considering a waiver of the 7.8psi standard for western Pennsylvania counties, and working "proactively" with regional refiners, the DOE, and state officials.



PADD 1 SOUTHEAST

SOUTHEAST SPOT-RACK-RETAIL MARGINS

National Index	Gasoline	▲ Last Wk.	Diesel	▲ Last Wk.
Retail	378.44	4.95	413.01	2.04
Net	326.38	4.93	372.02	3.51
Wholesale	318.57	6.66	341.06	3.49
Rack-Retail Margin	7.81	-1.73	30.95	0.02
NY Spot	319.96	6.89	328.87	-3.81
Regional Spot-Rack Margin	-1.39	-0.22	12.19	7.30
Regional Spot-Retail Margin	6.42	-1.95	43.15	7.32

Note: All prices are averages in cts/gal

- Northern Virginia and surrounding RFG markets saw prices surge as southern-grade RFG rose at the Gulf Coast. The summer blend began trading in earnest last week above \$3.40/gal.
- 7-Eleven will return to the Jacksonville market after more than two decades. At least a dozen sites in the area are planned. The chain left in 1990 when it sold 16 c-stores to Gate Petroleum.
- Peak spring break season helped lift lower Atlantic gasoline demand by 4.5% on the week, according to MasterCard SpendingPulse. However, demand is still off by 5.4% from last year.



PADD 2 MIDWEST

MIDWEST SPOT-RACK-RETAIL MARGINS

National Index	Gasoline	▲ Last Wk.	Diesel	▲ Last Wk.
Retail	386.56	5.77	403.54	3.18
Net	334.71	5.67	363.34	2.74
Wholesale	325.26	6.75	337.10	2.70
Rack-Retail Margin	9.45	-1.09	26.24	0.04
Chicago Spot	349.71	19.26	307.62	2.94
Regional Spot-Rack Margin	-24.45	-12.51	29.48	-0.24
Regional Spot-Retail Margin	-15.00	-13.59	55.72	-0.20

Note: All prices are averages in cts/gal

- In a bid to stem a slide in usage, Enterprise says it may make the TEPPCO fully reversible, allowing gasoline, diesel and jet fuel to travel the pipeline in either direction between Arkansas and Ohio.
- Chicago premium RBOB prices soared – shooting up 19cts/gal, continuing their bullish run on the seasonal octane squeeze seen during the switch to more expensive summer gasoline. At the same time, prompt RBOB prices rocketed to more than 50cts/gal above the New York Harbor and 30cts/gal above the Gulf Coast.



PADD 3 GULF COAST

GULF COAST SPOT-RACK-RETAIL MARGINS

National Index	Gasoline	▲ Last Wk.	Diesel	▲ Last Wk.
Retail	371.78	5.81	404.63	2.61
Net	331.24	5.81	361.80	3.77
Wholesale	322.42	6.08	340.97	3.78
Rack-Retail Margin	8.83	-0.27	20.83	-0.01
Gulf Coast Spot	330.71	4.64	325.47	-4.71
Regional Spot-Rack Margin	-8.29	1.44	15.50	8.49
Regional Spot-Retail Margin	0.53	1.17	36.33	8.48

Note: All prices are averages in cts/gal

- After rising to 6cts over the NYMEX, a premium seen only three times in the last three years, spot ULSD slipped to plus 3-5cts. Cash prices backed away from the \$3.33/gal multi-month high of mid-March and hovered near \$3.20-3.25/gal.
- Spot RBOB jumped sharply, pushing outright prices towards \$3.40/gal. That's 40cts higher than levels seen a year ago.
- PADD3 gasoline inventories rose to 75 million bbl for the first time this year, while distillate stocks jumped back above 40 million bbl, according to the EIA.



PADD 4 ROCKIES

ROCKIES SPOT-RACK-RETAIL MARGINS

National Index	Gasoline	▲ Last Wk.	Diesel	▲ Last Wk.
Retail	362.95	11.66	411.49	3.83
Net	319.31	11.67	372.65	3.66
Wholesale	312.11	8.75	350.12	3.67
Rack-Retail Margin	7.21	2.92	22.53	-0.01
Group 3 Spot	318.46	1.51	324.62	-1.31
Regional Spot-Rack Margin	-6.35	7.24	25.50	4.98
Regional Spot-Retail Margin	0.85	10.16	48.03	4.97

Note: All prices are averages in cts/gal

- Rockies gasoline prices are still catching up to the rest of the country. However, though state average retail prices were climbing 7-14cts/gal over the week, outright levels remain well below the national average.
- The last average rack gasoline prices under \$3/gal disappeared last week. Regional crude prices have risen but refiners continue to see strong returns. Investment bank Credit Suisse estimates that Rockies refining margins are north of \$30/bbl.



PADD 5 WEST COAST

WEST COAST SPOT-RACK-RETAIL MARGINS

National Index	Gasoline	▲ Last Wk.	Diesel	▲ Last Wk.
Retail	420.00	0.95	439.19	1.31
Net	358.45	1.00	391.42	0.33
Wholesale	337.57	-0.60	353.31	0.50
Rack-Retail Margin	20.88	1.60	38.10	-0.17
LA Spot	322.71	-1.99	332.35	-5.83
Regional Spot-Rack Margin	14.86	1.39	20.96	6.33
Regional Spot-Retail Margin	35.74	2.99	59.07	6.16

Note: All prices are averages in cts/gal

- In keeping with a 3.4% jump in overall U.S. retail gasoline demand, West Coast demand rose 3.1% in the latest reporting week, according to SpendingPulse. However, West Coast volumes were off 5.3% compared to the same week last year.
- The Weekly Fuels Watch Report shows refiners processed 700,000 bbl less crude oil in the latest reporting week, though crude inputs were still 3.6% higher than the same time last year.

VALERO TO SUSPEND OPERATIONS AT ARUBA

Valero will suspend refining operations at its 235,000-b/d Aruba refinery thanks to poor operating conditions and a failure to find a suitable buyer for the plant.

The plant had been operating at reduced rates at a loss, and it was widely considered a prime candidate for closure for many months. Valero will consider operating the property as a terminal and storage operation, maintaining the refinery “in a state that would allow a restart.” However, sources don’t see market conditions improving enough for that to happen.

The closure should not have a major impact on North American markets as few barrels from the facility had moved stateside in recent months.

Valero came very close to selling the refinery to Petrobras several years ago, but that company and other prospective buyers have backed off of any interest in the plant.

Sources said that the refinery lately has been operating way below its nameplate capacity – at about 85,000 b/d. This is in line with Valero’s confirmation in January of a low production rate of about 50%.

The refinery produces only vacuum gasoil, high-sulfur diesel and jet fuel, and no gasoline. Diesel and jet fuel could be exported to Europe or South America, and VGO could be delivered to the U.S. Gulf Coast.

The Aruba refinery could produce about 70,000 b/d of VGO when running at full capacity, but the volume had dropped dramatically after the rate cut.

“We appreciate the diligent and incredible efforts of Prime Minister Eman and his government in helping Valero find an economic alternative that would allow continued operation of the refinery,” Chairman and CEO Bill Klesse said. “If it had not been for the efforts of the Prime Minister, the refinery would not have restarted in late 2010 and

operated over the past 15 months. Our discussions with interested parties, including those facilitated by the government of Aruba, will continue.”

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MARCH CITGO INCIDENT TRACED BACK TO LEAKS SINCE SEPTEMBER: CSB

A leak of hydrofluoric acid from an alkylation unit at Citgo’s Corpus Christi, Texas, refinery that led to the unit being shut in early March could be traced back to similar releases since September of last year, according to the leader of a team of investigators with the Chemical Safety Board (CSB).

The 24,000-b/d alkylation unit was shut after the leak was detected the evening of March 5. There were no injuries.

Hydrofluoric acid (HF) is used to make high-octane blending components for gasoline. However, it is highly corrosive and toxic, and absorption through the skin and underlying tissue can result in fatal cardiac arrest, and inhalation causes damage to the linings of the lungs.

“Our investigation has found that the March 5 release can be traced to leaks at this flange reported as far back as September 2011,” CSB’s Johnnie Banks said in a statement on March 16.

The team’s investigations have also revealed that the incident resulted in the release of between 300 and 500 pounds of HF, and that the leak occurred because of the failure of the seal on a 12-inch flange on a process vessel in the alkylation unit.

In late January of this year, maintenance was performed on the flange, tightening the existing bolts, but the leak persisted, Banks was quoted as saying.

Further maintenance was performed on Feb. 10 – more than three weeks prior to the actual incident – at which point workers replaced the flange bolts and a work order was submitted to order a clamp to enclose the leak.

The unit was not shut. Rather, the clamp was ordered in the hope that its installment would stop the leak.

The proposed design of the new clamp was rejected three times over the next three weeks and had not been installed by March 5.

On March 5, the leak from the piping flange on the 12-inch line worsened, and process liquids containing hydrocarbons and about 5% of HF were released in a steady stream which worsened through the late afternoon, Banks said.

Eventually, the release was detected by sensors that triggered the alkylation unit’s automatic water cannons, designed to capture airborne HF. Automatic water cannons are intended as the last line of defense in the event of a release of HF, Banks said.

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SELECTED REFINERY FEEDSTOCKS PRICES

	U.S. GULF COAST	WEST COAST (LOS ANGELES BASIS)
	Wk. Avg	Wk. Avg
NAPHTHA	307.210	N/A
DOM. NAPHTHA	307.710	N/A
PAR. NAPHTHA#	1034.600	N/A
LT.CYCLE	317.560	284.350
LS LT CYCLE	321.060	N/A
ST.RUN H.S.*	126.170	N/A
ST.RUN L.S.*	133.170	N/A
CARGO L.S. VGO	331.845	N/A
CARGO Med. VGO	327.440	N/A
CARGO H.S. VGO	322.565	N/A
BARGE L.S. VGO	331.370	328.325
BARGE Med. VGO	327.320	N/A
BARGE H.S. VGO	322.565	324.535

PRICES U.S. CTS/GAL EXCEPT WHERE NOTED.

*PRICES SHOWN IN U.S. \$/BBL. # PRICES SHOWN IN U.S. \$/MT

Methodology: OPIS spot weekly averages are calculated by averaging the daily averages, adding each low and high for each business day and dividing by the total.

SPOT MARKET PRICES

ETHANOL (in U.S. \$/gal.)	Wk Avg.	MTBE/ALKYLATES	Wk Avg.
Chicago	2.2880	MTBE	3.7200
Chicago Rule 11	2.2840	Alkylate	3.6576
New York	2.3595		
Gulf Coast	2.3160		
Dallas	2.3445		
Tampa	2.4450		
Nebraska	2.1925		
Los Angeles	2.4225		
San Francisco	2.4225		
Pac NW	2.3875		
Phoenix	2.4180		

U.S. ETHANOL RIN VALUES (in U.S. \$/gal.)

Current	Wk Avg.
0.02335	0.02335
Previous	0.00145

Methodology: OPIS spot weekly averages are calculated by averaging the daily averages, adding each low and high for each business day and dividing by the total.

For more detailed daily Ethanol, RIN and MTBE pricing, please see OPIS Ethanol and Biodiesel Information Service or call 1-888-301-2645.

SAGGING CORN, STILL-HEAVY SUPPLY ANCHOR ETHANOL

Ethanol spot markets came under renewed pressure from shaky corn markets as well as plump supply.

The U.S. Energy Information Administration reported the nation's ethanol stocks swelled 3% week to week, up 670,000 barrels to a new all-time high of 22.713 million bbl for the week ended March 16. That build followed a very slight supply dip for the previous week, one that at the time halted a five-week string of record-breaking stock builds.

Hopes that toned-down production might impact supply were dashed by the week's stocks figure, which was up 13.3% compared to the same week last year.

For most observers there was no question that ethanol stocks continue to appear heavy and the EIA data reinforced that view. The latest weekly data revealed that every region of the country had more ethanol on hand, a tiny draw in the Rockies being the exception.

East Coast stocks once again built to new highs. At 9.116 million bbl of ethanol in storage, regional supply added 1.2% for the week and ballooned 21.35% ahead of the same time last year. Midwest stocks that have trailed East Coast levels caught up a bit over the latest week, adding 5.6%, to 7.239 million bbl. The hearty build moved regional supply slightly higher year on year, by 0.75%.

Gulf Coast supply built 2.16%; at 3.697 million bbl ethanol stored in the region ran 28.5% ahead of the same week last year. West Coast ethanol stocks at 2.375 million bbl jumped 4.44%, which put supply up 6.55% against a year ago. The Rockies region held 286,000 bbl of ethanol, which had it draining 2,000 bbl, or 0.69%, on the week but 17.2% up year to year.

While trading sources noted easy supply availability, many also said that slipping corn prices helped undermine sellers trying to hold out for stronger prompt ethanol prices. By midweek, front-month spot corn on the CBOT had dropped 16.75cts week to week, to \$6.42/bu.

Corn prices started to feel pressure from weather considerations. Good planting weather and forecasts amenable to both more acreage and the possibility of better yields weighed on values in the grain market.

While poor gasoline demand was also factor through the first quarter, ethanol prices continued to offer extremely good blending economics with gasoline. In Chicago, for example, spot ethanol available in-tank over the next week traded down to \$2.26/gal by presstime – a good \$1.037/gal or so cheaper than either spot unleaded or CBOB selling in the Windy City. That was up from a 95.7cts spread a week ago.

Another sign of the bulky nature of ethanol supply – along with the big premium it gave up to gasoline – was market contango. The configuration showing further-out prices higher than prompt held, with just a few occasions of easing over the week. Chicago-area any-April offers at \$2.30/gal held through midweek, with buyers floating around \$2.27-\$2.28/gal.

Meanwhile, output remained near the lowest level of the year, nosing up an almost insignificant amount from last week, to 893,000 b/d, according to EIA. That would be 7.3% off the record production from late December and, along with the previous week, holding near the lightest production rate in some five months.

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CHICAGO, GULF COAST RBOB BLENDING ECNS SOUR

Summer-grade RBOB prices have become so scorching hot that gasoline blenders mandated to use this blendstock have watched their price advantage versus conventional fuel suppliers vanish in two major U.S. markets: Chicago and the Gulf Coast.

Prompt VOC-controlled RBOB, the stringent summer spec, has recently reached heights beyond \$3.70/gal in the Chicago spot market. Pure ethanol prices below \$2.30/gal were not enough to counter the massive gap between RBOB and conventional, so clear gasoline suppliers reaped better economics this past week than RBOB blenders.

Physical summer-spec RBOB also rallied strongly in the Gulf Coast market and took away RFG blenders' pricing advantage versus clear gasoline suppliers, a sign on the horizon of stiff price increases for markets downstream.

Discretionary and ancillary blending with CBOB continues to provide savings, which is why many non-RFG regions – conventional gasoline markets – still see as much ethanol blended into gasoline as possible.

Relatively cheap ethanol might not last in the long term, but it's been a couple years now that ethanol's economic value in the gasoline supply chain has solidified. More than 95% of U.S. truck terminals have some form of ethanol for sale, blended or pure.

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DIXIE, DOW ARGUE OVER NEW RULES AT FERC CONFERENCE

At a recent presentation before the Federal Energy Regulatory Commission (FERC), Dixie Pipeline Co. laid out its case for changing certain tariff rules, a change which could block Dow Hydrocarbons from selling propane in the Hattiesburg, Miss., market.

Dow, though, contends that Dixie is trying to limit competition in the Hattiesburg market through the rule change.

Meanwhile, Dixie won the support of other Dixie shippers who said Dow's product movements have blocked them from shipping propane during crucial winter months.

In a mid-December tariff filing, Dixie said it wanted to change rules used to allocate pipeline capacity during periods

of high demand, such as winter. Under the old rules, Dixie allocated space to shippers based solely on how much propane the shipper sent on the Dixie during the previous year, regardless of the destination or how long the barrels traveled.

Under the new rules, shippers would not be allowed to send propane to destinations further east than where they have sent product over the past year. The one exception would be for any propane sent to or received directly at Hattiesburg or points east.

Dow, though, lodged a protest in January against the new tariff. The FERC agreed to suspend the tariff until Aug. 16, subject to the outcome of the recent technical conference.

U.S. & CANADA LP-GAS WEEKLY AVERAGES

Mont Belvieu

	PROPANE*	N. BUTANE*	ISOBUTANE*	N. GASOLINE*
Weekly Average	126.0375	185.2000	205.9250	250.6500

	PROPANE**	N.BUTANE**	ISOBUTANE**	N. GASOLINE**
Weekly Average	126.1500	193.3250	206.1750	244.1500

	OTHER PROPANE**	OTHER N.BUTANE**	OTHER ISOBUTANE**
Weekly Average	126.2500	192.3250	206.3000

	E-P MIX	N.G. (RIVER)	PUR. ETHANE	OTHER N. GASOLINE
Weekly Average	43.8875	246.9000	50.8375	251.7500

Conway In-Well

	PROPANE	N.BUTANE	ISOBUTANE	N.GASOLINE	ETHANE (in E-P)
Weekly Average	106.4125	172.2750	192.4500	239.7000	28.7500

Conway In-Line

	PROPANE	N.BUTANE	ISOBUTANE	N.GASOLINE	ETHANE (in E-P)
Weekly Average	106.4125	172.2750	192.4500	239.7000	28.7500

Bushton

	PROPANE KM	N.BUTANE KM	ISOBUTANE KM	N.GAS KM	ETHANE KM
Weekly Average	106.4625	172.7750	192.4500	239.7000	28.7500

NOTE: MAPC prices are now designated as In-Well, **NON-TET, *TET=LDH

Louisiana

	PROPANE	N. BUTANE	ISOBUTANE	N. GASOLINE	PUR. ETHANE	E-P MIX
Weekly Average	123.9000	208.3250	214.1750	243.6500	49.8375	42.3875

FOB Napoleonville Area

	PROPANE	N. BUTANE	ISOBUTANE	N. GASOLINE	PUR. ETHANE
Weekly Average	124.1500	193.3250	213.1750	246.6500	50.8375

Delivered Los Angeles

	PROPANE	N. BUTANE	BUTANE MIX	ISOBUTANE
Weekly Average	137.5000	177.0000	177.0000	219.0000

Delivered Bakersfield

	PROPANE	N. BUTANE	BUTANE MIX	N. GASOLINE
Weekly Average	138.5000	167.0000	167.0000	219.5000

San Francisco

	PROPANE	N. BUTANE	BUTANE MIX	ISOBUTANE
Weekly Average	138.5000	177.0000	177.0000	219.0000

Other LP-Gas Markets

Sarnia	PROPANE	N. BUTANE	ISOBUTANE
Weekly Average	125.3000	187.6000	211.0250
Edmonton	PROPANE	N. GASOLINE	FIELD GRADE BUTANE***
Weekly Average	95.7125	186.7875	266.5046
Hattiesburg	IN-LINE PROPANE	STORAGE PROPANE	
Weekly Average	126.8125	126.8125	

Daily Any NGL prices for the above markets, as well as Prompt and Out-Month assessments, are available. To trial any of our daily pricing services call 1-888-301-2645 or e-mail us at energycs@opisnet.com.

Methodology: OPIS LP-Gas spot weekly averages are calculated by averaging the daily "Any" averages, Friday - Thursday. ***Formerly N. BUTANE

Dow uses the Dixie primarily to ship propane for petrochemical use from Mont Belvieu, Texas to Erwinville, La., which is a destination west of Hattiesburg. Under the old rules, Dow would be credited with those short-haul volumes to Erwinville for allocating how much it could ship during winter months to Hattiesburg and points east.

Thanks to its winter capacity allocation, Dow could take advantage of the price arbitrage between Mont Belvieu and Hattiesburg to sell propane for home heating use in the U.S. Southeast.

According to a presentation Dixie gave at the February technical conference, Dow moved about 1.2 million barrels of propane from Mont Belvieu to destinations west of Hattiesburg during the last 12 months preceding this February. That compares to Dixie's affiliate Enterprise Products moving about 280,000 barrels to destinations west of Hattiesburg and other shippers moving only about 20,000 barrels over the same time period.

It added that Dow, during February 2010, was allocated half of the Dixie's 62,000-b/d injection capacity on the segment between Mont Belvieu and Sulphur, La. That blocked some Hattiesburg shippers from injecting propane at Mont Belvieu, according to Dixie. This past February, Dow was allocated about 19% of that capacity.

Allocating pipeline capacity during winter to Dow for the volumes sent to Erwinville "led to capacity constraint during peak demand periods that unduly affects other shippers," Dixie argued in a summary brief of its recent presentation to the FERC.

For its part, Dow said the amount of propane it ships on the Dixie has been falling since a 2007 peak of 6.4 million barrels due to the better feedstock economics of ethane.

Dow also denied Dixie's allegations that Dow has undue influence on propane prices due to its being allocated pipeline capacity. Dow argued that it only ships as much propane to Hattiesburg as it is able to sell, and that limiting its ability to ship propane to Hattiesburg could actually raise prices, not lower them.

Dow also rejected Dixie's claims that long-haul shippers are prepared to find alternative shipping methods due to the current allocation policy, simply because the Dixie remains the most economical option for transporting propane through the Southeast.

Dow also claims that the allocation policy change would directly benefit Enterprise itself since it sells propane to the Hattiesburg market. Enterprise injects at Anse La Butte or Grangeville, La., for delivery to Hattiesburg and would not be subject to allocation under the new tariff rules, Dow contends.

The new tariff rules, though, have drawn the support of other shippers. Blossman Gas, CHS Inc. and Ferrellgas, along with the National Propane Gas Association, filed a motion with the FERC supporting the tariff rules as being in the "best interests of the shippers on Dixie as a whole."

Although it does not name Dow specifically, the NPGA says those long-haul shippers have experienced interruptions

in service which they attribute to a "short-haul shipper ... tying up capacity during the winter months when that capacity is needed to serve the heating needs of the Southeast."

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ENTERPRISE TO BUILD 2 MORE NGL FRACTIONATORS AT MONT BELVIEU

Enterprise Products Partners L.P. said that the partnership plans to construct two more natural gas liquid (NGL) fractionators at its Mont Belvieu, Texas, complex that would provide 150,000 b/d of incremental fractionation capacity.

Projected to begin service in the fourth quarter of 2013, the two 75,000-b/d units, together, along with a sixth unit currently under construction and on schedule to commence service in the fourth quarter of 2012, would give Enterprise the capacity to fractionate more than 610,000 b/d at the Mont Belvieu facility.

The process of obtaining the necessary permits for fractionators seven and eight is already underway.

The fractionators would facilitate the continued growth of NGL production from various Rocky Mountain producing basins and the Eagle Ford Shale play in South Texas.

"When service on the new fractionators begins, Enterprise will have more than doubled its fractionation capacity at Mont Belvieu in less than three years," said A.J. "Jim" Teague, executive vice president and COO of Enterprise's general partner.

In addition to helping ensure the highest netback revenue to the wellhead for producers, the additional fractionation capacity will help meet the Gulf Coast petrochemical industry's appetite for ethane, which is at "an all-time high, and is projected to increase as new construction projects, conversions and expansions are completed," he added.

In the Eagle Ford Shale, Enterprise is nearing completion of several key infrastructure projects and announcing new expansion initiatives for delivering the NGLs that will underpin the increased fractionation capacity at Mont Belvieu.

Specifically, the partnership has entered into a long-term commitment with Anadarko Energy Services that will support construction of a 173-mile extension of Enterprise's recently completed Eagle Ford NGL pipeline that links the partnership's Yoakum natural gas processing facility in Lavaca County, Texas, to Mont Belvieu.

This extension will originate near Yoakum and extend to Western Gas Partners, LP's natural gas processing facility in LaSalle County, Texas.

Through a connection with Enterprise's existing NGL pipeline network near Falls City, Texas, the partnership's seven other integrated South Texas processing facilities will have access to markets served by Mont Belvieu.

Consisting of 16-inch diameter pipeline, the extension will have capacity of 140,000 b/d and is expected to begin service in the second quarter of 2013. *(continued on page 13)*

U.S. RESELLER PROPANE PRICES

Wkly Propane Contract Avgs.	Wkly Propane Contract Avgs.	Wkly Propane Contract Avgs.	Wkly Propane Contract Avgs.	Wkly Propane Contract Avgs.	Wkly Propane Contract Avgs.
CONWAY, KS AVERAGE 111.00	EAST TEXAS, TX AVERAGE 135.25	FARMINGTON, IL AVERAGE 115.81	PACIFIC NORTHWEST - ANACORTES AVERAGE 121.38	EMPRESS, AB AVERAGE 108.00	ROCKIES - LA JUNTA AVERAGE 121.80
GULF PLAINS, TX AVERAGE 132.50	KANEPL GENEVA, NE AVERAGE 113.15	GREENWOOD, NE AVERAGE 112.60	PACIFIC NORTHWEST - CHERRY POINT AVERAGE 115.60	FT. WHYTE, MB AVERAGE 117.25	ROCKIES - FOGGEN AVERAGE 114.00
WILCOX, TX AVERAGE 132.50	NORFOLK, NE AVERAGE 114.22	IOWA CITY, IA AVERAGE 115.22	PACIFIC NORTHWEST - FERNDALE AVERAGE 118.00	CARTHAGE, MO AVERAGE 119.35	ROCKIES - SINCLAIR AVERAGE 115.00
SONORA, TX AVERAGE 132.50	NORTH PLATTE, NE AVERAGE 114.79	JACKSON, MN AVERAGE 116.02	PACIFIC NOR AVERAGE 119.09	RAPID RIVER, MI AVERAGE 114.00	ROCKIES AVERAGE 117.70
JAMESON, TX AVERAGE 132.50	WOLSEY, SD AVERAGE 115.82	JANESVILLE, WI AVERAGE 116.88	TEPPCO COSHOCTON, OH AVERAGE 141.04	WATERTON, AB AVERAGE 103.60	TULSA, OK AVERAGE 123.25
DIXIE PL ALBANY, GA AVERAGE 133.72	YANKTON, SD AVERAGE 114.47	KEARNEY, MO AVERAGE 112.83	DUBOIS, PA AVERAGE 141.95	LEBANON, IN AVERAGE 141.36	WOODHAVEN, MI AVERAGE 119.13
ALMA, GA AVERAGE 134.23	SUPERIOR, WI AVERAGE 114.17	LECOMPTON, KS AVERAGE 112.05	GREENSBURG, PA AVERAGE 141.47	CLAREMONT, NH AVERAGE 153.00	CORPUS CHRISTI, TX AVERAGE 134.00
CHERAW, SC AVERAGE 134.83	CHEROKEE PL MT. VERNON, MO AVERAGE 117.50	MANKATO, MN AVERAGE 114.80	KINGSLAND, AR AVERAGE 142.91	SCHAEFFERSTOWN, PA AVERAGE 148.00	ARDMORE, OK AVERAGE 128.75
DEMOPOLIS, AL AVERAGE 132.26	ST. LOUIS, MO AVERAGE 112.00	MOBERLY, MO AVERAGE 113.91	LIGHT, AR AVERAGE 143.21	COCHIN BENSON, MN AVERAGE 114.00	FT. MADISON, IA AVERAGE 115.20
HATTIESBURG, MS AVERAGE 131.03	WOOD RIVER, IL AVERAGE 112.00	MONEE, IL AVERAGE 116.08	ONEONTA, NY AVERAGE 143.74	CARRINGTON, ND AVERAGE 112.33	WEST MEMPHIS, AR AVERAGE 143.74
LEXINGTON, SC AVERAGE 134.45	LINDEN NJ - LINDEN AVERAGE 141.75	OGDEN, IA AVERAGE 114.43	PEEKSKILL, NY AVERAGE 160.94	LITTLE KNIFE, ND AVERAGE 104.50	EL DORADO, KS AVERAGE 116.00
MILNER, GA AVERAGE 133.59	LINDEN NJ - PORT READING AVERAGE 146.57	PAOLA, KS AVERAGE 112.16	PHILADELPHIA, PA AVERAGE 143.05	MANDAN, ND AVERAGE 102.50	CATLETTSBURG, KY AVERAGE 113.25
OPELIKA, AL AVERAGE 133.15	LINDEN NJ AVERAGE 144.16	PINE BEND, MN AVERAGE 115.74	PRINCETON, IN AVERAGE 139.50	MILFORD, IN AVERAGE 117.50	SILOAM, KY AVERAGE 141.75
RALEIGH/APEX, NC AVERAGE 135.75	LOS ANGELES, CA AVERAGE 138.25	PINE BEND REF, MN AVERAGE 114.00	RIXIE, AR AVERAGE 142.93	NEW HAMPTON, IA AVERAGE 115.33	TOLEDO, OH AVERAGE 131.50
TIRZAH, SC AVERAGE 141.90	ARCADIA, TX AVERAGE 135.25	ROSEMOUNT, MN AVERAGE 116.91	SELKIRK, NY AVERAGE 144.62	SARNIA, ON AVERAGE 125.33	LIMA, OH AVERAGE 138.09
ONEOK PL BUSHTON, KS AVERAGE 111.70	ELKHORN, PA AVERAGE 141.55	SANBORN, IA AVERAGE 114.21	SEYMOUR, IN AVERAGE 140.00	ST. CLAIR, MI AVERAGE 125.50	HOBBS, NM AVERAGE 131.27
CLEAR LAKE, IA AVERAGE 116.08	SPARTA, NJ AVERAGE 165.38	TUHKANEN, MN AVERAGE 123.00	TODHUNTER, OH AVERAGE 140.28	MARYSVILLE, MI AVERAGE 129.13	CALUMET, OK AVERAGE 117.00
CORALVILLE, IA AVERAGE 115.29	HUGOTON, KS AVERAGE 113.13	WHITING, IA AVERAGE 113.51	WATKINS GLEN, NY AVERAGE 142.27	BAKERSFIELD, CA AVERAGE 138.67	GRIFFITH, IN AVERAGE 116.58
DES MOINES, IA AVERAGE 114.32	NEW CASTLE, WY AVERAGE 110.00	BAKER, MT AVERAGE 110.75	TIOGA, ND AVERAGE 107.50	HUTCHINSON, KS AVERAGE 112.25	HUNTINGTON, IN AVERAGE 114.75
LEMONT, IL AVERAGE 110.15	ALBUQUERQUE, NM AVERAGE 146.00	SIDNEY/GRSLAND, MT AVERAGE 110.50	WEST TEXAS - OZONA AVERAGE 132.50	JUNCTION CITY, WI AVERAGE 111.67	GREEN BAY, WI AVERAGE 122.92
MORRIS, IL AVERAGE 112.25	WATTENBERG, CO AVERAGE 116.00	GRANGER, WY AVERAGE 127.00	WEST TEXAS - SLAUGHTER AVERAGE 127.25	SHEERIN, TX AVERAGE 128.00	WARREN, PA AVERAGE 141.55
PLATTSMOUTH, NE AVERAGE 113.04	MT. LAUREL, MT AVERAGE 104.00	HILITE, WY AVERAGE 110.00	WEST TEXAS AVERAGE 129.00	TOPEKA, KS AVERAGE 112.08	GREELEY, CO AVERAGE 114.13
ROBINSON, IL AVERAGE 111.38	MAPCO PL CANTRIL, IA AVERAGE 114.59	MENTOR, MN AVERAGE 112.25	HOLLY EAST REFI, OK AVERAGE 123.00	VANCOUVER, WA AVERAGE 132.60	SPINDLE, CO AVERAGE 114.13
ROCKFORD, IL AVERAGE 116.74	CLAY CENTER, KS AVERAGE 111.53	INGNACIO, CO AVERAGE 135.50	HOLLY WEST REFI, OK AVERAGE 123.00	SAN FRANCISCO, CA AVERAGE 139.00	WINGATE, NM AVERAGE 136.38
TAMPICO, IL AVERAGE 116.51	COFFEYVILLE, KS AVERAGE 113.75	OPAL, WY AVERAGE 135.00		ROCKIES - CASPER AVERAGE 115.92	
TUSCOLA, IL AVERAGE 112.62	DEXTER, MO AVERAGE 142.99	FT. LUPTON, CO AVERAGE 115.25			
ROCKLIN, CA AVERAGE 141.00	DUBUQUE, IA AVERAGE 115.84	MT. BELVIEU, TX AVERAGE 132.31			
WINONA, MN AVERAGE 136.00		PONCA CITY, OK AVERAGE 112.37			
		3 RIVERS, TX AVERAGE 132.00			

Daily propane rack prices for the above markets are also available. To receive a complimentary 5-day pricing feed for one propane rack city or to trial any of our daily pricing services, call 1-888-301-2645 or e-mail us at energycs@opisnet.com.

Prices shown are for FOB terminal in cts/gal excluding taxes and discounts

(continued from page 6)

those imports from other pipelines. But overall, TEPPCO has lost some 130,000 b/d of throughput, according to Collingsworth.

TEPPCO is using that same argument with the Federal Energy Regulatory Commission (FERC) in order to push through tariff increases for shipping product on the pipeline. Many refiners and shippers have come out in opposition to the tariff increases.

The reversal, if approved, would allow refined products to travel in either direction between the North Little Rock, Ark., and Lebanon, Ohio, terminals. As such, buyers and sellers would be better able to take advantage of arbitrage opportunities between Gulf Coast and Midwest markets.

The reversal would allow refiners to change the “destination or the flow of their product on a moment’s notice to capitalize on the anomalies in the marketplace,” Collingsworth said.

In addition to allowing bi-directional travel for refined products, TEPPCO will boost usage through the new Appalachia-to-Texas Express (ATEX) pipeline, which will bring ethane from the Marcellus Shale region to the Gulf Coast petrochemical market, Collingsworth added.

The ATEX will utilize a large segment of the TEPPCO, which will be reversed from Seymour, Ind., to Beaumont, Texas. Enterprise will also build 369 miles of new pipeline, primarily traversing Ohio.

Collingsworth said that it has received some 65,000 b/d of commitments for shipping ethane on the ATEX when it opens in 2014.

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HESS LOOKS AT FURTHER ASSET DIVESTITURES

Hess has retained investment banker Goldman Sachs to find a buyer for its St. Lucia crude oil and products storage and transshipment terminal in the Caribbean.

There had been some local speculation that Hess might put more money into the St. Lucia property after shutting down its St. Croix refinery. Hess has a 50-year deal with the St. Lucian government to operate the transshipment terminal, running through 2057. Hess pays the government 5cts/bbl for oil stored at the facility, and 10cts/bbl for refined products.

Sources believe that other Hess downstream assets, including its 65,000-b/d refining complex in Port Reading, N.J., are also under review. That facility typically handles vacuum gas oil and other intermediate feedstocks that were traditionally sourced to the now-closed Hovensa refinery on St. Croix.

Hess officials may be awaiting the resolution of the fate of Sunoco’s 355,000-b/d Philadelphia refinery, which will be closed July 1 if a buyer is not found. Market sources believe that if that plant continues to operate, the Port Reading Hess facility will ultimately close.

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(continued from page 11)

As previously announced, Enterprise is constructing its Eagle Ford rich natural gas mainline system and associated laterals.

To date, Enterprise has completed construction of approximately 375 miles of natural gas pipeline, ranging from 16 inches to 36 inches in diameter.

When the remaining 66-mile segment is completed, Enterprise’s Eagle Ford Mainline system will be able to deliver 900 million cubic feet per day (MMcf/d) of rich natural gas to the partnership’s Yoakum cryogenic natural gas processing facility.

The first 300 MMcf/d train of the Yoakum processing facility is expected to begin commercial operations in May 2012. The second train is scheduled to begin service in July 2012, followed by the third train in the first quarter of 2013.

The Yoakum plant will then have the capability of processing up to 900 MMcf/d of natural gas and produce up to an estimated 111,000 b/d of NGLs.

Including Enterprise’s seven other integrated South Texas processing facilities, the partnership will be able to offer approximately 2.4 billion cubic feet per day of processing capacity for the region when Yoakum is fully operational.

Construction of the NGL pipeline that links Yoakum to Mont Belvieu has also been completed.

As planned, the 20/24-inch diameter pipeline system would ultimately have the capacity to transport 450,000 b/d of mixed NGLs.

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MARKWEST INKS LONG-TERM EAST TEXAS WET GAS DEALS

MarkWest Energy Partners has sealed long-term gathering and processing agreements with Anadarko Petroleum that will support a recent plan to expand the former’s cryogenic processing capacity in East Texas, the company said.

The company has also concluded similar deals with Chevron, PetroQuest, and Samson to support the expansion, Frank Semple, chairman, president and CEO, was quoted as saying.

To provide critical midstream services to Anadarko and the other producer customers that are expanding their drilling programs in East Texas, MarkWest is constructing the Carthage East plant, with cryogenic processing capacity of 120 million metric cubic feet/day (MMcf/d), MarkWest said.

Chevron, PetroQuest Energy, and Samson Lone Star are also expanding their drilling operations in that area. In addition, MarkWest is increasing total processing capacity in East Texas to 400 MMcf/d, the company said.

MarkWest will provide gathering and processing services to support Anadarko’s liquids-rich development program within Panola County, Texas.

In addition, Carthage East will expand MarkWest’s gathering capacity in East Texas by 140 MMcf/d and residue gas outlet capacities by 60 MMcf/d, Denver-based MarkWest added.

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TIGHT IMPORTS, GASOLINE SWITCH PROP USWC MARKET

Since mid-February, airlines refueling at West Coast airports have been paying the highest prices in the U.S. because of dwindling imports and contracting distillate production.

Imports have been sluggish since December 2011. Through October and November 2011, West Coast arrivals of jet fuel averaged 35,750 b/d. But, as December got started it was like someone shut off a faucet. Imports averaged 6,000 b/d in December and 2,750 b/d in January. In February, imports rose to 14,500 b/d. That was largely owing to a large batch of product arriving the second week of the month. Through the first three weeks of March, imports averaged 2,000 b/d.

With inbound shipments slumping, West Coast inventories began to tighten. However, it was the production shift to gasoline that resulted in the jet fuel inventory drawdown.

The day after President's day, West Coast jet prices moved to a 9cts/gal premium to the Gulf Coast. But the market was only catching up with the fundamentals.

Weekly EIA data are telling. Starting in late January, PADD5 refiners were ramping up gasoline production. In the first week of the year, average daily gasoline production was running 1.387 million b/d. A month later, gasoline production was 200,000 b/d higher at 1.502 million b/d.

Distillate production has been contracting. In the first week of 2012, it stood at 541,000 b/d. A week later, weekly production peaked at 579,000 b/d. By the last week of February, distillate production was down to 372,000 b/d. Gasoline production was at 1.591 million b/d – so far the strongest weekly number for the year.

As distillate production has fallen, so too has jet fuel output. In early January, average daily jet production stood at 491,000 b/d but by end-February it was down to 378,000 b/d.

With jet stocks having fallen nearly 2 million bbl since the start of the year, prices are now running about 10cts/gal over the Gulf Coast.

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AVIATION GASOLINE U.S. PRICE INDEX

(Avgas prices in U.S. cts/gal)

Location	Price	Location	Price
Akron/Canton, OH	447.55	Lexington, KY	433.70
Albuquerque, NM	447.65	Little Rock, AR	443.20
Amarillo, TX	434.65	Lubbock, TX	444.80
Ardmore, OK	449.80	Minneapolis, MN	422.00
Bar Harbor, ME	452.00	Orlando, FL	447.85
Baton Rouge, LA	431.00	Oshkosh, WI	442.80
Columbia, MO	440.40	Phoenix, AZ	457.00
Columbus, OH	449.10	Pierre, SD	469.50
Dallas Metro, TX	439.55	Pn Bnd/FlntHlsRs, MN	422.00
Dallas/Ft. Worth, TX	438.95	Rapid City, SD	445.70
El Dorado, AR	436.80	Rutland, VT	452.70
Ft. Dodge, IA	447.80	San Antonio, TX	434.90
Ft. Lauderdale, FL	457.30	Shreveport, LA	431.70
Greenville, TN	469.55	Tulsa, OK	447.55
Houston, TX	427.15	Tyler, TX	390.21
Jefferson City, MO	449.45	National Average	442.02
Kansas City, KS	440.38		

COMMERCIAL AIRLINE JET FUEL RANGES

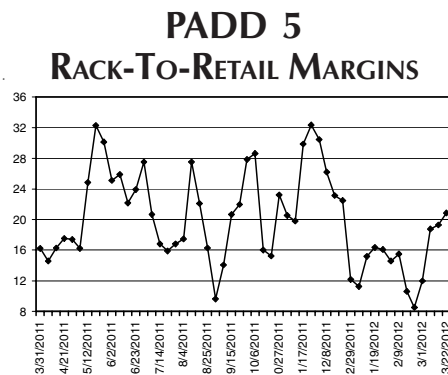
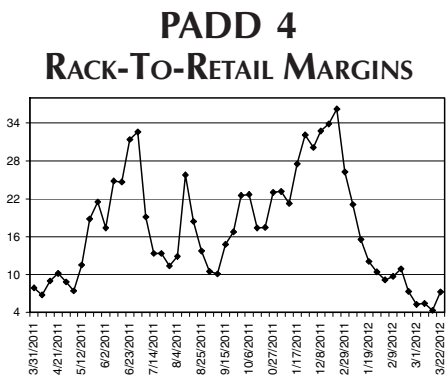
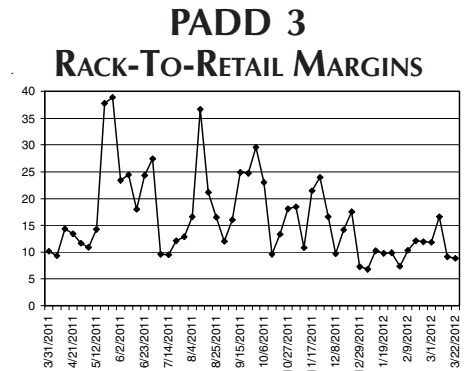
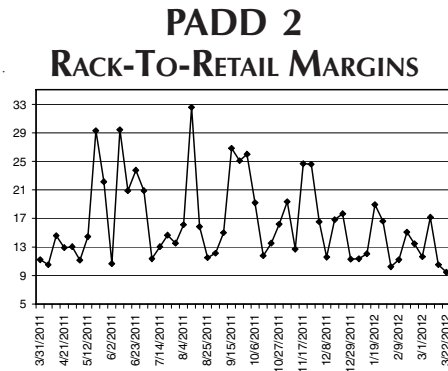
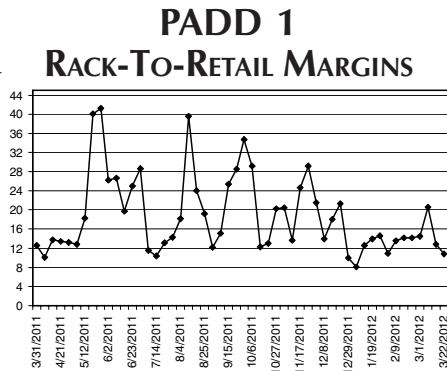
(Contract prices into major airline storage in cts/gal, ex-taxes and discounts)

	LOW	HIGH	AVG	DEL. SPOT
ALBANY, NY	347.23	347.23	347.23	---
ATLANTA, GA	332.11	336.18	334.15	328.72
AUSTIN, TX	333.85	333.85	333.85	328.87
BALTIMORE, MD	332.31	332.68	332.50	328.98
BANGOR, ME	341.96	341.96	341.96	---
BATON ROUGE, LA	336.18	343.90	340.04	327.72
BIRMINGHAM, AL	---	---	---	329.87
BOND-MIAMI, FL	333.68	333.68	333.68	---
BOSTON, MA	336.96	336.96	336.96	331.62
BUFFALO, NY	340.46	342.96	341.71	335.02
CHARLESTON, SC	340.98	340.98	340.98	329.12
CHARLOTTE, NC	332.10	336.18	334.14	328.72
DALLAS METRO, TX	332.18	343.40	337.79	328.12
DC/DULLES, VA	332.18	333.08	332.63	328.97
FT. LAUDERDALE, FL	333.18	352.15	338.79	329.87
GREENSBORO, NC	333.34	336.18	334.76	329.62
GULF COAST, TX	339.25	339.25	339.25	326.87
HARTFORD, CT	340.40	340.40	340.40	332.02
HOOVER'S PT., FL	322.68	332.18	327.43	330.22
HOUSTON, TX	332.18	339.25	335.72	328.12
JFK, NY	334.96	334.96	334.96	329.87
LINDEN, NJ	---	---	---	328.87
LITTLE ROCK, AR	338.07	342.60	340.34	329.62
MIAMI, FL	333.18	333.18	333.18	329.87
MOBILE, AL	340.41	343.18	341.80	329.87
NASHVILLE, TN	---	---	---	329.87
NEW ORLEANS, LA	331.68	331.68	331.68	328.87
NEWARK, NJ	334.46	334.46	334.46	329.72
NEWBURGH, NY	341.96	341.96	341.96	335.77
NORFOLK, VA	336.18	336.18	336.18	329.87
ORLANDO, FL	333.68	355.00	340.87	332.12
PHILADELPHIA, PA	336.71	336.71	336.71	330.37
PITTSBURGH, PA	337.96	337.96	337.96	333.27
PORTLAND, ME	343.48	343.48	343.48	335.27
PT. EVERGLADES, FL	---	---	---	330.62
RALEIGH/APEX, NC	336.38	336.38	336.38	329.62
RICHMOND, VA	330.65	336.68	336.79	332.67
ROANOKE, VA	337.18	337.18	337.18	330.12
ROCHESTER, NY	341.21	341.21	341.21	334.52
SAN ANTONIO, TX	333.40	345.70	339.55	328.62
SAVANNAH, GA	341.27	341.27	341.27	---
SHREVEPORT, LA	346.50	346.50	346.50	330.62
SYRACUSE, NY	---	---	---	334.52
TAMPA, FL	337.12	337.12	337.12	330.62
WILMINGTON, NC	---	---	---	---
Contract Avg. East/Gulf Coast			337.70	
AKRON/CANTON, OH	340.70	340.70	340.70	331.62
CHATTANOOGA, TN	340.18	340.18	340.18	---
CHICAGO, IL	331.27	331.27	331.27	329.22
CINCINNATI, OH	335.35	335.35	335.35	331.12
CLEVELAND, OH	321.23	333.90	327.57	330.62
COLUMBIA, MO	350.20	350.20	350.20	331.37
COLUMBUS, OH	334.65	337.95	336.30	331.87
DAYTON, OH	334.43	334.43	334.43	332.12
DES MOINES, IA	318.48	335.50	326.99	331.12
DETROIT, MI	323.01	325.01	323.84	333.47
FARGO, ND	---	---	---	---
GREEN BAY, WI	---	---	---	333.62
INDIANAPOLIS, IN	333.09	333.09	333.09	330.12
KANSAS CITY, KS	318.08	318.08	318.08	330.87
LEXINGTON, KY	---	---	---	---
LOUISVILLE, KY	337.10	337.10	337.10	332.12
MEMPHIS, TN	333.65	333.65	333.65	330.12
MILWAUKEE, WI	334.15	334.15	334.15	332.62
MINNEAPOLIS, MN	305.36	305.36	305.36	333.87
OKLAHOMA CITY, OK	318.61	321.60	320.11	330.12
OMAHA, NE	318.48	324.75	321.62	331.62
RAPID CITY, SD	361.00	361.00	361.00	---
SALINA, KS	327.75	327.75	327.75	---
ST. LOUIS, MO	323.85	335.60	329.73	---
TOPEKA, KS	343.60	343.60	343.60	330.22
TULSA, OK	---	---	---	---
TULSA, OK	316.88	321.80	319.34	329.37
WICHITA, KS	321.41	321.41	321.41	---
Contract Avg. Midwest			331.37	
AMARILLO, TX	320.90	320.90	320.90	---
ANCHORAGE, AK	343.93	352.60	348.27	344.07
BOISE, ID	356.63	356.63	356.63	---
BROWNSVILLE, TX	348.20	348.20	348.20	---
COLORADO SPRINGS, CO	327.95	327.95	327.95	---
DALLAS/FT. WORTH, TX	328.21	343.65	335.93	---
DENVER, CO	317.23	317.23	317.23	331.12
EL PASO, TX	337.18	349.85	341.98	---
HONOLULU, HI	339.12	339.12	339.12	344.07
LAS VEGAS, NV	337.92	337.92	337.92	342.57
LOS ANGELES, CA	336.58	372.25	360.27	340.67
LUBBOCK, TX	325.60	325.60	325.60	---
PHOENIX, AZ	338.13	356.25	347.19	342.17
PORTLAND, OR	---	---	---	339.07
SALT LAKE CITY, UT	352.68	352.68	352.68	350.62
SAN DIEGO, CA	338.23	338.23	338.23	341.07
SAN FRANCISCO, CA	336.97	339.88	338.43	339.32
SEATTLE, WA	337.38	341.13	339.26	344.07
SPARKS/RENO, NV	344.33	344.33	344.33	---
SPOKANE, WA	351.13	351.13	351.13	---
TUCSON, AZ	349.63	349.63	349.63	342.72
Contract Avg. Rocky Mt/West Coast			341.04	

U.S. Jet Fuel Inventory Picture			
(figures in 1,000 b/d)			
	Current Week	Last Week	Last Year
	03/16/12	03/09/12	03/18/11
Total Imports	3	4	27
Total U.S. Distillates	136,600	134,800	152,615
Total Jet Kero Stocks (1000 bbls)			
U.S. Total	40,800	40,900	39,138
PADD 1	9,600	9,600	8,243
PADD 2	8,300	8,200	7,709
PADD 3	13,400	13,400	12,063
PADD 4	700	800	609
PADD 5	8,800	9,000	10,515

CURRENT MARGINS BY PADD VS YEAR-TO-DATE MARGINS

PADD	-----Current Week-----				-----Year-To-Date-----			
	Retail	Net	Rack	Margin	Retail	Net	Rack	Margin
PADD 1	382.50	331.05	320.28	10.76	358.77	307.58	294.26	13.32
PADD 2	386.56	334.71	325.26	9.45	348.75	297.93	284.51	13.42
PADD 3	371.78	331.24	322.42	8.83	340.99	300.51	290.21	10.31
PADD 4	362.95	319.31	312.11	7.21	315.70	272.09	262.31	9.78
PADD 5	420.00	358.45	337.57	20.88	381.99	321.20	306.47	14.73
National	386.23	335.51	324.28	11.22	354.31	304.10	291.26	12.84



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That process is long past completion on the West Coast where CARBOB is priced at just over \$3.25/gal. This provoked railroad logistics personnel to consider whether they could arbitrage between the two markets, but most traders do not believe this wide relationship will last.

The Gulf Coast also saw reformulated blendstock take flight. Prices for RBOB required in Houston, Dallas, and as far north as the Washington D.C. area surged to \$3.40/gal. The increases in urban blends will turn up the already loud political din. Eleven states, plus the District of Columbia had surpassed \$4/gal for unleaded regular by presstime. Thanks to the concentration of population in some of those states, a majority of the public faced prices higher than any year, save 2008.

The irony? Gasoline's typical spring flight to an outer orbit occurred just as industry spokespeople appropriately attributed most of the price spike to high global crude prices. Crude actually had a quiet week, with prices backtracking thanks to worries about a potential SPR release and a slowdown in Chinese consumption.

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Trading can still continue during the hold period within the upper and lower parameters of the IPL.

At the end of the hold period, new parameters are set based on the prevailing market prices.

The new limits for the oil futures contracts will be in effect on April 1.

The IPL for Brent and Brent NX is set at \$1.25/bbl, and the IPL for gasoil and low-sulfur gas oil is \$10/ton. The IPL for RBOB and heating oil is \$0.03/gal.

The IPL recalculation for all contracts is three seconds, and the IPL hold is five seconds.

For example, Brent's limit is set at \$1.25/bbl above and below the "anchor price or base price." The base price is recalculated every three seconds.

If a price move is above or below the limits, trading will halt for five seconds.

If a trade order or order for a resting stop is above the limit, the order will be filled or executed at the price of the limit.

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