

## DOCKETED





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# **AGAINST THE TIDE: How Missing Tankers Pumped Up Gas Prices and Refiner Profits**

**Consumer Watchdog Presentation to  
Petroleum Market Advisory Committee  
2/8/16**



# Data Analyzed

- State Lands Commission 
- Bloomberg Fixtures
- IHS Fixtures 
- Simpson Spence Young (SSY) Fixtures 
- Poten & Partners Fixtures 
- Automatic Identification System (AIS) GPS ship-tracking
- **The report analyzed shipments during the first three quarters of 2015.**

# STATE LANDS COMMISSION: Confirmed Imports & Exports of Gasoline & Blendstocks (excluding those between US West Coast) -listed at end of report-



## Imports

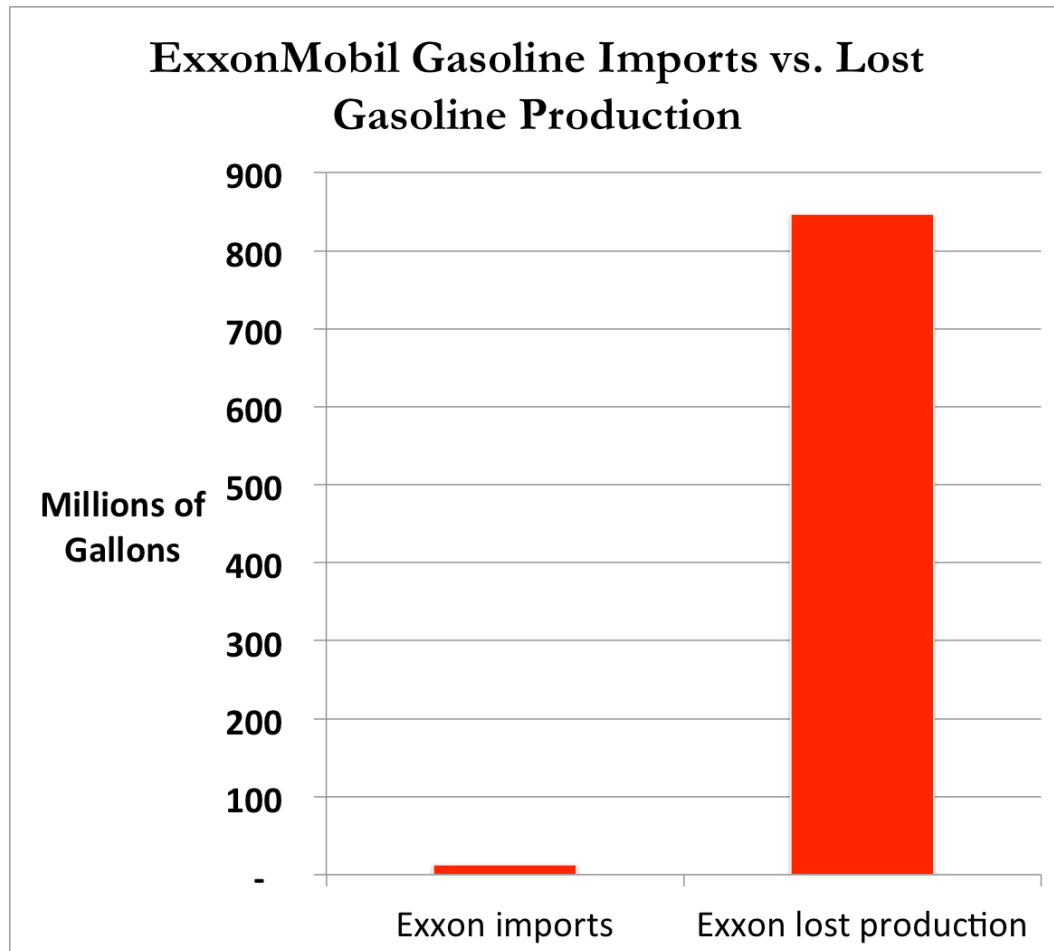
	Fixture?	Drop-off Date	Qty in Barrels	Product	Facility
ARDMORE SEAFARER	No	05/13/2015	249,583	Additives-Alkylate	EXXONMOBIL/KM LA-118
ARDMORE SEALIFTER	No	8/30/15	285,203	Additives-Alkylate	EXXONMOBIL/KM LA-118
BLS LIWA	No	5/27/15	325,078	Gasoline/Additives-Alkylate	EXXONMOBIL/PETRO DIAMOND/KM
BW LEOPARD	No	3/24/15	324,333	Gasoline, Additives-Alkylate	PETRO DIAMOND, KM LA-118
BW ORINOCO	No	04/25/2015	567,964	Additives-Alkylate	CHEMOIL LB-209/EXXONMOBIL
BW PANTHER	No	08/04/2015	290,542	Gasoline	CHEMOIL LB-209/KM LA-118
BW TIGER	No	08/22/2015	220,000	Gasoline	KM LA-118
CALIFORNIA VOYAGER	No	09/06/2015	98,000	Additives-Alkylate	CHEVRON RLW
CHERRY GALAXY	No	2/13/15	40,000	Additives-Toulene	CHEVRON RLW
E PIONEER	No	06/03/2015	303,055	Gasoline	KM LA-118
EMERALD EXPRESS	No	9/8/15	350,041	Gasoline	SHELL (LA 167)/PETRO DIAMOND
ENERGY PIONEER	No	06/01/2015	328,200	Gasoline	SHELL (LA 167)
ENERGY PROGRESS	No	05/07/2015	314,000	Gasoline	SHELL (LA 167)
ESTIA	No	04/02/2015	362,689	Gasoline	SHELL (LA 167)/EXXONMOBIL/EL SE
FANTASIA	No	08/25/2015	278,500	Gasoline	SHELL (LA 167)
GINGA TIGER	No	07/22/2015	60,000	Additives-Toulene	CHEVRON RLW
GULF JUMEIRAH	No	1/25/15	200,067	Gasoline, ADDITIVES-ISO-OCTANE	
ORIENT SUNSHINE	No	6/9/15	218276	ADDITIVES-ISO-OCTANE	EL SEGUNDO
RIDGEBURY JULIA M	No	9/7/15	239175	Additives-Alkylate	PHILLIPS 66 CO., KM LA-118/P 66 RODE
SALACGRIVA	No	09/16/2015	55,000	Gasoline	KM LA-118/EXXONMOBIL
SCF PECHORA	No	07/26/2015	344,546	Gasoline	SHELL (LA 167)
SEA HERMES	No	09/17/2015	327,126	Gasoline	CHEMOIL LB-209/KM LA-118/PHILLIP
SITEAM LEADER	No	05/22/2015	140,562	Additives-Alkylate	CHEMOIL LB-209
STENA CONQUERER	No	06/17/2015	313,000	Gasoline/Additives-Alkylate	KM LA-118
STI AQUA	No	9/13/15	271,643	Additives-Alkylate	PHILLIPS 66 CO./PHILLIPS 66 CO.
STI SOHO	No	05/23/2015	266,402	Gasoline	KM LA-118
STI YORKVILLE	No	06/11/2015	290,000	Gasoline	KM LA-118
TEESTA SPIRIT	No	06/19/2015	292,000	Gasoline	SHELL (LA 167)
TURQUOISE	No	09/23/2015	331,826	Gasoline	CHEMOIL LB-209
UNIQUE DEVELOPER	No	05/20/2015	319,430	Gasoline	SHELL (LA 167)
VENUS R	No	3/22/15	390,062	Gasoline	SHELL (LA 167)/EXXONMOBIL/CHEMOIL LB
EAGLE MILAN	Yes	09/11/2015	240,408	Gasoline/Additives-Alkylate	EXXONMOBIL/SHELL (LA 167)
IPANEMA STREET	Yes	04/05/2015	290,000	Gasoline	KM LA-118
PACIFIC JEWEL	Yes	7/14/15	265,958	Additives-Alkylate	EXXONMOBIL/PHILLIPS 66 CO.
FPMC 21	Yes	08/02/2015	160,614	Additives-Alkylate/Gasoline	EXXONMOBIL

## Exports

SHIP NAME	Fixture?	Loading Date 1	Qty in Barrels		
		1/15	240,000	Additives-Reformat	PLAINS PRD MTZ
SPRUCE GALAXY	No	07/26/2015	84,000	Additives-Other	CHEVRON RLW
STEALTH II	No	07/03/2015	100,000	Gasoline	SHELL
STEALTH II	No	07/30/2015	147,000	Gasoline	CHEVRON RLW
STENA CONQUEROR	No	06/24/2015	120,000	Gasoline	CHEVRON RLW
STI YORKVILLE	No	06/24/2015	100,000	Gasoline	SHELL
TORM GERTRUD	No	1/9/2015	310,600	Gasoline	CHEVRON RLW
TORM GERTRUD	No	2/9/2015	318,000	Gasoline	CHEVRON RLW
TORM GERTRUD	No	3/4/2015	317,000	Gasoline	CHEVRON RLW
VALLE BIANCA	No	2/6/15	300,000	Gasoline	SHELL
VALLE BIANCA	No	2/6/2015	300,000	Gasoline	SHELL
VINJERAC	No	07/14/2015	318,000	Gasoline	CHEVRON RLW
IPANEMA STREET	Yes	04/14/2015	317,000	Gasoline	CHEVRON RLW
IVER EXACT	Yes	07/02/2015	318,000	Gasoline	CHEVRON RLW
MAERSK MESSINA	Yes	05/04/2015	100,000	Gasoline	SHELL
OVERSEAS ALCMAR	Yes	5/17/15	100,000	Gasoline	SHELL
PUDU	Yes	7/11/15	160,000	Gasoline	SHELL/PLAINS PRD MTZ
PUDU	Yes	06/26/2015	285,000	Gasoline	PLAINS PRD MTZ
SILVER HAGUE	Yes	2/15/2015	425,000	Gasoline/Additives-Reformat	

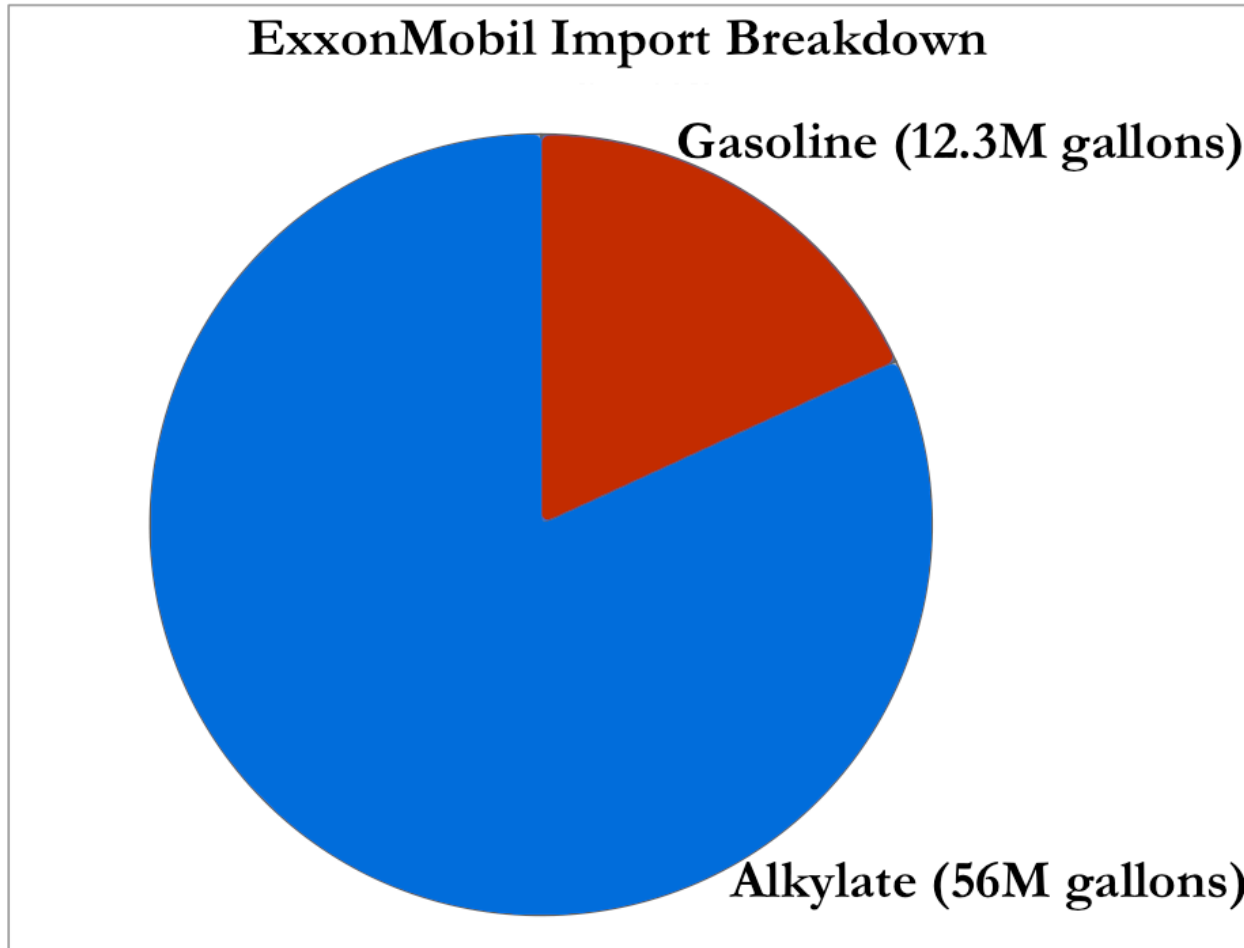
Exxon Torrance Lost gasoline production during first 9 months of 2015:  
**850 million gallons**

Exxon's Gasoline imports:  
**12 million gallons** (3 shipments)



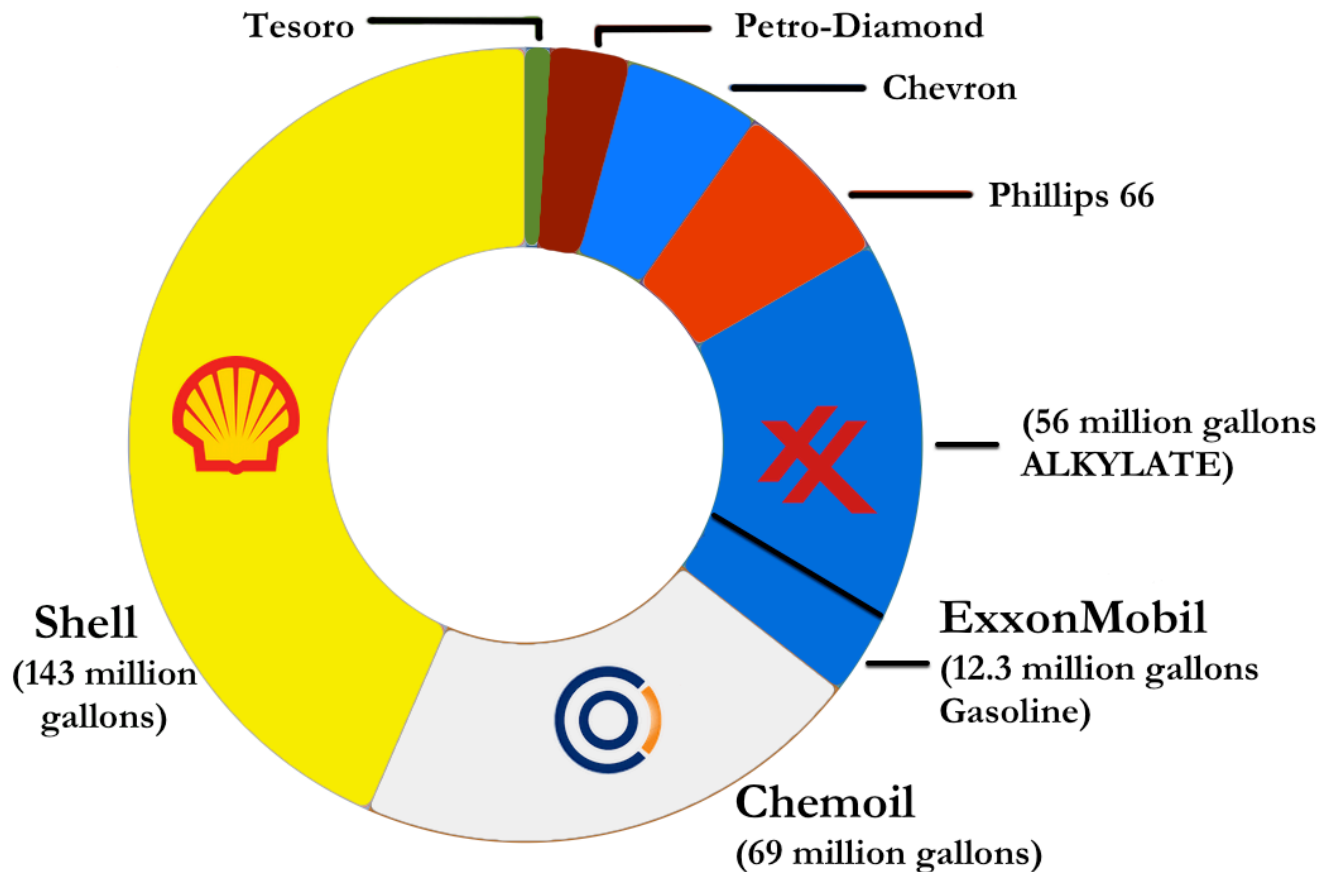
State Lands Commission Data, cross-referenced with AIS GPS data.

# What DID Exxon import?



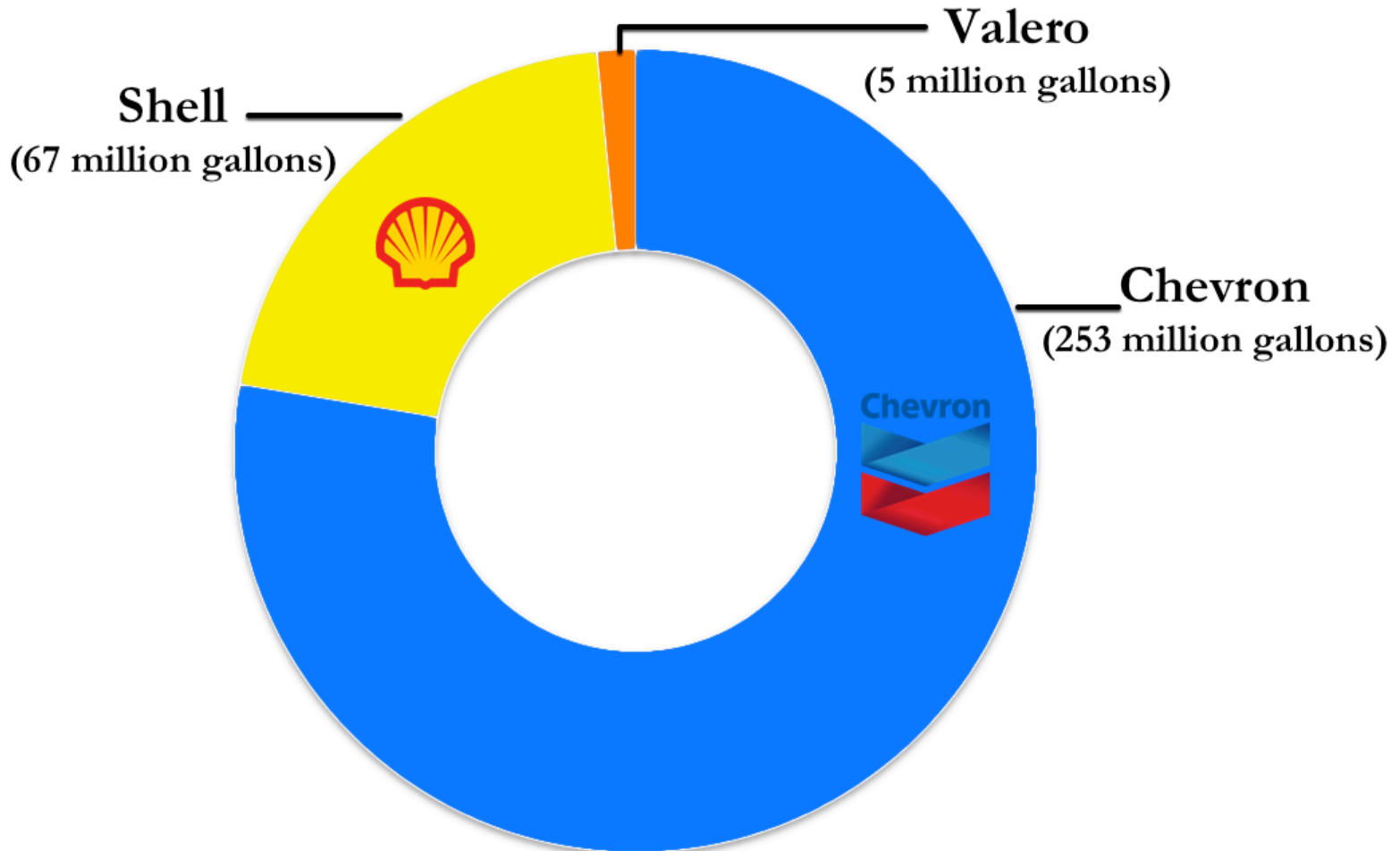
# Imports to Refiners

California Imports of Gasoline & Components by Company



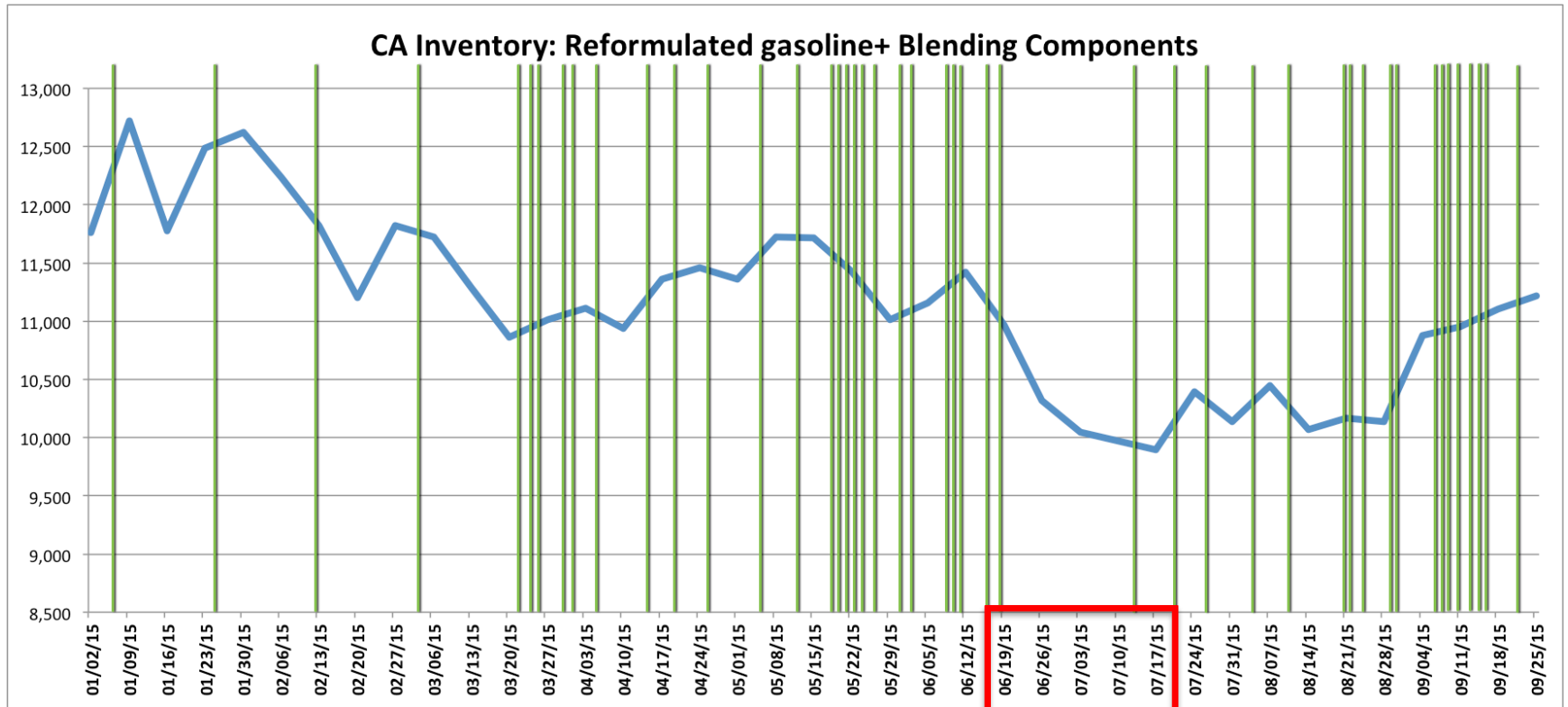
# Exports from Refiners

California Exports of Gasoline & Components by Company





# Imports vs. Inventory

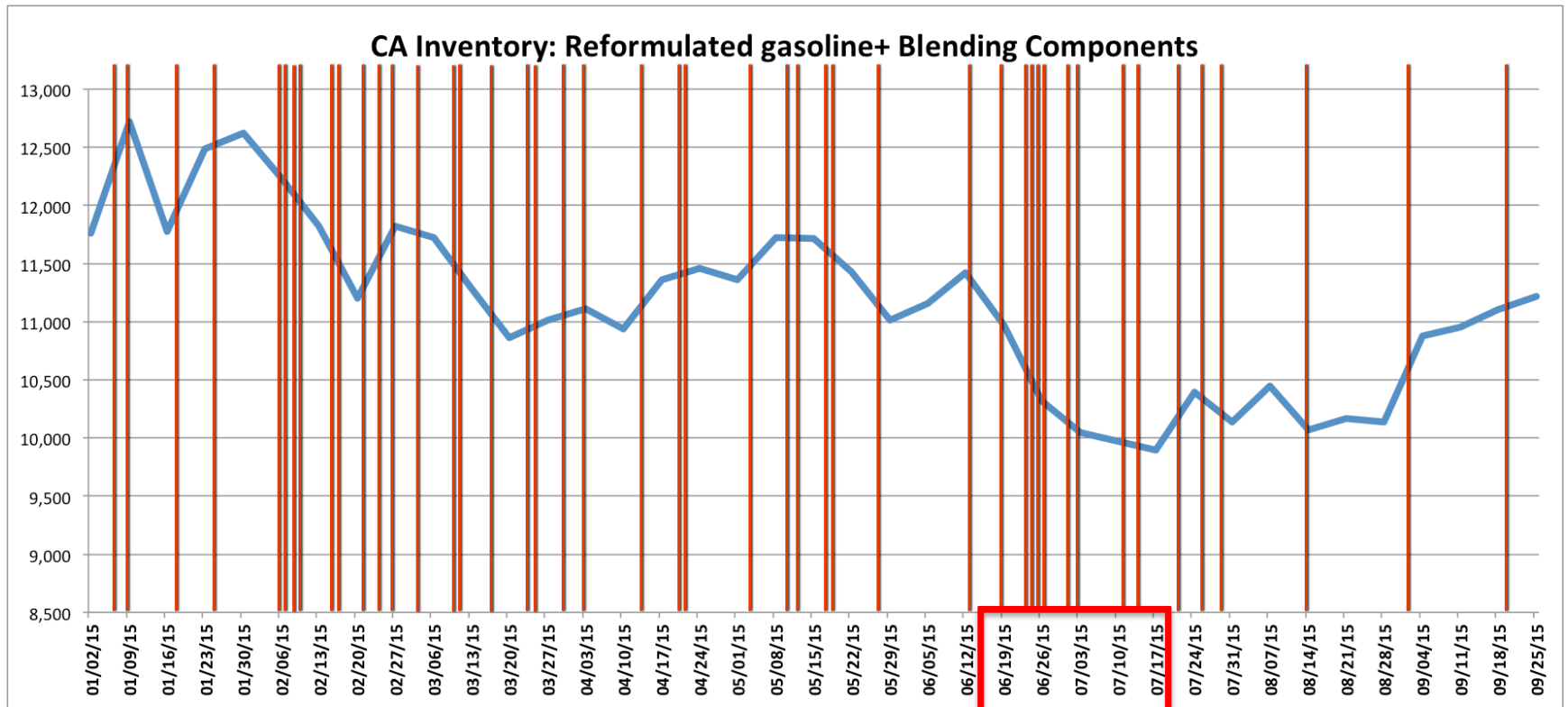


Green = Imports

Blue = Inventory

June/July Imports cease

# Exports vs. Inventory

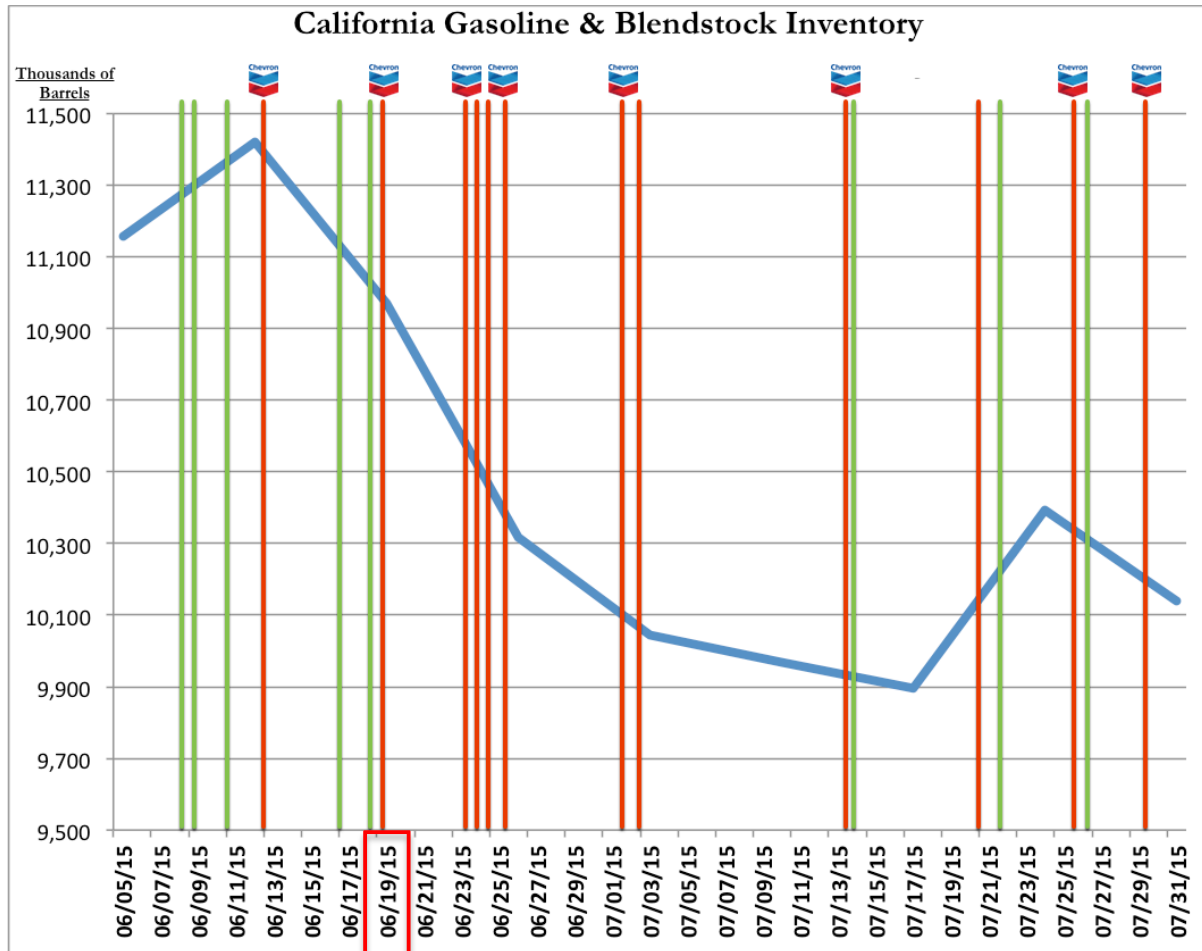


Green = Exports  
Blue = Inventory

June/July Exports Increase

# 8 of 12 Exports Were Chevron

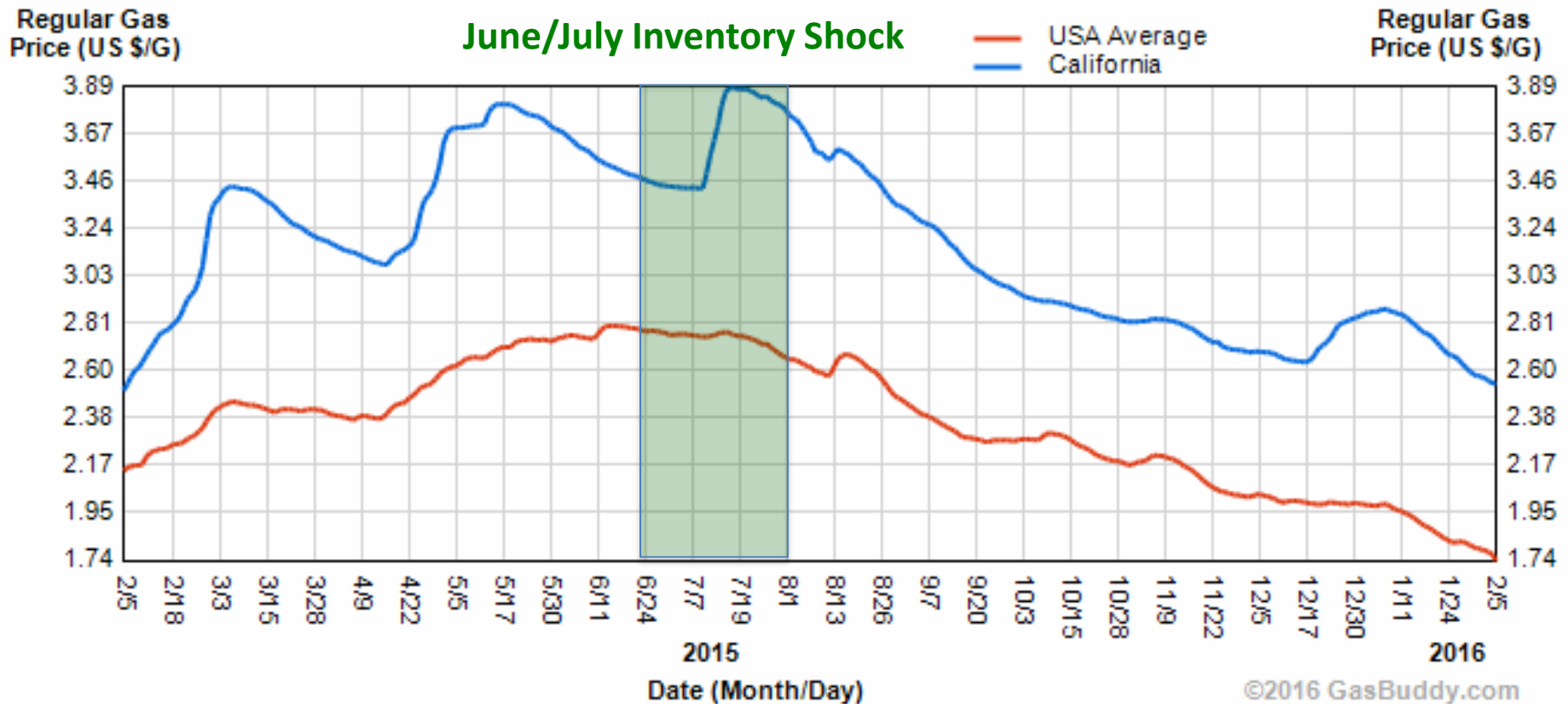
Green = Imports  
Red = Exports



June 19 - Imports Cease

June & July – Imports & Exports

# California Gas Prices



# Jones Act Vessels

“The list of available Jones Act oil products tankers...has grown to the longest in recent memory...a reversal of a very tight market seen a year ago.” -August 28<sup>th</sup>, 2015 OPIS report.

2015 Cost per day: \$80,000 per day

2014 Cost per day: \$100,000 per day

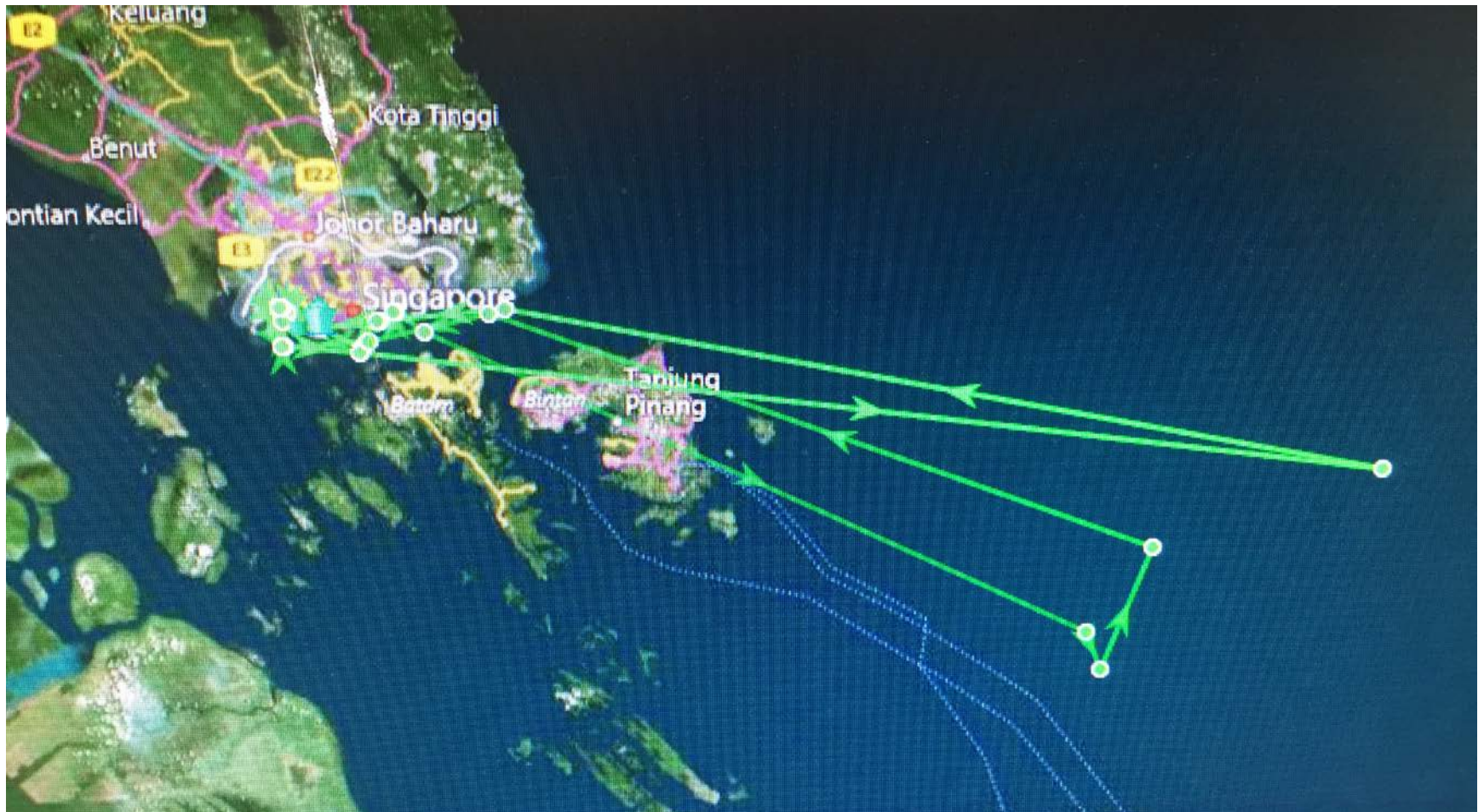
# The Missing Tanker

- Exxon's Jones Act Vessel: **The S/R American Progress**
- The ship spent the first four months in the US Gulf Coast.
- Arrived empty in Los Angeles May 15<sup>th</sup>, sat in the port before leaving.
- Arrived in Singapore June 20<sup>th</sup> – where it sat for **over two months** until August 30<sup>th</sup>.
- Ship returns to Los Angeles with full tank of product (on September 21<sup>st</sup>), but doesn't unload, and brings blendstocks to Florida on October 9<sup>th</sup>.



# S/R American Progress

June 20<sup>th</sup> – Aug. 30<sup>th</sup> (70 days in Singapore)



# Exxon's Singapore Refinery

- Two connected refineries: Jurong, on the mainland & Pulau Ayer Chawan on Jurong Island.
- 592,000 bpd combined capacity – double the largest California refinery





# FMPC 21

- In contrast with the US-Flagged S/R American progress, this ship revealed that Exxon could import product from Singapore if it was forced to.
- In July, when the market truly dried up, Exxon was forced to purchase gasoline from abroad since the California spot market no longer could provide for them.
- On August 2<sup>nd</sup> the FMPC 21 dropped gasoline in California.
- According to Platts, the shipment was scheduled to meet a contractual obligation.
- Exxon could have utilized their Singapore refinery to provide gasoline to California earlier.



# Summer price crisis

Exxon Doesn't Pull In.

Chevron Pushes Out.

- Exxon: Torrance refinery down since February 18<sup>th</sup> – present, imports just three shipments of gasoline of the thirty-two gasoline shipments that arrived during the period.
- Chevron: During summer peak price spike, responsible for eight of twelve export shipments.
- Result in July: \$4.30 per gallon gasoline in LA while crude oil plummeted to \$47 per barrel

# Misinformation in Exports

- Of the 47 confirmed exports – services knew of just 7

## All Completed Exports of Gasoline & Additives to California

Known to Market  
in Real Time

7 Shipments

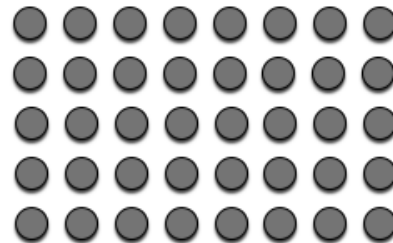
15%



Unknown  
Until After

40 Shipments

85%



# Misinformation in Imports

- Of the 48 confirmed imports – services knew of just 4

## All Completed Imports of Gasoline & Additives to California

Known to Market  
in Real Time

4 Shipments

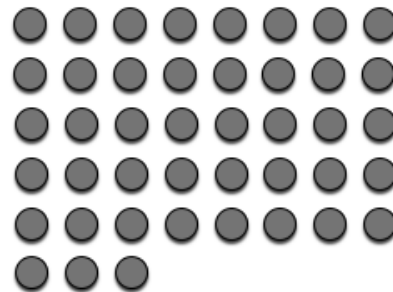
9%



Unknown  
Until After

44 Shipments

91%



# Misinformation in the Market

- Of the 95 confirmed imports and exports of gasoline and additives to and from California, the ship-tracking industry was aware of just 11 of them – just over 10% of shipments.
- This “dark” market created huge volatility in gasoline prices and unprecedented profits for oil refiners.

# Solutions

- Require refiners to make up for lost production with imports rather than sucking supplies from other California refiners.
- Require a publicly disclosed refinery inventory plan showing how refiners will make up for lost production.
- All imports, exports and trades should be publicly disclosed in real-time to allow for adequate supplies and stable prices in the California market.