

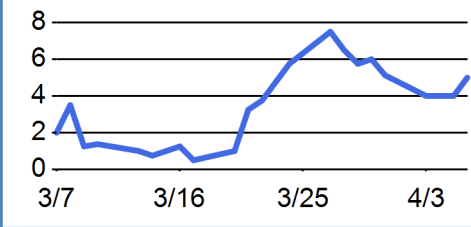
OPIS West Coast Spot Market Report

A Daily Report on U.S. West Coast Spot Prices plus News and Commentary

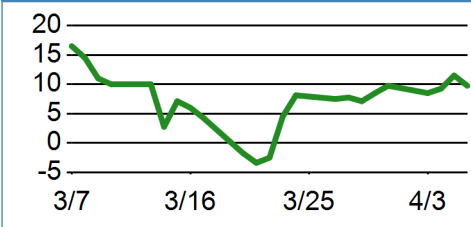
Thursday, April 06, 2017

West Coast 30-Day Average Snapshot

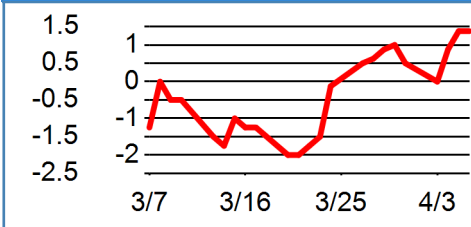
Los Angeles CARB No. 2 Basis (cts/gal)



Los Angeles CARBOB-R Basis (cts/gal)



Los Angeles Jet-Pipe LAX Basis (cts/gal)



PORTLAND GASOLINE PLUMMETS 10CTS/GAL TO \$1.75/GAL

4/6/17 - Oil futures started the session without much direction but by midafternoon were pointing higher, finishing the session close to intraday highs. Oil futures prices have been tugged back and forth with battling influences.

Moving prices higher are the cuts to worldwide crude production agreed to by OPEC, which are largely being adhered to. On the other hand, domestic crude production has been encouraged to increase and pull more crude, which has pressured prices lower. Today, the worldwide production crimping was guiding prices, helped by some drawdowns in refined product inventories in this week's Energy Information Administration report.

May WTI settled up 55cts today at \$51.70/bbl, only about 12cts away from today's high of \$51.82/bbl. ICE Brent for delivery in June followed suit, picking up 53cts on the day to settle at \$54.89/bbl, just below the \$55/bbl high tide for the day.

On the refined product side, gains were also solid but light. RBOB for May delivery picked up 1.43cts to settle at \$1.7296/gal, only about a quarter-penny away from today's high of \$1.7320/gal. Ultra-low-sulfur diesel futures for May got a little less of a bounce, picking up 94cts to round out the session at \$1.6129/gal, a little further away than RBOB from its high of \$1.6175/gal for the day.

The market as a whole could be near a breakout, according to some of the latest resistance points from chartists.

For crude contracts, WTI's 200-day moving average is \$51.32/bbl, and today's settle put values above that. The 100-day moving average could be the new ceiling to break through at \$52.72/bbl. ICE Brent's 100-day moving average is \$55.16/bbl, with today's settle still a bit beneath that.

Looking at long-term demand projections, the latest BP 2017 Energy Outlook predicts that even though electric vehicles will increase from 1.2 million in 2015 to 100 million by 2035, that will only make up around 6% of the worldwide fleet. The report expects total fleet numbers to double, reaching 1.8 billion vehicles by 2035.

(Continued on Page 3)

New York Mercantile Exchange at Settlement

WTI Crude Oil (\$/bbl)		
Month	Price	Change
MAY	51.70	0.55
JUN	52.13	0.53
JUL	52.47	0.52

RBOB Unleaded (cts/gal)		
Month	Price	Change
MAY	172.96	1.43
JUN	172.64	1.20
JUL	172.02	1.11

ULSD (cts/gal)		
Month	Price	Change
MAY	161.29	0.94
JUN	161.99	0.94
JUL	162.84	0.98

L.A. 3-2-1 Crack Spread*	
Price (\$/bbl)	Change
20.84	-0.32

*Crack is based on midpoints for L.A. CARBOB Gasoline, CARB and ANS

Snapshot of OPIS Mean West Coast Prompt Month Spot Pipeline Prices and Basis Differentials (cts/gal)

Product	Los Angeles				Bay Area				Pacific Northwest			
	Physical Prices		Basis Diff.		Physical Prices		Basis Diff.		Physical Prices		Basis Diff.	
	Mean	Change	Mean	Change	Mean	Change	Mean	Change	Mean	Change	Mean	Change
ULS No. 2	166.290	1.940	5.000	1.000	161.790	1.440	0.500	0.500	169.290	0.940	8.000	0.000
CARB No. 2	166.290	1.940	5.000	1.000	161.790	1.440	0.500	0.500	---	---	---	---
Sub-oct Reg	181.210	-0.320	8.250	-1.750	182.460	1.930	9.500	0.500	175.960	-10.070	3.000	-11.500
Sub-oct Pre	207.210	-0.320	34.250	-1.750	207.460	1.930	34.500	0.500	201.960	-10.070	29.000	-11.500
CARBOB-R**	182.710	-0.320	9.750	-1.750	182.460	1.930	9.500	0.500	178.960	-10.070	6.000	-11.500
CARBOB-P**	207.210	-0.320	34.250	-1.750	207.460	1.930	34.500	0.500	204.960	-10.070	32.000	-11.500
JET **	162.665	0.940	1.375	0.000	164.165	0.940	2.875	0.000	162.665	0.940	1.375	0.000
JET-WTG AVG	162.625	0.900	1.335	-0.040	---	---	---	---	---	---	---	---
B5	---	---	---	---	---	---	---	---	170.790	0.940	9.500	0.000
AZRBOB-R	179.710	-0.320	6.750	-1.750	---	---	---	---	---	---	---	---
AZRBOB-P	204.210	-0.320	31.250	-1.750	---	---	---	---	---	---	---	---
CARB RFG-R	182.339	-0.638	---	---	182.114	1.387	---	---	---	---	---	---
CARB RFG-P	204.389	-0.638	---	---	204.614	1.387	---	---	---	---	---	---

Full price display on page 2. Note: **L.A. Jet Fuel is JET-PipeLAX, Bay Area Jet Fuel is JET-Pipe, PNW CARBOB-R is Suboctane-Reg (FOB Seattle), PNW CARBOB-P is Sub-octane-Pre (FOB Seattle).

OPIS West Coast Prompt Spot Pipeline Prices and Basis Differentials (cts/gal)

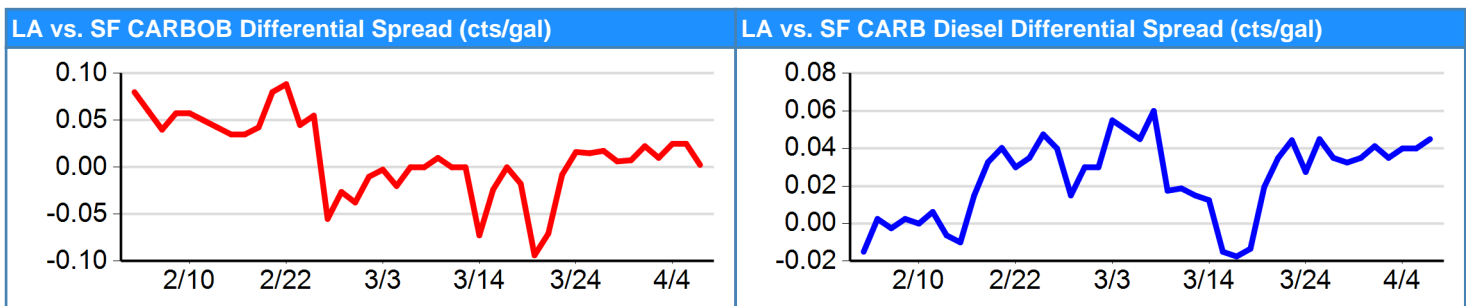
Los Angeles		Physical Prices				Basis Differentials				
Product	Timing	Low	High	Mean	Change	Low	High	Mean	Change	Wt. Avg
ULS NO. 2	APR	165.79	166.79	166.290	1.94	4.500	5.500	5.000	1.000	-- --
CARB No. 2	APR	165.79	166.79	166.290	1.94	4.500	5.500	5.000	1.000	166.290
JET-PipeLAX	APR	162.54	162.79	162.665	0.94	1.250	1.500	1.375	0.000	162.625
Sub-Oct Reg 9.0 RVP	APR	180.46	181.96	181.210	-0.32	7.500	9.000	8.250	-1.750	-- --
Sub-Oct Pre 9.0 RVP	APR	206.46	207.96	207.210	-0.32	33.500	35.000	34.250	-1.750	-- --
AZRBOB-R 8.0 RVP	APR	178.96	180.46	179.710	-0.32	6.000	7.500	6.750	-1.750	-- --
AZRBOB-P 8.0 RVP	APR	203.46	204.96	204.210	-0.32	30.500	32.000	31.250	-1.750	-- --
CARBOB-R 5.99 RVP	APR	181.96	183.46	182.710	-0.32	9.000	10.500	9.750	-1.750	182.760
CARBOB-P 5.99 RVP	APR	206.46	207.96	207.210	-0.32	33.500	35.000	34.250	-1.750	-- --
CARB-RFG Reg	APR	181.56	183.11	182.339	-- --	-- --	-- --	-- --	-- --	-- --
CARB-RFG Pre	APR	203.61	205.16	204.389	-- --	-- --	-- --	-- --	-- --	-- --

San Francisco		Physical Prices				Basis Differentials				
Product	Timing	Low	High	Mean	Change	Low	High	Mean	Change	Wt. Avg
ULS NO. 2	APR	161.29	162.29	161.790	1.44	0.000	1.000	0.500	0.500	-- --
CARB No. 2	APR	161.29	162.29	161.790	1.44	0.000	1.000	0.500	0.500	161.790
JET-Pipe	APR	164.04	164.29	164.165	0.94	2.750	3.000	2.875	0.000	-- --
Sub-Oct Reg 9.0 RVP	APR	181.96	182.96	182.460	1.93	9.000	10.000	9.500	0.500	-- --
Sub-Oct Pre 9.0 RVP	APR	206.96	207.96	207.460	1.93	34.000	35.000	34.500	0.500	-- --
CARBOB-R 5.99 RVP	APR	181.96	182.96	182.460	1.93	9.000	10.000	9.500	0.500	182.460
CARBOB-P 5.99 RVP	APR	206.96	207.96	207.460	1.93	34.000	35.000	34.500	0.500	-- --
CARB-RFG Reg	APR	181.56	182.66	182.114	-- --	-- --	-- --	-- --	-- --	-- --
CARB-RFG Pre	APR	204.06	205.16	204.614	-- --	-- --	-- --	-- --	-- --	-- --

Pacific Northwest		Physical Prices				Basis Differentials			
Product	Timing	Low	High	Mean	Change	Low	High	Mean	Change
ULS NO. 2	PMT APR	168.79	169.79	169.290	0.94	7.500	8.500	8.000	0.000
JET-Pipe	PMT APR	162.54	162.79	162.665	0.94	1.250	1.500	1.375	0.000
B5	PMT APR	170.29	171.29	170.790	0.94	9.000	10.000	9.500	0.000
Sub-Oct Reg 9.0 RVP	PMT APR	175.46	176.46	175.960	-10.07	2.500	3.500	3.000	-11.500
Sub-Oct Pre 9.0 RVP	PMT APR	201.46	202.46	201.960	-10.07	28.500	29.500	29.000	-11.500
Sub-Oct Reg 13.5 (Seattle)	PMT APR	178.46	179.46	178.960	-10.07	5.500	6.500	6.000	-11.500
Sub-Oct Pre 13.5 (Seattle)	PMT APR	204.46	205.46	204.960	-10.07	31.500	32.500	32.000	-11.500

Los Angeles Physical Forward Curve Prices		Physical Prices				Basis Differentials			
Product	Timing	Low	High	Mean	Change	Low	High	Mean	Change
CARBOB-R 5.99 RVP	MAY	180.14	181.14	180.64	1.20	7.500	8.500	8.000	0.000
CARBOB-R 5.99 RVP	JUN	179.52	180.52	180.02	1.11	7.500	8.500	8.000	0.000
CARBOB-R 5.99 RVP	JUL	175.09	176.09	175.59	1.08	4.500	5.500	5.000	0.000
CARB No. 2	MAY	164.99	165.99	165.49	0.94	3.000	4.000	3.500	0.000
JET-PipeLAX	MAY	162.74	163.74	163.24	1.07	0.750	1.750	1.250	0.125
JET-PipeLAX	JUN	162.34	163.34	162.84	0.98	-0.500	0.500	0.000	0.000

*NOTE: L.A. gasoline prices are WEST LINE, and S.F. gasoline prices are NORTH LINE-ZERO LINE. Las Vegas gasoline is represented by L.A. regular sub-octane and premium sub-octane. AZRBOB is the year around gasoline product for Arizona. Pacific Northwest gasoline and No.2 oil prices are FOB Portland Olympic Pipeline; PNW Jet Fuel is FOB Seattle Barge. CARB RFG-R and CARB RFG-P in L.A. and S.F. is not a fungible pipeline product, but a reflection of the value of blending CARBOB with 10% ethanol. Ethanol quotes on page 4 are for ethanol delivered rail car to West Coast locations.



L.A. Paper Forward Curve Basis Differential (cts/gal)

Product	Timing	Low	High	Mean	Change
CARBOB	MAY	6.500	7.500	7.000	0.000
CARBOB	JUN	5.000	6.000	5.500	0.000
CARBOB	Q3	5.000	6.000	5.500	0.000
CARBOB	Q4	4.000	5.000	4.500	0.000
CARB No. 2	MAY	2.500	3.500	3.000	0.500
CARB No. 2	JUN	2.000	3.000	2.500	0.000
CARB No. 2	Q3	1.500	2.500	2.000	0.000
JET-PipeLAX	MAY	0.000	1.000	0.500	0.000
JET-PipeLAX	JUN	-0.250	0.750	0.250	0.000
JET-PipeLAX	Q3	-1.250	-0.250	-0.750	0.000

PADD 5 EIA Inventory - Week Ending 03/31

Location	This Week	Last Week	Last Year	Week Change	Year Change
Gasoline	29,349	29,231	29,286	118	63
No. 2 Oil	13,883	13,791	14,576	92	-693
ULSD < 15ppm	12,561	12,499	13,566	62	-1,005
Kerosene Jet	9,315	9,082	9,959	233	-644
Residual Fuel	4,413	4,648	5,504	-235	-1,091
Crude Oil	55,896	57,522	54,176	-1,626	1,720
Crude Input	2,541	2,434	2,422	107	119

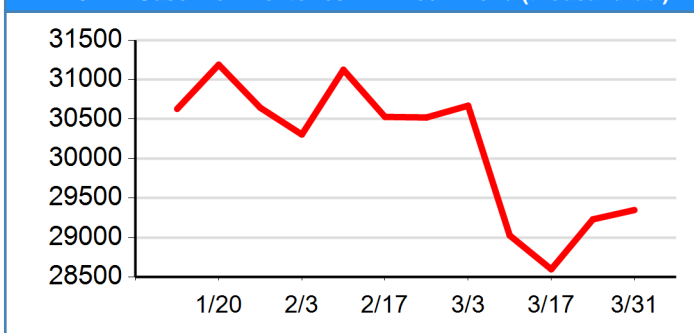
Note: Inventory levels are in thousands of barrels.

California CEC Inventory - Week Ending 03/31

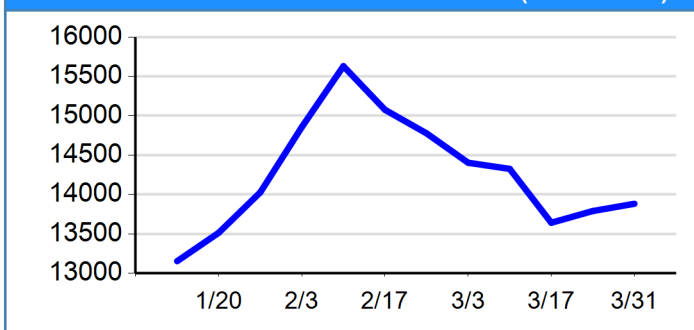
Location	This Week	Last Week	Last Year	Week Change	Year Change
CARB RFG	6,250	6,055	5,158	195	1,092
Non-Calif. Gasoline	1,133	1,570	877	-437	256
Gasoline Blend. Components	6,044	5,780	5,894	264	150
CARB-Diesel	2,564	2,433	2,334	131	230
Other Diesel	1,038	1,075	1,337	-37	-299
Kerosene Jet	3,049	3,006	3,248	43	-199
Crude Oil	15,936	16,921	16,095	-985	-159
Crude Input	12,884	12,536	11,502	348	1,382

Note: Inventory levels are in thousands of barrels.

PADD 5 EIA Gasoline Inventories - 12 Week Trend (thousand bbl)



PADD 5 EIA Distillate Inventories - 12 Week Trend (thousand bbl)



That increase will help boost overall liquid fuel demand by 4 million b/d, even with vehicles becoming more fuel efficient.

--Cory Wilchek, cwilchek@opisnet.com

RISING GASOLINE INVENTORIES COOL L.A. CARBOB: CEC

Continued builds in California's CARB RFG inventories initially plunged the Los Angeles CARBOB market in cold water Thursday, as L.A. CARBOB cash differentials dropped 2.5cts/gal following the publication of state data to trade at 9cts/gal over the NYMEX May RBOB futures contract.

Although California refineries reduced CARB production by 2.3% in the week ended March 31, CARB gasoline inventory levels continued to rebound steadily, rising 3.2% compared with the previous week to 6.25 million bbl, according to petroleum statistics released by the California Energy Commission (CEC).

The CEC data appeared to have an initial cooling effect on a market that has seen steady rises in cash differentials this week, although it rebounded to trade at 10.5cts/gal over May RBOB.

"I'm not really bearish gasoline, but I'm not as optimistic as I was," a West Coast gasoline trading source said immediately following the publication of the data.

L.A. CARBOB cash differentials have been on an upswing since the end of March, hiking more than 4cts/gal to be assessed at May RBOB futures plus 11.5cts/gal on Thursday. The start of planned turnaround at PBF Energy's Torrance refinery and production issues at Air Products Wilmington, a plant supplying hydrogen to Los Angeles-area refineries, have buoyed the market higher.

The CEC data showed CARB diesel and EPA diesel production levels marched higher, hitting 2.959 million bbl in the week ended March 31. The 6.1% increase in total distillates production has propelled output levels close to the high end of the five-year high-low band.

At the same time, CARB and EPA diesel inventories maintained a healthy level, rising 2.7% to 3.602 million bbl.

California jet fuel production increased 4.9% to 2.087 million bbl while jet fuel stocks remain at healthy levels of 2.564 million bbl.

--Amanda Rayborn, arayborn@opisnet.com

VALERO SEES MARCH MOGAS DEMAND REBOUND: BANK

Valero has estimated a gasoline demand rebound for its wholesale business in March after experiencing a drop in January-February, according to Barclays Capital on Thursday.

International logistics expansion is a new major area of focus at Valero, and Valero expects to see some form of Renewable Identification Numbers relief, according to Barclays. Valero also expects to benefit from a higher demand for distillates from the shipping market due to the stricter bunker fuel requirements from 2020 onward.

According to Valero's management, the company's wholesale operations reported a slight year-on-year drop in January and February, mainly driven by a drop in areas heavily affected by the weather. In March, Valero management estimates its wholesale volumes may be up 1.5-2.0% year on year. The management also reported higher distillate sales across its system.

This week, Barclays hosted a one-day non-deal roadshow with Valero management, including CEO Joe Gorder; Gary Simmons, Senior Vice President Supply, International Operations and Systems Optimization; and John Locke Vice President Investor Relations.

According to Valero's management, one of the potential growth

(Continued on Page 4)

OPIS Spot Feedstocks Product	Range (cts/gal)		Diff to 70/30 (cts/gal)		Diff to WTI (\$/bbl)		Diff to ANS (\$/bbl)	
	Low	High	Low	High	Low	High	Low	High
Low Sulfur VGO	172.80	174.80	-5.00	-3.00	20.85	21.70	18.95	19.80
High Sulfur VGO	168.80	170.80	-9.00	-7.00	19.20	20.05	17.30	18.15
Light Cycle Oil	140.35	142.35	-25.95	-23.95	2.50	3.25	--	--

OPIS Spot NGL (cts/gal)		Propane		N.Butane		Butane Mix		Isobutane		N. Gasoline	
Market	Date	Low	High	Low	High	Low	High	Low	High	Low	High
Delivered LA Basis	4/06	71.38	76.38	63.75	64.00	63.75	64.00	95.88	96.13	--	--
Delivered Bakersfield	4/06	75.38	78.38	81.75	82.00	81.75	82.00	--	--	89.13	90.38
Delivered Bay Area	4/06	74.38	80.38	63.75	64.00	63.75	64.00	95.88	96.13	--	--

WC/WTI-NYMEX/Atlantic Basin Crude Values (\$/bbl)

Product	Low	High	Last	Change
Alaska North Slope	53.35	53.85	53.60	0.50
Line 63	49.35	49.85	49.60	0.50
THUMS	42.42	42.92	42.67	0.97

Product	Low	High	Last	Change
SJV	41.67	42.17	41.92	0.97
WTI	50.81	51.82	51.70	0.55
Brent	54.02	55.00	54.89	0.53

U.S. West Coast Crude Oil Postings (\$/bbl)

Location	API	Chev	API	PMTC	API	MOBIL
Buena Vista	26.0	52.36	26.0	49.83	26.0	52.10
Hunt. Beach	--	--	20.0	44.27	--	--
Kern River	--	--	13.0	41.27	--	--
Long Beach	--	--	27.0	47.72	--	--
Midway Sunset	13.0	47.81	13.0	44.76	13.0	47.42
Wilmington	--	--	17.0	42.02	--	--
Effective Date	04/05		04/05		04/05	

U.S. West Coast Crude Oil Postings (\$/bbl)

Location	API	STUSCO	API	UNION 76
Buena Vista	26.0	52.85	26.0	50.40
Midway Sunset	13.0	47.50	13.0	45.10
Effective Date	04/05		04/05	

Today's Closing Singapore Prompt Jet Kerosene Prices

Market	Low	High	Mean	Change
FOB Singapore (\$/bbl)	64.27	64.37	64.32	0.090

OPIS Ethanol Prices (cts/gal)

Market	Timing	Low	High	Mean	Change
LA CI 79.90	PROMPT	178.00	180.00	179.000	-3.500
LA CI 79.90	ANY	178.00	180.00	179.000	-3.500
SF CI 79.90	PROMPT	178.00	180.00	179.000	-3.500
SF CI 79.90	ANY	178.00	180.00	179.000	-3.500
Oregon CI 69.89	PROMPT	183.00	184.00	183.500	1.500
Washington Eth.	PROMPT	183.00	184.00	183.500	1.500
Phoenix Eth.	PROMPT	168.00	169.00	168.500	-5.000

OPIS California Low Carbon Fuel Standard

Product	Low	High	Mean	Change
Carbon Credit (\$/MT)	78.000	80.000	79.0000	0.000
CI Pts Gasoline (\$/CI)	0.00636	0.00652	0.006440	0.00000
Carbon CPG Diesel (cts/gal)	3.74	3.84	3.790	0.0000
Carbon CPG Dsl 95% (cts/gal)	3.56	3.65	3.605	0.0000
Carbon CPG Gasoline (cts/gal)	4.44	4.55	4.495	0.0000
Carbon CPG Gas 90% (cts/gal)	3.99	4.10	4.045	0.0000

OPIS U.S. RIN Values (cts/RIN)

Product	Year	Low	High	Mean	Change
Corn Ethanol	2016	55.00	56.00	55.50	-1.000
Corn Ethanol	2017	55.00	56.00	55.50	-1.000
Biodiesel	2016	88.00	92.00	90.00	-1.000
Biodiesel	2017	96.50	103.50	100.00	-2.750
Cellulosic	2016	225.00	235.00	230.00	0.000
Cellulosic	2017	254.00	264.00	259.00	4.000
Adv. Biofuel	2016	85.00	89.00	87.00	-2.500
Adv. Biofuel	2017	95.00	99.00	97.00	-2.500

areas is to expand and control its international logistics assets, which could enhance its export business. For example, to increase its export volume to South America, management believes some destinations will need expansion of logistics networks which may create investment opportunities for both Valero Energy and Valero Energy Partners.

Regarding the Border Adjustment Tax (BAT), although management thinks that Valero could potentially benefit from the implementation of the BAT, the company does not have a strong official position. Based on their contacts in Washington, D.C., management also echoed what the bank previously heard from its recent D.C. Energy Policy trip, that the probability of enacting the BAT under the current form seems highly unlikely.

The bank said that optimization at Valero has much farther to go. Valero's management estimates that the company is spending \$350 million a month in secondary costs to ship crude/feedstock/product from end to end. This is a major area of focus to improve efficiency. Management will review all supply chain logistics and seek opportunity to create win-wins between Valero Energy Partners and Valero Energy.

On the International Maritime Organization 2020 rule, Valero's management believes the new rule, if enacted as planned, will have a significant impact on the distillate crack. The management thinks that a lot of the existing fleet will likely be too old to justify the ship owners spending money to retrofit with scrubbers. Heavy oil refiners such as Valero could be the major beneficiary.

--Edgar Ang, eang@opisnet.com

WEST COAST REFINED PRODUCTS ASSESSMENT LOGIC:

L.A. CARBOB-R 5.99 RVP: April prompt was assessed at the NYMEX May RBOB contract plus 9.75cts/gal, based on trades from plus 9cts/gal to plus 10.5cts/gal.

L.A. CARB No. 2: April prompt was assessed at the NYMEX May ULSD contract plus 5cts/gal, based on a trade at that level.

L.A. JET-Pipe LAX: April prompt was assessed at the NYMEX May ULSD contract plus 1.375cts/gal, based on trades from plus 1.25cts/gal to plus 1.5cts/gal.

S.F. CARBOB-R 5.99 RVP: April prompt was assessed at the NYMEX May RBOB contract plus 9.5cts/gal, based on a trade at that level.

(Continued on Page 5)

Calif. Carbon Allowance Assessments (\$/mt)

Vintage	Timing	Low	High	Mean
Previous Yr.	PMT APR '17	13.88	13.90	13.890
Previous Yr.	FWD DEC '17	14.29	14.31	14.300
Current Yr.	PMT APR '17	13.65	14.10	13.875
Current Yr.	FWD DEC '17	14.15	14.45	14.300
Next Yr.	PMT APR '17	14.00	14.16	14.080
Next Yr.	FWD DEC '17	14.16	14.18	14.170

Prompt Calif. Cap-at-the-Rack Prices (cts/gal)

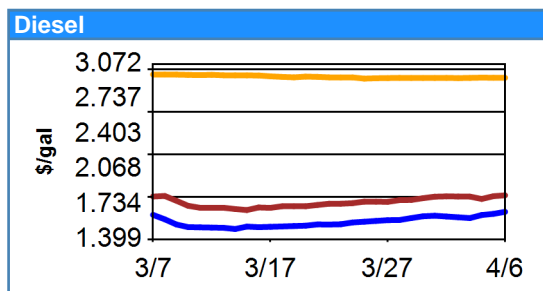
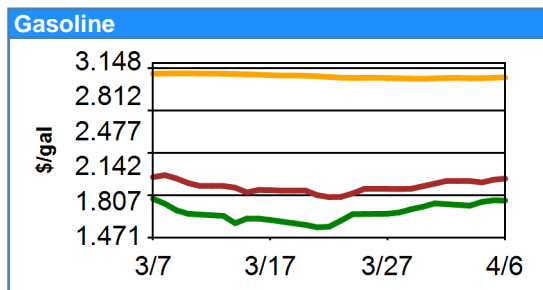
Product	Price	Wk Avg	30-Day Avg
Summer CARB RFG-R	11.18	11.012	10.955
Summer CARB RFG-M	11.16	10.990	10.932
Summer CARB RFG-P	11.14	10.974	10.920
Winter CARB RFG-R	11.16	10.990	10.932
Winter CARB RFG-M	11.16	10.990	10.932
Winter CARB RFG-P	11.17	11.000	10.945
CARB No.2	14.21	13.996	13.924
B5 Biodiesel	13.50	13.294	13.226
Propane	7.80	7.678	7.639
LNG (cts/DGE)	10.16	10.006	9.954

Today's Spot-to-Rack-to-Retail Snapshot

Gasoline (\$/gal)	Price	Change
Basket of Racks	2.038	0.011
Retail Average	3.009	0.004
L.A. CARBOB-R	1.827	-0.003

Diesel (\$/gal)	Price	Change
Basket of Racks	1.820	0.008
Retail Average	2.940	0.000
L.A. CARB No. 2	1.663	0.019

30-Day Spot-to-Rack-to-Retail Trend



Legend	
—	L.A. CARBOB-R
—	Basket of Racks
—	L.A. CARB No. 2
—	Retail Average

NOTE: The methodology for the Rack-to-Retail Trend Snapshot can be found at: <http://www.opisnet.com/about/methodology.aspx>.

S.F. CARB No. 2: April prompt was assessed at the NYMEX May ULSD contract plus 50 points, based on bids at the NYMEX May ULSD contract.
 PNW SUB-OCT REG 9 RVP: April prompt was assessed at the NYMEX May RBOB contract plus 3cts/gal, based on trades at that level.
 PNW ULS No. 2: March prompt was assessed the NYMEX May ULSD plus 8cts/gal, based on bids at plus 7cts/gal and offers at plus 9cts/gal.

WEST COAST REFINED PRODUCTS ANALYSIS:

Portland sub-octane gasoline continued its free-fall Thursday, as an abundance of product on offer drove cash prices down 10cts/gal to their lowest level in two weeks.

The restart of Phillips 66's Ferndale refinery, coupled with more offers from the Kinder Morgan Willbridge terminal, was pushing down on spot prices for 9-lb. RVP gasoline. Deals for the grade were confirmed at 3cts/gal over the NYMEX May ULSD futures contract, which is 11.5cts/gal lower than the Wednesday's median value.

"[There] weren't any bids in the market, so offer into the abyss," a West Coast refined products market participant said.

According to a Pacific Northwest trading source, a refiner was offering product at Willbridge, having recently received resupply from a gasoline-laden barge discharging at the terminal.

Last week, the confluence of refinery maintenance at Phillips 66's Ferndale refinery and BP's Cherry Point refinery had sent Pacific Northwest cash gasoline prices soaring to \$1.96/gal. Now PNW gasoline is the lowest priced regular spot gasoline market on the West Coast.

The Cherry Point refinery in Ferndale, Wash., remained in maintenance, according to industry sources, although it was unclear whether output at the refinery has been significantly impacted.

The market for lower-RVP gasoline at Portland found more support. At the Kinder Morgan Willbridge terminal, 7.8-lb. RVP sub-octane was bid at May RBOB futures plus 6cts/gal while offers hovered at plus 12cts/gal.

Market sources said the Tacoma refined products markets were tight, but there was no consensus on the cause. One gasoline trading source pointed to ongoing Olympic Pipeline maintenance work as constricting supplies to the Tacoma market.

PNW ULSD cash differentials remained steady, with bids at May ULSD futures plus 6cts/gal and offers at plus 10cts/gal.

The Los Angeles gasoline market started the day with some weakness following the publication of bearish data on California gasoline inventories.

Although California refineries reduced CARB production by 2.3% in the week ended March 31, CARB gasoline inventory levels continued to rebound steadily, rising 3.2% compared with the previous week to 6.25 million bbl, according to petroleum statistics released by the California Energy Commission (CEC).

L.A. CARBOB cash differentials dropped 2.5cts/gal following the CEC report to trade at 9cts/gal over the NYMEX May RBOB futures contract before rebounding to trade at plus 10.5cts/gal.

According to one West Coast gasoline trading source, refiners continue to be active buyers in the market, and issues at Los Angeles-area refineries will likely bolster the market going forward.

L.A. CARBOB cash prices dipped about 25 points to \$1.8271/gal.

San Francisco CARBOB also received support from refiner buying, industry sources said.

S.F. CARBOB changed hands twice at the May RBOB futures plus 9.5cts/gal, up 50 points from Wednesday's median value. S.F. CARBOB outright prices rose about 1.5cts/gal to \$1.8246/gal.

The S.F. CARB diesel market, by contrast, was tranquil, with no bids or offers seen. Outright prices rose about 1.5cts/gal to \$1.6179/gal.

L.A. jet fuel cash differentials continued to find support, trading from the May ULSD futures plus 1.25cts/gal to plus 1.5cts/gal. L.A. jet cash prices ticked up about 1ct/gal to \$1.6266/gal.

OPIS West Coast Spot Market Deal Log

Los Angeles

Product	Timing	Differential	Reference	kbbl	Notes
CARBOB Regular 5.99 RVP Prompt	APR	+10.00	May RBOB	25	
CARBOB Regular 5.99 RVP Prompt	APR	+9.00	May RBOB	25	
CARBOB Regular 5.99 RVP Prompt	APR	+9.00	May RBOB	25	
CARBOB Regular 5.99 RVP Prompt	APR	+10.50	May RBOB	25	
CARBOB Regular 5.99 RVP Prompt	APR	+10.50	May RBOB	25	
CARBOB Regular 5.99 RVP Any	MAY	+8.00	Jun RBOB	25	
CARB No2 Prompt	APR	+5.00	May No2	25	
CARB No2 Prompt	APR	+6.00	May No2	25	Chemoil Option
Jet LAX Prompt	APR	+1.25	May No2	25	
Jet LAX Prompt	APR	+1.25	May No2	25	
Jet LAX Prompt	APR	+1.50	May No2	25	

San Francisco

Product	Timing	Differential	Reference	kbbl	Notes
CARBOB Regular 5.99 RVP Prompt	APR	+9.50	May RBOB	25	
CARBOB Regular 5.99 RVP Prompt	APR	+9.50	May RBOB	25	

Pacific Northwest

Product	Timing	Differential	Reference	kbbl	Notes
Sub-Octane Unleaded 9.0 RVP Prompt	PMT APR	+3.00	May RBOB	10	
Sub-Octane Unleaded 9.0 RVP Prompt	PMT APR	+3.00	May RBOB	10	

Los Angeles Paper

No deals confirmed.

U.S. West Coast Price Discovery Methodology

Editors confirm and record deals done for gasoline and distillate products with a minimum pipeline size of 10,000 bbl in California and 5,000 bbl in the Pacific Northwest. As the majority of the market is done on an EFP basis, we follow deals as basis discounts or premiums to the New York Mercantile Exchange. We consider fixed-price deals only if they fall within the full-day differential range based off the NYMEX at settlement. Fixed price deals in California spot markets are converted to an EFP when reported and confirmed and then reapplied to the NYMEX settlement price.

OPIS does publish "prompt" ranges, which are trades that reflect "any month / buyers option" transactions. "Buyers option" gives the buyer the choice of taking delivery in any of the four cycles in throughout the month. In Los Angeles, OPIS identifies the prompt Kinder Morgan cycle for timing clarity but ranges are buyer option/any month lifting.

OPIS works with the Kinder Morgan Pipeline to determine the timing of the various cycles throughout the month. Typically, each month has four pumping cycles. In cases where it is close to the end of the months trading cycle, OPIS reserves the right to roll coverage forward to the more liquid month.

For the Los Angeles market, OPIS follows the Kinder Morgan West Line, and in the Bay area the OPIS assessment is for the Kinder Morgan Zero Line. In the Pacific Northwest, prices are FOB Portland - Olympic Pipeline and jet fuel is FOB Seattle barge. For complete methodology, visit <http://www.opisnet.com/about/methodology.aspx>

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