

# Domestic Sweet/ WTI Specifications

FOR COQA MEETING- NOVEMBER 2012 in NEW ORLEANS, LA

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## The Need for Domestic Sweet Specifications

- Historically, Domestic Sweet was a blend of various sweet crude oil streams from Western Texas, Oklahoma, and surrounding areas.
- Today, with minimal specifications and greater logistical optionality, Domestic Sweet might include high TAN African crudes, condensate from Colorado, Canadian blends, or heavy Brazilian crude.
- Refiners are increasingly concerned about blending of incompatible crudes into the Domestic Sweet stream and the detrimental effect on refinery operations.

## History

- After years of diligent work and testing, in 2010, the COQA recommended more comprehensive specifications for WTI/Domestic Sweet.
- In addition to the historical specs of API gravity and sulfur, we agreed on the need for:
  - Distillation characteristics from HTSD-
    - % @ 220°F
    - 50% point
    - % >1020°F
  - TAN
  - Metals (nickel and vanadium, individually)
  - Carbon residue (MCR)

## Recommended Specs - Current Status

- NYMEX met with Cushing personnel in April 2011 to discuss adoption of the additional specs.
- At both the Fall 2011 and early 2012 meetings, Dan Brusstar spoke favorably regarding NYMEX's incorporation of the specs.
- Plains previously reported the COQA specs are being routinely met.
- 2011 & 2012 data for Marathon Petroleum batches shows the COQA specs are being followed!

# Conclusions

- The COQA specs are:
  - **Meaningful to refiners**
  - **Practical to implement**
  - **Routinely achievable**
  - **Do not limit the liquidity of the stream**
- Since COQA's letter over 2 years ago, subsequent work has validated this recommendation, showing the perceived hurdles have been overcome.
- The importance of the specs was highlighted in Harry Giles' presentation to the National Academy of Sciences Dilbit Project last month.
- **The need for NYMEX to formally adopt the COQA specs is even greater with the movement of WTI to the trading hubs on the Gulf coast.**