

## **Domestic Sweet/ WTI Specifications**

FOR COQA MEETING - NOVEMBER 2013  
DALLAS, TX

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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, increasing tight oil production, and logistical optionality, Domestic Sweet might include high TAN crude, condensate from Colorado, Bakken, Eagle Ford, and Canadian blends.
- 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, in a letter from Harry Giles, 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

- At both the Fall 2011 and early 2012 meetings, Dan Brusstar spoke favorably regarding NYMEX's incorporation of the specs. However, no formal publication of the COQA recommended specs has yet occurred.
- Data (as recent as September 2013) suggests the COQA specs are being routinely met.
- Recent communication indicates NYMEX is still planning to implement the new specs. Dan Brusstar will comment later today.

## Conclusions

- The COQA specs are:
  - **Meaningful and necessary for refiners - now more than ever!**
  - **Practical to implement**
  - **Routinely achievable - it's happening**
  - **Do not limit the liquidity of the stream**
- Since COQA's letter over three years ago, subsequent work has validated this recommendation, showing the perceived hurdles have been overcome.
- We need NYMEX to formally incorporate the COQA recommended specifications as part of Chapter 200- Light Sweet Crude Oil Futures.