Argus Crude Summit Review

Presentation to the
Crude Oil Quality Association
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Argus Crude Summit Overview

• Pre-sessions
  – Mexico's Energy Reform
  – Gala Dinner – Resets & Relapses (Africa, Middle East)

• Sessions (8 versus last year's 6)
  – Price/production Balancing Act
  – Transportation
  – Latin America
  – Canadian Heavy Pushes South
  – Bracing for Change – Panel discussion
  – Crude absorption
  – Brent/WTI arbitrage
  – Quality Counts
Session 1. Price/Production Balancing Act

- **Adam Sieminiski**, Administrator, US Energy Information Administration
  - Shale oil is too light, splitters/toppers/stabilizers needed to heavy up domestic production
  - Need $90/bbl for Canadian production, $80/bbl for shale oil (producers could survive $60/bbl, nat gas $6 in next decade)
- **Joe Leto**, President, Energy Industry Analytics
  - In 2017 US hits mogas “wall” → products to export
- **Glenn Simpson**, Crude and International Supply, Phillips 66
  - 10% and rising of refinery slate is production area sourced
- **Jeff Kralowetz**, VP Business Development, Argus
  - Where are likely price hubs in the future?
Session 2. Crude Absorption, Americas & Beyond

- **Jacob Dweck**, Partner, Sutherland Asbill & Brennan LLP
  - Criteria for/against US domestic crude exports
- **Seth Kleinman**, Head of Energy Strategy, Citi
  - Europe big loser internationally, watch out impacts of cheap CH$_4$
- **Joseph Israel**, Senior VP, Hunt Refining
  - US/Canadian production increases push LatAm, Africa, Middle East to Asia and Europe
- **Rick Thomas**, Senior Consultant, Baker & O'Brien
  - New US refinery “kit” for changing crude quality
Session 3. NA Crude Transportation

- Neil Earnst, VP and Director, Muse Stancil & Co.
  - Pipeline project review and commentary
- Beth Whited, VP and GM – Chemicals, Union Pacific Railroads
  - Bakken moving east/west, Niobrara to Houston
- Mark Smith, VP Development, Supply/Logistics, Tesoro Companies Inc.
  - Lowest rail costs to clear Bakken is west coast → Vancouver rail to ship project (300 kbpd)
- Steve Magness, Partner, Cogent Energy Solutions, LLC
  - Rail & pipe coexistence and cooperation
Session 4. Bracing for Change Panel Discussion

- Keynote – Alex Pourbaix, President, Energy and Oil Pipelines, Transcanada Corporation
- Tom Lloyd, Director of International Crude Oil Marketing, Hess
- Joseph Israel, Senior VP, Hunt Refining
- Carl Larry, President, Oil Outlooks and Opinions
- Jacob Dweck, Partner, Sutherland Asbill & Brennan, LLP
- Sarah Emerson, President, Energy Security Analysis

- Discussion of unknowns and “what if” scenarios
- US crude exports? US products exports?
- Interesting variations of outlook, perspectives and opinions
Session 5. Canadian Heavy Pushes South

- **James Cairns**, VP, Petroleum and Chemicals, CN
  - Connections from Canada into US market
- **Mike Redenbaugh**, Senior Crude Oil Trader, HETCO LLC
  - Rail will move bbls restricted into Chicago
- **Karen Kabin**, VP Business Development, Kinder Morgan Products Pipelines
  - Review of Cochin reversal to move C5+ to WCSB
  - Quality of C5+ a key consideration in sourcing supply
Session 6. Role of Brent/WTI Arbitrage

- Panel Discussion

- **Mike Davis**, Director, Market Development, ICE Futures Europe
- **Gary Morschès**, Managing Director, Energy Products, CME
- **Mike Wittner**, Managing Director, Commodities Research – Americas, Societe General

- Domestic and international influences and drivers for Brent/WTI differentials
- Influences of changing US domestic production going forward
Session 7. Outlook for Latin American Crude

- **Sergio Guaso**, Deputy Director of Business Development, Pemex Exploracion y Produccion
  - Mexico's Energy Reform
  - Details of new legislation and opportunities

- **Bruce Fulin**, Principal Crude Analyst, BG Group
  - Africa big loser in US crude imports, not South America
  - Mexico, Venezuela are holding their own
Session 8. Quality Counts

- **Bill Lywood**, President, Crude Quality Inc
  - Presentation on behalf of the COQA
  - US market moving to greater complexity
    - Hub/terminal blending
    - More crudes of more qualities available
  - Canadian network appears moving to consolidation
    - Rail terminal take away capacity can provide needed volumes and potentially managed quality
- **Kesavalu Bagawandoss**, Corporate Technical Director, Intertek Commodities
  - Sampling, metering, measurement requirements for specific applications
Summary

• Thank you to Argus for the opportunity
  – COQA was Partnering Organization for the Summit and should consider continuing this and other relationships with Argus

• Summit is very well organized, speakers are top quality, topics are varied in type/perspectives

• Favorite line
  – referring to the length of time that Keystone XL has been in study and John Baird's (Canadian Minister) vocal request to “get on with it – make a decision, one way or the other”