

Louisiana Crude Oil Refinery Survey

April 1993

by Alan A. Troy, P.E.

In December 1992 the Technology Assessment Division conducted its fourth survey of Louisiana's crude oil refineries. Environmental and safety over-regulation, low profit margins, and an uncertain tax structure were the main concerns voiced by survey respondents. Most projects relating to the 1992 and 1993 deadlines mandated by the 1990 Clean Air Act Amendments (CAA) are complete, or nearly so. The few new projects planned are also related to environmental compliance. Total Louisiana refinery operating capacity and product mix remain virtually unchanged. Operating rates have improved slightly. A small lube oil refinery plans to increase capacity this year, but no other expansions were disclosed.

Three owners of non-operating refineries stated their intentions to reopen this year. Another could reopen pending the satisfactory conclusion of purchase negotiations now in the final stage. In the past, owners of several closed refineries have stated their intention to reopen without doing so. Several investors are looking for small refineries to purchase.

The total operating capacity of Louisiana refineries in December was 2,320,640 barrels per calendar day (bcd) as compared to 2,314,000 bcd reported in February 1992. Operating rates improved 1.1% to 90.9%. While there have been some significant changes in product slate among individual refineries, the total state weighted product slate percentages have changed very little.

Most respondents felt making a profit in the refining business was becoming increasingly difficult. They cited the sheer volume of new regulations as a major component in the cost of doing business without providing any return. A typical comment was that environmental regulations were important, but without profits there will be no industry to regulate.

The next CAA deadline is October 1, 1993. By then the sulfur content of diesel fuel cannot exceed 0.05% by weight. This requirement applies to all diesel fuel sold in the U.S. Seventeen of Louisiana's twenty refineries produce diesel fuel, but not all of them intend to meet this requirement by installing process equipment to remove the sulfur. Some will use only low sulfur Louisiana "sweet" crude, which they say is already low enough in sulfur content. The opposing view is that even Louisiana crude is not low enough in sulfur content to meet the requirement.

The above information was obtained from DNR's March 1993 Louisiana Crude Oil Refinery Survey Report, which is now available. Other information in the report includes key personnel, mailing addresses, geographical location descriptions, crude capacity, and product slate. New developments on the status of the non-operating refineries are also presented.