

Louisiana Crude Oil Refinery Survey

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In November the Technology Assessment Division conducted its sixth survey of Louisiana's crude oil refineries. While the burden of environmental regulations was again a major topic of survey respondents, major projects geared to the deadlines imposed by the Clean Air Act Amendments of 1990 have been completed and are in operation. Many respondents indicated that their primary focus now is more toward strategies to improve profitability. Some refineries are increasing crude capacity, and others are undertaking major process reconfigurations to improve efficiency or alter their product mix to include more higher value products.

Ten of Louisiana's 19 operating refineries are producing reformulated gasoline (RFG) for sale in those markets where the EPA has mandated its use on January 1, 1995. None of these areas are in Louisiana. Some refineries are making only one grade of RFG until they see how the market materializes. Others are making more grades, up to 20, out of a total possible of 24. This is creating a formidable logistical challenge for the refineries and pipelines that must store and transport up to twice as many grades of gasoline under the new regulations.

For the twelve month period ending June 30, 1994, total Louisiana refinery operating capacity increased slightly to 2,345,664 barrels per calendar day (bcd) from the 2,328,264 bcd reported in our October 1993 survey. The overall operating rate improved from 91.2% to 92.2%. While there were some changes in the product mix of individual refineries, the overall mix remained about the same. There is a clear trend toward less mid-grade gasoline production over the past four years. Depending on how the market for RFG develops, the percentage of each grade of gasoline could change considerably. Crude capacity, operating rate, and product slate for each operating refinery are shown in the table on the back of this sheet.

Through August of 1994 the Gulf Coast Refinery Margin reached its peak of \$2.77/bbl in February, and then steadily declined to a low of -\$0.14/bbl in July. However, in August it rebounded to \$1.51/bbl.

While some companies are shedding their refining assets, others are adding to them. New entrants are entering the business by picking up some of these unwanted assets at a discounted price. Two operating and two non-operating refineries changed ownership during the period. The new owners are evaluating their options to best utilize these assets. One refinery ceased operation, and two non-operating refineries were dismantled and their equipment sold and removed from the site.

The above information was obtained from DNR's December 1994 Louisiana Crude Oil Refinery Survey Report, which is now available. Other information in the report includes new projects, key personnel, mailing addresses, and geographical location descriptions. Tabulated statistical data, charts, and graphs relating to oil production, refinery crude oil sources, refinery margins,

capacities, operating rates, and product slate are also contained in the report. New developments on the status of the non-operating refineries that are still intact are also presented.