

## Louisiana Crude Oil Refinery Survey

December 1993

by Alan A. Troy, P.E.

In October the Technology Assessment Division conducted its fifth survey of Louisiana's crude oil refineries. Low profit margins and environmental and safety over-regulation were again the main concerns voiced by survey respondents. Projects relating to the 1992 and 1993 deadlines mandated by the 1990 Clean Air Act Amendments (CAAA) are complete. Almost all new projects under way are also related to environmental or safety compliance. Some refineries have started engineering to produce the reformulated gasoline mandated by the CAAA in certain areas by January 1995. The exact formulation has yet to be set by the EPA.

Total Louisiana refinery operating capacity remained virtually unchanged at 2,328,264 barrels per calendar day (bcd) as of June 30, 1993 as compared to 2,320,640 bcd as of November 30, 1992. Operating rates improved slightly from 90.9% to 91.2%. The total state product mix changed very little. The Calumet Lubricants refinery was the only one to report an increase in capacity this year. None of the other refineries disclosed plans for capacity expansions. The crude capacity, operating rate, and percent product slate of each refinery is shown in the table on the back of this sheet.

Most respondents representing operating refineries again felt crude oil refining as a stand alone operation in the U.S. was a marginally profitable business with little prospect for growth. Most felt profit margins will stay squeezed as long as the price of their products remains relatively stable while the cost of complying with a steady stream of new regulations continues spiraling upwards. No operating refineries were closed, but the owners of at least four small operating refineries indicated they would like to reduce their involvement in their refinery operations by merger, partnership, or outright sale.

Three owners of non-operating refineries have again, as in previous surveys, disclosed their intentions to reopen. Financing to reopen the 10,000 bcd Sabine Gas Operators refinery at Stonewall has been secured, and the target date for start-up is January 15, 1994. The TransAmerican refinery at Norco, though closed since 1982, employs 200 people and has invested \$10 million so far in 1993 and will spend another \$25 million in 1994. Financing has been obtained to reopen it by the fourth quarter of 1994.

The 14,800 bcd CAS refinery near Jennings will be acquired and reopened by Sabine Gas Operators pending satisfactory conclusion of financing negotiations that have been going on for at least a year. Britt Processing & Refining is still seeking financing to reopen their 10,000 bcd refinery at Egan. Obtaining financing appears to be the pivotal consideration that determines whether a closed refinery actually reopens.

The above information was obtained from DNR's November 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.