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ARGUS MIDEAST GULF AND INDIAN OCEAN PRODUCTS

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The most up-to-date Argus Mideast Gulf and Indian Ocean Products Methodology is available on www.argusmedia.com

Introduction

Argus Mideast Gulf and Indian Ocean Products is a daily market report that publishes prices and market commentary on the international bulk spot market for petroleum products in the Mideast Gulf and Indian Ocean. Argus Mideast Gulf and Indian Ocean Products contains price assessments for different types of spot contracts at specified locations. The report provides prices that are used in third-party contracts, risk management contracts (such as swaps), internal price transfers, internal benchmarking, mark-to-market pricing and market analysis. The assessed prices are based on prices from the open spot market whenever possible.

Methodological principles

Argus assessments are based upon the structure of the market as established by market participants. So if market participants trade and price products in relation to certain benchmarks, then Argus will publish prices in relation to these benchmarks.

The Argus method includes trades from various platforms — close of market windows, e-commerce portals, third-party transactions and over-the-counter swaps — to reflect a daily consensus on the price of the day. The Argus methodology relies on a survey and analysis of market inputs. It often varies from “market on close” methodologies which only recognise select transactions, bids or offers at a specific closing time of each day.

The Argus method considers inputs received throughout the entire day up until its daily timestamp. Argus price assessments in Argus Mideast Gulf and Indian Ocean Products reflect standardised specifications under the general terms and conditions employed for standard contracts in common use.

Argus publishes prices that report and reflect prevailing levels for open-market arm's length transactions (please see the Argus Global Compliance Policy for a detailed definition of arm's length).

Market survey

Argus market specialists conduct comprehensive daily surveys of key industry participants to collect trade information and gauge prevailing market sentiment. Through interrogative enquiries and analysis, Argus market reporters consider a broad range of trade data, including physical transactions, fixed-price deals, formula-related deals, premiums, discounts, reported but unconfirmed trades, tender results, netbacks, bids, offers, swaps, spreads and supply/demand fundamentals before making their assessment of the open market price for each product.

Argus reporters use the telephone and various electronic mail and messaging services to acquire and cross-check their information. Argus does not restrict itself to one subsection of the market such as a single trading platform or single informational channel for its market information.

The market surveys are balanced in their approach and are conducted by well trained specialists who are part of a dedicated team responsible for the Argus Mideast Gulf and Indian Ocean Products report. The market surveys will involve up to 30 market participants in each market segment contacted by telephone or electronically. The information will be verified and analysed. The approach is

methodical and standardised and the assessments will be tested against the views of other market participants. Information from the survey is verified as best possible and archived in databases.

Price assessments

Transactions and buy-sell ranges outside of the Argus loading/delivery periods and for specifications not directly included in the methodology are considered when assessing prices if market participants believe they have affected market values for the products under the standardised terms reported in the Argus Mideast Gulf and Indian Ocean Products report. Deals, bids and offers must be considered repeatable and representative to be reflected in daily assessments. Information collected during the course of the day is taken into account but if the market shows high intra-day volatility, Argus will weight the assessments towards trading activity at the end of the working day up to the cut-off time in the specifications listed below.

Some assessments are published as a service to the industry that are not supported by an open traded market. These price assessments will be constructed by comparing price values from the liquid traded open markets adjusted for freight and any other appropriate costs. All assessments and formulas refer to the price of the product on the day of the published report and are expressed in US dollars unless otherwise stated. The prices are for contracts under whatever general terms and conditions are accepted as standard and prevailing in that particular market. Price changes refer to the last published report.

Argus provides an overview of the day's product market activity, highlighting changes in key product prices and the price differences among the various regional pricing centres. The report allows readers to quickly understand the key market drivers. Argus provides an at-a-glance summary of the majority of the prices contained within the report, illustrating each product's performance in relation to other oil products. See the relevant sections of this methodology for full details of each price assessment.

Gasoline

95R Gasoline

Differential to fob Med 95R gasoline 10ppm
 Motor gasoline 95R (95 Ron, Research Octane Number) unleaded. The differential shown is the assessed market premium (or discount) to Mean of Platts fob Med 95R gasoline 10ppm. Prices are in US dollars/tonne. The basis is fob Mideast Gulf. Prices are for cargoes loading 15-30 days forward from the date of publication. The premiums/discounts are based on reported transactions, bids, offers and relevant market discussions for trade 15-30 days forward from the date of publication. The specifications are 95 Ron unleaded, maximum 0.01g/1 lead, RVP 9-10psi, typically 0.740 specific gravity, maximum 500ppm sulphur, maximum 10% MTBE, maximum 14% total oxygenates, and maximum 5% benzene.

Differential to fob AG naphtha

Motor gasoline 95R (95 Ron, Research Octane Number) unleaded. The differential shown is the assessed market premium (or discount) to the Mean of Platts Arabian Gulf (Mopag) naphtha price. Prices are in US dollars/tonne.

The basis is fob Mideast Gulf.

Prices are for cargoes loading 15-30 days forward from the date of publication.

The premiums/discounts are based on reported transactions, bids, offers and relevant market discussions for trade 15-30 days forward from the date of publication.

The specifications are 95 Ron unleaded, maximum 0.01g/1 lead, RVP 9-10psi, typically 0.740 specific gravity, maximum 500ppm sulphur, maximum 10% MTBE, maximum 14% total oxygenates and maximum 5% benzene.

Differential to fob Singapore Gasoline 95R

Motor gasoline 95R (95 Ron, Research Octane Number) unleaded. The differential shown is the assessed market premium (or discount) to the Mean of Platts (Mops) 95R gasoline price.

Prices are in US dollars/barrel.

The basis is fob Mideast Gulf.

Prices are for cargoes loading 15-30 days forward from the date of publication.

The premiums/discounts are based on reported transactions, bids, offers and relevant market discussions for trade 15-30 days forward from the date of publication.

The specifications are 95 Ron unleaded, maximum 0.01g/1 lead, RVP 9-10psi, typically 0.740 specific gravity, maximum 500ppm sulphur, maximum 10% MTBE, maximum 14% total oxygenates, and maximum 5% benzene.

Gasoil

Gasoil 0.05% differential to Ice gasoil

Gasoil of 500ppm sulphur content.

The differential shown is the assessed market premium (or discount) to the Ice gasoil price.

Prices are in US dollars/barrel.

The basis is fob Mideast Gulf.

Prices are for cargoes loading 15-30 days forward from the date of publication.

The differential is based on the Mean of Platts Arabian Gulf (Mopag) gasoil plus differential minus Ice gasoil.

The specifications are 0.05% maximum sulphur, pour point 6-9°C, maximum 370°C distillation point at which 95% recovered, minimum 48 cetane number, colour maximum 2.

Gasoil 0.001% differential to Ice gasoil

Gasoil of 10ppm sulphur content.

The differential shown is the assessed market premium (or discount) to the Ice gasoil price.

Prices are in US dollars/barrel.

The basis is fob Mideast Gulf.

Prices are for cargoes loading 15-30 days forward from the date of publication.

The differential is based on the Mean of Platts Arabian Gulf (Mopag) gasoil plus differential minus Ice gasoil.

The specifications are 0.001% maximum sulphur, pour point 6-9°C, maximum 370°C distillation point at which 95% recovered, minimum 48 cetane number, colour maximum 2.

Jet

Jet differential to Ice gasoil

The differential shown is the assessed market premium (or discount) to the Ice gasoil price.

Prices are in US dollars/barrel.

The basis is fob Mideast Gulf.

Prices are for cargoes loading 15-30 days forward from the date of publication.

The differential is based on the Mean of Platts Arabian Gulf (Mopag) jet price plus differential minus Ice gasoil.

The specifications reflect the latest UK Defence Standard specifications.

Naphtha

Differential to fob AG naphtha

The differential shown is the assessed market premium (or discount) to the Mean of Platts Arabian Gulf (Mopag) naphtha price. Prices are in US dollars/tonne.

The basis is fob west coast India.

Prices are for cargoes loading 15-30 days forward from the date of publication.

Size is standardised to 35,000t

The premiums/discounts are based on reported transactions, bids, offers and relevant market discussions for trade 15-30 days forward from the date of publication.

The specifications reflect following open specification quality, 65% minimum paraffins, 0.65/0.74 specific gravity at 60°F, maximum 1% olefins, colour (Saybolt) minimum +20, RVP (PSI) maximum 13, lead (PPB) maximum 150, sulphur maximum 650ppm, minimum 25°C IBP, max 204°C FBP.

Bunkers

Fujairah 180cst

Bunkers 180cst delivered on board Fujairah.

Prices are in US dollars/tonne.

Prices reflect transactions done and other trade information on a delivered basis 3-7 days forward from the date of assessment.

Assessments are standardised to reflect prices for 1,000t to 3,000t.

Specification is maximum sulphur content of 3.5%, 0.5% maximum water by volume, maximum density of 0.991.

The timestamp is 5:30pm Singapore time.

Fujairah 380cst

Bunkers 380cst delivered on board Fujairah.

Prices are in US dollars/tonne.

Prices reflect transactions done and other trade information on a delivered basis 3-7 days forward from the date of assessment.

Assessments are standardised to reflect prices for 1,000t to 3,000t.

Specification is maximum sulphur content of 4.2%, 0.5% maximum water by volume, maximum density of 0.991.

The timestamp is 5:30pm Singapore time.