

Texas Oil Refineries Tout Natural Gas Exports

Contributed by Tom McGregor
Wed, Sep 19, 2012, 05:54 PM

Apparently, exporting natural gas from Texas oil refineries makes good business sense. CEO Greg Garland of Phillips 66 said, "think about a U.S. refiner that's buying his energy at \$3 per million Btu for natural gas. Europeans are paying \$12 for their natural gas. So we have a significant advantage in energy cost and crude cost. That's 70 percent of your cost structure. That's a huge leverage that you have."

The Houston Chronicle reports that, "since splitting from Conoco Phillips last spring, Phillips 66 has touted itself as a diversified refining, chemicals and midstream company. The refining side of the business had a stellar breakout quarter. Still, CEO Greg Garland says the company's growth will come from its smaller divisions — joint ventures in chemical company Chevron Phillips and in natural gas processing and transport business DCP Midstream."

Garland added, "last year, the U.S. industry's No. 1 export oil products, gasoline and diesel essentially. When we think about exports, we think it's great for the country. It makes jobs for us. Ultimately, I think, it results in better prices for America consumers. We are running refineries harder; we are spreading those fixed costs over more barrels. So what you are seeing is relatively high utilization rates in the U.S. refining industry today even though demand has been down."

Phillips 66 pledged to invest in raising its capabilities to export. Last year it did about 100,000 barrels a day and it's expected to increase to 220,000 barrels a day across the U.S. by 2013.

To read the entire article from the Houston Chronicle, link here: tmcgregordallas@yahoo.com