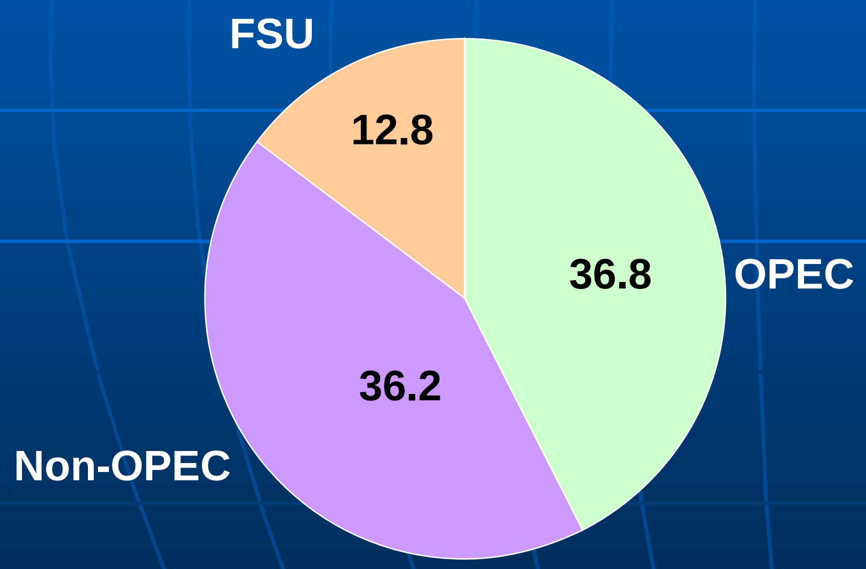
Asphalt Supply Outlook

Bill Haverland
ConocoPhillips Company

Crude Oil Supply/Demand

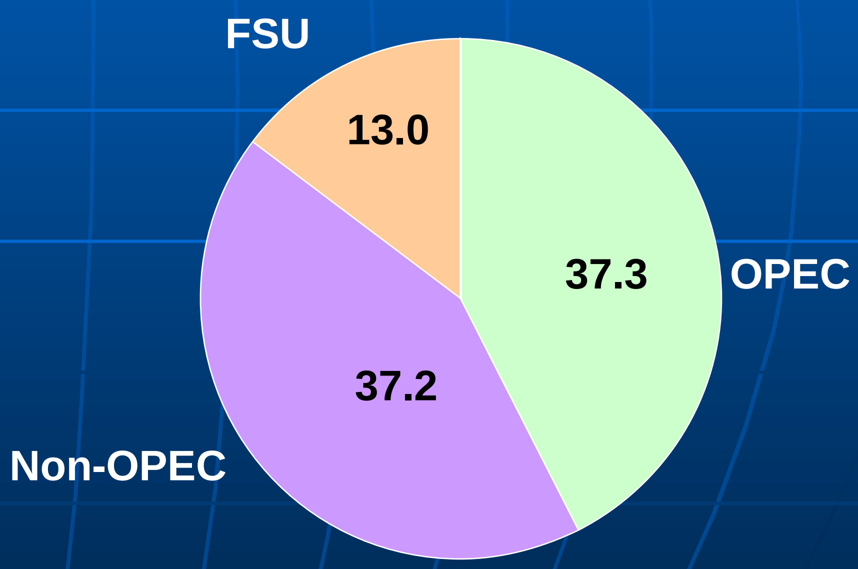
Crude Oil Supply

2007 World Crude & Gas Oil Supplied Millions of Barrels Per Day



Total: 85.8 MMB/D

2008 Forecasted World Crude & Gas Oil Supplied Millions of Barrels Per Day

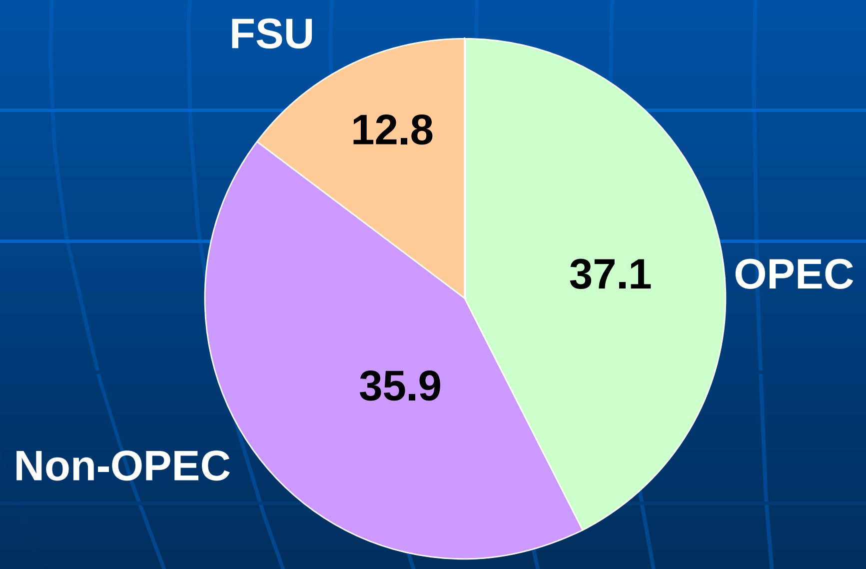


Total: 87.5 MMB/D

Source: US DOE

Crude Oil Supply

2008 Actual World Crude & Gas Oil Supplied
Millions of Barrels Per Day



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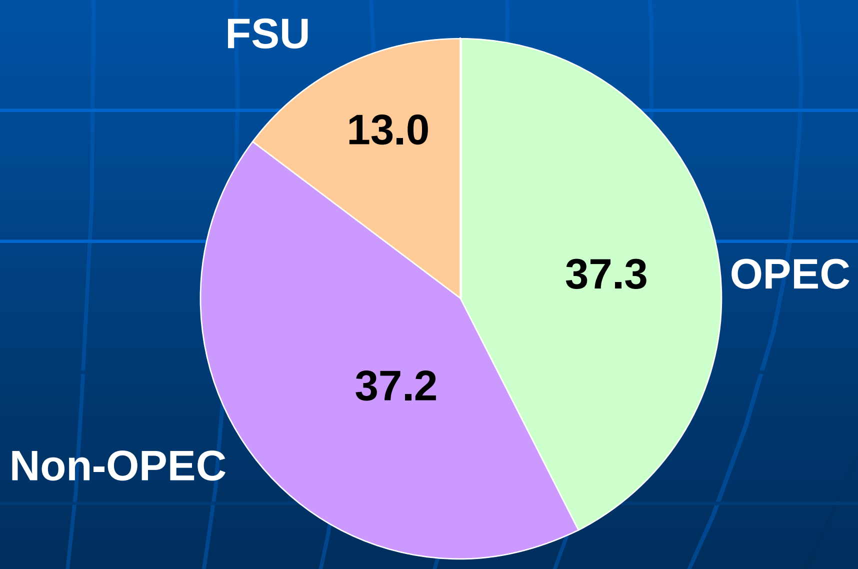
2008 Forecast World Crude & Gas Oil Supplied
Millions of Barrels Per Day



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Crude Oil Supply

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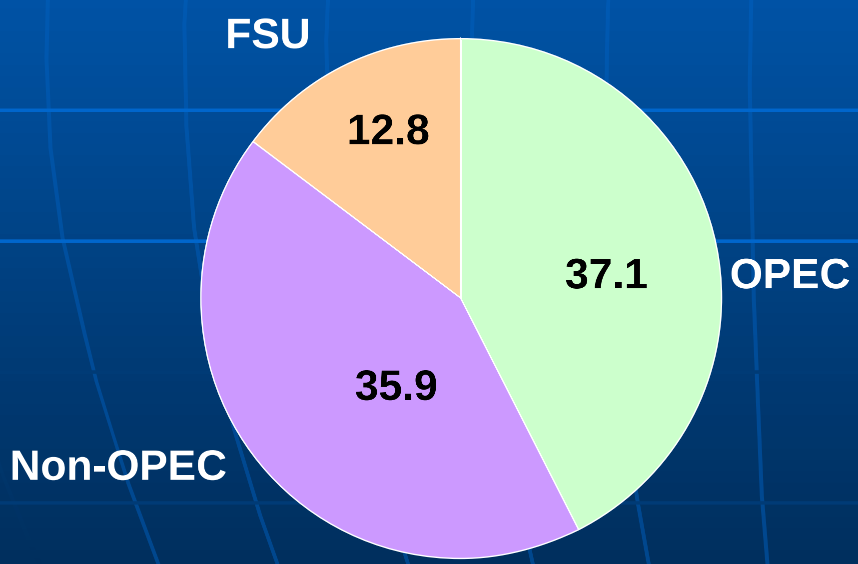

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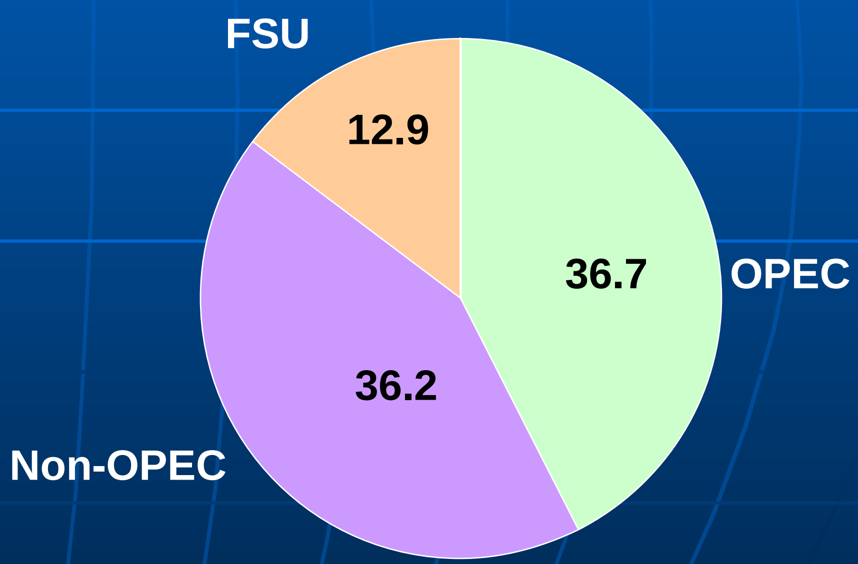
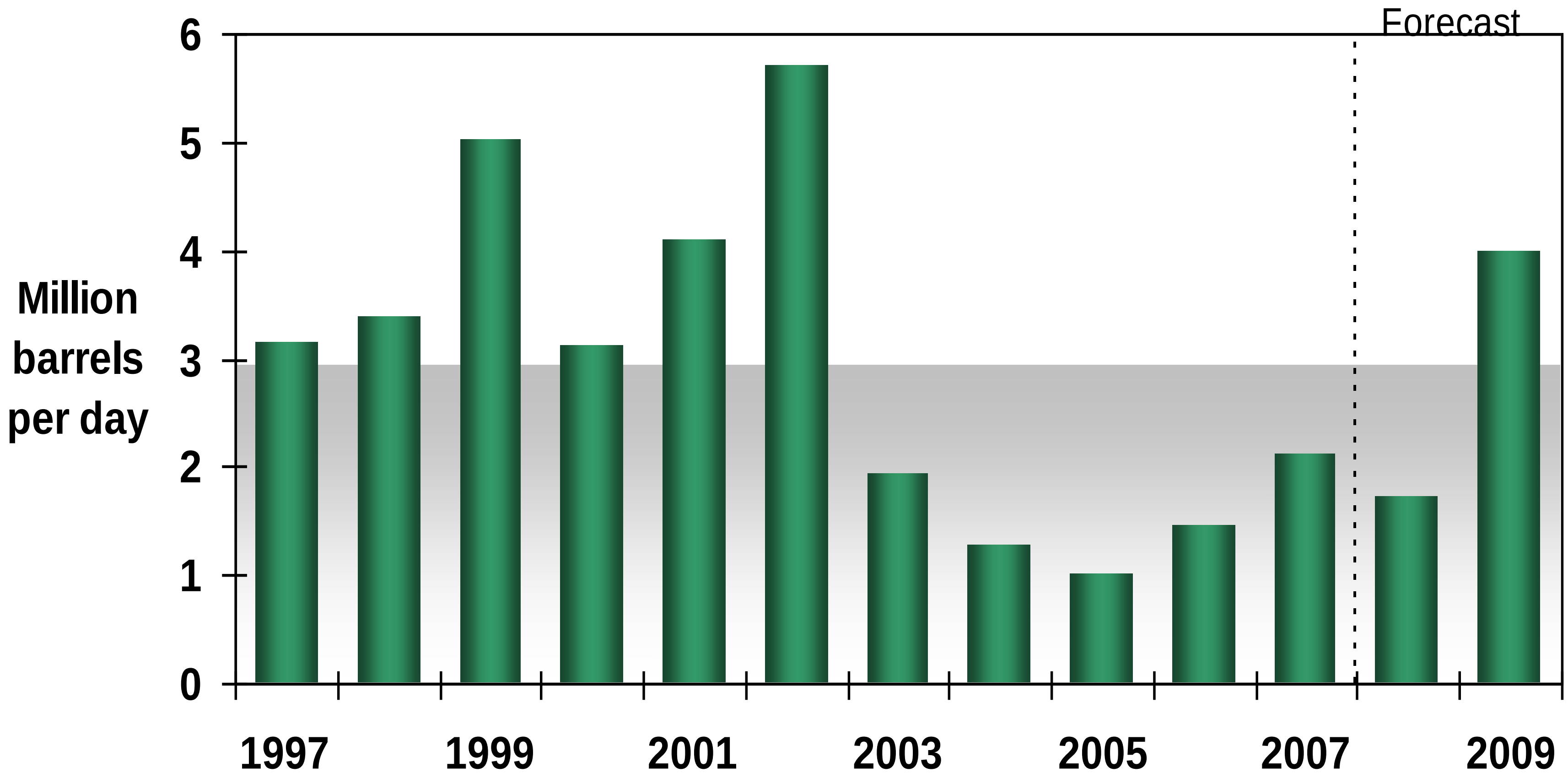
2009 Forecast World Crude & Gas Oil Supplied Millions of Barrels Per Day



Total: 85.75 MMB/D

Source: US DOE

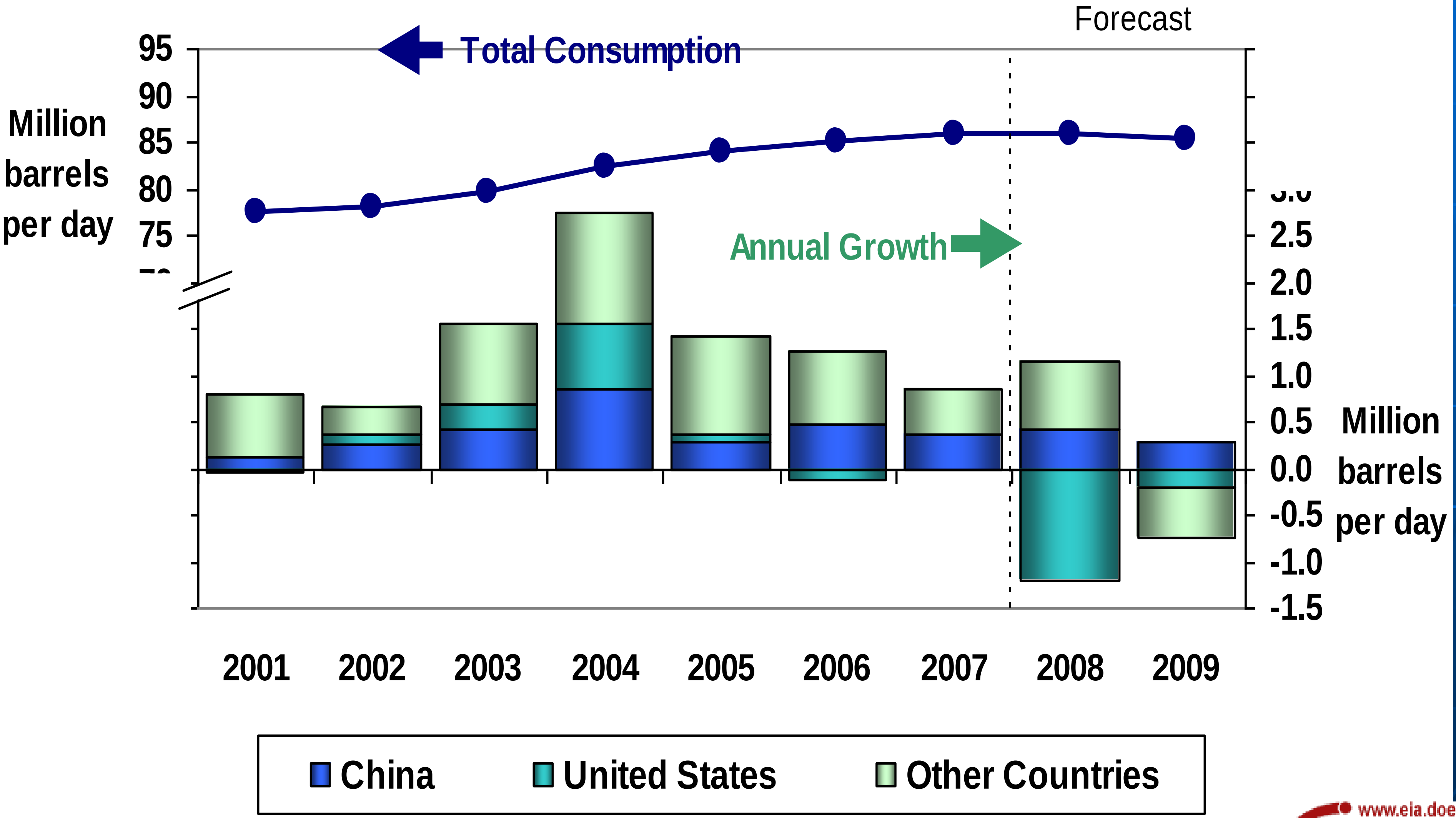
OPEC Surplus Crude Oil Production Capacity



Note: Shaded area represents 1997-2007 average (2.9 million barrels per day)

www.eia.doe.gov

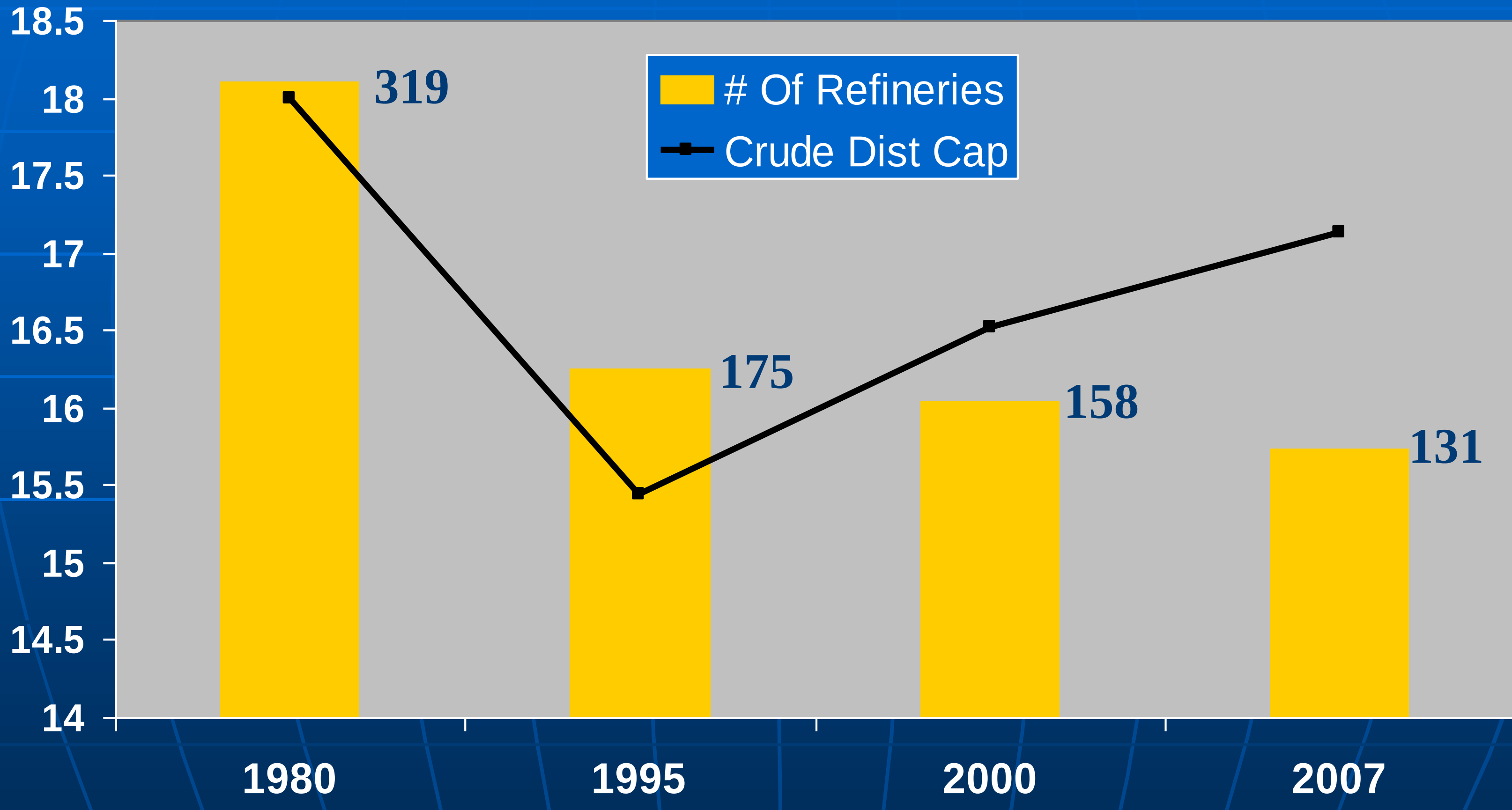
World Oil Consumption



Short-Term Energy Outlook, December 2008

Refining

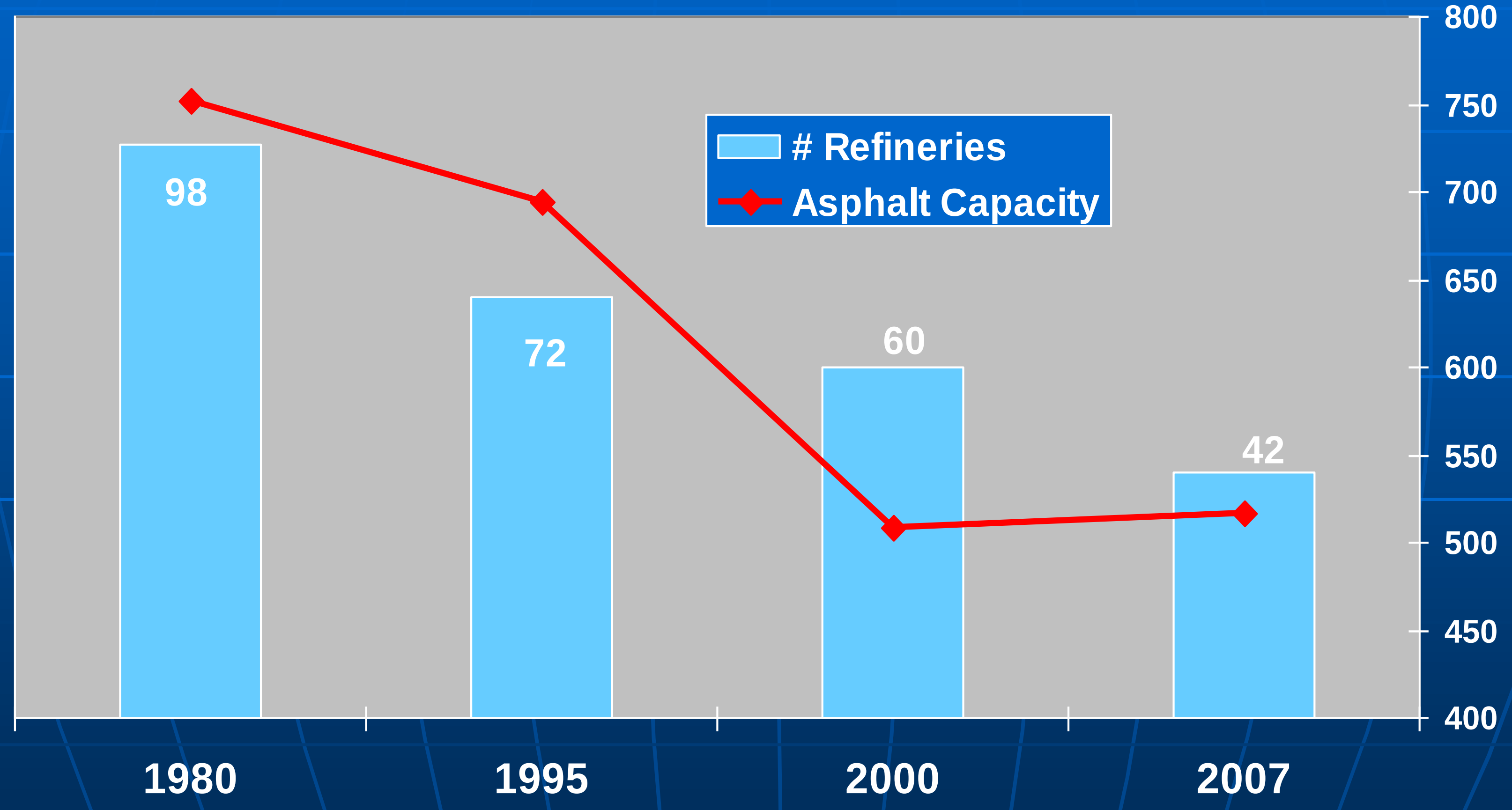
U. S. Refining Capacity



Last New U. S. Refinery Built in 1976

Source: Oil & Gas Journal

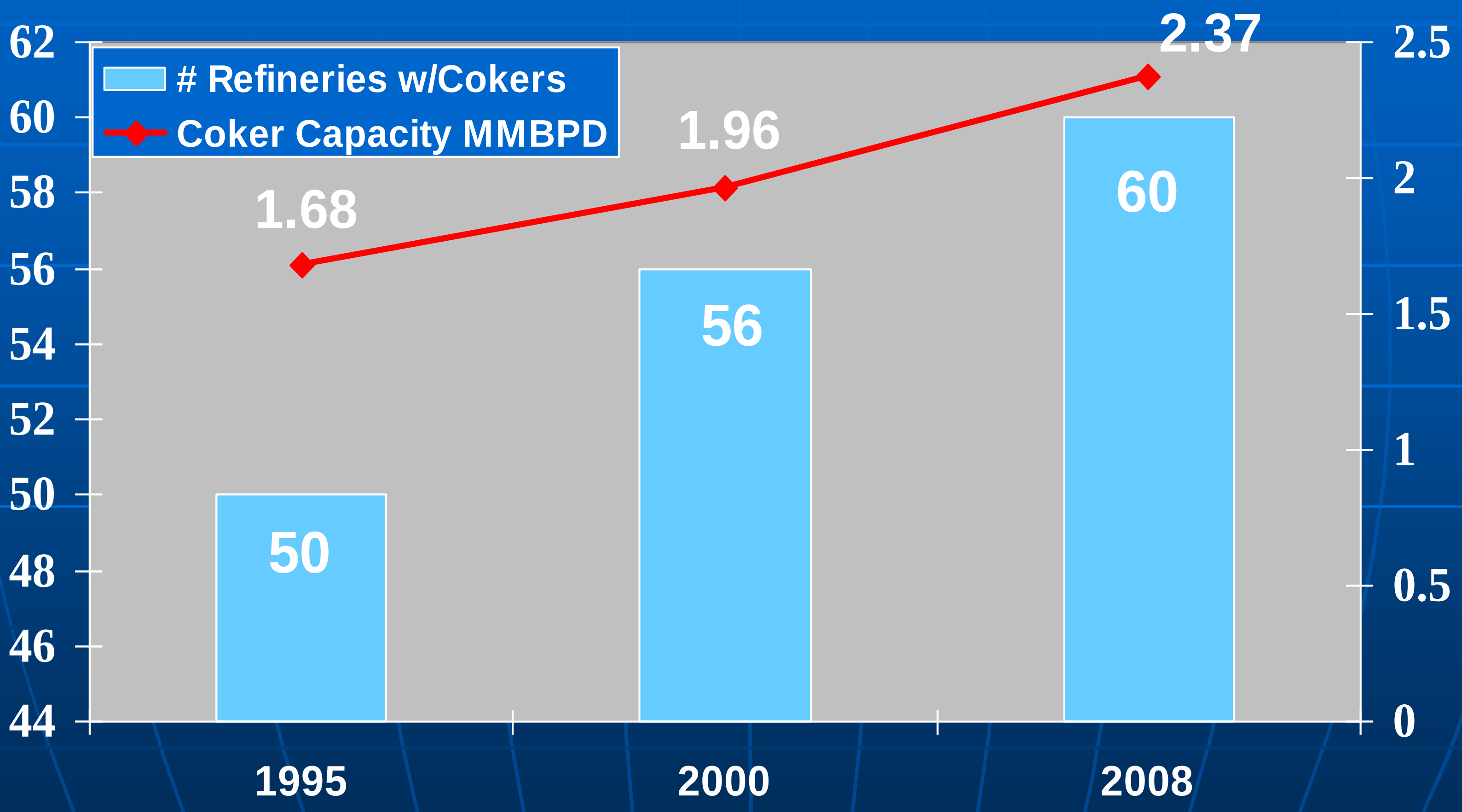
U. S. Asphalt Refining Capacity



Production Range: 600 B/D to 50,000 B/D

Source: Oil & Gas Journal

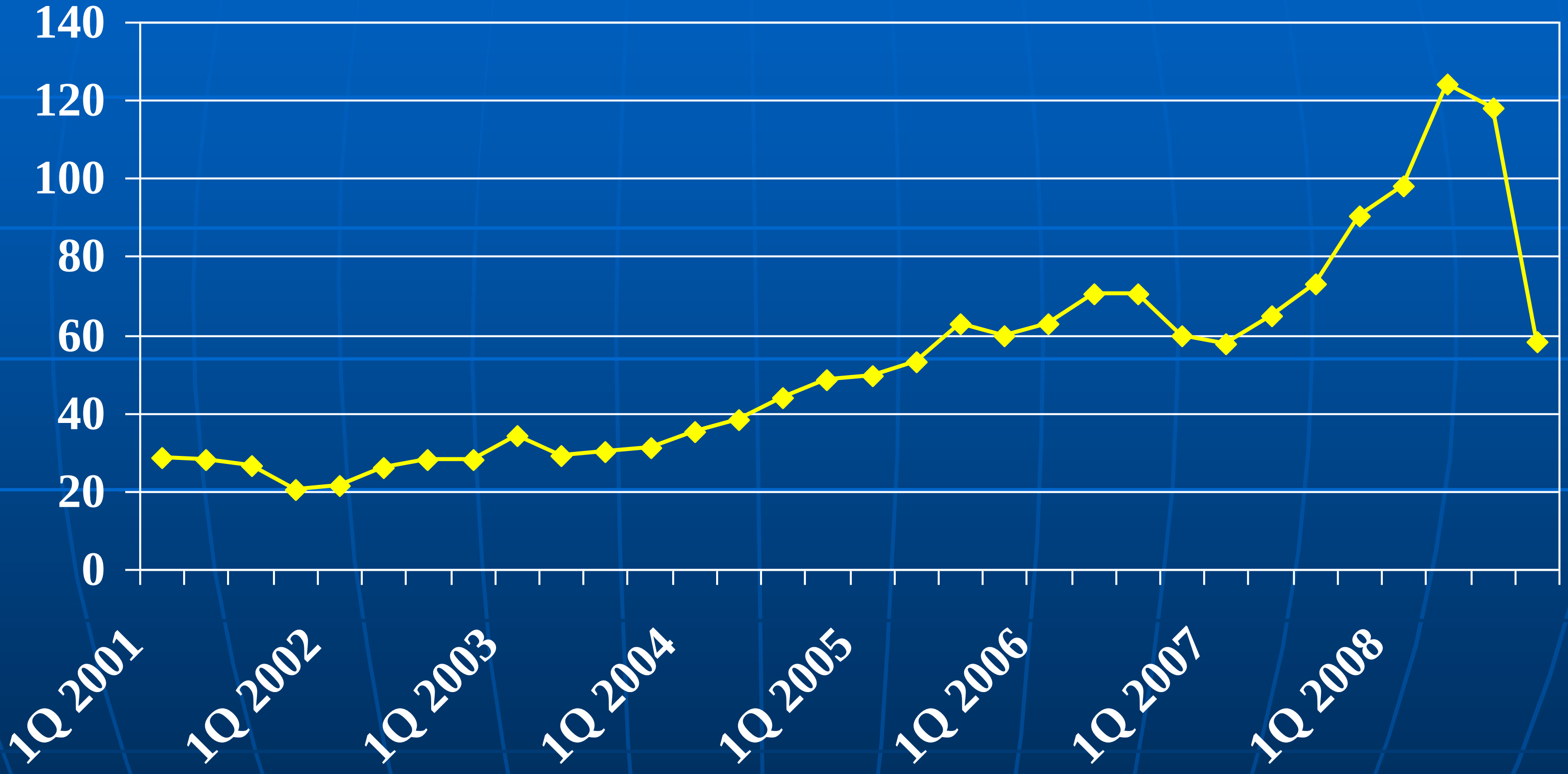
U. S. Refining Coking Capacity



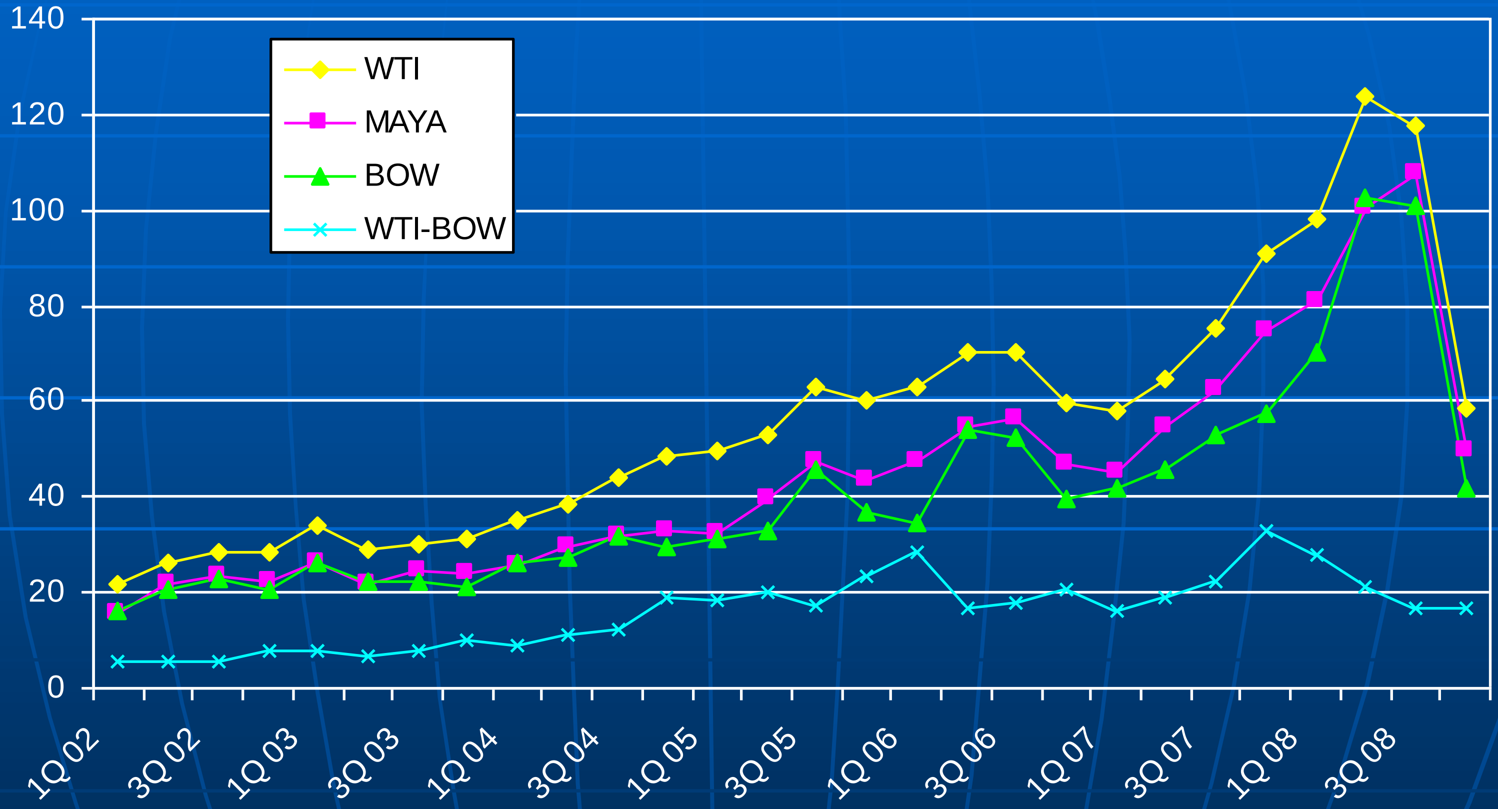
Source: Oil & Gas Journal & EIA

Crude Oil Prices

WTI Price by Quarter

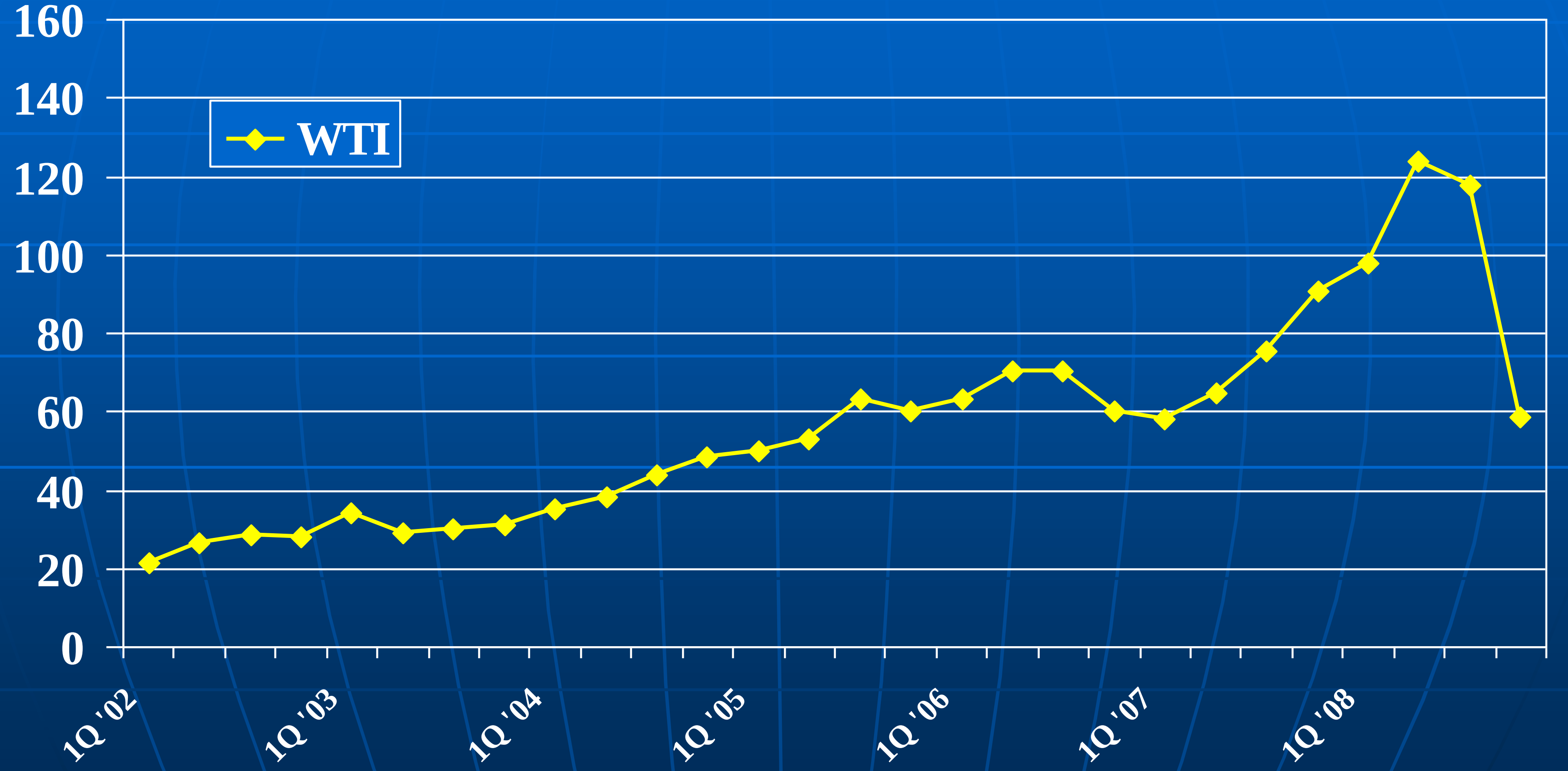


Light-Heavy Crude Prices

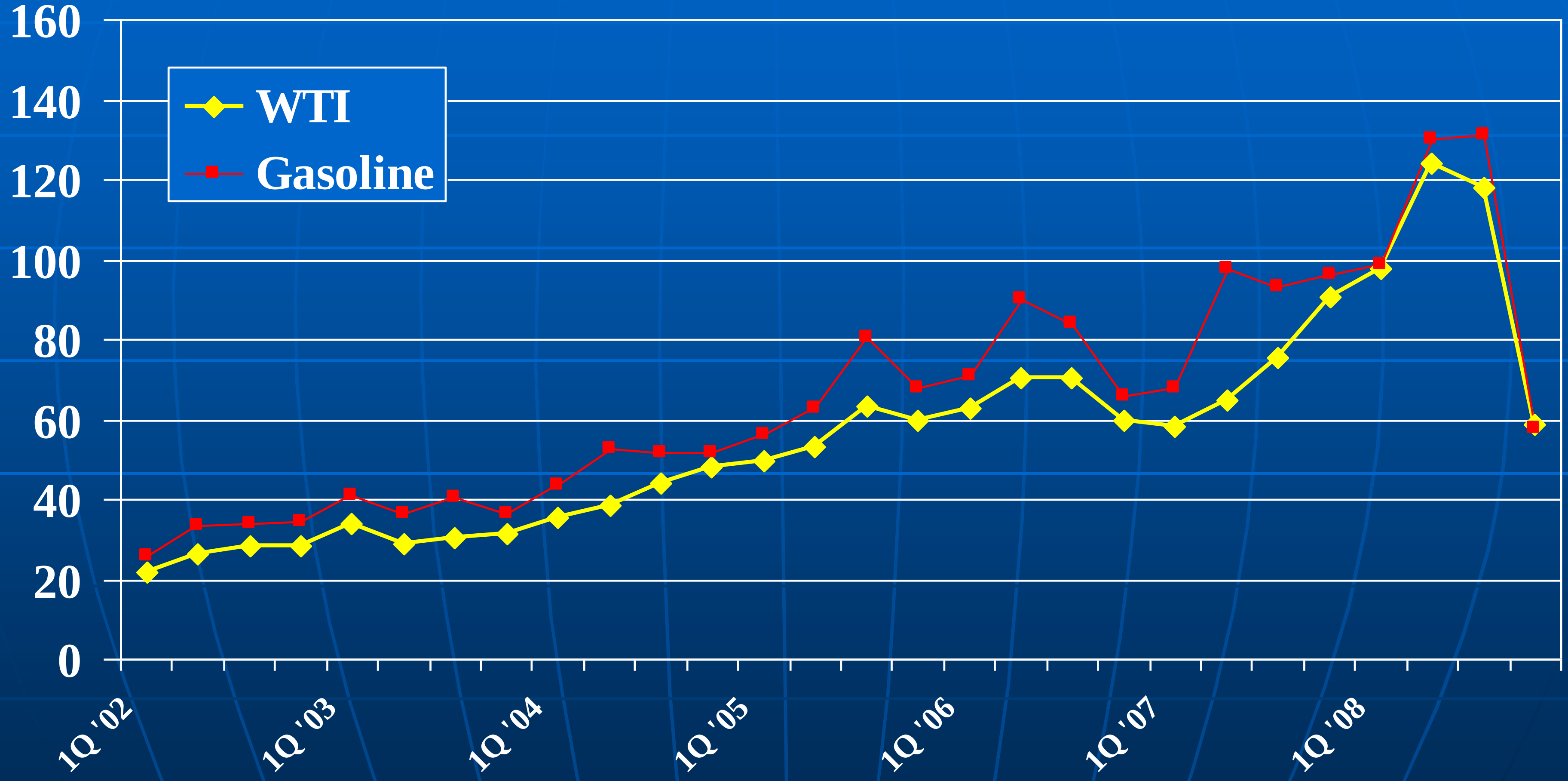


Products Pricing

Crude/Product Prices



Crude/Product Prices



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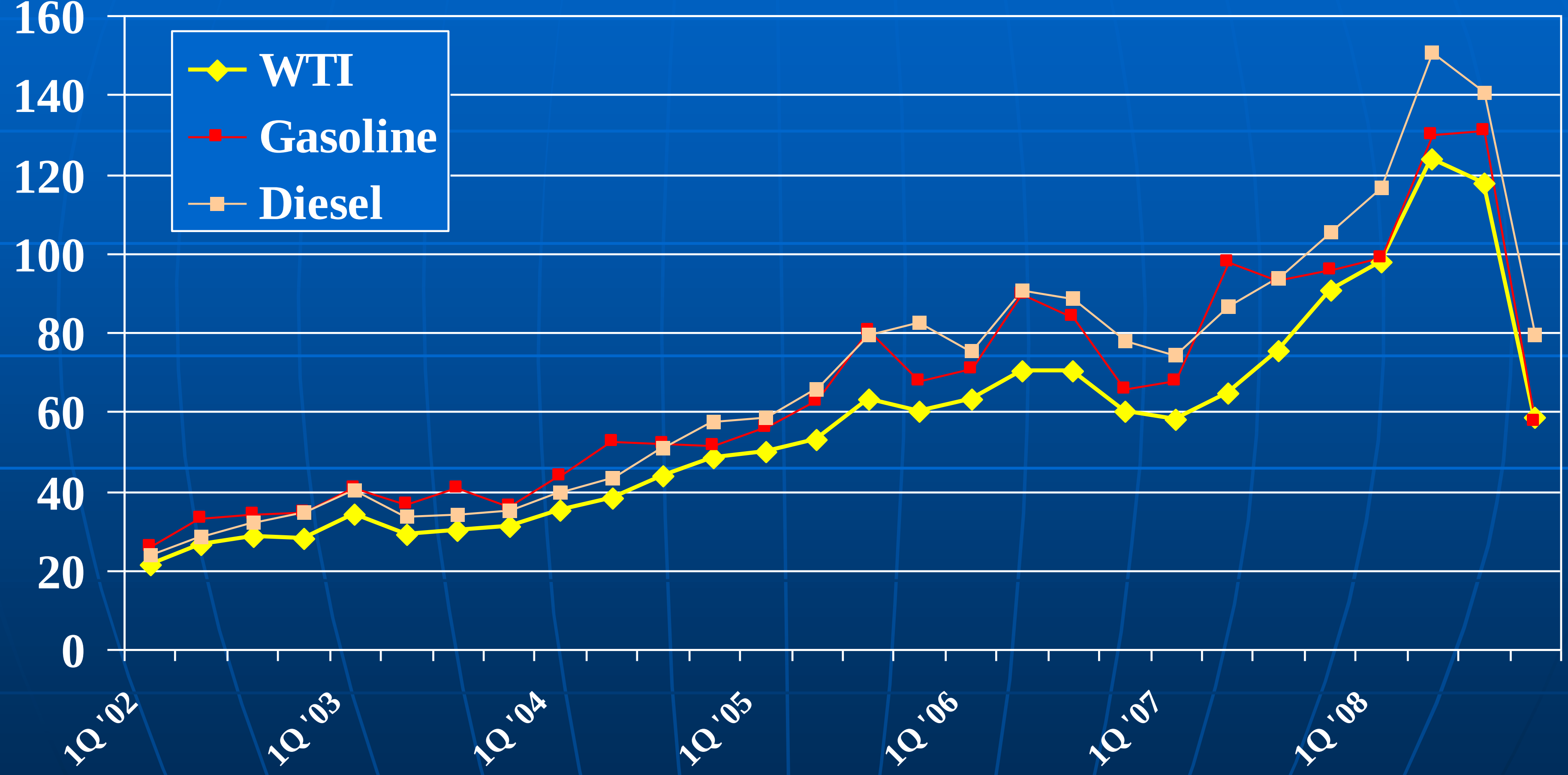

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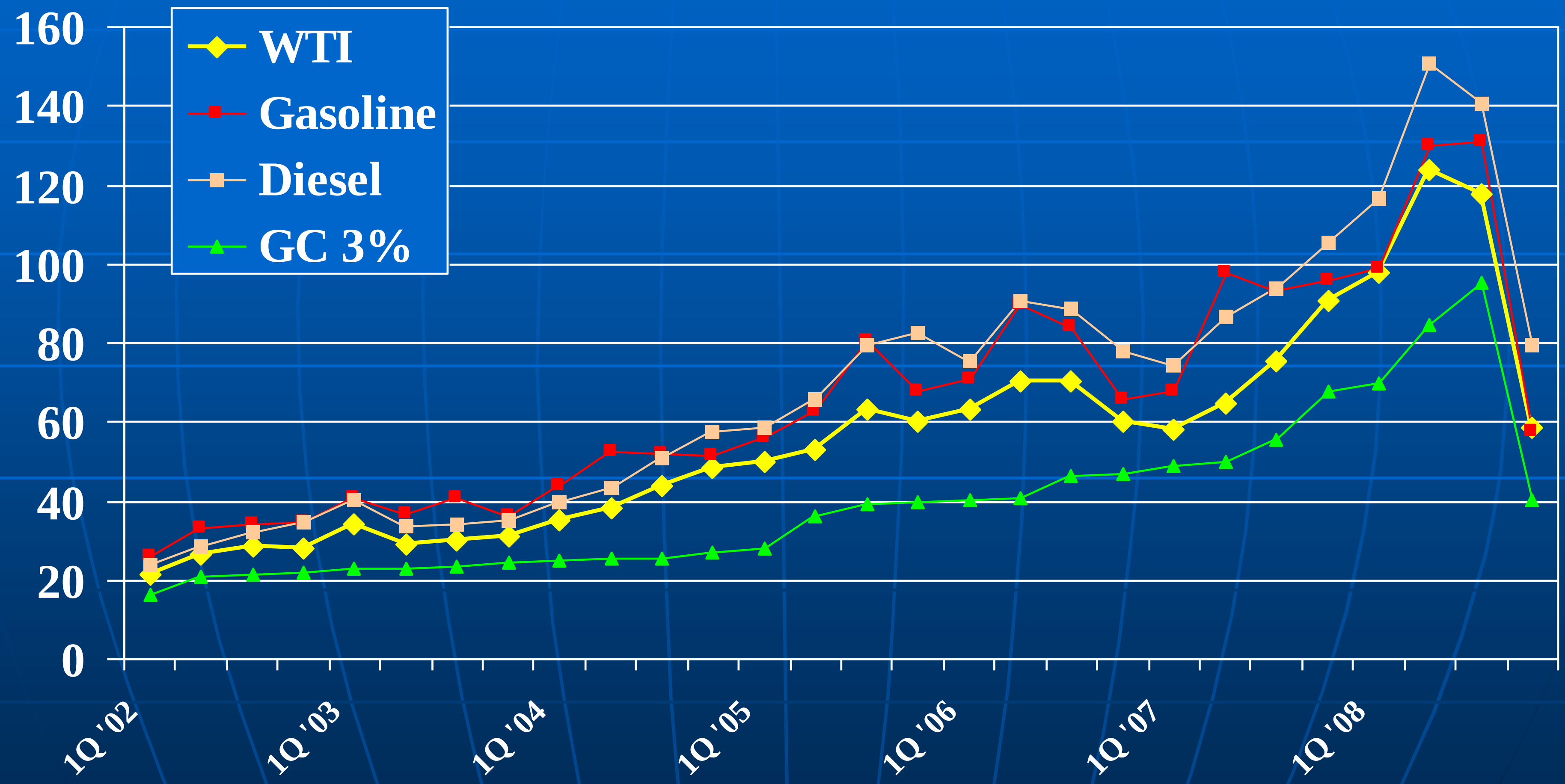
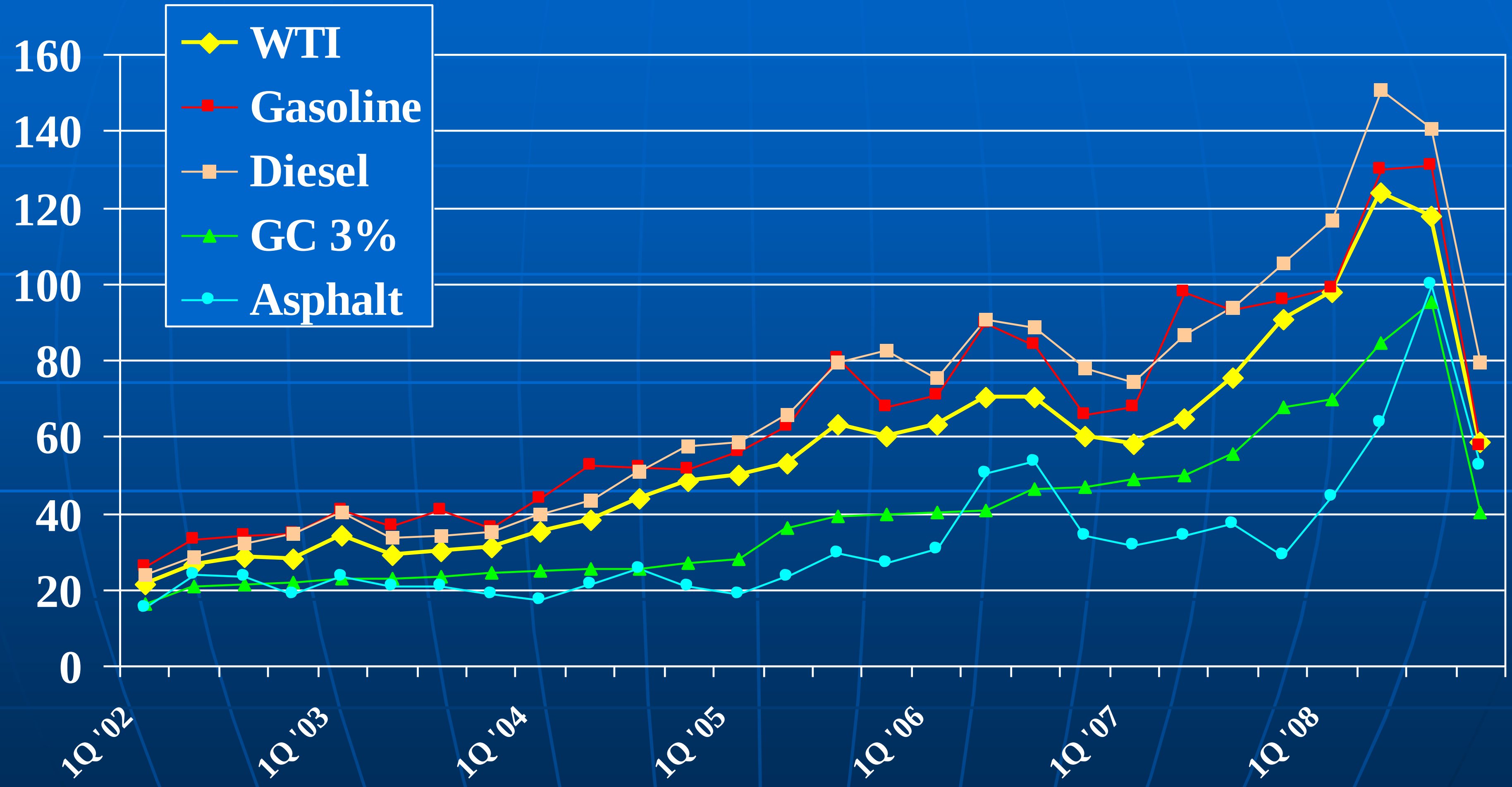
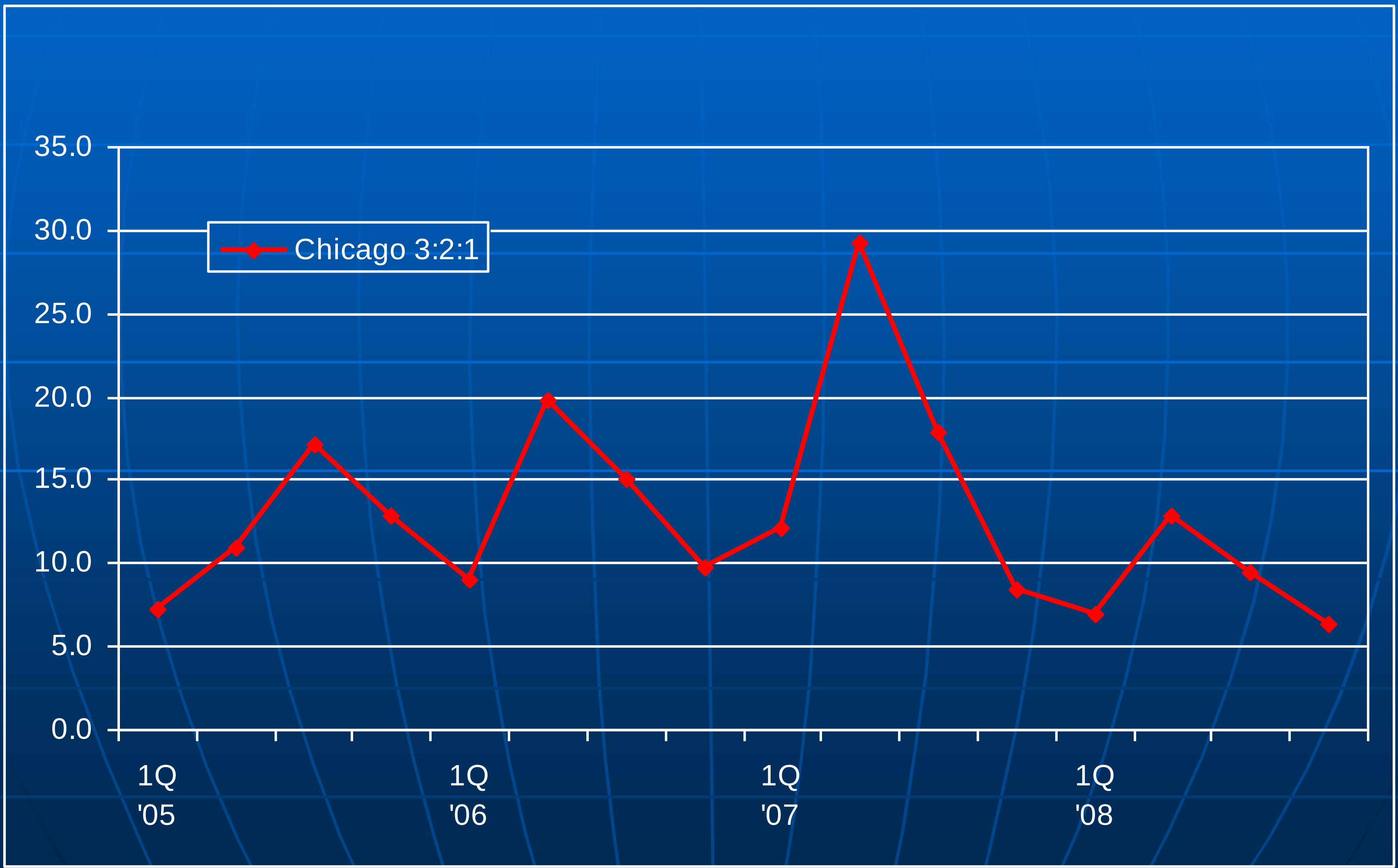


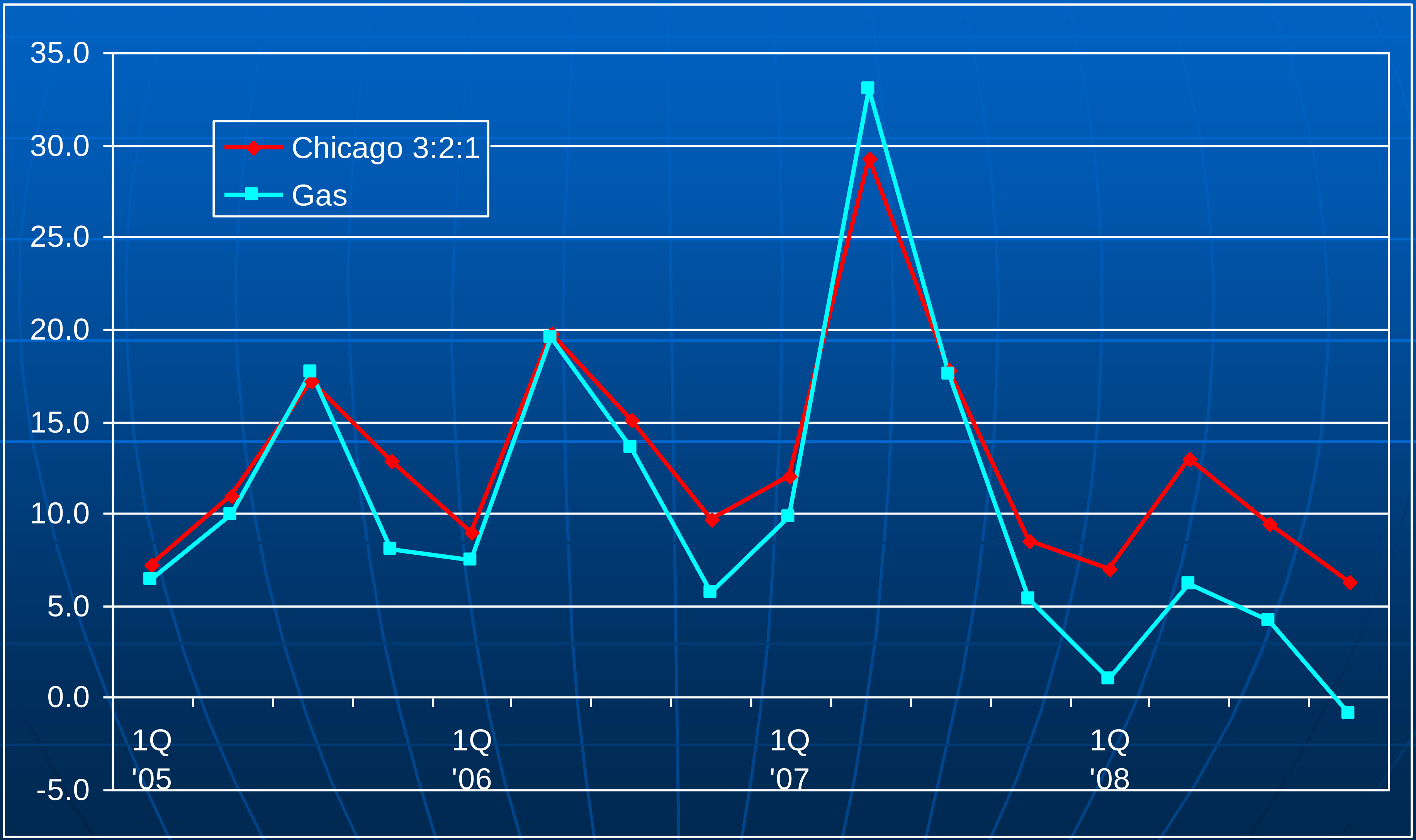
Crude/Product Prices



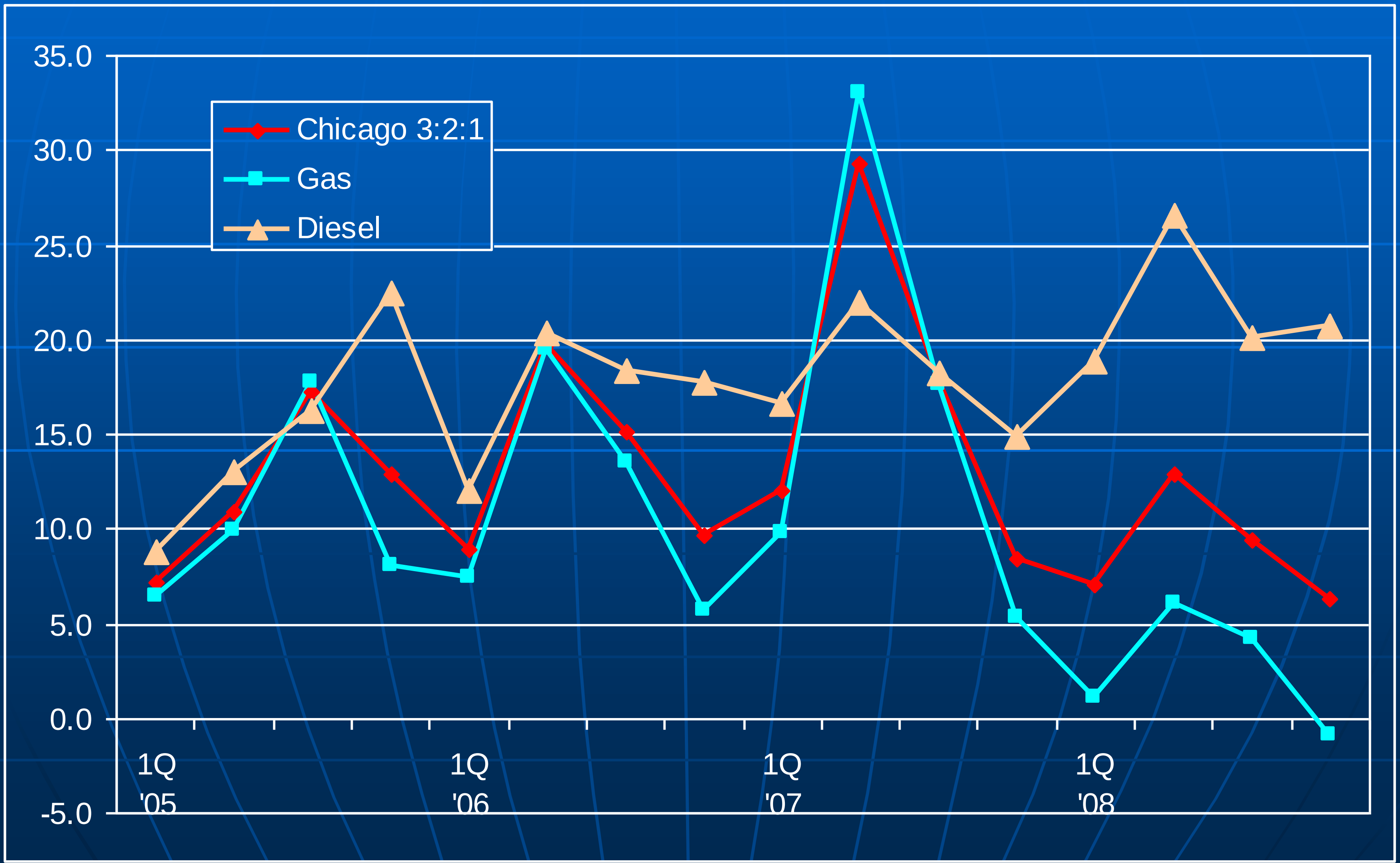
Product Margins
3:2:1 Crack Spread



Product Margins

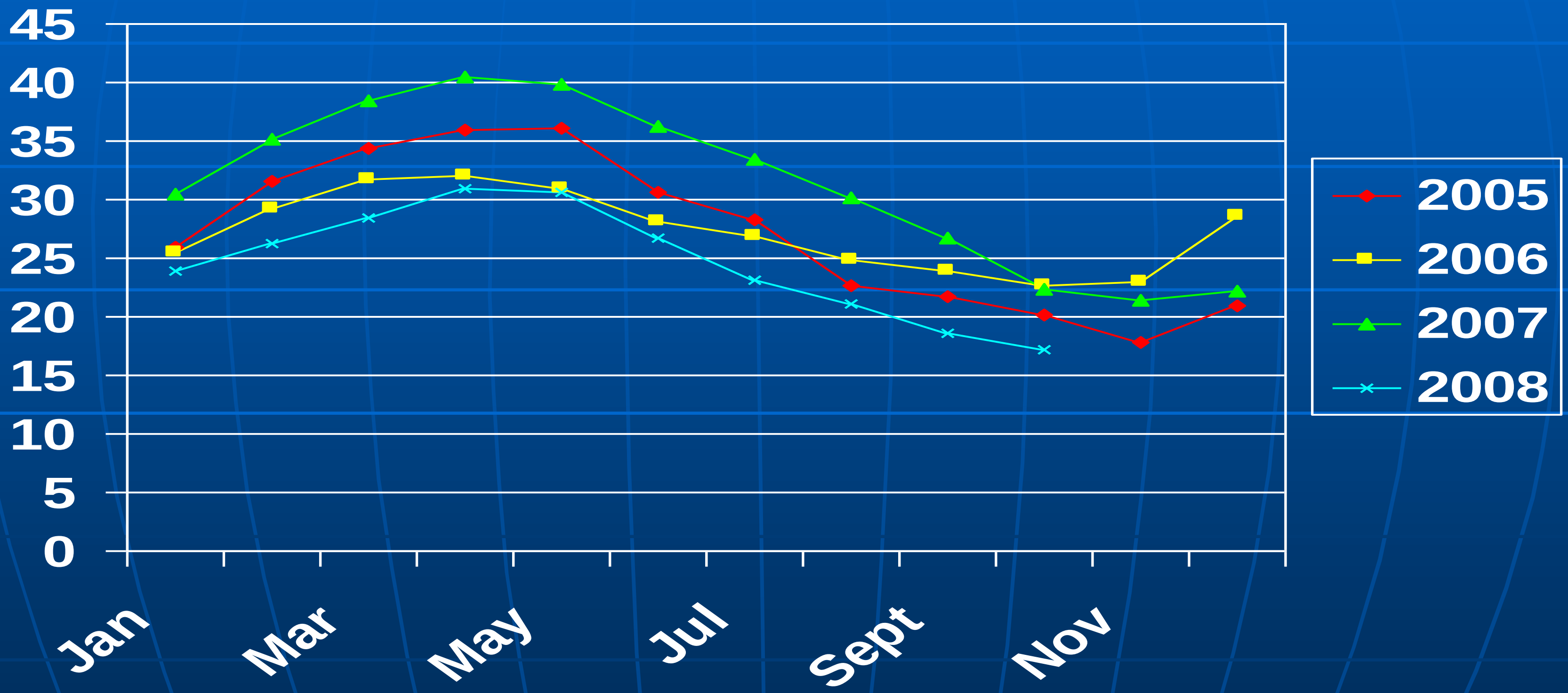


Product Margins



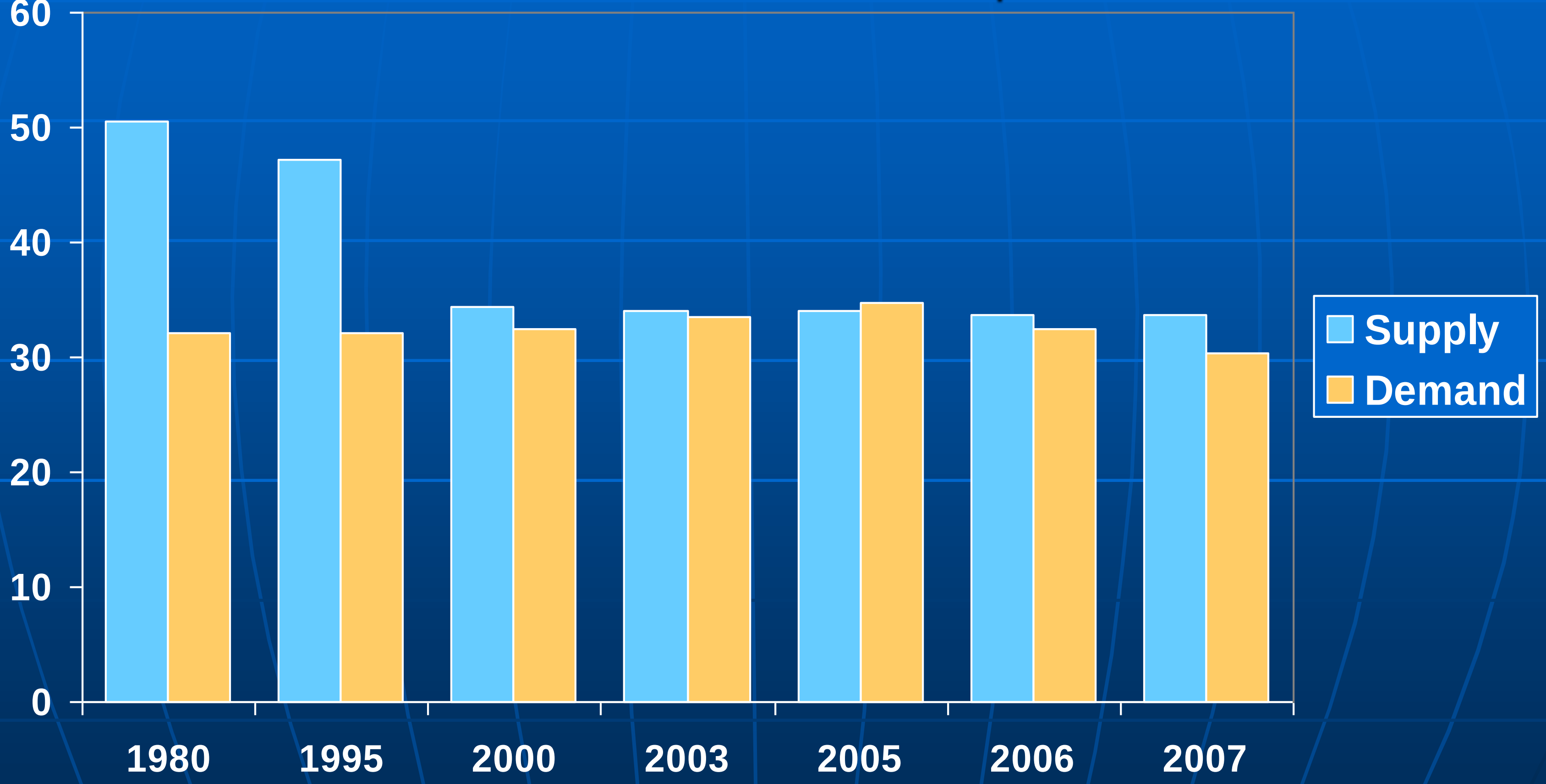
Asphalt Supply

Asphalt Inventory History
MM Barrels



Historical Asphalt Supply/Demand

Millions Tons - Liquid



Source: Oil & Gas Journal/Asphalt Institute

Discretionary Causes Of Asphalt Supply Reductions

- Refinery closures
- Temporary shut-downs (economics)
- Reduced imports
- Coker start-ups
- Refinery Upsets
- Crude run cuts
- Turnarounds

Supply Outlook (2009)

- Will vary by region based on crude and product economics.
- East coast likely to continue in short supply.
- Larger light/heavy crude differential will produce more asphalt, smaller one decreases it.
- Light product refining margins determines crude runs.
- Outlook is low gasoline, high distillate margins.
- Refineries would fill distillate units and stop runs.
- Asphalt will have to carry its weight in crude cost.