Russia / Ukraine and the impact on Love's

- Historic price volatility, particularly in diesel.
- 29 days in history where crude oil traded in an $8/bbl range.
  - 16 so far in 2022
- Prices have moved higher, but disty / mogas lead.
  - Crude oil has rallied $24/bbl (57cpg)
  - Diesel has rallied $46/bbl (110cpg)
  - Gasoline has rallied $49/bbl (116cpg)

1

The problem is oil products, the solutions are mostly crude oil

SPR- the week ending 7-JUN-22 released 1.1MM bpd of crude

A quantity many analysts imagined impossible

Europe released their IEA SPR in the last month (combination of Crude and refined)

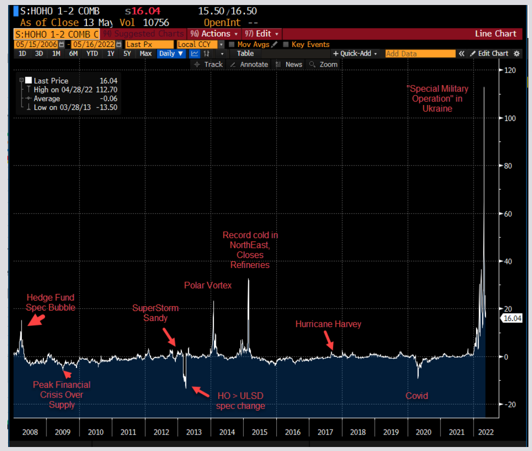
Driving the HOGO higher. US East coast is demanding a bbl of above Europe

E&P promise a solution…refiners are quiet.

2

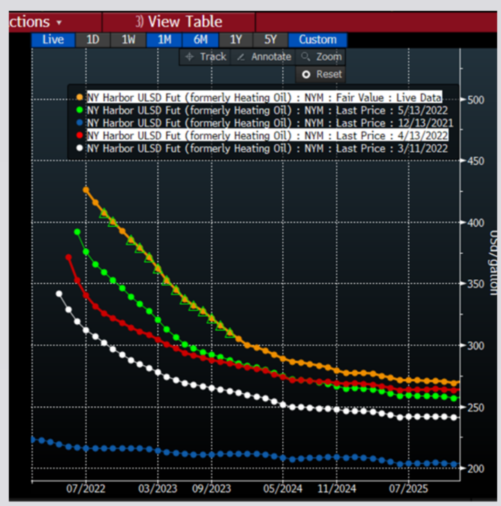
Historical Reference – ULSD Timespreads

- Trafigura CEO Jeremy Weir: "The diesel market is extremely tight. It's going to get tighter and **will probably lead into stock outs**"
- Gunvor CEO: "Europe is so short of diesel"
- Vitol CEO: "The thing that everybody's concerned about will be diesel supplies"



3

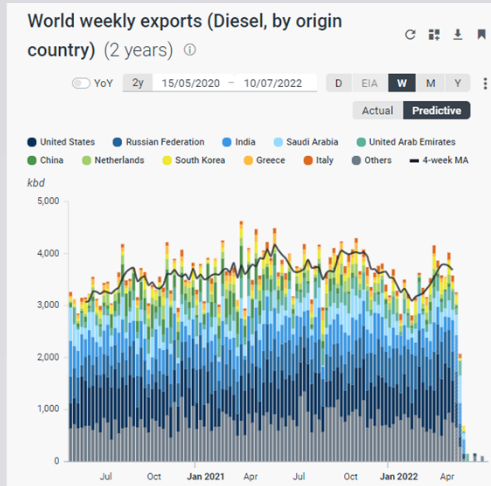
Steeply Backwradated



4

S&Ds: Disty - World's Supply

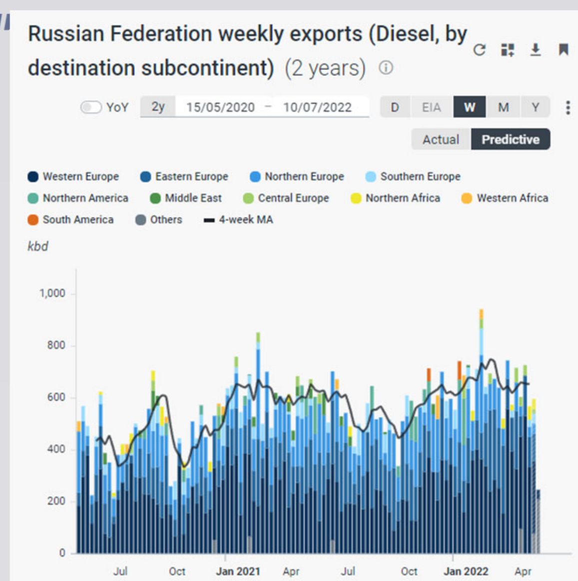
- ~3.5-4MM bpd of world wide Disty imports
  - USA ~1MM
  - Russia ~800kbd
  - India ~300kbd
  - Saudi ~300kbd
  - UAE ~200kbd



5

S&Ds: Disty - World's Supply

- Russian Distillate exports yet to slow
  - Mostly landing in Europe
- Vitol to stop shipping Russian Crude May 15th
- Traft to stop by EOY
  - Together they touch 1/3 of Russian Crude exports
    - Russian storage will fill, Refineries will run less, wells will eventually shut in.



6

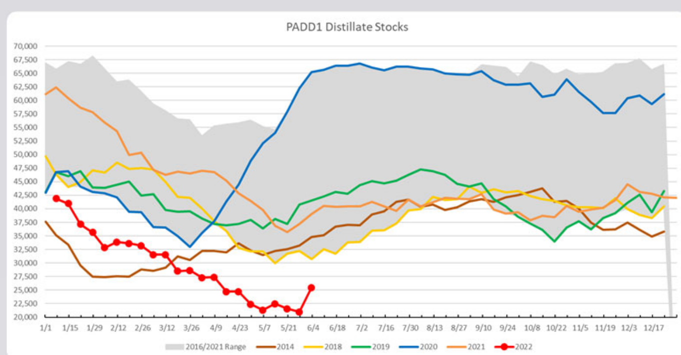
Rest of World Demand

- Rest of World pull is hard. LATAM's winter currently.
- China is short

7

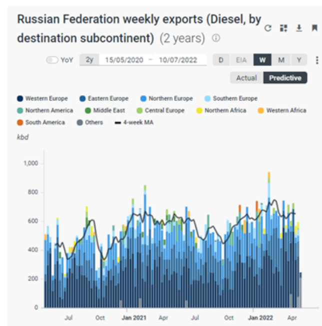
S&Ds: Distillate

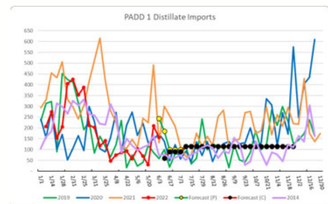
- Out of distillate in NYH
  - Should start to build by EOM
    - Tanks bottoms in NYH have been vacuumed out and sold
    - Colonial Pipeline Line 2 Frozen, Allocated
      - Recently came off due to LATAM pull



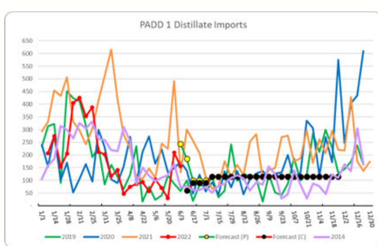
8

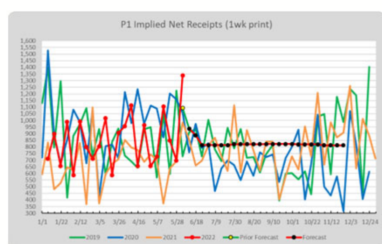
S&Ds: Distillate – World Supply





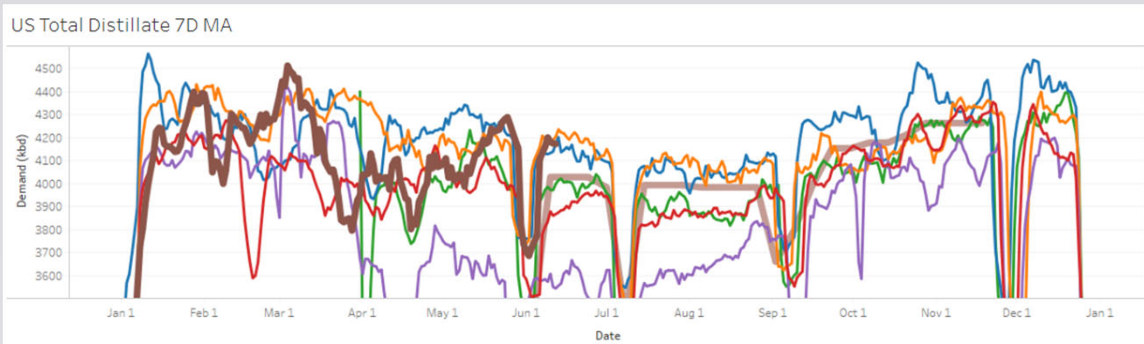
9





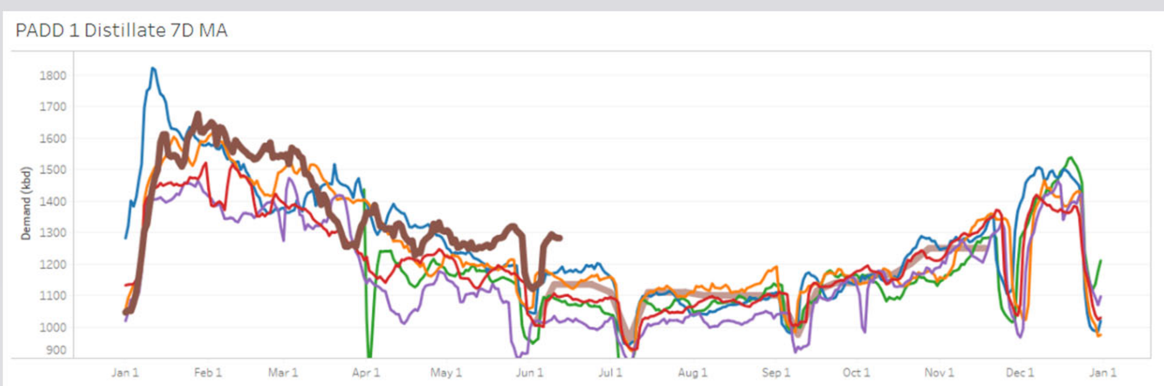
S&Ds: Distillate – Resupply Marginally Better

10



11

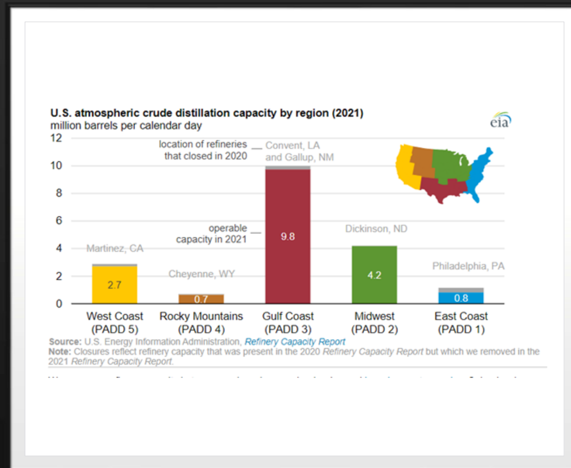
Padd 1 Demand – summer doldrums



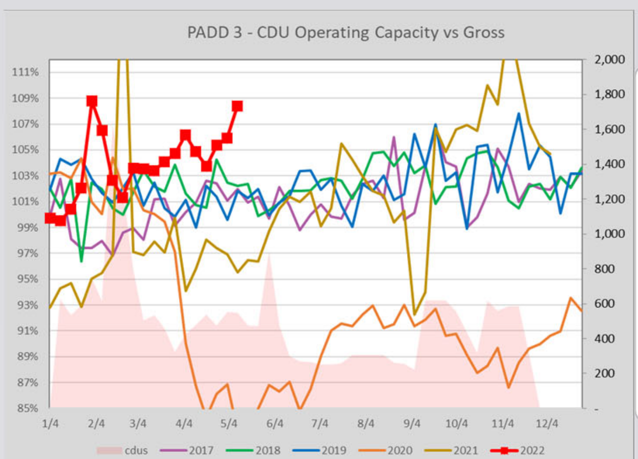
12

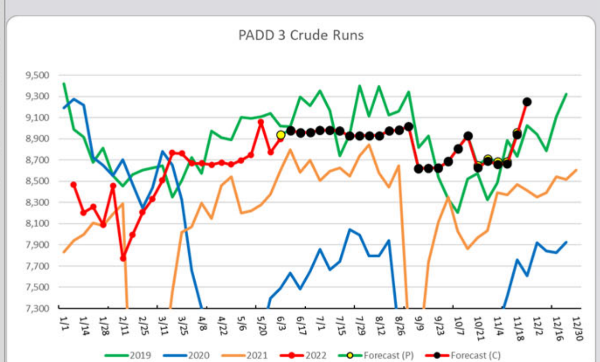
US Refining Capacity

- Shuttered US Refining Capacity >1MM bpd of ~16MM
  - Convent - 300kbd
  - Alliance - 250kbd
  - Gallup - 26kbd
  - Cheyenne - 65kbd
  - Dickinson – 20kbd
  - PES - 335kbd
  - Houston Lyondell
    - 290kbd shutting next yr



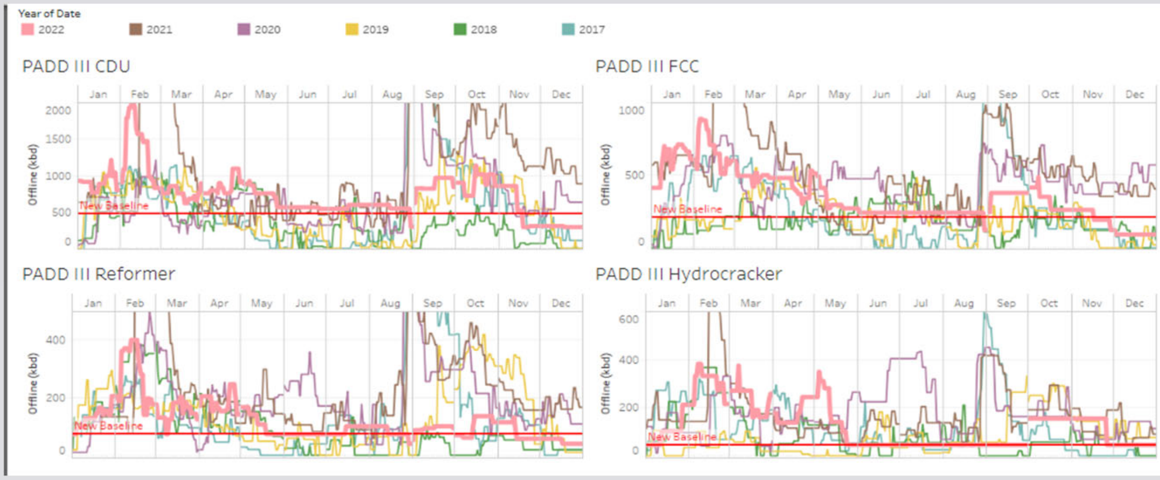
13





14

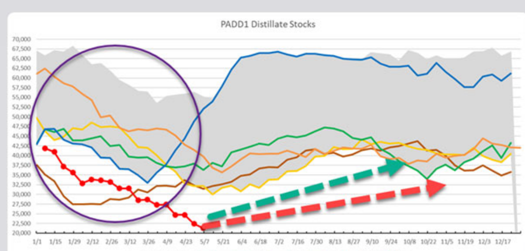
US Refining Capacity – Many Issues this year



15

Looking forward

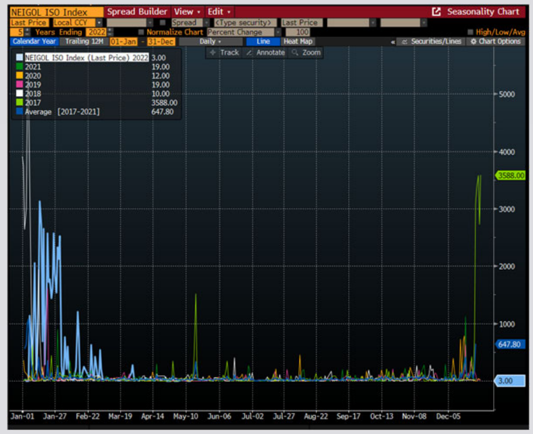
- Heavily reliant on Imports
- Demand Destruction
- Lost Refining Capacity
- Incoming Russian Nat Gas for next winter
    - Diesel Could be replacement burn



16

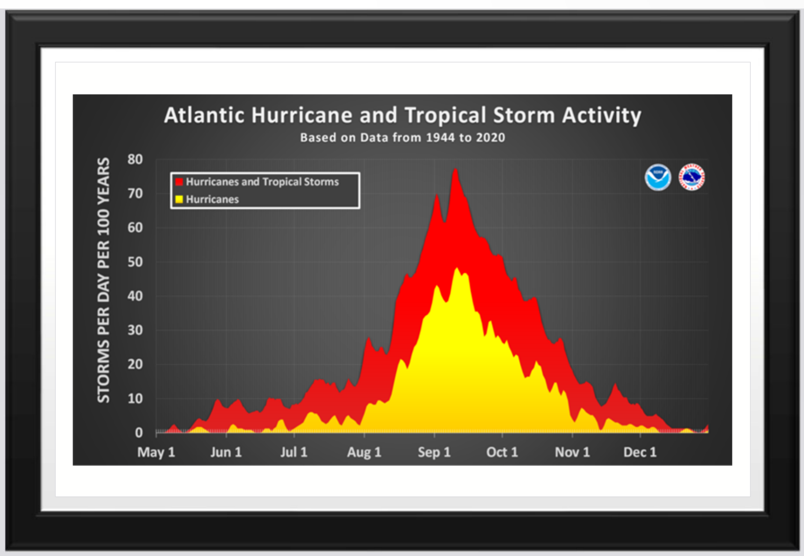
Looking forward

- Russia weaponizing natty
- Diesel may follow like it did last year
- Could be hyper bullish come next winter



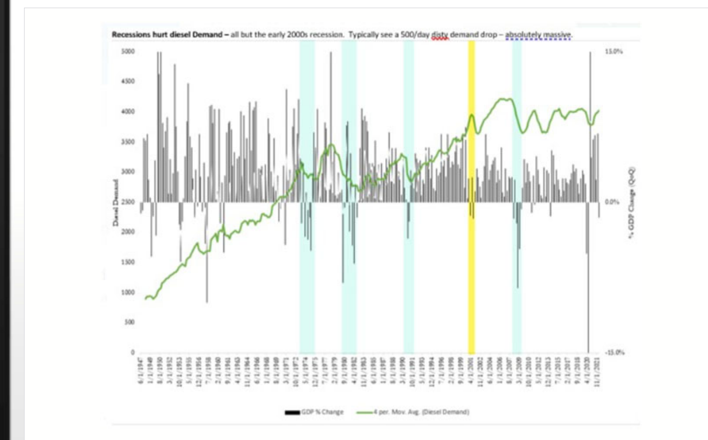
17

Hurricane Risk



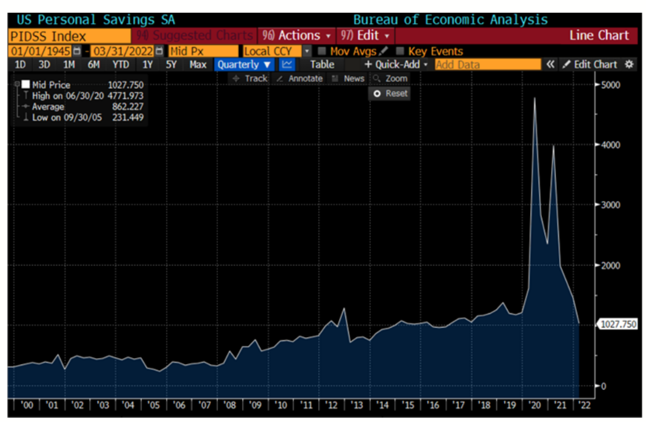
18

Recession



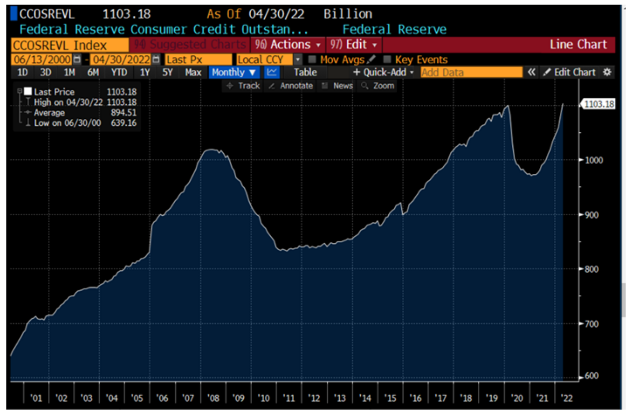
19

Recession



20

Recession



21

Recession

22