

Ocean Transportation of Fuel Oil

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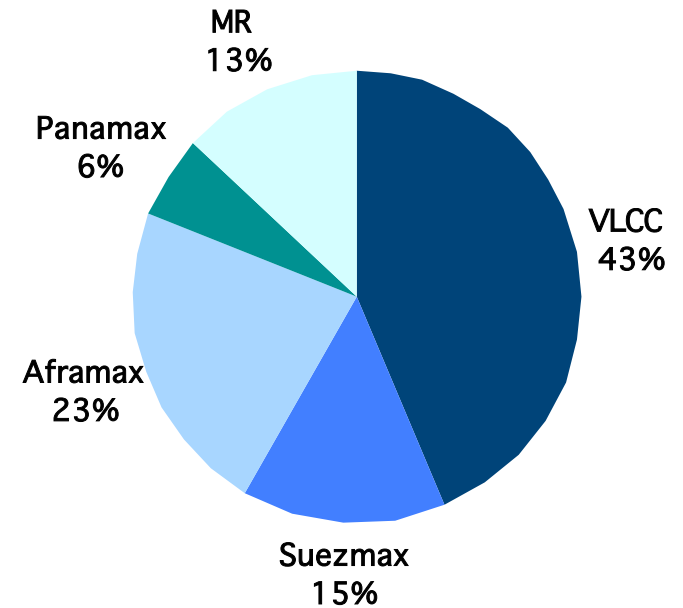
Introduction

- Tanker fleet overview
- Discussion of each vessel sector
- Fuel oil fixture activity and major charterers
- Freight rates

Tanker Fleet

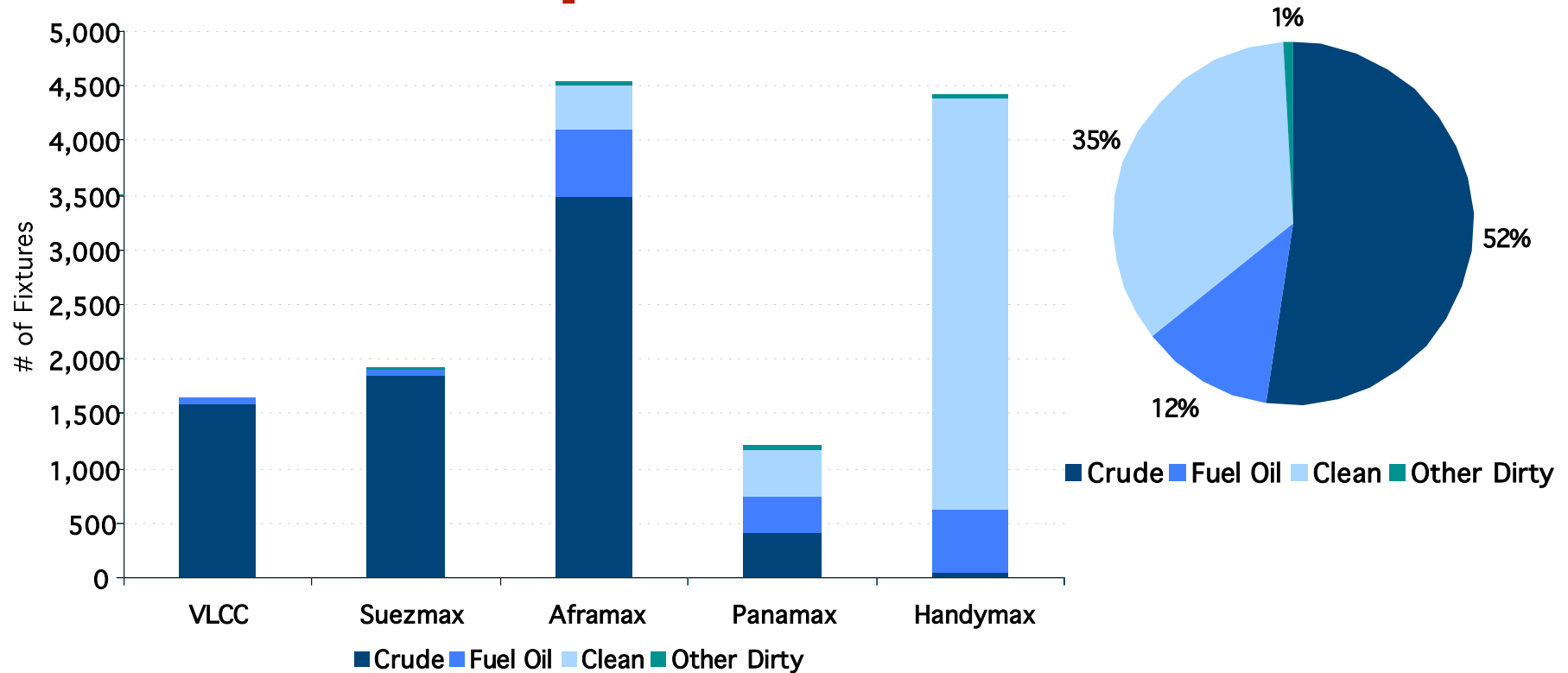
	Deadweight Range (DWT)	Typical Parcel Size (MT)
VLCC	200,000+	260,000 & 280,000
Suezmax	120,000 - 199,999	130,000 & 135,000
Aframax	80,000 - 119,999	70,000 & 80,000
Panamax	60,000 - 79,999	50,000
Medium-Range (MR)	30,000 - 59,999	Varies

Tanker Fleet Relative Capacity



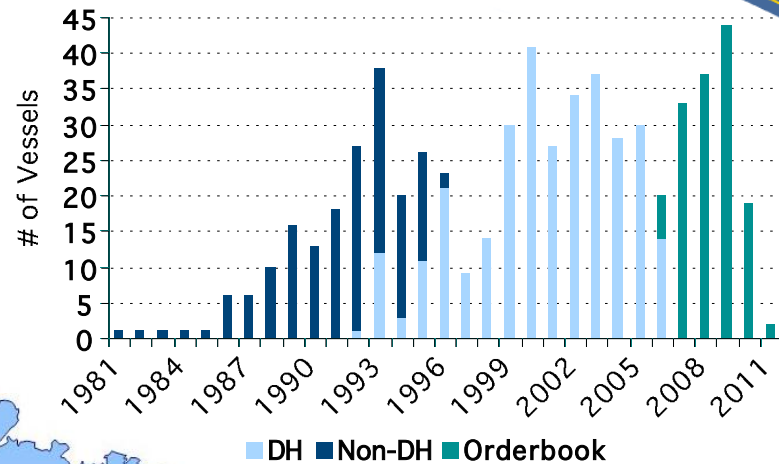
- Vessel trade patterns develop based on physical restrictions and typical parcel sizes
- Tanker fleet is growing in size
 - Strong orderbook has developed in the past two years
- Interest in coated tankers to gain flexibility
- Vessels are getting larger

Fuel Oil in the Spot Market



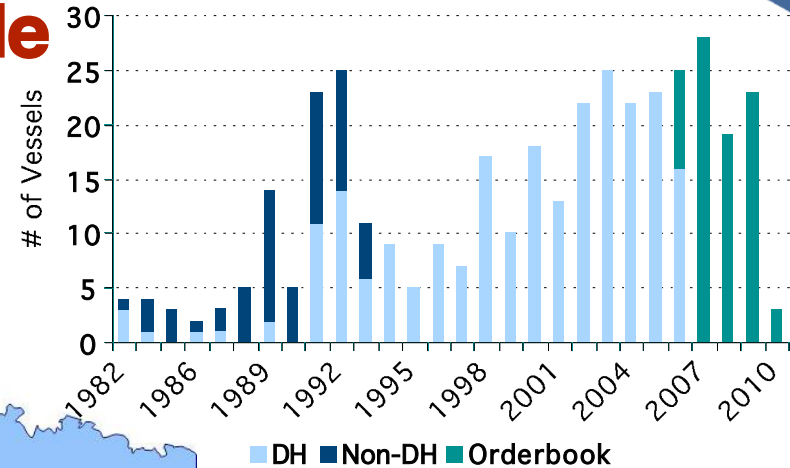
- Highest volume of fuel oil fixed on Aframax sized tankers; approximately 55 million MT in a one-year period
- Fuel oil movements account for about 12% of all spot market tanker movements

VLCCs in Fuel Oil Trade



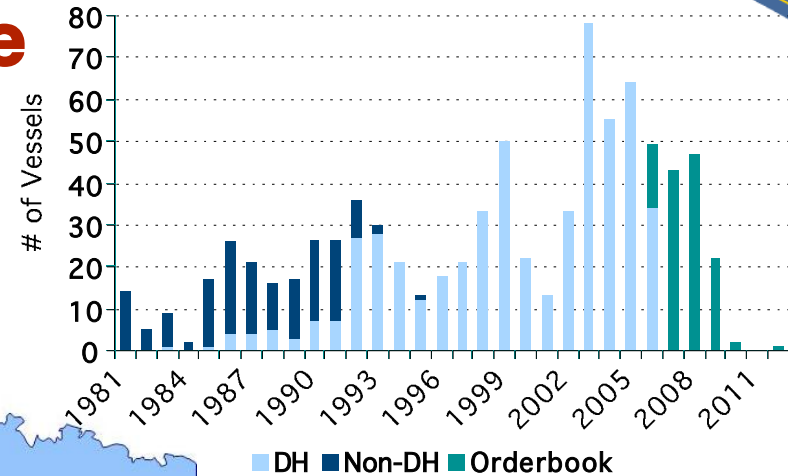
- Currently 475 vessels with 145 on order
- Trading primarily from Caribbean or UK - Continent to the Far East and Southeast Asia
- Trades develop as a backhaul to crude cargoes
- VLCCs generally provide lowest cost of transportation

Suezmaxes in Fuel Oil Trade



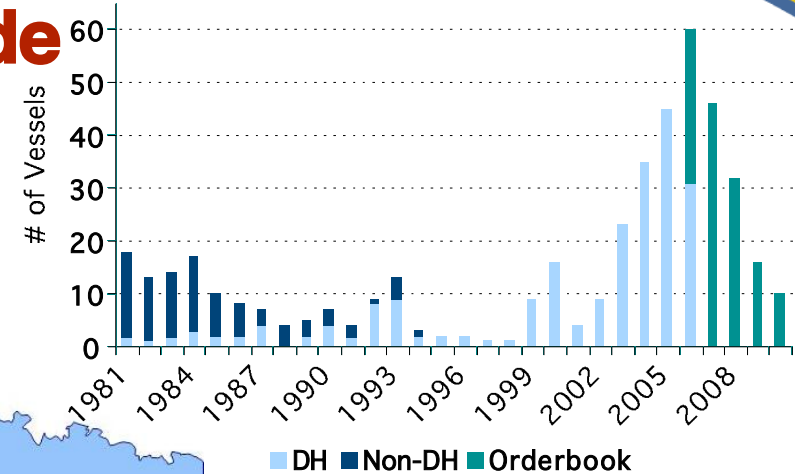
- Currently 300 vessels with 83 on order
- Trades primarily Trans-Atlantic and to Southeast Asia from the UK Continent
- Considerable intra-UK Continent trading

Aframaxes in Fuel Oil Trade



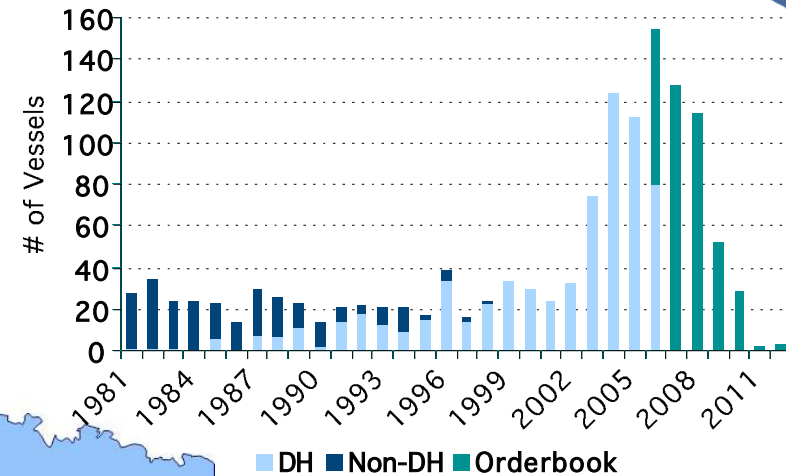
- Currently 700 vessels with 130 vessels on order
- High volumes of intra-UK Continent trading
- Trans-Atlantic voyages and Ex-Arabian Gulf voyages to the Far East

Panamaxes in Fuel Oil Trade



- Currently 300 vessels with 150 on order
- Most movements into the United States from Mediterranean and UK Continent
- High volume loaded in the Caribbean for discharge on US Atlantic Coast for power generation

MRs in Fuel Oil Trade

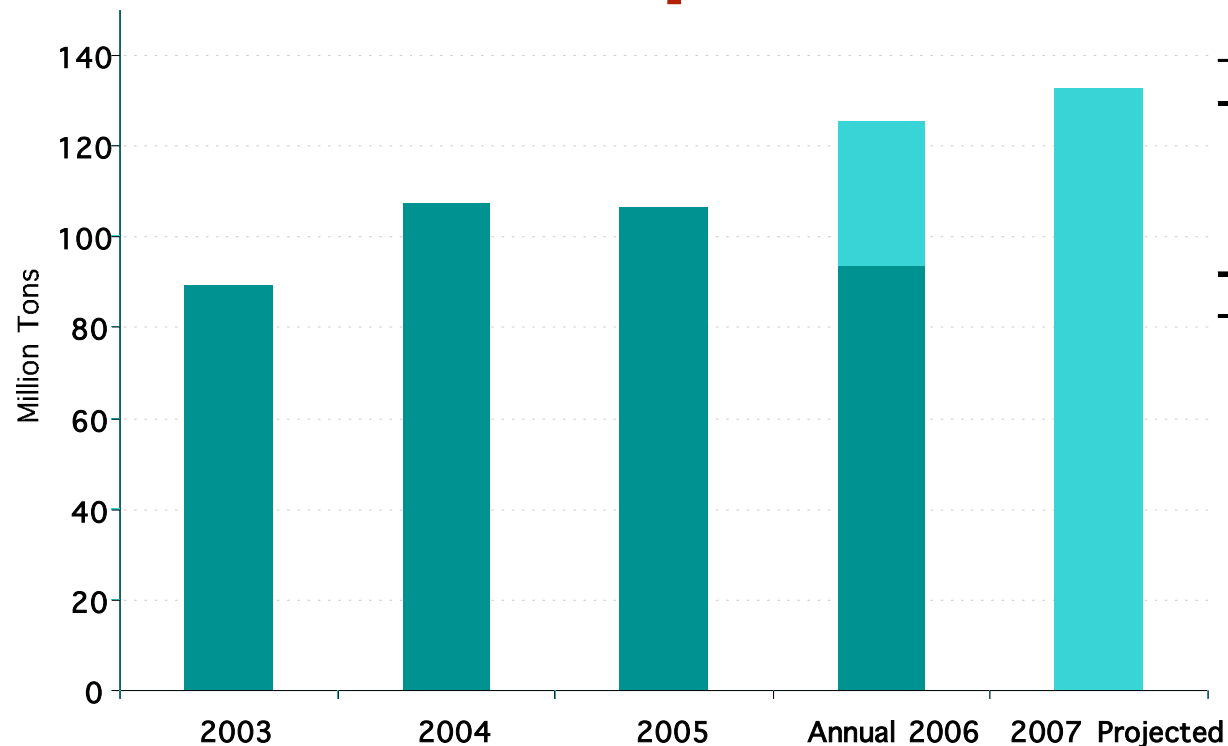


- 900 vessels with 400 vessels on order

- Due to small size, most movements are intra-regional in the UK Continent and the Mediterranean

- Voyages from Caribbean to the US

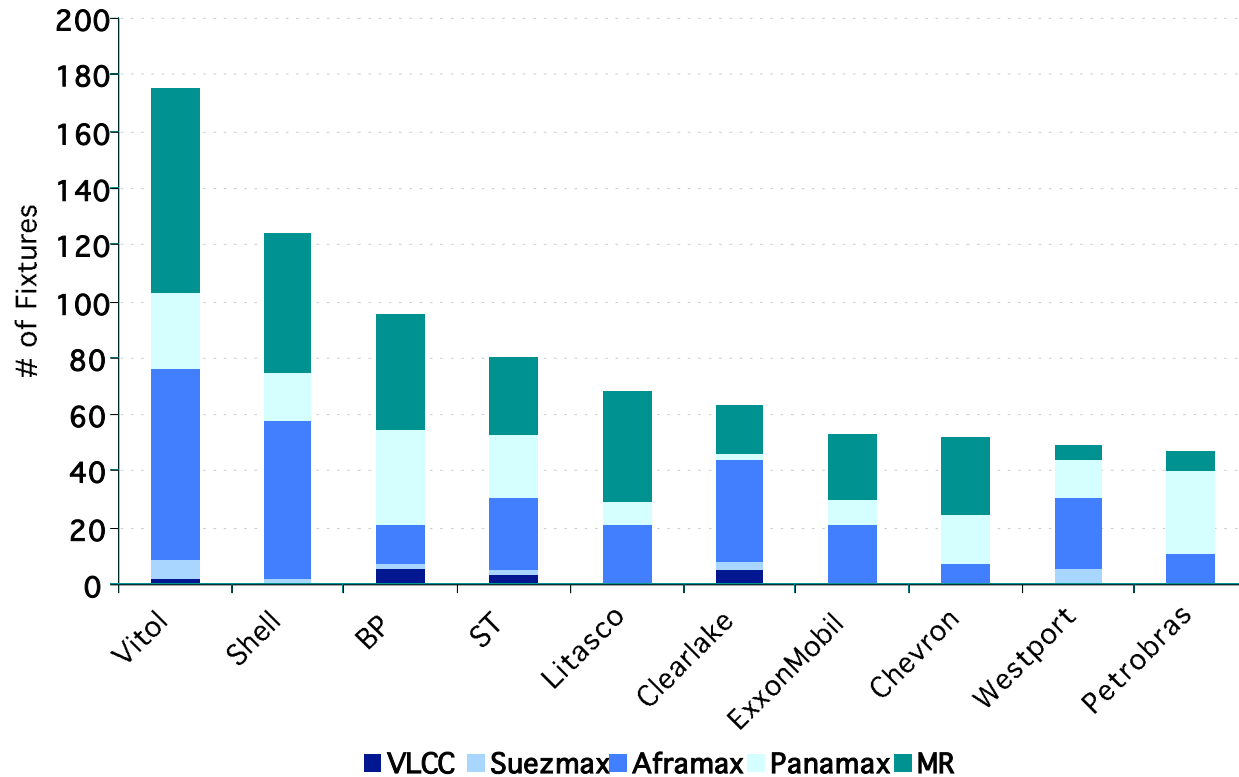
Fuel Oil in the Spot Market



Total Cargo Moved (million tons)	
2002	120.7
2003	89.2
2004	107.3
2005	106.4
Annual 2006	125.3
Projected 2007	132.9

- The amount of fuel oil moving in the spot market has increased over the past two years
- On an annualized basis, expect over 125 million tons to be moved in 2006 and a similar amount in 2007 based on continued high demand

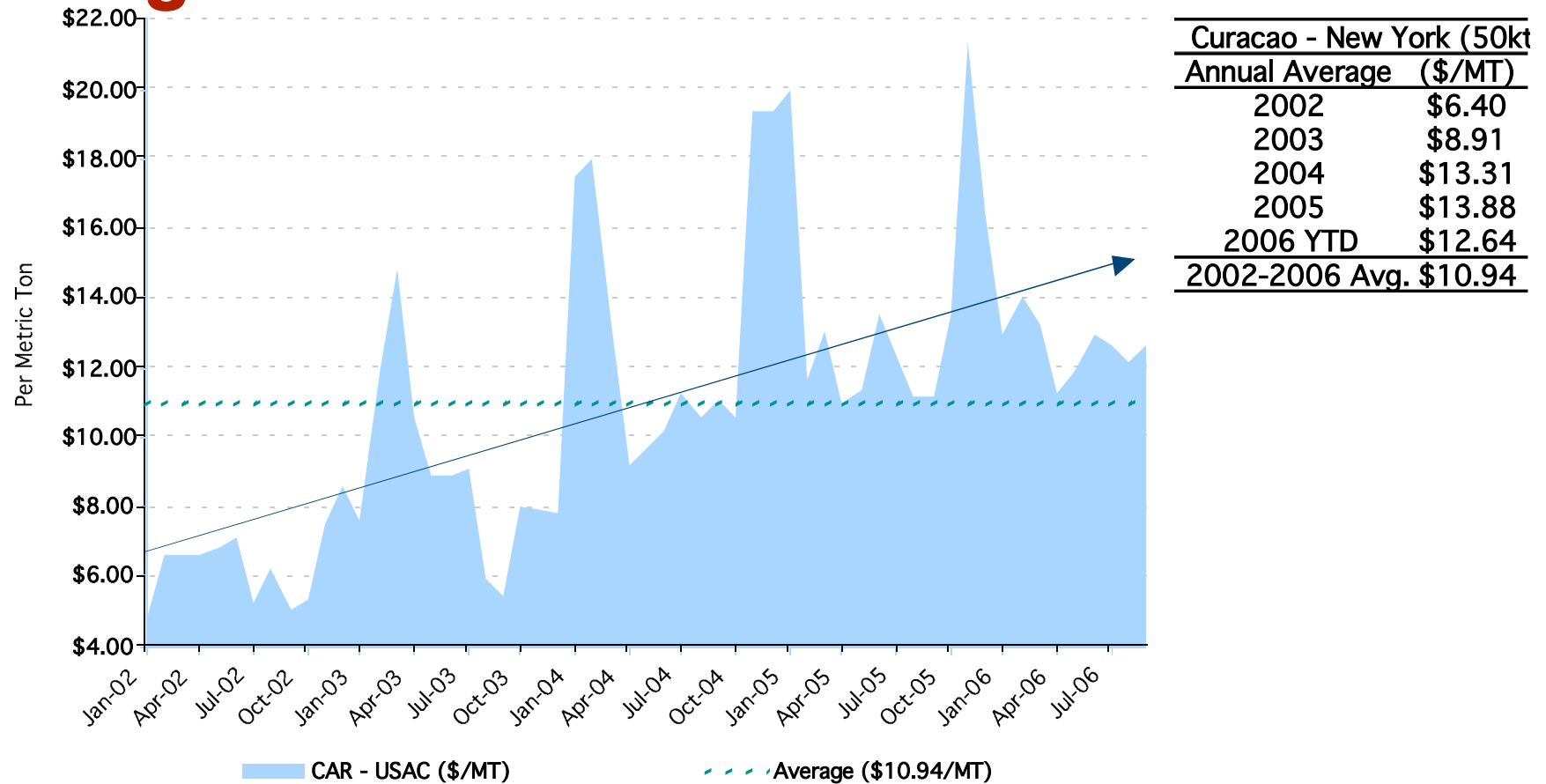
Fuel Oil Charterers



Top 10 Charterers	
Vitol	175
Shell	124
BP	95
ST	80
Litasco	68
Clearlake	63
ExxonMobil	53
Chevron	52
Westport	49
Petrobras	47
Top 10 Total	806
Total Fixtures	1,913
% of Top 10	42%

- Largest charterer Vitol, fixes primarily Aframaxes and MR vessels for intra-MED and intra- UK Continent
- ExxonMobil active in Southeast Asia
- Clearlake and BP fix the most VLCCs

Freight Markets



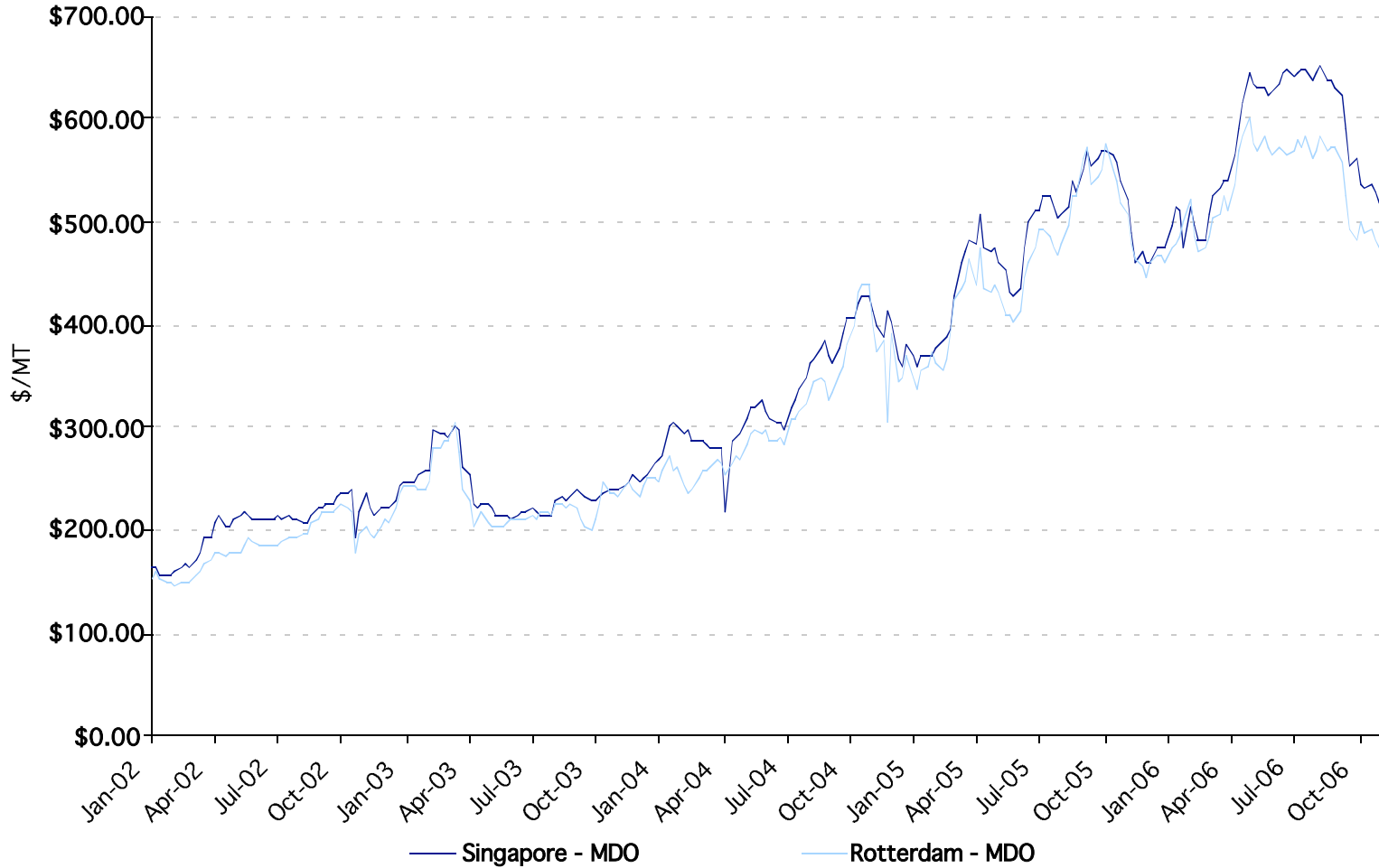
- Overall, freight rates have been increasing during the past five years.

Bunker Markets



- Historical prices for Intermediate Fuel Oil 380

Bunker Markets



- Historical prices for Marine Diesel Oil

Fuel Oil and Tankers - Summary

- Tankers are used to capitalize on regional demand imbalances and price arbitrage opportunities
- Tankers require either coils or double-hulls to carry heavy grade oils, like fuel oil
- Fleet is facing regulatory changes that will impact vessel supply
 - International Maritime Organization (IMO) regulations regarding phase-out of non double-hulled tonnage
 - Maximum trading life of 25 years or until 2015 for non-double hulled vessels
- Competition for freight will be driven by demand in the crude and clean refined products trades
- Time chartering activity by large traders allows for an advantage in commodity tenders
 - Freight rates expected to remain firm for 2007

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