

Fundamentals of the Petroleum Industry



Examine the exciting world of the petroleum industry as taught by one of the premier experts from the oil industry. This introductory program offers attendees a comprehensive understanding of how this integrated industry works.

Course Date & Location

When: July 28-29, 2010

Where: Grand Hyatt San Francisco
345 Stockton St.
San Francisco, CA 94108
415.398.1234

What You Will Learn

Join EMI for this crash course covering the entire petroleum complex, from crude production to the refinery down to the pump. You will understand the complexities of one of the world's most exciting and dynamic industries. Learn about: *Crude oil*; exploration to production, *Refining*; the process from basic distillation to complex hydro-cracking. *Pipeline Transports and U.S. Spot markets*; we'll cover trading in the intermediary markets and the critical role these components play in the downstream infrastructure. *Wholesale markets and exchanges*; we'll highlight everything from proprietary additives to exchange agreements between oil suppliers used to keep our nation supplied. Finally we'll dive into the *retail landscape* and examine the players, trends, brand value, margins the pricing components that make up a street price in any given market. **Special focus on:**

- ▣ The key elements of downstream oil supply, wholesale, & retail.
- ▣ Flow from the refinery to the street.
- ▣ Refinery basics.
- ▣ Critical price benchmarks.
- ▣ Basics of trading and risk management.
- ▣ Major U.S. energy policy.
- ▣ Valuation of refined products.
- ▣ Spot market; Wholesale rack market, Retail landscape.
- ▣ Deal strategy, structure and traditional and non-tradition purchasing.
- ▣ Key players.
- ▣ Fundamental pressure on price and supply.
- ▣ Technical pressures on price.
- ▣ Political pressure on price and supply.
- ▣ Downstream trends and current market outlook.
- ▣ Simple, complex, and very complex refinery configuration.
- ▣ Terminology.
- ▣ Pipeline transport and U.S. spot markets in the intermediary markets and the critical role these downstream components play in the infrastructure.
- ▣ Wholesale markets and exchanges, from proprietary additives to the exchange agreements between oil suppliers used to keep our nation supplied.
- ▣ Retail landscape. Examine the players, trends, brand value, margins, and pricing components that make up a street price in any given market.
- ▣ Branded vs. unbranded trends, plus emerging role of hyper-marketers.
- ▣ New boutique and Alt Fuel trends.

Who Should Attend

This course will benefit anyone seeking a top to bottom, fundamental education in the petroleum industry. Perfect for: Oil company management and staff, marketers, pipeline schedulers, interdepartmental transfers, finance management, administrative personnel, those considering entering the industry, and human resource personnel.

CPE Credits



This course earns 12 CPE credits. EMI awards credit hours towards CPE and Certified Purchasing Manager status (CPM).

Program Registration Fees

1st delegate: \$1,595
2nd delegate: \$1,345
3rd delegate: \$1,145

Fee includes full course, expert instruction, course materials, continental breakfast & lunch.



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July 28-29, 2010 ~ San Francisco, CA ~ An EMI Energy Training Program

Course Syllabus

Day One (9:00 a.m. – 4:00 p.m.)

- ▣ **Session 1 – Oil:** The petroleum industry starts with crude oil. From its beginnings as lamp oil to its vital role in world economics today, this session covers it all. Follow oil from its formation through exploration, drilling, storage, and transportation. Learn why not all oil is the same and who the real players are in this global game of supply and demand.
- ▣ **Session 2 – Refining:** Crude oil is of little use in its natural state. Refining however, unlocks the value stored in every barrel pumped from the ground. This detailed session walks you through the operation of a refinery, and the various processes used to extract a multitude of products. You'll see that crude yields not only the fuels needed to power our vehicles but many other products. Everything from carpet to crayons to the roads we drive on come from refineries.
- ▣ **Session 3 – Pipelines and Terminals:** Pipelines are the arteries that keep petroleum flowing throughout the United States. They are the major source of distribution moving fuel from the refinery to where it is needed. If there were no pipelines, highways would be clogged with tens of thousands more tanker trucks. You will learn about the location, operation, and importance of major pipelines to the industry. Further, we'll explore storage terminals along the pipeline system that feed your local markets. We'll show you why inventory at these locations is critical to the supply and demand economics that affect your buying price.
- ▣ **Session 4 – Price Setting:** How do oil companies set the price for the fuel they sell? It sometimes appears that prices indiscriminately move up and down without cause. How come a jump in the price of oil immediately affects pump prices when it takes days or weeks for the oil to get here? What are the trends? How much volatility will there be in the future? What is benchmarking and cost-plus? This session looks at all the behind-the-scenes variables that factor into the market price of fuels.
- ▣ **Session 5 – Product Specifications and Volatility:** This session looks at who sets the specifications for the fuels we use in the United States. What is coming – Ethanol? And what is going – MTBE? What else is coming – low sulfur gasoline – oxygenated diesel? How will this impact prices and margins for your business? Will the EPA change the reformulated gasoline phase-in requirements? All of these points will be distilled into the real question of how these specifications have impacted price.
- ▣ **Session 6 – Retailing:** Fuel is sold at well over 100,000 locations including traditional service stations, truck stops, and convenience stores. Today, that list includes a growing number of grocery stores and hyper marketers like Sam's Club, BJ's, and Costco. What are the factors driving the retail end of the industry? We'll explore the outlook of major oil companies as it pertains to retailing and the trends in the industry. Did you know some oil companies sell "branded" fuel at their own stations, and then sell "unbranded" fuel from the exact same tank to other stations? See what kind of margins fuel retailers really make as we dissect the most visible part of the petroleum industry.
- ▣ **Session 7 – Traditional Purchasing Methodology:** Just as there are many ways to buy and finance a car, there are numerous ways to buy and finance petroleum. Refined products can be purchased at all levels of the energy infrastructure – spot, wholesale, and retail markets. Products can be purchased from various types of suppliers – refiners, branded, unbranded, marketers, traders, and jobbers. To understand the complete market environment and manage the price you pay or sell at, you need the knowledge and capability to purchase in many ways.
- ▣ **Session 8 – Energy Policy and Alternative Fuels:** With the stroke of a pen, Congress can move the industry in new directions. We have seen it happen many times before through legislation like The Clean Air Act, the Energy Policy Act, and the National Energy Security Act. See what the latest changes are to the regulatory environment of the petroleum industry. Learn how you will be impacted by these changes. See what Congress has in mind for alternative fuels and how that will affect the fuel you buy and sell. Is biodiesel poised to be the next ethanol? Or will natural gas vehicles claim the spot light? This session will provide the answers.



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Course Syllabus

Day Two (9:00 a.m. – 12:30 p.m.)

- ▣ **Session 1 – NYMEX Futures and Options:** Energy commodities are traded everyday on the regulated New York Mercantile Exchange. This critical paper market reaches around the world to establish market values for energy products and set expectations for things to come. Learn the important facts about why this exchange market exists, how it functions, and why it is vital to understand its impact on your business. You'll learn the basics of futures and options trading and a thorough comprehension of their mechanics.
- ▣ **Session 2 – Non-traditional Purchasing:** Just as Session 7 explored traditional purchasing, this session explores all of the petroleum industry's non-traditional purchasing methodologies. Many of these become available to us through our understanding of the NYMEX. We'll look at Fixed Price Programs, Ceiling Prices or Caps, and Collars. In addition to the NYMEX, we'll discuss executing these types of programs in the over-the-counter market with financial instruments such as swaps. You'll gain a good understanding of what's available for your specific situation.
- ▣ **Session 3 – Energy Market Overview:** What is impacting petroleum prices and margins today – OPEC, worldwide supply & demand, micro supply & demand, refinery problems, specifications changes? What is happening in Europe, Iraq, the War on Terrorism, and other countries that could impact the flow of oil? Now that you understand how the industry works, this session will discuss all the up-to-the-minute fundamental, technical, and geo-political factors with an emphasis on what to watch, when and how to identify various pricing scenarios to employ with each.
- ▣ **Session 4 – A Glimpse Into the Future:** We've all seen the news: fuel cells, talk of hydrogen cars, consumer concerns over natural gas and electricity. Where all this really going? Is the world running out of oil? Are hydrogen cars really an option? Just what are a fuel cell and a hybrid vehicle? Our final session will take a futuristic look at what the energy infrastructure just might look like in another 25 years. While no one can predict the future, this session will put you abreast of developing trends and leading edge thinking relative to petroleum and energy issues.

About EMI Instructors



Learn From the Experts that Experts Trust

EMI experts are frequent editorial contributors to petroleum magazines & are trusted by today's leading news sources. Our experts have been featured in:

Futures Magazine • *The Wall Street Journal* • *USA Today* • *The New York Times* • *The Washington Post* • *Journal of Commerce* • CNN • NBC • CBS • ABC • Bloomberg • Reuters

EMI's leading industry experts have an average of over 30 years of knowledge and experience in:

**Energy • Commodity trading • Risk management
• Education • Consulting • Financial services**

Plus many years of managing marketing, international trading, manufacturing, consulting, start-up operations and project finance operations of well-known companies; integrated major oil companies as well as international trading companies.

EMI's industry experts have also provided risk and value management analysis, advice, information, and services to a variety of companies in the electric power industry. Clients have included power marketers, integrated utilities, retail power providers, hedge funds, and power plants.

Highlights of our instructors' experience include: • Developing a suite of models for a variety of power markets that quantify value and risk • Managing spark spread portfolios for hedge funds in the power markets • Operating in futures trading pits as a market observer in the power markets • Developing working papers for investigations and performing compliance audits in the power industry • Helping Texaco initiate its first use of futures exchanges as an integral part of hedging/trading strategy • Chief Operating Officer of Triwell Marketing and refining • Director of OPIS, Oil Price Information Service, a management-consulting and educational services group that solely focused on the downstream energy industry • Member of Board of Directors of Longview Refinery • Member of the New York Mercantile Exchange Petroleum Advisory Board • Expert witness for a hearing before the subcommittee on surface transportation for the Commerce, Science, and Transportation Committee of the US Senate • Supplied expert testimony to a US Senate sub-committee hearing on diesel petroleum product pricing • Supplied testimony to the Federal Highway Administration regarding fuel tax evasion • Expert witness in a MTBE litigation against the major oil companies • Publishers of *The Daily Hedger*, *BTU's Daily Gas Wire* and *BTU's Daily Power Report*, which advise thousands of petroleum professionals daily.

Our instructors are **frequent expert speakers for numerous petroleum industry events and trade associations including:** • DOE DESC World Energy Conference • OPIS Fleet Fueling • NYMEX • Fuel Management University • NATSO • ATA • AAA • Dairy Distribution • eyeforEnergy eCommerce • OPIS Supply Summit • CIOMA • American Society of Mechanical Engineers • American Society of Lubricating Engineers • Ambrust Aviation • NACHA.

Over the years EMI has developed a series of intensive courses covering all aspects of Energy from production all the way to managing the impact price and volatility on the margin of end-users, resellers, traders, marketers, shippers, retailers and refiners. Our instructors have had the privilege to instruct thousands of professionals representing all aspects of the energy industry, including every major oil company (i.e. Exxon Mobil, BP, Shell, Equilon, Motiva) major power utilities (i.e. Sempra, Edison Mission, Berkley, Toronto Hydro, Dominion, Conectiv) small marketers (i.e. Sprague, Getty, Southern Counties, Western Petroleum) trucking fleets from 50 to 10,000 (i.e. UPS, U.S. Postal Service, Yellow, Pepsi, Werner), gasoline-powered fleets hyper-markets (i.e. The Pantry, Wawa, BJ's Wholesale) and many fortune 500 energy consumers.



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Reserve Your Seat Today!

Three easy ways to register:

1. Call PMA Conference Management at 201.871.0474 or send email to: register@pmaconference.com.
2. Complete & fax this form to 253.663.7224.
3. Complete & mail the form to: PMA Conference Management, POB 2303, Falls Church, VA 22042.

A Registration Fees: \$1,595 for full program This fee includes expert instruction, course materials & lunch.	Discount for Additional Attendees: 2 nd delegate \$1,345 3 rd delegate \$1,145
B Enrollment Information (please print clearly) NAME: _____ COMPANY: _____ ADDRESS: _____ _____ PHONE: _____ FAX: _____ E-MAIL: _____	
C PAYMENT METHOD <input type="checkbox"/> Please invoice my company (payment must be received prior to course date) <input type="checkbox"/> MasterCard <input type="checkbox"/> Visa <input type="checkbox"/> American Express Card Number _____ Expiration Date ____/____/____ Card Holder Name _____ Card Holder Signature _____	

REFUND/CANCELLATION POLICY:

Attendees may reschedule for a different date or course with no penalty. 100% refundable with 14 days cancellation notice. 80% refundable with 5 days cancellation notice. Cancellations are non-refundable day of or after course.
