

West coast motorists pay supersized refining profits to big oil, says group

by Bend Weekly News Sources

BP Profit Report Shows Industry Refining Margins in West Are About Twice the Global Average

BP's profit report today stated that the oil industry's profit margins from West Coast refineries are about twice the global average, meaning the industry reaps disproportionate profits from Californians and other motorists in the region, said the Foundation for Taxpayer and Consumer Rights. Californians are currently paying about 40 cents more per gallon than the U.S. national average.

Even after a year's worth of bad news, including Arctic oil spills, a pipeline shutdown and federal investigations of market manipulation, oil giant BP ended the year with a 15% profit increase. Chevron's increase, the industry leader, was 22%. That increase came in part from refining profits in the U.S. West Coast that were more than double the average in the 4th quarter, and nearly double the 2006 yearly refining margin indicator, said the Foundation for Taxpayer and Consumer Rights. BP reports refining margins as "Global Indicator Refining Margins," on the basis of industrywide reports.

"California gasoline remains far more costly than in the rest of the nation, currently 40 cents a gallon higher than the national average, and BP's profit report tells us why," said FTCR research director Judy Dugan. "Motorists in the West's most populous states, California and Washington, are disproportionately forced to line the pockets of Big Oil."

BP's indicators showed a global 4th quarter refining margin of \$6.30 a barrel, but \$14.59 a barrel on the U.S. West Coast. The comparable figure for the year was \$8.39 globally and \$14.84 on the West Coast, encompassing California, Washington, Oregon, Nevada, Arizona, Hawaii and Alaska. Not all refiners break out refining margins as clearly as BP, said the nonprofit, nonpartisan FTCR, so BP's report may be the most understandable indirect indicator of the refining profits of the rest of the oil industry, said FTCR. The figure does not state actual refining profits, which some industry analysts put much higher.

BP is the third-largest refiner in California and among the largest in the West, with major refineries in Southern California and Washington State. It owns and licenses Arco-branded stations in California and elsewhere in the West.

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