

Asphalt Industry News
June 1 – June 11, 2010

Wednesday, June 02, 2010 WTI: \$73.52

Please check out the new APAO Members only Newsletter.

Domestic Oil News

On April 20, 2010 the BP Deepwater Horizon rig experienced a catastrophic explosion in the deep Gulf of Mexico. BP said cost related to the spill response as of June 1, 2010 is very near \$1 billion. BP's stock has lost nearly 40% of its value since the disaster. Analysts have thrown out a wide range of estimates - from \$4 billion to \$25 billion - on how hard the spill will hurt the company's bottom line. By way of comparison, ExxonMobil paid \$3.4 billion in cleanup costs for the Exxon Valdez spill in Alaska. ExxonMobil ultimately paid \$507.5 million for the legal settlement and \$500 million in interest payments. One can only wonder if BP can survive this disaster.

Oil prices have been demonstrating a bit of relative strength over the past few sessions; will a drilling moratorium really affect prices? Most recently, motorists around the country have seen lower gasoline prices even as Memorial Day weekend has come and gone. Will gasoline prices continue to go down as demand increases with summer driving?

Asphalt: Across the Country

New England and East Coast markets saw little to no changes over the last two weeks. Asphalt to coker values are down from two weeks ago keeping coker values well below selling prices. As asphalt plants open around the region, the main concern is demand. Will there be any?

Mid Continent and Mid West markets have been flat the last two weeks. Most markets in the central part of the country appear to have pent up demand. Mix producers as well as suppliers are patiently waiting for projects get started.

Southern and Gulf Coast States have also seen flat pricing over the past two weeks. Coker values are down helping to keep asphalt prices steady.

The Rocky Mountain region has seen very little changes over the last two weeks. Demand is expected to increase once the weather improves.

Pacific Northwest markets remain steady. Quoted prices for public works and commercial projects are higher than two weeks ago. Demand for asphalt in parts of the Pacific Northwest appears to be better than originally projected. West Coast refinery utilization rates are improving however, still remain well below capacity.

Our June 1, 2010 price list is posted on our web site under Products / Asphalt.

The May, 2010 Oregon MACMP: Potent Pacific Northwest: \$480, Potent Boise Idaho: \$528
http://www.oregon.gov/ODOT/HWY/ESTIMATING/asphalt_fuel.shtml#Asphalt

The WSDOT Asphalt Binder Reference Cost: West: \$495.00, East: 530.00 (June 1, 2010)
<http://www.wsdot.wa.gov/biz/construction/AsphaltIndex.cfm>