



February 19, 2016

Mr. Jamie Court  
President, Consumer Watchdog  
2701 Ocean Park Boulevard, Suite 112  
Santa Monica, CA 90405

Dear Mr. Court,

I write in response to your correspondence dated February 10, 2016 following the recent publication of a Consumer Watchdog report that contained numerous false allegations regarding the movements of an ExxonMobil-affiliated tanker and further inaccuracies regarding its impact on the California fuel market.

As you may be aware, the California fuel market faces several supply limitations resulting from the state's unique fuel specifications, the lack of interstate pipeline connectivity, limited tank storage and logistical isolation from other refining centers. Shipping availability, particularly of international-flag vessels, is rarely – if ever – a constraint to supplying California.

We have expended considerable time, money and labor to reconfigure our scaled-back operations at Torrance to ensure continued operations and production while repairs are undertaken, and to secure additional supply for the market. Since March 2015, we have secured an average of approximately 600,000 barrels a month of alkylate and other blending components as well as finished gasoline blendstock, from outside the United States. This includes volumes for which ExxonMobil was the importer of record, and contracted imports by third parties for our purchase.

These products and blending components have been sourced from various points around the world to supplement our purchases from California and other West Coast refiners. As a result, we have continued to meet all of our supply commitments in California, and have placed a higher priority on maintaining reliable supply than on the cost or profitability of doing so.

While not relevant to the resupply of California, I will address the allegations you made regarding the movements of the S/R American Progress. It is important to note that this vessel, owned and operated by ExxonMobil affiliate SeaRiver Maritime, Inc., is in service as a U.S. Gulf Coast region supply ship. Its day to day operations are located within the Gulf Coast, and it is not used to supply the California market. The suggestion in your report that the S/R American Progress' scheduled maintenance impacted our ability to supply the California market is incorrect. The S/R American Progress traveled to Singapore for planned maintenance and related activities, as required by law, and planned many months in advance.

In scheduling this work, SeaRiver assessed shipyards in the U.S., Europe, the Persian Gulf and Asia for their safety performance, availability and expertise, along with the overall cost of scheduled work including the cost of sailing to and from the location. Maintenance planning also includes identifying and securing replacement shipping capacity in the vessel's regular service area while maintenance is undertaken - which we did. I have attached a breakdown of the S/R American Progress' maintenance activities, which are in line with standard industry practice.

Furthermore, while the S/R American Progress was undergoing yard work, our Singapore refinery manufactured a full cargo of California-spec gasoline blendstock. Rather than hold the product in Singapore until the completion of maintenance, a third-party ship was chartered, loaded and sent to Los Angeles where it was discharged. With the California cargo en route to Los Angeles, the S/R American Progress completed maintenance activities and returned to service in the U.S. Gulf Coast with an available cargo of Florida-spec gasoline.


As stated previously, the constraints to supplying California involve long-standing limitations resulting from the state's unique fuel specifications, the lack of interstate pipeline connectivity, limited tank storage capacity, and logistical isolation from other refining centers. Fuel prices are set by the open market based on current and expected future supply and demand. These constraints contribute to higher prices in California versus other parts of the country and result in higher prices during periods of reduced supply to incent supply from further away.

Our priorities remain safe, reliable and environmentally responsible operations; complying with all laws and regulations; and maintaining a reliable supply of quality products to our customers.

I trust this addresses the questions raised in your letter, which unfortunately were not raised with ExxonMobil prior to publication of Consumer Watchdog's erroneous Feb. 8 report. In fact, despite Consumer Watchdog accessing publicly available GPS Data showing the movements of the S/R American Progress – which does not support claims that the ship “was idling off of Singapore for two months” you proceeded to publish, and to date have made no effort to publish a correction. If you remain interested in providing consumers accurate information contained in your reports, in our view a correction would be appropriate.

Should you have further questions regarding California's fuel supply logistics and limitations, I refer you to the California Energy Commission – the state's principal energy policy and planning organization.

Regards,



Todd M. Spittler  
Media Advisor

Attachment

S/R American Progress' maintenance:

Item	Duration
Travel from U.S. Gulf to Singapore (via Los Angeles for provisions, crew change, etc.)	45 days
Tank pump-out, filling with water and internal inspections using floating rafts	4 days
Removal and decanting of raft water	5 days
Internal cleaning of tanks	3 days
Travel to/ docking at shipyard	1 day
Yard work at shipyard	41 days
Commissioning, preparation and sea trials, travel to Singapore refinery	7 days
Loading at Singapore refinery	5 days
Travel from Singapore to U.S. Gulf Coast via Los Angeles (with stop for fuel/provisions)	45 days