AUG 25 1980

SA

Tropigas International Corp.

1701 Ponce de Leon Boulevard
Box 341218
Coral Gables, Florida 33134
(305) 446-5515
Telex 051 9465

Carl A. Jacobson
Chairman of the Board

August 21, 1980

Adm. Elmo R. Zumwalt, Jr.
System Planning Corp.
1500 Wilson Blvd.
Arlington, VA 22209

Dear Admiral:

In reference to your forthcoming trip to Saudi Arabia, I am enclosing a copy of my letter to H. E. Mr. Ahmed El Kheriji, two articles pertaining to world LPG supply and demand and some details on the contract buyers of Saudi LPG production. These will provide some background information. Also, I am including two Transway Annual Reports and Tropigas brochures, which you may want to leave with any interested Saudi contacts.

Tropigas' interest in import capability in the U.S. is based on the fact that LPG is a highly desirable product as an energy source and as a petro-chemical feedstock, that domestic supplies of natural gas and LPG will be in diminishing supply and that LPG will be in surplus supply in the world market. As indicated in the letter to El Kheriji, Tropigas is in a great position to participate in the U. S. import market as it develops.

Currently, simple economics do not permit the import of LPG into the U. S. For example, the delivered price into the U. S. of Saudi propane would be approximately $375 per metric ton. The equivalent price for U. S. domestic product would be about $189 per metric ton. The loss on imported product would be approximately $.36 per gallon. The only substantial propane being imported under these circumstances is by major oil companies who can blend it in with their domestic inventories. Under DOE regulations, the majors can average-up their inventory values and pass these costs along to their customers.

Saudi Arabia has signed about 35 LPG contracts with U. S., Japanese and European companies. The long term volumes vary from 350,000 to 150,000 metric tons per year. The agreement is completely one-sided in the Saudi favor. Only companies prepared to take substantial losses at the outset can afford to sign the Saudi contract. Since our December visit to Saudi Arabia, there has been a reorganization at Petromin and El Kheriji has been moved to another responsibility. We have had no contact with his replacement.

Venezuela has taken a somewhat different approach in their export marketing. Their preference is to deal with companies which serve the end user. Their judgment is that this provides a more dependable market for their production. It would be interesting to know if the Saudis have given consideration to this approach. Typically, this would require their dealing with a larger number of smaller buyers.

Since current pricing conditions do not permit the marketing of Saudi LPG in the U. S. on a profitable basis, our objective is to maintain some communication with them until normal marketing here can be initiated. It is difficult to estimate the time frame involved. Our judgment is that it probably will not occur before late 1981 and under continued recession conditions, mild weather and no military interruptions of supply patterns, the current "glut" could extend to 1984. However, there is no question in our minds that when conditions do normalize, the U. S. is the only market capable of absorbing the excess world volumes anticipated by the reports I have enclosed and by other studies.

It would be helpful to Tropigas' planning if you could elicit from the Saudis some indications of their views on the world LPG market; whether or not there will be the surplus most studies predict; if so, how they envision the surplus being absorbed. On this point, one approach has been developed that the Saudis and other producers would make crude availability dependent on the buyer also absorbing certain volumes of the excess LPG.

I know your time in Saudi Arabia is going to be limited, but if you could develop some communication contacts to Petromin, this could be helpful in a future relationship. We appreciate your interest.

Betsy joins in sending our best regards to Mouza. We look forward to seeing you both in Florida sometime soon.

Have a safe journey.

Sincerely yours,

Carl

Carl A. Jacobson

CAJ:bk

Enclosures

Tropigas International Corp.

1701 Ponce de Leon Boulevard
Box 341218
Coral Gables, Florida 33134
(305) 446-5515
Telex: 051 9465

January 10, 1980

H. E. Mr. Ahmed El Kheriji
PETROMIN
P. O. Box 67
Dhahran Airport
Dhahran, Saudi Arabia

Dear Mr. El Kheriji:

Mr. Lamar and I enjoyed the opportunity to visit Saudi Arabia and to meet with you and your associates. We want to restate our interest in moving toward a long-term relationship between Petromin and Tropigas. One of the first steps, we would hope, would be your visiting with us here in Coral Gables, meeting other key personnel of Tropigas and generally becoming more familiar with the quality of business that Tropigas represents.

The Company was founded 25 years ago on what had been Esso Latin America LPG distribution. It has grown steadily through the years to include the Caribbean area, distribution in the United States, and in 1973 the completion of a large refrigerated import terminal in Chesapeake, Virginia. Also, during this recent period Tropigas has been active in the international market, primarily the Mediterranean, marketing LPG out of Libya. The long-term growth has included the development of a shipping operation including both owned and chartered LPG carriers of small and medium sizes.

All during its history Tropigas has been a profitable company and, standing on its own, has developed a strong financial base. Its shares were originally traded on the American Stock Exchange, however, in 1969 U.S. Freight Company, now known as Transway International Corp., acquired all the shares of Tropigas in a merger. This further strengthened Tropigas' financial base, as Transway is a strong, old-line, conservative company.

In 1979 Tropigas will market slightly under 400,000 metric tons of LPG in its direct, wholesale and brokerage operations. Operating profit for the year is expected to be approximately $16,000,000..

Primarily, Tropigas earnings are generated by its direct operations, although shipping and international marketing make

important contributions. These operations are supported by a capital base in excess of $60,000,000.

Tropigas has 50% ownership of Atlantic Energy, Inc., the import terminal in Chesapeake, Virginia. The other partner is a subsidiary of Commonwealth Natural Resources, Inc., a natural gas utility. In conjunction with the terminal, Commonwealth owns a synthetic natural gas plant which uses butane as feedstock. The terminal facility is situated on 87 acres which allows for substantial expansion. Currently in operation are two storage tanks each of 240,000 barrel capacity and both capable of handling propane and butane. In the partnership agreement, Tropigas has the option of building, for its own account, a third tank of 480,000 barrel capacity.

As part of this expansion of the storage capacity, it is planned to add barge loading facilities. This anticipates the movement of LPG cargos along the East Coast of the United States. Since the area served by the Atlantic Energy terminal comprises one of the largest LPG markets in the United States and one which is located the greatest distance from sources of domestic supply, this terminal will be vital to importing of LPG into the United States.

With its international experience, its long activity in shipping, its interests in direct marketing outside the United States and its strong operating base in this country, we feel Tropigas would make a compatible customer of Petromin.

We appreciate your offer to initiate the association by including Tropigas on your list of spot customers. We look forward to receiving notice of your upcoming spot avails. We are confident that ultimately Tropigas will become a valued contract account of Petromin.

Again, we enjoyed the opportunity to visit Saudi Arabia and to meet with you there. We look forward to seeing you again, hopefully here in Coral Gables.

Best personal regards.

Sincerely yours,

Carl A. Jacobson

CAJ:bk

cc: Mr. Musallam Nuwailati

NATIONAL LP-GAS ASSOCIATION

1301 West 22nd Street, Oak Brook, Illinois 60521 • Phone 312 - 986-4800

S U M M A R Y

LPG IN THE 80s

NATIONAL LP-GAS ASSOCIATION
Las Vegas, Nevada
May 13, 1980
D. N. McClanahan

Throughout the last decade, we have been beseiged by predictions that the U. S. is running out of natural gas. According to the best estimates available by knowledgeable observers as of 1978, we had discovered by then in the Lower 48 states 725 trillion cubic feet of gas, and the total cumulative volume ever to be discovered will be between 1300 and 1600 trillion cubic feet. Therefore, we have discovered between 45 - 55 percent of the total gas to be discovered, and there is as much gas yet to be discovered as has been discovered to date. However, if this is the case, then it is reasonable to expect that the trend of discoveries and production from this point forward will be at ever declining rates. While this is generally true, there will be ups and downs, and it appears that currently we are in one of the up periods as the Natural Gas Policy Act of 1978 permitted higher prices for natural gas and also permitted the interstate lines to have access to intrastate reserves. Exploration has been stimulated.

Various projections of future natural gas production in the Lower 48 states indicate a continuation of the downward trend. This is the gas from which we will extract gas liquids, as we do not expect any significant liquids to be supplied by Alaskan gas or by LNG imports, etc. On the other hand, when these gas supplements are added to the Lower 48 production, it seems likely that the U.S. will have available to it some 20 TCF/yr, which is about the current level, from now until the turn of the century. When the cost of these supplements, however, is rolled in with the lesser cost of the Lower 48 gas, the average cost of gas delivered to the consumer will be something in excess of the Lower 48 gas price. While the cost of producing LPG will depend on the price of the cheaper Lower 48 gas, the competition for the LPG product in certain uses will be based on the higher priced gas which includes the supplements. This should enhance the LPG competitive posture to some extent.

Since Lower 48 gas production is projected to decline, and since the liquid content of this gas has declined at something in excess of 2 percent per year for the last decade, we project that the production of LPG from the Lower 48 natural gas and from domestic refineries will continue to decline.

Whereas U.S. domestic supply and demand was in balance at the start of the last decade, these balances have turned into increasing deficits which reached a peak of about 70 million barrels in 1979. These rising deficits have been accompanied by rising imports, and we reached a new peak of imports of 62 million barrels in 1979. The projection of this trend would indicate that by 1985 the U.S. will require somewhere between 100 - 140 million barrels of LPG imports in order to balance demand.

Canada has been the biggest supplier of LPG imports to the United States, followed by Venezuela. In 1979, these two countries supplied 52 of the 62 million barrels total import, the remaining 10 million barrels coming overseas from the Eastern Hemisphere. This 10 million barrels from overseas is a new peak as well and compares to 3 million barrels in 1973, the first year when such imports were permitted under the U.S. import regulations. However, for future increases in LPG imports, we must look to the Eastern Hemisphere, and more particularly to Africa and to the Persian Gulf. Although these areas have produced LPG for some years from associated natural gas produced with crude oil, the more recent escalating world demand for crude oil has led to the installation of huge new plants for the recovery of LPG from the oil well gas. The product from these new plants is now coming into the marketplace. We project that by 1985, the total world export potential will be 600 million barrels, of which U.S. and Japan will require 300 million barrels to supply their deficits. This leaves 300 million barrels for which the growths in historical markets will not provide a ready market. If by 1985 energy supplies are sufficiently tight, then it could very well be that the world will eagerly assimilate this 300 million barrels surplus. On the other hand, if this is not the case, then it is very possible that the producing countries will force LPG into the marketplace by linking it with the sale of crude oil. If markets don't develop, or if it isn't forced into commerce, then this LPG will not be produced.

However, no amount of pressure on the part of the producers will be able to move LPG into the world markets in excess of the available shipping and the storage capacity. According to recent studies and estimates, the normal growth in historical LPG demands can be handled by existing overseas tankers and terminals through the early years of the 1980's until perhaps about 1983. On the other hand, if the total new product coming on stream is forced into the world market, existing capacity will be exceeded at an earlier date.

U.S. appetite for overseas LPG has been inhibited by the disparity between controlled domestic energy prices and

the world energy price levels. The Natural Gas Policy Act was an attempt to deregulate natural gas, but this attempt will cause natural gas to still lag behind rising energy levels until 1985, at which time two-thirds of the domestic gas production will be deregulated. We project that natural gas in the free market will seek a price level comparable to crude oil. We project that crude oil will continue to escalate. The combination of free natural gas and natural gas which continues to be regulated will be such that, even by 1990, the average natural gas in the U.S. will not have reached BTU parity with crude oil.

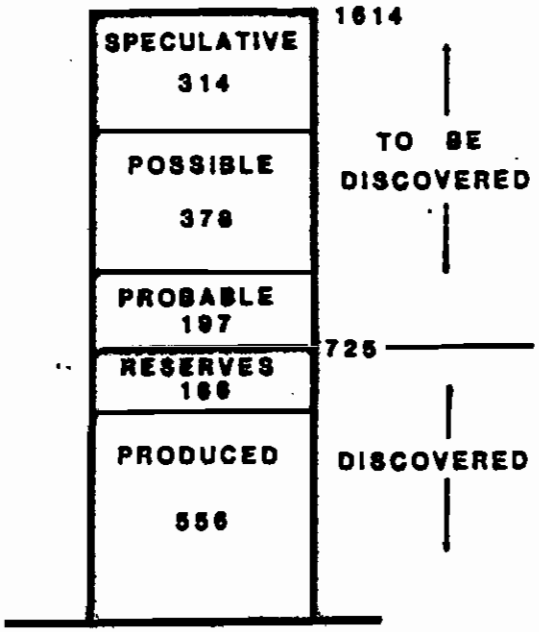
Propane wholesale prices in the past generally have varied between BTU parity with crude oil and BTU parity with No. 2 Oil. We project that domestic propane price will rise from its present position just above crude oil to a level more substantially above crude oil in 1985 and 1990.

Our projections show average prices in 1985 of $49/bbl for crude and $0.93/gal for propane. In constant 1978 dollars these figures become $26/bbl for crude and $0.50/gal for propane.

Houston, Texas
May 7, 1980

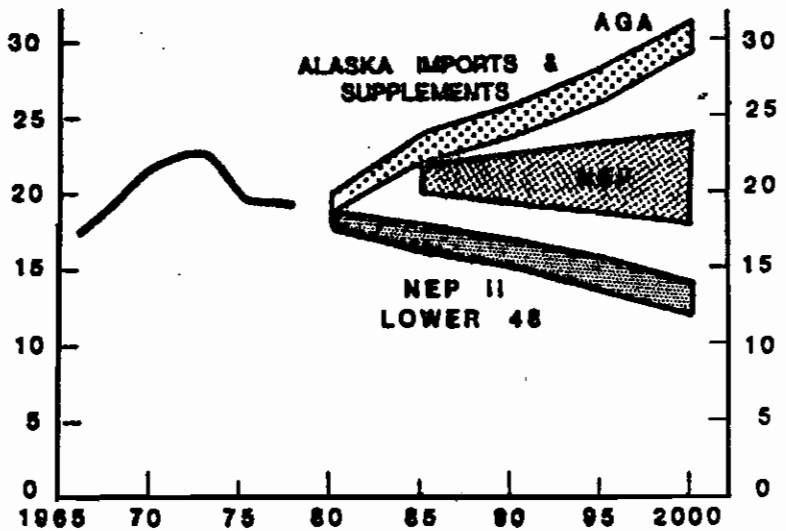
ULTIMATE GAS

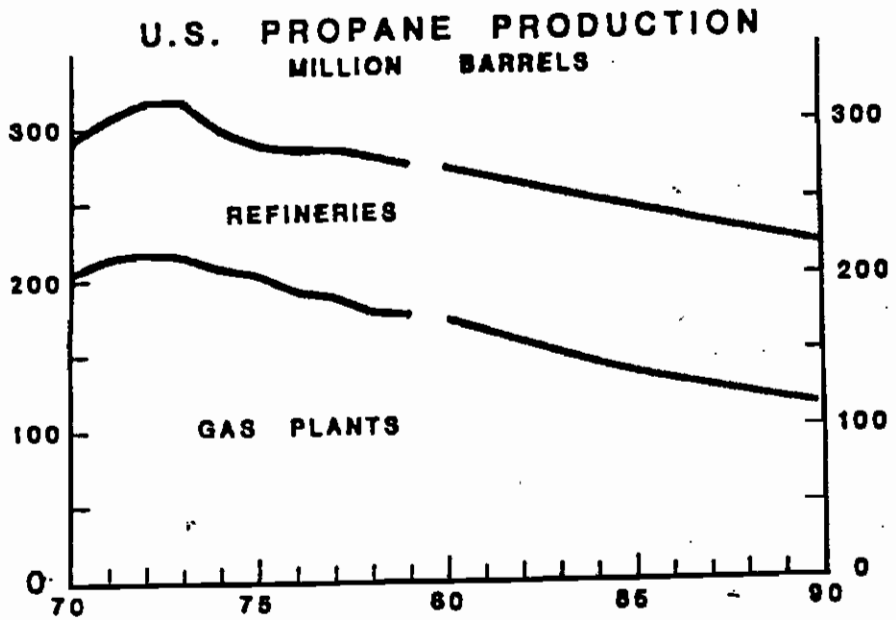
LOWER 48
TRILLION CU FT
1978

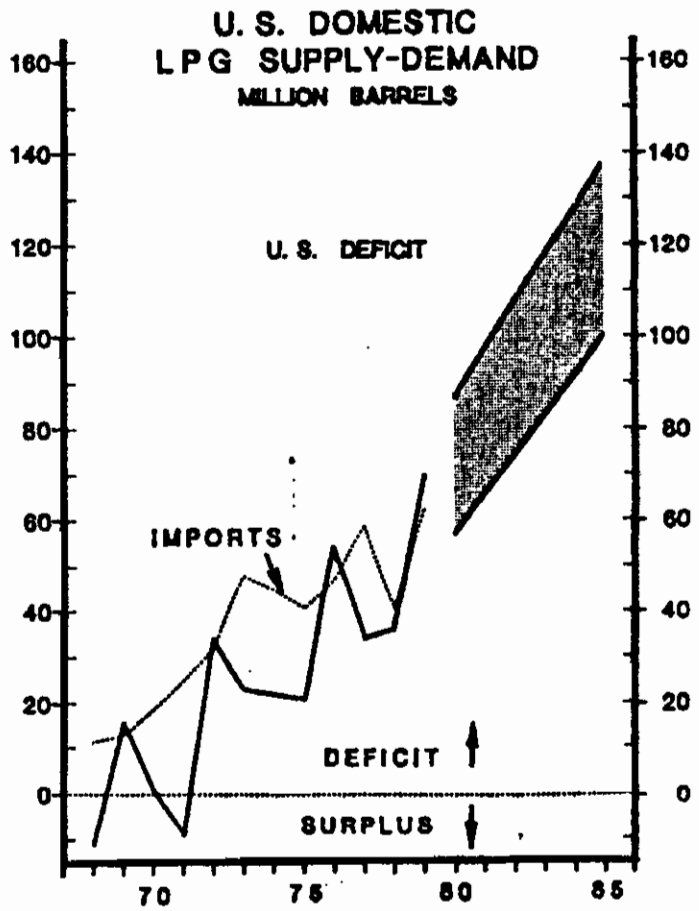


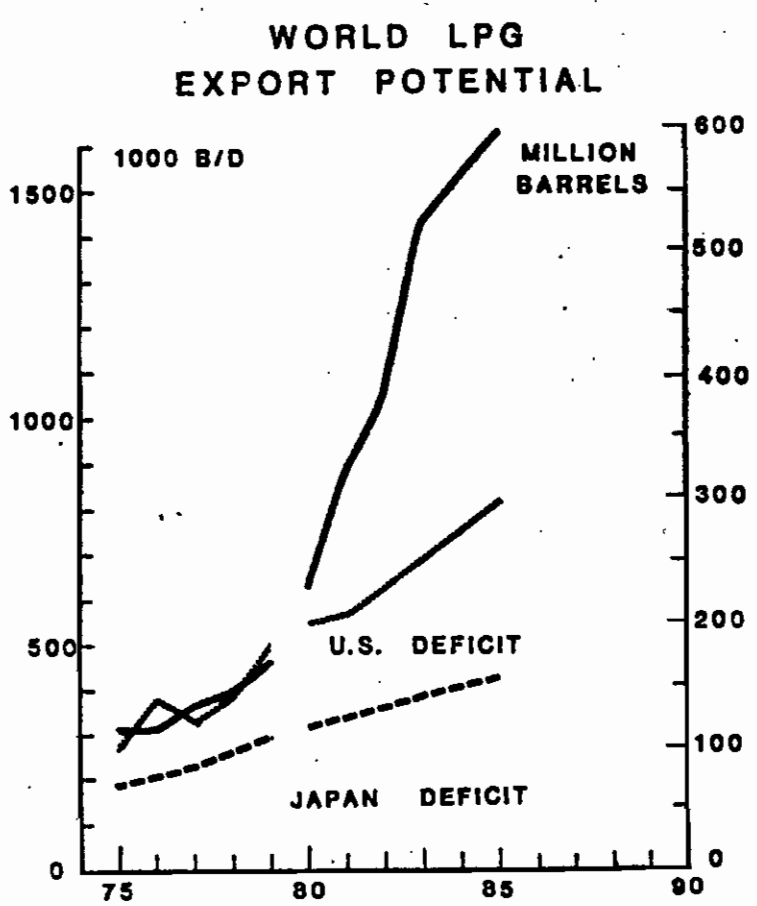
FUTURE PRODUCTION

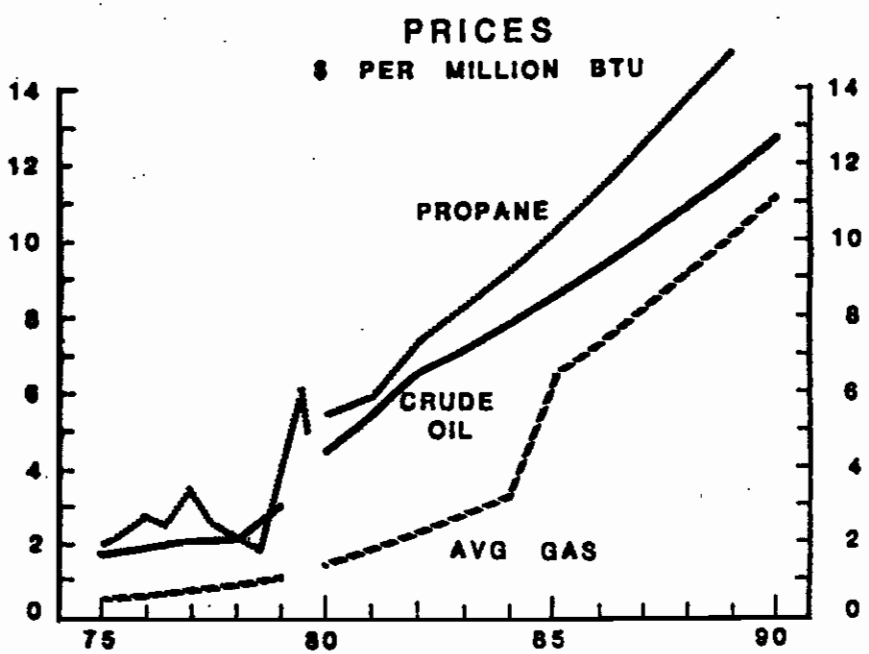
TRILLION CU FT




U.S. PROPANE PRODUCTION
MILLION BARRELS
300
200
100
0
REFINERIES
GAS PLANTS
70
75
80
85
90


U. S. DOMESTIC
LPG SUPPLY-DEMAND
MILLION BARRELS
160
140
120
100
80
60
40
20
0
U. S. DEFICIT
IMPORTS
DEFICIT
SURPLUS
70
75
80
85


WORLD LPG
EXPORT POTENTIAL
1000 B/D
MILLION
BARRELS
1500
1000
500
0
600
500
400
300
200
100
0
U.S. DEFICIT
JAPAN DEFICIT
75
80
85
90


PRICES
$ PER MILLION BTU
14
12
10
8
6
4
2
0
PROPANE
CRUDE
OIL
AVG GAS
75
80
85
90

The World Liquefied Petroleum Gas Outlook

An Outline of Commentary
by Arved Teleki, President
Hydrocarbon Consultants, Houston, Texas

I. Introduction

The outlook for world LP-gas is a function of the world energy situation.

May 1980 is an unusually difficult time to make energy forecasts.

We are in the midst of the "second" energy crisis within a single decade. Irrational factors loom large.

Nevertheless, a transition toward a more stable energy order is well under way. Oil and gas liquids prices are now approaching market clearing levels. There is reason to believe that more conventional supply-demand-inventory-price relationships will again emerge to guide all who are concerned with these matters.

A philosophy of forecasting

We must be truthful in reporting the many uncertainties and unknowns, and we have to be imaginative in pointing to the several plausible but sharply divergent scenarios which may lie before us. Such difficulties, however, must not be allowed to paralyze the analytical process. To be of any value at all from a business standpoint, we must come to conclusions on which practical business decisions can be based.

In this presentation we will concentrate on a "judgment model" of the outlook, on the most likely scenario that we think lies before us.

II. Technical Notes

All LP-gases, i.e., ethane (C_2), propane (C_3), normal and iso-butane (C_4), and natural gasoline (C_5 and C_6 mixes), together are a quite small portion of the energy picture. In the U.S. they amount to 3% of total energy, worldwide to about 2%.

In this discussion we narrowly define LP-gases as propane and butanes or a mixture of these liquefied gases. In this we follow international commercial practice. Furthermore, we will emphasize the outlook for propane, which is of primary interest to us here today as a source of potential supplemental BTU's in Transco's gas streams.

The world LP-gas supply-demand picture is quite complex because LP-gas production is secondary to oil and gas production and to petroleum refining. To reduce the material to manageable proportions, most studies concentrate their attention on the major export plants on the supply side and on the potential imports of Japan, the U.S. and of Europe on the demand side. We followed this practice because we believe it to be sound and because, in the time allotted to this presentation, we could not cover the lesser exporters and importers.

The world LP-gas trade is now standardized on the metric system. LP-gas statistics are collected in terms of metric tons, ship and storage tank sizes are given in terms of cubic meters, etc. We started our analysis in terms of the metric system, but we converted to barrels per day or barrels per year, since we believe this to be more familiar to you here today. One metric ton of propane is 12.41 barrels; one metric ton of n-Butane is 10.78 barrels.

III. The World LP-Gas Supply

There are about 25 significant LP-gas export plants in the world today. Another 17 are in various stages of construction and are expected to be on stream by 1985. These 40 plus major facilities are in fewer than 20 countries.

Table I and Charts IA and IB summarize this situation.

On page 1 of Table I, we grouped those export terminals which are U.S. oriented, while on page 2 we show the terminals which are Japan oriented.

Detailed Discussion

Note especially the exponential growth.
Note the good supply for the U.S.
Note the importance of the Middle East, etc.

Table II and Chart II show some assumptions concerning production throughout the decade. The rate of growth of capacity continues, but at a much reduced rate.

In a very conservative manner we assume that these plants will be operated at only 70% of rated capacity on the average.

Table III and Chart III show the same information for propane only.

IV. The World LP-Gas Demand

As indicated in Tables II and III, the major LP-gas import markets are Japan and the U.S.A., with Europe expected to become a lesser net importer in the future. (Actually, Southern Europe will import slightly more African and Middle Eastern LP-gas than will be exported to the U.S. from the North Sea.) Over 100 other Asian, African and Latin American countries are expected to be, in general, in balance. Local refinery production of LP-gases and modest overload or seaborne trade will, as a rule, satisfy their demands. This is an admitted oversimplification. We believe it to be justified in view of the fact that the much higher prices now prevailing will restrain the growth of demand.

Demand data for the major importers were derived from our own work regarding the U.S. (Table IV) and from the trade literature in the case of Japan and Europe.

Detailed Discussion

Conventional bottled gas business: Negligible growth is expected worldwide because of much higher prices and competition from other fuels, especially natural gas.

Petrochemical feedstocks: There was a decline in 1978, rapid growth in 1979-81, and lesser growth in the mid-1980's is foreseen, due to the availability of ethane and low-grade naphtha.

Boiler fuel: This use is much discussed in Japan, but is not likely to happen elsewhere.

Motor fuel: It is already important in Japan, potentially significant in the U.S. and Europe.

In summary, the import growth shown in Tables and Charts II and III are presented here as realistic estimates if we exclude potential large-scale new uses, such as the Transco injection project.

V. Logistics:

The world LP-gas fleet grew rapidly in the 1970's and was excessive by 1978. Counting only ships of larger than 10,000 cubic meter carrying capacity and deducting those ships which are in LNG, ammonia or chemical service, the LP-gas fleet is of the order of 6 million cubic meter capacity now and will expand to 7 million cubic meter by 1982.

Informed observers agree that this capacity will be adequate to carry the foreseeable expansion of trade through 1983 or 1984. Thereafter, however, more ships will be needed. It is probable that rising transportation rates, which are already quite marked, will soon trigger a new round of expansion in 1981 or 1982. Developments bear close watching, because a transportation bottleneck could arise in 1985.

Terminals: As a generalization, adequate terminaling is being built at the export plants.

The U.S. has adequate import terminals. At least two more major terminals are expected to materialize on the Gulf Coast in the next few years. (The Sabine Pass project is the most advanced.) This would complete the world's most efficient interconnected unloading-salt-dome-storage and pipeline distribution systems.

There are numerous terminal expansion plans also in Europe and in Japan. In those areas, however, terminaling, and especially storage, has to be considered a bottleneck.

VI. Conclusions

It is quite clear that the world has now on stream or near completion drastically expanded LP-gas producing capacity. 1981 will be a turning point. With the Pajaritos terminal in Mexico fully operational and four giant plants in Saudi Arabia coming on stream one after another, the analysis of conventional factors can lead to only one conclusion: very ample supplies of LP-gases will be available for years to come. The major uncertainties are not of a technical or commercial nature. They lie in the political arena.

Discussion

Table I

WORLDWIDE LP-GAS AVAILABILITY
1975-1985

Rated Capacity of Major Export Plants
In Thousand Barrels Per Day

	1975	1980	1981-85 (Planned Additions)	1985
Latin America				
Venezuela	73	73	48	121
Mexico	---	16	65	81
All Others	---	---	8	8
Sub-Total	73	89	121	210
Africa				
Libya	40	40	---	40
Algeria	32	65	178	242
Nigeria	---	---	16	16
All Others	---	---	16	16
Sub-Total	72	105	210	314
Europe				
U. K.	---	81	129	210
All Others	---	---	32	32
Sub-Total	---	81	161	242
Total U.S. Oriented	145	275	492	766

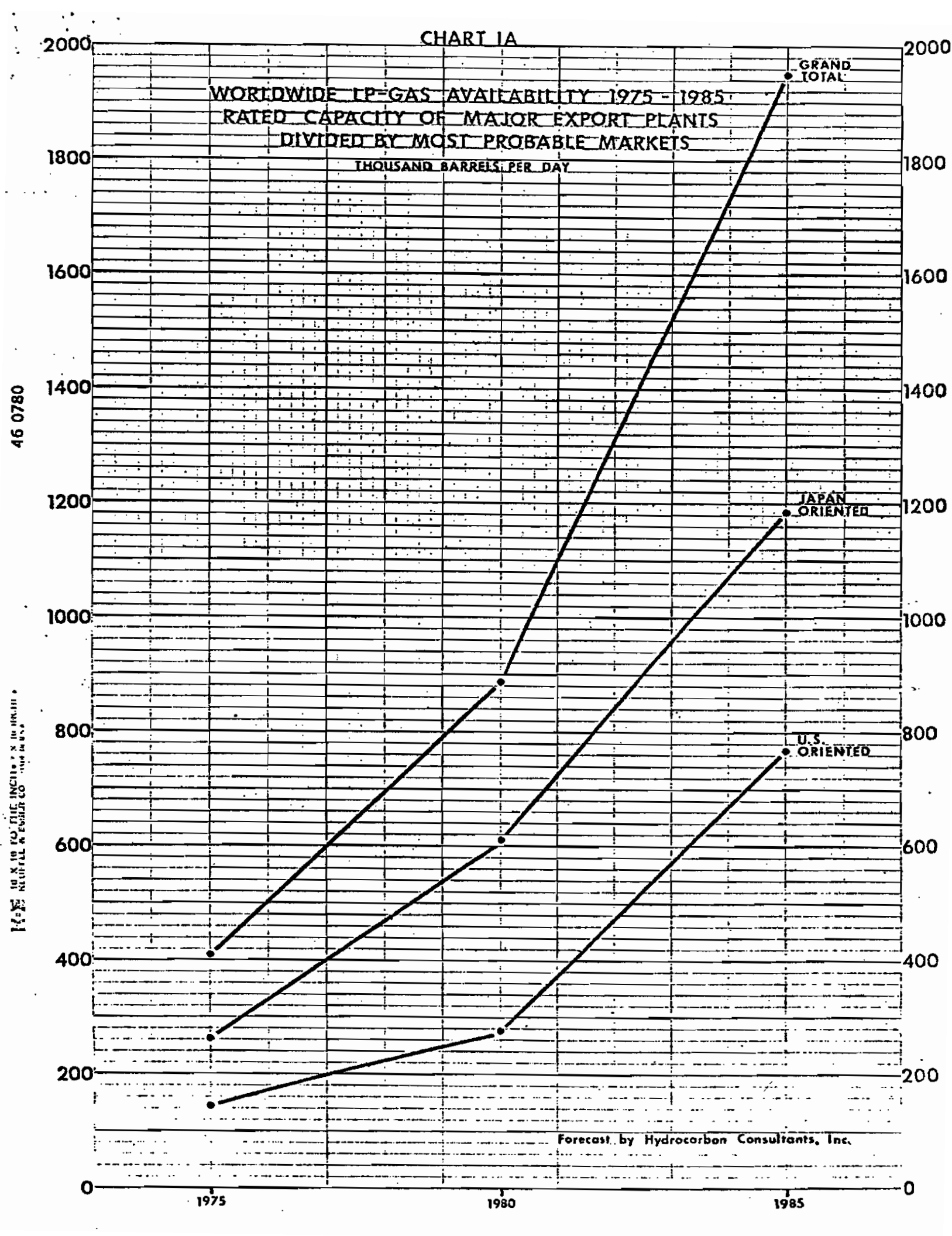
Table I (page 2)

	1975	1980	1981-85 (Planned Additions)	1985
Middle East				
Saudi Arabia	129	267	259	525
Kuwait	45	162	---	162
Abu Dhabi	---	32	97	129
Iraq	---	---	113	113
Iran	32	32	65	97
All Other	---	40	40	81
Sub-Total	206	533	574	1,107
Far East				
Australia	57	57	---	57
Indonesia	---	21	---	21
Sub-Total	57	78	---	78
Total Japan Oriented	263	611	574	1,185
Total U.S. Oriented	145	275	492	766
GRAND TOTAL	408	886	1,066	1,951

CHART 1A

WORLDWIDE LP-GAS AVAILABILITY 1975 - 1985
RATED CAPACITY OF MAJOR EXPORT PLANTS
DIVIDED BY MOST PROBABLE MARKETS

THOUSAND BARRELS PER DAY



Forecast by Hydrocarbon Consultants, Inc.

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CHART IB

WORLDWIDE LP-GAS AVAILABILITY 1975 - 1985
RATED CAPACITY OF MAJOR EXPORT PLANTS
BY GEOGRAPHIC AREA

THOUSAND BARRELS PER DAY

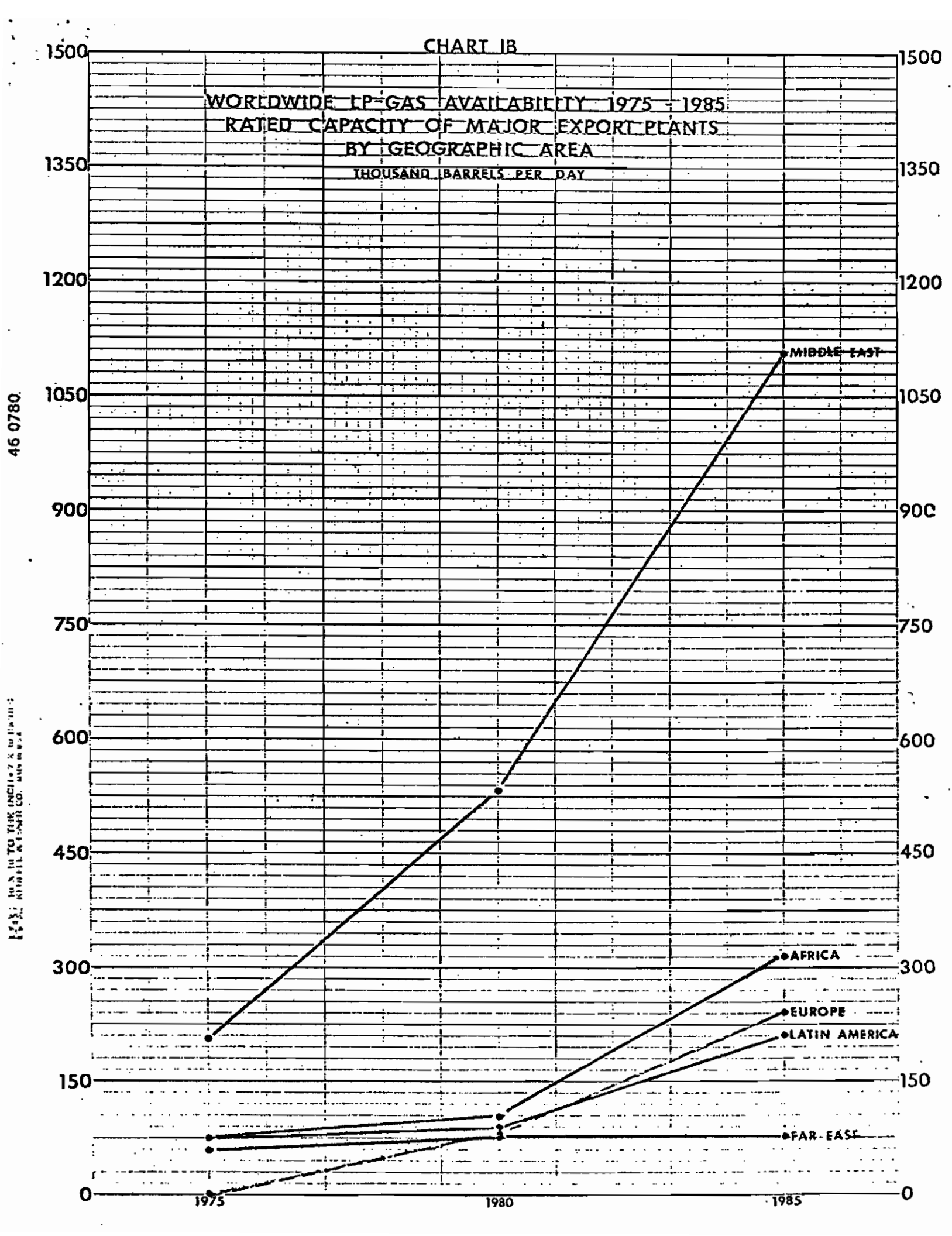

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Table II

WORLD SEABORNE EXPORT/IMPORT BALANCE

LP - GAS 1975 - 1990

	1975	1980	1985	1990
Capacity of Major Export Plants				
Million Tons/Year	12.65	27.40	60.40	90.00
70% of Capacity	9.49*	19.18	42.28	63.00
Thousand bbls/Day	306.8	620.1	1,366.9	2,036.7
Estimated Demand (Thousand bbls/Day)				
Europe	9.7	58.2	97.0	161.6
U.S.A.	29.1	119.6	323.3	549.6
Japan	194.0	307.1	484.9	711.2
Total	232.8	484.9	905.2	1,422.4
Surplus (Thousand bbls/Day)				
Available for Large New Uses or Not Produced	74.0	135.2	461.7	614.3

*Note: 1975 Export Plants run at 75% capacity.

CHART II

LP-GAS 1975-1990

WORLD SEABORNE EXPORT/IMPORT BALANCE

THOUSAND BARRELS PER DAY

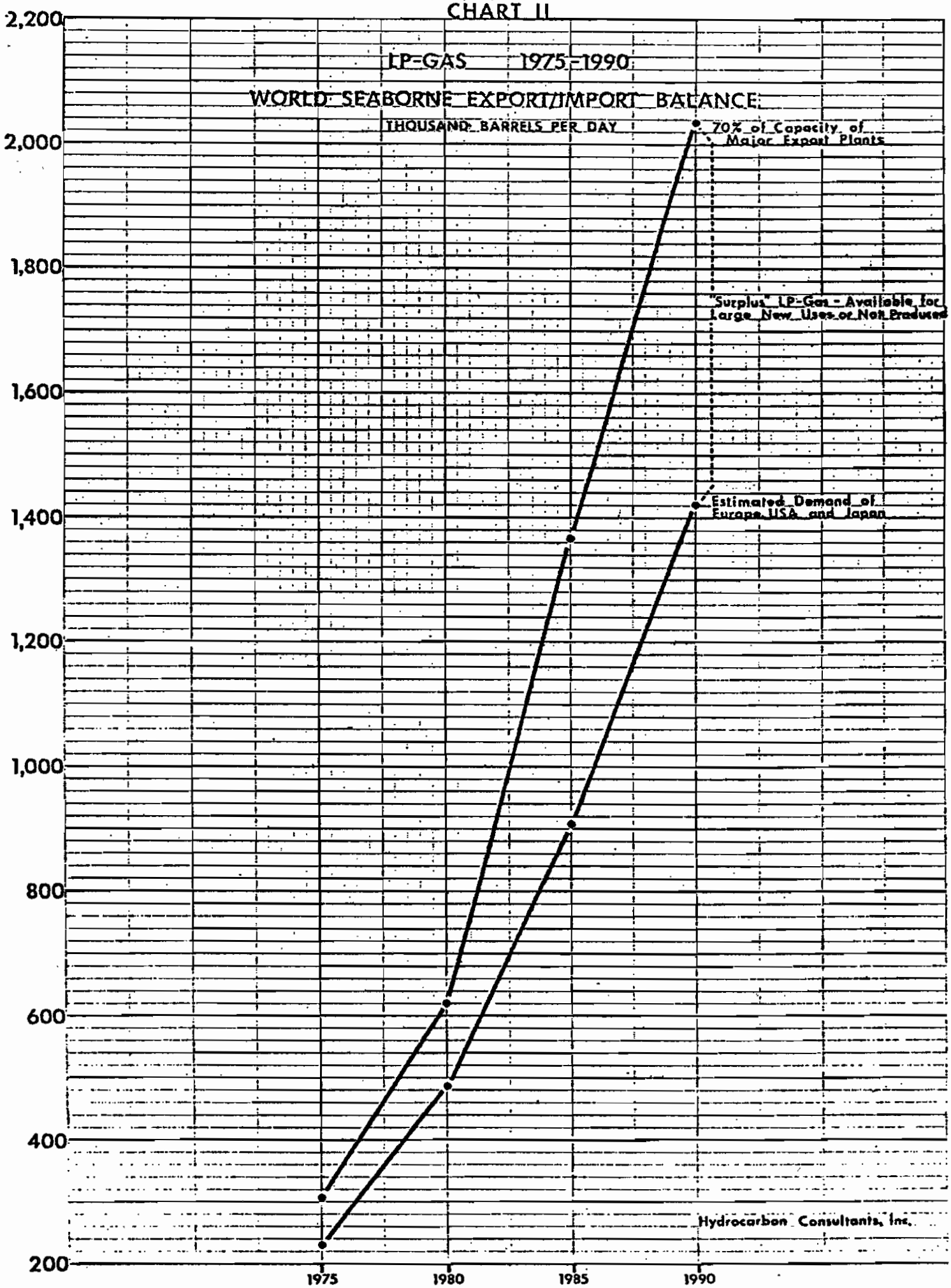

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Table III

WORLD SEABORNE EXPORT/IMPORT BALANCE

PROPANE 1975 - 1990

	1975	1980	1985	1990
LP-Gas Capacity of Major Export Plants				
Million Tons/Year	12.65	27.40	60.40	90.00
Propane 60% of Total				
Million Tons/Year	7.59	16.44	36.24	54.00
Operated at 70% of Cap.				
Million Tons/Year	5.31	11.51	25.37	37.80
Million bbls/Year (x12.41)	65.9	142.8	314.8	469.1
Thousand bbls/Day	180.5	391.2	862.5	1,285.2
Estimated Demand (Thousand bbls/Day)				
Europe	-	10.0	30.0	60.0
U.S.A.	20.0	40.0	225.0	375.0
Japan	90.0	200.0	265.0	350.0
Total	110.0	250.0	520.0	785.0
Surplus (Thousand bbls/Day)				
Available for Large New Uses or Not Produced	70.5	141.2	342.5	500.2

CHART III

PROPANE 1975 - 1990

WORLD SEABORNE EXPORT/IMPORT BALANCE

THOUSAND BARRELS PER DAY

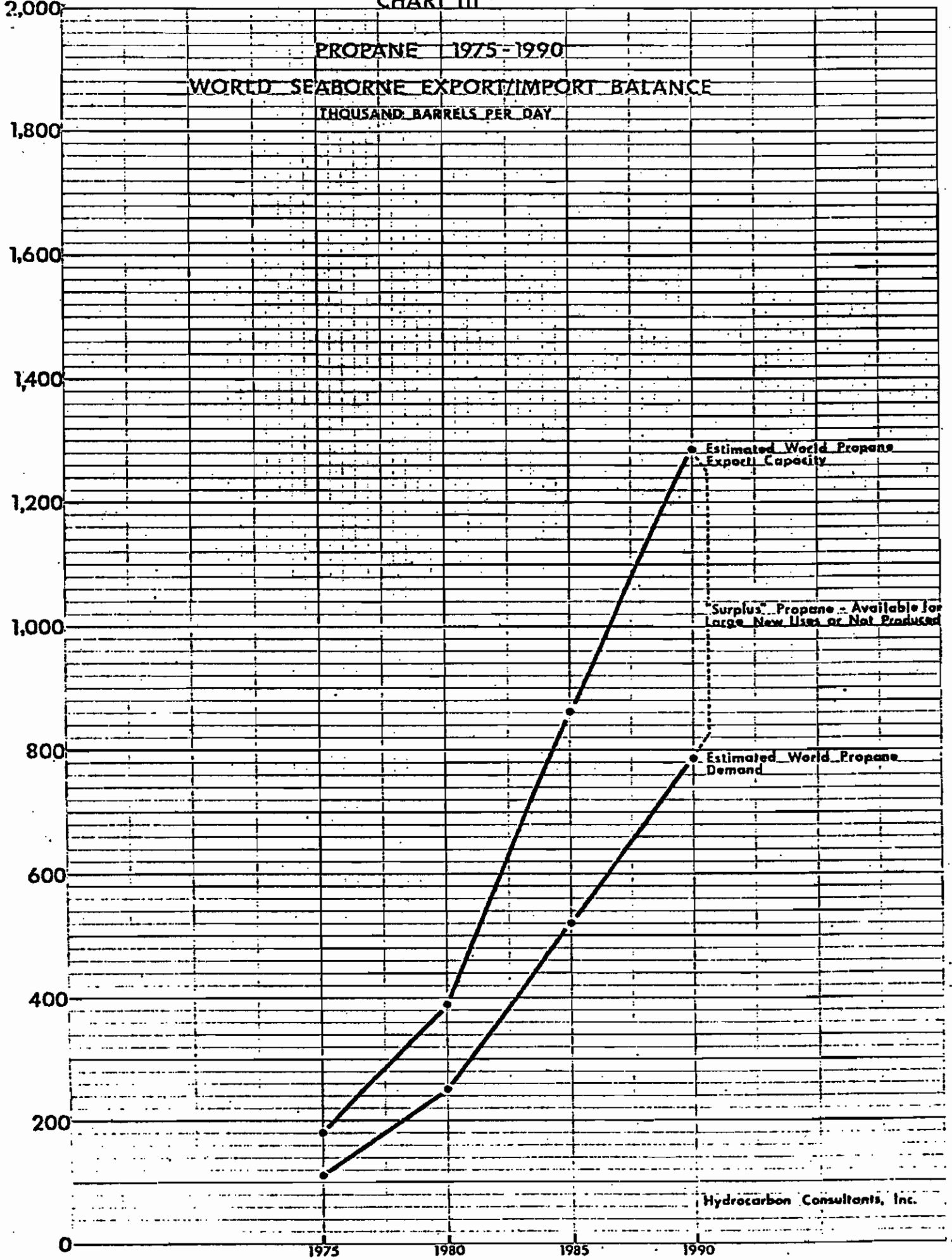

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TABLE IV

SUPPLY - DEMAND AND BALANCE OF PROPANE FOR THE U.S.

Million Barrels/Year

	1970 Final	1973 Final	1975 Final	1977 Final	1978 Prelim.	1979 Est.	1980 Proj.	1985 Proj.
DEMAND								
1. Residential & Commercial	166	174	156	161	155	160	155	175
2. Engine Fuel	23	26	23	23	20	23	26	35
3. Industrial	17	22	22	21	27	28	29	35
4. Utility (Conventional)	5	8	9	13	12	13	12	20
5. Miscellaneous (Agric., SNG)	6	12	32	47	39	40	40	45
6. Chemical	65	80	53	47	31	62	50	65
7. Total Domestic Demand	283	322	295	312	284	326	312	375
8. Exports	2	6	5	3	3	2	2	2
9.a. Total Demand (SR Basis)**	285	328	300	315	287	328	314	377
b. Total Demand (PS Bssis)***	285	327	295	307	292	325	310	375
SUPPLY								
10. Gas Processing Plants	202	213	201	186	179	175	172	148
11. Refineries	83	99	85	97	98	103	105	125
12. Total Domestic Supply	285	312	286	283	277	278	277	273
13. Imports from Canada	8	19	15	22	15	23	26	25
14. Imports from Overseas	1	7	7	9	6	12	15	82
15. Total Imports	9	26	22	31	21	35	41	107
16. Total Supply	294	338	308	314	298	313	318	380
17. Inventory Change	+9	+11	+13	+7	+6	-12	+8	+5

** DOE LPG Annual Sales Report
*** DOE Annual Petroleum Statement

INCOMING ORIGINAL

JUN 1 81930

TROPI MIA CGBL

WU INFOMASTER 1-008969M170024 06/18/80
TLX TRAFCO USA HOU
ZCZC 24 HOUSTON TX JUNE 18
TLX 808078 TROPI MIA CGBL
ATTN: MR. PETER PASSALACQUA
BT
TRAFCO USA UT

GAS MARKET REPORT NO. 63 18TH JUNE 1980
;;;;;;;;;;;;;;;;;;;;;;;;; ;;;;;;;;;;;;;

AS STUDENTS OF THE INDUSTRY WE TRY WITH INTEREST TO FOLLOW WHAT IS GOING ON AROUND THE WORLD. CENTRE STAGE FOR SOME EIGHT MONTHS NOW HAS BEEN HOW PETROMIN WILL DISPOSE OF THEIR NEW LPG PRODUCTION.

OVERLOOKING ANNUAL CHANGING PRODUCTION RATIOS BETWEEN BUTANE AND PROPANE AND JUST CALLING IT LPG AND ALSO DENYING SUCH A THING AS CONDENSATE OR C5'S EXIST A PICTURE AS FOLLOWS IS GRADUALLY COMING UP ON OUR SCREENS.

ALL NUMBERS BEING IN THOUSANDS

	1980	1981	1982	1983
DOW	160	250	300	300
SUN	250	350	350	350
TENECO	65	150	200	250
NNG	45	200	200	200
MOBIL	-	100	100	100
TEXACO	-	100	100	100
CHEVRON	-	100	100	100
EXXON	-	100	100	100
PHIL 66	60	200	200	200
U C	60	60	60	60
CITY	65	100	100	100
CITOH	175	250	250	250
MBK Mitsui	75	150	200	200
MSK Mitsubishi	175	250	250	250
NGPC Nippon	175	250	300	350
IDMTSU	65	150	150	150
MRUBNI	60	150	150	150
DAIKO	50	100	100	150
SUMTMO	50	150	150	150
KANMTSU	65	100	100	150
KYODO	-	100	100	150
SUMIT Tiawan	-	250	250	350
TAEMTH (Taiwan/Korea)	-	-	250	250

LATSIS	150	250	250	300
TRANSHIP	250	350	350	350
ARAB	250	350	350	350
GOLAR	60	200	250	250
MUNDO	250	250	250	250
TRAMO	250	275	275	275
GAZO		250	250	250
PETRACO	70	200	250	250
GAT	70	250	250	250
CFPELF	70	100	100	100
TOT PETROMIN SALES PLUS ARAMCO ALLOTS.	3625	3625	3625	3625
EST TOTAL SAUDI SALES PLUS SPOT SALES DEPNDT.	6790	1010	10560	11010
CRUDE RUNS	500	800	800	800
EST TOTAL POSS SAUDI SALES LESS EST.	7290	10310	11360	11810
L979 PRODUCTN.	5800	5800	5800	5800
EST ANNUAL INC. AVAILS	1490	5010	5260	6010

AS TIME GOES BY OUR DEGREE OF ACCURACY MAY BECOME KNONWN AS WILL KNOWLEDGE AS TO WHETHER THERE WILL BE MORE NAMES TO ADD TO THE LIST.

REGARDS
TRAFCO USA INC
HOUSTON TEXAS
PH 713-654-0626
TLX 775763 (ANSWER BACK TRAFCO USA HOU)

NNNN
0955 EST

TROPI MIA CGBL

Oil Daily 18/7/80
Iwatani & Ltd Japan 1981 153,000 1982–1985 250,000

SLIGHT MARKET SOFTENING?

Saudi Arabia

Petromin had increased its f.o.b. price for LP-gas to 79.5 cents/gal, but dropped it two weeks later to 77 cents. It is believed the cut was influenced by a reduction for Iranian product on May 13 from 85 cents/gal to 79 cents. Saudi Arabia now has 10 Japanese buyers contracted for liquids production. They are:

Company	1980	1981	Company	1980	1981
Mitsui & Co.	100,000	125,000	Nippon Oil	150,000	150,000
Mitsubishi Corp.	75,000	175,000	Idemitsu/Kosan	50,000	100,000
C. Itoh & Co.	100,000	100,000	Daikyo Oil	100,000	100,000
Sumitomo Corp.	50,000	100,000	Fuji Oil	100,000	130,000
Kanematsu-Gosho	75,000	100,000	Japan Line	100,000	150,000

(figures are metric tons)

TOTAL IMPORT REVISIONS.

Japan

Japan's latest revision of fiscal 1979 LPG import figures (April 1979-March 1980) shows imports were 16.8% above 1978 levels. The total was 9.4 MM tons and of this nearly 60% was marketed by four firms---Nippon Oil & Gas 20.3%, Bridgestone LPG 15%, Idemitsu Kosan 12.6%, and Mitsubishi LPG 11.2%.

April 1980 imports alone amounted to 873,535 tons. The average delivered price per ton was $321.55 (calculated at an exchange rate of 252.39 yen to the dollar).

...JAPANESE LOCAL PRODUCTION. Japanese refineries produced 388,640 tons of LPG, with another 359,171 tons from petrochemical plants and 1227 tons from other sources placing domestic production at 749,038 tons, not far below total LPG imports for the month.

Saudi Arabia accounted for most of the imported product, 61.7%, with Australia second with 10.56%.

GETTING OFF DEAD CENTER DOWN UNDER.

Australia/New Zealand

For the two Pacific Ocean nations south of the equator, developing a major market activity for propane as a motor fuel has been a halting effort. Australian officials have had some difficulty making up their mind as to the direction they wished to travel (as the NEWSLETTER has previously reported), but they are now on track and targeting massive conversions as a matter of official policy. New Zealand, on the other hand, is pretty much dedicated to a gaseous fuels program, but natural gas is to be the preferred fuel on at least an interim basis. LP-gas will have its day, but all in good time.

...IN NEW ZEALAND, A DIFFERENT APPROACH TO MARKETING. The decision of the New Zealand government to throw its weight behind natural gas as an interim measure appears unique, although the supply situation that has prompted the action is not unusual. Exploitation of petroleum energies typically follows this pattern: First the emphasis in production and marketing is concentrated on crude oil, following which natural gas--perhaps a wasted resource at the start--is utilized. If this gas is sufficiently wet, processing facilities are then constructed and the LP-gases and other gas liquids are stripped out and put to use.

The step from producing crude to utilizing natural gas must usually await the building of transmission lines to link the supply source with urban distribution networks, or in the alternative the construction of a liquefaction plant with appurtenant facilities including vehicles and downstream gasification plants. But in the case of New Zealand's relatively new Maui offshore gas field, there will be no waiting. The gas, which is wet, will be separated from its liquids, which will be stored. Then it will be compressed and used as a motor fuel.