

BANKING/FINANCE

As Venezuela Spirals, US Oil Confronts \$10 Billion Threat

by Alex Nussbaum
and Sheela Tobben

The tanker Paramount Helsinki docked in Pascagoula, Mississippi, bearing the lifeblood of Chevron Corp.'s refinery there: 532,000 barrels of thick Venezuelan oil.

Its arrival on July 23, as Venezuela's democracy slid into what may be its final crisis, underscores the uneasy partnership that the American oil industry has entered with a nation some fear is marching toward dictatorship.

From New Jersey down to Texas, oil companies have come to depend on crude-soaked Venezuela to feed their massive refineries. Last year alone, more than 270 million barrels worth about \$10 billion reached American shores, enough to produce about 5 billion gallons of gasoline.

Now that vital flow could be stanching if, as industry leaders fear, President Donald Trump's administration embargoes imports to pressure his Venezuelan counterpart, Nicolas Maduro. The socialist autocrat's allies on Thursday will begin rewriting the constitution, pushing aside Venezuela's democratic institutions. The prospect of a U.S. response that cuts off crude has been particularly unsettling for the likes of Chevron, Phillips 66 and Valero Energy Corp., which have spent billions calibrating their plants to handle Venezuela's sludgy-but-abundant oil.

"The reason why Trump has not hit back immediately is because there are lots of constituencies," foremost among them U.S. refiners and anyone who drives, said Sandy Fielden, commodities research director at Morningstar Inc. in Chicago. "A lot of different parties will be impacted."

The U.S. froze any American assets owned by Maduro, a largely symbolic move. White House officials have prepared a menu of possible additional sanctions, but are divided over whether to restrict crude sales, according to a person familiar with the planning. The person asked not to be identified discussing internal deliberations.

An embargo on oil from Venezuela, the third biggest supplier to the U.S., could force a slowdown in production at Gulf Coast refineries and at least a temporary spike in gasoline prices. That could be sensitive for Trump, who repeatedly attacked Barack Obama over prices at the pump. "Gas prices are at crazy levels—fire Obama!" he tweeted in 2012.

Refiners could turn to suppliers of heavy crude from Canada to Mexico to Iraq, but the move would ripple across global markets as other customers are shunted aside. It's unclear how quickly alternate sources such as Canada's oil sands, most of which already go to the U.S., or Mexico, which is battling supply disruptions of its own, could fill the gap.

U.S. refineries process a third of all Venezuelan oil. Washington is weighing the "uncertain odds" that a crude ban could unseat Maduro against "significant prospects of higher feedstock costs and narrower margins for Gulf of Mexico refiners," Kevin Book, managing



CARLOS BECERRA/BLOOMBERG NEWS

Venezuela Information Minister Ernesto Villegas said that sanctions will merely strengthen President Nicolas Maduro, who already makes a bogeyman of the U.S.

director at researcher Clearview Energy Partners LLC, said in a note to clients this week.

JUST TRY US

Venezuela Information Minister Ernesto Villegas said in an interview in Caracas on Wednesday that punishment will merely strengthen a president who already makes a bogeyman of the U.S.

"If we get oil sanctions, they are doing us a favor," Villegas said. "Fuel will be more expensive in the United States and Europe, and Nicolas Maduro will continue in Miraflores," he said, referring to the presidential palace.

Just how much a ban would elevate prices depends on how quickly refiners could find replacements but the impact is likely to be short-lived, said John Auers of Turner Mason & Co., a Dallas-based energy consultancy. Still, refiners would feel the pinch. Auers estimated the industry has spent more than \$50 billion in the past several decades preparing plants for high-density, high-sulfur crude from Venezuela and elsewhere.

Chevron, Valero and other companies have lobbied the Trump administration for caution. The American Fuel & Petrochemical Manufacturers, a trade group, argued in a July 6 letter that sanctions could have "a significant negative effect on U.S. refiners, consumers and our nation's economy."

While companies have been trimming Venezuelan imports for months, the nation is still a key supplier for some of America's biggest refineries. Last month, the country accounted for a more than a quarter of capacity at Valero's Port Arthur complex in Texas, according to U.S. Customs data compiled by Bloomberg. It was 43 percent at Chevron's facility in Pascagoula, the Gulf Coast town where the Isle of Man-flagged Paramount Helsinki unloaded.

Alex Nussbaum and Sheela Tobben report for Bloomberg News.



CITY OF DORAL NOTICE OF PUBLIC HEARING

All residents, property owners and other interested parties are hereby notified of a **City Council Zoning Hearing** on **Wednesday, August 23, 2017, beginning at 6:00 PM**, to consider adoption of the update fee schedule for the Planning and Zoning Department. This meeting will be held at the **City of Doral, Government Center, Council Chambers** located at **8401 NW 53rd Terrace, Doral, FL. 33166**.

The City of Doral proposes to adopt the following:

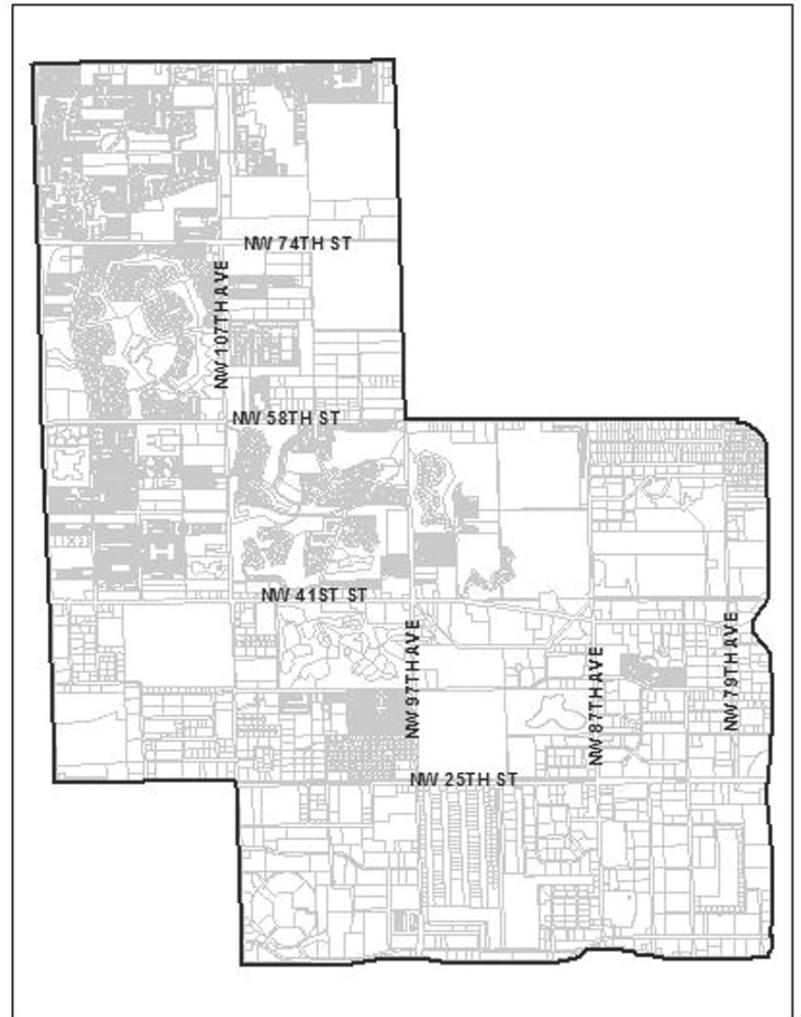
RESOLUTION No. 17-

A RESOLUTION OF THE MAYOR AND THE CITY COUNCIL OF THE CITY OF DORAL, FLORIDA, AMENDING THE FEE SCHEDULES OF THE PLANNING AND ZONING DEPARTMENT; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE.

HEARING NO.: 17-08-DOR-09

APPLICANT: City of Doral

REQUEST: To adopt the updated fee schedule for the Planning and Zoning Department.



Information relating to this request is on file and may be examined in the City of Doral, Planning and Zoning Department located at **8401 NW 53rd Terrace, Doral, FL. 33166**. All persons are invited to appear at this meeting or be represented by an agent, or to express their views in writing addressed to the City Clerk, **8401 NW 53rd Terrace, Doral, FL. 33166**. Maps and other data pertaining to these applications are available for public inspection during normal business hours in City Hall. Any persons wishing to speak at a public hearing should register with the City Clerk prior to that item being heard. Inquiries regarding the item may be directed to the Planning and Zoning Department at 305-59-DORAL.

Pursuant to Section 286.0105, Florida Statutes if a person decides to appeal any decisions made by the City Council with respect to any matter considered at such meeting or hearing, they will need a record of the proceedings and, for such purpose, may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. This notice does not constitute consent by the City for introduction or admission of otherwise inadmissible or irrelevant evidence, nor does it authorize challenges or appeals not otherwise allowed by law. In accordance with the Americans with Disabilities Act, all persons who are disabled and who need special accommodations to participate in this meeting because of that disability should contact the Planning and Zoning Department at 305-59-DORAL no later than three (3) business days prior to the proceeding.

NOTE: If you are not able to communicate, or are not comfortable expressing yourself, in the English language, it is your responsibility to bring with you an English-speaking interpreter when conducting business at the City of Doral during the zoning application process up to, and including, appearance at a hearing. This person may be a friend, relative or someone else. A minor cannot serve as a valid interpreter. The City of Doral DOES NOT provide translation services during the zoning application process or during any quasi-judicial proceeding.

NOTA: Si usted no está en capacidad de comunicarse, o no se siente cómodo al expresarse en inglés, es de su responsabilidad traer un intérprete del idioma inglés cuando trate asuntos públicos o de negocios con la Ciudad de Doral durante el proceso de solicitudes de zonificación, incluyendo su comparecencia a una audiencia. Esta persona puede ser un amigo, familiar o alguien que le haga la traducción durante su comparecencia a la audiencia. Un menor de edad no puede ser intérprete. La Ciudad de Doral NO suministra servicio de traducción durante ningún procedimiento o durante el proceso de solicitudes de zonificación.

Connie Diaz, CMC
City Clerk
City of Doral
8/8

17-64/000246376M