

March 5, 2008

Sector	Rating
Independent Refiners	Market Underweight

Companies Covered

Company	Cl. Price	Rtg
Frontier Oil Corporation	\$34.86	U
Sunoco, Inc.	\$60.71	P
Tesoro Corp.	\$35.78	U
Valero Energy Corp.	\$56.67	P
Western Refining Inc	\$18.93	U

O=Outperform; P=Peer Perform; U=Underperform

Securities in this report priced as of:

March 04, 2008 16:00ET

Week Ending February 29th; Bullish Report for Crude and Moderately Bullish Report for Refined Product Relative to Expectations

- Today's report showed crude oil inventories fell by 3.1 million barrels, compared to expectations for a build of 2.4 million barrels. Inventories fell in the West Coast by 2.4 million barrels. The Midwest and East Coast saw draws of 820,000 barrels and 556,000 barrels, respectively. The Gulf Coast saw a build of 475,000 barrels. Crude imports decreased by 521,000 b/d, to 9.4 million b/d.
- Gasoline inventories rose, by 1.7 million barrels from a week ago. The consensus estimate was for a build of 600,000 barrels. The build was concentrated in the East Coast where inventories increased by 2.3 million barrels, along with an increase in the Midwest of 27,000 barrels. The West Coast and Gulf Coast saw a draws of 530,000 barrels, and 417,000 barrels, respectively.
- Distillate inventories, which are comprised of both diesel fuel and heating oil inventories, fell by 2.3 million barrels. This compares to expectations for a decline of 1.6 million barrels in inventories. Heating oil inventories decreased by 2.1 million barrels, and diesel inventories also fell by 207,000 barrels.
- Implied demand for gasoline was flat from a year ago, at 9.2 million b/d, while implied demand for distillate decreased by 7.1% from last year, to 4.5 million b/d.
- Gasoline production rose by 264,000 b/d, to 9.04 million b/d, and distillate production increased by 117,000 b/d from the prior week, to 4.0 million b/d. Refinery utilization increased by 1.2 percentage points, to 85.9%. Expectations were for an increase of 0.3% in utilization from last week.

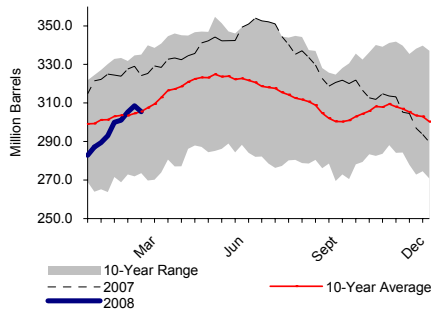
Thousands of Barrels	2/29/2008	2/22/2008	Weekly Change	3/2/2007	Annual Change
Crude Oil	305,449	308,505	(3,056)	324,156	(18,707)
Crude Oil ex Padd V	252,197	252,834	(637)	271,902	(19,705)
Gasoline	234,276	232,619	1,657	216,425	17,851
Gasoline ex Padd V	201,926	199,739	2,187	186,309	15,617
Jet Fuel	39,342	40,083	(741)	40,236	(894)
Jet Fuel ex Padd V	30,242	30,547	(305)	31,473	(1,231)
Distillate	117,625	119,952	(2,327)	123,172	(5,547)
Distillate ex Padd V	104,828	106,925	(2,097)	111,628	(6,800)
Residual Fuel	36,508	36,672	(164)	35,625	883
Residual Fuel ex Padd V	31,186	31,192	(6)	30,745	441
Total Crude and Products	733,200	737,831	(4,631)	739,614	(6,414)
Total ex Padd V	620,379	621,237	(858)	632,057	(11,678)
Strategic Petroleum Reserve	698,711	698,577	134	688,604	10,107
Refinery Utilization (%)	85.9	84.7	1.2	85.8	0.1
Imports (000 b/d): Crude Oil	9,437	9,958	(521)	8,872	565
Gasoline	800	1,354	(554)	788	12
Distillate	186	194	(8)	432	(246)
Production (000 b/d): Crude Oil	5,050	5,044	6	5,267	(217)
Gasoline	9,042	8,778	264	8,590	452
Distillate	4,005	3,888	117	4,024	(19)
Implied Demand (000 b/d): Total Products	20,383	20,407	(24)	21,273	(890)
Gasoline	9,205	9,179	26	9,324	(119)
Distillate	4,523	4,450	74	4,646	(123)
% Change in Implied Demand: Total Products			-0.1%		-4.2%
Gasoline			0.3%		-1.3%
Distillate			1.7%		-2.6%

† All numbers are after stock-based compensation expense, normalized consistent with BSC option expense policy.

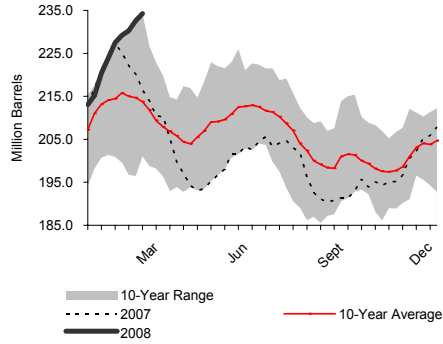
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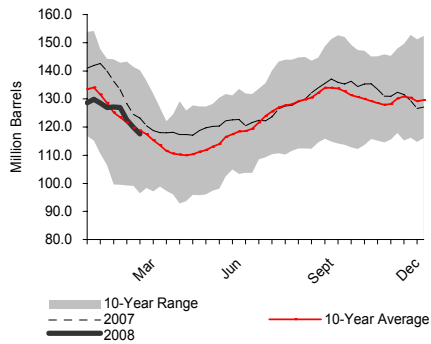
Crude Oil Inventories



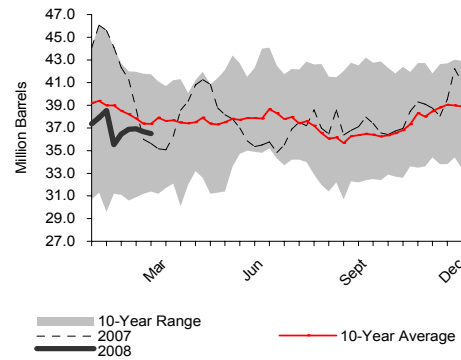
Gasoline Inventories



Distillate Fuel Inventories

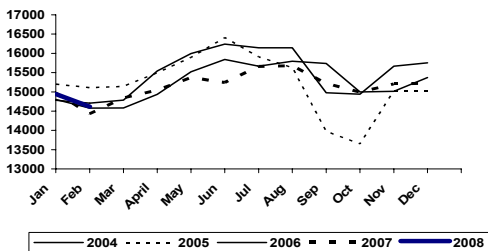


Residual Fuel Inventories

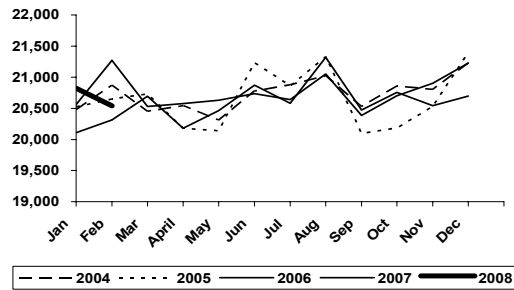


IMPLIED DEMAND (estimated by month)

Crude Oil



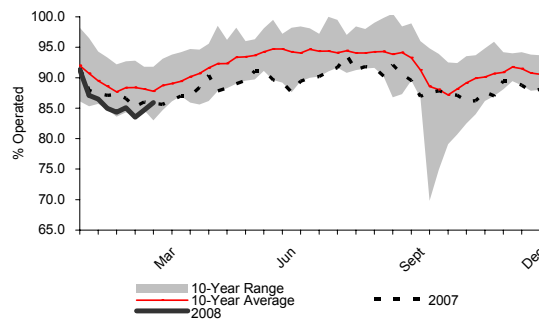
Total Refined Products



Implied Demand (YTD)

(000 b/d)	YTD 2/29/2008	YTD 3/2/2007	Percent Change
Gasoline	9,183	9,244	-0.7%
Distillate	4,501	4,598	-2.1%
Jet Fuel	1,601	1,647	-2.8%
Resid	987	1,143	-13.7%
Total Products	20,667	21,051	-1.8%
Crude Oil	14,760	14,954	-1.3%

Refinery Utilization



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Nicole Decker

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