

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a gold Greek letter alpha symbol to the right, all on a dark red background.

Holly Corporation Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) Our first question comes from the line of Jeff Dietert of Simmons. Your line is open.

Jeff Dietert – Simmons & Co.

Good morning. Jeff Dietert with Simmons and Company. I would like to ask about Salt Lake gross margins for the third quarter. On the second quarter conference call you mentioned July margins were in the 15 to \$16 per barrel range and I had to turn around roughly August 11 to September 5 and that just sounds like a tremendously strong remainder of September. Could you talk about what contributed to the strong margins at Woods Cross?

M. Neale Hickerson

Sure, Jeff. I'll take a stab at it and then Dave or others can jump in. First of all Woods Cross, even though it was in turn around for kind of a good part of the month of August and beginning of September, it still was running kind of partially as units came up and down.

So we actually experienced margins, some margins through that time period. The other thing is I would say in terms of the difference between kind of the second quarter and third quarter for Woods Cross, is in the second quarter our Wyoming sweet, kind of that Guernsey differential that we watch in the sweet crude that we run spread out almost doubled from six to \$7 a barrel up to an average of about \$11 a barrel in the quarter.

And that is in addition to the black wax that we run that I think was around \$21 or so under WTI for the quarter. So some products kind of product price string up there versus the kind of Navajo markets that in them also just incredibly kind of good kind of crude prices for the quarter.

Jeff Dietert – Simmons & Co.

Very good. You have talked about the feed stock flexibility adding 10,000 barrels a day of black wax and 5000 barrels of Canadian heavy at Woods Cross. Could you remind me how much of that supply is under term contract and how much of your buying is under shorter term arrangements?

M. Neale Hickerson

First thing, and then I will turn it to Dave, just to be clear we can run about 5000 of that distressed crude before the projects. We are going to be able to run about 15,000 barrels a day after. So it is really a difference of about 10,000 barrels a day, not 15 and we can mix together.

Copyright © 2008 CNET Networks, Inc. All Rights Reserved.