Eurasia

CERA Consulting & Advisory

CIS Region Crude Blend Valuation & Marketability

Issue

- Caspian producers faced uncertainty around the optimal valuation, pricing, and marketability of their local crude blend, and needed to explore potential blending strategies in a context of declining European demand, ongoing refinery rationalization, and increasing competition from light sweet crudes.
- The high mercaptan content of the blend was resulting in structural price discounts, elevated operational and handling risks, and potential adverse impacts on quality bank outcomes, prompting the need for a comprehensive assessment to define the most value-accretive options.

Our Solution

- CERA Consulting applied its Parity Refining Value (PRV) and 6-cut distillation methodologies, using proprietary refinery LP models calibrated to a representative Mediterranean FCC refinery, to determine the relative value of the subject crudes and their blends.
- The team quantified mercaptan-driven price discounts, modeled blend sensitivities across a 10–40% CPC range, and assessed European refinery absorption capacity, comparative logistics netbacks (Ceyhan vs. Supsa), and potential impacts on quality bank outcomes.

Impact

- Our study identified the most attractive blend configuration for producers, delivering an average premium of approximately +$1.3/bbl versus Dated Brent, while showing that higher-CPC blends incur progressively larger mercaptan-driven discounts.
- We demonstrated that 1.3–2.0 Mb/d of blends can be absorbed by European refineries, supporting commercial viability and pricing transparency while informing quality bank adjustments of ~$4–6/bbl for higher blends.

Illustrative examples of deliverables