

Date: 5/24/04

Refinery: Martinez

	Business Plan	Month End Projection	Better (Worse)
Crude (Mbpd)	131.0	138.8	7.8
Other Inputs (Mbpd)	23.8	27.4	3.6
Total Inputs (Mbpd)	154.8	166.2	11.4
\$MM			
Revenue	148.3	282.7	134.4
Product Costs	91.1	171.5	(80.4)
Hydrocarbon Gross Margin	57.2	111.2	54.0
Energy/Utility Costs	23.9	28.3	(4.4)
Gross Margin	33.3	82.9	49.6
Non Energy Variable Costs	3.9	4.0	(0.1)
Salaries and Wages	6.3	8.6	(2.3)
Other Base Operating	4.0	4.1	(0.1)
Casualty Loss	0.1	0.1	(0.0)
Environmental Remediation	-	-	-
Other Fixed Expenses	2.5	2.7	(0.2)
Turnaround	(0.0)	0.1	(0.2)
Dismantlement	0.3	-	0.3
Operating Expenses	17.0	19.6	(2.7)
Support Services (includes Supply)	1.5	1.5	-
Allocations	-	-	-
Overhead Expenses	1.5	1.5	-
EBITDA	14.1	61.8	47.7
Depreciation & other expenses	9.0	8.2	0.8

NIBT	5.1	53.6	48.5
Taxes	1.8	19.5	17.6
NIBIAT	3.2	34.1	30.9
Gross Margin \$s/BBL	\$ 6.93	\$ 16.09	\$ 9.15
Plan Vs. Estimated Marker \$s/BBL	\$ 5.66	\$ 17.80	\$ 12.14

Variance Explanations *

1) Gross Margin

Hydrocarbon Gross Margin higher than Op Plan: Price = \$47.4MM Volume = \$6.6MM

Hydrocarbon Price

49.3 Core Marker Margin -

SF Very Heavy Coking Plan **\$5.66/bbl**; SF Very Heavy Coking Mont average **\$17.80/bbl**

Marker margin does not include Cat Feed, Iso-Octane, or CARBOB

Secondary Margin:

(4.1) S&D Hurt

(1.1) Transportation cost running higher than Plan due to higher cost and higher marine movement

5.9 Own Produced Fuel price higher than Plan

(2.6) LIFO hurt due to Feedstock built (preparation for CFH T/A)of 243MB with price increase of \$9 and Jet of 90MB with price increase of \$17

2.1 Higher Coke and Asphalt pricess

(2.9) Mogas Component - Primarily Isomaerate 110MB

0.8 Other

47.4 TOTAL (Hydrocarbon Price)

Hydrocarbon Volume - (Volume * Actual Price)

3.7 Own Produced Fuel volume higher than Plan estimate 622 vs. Plan of 493 - NLFEB

3.6 Higher Gasoline mix production.

(1.9) E549 repair \$100M and Cost of Hydrogen shortage \$1.8MM due to HP1 LTS Catalyst change

1.2 Higher Low Sulfur Cat feed volume due to CFH T/A in June .

6.6 TOTAL (Hydrocarbon Volume)

Energy/Utilities Price

Plan \$29.75 vs. Projection \$41.166 - MTD Utilization 94%

(5.9) Own Produced Fuel price higher than Plan

5.0 BP doesn't include credits received from HP3 -Own Produced Fuel

(2.8) Purchase fuel price higher than plan

0.6 Steam price Estimate \$10.69 vs. Plan of \$7.74

(3.1) TOTAL (Energy/Utilities Volume)

Energy/Utilities Volume

(3.7) Own Produced Fuel volume higher than Plan estimate 622 vs. Plan of 493 - NLFEB

2.6 Purchase fuel volume lower (Plan 219 vs. estimate 120.6 - NLFEB)

(0.2) Other

(1.3) Total (Energy/Util Volume)

49.6 TOTAL (GROSS MARGIN)

2) Operating Expenses

Non-Energy (include explanation)

0.8 Catalyst

HCU scheduled for May in BP for \$1.7MM tentatively moved to Jan 2005

HP1 & LTS scheduled for Aug were moved up to May totalling (\$0.9MM)

(0.7) Chemicals

(\$0.6MM) Increased Flexorb usage due to issues with Flexorb startup .

Purchase of RO membrane filters for water - (\$0.1MM) .

(0.2) Other

Hp-3 credit reclassified to Energy expense

(0.1) TOTAL (Non-Energy)

Fixed Costs

(2.3) Salaries and Wages

\$1.2MM cost synergy from forming BVC was not achieved .

\$1.1MM Higher vacation accrual \$0.5MM & Benefits \$0.6MM . Benefits running 10% higher than Plan

Repairs and Maintenance -

Casualty Loss -

Environmental Remediation -

(0.4) Contract Work -

(\$0.2MM) higher base fee for SGS

(\$0.2MM) Other

(0.1) Turnaround -

CFH/COB T/A pre-planning

Other Fixed Expenses -

0.3 Dismantlement

Lower due to ratable Plan

(2.5) TOTAL (FIXED COST)

0.8 Depreciation & Amortization

Accelerated depreciation for LDU write off deferred till Dec

PREMISE CHANGES -- Significant changes to basic drivers premised in plan	
Volumes:	-
	-
Margins:	-
	-
Expenses:	-
	-

Date: 5/24/04

Refinery: Bakersfield

	Business Plan	Month End Projection	Better (Worse)
Crude (Mbpd)	63.0	63.2	0.2
Other Inputs (Mbpd)	10.0	11.0	0.9
Total Inputs (Mbpd)	73.0	74.2	1.2
\$MM			
Revenue	53.7	93.4	39.8
Product Costs	39.4	60.0	(20.6)
Hydrocarbon Gross Margin	14.3	33.4	(19.2)
Energy/Utility Costs	4.2	6.4	(2.2)
Gross Margin	10.1	27.0	16.9
Non Energy Variable Costs	0.4	0.4	(0.0)
Salaries and Wages	3.5	2.7	0.7
Other Base Operating	0.9	0.9	0.0
Casualty Loss	0.0	0.0	0.0
Environmental Remediation	0.0	0.0	-
Other Fixed Expenses	1.0	1.1	(0.1)
Turnaround	(0.0)	0.0	(0.0)
Dismantlement	0.0	0.0	-
Operating Expenses	5.8	5.1	0.7
Support Services (includes Supply)	0.7	0.7	0.0
Allocations	0.0	0.0	-
Overhead Expenses	0.7	0.7	0.0
EBITDA	3.6	21.2	17.6
Depreciation & other expenses	3.3	3.3	(0.0)

NIBT	0.3	17.9	17.6
Taxes	0.1	6.5	6.4
NIBIAT	0.2	11.4	11.2
Gross Margin \$s/BBL	\$ 4.46	\$ 11.76	\$ 7.30
Plan Vs. Estimated Marker \$s/BBL	\$ 6.02	\$ 22.66	\$ 16.64

Variance Explanations *

1) Gross Margin

Hydrocarbon Gross Margin \$19.2 higher than Op Plan: Price = \$18.6MM Volume = \$.5MM

Hydrocarbon Price

(19.1) **Core Marker Margin** - Coker Plan Margin, \$22.66/bbl, Estimate Margin \$11.76/bbl

Currently experiencing strong west coast margins. Regular CARBOB gasoline averaging almost \$70/bbl

Kern Crude averaging apx. \$33.75/bbl

Secondary Margin:

0.5 Prior Period price adjustments on alkylate and iso octane (S&D Bucket)

(18.6) TOTAL (Hydrocarbon Price)

Hydrocarbon Volume - (Volume * Actual Price)

- (0.5) Anticipate to pull approximately 100K bbls. Half of which is RGO from our outside plant. The balance is the net of the remainder products.
The Coker is slowed today for a boiler inspection on SRU #2. All the heaters will be decoked during the 10 day slowdown
All other units running well.

(0.5) TOTAL (Hydrocarbon Volume)

Energy/Utilities Price

- 1.8 Own-Prod Fuel - Plan \$14.76/bbl - Estimate \$33.07/bbl
0.5 Purch Nat Gas - Plan \$25.29/bbl - Estimate \$36.77/bbl
(0.2) Purch Electricity -Plan \$.107 kw vs Estimate \$.093 kw
0.1 Other -

2.2 TOTAL (Energy/Utilities Volume)

Energy/Utilities Volume

- 0.0 Own-Prod Fuel - Plan Volume
0.0 Purch Nat Gas Plan
0.0 Purch Electricity
0.0 Other
0.0 Total (Energy/Util Volume)

(16.9) TOTAL (GROSS MARGIN)

2) Operating Expenses

Non-Energy (include explanation)

Catalyst

Chemicals

Other

0.0 TOTAL (Non-Energy)

Fixed Costs

Forecasted Fixed Costs are \$.7MM above/below Plan due to the following (include explanation):

0.7 Salaries and Wages Reduction for severance and for employees that have transferred or resigned.

Repairs and Maintenance -

Casualty Loss -

Environmental Remediation -

0.2 Contract Work -

Reduction in scope of work due to plant closure

Turnaround -

(0.3) Other Fixed Expenses -

Estimated accrual of relocation > severance

0.7 TOTAL (FIXED COST)

PREMISE CHANGES -- Significant changes to basic drivers premised in plan

Volumes: -

-

Margins: -

Expenses: Anticipate \$7.0MM for Tricor Legal settlement. Estimate included in Other refining.

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<i>\$MM NIAT Help/(Hurt)</i>	May Projection	Business Plan	YTD Projection	YTD Business Plan
Bakersfield	\$ 11.4	\$ 0.2	\$ 24.7	\$ (6.8)
Martinez	\$ 34.1	\$ 3.2	\$ 91.4	\$ 36.2
Bay Valley	\$ 45.5	\$ 3.4	\$ 116.1	\$ 29.4