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\*\*\*Tank Tiger to Broker New Storage Space, Idle Rail Cars as Oil Glut Eases

The Tank Tiger LLC, a broker in the U.S., Caribbean and South American tank space and terminaling services, is ready to pounce on opportunities in brokering new tankage and idle rail car storage opportunities created by a rapidly changing petroleum market.

The company, which in May celebrated its 500th brokered storage transaction deal in just about a year after its launch, is now listing significantly more storage space and at lower rates, a sign that the oil market is slowly moving toward equilibrium after a two-year supply glut.

As oil market fundamentals continue to improve, Tank Tiger's unique brokerage business is expected to run full steam ahead, as previously unavailable storage space continues to free up, said CEO Ernie Barsamian, a 30-year veteran in the petroleum terminal business.

The Princeton, N.J.-based firm's revenue model is based on commissions or finder's fees paid by terminal owners or existing tenants looking for subleases in bulk liquids including gasoline, distillates, crude and chemicals.

Tank Tiger's service is similar to that of Match.com or StubHub, a hub-and-spoke system that serves as a central depository of market intelligence, functioning as a market exchange connecting terminal storage owners and end-users, said Barsamian.

"Not every match turns into a marriage, but our service is an efficient mechanism that removes some of the uncertainty from the process by identifying the wants and needs of the buyers and sellers," the 56-year-old former New Jersey Oaks semi-pro football player told OPIS.

Barsamian said he has recently listed several million barrels of crude oil storage for leasing, a reflection that the U.S. petroleum storage market is loosening up and the contango in crude oil futures should flip toward backwardation early next year.

A contango is a market in which future deliveries are pricier than prompt prices, encouraging participants to store crude to deliver them in the future for a low-risk profit. Backwardation is the exact opposite market of contango.

According to TheTankTiger.com, ask prices for storage tanks are currently in the 40-50cts/bbl range, noticeably higher than the 30-40cts/bbl bids based on inquiries.

"These prices are much lower than they were a year ago, and this storage was not available at all a year ago," said Barsamian.

Tank Tiger's website also offers a smorgasbord of metrics under its storage listings and end users' inquiries such as location, products, capacity and dates. Tank Tiger also emails free weekly bulletins with its most up-to-date listings.

Although recent supply disruptions have propped up spot prices, some WTI futures strips at over \$50/bbl made it attractive for producers to sell forward futures, pressuring outer-month futures prices. On Monday, July 2016 WTI was quoted at \$3.50/bbl above the front-month July 2015's prices, versus \$10/bbl or more when crude prices bottomed.

"We expect to see more opportunities for storage, as current leases expire or people renew at lower rates when supply and demand normalizes," Barsamian said.

In addition, when traders are eyeing a "distressed cargo" and cannot pull the trigger on a purchase unless because they can't find a tank for its fuel, the brokerage can quickly provide potential available tankage information to meet their storage needs.

"You can't trade physical barrels without first securing terminal storage for the cargoes," he said.

#### Rail Car Storage Brokering

As Brent crude's premium over West Texas Intermediate has diminished, refiners prefer waterborne crudes than U.S. Bakken shale oil, because the latter involves high costs to transport crude by rail cars for a long distance.

Barsamian is able to jump on a new business opportunity created by the rapid shift. Tank Tiger is now actively brokering storage for rail tankers sitting idle, a market that popped up as a result of the empty cars that are no longer hauling shale crude cross country, he said.

"You need somewhere to store these rail cars if they aren't moving. Several owners of short-line track have reached out to us to find them customers who are sitting on idle rail cars," he said.

For example, one of a dozen recent rail car storage-space listings on Tank Tiger's website was a 160-rail-car spots opportunity available in Nebraska that can accommodate crude oil, ethanol or diesel tankers. A typical rail car holds 500-700 bbl of oil.

Tank Tiger also recently added Dave Cerulo, a 40-year downstream industry veteran who will focus on growing East Coast, Caribbean storage and ground transportation businesses.

Barsamian said the Caribbean storage market is going to be very interesting in the months ahead, as St. Croix storage tanks are brought back to the market, Aruba being reactivated, and along with a very dynamic situation in Venezuela.

On Monday, OPIS reported that officials from the Aruba, Venezuela governments, PDVSA and CITGO Aruba met this weekend with an aim to reopen a 209,000-b/d refinery in San Nicolas, Aruba. In April, Limetree Bay Terminals, the new owner of the Hovensa oil Terminal in St. Croix, has received its first products in tanks, OPIS reported.

With everything running in full throttle, Barsamian expects the firm to connect even more buyers and sellers who are looking for petroleum storage services.

"I can say the pace of our brokerage business is accelerating, and we're on our way to hit 1,000 deals in the foreseeable future," he said.

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