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INTERNATIONAL EDITION

OEM/Lube News

Lube Related OEM News, Lube Industry Personnel Appointments, New Lube Blending and Base Oil Plants, Mergers & Acqusitions, and Other Corporate News

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Shell Claims Mobil Delvac 1300 Super 15W-40 Does Not Meet API CK-4

Shell announced in a media release on its website that a sample of Mobil Delvac 1300 Super 15W-40 it examined does not meet API CK-4 performance standards or the more stringent OEM standards claimed for the product. Shell said the sample of Mobil Delvac 1300 Super 15W-40 tested did not meet the passing limits for either API CK-4 performance standards, nor the more stringent requirements for Volvo, MACK and Cummins.

Shell, in the media release, starts by stating "ALL OILS ARE NOT CREATED EQUAL, Mobil Delvac 1300 Super 15W-40 fails the Volvo T-13 test".

Shell goes on to say "We know you expect a lot from your engine oil, so at Shell, we routinely collect and test our own oils as well as our competitor's oils (competitor benchmarking). We do this to understand potential product shortcomings for future designs as well as to validate performance. Recently, Shell ran an industry standard test, the Volvo T-13, a very severe 360-hour duration, high temperature oil oxidation test. The test pushes oil marketers to develop engine oils that are resilient in newer, severe, fuel efficient engines. Shell ran the test, which acts as a key barrier against engine oils with inadequate oxidation protection, at an independent testing facility with a sample of Mobil Delvac 1300 Super 15W-40. This test is critical to pass in order to meet the industry standards for performance in the API CK-4 and FA-4 categories of engine oil. The sample was sent blind to eliminate bias. The sample of Mobil Delvac 1300 Super 15W-40 did not meet the passing limits for either API CK-4 performance standards, nor the more stringent requirements for Volvo, MACK and Cummins. These standards help set the bar for the oxidation stability of engine oils. Oxidation stability of an engine oil refers to its capability to resist thermal and chemical breakdown during engine operation. It is a key indicator of an engine oil's ability to protect itself, the engine hardware, and your investment. Using an engine oil lacking oxidation stability can lead to engine maintenance and performance issues including reduced oil drain intervals, shorter engine life, reduced energy efficiency and fuel economy.

The Shell media release then states "Download the Full Report, PDF, which is entitled "NOT ALL OILS MEET INDUSTRY STANDARDS. SHELL ROTELLA® T4 15W-40 DOES."

The Report goes on to say

QUOTE
When you buy a Shell Rotella® heavy duty engine oil, you rely on our brand to deliver on our promise of protection for your vehicle. That promise is demonstrated by the approvals and specifications that are printed on the label of each Shell Rotella® product.

Shell spends countless hours of work, not only in the laboratory, but also in the real world, to make sure that trust is deserved. Shell also routinely collects and tests competitor oils (competitor benchmarking) to compare our product's performance against the competition. Recently, Shell ran the industry standard Volvo T-13 test at an independent testing facility using Mobil Delvac 1300 Super 15W-40. The sample was sent blind to eliminate bias.

The Volvo T-13 is a grueling 360-hour, severe high temperature oil oxidation test. The test pushes oil marketers to develop engine oils that are resilient in challenging operating environments of newer, more fuel-efficient engines. The Volvo T-13 is a key barrier against engine oils with inadequate oxidation protection.

The test limits for the Volvo T-13 focus on two standard measurements: Kinematic Viscosity at 40o C (KV 40) in the last 60 hours of the test (ASTM D445) and oxidation by infra-red spectroscopy. These

limits are important as they represent the baseline for API CK-4 limits and the more stringent OEM limits. This new test was devised to set the bar for the API CK-4 category of engine oil, designed to include advanced oxidation stability and shear stability.

Oxidation stability of an engine oil refers to its capability to resist thermal and chemical breakdown during engine operation. It is a key indicator of an engine oil's ability to protect the engine itself and engine hardware.

Using an engine oil that lacks oxidation stability can lead to several engine maintenance and performance issues, such as:
- Deposit build up on engine parts that can lead to reduced oil drain intervals and shorter engine life
- More corrosion of engine parts that can lead to greater wear and potentially damage your engine, which could lead to shorter engine life
- Higher viscosity of oil that can lead to reduced engine efficiency and fuel economy NOT ALL OILS MEET INDUSTRY STANDARDS. SHELL ROTELLA® T4 15W-40 DOES.
* Sample purchased in 2018 and Volvo T-13 test completed by an independent testing facility in February 2018.
END QUOTE, and end first page

The second page of the PDF includes graphs of the test results for both Mobil Delvac 1300 Super 15W-40 and Shell Rotella T 15W-40 in the Volvo T-13 test, denoting the passing requirements for API CK-4, Mack EOS 4.5, Volvo VDS 4.5 and Cummins CES 20086 approvals, showing the failure for the Mobil Delvac 1300 Super 15W-40 sample. Shell concludes by stating "As you can see, not all oils are equal. At Shell, we believe in maintaining your trust in our products. We know that your truck is more than just a truck. That's why it deserves more than just any oil."

to view the media release, visit **http://rotella.shell.com/media/2018/volvot13-test-results.html**

to view the Full Report PDF with test results, **click here**

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Global MCO Demand to Increase at CAGR of Over 3.5% Through 2022

The global two-wheeler population is estimated to increase at a CAGR of over 5% through 2022, with the highest growth coming from Asia-Pacific. Consequently, the total demand for motorcycle oils (MCO) is forecast to grow strong at a CAGR of 3.5% during the same period. Three-fourths of the total MCO demand comes from Asia-Pacific, where four countries—India, China, Indonesia, and Thailand—combined account for more than half of the total MCO demand globally, finds Kline's recently published Lubricants for Motorcycles, Scooters, and Mopeds: Global Market Analysis and Opportunities report. Most markets in the region are still low-end in terms of lubricants quality, but are rapidly embracing semisynthetic products, making them attractive in terms of profitability. Europe has the highest penetration of synthetic and semisynthetic products in percentage terms as they account for almost 80% of the total two-wheeler engine oil demand in the region. Although penetration of synthetics and semisynthetics in Asia-Pacific is low, it still accounts for a major share of the global synthetic and semisynthetic volume. OEM genuine oil brands hold the majority share of the high-performance market, signifying that OEM recommendations or endorsements are imperative to gaining market share in the semisynthetic and synthetic products segments, according to the report. The inability of passenger cars to access narrow roads, bad road conditions, and weak public transportation systems are supporting the growth of bike taxis. As a result, usage of two-wheelers for commercial transportation is becoming increasing popular as they provide last mile connectivity to the rising urban population in developing countries. For instance, in India, mobile app-based transportation service providers, such as Uber and Ola Cabs, have launched bike taxis in a few cities to ease urban transportation in high-density traffic areas. With the advent of e-commerce, the number of two-wheelers used for delivery services has also increased tremendously, driving the usage for commercial purposes, the report continues. "The commercial segment is a high-mileage segment that changes lubricants more frequently than the personal-use two-wheelers segment," comments Sushmita Dutta, the report's Project Manager. "Thus, it provides an attractive opportunity to lubricant suppliers. However, brand loyalty is low and product quality decision may be disproportionally influenced by price." Due to the ease of transportation, the percentage of female riders in the two-wheeler market is increasing, resulting in growth in the scooters segment. Particularly, scooters with automatic transmission are the preferred two-wheelers by women as they are easy to operate and offer good fuel efficiency. The future demand for two-wheeler lubricants will be driven by various factors, including growing commercial use, increasing female riders, and penetration of two-wheelers in rural markets in developing countries. However, there will be some obstacles for market growth. The restriction of two-wheeler movement in cities due to congestion and substitution of conventional two-wheelers with electric two-wheelers (bicycles, mopeds, and motorcycles) are the long-term challenges that the lubricants industry is facing.

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BP Releases Its Statistical Review of World Energy 2018

Global energy demand grew by 2.2% in 2017, up from 1.2% last year and above its 10-year average of 1.7%. This above-trend growth was driven by the OECD, particularly the EU. Much of this strength can be directly related to the pickup in economic growth. Despite the unusually strong growth in the OECD, the vast majority of the increase in global energy consumption came from the developing world, accounting for nearly 80% of the expansion, according to BP's Statistical Review of World Energy 2018.

China alone contributed over a third of that growth, with energy consumption growing by over 3% in 2017, almost three times the rate seen over the past couple of years. This sharp pickup was driven by a rebound in the output of some of China's most energy-intensive sectors, particularly iron, crude steel and non-ferrous metals. Despite this increase, the growth of China's energy demand in 2017 was still significantly slower than its 10-year average, and its rate of decline in energy intensity was more than twice the global average.

Global oil consumption growth averaged 1.8%, or 1.7 million barrels per day (b/d), above its 10-year average of 1.2% for the third consecutive year. China (500,000 b/d) and the US (190,000 b/d) were the single largest contributors to growth. Global oil production rose by 0.6 million b/d, below average for the second consecutive year. US (690,000 b/d) and Libya (440,000 b/d) posted the largest increases in output, while Saudi Arabia (-450,000 b/d) and Venezuela (-280,000 b/d) saw the largest declines.Refinery throughput rose by an above-average 1.6 million b/d, while refining capacity growth was only 0.6 million b/d, below average for the third consecutive year. As a result, refinery utilisation climbed to its highest level in nine years. The oil price (Dated Brent) averaged $54.19 per barrel, up from $43.73/barrel in 2016. This was the first annual increase since 2012.

Around 60% of the increase in primary energy was provided by natural gas and renewable energy. Natural gas (3.0%, 83 Mtoe (metric tons of oil equivalent)) provided the single largest contribution to the growth of primary energy, buoyed by exceptional growth in China. This was closely followed by renewable energy (including biofuels) (14.8%, 72 Mtoe), which again grew rapidly driven by robust growth in both wind and solar power.

Coal consumption increased by 25 million tonnes of oil equivalent (mtoe), or 1%, the first growth since 2013. Consumption growth was driven largely by India (18 mtoe), with China consumption also up slightly (4 Mtoe) following three successive annual declines during 2014-2016. OECD demand fell for the fourth year in a row (-4 mtoe). Coal's share in primary energy fell to 27.6%, the lowest since 2004. World coal production grew by 105 mtoe or 3.2%, the fastest rate of growth since 2011. Production rose by 56 mtoe in China and 23 mtoe in the US.

To view the complete report,
visit **https://www.bp.com/en/global/corporate/energy-economics/statistical-review-of-world-energy.html**

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AVISTA OIL and Slicker JV to Build Re-Refinery in Denmark

Following the recent acquisition of AVISTA OIL Services UK Limited by Greenbottle's subsidiary Slicker Recycling Limited, the parties have entered into a partnership to build a 100,000 tons feed capacity used oil re-refinery in Kalundborg, Denmark. Expected base oil production is approximately 1,200- 1400 barrels per day. AVISTA OIL and Greenbottle's subsidiaries' used oil collection networks will supply ample feedstock from different European markets. The Joint Venture will benefit from both parties' experience in collection and trading of used oil, engineering know-how, production of high quality base oil and the sale of the finished products. The construction of the re-refinery, which will produce Group I+ base oil, is expected to be finalised by the end of 2019. Slicker, the largest used oil collector in the UK, continues to invest to improve service quality whilst simultaneously expanding its operations and service lines. The re-refinery project is an opportunity for Slicker to leverage its market leading position and acquire additional used oil volumes to support the re-refinery whilst maintaining its existing Processed Fuel Oil markets. AVISTA OIL can concentrate on its core strengths of a vertically integrated business model whilst benefiting from its own used oil collection network and excellent existing third party supply structure. Commenting on the decision, David Dinwoodie, Managing Director of of Greenbottle Limited, said: "We are delighted to be establishing a Joint Venture with AVISTA OIL AG. This is an exciting project that will bring together two like minded companies to re-develop a base oil re-refinery at economic scale in a relatively short time frame. Greenbottle will continue to grow its businesses in the UK whilst looking at ways to deepen its partnership with AVISTA OIL AG." Avista Oil has an existing re-refinery in Kalundborg with capacity to produce up to 800 bpd of API Group I oils, but the plant ceased production in July 2017 following a fire. Commenting for AVISTA OIL AG, Marc Verfürth, CEO said: "After the fire in Kalundborg, we always believed that we would rebuild the facility. We offer a sustainable business model and this Joint Venture partnership with Greenbottle will enable AVISTA OIL to expand their re-refining capacity, increase the geographic footprint, with all parties benefiting greatly from this cooperation. We are very much looking forward to the end of next year, when Kalundborg will again be producing high quality base oil." Avista currently re-refines base oil at its plant in Dolbergen, Uetez, Germany, producing AVISTA Kernsolvat® KS 100, AVISTA Kernsolvat® KS 150 and AVISTA Kernsolvat® KS 200. The plant has a capacity to produce up to 2,300 barrels per day of re-refined API Group I base oil. AVISTA OIL AG, founded in 1951, has a workforce of approximately 700 employees operating across seven countries in Europe and the US. It serves its customers across the entire value chain: from used oil collection services and re-refining to the international marketing and the distribution of high-quality lubricants and associated products. Greenbottle is a clean energy business that invests in waste management and used lubricant oil processing and re-refining. The company is focused on the circular economy and being an important part of an environmentally sustainable closed loop ecosystem. With 195 employees Slicker Recycling Limited is the UK's largest purchaser, collector and processor of used lubricating oil and provides total waste management solutions across its extensive customer base.

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Shell and Chevron Announce Finished Lube Price Increases

In a letter dated June 13, 2018 to its customers, Shell Oil Products US (SOPUS) announced it will implement a price increase of up to 10% on finished lubricants, effective July 16, 2018. SOPUS stated that in certain instances, the effective date and/or the amount of the price change may fall outside of these parameters. Shell attributed this adjustment in part to increasing costs of raw materials used in the production of its products as well as increasing delivery costs. In a letter dated June 14, 2018, Chevron announced a general price increase of all lubricating oils and greases up to 9% effective on August 1, 2018. Chevron stated that in certain instances, specific products may increase in amounts that are outside of this range. Chevron attributed this price increase to the increasing costs of raw materials impacting the manufacturing of its products.

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