

ICE Midland WTI American Gulf Coast (AGC) futures



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With the dramatic shift in U.S. crude fundamentals over the last 10 years, the marginal barrel that sets the domestic price has transitioned to WTI on the U.S. Gulf Coast. Houston’s direct connectivity to more than half of U.S. refining capacity, substantial waterborne exports and domestic outbound pipeline capacity, along with access to approximately 150 million barrels of crude storage capacity, solidify the price of WTI in Houston as the most representative price for U.S. crude oil.

ONEOK, Enterprise and ICE are working together to meet the need for scale and redundancy in the market with a physically deliverable futures contract that is transparent, liquid and truly representative of today’s domestic market fundamentals.

The ICE Midland WTI American Gulf Coast futures contract (ICE:HOU) enables participants to directly price and hedge the marginal domestic barrel of Midland WTI quality crude in an efficient and cost-effective manner. Producers can hedge output; refiners and exporters can hedge supply and traders can easily manage positions.

The contract is deliverable at both the ONEOK East Houston (MEH) terminal and Enterprise Crude Houston (ECHO) terminal, which are collectively supplied via pipeline, with over four million barrels per day of Midland WTI quality crude.

Houston highlights

Backed by the most extensive crude oil infrastructure in the country, the Houston market provides optionality and redundancy of supply, storage and take-away capacity, driving confidence for buyers and sellers.

- 4+ MMBPD of direct inbound Midland-quality WTI connectivity to MEH and ECHO with access to all inbound Permian to Houston supply
- 6+ MMBPD of direct outbound connectivity to demand centers from MEH and ECHO facilities
- 5+ MMBPD of Texas Gulf Coast refining capacity
- 490+ MMB of USGC (PADD 3) crude storage capacity (refineries, tank farms, terminals)
- 60+ MMB of ONEOK/Enterprise crude storage capacity in Houston, out of a total 150 MMB



Direct connectivity to over
4 million
barrels per day of supply capacity of Midland WTI crude



Over
5 million
barrels per day of Texas Gulf Coast refining capacity



Over
60 million
barrels of Oneok/Enterprise crude storage capacity in Houston



Export access via
14 ship docks
in the Houston area

HOU futures contract highlights

- Physical delivery at MEH and ECHO, establishing consistent quality and price transparency in the Houston market
- Sellers have the option to deliver to either the MEH or ECHO terminals
- Buyers can indicate their terminal of preference in which to take delivery:
 - ONEOK and Enterprise will transfer Midland WTI barrels between terminals for no charge throughout 2028 if the barrels are not delivered to the buyer's preferred terminal
 - A fee of 10 cents/bbl will be charged for Midland WTI transfers made outside of the contract
- Quality specifications are one of the best representations of Midland-quality WTI to date, developed through consultation with Permian producers, Gulf Coast refiners and the international market

Quality specifications

Parameter	Units	Minimum	Maximum	Required test method
API Gravity	°API, 60°F	40.0	44.0	ASTM D1298 or D5002
Total Sulfur content	% (m/m)		0.20	ASTM D4294
Mercaptan Sulfur	ppm Wt		75	UOP 163
RVP	PSI		9.5	ASTM D6377
BS&W	% (v/v)		1.0	ASTM D4007 per API MPMS 10.4
Nickel	mg/kg		2.0	ASTM D5708, Procedure B or D8252
Vanadium	mg/kg		2.0	ASTM D5708, Procedure B or D8252
Iron	mg/kg		10.0	ASTM D5708, Procedure B or D8252

Contract size:

1,000
barrels per lot

Trading price quotation:

One cent
(\$0.01)
per barrel

Settlement price quotation:

One cent
(\$0.01)
per barrel

Last trading day:

Third business day
prior to the twenty-fifth
calendar day of the month
preceding the delivery month

Daily settlement:

Volume weighted average
price of trades between
19:28 & 19:30
London Prevailing Time

Trading hours:

22 hours
per day
(01:00 - 23:00 London
Prevailing Time)

Physical delivery:

Permian Basin originated WTI
crude oil into
ECHO and MEH
terminals*

Contract series:

Up to
96
consecutive months

*An alternative delivery process can be agreed between the buyer and seller

Product codes

Code	Product
HOU	Midland WTI American Gulf Coast future
HOU	Midland WTI American Gulf Coast option
HOI	Crude Diff – Midland WTI American Gulf Coast Trade Month vs. WTI Trade Month future
HOV	Crude Diff – Midland WTI American Gulf Coast 1st Line vs. Brent 1st Line future
HOX	Crude Diff – Midland WTI American Gulf Coast 1st Line vs. Dubai 1st Line (Platts) future
HOW	Crude Diff – Midland WTI American Gulf Coast 1st Line vs. WTI 1st Line future
HOO	Crude Outright – Midland WTI American Gulf Coast 1st Line future
HOO	Crude Outright – Midland WTI American Gulf Coast Average Price option
NYP	Heating Oil Crack – NYH ULSHO 1st Line vs. Midland WTI American Gulf Coast 1st Line future (in bbls)
HIA	HOU Calendar Spread option (CSO)

Spreads

Additional inter-commodity spreads are available to help customers mitigate price risk between various locations and grades:

- HOU vs. ICE WTI futures (Cushing) – price and quality differential between Houston WTI vs. Mid-continent WTI
- HOU vs. ICE Brent futures – U.S. crude where it meets the water vs. the global crude oil benchmark



Frequently asked questions

How do I trade ICE Midland WTI AGC futures (ICE: HOU)?

HOU is part of ICE oil benchmarks complex and is available to trade in WebICE alongside Brent, WTI (Cushing), Gasoil, Dubai (Platts), Murban and other oil products. To trade HOU you need to request clearing limits to your clearer and complete the portfolio setup. For more information, get in touch: Sales-Oil@ice.com.

Why trade a physically delivered contract vs. a bilateral physical transaction?

Trades are anonymous and with ICE Clear Europe being the central counterparty, there is no bilateral participant to participant exposure, thereby limiting risk exposures. Additionally, the contract rules guarantee Midland WTI quality and rateable delivery starting at the beginning of the delivery month.

How will you prove Permian Basin origin?

A tight and robust quality specification, ICE contract rules and oversight, and ONEOK and Enterprise's strict and proven quality programs will protect and give confidence to buyers and sellers regarding origin. It would be near impossible to blend and not exceed one of the specs. Tight specifications should address the "dumbbell crude" issue. Quality data will continue to be published by ONEOK and Enterprise.

Can HOU work in conjunction with Dated Brent?

Following the Platts announcement about Midland inclusion in both Dated Brent and BFOE from June 2023 deliveries, we believe that ICE HOU is fair representation of Midland WTI quality – through a strict quality program by integrated service providers. Whilst there are still details to be finalized, including qualifying USGC terminals for inclusion as well as loading programs, the barrels delivered via the ICE HOU contract into MEH and ECHO are likely to be an important part of the solution considering that these are two of the most prominent Midland WTI export terminals in Houston.



For more information: ice.com/crude-oil/futures/midland-wti-agc

Contact us

U.S.

Jeff Barbuto

SVP, ICE Oil Markets

+1 646.733.5014 jeff.barbuto@ice.com

Scott Mullervy

Director, US Crude and Options Market Development

+1 713.210.4305 scott.mullervy@ice.com

Kevin Kelly

Director, North America Crude and Options

+1 646.733.5003 kevin.kelly@ice.com

Europe

Federica Ciraci

Director, EU Crude, Options and Biofuels

+44 (0)20.7065.7754 federica.ciraci@ice.com

Asia

Julius Foo

Senior Director, Head of Asia Oil

+65 65940162 julius.foo@ice.com

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