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## Dubai to set crude OSP as differential to DME Oman

*Wednesday, 24 Jun, 2009*

Reuters quoted DME as saying that Dubai will start setting an official selling price for its crude 2 months ahead of loading, with the price set as a differential to the average of daily settlements for Oman crude on the Dubai Mercantile Exchange.

As per report the first OSP to be issued will be that for September, to be calculated by the end of July.

Dubai has been pricing its crude relative to Oman DME since the DME was launched in June 2007 but it is believed to be the first time that the emirate will set the price on a forward-looking basis and make the differential to Oman public.

Mr Tom Leaver CEO of the DME said that “With this announcement, the DME now closes the gap for full price discovery of the 2 historic and accepted benchmark crudes in the Middle East.

Dubai, together with Oman crude is used as benchmark for more than 10 million barrels a day of crude heading to Asia and the change in pricing is a major shift for the Middle East oil producer.

A media official with the DME said that Dubai, part of OPEC-member United Arab Emirates where Dubai crude is produced will issue its crude differential to Oman 3 months ahead of loading. The first differential will be issued on Thursday for the September OSP.

The differential, for September-loading Dubai crude will then be applied to the average of daily settlements for September DME Oman during the month of July and the September OSP calculated on the last day of July, once the last September Oman settlement is set.

The Dubai Department of Petroleum Affairs and Oman's Ministry of Oil and Gas will simultaneously publish the Dubai and (Sourced from Reuters)

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