



Arkansas Oil Marketers Association

PO Box 229 • Little Rock, AR 72203 • 501.514.2013 • www.aoma.org

TO: ARKANSAS GENERAL ASSEMBLY
FROM: STEVE GOODE, AOMA EXECUTIVE DIRECTOR
DATE: MAY 1, 2026
RE: MOTOR FUEL SUPPLY & PRICING

HANDOUT

I. Arkansas: Motor Fuel Supply.

The following is an oversimplification of a very complicated and efficient crude oil and refined motor fuel supply and distribution system.

► **PADDs.** The continental U.S., which has very little excess refinery and distribution capacity, is divided into 5 PADDs, or Petroleum Administration for Defense Districts. Arkansas - along with Alabama, Louisiana, Mississippi, New Mexico, and Texas - is in PADD 3, the Gulf Coast district, which is the largest petroleum refining region in the country and produces roughly half of the nation's daily fuel supply.

► **In-State Refining: The El Dorado Refinery.** Arkansas is unique among most states in that it is home to a major refinery. The Delek US Holdings refinery in El Dorado (originally built in 1922 as the Lion Oil refinery) accounts for more than 90% of Arkansas's refining capacity, with a throughput of approximately 80,000 barrels per day. The El Dorado refinery sources its crude oil primarily from PADD 3 - including local Arkansas production from the Smackover field, the Permian Basin, East Texas, North Louisiana, and offshore Gulf of Mexico fields delivered through the Louisiana Offshore Oil Port (LOOP) - as well as from the Cushing, Oklahoma hub in PADD 2.

► **Arkansas Fuel Distribution: Six Key Cities.** Refined motor fuels (gasoline, diesel, and jet fuel) reach Arkansas consumers primarily through six key terminal and refinery cities, each serving a distinct region of the state:

► **El Dorado.** El Dorado is the only city in Arkansas with a major refinery. Delek's Lion Oil refinery distributes gasoline, ultra-low-sulfur diesel, LPG, propylene, asphalt, and other refined products from El Dorado to markets throughout Arkansas, Tennessee, Louisiana, Missouri, and beyond, primarily via the Enterprise Products Partners pipeline system. As the northernmost refinery on that pipeline, El Dorado has a significant response time and transportation cost advantage when supplying fuels to the central Midwest and Mississippi River corridor.

► **Fort Smith.** Fort Smith is home to a major refined-products terminal owned by ONEOK (formerly Magellan Midstream Partners, acquired by ONEOK in September 2023). The Fort Smith terminal is fed by pipeline from refineries in Oklahoma, Kansas, and the Gulf Coast, and serves as the western entry point for refined fuels into Arkansas.

► **Rogers.** Northwest Arkansas is served by the ONEOK (formerly Magellan) refined-products terminal in Rogers, located at 2801 West Hudson. The Rogers terminal supplies gasoline and diesel to the rapidly growing Northwest Arkansas market - including Bentonville, Fayetteville, and Springdale - and is fed via pipeline from the Mid-Continent refining hub in Oklahoma and Kansas.



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► **North Little Rock.** North Little Rock is the central distribution hub for refined fuels in Arkansas, with multiple terminals operated by ONEOK (formerly Magellan), Enterprise Products, Sunoco, Petroleum Fuel & Terminal Company, HWRT, and Oakley Fuels. Since 2016, the 200-mile ONEOK (formerly Magellan) Fort Smith-to-Little Rock pipeline has delivered up to 75,000 barrels per day of gasoline, diesel, and jet fuel into the central Arkansas market, giving Little Rock access to refineries in Oklahoma, Kansas, and the Gulf Coast in addition to in-state supply from El Dorado. Jet fuel from the North Little Rock terminals supplies Little Rock Air Force Base and Clinton National Airport.

► **West Memphis.** Eastern Arkansas is served by the Valero Partners Operating Co. refined-products terminal in West Memphis, located at 1282 South 8th Street. The West Memphis terminal is connected to the ONEOK (formerly Magellan) pipeline system via an extension built in partnership with Enterprise Products, giving eastern Arkansas access to refined fuels from both Mid-Continent and Gulf Coast refineries.

► **Bono.** Northeast Arkansas is served by the Murphy Oil USA refined-products terminal in Bono (Craighead County), located at 15211 US 63 North. The Bono terminal supplies gasoline and diesel to the Jonesboro market and surrounding northeast Arkansas communities.

► **Fuel Type In Arkansas: Conventional Gasoline Statewide.** Unlike states such as Missouri, Illinois, and Texas - which have EPA-mandated reformulated gasoline (RFG) requirements in certain metro areas - Arkansas uses conventional gasoline statewide. This is one of several reasons Arkansas consumers benefit from a more uniform and typically lower-priced fuel supply.

II. Arkansas: Motor Fuel Pricing.

► **Retailers Have Very Limited Control Over Pump Prices.** According to the U.S. Energy Information Administration (EIA), 90% to 95% of the retail motor fuel pump price is determined before the motor fuel is delivered to the local gas station or convenience store.

These three (3) main factors, all of which are beyond the control of the local gas station or convenience store owner, comprise this 90% to 95%:

1. The cost of the crude oil;
2. The cost of refining the crude oil into gasoline and diesel; and
3. State and federal taxes.

And you know why you don't see many stand-alone gas stations anymore? It's because a retailer can't stay in business selling only motor fuel, and thus a retailer must make their profit and pay their bills - wages, cost of goods, rent, credit card fees, insurance, utilities, etc. - on inside convenience store sales including food, drinks, alcohol, and tobacco.

► **How Retailers Set The Pump Price.** All motor fuel retailers set their pump prices after taking into account multiple free market factors including but not limited to:

- The wholesale cost of the motor fuel;
- The anticipated wholesale replacement cost of the motor fuel;
- "Throughput" volume or how many gallons of motor fuel they sell per day and per week;



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- The cost of doing business - wages, cost of goods, rent, credit card fees, insurance, utilities, etc.; and
- Competition at the retail or “street” level.

Motor fuel retailers can’t stay in business for very long if they sell fuel for \$2.50 a gallon when their next load of fuel costs \$2.80 per gallon.

► **Why Pump Prices Change So Quickly.** Each gallon of motor fuel is like a share of stock that quickly responds to global pressures and market fluctuations. For example, if you bought a share of a stock on Tuesday for \$100, and on Wednesday that share is trading at \$110, you would sell that share on Wednesday for \$110, not \$100.

The same goes for a gallon of motor fuel that was worth \$2.50 on Tuesday but is now worth \$2.60 on Wednesday because of global pressures and market fluctuations.

And remember, pump prices can fall just as quickly and for the same reasons.

► **Collusion? Gouging? No One Is Happy With Pump Prices.** Pump prices are never low enough, and no matter what the pump price is some consumers will always be unhappy.

If the pump price is the exact same from competitor to competitor, or from market area to market area, some consumers will allege collusion.

If the pump prices are different from competitor to competitor, or from market area to market area, some consumers will allege that the motor fuel retailer with the higher pump price is gouging their customers.

Retail motor fuel sales in Arkansas are highly competitive. Consumers have many options and are free to purchase motor fuel from any retailer they desire.

Lastly, you know who hates high pump prices the most? Your local gas station and convenience store owner because that means consumers pay more at the pump and have less money to go inside the convenience store and buy the higher profit margin items including food, drinks, alcohol, and tobacco.

► **Pump Prices Differ From Market Area To Market Area.** Consumers should not expect fuel prices to be the same when comparing different markets such as Little Rock and Fayetteville, or Fort Smith and Jonesboro.

It is not uncommon, and it is perfectly normal, for fuel prices to vary 5% to 10% from market area to market area.

Would a consumer expect identical 3 bedroom, 2,000 square foot homes to be the same price in Little Rock, Hot Springs, and Texarkana? Would a consumer expect a gallon of 2% milk to be the exact same price in Fayetteville, Pine Bluff, and Jonesboro?

Of course not, so why should a consumer expect fuel prices to be the exact same from market area to market area?

► **Arkansas Pump Prices In General.** Pump prices here in Arkansas are typically among the lowest in the nation due to many factors including our location in PADD 3 (the Gulf Coast district) with abundant nearby refining capacity, in-state production at the El Dorado refinery, multiple pipeline supply options, a high level of retail competition, relatively low state fuel taxes



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(currently 24.7¢ per gallon on gasoline and 28.5¢ per gallon on clear diesel), and the use of conventional gasoline statewide.

Arkansas's 1,800-plus convenience stores, which employ more than 27,000 Arkansans, work hard every day to deliver reliable fuel supply at competitive prices to communities all across The Natural State. AOMA appreciates your continued support of our industry and the Arkansas families and businesses we serve.

Thank you,

Steve Goode

Executive Director

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