More than 15 miles offshore Singapore a black-and-red hulled tanker has been stranded for about 150 days holding South Sudanese crude worth almost $60 million, a hostage of a two-decade war.

South Sudan says its northern neighbor stole the shipment on the ETC Isis and about 2 million barrels more. Sudan says it had the right to sell the oil. The feud over the cargoes, worth more than seven days of the South’s annual economic output, has entangled lawyers in London, shipowners in Cairo, buyers in Japan, dealers in the British Virgin Islands and Trafigura Beheer BV, the world’s third-biggest oil trader.

The dispute underscores the difference between the physical commodities market, where prices and identities of buyers and sellers are typically kept private, and the regulated exchanges of Wall Street and London, where investors deal in futures and options representing billions of barrels of crude every day. It’s in the buying and selling of the world’s 84 million barrels of daily oil output, far from the financial markets at least 14 times bigger, that trading and war collide.

“You have this dispute between two parties over the oil and the tanker is now stuck in no-man’s land,” said Mark Tan, a partner at law firm Watson, Farley & Williams in

Singapore who has more than 14 years’ experience in dispute resolution and heads the shipping litigation practice. “It’s always better to be cautious about what you’re carrying. Sometimes a cargo can be trouble.”

So far no legal claims regarding the ETC Isis have been filed in London or Singapore, according to data compiled by Bloomberg.

**Sudan Splits**

The disagreement originated in the civil war that engulfed Sudan. After 22 years of fighting that ended in 2005, the East African nation split in July, with the South taking over 75 percent of the country’s 470,000 barrels a day of crude output and the North controlling the pipelines and facilities needed to send it abroad. The two sides have since been at loggerheads over how much the South should pay to use that infrastructure.

Sudan said it would seize the oil until there’s an agreement with its southern neighbor over the payment of pipeline fees, al-Obeid Murawih, a foreign ministry spokesman, told reporters on Jan. 18. In retaliation, the South shut down production.

South Sudan earned 80 percent of its gross domestic product from oil in 2010, more than any other country, according to the World Bank. More than half the population lives below the poverty line, its data shows.

**Disputed Cargo**

South Sudan’s Dar Blend crude is produced in the Melut Basin and piped 850 miles (1,400 kilometers) north across Sudan to the Red Sea for export, according to the U.S. Department of Energy. It was there that the ETC Isis cargo was loaded for the 4,100 nautical-mile journey to Singapore, according to Osama Sefary, the general manager of Egyptian Tanker Co., which owns the vessel.

“There is a dispute over the cargo, and until this dispute is sorted out the ship will remain there in Singapore,” Sefary said in a telephone interview from Cairo on April 23. The tanker was chartered by Trafigura, he said. The trader hired the ETC Isis in January for a journey from Sudan to Asia, according to three shipping reports from companies including Poten & Partners Inc. and Galbraith’s Ltd.

A Trafigura spokesman in Amsterdam declined to comment in a July 4 e-mail.

**‘Stolen’ Oil**

The cargo off Singapore, Asia’s oil-trading hub, is one of four the South claims have been stolen, three of Dar Blend and one of Nile Blend. That’s about 2.6 million barrels and worth almost 2 percent of the country’s $13.2 billion gross domestic product, according to World Bank figures.

The ETC Isis has been anchored since it arrived in February, according to Sefary. Sudan Petroleum Corp., the northern country’s state-oil company known as SPC, ordered about 600,000 barrels of the crude onto the tanker on Jan. 30, according to documents provided by Pagan Amum, the South’s chief negotiator with Sudan.

Petrodar Operating Co., one of two pipeline operators in Sudan, initially refused orders from the North to load the ETC Isis, according to a letter from the company to SPC, saying the oil belonged to South Sudan.

“This action is certainly not acceptable as the crude belongs to Republic of South Sudan government and prior approval from RSS is therefore needed,” Liu Yingcai, the then president of Petrodar, said in a Jan. 30 letter to oil-ministry officials in both countries.

**Four Ships**

The crude still made it on to the tanker, Barnaba Marial Benjamin, a spokesman for the South Sudanese government, said in a March 27 interview in Juba, the capital. Petrodar didn’t respond to e-mails requesting comment and was unreachable at its phone number in Juba.

Two other ships, the Sea Sky and Al-Nouf, were loaded with a total of more than 1.3 million barrels of the “stolen” Dar Blend in January, according to a Jan. 20 letter from South Sudan’s Ministry of Justice. The tankers, chartered by SPC, were also anchored fully-laden offshore Port Sudan, said a port agent and a shipping-company official who asked not to be identified because they aren’t authorized to speak to the media.

The dispute over a fourth cargo, delivered by Trafigura to JX Nippon Oil & Energy Corp., Japan’s largest refiner, ended up in a London court.

**Proceeds Frozen**

The oil, loaded on the tanker Ratna Shradha, discharged at Kiire in Japan at the end of February, according to an April 5 court filing in the case at the London High Court of Justice that was part of a suit brought by the ship’s owner, Chambal Fertilisers and Chemicals Ltd. The 630,000 barrel cargo of Nile Blend was sold by Trafigura’s Singapore unit to JX Nippon, according to the court filing.

The proceeds from that sale were frozen in escrow by the court pending a ruling on the rightful owner of the cargo, according to the court documents. JX Nippon deposited its payment of almost 58 million euros ($72 million) with the court in March, the documents show.

SPC originally sold the crude to Delaney Petroleum, a British Virgin Islands-based oil trader, which then resold the shipment to Trafigura on the same day, according to the documents. Trafigura Maritime Ventures Ltd., an Athens-based unit of the company, chartered the Ratna Shradha to carry the cargo from Sudan to Kiire. The low-sulfur grade is prized in Japan as clean-burning power-generation fuel.

**Discounted Cargo**

Sudan sold the disputed oil below market prices because it knew it was stolen, according to Benjamin, the spokesman for the South Sudanese government.

“There was already a legal notice that oil had been stolen, so they had to dispose of it as quickly as possible,” he said.

Delaney bought the crude loaded on the Ratna Shradha at $5 a barrel below the price of Indonesia’s benchmark Minas crude, according to the sales contract obtained by Bloomberg. The deal was confirmed by Ali Ahmed Mohamed, the acting marketing manager at SPC, in an April 2 phone interview from Khartoum. By comparison, a cargo for January had earlier traded at $2.50 to $3 a barrel above Minas, according to two people with knowledge of the deal who asked not to be identified because they aren’t authorized to speak to the media.

A person who answered a call by Bloomberg to Delaney’s offices in Dubai on March 30 said the company didn’t want to comment. Officials at Delaney also didn’t respond to two e- mails, a fax and telephone messages sent through July 4.

**Paper Market**

An average of about 1.2 billion barrels a day of oil has traded this year in so-called paper transactions on the New York Mercantile Exchange and ICE Futures Europe in London. That compares with the world’s actual production of about 83.6 million barrels a day, according to BP Plc (BP/)’s Statistical Review of World Energy.

“The paper markets are staggeringly huge,” said Eugene Lindell, a senior oil-market analyst at JBC Energy GmbH in Vienna. “This number dwarfs global physical-crude production.”

Brent crude prices have dropped 8.8 percent this year as the European debt crisis and slowing growth in China and the U.S. threaten to curb fuel demand even as international sanctions targeting Iran’s oil revenue tighten supplies. Futures for August settlement closed at $97.97 a barrel yesterday.

As it waits to dock, the ETC Isis is probably racking up tens of thousands of dollars a day in fees and fuel costs.

**Cargo Costs**

The cost could be estimated by adding the daily rate for renting a similar-sized ship to the price of about five tons of fuel per day to keep the crude heated, said Dag Rommen, a master mariner and former ship manager who practiced maritime law from 1992 to 2005 and is now chief of executive officer of Rommen Pte Ltd. in Singapore.

The average rate for a Suezmax ship such as the ETC Isis has been about $19,300 a day so far this year, according to Baltic Exchange Time Charter Equivalent data. The price of bunker, or 380-centistoke fuel oil, has averaged $685 a ton, according to data compiled by Bloomberg.

For the ETC Isis, that’s more than $3.3 million to go nowhere for 147 days.