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Petrobru to conduct feasibility study on Pulau Muara Besar

Shareen Han
BRUNEI-MUARA

Tuesday, January 22, 2008

PRIVATE-owned Petrobru has secured the rights to conduct a viability study for constructing and operating an export-oriented oil refinery and storage facility at Pulau Muara Besar, a project expected to create more business opportunities and attract foreign direct investment.

The proposed oil refinery and storage facility will maximise utilisation of national resources, provide 3,000 job opportunities and develop human resources in the country, said Petrobru Chief Executive Officer Mohd Zaman Noordin, during yesterday's signing of a Memorandum of Understanding to conduct the study.

The signing ceremony between Petrobru and Petroleum Unit at the Prime Minister's Office is for the provision of available data by the government to assist in conducting the study for the facilities.

Mohd Zaman said that the refinery may also result in the spillover development of housing, retail and tourism sectors, thereby boosting Brunei's private sector thus accelerating economic growth. The project complements PMB's port development programme, earmarked as Brunei's new deep-water hub for regional markets. Some 480 acres have been allocated for the oil refinery and storage facility at PMB, from a total size of 2,400 acres.

"Other locations have been considered but, Pulau Muara Besar is the best location," the chief executive officer said.

"The road ahead is still long and many factors needs to be considered and analysed carefully before the proposed refinery can be realised," said Petrobru's executive chairman.

He said that Petrobru will take a "carefully measured approach" to ensure the volatility of crude oil prices and the target markets for refined products are considered before proceeding to the next step.

Wood Mackenzie, a leading consultant for energy companies, has been appointed to assist Petrobru in conducting the feasibility study.

Satvinder Roopra, head of Wood Mackenzie's head of Asia Pacific Downstream Oil, told reporters that the study is a conceptual one that helps to make "sensible assumptions" before proceeding to a detailed technical study on engineering design. He said that the feasibility study alone is expected to take 3-6 months to complete, with the first phase of the study costing about £110,000. "It is a long and complicated process because it involves a huge amount of money," he added.

Zainuddin inked the MoU on behalf of Petrobru, while acting Director Pg Hj Harun Pg Hj Abd Rahman represented Petroleum Unit during the signing at Empire Hotel.

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Proposed oil refinery to export to East Asia

Eye on the future: Mohd Zaman Noordin (2nd R), CEO of PetroBru, briefs the media on Brunei's proposed oil refinery project. Other panel members were Yeoh Sook Keng (L), chief financial officer of TRC Synergy Bhd, Zainuddin Dato Seri Paduka Hj Marsal, chairman of PetroBru, and Satvinder Roopra (R), head of Asia Pacific Downstream Oil at Wood Mackenzie. Picture: Saifulizam

Sobrina Rosli

BANDAR SERI BEGAWAN

Tuesday, January 22, 2008

BRUNEI has finally taken the first step towards its objective of penetrating the regional market for refined oil products with the signing of a memorandum of understanding (MoU) between PetroBru and the Petroleum Unit of the Prime Minister's Office yesterday.

The MoU is for the conduct of a feasibility study for the proposed oil refinery and storage facility in the sultanate.

In an interview with The Brunei Times, Mohd Zaman Noordin, chief executive officer of PetroBru, said the proposal is aimed at seizing a share of the Southeast Asian market for refined oil.

"From an economic and technical point of view, the viability of the project is there because of its vast current supply and demand for refined oil products in the Southeast Asian region," he said.

"We are also situated close to the East Asian region where we hope to enter the markets of China, Vietnam and Indonesia," he added.

He explained that by looking at the current demand curve for refined oil products, there is still "indeed a shortage in supply".

The three-month study, to be conducted by Wood Mackenzie, will be the first phase. Government offices concerned will provide the consultant with relevant data to determine the economic viability of the refinery project.

Depending on the results of the first study, another feasibility and engineering study will be carried out and this will take between 12 and 15 months by a company that has yet to be identified.

"Based on current estimates of refining 200,000 barrels of crude oil per day, the whole

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Brunei, M'sia join forces in US$3b deal

In consensus: (R to L): Faridza Abdullah, director of PetroBru; Mohd Zaman Noordin CEO of PetroBru; Zainuddin Dato Seri Paduka Hj Marsal, PetroBru chairman; Dato Sri Sufri Hj Md Zain, TRC Synergy executive chairman and Dato Aziz Hj Mohamed, Synergy executive director at the MoU signing ceremony. Picture: Saifulizam

Shareen Han

BANDAR SERI BEGAWAN

Tuesday, January 22, 2008

MALAYSIAN company TRC Synergy has acquired a 26 per cent stake in private-owned Petrobru, and will partially fund the proposed construction of oil refinery and storage facility at Pulau Muara Besar, a project worth an estimated US$3 billion.

The formalisation of shareholding agreement between Petrobru and TRC Energy, a subsidiary of TRC Synergy was inked at the Empire Hotel & Country Club, yesterday.

Zainuddin Dato Seri Paduka Hj Marsal, Petrobru's executive chairman signed on behalf of the company, while Executive Chairman Dato' Sri Sufri Hj Md Zain represented TRC Energy.

The planned refinery will have a preliminary capacity estimate of of 200,000 barrels a day, and a maximum capacity of 500,000 barrels per day, to be built in stages, said Petrobru Chief Executive Officer Mohd Zaman Noordin.

Brunei has 8,600 billion barrels per day of refining capacity at its current facility, which is operated by Brunei Shell Petroleum in Seria, according to the Oil and Gas Journal.

The storage facility is expected to be capable of handling two million cubic metres, while a jetty and berthing capabilities have also been proposed for large crude carriers.

Currently, Petrobru has allocated 480 acres for the refinery and storage facility, but Mohd Zaman said the size may be increased if necessary, pending on the completion of the feasibility study.

The CEO said that the proposed project fulfils the government agenda for the private sector to be an engine for the country's economic growth. "We hope to push the project quicker, but (the MoU signing) is a small step in a long road towards realising this project," he said.

Target markets for the export-oriented oil refinery and storage facility include Vietnam, Indonesia, China and other Asian countries.

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To be viable, PMB refinery needs adequate crude supply

Sobrina Rosli
BANDAR SERI BEGAWAN

Thursday, December 20, 2007

THE proponent of a proposed oil refinery on an island off Brunei Bay should ensure there is adequate supply of crude oil to maximise the plant's capacity, thus, guarantee its viability.

Shazali Dato Sulaiman, honorary secretary of the Brunei Darussalam International Chamber of Commerce and Industry, said due diligence would already have been done on the Pulau Muara Besar (PMB) oil refinery project. "To do a project of that size (they) would have already done their due diligence to ensure that if they cannot get the supply of crude oil they would have to find it elsewhere."

In an interview with The Brunei Times, he noted that while the refinery's maximum capacity is about 500,000 barrels of oil per day, "Brunei's production capacity is far below that."

According to the Oxford Business Group's 2007 report on Brunei, the sultanate's crude oil production last year was over 200,000 barrels per day.

"It (crude supply) would have to be brought in from outside as most of Brunei Shell Petroleum's crude oil is exported; a study concerning this would have probably been done," he added.

According to recent Malaysian reports PetroBru (B) Sdn Bhd will carry out a study on the viability of the refinery project. It was also stated that a memorandum of understanding is to be signed in the near future.

The reports also said that another Malaysian firm, TRC Synergy Bhd (Malaysia), had shown interest on part of the refinery's construction, in a deal which could be worth US$3 billion.

"The discussions on refinery in Brunei is nothing new, the issue has been discussed here since 15 years ago where there were some petroleum companies from China who showed interest," said Shazali.

He said that it is essential to know and foresee what the end production of the Pulau Muara Besar port would be. He said it could become a hub or a container terminal type facility for transshipment activities as well as an export zone.

It also has the potential to develop other industries in Pulau Muara Besar such as high-level manufacturing activities.

"High level manufacturing activities whereby you get raw materials coming in, processed into metal blocks and then exported straightaway, everything centralised within the area," he said.

The Pulau Muara Besar port project is estimated to require approximately US$1.5 billion ($2.2