BUSINESS

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Proposed oil refinery to export to East Asia

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BANDAR SERI BEGAWAN

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.

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 Yooh 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*

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 development of the project in that capacity could cost between US$2 to 3 billion," he said.

Brunei currently has one oil refinery run by Shell. It serves local consumers with a refining capacity of 10,000 barrels per day.

PetroBru's preferred site for the development of the oil refinery and storage facility is the proposed Pulau Muara Besar transhipping hub.

The project will also complement the Pulau Muara Besar transhipment port development programme, which has allocated 480 hectares for the development of the petrochemical industry.

The Brunei Times

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Petrobru to conduct feasibility study on Pulau Muara Besar

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M'sian firm eyes part in $3b PMB job

Izam Said Ya'akub
BRUNEI-MUARA

Wednesday, December 19, 2007

PULAU Muara Besar's development is taking another progressive step forward, with a Malaysian company on the verge of securing a portion of a construction deal as part of bigger plans to build an oil refinery for Brunei.

TRC Synergy Bhd (Malaysia), which has recently bought a 26 per cent stake in PetroBru Sdn Bhd, hopes to secure part of a construction deal, worth US$3 billion, for an oil refinery in the sultanate.

Reports from Malaysia stated that while the company would not be involved in the entire construction, it has expressed an interested in setting up farm tanks, said Chief Financial Officer Yeoh Sook Keng.

PetroBru (B) Sdn Bhd has been given the green light to conduct a feasibility study on the viability of building and operating a crude oil storage and refinery in the island off Brunei's bay.

It is expected to sign a memorandum of understanding with the Brunei government soon, Yeoh said in an interview.

Pulau Muara Besar has been earmarked as Brunei's new deep-water hub for regional markets.

The planned refinery will have an initial capacity of 200,000 barrels a day, with maximum capacity of 500,000 barrels per day.

Meanwhile, the storage facility is expected to be capable of handling two million cubic metres with initial space of one million, he added.

TRC's Executive Director Datuk Abdul Aziz Mohamad said the company looks to benefit from spillover activities from the refinery, such as infrastructure and property development.

Abdul Aziz also indicated that the project will only start contributing revenue two years after construction works commence, and explained that the feasibility study would take six to eight months, followed by the engineering, procurement and construction work, which is expected to take another year.

The refinery will contribute revenue in five years' time when it commences production, he added.

"Construction will still be our main earnings contributor in the next two to three years but we can't rely on it. By then, PetroBru will see work in full swing," he said.

TRC does not intend to raise its stake in the holding company.

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

Shareen Han
BANDAR SERI BEGAWAN

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 800,000 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 400 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.

TRC's Executive Director Datuk Abdul Aziz Mohamed previously told *The Brunei Times* that the company looks to benefit from spillover activities from the oil refinery, including infrastructure and property development. "Construction will still be our main earnings contributor in the next two to three years but we can't rely on it. By then, Petrobru will see work in full swing," he said.

The Brunei Times

In agreement: (R to L): Faridah 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: Sajlakhan*