

## Media Monitoring

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### **Brightoil eyes Singapore bunker trade by year end**

SINGAPORE, July 29 (Reuters) - Hong Kong-listed Brightoil Petroleum (Holdings) Ltd is seeking landed tanks in Singapore to store fuel oil as it prepares to sell marine fuel in the city-state before year-end, industry sources said on Wednesday.

It received in-principle approval on May 29 from the Maritime and Port Authority of Singapore (MPA) to start bunkering operations in Asia's oil hub, subject to certain conditions being fulfilled, such as the use of double-hulled bunker tankers, an MPA spokeswoman said in an emailed response to Reuters' queries.

Brightoil joins a growing list of companies venturing into the residual fuels market to bank on potentially firm trade margins -- including Swiss firm Mercuria Energy Trading, Singapore-listed Noble Group, and Southern Petrochemical Co Ltd, an affiliate of China's Sinopec Group.

The firm, with a market value of about \$540 million, already supplies marine fuel to three ports in southern China and started bunker sales in Shanghai earlier this month.

"Brightoil is targeting to start its bunker operations in Singapore in the third quarter or fourth quarter," Executive Director William Chia told Reuters by telephone.

The company has said it plans to expand bunkering services to cover most of China's ports by end-2009 and internationally to Rotterdam and the U.S. West Coast in the medium term.

Brightoil chalked up bunker sales volumes of 824,000 tonnes, translating into revenue of about HK\$3 billion (\$387 million) for the six months ended Dec. 31. Its net profit more than tripled to HK\$168.1 million, from HK\$50.7 million in the year-ago period.

### SEEKING ONSHORE TANKS

Industry sources said Brightoil is seeking onshore storage tanks for its fuel oil cargoes, but has had little success so far due to tight capacity in Singapore.

More trading firms have chartered Very Large Crude Carriers (VLCCs) to store oil, due to the lack of available long-term storage terminals in the city-state, and as excess shipping capacity keeps rates low.

All existing landed tanks are occupied by long-term leases, despite the jump in commercial capacity to 5.5 million cubic metres from 2.95 million cu m.

As a short-term solution, Brightoil has secured an 80,000 cu m throughput deal with Universal Terminal, Asia's largest commercial oil facility owned by Singapore oil trader Hin Leong, to blend and store its fuel oil cargoes, trading sources said.

The deal was expected to start this month or next. But it was unclear if the contract was with an existing tenant of Universal, or how long it would last, sources added.

Other firms beefing up fuel oil operations in Singapore include Noble, which is seeking to lease a supertanker for at least two years to store fuel oil, and Southernpec, which will start selling bunker in the city-state next month after it paid about \$15 million for a 284,000-tonne supertanker, anchored off southern Malaysia's Tanjung Pelepas port, to store fuel oil.

Mercuria also leased a VLCC to store fuel oil in end-June from Titan Petrochemicals Group Ltd for a year. The ship is anchored off Pasir Gudang, southern Malaysia.

Asian-based trader Strong Petroleum has also leased a VLCC, while Japan's Itochu Petroleum recently took on landed tanks at joint-venture partner **Chemoil** Energy Ltd's Helios terminal to boost its fuel oil trade.

Asian fuel oil fundamentals are expected to stay firm in the coming months, along with tight global supplies thanks to a strong Middle East market, lower refinery run rates and steady demand from the Asian bunker sector.