

Chemoil plans \$80m expansion

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By **RONNIE LIM**

WITH continuing strong demand for storage space here from oil traders, listed Chemoil International is planning a further S\$80 million tankfarm expansion even before its US\$39 million Helios Terminal on Jurong Island is ready this year-end/early 2008.

This will add 180,000 cubic metres, or an additional 40 per cent capacity, to the 448,000 cu m Helios tankfarm now under construction, Robert Chandran, Chemoil's president and CEO, said on the sidelines of a energy talk yesterday.

Chemoil, a leading marine fuel products player, is discussing details of the project — including land space — with the authorities, as sites on the petrochemical island are highly sought after by chemical manufacturers. Once the green light is given, construction can start on the expansion, which can be completed by mid-2008, he said.

Conceding that building costs have risen significantly in the current construction boom, Mr Chandran, however, said that as infrastructure like jetties are already being built for the current Helios tankfarm, the expansion involving just additional storage tanks — for clean products like gasoline — will not be overly costly. It is looking at various financing options, including possibly a convertible bond issue, to fund the expansion, he added.

Expanding

Singapore's oil storage space

	CUBIC METRES
1st Wave (oil refiners)	
■ ExxonMobil, Shell, Singapore Refining Company	10.0m
2nd Wave (independent terminal operators)	
■ Vopak	1.5m
■ Tankstore	1.2m
■ Oiltanking	1.35m
3rd Wave (oil traders/S'pore govt)	
■ Hin Leong Trading (ready end-2007)	2.28m
■ ENOC's Horizon	
Phase 1 (just operational)	840,000
Phase 2 (July 2007)	110,000
Phase 3 (2H 2008)	266,000
■ Chemoil's Helios (early-2008)	448,000
■ Jurong Rock Cavern	
Phase 1 (2011)	1.47m
Phase 2 (planned)	1.3m
TOTAL CONFIRMED (by 2011)	19.5m

Source: Compiled by BT

Chemoil's expansion plans come barely a couple of weeks after an official from Emirates National Oil Company's Horizon Terminals told BT that it was planning a second multi-million dollar tankfarm to store petrochemicals, following its 1.2 million cu m Horizon oil tankfarm which will cost over US\$280 million once the third phase is completed in the second half of next year.

The tankfarm expansions here are being spurred by the active oil trading market in Singapore — which is the third largest oil trading hub worldwide with over US\$260 billion of physical oil traded here annu-

ally. Another factor is the US\$8 billion of bunker fuel moved annually through the bunker port here, which is the largest worldwide.

In his talk at the Institute of Southeast Asian Studies, Mr Chandran said that today's oil prices are no longer as correlated to seasonal factors, like winter, and oil inventory numbers, as they used to be. This is because of the entry of hedge funds "which don't trade on fundamentals but on technicals", he said. Prices can also jump by US\$5-10 a barrel at the mere hint of war in a supplier nation, he added.