
Aramco and Dow seek partners for petrochem JV

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Reuters reported that Saudi Aramco and Dow Chemical are looking for firms interested in building the first stage of a giant JV petrochemical complex in the kingdom.

A source at a contracting firm that received the offer said that "They issued a solicitation of interest a few days ago. Everybody hopes this means they are going ahead with the project."

Aramco said earlier this month that the petrochemical plant would start up in 2015, 2 years behind the initial schedule. It has also delayed plans to expand capacity at the Ras Tanura refinery by 400,000 barrels per day which will supply the petrochemical feedstock.

The state oil giant has delayed several large projects to save money on contracting costs. Aramco wants project bids to reflect the slump in commodity, labor and equipment prices with the global economic downturn. Project cost estimates rose rapidly with the rally in commodities prices into 2008.

Dow's investment in the USD 20 billion plus plant would be the largest single foreign investment in the energy sector of the world's top exporter.

Two contractors said that the first stage of work entails dredging and sites fill for the plant at Ras Tanura. Ras Tanura is also home to the world's biggest offshore oil facility. They said that the petrochemical project was still in the engineering and design phase. That phase should be completed in 2010.

The first contractor said that "We may see an award of the contract in 6 months to 9 months." Although the sources said that there was no guarantee a bidding process for the contract would go ahead just because the solicitation of interest had been issued.

(Sourced from Reuters)

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