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## Reliance drags refinery output growth in August

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Reuters reported that Indian refiners processed 2.5% more crude oil in August 2008 than a year ago, the slowest growth in three months as lower output from Reliance Industries' plant dragged.

Refineries in Asia's third largest oil consumer processed 3.172 million barrels per day of crude last month, when margins for simple Asian refiners were at USD 1.07 a barrel. They processed 3.096 million barrel per day in August 2007. According to government data, overall refiners' utilization ran at 106% of installed capacity in August up from 103.8% a year ago.

Reliance's 660,000 barrel per day refinery at Jamnagar in western Gujarat state processed 5.7% less crude after its fluidized catalytic cracking unit developed a problem for about two weeks. Total output had jumped an annual 11.8% in July as production at Essar Oil's Vadinar refinery more than doubled year on year.

In August, Essar saw output more than treble to 260,300 barrel per day from a year earlier as the plant, also in Gujarat, ran at a higher capacity than its designed 210,000 barrel per day.

Capacity use at IOC's 7 refineries during August was 99.3% as some units including a 76,000 barrel per day crude unit at its biggest refinery were shut for regular maintenance towards the end of the month.

Hindustan Petroleum Corp's Mumbai plant ran at 134.7% of capacity last month while Bharat Petroleum's Mumbai refinery operated at 104.7%. Annual crude oil output which meets over 30% of domestic demand was down by 1% in August from a year earlier at 672,900 barrel per day.

India plans to add 2.14 million barrel per day of refining capacity by 2012 to its existing 2.98 million barrel per day and expects domestic demand for oil products to expand at a compounded annual growth rate of 2.9% to 132 million tonnes by 2012.

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