
Aramco and SATORP receives EPC contracts for Jubail refinery

Thursday, 25 Jun, 2009

Saudi Aramco and French company Total said that they had awarded engineering, procurement and construction contracts for the jointly held 400,000 barrel Jubail refinery expected to be fully operational by the H2 of 2013.

As per report, Saudi Aramco Total Refining and Petrochemical Company, the JV where Aramco holds a 62.5% stake and Total 37.5%, is expected to attribute 13 remaining packages out of 15 at a price of USD 9.6 billion.

The original estimated cost of the refinery had been pegged as high as USD 12 billion when commodity prices were near their peak last year. But Aramco and Total delayed their investment decision to take advantage of the slide in prices for raw materials to renegotiate the cost of the contracts. When completed, the export refinery will be one of the most advanced refineries in the world and will process Arabian Heavy crude to products fulfilling the most stringent specifications, to meet rising demand for environmentally-friendly fuels.

A portion of Jubail refinery's production will be consumed locally to meet spikes in domestic demand. In-Kingdom refineries, such as the Jubail JV have the location advantage to effectively and efficiently supply both international and domestic demand.

The full-conversion refinery will maximize production of diesel and jet fuels and will also produce 700,000 tonnes per year of paraxylene, 140,000 tonnes per year of benzene and 200,000 tonnes per year of polymer-grade propylene.

Mr Khalid Al-Falih President and CEO of Saudi Aramco said that "Our commitment to fund a project of this scale demonstrates our confidence that energy markets will grow in the years to come and our confidence that the Kingdom is the ideal location for energy investments by global investors."

The project adds value to the local economy through job creation and opportunities for further downstream investments by local businessmen. It is estimated that the refinery will create approximately 1,200 direct employment opportunities in the Kingdom, each of which typically creates five to six indirect job opportunities.

On May 6th and May 8th 2008, respectively, the Executive Committee of Total and the Board of Directors of Saudi Aramco decided to launch the project and on June 22, 2008, a 'Shareholder Agreement' was signed in Jiddah, Saudi Arabia, by Saudi Aramco and Total S.A.

Following the signing of the agreement, SATORP was formed during the Q3 of 2008 and the project remains on schedule.

(Sourced from Pipe Line Dubai)

For more news visit at www.steelguru.com