New storage plant to ease gas supply

African Gas and Oil company expects to commission the terminal at end of the year

BY NATION CORRESPONDENT

The construction of a modern bulk import handling and storage plant in Mombasa is expected to ease supply of liquefied petroleum gas

African Gas and Oil Company Ltd (AGOL) says $125 million (about Sh10 billion) will be invested in the facility with a storage capacity of 28,000 metric tonnes to handle imported LPG.

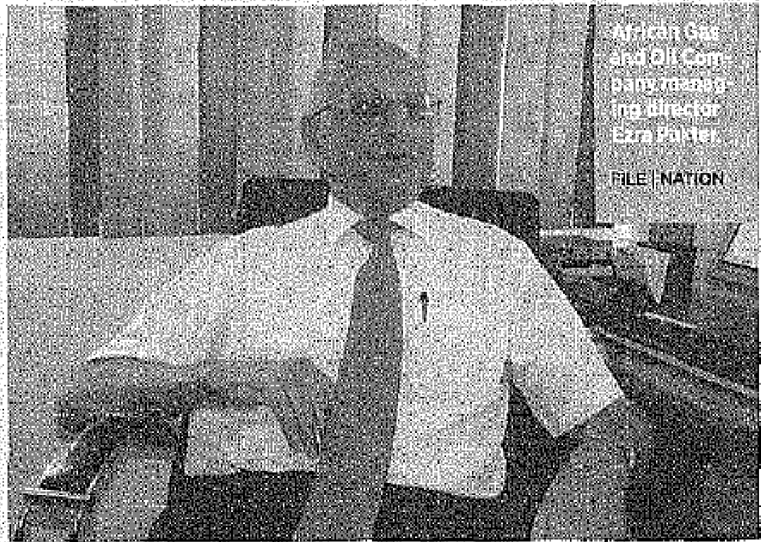
Managing Director Ezra Pakter said the common user terminal will be operational by December 2011 for use by marketers. "Safety will be enhanced as road tankers and rail wagons ferrying gas inland will not pass through Mombasa town. The facility is situated in industrial area of Miritini, close to the Mombasa-Nairobi highway," he said.

> **"LAUNCHING OF THE SUBMERGED PIPELINE WILL BE COMPLETED BY EARLY JULY 2011 WHILE CIVIL WORKS ON DISTRIBUTION TERMINAL HAS COMMENCED."**
> Mr Ezra Pakter

The capacity of marine, storage and distribution terminal will be increased in phases to 16 tanks of 1,750 metric tonnes each to finally accommodate LPG tankers of 28,000 dead weight tonnes. Initially, the terminal at Miritini will have four tanks of 125 metric tonnes with capacity of 500MT based on temporary floating storage of 12,000 to 14,000 DWT for offloading import tankers in the anchorage area.

Mr Pakter said his firm expects to commission its terminal and handling facilities around December 2011 to help improve supply and reduce LPG prices as well as congestion of tankers ferrying imported cargoes.

"AGOL will not be the owner of LPG handled through its facilities but will receive, store and redeliver gas imported by licensed marketers," he said during second Eastern Africa Oil, Gas and Energy Conference in Nairobi.



African Gas and Oil Company managing director Ezra Pakter. FILE | NATION

Trident Engineering Consultants Ltd of Britain is lead consultant. Nairobi based Kurrent Technologies Ltd is mechanical and electrical consultant while Utmost Consultants Ltd of Mombasa is civil works consultant.

Although the facility was to be commissioned in June 2010, work fell behind schedule because AGOL could not access land at Miritini until squatters moved out in late 2009.

It paved way for survey work and soil testing among others before commencing. The offshore terminal comprises mooring buoys anchored to the seabed, a 12 inch pipeline end manifold system covering about five kilometres linked to the Miritini terminal where LPG importers discharge cargo.

"Launching of the submerged pipeline will be completed by early July 2011 while civil works on the distribution terminal has commenced and should be completed by fourth quarter of this year," said Mr Pakter.

He said upon completion of the facility, importers of LPG will enjoy considerable savings on ocean freight and demurrage, contributing to reduce the price of gas. Failure to offload gas leads to payment of about $12,000 per day as demurrage charge to a tanker owner. Presently Mombasa has private gas storage facilities of about 1,200 metric tonnes at Shimanzi but ships ferrying 900 to 1,300 MT have to wait for space availability constraining LPG supply.

LPG consumption has been low due to insufficient supply, use of expensive small tankers for importation, limiting offloading to daytime, inadequate bulk storage and offloading facilities. Kenya Ports Authority awarded AGOL the licence in September 2007.

AGOL was allowed on build, own, operate and transfer basis to construct, develop and operate marine anchorage and to run the common user terminal for a period of 33 years once it becomes operational.

Kenya's usage of gas is expected to hit 115,077 metric tonnes by yearend driven by marketers' initiatives and government policy to standardise cylinder values while cargo to Uganda and other countries could be 5,800 MT.

Mr Pakter said their facility is expected to contribute to availability of gas in line with the government's objective of promoting the commodity as a clean and efficient source of energy to reduce deforestation.