Oil refinery upgrade

Monday, 06 June 2011 09:35

Even with Uganda planning to construct a $2bn oil refinery, the Mombasa oil refinery upgrade is to continue

The refinery, which serves Kenya and neighbouring Uganda, DR Congo, Burundi and Rwanda, has the capacity to process 1.6mn tonnes annually, or about 32,000 barrels a day.

Recent discovery of oil in Uganda and plans to construct the refinery in the country had put planned Mombasa refinery upgrade in doubt. Development of a refinery in Uganda is expected to hurt Kenya's oil sector.

Uganda will refine 25,000 barrels per day (bpd) to meet its local consumption and later refine up to 200,000 bpd targeting the export markets of Kenya, Rwanda, Burundi and DRC, which are served from the Kenyan market.

Kenya Pipeline Company (KPC) is estimated to pump 80 per cent or 715,000 tonnes of petroleum products consumed in Uganda annually.

Crude oil

Uganda's announcement that it will not export crude oil is also set to further scuttle a plan to extend KPC's pipeline from Eldoret to Kampala. Kenyan oil marketers will lose more than 700,000 tonnes of petroleum products — including liquefied petroleum gas — currently consumed in the Ugandan economy every year.

Kenya Petroleum Refinery Ltd chief executive Bimal Mukherjee says that even with Uganda's plan to build a similar facility, it would still be viable to operate the Mombasa refinery.

"Considering the demand increase in this region, an upgraded refinery can coexist with a future Uganda refinery," Mr. Mukherjee said.

Feasibility studies carried out by the consultant on Kenya refinery - KBC Technologies of the UK - had put the cost of upgrading the facility at $1bn.

Uganda plans to build another with a capacity of 20,000 barrels a day at a cost of $2bn.

Upgrades

The government plans to upgrade the refinery have been on for decades and the purchase of a 51 per cent stake in the firm by India's Essar Oil and Gas was seen as a major step in speeding up the process.

Meanwhile, African Gas and Oil Company Ltd (AGOL) plans to construct a 28,000 metric tonnes liquefied petroleum gas (LPG) storage facility at Mombasa.

At least $125mn will be invested with the capacity increased in phases to 16 tanks of 1,750 metric tonnes each to finally accommodate LPG tankers of 28,000 dead weight tonnes.

According to the company's CEO Ezra Pakter, the firm expects to commission its terminal and handling facilities by December 2011 to help improve the supply and reduce LPG prices in the region. It will also reduce congestion of tanker ferrying imported cargo at the port of Mombasa.

The facility will be located at Miritini, the industrial heart of Mombasa and close to the Mombasa-Nairobi highway.

UK's Trident Engineering Consultants Limited is the lead consultant while Nairobi based Kurrent Technologies Limited is the mechanical and electrical consultant.

Utmost Consultant Limited will handle the civil works.

Kenya's demand for liquefied gas is expected to hit 115,077 metric tonnes by the end of the year. Exports to the East African region could reach 5,800 metric tonnes.

Mwangi Mumero

SUBSCRIBE TO THE MAGAZINE
Click Here to View
SUBSCRIBE TO DIGITAL MAGAZINE
Click here to view the E-newsletter
SUBSCRIBE TO EMAIL NEWSLETTER

EVENTS
Event List
Event News

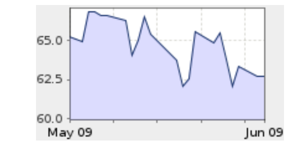
QUICK LINKS
Latest News
About Us
Current Issue
Magazine Archive
Advertise
Subscribe
Contact Us

OTHER SITES
Technical Review Middle East
Oil Review Middle East
Oil Review Africa
Communications Africa Afrique
African Review
Far Eastern Agriculture
African Farming

Search... Search
Alain Charles Publishing

MARKET PRICE INDEX

Brent Crude Oil
$62.69 ▼-0.62 -0.99%
2015.06.08 end-of-day



1m 1q 1y 5y