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**Vopak Horizon
Fujairah Limited**



A testimony to success

Vopak Horizon has been a major contributor to the development of Fujairah, a major regional oil hub. CEO Walter Moone talks to Gay Sutton about the latest phases of expansion

Close to the narrow 30 mile-wide Strait of Hormuz—the waterway providing the only access for cargo vessels moving goods and oil between the nations of the oil rich Arabian Gulf and the wider world—lies the emirate of Fujairah. Part of the United Arab Emirates, it is the only state among the seven to be positioned outside the Gulf to the east of the Strait, with easy access to the international shipping lanes. And this strategically important position has contributed to its rise as a major oil hub for the region.

One of the key players in the rise of Fujairah as an oil import and export base is Vopak Horizon Fujairah. Formed as a joint venture in 1998 between global bulk liquid storage specialist Royal Vopak, Horizon Terminals (a subsidiary of the Emirates National Oil Company, or ENOC), the government of Fujairah and the Independent Petroleum Group of Kuwait, the company began by constructing its own exclusive jetty facilities and establishing an adjacent 400,000 cubic metre tank farm. The facilities opened for business in 1999 and have been expanding to meet demand ever since.

Today, Vopak Horizon provides blending, break-bulk and consolidation services, and handles the full spectrum of petroleum products ranging from motor gasoline, reformate and naphtha through to jet fuel, diesel and fuel oil. “We don’t handle crude oil at the moment, although we may store that in the future,” says CEO Walter Moone. Capacity at the tank farm is currently at 1.5 million cubic metres, but that is set to increase significantly during the first quarter of 2012. “We’re now working on our sixth expansion and this will provide a further 606,000 cubic metres, bringing our total capacity to 2.1 million cubic metres.”



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Work began on the expansion project some 10 months ago when two EPC contracts were awarded: one for the onshore and another for the offshore elements of the work. Onshore work includes the construction of the new tank farm and installation of all associated electrical, instrumentation and control equipment, and the contract for this went to US/Italian specialist Exterran Belleli. Meanwhile, the offshore work went to Athena Fujairah, and includes the installation of additional jetty lines and loading arms to increase the capacity at the jetty infrastructure.

Looking to the future, there are interesting opportunities for further expansions. The demand for oil is being driven by increased liquidity in the market, and growing GDP in many countries in the region. "We also see many new refinery projects and upgrades to distillery refineries in the Middle East region, creating high-quality products. This is likely to lead to increased imbalances in the region, with increased trade activity. And this will create opportunities for us."



In preparation for future growth, together with the Fujairah Municipality, the company is in the process of completing its first land reclamation project, which will provide a further 27 hectares of land for expansion. However, it is also planning further ahead and has signed an agreement with the Fujairah Municipality to begin additional reclamation work later this year. In the meantime, feasibility studies are in progress to outline the next expansion project. “We are also in discussions with the Port of Fujairah to establish the feasibility of constructing an interconnection between our tank farms and the port’s jetty structure,” Moone says of a move that will give the company further flexibility.

Growth, of course, is merely one strand of the company’s corporate strategy. The other two pillars are operational excellence and customer service. In both of these the company is able to draw on the knowledge and expertise of parent companies Vopak, the world’s largest independent storage provider for bulk liquids, and Horizon. Operations, maintenance and safety practices are all managed to Vopak and Horizon’s international standards and there is continuous communication between the three entities to share elements of best practice.

The company is also very active in continuously improving its operational performance and customer service. “One of the projects we’re currently undertaking is aimed at reducing the idle time of ships at the jetty,” Moone explains. “We have introduced key performance indicators to measure the time ships spend at the jetty while they’re not pumping, receiving or loading products. And by identifying and reducing this idle time, we hope to improve the turnaround time for our customers.”

Another recent operational innovation is the introduction of allocated time slots at the jetty, enabling customers to pre-book an arrival time, therefore increasing efficiency. “Most terminals work on a first-come first-served basis at the jetty, which results in queuing to load or unload. Now, customers will be

able to plan their journey to arrive at the required time, and the slot will be available for them.”

Another area where Vopak Horizon is aiming to make a considerable improvement is in the number of UAE nationals it employs. Like many oil companies based in the Middle East, the vast majority of skilled technical employees are expats—of the 100 staff employed at Fujairah, about 10 per cent are UAE nationals, and they largely perform office-based jobs such as admin, HR and communications. One-and-a-half years ago, the company launched an initiative to redress this imbalance on the technical side.

The first class of a new two-year operator training course for UAE nationals is now moving towards its conclusion. Formed in conjunction with the Higher Colleges of Technology – Fujairah and Tanmia, the scheme offers extensive college-based theoretical and technical training, backed up by practical

hands-on experience working at the Vopak Horizon terminal. Once fully trained these young people will be prepared to work anywhere in the regional oil industry. “We have already hired one of these young people, and we aim to hire another four over the summer when they’ve completed the programme. But this is not a one-off initiative: we’re planning to continue the programme in the coming years.”

Not surprisingly, the growth of Fujairah as an oil hub has also attracted considerable interest from competitors in the field. As we write, new tank farms are under construction around the port. However, with Vopak Horizon’s 12 years of operational experience in the region, and a long pedigree of globally recognised operational excellence, Moone is watching the competition with interest. “I would say this is a testimony to our success as the first independent tank storage partner in Fujairah,” he concludes. www.vopak.com

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