

New Era in O&G – Competitive Market with Modularized Refinery Solution

IKOYI, LAGOS, NIGERIA, June 5, 2013 /EINPresswire.com/ -- Right before the elections, I published an article, “Nigeria Didn't Implode It Froze - Drop In Oil”, about how Nigeria was grinded to a halt from fear of what the aftermath of the elections would be. I imagined it would not get worse, but, nothing prepared me for the “PETROCALYPSE”. I developed survival rationing skills that could rival Mama June and go for fuel and diesel hunting in a convoy in the middle of the night! The highlight was when I received notifications from my banker and mobile network provider to expect disrupted service. It finally dawned on me that crude is just not only the revenue generator of Nigeria; it is our blood and livewire. I imagine if this went on for 2 months, a State of Emergency would have to be declared.

How come the largest producer of crude in Africa and the eleventh largest in the world could be held to ransom for something that is in abundance? Nigeria has over 35 billion barrels of crude oil reserves and production in excess of 2 million barrels per day and we only refine 1000 barrels of diesel per day! Government pays subsidies going into billion of dollars and we can not build refineries? We have 5 refineries, 4 of them owned by government and the fifth owned by the Niger Delta Petroleum Resources (NDPR). The only operational one is the NDPR Topping Plant located at Ogbelle, Rivers State with a capacity of 1000 barrels per day of diesel which it uses for itself while excess is sold to its immediate environment.

A new government is in place now in Nigeria, and the Oil and Gas Industry critically needs overhauling. Crude oil theft, militant takeovers, kidnappings, incessant vandalism of facilities and the burden of subsidy are part of the challenges that have bedeviled the industry for so long. Thankfully the Amnesty Program has helped to reduce some of the problems in the host communities but this government still has a lot to do in the areas of corruption and misguided practices in the industry. Subsidy removal alone will open up a new era in the Nigerian Oil and Gas Industry! For the very simple reasons of developing a truly competitive market, investment in refineries, and developing improved retail outlets for products.

The government's objectives are ; that Nigeria would refine 50% of its crude oil to enhance national refining capacity and deepen the country's industrial development, that investors would take initiative towards establishing and operating privately owned refineries and that modular refinery will be initiated to squeeze out value from stranded hydrocarbons in remote locations and marginal fields to enhance resource utilization. With the success of the NDPR Topping Plant, government is now looking at the modular refinery as a way of resolving the supply quagmire of refined products and meeting local demand.

The Modular Topping Plant or Crude Distillation Units is the simplest form of refinery. Modules are created on skids, transported to location and mounted on the platforms already built in the location. They are flexible, cost effective, quicker to install, have ease of mobility and the delivery of the modular unit is within 10 to 14 months. Once they are installed on the platform, they are fully functional in 10 days! Topping Plants are the easiest and most economical way of extracting valuable fuels from crude oil with a capacity of between 1000 to 20,000 barrels per day. In special cases, it is possible to re-install a hydro-carbon cracker, hydrotreaters and reformers as an add-on to a modular refinery to obtain a full conversion refinery. However, as they usually come with only a primary

distillation unit, they are best used with sweeter or lighter crude which is perfect with our Bonny Light Naphthenic Oil with API >29 and maximum sulphur content of 0.2wt%. Most topping plant will produce diesel, DPK, PMS and Aviation fuel.

Basically, a Topping Plant's viability is subject to; the choice of crude oil to be refined, the complexity of the refinery and the product to be produced. With our Bonny Light, there will be a lesser need to upgrade the plant occasionally. Likewise, there are conditions to be considered when planning for a Topping Plant. For example;

Do you have access to crude supply? A feedstock study would assist in determining where to source for crude oil, what grade it is and what products can be refined from it.

How close would the Topping Plant be to storage facility? The proximity of the plant to the farm tanks should be determined and appropriate structures constructed to transport products to the tank farm. How easy would it be transporting it to a sizeable market? In this case, proximity to a jetty should be explored so as to be able to optimize your market potentials.

Here in Nigeria, there will be a reduced distribution cost because the refinery is close to source and the cost of moving from oil fields to jetty for export is mitigated.

The Department of Petroleum Resources (DPR) during its last session on the establishment of modularized refineries in the country is committed to working with stakeholders interested in building refineries in the country. In the very detailed road map, it listed the process of acquiring a License to Establish (LTE). On the investor side, they should submit;

Proposition to invest

Location, site study and an Environmental Impact Assessment (EIA) study.

Crude & Technology Identification

Business Plan

Application for licenses

Once they have all these, DPR would do an evaluation, due diligence, design and equipment audit and give their recommendations. Once these recommendations are implemented, they approve and issue licenses.

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