

Oil refinery makes good progress in project to lift capacity by 20%

11 March 2009 - Marsden Point oil refinery owner New Zealand Refining Company plans to complete a 20% expansion of its crude processing capacity by the end of the year.

NZ Refining says in a report for the year to December 2008 that the \$180m upgrade which it calls the Point Forward Project was making good progress with all major equipment delivered within agreed timeframes.

Chairman David Jackson said that worldwide shortages of bulk materials like pipe and valves have created challenges for the project team. But costs were expected to be close to the original budget.

The Northland refinery processed almost 40 million barrels of crude oil for the year while also recording its safest year on record reaching the milestone of two million hours without a lost time incident in December.

Mr Jackson said the strong financial performance was underpinned by excellent plant reliability throughout the year, higher refining margins and a favourable New Zealand dollar exchange rate.

Marsden Point processed 39.2 million barrels of feedstock (up from 36.9m barrels in 2007) and pumped a steady 2.8 million cubic metres of petrol, diesel and jet fuel down the pipeline to Auckland.

The company, which operates by tolling oil company customers with a processing margin, said it charged the maximum processing fee allowable under current agreements, and improved its gross refining margin for the year to \$US11.30 (\$NZ22.19), although it was capped at \$US9.00, up from \$US8.20 the previous year.

Revenue rose 18% to \$397.8m. The company's after tax operating profit of \$124.9m increased 11% from \$112.1m in 2007.

Sources: NZ Refining and Lindsay Clark