

# Petroleum Projects Worth Billions

Continued from page 1

US\$300 million;

- Berri axle gas lift - US \$250 million;
- South Safaniya gas lift - US \$325 million;
- South Hawiyah water injection - US \$150 million; and
- Ras Tanurma refinery refit - total value of work over several years is estimated in the billions.

Saudi ARAMCO has contracted with three large American engineering firms to act as program managers. Fluor Daniels has responsibility for the northern area; Parsons has responsibility for the southern areas; and Lummus-Crest has responsibility for maintaining production capacity. These contractors are doing a significant amount of the work themselves — but many ARAMCO contracts are still open to bids from other firms.

Recently, Vela International Marine Ltd., a Saudi ARAMCO subsidiary, ordered three tankers of the very large crude carrier (VLCC) type from the Danish AP Moller Group for delivery in 1994 and 1995. This is very much a part of Saudi ARAMCO's corporate strategy of complete vertical integration from wellhead to pump.

As part of this strategy, Saudi ARAMCO has entered into joint

overseas refining ventures with Korean interests. ARAMCO owns a half share in Texaco's North American east coast refining and marketing interests. ARAMCO is reportedly negotiating similar deals with European and Japanese interests.

The petrochemical sector in the Kingdom is also growing rapidly.

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*“Significant opportunities exist for Canadian companies to participate in the eastern province's economic boom.”*

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SABIC, with the help of foreign partners, has developed a modern chemical industry centred in Jubail Industrial City in the eastern province.

Significant quantities of plastics, feedstock, fertilizers, industrial gases and other petrochemicals are produced.

SABIC plans a production expansion program of approximately US\$2 billion. For example, SAMAD, a joint venture between SABIC and the Taiwan Fertilizer Company, plans a US\$350 million project in Jubail to produce dimethyl hexanol.

A US\$153 million project is under way to expand polyethylene production at the Eastern Petrochemicals Co. factory in Jubail.

Significant opportunities exist for Canadian companies to participate in the eastern province's economic boom. The Saudi government and ARAMCO want to contract from a wider pool of suppliers to move away from over reliance on a core group of large American engineering firms.

Several large eastern province business enterprises experienced in dealing with Saudi ARAMCO are very interested in forming joint ventures with Canadian companies. SABIC's expansion presents opportunities for Canadian companies specialized in waste management and petrochemical technology.

For further information, contact: *The Houston office has purchasing responsibility for the Western hemisphere.*

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