

BAPCO

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CORPORATE BROCHURE



Refining

the master plan

Oil and gas exploration in Bahrain is set to boom over the next decade; and the Bahrain Petroleum Company (BAPCO) is positioning itself to help drive this exciting period of development

Every year, images of Bahrain are televised around the world as the Formula 1 Grand Prix season kicks off at the spectacular Bahrain International Circuit at Sakhir, located among verdant greenery in the otherwise dusty arid interior of the island. Although Bahrain has only hosted the race for eight years, it seems very much at home in this Kingdom as it too, races to further make its mark on the rapidly evolving global stage.



Yateem Oxygen is committed to the vision it has inherited from its founder, Mr Hussain Yateem, and his family.

Their life and achievements set forth a vision of intense commitment to the improvement of Bahrain, the development of business with integrity, efficiency and dependable service to customers, good employment practices and care for employees, and a passion for a good healthy environment. This is a vision that Yateem Oxygen is privileged to take as its own.

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This land of date palms and fresh water springs, with a rich cultural heritage that can be traced back many thousands of years, is the cradle of the Arabian Gulf oil industry. A small island lying between Saudi Arabia and Qatar, Bahrain was the first country in the Gulf region to discover and harness the rich oil reserves that lie beneath the earth's surface.

In 1929, SOCAL (now known as Chevron), set up the Bahrain Petroleum Company (BAPCO), and made the first discovery of oil in 1932. That event then paved the way for exploration in countries such as Saudi Arabia, Kuwait and the United Arab Emirates, leading to the industry we know today.

With operations across a wide spectrum of disciplines, from exploration, drilling and refining through to storage and wharfing facilities, and with a number of retail outlets on the island, BAPCO today is 100 per cent owned by the government of Bahrain—so it is essentially a national oil company.

The refinery processes over 250,000 barrels a day of crude, one-sixth of which originates from the Bahrain oil fields. From this, approximately 35 per cent is converted into diesel, manufactured to the highest global standards of quality, 20 per cent is kerosene—jet fuel, 20 per cent is black products (fuel oil or asphalt) and 15 per cent naphtha, with a small amount of gasoline also produced, predominantly for the local market. The refinery product slate is skewed towards middle distillates, being diesel and jet, for which demand is expected to grow more strongly than for gasoline.

BAPCO is now looking to the future to secure its growth and enhance performance in what is a rapidly changing world, under the banner of what it calls its refinery master plan, which will define how the refinery will need to look post-2015. Elements



of this plan include analysing the economic market, projecting what the quality requirements are likely to be after 2015, as well as environmental standards and community expectations. Based on these projections, something in the region of \$2 billion to \$4 billion is likely to be invested to upgrade the refinery, to improve its energy efficiency, and reengineer the product mix to reduce production of lower value or loss making products such as fuel oil and increase the production of higher value growth products such as diesel and kerosene.

In parallel with this, the company also aims to diversify into other areas of the oil market and is engaged in researching and analysing the marketplace to identify trends and establish further opportunities. Its strategy for achieving this is to utilise its core strengths, which include project execution and operational excellence, and to find joint venture partners with expertise in complementary areas such as marketing.



A lube base oil plant is currently being constructed in partnership with Neste, whereby BAPCO will operate the facility and produce the lube oil, and Neste will market it on behalf of the joint venture. Once up and running, the plant should produce 400,000 tonnes of high grade, group III lube oil a year.

Environmental issues are a major concern to the oil industry in general, and BAPCO has always striven to position itself ahead of the game. In 2009 it commissioned a new refinery gas desulphurisation plant costing some \$160 million; and in early 2012 a new wastewater treatment plant incorporating the latest technology is due to come online—but this presented quite a challenge. Conditions in Bahrain are very demanding—there are high salt levels in the effluent, the quality regulations are stringent and the climate is very hot—so BAPCO built a pilot plant and tested it rigorously over a 12 month period.





Looking to the future, the government of Bahrain is at the start of a major exploration programme to more than triple oil production from the Bahrain oil fields, and to identify further natural gas reserves. Investment over the next 10 years or so is expected to come to around \$20 billion. BAPCO's role will be to oversee the technical aspect of the work on the government's behalf, to ensure that it achieves value for money, that the right balance of long- and short-term goals is struck and that the work is done to high technical specifications. Already, a joint venture called Tatweer is actively developing the onshore oil reserves. Offshore reserves are to be developed by joint ventures with PTT of Thailand and Oxy of the US. And finally, joint venture partners are being sought to search deeper into the earth's crust for further reserves of gas.

Having operated in Bahrain for some 82 years, BAPCO has developed a reputation for business best practice, always seeking win-win outcomes and social integrity. It was, for example, the first company outside of North America to win the prestigious Robert Campbell Award from the National Safety Council of America. It undertakes all the usual charity and public outreach activities, and also plays a key role in developing the island's future leaders.

Each year the company selects 15 or 16 talented students and sponsors them through university at home and abroad, taking an interest in disciplines ranging from chemical and mechanical engineering through to accountancy, geology and physics. Some of the graduates continue with BAPCO, and others step into fast track careers in other organisations on the island. As a result, BAPCO is increasingly being regarded as a true powerhouse of talent. www.bapco.com.bh ●



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