

Primorsk Oil Terminal

Business Plan for Primorsk Oil Terminal, Russia: Project Description

Fisher Associates was contracted to undertake traffic projections and assist with project management for the development of a bankable business plan for a new oil terminal at Primorsk, Russia.

The port of Primorsk is located on the north bank of the Gulf of Finland, some 50 km northwest of St. Petersburg. The attraction of the site was its location within a reasonable distance from St. Petersburg, and deep water within a relatively sheltered area. In the mid 1990s, hinterland infrastructure comprised a railway line and a road, which passed the site on the route from St. Petersburg to the Finnish border. Access to the port from the interior by inland waterway was also possible.



The primary medium to long-term objective of the port was the export of large quantities of crude oil, and possibly LNG. This required significant investments in the construction of related pipelines.

We undertook a market analysis of the prospects for Primorsk Oil Terminal. In essence, the analysis grappled with two key questions:

- ◆ The expected volume of trade in crude oil and oil products for Russia based on its anticipated energy balance.
- ◆ The volume that might flow through Primorsk.

A masterplan was developed and a fixed jetty was recommended. The design of the associated tank terminal was based on phased development to allow step by step expansion according to market requirements. A strategic environmental assessment concluded that there were no over-riding environmental concerns that would make the project unacceptable due to its impact, or non-viable due to the cost of amelioration.

The Russian company Transneft, which runs Russia's network of oil pipelines, invested € 550 million in the new transport route, including the terminal. Its design volume was in the region of 20 million tonnes pa. The Primorsk oil terminal comprised two berths, plus 10 large oil tanks with a capacity of 50,000 tonnes each, and associated terminal facilities. This was increased to 18 tanks in 2005.

Russian President Vladimir Putin officially inaugurated the Primorsk Oil Terminal on 26th December 2001. The first oil tanker left the terminal the previous day. Its opening significantly decreased Russia's dependence on the harbours in Latvia, Lithuania, and Estonia. The oil is transported from the oil fields of Siberia by pipeline.

The terminal has exceeded all expectations. The terminal's throughput in 2005 was reported as more than 50 million tonnes (1 million bbl/d), and the development of another two berths reported in 2006 means that 4 tankers with up to 150,000 tonnes each could be worked simultaneously.

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