

Technip - Sices awarded a major refining contract in Bulgaria

A turnkey project-implementation contract was signed on January 25th for a heavy-residue hydrocracking complex to be built at the Lukoil Neftochim Burgas Refinery

Technip - Sices (nominated subcontractor) was awarded by Lukoil Neftochim Burgas, subsidiary of OAO LUKOIL, a lump sum turnkey contract, worth EUR 950 million - Technip share around EUR 600 million, Sices share around EUR 350 million - for the engineering, procurement and construction of Phase 1 of a heavy residue hydrocracking complex to be built at their refinery in Burgas, Bulgaria.

This contract covers the detail engineering, procurement of equipment and material, construction, pre-commissioning and commissioning of a 2.5 million tons/year vacuum residue hydrocracker based on Axens H-Oil process, as well as amine regeneration unit, sour water stripper, hydrogen production units, utilities and offsites upgrading.



The Lukoil Bulgaria hydrocracking plant will be the tenth in the world, and the largest one in Eastern Europe, with already existing similar facilities located in the USA, Mexico, Canada, Poland, Japan, and Kuwait. Once completed, the new installation is going to reduce substantially the refinery's output of greenhouse gases, and will replace existing waste processing installations using older technology.

The contract was signed in the Bulgarian Black Sea city of Burgas in the presence of Lukoil's First Vice President Vladimir Nekrasov, Lukoil Bulgaria CEO Valentin Zlatev, Bulgaria's Deputy PM and Finance Minister Simeon Djankov, Bulgarian Minister of Economy, Energy and Tourism Traicho Traikov, Burgas Mayor Dimitar Nikolov, Technip Chief Financial Officer Marco Villa, Sices CEO Alberto Ribolla and Sices Vice President Marketing & Sales Gilberto R. Citterio.

The Lukoil Neftochim Refinery is to launch the hydrocracking facility in 37 months; the construction phase is to open 3.000 jobs in the Burgas region in construction, transport, logistics, and machine-building, Lukoil officials said. Sices will perform its work in strict synergy and interaction with the local content.

"This award recognizes the *know-how* and expertise of our teams," said Nello Uccelletti, Technip Senior Vice President Onshore. "It also confirms Technip's leadership in the field of refining after projects such as Dung Quat in Vietnam, Jubail in Saudi Arabia, and Algiers Refinery in Algeria."

Technip's operating center in Rome will execute the contract which is scheduled to be completed by end of January 2015. The contract follows the successful execution of the front-end engineering design completed by Technip in the first quarter of 2010, and the detailed engineering and procurement services contract won at the beginning of 2011.

Alberto Ribolla affirmed proudly: "Sices has always aimed at being a competitive Group able to face the challenges of the international market. Thanks to our valuable *know-how* and to the strict partnership with Technip Italy, we have achieved our goal and today we can offer the quality and the highly competitive products and activities to the Burgas project. This excellence will be a key factor for the awarding of new contracts".

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Burgas Mayor Dimitar Nikolov, Economy Minister Traicho Traikov, Lukoil VP Vladimir Nekrasov, Finance Minister Simeon Djankov, Lukoil Bulgaria CEO Valentin Zlatev. Photo by BGNES

Many were the positive comments and declarations about this important contract. "The main job of our government is to attract good investors, especially in the hi-tech sphere. Today is a very nice day on which the long-term work of many people has come to a successful end," Bulgaria's Finance Minister Simeon Djankov declared at the signing of the Lukoil Bulgaria-Technip contract. Bulgaria's Minister of Economy, Energy and Tourism Traicho Traikov evaluated the Lukoil hydrocracking facility project as "the largest investment in Bulgaria's new economic history". "The realization of this project will have the full support of the Bulgarian government," he said.

Lukoil's First Vice President Vladimir Nekrasov has thanked the Bulgarian authorities for the favorable business climate that the company enjoys in Bulgaria. "Our business in Bulgaria has always been a priority for us, and our investments in the past 10 years have proven that," Nekrasov added.

"The commissioning of the complex will put the LUKOIL refinery in Bulgaria among the more technically sophisticated ones, both in Europe and worldwide," said Vagit Alekperov, President of OAO LUKOIL.

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