Morocco's Product Markets Recalibrate after Mohammedia Refinery Shutdown

The closing of Samir's 200 kb/d Mohammedia refinery has dramatically affected the 300 kb/d products market in Morocco. Before the refinery was shutdown in late August 2015 due to financial constraints, the plant processed Urals and Arab Light among other crudes. The Mohammedia refinery produced about 1.7 million mt a year of fuel oil. Prior to the refinery shutdown, Samir imported about 1 cargo per month of Moroccan Standard Fuel Oil. The cargoes arrived at Tanger Med in 30 kt lots. At Mohammedia, Samir received one 45 kt cargo per month of high sulfur straight run and occasionally some high sulfur VGO. At Mohammedia, Samir also received 4-6 cargos per year of Moroccan Fuel Oil Special in lots of 30 kt, according to a presentation by David Fereres of Libra Fearnley at the World Fuel Oil Summit in Athens on May 20, 2016. The summit was hosted by the Public Power Corporation of Greece and organized by Axelrod Energy Projects.

With respect to diesel, Samir imported 50 ppm and 10 ppm product. On an aggregate basis, over 120 kt a month arrived at Tanger Med and Mohammedia. On an aggregate basis, over 100 kt a month of diesel arrived at Jorf Lafar, Agadir, Laayoune, and Dakhla.

After production of petroleum products ceased, local customers for diesel were supplied from Samir's abundant stocks. These clients were supplied until the stocks ran out. Samir's fuel oil customers had to begin importing. Under these circumstances, Tanger Med began receiving 3-4 cargo a month of Standard Fuel in 30 kt lots, one-two 45 kt cargoes of M-100 per month, 10-15 kt a month of MGO, and an aggregate 5-10 kt a month of slurry/LCO. There were no imports of straight-run fuel oil or VGO since the refinery was not operating.

Following the Mohammedia closure, diesel imports (mainly 10 ppm) began to arrive at several locations. Tanger Med and Mohammedia began to receive an aggregate 250 kt a month of diesel. Jorf Lasfar received over 100 kt a month while

MOROCCO, LOCATION OF REFINERY AND PORTS

Agadir, Laayoune, and Dakhla received over 30 kt per month of diesel on an aggregate basis.

Moroccan Fuel Oil Special is characterized by —

- Distillation at 270 °C max 50 percent
- Min flashpoint 70 °C
- Max ash 0.03 percent
- Max CCR 9 percent
- Density 975
- Max sulfur 4%S

Moroccan Standard Fuel Oil is equivalent to RMG ISO 8217:2010 with these additional restrictions —

- Distillation at 270 °C max 50 percent, and
- Min Flashpoint 70 °C.

The Moroccan ULSD spec is characterized by —

- Max sulfur 10 ppm
- Density 820/860
- Viscosity at 40° C 2/6
- Distillation at 250° C max 65, 355 °C min 85, 380 °C min 95
- Flashpoint 55/120 °C
- Cetane index min 46

At the end of March 2016, Samir was ordered by the Moroccan court into refinery liquidation. Samir reported a loss of $223 million on the first half of 2015 and experienced further losses. The Moroccan government estimates Samir's total debt amounts to around $4.5 billion. In 2015, Samir attempted to inject $1.4 billion into the refinery, however, the Moroccan court rejected the debt restructuring proposal as it came without guarantees. The refinery has mainly been financed by credit and has received pre-financing from large international trading companies. In June 2016, Corral Petroleum Holding Group, owned by Saudi Sheikh Mohamed Hussein Al-Almoudi, committed to injecting $680 million. Samir is owned 67.27 percent by Corral. ■