

SK GAS to build 600,000 mt/yr propylene plant in Ulsan

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Leading South Korean LPG importer/seller SK GAS Ltd. said Tuesday it will construct a propylene manufacturing plant (propane dehydrogenation or PHD) with a production capacity of 600,000 mt per year in Ulsan southeast of the Korean capital Seoul with an investment of \$890 million. It aims to put the plant into operation in 2016. This was revealed in a filing with the Korean Exchange (KRX).

With the production of propylene, SK GAS expects synergy effects from expansion of its business scope and the existing LPG business. Assuming propylene it produces will be priced at \$1,450 per mt, the company projects \$9.8 billion in annual sales of propylene and byproducts. As to feedstock propane, it plans to import relatively low-priced LPG derived from shale gas that is produced in the U.S.

E1, South Korea's second-largest LPG importer/seller, in November 2012 signed a long-term contract to purchase 180,000 mt per year of LPG from Enterprise Products Partners of the U.S. from 2014.

SK GAS owns and operates LPG terminals with a combined capacity of 470,000 mt in Pyeongtaek and Ulsan. The Ulsan terminal, completed in 1988, represents the world's largest underground storage facility with storage capacity of 270,000 mt, capable of stockpiling 140,000 mt of propane and 130,000 mt of butane. Meanwhile, the Pyeongtaek terminal is capable of storing 140,000 mt of propane and 60,000 mt of butane for a total of 200,000 mt.

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