



## PRESS NOTICE

# Trinco Petroleum Terminal (Pvt) Ltd

## EXPRESSIONS OF INTEREST (EOI)

### **Establishment of an Export Oriented Storage Terminal for the storage of Petroleum Products , Chemicals and Edible Oil at China Bay Installation, Trincomalee, Sri Lanka**

The Trinco Petroleum Terminal (Pvt) Ltd (TPTL) is a joint venture company of the Ceylon Petroleum Corporation (CPC) and Lanka IOC PLC (LIOC), established under the Ministry of Power and Energy of Sri Lanka. TPTL hereby invites eligible investors or consortia to express their interest for the project **“Development of 61 Tanks in the Upper Tank Farm at China Bay Installation, Trincomalee, Sri Lanka on Built, Operate and Transfer (BOT) Basis ”**. The National Agency for Public Private Partnership (NAPPP) will facilitate in this venture on behalf of the Government of Sri Lanka (GoSL)..

#### **Opportunity Profile:**

Trincomalee is located on the East coast of Sri Lanka closer to the trade route of ships coming from the Arab Gulf, Africa, Europe and heading to the ports in India's eastern beaches and the Chittagong in Bangladesh and is the 4<sup>th</sup> largest natural deep-water harbour in the world. The China Bay tank farm complex consists 100 identical steel storage tanks, each having a working capacity of 10,000 MT of fuel oil, divided into Upper and Lower geographical areas. The complex was built by the British Admiralty immediately prior to WW2 to store bunkers, and covers a total area of 325.5 Ha

The GOSL has allocated twenty four (24) tanks to the CPC and fourteen (14) to LIOC to enhance their storage capacities for the supply of fuel to the domestic market.

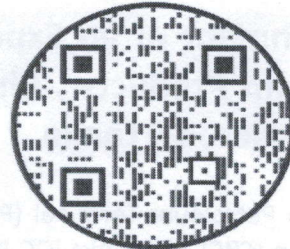
One tank was destroyed during the war, and the balance sixty one (61) tanks, within an area of 123.12 Ha, have been leased to TPTL for a period of fifty (50) years. The GOSL intends for this complex to be refurbished, modernized and brought back into service as a strategic petroleum terminal. Capacity or functionality of the tank farm can be further increased if required, by expanding into the vacant land surrounding it.

Interested investors (for a minimum of 9 tanks) are hereby invited to submit their Expressions of Interest (EOI) for the project **“Development of 61 Tanks in the Upper Tank Farm at China Bay Installation, Trincomalee, Sri Lanka on Built, Operate and Transfer (BOT) Basis”** as specified in the Terms of Reference to the Trinco Petroleum Terminal (Pvt) Ltd by registered post, courier or by placing in the Tender Box kept at the Procurement Division of the Trinco Petroleum Terminal (Pvt) Ltd, along with the following documents and information, or emailed to the address [tptl tenders@gmail.com](mailto:tptl_tenders@gmail.com) on or before **14.00 hrs (Local Time) on 05/07/2024**.

- Company profile together with annual reports for the last three years
- Outline proposal/s with notional revenue model
- Experience in similar projects, if not core business
- Other supporting documents as deemed useful

The relevant Terms of Reference (TOR) and feasibility study report may be downloaded from the website [www.trincopetroleum.com](http://www.trincopetroleum.com), and [tptltenders@gmail.com](mailto:tptltenders@gmail.com) may be used for general enquiries.

**The Chairman**  
**Cabinet Appointed Negotiation Committee**  
**C/o Trinco Petroleum Terminal (Pvt) Ltd,**  
**No: No. 609,**  
**Dr. Danister De Silva Mawatha,**  
**Colombo 09, Sri Lanka.**  
**Tel: +94 11 5455107 Fax: +94 11 5455421**  
**Web site: [www.trincopetroleum.com](http://www.trincopetroleum.com)**  
**email: [tptltenders@gmail.com](mailto:tptltenders@gmail.com)**





# Trinco Petroleum terminal (Pvt) Ltd

## Terms of Reference (TOR)

### Development of 61 Tanks in the Upper Tank Farm at China Bay Installation in Trincomalee, Sri Lanka on Build, Operate and Transfer (BOT) Business Model

#### 1. Introduction

The Tank Farm at China Bay Installation, Trincomalee is located on the eastern coast of Sri Lanka and 265 Km from the main city of Colombo.

Figure 1. Location of Trincomalee



This tank farm had consisted of 100 nos. of identical steel storage tanks (Diameter- 35.0 M, Height- 14.5 M) constructed by the British Government during World War II (1920 to 1930) to facilitate their strategic fuel requirements. The working capacity of each tank is 10,000 MT of Furnace Oil. The entire tank farm had been designed and constructed with the storage capacity of one million metric tons, with one tank that was destroyed during the war.

The state owned entity Ceylon Petroleum Corporation (CPC) had later acquired control of the tank farm (99 tanks, pipelines, jetty, etc.) and full possession of the land by making a payment of GBP 250,000 to the British Government in 1964. From 1964 to 2002, the tank farm and related infrastructure were maintained by the CPC as an asset acquired by the Government of Sri Lanka.

Later, following an agreement signed among the Government of Sri Lanka, the Ceylon Petroleum Corporation and the Lanka IOC PLC [LIOC] on February 2003, LIOC acquired the possession of the oil tank farm consisting of 99 storage tanks, related land area and other ancillary facilities including the premises, pipelines, pumps and loading/discharging facilities on a 35-years' long-term lease from CPC on a negotiated terms and conditions with exclusive rights to manage and operate all assets.

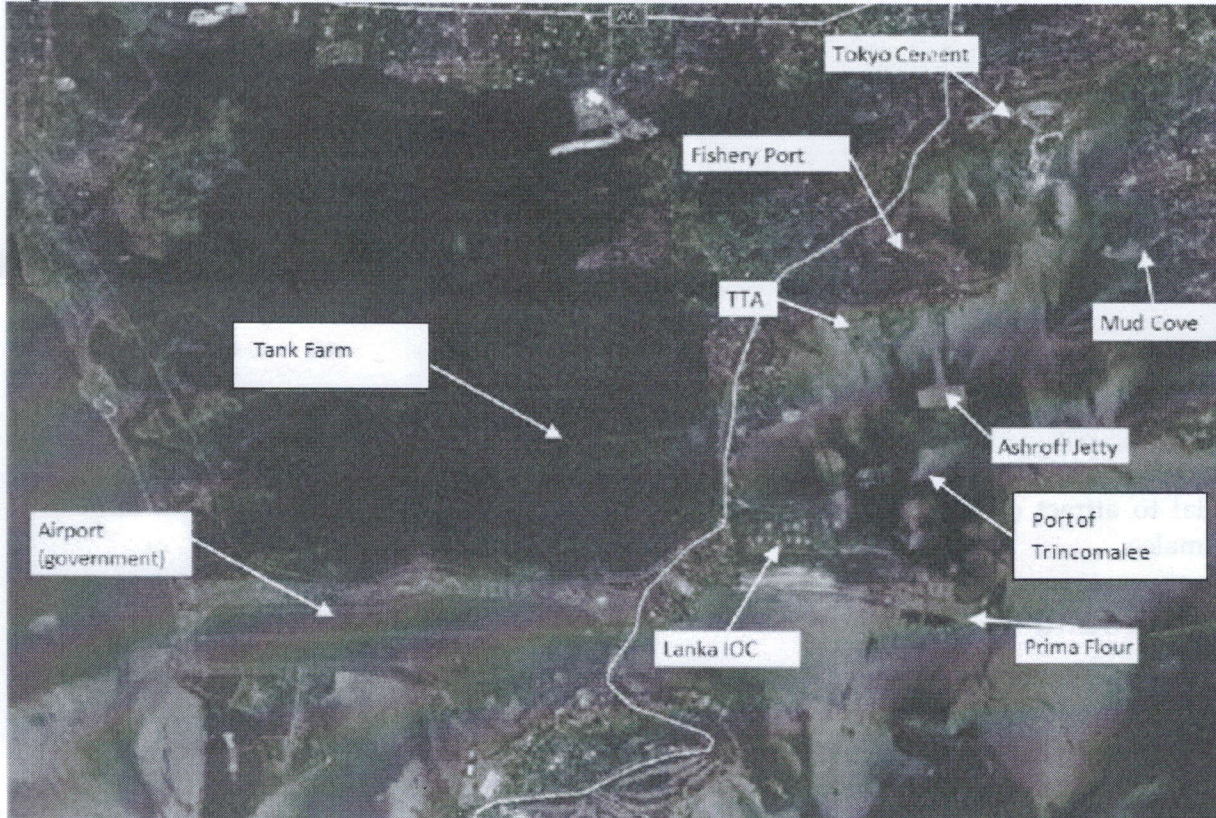
With the intention of developing the tank farm, the Trinco Petroleum Terminal (Pvt) Ltd (TPTL) was formed in the year 2022 as a joint venture of the CPC and LIOC. An Agreement, "Modalities for the Possession, Development and Use of the China Bay Oil Tank Farm by CPC, LIOC and TPTL" was signed on 6<sup>th</sup> January 2022, outlining specific details about the allocation and properties of the tank farm to the three companies as follows.

- (a) Allocation of properties to TPTL
  - Allocate 61 tanks in the Upper Tank Farm (UTF) including the right of way to and from the Trincomalee oil jetty to the TPTL for 50 years
  - Land Allocation Details - 264.8 Ha (654 acres)
  
- (b) Allocation of Properties to CPC
  - Allocate 24 tanks in the UTF including the right of way to and from the Trincomalee oil jetty to CPC for 50 years
  - Land Allocation Details - 50.1 Ha (124 acres)
  
- (c) Allocation of properties to LIOC
  - Allocate 14 tanks in the Lower Tank Farm (LTF) including the right of way to and from the Trincomalee oil jetty to LIOC for 50 years
  - Land Allocation Details - 10.6 Ha (26 acres)

One of the conditions of the agreement signed on 6th January 2022 is to develop sixty one (61) tanks allocated for TPTL for the use of export-oriented business and to develop the other thirty eight (38) Tanks for use of domestic purposes.

The Port of Trincomalee, located adjacent to the tank farm is a natural deep-water bay protected by a terrace of highlands with an entrance to the port guarded by two headlands. The port with a draft of 24 meters provides favorable conditions for the berthing of ships transporting fuel and ship-to-ship cargo transfers.

Figure 2: Location of the Tank Farm and the Port of Trincomalee

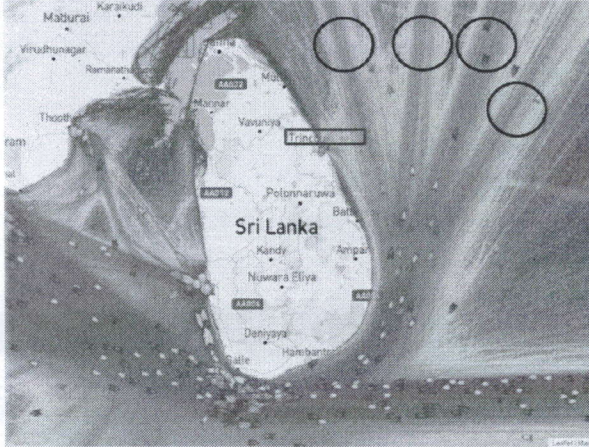


The Port of Trincomalee is used at present for the supply of bulk goods including grains, cement and refined oils. Due to the natural water depths, the port is in a position to handle dry bulk and liquid bulk cargos. Dry bulk commodities are mostly transported to and from the port by railway with the railway facility provided as far as the port. Also, a Part of the port of Trincomalee is utilized as an important military base for Sri Lanka. Currently, the Sri Lanka Navy and the Sri Lanka Air Force are based in the premises of port of Trincomalee.

The main international trade ports in the neighboring countries are constrained with limited infrastructure facilities to handle liquid bulk products having either limited storage facilities or low draught restricting the number of vessels that can be called to ports, or both. These limitations could be overcome by developing the tank farm at Trincomalee and offering it as a major storage terminal for the trade of liquid cargos originating from the West to the Southeast Asia region. Further, majority of global trade for petroleum products and petrochemicals happens via the following major shipping routes in the Indian Ocean.

- Arab Gulf to East Coast India (ECI)/Chittagong,
- Red Sea to ECI /Chittagong,
- South and East African Ports to ECI,
- East Africa to ECI/Chittagong

Figure 3 - Trades Routes closer to Sri Lanka



Evaluation of global trade flows and vessel movement analysis indicate that there is a high potential to attract oil majors and oil suppliers to store their products in the tank farm at Trincomalee.

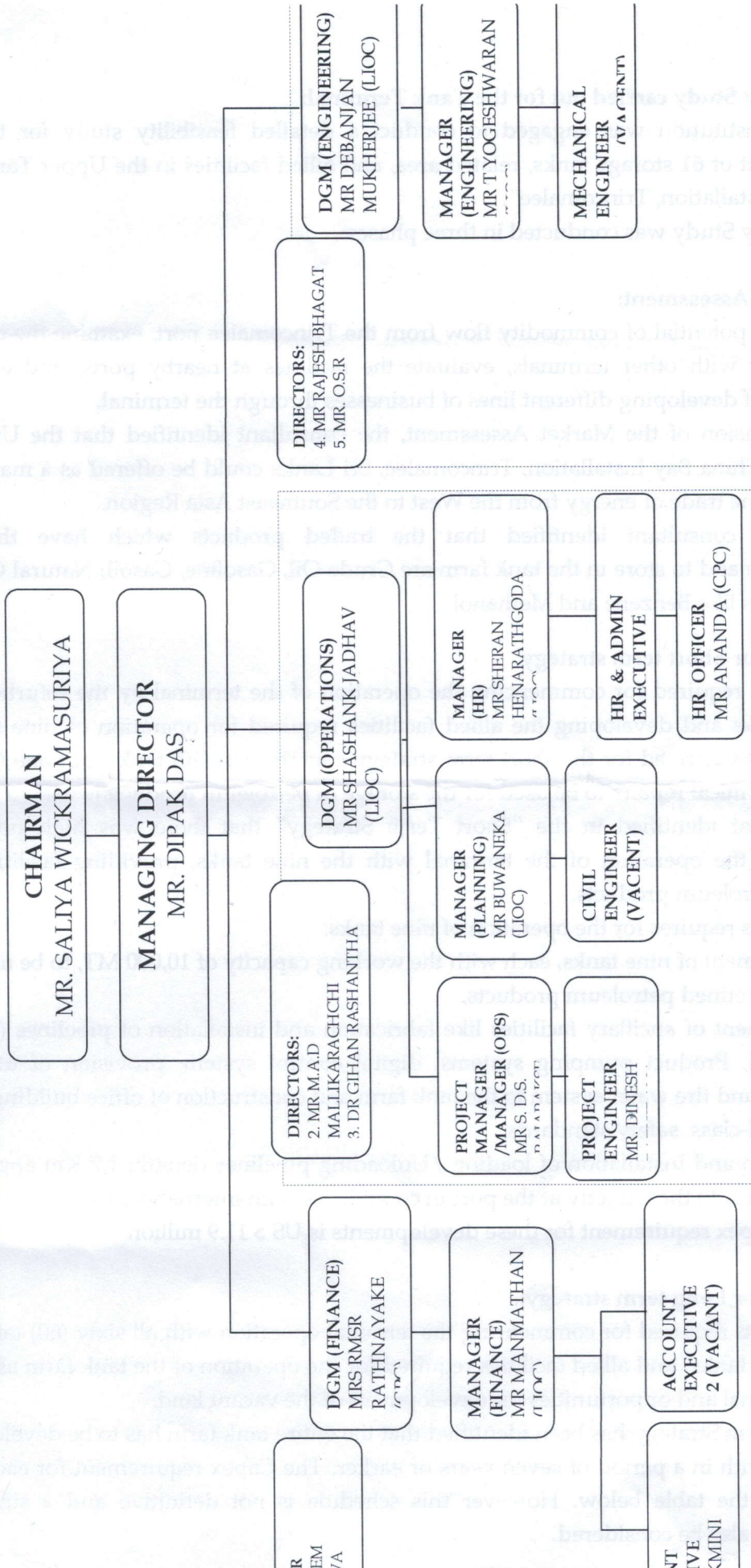
## 2. Background

### 2.1 Trinco Petroleum Terminal (Pvt) Ltd

Trinco Petroleum Terminal (Pvt) Ltd (TPTL) is a Joint Venture Company (JVC) incorporated in January 2022 under registration number PV 00250578 and the registered office is located at 609, Dr. Danister De Silva Mawatha, Colombo 9, Sri Lanka with 51% and 49% equity shares to Ceylon Petroleum Corporation (CPC) and to Lanka IOC PLC (LIOC) respectively. The Agreement of the incorporation of the company outlines the land areas and tanks belonging to TPTL at the Trincomalee tank farm.

The high-level organizational structure of TPTL is comprised of officials from both CPC and LIOC. The three main divisions, in this organization are Financial, Operational and Business Development divisions.

# ORGANIZATION STRUCTURE OF TRINCO PETROLEUM TERMINAL



## **2.2 Feasibility Study carried out for the Tank Terminal:**

A reputed institution was engaged to conduct a detailed feasibility study for the project "Development of 61 storage tanks, related area, and allied facilities in the Upper Tank Farm of China Bay Installation, Trincomalee".

The Feasibility Study was conducted in three phases:

### **2.2.1 Market Assessment:**

To assess the potential of commodity flow from the Trincomalee port, examine the capabilities of competing with other terminals, evaluate the facilities at nearby ports, and explore the possibilities of developing different lines of businesses through the terminal.

At the conclusion of the Market Assessment, the consultant identified that the Upper Tank Farm at the China Bay Installation, Trincomalee, Sri Lanka could be offered as a major storage terminal for the trade of energy from the West to the Southeast Asia Region.

Further, the consultant identified that the traded products which have the highest potential/demand to store in the tank farm are Crude Oil, Gasoline, Gasoil, Natural Gas, Cyclic Hydrocarbons like Benzene and Methanol.

### **2.2.2 Study for Short term strategy:**

Development required for commencing the operation of the terminal by the refurbishment of nine (09) tanks and developing the allied facilities required for operation of nine tanks [The cluster of tanks selected for the short term strategy contains ten (10) tanks, but one (01) tank is beyond economical repairs to be used for the storage of petroleum products].

The consultant identified in the "Short Term Strategy" that there was high potential for commencing the operation of the terminal with the nine tanks, providing facilities for the storage of petroleum products.

Developments requires for the operation of nine tanks:

- (a) Refurbishment of nine tanks, each with the working capacity of 10,000 MT, to be used for the storage of refined petroleum products,
- (b) Development of ancillary facilities like fabrication and installation of pipelines (within the tank farm), Product pumping systems, digital control system, provision of utilities like electricity and fire water system to the tank farm and construction of office buildings on a par with world-class safety standards.
- (c) Fabrication and Installation of loading /Unloading pipelines (length: 1.7 Km approx.) from the tank farm to the Oil Jetty at the port in compliance with international standards.

Estimated Capex requirement for these developments is US \$ 11.9 million

### **2.2.3 Study for Long term strategy:**

Developments required for commencing the terminal operation with all sixty (60) tanks [out of sixty one (61) tanks] and allied facilities required for the operation of the tank farm as a modern storage terminal and opportunities for development of the vacant land.

The Long Term Strategy has been identified that the entire tank farm has to be developed in six (06) Phases with in a period of seven years or earlier. The Capex requirement for each Phase is indicated in the table below. However this schedule is not definitive and a simultaneous timeline may also be considered.



	Year 0	Year 3	Year 4	Year 5	Year 6	Year 7	Total
<b>Tank Additions</b>	9	14	8	8	7	14	60
<b>Phase</b>	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Phase 6	
<b>Capex (US \$ Mn)</b>	11.9	14.1	8.7	9.0	8.2	15.9	67.7

Activities to be carried out during the long term development:

1. Refurbishment of the remaining 51 tanks as to be fit for the storage of petroleum products
2. Fabrication and Installation of Internal Piping required for operation of the tank farm
3. Construction of a new Oil Jetty at a higher draft
4. Construction of allied facilities required for operation of the Terminal as a modern storage terminal

The financial indicators for the overall project improvements are indicated in the table below.

Terminal Operation	
IRR (%)	10%
Simple payback (Years)	12
Discounted Payback (Years)	16

The complete feasibility study report is available with TPTL and the document could be forwarded to the interested bidders for their reference.

### 2.3 Present condition of the tank farm:

All these steel storage tanks had been constructed with the use of reverted technology for connecting steel plates, both in horizontal and vertical directions. These tanks have not been used for operational activities in several decades and the entire tank farm is covered with thick jungle. Health Assessment evaluation was carried out for ten (10) tanks by a reputed Inspection Authority and their comments on tanks in brief are as follows.

(a) Tank Foundation:

The existing concrete foundation of the tanks is slightly deteriorated and re-building of the tank foundation is required.

(b) Tank Bottom ( Tank Floor):

Bottom Plates indicate low thickness readings, confirming signs of soil-side corrosion. The existing bottom of the tank has to be replaced with new steel plates.

(c) Tank Shell:

The tank shell is in good integrity. Only minor repairs and painting required.

(d) Tank Roof structure and roof Plates :

Minor corrosion detected. Partial replacements and painting required.

## **2.4 Design for the Phase 1 development activities**

A contract has been awarded for a detailed design of the Phase 1 activities of the project and the design work is in progress. The following drawings are available for inspection by the interested parties.

- (a) Refurbishment details of the nine tanks ( Tank Nos. 31,32,34,35,37,45,46,47 &48)
- (b) Details of;
  - i. 16" Dia. Loading / Unloading pipeline
  - ii. Product Transfer Pump House
  - iii. Fire Water Pump House
  - iv. Fire Hydrant System
  - v. Secondary containment structures (bunds/dikes/spill containments)
  - vi. Rain Water Drainage System
  - vii. Oil Water Separator System

## **2.5 Approval from the Board of Investment (BOI) of Sri Lanka**

Approval from the BOI, Sri Lanka was obtained for the development work indentified in Phase 1. (i.e. Refurbishment of the nine (09) tanks, fabrication and installation of loading / unloading pipeline and installation of allied facilities required for operation of the nine tanks). The selected investor has to coordinate with the TPTL and the BOI, Sri Lanka to obtain BOI status for the development activities of Phase 2 to Phase 6, while developing the infrastructure of Phase 1 of the project.

## **2.6 Approval from the Central Environmental Authority (CEA), Sri Lanka**

Approval from the Central Environmental Authority of Sri Lanka for the developments identified under Phase 1 is in process. The TPTL will obtain the CEA approval for the activities in Phase 1, before a suitable investor is selected for the project.

The CEA approval for the Phases 2 to Phase 6 of the project has to be obtained by the successful investor, in coordination with the TPTL, during the development activities of Phase 1.

## **3. Objectives of the project**

- 3.1 To develop the tank farm as a modern Oil Storage Terminal having the latest technology and lease/rent the facility to oil majors and oil traders operating in the global market
- 3.2 To develop the infrastructure facilities in the vacant land and leasing/renting the facilities to potential oil majors and oil traders.

## **4. Qualifications of investor who will be selected to develop the tank farm**

- 4.1 The firm shall have experience in project management and supervisory work on Tank Terminal construction projects in the petroleum industry as well as in the implementation of similar contracts during the least ten (10) years.
- 4.2 The firm shall have the employees/ consultants with expertise in design and operation of similar contracts
- 4.3 The firm shall have experience in operation of similar context

4.4 The firm shall be of high credibility and reputation

4.5 The firm shall be prepared to adopt the Build, Operate and Transfer (BOT) Basis Business Model

## **5. Documents to be submitted with the EOI**

5.1 A letter indicating the interest to participate in this project

5.2 Company profile with following information

- Name of the Institution and any subs as part of the bidding consortium.
- Address of the Institution
- Authorized Contact Person
- Name
- Designation
- Contact details
- Telephone Nos.
- E-mail

### **5.3 Preliminary Project Proposal**

- Experience of the investor in the petroleum industry
- Proposed Methodology for development and operation of the terminal (in respect of Tank refurbishment, fabrication and installation of pipelines, Construction / installation of allied facilities required for the operation of the terminal and the method of operation of the terminal ),
- Expected key Investors / Consortium / Joint Ventures (JVs) and their contribution and stake in the subject proposal
- Business model
- Proposed investment plan
- Proposed financial plan
- Financial strength of the investor/s

## **6. EOI Requirement**

Interested investors are invited to submit their Expression of Interest (EOI) to the Trinco Petroleum Terminal (Pvt) Ltd, at No. 609, Dr. Danister De Silva Mawatha, Colombo 09, Sri Lanka by Registered Post, Courier Service or by placing in the Tender Box kept at the Procurement Division of the Trinco Petroleum Terminal (Pvt) Ltd as a hard copy along with above documents and information or by email to the given email address [tpiltenders@gmail.com](mailto:tpiltenders@gmail.com) on or before 14.00hrs (Local Time) on 05/07/2024.

The prospective parties may join for a pre proposal conference which will be held at 10.00 hrs (Local Time) on 12/06/2024 through physical presence or zoom e-conference platform. To confirm the participation for the pre proposal conference, the information may be obtained by contacting via email [projectmanager@gmail.com](mailto:projectmanager@gmail.com)

## 7. Agreements

The draft agreements, comprehensive TOR and other details will be provided to the selected parties with the RFP (Request for Proposals) document.

## 8. DISCLAIMER

The Trinco Petroleum Terminal (Pvt) Ltd may in its absolute discretion, but without being under any obligation to do so, update, amend or supplement the information, assessment or assumption contained in this TOR. All queries and responses will be shared with all bidders.

The Chairman,  
Cabinet Appointed Negotiation Committee,  
C/o Trinco Petroleum Terminal (Pvt) Ltd  
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