

# GEORGIA'S OIL GATEWAY

Kulevi Oil Terminal is a major oil terminal and port located on the eastern Black Sea coast in Georgia, responsible for receiving, storing and transferring oil and oil products for shipment. Managing Director, Mr Karim Guliyev, talks to Nick Charity about the terminal's ambitious plans for the future. Written by Bob Combes.

**Kulevi Oil Terminal** provides a wide range of services including receiving deliveries of oil and oil products; the storage of these products in a tank park; loading of the products onto vessels; and the receipt and direct loading of propylene onto vessels.

The history of the terminal goes back to the Kulevi Oil Terminal project, which was originally authorised by Georgian President Shevardnadze's decree on September 8, 1999. Subsequently, construction began near the village of Kulevi by Terminal 2000 Ltd, a partnership created between Argomar Oil Ltd and Georgian Railway. However, in late 2002, the project was postponed, due to environmental concerns and insufficient funds.

Construction resumed in September 2004 under an international consortium of investors that later sold its stake to

the State Oil Company of Azerbaijan (SOCAR). The terminal was completed by November 2007, and was officially opened on 16th May 2008. SOCAR is now the main shareholder of the company, while the terminal is owned and operated by Black Sea Terminal Ltd (BST), a subsidiary of SOCAR.

## Early success

Since the very beginning of operations, quality of service has been a priority at Kulevi Oil Terminal. "After only six months from the start of operations, we obtained certification for ISO 9001 (Quality Management System), ISO 14001 (Environmental Management System) and OHSAS 18001 (Occupational Health and Safety Management System)," Mr Guliyev notes. "In addition, in January

2012, our Metrology (measurement) Laboratory received an accreditation for compliance with the requirements of ISO/IEC 17025:2006, the international standard for competence of calibration and testing laboratories."

The adoption of correct business practices and strategies for development, and Kulevi Oil Terminal's compliance with international standards for all of its operations, have helped it to attract many prestigious customers – a good example being the large crude oil carrier, Tengizchevroil – along with numerous accolades. Mr Guliyev elaborates, "In 2010, the media project called 'Faces & Names' awarded us a diploma for being 'The most modernised oil terminal', in terms of our compliance with international safety standards. In addition, we have received several other honours, including a diploma

for being the 'Oil & Oil Products Terminal with the Best Infrastructure', conferred on three separate occasions by the Union of Oil Products' Producers, Importers & Consumers."

Kulevi Oil Terminal is divided into port and operations divisions. In addition, there are separate Maintenance and Quality sections, as well as Security and Service departments. These are all supported by a range of smaller units – Human Resources and Legal; Finance; Business Development and Logistics; Construction; and Machinery.

## First class facilities

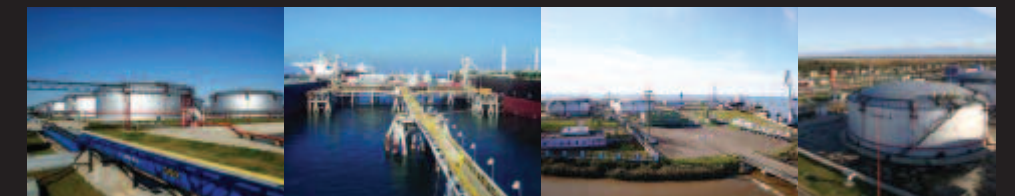
Kulevi Oil Terminal is designated for the trans-shipment of oil and oil products and for the intermediate storage of fuel oil, crude oil and diesel, with its further loading to vessels. "The Terminal therefore acts as a trans-shipment point, with an annual freight turnover that qualifies it to be designated as a First Class Terminal, and with an overall storage capacity qualifying it to be designated as a First Class Warehouse," adds Mr Guliyev.

Kulevi Oil Terminal incorporates three piers, a canal for tankers, a mobile service fleet of nine vessels, and a laboratory for oil and refined products testing. For off-loading operations, there are four line trestles, which are capable of simultaneously discharging up to 168 railway tanker trucks. All products are stored in the tank park, which consists of 16 reservoirs with a total capacity of 320,000 cubic metres – and plans are now in place to increase capacity to 380,000 cubic metres. For loading operations, two berths are capable of receiving tankers of up to 100,000 cubic metres (DWT – dead weight tonnes) in displacement. This facility is capable of a loading performance ranging from 8,000 cubic metres per hour to 12,000 cubic metres per hour.

Kulevi Oil Terminal also possesses three pump stations for discharging diesel fuel and

low-viscosity oil from railway tanker trucks, and for loading diesel fuel into tanker vessels, and for discharging mazut and viscous oil from tanker cars. Mazut oil is a heavy, low quality fuel oil used in generating plants and similar applications. In order to increase the capacity of fuel oil discharge from railway tanker trucks at the terminal trestles, the BST Engineering Team has started a project to modify the bottom of the unloading devices.

In 2008, BST signed a contract with Georgian Railway LLC according to which the terminal made a commitment toward the development, construction and reconstruction of some parts of the Georgian railway system. Since then, several pieces of work for this project have been completed successfully. "The realisation of the whole project will lead to a permanent reduction ↘



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in the expense of using the railway for oil product deliveries,” Mr Guliyev enthuses, “and it will thereby increase throughput capacity, creating much more favourable conditions for customers of the terminal.”

Recently, a new complex facility for the trans-shipment of propylene has been constructed and put into operation. This complex is intended for the loading of the product directly onto gas tankers, and its numerous facilities include compressors, transformers, a nitrogen gas station and trestles for propylene off-loading.

#### Long-term relationships

The major clients of Kulevi Oil Terminal are SOCAR (State Oil Company of Azerbaijan Republic) and Chevron, both with whom Kulevi has a relationship founded upon mutual respect and trust, notes Mr Guliyev. “We are confident that these relationships will keep developing, and that this will lead to a steady increase in the future volume of trans-shipments.”

As customers of Kulevi Oil Terminal use its facilities on a hire basis, the terminal does not keep track of the final destinations of the products that it handles. “They can be shipped to any country in the world as far as we are concerned. Despite this, we apply

the same meticulous approach, operating in the safest, most harmless way possible, whatever the identity of the customer and the final destination of the product,” adds Mr Guliyev.

Kulevi Oil Terminal is no exception when it comes to the need for highly qualified personnel, equipped with the necessary and appropriate knowledge and skills – indeed, these are a crucial requirement for any company trying to achieve its goals and survive in a world of fierce competition. Kulevi Oil Terminal has always focused closely on this issue, and regularly organises in-house training courses for its employees. It also sends some of them abroad to undergo specialised training, as required.

#### Enhancing performance

The company also firmly believes that the creation of favourable working conditions for its employees is an essential prerequisite for the success of the business. In order to increase the levels of professional performance in its staff, and to use their abilities in the most-efficient way, Kulevi conducts performance appraisals at the end of every year.

The appraisal process covers all aspects of work, starting from objectives achieved by an employee up to his/her personal qual-

ities and professional skills, and the outcomes and future goals are all carefully recorded in the form of written documentation. Mr Guliyev explains further: “The final analysis of the results provides a detailed picture of the overall performance of each member of staff, and enables the authorities to fill the gaps, make optimal use of employees’ skills, and direct human resources in a meaningful and fruitful way.”

In terms of the key strengths of Kulevi Oil Terminal, Mr Guliyev identifies: ‘high discipline’, ‘a highly professional workforce’ and ‘good management’. Indeed, Kulevi’s MD strongly believes that it is these attributes combined that have enabled the company to operate so successfully and efficiently over the last five years. “With respect to quality control, we follow the ‘Safe! Harmless! Efficient!’ principle, which has been applied by the BST management system right from the beginning of our operations,” he enthuses. “This is in line with the parent company’s main objectives of preventing accidents, workplace injuries and environmental pollution, and providing quality services that exceed customer expectations.”

To these ends, BST implements and maintains a detailed and effective performance monitoring system. An integral part of

this involves terminal management, conducting quarterly and annual reviews of key performance indicators (KPI). “This enables an assessment of the extent to which progress has been achieved toward the strategic goals, expressed in the company’s performance contract,” elaborates Mr Guliyev.

#### Exceeding expectations

BST continuously aspires to improve the quality of the services offered by the Terminal to achieve higher than expected levels of customer satisfaction. A strong commitment to quality is also demonstrated by BST’s insistence on compliance with all legal and other requirements, improving competence and qualifications of staff, and striving for continual improvement.

Senior management has also made all of the necessary resources available for effective and efficient performance of its quality management system. Measurable objectives and targets are established for company services, which are subjected to periodical review. In addition, regular internal and external audits are conducted to evaluate the management system’s compliance with applied international standards and declared commitments.

Mr Guliyev stresses, “Kulevi Oil Terminal is flexible in terms of changes in market forces, constantly researching local and international demands. We are able to make certain rapid changes in our activities to adapt to new business environments, as required. The company is well aware of the great need for the transportation of oil and gas products from Asia to Europe, and is proud to be involved in it. We believe this has a great future, and that the co-operation involved brings nations closer together, contributing to increased economic progress and stability in many regions of the world.”

As for the future, Kulevi is intent on doubling the current oil and oil products throughput capacity of the Terminal. The company is currently striving very hard to achieve this goal, and is confident of attaining it in the not-too-distant future, as the outcome of rational and effective management, and the optimal utilisation of resources. The eventual goal is to make Kulevi the largest oil terminal in South Caucasus.

#### Nature watch

In closing, Mr Guliyev emphasises the high importance that Kulevi attaches to environmental and safety issues. He notes, “Keeping

clean the terminal’s site and facilities, and the areas immediately surrounding it, has always been a top priority for us. In addition, our highly qualified ecologists regularly take air, water and soil samples and analyse them in our laboratories to make sure that everything complies with, or exceeds, regulatory norms. Likewise, the well-being and safety of our staff are high priorities, and we issue precise, practical and comprehensible codes and instructions, as well as providing periodical safety training to help us to prevent any accidents and injuries from taking place in the workplace.”

Clearly, with its strong emphasis on performance, quality and the needs and expectations of both its staff and its prestigious customers, Kulevi Oil Terminal has all of the ingredients for success in achieving its plans for growth. □

