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# THE STAR

CALTEX'S MAGAZINE FOR EMPLOYEES, FRANCHISEES & RESELLERS  
ISSUE 38 / AUG – SEPT 07

## Thinking big

Caltex's bold  
new supply strategy



**CALTEX**  
Caltex Australia



## From the Managing Director

The world of oil refining and marketing is changing. As an Australian company operating in a global market Caltex faces growing competition and cost pressures. The challenges for us include competing to obtain the most suitable crude oils for our refineries and competition from huge new low-cost overseas refineries producing fuels for export.

You can read in this issue of *The Star* about some of Caltex's strategies to ensure the business remains strong and successful against such competition while retaining an unbeatable reputation as a safe and reliable supplier.

Australians' expanding demand for fuel products means that about 25 per cent of local consumption is now met by imports. This proportion will only increase. But Caltex's core strategy remains unchanged: we are committed to maintaining viable refineries for the long term. It's important if Australia is to maintain security of supply and stability in the supply chain.

This is why Caltex is buying larger cargoes of crude oil from further away and investing in new tanks and other infrastructure for our refineries and terminals. At the same time we are also upgrading our terminals to handle increased imports.

Safety and reliability is at the heart of everything we do, from building the massive new crude tank at the Kurnell refinery to the delivery of our products at the furthest reaches of our supply chain.

In this issue our employees' pride and dedication to safety and reliability shines through in the stories of the Adelaide tanker driver with 33 accident free years at work, the Queensland drivers who supply remote outback depots and the fuel testing team who are bringing reassurance to customers across the country. It's also demonstrated in the work being done to upgrade our underground fuel storage tanks across our service station network.

These are just a few of dozens of examples in every area of the Caltex business. Business strategies and new infrastructure are important, but the key to Caltex's ongoing strength and success is linked to its employees', franchisees' and resellers' commitment to excellence and doing things in the safest way.

Des King

**COVER:** The Suezmax-sized tanker *Energy Sprinter* in Botany Bay off Caltex's Kurnell refinery. The largest tanker to deliver crude oil to Caltex, it carried 875,000 barrels from the Congo Republic in West Africa.



## LPS at work

A prompt response to a local resident's complaint has brought benefits beyond maintaining sound community relations at Kurnell refinery.

The complaint related to the work of a project team building an "interceptor pit" in the refinery's stormwater pipeline which runs into Botany Bay. As well as stopping marine life like oysters from growing in the line and impeding flow, the pit would enable the pipeline to be shut should stormwater from the refinery become contaminated.

As a preliminary step, the team used a vibrator to drive sheets of metal into the ground to support a trench, a process known as sheet-piling. However their work was interrupted when a nearby resident called the refinery's Community Concerns Hotline to say she could feel the vibrations in her home about 25 metres away.

The project team immediately downed tools while the refinery's Public Affairs Manager Skip Fernandes called on the resident. In line with the Loss Prevention system (LPS) procedure, the workers had performed a Job Safety Analysis (JSA) to assess the potential risks of the job, but given the distance of the house from the worksite hadn't taken into account the possibility of vibration affecting local residents.

"We discovered the vibration was being amplified by factors we hadn't considered, including the close proximity of the water table and adjacent pipelines," explained Napoleon Obiri-Asare, Project Engineering Construction Superintendent.

Immediately all project managers and the team used LPS management principles to find an alternative way to finish the sheet-piling. Within 24 hours they'd hit upon a method using mechanical hammers and the job was finished without further incident.

As a result, all procedures for jobs that may produce vibration including piling or jack hammering have since been adjusted to consider vibrations in water-laden sand. This will have important implications for future work inside and outside the refinery, says Napoleon.

At Lytton refinery in Brisbane, Operator Steven Mears opens a discharge valve in readiness to receive crude oil into the refinery from the giant *Energy Sprinter*

# Big ideas in Caltex's

In the face of the long-term threat from refineries overseas<sup>1</sup>, Caltex needs bigger ships, bigger storage tanks and bigger investments in infrastructure to cut costs and make its supply system more secure.

1. *The Star* Feb-March 2007





tankers capable of moving through the Suez Canal.”

Demand for Caltex fuel products is increasing as the Australian economy continues to expand. This means better and bigger terminals and storage tanks.

### Improved refinery storage

No visitor to Kurnell can fail to notice a new structure that's been steadily rising on the northern side of refinery during the winter months. It's unmistakably a new tank, but its dimensions make it unusual.

**“Bigger ships operating over greater distances are the way of the future.”**

The structure is a staggering 78 metres in diameter and 20 metres high, much larger than any of the refinery's existing crude oil tanks. When completed in early 2008 it will be able to store 88 million litres of crude, representing another important step in boosting the reliability of the company's supply system, says Refinery Performance Improvement Program Major Projects Leader Gary Edgar.

The tank will ensure Kurnell can store more crude to cover situations when bad weather prevents ships from berthing for days – as happened in Botany Bay recently. Maintaining the higher inventory will allow the refinery to run longer before operations must be slowed to cope with such supply delays.

“It will bring other benefits,” explained Gary. “By being able to store more of different types of crude we can run selected percentages of each so that what goes to the crude distillation units is blended closer to the ‘design crude composition’ for which the units were designed. Maximising the utilisation of our crude unit equipment like this allows us to achieve higher throughputs.

“It also allows us to purchase a wider basket of crudes, thus lowering our crude costs.”

In addition, a greater amount of crude storage means we can reduce the cost of having ships waiting offshore for storage space to become available.

Also under construction at Kurnell is an 18 million litre diesel tank 40 metres in diameter and 15 metres high. It's expected to be completed in January 2008, in time to provide diesel storage during the maintenance shutdown of the Kurnell diesel hydrotreater unit and sulfur recovery unit in February. >

# fuels supply chain

**On a cool** morning in June, the biggest ship ever to arrive in Sydney's Botany Bay moored off Kurnell at the end of an epic journey.

*Energy Sprinter*, almost 300 metres long and 50 wide, had travelled from the N'kossa oilfield off the Congo Republic in West Africa carrying 875,000 barrels (140 million litres) of crude oil. It was Caltex's biggest ever shipment.

The cargo represented Caltex's first foray into the West African light sweet crude market and signalled a new phase in the development of our crude supply strategy.

It arrived at the Lytton refinery in Brisbane where 61 million litres of its cargo was unloaded before continuing its journey to the Kurnell refinery. Violent coastal storms delayed it by several days before it could enter Botany Bay where the rest of the cargo was finally unloaded without incident.

Production of light sweet crudes – oil with low density and low sulfur content well suited to our refineries – in our region is declining

and demand for them from other refiners is increasing, so Caltex is looking further afield and ordering bigger cargoes to achieve economies of scale.

Despite the 14,000 kilometres *Energy Sprinter* had to travel, its \$72 million cargo was landed in Australia at a lower cost than a regional cargo of equivalent quality.

Bigger ships operating over greater distances are the way of the future. Many of the world's large producers of crude that suit our refineries are in places like Angola and Congo Republic in West Africa and Algeria in North Africa. These sources present options to reduce our dependence on declining regional oil fields.

“These are from time to time cheaper than regional crudes of similar quality,” said Manager Supply Operations Ken James. “By using larger Suezmax vessels Caltex can tap into this source and make savings. They're called Suezmax because they're the largest



The utility truck on the left is dwarfed by the crude oil storage tank under construction at the Kurnell refinery in Sydney. When completed, the tank will be 20 metres high, 78 metres in diameter and hold 88 million litres

The diesel tank will improve supply reliability by providing extra storage for diesel imports during planned shutdowns, says Gary. In addition, the extra capacity will allow diesel to be shipped from Kurnell for further processing at the new Lytton refinery diesel hydrotreater currently under construction.

### More efficient processing

Once crude arrives, the next priority in securing the supply chain is to obtain most value from it.

Flexibility is the key here, explains Ken James. Caltex's Supply Chain Improvement Project set up in 2005 delivered a set of new planning tools and software. These help the supply planning teams at Lytton and Kurnell adjust production of diesel, jet fuel or petrol products on a day-to-day basis, and allow them to better plan the way crudes are processed.

**“Once crude arrives, the next priority in securing the supply chain is to obtain most value from it.”**

The new scheduling program gives planning teams instant detailed information about how a crude mix will perform so they can process it at high rates while delivering the correct product yield and quality. “We could never do this with manually generated spreadsheets,” said Operations Planning Manager Greg Southwell.

The program is already making a difference: record throughputs were recently achieved at Kurnell.

“While we’re pleased with progress we’re still in the learning stage with these tools,” said Ken. “I’m confident there are more good things to come.”

### Terminals upgrade

A huge amount of other work and expenditure has already gone into upgrading terminals and providing more storage capacity to strengthen the reliability of Caltex's supply system.

The recent upgrade to the pipeline network at Newport, Melbourne, for example means ships can be unloaded much quicker, while a new diesel tank at Gladstone helps ensure unbroken supplies to customers in Central Queensland, where demand for diesel is especially strong.

Ultimately what matters most in securing the long term future of Caltex is the customer. They will keep doing business with us if they know we always deliver quality products on time, on specification, safely and efficiently.





“Our ability to receive, store and distribute petroleum products in the right quantities and at the right times is critical to meeting our customers’ needs” said Mike Raleigh, National Manager Distribution. “Most Australians’ jobs and livelihoods depend on the oil industry getting quality petroleum products to them safely and reliably.” ●

LEFT: Refinery technician Wayne Turner and Projects Manager Greg King inspect rolled steel strake plates that form the wall of the crude oil tank. Thinner plates are used as the wall grows higher  
RIGHT: Like the new crude storage tank Kurnell refinery’s new diesel storage tank is much bigger than its predecessors



# Kings of the country

A heat haze shimmers over the A4 highway in central Queensland. The road is deserted, but a faint rumbling to the east heralds the approach of something big.

**The roar of** a turbocharged diesel engine grows louder as the red prime mover looms closer. Then it thunders past, pulling two vast tanker barrels.

The huge road train that left the Caltex terminal in Gladstone earlier in the day is heading for the rural town of Longreach to the west. There at the Caltex depot, it will discharge 80,000 litres of fuel – enough to fill two domestic swimming pools – that local customers depend on to stay in business.

It's a scene repeated day in and day out as Caltex semi-trailers and tankers crisscross the nation to supply the network of 87 depots that handle over a billion litres of fuel each year on behalf of country customers.

"Not everyone understands the role depots play in our supply chain," said Caltex National Manager Reseller Ian Ross.

In addition to providing fuel and lubes for reseller customers, the depot network manages deliveries that account for 25 per cent of Caltex's lubes and direct sales customers' volumes. They also deliver to remote franchised retail sites.

## Inland oases

The existence of depots has much to do with the size of Australia and the fact that terminals are on the coast. Depots act like oases – vital repositories of fuel and lubes in regional and rural areas where service stations are far apart or inaccessible.

Customers either fill their vehicles at these supply points or receive deliveries from the depots' own delivery fleets. Though they're primarily storage facilities, some depots also dispense fuel from pumps on a forecourt or from "OPTs" (outdoor payment terminals), where drivers of very big trucks known as

triples can fill up with the swipe of a card. (There are 152 OPTs in the Caltex system.)

The distances involved are enormous. Caltex owned reseller Petro Fuels at Toowoomba, 160 kilometres west of Brisbane, for instance, covers close to a million square kilometres of central Queensland.

Its trucks travel 110,000 kilometres a month, often over unsealed roads, serving places with melodic names: Roma, Emerald, Longreach, Goondiwindi, Kingaroy.

The Petro team of 24 drivers who operate on a three days on, four days off basis can spend most of their day without seeing or talking to anyone.

Longreach is a typical facility. The depot has a staff of three and an OPT. Its customers include a Boral quarry, local graziers and transport companies. "We serve a number of retail sites as well," says Petro's General Manager Peter Harris.

## Major review

In 1995 when Caltex and Ampol merged, the group owned 302 depots. That figure dropped steadily as duplication was taken out of the system. Then earlier this year the Reseller team began a \$2.5 million engineering, compliance and optimisation review of depots which is likely to see the figure reduced to 65 by 2010.

Mike McMenamin, Caltex Acting General Manager Marketing, sees this as a priority for Marketing. "We need to regularly review our storage and distribution equipment to ensure that they are safe, reliable and compliant with regulations. The review currently under way will help identify improvements required."

Much of the Caltex depot infrastructure is old, explains Ian Ross, and set in harsh environments which can hasten the degrading of equipment. To support the company's safety and loss prevention drive

The Winton depot in outback Queensland is to have a \$2 million upgrade





an engineering assessment is being made of these facilities, particularly hydraulic, storage and electrical equipment.

The review will help Caltex determine which assets have a useful life and to make repairs over the next five years. In some areas Caltex will close sites and sell them. Once we're down to 65 we're likely to build at least three new ones.

Caltex can manage with fewer depots than in the past mainly because improved vehicle configurations allow for more efficient deliveries. Nowadays a trailer on a "B Double" tanker might be dropped off in one location, for example, and the driver can take the front barrel on to another site to spread distribution.

"In the old days a truck might have been used for eight hours," said Ian. "Now they work 18 to 24 hours a day. With fewer holding points we don't need the investments in depots we had in the past."

What won't change is the importance of depots to keeping customers happy in reseller territories.

"If we can't deliver a small parcel of fuel to a remote area it could potentially lose us a major national client," said Ian. "We never forget that, but at the same time need to ensure that our deliveries are economic." ●



One of five 17-year-old steel tanks is removed to make way for new non-corrodible fibreglass tanks at Caltex's Northmead site in Sydney

# Out of sight, not out of mind

When motorists pull up at a Caltex pump, lift the nozzle and safely fill their cars, they can only do so because a hidden maze of equipment is working reliably.

**"Nobody ever sees** the underground storage tanks and equipment at our service stations and reseller premises," said Daryl Osborne, Caltex Project Manager Design, Image & Procurement. "Most people know absolutely nothing about them."

Out of sight can mean out of mind. Not so for Caltex. Maintaining the integrity of our network of underground storage systems is a priority for obvious safety reasons, and these systems represent a risk that the company views seriously.

That's the main reason behind the recent launch of a high priority project to improve the reliability of underground tanks, some of which are over 30 years old. The program will involve reviewing and upgrading underground infrastructure initially at over 450 Caltex sites and require significant investment over the next 10 to 15 years.

"The project is targeting one of the highest categories of operating risk in Marketing," said Mike McMenemy, Acting General Manager Marketing, at a workshop to launch the project.

The exercise won't be cheap. It costs an estimated \$600,000 to \$700,000 to upgrade the tanks, pipelines and related fittings at each site to a standard suitable for the next 30 years. As part of the program, an economic and network review will determine which sites will stay in the Caltex network.

The process typically involves replacing the five to eight old steel tanks and pipes with three multi-compartmented double shell fibreglass tanks and thermoplastic pipes. Each tank is about three metres in diameter and 12 metres long.

Initially Caltex is focusing on sites at which it owns the infrastructure or has responsibility for it, with the process already under way. In most cases the whole system is being removed and replaced. "It's usually not sensible from a risk perspective or economically to replace one or two pieces of a fuel system," explained Daryl.

The project is being run by a cross functional team of stakeholders from Caltex's Marketing, Supply & Distribution and corporate departments. ●







# Road warrior's safety secret

In 33 years behind the wheel of Leyland, Kenworth and Mack trucks, Ken Glenholmes has driven millions of kilometres for Caltex. On countless trips he has ranged from the suburbs of Adelaide to the remotest parts of the South Australian “Iron Triangle” – Iron Baron, Iron Duke, Whyalla – and up to the New South Wales desert city of Broken Hill and back.

**In all those** years he's never had an accident in which he's been at fault, a record Ken attributes to a simple rule: never make assumptions about what other drivers will do.

“The key to safe driving is be aware and consider all options about how other people on the road might act,” he said.

“If someone has his right indicator on, it's no guarantee he's going to turn right or that he's going to turn at all.”

Formal training has helped as well. Ken has attended advanced driver courses that reaffirmed on each occasion his driving technique is up to the professional standard required by Caltex.

The 59-year-old father of three who was born and raised in Wauchope, NSW, loves his job, especially the independence.

“Your work is scheduled for you and you're on the road on your own, I really like the freedom of that,” Ken said. “It proves the trust

and faith the company has in you to perform your job safely.”

After enlisting in the army at the age of 17, Ken served in the force for six years. While stationed in Darwin he met his wife Marilyn, taking his discharge in Adelaide where he joined Caltex.

Early duties included delivering fuel to service stations and industrial sites and heating oil to households before he moved on to country work.

After the Caltex-Ampol merger, Ken concentrated on running tri-axle tankers for metropolitan service stations from the Birkenhead terminal in Adelaide, which accounts for most of his work today.

## The trucking revolution

Technology has revolutionised truck drivers' lives, Ken says. In the mid 1970s, before calculators, drivers needed a “ready reckoner” book to calculate pricing details

for their manually written invoices. They added freight differentials to the litre price for individual towns depending on their distance from Adelaide.

**“If someone has his right indicator on, it's no guarantee he's going to turn right or that he's going to turn at all.”**

In the '70s Ken's equipment included a metric conversions book because most of the old brass dipsticks were marked with imperial measures.

“We did a lot more manual paperwork then – a cash sale book, invoice book, stock transfer book, credit book, receipt book,” he said. “Now we punch our driver's tag, load number and load details into a computer at the terminal and that just about takes care of it.”



Ken Glenholmes is a great example of what Caltex hopes to achieve in safety

Ken appreciates the safety improvements on vehicles like the air operated electric rails drivers use to climb onto the barrel, as well as new, safer loading and unloading techniques and gadgets like product tumblers on outlets. Like his colleagues he's an enthusiastic supporter of the Loss Prevention System.

"Ken has always been dedicated and professional in the way he performs his job," said Birkenhead Fleet Coordinator Jeff de Koning. "He's a great example of what Caltex wants to achieve in safety"

Ken and Marilyn have three adult sons and go caravanning in their spare time. Ken also listens to country music and "enjoys the odd amber ale".

There'll be much more of the same in a couple of years' time when he intends to retire – satisfied he always did his job well and that nobody got hurt along the way. ●

# Supercars sponsorship to end

After an eight-year involvement with the sport, Caltex has decided not to renew its sponsorship of V8 Supercars at the end of the 2007 season.

**The first question** most people ask on hearing this news is "why?" because Caltex's association with Supercars has been a prominent and successful one. The company has sponsored Stone Brothers Racing since 2000 and Triple Eight Racing for the past two years. Between 2003 and 2005 Havoline and Vortex branded cars have won three championships.

The answer is that Caltex believes, based on extensive research, that the relationship with V8 Supercars had reached maturity and there are more effective ways of promoting its products. The decision to end the involvement was a recommendation of the company's Growth and Efficiency Review Project, which has been reviewing marketing activities.

"Most people are asking why we didn't take a lower level of sponsorship in preference to a complete exit," said National Manager Brand and Communications, Liz Whiteway. "We did the analysis on a complete range of options, but whichever way we looked at it, the fact is it was time to move on."

So, how might Caltex redirect budgets in the future?

"Caltex will redirect its revised advertising, promotions and sponsorship budgets in ways that optimally align to our current brand and business objectives, target customer segments and changing community attitudes," Liz said.

Meanwhile Caltex has achieved what it set out to do in promoting the petrol engine oil Havoline and premium fuels Vortex through V8 Supercars.

The sponsorship has delivered commercial benefits to Caltex in its marketing of products, and the involvement with the teams has provided valuable technical feedback, says Liz.

The announcement didn't come as a big surprise to the racing teams. Both knew from discussions that there was a strong possibility the sponsorship could be withdrawn at the end of this season. Caltex announced the decision early, giving them six months to find new sponsors.

"It's important we pay tribute to the drivers, in particular Russell Ingall and Craig Lowndes with whom we've enjoyed a strong relationship in their role as Caltex ambassadors," said Liz.

Ambrose won the championship in 2003 and 2004 and Ingall won in 2005.

The company is not pulling out of motorsport altogether. Caltex will retain a presence in rallying and tarmac events as part of commercial arrangements with manufacturers such as Toyota and Subaru.

And the door remains open for a return to V8 Supercars sponsorship in future if that coincides with Caltex's business and marketing goals, Liz adds. ●



At the Night of Champions event in Brisbane on 18 July Caltex National Manager Brand and Communications Liz Whiteway (centre) with V8 Supercar drivers (from left) James Courtney, Russell Ingall and Craig Lowndes. The event was attended by Caltex lubricants customers from the mining, transport and automotive industries who had the opportunity to meet the drivers and ask them questions at a panel session



## WHARF PIT STOP FOR STRUGGLING SEAL

Caltex employees on the Kurnell refinery wharf have been working under the gaze of a 12 month old Australian fur seal since late July when the young pup set up residence on one of the wharf's launching pads.

How did she end up there? The most likely explanation is that she was weaned from her mother prematurely and sought refuge at the wharf after struggling to survive in the open sea, says Geoff Ross, Wildlife Management Officer with the National Parks and Wildlife Service, who inspected her.

After some initial concerns for her health, the seal is being monitored and may be captured and taken to Taronga Zoo if her condition deteriorates. But Geoff is hopeful

she will be able to return to the ocean. In the meantime, employees have been asked not to approach or feed the animal, which is a protected species.



## BIOFUELS NETWORK EXPANDS

Caltex Penrith franchisee Habib Joukhdar (right) was proud to dispense E10 Unleaded on 10 August when his site was launched as the 100th Caltex site in NSW to sell the 10 per cent ethanol blended petrol.

NSW Minister for Rural Affairs Tony Kelly who officiated at the event, said that the Caltex achievement of 100 E10 Unleaded sites in NSW in less than a year showed a commitment to biofuels that was good for families and good for business.

Celebrating the launch with Habib (from left) are Caltex business manager Mel Puig, Caltex Managing Director & CEO Des King, Caltex National Fuels Marketing Manager Michael Ridley-Smith and Minister Tony Kelly.

## THE WEST GETS THE TESTING TREATMENT

West Australian customers are the latest to be given extra reassurance about Caltex fuel at the bowsers, thanks to a pair of handsomely branded testing vehicles that arrived in Perth in early August.

After an early career focusing on the eastern states, the fuel testing vehicles are on an Australia-wide tour taking in 1,000 service stations, depots, resellers and terminals over ten months.

The vans each house a state of the art fuel testing laboratory. At each site fuel integrity technicians and drivers Paul Tierney and Craig Osborne test all road transport fuels (except LPG) to ensure they're on-specification and free of contamination. They also review the operators' paperwork to ensure the site's fuels have been bought from a Caltex approved supplier and that the product hasn't been tampered with during transport.

The latest state to be given the testing treatment is WA, where the drivers have been welcomed by operators and customers alike. The drivers are happy to explain their work and have even given some interested customers short tours of their mobile labs.

Happily neither driver had encountered serious breaches in the 60 WA sites they'd visited by the time *The Star* was going to print. It's a record Craig expects to keep. "With the quality systems Caltex has in place in addition to this program, that's the way we expect it to stay," he said.

To date the vans have tested sites in Victoria, South Australia, the Northern Territory and ACT. When they've finished in WA they'll resume testing in their home states of NSW and Queensland before wrapping up the tour in Tasmania. They will also be upgraded to handle testing of biofuels.



TOP: Outback trek – the fuel testing van reaches a landmark as it heads west  
BOTTOM: On the road again – fuel integrity technicians Paul Tierney (left) and Craig Osborne

## BUDGING THE BULKER

*Will we ever get that ship off the beach?*

As he flew south from Brisbane in June, Trevor Lobegeier pondered the problem he was travelling to Newcastle to help solve.

The Caltex Lytton refinery Reliability Supervisor knew from experience how difficult it was to get his own small boat free when it was stuck bow first in a sandbank. Now he was about to join a team of 70 ports and marine disaster response experts in the New South Wales city as they plotted to refloat the 40,000-tonne *Pasha Bulker*, stranded off Nobbys Beach.

Trevor and colleague Peter Hales, a technician from Kurnell, had been asked by the Australian Marine Oil Spill Centre to join a team involved in pollution contingency planning and execution at Newcastle. (Both are members of oil spill response groups at their refineries.)

They had doubts that the coal carrier, which had run aground during a storm on 8 June, would ever move.

Worse, a potential disaster was unfolding. Huge waves were smashing into the ship, threatening to rupture the hull. The *Pasha* was carrying up to 90 tonnes of bunker oil which, if released, could devastate the city's coastal environment.

"When I first saw it I thought it wouldn't be going anywhere in a hurry," confesses Peter. "It was sunk into the sand like your bare feet get stuck at the beach when they're washed by surf."

Equipment including inflatable booms, oil skimmers and clean up gear had been set up at a nearby wharf and the team was on standby to isolate the port of Newcastle from any spill.

After making up a shopping list of ropes, anchors, chains and slings they'd need, Peter and Trevor were involved in setting up anchor points for booms off the north and south arms of the port and preparing equipment needed to do so. In addition, they did all night beach watches.

The Danish salvage company Svitzer hoped to drag the bow round using tugs and refloat the ship at high tide. This they believed would be less likely to threaten the environment than pumping out the oil.

Three tugs attached lines to the *Pasha* in an attempt to move her, but the signs weren't promising. Several attempts failed and on one occasion a line snapped. "It was like watching grass grow," says Trevor.

Then a tear appeared in the starboard side and oil began to leak out. Fortunately a strong offshore wind blew the small slick out to sea.

Finally there was progress and, inch by inch, the *Pasha* began to move. On 2 July there were excited celebrations among salvage teams when the tugs pulled it free and the ship was towed away for repairs in Newcastle.

Peter and Trevor were impressed by the focus on safety embraced by everyone involved. "On our first day we had an induction for access to the wharf and all safety rules and regulations were explained," said Peter. "We needed a pass to get onto the wharf and the entire peninsula around it was barricaded from the public."

The experience they gained in planning a big containment operation and the logistics involved will add greatly to Caltex's pool of expertise, says Trevor.

"Networking builds relationships and using different equipment and deployment

techniques has certainly helped to broaden our knowledge."

The Australian Marine Oil Spill Centre, a subsidiary of the Australian Institute of Petroleum based in Geelong, Victoria, maintains Australia's major oil spill response equipment on 24 hour standby for rapid response anywhere in the country. It is financed by nine participating oil companies including Caltex.

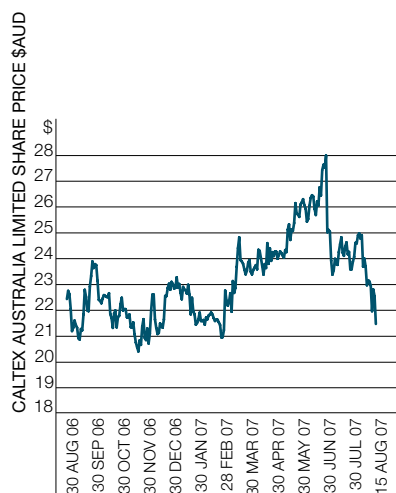


Peter Hales from Kurnell refinery was part of the rescue team

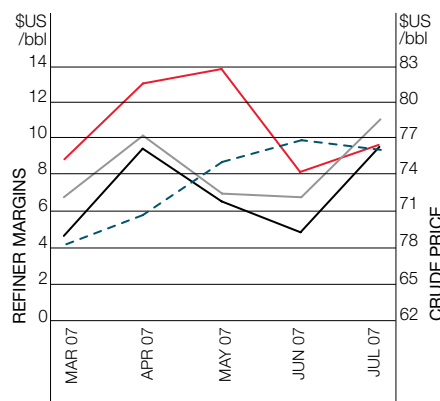


The Pasha Bulker was at risk of an oil spill

## SHARE PRICE



## CRUDE OIL PRICE & SINGAPORE REFINER MARGINS



*The Star* is a bimonthly magazine written and produced by Businesswriters & Design for Caltex employees, franchisees and resellers. Story ideas, letters, photographs and other contributions are welcome. For more information or for extra copies of the magazine, please email [editors@businesswriters.com.au](mailto:editors@businesswriters.com.au) or contact *The Star*, c/o Caltex Corporate Affairs, Level 24, 2 Market Street, Sydney 2000. Tel: (02) 9250 5000 Fax: (02) 9250 5664. Published by Caltex Australia Petroleum Pty Ltd ABN 17 000 032 128.

### MARGINS

- Petrol (Avg) (left axis)
- Jet (left axis)
- Diesel (0.5%) (left axis)
- - Tapis - crude oil price (right axis)

Tapis is the crude oil produced in Malaysia. The Tapis price is the benchmark for crudes in the region. The refiner margins for petrol, diesel and jet fuel are the differences between the Tapis crude oil price and the ex-refinery price in Singapore for the products.