

# Motonui shutdown could cost \$40m

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The 12-week shutdown of part of the Motonui gas to gasoline plant is expected to cost the Crown between \$30 million and \$40 million.

Loss of production cost \$2 million a week and repairs \$16 million, but it is expected some repair costs will be clawed back through insurance claims being pressed by the company running the plant, New Zealand Synthetic Fuels Corporation.

The plant, with its innovative technology for converting methanol to petrol, opened last year, but on August 30 the reformer furnace in the number two methanol plant failed.

This forced the company to order and import 680 catalyst tubes from the United States. These were air freighted and the plant resumed production on November 20.

The Synfuels plant is something of a "think big" white elephant for the Government.

The Crown buys gas from the Maui Project partners, Shell BP and Todd, pays the Synthetic Fuels Corporation a fixed fee to convert the gas first to methanol, then to petrol, and finally has to market the end product.

The Crown is also liable for the cost of repairs. It would repay the

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through an increase in the processing fee.

When the project was in the conceptual stages in the late 70s and early 80s, it was thought oil prices would soar to about \$50 a barrel and make the finances attractive for the Crown.

Instead, the Crown is losing about \$300 million in a good year.

It is also ironic, in terms of the belief that the Maui field would make New Zealand more self-reliant in gasoline, that up to 60 percent of the Synfuels gasoline has been exported.

Better prices can be obtained overseas and the product is being exported to Australia in particular, Indonesia, Singapore and Japan.

Initially tanker loads were put up for tender, but now the Gas and Geothermal Trading Group of the Energy Ministry is forging longer-term agreements.

Gasoline not exported is sent to Marsden Point for blending and is then available to the domestic motorist.

The Synfuels plant is 75 percent owned by the Crown and