



Bruno Šarić, Member of the JANAF Management Board: “WE PLAN TO EXCHANGE EXPERIENCE WITH TRANSNEFT AND COOPERATE ON PROJECTS”

Russian text by: Tatiana Yakovleva-Ustinova
Photos provided by: Transneft Media

PIPELINES CONNECT: In May, the representatives of the Croatian oil pipeline and storage company JANAF visited Transneft's facilities. The Croatian delegates familiarised themselves with the work of the supervisory control department in Moscow and visited one of the largest Russian oil loading and transshipment facilities in Novorossiysk. Mr Bruno Šarić, Member of the JANAF Management Board, told OPT (*Oil Pipeline Transportation* publication) about possible joint projects of the Russian and Croatian companies and why JANAF vigorously develops its storage capacities, which results in increased crude oil transportation and storage.

Mr Šarić, where does JANAF invest most of its money?

– In recent years the most sizable investments have been made into the Omišalj Terminal on the Adriatic, where a predominant part of the total investments has been made. The upgrade of storage capacities comprising eight (8) storage tanks with the total capacity of 640.000 m³ was completed there in 2018, through several phases, and one storage tank for petroleum products of 20.000 m³ was also constructed. Now, the sea terminal has a storage tank farm holding roughly 1.4 million cubic meters of crude oil and 80.000 cubic meters of petroleum products at its disposal. JANAF's business success was achieved by doubling the storage capacities in the period from 2014 to 2018.

Till the end of next year, we plan to build new storage tanks at the Sisak Terminal, having the capacity of 160.000 m³, yet also to continue the investments on the Omišalj and Žitnjak-Zagreb Terminals. The company will allocate significant funds for these purposes. Moreover, we constantly invest in the maintenance of our pipelines, storage tanks, the system modernisation and definitely in environmental protection.

**Last year, oil transshipment via Omišalj increased: due to what oil?**

– We increased the crude oil pumping to Central Europe: Hungary, Serbia, Slovakia. More than half of this crude arrives from the port of Novorossiysk: a certain amount comes from the Middle East, and there are also supplies from other regions. About 8 million tons of crude were transported. This year roughly the same volumes are expected or slightly more.

Is oil fed only to the pipeline via Omišalj or the terminal can be used as a warehouse for the transshipment purposes for supplies to other markets?

– While earlier Omišalj only accepted the crude oil, now it is turning into a sender port as well, even though very small volumes are loaded on board of tankers for now. JANAF has started rendering more significant coastal storage services a few years ago. The clients who lease the storage tanks mainly transport their crude to refineries via the land-based pipeline. However, we hope that export from Omišalj will keep growing; that is why we are actively studying the transshipment process in Novorossiysk and are going to use Transneft's experience.

What is the reason behind the rapid development of crude oil storage capacity?

– Since the beginning of its operation in 1979, the company's sole business activity was crude oil transportation by pipeline. About ten years ago, we entered the business of crude oil storage, and now this type of business activity accounts for around 40% of the company's revenues.

The oil buyer pays the lease of storage tanks from where the crude is dispatched to a tanker or a pipeline. The storage contracts are signed mainly to one to three years, and for compulsory reserves to five years. It is up to the oil companies to decide how long the crude oil will stay in the storage tank; this largely depends on the market situation. The major global oil traders are our lessees, as well as the oil companies that have the refineries.

Why did you need to lay a subsea oil pipeline from Omišalj to the land?

– We have two subsea oil pipelines. One was constructed in the middle of the 1990s for the crude oil transportation from Omišalj to the Rijeka Oil Refinery nearby. It is approx. 7 km long. The other subsea pipeline is constructed two years ago from Omišalj to the land, approx. 5 km long, with the aim of replacing the crude oil transport, which was conducted until then through the Krk Bridge, thus enhancing significantly the security of operations.



Different crude oil grades arrive in Omišalj. How do you separate oil flows in the pipeline?

– We pump the crude oil from the tanker into the storage tank leased by the buyer. Thus, the crude oil grade bought by the customer is transported to the final destination, and the oil flows are not blended in the pipeline.

How much crude is transported by the JANAF pipeline to Croatian refineries?

– On average, around 2.5 million tons to the Rijeka Refinery, owned by the Croatian oil company INA, which is a part of MOL Group. Another Croatian refinery at Sisak only processes the domestic crude oil; we have not made any deliveries there since 2014.

Do any changes await the Žitnjak Terminal in Zagreb?

– Here we also plan to increase the storage capacity for motor petrol and diesel fuel. This year, we will complete a 20.000 m³ storage tank. Right now, the tank farm of the terminal has the capacity to store 142.000 m³ of petroleum products.

Petroleum products arrive from European refineries, including the ones located in Serbia, to the Žitnjak terminal by railway. This is a promising and lucrative business for us, and we will further develop it. We expect new investments in the period to come.

How much crude oil and petroleum products are stored as Croatian compulsory reserves?

– Storing crude oil and petroleum products is a statutory requirement for all EU Member States. In our storage tanks, we keep most of the volume necessary to cover the country's three-month needs for crude oil and petroleum products in case of emergencies. Right now, we store 120.000 m³ of petroleum products and ca. 500.000 m³ of crude for these purposes.

The oil pipeline was constructed in Croatia precisely 40 years ago. What is its safety and strength margin?

– We take much effort to keep our pipeline safe: every two years, we conduct non-destructive testing inspections, followed by the planning of necessary works. Every year, we carry out repairs at several locations, thus maintaining the pipes in very good condition. With such maintenance approach, the pipeline's service life may extend to another 30 years for sure.



Does JANAF hire the pipeline inspection contractors or you have a special in-house inspection division?

– We hire specialised companies, and our technical experts keep an eye on them. We are now discussing the possibility to involve Transneft Diascan in inspection works, and it is one of the areas where our companies could cooperate.

What other projects are you contemplating in cooperation with Transneft?

– The idea of cooperation originated last year during our visit to Transneft's head office. Our companies gradually get acquainted with each other's operations and look for opportunities to carry out joint projects. In particular, JANAF's specialists are studying valves manufactured at one of Transneft's factories (Transneftemash – editor's note). I believe joint projects will be launched soon.

For Reference:

[Jadranski naftovod, dioničko društvo \(JANAF Plc.\)](#) operates the oil pipeline system in the Republic of Croatia, having a total length of 631 km and the designed throughput capacity of 34 million tons.

The state holds about 80% shares in the company through various institutions and funds.

JANAF owns an oil terminal with two berths in the port of Omišalj on the Island of Krk in the North Adriatic, as well as the oil terminals at Sisak, Virje and Slavonski Brod, in addition to the Žitnjak Terminal for petroleum products in Zagreb. The total capacities of JANAF for storing the crude oil amount to 1.94 million m³ and 222.000 m³ for petroleum products.

Perspective- JANAF's Oil Pipeline System

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|--------------------|--------------------|
| Риека | Rijeka |
| Омишаль | Omišalj |
| Загреб | Zagreb |
| Сисак | Sisak |
| Лендава (Словения) | Lendava (Slovenia) |
| Гола | Gola |
| Вирье | Virje |
| Брод (Босния) | Brod (Bosnia) |



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|---|---|
| Славонски-Брод | Slavonski-Brod |
| Нови-Сад (Сербия) | Novi-Sad (Serbia) |
| Панчево (Сербия) | Pančevo (Serbia) |
| нефтеперерабатывающие заводы | refineries |
| зарубежные нефтеперерабатывающие заводы | refineries abroad |
| нефтепроводная система JANAF | JANAF's oil pipeline system |
| нефтепроводы соседних стран | oil pipelines in neighbouring countries |
| нефтепродуктовые терминалы | petroleum products terminals |
| резервуарный парк JANAF | JANAF's Tank Farm |
| Нефть | Crude Oil |
| Омишаль 1 400 000 м ³ | Omišalj 1.400.000 m ³ |
| Сисак 500 000 м ³ | Sisak 500.000 m ³ |
| Вирье 40 000 м ³ | Virje 40.000 m ³ |
| Нефтепродукты | Petroleum products |
| Омишаль 80 000 м ³ | Omišalj 80.000 m ³ |
| Житняк 142 000 м ³ | Žitnjak 142.000 m ³ |