



LLX Lures Shell, Mercuria to \$40 Billion Port Project in Rio

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By Peter Millard and Cecilia Tornaghi



July 1 (Bloomberg) -- **LLX Logistica SA**, the company building Brazil's largest port, said Royal Dutch Shell Plc and Mercuria Energy Asset Management BV may build storage facilities at the \$40 billion project to tap into growing offshore oil output.

Shell and Mercuria, an oil trader operating in more than 50 countries, have signed preliminary accords to build facilities at the Acu port in Rio de Janeiro state, LLX Chief Executive Otavio Lazcano said. Total storage capacity may reach 1.5 million barrels per day, he said.

LLX, which is controlled by billionaire Eike Batista, is betting on Brazil's potential to double oil output in the next decade by tapping deepwater fields, including the Americas' largest crude discovery in more than three decades. Oil shipments will be the Acu port's second-biggest source of revenue, after iron-ore exports, Lazcano said.

"Oil will come as an additional bonus," Lazcano said yesterday in an interview at the port. "The additional free [cash flow](#) will be sky high for LLX's shareholders."

LLX shares fell 1.6 percent to 7.36 reais in Sao Paulo trading yesterday.

The stock has surged 93 percent in the past year, outpacing the 18 percent gain for Brazil's benchmark Bovespa index and the 67 percent increase by OGX Petroleo & Gas Participacoes SA. Shares of Batista's shipbuilder OSX Brasil SA have plunged 33 percent since the company's initial public offering in March.

Campos's Backyard

Oil company OGX plans to start producing from the offshore Campos Basin next year, Lazcano said. LLX is seeking to lure **Petroleo Brasileiro SA**, Repsol YPF SA, Statoil ASA and Chevron Corp., which all produce in Campos, the basin that accounts for 85 percent of Brazil's crude output.

"At some point I will knock on their door for obvious reasons," Lazcano said about Petrobras, as Brazil's state-controlled oil producer is known. "Acu is in the Campos Basin's backyard."

Petrobras Chief Executive Officer Jose Sergio Gabrielli plans to double output to 5.38 million barrels a day by 2020, from 2.7 million barrels in 2010.

Acu is LLX's largest project. LLX is also building the Sudeste port in Rio de Janeiro state that will have about half the capacity.

LLX has held talks over storage facilities with **BP Plc**, which agreed to buy Devon Energy Corp.'s Brazil operations as part of a \$7 billion deal announced in March, Lazcano said.

Devon previously signed a memorandum of understanding for the project, he said.

A voicemail message left with Shell's media line was not immediately returned. Devon spokesman Chip Minty said the company is in the process of "divesting our assets in Brazil."

LLX is seeking environmental permits to build the oil storage and treatment facilities at Acu, where Mercuria may build 400,000-barrel per day storage capacity, Lazcano said. The company aims to begin shipments of iron ore, crude oil and cement from Acu in 2012.

Batista has said he expects the Acu port project to attract \$40 billion of investments over 10 years.

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