

**709 NEWS**

P.O. Box 2220, Suite 100

Tel : 576-NEWS (6397)

Fax: 709-753-7340

Website: [www.bristolgroup.ca](http://www.bristolgroup.ca)

139 Water Street, St. John's NL, A1C 6E6

Toll Free Tel: 1-888-709-NEWS (6397)

Toll Free Fax : 1-877-709-NEWS (6397)

E-mail: [709NEWS@bristolgroup.ca](mailto:709NEWS@bristolgroup.ca)

PUBLICATION:

**The Western Star – Corner Brook, NL**

DATE:

**March 15, 2008**

Page: 4

X

# Refinery to switch to diesel fuels

**BY EVERTON MCLEAN**

TRANSCONTINENTAL MEDIA

**ST. JOHN'S** — The proposed oil refinery for Southern Head in Placentia Bay is changing its plans, focusing on producing more diesel products and less gasoline.

Brian Dalton, director of the Newfoundland and Labrador Refining Corp., which wants to build and run the refinery, said a report from consultant KBC suggests that the company move towards producing more ultra low sulfur diesel and jet fuel.

Considering a weakening demand for gasoline and a worldwide switch to diesel fuels, Dalton said the company agreed to make the change.

"The market outlook for gasoline is poor," he said.

Dalton said the weakening market is due to a switch in Europe from gasoline automobiles to diesel. As a result, there is a glut in gas that spills over into North American markets.

"Europe has a real problem. They're extremely short on diesel," he said.

The company had always intend-

ed to produce about twice as much diesel as gasoline, said Dalton. It has now decided to increase that ratio.

"It will certainly look better longer term," he said.

The required changes to the refinery will likely postpone the project by several months beyond the late 2011 or early 2012 start dates, Dalton said.

The director also noted that financial pressures, coming out of what looks like an economic recession the U.S., is also affecting the company's ability to accrue capital needed for the project. Those international forces may have adverse affects of the project, said Dalton.

"If it were today, going out raising the capital, putting the project into kick-start mode, it literally would not be there today," he said, noting that big lenders such as banks are going through a rough time due to the credit crunch coming out the housing markets in the states.

However, he said he believes the money will be there in the future, as financial pressures ease.