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(Tradewinds)

HLSI plans lightering expansion

Newly formed Heidenreich Lightering Services Inc ("HLSI") is planning to double its operational capacity in 2003.

The new subsidiary of the new Heidmar Inc, which will provide crude oil lightering services to refiners, oil companies and trading companies in the Gulf of Mexico, will begin its operation with two aframaxs and two chartered supply vessels, Jim Bailey, HLSI's president told TradeWinds Monday.

The operational capacity will be raised to four aframazs in 2003, he said.

Bailey said that the start-up date for the Houston-based operation is on schedule for the fourth quarter of this year.

"We're in the processing of signing a lease for an office space, and we're also hiring the personnel, to get the new company ready for operation," he said.

HLSI will be competing with US Gulf lightering market leader Skaugen and NOL's American Eagle Tankers.

AET recently confirmed its plan to buy over its lightering rival MTL Petrolink (MTLP) for \$18m.

Bailey had told TradeWinds earlier this year that HLSI's entrance and the AET-MTLP merger would not change the market dynamics.

HLSI could compete effectively even if the lightering market remained at current levels, he said.

HLSI also expects the lightering activities in the US Gulf to pick over the next few years as imports of VLCCs and suezmaxs increase, Bailey said.

"We believed that we could compete effectively with quality assets and strong customer services offerings much as Heidenreich has done in other business segments," he said.

HLSI is currently focus on its lightering services, and the majority of the voyage activity would be conducted through Heidmar.

Heidenreich Marine has said the lightering service startup is part of its plan of becoming a full service logistics company in the energy industry.

Heidmar commercially operates a fleet of 50 tankers in the 35,000 to 70,000-dwt range.