

With a major push now under way to expand Stolthaven's global terminal network – and to capitalise whenever possible on the Owner's Berth concept – it seemed an opportune time for **Stolten** to visit Stolthaven Houston, the place where it all began.

# Owner's Berth... the key differentiator



*It was in Houston that Stolt-Nielsen resolved to establish its first Owner's Berth. Although an ingenious idea, nobody knew whether it was possible in practice. The format of the existing Stolthaven terminal in Houston at the time was unsuitable for the purpose. Investment and modifications were required. It was decided that the capital outlay would have to stand on its own feet rather than be part of a concept for synergies with the parcel tankers, because it was uncertain whether these could be realised.*

Excerpt from *Jacob Stolt-Nielsen – An Entrepreneur*

**Steve Turchi, Stolthaven's Regional Director for North America, is not shy about telling customers that Stolthaven Houston is no different from any other terminal – at least from a physical infrastructure perspective.**

“The tanks are all made of the same steel, we all use the same construction methods and we all build off of the same basic designs,” says Turchi. “But, in terms of what’s important to customers, Stolthaven Houston is very different from other terminals in at least one vital respect. Because we are fully integrated with the Stolt Tankers fleet, not to mention Stolt Tank Containers and our own rail tank car fleet, we have more control over all elements of the supply chain. By working collaboratively with our customers, we can leverage that control to deliver better service and lower costs to those who choose Stolt.”

That, in fact, is the essence of the Owner’s Berth concept: delivering greater value to Stolt’s shipping customers by having them as customers of Stolthaven Terminals, too.

The so-called Owner’s Berth approach did not, however, take shape overnight. Indeed, the Board of Directors of Stolt-Nielsen first committed to the concept in 1987. But after literally decades of development, it is now the key differentiator that separates Stolthaven from all of its competitors – and a source of competitive advantage for both Stolt and its customers.

Indeed, although one tends to think of Asia, the Middle East and India as key growth markets, the discovery of oil shale in North America, among other factors, suggests that the future for Stolthaven Houston and its customers remains bright indeed.

Stolten arrived to find newly appointed Terminal Manager Filip Masquillier in the process of moving into his new office. Masquillier was previously Marketing Manager at Stolthaven New Orleans from 2009, after joining Stolt in 2005 as Business Development Manager in Rotterdam, focusing on EMEA and China. He’s excited about his latest challenge.

“Ten years ago there was not a lot of investment taking place in the US Gulf but that has changed,” said Masquillier. “With the long-term impact of shale gas and the near-term effect of the weak dollar, the Port of Houston is likely to remain busy and congested in the foreseeable future. So our ability to optimise the ship-to-shore interface – and to use that ability to get ships in and out faster – has never been more important.”

“Everything we know about port efficiency was developed and implemented here in Houston,” added Masquillier. “It’s a simple

objective: get as many parcels across the dock in as little time as possible. But achieving that goal takes a tremendous amount of planning and cooperation between our ship and shore teams. That’s why, for example, we have former parcel tanker captains among our terminal staff. We look at the world from the perspectives of both the ship and the terminal.”

Masquillier is enthusiastic about Stolthaven Houston’s future for another reason: “We have significant expansion initiatives under way and on the drawing board that will enable us to make the advantages of the Owner’s Berth concept available to an even broader set of customers.”

There are few who grasp the Owner’s Berth concept as well as Captain David Coiley, who has served as Operations Manager for both

Terminals and Tankers in Houston since 2006. Coiley joined Stolt Tankers in 1980 and spent 13 years at sea before coming ashore in 1993 to work in Port Operations in Houston.

“We developed the Owner’s Berth Efficiency Team (OBET) to address breakdowns and weaknesses in planning and execution that were undermining ship-terminal efficiency,” said Coiley. “Our studies showed most terminal delays could be traced to a chronic lack of coordinated preparedness among the ships, terminals and surveyors. The OBET solution addresses this problem by utilising a team of individuals thoroughly versed in both ship and terminal operations, who act as sort of ‘air traffic controllers’ for the process.”

The impact has been substantial. Prior to the implementation of the Owner’s Berth concept, Stolthaven Houston had an average over-the-dock transfer rate of about 180 tonnes per hour. The terminal is currently →



*Safety has got to come first because it leads to everything else being done right.*



MAIN: *Stolt Surf* alongside the dock in Houston.

ABOVE: Filip Masquillier, Terminal Manager at Stolthaven Houston.

ABOVE: Captain David Coiley, Operations Manager, Tankers & Terminals, Houston.

MAIN: Operators Audie Bellard and Jarred Walter.

BELOW LEFT: Ship Operator Trainee Eric Roublick prepares to pig a line.

BELOW RIGHT: Filip Masquillier (third from left) inspects construction work on the East Property with Engineering Team members (l. to r.) Randy Privett, Carlos Medina, Dirk Kramer (Regional Engineering Manager for North America), David Lindow and Lee Garcia.



→ averaging approximately 230 tonnes per hour, although rates as high as 700 tonnes an hour have been achieved on certain targeted ships.

There are few people who appreciate the *benefits* of the Owner's Berth concept better than Alan Birney, Regional Marketing Manager for North America. Birney and Kortnie Joyner, Marketing Manager, have primary responsibility for both seeking out new customers and managing the terminal's existing customer relationships. "The synergies we have with our ships, combined with our ability to manage the ship-to-shore interface, have been huge for Stolthaven Houston," he said.

Stolthaven Houston is currently 100% utilised, with eight customers accounting for upwards of 80% of the terminal's total capacity.

"You might think that, with 100% utilisation, we all sit around with our feet up," said Birney. "But high utilisation actually makes

our jobs in marketing even tougher. If one of our big customers comes to us looking for empty tanks, we need to get creative to make it happen."

Birney recounted just such a situation where the terminal was able to consolidate the contents of 60 tanks into 45 larger tanks, thereby freeing up 15 tanks to meet a customer's needs. "It took a lot of work to figure out the puzzle, but we were able to do it for the customer, and that was very satisfying."

The terminal currently operates 148 tanks with a total capacity of 456,000 cbm. Construction is under way to add 36 tanks and an additional 103,000 cbm.

"We are just now getting to the point (early October) where we are beginning to identify customers to focus in on," said Birney. "It's another great opportunity to tell Stolthaven Houston's efficiency story."

Marketing what you have is one thing. But sometimes opportunities can be created

simply by looking at an existing asset in a different way. Kortnie Joyner played a key role in just such an exercise. Stolthaven Houston operated a wastewater treatment facility, primarily to handle slops offloaded from ships.

"We realised that the plant had a lot of excess capacity and we thought: Why not try to market that excess capacity to third parties?" said Joyner. "So in 2007 we started to aggressively market the plant and those efforts quickly began to pay off – the demand was there."

While treated sludge from the process went to landfills, the wastewater operation began selling lube oils and other recovered products to recyclers. But the plant really got into its stride in 2009.

"We had a ship come in with 160,000 barrels of wastewater aboard. That put us on the map. The economy was weak and everyone was struggling and here comes a value-added service opportunity from Stolthaven Houston."

The terminal's wastewater capabilities are now actively marketed at trade shows, such as the one hosted by the Texas Commission on Environmental Quality (TCEQ) and a second wastewater treatment plant is now being planned for the terminal in order to expand capacity.

"Demand is increasing and we want to be in a position to capitalise on that demand," said Joyner.

While numerous factors weigh heavily when a customer chooses a terminal, safety and environmental performance are among the most prominent of those considerations. William Pfisterer, Superintendent for Safety/Emergency Response/Quality, has spent the past 33 years of his career at the terminal, the first nine of those years with Oiltanking and the last 24 with Stolt.

"I've seen all our tanks built from the ground up," he said.

Indeed, Pfisterer epitomises what some might call the classic Stolt employee: 20-plus years with the Company, tremendous depth of experience and an uncommon dedication to his job.

"Safety has got to come first because it leads to everything else being done right," said Pfisterer. "It's our job to protect people, the environment and the assets of our customers and the Company – and we do not tolerate shortcuts in that process."

"I won't tell you that we don't have pressure to get work done here, but I will tell you that safety is never jeopardised for commercial reasons. We have never had that →



*Everything we know about port efficiency was developed and implemented here in Houston.*



## Stolthaven Houston – facts and figures

### West Property Overview

#### Size of property

168 acres                      679,500 sq m

#### Land currently in use

Includes office and associated areas – approximately 15 acres

109 acres                      440,600 sq m

#### Expansion land available

43 acres                        174,500 sq m

#### Total Capacity

2,867,300 bbls                455,851 cbm

#### Size range of tanks

2,200 – 100,000 bbls        350 – 16,000 cbm

#### Number of Tanks

148                              (133 carbon steel)    (15 stainless steel)

### East Property Expansion

Ground breaking – May 2011

First tanks operational by 4th Quarter 2012

Three Phase expansion to include:

36 storage tanks totalling 650,000 bbls (103,400 cbm)

– 15 x 12,000 bbls

– 12 x 15,000 bbls

– 7 x 30,000 bbls

– 2 x 40,000 bbls

4 bay truck rack

14 spot rail rack

65 railcar storage spots

Non-hazardous wastewater treatment plant

### Core Services

#### Tank truck services

Average tank truck turn time – 65 minutes

13 tank truck loading bays

#### Railcar services

80 railcar loading spots and 320 railcar storage spots

In-plant custody transfer weigh scale

Railcar cleaning (operated by SNRS)

#### Direct transfer service

Transfer of up to 18 railcars per product per vessel

#### Intermodal transfers

Rail car to/from ISO or tank truck (operated by SNRS)

#### Marine Services

Transhipment of cargo conducted alongside vessels  
Provide vessels with nitrogen, steam, vapour controls,

ship stores, bunkers and other operating needs

Advanced scheduling, coordination and prioritisation with vessels, prior to arrival at berth

#### Onsite biological wastewater treatment and waste handling.

Permitted to receive third party hazardous and non-hazardous wastewater from truck, rail, ship and barge

**MAIN:** Emergency Response Team members (l. to r.): David Tamayo, David Wagner, Victor Henry, Randy Melcer, Bill Pfisterer (Superintendent for Safety/Emergency Response/Quality), James Devore (Supervisor Safety/Emergency Response/FSO), Brian Bennett, Hilton Landry, Chad Brogan and Wayne Barlow.

**BELOW LEFT:** Customer Service Team members (l. to r.): Laura Kluge (Customer Service Manager), Tammy Hamlett, Corrisa Reyes, Donnie Smith, Ingrid Jackson, Sharon Rawls, Rick Clark, Faith Ballard, Dorothy Johnson, Anna Leach and Lisa Charles.

**BELOW RIGHT:** Kortnie Joyner, Marketing Manager Stolthaven Houston, and Alan Birney, Regional Marketing Manager for North America.



→ here. And a lot of that goes right back to management, because they understand that you don't try to shortcut the system. We have a reputation for working hard, for being able to handle the most difficult products and – most important of all – for doing it safely.”

Pfisterer added: “Training and analysis is ongoing. For example, we did a study that showed most injuries occurred in the first 18 months of employment, so all our new hires now wear yellow hard hats.”

The hard hats serve as a visual reminder to supervisory staff to ensure that no one is given a task that might be beyond their level of experience.

Incidents, of course, are closely tracked and tabulated and the common yardstick of performance is OSHA's Total Recordable Incident Rate. “That's the number customers want to know,” said Pfisterer. “In a given year

we perform 50% or better than the average. Two years ago, we achieved a zero rate for the first time in 30 years. And I have to say we were very proud of that.”

Ensuring that people are safe is, of course, essential. But so is protecting the environment – the key concern for Tim Friday, Superintendent of Air Quality and Environmental Affairs. Friday is an 11-year Stolt veteran who was recruited to the Company from the TCEQ.

“It's my job to make sure we are operating in accordance with all required regulations,” he said. “For example, the TCEQ maintains a list of about 750 chemicals that are permitted to be brought into the state and specific regulations dictate how each of those products is to be stored and handled – and we must adhere to those regulations.”

Friday spends a significant amount of his

time working directly with regulators and inspectors, and preparing the reports that conformance requires.

Customers typically just want proof that Stolthaven Houston has all the necessary permits and is operating in compliance with all applicable regulations “so that they can check off the appropriate boxes and move on to the next thing”, he said.

“But the fact is, we operate for the most part well beyond the requirements specified by regulations. And that's because we over-control things in order to meet our own safety and environmental standards. I still have friends at the TCEQ and they sometimes tease me for ‘selling out’. But I just tell them that I can do more here – in terms of having a tangible day-to-day impact – than they can there.”

Dirk Kramer, Regional Engineering Manager for North America, joined Stolthaven in 1998. Kramer and his team take particular pride in recognising who their customers are and building solutions that meet their needs.

“The Operations team turns the valves, pigs the lines, gauges the tanks, operates the pumps, connects the lines, blows the lines, weighs the trucks, and on and on,” said Kramer. “Then we have the Maintenance guys whose job it is to service and maintain the assets. So when we take on a new project – such as the expansion we are working on now – we ask our people: How can we design these systems better? What can we do to improve the plan? Because our people know the difference between what works well and what just works.”

That input helps Engineering to ensure that projects meet not only engineering standards, but functional standards too.

“We perform the front-end engineering and design, detailed design and construction and installation phases for all engineering projects regionally and, when called on, globally,” said Kramer. “We procure bids, balance construction budgets and manage dozens of major contracts annually. In doing so, we ensure that sound engineering procedures and practices are applied and that our facilities and terminals are both highly efficient and functional.”

Just a few short years ago, with downstream chemical production apparently shifting to the Middle East, many industry analysts seemed almost eager to write off the US Gulf. Instead, Stolthaven Houston is expanding, with plans for further capacity additions on the horizon. Conventional wisdom, it seems, is often just that.



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**MAIN:** The East Property Expansion will add 103,400 cbm of storage to Houston's current capacity of 455,850 cbm.



**TOP:** Judson Brown, Manager, Rail Service.

**CENTRE:** Maintenance Team members (l. to r.): James Jackson, Maintenance Lead; Brian Sanders, Maintenance Mechanic; Richard Moore, Preventive Maintenance; and Kenneth Tucker, Maintenance Superintendent.

**BOTTOM:** Pete Forline, Wastewater Superintendent.

**TOP:** Tim Friday, Superintendent of Air Quality and Environmental Affairs, left, accompanies a contract technician using an electronic sniffer to verify the integrity of tank fittings.

**CENTRE:** (l. to r.) Operators Chris Mullins and Hilton Landry at work on a tank car.

**BOTTOM:** Operators Justin Cockle and Randy Melcer take care of some paperwork at a truck rack.

**TOP:** Construction workers prepare the foundation for a new tank, as part of Stolthaven Houston's current expansion.

**CENTRE:** Operator Ryan Hardy at a rail rack.

**BOTTOM:** Dockman Ryan Allen.