



Construction of the "Tenerife" refinery, 1930

History

The CEPSA story began in 1929 and its origins were linked to the monopoly regime in Spain established by Royal Decree of 28 June 1927. On that date, a group of Spanish investors acquired the assets of the company Falcon Oil Corporation, which owned the rights to 5% of the oil production of Lago Oil Corporation in Venezuela. The operation was completed in August 1929 and, one month later, these same investors set up the Compañía Española de Petróleos, S.A. (CEPSA), with share capital of 75 million pesetas, distributed through one and a half million shares of 50 pesetas each. These shares were popularly known as "petrolitos" (little oil shares).

CEPSA's acquisitions in Venezuela formed the first part of a plan to secure sufficient quantities of crude oil for Spain. Development was impeded for various reasons and the need arose for CEPSA to expand its field of activity for the company to survive.

In 1930 the "Tenerife" refinery was built to supply crude oil from CEPSA's operations in Venezuela. The Canary Islands and Tenerife were selected essentially due to the above-mentioned monopoly situation and also because of their geographical location and that of the ports of Santa Cruz and Las Palmas, on which numerous international sailing routes converge.

The first operations carried out by CEPSA, now a refining company, involved supplying the Monopoly Lessee Company, the Canaries market and foreign tankers. Agreements were also reached with distributors in Africa and Portugal in 1930.

Freights were increased by 500% when the Second World War broke out in 1939, and difficulties in supplying oil to the "Tenerife" refinery prompted CEPSA to create its own fleet, acquiring the tanker "Girona" in 1941. The "Zaragoza", "Bailén" and "Arapiles" were soon added.



"Gibraltar-San Roque" refining laboratory

The "Tenerife" refinery was extended to include a lubricants plant in 1950 and its capacity was increased once again in 1955, with installation of the first aromatic units in Europe.

Authorisation for the construction of a manufacturing plant for bitumen products in Tarragona, with the distillation of heavy crude oils, was sought from the government in 1962. ASES, owned equally by CAMPSA and CEPSA, was set up to operate this plant.

Also in 1962, official authorisation was requested for construction of a second refinery in the Biscay area. The initially chosen location would be changed to redress a regional imbalance, specifically, that of Campo de Gibraltar. The refinery was finally built beside Algeciras Bay, in the municipal district of San Roque (Cadiz). Permission for the project was obtained in 1964 and construction began in 1965, with the first units entering service in 1967.

CEPSA Companhia Portuguesa de Petróleos Ltda., was founded in 1964 and construction of a bitumen plant commenced the same year.

For CEPSA, the seventies were a period of diversification, in which it moved toward another of the large oil-related areas: petrochemicals. Thus PETRESA, a subsidiary of CEPSA, was created to cover an important gap in Spain at that time: the production of biodegradable detergents. This new company launched the first, high technology linear alkyl benzene (LAB) plant. INTERQUISA, another subsidiary of CEPSA, engaged in the manufacture and marketing of raw materials for the polyester sector; was constructed at the same complex as the "Gibraltar-San Roque" refinery.

In 1964 CEPSA founded the Companhia Portuguesa de Petróleos Ltda., constructing a bitumen plant which was its first installation outside Spain



Service station in Arganda del Rey (Madrid)

For CEPSA the seventies were a period of diversification, moving towards petrochemicals

In the following decade, Spain's oil sector was reorganised following the country's entry into the European Economic Community. The so-called "de-monopolisation" process was undertaken in the period from 1985 to 1997 to create a new outlook for the sector:

During this era, CEPSA adapted its organisation to the new scenario, with the creation of a network of sales branches and marketing subsidiaries. Companies set up included CEPSA Aviación, CEPSA United Kingdom, Petróleos de Canarias, CEPSA Lubricantes, CEPSA Estaciones de Servicio and CEPSA Gas Licuado.

In 1988 CEPSA agreed that 10% of its share capital be taken up by IPIC (International Petroleum Investment Company), a company originating from Abu Dhabi. The agreement was aimed at securing oil supplies and opening up markets and possible collaborations in the Persian Gulf.

In 1990, the French company Elf purchased 20.5% of CEPSA. A year later, on 25 April 1991, CEPSA's board of directors ratified an agreement for the acquisition of 100% of ERTOil, thereby incorporating investments in other companies and assets which included the "La Rábida" refinery in Palos de la Frontera, Huelva, with an annual distillation capacity of 4 million tons of oil.

Aware of society's demand for responsible conduct in terms of protection of the environment, safety in processes and installations and quality in its products and services, CEPSA created P.A.S.C.A.L. management in 1989. Its initial responsibility was to produce basic procedures and standards related with the environment, safety and quality which would be compulsory in all of CEPSA's centres and companies.

The nineties also marked an important milestone for CEPSA, following the discovery of crude oil in Algeria. This was the Company's first important find, even though it had been engaged in activity in this area since 1940.

In 1994 CEPSA acquired the petrochemical company ERTISA, engaged in the manufacture and marketing of cumene, phenol and acetone.

A process for the internationalisation of CEPSA's petrochemical activities was initiated with construction of its first industrial plant in North America, PETRESA Canada, which began in 1995.

CEPSA increased its presence outside Spain in 2000-2005. A second petrochemical plant was built in Canada, INTERQUISA Canada Inc., and 72% of DETEN Química, in Salvador de Bahía (Brazil) was acquired. In association with Sonatrach, CEPSA created a company, MEDGAZ, for the study and promotion of a pipeline connecting Algeria with Europe, via Spain.

CEPSA remains committed to exploration and the production of hydrocarbons. Its second oil field in Algeria, OURHOUD, has started production and CEPSA Colombia has been incorporated. Authorisation has also been obtained for natural gas exploration in Algeria, taking further steps in the strategy of strengthening this business area.

Today, CEPSA is a group with extensive activities in Spain. Through a gradual internationalisation of its activities, CEPSA is also present in numerous European countries, especially Portugal, as well as in Algeria, Brazil, Canada, Colombia, Egypt, Morocco and Panama.

Our organisation has continued to grow in anticipation of our customers' needs, making use of advanced technology and implementing a wide commercial network. The Company has over 10,700 qualified professionals committed to its objectives.

One of CEPSA's strategic goals is integration of the different activities. The Company seeks to improve its financial profitability by forming synergies and offsetting risks.



Aerial view INTERQUISA Canada

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Milestones

Equivalent millions of tons of oil

