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## **KUWAIT: Looking to the Future** Qatar • Pumps • Industry Interviews





### Doubling LNG production

Qatar's LNG expansion projects, expected to take the total output to 142 MTPA by 2030, are designed to help meet the growing demand for cleaner energy – Page 8



### Driving sustainable projects via innovation

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For shipowners considering decarbonising, methanol is a proven fuel, with existing bunkering infrastructure in some ports and more being built – Page 16

# HI-TECH GAS TURBINE TRIUMPH FOR KSA



Prince Abdulaziz with GE Vernova team at the rollout ceremony

BY SREE BHAT

IN a significant stride for the 'Made in Saudi' initiative and a high technology triumph for the Kingdom, GE Vernova has celebrated the rollout of its first H-class gas turbine unit from the GE Saudi Advanced Turbines (GESAT) facility in Dammam.

This milestone, achieved through extensive local collaboration and investment, marks a high point in Saudi Arabia's journey towards energy transition and industrial self-reliance.

In an exclusive interview with **OGN** energy magazine, Hisham Al Bahkali, President of GE Vernova in Saudi Arabia, emphasised that the H-Class turbine is GE Vernova's most powerful and efficient model, designed to convert natural gas to electricity in the most cost-effective manner.

"The high efficiency and hydrogen readiness of our H-class turbines support the country's energy transition," Al Bahkali noted. "These turbines can ramp up or down rapidly, ensuring grid stability as more renewables are integrated into the energy system."

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"Being able to roll out this highly advanced technology from a Saudi factory is a great step towards building local capabilities and skillsets, and is a result of continuous knowledge transfer and investment in the local Saudi workforce.

"The rollout of the first HA unit completed at GESAT is testament to our efforts in further deepening power sector capabilities in the Kingdom, and we are already working on the next milestones on this journey," he said. GESAT's accomplishments are impressive.

The facility has exported over 200 modules to about 40 countries across four continents, contributing to the generation of more than 11 gigawatts (GW) of electricity-- enough to power over 8.2 million homes. This success story is driven by extensive training for Saudi nationals, including more than 4,100 hours of instruction in engineering, quality assurance, and technical functions through GE Vernova's facilities in the US and France, he says.

To meet the rising demand for higher capacity and efficiency, GE Vernova is making further investments in the GESAT facility. These upgrades are in preparation for manufacturing the latest H-Class model, the 7HA.03 gas turbine. "These investments will further elevate the knowledge and skills of our Saudi talents as they work on GE Vernova's most advanced gas turbine technology," Al Bahkali remarked.

## ROI STUMBLING BLOCK IN TRANSITION

THE limited return on investments (RoI) – rather than access to capital – is increasingly cited by corporates as a leading barrier to scaling the energy transition, according to a report.

So, what are the major obstacles as to why going green does not always pay? Slow permitting, taxing legal processes, supply chain constraints, regulatory disparities, a lack of organisational capabilities and tepid technology availability (especially across emerging markets) are predominant roadblocks to the growth of low-carbon and renewables businesses, says MUFG's 'ESG Series: Energy transition's shortage of returns' report.

The report was anchored on the corporate trilemma of growth; profitability; and sus-

tainability. "That is, in a world wherein ESG's decibels of debate are rising and corporate budgets are being squeezed on the back of a higher for longer rates environment, we asked whether making growth sustainable and inclusive requires inscrutable trade-offs – forgoing revenues and profits for the sake of sustainability," the report said.

Critically, the most pertinent impediment to inadequate returns from the transition has been higher interest rates, it said. Renewables are fuel-free, but that means almost all of their expenditure is incurred upfront – financed with debt. That makes them more dependent on the cost of finance than carbon-intensive alternatives, which incurs a larger share of costs later. Thus, finance is crucial.

Government policy and regulatory support can help bridge the gap of low returns. The unparalleled Inflation Reduction Act (IRA) – the largest climate legislation in US history – is a testament of how receptive corporates can react to favourable policy signals.

Yet, the challenge in most developed markets is that it may prove difficult to pay for these initiatives with higher-for-longer rates, elevated debt-to-GDP ratios or shifting budget priorities (towards more defence spending in a geopolitically charged de-risking world).

All in, companies have ample access to capital markets. Yet, capital seeks returns, and delivering on the energy transition's ambitions comes down to economics – economic returns are a first-order scarcity, says the report.

### IN BRIEF

## Aramco to develop \$2.2bn gas plants

**RIYADH:** Saudi oil giant Aramco has signed a non-binding Letter of Intent (LoI) with a joint venture of Spanish group Técnicas Reunidas (60%) and China's Sinopec (40%), for the potential development of three gas compression plants at Jafurah, the largest unconventional gas field in Saudi Arabia.



The LoI also relates to potential work to install a 230kV power connection at the gas plant substation area and upgrade the water pump system, said Técnicas Reunidas in a statement.

If awarded, the total value of the project is estimated at approximately \$2.24 billion. The entire work will be completed in about 44 months, said the Spanish group.

More than 400 engineers will have to be deployed for the project, many of them specialised in chemical processes, it added.

### Borouge plans China complex

**ABU DHABI:** Borouge, a petrochemicals major, said its consortium with Abu Dhabi National Oil Company (Adnoc) and Austrian group Borealis has signed an agreement with Wanhua Chemical and Wanrong New Materials to build a speciality polyolefins complex in China.



The proposed complex in Fuzhou, Fujian Province, is set to produce 1.6 million tonnes per annum (MTPA) of speciality polyolefins leveraging both Borealis' cutting-edge proprietary Borstar technology and Borouge's extensive sales network.

The consortium intends to establish a Sino-foreign joint venture with Wanrong New Materials (Fujian), with a shareholding ratio of 50:50 respectively, subject to customary regulatory approvals, it added. The complex will leverage the strengths of partners and majority shareholders.

### Crude surplus 'likely in 2025'

**MANAMA:** The crude oil market is currently tight but next year will likely be in surplus, with Brent prices declining into the mid-to-high \$70s range, Morgan Stanley said.

The tightness will hold for most of the third quarter, the bank said, but equilibrium will return by the fourth quarter, "when seasonal demand tailwinds abate and both Opec and non-Opec supply return to growth."

Morgan Stanley said it expects Opec and non-Opec supply to grow by about 2.5 million barrels per day (bpd) in 2025, well ahead of demand growth.



# LOOKING TO THE FUTURE: KPC AIMS FOR 4mbpd

Kuwait Petroleum Corporation plans to spend \$300 billion by 2040 to sustain production capacity and feels these investments are crucial for maintaining and increasing output in a world where energy demand is expected to outpace population growth, even amid the ongoing energy transition

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Sheikh Nawaf Al Sabah speaking at the CERAWEEK conference. Image courtesy: CERAWEEK

AS the world continues to evolve towards more sustainable energy solutions, Kuwait Petroleum Corporation (KPC) is steadfast in its commitment to increasing production capacity and maintaining its role as a reliable and efficient energy provider.

The company's significant investments and strategic initiatives underscore its belief in the enduring importance of oil in the global energy mix, while simultaneously embracing innovative approaches to renewable energy and national development.

KPC plans to invest approximately \$300 billion by 2040 to sustain production capacity and manage natural declines, said Nawaf Al-Sabah, Deputy Chairman and Chief Executive Officer of KPC, speaking to Daniel Yergin, Vice Chairman, S&P Global, at the CERAWEEK 2024 in Houston.

Al-Sabah outlined the company's ambitious plans to increase its production capacity to 4 million barrels per day by 2035 and the crucial question of energy transition in the interview.

Investments are crucial for maintaining and increasing output in a world where energy demand is expected to outpace population growth and this strategy is grounded in a firm belief in the continued global demand for oil, even amid the ongoing energy transition, he said.

#### CURRENT CAPACITY AND FUTURE GOALS

KPC currently boasts a production capacity of 3 million barrels per day, though actual production is often lower due to OPEC quotas. Al-Sabah emphasised the necessity of expanding capacity to meet future demand, which he predicts will persist despite the shift towards renew-

*'Our barrels of production will be the most desired within the energy mix. We start with low cost and low carbon intensity, which allows us to fulfil the energy trilemma of reliability and sustainability'*

able energy sources.

"We're at 3 million barrels a day of production capacity today, producing less due to OPEC allocations," Al-Sabah explained. "Our goal is to reach 4 million barrels a day by 2035 because we see demand increasing throughout this energy transition."

#### LOW-COST, LOW-CARBON ADVANTAGE

One of KPC's competitive advantages is its low production costs and carbon intensity. Al-Sabah highlighted that Kuwait's oil lifting costs are below \$10 per barrel, and the carbon footprint of their production is among the lowest globally.

"Our barrels of production will be the most desired within the energy mix," he asserted. "We start with low cost and low carbon intensity, which allows us to fulfil the energy trilemma of reliability and sustainability."

#### GLOBAL ENERGY DEMAND

Al-Sabah provided a broader context for KPC's strategy, noting that global energy demand is set to increase faster than population growth, particularly in the Global South. "It's only fair to allow countries experiencing energy poverty to exploit their natural resources efficiently and cleanly and not have them pay for the excesses of industrialized nations," Al-Sabah said. "This will significantly

contribute to the future energy demand."

#### KUWAIT'S INNOVATIVE APPROACH

Al-Sabah also discussed KPC's innovative approaches to its operations and market strategies. Emphasizing a partnership mentality with customers, KPC sees mutual growth as a cornerstone of its business model.

"In Kuwait, we recognize that we are a national oil company with an international presence," he said. "We've pioneered retail downstream networks in Europe, strategically complementing our home business in Kuwait."

This forward-thinking approach ensures that KPC remains a key player in the global energy market, poised to meet future challenges and opportunities as the world navigates its energy transition.

#### NATIONAL DEVELOPMENT AND DIVERSIFICATION

KPC's strategy aligns with Kuwait's broader national development goals. Al-Sabah emphasized the importance of reducing the country's dependence on oil revenue, which currently accounts for about 90% of government income and 50% of GDP.

"Our new leadership is visionary, moving Kuwait towards a more diversified economy," Al-Sabah said. "Our Prime Minister, who wrote his Harvard disserta-

*Continued on page 4*

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# KPC aims for 4mbpd by 2035

Continued from page 2

tion on avoiding the resource curse, is putting theory into practice."

KPC is also leveraging AI and digital technology to enhance operations. "We're deploying AI in our digital oil field to ensure predictive, efficient operations," he added.

## PARTNERSHIPS AND FUTURE MODELS

KPC is looking to innovate through partnerships with international oil companies. "We're moving offshore for the first time and anticipate discovering new fields," Al-Sabah noted. "We're exploring new models of collaboration to bring in international expertise for oil production and power generation."

KPC plans to involve both local and international investors in developing solar power projects, potentially creating independent power producers (IPPs) to achieve their ambitious renewable energy goals.

In a progressive move towards sustainability, KPC is actively pushing for electrification and renewable energy to reduce its impact on the national grid and pave the way for green hydrogen production. This initiative, driven by the enthusiasm and support of KPC's youthful workforce, marks a significant step in the company's journey toward a greener future.

## EMPLOYEE ENGAGEMENT AND INNOVATION

KPC, which employs around 23,000 people, has established an effective feedback mechanism to gather innovative ideas from its staff. This inclusive approach has been crucial in shaping the company's strategic initiatives, particularly in the realm of electrification and renewable energy.

"One of the things we've been pushing internally in Kuwait is electrification, heavily supported by the youth in our system," said Al-Sabah. "We're working towards lowering the burden that the oil sector places on the national grid and creating renewable power to run our production and foster green hydrogen opportunities."

## HARNESSING NATURAL RESOURCES

Kuwait is endowed with abundant hydrocarbon resources and plentiful sunlight, making it an ideal location for solar energy projects. In the past, the efficiency of solar panels was hampered by dust, which reduced their effectiveness by 50% shortly after cleaning. However, advancements in solar technology have



KPC employs about 23,000 people

now enabled KPC to deploy solar panels more efficiently across its production facilities.

"We've rolled out panels to run electric submersible pumps, and we now have a pilot project where the pumps are almost exclusively powered by solar energy," Al-Sabah explained. "We currently use about 1 GW of electricity, which is approximately 6% of the country's power generation."

## AMBITIOUS SOLAR PROJECTS

KPC has greenlit a project to generate 1 GW of power exclusively from solar energy, with plans to double this capacity. Ultimately, the company aims to increase its solar production capacity to 17 GW.

"Our goal is not to create power for the country but to take ourselves off the grid as much as possible and generate enough solar power to create green hydrogen," Al-Sabah stated. "We want to continue being the world's reliable and clean provider of hydrocarbons while also providing different types of power."

## FUTURE OF GREEN HYDROGEN

While the market for green hydrogen is still in its nascent stages, KPC is committed to creating this market through continuous invest-

*'We anticipate a massive increase in electricity usage and power demand to power our operations. We aim to meet this demand through solar energy and eventually have enough excess power to create green hydrogen'*

– Sheikh Nawaf Al Sabah

ment in solar energy. The first step is ensuring sufficient renewable energy to power its operations, which currently require about 1 GW of power, expected to rise to 4.7 GW by 2040-2050.

"We anticipate a massive increase in electricity usage and power demand to power our operations," Al-Sabah noted. "We aim to meet this demand through solar energy and eventually have enough excess power to create green hydrogen."

Speaking on the results of the fiscal year ending March 31, 2024, he said the company's net profits rose to KD1.45 billion, reflecting the efforts in implementing its strategy to advance the oil sector with innovation, excellence, and teamwork.

In a video message, Al-Sabah said: "We have discovered oil in the Al-Nokhatha offshore field, estimated at 3.2 billion barrels of oil equivalent, equal to three years of Kuwait's total production. This discovery, along with our ongoing work in the Durra field, will significantly expand our operations."

In refining, we successfully operated the Duqm and Al-Zour refineries, increasing local refining capacity to 1.4 million barrels per day.

"Our strategic goal for refining capacity outside Kuwait was achieved with the Duqm refineries in partnership with facilities in Italy and Vietnam. In petrochemicals, we continue to expand globally, seeking acquisitions to add value to Kuwaiti hydrocarbons. Our marketing sector secured a 10-year crude oil sales contract with a key Chinese customer, representing over 10% of our current production," he said.

The company also signed an MoU to store 4 million barrels of Kuwaiti crude in South Korea, ensuring safe and reliable market access in Asia.

Kuwait had announced a new strategy to boost fossil fuel production in October 2023. Under the new strategy, announced by Oil Minister Saad Al Barrak, KPC's subsidiary KOC will aim to increase oil production capacity to 3.65 million bpd by 2035. This will ensure about \$11 billion of additional revenue for the state.

KOC, which accounts for about 90 per cent of Kuwait's oil output, also plans to reach gas production capacity of 1.5 trillion cubic feet per day by 2040. Kuwait's oil reserves are estimated at 100 billion barrels.

KPC will spend \$410 billion through 2040 on the strategy, said Bader Al Attar, KPC Managing Director for Planning and Finance. That will be financed from KPC's cash flow, debt and partnerships with other companies.

KPC and its subsidiaries plan to invest \$110 billion - out of the \$410 billion - to achieve the group's energy transition goals, Al Attar said.

KPC also aims to increase its refining capacity to 1.6 million bpd locally and 425,000 bpd abroad by 2025.

The company's 2050 energy transition strategy aims for carbon neutrality by 2060.



A crude distillation unit at a KPC facility

# Nabors' advancements drive growth and leadership

On the heels of securing a major contract in Kuwait for three 3,000-horsepower, high-floor land drilling rigs, Nabors plans to expand its capabilities in the Middle East, says John O'Brien, Nabors Kuwait Area Manager

**N**ABORS Industries is a leading provider of advanced technology for the energy industry. With a presence in more than 15 countries, Nabors has established a global network of people, technology, and equipment to deploy solutions that deliver safe, efficient and responsible energy production.

By leveraging its core competencies, particularly in drilling, engineering, automation, data science and manufacturing, Nabors aims to innovate the future of energy and enable the transition to a lower-carbon world.

In an exclusive interview with *OGN* energy magazine, John O'Brien, Nabors Kuwait Area Manager, highlights Nabors' commitment to expanding capabilities in the Middle East and supporting international growth. This discussion comes on the heels of a significant milestone for Nabors Kuwait in securing a major contract with a National Oil Company in Kuwait for three 3,000-horsepower, high-floor land drilling rigs.

*Excerpts from the interview:*

**Can you share your thoughts on Nabors Kuwait securing the recent contract with a National Oil Company in Kuwait?**

Securing this contract with a National Oil Company in Kuwait is a significant achievement for Nabors Kuwait and a reflection of our long-standing relationship with the customer. We have deep roots in Kuwait, with over a decade of successful operations in the country. This history has allowed us to build a strong, trust-based partnership with the customer, which was a crucial factor in winning this contract.

Our success can be attributed to several key factors. Firstly, we have the right crew who are highly skilled and committed to excellence. Their expertise and dedication are fundamental to our operations. Furthermore, we've cultivated a highly motivating work environment – a green haven where our staff feel inspired, leading to increased productivity and boosted employee morale.

Secondly, our efforts across digital solutions, drilling automation, and advanced rig technologies have enabled safer and more reliable operations. Nabors' commitment to technology and innovation has driven significant advancements in safety, efficiency, and overall drilling performance.

**What makes these rigs stand out in terms of technology and capability?**



Nabors' crew in Kuwait celebrating their successful drilling operations



Nabors' rig in operation in Kuwait

These rigs feature advanced technologies designed to enhance efficiency and safety. The Revit® stick-slip mitigation solution, for instance, prevents unplanned downtime by op-

timizing drilling parameters for faster penetration rates, resulting in significant time and cost savings. Additionally, the Canrig® Automated Floor Wrench, Canrig® AC Top Drive C750, and the Canrig® Automated Power Catwalk PC-8000 reduce human interaction during high-risk operations, thereby enhancing safety and operational reliability. These technologies improve drilling operations, minimize downtime, and reduce operational costs. This reflects our ongoing commitment to transforming drilling operations in the region.

**You briefly mentioned about the office yard and facility as a green haven. Can you explain how it has impacted the team and operations?**

The transformation of our yard into a lush, green haven has had an intense impact on our team and operations. This revitalised workspace has not only improved the aesthetics but has also set a new standard for workplace conditions in challenging settings. During breaks, employees enjoy the rejuvenating surroundings, promoting well-being and renewed energy.

This environment has boosted employee morale and amplified productivity across our op-



John O'Brien

*'Our success can be attributed to several key factors. Firstly, we have the right crew who are highly skilled and committed to excellence. Their expertise and dedication are fundamental to our operations. Furthermore, we've cultivated a highly motivating work environment – a green haven where our staff feel inspired, leading to increased productivity and boosted employee morale'*

erations. Employees now enjoy a vibrant and inspiring workplace that empowers creativity and teamwork, ultimately leading to more efficient workflows and improved outcomes.

**What are your plans for continuing this success and building on this recent achievement?**

We are enthusiastic about continuing to exceed our customers' expectations and further solidifying our longstanding leadership in the region. We are committed to applying our advanced technologies to elevate operations. Our focus remains on maintaining high safety standards and strengthening our capabilities to meet the evolving needs of our customers. By doing so, we aim to build on this success and achieve even greater milestones in the future.

**Any final thoughts on the future of Nabors Kuwait?**

The future of Nabors Kuwait looks very promising. We are committed to continuous improvement and innovation. With our talented team, advanced technology, and a strong culture of safety and excellence, we are well-positioned to continue delivering outstanding results and contributing to the growth and success of the region's oil and gas industry.

The offshore Al-Nokhatha field, located east of Kuwait's Failaka Island, spans 96 sq km and preliminary estimates suggest the hydrocarbon reserves at this well to be about 2.1 billion barrels of light oil and 5.1 trillion standard cubic feet of gas, equal to 3.2 billion barrels of oil equivalent

# Huge new discovery propels KOC's offshore ambitions

**I**N a significant boost to Kuwait's offshore oil exploration ambitions, the Kuwait Oil Company (KOC), a subsidiary of Kuwait Petroleum Company (KPC), announced the discovery of substantial commercial quantities of light oil and associated gas in the offshore Al-Nokhatha field in July. This field is located east of Kuwait's Failaka Island.

According to a KOC statement published by the *Kuwait News Agency (KUNA)*, the Al-Nokhatha field spans approximately 96 square kilometers, marking a major breakthrough in Kuwait's efforts to tap into its offshore hydrocarbon resources. This discovery aligns with Kuwait's broader strategy to diversify its oil production capabilities and increase its hydrocarbon reserves, enhancing the nation's energy security and economic stability.

Following the important announcement, His Highness the Amir Sheikh Mishal Al-Ahmad Al-Jaber Al-Sabah, in the presence of His Highness the Crown Prince Sheikh Sabah Al-Khaled Al-Hamad Al-Sabah, received the Minister of Finance, the Minister of State for Economic Affairs and Investment and the Acting Minister of Oil, Dr Anwar Ali Al-Mudhaf; the CEO of KPC, Sheikh Nawaf Saud Al-Nasser Al-Sabah; the CEO of the KOC, Ahmed Jaber Al-Eidan; and the Executive Vice President of Exploration and Drilling at KOC, Khaled Muhammad Al-Mulla.

His Highness Sheikh Ahmed Al-Abdullah Al-Ahmad Al-Sabah, Prime Minister, also received members of the oil delegation.



His Highness the Amir, in the presence of His Highness the Crown Prince, receives oil industry officials

The daily production from Al-Nokhatha well is around 2,800 barrels of light oil and 7 million cubic metres of associated gas, KOC explained.

Preliminary estimates suggest the hydrocarbon reserves at this well to be about 2.1 billion barrels of light oil and 5.1 trillion standard cubic feet of gas, equal to approximately 3.2 billion barrels of oil equivalent, it said.

These initial findings indicate huge potential to further en-

hance and increase hydrocarbon resource quantities in various layers and reservoirs within the discovered field, KOC added.

The launch of the current marine exploration project was based on two-dimensional seismic surveys of the area, along with geophysical and geological studies to understand the earth's layers and compositions, identify and secure the best drilling sites, and prepare for logistical operations, KOC mentioned.

KOC revealed that the marine area, representing about one-third of Kuwait's total land area and covering more than 6,000 sq km, in the first phase includes drilling six exploratory wells for oil and gas, with subsequent stages to be determined based on the drilling results.

KOC underscored the importance of the offshore exploration project as a national endeavour with the goal of enhancing Kuwait's hydrocarbon reserves sustainability and meeting global demand, aiming to elevate Kuwait's status as a reliable global oil and gas producer and place it prominently on the regional map of leading offshore operators adhering to international standards.

Based on initial test results, a developmental plan will be established to commence actual production from the field at the earliest opportunity, boosting KOC's production capacity and laying another cornerstone for achieving its 2040 strategy, it indicated.

In the presence of

**H.E. Dr. Mohamed bin Mubarak Bin Daina**  
Minister of Oil and Environment  
Special Envoy for Climate Affairs  
Kingdom of Bahrain



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Qatar's LNG expansion projects, expected to take the total output to 142 MTPA by 2030, are designed to help meet the growing demand for cleaner energy, driven by economic growth and rising populations and living standards

# Doubling LNG production to dominate the market

BY SREE BHAT

**D**RIVEN by a robust long-term global LNG demand outlook, QatarEnergy (QE) is on a mission to double its LNG production capacity, with Europe emerging as a new frontier in the LNG market as an increasing number of countries now look to LNG as a replacement for Russian gas.

Declaring that "LNG is not going away anytime soon," QatarEnergy announced another greenfield North Field West (NFW) LNG project in February 2024. The project, which is estimated to have a 16 mtpa LNG production capacity, is an addition to the North Field East (NFE) and North Field South (NFS) projects, which are already underway.

The North Field is the world's largest single non-associated gas field. NFE, the first phase of expansion, will raise Qatar's LNG production capacity from its current 77 million metric tons per year (MTPA) to 110 MTPA. The NFS project, the second phase of expansion, will further increase Qatar's LNG production capacity to 126 MTPA. The third phase, the NFW project, will boost Qatar's LNG production to 142 MTPA by the end of 2030. Additionally, the company's Golden Pass LNG project in Texas will add an additional 18 MTPA through three production trains, with production expected to begin in 2025.

Saad Al-Kaabi, Qatar's Minister of State for Energy Affairs and the President and CEO of QatarEnergy, said Qatar's LNG expansion projects are designed to help meet the growing demand for cleaner energy driven by economic growth and rising populations and living standards.

Minister Al-Kaabi said the extensive appraisal drilling and testing have confirmed that productive layers of Qatar's giant North Field extend towards the west, allowing for the development of a new LNG production project in Ras Laffan.

He also announced the presence of huge additional gas quantities in the North Field, estimated at 240 trillion cubic feet, which raises Qatar's gas reserves from 1,760 trillion cubic feet to more than 2,000 trillion cubic feet, and the condensates reserves from 70 billion barrels to more than 80 billion barrels, in addition to large quantities of liquefied petroleum gas, ethane, and helium.

The minister said: "These are very important results of great dimensions that will take Qatar's gas industry to new horizons, as they will enable us to begin developing a new LNG project from the North Field's western sector with a production capacity of about 16 MTPA. As such, the State of Qatar's total LNG production will reach about 142 MTPA when this new expansion is completed before the end of this decade. This represents an increase of almost 85% compared to current production levels. With the completion of this project, the State of Qatar's total hydrocarbon production will exceed 7.25 million barrels of oil equivalent per day."

QatarEnergy is expected to commence basic engineering works soon to ensure that the planned progress is achieved according to the approved schedule.

## DEMAND WILL STAY

During a panel discussion on "The Next Stage of the Global Energy Transition" at the Qatar Economic Forum, which included Patrick Pouyanné, the Chairman and CEO of TotalEnergies, and Darren Woods, the Executive Chair and CEO of ExxonMobil, Minister Al-Kaabi added:



Saad Al-Kaabi speaks at the Qatar Economic Forum 2024

"If you look at the expectation of having 1.5 billion to 2 billion more people in the next 30 years or so, that means we will need more energy, more power, and even more petrochemicals for materials we use every day. We also need to be fair to that population and make sure they have access to reasonably priced power."

He stressed that LNG will remain in demand for a very long time, adding that this has been made clear by the G7 as well as by many countries around the world, who have changed their position on moving away from fossil fuels.

## ENERGY TRANSITION

Discussing the energy transition, Al-Kaabi said: "Many promises were made by politicians, who do not really understand the details of how to achieve this transition. And it was driven to a point where it became in vogue, if you will, for everybody to say 'net zero, environmental, and green', which got them elected. But now, as reality sets in five or six years later, they say we cannot achieve what we have promised. The problem is that targets were overstretched and could not have been reached anyway."

"As a world leader in the production of liquefied natural gas (LNG), we are adapting our direction and strategic objectives to meet the challenges of the new business environment with greater dynamism, resilience, and efficiency," he said.

Today, energy derived from hydrocarbons is crucial to every single human being on Earth, and its positive impact on human and social development is immeasurable. Natural gas and other hydrocarbons power homes and industry and accelerate production and innovation. As fuels and feedstocks for advanced materials, hydrocarbons help billions of people find better livelihoods and opportunities. The global energy transition and continued prosperity and security of society hinge on reliable supplies of energy, he said.

*'If you look at the expectation of having 1.5 billion to 2 billion more people in the next 30 years or so, that means we will need more energy, more power, and even more petrochemicals for materials we use every day. We also need to be fair to that population and make sure they have access to reasonably priced power'*

"Natural gas is a source of reliable energy for achieving this transition and maintaining prosperous growth. As energy demand grows over the coming decades and we strive to eliminate energy poverty, natural gas in the form of LNG will be essential," he added.

Qatar's announcement of the NFW project came after the Biden administration's decision to pause approvals for pending and future applications to export LNG from new projects in the US, as well as the US's opposition to the startup of Russia's Arctic LNG Phase 2 project. Regardless of US policies to curb LNG exports, the rosy outlook for global LNG demand growth is a key driver behind Qatar's LNG production capacity expansions and its ambition to expand its footprint in the global LNG market, said a Fitch Solutions report.

It said Europe's struggle to reduce dependence on Russian gas offers significant opportunities for Qatar to expand its LNG production capacities. Europe is emerging as a new market as an increasing number of countries now look to LNG as a replacement for Russian gas. Several new LNG import terminals are being planned or built to accommodate the growth in LNG demand.

Qatar is seeking to expand its footprint in Europe's LNG market, although the continent is currently dominated by the US. Despite the fact that the US joined the global LNG market as recently as 2014, it has overtaken Qatar and Australia to become the largest LNG exporter in 2023, with total exports rising to a record

high of 90 MTPA in 2023. European countries rely on steady supplies of LNG from the US, but US policy to pause LNG exports could offer an opportunity for Qatar to expand its market share in the European LNG market, said the report.

## 'LET'S NOT BE SELFISH'

Speaking at the World Economic Forum's special meeting on global collaboration, growth, and energy for development in Riyadh, Al-Kaabi highlighted the important issue of access to energy and the need for a fair energy transition, saying: "There are a billion people who do not have access to basic electricity. There will be anywhere between one and two billion additional people within the next 30 years, who will need access to energy. Therefore, we shouldn't be selfish and just talk about what we want for our house and forget the neighborhood, if you will."

Minister Al-Kaabi criticised demonising oil and gas, saying this will not do humanity any good.

He said: "Demand for oil is going to be there for a very long time. You need petrochemicals that wind farms and solar energy cannot produce, and you also need petrochemical plants to make refined products for a very long time. Gas is going to be needed to power the electricity that is needed for expansion and growth. The most important thing is that we all do it in a responsible manner to make sure that humanity can develop and grow."

# Qatar targets new deals for its growing LNG capacity

WITH plans to double its liquefied natural gas (LNG) production capacity, Qatar needs a much bigger and wider market for its increased output.

The gas giant is looking both East and West for consumers and partners and has been quite successful in attracting several big players for huge long-term deals.

Qatar is among the world's biggest LNG exporters alongside Australia, Russia, and the US. It held the top spot for years until Australia overtook it in 2021. In 2023, Qatar exported approximately 82 million metric tons per annum (MTPA) of LNG.

Qatar has not had difficulty securing long-term liquefied natural gas (LNG) contracts and will sign more this year, QatarEnergy CEO and State Minister for Energy Saad Al-Kaabi has said.

"We've actually secured 25 million tons of long-term LNG sales (in the last 12 months) and I can tell you also that we're signing more this year," he said.

State-owned QatarEnergy has been signing supply deals with European and Asian partners for gas that is expected to come onstream from its massive North Field expansion.

The group has already signed supply deals with several multi-national companies including TotalEnergies, Shell, Eni, Sinopec, CNPC, ExxonMobil or ConocoPhillips.

## MORE DEMAND LIKELY

Competition for LNG had ramped up since the beginning of the war in Ukraine in February 2022. Europe, in particular, needs vast amounts of the fuel to help replace the Russian pipeline gas that had made up almost 40 per cent of the continent's imports.

Al-Kaabi said he saw a future need for more LNG in European markets. "The comfort that they get in Europe is because they had two very warm winters and they filled up all the storages and they didn't need to use much of it," he said.

"So if you have two harsh winters or normal winters ... you're always going to need a lot more LNG. And the world will need much more LNG with the growth and I don't see an oversupply."

are expected to be delivered to Shell's Gate LNG terminal in the port of Rotterdam and TotalEnergies' Fos Cavaou LNG receiving terminal in southern France.

Based on current export and new supply agreements, Qatar's contracted LNG exports to Europe could rise from 18.7 mtpa in 2023 to 28 mtpa in 2026, closing the gap with US exports. Additional LNG exports to Europe could come from Eni's equity LNG from the NFE project, in which Eni holds a 3.12%

stake, equivalent to 1.0 mtpa of LNG production.

## CHINA, INDIA OPPORTUNITIES

China and India present huge opportunities for Qatar to expand its LNG sales and production capacity, the report said.

QE's equity share sale to Sinopec and PetroChina in the NFE and NFS projects highlights QE's long-term strategy to penetrate China's booming LNG market. Chinese com-

panies have signed contracts to import up to 8 mtpa from the NFE and NFS projects. Based on these contracts, Qatar's LNG exports to China could increase to 25 mtpa by 2026, which would represent about 32% of Qatar's current LNG production capacity. Besides contracted volumes, Sinopec and PetroChina could lift an additional 0.8 mtpa of equity volumes, either for exports to China or for trading in international markets.

Read more on [www.ognnews.com](http://www.ognnews.com)



Qatar has signed major LNG sales deals this year

According to S&P Global estimates, global LNG demand is forecast to climb 45% by December 2030, from December 2023.

Among the recent deals is a definitive agreements with CPC Corporation, Taiwan (CPC) covering the long-term supply of LNG to CPC and partnership in the North Field East LNG expansion project (NFE). The two parties signed an LNG Sales and Purchase Agreement (SPA) for the delivery of four million tons per annum (MTPA) of LNG from the NFE project to CPC over a period of 27 years.

The two sides also signed a share sale and purchase agreement pursuant to which QatarEnergy will transfer to CPC a 5% interest in the equivalent of one NFE train with a capacity of eight MTPA. This transfer will see CPC become a partner in the NFE project without affecting the participating interests of any of the other shareholders in the project.

Meanwhile, a Fitch Solutions report said competition between the US and Qatar in Europe's LNG market is expected to heat up as Qatar seeks to secure long-term LNG SPAs with European customers. Besides QE's long-term SPA with ConocoPhillips to supply 1.0 mtpa of LNG from NFS intended for Europe, the company has signed two long-term SPAs with Shell and TotalEnergies to supply 7.0 mtpa of LNG to Europe for 27 years starting from 2026. LNG cargoes

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