



Saad Sherida AL-KAABI

**Q**atar's largest and most prosperous company oversees just about everything that is energy: oil, gas and petrochemicals projects, subsidiaries, joint ventures, diversification, transport and overall, puts the nation's hydrocarbon assets to best use.

## The energy giant

TOGY talks to

**Saad Sherida AL-KAABI,**  
Director of Oil & Gas Ventures  
**QATAR PETROLEUM**

**The Oil & Gas Year:** *Qatar has played host to diverse international expertise and has spread its energy products to diverse clients worldwide. Explain this business approach and how you implement it as Director of Oil and Gas Ventures?*

**Saad Sherida Al-Kaabi:** Qatar's approach is to make the best use of its resources. About 17 years ago H.E. Abdullah Bin Hamad Al-Attiyah, the Deputy Prime Minister and Minister of Energy and Industry, was appointed to spearhead the accelerated development of the Qatari oil and gas resources and to transfer Qatar Petroleum (QP) into a new era, as an effective and major player in the global energy market. He set forth his vision of how to do that and decided that the best way to realise this vision was to combine, into a mutually beneficial relationship, the aim of the state in monetizing its sovereign wealth with the participation of the elite oil and gas companies to help us technologically to develop our fields and to invest in this vital sector. Since then, we have been developing our oil and gas industry in an unprecedented but also a prudent and methodical way.

The magnitude of the achievements become evident when we compare the oil and gas production capacity before H.E. took over and now. We see that the oil production has increased from about 400,000 barrels per day to about 900,000 barrels per day. As with the gas, we were producing 800 million standard cubic feet per day (scfcpd, 22 million cubic metres per day) in 1991, compared to a production of 10 billion scfcpd (283 million cubic metres per day) today, and in a few years we will reach 23 billion scfcpd (651 million cubic metres per day). Our condensate production was 40,000 barrels per day; now it has reached 350,000 barrels per day and will grow to more than 600,000 barrels per day in the next two years.

During the current downturn in the global economy, Qatar will be doubling its gas production in

the next two years. Our oil and gas industry has placed Qatar in an enviable position to withstand the current world recession's negative effects. I believe Qatar is the only nation that can claim such a great success in such a short time and this is directly attributed to our great leadership from H. H. the Emir and the guidance and dedication of H. E. Abdullah Bin Hamad Al-Attiyah.

As Director of Oil and Gas in Qatar Petroleum I am responsible for the monetization of our oil and gas resources for the social and economic development of Qatar through the prudent and sustained development of such reserves. Our activities in this regard cover the whole spectrum of upstream core business activities, including ex-

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ploration, oil and gas field development as well as the business and contractual arrangements of such activities as joint ventures and production sharing agreements. My goal is to ensure that we have maximum oil and gas recovery from all our fields. As for IOC's (international oil companies), we have the elite of the industry present here in Qatar and we appreciate and value their contribution to our success. Our relationship with the IOC's has always been equitable and mutually beneficial and based on internationally recognized business ethics and trust.

**TOGY:** *This activity is occurring during a moratorium on gas development in the North Field, a move that you initiated. The freeze on new activities is ex-*



QP is also a key downstream player: pictured is Q-Chem (Qatar Chemicals) in Mesaieed Industrial City

*pected to last until at least 2013, what is your rationale for the moratorium?*

**SSA:** As I mentioned earlier, Qatar's gas production in the next few years will reach around 23 billion scfpd. This will make Qatar the third largest producer of natural gas in the world after Russia and the U.S. Qatar will produce this huge volume of natural gas from the North Field, the largest single gas field in the world, whereas Russia and the U.S. produce their volumes from hundreds of fields. The decision taken to freeze further development was a very prudent one in order to give time for the production of this infant field and to ensure we get all the technical information needed to ascertain its reserves and to plan its sustainable future.

*“People who understand the gas business know that you cannot fix gas prices.”*

We are ramping up production of this field significantly over a span of 10-15 years; no field in the world has been tested or has been asked to produce this much so quickly. As a petroleum and natural gas engineer I could not agree to further develop the field without gathering vital additional information is both technically and ethically unacceptable. This is the crown jewel of Qatar's national assets and we need to take care of it as such. The decision for the future of the field is of extreme importance to this generation and generations to come in this country. Hence, it needs to be managed with caution and extreme diligence.

**TOGY:** *Because of the recent Ukraine-Russia gas row, European countries have recently refocused on*

*energy security and supply. Does this situation present business opportunities for LNG, a product that is delivered directly to customers and is fundamentally contracted on a long-term basis?*

**SSA:** The world gas market is huge and we think that it is only going to grow. QP is run purely on business and commercial bases in a highly competitive international market and our job is to maximize the net return to the state for each molecule of gas or oil produced. How other countries or companies go about their business is their own affair. We maintain good relationships with other major gas producers and consumers; we do not interfere in other issues.

By the end of next year Qatar will be producing 77 million tonnes per annum of LNG. We currently have long-term sale and purchase agreements (SPA's) with a direct link to crude prices. In recent deals we have also made sales into liquid markets, with the flexibility for cargoes' diversion. Needless to say, we have worked very hard for Qatar LNG to have a presence and foothold in all the consuming markets of the world.

**TOGY:** *As Qatar is spearheading efforts to create a forum for gas producing nations, how do you respond to perceptions that such a body would be equivalent to a “gas OPEC”?*

**SSA:** I think the forum has been taken out of context in some regards. This would not be a price-fixing forum. People who understand the gas business know that you cannot fix gas prices. We have core gas deals with countries such as Japan, Korea, India and several others. These are straight SPA's with agreed commercial terms including take-or-pay commitments. Fixing volumes is also impossible because our LNG agreements require that we produce the amount agreed with our buyers with minimum flexibility. Furthermore, as a result of LNG production we also produce condensate and LPG which can only be produced in association with LNG, so re-

ducing LNG production decreases our revenue in many ways, which is not something we will be willing to do.

The forum is intended to provide a venue for the members of the forum to discuss global gas markets. It is about sharing knowledge of worldwide supply and demand issues and technical matters.

**TOGY:** *Do you think that Qatar can become the Gulf's energy hub?*

**SSA:** I think that Qatar is already the centre of the world for gas development, not just the region. We are a big energy hub, but not for the oil sector. Compared to our modest output Saudi Arabia is the undisputed king in oil. We are the world's biggest LNG and GTL producer and we produce more gas than any other country from one field. Russia and the U.S. produce over thousands of kilometres of their territory but Qatar is the only place in the world that has a city like Ras Laffan which can process 23 billion scfpd. As for the Arabian Gulf we supply the U.A.E. and Oman via the Dolphin project, and will soon supply LNG for summer seasonal demand to Dubai and a deal is in the works with Kuwait.

**TOGY:** *What do you consider to be Qatar's most significant accomplishment of the past five years?*

**SSA:** I think the most significant accomplishment has been the unprecedented pace of development, thanks to H.E. Abdullah Bin Hamad Al-Attiyah's personal drive to make the best of Qatar's natural resources. There is no country in the world that has been able to accomplish so much in such a short time. I cannot say enough about how much H.E. Al-Attiyah and the great team he has assembled in QP and its subsidiaries who collectively have accomplished this great achievement for this nation. It is H.E.'s guidance and vision that have put the Qatari oil and gas industry in the preeminent position it is in today.

**TOGY:** *Looking forward to a world without a moratorium on North Field developments, what are your expectations for Qatar?*

**SSA:** In a future without the moratorium, I am not so much concerned about how much more we can produce. I am more interested in achieving the maximum sustainability, and for the longest duration, of the current mode of national development.

I am always in a planning mode, always looking at the long-term future of Qatar. I have to think of myself as a strategic oil and gas planner when I look at the future of the oil and gas resources. I think in terms of 50 years, or a 100 years, from now. My first priority is the national energy requirement. Keeping Qatar supplied with gas for electricity and water desalination is the utmost priority. Second is the sustainability of our current developments. If these two priorities are in good shape, only then would one think of further new export opportunities in the form of pipeline or LNG.



