



Andrew BROWN

After a decade-long absence, Shell came back to Qatar in 2001 with a bang. Besides its involvement in Qatargas, the world's best established LNG company is building the planet's largest gas-to-liquids plant and its research and development at Qatar's Science and Technology Park has already produced a patent.

The Oil & Gas Year: *The modern story of Shell in Qatar begins in 2001. Please explain your work in this market and how you've built Shell's presence here?*

Andrew Brown: Shell knocked on Qatar's door in 2001 because we believed our technology and global experience in gas-to-liquids (GTL) and liquefied natural gas (LNG) might help Qatar in its ambitions to become the GTL capital of the world and the world's leading LNG exporter.

We had a successful GTL plant in Bintulu, Malaysia that proved our GTL technological solutions. And we are an LNG pioneer with a leading position amongst IOCs in the LNG business.

Discussions proved that Shell was a good fit in Qatar and in 2002 we opened our office here and brought in our first personnel.

From that point on, things have moved quickly considering the size of the projects. Today, we have about 40,000 people working on Pearl GTL and 20,000 on Qatargas III/IV, our first LNG venture in Qatar. (Shell is a shareholder in Qatargas IV, which is being developed jointly with Qatargas 3.)

TOGY: *What was the key to re-developing your operations here so quickly?*

AB: I'd say there are three important features. One is Shell's capabilities. Shell is a strong technology company all around, but it's particularly strong in gas technologies like LNG and GTL. I think that was attractive to Qatar. The second point is that Shell has been in Qatar before and a few of the senior people in Qatar Petroleum (QP) already had experience of working with Shell. They knew our capabilities and so it was a matter of rebuilding relationships, which was helpful in speeding up the process.

Thirdly, this is a country where things can happen quickly. That's because decision making is very transparent here. The Minister of Energy & Indus-

A perfect match

TOGY talks to

Andrew BROWN, Country Chairman
SHELL

try, HE Abdullah Bin Hamad Al-Attiyah, is very clear in negotiation and there's a clear line of authority and discipline. Their deals are done in a very transparent way, which lends itself to quick decisions. For Qatargas IV, for example, we reached a heads of agreement in February of 2005 and got a final decision in December of that year. That's the fastest we've ever turned initial terms of agreement into a project launch.

TOGY: *Shell has worldwide LNG experience. How is that helping you in the Qatargas project?*

AB: Shell is the leading IOC in LNG, with a diverse, large and growing LNG portfolio across the world. We just added a sixth LNG production fa-

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cility to the Shell global portfolio, on Sakhalin Island, in Russia. Shell was also a pioneer of LNG more than 40 years ago in Algeria. We believe there is a good link between Shell's LNG capabilities and Qatar's resources and objectives.

We are a 30 percent shareholder in Qatargas IV, which will produce 7.8 million tonnes of LNG per annum. It's a fully integrated project, from upstream through liquefaction to the sale of the product all around the world.

We also provide operations and maintenance support to Nakilat LNG tankers, 25 carriers in all. We've already recruited around 800 officers and seamen; four of these ships are already operational.



Shell's Pearl GTL plant under construction in Ras Laffan

TOGY: *The Pearl GTL project significantly expands the scale of previous efforts. How critical was the Bintulu GTL plant as a model for the Qatar enterprise?*

AB: If you look at GTL technology, there are only two companies which actually operate commercial plants today, Sasol and Shell.

We've been working on GTL since the 1970s – the first Shell GTL products were produced in a laboratory in 1973.

We started up the 14,700 barrels per day at Bintulu in Malaysia in the early 1990s. It's a commercial operation, but the real value is the experience we have accumulated over the years. In the last

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few years we've been able to achieve over 99 percent availability on our Bintulu plant. It is one of our most reliable gas plants in the world and that gave us confidence to build on that achievement. Pearl GTL will have 10 times the capacity of Bintulu, but the equipment scale-up is much smaller than that.

This approach, and the depth of our experience in GTL technology, meant we had the confidence to go for a 140,000-barrels-a-day GTL plant, which will give us a strong leadership position in the GTL industry.

The Pearl GTL project, which is a 100 percent Shell investment under a development and pro-

duction sharing agreement, is fully integrated. It includes the whole chain from developing the gas offshore in the North Field; separating off the condensate, LPG and ethane; converting the methane into clean liquid fuels, lubricants and other products; and selling these products around the world.

TOGY: *Even at a cost of 12 and 18 billion US dollars, the economics of Pearl GTL are robust...*

AB: The economics of the project are confidential, but I encourage people to do the sums; take 260,000 barrels per day and multiply it by the oil price. As we develop our own gas, the ongoing costs are simply the operating costs of the plant.

TOGY: *Shell is one of the anchor tenants at the Qatar Science & Technology Park. Explain the research you'll be conducting there and how it complements your current activities in Qatar.*

AB: We were the first company to open our research facility at the science park – we have more than 30 people there now. In February we announced that we have filed for our first patent – we believe it is the first patent from the science park as a whole.

We are committed to investing up to 100 million US dollars over 10 years on a world-class research and development programme.

The work at the Qatar Shell Research & Technology Centre is focused on the development and implementation of technologies that support Qatar's energy industry, particularly Qatar's aspirations to be the largest liquefied natural gas exporter and the gas to liquids capital of the world.

Our programmes include improving the understanding of local carbonate geology, testing and developing gas to liquid catalysts, and developing sulphur-based products among many other exciting new concepts and ideas.



We are also collaborating with others – including with Qatar Petroleum and Imperial College London in a 70 million US dollar programme to study carbonate reservoirs and CO2 storage.

TOGY: *Do you see this research as part of your corporate responsibility policy and what other activities will you commit to, for example, in environmental stewardship?*

AB: We see this research as part of our business. We are working on some technical challenges which will help unlock further value for Qatar and Shell.

But in addition we also want to play a full role as a corporate citizen of Qatar. The projects we are building today will be operating for decades, so our mindset is that we want to be a positive contributor to the country for a long time.

Last autumn, Qatar released its National Vision 2030, which looks at social, human, economic and environmental development. We have been

doing our own mapping to identify how we can help this vision to be realised.

Our main role is doing our business well. But in all four pillars of the National Vision 2030 we are contributing further. An example is that we have worked with the Supreme Council of Natural Reserves to help them establish the Al Reem Biosphere Reserve, an area of Qatar where about 10 percent of the country's landmass is now allocated as a natural preserve. It's located in the northwest corner of Qatar and is now designated by the United Nations as a biosphere.

TOGY: *Shell, QP and Petrochina agreed last June to a feasibility study for a petrochemical project in China. How has Shell developed its relationship with QP within Qatar and extended it beyond the country's borders?*

AB: Shell is investing significantly in Qatar. Shell is also keen on growing in China. We had already built the Nanhai petrochemical plant in Guangdong, the largest foreign investment in China in a single project. We have a good relationship with both Qatar and China. So we believe we can form a strong three-way tie between Shell, which has very strong technological and project management capabilities, Qatar, a resource-rich country, and China, which needs resources to support its development.

TOGY: *Since Shell re-entered Qatar in 2001, what have been your most important accomplishments? What would you like the energy community worldwide to take away from your activities here?*

AB: I'd like the oil and gas community to look at Shell in Qatar, to appreciate the delivery capacity of Shell, the technological ability of Shell and to how this adds up to the unique reach of Shell when it comes to marketing and delivering LNG and GTL. In Qatar we are ready to demonstrate that we can deliver.

