

Abu Dhabi pursues gas projects despite crisis



Gasco has pumped in more than \$9bn into expansion projects in the last 18 years. (SUPPLIED)

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Abu Dhabi is pumping nearly \$10 billion (Dh37bn) into projects to expand its gas output capacity despite plans by several Middle East nations to shelve key hydrocarbon projects because of the global financial turmoil.

The government-controlled Abu Dhabi Gas Industries Company (Gasco), the main onshore gas operator in the emirate, said the projects will increase the firm's production in five years.

"The projects are in line with Adnoc's general plans to expand its sustainable oil and gas production capacity by developing its associated and non-associated gas resources," Gasco general manager Mohammed Al Suwaidi told Adnoc's quarterly bulletin, *Adnoc News*.

He said the investments would nearly triple the company's output of around three billion cubic feet within five years, adding the expansions cover LNG, LPG, sulphur, condensates and other products.

"Condensates output alone will rise from around 85 million barrels a year to nearly 110m barrels while LPG and Naphtha will increase from seven million to 12 million tonnes a year. Sulphur production will also nearly double to 40m tonnes a year," he said.

Suwaidi said the investments cover 11 major projects and are intended to meet growing domestic and external demand for those products.

He said Gasco, which is 60 per cent owned by Adnoc and the rest by foreign firms, had already pumped in excess of \$9bn into expansion projects in the last 18 years, adding cumulative output has reached nearly 120m tonnes since the company was created 30 years ago.

"From only 120 million cubic feet per day in 1980, Gasco's current production capacity is about 2,000 million cubic feet. LPG output peaked at around 6.3m tonnes," Suwaidi said.

Gasco, the main gas producer in the UAE along with Adgas, is one of the largest gas companies in the

world and it caters for most of the country's gas needs. The bulk of Adgas's production, mainly LNG, is exported to Japan's Tokyo Electric Power company (Tepco).

The UAE controls the fifth largest proven gas deposits in the world after Russia, Iran, Qatar and Saudi Arabia, with estimated reserves of around 6.5 trillion cubic metres. As a large part of those deposits are associated with oil, making their separation a costly process, the UAE has resorted to Qatar to meet part of its fast growing gas demand.

Official figures showed the UAE's gas production surged by more than 10 billion cubic metres (BCM) a year over the past five years.

From around 64bcm in 2003, the country's gas output recorded a steady growth in the following years before peaking at nearly 74.6 bcm in 2007.

The 2007 production included around 50.2bcm of marketed gas and 17.7bcm of gas re-injected into oil wells to maximise recovery rates. The rest covered flared gas and wasted gas during the consumption process.

The surge allowed the UAE to maintain its position as the fourth largest Arab gas producer after Qatar, Algeria and Saudi Arabia.

The UAE has not yet released data on its 2008 gas output but industry sources close to Adnoc said it exceeded 77bcm.

According to official Arab estimates, the global crisis and the ensuing decline in crude demand has forced the UAE and other regional oil producers to shelve some energy projects, including both upstream and downstream.

The figures by the Dammam-based Arab Petroleum Investment Corporation (Apicorp), an offshoot of Oapec, showed Arab and other Mena producers have already slashed their 2009-2013 investment plan by \$200bn. It estimated shelved projects in the 2010-2014 are worth more than \$100bn.