

---

**GCC Energy Perspective**  
**Kuwait Upstream Strategy: Security of Supplies**  
**From 30 - 31 January 2012**  
**London, UK**

**Distinguished guests**

It is indeed a great pleasure to be invited for the first time to participate in this important event.

I would like to thank the organizer, **Chatham House**, for giving me such an opportunity.

The subject of this session is of great interest as it focuses on investment in the GCC, as a means to ensure smooth flow of oil to the world for decades to come, recognizing the importance of this region in the security of supply.

**Slide 1**

Demand for Energy is expected to increase further in line with continuous economic growth and more so in the developing regions.

Oil & Gas are, and certainly will remain, the main source of energy. These resources are important for world economic activity in general.

---

Hence, promoting investment is essential to increase their supply to cater for the increasing demand for energy.

## **Slide 2**

### **Distinguished guests**

OPEC countries require billions of annual investment in the upstream to develop oil and gas production capacity.

Over 65% of the world reserves are located in the Middle East and these require the contribution of oil majors to fully exploit them.

We, in this part of the world, have the lowest cost per barrel oil. This is an attraction where major oil companies should take advantage of, with our countries.

Major oil companies as well as the services companies, know that the well being of the OPEC countries is related to oil resource.

## **Slide 3**

Hence, Political stability in this part of the world is essential for oil consumers. Currently OPEC

---

produces 30.9 million BPD of which 22.0 million BPD is produced in the Arabian Gulf.

This pushes the need to foster common platforms for effective cooperation with the industry to ensure smooth flow of energy to the world which we recognize it's our responsibility.

Furthermore, over the years, we have proved that, we will be there at all times to supply the world with crude.

Long term stable energy supply can only be achieved through mutual cooperation. Producers and consumers have learned from past experience and moved from confrontation to cooperation to tackle future common challenges.

**Distinguished colleagues,**

We all agree on the need for stable oil markets at reasonable oil prices that would ensure maintaining crude oil supplies to the world through the continuation of the process of investments.

In fact, investments in oil producing countries have been so far led by international oil as well as national oil companies.

---

Investment in oil producing countries needs to be increased per year to meet the projected future daily oil demand.

**Distinguished colleagues,**

As an oil exporter, Kuwait has attached great importance to the responsibilities towards energy security and stability of both market and prices.

Hence, our plans are in accordance to the long term strategy, as stipulated in the KPC 2030 strategy that has been developed recently.

There are several areas in the KPC 2030 Strategy that are targeted for the development of the oil and gas sector this includes:

- (1) Enhancement of crude oil production capacity and reserves;
- (2) Expanding gas processing infrastructure in order to meet rising domestic demand for electricity generation;
- (3) Build downstream facilities, both domestically and abroad;
- (4) Upgrade Kuwait's export infrastructure and overall tanker fleet;

---

(5) Establish Research and Development centre.

#### **Slide 4**

##### **Distinguished guests**

The achievement of crude oil production target as stipulated in the long-term strategy requires capacity increase from current level of 3 MMBOPD to 4 MMBOPD by year 2020 i.e., an annual incremental oil of 125 MBOPD till year 2020.

Furthermore, this incremental production will come from application of Enhanced Oil Recovery and by developing newly discovered oil fields.

As for gas expansion, Kuwait needs gas for power generation. Currently, both oil & gas (mostly associated) is being used to generate power.

#### **Slide 5**

Kuwait is among the countries where power consumption per capita is extremely high. It is expected that demand for power will rise from the current level of 10 GW to as high as 24.5 GW by 2030.

This is mainly due to population growth and expanding local industries. Our plan to meet such

---

high demand is to develop newly discovered, deep and HT/HP naturally fractured reservoir to deliver initially 1 BSCF/D. With the ultimate goal to reach 2 BSCF/D by 2030, currently our non-associated gas production is only 130 MSCF/D. So the challenge is great in term of both volume and complexity of the reservoirs.

## **Slide 6**

### **Distinguished guests**

The downstream sector is also expanding in Kuwait and it is not less challenging than the upstream.

Our downstream expansion will include first building a gross root refining complex of 614 MBOPD capacities.

The main objective of this refinery is to generate low sulfur fuel oil for domestic power generation.

Secondly, two existing refineries will be upgraded to high conversion refineries to produce high quality products mainly for export purposes.

Both their projects will require an investment in the neighborhood of US\$ 30 Billion for a total refinery.

---

Capacity of 1.416 MMBOPD which represents an increase of 50% over the current refining capacity level of 930 MBOPD.

The new refinery will deliver about 224 MBOPD of low sulfur fuel.

We also import about 500 MSCF/D of LNG, to supplement the shortage of fuel for power generation especially during high consumption period mostly during the summer from July to August.

### **Distinguished guests**

In addition, and in line with our 2030 strategy, Kuwait also intends to enter into Joint Venture to build refinery complex in both China and Vietnam of 300 MBOPD and 200 MBOPD capacities respectively.

Negotiations with both sides have begun, and are now at their final phase. We expect to finalize both ventures during early part of this year.

## **Distinguished guests**

**To conclude my speech**, I would like to state that Kuwait has abundant resources to contribute to meeting world's growing energy needs. However, the challenges ahead of us are so great.

### **Slide 7**

Today, we have managed to reach production capacity of slightly higher than 3 MMBOPD. The challenge is to sustain such capacity as well as adding more capacity to achieve 4 MMBOPD by 2020.

### **Slide 8**

We have the needed investment for both upstream and downstream expansion, but what we lack, is the expertise and the know-how to manage such large investment (nearly \$ 300 Billion in total) and the large & complex projects.

We certainly can't do it alone. Kuwait has indeed engaged International Oil CO., and already signed Enhanced Technical Service Agreement for gas expansion.

## **Slide 9**

Similar agreements are likely to be signed to assist in achieving other ambition production target and at the same time we have commitment as a National Sector owned 100% by the government to recruit and train nationals to be competent to handle future projects.

Nevertheless, we remain committed and determined to place KPC in a leading position in the future that is, to be a reliable source of energy and contribute to market and price stability. Such vision is blessed and fully supported by our political leaders.

**Thank you for your attention.**