- CFP implemented as per certain schedule
- Achievements of KPC, its subsidiaries spotlighted
- 120,000 bpd provided by GC 32
KPC WORLD

In This Issue

120,000 bpd to be provided by Gathering Center 32

CFP is being implemented as per certain schedule

Nghi Son complex... integrated oil project, safe outlet for Kuwaiti crude

Flare gas recovery project in Mina Abdullah is among KNPC strategy to protect environment

Achievements of KPC, its subsidiaries in 2015 spotlighted

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Mission

Kuwait Petroleum Corporation (KPC) is a corporation of economic character, run on a commercial basis and fully owned by the State. It is one of the world's major oil & gas companies and its activities are focused on petroleum exploration and production, refining, marketing, petrochemicals, and transport. KPC’s mission is to manage and operate these integrated activities worldwide in the most efficient and professional manner, in addition to growing shareholder value whilst ensuring the optimum exploitation of Kuwait hydrocarbon resources.

Vision

KPC future vision is based on the following items:

• Be a highly profitable and performance driven company.
• Contribute significantly to the support and development of the Kuwaiti economy.
• Strengthen the world class reputation of all KPC operations.
• Encourage continuous learning in all areas related to KPC’s business.
• Become a regional leader in HSE performance and apply the latest and the most appropriate technologies in KPC’s operations.

Values

KPC seeks diligently to accomplish a number of values as follows:

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Editorial

Oil industry faces several challenges, including the decline in oil prices, the need to provide more effective solutions to produce heavy oil and to find mechanisms for efficiently using the oil and gas reserves. There is also the challenge of maintaining energy security, especially given globalization and the wide overlap of economies of nations around the world.

Despite these challenges, KPC believes that oil industry is capable of successfully surmounting these obstacles. Accordingly, it has diligently sought to achieve progress in all aspects of this vital industry and this is reflected in the many achievements that KPC and its subsidiaries fulfilled last year. Therefore, the editorial team of KPC World Newsletter perceived it important to highlight these achievements in its current issue, so as to enable the reader to be acquainted with some of these accomplishments. In particular, the issue highlights those achievements related to major capital investment projects such as the Clean Fuel Project, where KNPC has completed 39 percent of the work activities. In the same context, the contract for starting the Al-Zour refinery project has also been signed and moreover, KNPC has finalized the installation of the fourth gas plant train to produce liquefied petroleum gas.

As for Kuwait Oil Company and its achievements, it is not possible to highlight such achievements in one or two pages; however, we can spotlight some of these achievements, among which is the steam injection pilot project for heavy oil in South Ratqa and the new Gathering Center 16 in West Kuwait area, which helps in maintaining oil production from the Minagish oilfield. In addition, there are several more achievements made by Kuwait’s oil companies, which go to confirm that KPC and its subsidiaries are moving ahead steadily with the aim of accomplishing the 2030 strategy.
Manager of Capital Program Planning Group in Kuwait Oil Company (KOC) Mr. Mohammed Al-Abduljalil declared that KOC is implementing several projects as part of its strategic plan to increase oil production to 4 million bpd by 2030.

He added that as part of this strategic plan, KOC has executed the water injection project in Minagish Reservoir and has started another project to establish Gathering Center 32 (GC32), both of which are aimed at further developing this reservoir.

He noted that the design of Gathering Center 32 is distinct with several new features, including the following:

As per the design, the area of the project will be over 2.2 square kilometers to cope with the new criteria that the company has recently added to the utilities of producing H2C.

It has maximum level of safety and ability to operate oil wells, main pipelines, manifolds, condensed gas and long pipelines through remote-control system.

It has the ability of dealing with high pressure gas and has multi-stage processes to remove water from condensed gas and acidic oil.

The GC32 includes a network of gathering and producing heads, main pipelines and multi-exit valves. In addition, the network comprises over 110km of gathering pipelines and 13 remote manifolds. It is worth mentioning that around 74 wells which feed GC32 are provided with surveillance and have registered data and remote-control.

The long pipelines that extend from GC32 are between 25 to 40km long and export acidic oil, gas and condensates.
The new project includes additional equipment among which are specialized receivers to export acidic gas to west Kuwait and treat it.

Saying that the production from GC32 is estimated to be in the range of 120,000 bpd and that this would have significant impact on the total oil production of Kuwait, Al-Abduljalil revealed that the center is slated to be finalized by September 2021.

Asked about the companies which will carry out the project, he clarified that the contractors who are classified under Group 14, which is a group encompassing major engineering firms that undertake contracts over $500 million, will be invited to submit their offers for the project’s tender.

With regard to the national personnel that will work in the project, he said that the contractor selected to carry out the project will recruit efficient national personnel in line with local employee percentages specified in regulations and byelaws of the oil sector. Moreover, training courses will be organized for KOC employees to help them gain experience in operating and dealing with the new equipment and systems which will be fixed in the project.

Asked about the achievements fulfilled after the company signed contracts for establishing three new gathering centers, each with an estimated capacity of 100,000 bpd, Al-Abduljalil emphasized that following the signing of the contracts in October 2015, the engineering studies and the field surveys have been implemented as per the schedule allotted for each contractor and that construction for the three centers are expected to commence in 2016.
39% of the project’s activities accomplished

Team Leader of Projects Management at Kuwait National Petroleum Company (KNPC) Mr. Wael Al-Jassem confirmed that the Clean Fuel Project (CFP) is being carried out in accordance with the schedule allotted in this domain. He pointed out that around 39 percent of the total activities associated with the project have been achieved, including building and equipping the high-voltage (132KV) electricity sub-station in Mina Al-Ahmadi refinery.

He clarified in an interview with KPC World Newsletter that CFP is considered one of the most important development projects for the country and its oil industry. The project aims to meet the needs of local and international markets for petroleum products with the international standards and specifications allotted in this regard, such as (Euro 4) and (Euro 5), and will provide added value to the national economy.

He made clear that CFP will also help improve the operational performance of Mina Al-Ahmadi and Mina Abdullah refineries, improving their safety and reliability. The project, which aims to convert oil of high sulfur content into superior quality products with low-sulfur content as per international specifications, will also enable KNPC to compete with international oil companies and to penetrate new markets.

As for the mechanism of connecting Mina Al-Ahmadi and Mina
Abdullah and link it to the utilities of storage and shipping in Mina Al-Shuaiba, Al-Jassem indicated that the process of linking all these utilities will enable KNPC to possess one of the biggest integrated refining complexes in the world, and allow it to transport its products, such as kerosene, diesel, naphtha and gasoline, easily among its refineries.

**Technology**

With regard to the new technologies which will be applied in the project, Al-Jassem clarified that KNPC is keen on developing its operations through applying the latest technologies and modern systems such as the following:

- **Dismountable Flare Gas System:** It enables maintenance teams to perform their activities without closing or suspending any part of the refinery through using specialized equipment.

- **Thermal Sensor System for reactors:** It is used to monitor the temperature of the reactors during various phases of its operation. It is connected to a sophisticated control system to guarantee the best operation of the reactor.

- **Automatic Operation System for new Control Board:** It is applied to guarantee the highest level of quality for all operation phases.
Asked about the refining units included in CFP and their technical specifications, he said that the project has a number of refining units, some of which already exist, and their technical specifications are as follows:

- **Diesel Production Unit** with international environmental criteria.
- **Gasoline Production Unit.**
- **Units for reducing gas emissions**, such as Sulfur dioxide (SO2) and Nitrogen Oxide (NO2), in line with international levels approved in this domain.
- **Air Distillation Unit** for oil. This is considered the biggest unit in KNPC, as its capacity is approximately 265,000 bpd.
- **Exhaust Recovery Unit.**

With reference to the future of Al-Shuaiba refinery, especially once the CFP comes on-stream, Al-Jassem said that following technical and economic feasibility studies that confirmed the refinery is no longer economically viable, the Supreme Petroleum Council decided to shut-down the refinery by April 2017. Accordingly, preparations are being made to integrate a number of tanks and export utilities to the CFP.

**Job vacancies**

As for the job vacancies which the Clean Fuel Project and the upcom-
ing new Al-Zour refinery project will provide for Kuwaiti personnel, Al-Jassem indicated that the projects will provide 1000 new jobs for engineers and operational staff. In addition, 25 percent of job vacancies in maintenance and service contracts with sub-contractors of each contract will be reserved for local manpower. He confirmed that plans have been allotted to prepare new personnel through conducting training programs for all specifications in coordination with local and international companies.

He further added that CFP will employ a large number of Al-Shuaiba refinery’s staff when the refinery is eventually shut down and moreover KNPC has allotted a plan to shift some of those employees to other departments.
Kuwait Petroleum International (KPI) is currently implementing the Nghi Son Refinery and Petrochemical complex project in Vietnam. This prestigious integrated project combines a refinery with an estimated refining capacity of 200,000 bpd with a petrochemical complex. The Nghi Son complex is part of KPI’s strategy to seek promising oil projects in the international market and provide long-term outlets for Kuwait’s crude oil exports. In addition, the project also aims to promote Kuwait Petroleum Corporation’s (KPC) 2030 strategic directions for the refining sector.

The construction of the project, the executive phase of which started in July 2013, is being carried out as per schedule and has reached around 51 percent completion. Moreover, over 50 percent of the equipment for the project has already been delivered in accordance with international health, safety and environment systems. It is worth mentioning that the mechanical activities of the project will be finalized by the end of 2016 and the refinery will become operational by 2017 and will start producing commercial quantities by July 2017.

**Mechanism of selecting personnel**

To throw light on the project, KPC World Newsletter interviewed a number of employees of the project, including Mr. Meshal Al-Melas, Team Leader Compensations and Administrative Affairs Department, which is affiliated to Human Resources Sector at KPI. Al-Melas began by saying that he joined the project four years ago as a senior expert of human resources and training.

“As per the nature of my work, I work closely with our international partners to allot an appropriate strategy and plan for training and developing human resources. In addition, I am also involved in ensuring that international administrative bylaws and regulations are implemented and are in line with the local laws of Vietnam,” he added.
He went on to note that he cooperates extensively with the international partners to achieve a number of important goals, including providing an organizational structure for the refinery, allotting a plan of recruitment and career development, and bringing efficient personnel from the Vietnamese labor market in coordination with all concerned authorities. This helps KPI select efficient personnel for each job in the project and train them according to the international standards.

- **What is the difference between the nature of work in Vietnam and in KPI headquarters in Kuwait?**

Each country has its own culture and traditions and the same is also applicable to companies, with each company having its own nature of work. The work environment in Vietnam differs from that in Kuwait, as the company’s branch in Vietnam includes personnel of different nationalities. To work in a foreign country and achieve success, it is necessary to cope and be familiar with the culture, habits and traditions of that country. This often becomes a challenge for someone who has only a limited experience of foreign cultures. In addition, there is the need have an effective and positive work mechanism and be capable of taking decisions quickly and accurately. Working in a home country is completely different as the person already knows the culture, habits and customs of the country and its people.

On a personal level, I did not confront any difficulties working abroad as I have worked for 15 years in KPI, which is the foreign arm of Kuwait Petroleum Corporation (KPC). This experience has enabled me to communicate with several nationalities and become familiar with their habits and traditions, as well as their work nature; accordingly, I do not worry about work in any new or different work abroad.

- **What are the experiences you gained from working in such a large project?**

I have gained new experiences by working in such a vital project, including the ability to put forward ideas and convince our partners by presenting latest facts and highlighting points during any discussion or symposium, as well as being able to overcome challenges and achieve success in work.

- **What are the challenges you confronted during the period of your work in Vietnam?**

Challenges are divided into personal and professional challenges. The personal challenges are related to the family and how to help the family cope with the nature of work in a foreign country like Vietnam. In fact, my family played a substantial...
role in supporting me and helping me to succeed during my period abroad. As for the second challenge, it is professional and related to the tasks and duties of work. This starts from the initial step of accepting work outside Kuwait and preparing oneself to successfully accomplish the mission abroad. There is also the need to develop your skills, capabilities and scientific experiences, as these are key elements in helping you to successfully surmount any challenge.

- What is your advice to your colleagues whose work nature may require joining such large overseas projects?

They should realize that they can surmount any failure through determination and persistence, and that through experience and skills most difficulties can be overcome. However, they should also realize that working abroad is a transitional phase during which a person should attempt to gain maximum experience and exposure to international skills, so that when they finally go back home, the State of Kuwait will benefit from their experiences. The country deserves the full devotion and effort of its sons to keep its name high regionally and internationally.

- Would you like to add anything else?

I would like to extend appreciation to my senior officials in KPI for the trust they put in me by giving me such an opportunity to take part in this vital national project and gain international skills and experiences.

New skills

For his part, Manager of Marketing (Partnership Projects – Asia) at KPI Mr. Emad Al-Hadlaq clarified that he was the deputy general director of the joint company formed to run the project in Vietnam for two years from 2008 to 2010. He indicated that this opportunity enabled him to represent the Kuwaiti side in the project, as he was the first Kuwaiti employee from KPI dispatched to Vietnam to occupy a senior position in the multi-billion dollar project.

- As you are the first Kuwaiti employee who joined work in Vietnam, could you give us more details on such distinguished experience?

In fact, I gained a lot of experience and skills while working in Nghi Son refining and petrochemical complex project, as I learned how to run such a huge multi-national project. This is especially true since I was there right from the beginning in 2006 until 2010, during a period considered as one of the most significant phases of the project. My time with the company helped me gain financial, technical, commercial and administrative experiences. Working in such project also enabled me to deal with international banks, engineering companies and experts and partners from Vietnam and Japan, in addition to the skills I had already gained from my work at the company’s headquarters in Kuwait.

I would like to indicate that the
position I occupied in the project, and the close follow-up by KPI on my performance as an official who manages such a large project, often necessitated taking decisions despite administrative limitations.

• **What are the challenges you confronted during your work during such a phase?**

There were several challenges, including the need to live in a new environment that was completely different from Kuwait, in terms of religion, language, atmosphere and family relations. Yet, in this age of globalization, what was once far has become close. In addition, in order to adapt successfully in any new environment it is often necessary to identify one’s goals on the personal and professional level and schedule a plan to achieve these goals.

• **What advise can you give to colleagues moving to join overseas projects?**

Between my study and work, I spent over 17 years abroad. From the experience gained during this time, I would advise any person who gets the opportunity of serving the State of Kuwait abroad, to benefit from it, as he will gain much experience, knowledge and skills from working in overseas missions. However this requires intense psychological and social readiness.

I would like to indicate that the experience of working abroad has enriched my life on a personal and professional level and I would like to extend my appreciation to the company for the trust it placed in me.
Elaborating on the flared gas, he indicated that the gas is emitted from a number of units such as:

- Crude Distillation Unit
- Atmospheric Residue Desulphurization Unit
- Hydrocracker Unit
- Hydro-treaters Unit
- Hydrogen Reformers Unit
- Delayed Coker Unit

He made clear that the flared gas will now be converted in Unit 49, which is tasked with reducing the amount of gas emitted into the air by retreating it and converting it into fuel gas used in heaters and boilers in the various units of the refinery. This helps reduce gas emissions and pollutions.

**Environmental and economic goals**

With reference to the environmental and economic goals of the project, he said it is aimed at achieving two goals. The first one is environmental and is intended to recover flare gases by treating and reusing them.
Jameelah Al-Mutairi: The project achieves strategic vision of KPC to boost its status internationally

and reusing them in various units of Mina Abdullah. This would help reduce the emission of greenhouse gases that are harmful to the environment and the ozone layer. He emphasized that this project, along with other important projects such as clean-fuel project meets the UN requirements regarding the necessity of reducing the percentage of greenhouse gases from the oil sector, especially from refineries. He indicated that the project is expected to help reduce about 100,000 tons of CO2 annually and around 100 ppm of H2S. Meanwhile, the second goal is economic and is epitomized in recovering about 10 million cubic feet per day of hydrocarbons emitted from the refinery to recycle them instead of burning them. The recycled gas is converted into fuel used in heating operations in the refinery, thereby reducing the amount of natural gas that would otherwise be needed to fuel the heaters and boilers. This allows the company to achieve several profitable financial returns, including:

- Reducing SO2 emissions by 250 pounds per annum.
- Reducing CO2 emission by 100,000 tons annually.
- Reducing consumption of natural gas that comes from Kuwait Oil Company.
- Achieving an annual return estimated at $5 million annually after operation.
For her part, Mrs. Hanadi Ibrahim Maarafi, Senior Engineer of Clean Fuel Project at Mina Abdullah refinery and Coordinator of the project with the refinery, clarified that site for the project had been selected exactly as per engineering designs. She added that the project will be carried out in Mina Abdullah refinery at Unit 49, which is located adjacent to flare units and near the Coke Unit 20, in an area of 7500 square meters. It is expected that the project, which was awarded in July 2014, will take approximately 28 months for completion, which is now slated for end of 2016.

She went on to indicate that the other refineries had been consulted about the implementation of the project so as to avoid any technical mistakes and to exchange information in order to improve the performance of the new unit.

She added that a similar unit had been operated in Mina Al-Ahmadi refinery in 2013 and it achieved several positive results, including reducing the amount of harmful gas emissions.

Meanwhile, Mrs. Jameelah Abdullah Al-Mutairi, Senior Engineer Manufacturing at Mina Abdullah Refinery, said the project is considered one of the initiatives aimed at reinforcing the status of Kuwait Petroleum Corporation in the international markets; in addition to meeting the needs of the local market with environmentally friendly products.

She emphasized that KNPC is keen on developing and updating its refineries and utilities to control pollution in the Kuwaiti environment in general, and the neighboring areas in particular. Therefore, it was keen on registering the project with the United Nations Framework Convention on Climate Change (UNFCCC). In addition, she revealed that there is a study being conducted to establish similar units in the Clean Fuels Project and in Al-Zour refinery.

Speaking about the challenges which the project faces, she pointed out that the project is confronting several challenges, including the fact that being a relatively new project, the company does not have sufficient experience on the long-term problems that might arise from the project and how it would handle them. She added that the flare gas recovery unit in Mina Al-Ahmadi refinery, which began operation only recently has, so far, registered only few problems. But she pointed out that while the unit in Mina Al-Ahmadi refinery contained one compressor, the flare gas recovery unit in Mina Abdullah refinery contains two compressors, which increases the probability of confronting more problems in future. Another challenge confronted by the project was the need to keep the percentage of greenhouse gases as per UNFCCC criteria and obligations allotted in this domain.
Kuwait Petroleum Corporation and its subsidiaries are steadily moving ahead with the aim of achieving the State of Kuwait’s strategy for the oil sector, which is to increase the sustainable production of crude oil to 4 million bpd by 2020, and to maintain this rate to 2030. The strategy also calls for increasing production of non-associated gas to 2.5 million cubic feet daily, mainly by improving extraction from the country’s hydrocarbon reservoirs and by new explorations in land and marine areas to meet future needs.

Consequently, in 2015, KPC and its subsidiaries launched a number of mega projects along with several initiatives aimed at efficiently managing Kuwaiti hydrocarbons so as to reinforce the state’s oil industry and boost the national economy.

During 2015, KPC and its subsidiaries also participated in many social initiatives and supported various humanitarian and charitable issues in cooperation with non-governmental and non-profit social organizations to help develop the Kuwaiti society.

In this issue of KPC World Newsletter, we highlight many of the remarkable achievements made by KPC and its subsidiaries in 2015.
The achievements that the sector accomplished in 2015 can be summed up in the following points:

- Hosting several speakers from leading international consulting companies to give lectures on the position of global oil markets and to learn about their expectations on oil prices in the future.
- Signing a medium-term contract with BP to supply, at competitive prices, Liquefied Natural Gas (LNG) to fuel power stations of the Ministry of Electricity and Water. The medium-term contract will save a significant amount of money, especially since the price of LNG on the international market is likely to decline.
- Increasing the quantity of Kuwaiti crude oil, from 66,000 to 200,000 barrels, in the contract with Shell Company and extending the contract period to two years.
- Automatically connecting all Customs outlets in Kuwait to KPC and implementing the system in April, 2015, after protracted negotiations that lasted nearly a year. This system is aimed to develop and ease procedures and transactions between Customs General Administration and KPC.
- Following a court decision, and for the first time in its history, KPC detained a ship, MV Positive Passion, for failing to settle its bill for fuel. The ship had bought fuel from KPC through O.W. Bunkering, which announced its bankruptcy in October 2014. Accordingly, KPC started negotiating with all concerned parties to collect its dues, and finally the indebted company deposited the due money with the concerned Kuwaiti judicial authorities.
- International Marketing Sector managed to convince KNPC to refine a quantity of Ratawi crude and mix it with Kuwaiti crude oil to export it and sell it at the highest possible price thereby realizing a profit of approximately $1 million.
- Coordinating with Ministry of Electricity and Water and Mina A-Ahmadi Refinery to burn fuel oil in the ministry’s power stations instead of crude oil, during the peak period from May to September. This helped reduce the costs of burning fuel in power stations by $76.2 million.
- Increasing the amount of LNG in the network from 550 to 630 million cubic feet daily in cooperation with the concerned authorities and hereby helping to save approximately $37 million.
- Preparing and conducting specific lectures highlighting latest developments taking place in international oil market, so as to keep the higher administration of International Marketing up-to-date with these new developments and take advantage of any new opportunities arising in the oil market. International Marketing Sector also organizes, through the Market Research Department, awareness lectures to underline the position of the oil markets and the consequences of decline in oil prices.
- Increasing the quantity in the annual contract for jet fuel with US Department of Defense and entering a new destination, in the form of the Port of Salalah in Oman.
- Increasing the amount of gasoil and jet fuel in the supply contract, which begins in January 2016, with Ethiopian Petroleum Supply Enterprise (EPSE), in accordance with KPC strategic directions that aim to expand activities in promising markets.
- Extending the pumping of liquefied natural gas to power stations, in coordination with KNPC, beyond November 2015 to the end of December 2015, in order to meet the power stations requirement for gas until the end of the year. In the process, the sector managed to save over $20 million.
Administrative Affairs Sector

- Created and began operating, developing and automating the systems and procedures of Administrative Affairs Sector that included the following:
  - Online Personnel Action System.
  - End of Service Benefits System.
  - Automatic system to issue certificate of 'To whom it may concern' for employees.
  - Developing the automatic system of attendance and dismissal by adding additional items such as 'Forget, Missing...etc.' for KPC employees.
  - Applying the automatic system of inquiring about the indemnity value.
  - Developing the system of providing 'Thank You' card and the system of semi-annual performance.

- Achieved several projects and studies regarding HR, such as:
  - Following up on the phases of implementing the career engagement project, and approving the plan for the current financial year.
  - Finalizing the studies on a number of issues regarding compensations, loans, travel arrangements for official and training assignments, as well as for emergency leaves, in particular for death related cases. These studies have been referred to KPC board for approval.
  - Signing a contract for the 'Service quality assessment' project with PWC.
  - Preparing an integrated study to unify the system of dispatching staff on official duties for over six months.
  - Organizing a workshop for KPC’s subsidiaries to highlight the results of the study conducted on overtime.
  - Developed some promotions and incentives for employees that included the following:
    - Modifying the promotion system for supervisor positions starting from 17 grade and upward.
    - Handling the medical salary scale and positions in Al-Ahmadi Hospital.
    - Developing the system of permanent and temporary committees in KPC.
  - Prepared periodical reports including:
    - The monthly report for Budget and Financial Department as per the various sectors of the corporation.
    - The monthly report on recruitments and promotions for Public Relations and Media Department.
    - The group monthly reports for KPC and its subsidiaries.
    - The monthly report for Ministry of Oil for KPC and its subsidiaries.
    - The monthly report on recruitments for KPC and its subsidiaries, as the total number of operational and non-operational personnel reached 19,322; in addition, 225 Kuwaiti citizens and 199 non-Kuwaitis were recruited in the oil sector from 1/4/2015 to 30/9/2015.
  - Preparing a plan to restore and develop the archive section as per the needs of the corporation, so as to pave the way for offering a tender on developing archive services.
  - Finalized the procedures for signing work contracts that included the following:
    - Signing a project contract, in cooperation with the Kuwait Institute for Scientific Research (KISR), for designing and restoring, as well as offering the tender for fixing and maintaining solar panels in the parking areas of the Oil Sector Complex.
    - Signing a contract, in cooperation with KISR, to re-study the quality of internal and external air in the Oil Sector Complex.
    - Offering the contract for a questionnaire on assessing satisfaction from users of HR services provided by Administrative Affairs Sector.
    - Offering the project contract for updating the information security standards, as well as renewing the validity of ISO 27001 and ISO 20000 certifications.
    - Signing the contract for updating the data on the sample of refining margins with HIS Co.
  - Finalized the plan for replacing all photocopiers with new ones and providing maintenance contracts for them. In addition, completed the recycling project in the Oil Sector Complex, based on LEED stipulations and criteria.
  - Finalized the procedures for offering work tenders, such as for replacing sign boards for various departments in KPC and in parking areas; for stationary and for developing the electronic system in stores department; for improving the quality of storage boxes and distributing ergonomic chairs, as well as fixing electrical network for services outside the Oil Sector Complex(OSC), and for importing and fixing a generator as a reserve in the complex.
Financial Affairs Sector

- Attained actual consolidated profit of KD901,754 from April to September 2015; an increase of KD495,062 compared to the approved budget for the same period.
- Achieved a saving in actual consolidated expenses from April to September 2015 of 22.6 percent compared to approved budget for the same period.
- Renewed the Group Health Insurance system documents for staff of KPC and its subsidiaries for 2015/2016. Lengthy negotiations were conducted with the concerned insurance company, and the contract was renewed at a 1 percent discount on insurance installments for the insurance year ending in 2014/2015. This helped achieve a saving in the approved budget KD7,000,500.
- Attained the CEO’s approval to include injected gas in contracts with gas network users. This resulted in reduced incurred losses to KPC estimated at KD50 million for the period extending from April 2008 to March 2015.
- Successfully realized the Electricity & Water debt of fiscal year 2014/2015, estimated at KD2,099,057,924.053, during the first quarter of fiscal year 2015/2016.

Planning Sector

- Developed and set a new methodology regarding the evaluation directions of capital programs and plans at KPC and its subsidiaries. This aims to provide a complete set of long-term assumptions and basis to be used by KPC subsidiaries to evaluate capital programs and prepare annual and five-year plans.
- Took part in studying and evaluating investment opportunities of subsidiaries, for instance from KUFPEC, KOC, PIC and others, which were presented to KPC to attain approval of its board and that of the Supreme Petroleum Council.
- Completed, in cooperation with Oman Oil Company and the UAE-based International Petroleum Investment Company, a pre-feasibility study of establishing a pipeline for Kuwaiti crude oil that passes through the U.A.E (Abu Dhabi) towards the export port in Oman (Ras Markaz), which revealed the feasibility of executing such a project.
- Continuous negotiations with Iran to import natural gas through pipelines in order to provide some of Kuwait’s power stations with their fuel needs.
- Issued the Performance Measurement Booklet for fiscal year 2015/2016, for KPC and its subsidiaries.
- Updated the automatic performance follow-up system of the Planning Sector in line with the latest IT developments.
- Held a regional HSE conference, under the patronage of Kuwait’s Oil Minister, on 16 and 17 February, 2015.
- Inaugurated and began operating the Joint Crisis Management Room at KPC on 4 March, 2015, linking it with all the subsidiaries and providing it with the latest crisis management technology.
- Held a field training to deal with disasters and crisis on the oil sector level. The Crisis Management Center was launched on 20 May, 2015 in coordination with the concerned government bodies.
- Updated KPC and its subsidiaries mission, vision and policy statements in March 2015.
- Completed the Six Sigma project at the HSSE Department.
- Completed an Oil Sector Complex evacuation drill on 27 May, 2015 and on 23 December, 2015 in coordination with related government parties. These drills come as part of the HSSE Department’s
aim to raise proactive awareness levels of the premises staff, and enhance coordination with specialized government bodies in terms of evacuation procedures and in handling emergencies.

• Held a blood donation campaign on 26 May, 2015 at the Oil Sector Complex Building.

• Completed the updating and development of the Oil Sector Complex security plan.

• Conducted regular review and check on implementing the recommendations of committees formed on oil accidents at KPC subsidiaries.

• Signed a contract between KPC and KISR on 7 October, 2015 to study and evaluate the internal and external air quality of the oil sector's headquarters.

• Formed HSSE regulations and systems at the Petroleum Training Centre in Al-Ahmadi.

• Celebrated the Environment Day (6 November, 2015) at KPC and its subsidiaries.

• Executed two research projects, in cooperation with KISR, on the applications of solar power in the Kuwaiti oil sector by:
  - Operating the fuel station in Al-Raqqa using solar power.
  - Operating the fuel station in Al-Zahra using solar power.

• Signed memorandums of understanding and security information agreements on cooperation in the oil sector, and especially in research, development and technology field with:
  - The Dutch government.
  - South Korea Republic, represented by the Korea National Oil Corporation and SK Innovation.

• Held four discussion workshops on Promising and Advanced Applications of Technology in the oil and gas industry.

• Evaluated and selected a group of modern tech applications related to the oil and gas industry.

• Began the execution of a detailed action plan to instill general values of KPC and its subsidiaries.

• Prepared a road-map to take advantage of solar power in the oil sector, with the aim of reaching 15 percent of total power usage from solar by 2020.

• Attained the needed approvals of the General Facilities Committee of Municipality of Kuwait to dedicate a land for the petroleum industrial area at Al-Zour, South of Kuwait. The request has been presented to the Municipal Council for approval.

• Concluded several localized strategic plan initiatives, including:
  - Completing a study to prepare a cooperation framework between KPC and its subsidiaries, and related government bodies as well as the local industrial sectors, to facilitate and enhance opportunities to involve the private sector in oil activities: Tasks and mechanism of the Joint Partnership Council were updated, and the committee emanating from the Joint Partnership Council was formed.
  - Completing the preparation of local content index of the oil companies.
  - Completing the ‘Consolidating Oil Sector Companies expenditure, and defining opportunities to optimize local expenditure initiatives within oil companies capital projects plans.
  - Issuing the annual report dedicated to commitment by KPC and its subsidiaries to encouraging participation of the private sector in the oil sector for the fiscal year 2015/2016.
Relations and Information Technology Sector

- Automated 52 administrative procedures in KPC as part of Integrated HR Systems that include KPC and its subsidiaries.
- Achieved the treasury and group reporting accounts projects, which are part of the 2030 strategic initiatives for accounts and the initiative for delivering integrated Functional IT Solutions.
- Renewed ISO certificates for IT Security Management and IT Service Management, as part of the strategic initiative for implementing International Standards of IT Management.
- Achieved the KPC Service Delivery by BMC Remedy project, as it provides integrated solutions for IT Service Management; in addition, it supports implementing International Standards of IT Management.
- Handled around 22 pending cases with government authorities and reduced the challenges that KPC and its subsidiaries face while finalizing transactions with the government authorities.
- Implemented the goals set for social responsibility initiatives that were approved by the CEO for financial year 2015/2016.
- Issued a new book entitled ‘Oil culture for all’.

Training and Career Development Sector

- Participated for the first time in the Kuwait International Book Fair.
- Patronized the ‘Barrels of Peace' initiative for LOYAC.
- Provided schools for students with special needs with smart-boards.
- Inaugurated pediatric care rooms in governmental hospitals.
- Organized the first camp to spread oil culture among youngsters.
- Took part in Expo Milano 2015 with a special pavilion.

- The Learning and Development Strategy was signed by the CEO of KPC and the CEOs of subsidiaries.
- Launched the second phase of ‘Fast Track’ program.
- Issued the annual report of Training and Career Development Sector for the year 2014/2015.
- Followed up on the initiatives of Learning and Development Strategy for the oil sector, as part of 2030 HR strategy. Accordingly, the following recommendations have been approved:
  - Starting implementation of the initiative for unified Learning and Development Strategy.
  - Approving proposals for unified general competencies.
  - Approving executive plan to carry out the initiatives of Learning and Development Strategy.
- Commenced the executive steps of e-learning project by offering the contract of consultation and operations to international consultants. The project includes all newly-recruited employees in the oil sector for a period of two years.
- Applied the ISO project aimed at ensuring that the services provided by the various departments are in line with the criteria approved in this domain.
- Implemented the ‘K-Team’ project that aims to develop and improve the skills and efficiencies of team leaders of the oil sector. It is worth noting that the rate of participation of team leaders in Self-Assessment was 97 percent and that of managers participating in assessing their team leaders was 98 percent, while the number of team leaders using the Psychometric Tool reached 96 percent. This resulted in the rate of participation in the project reaching 92 percent.
- Launched the electronic website for scholarships and study leaves.
- Introduced ‘Training Excellence’ program, which gathers and evaluates information from participants in training programs, so as to conduct an analytic study to assess the lecturers and training companies.
- Organized on-field training courses for about 98 trainees from among graduates of universities and Applied Education institutes as per KPC policy towards the institutions of the civil society to prepare such groups to join labor market.
- Signed financial agreements with international training companies to reduce their charges by 15 to 40 percent, as per KPC policy to reduce its costs.
Central Internal Audit

- Moved forward with applying the 2030 strategy of the Central Internal Audit Body.
- Approved “very high” risks in KPC and its subsidiaries’ risk record, to become a basis for preparing annual internal audit plans, and as an indicator for its performance to optimally align with strategic directions of the oil sector.
- The Central Internal Audit Body issued 61 reports about KPC and its subsidiaries’ operational process. They included 373 recommendations which resulted in:
  - Increasing the efficiency, performance and effectiveness of internal audit systems.
  - Developing procedures and systems applied in KPC and its subsidiaries sectors.
  - Achieving monetary savings.
- Increased the level of coordination and cooperation with the Audit Bureau in common interest fields by exchanging visits, holding professional meetings and a workshop about exchanging the best practices related to dealing with the Bureau’s remarks and recommendations, and the ensuing effective positive results regarding the development of supervisory performance in the oil sector.
- Reviewed activities of specialized and technical nature (drilling and support services/environment activities/pipeline repair and setting contracts/reviewing major projects execution/effectively participating in auditing joint ventures/risk management systems/information safety and systems).
- Developed and qualified national cadres through:
  - Attaching a number of auditors from the body at KPI branches in the Netherlands and Italy.
  - Attaching a number employees from IT audit unit at other audit units of subsidiaries.
  - Reviewing major projects execution like Al-Zour Refinery and Clean Fuel, Vietnam project and audit work of external mutual operations.
- Paid visits to internal audit administrations of some Gulf and global oil companies like Shell, ADNOC (UAE), Qatar Gas, Qatar Petroleum and Aramco to learn more about the applications and best practices in the internal audit field, and comparing them with the professional mechanism used by the Central Internal Audit Body to develop professional performance of the internal audit units.
- Executed workforce rotations of internal audit units at KPC and its subsidiaries to support them with some needed experiences to increase the level of their professional performance, in addition to diversifying the experiences of auditors in the oil industry by auditing and learning more about new operational processes.
- For the first time, the body’s auditors worked on one of the mutual operations of KUFPEC without the assistance of external consultants, resulting in significant monetary savings.
- Continued the application of the audit manual by the body’s units in all their work, which positively contributed to developing their performance in preparing annual plans, executing their tasks and evaluating their performance according to professional international standards and the body’s work organisation list.
- Started preparation to hold the GCC internal audit conference during 2016/2017.
- Participated in Six Sigma project by presenting the internal audit initiative to enhance performance of applying agreed-upon recommendations on time.
- Executed the annual campaign to introduce internal auditing in parallel with global campaigns in May every year (International Internal Audit Awareness Month).
KOC achieved the highest level of daily gross production in September 2015, with an estimated 2.9 million barrels of oil per day. In addition, West Kuwait Directorate attained 549,000 bpd of oil to reach its highest level of daily production in August 2015, helping the company to achieve its strategic goals.

In January 2015, the company signed the contract with Petrovac Company, for producing 60,000 bpd of heavy oil from Fars reservoir at a cost of KD1.2 billion.

A pilot steam injection project was launched on trial in South Ritqa oilfield, helping to develop technical experiences in this domain.

New Gathering Center 16 in West Kuwait area was launched in January 2015 to maintain production of heavy oil in Minagish oilfield, as per KOC strategy which aims to produce an estimated 100,000 bpd of oil and 75 million cubic feet of high pressure gas and 40 million cubic feet of low pressure gas. This included a unit, with a capacity of 150,000 barrels of water per day, for treating the associated water.

Gas Compression Plant (GCP) and Gas Re-Injection Plant (GRIP) stations were operated in West Kuwait Operations in February and March, 2015 respectively to treat the associated gas and re-inject it, thereby assisting in increasing production and reducing the percentage of flared gas to 0.9 percent.

The introduction of 'Tripping points' helped increase the efficiency of submersible oil pumps and decreased the number of problematic pumps from 150 to 35 pumps in May.

The horizontal drilling activities of RA-0502 Well were completed successfully enabling the extraction of 3,000 bpd of oil from Gathering Center 15, as it was difficult to retrieve this oil through normal vertical drilling.

The process of testing 0423RAW-well was completed positively and showed an estimated 2,222 bpd of oil thereby further supporting the company’s oil production goals.

A booster pump was fixed in Gathering Center 2 to increase its capacity of handling associated water. Moreover, two horizontal pumps were successfully installed, each with a capacity of 30,000 barrels of water per day, near Gathering Center 111 to treat the associated water and pump it in BG-100 Well. This helped to boost production and increase the efficiency of maintenance operations.

KOC, represented by Export Operations, conducted enhancements on the 20 inch and 24 inch pipelines of Gathering Center 27 and Al-Ahmad Distribution Manifold respectively. In addition, they were extended to the Eocene Pipeline in Mina Abdul-lah to provide KNPC with heavy oil from West Kuwait Operations, as well as provide the local market with asphalt.

KOC signed the contract for renting 31 platforms to carry out drilling and maintenance operations in order to achieve its targeted production by 2020. In addition, the company also signed the contract for 38 platforms – 5 platforms for maintaining deep wells, 9 for drilling deep wells, 22 for drilling developmental wells and 2 for drilling heavy oil well.

The company inaugurated EPF-18 in West Kuwait Operations to maintain production in Minagish oilfield.

The company finalized the installation of electric submersible pumps (ESP) with Inflow Control Devices (ICD), in six vertical oil wells in the Minagish oilfield during June to October 2015. This helped the West Kuwait Directorate to produce 25,900 bpd.

In January 2015, the company managed for the first time to complete the drilling of a horizontal well using interim crack-
In cooperation with Shell Company, KOC successfully implemented the recommendations for developing and improving the gas production unit thereby achieving maximum production of up to 175 million cubic feet of gas in January and February 2015, while also achieving the highest average production of 66,000 bpd of light oil in January 2015.

In April 2015, the company registered for the first time in its history the lowest rate of flared gas at 0.38 percent.

KOC installed the second pipeline with 40/48 inch capacity to Al-Doha and Al-Sabiya power stations and thus optimized the use of gas.

Riksah Well, which is located in north east of ‘Kra’a Al-Maru’ oilfield in west Kuwait, was explored in January 2015. The preliminary tests of the well indicated that there are commercial quantities of oil and associated gas in Marrat reservoir in the Jurassic layer.

The company proved in February 2015 that Mauddud reservoir, which is located in Bahra oilfield, has significant quantities of oil.

KOC explored two new formations in the Marrat Middle layer and Mauddud Middle layer in June 2015. In addition, it completed tests on NUR-0001 and BH-0035 and the results were 2,400 bpd and 800 bpd respectively. This helped to increase the potential oil reserves and hydrocarbons that can be converted into confirmed reserves.

In September 2015, tests were conducted successfully on BH-0036 well in upper Burgan reservoir that showed oil fluidity at an estimated 1,200 bpd.

For the first time in its history, the company implemented a comprehensive plan to the non-traditional resources in west and north Kuwait. The approach proved that the State of Kuwait has huge quantities of non-traditional resources that could help maintain production for years to come.

KOC is keen on implementing the program to develop top officials in cooperation with American Harvard University. In this regard and as part of its continuous efforts to enhance the efficiency of its personnel and provide them with every opportunity to improve their skills, eight personnel joined the program during the financial year 2015/2016.

The company, in cooperation with Public Authority for Applied Education and Training’s (PAAET) Nursing College, prepared a training program to attract graduates of the secondary stage education, especially those in the science section, to join the college. This is expected to mainly provide national personnel with jobs in this sector and also to meet the company’s need for nursing staff, as there are many vacancies in this cadre, but it is difficult to find national personnel to fulfill these posts. It is worth mentioning that 87 Kuwaiti female and male students have registered for this specialty program during the financial year 2014/2015 and about 30 students during the financial year 2015/2016. KOC is in charge of supervising the training program for the students during their study period and then absorbing them in Al-Ahmadi Hospital. In this context, and as part of its keenness on providing jobs for Kuwaiti personnel, KOC also published an announcement in local newspapers regarding its need to recruit national personnel for its
contracts signed with the private sector. Thus, 722 Kuwaiti citizens applied for the announced jobs, of whom 305 were selected and this further increased the percentage of ‘Kuwaitization’ in the company by 0.25 percent.

- Marine Operations Group organized a campaign to clean beaches as part of the company’s participation in marking UN Environment World Day on 3 June, 2015.

- KOC applied the operations of injection and production at the same time in the same well through the technology of Simultaneous Injection & Production (SIP) in north Kuwait. This technology helped increase the oil produced while injecting fluid into the well during drilling.

- ICD system is fixed for the first time in the well RA-0557 thereby helping to increase production.

- Creating a system to link the Gathering Centers 17, 27 and 28 to intranet helped achieve a number of goals including the following:
  - Delivering data fast to the higher administration.
  - Depending on one source for production data.
  - Achieving document automation project for approval of budget in projects thereby helping improve efficiency and saving time.

- KOC has applied the ‘Back Location’ project to apply the best practices implemented in oil and gas operations. This program is tasked with reinforcing the tests conducted on wells and document their results through an ‘offset’ program that helps save the time required to prepare the monthly production reports.

- Establishing a reliable source for petro-physical data in the geological program.

- KOC has applied a new technology to remove H2S from crude oil from Minagish layer in Burgan Oilfield, based on HSE criteria applied in the development plans of the company. This technology, which will automatically inject the appropriate chemical treatment for the oil and will help save time spent in measuring H2S, is expected to help produce about 60,000 bpd from the oilfields of south and east Kuwait by 2020.

- The company has applied the smart wells technology in west Kuwait area, as well as ICD technology, which controls the flow of oil from the wells. This helped increase production by around 60,000 bpd from 12 wells in the Minagish oilfield. These wells equipped with smart technology are considered an effective tool in extracting oil while controlling associated water and enabling the company to reduce the amount of capital needed and operational expenditures.

- KOC has applied the new technology of ILOOP to treat H2S in Burgan oilfield. This technology helped to reduce the amount of H2S by 98 percent and is also expected to cut expenses associated with conducting maintenance on wells corroded by this gas, when it is applied widely in other oil wells.

- The company has replaced the old system of measuring the productivity of oil wells at Gathering Centers in south and east Kuwait with a modern system for 12 gathering centers, thereby enabling the company to collect more precise and reliable data on well productions.

- Al-Ahmadi Hospital – KOC conducted a number of social activities such as blood donation campaigns, which reflected the company’s ongoing positive interaction and communication with the society and individuals.
• The company, represented by Al-Ahmadi Hospital, managed a unique achievement by winning the first position in Cardiac Medicine, among GCC countries, Egypt and Yemen, through a research that it conducted. The research was selected from among 62 research studies submitted at the 12th GCC Cardiac Conference in March, 2015.
• KOC organized Career Health Conference for the oil sector in February 2015 with the participation of a large number of experts. In addition, it conducted several related activities to improve the level of career health among employees.
• KOC organized a Safety Day in January 2015 for contractors to exchange best practices and lessons learned from the challenges that they faced in meeting HSE criteria.
• KOC signed a memo of understanding with KNPC, to use treated water from the latter’s operations for KOC facilities. This enabled KOC to benefit from three million gallons of treated water daily.
• The company managed to successfully restore sites that were environmentally damaged and convert them into ‘green’ areas and as ‘natural reserves’, such as at Al-Abduliya, Al-Subaihiya and ‘Rouh Al-Sahraa’ or Spirit of the Desert.
• KOC organized for the first time a Health and Environment Day in February 2015, which highlighted the company’s environmental achievements and efforts in reducing the percentage of flared gas. Several technical papers on HSE were also presented on the occasion.
• KOC represented by North Kuwait Directorate won for the fourth consecutive time the RO-SPA award, which was a reflection of the special attention that the company has for HSE field.
• All KOC directorates won in September 2015, the ISO 14001:2004 and OHSAS 18001:2007 certifications.
• Well Survey Group won the first position in the E-content Award in May 2015.
• Marine Operations Group, which is in charge of controlling all kinds of oil spills to a depth of 15 meters in the sea, expanded the depth under its control by a further five meters. This necessitated the formation of a special team and put even more responsibility on the shoulders of the Group.
• Well Survey Group won the first award in social responsibility for solar energy in May 2015, during its participation in the MENASOL conference which was held in 2015.
• The company organized a celebration to mark World Environment Day under the patronage of Deputy Managing Director of West Directorate and DMD of Administrative and Financial Affairs. The celebrations which ran for three months included the following:
  - The contest for Best Environment brochure.
  - The contest for the cleanest site for a contracting company in west Kuwait.
- Greening of Eid Jalout Primary School for girls and Al-Baironi Intermediate School for boys through planting 25 trees in each school.
- Salvaging the debris of an sunken wooden boat and delivering it to Kuwait Municipality.
- Lifting the carcass of a whale from Qaruh Island in Kuwait Bay.

- Export Group managed to export 6,700 MMBOPD in the first quarter of 2015, which is considered the highest rate of export achieved in the history of KOC.
- Cooperation between Well Surveillance and Maintenance Group and Contracts Group led to 12 contracts of surveillance and maintenance for wells in the first quarter of 2015. This reflected the spirit of cooperation and teamwork between teams in the company and resulted in saving around US$216 million.
- Completing the second phase of installing Well Delivery- PGS, which also included awareness programs for managers and assistants to the CEO, helped in achieving the company's strategic goals.
- The proposal of merging three stations of LNG, Sulfur and NRP in one unit in Mina Al-Zour was approved by KNPC, thereby saving around KD100 million.
- KOC took part in several conferences and exhibitions, as well as organized a number of events on the oil sector level.
- In cooperation with the US Harvard University, KOC provided a program for human resources to develop and support the career skills of employees.
- The company organized training courses in cooperation with international companies for its personnel to improve their skills and efficiency through exchanging the best practices and latest technologies in respective domains. Accordingly, it dispatched 62 employees during the financial year 2015/2016 for different specialties.
- Marine Operations Group managed the entire operation of moving cargo from one tanker to another, especially from tankers whose cargo was over 530,000 DWT. Previously, this operation was carried out by a third-party in international waters, but now the operation is implemented completely by the Group.
- The company inaugurated the new office building for North Kuwait Directorate in October 2015. The building is in line with the latest designs and it contains 468 offices.
- KOC managed to achieve the goals of Center of Excellence for the year 2015 through expanding the specialties from three to six.
- KOC contributions towards social responsibility
  - As part of its corporate social responsibility towards the civil institutions in society, Kuwait Oil Company carried out a number of activities among which were the following:
    - Built the Dasman Hall in the Kuwait International Airport for first class and business class passengers.
    - Launched an awareness campaign in coordination with Interior Ministry to increase awareness among its employees and the entire society regarding the dangers of 'texting' and sending SMS while driving cars. This came about from the company's concern for the safety of citizens and residents. It also organized awareness lectures for the employees of the various directorates. In addition, the company organized a retroactive show at The Avenues Mall to communicate directly with visitors of different nationalities.
    - Organized and hosted international conferences and exhibitions such as International Standard for Maritime Pilot Organizations (ISPO) which was organized for the first time in the State of Kuwait in November 2015.
    - Organized workshops and conferences to exchange experiences among the employees of the oil sector, inside and outside of the State of Kuwait, as well as presented technical papers in different domains.
    - Launching new fuel pipelines to meet the needs of power stations and water distillation stations to increase their efficiency of producing water and electricity to meet in turn the needs of the country’s projects.
    - Launching a pipeline with capacity of 42 inches to Al-Zour north station, which helped to meet the needs of the Ministry of Electricity and Water.
    - Provided over 25 percent of energy consumption to operate Gathering Centers in North Kuwait during the summer.
Refining and Gas Liquefaction

• **AL-Zour Refinery and Clean Fuel projects**

Under the patronage of HH the Amir Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah and in the presence of HH the Prime Minister Sheikh Jaber Al-Mubarak Al-Hamad Al-Sabah and a large gathering of top officials and dignitaries, the celebration for placing the cornerstone of the Clean Fuel Project (CFP) was organized in March 2015.

The contracts for the Al-Zour refinery were signed on 13 October, 2015 and activities have begun for preparing the site for the project.

Other activities being carried out in this domain include, updating the cracking unit in Mina Al-Ahmadi refinery and the construction of a high-voltage electric sub-station in Mina Al-Ahmadi refinery.

• **Projects of establishing fourth and fifth LPG production trains**

These two projects are among the KPC strategic direction aimed at increasing production of associated and non-associated natural gas and optimally utilizing all gases resulting from exploration and production activities.

The project of the fourth train has been completed and it has entered service. It has been designed with an estimated capacity of 805 million cubic feet per day of gas and 106,000 bpd of condensates, in order to enable it to manage any future increase in production from oilfields.

Meanwhile, the contract for engineering and construction activities of the fifth train project was signed in May 2015, at a cost of KD428 million, and implementation activities were launched in July 2015.

• **Project for constructing LNG import utilities**

This project is aimed at meeting the long-term domestic market needs for fuel, as per KPC 2030 strategic directions allotted in this domain. Accordingly, the primary engineering designs have been finalized for an import facility with a capacity of 3 billion cubic feet per day (bcfd) to meet the needs of the local network. After that, the estimated budget of the project was approved by the boards of KNPC and KPC in January and March 2015 respectively; in addition, the tender of engineering and construction activities was offered in May 2015.
Project for establishing 100 new petrol stations

KNPC has allotted a plan to establish 100 new petrol stations with the latest technologies while paying special attention to the environment criteria. These petrol stations are to be distributed in various areas of the country to meet the needs of the local market for petrol, especially from the newly developed areas in Kuwait. Accordingly, a consultative contract was signed in November 2015 to start preparing the feasibility studies and primary engineering designs to establish 19 new petrol stations, as well as removing and reconstructing 7 existing petrol stations. The other stations will be built over the coming five years.

Health, Safety & Environment

- KNPC represented by its five sites; the headquarters, Mina Al-Ahmadi, Mina Abdullah, Mina Al-Shuaiba and Local Marketing, won the British Safety Council Award in 2015. In addition, Head Office, Local Marketing, Mina Abdullah and Mina Al-Shuaiba won ‘Excellence’ award.
- Mina Abdullah won the company’s CEO HSE award and ROSPA. It is the first time that one of KNPC sites has won this international award. Moreover, the Local Marketing Department won the gold medal of HSE, while the Project Department and Al-Shuaiba refinery also won the gold award for HSE.
- Mina Al-Ahmadi refinery managed to successfully operate Eocene Unit using West Kuwait Crude instead of Eocene.
- Mina Al-Ahmadi refinery managed to provide Al-Zour refinery with heavy fuel oil to generate power at a temperature of 72 degrees Celsius, thereby helping to avoid burning Kuwaiti crude oil in the power generation operations and in turn saving about $12-16 million monthly.
- Improving the characteristics of naphtha from Al-Shuaiba refinery. It is worth mentioning that the first cargo of improved naphtha was sent to Kuwait Paraxylene Production Company (KPPC) in May 2015 and this helped to improve paraxylene production.
- In September 2015, KNPC launched Al-Rigga petrol station which became the first petrol station working on solar energy. In October 2015, the company launched Al-Zahraa petrol station in South Surra, which again works on clean energy from solar panels. KPC is in charge of covering the costs for these two stations and they were carried out by the Kuwait Institute for Scientific Research in coordination with Research and Technology Department in KNPC. The two stations pump their surplus energy to the network of Ministry of Electricity and Water during peak hours.
- KNPC won the fifth round of Kuwait e-Content Award, which was launched under the patronage of HH the Amir Sheikh Sabah Al-Ahmad Al-Sabah who sponsors technological innovations and productions that improve the quality of electronic projects and enable them to compete efficiently in the international fields thereby reinforcing the status of the State of Kuwait on the international technological map.
- The Structured On-the-Job Training (SOJT) program won appreciation during the conference of oil and gas awards, as 341 engineers were trained since the program was established.
Major achievements include:

- The company is expected to achieve actual projects worth around KD176 million in the 2015/2016 fiscal year; this is an increase of KD9 million compared to the KD167 million that was expected.
- The company is expected to save 3-4 percent of its operational costs for the 2015/2016 fiscal year.
- The Third Sustainability Report was issued for 2014/2015 in July 2015 in accordance with Global Reporting Initiative (GRI).
- Issuing a second report regarding Communication on Progress (COP) and sending it to the UN Global Compact (UNGC) to comply with the pact related to this issue.
- Preparation of the Capital Projects Execution Guide for all Safety Engineering Department vacancies in line with (PIC- PGS).

Fertilizer Sector

- Passing the regular global audit to certify the company’s shipping facilities and equipment related to sales in the Australian markets and Oceania (AQIS) until 2020.
- Shipping the highest amount of urea for this year with a total of 46,721,530 metric tons to the American markets in August 2015.

Olefins Sector

- By the end of October 2015, Equate achieved 20.9 accident-free working hours. The company also had a production of 1.794 million metric tons, which accounted for 104 percent of the planned production, as well as a sales volume of 1.759 million metric tons, or 100 percent of planned sales.
- By the end of October, Equate accomplished US$ 663.211 million in profits, which was 105 percent of its planned profit.
- By the end of October 2015, MEGlobal produced 1.038 million metric tons of ethylene glycol at its plants in Canada, which was 101 percent of its planned production, as well as 270,000 tons of polyethylene tetr phenol at its German plant, which was 105 percent of its planned production.
- By the end of October, MEGlobal achieved profits of about US$299 millions.

Aromatics Sector

- The aromatics plant maintained a clean and safe work environment with no accidents.
- By the end of October 2015, the company achieved a profit of US$2.516 million, an increase of 105 percent compared to the same period of last year.
- By the end of October 2015, styrene sales amounted to 434,028 tons, an increase of 0.828 percent compared to the same period of last year.
- By the end of October 2015, the company profits decreased by 17.5 percent to US$ 98.285 million compared to the same period of last year.

Information Technology

- Providing the company's currently available IT and communication systems on smart phones and tablets.
- Upgrading ISO 27001 IT certificate standards from 2005 to 2013.
- Enhancing the wired and wireless network of all company premises to keep pace with latest technology developments.
• Enhancing the remote alarm system of information centers to avoid sudden system outage.

Human Resources

• Completing three phases of the capabilities and competencies development project, one of the oil sector 2030 HR strategic initiatives, during the last three years. Work is underway on the fourth phase, which revolves around preparation of developmental and technical competency of jobs in sectors with mutual technical nature, which are: HSE, Planning, Finance, IT and Risk Management. This phase will end in March 2015.

Health, Safety & Environment

• Auditing and renewing:
  • Labs Management Certification ISO/IEC 17025.
  • RC 14001.
  • Integrated ISO certificates ISO 9001, ISO14001, OHSAS18001.
  • Upgrading the new Central Emergency Management Room.
  • Upgrading Radio systems in cooperation with KNPC, and distributing them to related employees. KD400,000 was saved by using KNPC systems.
  • Installation and testing of the Public Address systems and the new siren in A&B plants.

Risk Management

• Conclusion of the comprehensive risk management application and activation training program for Equate company team.
• Applying the risk rate on capital returns program for new strategic projects.

Six Sigma

• Training 14 employees to attain the Green Belt and 10 for the Black Belt in Six Sigma. Total of employees with the Green Belt is 120, whereas 28 have the Black Belt.
• Training 17 employees from fellow oil companies: 15 to attain 6 Sigma Green Belt, and two for the Black Belt.
• Another employee attained the Master Black Belt, increasing the number of employees to two. A third employee is being trained to attain the certification.
• The company executed 59 Six Sigma projects successfully. The total number of projects reached 550 during the last seven years
• Achieving 22 million in savings. Thus, the company has achieved a total savings of US$ 190 million in the last seven years.

Social Responsibility

• The company launched the CEO’s HSSE Award under the banner ‘The Solution is in Your Hands’ to encourage the employees to raise the company’s HSSE performance.
• PIC supported a Kuwaiti invention to use plastic waste in 3D printing.
• PIC sponsored the ‘Initiator’ national project to support the youth and develop entrepreneurship in cooperation with the Kuwaiti Engineering Society and Equate.
• The company organized ‘Our Environment is Our Responsibility’ competition with the participation of a number of schools in Al-Ahmad Educational Area to spread recycling concept awareness.
• Completion of a new phase of Kuwait’s Green Belt Project with the participation of the top management and employees.
• The company sponsored the 6th Heart Friends Marathon held by the Chest Diseases Hospital under the patronage and presence of the Health Minister Dr. Ali Al-Obaidi on 14th, February 2015
• PIC organized a blood donation campaign.
• The company honored teachers in several schools on the occasion of the Teachers’ Day. It also conducted visits to the nursing home to celebrate the International Day for Older Persons, as well as to Al-Manqaf Fire Station and Abdullah Port to honor firemen for their efforts, in addition to visiting sick people in hospitals to congratulate them during Eid Al-Fitr. PIC also encouraged more participation in the social service by holding workshops for university students.
• The company attained the Arab Award of Social Responsibility by the Arab Social Responsibility Network in Dubai.
Marine Fleet

- During the current fiscal year (from April to October 2015), KOTC transported about 18.407 million metric tons of crude oil, oil products, and LPG to different ports around the world. Loads transported from Kuwait reached about 15.428 million metric tons, representing about 84 percent of total loads transported by the fleet to different ports around the world.
- KOTC signed a Block Agreement with ASRY (Arab Shipbuilding and Repair Yard) in Bahrain, which is considered a pioneer and one of the most important and largest companies in marine ports and ships repair and maintenance in the world. The agreements included an exclusive maintenance for 19 tankers for a period of 3 years amounting to US$33 million. This deal is considered one of the biggest of its kind to be signed with a shipyard in the Arab Gulf region. This agreement allows KOTC to maintain most of its fleet regularly at ASRY’s facilities in Bahrain.
- Signing a contract for supplying tankers’ body paint with Chugoku Marine Paints – Dubai on 12/3/2015. This contract is a comprehensive contract to supply paint for 17 KOTC tankers (Block Agreement) for 3 years.
- KOTC maintained its success by holding the Green Award for protecting the environment, which is given by the Green Award Foundation. This allows KOTC tankers to have many conveniences at the global ports the fleet visits.
- Renewing all (ISO 9001, 14001, 18001) certificates of the company fleet.
- Providing internet service on board the company’s tankers, which includes e-mail, web surfing, formal dealings and correspondence of the fleet, as any size of files, images and attachments can be exchanged by the vessels and HQ. The cost of connection decreased four folds by immigrating from Inmarsat FleetBroadband (FBB) to VSST services which provides a 24/7 connection at a much lower price.

LPG Filling Plant (Al-Shuwaiba):

- Providing the local market with its LPG needs. 3,373,330 filled cylinders were distributed to the state’s different sectors during the period from April to September 2015.

The New LPG Filling Plant (Um-Alaish)

- Under the patronage and in the presence of Mr. Nizar Al-Adsani, KPC’s CEO, and Sheikh Talal Khalid Al-Ahmad Al-Sabah, KOTC’s CEO, the New LPG Filling Plant (Um-Alaish) was inaugurated in March 2015. This aims to increase liquefied gas production and storage capacity to fulfill Kuwait’s needs until 2030. The plant design and construction contract was signed with Hanwha Company – South Korea.
- The plant’s production amounted to 3,899,362 cylinders of different sizes during the period from April to October 2015.

Marine Agency Branch:

- The branch provided various services for vessels visiting Kuwait’s ports. It currently hosts about 134 oil tankers a month. By October, it hosted 939 oil tankers, which is expected to increase to 1608 tankers by the end of the year.
Completed the integration and merger operation of the company’s fuel stations network in Italy with the Italian Shell company stations which were acquired in 2014. This resulted in enhancing KPI’s position in the Italian market.

Completed the transformation of KPI’s fuel stations in the Netherlands to self-service stations.

Reached the final stage of Europoort Refinery exit deal, which is expected to be closed at the beginning of 2016.

Activated KPI’s MAIP system in Rotterdam, Netherlands.

Activated KPI’s KPR&T Research and Technology Centre to serve the oil sector: a number of training programs for KPC’s subsidiaries were launched.

Expanded jet fuel marketing in new European airports.

Continued to improve the performance of subsidiaries and withdrawing from non-profitable investments according to the company’s long-term strategic plan.

 Increased the insurance cover to include accidents around the clock.

A system was developed to follow-up projects with the aim of rationalizing costs.

For the fourth consecutive year, the company attained RoSPA Gold Award for accidents prevention.

After 15 years of challenges and over 18 months of negotiations, KPI/KPC and Shell Pennzoil were able to sign an agreement that enables using the Q8oils trademark in the USA. It was agreed that Q8oils can now use ‘U.S.A.’ on industrial products, engine oils and other products.

The company achieved 30 million work hours during the EPC phase in Vietnam Refinery project without recording any accident.

KPI’s Legal Department in Italy attained ‘The Best Legal Body’ Award in the merger and acquiring domain for the legal work related to buying assets of the Italian Shell company.

Compressed natural gas stations were opened in Belgium and Italy.
The company’s sale of aircraft fuel at Kuwait International Airport reached 641,619,316 liters during the period from January to October 2015, compared to 678,234,044 liters for the same period of the previous year (January-October 2014), a reduction of 5.4 percent. This decline is attributed to the state’s cancelation of fuel price support of 10 percent for aviation companies operating at Kuwait International Airport.

The company completed the Power Factor Improvising Device project to control power consumption of the secondary power generation station at its warehouse. This accomplishment is the first of its kind in companies of the oil sector, as well as for any state project. Using this system will lead to savings in energy consumption rates ranging from 15-20 percent of total consumption at all company facilities. This will reduce the burden on electric loads at the secondary generation station, as well as the main generation station of the Ministry of Water and Electricity, and thus result in tangible reduction in power consumption cost, as well as the company’s operational costs.

The company attained the RoSPA Gold Award 2015. This coveted award was given under the banner ‘High Acclaim in the Oil & Gas Industry Sector’. This award came to crown the company’s continuous health and occupational safety programs, which highlights its pioneering role in clearly committing to HSE standards, safety awareness and positive support given by its top management in particular. It is worth noting that the company attained this award in 2012, 2013, 2014 and 2015 consecutively as it maintained its excellence in HSE performance.

Fuel sales for the American Army during the period from January 2015 to October 2015 increased to 177,004,000 liters compared to 117,436,000 liters for the same period of the previous year, an increase of 51 percent.

Other achievements of support activities:

- Organized a regular supervisory audit of ISO 9001 (quality control system), ISO 14001 (environment management system) and OHSAS 18001 (occupational health management system) by an external auditor, QMI.
- An audit team from KPC carried out tests to check that safety procedures were followed in line with the HSE management system of KPC’s subsidiaries.
- Held lectures and different health programs in coordination with KPC to increase employees’ occupational health awareness.
- Celebrated the Environment Day by planting trees at the HQ Park.
- Celebrated the Ozone Day through an awareness training.
- Applied an Employees Engagement Action Plan.
- Installed a security point at the company’s external gate.
- Provided medical ergonomic chairs for the employees.
- Executed a fire fighting drill (Cat 3 Drill), following a request from KPC.
Kuwait Foreign Petroleum Exploration Company

- Added to its current asset portfolio by acquiring three new exploration projects, namely:
  - Paharpur project in Pakistan with a share of 100 percent where the company plays the operating role.
  - WA-483-P Project in Australia with a 40 percent share.
  - DW3E project in Malaysia with a share of 35 percent.
- On 31 August 2015, KUFPEC signed a MoU with PT Pertamina – Indonesia, to develop the oil and gas sector, including the financial, commercial and technical aspects along with marketing, infrastructure and workforce exchange. The MoU between KUFPEC and Indian Oil Company was renewed for two more years starting from 26 June 2015.
- Completed an additional external funding agreement with a value of US$ 1.5 billion on 31 March 2015, which came as an option in the original loan agreement of US$ 1 billion signed in November 2014.
- Agreed to follow the recommendations of the (tax benefit) study for a number of countries which was concluded in 2014. The amount saved in taxes in 2015 increased to US$290 million from the US$220 million saved the previous year. This formed an increase of US$70 million which will be used during the coming years.
- KUFPEC added new oil reserves estimated at 11.6 million BOE from its exploration and development activities.
- Production has commenced at Alma and Ghalia fields located in the North Sea on 30 October, 2015.
- Completed the linking and drilling operation for three development wells at Belikan field within Natuna Sea project in Indonesia. Gas production from this field began on 9 March, 2015, which was six weeks ahead of the planned date. Two more developmental wells were completed and linked with the Kajah Baro field production in Indonesia.
- Completed the construction of the first LNG tank at Witson, Australia, and work on the second tank for the same project is going ahead according to plans.
- Drilled 16 developmental wells at Kaybob, Canada, and linked 4 more wells to production. Work is underway to link 7 more wells.
- Created attachment opportunities for KOC and KGOC employees that extend from one to three years in KUFPEC projects in Australia and Canada. It is worth noting that this will add to the technical experience of the employees, as well as allow them to directly interact with experts at Chevron, which is considered as one of the pioneers in the oil industry.
- KUFPEC showcased 25 applications of technical and administrative best practices (5 related to technical exchange field) for KPC and its subsidiaries to study the option of applying them and their compatibility with work needs.
- KUFPEC attained a higher rating in the quality control field as it was awarded the ISO 27001-2013 for Information Security Management system.
- The company issued a picture book dedicated to coral reefs and marine life in Kuwait in September 2015. It is considered the first of its kind in the State of Kuwait.
- To ensure the safety of employees and contribute to maintaining the environment, KUFPEC organized three awareness campaigns in the company (Health and Blood Donation Day; Environment Day, which was held under the banner ‘Our sea is our life’; and a campaign highlighting Effects of diabetes on eyes).
First: Accomplishments aimed at maximizing strategic value of crude oil:

- Successfully drilling 39 new wells for exploration and development, as well as maintaining, deepening and conducting completion works on more than 219 wells in the joint operations areas in Al-Wafra and Al-Khafji.
- Supporting the company’s efforts to produce heavy oil by expanding the pilot project to inject steam in the First Eocene Reservoir, thereby achieving a daily production rate of about 1,000 oil barrels, with a steam injection rate of 4,500 barrels of daily steam equivalent. In addition, completing the third phase of the company’s engineering study on the operational steam immersion project at the Second Eocene Reservoir.
- Completing all mechanical works of the water injection facilities at the Al-Ratawi Reservoir (Al-Khafji) project, as well as the third phase of the water treatment facilities project and the marine projects related to Al-Khafji crude production.

Second: Accomplishments related to increasing oil reserves to guarantee sustainability of production:

- Applying the unified reserves management system in all its operation areas in both Al-Wafra and Al-Khafji, in line with those applied in the KOC system.
- Recording 3D seismic scan data for about 80 percent of the divided zone in Al-Wafra Joint Operations, in order to optimize efforts to explore the targeted area.
- Completing the production pipeline between Arak and Hana fields to raise the production capacity in Al-Wafra Joint Operations.
- Increasing production at South Al-Fawaris field through successfully completing a pilot project for drilling multi-directional wells at Al-Ratawi Reservoir. Based on the project results, a development plan for the whole reservoir was prepared.
- Completing all mechanical works of the water injection facilities at the Al-Ratawi Reservoir (Al-Khafji) project, as well as the third phase of the water treatment facilities project and the marine projects related to Al-Khafji crude production.

Third: Accomplishments related to optimum exploitation of potential value of gas:

- Reducing the rate of gas flaring and accomplishing 85 percent of the pipeline, being built to transport Kuwait’s share of gas in Al-Khafji Joint Area to Al-Ahmadi Refinery, were completed.
- Executing the third phase of the engineering study at the Al-Wafra Joint Operations for the second project to reduce gas flaring, in cooperation with KOC. This aims to raise gas exploitation rates to 27 million cubic feet thereby reducing the rate of flared gas.

Fourth: HSE accomplishments

- Maintaining the environment surrounding the operations area by processing the old oil pits in Al-Wafra Joint Operations,
thereby successfully recovering around 70,000 barrels oil.

- Conducting feasibility studies on a number of operational and environmental projects in both joint operation areas of Al-Wafra and Al-Khafji, as well as preparing procedural documents on that study and coordinating to attain the needed approvals for the following projects:
  - The central gas exploitation projects.
  - The new pipeline project in Al-Khafji area.
  - Environmentally-friendly new padded oil pits.
  - The comprehensive environmental strategy of Al-Wafra Joint Operations area.
  - Seismic scan project of the coastline (6 nautical miles) of Al-Wafra Joint Operations area. On the basis of this project, the initial phases will start and studies to design the project’s preliminary data will be conducted.
- Establishing a crisis management center at the company’s head office equipped with a digital visual link with KPC, Al-Wafra Joint Operations, KNPC and KOC.
- Introducing the CEO’s award for annual performance in HSSE. This is an integrated program that highlights the company’s contributions and achievements of employees and contractors in the HSSE domains.
- Attaining the Safety and Accident Prevention Award from the Royal Society for the Prevention of Accidents (ROSPA).

Fifth: Performance excellence accomplishments

- Attaining the globally approved ISO9001:2008 quality certification. This comes in line with the company’s efforts, as represented by the head office, aimed at applying the most competent management systems for its activities and contributing to increasing the work efficiency and fostering production quality in the company.
- Successfully implementing a mutual strategic agreement regarding initial evaluation of projects, exploration, assessment and determining wells via the joint technical action team, consisting of members from KGOC, Joint Al-Wafra Operations and Saudi Arabian Chevron.
- Completing application of IBM Cognos Performance Management & Business Intelligence (PM & BI) program that aims to facilitate communication and gathering of information among the comprehensive planning group and other company sections in the head office, as well as joint operation areas in Al-Wafra and Al-Khafji.
- Executing the best practices project and providing the company with an action plan to attain Occupation Health and Safety Assessment Series (OHSAS18001)
- Completing the execution of internal training plan on safety and security.
- Reaching a Kuwaitization rate of 92.24 percent; this exceeds the target rate of 90.52 percent
- Working continuously on developing technical experience in engineering and geological domains for employees and Kuwait University students. This is achieved through conducting training courses, work tasks and hosting university students at different work locations to enhance their academic capabilities via hands-on experiences, which enables them to contribute to important strategic projects of Kuwait.
- Sharing best practices related to heavy-oil production with production subsidiaries (KOC and KUFPEC) and exchanging experiences in the latest production and development technologies in those fields; especially those related to decision analysis and work risks evaluation, and mitigation strategies in this relatively new domain, through holding workshops to exchange experiences and continuous feedback.
Over the years, Kuwait Petroleum Corporation has been a leading giant in the petroleum and hydrocarbon industry. Through a clear vision and sharp focus, KPC has become one of the world’s most respected, trusted and reliable suppliers of energy to the world.

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