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'Address, resolve reserves issue with openness'

New oil minister faces challenge

KUWAIT, July 11, (RTRS): Kuwait's new energy minister faces a challenge from parliamentary opposition to opening the oil sector to foreigners and calls to clarify how big its oil reserves are, following a report they have been overstated.

Sheikh Ali al-Jarrah al-Sabah, a 56-year-old former banker and diplomat, was given the portfolio in a new cabinet named by the Amir on Monday. Like his predecessor, the new minister is an energy industry outsider and member of the ruling Sabah family.

"The first and only big challenge that he (new minister) will face from parliament is the question regarding the Kuwait oil reserves," energy analyst Kamel al-Harami told Reuters.

"He should address and resolve it with openness and transparency," Harami said, adding that some parliamentarians had already presented official questions on the issue.

In January, industry newsletter Petroleum Intelligence Weekly (PIW) said it had seen internal Kuwaiti records showing reserves were about 48 billion barrels – half the officially stated 99 billion, or some 10 percent of global oil reserves.

The former energy minister, Sheikh Ahmad al-Fahd al-Sabah, has said that

PIW's report only paints a partial picture while other oil officials said the report was inaccurate.

Kuwait Oil Co (KOC), the state upstream arm, is reviewing the reserves estimate after big hydrocarbon discoveries.

Jasem al-Sadoun, who heads Al Shall think tank, said in a recent report that parliament should insist on finding out the size of real reserves. "The oil reserves figure should not be a secret...it's a right for the whole world to know," he said.



Sheikh Ali

its maximum capacity of 2.7 million barrels per day, has a long-standing position of cooperating with other Opec producers to rein in high oil prices and keep markets well-supplied.

The pro-Western country's energy policy is overseen by a supreme council that includes the prime minister and various experts, in addition to the energy minister, analysts said.

They said Kuwait, which has been pumping very near

"I don't think there will be changes, Kuwait's oil policy is steady," one energy sector official told Reuters.

Harami said oil reserves would be an issue when parliament debates the long-awaited \$8.5 billion Project Kuwait to develop four major northern oilfields with the help of multinationals.

Analysts say the opposition sweep of June parliamentary polls could lead to a delay in the approval of major development schemes such as Project Kuwait. The assembly convenes on Wednesday before the summer recess.

International consortiums led by BP, Exxon Mobil Corp and Chevron Corp are competing for the investment contract, which would allow firms to operate the fields for a fixed period but would not involve production-sharing, concessions or the booking of reserves.

Some opposition figures have said Kuwait does not need to boost its oil output capacity at a time when state coffers are brimming with petrodollars thanks to record high oil prices.

Senior Kuwaiti oil officials say the country needs to invest at least \$64 billion in coming years to develop the industry and boost oil output capacity to 4 million barrels per day by 2020, and for that it needs the know-how of foreign firms.