

# 'Mega oil project needs foreign help'

Accounting checks to cut bid to inflate costs

**KUWAIT CITY, April 26, (Agencies):** The National Assembly's Financial and Economic Subcommittee approved on Tuesday the principle of using foreign expertise to develop the country's Northern Oilfields.

Speaking to reporters, the subcommittee's chairman Abdel-Wahab Al-Haroun said that participants in the meeting had agreed, after consulting with experts in the matter, that it was indispensable to call for assistance from foreign experts in developing such fields.

Former oil ministers and experts Tuesday told a parliamentary panel that Kuwait needs the advanced technology of foreign oil majors for a controversial mega project to develop Northern oilfields.

"All backed seeking the help of foreign companies to develop the oilfields. They are convinced the project needs advanced technology not available in Kuwait," said the financial and economic panel head, MP Abdulwahab Al-Haroun.

In its fifth meeting in less than two months to discuss the multi-billion-dollar investment, the panel heard the technical views of two former oil ministers and a large number of former oil executives.

Haroun told reporters.

The \$8.5-billion Project Kuwait has been stalled for more than a decade by resistance from MPs who fear that the Gulf country's oil resources could be surrendered to international oil companies.

In a previous meeting this month, MPs questioned the need for large-scale foreign involvement in the project and urged the government to consider other options to minimise participation by foreign oil majors.

Experts however warned that any further delay in the project could lead to damage to the oil reservoirs because water levels were rising rapidly in the crude, Haroun said.

The investment aims at increasing production of so-called difficult oil from secondary reservoirs as part of Kuwait's strategic plan to boost output from a current level of 2.6 million barrels per day (bpd) to four million bpd in 2020.

Foreign companies are expected to earn profits of around \$3.2 billion. Project Kuwait aims at increasing daily output in the four fields bordering Iraq from the current 530,000 bpd to 900,000 bpd.

But the targeted output will only be sustained for six years during the proposed 20-year period, setting average daily production at 680,000 bpd, or just 150,000 bpd above the current level.

## Accounting

International accounting procedures will be adopted in the Northern Oilfields Development Project to prevent any attempt to inflate costs, says Executive Assistant to the Managing Director of the project Hashem Al-Rifae.

"We conducted a thorough research of accounting procedures before deciding on the most suitable procedure," he adds. The technical team in-charge of marketing the project ended a marketing campaign with a meeting hosted by the Kuwait Society of Accountants and Auditors.

Members of the society stressed the importance of seeking the assistance of international companies in increasing the production of Kuwaiti oil wells. They expressed their concern on the accounting procedures which will be adopted by the oil sector to deal with these companies and whether these procedures can protect the rights of Kuwait and prevent violations in the future.

Addressing the concern of members of the Kuwait Society of Accountants and Auditors, Al-Rifae said, "the economic form will not allow deviant behavior from any company, which is participating in the project. Attempts to inflate costs will have a negative effect on the profits of these companies, which are obliged to disclose their accounts to an auditing committee which will include professional auditors and advisors."

He also said the project's documents include a detailed supplementary of international accounting procedures brought from other countries which have experience in dealing with international companies, adding "the supplementary included 24 conditions on what is allowed and what is not allowed."