

## Al-Shall Report

# 'Strategic objectives of North Oilfield Project may not be met'

**IN an unexpected development, the parliament's Financial and Economic Affairs Committee approved the North Oilfield Project (Project Kuwait).**

The Minister of Energy declared that the project will be placed for bidding before the end of the current year. However, it will be preceded by passing the project in the parliament in a general session says the Al-Shall Weekly Economic Report published by Al-Shall Consulting and Investment Co headed by Jassem Al-Saadoun.

The committee has ratified the government law by naming the four fields covered by the project instead of making the law cover this project and any other likely one. It also amended the companies' right to produce at optimal capacity regardless of

Kuwait's quota. It also increased national manpower to 80 per cent of the project's total manpower. It stressed the necessity of environmental awareness. It revoked the government's right in adding 10 more years to the project's 20 years' term. It is believed that the project's value is US\$ 7 billion. The project's strategic objectives include:

- Assistance in production from difficult oilfields;
- Multiplying production from the north fields; and
- Creating job opportunities for Kuwaitis.

We would like to stress a basic point that we are not against the seeking assistance from foreign companies as long as there is an agreement on objectives, advantages and costs.

The North Oil Fields Project does not achieve these specifics. We also reaffirm that dialogue leaves a wide margin of inquiries although it is a debate in figures, which is not open to any argument. We repeat some of the arguments simply for reporting purposes:

Production from the North Oilfields will not double and will not go to 900,000 from 450,000 barrels/day on the contrary, it will increase the average KOC production from 545,200 barrels/day to 689,000 barrels/day, which is the average production of foreign companies. The difference between the two in 20 years is 143,800 barrels/day on an average. This represents 4.8 per cent of the targeted production in 2010 and this will drop to 3.9 per cent of total targeted production in 2020.

The claim that Kuwait will achieve a financial surplus of US\$ 20-100 billion — depending on the price of produced oil — in case the agreement with foreign companies is signed is shameful and lacks professional awareness. The difference in production if oil remains 'underground' and if future prices are

higher than the average prices for the forthcoming 20 years will mean sustaining losses.

Talk about 80 per cent Kuwaiti manpower for the project is untrue; it will absorb only 500 job opportunities most or all of which will be from the current workers in the oil sector. Their number will not exceed 3.3 per cent of Kuwait's need for jobs in one year, not in 20 years.

Despite all that been presented, we reiterate that we are not against the project but we have to debate it. We shall support the project if it's accepted — painfully, the Kuwaiti oil sector will cause the depletion of the reservoirs if it continues with the current production levels, even when normal production levels are used. We shall also accept the project if the purpose is to energize the oil sector, or rebuild it, using the project as an active focus to transfer and attract modern technologies; more important is the management. We shall also accept the project if it aims at increasing the recovery percentage, i.e. increasing reserves, or if it aims at executing new projects to explore new fields in the northern areas — Bubiyan — and the northern shallow waters of the Gulf. In all that, we seek honesty, which is our right. We also aspire to work as one team once our target is focalized and the same; namely, preserving or developing our wealth or its prudent utilization.