

The International Oil and Gas Conference
And Exhibition In Kuwait

The Opening Speech of the
Honorary Chairman
Ahmed Al-Arbeed

Your Excellency Minister of Energy Shiekh Ahmed Al-Fahad Al-Ahmed Al-Sabah.

Respected Audience

I am honored being selected by the organizer of this conference to be the honorary chairman for such a new oil and gas Conference and exhibition that is being held right here in Kuwait. I wish all success to the conference and to all of you who brought this important initiative to light.

The theme of this conference and exhibition is to focus on the importance of acquiring the right know-how, the right knowledge, the right experience, and the right

technologies to help develop the oil and gas reservoirs of Kuwait.

It is absolutely the right time to discuss such a subject, the oil industry in Kuwait is going into an era of different challenges in developing its oil production and its oil reservoirs. As production is shifting from the primary recovery techniques to the secondary recovery techniques more costly and more difficult operation will be witnessed.

The theme of this conference addresses exactly the center of the rationale of the Kuwait Project, this project targets the development of existing difficult reserves by utilizing new know-how, new knowledge, new experience and new technologies to improve recoveries and to produce difficult reserves in an efficient and cost effective manner. The result will generate greater revenues and a variety of other added values for Kuwait.

There are two ways to produce more conventional oil; either to explore for and find more oil that matches with the

available experience and knowledge to be able to produce that oil, or, you improve recoveries and develop the already discovered difficult oil by getting the right assistance from the International Oil Industry.

The first approach, exploration, involves more risk and uncertainty. Developing the large amount of present available oil, oil in place, is low risk with more certain and predictable success, particularly when state of the art technology and industry practice is applied. The required skill set is closely related to the core strengths of the International Oil Companies qualified by Kuwait as Operators. The significant opportunity in North Kuwait for further development of existing reserves, plus the demonstrated ability of the IOCs, is the basis for a low risk long term agreement with a high certainty of success.

This will further enhance and maintain Kuwait's reputation as a long term supplier with sustainable production capacity. Proper management of our resources, control of costs in the future and our long term role as a

major producer demands excellence in the exploitation and development of existing reserves.

Initially, exploration costs may be high or low depending on the success ratio and the size of the pools discovered. However, without proper development much of the newly discovered oil would forever remain in the ground leading, ultimately, to far higher costs.

Therefore, it is in Kuwait's benefit to focus more on developing its present available resources, without of course, ignoring the need to pursue more efforts to explore for more hydrocarbon reserves. Enhancing the recovery factor of present oil in place will provide more assured and sustained added value over and above the existing production. For example, an increase of 1% in recovery factor will generate a revenue of over 40 billion US Dollars at today's oil market price. The cost of producing the same 1% increase in recovery factor will not exceed one tenth of the above generated revenue.

We, therefore, need to improve our competitive performance and our ability to determine the right balance between opportunity and risk in development of our oil fields. We need to be able to fill in the gaps between technology, data and people, and get them all working together to achieve the targeted production.

The success in applying the three elements technology, data, and people, and bridging the gaps between them in an effective and efficient way to help achieving our objectives, is heavily dependent on our management ability to synchronize our knowledge, experience and know-how effectively enough to achieve the required goals.

Think of technology, data and people as a value chain. To produce the best results each link must be state of the art and functioning at a high level, continuously and all at the same time. This indicates the complexity and difficulty, as well as, the potential for rewards.

In this conference, I urge you to explore possible answers to the above request, and to use your collective experience and knowledge to establish appropriate methodologies and effective solutions for the prevailing problems of the existing operations in Kuwait's fields and reservoir management practices, as well as, the expected future problems.

Luckily, those in this conference are going to cover these three elements in your presentation and discussion in more detail and you will find out how to synchronize the three elements to make them help each other to produce the right answers to our problems.

I wish you all a successful conference and a valuable discussion.

Thanks.