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Partners Kick off work Program for 2010-2012

The GGFR partnership kicked off in April a new phase of work and is rapidly gaining momentum with substantial achievements, including the inclusion of Mexico and Pemex as official partners, the successful organization of two major regional conferences in Oman and Kazakhstan, and the recent welcoming of Finland's Wärtsilä as the first associated partner.

At a Steering Committee meeting in Paris at the end of March, GGFR partners officially launched the third phase of the World Bank-led initiative covering the period 2010-2012, and approved a work program whose main focus is on implementing concrete gas flaring reduction projects in high-impact countries across main regions, including Middle East and North Africa, Europe and Central Asia, Africa, the Americas, and East Asia.

GGFR's main work will focus on key anchor countries –Indonesia, Mexico, Nigeria, Qatar and Russia- and on activities in other countries of those regions, such as Central Asia, that may directly lead to larger flare reduction projects or programs.

The work program for the next three years include policy and regulatory advice in almost all relevant countries; facilitation of government-operators dialogue in Nigeria (Nigeria Flare Reduction Committee) Qatar, Gabon, Azerbaijan and

Kazakhstan; project development and facilitation in Nigeria, Mexico, Russia, Kazakhstan, Uzbekistan and Azerbaijan; and Country Implementation Plans/Associated Gas Recovery Plans assistance in Qatar, Mexico, Kazakhstan, Gabon and Azerbaijan.

Last, but not least, latest satellite data for 2009 shows global gas flaring levels at 146 billion cubic meters (bcm). This is an increase of eight bcm from the previous year (138 bcm). According to satellite data, which is a joint effort between the GGFR

and the US National Oceanic and Atmospheric Administration (NOAA), the main increase is coming from Russia (+ 6 bcm) and Iraq (+1.3 bcm). Recent statistics also show an increase of oil production in these countries, which could partially explain some of the increased flaring. The GGFR team, however, is trying to gain more insight into other variables that will help better understand the increase of gas flaring in both countries.

The ranking of flaring countries, however, remain virtually the same with Russia leading the list, followed by Nigeria, Iran and Iraq. The other six countries that make up the top 10 flaring countries for 2009 include: Kazakhstan, Algeria, Angola, Libya, Saudi Arabia, and Qatar.



Country Flare Ups

GGFR, Masdar co-Hosted First MENA Forum on Gas Utilization

In an effort to improve energy efficiency and reduce carbon emissions worldwide, the World Bank-led GGFR partnership and Masdar, Abu Dhabi's multifaceted renewable energy initiative, co-hosted the first [Middle East & North Africa Forum on Flaring Reduction and](#)

are amongst the top 20 flaring countries in the world. Over the past few years several of these countries have demonstrated a strong commitment to tackle the challenges surrounding gas flaring reduction.

"This MENA forum is extremely important, as gas flaring has significant environmental and economic consequences that need to be addressed," said Paulo de Sa, manager of the World

Indonesia's AG Study Completed

GGFR sponsored a study entitled "Update to Indonesia Associated Gas Survey and Upstream Natural Gas Data Management System Design" in order to identify and outline measures for improving quality and accuracy of data required for identification and quantification of individual flares and analysis of gas utilization options. The study also included the survey of a group of fields for identification of specific flare reduction opportunities.

At a workshop in Jakarta on March 22, representatives from GGFR, Pakistan-based consultancy LMKR and the Research and Development Agency of the Indonesia's Ministry of Energy and Mineral Resources (Lemigas), reported and discussed the results and recommendations of the study. Over 50 government and oil & gas industry representatives participated in the event.

The GGFR sponsored the study at the request of, and with the support of, the Directorate General of Oil and Gas of the Ministry of Energy and Mineral Resources of Indonesia.

Russians Discuss "Clustering" Approach

GGFR representatives visited Russia (March 28-April 2) and met with various authorities and stakeholders. Mission members also met with Deputy Governors in Khanty Mansiysk Autonomous Okrug (KMAO) to discuss areas of cooperation, including assistance on economic assessment of small scale gas utilization projects and a "clustering" approach to make these projects economically viable.

The GGFR team also met with representatives of Rostekhnadzor and "EcoNefteGazControl" to discuss the status of gas flaring data collection and reporting, as well as the implementation of flared gas utilization plans prepared by oil producers operating in the country. Based on the analysis of flared gas utilization programs prepared by oil companies and submitted to Rostekhnadzor, it is believed that a group of companies



Participants in the Regional Forum in Oman

[Gas Utilization](#) held in Muscat, Oman, on May 10th -11th.

The forum brought together some 80 representatives of oil and gas companies, technology and service providers, financiers and regional government agencies from nine countries to analyze the specific challenges and opportunities of flaring reduction projects across the Middle East and North Africa (MENA) region, and understand how carbon finance could make flaring reduction projects more economically viable.

MENA is the second major flaring region of associated gas in the world. The region flares about 40 billion cubic meters (bcm) of associated gas (27 per cent of total global flaring), enough to feed a 27 MT LNG plant, or eight medium LNG trains. Iran, Iraq, Algeria, Qatar, Saudi Arabia, Oman, and Kuwait

Bank's Oil, Gas and Mining Policy Division, in his introductory remarks.

"Reducing flaring and increasing the utilization of natural gas is a concrete contribution to energy efficiency and climate change mitigation."

The regional forum, which was also supported by authorities of the Sultanate of Oman and sponsored by several companies, brought together relevant stakeholders in a platform for dialogue, best practices exchange, and potential business opportunities. Some of the sponsors included: Petroleum Development Oman, Oman LNG, Qalhat LNG, Price-waterhouseCoopers, and General Elec-

will successfully implement these plans and meet the target of 95% of flared gas utilization level by 2012. However, there are companies that are unlikely to meet this target.

Wärtsilä, First Associated Partner

The GGFR partnership on June 14th officially welcomed Finland's Wärtsilä as the first associated partner to join the global effort to reduce the flaring of associated gas.

Associated Partners are participants who seek to support the GGFR vision and mission, but do not qualify as governments, multilateral organizations, oil companies, or organizations directly involved in promoting and executing Gas Flaring reduction actions.

"We welcome Wärtsilä as the first GGFR associated partner and look forward to working with them to increase access to much needed electricity in developing countries around the world," said Somit Varma, the World Bank Group's Director for Oil, Gas, Mining and Chemicals. "Gas flaring harms the environment and wastes a valuable and cleaner resource that can be used for more productive purposes."

"We are proud to become an associated partner of the GGFR. If associated gas can be used in power generation instead of being flared into the atmosphere, an oil-field's emissions can be significantly reduced. At the same time, there are obvious economical benefits to be



Tomas Rönn of Wärtsilä and Bent Svensson of the World Bank-led GGFR partnership signed official documents on Monday, June 14,

gained. As an associated partner of the GGFR, we will be able to contribute to reducing flaring through our know-how in power generation," said Vesa Riihimäki, Group Vice President, Wärtsilä Power Plants.

GGFR, Kazakhstan Convene Regional Forum

GGFR and the Government of Kazakhstan organized a Regional Forum on gas flaring reduction in Astana on June 17-18, 2010.

Representatives from governments and national oil companies from Azerbaijan, Kazakhstan, Russia, Turkmenistan, Uzbekistan, as well as international oil companies operating in Kazakhstan, participated in the event, and discussed common challenges and opportunities to increase the utilization of associated gas.

Taking into consideration the common challenges for gas flaring reduction in the region, GGFR proposed the establishment of an ECA Regional Coordination Committee which will aim to coordinate and promote common flaring reduction efforts and activities of governments and oil companies operating in Europe and Central Asia region. The proposal was well received.

"Government and companies need to collaborate to unlock the value of wasted natural gas for the benefit for their populations," said Bent Svensson, manager of the World Bank's GGFR partnership, in his opening remarks. "It is also crucial to establish a platform for regional cooperation on gas flaring reduction given that several countries face similar challenges and opportunities."

The GGFR partnership is supporting Kazakhstan's Ministry of Environment Protection and Ministry of Oil & Gas on various fronts, including the improvement of gas flaring legislation, including a new "Gas Supply" Law. The GGFR assistance also focuses on improving data collection and the measurement of volumes of gas currently wasted, and on identifying potential opportunities to combine associated gas recovery plans from some 22 companies as a way of improving the economics of some of these projects.

Mexico, GGFR Kick off Cooperation

GGFR has started working with the Secretary of Energy (SENER) and Pemex on various fronts.

In February GGFR and Mexico jointly organized a first workshop on flaring and venting reduction best practices, which brought some 300 participants to discuss relevant issues related to flaring and venting regulations and the implementation of the GGFR Voluntary Standard for Flaring and Venting Reduction. The event was inaugurated by the Secretary of Energy.

Participants also discussed issues related to measurement, accounting and data management, upstream operational efficiency, the economics of flaring reduction and the potential role of carbon finance.

Mexico's energy law includes provisions related to reducing associated gas flaring and increasing upstream operational efficiency. Flaring in Mexico has been increasing in the past years, and sector authorities are focused on reducing it.

In that context GGFR has worked with Pemex E&P in reviewing Cantarell's field gas handling and injection facilities to reduce gas flaring, within the scope of the 2010-2014 gas production forecast.

This review of the Cantarell's gas production forecast will help assess where the bottlenecks are and which approaches are best needed to address the challenges and opportunities for increasing gas utilization and reducing flaring.

Once the gas handling measures in Cantarell field are fully operational, Mexico's flaring is expected to be reduced significantly.

Qatar Makes Progress

GGFR and Qatar Petroleum are actively engaged in a work program which will help deliver progress on gas flaring reduction. GGFR is supporting HSE Regulations and the Enforcement Directorate in the implementation of a country-wide gas flaring reduction program.

In this context, and as a follow up to a workshop held in October last year, GGFR has facilitated in May four coordinating meetings between HSE and the newly established Technical Working Groups (one by each operation zone).

In a news story related to Qatar's flaring reduction efforts, Gulf Times reported in February that Qatar Petro-

leum, Qatargas and RasGas are embarking on a US\$1 billion project to recover gas currently flared during loading in the ships. The project, which is expected to be completed by the end of 2013 or early 2014, would recover the equivalent of some 0.6mn tones per year of liquefied natural gas (LNG), which is enough to power more than 40,000 homes, according to Qatargas, the project leader.

The venture, which is part of the Common Facilities Projects at Ras Laffan Industrial City, has been named 'Jetty Boil-Off Gas Recovery Project', and will enable boiled-off gas to be collected from LNG ships and compressed at a central facility. The compressed gas will then be sent to the LNG producers to be consumed as fuel or converted back into LNG.

In the Pipeline

Meeting Nigeria's New Minister

The work program in Nigeria has continued to focus on supporting the on-going dialogue between the Nigerian government, the oil & gas operators and other relevant stakeholders in developing a rational approach to flare reduction through the "Nigeria Flare Reduction Committee" (NFRC), which was first set up in October 2007.

Based on several data assessments and studies of realistic options for flaring reduction, the NFRC has developed a number of options to reduce gas flaring reduction, and is now waiting for

an opportunity to present these options to the new Minister of Petroleum Resources.

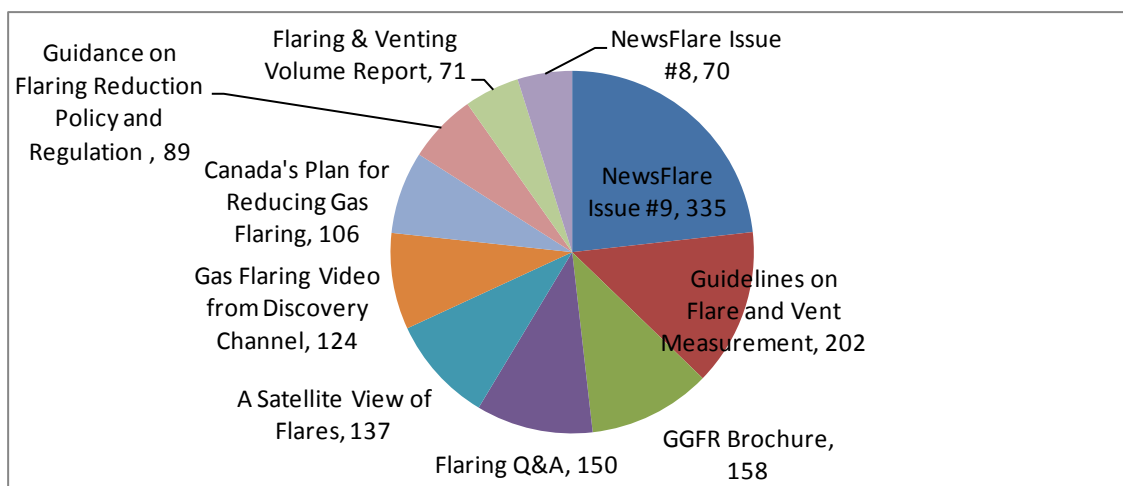
Some GGFR members are also part of the World Bank's team that is supporting the government's policy in the gas and power sectors. The government is looking to ensure adequate gas supply to power projects.

Briefly Vented

A GGFR representative gave the keynote address at the **Middle East Gas Summit in Abu-Dhabi** at the end of March. The title of the presentation was: "Unlocking the Value of Wasted Gas in the Middle East".

GGFR representatives participated at the **Society of Petroleum Engineers (SPE) conference** held in Rio de Janeiro in mid-April, by hosting an exhibition booth and participating in a panel discussion on flaring reduction and climate change mitigation. The GGFR team also held a follow-up meeting with Petrobras representatives to continue on with the dialogue and cooperation established between the two parties.

Web Stats—January-June 2010, Files Downloaded



GGFR Partners include: Algeria (Sonatrach), Angola, Azerbaijan, Cameroon, Canada (CIDA), Chad, Ecuador, Equatorial Guinea, France, Gabon, Indonesia, Kazakhstan, Khanty-Mansiysk (Russia), Mexico (Pemex), Nigeria, Norway, Qatar, United States; BP, Chevron, Conoco-Phillips, Eni, ExxonMobil, Maersk Oil & Gas, Marathon, Shell, STATOIL, Total; European Union, OPEC Secretariat, World Bank Group. Associated Partner: Wärtsilä