



Global Gas Flaring Reduction
A Public-Private Partnership

The News Flare

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Award-winner GGFR Readies for New Phase

GGFR partners are preparing to kick off a new phase in 2010 that will focus on implementing concrete gas flaring reduction projects in high-impact countries across the main regions of the world, including Middle

newed their commitment to gas flaring reduction by approving a new Charter and a work program for 2010.

GGFR will focus on key anchor countries – Indonesia, Mexico, Nigeria, Qatar



GGFR team members receive award from VP Sierra—L to R: Francisco J. Sucre, Mauricio Oscar Rios Ibanez, Kathy Sierra, Bent R. Svensson, Josefina Regino-Suarez, Heike Lingertat, Anastasiya Rozhkova (COCPO)

East and North Africa, Europe and Central Asia, Africa, the Americas, and East Asia.

The GGFR Steering Committee members met in Washington DC at the end of September and agreed to continue supporting global efforts to reduce gas flaring as a concrete contribution to mitigating climate change, improving energy efficiency and expanding access to energy. They also re-

and Russia – and on activities in other countries of those regions that may directly lead to larger flare reduction projects and programs. The work program for the next three years include the following major activities: policy and regulatory advice in almost all countries; facilitation of government-operators dialogue in Nigeria (Gas Flare Committee) Qatar, Gabon and Kazakhstan;

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

The GGFR partnership is ending the year on a particular high note. The World Bank's Sustainable Development Network recently awarded the GGFR team an excellence award in recognition for its efforts and contributions toward sustainable development.

Vice President for Sustainable Development Kathy Sierra announced in a ceremony on December 2 the list of winning

teams. GGFR was one of six teams winning this honor, out of 28 teams from across the network that competed for the award. The winning teams will also be recognized through a two-day knowledge-sharing event at World Bank headquarters (January 11-12, 2010).

This recognition is not only to the GGFR team in Washington DC but to all GGFR partners, governments and companies alike, who have shown the commitment to reduce gas flaring and have supported these global efforts over the past seven years. To all we say thank you for being part of the GGFR partnership and look forward to a very productive 2010!

Country Flare Ups

Qatar Petroleum-GGFR Kick-off Flaring Workshop

Qatar Petroleum's HSE-Regulations and Enforcement Directorate in collaboration with the World Bank-led Global Gas Flaring Reduction partnership organized the first gas flaring reduction workshop in Doha in early October.



Participants at Qatar Petroleum-GGFR Kick-off Flaring Workshop

The workshop was designed to inform operators in the country of the partnership between Qatar Petroleum and the GGFR partnership and to start a collaborative effort to continuously reduce flaring/venting to minimum levels.

The first day of the workshop was dedicated to creating awareness about gas flaring/venting issues from a global perspective, and the role of the GGFR partnership in Qatar.

The focus of the second day was to look into possible solutions to gas flaring/venting issues by using the Clean Development Mechanism (CDM) as a vehicle for fostering gas flaring reduction. Participants explored the

challenges and opportunities of the CDM process for the oil and gas industries.

The third day of the workshop was dedicated to representatives directly involved in specific operational projects. Through a break-out session various operational groups deliberated on issues that affect flare/vent reduction, challenges they face/foresee on the ground, and recommendations on the way forward.

Each company/operational group will nominate a focal point as a member of a technical workgroup that will focus on gas flaring reduction. This representative will be expected to attend monthly meetings to contribute to the workgroup activities.

Progress in Azerbaijan, Kazakhstan

GGFR representatives met with counterparts in Kazakhstan and Azerbaijan during the first two weeks of October. There was also a mission to the region in early December.

In Kazakhstan, mission members participated in a workshop organized by the KPA on environmental challenges, and presented information regarding GGFR activities globally and in the country. GGFR representatives and counterparts from the Ministry of Environmental Protection also agreed to organize a regional workshop on gas flaring reduction practices to be held next April in Astana.

In Azerbaijan mission members joined Paulo De Sa, sector manager of the World Bank's Oil, Gas and Mining Policy Division, who held meetings with representatives of the Cabinet of

Ministers, different government institutions and oil companies operating in Azerbaijan. During these meetings Mr. De Sa introduced World Bank's activities in the region and discussed areas of potential cooperation.

Through the facilitation of GGFR, mission members also discussed potential utilization of associated gas at the Azeri-Chirag-Guneshli large complex of offshore oil fields with representatives of BP, operating Azerbaijan International Operating Company (AIOC), Statoil, and SOCAR. All these companies are members of the GGFR partnership.

In both countries mission members had preliminary discussions regarding activities to be included in the GGFR Work Plan for 2010. During these discussions it was proposed that further improvement of gas flaring legislation needed to continue, official flaring data versus satellite data obtained by GGFR needed to be compared and analyzed, and preparation of national oil companies' AGRPs had to be finalized. It was also determined that capacity building in measurement of associated gas volumes needed to continue.

Uzbekistan Moves Forward

A GGFR mission to Uzbekistan was conducted in early November with the following objectives: complete a field site survey of current flaring activities by state operating company Mubarekneftegaz (MNG); assist MNG staff to prepare project proposals on potential gas flaring reduction projects;

and conduct two workshops (in Mubarek and Tashkent) on the organization of associated gas utilization projects and use of carbon finance mechanisms.

The site visits helped confirm the technical feasibility of two projects that have been preliminarily identified to reduce flaring through alternate uses of the associated gas. The larger project would accumulate over 500 million cubic meters per year of flared gas into existing gas treatment facilities at the South Kemachi field. The second project would use approximately 180 million cubic meters of associated gas for pressure maintenance at the Zevardi Field.

Summary meetings were conducted with the holding company, Uzbekneftegaz (UNG), in Tashkent. The team confirmed additional GGFR support to assist the government on an agreed path forward to: review flaring data and develop forecast of future associated gas supply; develop project scope(s) and preliminary cost estimates for the South Kemachi and Zevardi projects; complete final draft project proposals; and develop a preliminary economic evaluation for the South Kemachi project.

In a previous mission in October GGFR participated in gas flaring measurement exercises carried out by a consultant together with UNG's newly established Flared Gas Volumes

Measurement group members at "Mubarekneftegaz" (MNG) oil & gas production company's oil fields. Based on preliminary measurement results, chemical composition of the flared gas, and access to available infrastructure in the area, the management of MNG will consider the two project proposals.

Indonesia Improves Data Management

GGFR representatives held meetings in Jakarta, Indonesia, at the end of October. The team met with a working group from Lemigas and LMKR to better organize the World Bank-executed study on flaring and natural gas data management which is ongoing. GGFR accepted Progress Report #1 from the study participants.

The team also met with representatives of the corporate planning group of state oil company Pertamina and encouraged more active participation in GGFR activities over the next three years.

CDM Workgroup Focuses on Tackling Challenges

The GGFR-led Oil & Gas Methodology Group held a meeting on October 20 in Washington DC and, by

video-conference, in Oslo, to kick off a round of work based on previous efforts.

An updated overview of the gas flaring situation worldwide was provided to emphasize the importance of harnessing carbon market mechanisms to incentivize the oil and gas sector to apply gas flaring reduction technologies and practices.

The Terms of Reference and detailed work plan for a new phase of activities was presented and discussed with the participants. Problems and limitations with existing approved methodologies for gas flaring reduction projects were discussed.

In addition, participants agreed that the development of concrete solutions should focus on tackling flaring reduction baseline and monitoring methodological issues. The workgroup will choose the range of critical problems that are of major relevance to the participants and tackle them as part of this phase.

The methodology group's first step was the collection of detailed information regarding the problems encountered to date using a questionnaire. The questionnaire is a critical step and will be important to the future success of the short-term outcomes of the Oil & Gas Workgroup. Participants are in the process of completing this questionnaire, which was prepared by Camco.

Harnessing Alberta's Know How

GGFR and the Energy Resource Conservation Board of the Alberta province (ERCB) co-hosted a three-day workshop on associated gas (AG) measurement and accounting in Calgary.

The workshop targeted both specialists and managers involved in organization and implementation of AG data management in oil companies as well as representatives of regulatory bodies. Participants included delegates from Azerbaijan, Kazakhstan, Mexico, Qatar and Russia.

The workshop's main objective was to assist flaring countries and companies in improving the reliability of data on associated gas production, utilization and flaring volumes – a crucial element in design and implementation of gas



Participants at Uzbekistan workshop

utilization plans at every level (project-specific, company, country or regional level). Many GGFR clients have realized the importance of a robust AG data management system in addressing flaring



GGFR and ERCB at EnerPlus

and are seeking GGFR's assistance in getting acquainted with and applying the existing best practice for design of their own systems. Alberta province has one of the highest AG utilization rates around

the world and as a GGFR partner it is open to share its approach and experience.

Participants had an opportunity to learn in detail about measurement, reporting and use of AG data in Alberta as well as related compliance monitoring and enforcement. The workshop included field trips to view typical metering installations at oil fields and a gas processing plant. Representatives of Alberta regulatory authorities and oil companies operating in the province gave an overview of both regulatory and technical aspects of AG data acquisition and management.

The workshop will be followed up by discussions between GGFR and country stakeholders on how the Alberta approach could be adapted to country-specific situations.

Partial Risk Guarantees for Gas Supply: Nigeria

The World Bank Board approved the Nigeria Electricity and Gas Improvement Project (NEGIP) in June 2009. The project will provide for Partial Risk Guarantees (PRGs) in support of Gas Supply Agreements that will assure and increase gas supply to public power plants and boost power generation which is critical for economic growth of the country. GGFR is part of the team that developed this project.

In total US\$600 million was approved, comprising US\$200 million in IDA credits to assist in network investments and technical assistance to improve electricity supply, and a further US\$400 million in PRGs in support of domestic gas market development.

In the Pipeline

Mexico, GGFR Prepare VAR for Cantarell Field

GGFR representatives met in Mexico City with representatives from Pemex (Exploration & Production); the Secretary of Energy (SENER), the newly established National Hydrocarbon Commission (CNH), and the Ministry of Finance (Hacienda) to present and agree on the terms of reference for a Value Assurance Review of the Cantarell Field, and to discuss a draft agenda for the first Gas Flaring Reduction workshop in Mexico.

A Value Assurance Review of the Cantarell 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.

In addition, GGFR agreed to help organize a workshop scheduled for February 2010 to officially launch gas flaring reduction activities in Mexico, and discussed the draft agenda. The workshop is intended to allow for the sharing of best practices in subjects related to gas utilization and flaring reduction, including policy and regulations, gas measurement and data management, flaring reduction economics and carbon credits, and other relevant topics.

Briefly Vented

A GGFR representative spoke at the **1st workshop on Clean Development Mechanisms (CDM)** in Tripoli, Libya, at the end of October. The workshop was jointly organized by the Ministry of Environment and ENI.

A GGFR representative presented a paper on "Unlocking the Value of Wasted Natural Gas" at the **24th World Gas Conference** in early October in Buenos Aires.

A GGFR representative delivered the closing presentation at the **Association of International Petroleum Negotiators** global conference in Bangkok, Thailand, on October 21st. The title of the presentation was "Banking on Natural Gas" and focused on the World Bank's efforts to facilitate increased use of natural gas through policy advice, market development and flaring reduction.

Oman's Ministry of Oil & Gas and GGFR agreed to co-organize a two-day workshop to address the issue of **gas flaring in Oman**. The workshop will most likely take place sometime in February 2010.

The GGFR partnership, in association with Green Magazine TV, put together a **five-minute documentary** on gas flaring which ran on the Discovery channel on January 7, 2010. Several GGFR partners were interviewed for the project and provided feedback

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