



Global Gas Flaring Reduction  
A Public Private Partnership

# The News Flare

Issue No. 3, August-December 2006

## Top News Flared in This Issue:

- ✓ **First GGFR Demo Project Registered under CDM**
- ✓ **Algeria Makes Progress with Data Tool, CDM workshop**
- ✓ **Nigeria: GGFR Rolls Out Data Tool, Kicks off Study to Benefit Communities**
- ✓ **GGFR Supports Angola's CDM initiatives**
- ✓ **Canada Makes Progress on CIP**
- ✓ **In the Pipeline: GGFR to Facilitate Gas Utilization Workshop in Nigeria**
- ✓ **Briefly vented**

## GGFR's Global Forum on Flaring Reduction and Gas Utilization

Over the past few months, the GGFR core team has had its plate full not only with all the projects and workshops conducted in several countries around the world, but also with the organization of the Global Forum on Flaring Reduction and Gas Utilization to be inaugurated in Paris next December 13<sup>th</sup>.

As the international community is debating issues related to climate change, clean energy and sustainable development, there could hardly be a better time to hold this Global Forum.

Between Dec. 13-15<sup>th</sup>, GGFR partners and other relevant stakeholders will cover an extensive agenda with exciting presentations from renowned experts in the oil and gas industry.

During the first day, public and private sector representatives will share their views about the important role of gas flaring reduction in climate change mitigation, energy efficiency, gas utilization and economic development.

During the second day, we will be able to learn in a series of smaller sessions from best practices in flaring reduction efficiency, exchange of know how, and the use of new technologies for maximizing the potential use of natural gas which is otherwise flared or vented at a minimum of 150 billion cubic meters per year.

And on the third day, all the experiences shared during the previous days will be put to test in round table discussions that aim to advance the realization of concrete projects in

different regions of the world, including some GGFR projects for the next three years.

Needless to say, there will be plenty of opportunities to learn, discover, share, and discuss. We very much look forward to interact with all the Global Forum participants and to draw concrete actions that will help GGFR public and private partners alike to reduce gas flaring and utilize associated gas for the benefit of all partner countries and companies.

PARIS, 13-15 DECEMBRE 2006



The Global Forum will no doubt be an effective venue to close the first phase of GGFR by reflecting on the numerous results already achieved and lessons learned, but also by examining the formidable challenges that remain ahead of us during the second phase 2007-2009.

GGFR would also like to thank all its partners for their work and support during these first four years, and to our sponsors for making this Global Forum a reality.

We look forward to seeing you in Paris and to working with you in 2007!

*This newsletter is prepared by the GGFR core team in Washington, DC. Any comments, suggestions or contributions from any of the GGFR partners are very welcome and should be sent to Mauricio Rios at: [mrrios@worldbank.org](mailto:mrrios@worldbank.org)*

**For more information, visit our website at [www.worldbank.org/ggfr](http://www.worldbank.org/ggfr)**

## Country Updates

### First GGFR Demo Project Registered as CDM

ENI has registered “The Recovery of associated gas that would otherwise be flared at Kwale oil-gas processing plant, Nigeria” with the CDM Executive Board on November 8<sup>th</sup>. This is the first GGFR demo project to be registered with an expected CO<sub>2</sub> emission reduction of 1.49 Mt per year (15 MtCO<sub>2</sub> during first 10 years). This is also the first project registered for Nigeria, which is a partner of GGFR. The project, operated by the Nigerian Agip Oil Company Ltd, will capture flared gas for utilization by end-users, mainly through a combined cycle gas fired power plant at Okpai. The Kwale project is the second flaring reduction project registered with the CDM Board worldwide (after Rang Dong in Vietnam) and the 10th largest registered project in terms of reduced tons of CO<sub>2</sub> emission with 1.5 MtCO<sub>2</sub> per year (among some 1260 projects currently in the CDM pipeline).

With the Kwale project, the GGFR Partnership expects to demonstrate the viability of leveraging carbon finance to implement gas utilization projects. Among some of the benefits to be derived from the project are: increased national energy and electricity supply without adding to existing levels of fossil fuel consumption; improved overall power generation efficiency in Nigeria and reduced local air pollution by potentially displacing small-distributed diesel generated power; and technology transfer and improvement in local know-how through the adoption of a reliable state of the art gas engineering technology.

### Algeria Makes Progress with Data Tool, CDM workshop

On November 7, 2006, GGFR organized a CDM workshop on capacity building and TFT Demo project finalization in Algeria. Econ (Norway) made three presentations: one on the application of CDM for flaring projects; the other on CDM strategy for Algeria; and a third one on

the status and the way forward for the TFT project. GGFR representatives suggested that Sonatrach take the TFT project as an example, paving the way for CDM business opportunities to be potentially developed in the medium term in Algeria.

Baker & McKenzie also made a couple of presentations: one was related to DNA aspects, and the second one addressed different issues regarding the contract for sales of carbon credits.

On November 8, GGFR also held a one-day workshop to roll out the GGFR Data Tool, with the presence of representatives from all major divisions of Sonatrach, including Upstream, Downstream, Transport, and HSE division. The workshop was opened with an address by HSE Directeur Central, Mr. Ait Allak. Mr. Ait Allak confirmed that HSE “Direction Centrale” would act as the Country Administrator for the Data Tool. He also stressed that Algeria was keen to remain a GGFR partner for the second phase 2007-2009. Sonatrach announced a zero flaring objective for 2010.

Following presentations on GGFR’s objectives and the use of the Data Tool, the participants had a half-day hands-on session to work with the tool on-line. Algeria is the 3<sup>rd</sup> country to implement the data tool after Cameroon and Nigeria.

### GGFR Rolls out Data Tool, Kicks off Study to Benefit Delta Communities

GGFR held on September 27-28 a Data Tool roll-out workshop in Nigeria. The two-day workshop was attended by representatives from all major oilfield operators and government Agencies, and the workshop was opened with an address by the Special Adviser to the President on Energy. Following presentations on GGFR’s data tool objectives and its use, participants had a half-day hands-on session to work with the tool on-line. The Special Adviser confirmed that the Dept. of Petroleum Resources (DPR) would act as the Country

Administrator for the Data Tool. Nigeria is the second country to implement GGFR’s data tool. Cameroon was the first one.



GGFR also kicked off a Small-scale Gas Utilization study during a meeting with key stakeholders in Abuja to discuss pending issues related to access to data on flare volumes, communities in the Niger Delta area, selection criteria for projects, time-scale to deliver projects on the ground, and sustainability of any selected project. Attendees included representatives of the office of the Special Advisor to the President on Energy; Ministry of Petroleum Resources; NNPC; NERC; Department of Petroleum Resources; Niger Delta Development Committee; Local power distribution companies; G2P; and Electricity regulator.

### GGFR Supports Angola’s CDM initiatives

GGFR conducted at the end of October a two-and-a-half day seminar in Luanda to support Angola’s ratification of the Kyoto Protocol and promote Clean Development Mechanism (CDM) within the government and companies. An LNG project was used to showcase the existing opportunities for Angola if carbon finance was made available particularly in relation to gas flaring reduction.

During the second and third days, technical sessions were held with more than 60 participants from the public and private sectors, including representatives of provincial governments, domestic banks and

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## Country Updates

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GGFR partners in Angola. The seminar, which was opened by His Excellency the Prime Minister of Angola, focused on topics related to CDM governance; technical processes and requirements; the carbon market; and assessing the potential of CDM projects in Angola, among others.

Following the workshop, the Government of Angola is now expected to ratify the Kyoto Protocol at the UN's General Assembly and start the process for creating the required designated national authority. Angola is also expected to seek further technical assistance through the World Bank and/or other development agencies.

### Canada Makes Progress on CIP

The regulators from the oil and gas producing provinces in Canada met with a representative of the GGFR Partnership in Calgary, Alberta, on August 14<sup>th</sup>, to discuss preparation of a Canadian Country Implementation Plan (CIP). After a presentation by GGFR on the purpose and structure of a CIP and discussion of how such a plan could be developed for Canada, the regulators agreed that a CIP would be a very useful document, and set a target date of early December for its completion. The Canada CIP, which will reflect the responsibility of each individual province for regulating its oil and gas business, will summarize current flaring and venting practices and plans for possible future changes in regulation. It will also identify opportunities for ways in which further reductions in flaring and venting can be achieved.

### Nigeria's Afam Gas to Power Moving Forward

From Sept. 11 to 12, the Nigerian Designated National Authority (PIC-CDM) and the GGFR Partnership co-hosted a CDM workshop focusing on the Afam Gas to Power CDM demo project. This demo project, implemented by Shell Petroleum

Development Company (SPDC) and sponsored by GGFR, aims to utilize associated gas to generate power.

The project includes the drafting of a new methodology that looks at measuring the CO<sub>2</sub> emission reductions achieved by projects where associated gas, that otherwise would have been flared, is now recovered and used for power generation with a lower emission factor that electricity displaces.

GGFR expects that Shell/SPDC will move forward soon with the final preparation of the new methodology and project design document. Some 30 people representing the oil and gas industry, NGOs, consultants and other stakeholders attended the event.

### Ecuador Interested in CDM Technical Assistance

The Ministry of Environment in Ecuador and GGFR organized a workshop in Quito in September to re-activate the GGFR partnership in the Andean country and bring all relevant stakeholders to join efforts in gas flaring reduction. The workshop, where GGFR and Alberta EUB gave presentations on regulations and the partnership, was sponsored by the Association of Hydrocarbon Industries and focused on how Ecuador could benefit from gas utilization which is otherwise being flared at about 1 bcm per year.

As a follow up to the workshop, PetroEcuador and the Ministry of Environment of Ecuador have decided to formally endorse GGFR's Standard for Flaring and Venting Reduction. A technical assistance program to help PetroEcuador and other oil companies identify CDM opportunities to make flaring reduction projects more viable is under consideration.

### Screening Gas Utilization and CDM: Opportunities in Indonesia

A workshop on 'Flare Gas Utilization' was held in Jakarta on

November 21<sup>st</sup> 2006 as part of the GGFR initiative to reduce gas flaring in Indonesia. The objective of the workshop was to disseminate the preliminary findings of the *Screening & Financial Analysis Report on Potential Onshore and Offshore Flaring Sites that May Be Viable for Utilization*, prepared by PA Consulting/Pendawa. The workshop, attended by over 50 participants from government, industry and NGOs, was opened by the Director General for Oil and Gas, Pak Luluk Sumiarso and GGFR.

GGFR also organized and sponsored a workshop on *Enabling a Framework to Support Implementation of GHG Emission Reduction Projects in the Oil & Gas Sector* in Jakarta on September 19<sup>th</sup> and 20<sup>th</sup>. The workshop focused on the following topics: discussion on the framework for developing CDM flare reduction projects in Indonesia; presentation of PIN and PDD by Medco (the largest private Indonesian oil and gas producer); and introduction of the "CDM Guidebook for Development of CDM Projects in the Oil & Gas Sector in Indonesia."

The workshop was part of the GGFR-financed capacity building to develop CDM projects to reduce flaring. The CDM work is carried out by a consultant team comprising of Sofreco, Natsource and CER Indonesia. The workshop was opened by the Minister of Energy and Mineral Resources, Mr. Purnomo Yusgiantoro, and was attended by about 60 people, amongst government officials, local NGOs and representatives from the oil and gas sector.

### GGFR met with Libya's national oil company

GGFR met at the end of November with representatives of Libya's national oil company (NOC). The Libyan delegation, headed by the company's Gas Committee Chairman, showed a strong interest in the GGFR's experience in assisting

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countries and oil companies around the world to reduce flaring. They acknowledged that the GGFR's knowledge and skills will help the Libyan NOC to achieve its objective

of reducing flaring from the current level of some 2.5 billion cubic meters (bcm) per year to about 0.5 bcm/year by 2008. It was agreed that the GGFR team will provide the NOC with further information on the

Partnership terms, as well as additional materials describing GGFR's activities in other countries. The NOC management team will then consider the possibility of joining the GGFR Partnership.

## In the Pipeline

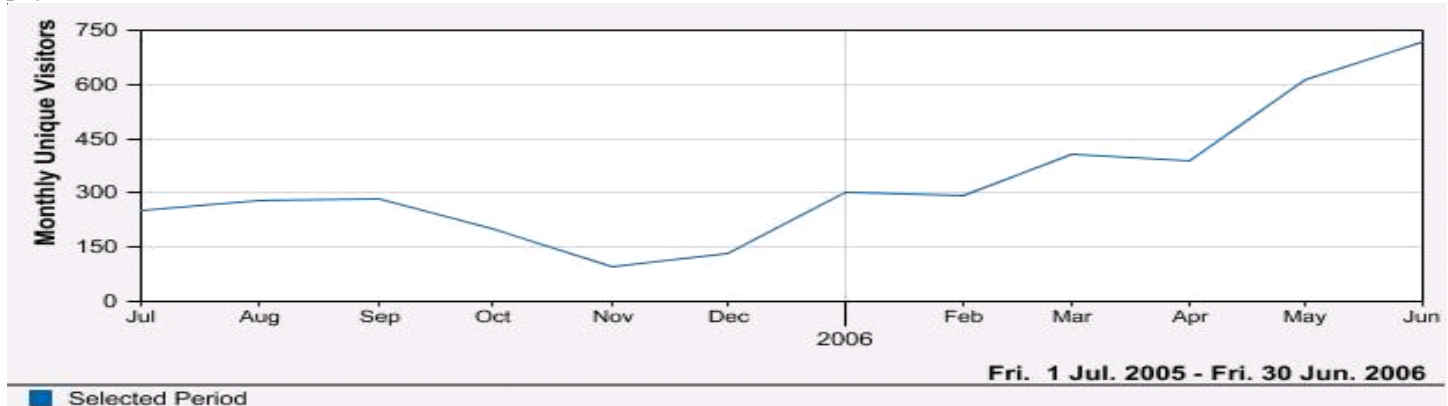
**GGFR to Facilitate Gas utilization Workshop in Nigeria:** In January next year GGFR and NNPC plan to organize a gas utilization workshop with key stakeholders to facilitate a smooth transition towards a gas flare-out in Nigeria in light of the new gas pricing policy, regional gas export projects and power expansion plans. The objective of the workshop is to reach a common understanding of the scope, requirements and implications of these changes. The workshop will particularly address the latest plans to develop the domestic gas market, including the plans for major expansion in power generation capacity; implications for new field developments and requirements for additional gas infrastructure to distribute the gas; the proposed new

gas pricing policy; and possible impact of the existing gas utilization plans to meet the 'flare-out' deadline in Nigeria.

**Gas Reinjection as CDM Activity:** Based on the initial efforts with the demonstration project OB-OB, GGFR will continue to support the formulation of gas re-injection as a CDM activity. This alternative solution is based on the fact that Associated Gas can be temporarily storage to avoid flaring in the absence of a current market for the gas. Although this is a common industry practice for enhancing oil recovery, in some cases re-injecting gas is not the most feasible solution when compared with utilizing water or CO<sub>2</sub>. Thus, gas re-injection should be considered as a flare abatement CDM project activity.

## Unique Visitors to the GGFR Web site

As can be seen by the graph below, the number of unique (first-time) visitors to the GGFR website more than doubled during the first six months of 2006, which would indicate that the Partnership's efforts in raising its visibility are starting to pay off.



Graph Generated by SiteCatalyst using Report Accelerator at 03:34 PM EDT, 24 Jul 2006

## Briefly Vented

Bent Svensson, GGFR's manager, spoke on "Voluntary Schemes for Flaring Reduction" at the 4th API conference in Washington, on Dec 4-5<sup>th</sup>.

GGFR made a presentation during the IPIECA workshop on "Natural Gas as a Climate Change Solution: Breaking down the barriers to methane's expanding role" that took place in Washington, DC, on September 26<sup>th</sup>. The event was attended by more than 50 participants, mainly from US energy/environment agencies, and US and Canadian oil and gas companies.

A key event of the workshop was the official launch of Natural Gas Star International, an EPA program under the Methane to Markets (M2M) initiative. This new program aims at "providing a framework to identify, implement and track cost-effective methane emission reduction projects in the global oil and natural gas sector."

*GGFR Partners include: Algeria (Sonatrach), Angola, Cameroon, Canada (CIDA), Chad, Ecuador, Equatorial Guinea, Indonesia, Kazakhstan, Khanty-Mansiysk (Russia), Nigeria, Norway, U.K. Foreign Commonwealth Office, United States; BP, Chevron, Eni, ExxonMobil, Marathon, NorskHydro, Shell, Statoil, Total; OPEC Secretariat, World Bank.*