

# The role of LNG's value chain in the global energy mix



INTERVIEW WITH HAMAD RASHID AL-MOHANNADI  
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**How is Qatar, through the development of RasGas and its sister company Qatargas, contributing to the security and reliability of global energy supplies?**

RasGas recently delivered LNG to our 14th country. The delivery to Argentina was added to destinations that include Korea, India, the United States and a number of countries in Europe. Looking to the future, RasGas will work to further expand the destinations of Qatar LNG. It is through these efforts of extending the reach of Qatar LNG that we are helping to satisfy the global demand for reliable and clean energy.

**What is the significance of RasGas shareholders' recent investment in the LNG supply value chain?**

RasGas' shareholders have invested in LNG receiving terminals and secured capacity to ensure delivery of LNG from Qatar to the world's liquid gas markets in both Europe and North America. These terminals include the Zeebrugge terminal in Belgium, the Adriatic terminal in Italy and the Golden Pass Terminal in the US. These investments have secured sufficient market access and capacity for our new production. These long-term investments are integrated across the entire value chain, creating cost efficiencies and providing diversity, allowing RasGas to become an efficient and reliable LNG supplier in these markets.

**How are RasGas and its customers addressing the need for flexibility as a result of volatile market conditions?**

RasGas has addressed this in three ways; firstly through our marketing strategy, secondly through our integrated value chain and lastly through diversion flexibility in some of our contracts. The RasGas marketing strategy is to have a balanced portfolio with a global market reach. The integrated value chain, and in particular the flexibility in our shipping, and access to terminal capacity through our shareholders, has provided us with an ability to respond to customers' seasonal and inter-regional demand. Lastly, in some of our contracts we have the ability to satisfy market demand utilising contract flexibility for diversions.

**What is your current outlook for the levels of LNG global demand and supply, and its effect on pricing?**

The global long-term outlook for demand for all forms of energy is a very positive one of growth. For natural gas, and by association LNG, the outlook is also a very positive one. For RasGas we continue to focus on key long-term markets and continue to expand our market reach with new customers. It is through this approach of a balanced portfolio of long-term and short customers that we are able to support seasonal and inter-regional demand. The recent delivery of the first Qatar LNG to Argentina supports our view of growing inter-regional demand for LNG.

**What are the long-term prospects for Qatar's North Field, and what share of the global LNG market do you predict for Qatar before the end of this decade?**

The North Field is the world's largest non-associated gas field with proven reserves of 900 trillion cubic feet. In capitalising on our huge reserves of natural gas, the State of Qatar has a multi-directional and fast-track strategy to develop the gas industry, extending across the entire value chain of LNG trains, tankers, receiving and gas storage facilities and pipeline gas.

We will continue providing the world with reliable, long-term, and clean energy, helping to develop sustainable economic growth around the world. By the end of 2010, the State of Qatar will complete all its planned LNG projects with total production capacity of 77 million tonnes per annum to support the global LNG demand growth.

**How is RasGas responding to the policies of governments to reduce carbon emissions, and what role can the LNG industry generally play in this regard?**

In the wake of the latest Copenhagen conference of parties, the State of Qatar, while not driven by emission reduction targets, has the potential for significantly contributing to worldwide climate change efforts as a leading LNG and hydrocarbons producer. LNG and natural gas will play a more important role in the global energy portfolio as their production is emitting significantly less CO<sub>2</sub> into the atmosphere, compared to other fossil fuels. But LNG production is still an energy-intensive process and as such, many improvements are available or need to be evaluated by a socially responsible industry.

RasGas has invested in the future with its latest facilities benefiting from state-of-the-art technologies and economies of scale resulting in a further reduced carbon footprint.

RasGas is also looking at reducing the impact of its first processing facilities, in particular with major efforts being spent in flare minimisation, one of the eight teams actively involved under the RasGas Emissions Reduction Steering Committee. Compared to 2008, RasGas reduced its flaring by 40 per cent in 2009, for each million cubic feet of raw gas that was brought into the plant. And compared with other LNG companies involved in the industry benchmarking, these initiatives have seen RasGas ranked as the lowest emitter of greenhouse gasses (GHGs) on a normalised basis.

Furthermore, RasGas is working closely with the Ministry of Environment and its shareholders on GHG initiatives. We are developing our corporate GHG policy and strategy. It will cover a myriad of opportunities, many of which are already ongoing such as implementation of best GHG accounting practices, evaluating carbon capture and storage options, energy efficiency improvements and investment in green infrastructures. □