



THE PIONEER

THE MAGAZINE OF QATARGAS OPERATING COMPANY LIMITED



HIS HIGHNESS THE EMIR INAUGURATES EUROPE'S LARGEST LNG TERMINAL

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MAY 2009	BUDGET	ACTUAL	CUM. BUDGET	CUM. ACTUAL
Net LNG Production (TBTU)	35860	39397	191470	187489
Field Condensate Production (KBBls)	1276	1391	6779	6399

QATARGAS MONTHLY SAFETY STATISTICS REPORT

Monthly data (May 2009)	QATARGAS		CONTRACTORS	
	Current month	"Year to Date"	Current month	"Year to Date"
Number of Lost Time Accidents (LTA)	0	0	0	0
Days lost due to LTA	0	0	0	0
Hours worked this month	227,136		195,936	
Hours worked this year	1,112,688		917,584	
Hours worked this year (QG & Contractor combined)	2,030,272			

SUMMARY OVERVIEW	QATARGAS	CONTRACTORS
Date of last LTA	01-Jul-02	26-Apr-03
Days worked since last LTA	2,526	2,227
Personnel hours worked since last Lost Time Injury (LTI)	15,936,512	10,183,969
Hours worked since last LTI (04-26-03)	24,143,828	

Moving ahead towards achieving our goals

The global economic crisis is perhaps the most talked about topic in the world at this time – the factors that led to the present scenario, the repercussion it has had on nations, business entities and on individuals and how and when the world is going to recover from the current setback are all being actively debated.



Countries that were considered as economic superpowers and corporate giants that were perceived to be financial powerhouses have been caught in the onslaught of this world-wide phenomenon. Various measures are being adopted by governments and businesses to counter the effects of this downturn and mitigate the impending losses.

Ever since the early signs of the recession started appearing, Qatargas has taken every possible measure to ensure that the Company not only rides out this rough period, but keeps moving ahead towards achieving its vision. We are now even more watchful about our spending and constantly looking for opportunities to economize and get more value for money. This is quite evident in our annual budget exercise and the increased vigilance in managing our assets and finances.

All our projects are moving ahead as planned. Qatargas Train 4 is currently producing LNG. The South Hook LNG Terminal was inaugurated

last month and is receiving LNG from Qatargas 2, marking the completion of the world's first fully integrated value chain LNG project. Train 5 is getting ready for the commissioning and start up phases. Laffan Refinery is scheduled to be operational later this year. Trains 6 and 7 are also expected to be onstream in 2010.

Despite the current dismal outlook, LNG demand is expected to grow. International energy experts have indicated that over the next ten years, gas is expected to replace oil in many industries. Due to the favorable characteristics of natural gas, the demand across the world is set to increase, with countries looking to diversify their energy mix. The LNG business is long term in its nature, with supply agreements extending over several years. Therefore, a temporary economic slump or even a regional demand reduction will not have any substantial long term impact on our business.

The State of Qatar is one of the countries least affected by the current economic crisis. The visionary leadership of HH the Emir and the sound

financial discipline the country follows have been instrumental in our nation's ability to forge ahead during this world-wide recession. Operating in such a stable financial environment coupled with the active support from the highest authorities in Qatar gives Qatargas a distinct advantage over the competition.

Qatargas is fortunate to have such a diverse and high caliber workforce. Our people have brought with them, innovative ideas and best practices from all over the world. Our continued excellent performance owes a lot to our people, who fully understand and appreciate the current situation and are making every effort to ensure that Qatargas stays on track to becoming the world's premier LNG Company. ■

FAISAL M. AL SUWAIDI
Chairman and Chief Executive Officer

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HIS HIGHNESS THE EMIR INAUGURATES EUROPE'S LARGEST LNG TERMINAL

At a historic ceremony held on 12th May in Milford Haven, Wales, His Highness the Emir, Sheikh Hamad Bin Khalifa Al-Thani

formally inaugurated the South Hook Terminal, in the presence of Her Majesty Queen Elizabeth II

Also in attendance were His Royal Highness the Duke of Edinburgh, Her Highness Sheikha Mozah Bint Nasser Al-Missned, His Royal Highness the Duke of York, His Excellency Abdullah Bin Hamad Al-Attiyah, Deputy Prime Minister and Minister of Energy and Industry, and Her Excellency Sheikha Hind Bint Hamad Al-Thani, Director of HH the Emir's office in addition

to over three hundred invited guests who included key figures from the State of Qatar, the United Kingdom and the global energy industry.

Owned by subsidiaries of Qatar Petroleum, ExxonMobil and Total, the South Hook Terminal is the largest liquefied natural gas terminal in Europe with a capacity of 15.6 million tonnes per annum. The terminal represents

the final link in the world's first and largest fully integrated value chain LNG project – Qatargas 2. The value chain comprises offshore production platforms in Qatar's North Field gas reservoir, onshore processing and liquefaction Trains at Ras Laffan, transporting the gas using a fleet of the largest and most advanced LNG carriers and finally, regasification at South Hook before being introduced into

the national grid to be delivered to homes and businesses throughout the UK.

His Excellency Abdulla bin Hamad Al-Attiyah, Deputy Premier and Minister of Energy & Industry said:

"As a part of His Highness the Emir's Vision, this is a historic day for Qatar as we inaugurate the first project and investments outside of the State of Qatar. We see this project as a source of energy diversity and

security for the United Kingdom – bringing diversity in type and supplier for the country. This investment in the creation of energy capacity in the UK is a strategic and long term partnership for both our countries. We take our responsibilities as a supplier of energy to markets around the world seriously and are committed to being a reliable energy partner for the United Kingdom."

Faisal Al-Suwaidi CEO of Qatargas added:

"Qatargas 2 and South Hook are major components of Qatar's LNG supply portfolio and ambitions to be the world's leading LNG supplier."

Mohammed Al-Naimi Director and General Manager of South Hook said:

"I am very proud and delighted that His Highness the Emir and Her Majesty the Queen



Left to right: Akbar Al-Baker, CEO, Qatar Airways, HE Abdullah Bin Hamad Al-Attiyah, Rex Tillerson, Chairman and CEO, ExxonMobil, Alex Dodds, President and General Manager, ExxonMobil Qatar Inc., Director, South Hook, Faisal Al-Suwaidi, Christophe de Margerie, CEO, Total.



HH the Emir and HH Sheikha Mozah with some of the South Hook Team

have recognised this tremendous achievement – South Hook is truly honoured. This has been a ground breaking project in terms of size, organization, financing, and technological innovation. But it would not have been possible without our partners, contractors

and our dedicated workforce. We are also pleased that during our time here we have been able to make a contribution to the local and regional economies and have formed many meaningful partnerships throughout our community. We are

committed to playing our role in the future of the community as a good and trusted neighbour”
The project has created hundreds of new jobs for the people in the local communities who have worked for the past four years in

order to get the terminal ready to receive LNG. There are few projects in the UK that compare to the South Hook Terminal development in terms of pure scale of the physical infrastructure. The five storage tanks are the largest in the world at 95 meters in

diameter and nearly 44 meters high. The project also had a clear awareness of the needs and concerns of the local community, which had an impact on the overall design of the facility, including the tanks. The Submerged Combustion

Vaporizers and other specialized technologies will minimize air and water pollution, whilst the Terminal has been built to the highest safety standards to ensure the comfort and security of the local community. ■



I believe that South Hook will be a catalyst for new energy projects, attracting major capital investment and providing several employment opportunities. We have also established a 140 acre Nature Conservation Area.

INTERVIEW WITH MOHAMMED AL-NAIMI
DIRECTOR AND GENERAL MANAGER, SOUTH HOOK

What are the biggest challenges the South Hook project has had to face on its way to completion?

In any construction project there are always challenges. South Hook has been no different. The main challenges South Hook has had to face on its way to completion have been difficulties in securing the required numbers of appropriately skilled contractors as the project progressed and the skill mix requirement changed. In addition to this, often there have been less than ideal weather conditions.

What are the factors that have contributed to the safe and successful completion of the project? Safety is obviously one of your top priorities at South Hook. Could you tell us a little about the safety programs and initiatives at South Hook and how these have contributed to maintaining a safe working environment?

Safety is our top priority. It is through our people and processes we will be globally recognised for our excellence in safety and reliability, whilst being a considerate and environmentally focused neighbour.

The shareholders and Company have not spared any effort to build and operate an LNG Terminal to the highest standards in terms of safety and environmental performance.

The most important element in our safety program is our people. We have sourced a knowledgeable and experienced workforce at South Hook. They have been trained extensively and visited many other sites to share experiences and learn best practices. They have worked with construction and commissioning personnel to fully understand the facility before it is handed over. As well, we work with many regulatory and other bodies to ensure we have the highest level of safety and security.

The safety of our workforce and neighbours has been our priority throughout the construction phase and will continue to be so. The key steps began long before anyone arrived on site. The very design of the facility incorporates stringent safety codes including automated systems that constantly monitor the operating parameters and control the operations within the set limits. If for some reason these limits are exceeded, the facility is automatically shut down.

As a part of our strategy to communicate with the community and part of the Control Of Major Accidents and Hazards (COMAH) regulations in the UK, we have produced the

Safety Information and Emergency Instructions booklet and issued it to all residents and establishments in the Public Information Zone (PIZ) designated by the Health & Safety Executive. The booklet explains in detail some of the safety and environmental facilities and procedures employed at South Hook which ensure risks to local residents are minimised. It is however important that local residents are aware of what they should do in the unlikely event of an incident occurring on site.

In addition to this we have run for the last year a programme of safety messages for the local community through the local radio station. This information relates to every day activities, from “Do it yourself” around the home to driving their car – we are keen to promote safety awareness in the local community. Our Health & Safety team runs monthly company-wide meetings. All staff can raise concerns and come up with best practice options for our continued safe working environment through our employee forum and our South Hook Safety Ambassador, Board Director, Alex Dodds.

These are some of our many initiatives which focus of the safe working of our team and the safety of our local community. Many more will be put in place over the coming years to ensure that we live by our value - we have safety and integrity in everything we do.

What are the unique innovations that have been implemented in this project?

Firstly the South Hook terminal is capable of processing/delivering up to 21 billion cubic meters of natural gas per annum into the National Transmission System in the UK. The site was a former oil refinery site which was decommissioned in 1983, the above ground structures and equipment were dismantled and the foundations, paving and underground services remain on the site. We have maximized the use of the existing jetty structure to minimise the impact on marine environment in close consultation with regional and national authorities.

We have carefully managed any environmental issues during the construction activities. The jack up rig/anchor positioning in the Haven has been designed to minimise the impact on eel grass, (a type of sea weed) and red maerl (a rare coral) is a good example of this. The Tanks have a dual containment structure for maximum integrity and the gas is kept liquid through effective insulation, avoiding the need for refrigeration. The tanks, though large, are wider and squatter than industry standard - they are the largest diameter tanks in the world. This has been a part of our strategy to minimise the visual intrusiveness of

the facility for the local community.

For the regasification process we were considering two competing technologies: open rack, and submerged combustion. The open rack uses large quantities of sea water; and as a consequence has a negative impact on marine organisms where pumps / lines require anti-foulants and the water returned into the Haven would be significantly colder. The submerged combustion vapourisers (SCV's) burns small quantities of LNG to heat the water bath; where there are some CO2 emissions but it is high efficiency (98%) with no impact on marine life and was deemed to be the right technology choice and made in conjunction with key stakeholders

What are your immediate priorities as well as longer term plans at South Hook?

My immediate priorities are to ensure the continued safe commissioning of Phase 1 of the Terminal's build and to maintain the positive culture which has been built up at South Hook. In the longer term, the safe completion of Phase 2 of the terminal on schedule and its successful commissioning so that we are fully capable of meeting our design throughput. And to complete the foundations

for a business in the UK that works in harmony with the community and is an exceptional example for future Qatari investments in the UK – setting the very best practices.

Environmental performance is another major aspect of the energy industry. What is South Hook doing with regard to environmental protection?

I recognize that one of the primary concerns of the local community has been the environmental impact. Throughout the design, engineering, construction, commissioning and operation of the plant we have worked closely with the Environment Agency, the Countryside Council for Wales and other bodies to ensure the environmental impact of the terminal is minimised.

Measures taken include maximising the use of the pre-existing jetty structure, building the tanks squatter than in the industry norm to minimise their visual intrusiveness, the selection of regasification technology which minimises our impact on marine eco-systems and giving over a significant portion of the site as a nature conservation area.

The South Hook staffs actively encourage environmental campaigns, with a company wide waste management system in place and

innovation

a recycling scheme in the offices well under way at site and at London Bridge. It is not unusual to see South Hook staff cleaning up the local beaches outside of working hours as part of our community relations programme! In the longer term, a programme in conjunction with the local stakeholders will be put in place for the management of the Conservation area which is about one third of the site and has been handed over to the Pembrokeshire Coast National Park Authority to benefit the local community.

South Hook is actively involved in various community engagement programs and corporate citizenship initiatives. Could you tell us a little about it?

South Hook made a significant positive impact on the UK, Wales and the local Pembrokeshire community with a significant cash flow into local economy during construction and operational phases and the creation of several job opportunities. South Hook has helped to make the Milford Haven waterway a major UK energy centre securing a long-term future for Milford Haven as one of the UK's premier ports.

I believe that South Hook will be a catalyst for new energy projects, attracting major capital investment and providing several employment opportunities. We have also established a 140 acre Nature Conservation Area.

Overall the reaction to South Hook has been very positive. The local community continues to be very interested in the development of our project and many of our local stakeholders have visited our terminal site to gain a better understanding of the LNG industry and our value chain. We have for many years managed a visitors' centre within a few miles of our site and received thousands of visitors. We strive to be a good neighbour and become embedded

within the local community for the long term.

We have in place a dedicated Community Investment Programme which encompasses our community investment work, an educational and exhibition programme and community liaison. Through the community investment programme we continue to work closely with many local charities and organisations. This programme is in its fourth year during which we have invested in excess of £500,000 into the local community. We're making a real difference and are encouraging sustainable

projects which will benefit the local community in the areas of education, health and the environment.

We are also looking at ways in which we can develop an educational programme linked to LNG and the energy sector for young people with our South Hook Exhibition Road Show and create additional links between the children of Qatar and Wales, which was first successfully demonstrated during the Inauguration show at site back in May. The Inauguration event in fact was a way in which South Hook could recognise

the accomplishment of so many people from all parts of the world and the local community.

Our neighbours are very important to us and we are about to establish the South Hook Community Liaison Group (CLG) where elected representatives from the local community will be invited to discuss any concerns they may have and we can use this forum as a platform to keep the community informed of our developments. The first meeting will take place during this summer. Linked to this we have set up a dedicated community hotline that local

residents can ring if they have concerns and a dedicated email address.

On a personal level, how would you describe your experience of being at the forefront of such a mega project?

It is simply a great honour for me. I do see myself as an ambassador from Qatar to Wales, which is again a great honour for me and my family.

This project is of major significance for UK, Welsh and local government. This significance

was endorsed by the historic Inauguration of the South Hook Terminal in May, by His Highness The Emir of Qatar and his principal guest Her Majesty The Queen, supported by Her Highness Sheikhha Mozah, His Royal Highness The Duke of Edinburgh, His Royal Highness the Duke of York and Her Excellency Sheikhha Hind Bint Hamad Al-Thani.

South Hook as a part of the Qatargas 2 integrated value chain provides a major strengthening of the strategic partnership and relations between Qatar and the UK. South Hook is a major contributor to UK's energy policy needs and the UK now has a western entry into the national grid system.

The commissioning and completion of South Hook, Phase 1, would not have been possible without the hard work and dedication of the whole team, our people, in bringing it to fruition. This team effort really stands out as one of my most memorable highlights. The support also of my family has been vital to me being able to lead this project forward.

It was absolutely critical with such a large and complex project that all its elements worked together and this was only made possible with such a good team. Indeed the Vision and Values that now guide the company into its first year of operations were created in a collaborative effort with members of the South Hook family. Together we laid the groundwork on which to build a successful future and of this I am particularly proud.

We have seen the arrival of our commissioning cargo, the sending out of the first gas to the UK pipeline system, the arrival of the 'Mozah' (the first Q-Max ship to berth in the UK) and the official Inauguration of the terminal by HH The Emir in the presence of HM The Queen. All of these experiences have been important and truly unforgettable moments for me – ones that I will treasure. ■





CLEANING UP OUR PROCESS WASTE WATER PIONEERING THE MBR TECHNOLOGY

Qatargas continues to demonstrate its commitment to establishing the highest standards of environmental stewardship with the implementation of a pioneering technology in treating waste water.

To ensure Qatargas' compliance to stringent new treated waste water treatment standards and to ensure the continued irrigation grade water that can be exported to Ras Laffan City to support the establishment of a green zone around the industrial city, Qatargas is implementing innovative new technology, not used in the LNG industry previously.

A task force comprising personnel from Qatargas' Environmental Affairs, Plant Operations, Process Engineering and the Maintenance department was set up to address this issue. The first activity of the team was to monitor and carefully control the release of the process waste water into the existing treatment facility. In addition, special procedures for the planning and release of process waste water during plant shutdowns were prepared and issued to ensure careful management of these waste water streams.

These steps have contributed to significant improvements in the quality of the final treated water. However, stricter Ministry of Environment (MOE) regulations introduced in the past few years require further reduction in certain parameters, in particular the Chemical Oxygen Demand (COD). When certain chemicals are present or are added to water they can consume the available dissolved

oxygen, leading to a high COD. Low amounts of dissolved oxygen within water affects organisms' health in the receiving waters such as rivers and seas. COD is therefore a critical parameter to monitor and mitigation plans should be prepared to lower the concentration if found to be high in waste waters.

Qatargas had already adopted a range of conventional techniques commonly used in the LNG industry for lowering the COD of process waste water. However, the team proposed an innovative solution to achieve the further reductions required to meet and exceed the MOE requirements.

A Membrane Bio-Reactor (MBR) was pilot tested for six months starting in the summer of 2008. MBRs have recently been identified by the European Union as Best Available Technology (BAT) for waste water treatment and the Qatargas 1 plant is the first LNG plant in Qatar and the LNG industry as a whole to implement this technology for the treatment of process waste water.

MBRs use a combination of bacterial bio-reactor to consume and breakdown the pollutants. Downstream of this bio-reactor, plasticized membrane filters are used to screen out larger particles, bacterial biomass and other

compounds. Testing was necessary due to the unique nature of waste water compositions found in LNG plants, and lack of comparable references for treating such waste waters, as well as to ensure that the MBR process could successfully treat waste water in the very high ambient temperatures found in Qatar.

The Qatargas pilot plant testing was based on introducing various contaminants into the waste water feed streams. A full range of contaminants including ammonia, COD, total suspended solids, nitrate and total kjeldhal nitrogen were monitored in addition to monitoring the pH.

COD removal efficiencies in the range of 75%-85% were achieved along with suspended solids removal of 95%-99%. These results allow the treated water to be significantly better in quality than stipulated by the new MOE requirements and highlight the success of this treatment process and the Qatargas MBR pilot project.

Qatargas is currently developing a full scale permanent MBR plant and raising the bar for treatment of process water through the adoption of Best Available Technology - a clear demonstration of the Company's commitment to achieving its vision with regard to environmental performance. ■



SUCCESSFUL COMPLETION OF TRAIN 2 SHUTDOWN

Qatargas safely completed the major shutdown of its liquefied natural gas Train 2 at Ras Laffan on 12th May. The shutdown which commenced on 21st April was concluded on schedule and without Lost Time Accidents

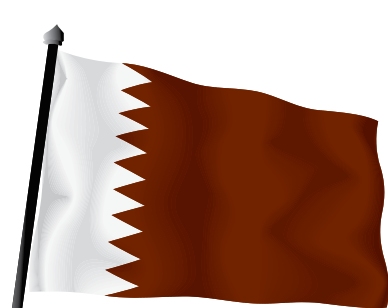
This shutdown was the biggest ever executed in Qatargas' history (excluding the debottlenecking shutdown) in terms of the total man-hours worked and the number of new projects implemented. More than 450,000 man-hours were spent compared to the 300,000 for a normal shutdown. The team implemented 21 new projects compared to eight last year.

"We have implemented the latest technology

in instrumentation and control. Also, with the ingenious modular replacement of the gas turbines, we were able to take one week off the total duration of the shutdown. Our innovative approach and employment of advanced technology will improve the way we operate our plant and enable us gain valuable days of production and minimize the number of people on site during shutdowns." says

Abdel Hamid Boutalbi, Head of Shutdowns.

Hamad Al-Humaidi, Onshore Operations Manager said; "The safety performance on this shutdown has been nothing short of remarkable, despite the wider scope of work involved. The detailed planning, preparation and the professional execution of the shutdown demonstrates the excellent team work among all parties involved. The cooperation of our contractors has also been a vital factor in this achievement." ■



THE EVOLUTION OF QATAR'S LNG MARKETING STRATEGY

IN THE BEGINNING:

In 1992, Qatargas signed its first major Sales and Purchase Agreement (SPA) to supply liquefied natural gas (LNG) to Japan. This marked Qatar's entry into the global LNG business. In 1996, Qatargas loaded its first LNG cargo. RasGas, Qatar's second successful LNG project loaded its first cargo in 1999.

In the 17 years since the signing of its initial SPA, Qatar has evolved to become one of the most influential suppliers of LNG in the world. As we now enter the second half of 2009, Qatar has a total of nine LNG production trains in operation, including Qatargas' Train 4, with a capacity of 7.8 million tonnes per annum (mtpa), bringing the State's combined production capacity to 38 mtpa. Five more mega trains currently under construction will add another 39 mtpa of production capacity, taking Qatar's total LNG production capacity to 77 mtpa in a few years.

The foundation for this huge development has been Qatar's massive North Field gas reserves. However, the success that the country has achieved to date is not entirely due to the huge reserves or the construction of several LNG production trains. The strategy adopted by the State with regard to managing its LNG has been equally instrumental in its success.

Originally, both Qatargas and RasGas concentrated on markets in the East when developing the LNG industry in Qatar – Qatargas entered into long term agreements with Chubu and RasGas with Kogas. These initial customers were the foundations that launched the initial projects.

Qatar's early strategy was to firmly establish its LNG industry and expand over time to develop the vast natural resource while sharing infrastructure at Ras Laffan to achieve lower unit costs and greater reach.

As the world started to rely more and more on natural gas for its energy requirements, Qatar saw the opportunity to sell LNG in many markets across the globe. With over 900 trillion cubic feet of gas reserves, the strong support of the government

and Qatar's financial security, it was possible to go ahead and seize the opportunity by developing the North Field gas resources with the help of strong international partners including ExxonMobil, Total and several Japanese trading companies.

In addition to Chubu and Kogas, agreements were also signed by RasGas with Petronet in India. However, as LNG demand in Asia started dropping and competition from suppliers for capturing new deals intensified, Qatar shifted its focus to the West.

Qatar's first term sales into Europe were to Spain with Gas Natural followed by Italy with Edison and other European markets including Belgium. At approximately the same time these European sales were concluded, an SPA with CPC of Taiwan was finalized. Qatar became the first LNG supplier to be able to effectively compete for long term LNG sales into both the Mediterranean and Asian markets.

A NEW LIQUID MARKET IS IDENTIFIED:

In 2002, Qatar took a step that changed the face of the LNG industry. Qatar Petroleum along with ExxonMobil launched Qatargas 2. This revolutionary project would incorporate the largest ever LNG trains and ships combined with a world class import terminal in the UK to become the first fully integrated value chain LNG project in the world.

LNG from Qatargas 2 will be sold in the United Kingdom, a liquid market for natural gas. However Qatargas 2 has the flexibility to deliver LNG other markets that might have a higher demand for the LNG. This model was subsequently replicated for two more trains at Qatargas and two Trains at RasGas.

Total joined Qatargas 2, and ConocoPhillips and Shell joined Qatar Petroleum in launching Qatargas 3 and Qatargas 4 respectively. In addition to LNG, the new trains are also capable of producing LPG. When the Laffan Refinery becomes operational, Qatar will also market refined products, in addition to condensate from the North Field. This will complete the strategy which incorporates diverse markets, partners and products.

LOOKING TO THE FUTURE:

The next few years will be the "start-up years" for Qatar's LNG industry as five more of the mega trains are commissioned, along with the associated large ships and receiving terminals. Europe's position will soon grow in significance in the Qatar portfolio. At the same time, Qatar is developing a receiving terminal in Golden Pass, in the Gulf of Mexico. Altamira, Medico, Sabine Pass and Elba Island terminals will receive LNG from Qatar.

Qatar will have flexible LNG contracts and terminal capacity in the liquid Atlantic Basin markets. And with ample shipping capacity, Qatar is capable of delivering LNG to all markets. As a result, Qatar is well positioned to meet the challenges posed by the growing global LNG supply and the current lower and uncertain energy prices.

As well, Qatar has developed relationships with buyers in the two major growth markets in Asia – China and India, while further strengthening relationships with Japan and Korea – the two largest LNG buyers in the world.

Some of the key factors that have contributed to the success of Qatar's LNG marketing strategy can be summarized as follows:

- The enormous natural gas reserves in excess of 900 trillion cubic feet.
- The wise vision and responsible management of the North Field development.
- Cutting edge technology – largest liquefaction trains and largest ships, providing unmatched efficiency, allowing Qatar to compete in every market around the globe.
- Strong relationships with international partners and buyers.

A strategy of diversity of markets, partners and products has positioned Qatar to overcome the uncertainty in today's emerging global market. This strategy is a must for the future, as Qatar serves in its role as the safest, largest, most reliable and responsible LNG supplier in the world. ■



Qatargas CEO, Faisal Al-Suwaidi and other Qatargas officials at the exhibition stand

QATARGAS MARKS STRONG PARTICIPATION AT GASTECH 2009

Qatargas showcased its achievements and outlined its current and future strategy at Gastech 2009, the 24th edition of the international conference and exhibition for the LNG, LPG and natural gas industries, held in Abu Dhabi from 25 - 28 May.

Faisal Al-Suwaidi, Qatargas CEO presented a paper on the opening day, titled "Qatar's diversification across products and markets: a strategy at work in turbulent times". The paper discussed the measures being adopted by the State of Qatar towards overcoming the current global economic recession and its adverse effects on the global LNG industry. On the following day, Qatargas Chief Operating Officer – Commercial & Shipping, Mr. Ahmed Al-Khulaifi presented a paper titled "A volatile LNG market receives Qatar's first mega-train production".

Qatargas also participated in the Gastech

exhibition. The stand was manned by Qatargas personnel who provided information regarding the Company's operations and the ongoing expansion projects to hundreds of visitors. The Qatargas stand attracted many high profile visitors including Sheikh Mohammed Bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces.

For the second consecutive year, Qatargas sponsored the Gastech cyber cafe, which provided internet facilities for delegates. Also, as part of Gastech's 'Fuelling the Future' Student Programme Qatargas sponsored two students from Qatar to attend Gastech 2009.

The programme helps to publicize the industry as a worthwhile and beneficial career path for new graduates. Mr. Ahmed Al-Khulaifi also represented Qatargas on the panel at an 'Open Forum' for the students and answered questions related to the LNG industry in general and Qatargas' current operations and expansion projects in particular.

Gastech 2009 was a hugely successful event, with over 10,000 people from 84 countries attending. The exhibition was also the largest to date, featuring 387 exhibitors from 37 countries. The next edition of Gastech is scheduled to be held in 2011 in Amsterdam. ■

FAISAL AL-SUWAIDI OUTLINES QATAR'S DIVERSIFICATION STRATEGY

As the title suggests, Mr. Al-Suwaidi outlined Qatar's strategies with regard to diversification of energy products and markets and why he thought these would help the country's energy businesses perform well, despite the current economic slowdown the world is experiencing.

He set the tone for his talk by stating that the fundamentals for the industry remained strong. "This is a long term business and we in Qatar always knew that there would be ups and downs in the markets and industry leading to our strategy" he said.

Commenting on the Qatargas 2 project, he said; "This remarkable, complex and record breaking project is truly the first of its kind. Qatargas saw an opportunity to take energy to places that we had never supplied before, but we needed to create economies of scale undreamed of at the time we started the project concept all those years ago. We knew that the demand for energy in the United Kingdom and in other markets was growing and that LNG had a key role to play in helping countries around the world improve the diversity of their energy supplies."

In the next few years, Qatargas' focus will be on commissioning all the new facilities safely and ensuring their long term reliable operation. "We will not sacrifice safety or long-term reliability and therefore are taking every measure to minimize start-up risks", said Mr. Al-Suwaidi. Qatargas 2 ranks amongst the best in the world on project safety performance with over 300 million hours of work having been expended so far, while Qatargas 1 has operated without a single Lost Time Incident for over six years. These remarkable achievements demonstrate Qatargas' strong

The CEO's presentation titled "Qatar's Diversification Across Products and Markets: A Strategy at Work in Turbulent Times" was the highlight of Qatargas' participation at

GASTECH2009. The presentation was widely discussed by the delegates at the conference and attracted a lot of media attention.



capable of delivering LNG to any and all of these markets. By the end of the decade Qatar will have a total of 71 LNG ships including 31 Q-Flex and 14 Q-Max in addition to 26 conventional LNG vessels. This large fleet of LNG carriers with varying capacities is a core element of Qatar's diversification strategy.

Concluding his presentation Mr. Al-Suwaidi said; "Looking to the future, flexible LNG contracts and terminal capacity in the liquid Atlantic Basin markets will allow Qatar to meet contract flexibility in Asia while delivering new supplies from the mega-trains without any risk of curtailing production.

Our strategy of diversification is serving Qatar well in the worst economic crisis most of us have ever experienced. Given Qatar's ability to weather this extreme test gives us confidence a diversified global portfolio will help us manage just about any situation that might arise.

As a result of this strategy and by the end of the decade, Qatargas will be adding to the energy diversity of countries from Asia, Europe and North America. We are committed to helping these markets diversify the long-term mix of their energy supplies into these markets. Furthermore, we recognize that everyday, millions of people around the world will rely on the work that we do everyday in Qatargas. The cornerstone of our business and our approach is to ensure that we deliver reliably and safely to our customers. Our new vision which was created last year cements this commitment as we want to be known not as the largest, but as the company that leads the LNG industry in reliability, operating excellence, safety and commitment to its people." ■

commitment to safety and the pursuit of its goal of being Incident & Injury Free.

Referring to the current global economic situation he said; "We would obviously prefer a rapid recovery, but are prepared for current conditions if they should persist."

He described the impact the global slowdown is having on each of the major markets for LNG: Asia, Europe and North America. Demand for LNG in Asia may fall temporarily due to the fall in demand for power generation as the production of export goods fall. Asian contracts generally have volume flexibility and

our long term customers are able to reduce their annual LNG volumes to a small extent, depending on their requirements.

Also, Asian customers buy spot LNG which can also be reduced if there are lower requirements. These mechanisms benefit both seller and buyer and ensure that the LNG goes where it is needed the most. Another element that positively influences the LNG demand in Asia is that new customers in China and India are seeking LNG in place of other more expensive liquid fuels. Summing up the situation in Asia, Mr. Al-Suwaidi said "With

good communication and cooperation between customers and suppliers we are optimistic LNG supply and demand will balance in Asia without the need for extraordinary measures."

While LNG demand in Asia may see a temporary decrease, it is set to grow in the Atlantic Basin with the start of new production capacity in Qatar and other countries.

Depending on LNG suppliers' ability to deliver to Europe, customers can decide to reduce their delivery under pipeline contracts and buy LNG instead. So even if demand for gas in Europe is lower, demand for LNG can increase,

thereby helping to make up for an expected drop in LNG demand in Asia. "Qatargas takes pride in being recognized as a long term stable and reliable supplier to its customers and will seek to use the depth and flexibility of our supply portfolio to enhance European energy diversity." said Mr. Al-Suwaidi.

Qatar's strategic geographic location between the Atlantic and Pacific Basin LNG markets allows for easy access to distant markets. This location advantage is further increased by the largest, newest and most efficient fleet of LNG ships in the world



1st Annual International (Doha) Legal Forum, May 7, 2009

QATARGAS FIREWALL UPDATE

UPDATES TO THE FIREWALL POLICY

The Firewall Compliance Policy has been updated as part of our continuous efforts to review and amend policies and procedures to meet business needs and promote compliance with relevant antitrust and competition legislation. The main changes are that all commercially and competitively sensitive information (CCSI) is now “firewalled” at a joint venture level (some CCSI was previously firewalled at individual shareholder level), and that the categories of CCSI have been clarified and reduced to four areas: the Marketing of LNG (Diversion and Uncommitted LNG), Pricing (Formulae and Values), Royalties and New Shareholders or Purchasers. The new Firewall Compliance Policy is available on the Qatargas policies and procedures intranet site under Legal Department, Compliance.

OPERATIONAL IMPLEMENTATION ACTIONS

Following on from the changes to the Ruleset and CCSI definitions, the Compliance Department has been working closely with

each Department which handles CCSI, to revise, agree and re-issue their Operational Implementation Actions (OIAs). This exercise is nearing completion with most departments having now updated their OIAs, to ensure that CCSI is appropriately handled and stored.

FIREWALL ASSURANCE PROGRAM

Between January and March 2009 the Compliance Department met with Department Managers and Heads, Secondees and Share Point Administrators, to get an update on how the Firewall is being implemented and to provide advice on areas which need further development or where controls need strengthening.

The Compliance Department is now undertaking more detailed reviews of the Firewall processes in each Department which handles CCSI. The timing and scope of the initial reviews have been planned and agreed with Department Managers in advance of the Firewall review visits. The results of this work will give Senior Management and Department Managers an objective view of the overall status of the Firewall in Qatargas

and point to any aspects of the Ruleset which may need refining.

IT UPDATE

Microsoft’s Rights Management Services (RMS) has now been “rolled out” and is available for use by Qatargas’s staff. RMS is designed to protect confidential information (including CCSI) during its transmission and storage and prevents designated documents from being viewed, copied, printed or emailed by recipients in accordance with restrictions placed by the author. RMS usage is only for internal secure communication and control between Qatargas employees (and cannot be used with external parties) and supports and integrates with all Microsoft Office applications.

INTERNATIONAL LEGAL COMPLIANCE PROGRAM

Members of the Qatargas and South Hook Legal Departments attended the first annual international legal forum at the Intercontinental Hotel on 7 May 2009, which was jointly organized by ExxonMobil,

Qatargas, RasGas and Qatar Petroleum. Of particular interest to Qatargas’ Compliance Department was a session on Competition Law and discussion of current antitrust issues. The event was a huge success and next year’s program is eagerly awaited.

LEGISLATIVE UPDATE

USA gets tough: President Obama’s top antitrust official, Christine Varney, announced recently that the US administration would restore an aggressive antitrust enforcement policy, even during the current recession. She said that to relax antitrust enforcement would be a mistake, and would enable large companies to engage in collusive practices that harmed consumers and took years to reverse. Commentators have since indicated that Varney is aiming at particular industries, including energy.

Largest ever EU fines: On 13 May 2009, the European Commission announced that it has fined Intel 1.6 billion euros for anti-competitive behavior. The Commission found that Intel had used its dominant position to exclude its competitor from

the market by paying its customers strong incentives to purchase all, or nearly all, of their requirements from Intel. This is the highest individual fine ever imposed by the Commission, exceeding the 896 million euro fine imposed on Saint Gobain in November 2008 for its participation in a cartel in the car glass sector.

Internationally coordinated dawn raids: On 18 February 2009, the Brazilian competition authority launched coordinated dawn raids, together with the US Department of Justice and the European Commission, to investigate an alleged cartel in the compressor sector. Compressors are mainly used in refrigerators, freezers and vending machines. The case is significant because it shows an increase in cooperation between the international authorities, which follows a general trend of cooperation between competition authorities globally.

Three airlines plead guilty to price-fixing: On 9 April 2009, three further airlines pleaded guilty to charges brought by the US Department of Justice of conspiring

to fix prices in the air cargo industry. The three airlines agreed to pay a total of US\$ 214 million in criminal fines. This is the latest stage in the on-going Department of Justice’s investigation in which 15 companies and three executives have now pleaded or agreed to plead guilty to date, with total fines currently reaching more than US\$ 1.6 billion.

Look out for further articles in due course. In the meantime, if you have any queries on any of these topics, please contact the Compliance Department or refer to the Compliance Department Portal site at <http://portal/explore/organization/qgomanagement/legal%20department/cd/Pages/default.aspx>

Nothing in this publication should be construed as legal advice from any lawyer of the Qatargas Legal Department. The Firewall articles published in this newsletter are general summaries of developments or principles of interest, and may not apply directly to any specific circumstances. Professional advice should, therefore, be sought before action based on this article is taken.

YOUNG NATIONALS MEET CEO AT ANNUAL FORUM

The Qatargas annual CEO forum was held in two separate sessions on 8th and 10th June at the Sharq Village Hotel in Doha. The Chief Executive Officer of Qatargas, Mr. Faisal Al-Suwaidi met with nationals who are on the Company's trainee program on the 8th, while the session on the 10th was designated for graduates who are part of the national development program at Qatargas.

The CEO forum is an important event in Qatargas' annual calendar and is organized in order to review progress made in the field

of developing company's young national workforce and to receive their feedback on the programme so that improvements can be made where necessary.

Addressing the young nationals, Mr. Al-Suwaidi urged them to make the best use of the opportunities available to them at the company and widen their exposure in a unique environment where they work with some of the best people in the industry.

Qatargas is well on track to achieve its target of 50 per cent Qatarization by 2012. The clear definition of work assignments and

the effective career development process have resulted in keeping the attrition rate for young Qatari professionals below two per cent. Monitoring the progress of each trainee and developpee and assisting in career counseling are key factors that have contributed to this success.

The Company's Management Leadership Team, line managers and Human Resources personnel including the National Development Team attended the sessions. Also present were the coaches and mentors who are assigned to help individual candidates achieve

their targets and monitor their progress and development.

The event included motivational speeches by international experts and success stories shared by nationals who have undergone the development phases in Qatargas. For trainees, the success stories were presented by Ahmed Al-Fadhala and Faisal Al-Enazi, shift supervisors. For the professionals, they were presented by Mohamed Al-Khaldy, Director of Al-Khor Community and Mohammed Al-Meer, Commissioning Lead, CLP.

During the event Mr. Al-Suwaidi presented

awards to developpees, trainees and coaches in recognition of their excellent performance.

Qatargas recognizes the need to have in place a high quality national development program in order to meet its business objectives in this area. The process starts by providing customized Individual Development Plan (IDP) for each recruit that is prepared in partnership with line department, trainee/developpee, and National Development. The IDP is reviewed every six months to monitor the progress. All efforts are utilized in developing the recruits and opportunities are provided for

short and long terms external assignments with Qatargas' shareholders, vendors, or Project Expansion teams within Qatargas.

As part of its national development program, Qatargas also offers scholarship to various Bachelor Degree programs in the best universities/colleges overseas and in Qatar. In addition to the scholarship program, the Company also offers development through a TAFE program for Operators and Technicians, and the Clerical and Security Gurad Preparatory Programs for non-technical national candidates.



The CEO Forum at Qatargas represents a fine example of the commitment made by the company's senior management

to its national workforce and helps forge a strong relationship between the young professionals and their coaches.

BEST DEVELOPEE



Talal Ibrahim Al-Kaabi
Finance



Omar Mohamed A.A. Kafood
Finance



Noora Ali Al-Kharji
Commercial & Shipping



Rashid Mohammed Al-Rashdi
Engineering & Ventures



Essa Mohammed Al-Mannai
Legal



Ali Haidar Al-Kharraz
Operations



Nasser Ali AlLatifi
Operations



Jassim Al-Madhaki
Operations



Jaber Mohammed N.A. Al-Marri
Operations

BEST COACH



Mohammed Ahmad A A Al-Mulla
Operations



Ashraf Saidu Mohammad
Finance



Pattam Sankarnaryan Patro
Operations



Jafaer Hassan M A Al-Khayyat
Operations



Mohammed El Fatih El-Toum
Legal



Sarwat Aziz
Operations

BEST TRAINEE



Abdul Rahman Al-Saadi
Operations



Imtiyaz Mansuri
Operations

LONG SERVICE AWARDS

5 YEARS | 10 YEARS | 15 YEARS



QATARGAS HONORS LONG SERVING EMPLOYEES

Qatargas honored some of its long-serving employees at a special ceremony in which certificates of appreciation and

gifts were presented to staff members who have completed fifteen, ten or five years of service with the company.

The awards ceremony was held on 18th May at the Sheraton Doha Hotel during which members of the Management Leadership Team awarded the certificates and gifts to 166 employees from several departments across the organization.

Commenting on this year's awards ceremony, Mr. Ghanim Al-Kuwari, Chief Operating Officer, Administration, said: "The new vision of Qatargas puts our employees at the centre of the company's core priorities. The contribution of our employees is critical not only to the

success we have achieved over the past years but is also key to the future. We value the diversity of our workforce and the different skills and experiences they bring to our company."

Qatargas utilizes this awards ceremony to recognize its people and their contribution to the company. The feted employees included 18 employees who have been with the Company for over 15 years, 101 employees who have completed 10 years of service and 47 who have crossed the 5 year mark. ■



WELL DONE QATARGAS

Qatargas reached the semi finals of the Chairman's Cup Football Tournament 2009. The hugely popular annual tournament is organized by Qatar Petroleum and fiercely contested by teams representing Qatar Petroleum and subsidiary companies in addition to other oil and gas companies operating in the State of Qatar.

The Qatargas team put up a splendid performance throughout the tournament, beating QAPCO, QAFCO, QAFAC, Dukhan Operations and Qatar Electricity & Water Co. on its way to the semi final. The team's winning streak came to an end in the semi final when a goal in the dying moments of the match sealed the win for Gas Operations (QP) team after the match seemed to be moving towards a penalty shoot-out with both teams having scored a goal each.

Hussain Ali of Qatargas Public Relations Department, Qatargas Team Manager said, "Our team did very well throughout the tournament. Even in the semi final match we fought hard but one small mistake can rob you of victory and that's what happened to us. It is unfortunate that we did not make it to the finals. However we consider this as a good result. The last time we advanced to the semi finals was four years ago."

The team however received the trophy for 'Best Team' from HE Abdullah Bin Hamad Al-Attiyah, Deputy Prime Minister and Minister of Energy & Industry, patron of the tournament. The team's goalkeeper, Ibrahim Ali bagged the 'best goalkeeper' award. ■



HE the Minister presenting the 'best team' trophy to Abdulla Hijji, Qatargas Public Relations Manager