

the business | year



12 ———

DIPLOMACY

Sharjah has an opportunity to become an offshore partner for China's financial services sector

24 ———

ECONOMY

Shurooq has established a one-stop shop for investors

75 ———

TRANSPORT

An overdue road scheme gives commuters and truckers alike plenty of reasons to be happy

100 ———

EDUCATION

Students in Sharjah get a sense of a real work environment before leaving university

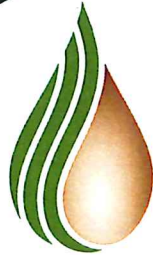
Sharjah National Oil Corporation (SNOC)

THE GAS SUPPLIER OF CHOICE

Petroleum Council Building, P.O.Box 787,
Al Layyah Sharjah, United Arab Emirates

Tel: +971-6-5199700 – Fax: +971-6-5199777

www.snoc.ae



مؤسسة نفط
الشارقة الوطنية
SNOC



Energy & Green Economy

PLANNING FOR THE FUTURE

In a bid to curb growing pollution output levels and work toward developing a green economy with renewable energy, in March 2019, the Emirate launched the Sharjah Sustainable City project, its newest development. The project costs at least AED2 billion (USD544 million) and is the first urban mixed-used project in the area. The project will feature villas that are not only energy efficient but also eco-friendly, with their designs focused on meeting modern designs.

The Emirate of Sharjah will make a major contribution to the global movement to slow down climate change and reduce its own carbon footprint. A challenge to the development of a green economy is that the diversified economy of Sharjah has led to an increase in demand for water as a result of population growth, thriving industry, and tourism.

The diversification of the economy has thus far made it hard for the government to use and retain water sources. Also, another challenging fact is that most of the firms in the Emirate are dependent on fossil fuel- and biomass-based energy, which significantly undermines the ability of the government to implement its green belt initiative. There are initiatives from the Sharjah municipality to plant various greenery to increase the green footprint in the Emirate. The government indicated that the initiative would start in March, with

27 million sqm of Sharjah planned to be covered in greenery. The initiative will include planting trees at intersections, bridges, squares, and roads, with irrigation systems periodically maintaining them. By increasing the amount of green spaces in the Emirate, the government seeks to gradually reduce its growing carbon footprint from the surrounding Emirates and industries.

Khalid Al Huraimel, the Group CEO of Bee'ah, explained TBY that by 2021, "Sharjah will reach zero waste heading to landfills. Sharjah will also be the first city in the Middle East to hit this target, which means going from the current rate of 76% to 100%." As a part of the plan, the company is building the first waste-to-energy plant in the Middle East, which will generate over 30MW of power from waste sources.

The ruler of Sharjah has also approved the building of an irrigation network and sewage plants costing at least AED1.75 billion (USD476 million), which will be vital in promoting a green economy, given the large sewage output from companies operating in the Emirates. The first phase of the construction kicked off in May 2019 and will continue all the way to 2024, with AED350 million (USD95 million) being used on an annual basis. The new sewage system will help increase the performance of sewage treatment plants and meet the needs of the industries operating in it. ✖

Hatem Al-Mosa
CEO,
SHARJAH NATIONAL OIL CORPORATION
(SNOC)

FUTURE *vision*

SNOC has several ongoing projects and is focused on ensuring they advance according to plan.

How has SNOC evolved in the last two years?

SNOC made significant progress in advancing all its strategic projects over the last two years. This includes new exploration activity in the Emirate, the Sharjah LNG Project, gas storage, and diversification into downstream markets. On exploration, SNOC completed a seismic survey of nearly 900sqkm onshore, which paved the way for the launch of a bid round for exploration. The bid round was successful, and three onshore areas were awarded to oil and gas major ENI early in 2019. Significant progress was made on all aspects of the Sharjah LNG import project toward achieving final investment decision (FID) on the project in 2019. A gas storage pilot project started in 2017, and plans are to start up the full project in 2021. SNOC also started diversification efforts into the downstream market by delivering all its LPG production to the local markets with plans to expand into other markets.

How did you choose ENI, and what are you looking from this partnership?

The bidding round was managed by SNOC on behalf of the Sharjah Petroleum Council. It was executed through a fully transparent and structured approach. ENI provided the most competitive bids, enabling it to win all three areas. We are pleased with the outcome, as ENI is one of the top-10 largest integrated oil and gas companies in the world. SNOC is also well established in Sharjah's gas sector, and by combining our local experience and ENI's international experience, this partnership will produce great results.

What have been your recent initiatives regarding the gas storage pilot you are currently developing?

We have already started a pilot project for gas storage, with the intention to commission Phase I of the storage project by end of 2020. We see this as a strategic energy security project for the country, and we are open to partnership with other national oil companies on it.



What environmentally sustainable options are on the horizon for the oil sector, and how do you seek to implement these?

Reducing our impact on global warming has been high on our agenda since 2000. We have managed to reduce our methane emissions and flaring levels by more than 90%. We track and report our greenhouse gas emissions. I personally support a phased approach to eventually replace all fossil fuels usage with renewables; however, until we get there, gas remains as the cleanest fossil fuel with the least impact on the environment.

Are you planning any new bids in the near future?

Our plan is to continue to launch bid rounds for other open areas in Sharjah. Our experience from the last round has taught us that one has to do their homework to achieve success. If we just open up areas without the proper planning, then we will either get poor bids or no bids. For example, for the latest bid, we conducted a full seismic study costing millions of dollars; we used the latest technology and put in place strict quality control measures to make sure we produce high-resolution seismic data. We made the data available to all the bidders and declared we would operate Block B to demonstrate how confident we are about Sharjah's potential. Similarly, we have to invest time and money in other open areas to ensure that future bid rounds are equally successful.

What are your major plans, vision, and priorities for the coming year?

Alongside the Sharjah LNG project, we are working on our other major plans. The exploration just started, and since it is a 30-year concession, the management of these three concessions constitutes a major part of our mid-term and long-term plans. Another important goal is gas storage. In 2018, we set ourselves a target to have gas storage facilities by 2021; that remains our target, and its establishment is planned to take place by end-2020. ✖

Phase I of the gas storage project will be completed by the end of 2020

BIO

Hatem Al-Mosa has more than 30 years' experience in the oil and gas industry. He received his bachelor's degree with honors in chemical engineering from the University of Illinois at Urbana-Champaign and a master's degree in chemical engineering from Carnegie-Mellon University. He started his career with Amoco Sharjah Oil Company as a plant engineer and has held various engineering, operations, and integrity management roles in Amoco, BP, and Crescent Petroleum. He joined SNOC when it was established in 2010 as technical control manager and subsequently operations manager. He was appointed CEO of SNOC and Secretary General of Sharjah Petroleum Council by Amiri Decree in 2015.

ROLL UP

After inking three concession deals with an Italian IOC, Sharjah is considering similar agreements in 2019 and 2020.

WITH SHARJAH'S POPULATION INCREASING in recent years and industry taking root in the Emirate, it has become increasingly difficult to keep the supply and demand of natural gas in balance. Although the current production levels are not often disclosed, experts believe that there is room for ramping up production given the unused capacity of the Emirate's natural gas treatment facilities. As such, authorities are determined to expand oil and gas exploration activities across the Emirate.

It is in this context that Sharjah National Oil Corporation (SNOC) and Sharjah Petroleum Council decided to issue a new series of licenses just months after the Italian oil giant, Eni S.p.A., won three concession deals for onshore activities in Sharjah, which cover the phases of exploration and development.

The 30-year deal was signed by Sultan bin Muhammad Al-Qasimi and Eni's CEO, Claudio Descalzi. The signing ceremony was attended by a number of local dignitaries, including deputy rulers of Sharjah and members of Eni's top management team.

This was the first time in Sharjah's history that a bidding process established an oil initiative's operator. According to the Sharjah Government Media Bureau, international players showed "considerable interest" in the licensing round. This keenness on Sharjah's recent tender was partly thanks to the thoroughness of the pre-work carried out in the Emirate before announcing the tender.

The pre-work phase included not only the development of a legal and fiscal framework but also a state-of-the-art seismic survey carried out by WesternGeco so as to leave nothing to chance. After months of interpretation of the seismic data, experts came to the conclusion that there is a good chance that significant amounts of hydrocarbons are available in Sharjah's Thamama reservoir.

Besides promising geological reports, Eni is also eager to expand its presence in the UAE and the greater Gulf region; the IOC has recently undertaken a similar project in Abu Dhabi, where the company leads a consortium working on Abu Dhabi National Oil Company's (ADNOC) offshore blocks. Elsewhere in the Middle East, Eni is involved in projects in Oman, Bahrain, Lebanon, and Iraq.

In Sharjah, Eni will form a 50-50 partnership with SNOC in one of the three areas subject to the concession, while its stakes in the other two areas—stretching over 1,621sqkm in total—will be 75%. Eni's boss, Claudio Descalzi, commented that the agreement can secure Eni's "organic growth" and long-term presence in the UAE.

This licensing model was launched in 2018 by SNOC within the framework of the International Competitive Exploration Licensing Round, in an attempt to foster new international partnerships. Concessions such as this in the oil industry are often agreements whereby a government grants the rights of exploration or production to a company. The concessionaire, in return, is expected to pay a percentage of the generated revenue or a fixed sum to the local authority. Yet another round of deals is in the offing. Promising areas in Sharjah's eastern coast will be bid for in the near future, though according to SNOC, the number of concession agreements is yet to be decided.

The future concessions will be centered around new fields that currently lack an operator or previously engaged fields that have lost their contractors for some reason or another, says Hatem Al Mosa, SNOC's most senior executive, adding that no timeframe has been specified for the next round. The licenses may be issued in 2019 or even 2020.

SNOC is confident that the concession deals that have been inked thus far and the ones that will follow will put an end to Sharjah's gas shortage and even enable Sharjah to help other northern Emirates with their demand for energy.

The company has contemplated a number of scenarios in advance; a small reservoir can meet the Emirate's internal demands, but the discovery of a larger reservoir can also secure a revenue channel for Sharjah. Before the ongoing explorations bear fruit, however, Sharjah has no choice but to import liquefied natural gas (LNG) via import terminals.

Officials have mentioned in several interviews that they are also considering LNG projects, but without going into details. Such LNG initiatives in parallel with the current concession deals for the discovery and development of local reservoirs is expected to contribute to Sharjah and the UAE's energy security in the long run.