Oman: A discrete future giant exporter of LNG

By Tahereh Amirzadeh
Vice President in charge of the Group’s LNG project at Net Oil Enterprises Inc. (Netoil)

“Because of the rising domestic gas demand (almost a 200% increase since 2000) to feed industry, power and desalination plants, and even oil fields, less than 25% of the current gas production (which grew by 70% since 2000) can be used by Oman’s LNG plants.

In order to avoid breaching the commitments of the two LNG producers of the sultanate, Oman LNG (OLNG) and Qalhat LNG (QLNG), which recently combined into Oman LNG (which is currently exporting 8 million tons per annum – MMTPA – although its total production capacity is more than 10 MMTPA), in the framework of off-take term contracts with South Korea and Japan and to increase the production of their LNG plants by up to 20% after two years, the sultanate is importing Qatari gas through Abu Dhabi’s Dolphin Energy; signed a memorandum of understanding with Iran to build a pipeline linking IGAT to Oman to supply Iranian gas to the sultanate; and agreed with BP for the development of the unconventional gas reservoirs at Block 61 and the Khazzan and Makarem gas fields.

Since a few days, we know from BP that seven percent of Oman's unconventional gas reserves (still being further evaluated and developed by BP) will yield 8 MMTPA of liquefied natural gas (LNG). Previously BP said that the Khazzan project was expected to imply the development of around 7 trillion cubic feet of gas and that total gas in place on Block 61 was estimated at up to 100 trillion cubic feet.

The development of Block 61 has just begun and it is very difficult to extrapolate because we do not know yet the proportion of its resources which could be converted into reserves – that is gas which would be technically and economically recoverable. But it is clear that the Sultanate controls a huge gas potential, which will allow it to become in the future a very significant exporter. And let us not forget that this is outside the Strait of Hormuz, which is a key strategic advantage; while, at this moment, Qatar is exporting 77 MMTPA through the Strait of Hormuz.

This is the kind of result you can get when you are ready to spend $16 billion, which is the estimated cost of the full field development of the Khazzan field over a 15-year period.

These developments could change many existing world calculations on energy.

They will also completely change the energy landscape in Oman.”