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رقم الإشارة :  
التاريخ :

Mr. Einar Telnes  
Director  
International Climate Change Services  
Det Norske Veritas Certification Ltd.  
Oslo, Norway

**RE: Response to Request for Review: "Al-Shaheen Oil Field Gas Recovery & Utilization Project" (0763) & Maersk Oil Qatar's role in the CDM project activity**

Dear Mr. Einar Telnes,

Further to the validation process and in response to the request for review of the "Al-Shaheen Oil Field Gas Recovery and Utilization Project" (0763), please be advised that:

1. Qatar Petroleum and Maersk Oil Qatar have an EPSA (Exploration and Production Sharing Agreement), covering Al-Shaheen Field (Block 5). As per the agreement, Maersk Oil Qatar operates the oil production facilities. The oil produced is accompanied with associated gas. Associated gas which is not utilised for field operation belongs completely to the State of Qatar, which is represented in this agreement by Qatar Petroleum. This is stated in the agreement. A reference to the relevant clause stated in the EPSA is presented below:

Article 19.2.2 of Exploration & Production Sharing Agreement (EPSA) signed on 22 June 1992 states:

*"If such Associated Gas is not utilized by the Contractor, it shall become fully owned by the Government and be delivered at the point of separation at no cost."*

\*Note: Contractor in the above article refers to Maersk Oil Qatar AS

2. Prior to the project activity, associated gas produced was flared, with a partial amount utilized for energy needs onsite (as specified in the PDD). This was business-as-usual (BAU), prior to the implementation of the project activity.
3. Qatar Petroleum decided to reduce the flaring of associated gas at the Al-Shaheen site via the recovery of the flared gas, its transportation, and its processing and end-use at the Mesaieed Industrial City.
4. For that purpose, Qatar Petroleum requested Maersk Oil Qatar to implement the gas recovery facilities (this included technology transfer in this component of the project activity). The costs of these facilities are recovered by Maersk Oil Qatar under the "cost recovery" clause in FDP 2001 (the agreement related specifically to the implementation of the gas recovery at al-shaheen oil field, see clause below):



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The EPSA Article presented above was superseded by Article 4 of Resolution 2/2001 signed 15th February 2001 on Field Development Plan FDP 2001:

*"Contractor shall implement Phase1 of the Gas Gathering Project in location A,B,C and E as described in the 2001 Development Plan. The costs shall be Petroleum Costs subject to cost recovery in accordance with Article 15.2 of the EPSA.*

*Any gas gathered and not used by Contractor will be received by QP at the NFA platform in the North Field. Any gas not used by Contractor and not received by QP may be flared."*

\*Note: Contractor in the above article refers to Maersk Oil Qatar AS

**This is the normal practice in the oil and gas industry.**

5. The downstream project activities related to the associated gas recovery at the Al-Shaheen field are the sole responsibility of Qatar Petroleum, including any revenues associated with it (e.g. gas sales to the end users, carbon credits etc.). These downstream project activities include:
  - a. Transport of the associated gas through the pipeline network related to this project,
  - b. Treatment (desulphurization, handling, measuring, analyzing, monitoring, etc.) and processing of the gas,
  - c. Dispatch and supply of the processed gas to the end-users.

In point c above, it is important to note that this is the component of the project activity where the actual displacement of fossil fuels with "equal or higher carbon content" occurs. More importantly, this is where the CDM component of the project, as per the methodology AM0009, enters into effect, thus contributing to the mitigation of climate change.

6. At the time of preparation of the first version of the PDD, Qatar Petroleum was under the impression that Maersk Oil Qatar could be a project participant. That is why, Qatar Petroleum included Maersk Oil Qatar, which were not consulted regarding their inclusion as project participant in version 1 of the PDD. Maersk Oil Qatar were totally aware that Qatar Petroleum intended to have this project activity under the CDM, as they were providing data for the purpose of PDD preparation. During the public comment and validation phase, Qatar Petroleum realized that Maersk Oil Qatar was not a project participant under the CDM, for the reasons outlined in this letter. Therefore, Qatar Petroleum corrected the PDD accordingly (similarly as it did with other corrections and clarifications between version 1 and 2 of the PDD during the validation phase in full coordination with the DOE as part of the validation process).

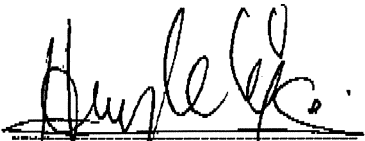


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7. In addition, version 1 of the PDD was available for public comments for 30 days at the DOE website. At no time during this period, and until today, has Maersk Oil Qatar ever expressed to Qatar Petroleum their interest to be a project participant. Furthermore, Maersk Oil Qatar has never initiated the necessary steps under the CDM procedures of requesting/receiving the authorization of their relevant "Party", which would be the Danish DNA.
8. Qatar Petroleum understands that project participation is a voluntary decision (and not mandatory) under the CDM. Therefore, there is no requirement regarding who should, and who shouldn't be a project participant.

If you require any further information, or clarification on any of the information contained within, we would be very happy to discuss further.

Yours sincerely,



Dr. Abdelhamid Amor Maghrebi  
Manager, ASE Strategies and Development  
Qatar Petroleum

cc: H.E. Abdullah Bin Hamad Al-Attiyah  
Second Deputy Premier,  
Minister of Energy and Industry  
Chairman of the Board of Qatar Petroleum