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Members of the CDM Executive Board  
UNFCCC Secretariat  
Martin-Luther-King-Strasse 8  
D-53153 Bonn  
Germany

**RE: Response to Request for Review: "Al-Shaheen Oil Field Gas Recovery & Utilization Project" (0763)**

Dear CDM Executive Board,

Please find our response to the comments contained in the request for review of the "Al-Shaheen Oil Field Gas Recovery and Utilization Project" (0763). For a comprehensive response to the comments presented by the CDM Executive Board, your consideration of the responses presented by DNV is appreciated.

**Reasons for requesting a review by the CDM Executive Board (in bold italics):**

**1) *The DOE has not been completely transparent in the way it handled and reported in the validation report the differences in the PDD published for public comments (Version 1 of 25 August 2006) and the PDD submitted/uploaded for registration (Version 2 of 9 October 2006).***

**1. *Significant differences in the estimated emission reductions in both versions of the PDD. Over the 7 years crediting period, estimated emission reductions were 10,204,674 tonnes of CO<sub>2</sub>e in Version 1 and 17,497,540 tonnes of CO<sub>2</sub>e in Version 2.***

**Qatar Petroleum's response to comment 1-1:**

As per the methodology, the emission reduction calculations are only estimates, and thus, there is the high likelihood for differences in estimated emission reductions during the PDD development process. The difference in the estimated emission reductions between the two PDD versions can be summarized by the following arguments:

- The fundamental factors for the calculation of emission reductions are 1) the amount of associated gas expected to be recovered and exported from the Al-Shaheen site and 2) the amount of expected product output after the processing of the recovered gas. The Al-Shaheen field is a complex system of oil wells, and as explained below, the amounts of associated gas can vary during the crediting period depending on the oil field operating conditions.
- In the first version of the PDD, an estimated forecast of the oil, and related associated gas output production/per year was used for the calculation of the estimated emission reductions. In the second version, for the purpose of overcoming uncertainties related to the oil production forecast, emission reductions were presented based on a single



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annual figure of associated gas generation and output production, which was kept fixed annually during the crediting period. Furthermore, after the utilization of updated data, and the correction for any errors in the calculations, an updated estimate was presented.

- As the project is large, even minor changes to data inputs (e.g. associated gas input & product output values, emission factors, standard constants, density factors, etc.), and corrections to formula calculations can result in sizeable changes in estimated emission reductions.
- Below is an extract from the "Recovery and utilization of gas from oil wells that would otherwise be flared" Methodology, AM0009 Version 9, page 2.

"Projection and adjustment of project and baseline emissions, as well as baseline emissions depend on the quantity of gas recovered. The quantity of recovered gas is linked to the oil production. Oil production may be projected with the help of a reservoir simulator, reflecting the rock and fluid properties in the oil reservoir. As projections of the oil production, the methane content of the gas and other parameters involve a considerable degree of uncertainty, the quantity and composition of the recovered gas are monitored ex post and baseline and project emissions are adjusted respectively during monitoring."

As clearly indicated by the methodology utilized for this PDD (AM0009), the actual figures for the calculation of estimated emission reductions will be determined *ex post*.

- Based on actual monitored data, the data will go through a verification process conducted by a DOE designated by the CDM Executive Board before CERs are issued. Consequently, the estimated emission reductions presented in the PDD can only be recognized as an estimated forecast, as per the methodology.

In conclusion, the list of arguments presented above clearly explain why there were differences in the estimated emission reductions in the two PDD versions, and why these differences should not be considered as a relevant issue.

## **2. Differences in project participants and their listed representatives**

- ***In Version 1 both Maersk Oil Qatar and Qatar Petroleum are both listed as project participants, but in the revised PDD (Version 2) Qatar Petroleum is listed as the only project participant.***
- ***In Page 4, Section A.3 (Project Participants) – Version 1 states "The Project Developer is Maersk Oil Qatar and Qatar Petroleum is a main partner" while Version 2 states "The Project Developer for the Al-Shaheen Project is Qatar Petroleum and Maersk Oil Qatar is a main partner".***
- ***Page 16, Paragraph 2 of Version 1 shows the level of involvement and investment by both Maersk Oil and Qatar Petroleum. However, last paragraph on Page 20 of Version 2 ascribes the same level of investment to only Qatar Petroleum without any reference to Maersk Oil.***



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***In view of the statement by DNV in the second paragraph of Section 2.3 (Page 5) of the Validation Report, it is difficult to understand what concerns were raised by DNV that led Qatar Petroleum and EcoSecurities to decide to revise the list of project participants. Also, it is difficult to see how DNV can consider the above inconsistencies between Page 16 of Version 1 and Page 20 of Version 2 justifiable explanations to any concerns it might have raised during validation.***

***Furthermore, in view of the above changes introduced in Version 2 of the PDD, the Doe should have provided some justification why it did not consider it necessary that the revised PDD should have been re-published for public comments.***

Qatar Petroleum's response to comment 1-2:

During the PDD validation process it became clear to Qatar Petroleum that Maersk Oil Qatar was not a "bona fide" project participant under the concept of CDM. Thus, during this process, Maersk Oil Qatar was removed as project participant from the PDD. Please refer to the attached letter addressed to the DOE regarding the role of Maersk Oil Qatar as CDM project participant for more information on this subject.

Further to this letter, below is a list of arguments as to why Qatar Petroleum was presented as the only project participant, and why Maersk Oil Qatar was removed as project participant in the second version of the PDD:

- The contract (i.e. EPSA) between Qatar Petroleum and Maersk Oil Qatar stipulates that all associated gas (including all revenues and risks related to this gas), collected from the Al-Shaheen oil field belongs to, and is the property of the State of Qatar, whom is represented by Qatar Petroleum.
- The decision to recover the associated gas for this project activity was the sole responsibility of Qatar Petroleum.
- Maersk Oil Qatar is involved in the installation and monitoring of the recovery facilities (i.e. compressors and related portion of the pipeline). This involvement by Maersk Oil Qatar is undertaken on behalf of Qatar Petroleum. The cost of these facilities are recovered by Maersk Oil Qatar under the "cost recovery" clauses in the in the EPSA and FDP 2001 agreements (please refer to attached letter).
- Maersk Oil Qatar has no involvement whatsoever in the project activity after the recovered associated gas is received at Qatar Petroleum's North Field Alpha (NFA) facilities. Qatar Petroleum is the sole entity that is managing the associated gas once it arrives at the NFA junction, up to the very complex Mesaieed Gas Processing plant, and to all end-users. Thus, Qatar Petroleum is considered as the "project activity" operator. The only component of the project activity under operation by Maersk Oil Qatar is the associated gas recovery, which executes this activity on behalf of Qatar Petroleum, as per the agreements. All costs associated with these components of the project are incurred directly by Qatar Petroleum.
- In the PDD, Maersk Oil Qatar was referred to as the following: "the Al-Shaheen oil field, operated by Maersk Qatar Oil (the "Project Developer"), in partnership with Qatar Petroleum". The meaning of "Project Developer" in this sentence of the PDD is that of the project developer and executor of the operations at the oil field only. As such, a



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semantic error has been made, as the "project developer", which is indicated in this sentence is not related to the concept of "project developer" under the CDM.

- Furthermore, as clearly stated in Version 2, Section A.3. "Project participants" of the PDD, Qatar Petroleum is described as the "Project Developer" in terms of CDM. Whereas, Maersk Oil Qatar is described as a main partner at the off-shore site only. In retrospect, this relationship should have been emphasised more in Section A.1.
- While clarifying PDD issues during the validation process and before the updated version of the PDD was validated, the senior management of Qatar Petroleum became more involved in the process, and made the necessary changes to reflect the appropriate particulars of the project.
- As per CDM guidelines; "in accordance with the CDM modalities and procedures, at the time of making the CDM-PDD public at the stage of validation, a Party involved may or may not have provided its approval. At the time of requesting registration, the approval by the Party(ies) involved is required". Accordingly, there was no need to have a LoA with respect to Maersk Oil Qatar (i.e. from the Danish DNA) during the public stage of the validation process.
- Maersk Oil Qatar never requested, nor obtained the required CDM authorization (i.e. a LoA) from the Danish DNA during the whole validation and registration process. Furthermore, the only "Party" listed in each of the versions was Qatar, as Denmark was never listed as Annex 1 country associated with the CERs. This clearly implies that there was never any intention by Maersk Oil Qatar to consider themselves as a project participant under the CDM.

In conclusion, the list of arguments presented above, and the accompanying letter to the DOE, clarifies the respective roles of Qatar Petroleum and Maersk Qatar Oil in regards to the CDM project activity, and also illustrates the reasons for changes in regards to the project participants presented between the two versions of the PDD.

**2) Participation requirements may not appear to have been completely met if Maersk Oil is a bona fide Project Participant.**

1. *The significant role and responsibilities of Maersk Oil in ensuring a successful execution and implementation of the project activity remain the same in both versions of the PDD and yet no evidence is provided to show voluntary withdrawal of Maersk Oil as a project participant. Both versions of the PDD indicated under the purpose of the project activity (A.2, Page 2) that Maersk Oil is responsible for operating the project and list Maersk Oil as the "Project Developer"*
2. *There are several emphases in the PDD on technology transfer. First paragraph under Section A.4.3 of both versions of the PDD, for example, emphasize strong partnership between Qatar Petroleum and Maersk Oil, as well as the use of Maersk Oil's state of the art technology. If Maersk Oil is a bona fide project participant, as listed in Version 1 of the PDD published for public comment, then a letter of authorization, in respect of Maersk Oil, is required from the DNA of the Party involved. The DOE does not appear to have been completely transparent in its assessment of this participation requirement. Furthermore, DNV was not*



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***completely transparent in its reflection of CAR1 (Table 3, Page A.20 of the Validation Report). If CAR1 correctly reflects that DNA approval status is***

***missing in respect of both project participants (Maersk Oil & Qatar Petroleum) listed in Version1 of the PDD being validated at the time, the DNA LoA only in respect of Qatar Petroleum should not be accepted as adequate resolution of CAR1.***

Qatar Petroleum's response to comment 2-1 & 2-2:

Please refer to the response to comment 1-2 presented above, and to the related attached letter sent to the DOE.

These responses and the accompanied letter sent to the DOE clearly summarize the logic as to why Maersk Qatar Oil is considered to be project implementer, including technology transfer provider for the gas recovery component of the project activity, and not a project participant for the CDM project activity.

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

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Amor Maghrebi', written over a horizontal line.

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