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1. Country Brief: About the Sultanate of Oman

Oman lies at the eastern corner of the Arabian peninsula. Sharjah and Fujairah (UAE) separate the main part of Oman from the northernmost part of the state, a peninsula (Musandam) extending into the Strait of Hormuz. It is for many Westerners a country waiting to be discovered.

Prior to the coming on stream of oil in 1964, the country was dependent on the agricultural sector and on fishing activities. In 1970, Oman had just 3 kms of asphalted roads. Asking a 50-year old Omani man to describe his country in the 1960s, the answer was simply: "There was nothing ...".

His Majesty Sultan Qaboos, the son of Sultan Said, was aware of his father's conservatism so he took over power in 1970. Since that time His Majesty has strived to modernize his country and oil revenues have given him the opportunity to develop a modern infrastructure of roads, ports and airports, as well as first-class telecommunications and broadcasting systems. Some 50 hospitals have been opened throughout the country and educational programmes for all ages successfully implemented.

Oil reserves are expected to be exhausted one day and the country is therefore diversifying its economy, especially in the field of tourism. Among the Gulf states, Oman has many advantages for developing tourism: its climate, varied scenery, archaeological and historical remains, as well as its friendly people. With its high standard of hotel accommodation, it can satisfy even the most demanding travellers.

WOMEN

The Personal Status Law guarantees Omani women equal rights in both education and employment. His Majesty Sultan Qaboos has repeatedly called upon the female population to lend their full support to the continuing the development of their country. Women have the right to vote and run for office in Consultation Council elections which are held every 4 years.

Oman is rightly proud to have been the first Arab country to appoint a woman to head an overseas Embassy when Khadija al Lawatia was appointed the Sultanate's Ambassador to the Netherlands and at the end of 2005, Hanina Bint Sultan al-Maghiria is to be Oman's Ambassador in Washington. In 2003 an Omani woman was appointed to head the United Nations Information Centre, based in Geneva, Switzerland, with authority over an international network of 77 information centres and more than 300 staff.

Women are also making strides in the legal profession with 5 ladies appointed as Deputy Attorneys-General in May 2004.

Map



Fig 1. Map of Oman

Society & Culture

Head of State: His Majesty Sultan Qaboos bin Said (since 1970)

Neighbouring Countries: Yemen Arab Republic, Kingdom of Saudi Arabia and the United Arab Emirates.

Capital: Muscat

Religion: Islam, Practice of all religious beliefs is allowed

Official Language: Arabic

Weekend: Thursday and Friday for government institutions.

2. Oil & Gas Industry Brief

Oman's economy is heavily reliant on oil exports for revenue, though diversification into natural gas production has mitigated this to a degree. Roughly two-thirds of Oman's total energy consumption comes from natural gas and the remainder comes from oil, reflecting the country's relative abundance of oil and natural gas reserves. Oman's future domestic energy consumption plans call for increased use of natural gas in energy generation in order to free up more oil for export.

According to Oil & Gas Journal, estimated proven oil reserves in Oman stood at 5.5 billion barrels (bbl) as of January 2009. Oman's oil production increased slightly in 2008, after a fairly constant state of decline from the total oil liquids peak of 970,000 barrels per day (bbl/d) in 2000. Oman produced an estimated 760,000 bbl/d of total oil liquids in 2008, about 6 percent more than 2007 levels. Of 2008's output, roughly 669,000 bbl/d was crude oil, 88,000 bbl/d was lease condensate, and the remainder consisted of natural gas plant liquids. Though Oman is experiencing success with its EOR projects (below), EIA forecasts Omani oil production to remain near 2008 levels through 2010, as increased production from EOR projects roughly matches declining production in maturing fields.

Enhanced oil recovery (EOR) projects are the primary reason for Oman's production increase in 2008. Currently underway, the Mukhaizna EOR project, operated by Occidental Petroleum and UAE's Mubadala, began steam-flood operations in 2008. The EOR project has proven successful in raising Mukhaizna's production from 10,000 bbl/d in 2006 to approximately 50,000 bbl/d in 2008. Current plans call for raising Mukhaizna's production to 150,000 bbl/d by 2012.

PDO has plans for several other EOR schemes. Harweel field production could increase by 40,000 bbl/d with a miscible gas injection EOR project in 2010. Qarn Alam's steam injection EOR project could increase production by 40,000 bbl/d by 2011. The start up dates for these, and other EOR projects, have been delayed several times.

Oman's long-term oil output targets rely heavily upon the success of its EOR projects. The Mukhaizna development plan involves a steam flooding process to recover heavy, viscous oil reserves difficult to recover with conventional methods. Aside from the substantial costs, the technique uses large amounts of water, a relatively expensive and scarce resource in the Persian Gulf. In addition, EOR schemes use substantial amounts of natural gas as a feedstock, leading Oman to redirect some of its natural gas supplies, formerly designated for export, to use at EOR projects around the country.

Downstream Activities

Oman's crude refining capacity is approximately 222,000 bbl/d. Mina al-Fahal, in operation since 1982, refines around 106,000 bbl/d of crude oil and is managed by the state-owned Oman Refinery Company. Sohar, in operation since 2007, refines about 116,000 bb/d of crude oil and is managed by Oman Refineries and Petrochemicals Company, which is owned by the Omani Ministry of Finance (75 percent) and OOC (25 percent). Sohar is linked by pipeline to Mina al-Fahal.

Oman continues to pursue the building of a large refinery and petrochemical complex at Al Duqm in southern Oman, which would be geared toward export markets. Under current plans, a joint venture of the Omani government and international investors would build a 200,000–300,000 bbl/d refinery, a crude oil export terminal, and several large petrochemical facilities.

Natural Gas

Oman requires increased natural gas supplies to meet the growth in its domestic consumption as well as its enhanced oil recovery and LNG export plans. According to Oil & Gas Journal, Oman's proven natural gas reserves stood at 30 trillion cubic feet (Tcf) as of January 2009. Oman seeks to increase natural gas production to meet rising domestic demand, provide stock for its enhanced oil recovery projects, as well as increase exports of liquefied natural gas (LNG). The recent economic downturn, combined with improved efficiencies in production, have provided more time for Oman to come up with new supplies to meet these goals.

Production

Oman's natural gas production in 2008 is estimated at nearly 848 billion cubic feet (Bcf). Industry reporting estimates that by 2013 production volumes could reach 1.2 Tcf. Oman contracts with foreign companies to produce gas from technically challenging fields, such as the "tight gas" believed to be in the Khazzan and Makarem fields in Oman's central interior. The Khazzan and Makarem fields are estimated to contain significant volumes of natural gas; some estimates indicate that the two fields could nearly double Omani reserves. BP is currently developing the fields with the intent of achieving production sometime in 2010.

Pipelines

Oman's domestic natural gas pipeline system is controlled by the Oman Gas Company, although OGC has contracted the management of the network to a consortium of private companies. Oman's natural gas network spans about 1,100 miles, bringing supplies from production centers to the country's LNG terminals, power plants, and other domestic end users.

Oil Fields

Oman's major oil fields are Yibal, Qarn Alam, Athel-Marmul, Bahja-Rima-Jalmud, Nimr, Karim Cluster, Harweel Cluster, Mukhaizna and Safah.

Major Refineries

Mina al-Fahal (106,000 bbl/d) and Sohar (116,000 bbl/d).

Sector Organization

Oman's Ministry of Oil and Gas coordinates the state's role in the country's hydrocarbons sector, although all energy sector developments must receive approval from the Sultan of Oman. Petroleum Development Oman (PDO) accounts for more than 90 percent of the country's oil reserves and 85 percent of production. Aside from the government's 60 percent share, the PDO consortium includes Shell (34 percent), Total (4 percent), and Partex (2 percent). PDO is the leading oil producer in Oman, but several foreign companies are also involved in upstream activities, with Occidental Petroleum holding the largest market share. Oman's government manages its investments in the downstream sector through the state-owned Oman Oil Company (OOC).

Petroleum Development Oman (PDO) dominates Oman's natural gas upstream sector though the government enlists foreign companies in new exploration and production projects, such as BP, Petronas, and Occidental, especially in the more geologically complex natural gas reservoirs upon which hopes for most of Oman's future production growth are placed. The Oman Oil Company directs state investment in downstream projects through such subsidiaries as the Oman Gas Company (OGC), which operates the country's natural gas transmission and distribution lines. LNG activities are primarily carried out by the Oman Liquefied Natural Gas Company (OLNGC), a consortium led by the central government (51 percent equity), Shell (30 percent), and several other foreign companies.

Source: Chamber of Commerce and Industry Oman, Oman Ministry of Information, EIA Country Brief (as of 2009)