Committed to Excellence: From Qatar to the World

annual report 2012
In the Name of Allah,
the Most Gracious, the Most Merciful
His Highness
Sheikh Tamim Bin Hamad Al-Thani
Emir of the State of Qatar
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Board of Directors

HE Dr. Mohammed Bin Saleh Al-Sada
Minister of Energy and Industry

Hamad Rashid Al-Mohannadi
CEO, RasGas

Nasser Khalil Al-Jaidah
CEO
Qatar Petroleum International (QPI)

Khalifa Abdulla Al-Sowaidi
Managing Director
Qatar Fertiliser Company (QAFCO)

Fahad Hamad Al-Mohannadi
General Manager
Qatar Electricity & Water Company (QEWC)

Saad Sherida Al-Kaabi
Director
Oil & Gas Ventures, Qatar Petroleum

HE Essa Hilal Al-Kuwari
President
Qatar General Electricity & Water Corporation (Kahramaa)
Message from the Chairman

Qatar is entering a new phase in its economic development with great determination. Its hydrocarbons revenues have maintained impressive growth rates while its sustainable development efforts move forward with great resolve and dedication. Revenues are being reinvested in strategic projects that help create a solid foundation for greater economic growth and expansion.

Despite numerous challenges and global economic difficulties, Qatar is looking forward to increased development and higher prosperity buoyed by the inspiration of its leaders and the aspirations of its people.

The year 2012 witnessed continued progress in a number of projects that were initiated in order to meet Qatar’s future needs. Construction works for the Barzan Gas Project started in November 2011 and 50% of the work was completed as of December 2012. The plant will provide natural gas to complement current and future infrastructural developments such as power and desalination plants, and the new Doha airport and seaport. Barzan will also secure efficient energy supplies for the future as the country prepares itself to host the FIFA World Cup in 2022 and aims to meet the National Development Strategy (2011-2016) requirements.

Qatar is also reinforcing its position as the world’s largest LNG producer with its ability to engage in new long-term sales and purchase agreements with customers across the globe. The year 2012 was significant and marked the sale of the first commercial shipment of normal paraffin from Pearl GTL, the world’s largest gas-to-liquids plant. This is an important milestone and a major step on the road to a diversified Qatari industrial base. The year also witnessed the signing of a Memorandum of Understanding with Mowasalat to study the feasibility of introducing compressed natural gas (CNG) as fuel for public transport vehicles in Qatar, which in turn led to the inauguration of the pilot compressed natural gas (CNG) fueling station in the New Industrial Area.

The past year also saw the launch of the first Sustainable Development Industry Report (SDIR) of Qatar’s energy and industry sector. QP also extended its partnership and cooperation with the World Bank-led Global Gas Flaring Reduction (GGFR) initiative to reduce the flaring of gas associated with oil and gas production as a concrete contribution to improving energy efficiency and mitigating climate change.

In its constant efforts to fulfill the country’s development strategy for its industry and infrastructure, Qatar Petroleum has engaged in a number of cooperation programs, organized several world scale events, and established research and technology programs with a number of countries and renowned international companies. These efforts were aimed at developing the energy sector, improving the efficiency of its installations, and optimizing the use of its natural resources.

Achieving those goals goes hand in hand with the development of the main driver of this success—the Qatar Petroleum workforce. Both Qatar’s and QP’s success would not have been possible without the dedicated and sincere efforts of our employees, partners and contractors, who are working hard to make Qatar Petroleum a truly international player in the oil and gas industry.

The journey to success and the prosperity of our nation is full of challenges which we are ready to meet. Under the leadership of His Highness the Emir, Sheikh Tamim Bin Hamad Al-Thani, we are already building milestones on the way to achieving Qatar’s National vision as articulated by His Highness the Father Emir, Sheikh Hamad Bin Khalifa Al-Thani.

Ensuring sustainability and establishing excellence take these challenges to a new level, but we are quite confident that these building blocks assembled year after year will contribute to a bright future for the State of Qatar, and will ensure continued prosperity in the years ahead.

Dr. Mohammed Bin Saleh Al-Sada
Minister of Energy and Industry Chairman & Managing Director of Qatar Petroleum
2012 Highlights

January

3 January - His Excellency Dr. Mohammed bin Saleh Al-Sada, Minister of Energy and Industry and Chairman & Managing Director of QP, launched the first ever Sustainable Development Industry Report (SDIR) of Qatar’s energy and industry sector.

12 January - H.E. Dr. Al-Sada signed the engineering, procurement and construction (EPC) contract with Samsung Engineering for the Diesel Hydrotreater (DHT) Project of the Qatargas-operated Laffan Refinery.

February

9 February - H.E. Dr. Al-Sada and H.E. Mr. Sukwoo Hong, Minister of Knowledge Economy of the Republic of Korea, signed a Memorandum of Understanding (MOU) on cooperation between the two countries on matters related to industry, energy and natural resources.

13 February - QP and Qatar Petrochemical Company (QPACO) signed a Heads of Agreement (HOA) for the development of a new, large-scale petrochemical complex in Ras Laffan Industrial City. The project is scheduled for completion in 2018.

14 February - QP organized various sports activities in all its operational areas in line with the State of Qatar’s first-ever National Sports Day.

March

22 March - QP and Shell announced the sale of the first commercial shipment of normal paraffin from the Pearl GTL plant, the world’s largest gas-to-liquids facility. GTL normal paraffin is an alternative premium feedstock for detergent production.

April

14 April - H.E. Dr. Al-Sada inaugurated the sixth edition of the annual QP Environment Fair, which showcased the environmental programs and initiatives of QP directorates and departments, the corporation’s subsidiaries and joint ventures, as well as other industry stakeholders.

May

7 May - QP and Total signed a research and technology project agreement aimed at increasing hydrocarbons production in Qatar by significantly improving the efficiency of acid stimulation in carbonates oil and gas fields.

29 May - QP and Qatar University signed a Memorandum of Understanding (MOU) covering the general framework and governing principle of their continuous cooperation in various areas.

July

2 July - QP and Shell agreed to initiate the next project definition phase of Front End Engineering and Design (FEED) for a large-scale petrochemicals project in Ras Laffan Industrial City.

25 July - QP, representing the Qatari government, signed an agreement authorising PetroChina Investment to acquire 40% of the exploration and production rights from GDF Suez Exploration Qatar under its Qatar’s Block 4 Exploration and Production Sharing Agreement (EPSA).
**September**

3 September - H.E. Dr. Al-Sada awarded a total of seven companies from QP’s joint ventures and contractors as winners of the second Qatar Oil & Gas Industry Safety Excellence and Innovation Awards.


**October**

11 October - H.E. Dr. Al-Sada signed a new long-term Liquefied Natural Gas (LNG) Sales and Purchase Agreement (SPA) between Qatar Liquefied Gas Company Limited (QLG) and Chubu Electric Power Company Inc. of Japan.

**November**

5 November - QP and the College of North Atlantic-Qatar (CNA-Q) signed a Memorandum of Understanding (MOU) covering the general framework and governing principles of their cooperation related to the training and professional development of QP staff.

20 November - His Highness Sheikh Hamad bin Khalifa Al-Thani, the Father Emir, officially inaugurated Qatar Petrochemical Company’s (QAPCO) third low-density polyethylene plant (LDPE 3) at a ceremony in Mesaieed Industrial City.

24 November - H.E. Dr. Al-Sada inaugurated the pilot compressed natural gas (CNG) fueling station in the New Industrial Area.


**December**


4 December - QP and the World Bank-led Global Gas Flaring Reduction (GGFR) partnership agreed to extend their cooperation in reducing the flaring of gas associated with oil and gas production as a concrete contribution to improving energy efficiency and mitigating climate change.

11 December - His Highness Sheikh Tamim bin Hamad Al-Thani, the Emir, officially inaugurated the QAFCO 6 Project in Mesaieed Industrial City, thus scaling up the total urea production output of Qatar Fertiliser Company (QAFCO) to 5.6 million tonnes per year.

12 December - H.E. Dr. Al-Sada signed a long-term Liquefied Natural Gas (LNG) Sales and Purchase Agreement (SPA) between Qatar Liquefied Gas Company Limited 3 and PTT Public Company Limited of Thailand.

17 December - Under the patronage of H.E. Dr. Al-Sada, QP’s Offshore Operations celebrated “Offshore Day 2012” in Halul Island to mark its 50 years of success in operating, producing and exporting hydrocarbons from Qatar’s offshore fields.
Key Consolidated Financial Information

For the year ended 31 December 2012

Sales Revenue Five-year comparison - QR Millions

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Net Income Five-year comparison - QR Millions

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Net Cash Flow from Operations Five-year comparison - QR Millions

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Capital Expenditures Five-year comparison - QR Millions

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Total Assets Five-year comparison - QR Millions

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Qatar Petroleum (QP) is a state-owned public corporation established by Emiri Decree No. 10 in 1974. It is responsible for all phases of the oil and gas industry in the State of Qatar.

The principal activities of QP, its subsidiaries and joint ventures are the exploration, production, local and international sale of crude oil, natural gas and gas liquids, refined products, synthetic fuels, petrochemicals, fuel additives, fertilizers, liquefied natural gas (LNG), steel and aluminium.

The operations and activities of QP and its affiliates are conducted at various onshore locations, including Doha, Dukhan and the Mesaieed and Ras Laffan Industrial Cities, as well as offshore areas, including Halul Island, offshore production stations, drilling platforms and the North Field.

QP’s strategy of conducting hydrocarbon exploration and development are through Exploration and Production Sharing Agreements (EPSA) and Development and Production Sharing Agreements (DPSA) concluded with major international oil and gas companies.

Thriving on a spirit of enterprise, each of our joint ventures is underpinned by transparency, innovation and high standards of quality and service. At Qatar Petroleum, we are committed to one thing above all: Excellence.

### Subsidiaries

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<th>Subsidiaries</th>
<th>Country of Registration</th>
<th>Effective Percentage Holding 2012</th>
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<td>Industries Qatar Q.S.C.</td>
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<td>Qatar Petroleum Qatar Gas 3 Limited</td>
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<td>Qatar Holding Intermediate Industries Company Limited</td>
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<tr>
<td>Qatar Petroleum International Limited</td>
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<tr>
<td>Al Shaheen Holding Q.S.C.</td>
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<td>Qatar Petroleum Qatar Gas (4) Company Limited</td>
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<td>Gulf International Services Q.S.C.</td>
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<td>QP Ras Gas (III) Limited</td>
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### Joint Ventures

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<th>Country of Registration</th>
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<td>Ras Gas Company Limited</td>
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<td>Oryx GTL Limited</td>
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<td>93.00%</td>
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### Subsidiaries of QP Subsidiaries

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<thead>
<tr>
<th>Subsidiaries of QP Subsidiaries</th>
<th>Country of Registration</th>
<th>Effective Percentage Holding 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Al Koot Insurance and Reinsurance Company SAQ</td>
<td>Qatar</td>
<td>10.00%</td>
</tr>
<tr>
<td>Al Shaheen Energy Services Limited</td>
<td>UK</td>
<td>100.00%</td>
</tr>
<tr>
<td>Al Shaheen Energy Services L.L.C.</td>
<td>USA</td>
<td>100.00%</td>
</tr>
<tr>
<td>Al Shaheen Distribution Limited Q.S.C.</td>
<td>Qatar</td>
<td>100.00%</td>
</tr>
<tr>
<td>Gulf Helicopters Company Q.S.C.</td>
<td>Qatar</td>
<td>10.00%</td>
</tr>
<tr>
<td>Qatar Steel Company Limited</td>
<td>Qatar</td>
<td>51.00%</td>
</tr>
<tr>
<td>Qatar Petroleum LNG Services (QG II) Limited</td>
<td>Qatar</td>
<td>100.00%</td>
</tr>
<tr>
<td>Qatar Petroleum Gas Trading (QG II) Limited</td>
<td>Qatar</td>
<td>100.00%</td>
</tr>
<tr>
<td>Qatar Terminal Company Limited</td>
<td>Qatar</td>
<td>100.00%</td>
</tr>
<tr>
<td>Amwaj Catering Services Company Limited</td>
<td>Qatar</td>
<td>10.00%</td>
</tr>
<tr>
<td>QR China Limited</td>
<td>Cayman Islands</td>
<td>100.00%</td>
</tr>
<tr>
<td>QR China (North) Limited</td>
<td>Cayman Islands</td>
<td>100.00%</td>
</tr>
<tr>
<td>QR China (South) Limited</td>
<td>Cayman Islands</td>
<td>100.00%</td>
</tr>
<tr>
<td>QR China North East Limited</td>
<td>Cayman Islands</td>
<td>100.00%</td>
</tr>
<tr>
<td>QR Global Ventures Limited</td>
<td>Cayman Islands</td>
<td>100.00%</td>
</tr>
<tr>
<td>QR Mauritania Limited</td>
<td>Cayman Islands</td>
<td>100.00%</td>
</tr>
<tr>
<td>QR Vietnam, Limited</td>
<td>Cayman Islands</td>
<td>100.00%</td>
</tr>
<tr>
<td>QR Upstream Limited</td>
<td>Cayman Islands</td>
<td>100.00%</td>
</tr>
<tr>
<td>QR Management International Limited</td>
<td>Cayman Islands</td>
<td>100.00%</td>
</tr>
<tr>
<td>QR Egypt Limited</td>
<td>Cayman Islands</td>
<td>100.00%</td>
</tr>
<tr>
<td>QR Libya Limited</td>
<td>Cayman Islands</td>
<td>100.00%</td>
</tr>
<tr>
<td>QR Congo Limited</td>
<td>Cayman Islands</td>
<td>100.00%</td>
</tr>
<tr>
<td>QR India Limited</td>
<td>Cayman Islands</td>
<td>100.00%</td>
</tr>
<tr>
<td>QR Philippines Limited</td>
<td>Cayman Islands</td>
<td>100.00%</td>
</tr>
<tr>
<td>QR Gabon Limited</td>
<td>Cayman Islands</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

### Joint Ventures of QP Subsidiaries

<table>
<thead>
<tr>
<th>Joint Ventures of QP Subsidiaries</th>
<th>Country of Registration</th>
<th>Effective Percentage Holding 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Al Shaheen GE Services Company</td>
<td>Qatar</td>
<td>50.00%</td>
</tr>
<tr>
<td>Al Shaheen Weatherford Q.S.C.</td>
<td>Qatar</td>
<td>50.00%</td>
</tr>
<tr>
<td>Gulf Drilling International Limited</td>
<td>Qatar</td>
<td>7.00%</td>
</tr>
<tr>
<td>Qatar Fertiliser Company Q.S.C.</td>
<td>Qatar</td>
<td>38.25%</td>
</tr>
<tr>
<td>Qatar Fuel Additives Company Limited</td>
<td>Qatar</td>
<td>25.50%</td>
</tr>
<tr>
<td>Qatar Liquefied Gas Company Limited (3)</td>
<td>Qatar</td>
<td>68.50%</td>
</tr>
<tr>
<td>Qatar Liquefied Gas Company Limited (4)</td>
<td>Qatar</td>
<td>70.00%</td>
</tr>
<tr>
<td>Qatar Petrochemical Company Limited</td>
<td>Qatar</td>
<td>40.80%</td>
</tr>
<tr>
<td>Ras Laffan Liquefied Natural Gas Company Limited (3)</td>
<td>Qatar</td>
<td>70.00%</td>
</tr>
<tr>
<td>Seef Limited</td>
<td>Qatar</td>
<td>80.00%</td>
</tr>
</tbody>
</table>
### Subsidiaries of QP Subsidiaries’ Subsidiaries

<table>
<thead>
<tr>
<th>Subsidiary</th>
<th>Country of Registration</th>
<th>Effective Percentage Holding 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>QTL U.S. Holding Corporation, Inc.</td>
<td>USA</td>
<td>100.00%</td>
</tr>
<tr>
<td>QTL Hungary Financing KFT</td>
<td>Hungary</td>
<td>100.00%</td>
</tr>
<tr>
<td>QTL Italy Branch</td>
<td>Italy</td>
<td>100.00%</td>
</tr>
<tr>
<td>QTL U.S. Terminal L.L.C.</td>
<td>USA</td>
<td>100.00%</td>
</tr>
<tr>
<td>QTL U.S. Service Co. L.L.C.</td>
<td>USA</td>
<td>100.00%</td>
</tr>
<tr>
<td>Qatar Chemical Company Distribution Company Limited Q.S.C.</td>
<td>Qatar</td>
<td>51.00%</td>
</tr>
<tr>
<td>Qatar Chemical Company II Distribution Company Limited Q.S.C.</td>
<td>Qatar</td>
<td>51.00%</td>
</tr>
<tr>
<td>Qatar Steel Company FZE Dubai</td>
<td>Dubai</td>
<td>51.00%</td>
</tr>
<tr>
<td>Qatar Steel Industrial Investment Company S.P.C.</td>
<td>Qatar</td>
<td>51.00%</td>
</tr>
<tr>
<td>Qatar Steel Rebar Fabrication Facility S.P.C.</td>
<td>Qatar</td>
<td>51.00%</td>
</tr>
<tr>
<td>South Industries Company (KSA)</td>
<td>Saudi Arabia</td>
<td>51.00%</td>
</tr>
</tbody>
</table>

### Joint Ventures of QP Subsidiaries’ Subsidiaries

<table>
<thead>
<tr>
<th>Joint Venture</th>
<th>Country of Registration</th>
<th>Effective Percentage Holding 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Hook Gas Company Limited</td>
<td>UK</td>
<td>70.00%</td>
</tr>
<tr>
<td>South Hook LNG Terminal Company Ltd.</td>
<td>UK</td>
<td>67.50%</td>
</tr>
<tr>
<td>Adriatic LNG Terminal Limited</td>
<td>Italy</td>
<td>22.05%</td>
</tr>
<tr>
<td>Egypt Refining Company</td>
<td>Egypt</td>
<td>27.95%</td>
</tr>
<tr>
<td>Golden Pass LNG Terminal</td>
<td>USA</td>
<td>70.00%</td>
</tr>
<tr>
<td>Golden Pass Pipeline</td>
<td>USA</td>
<td>70.00%</td>
</tr>
<tr>
<td>Golden Pass Products LLC</td>
<td>USA</td>
<td>70.00%</td>
</tr>
<tr>
<td>Golden Pass LNG Marine Services</td>
<td>USA</td>
<td>70.00%</td>
</tr>
<tr>
<td>Qatar Plastic Products Company WLL</td>
<td>Qatar</td>
<td>13.59%</td>
</tr>
<tr>
<td>Qatar Melamine Company (S.A.Q)</td>
<td>Qatar</td>
<td>62.95%</td>
</tr>
<tr>
<td>Gulf Formaldehyde Company (Q.S.C.C.)</td>
<td>Qatar</td>
<td>26.78%</td>
</tr>
<tr>
<td>PII Group Limited (UK)</td>
<td>UK</td>
<td>50.00%</td>
</tr>
<tr>
<td>PII North America LLC</td>
<td>USA</td>
<td>50.00%</td>
</tr>
<tr>
<td>Total E&amp;P Mauritania</td>
<td>Cayman Islands</td>
<td>20.00%</td>
</tr>
<tr>
<td>Arab Refining Company</td>
<td>Egypt</td>
<td>36.68%</td>
</tr>
<tr>
<td>Long Son Petrochemical Company Ltd.</td>
<td>Vietnam</td>
<td>25.00%</td>
</tr>
</tbody>
</table>

*These represent various investments mainly in Qatar Exchange and the effective QP interest is less than 5%.*
Administration Directorate

The Administration Directorate strives to provide quality service to support QP’s operations in the areas of Human Resources, Qatarization, Corporate Training, Medical Services, General Services and Organization and Systems. The directorate’s customers include QP employees and departments, QP-affiliated companies, and community residents in remote locations.

Human Resources Department

The Human Resources (HR) Department assisted and enabled QP operations to implement the 12-hour shift under the 4 x 4 work cycle for onshore operational staff, in addition to the existing 8-hour shift under the 5/2 work cycle. The new cycle is expected to have a positive impact on employee productivity, reduced commuting time and safety.

Talent management was further enhanced through a reduction in the recruitment cycle time and an improved induction program. This program puts increased focus on HSE (Health, Safety and Environment). A new employee “on boarding” web page is also under development.

The automation of HR e-services continued with 20 more services computerized to provide a faster, more efficient service for employees. Various HR awareness workshops were also conducted for all line departments to enhance the efficiency of HR processes. The areas covered in these workshops included employee relations, professional development, manpower supply and demand planning, and performance appraisals.

Corporate Training Department

The Corporate Training Department continued to meet the higher education needs in the energy and industry sector through the sponsorship of nationals studying at local and overseas universities. Out of 401 active students taking up courses mainly in the engineering discipline, 141 university graduates joined various QP departments during the year. The programs being studied include engineering, petroleum engineering, and geology, sciences, business and a range of other specialist fields.

The department continued to review and improve its vocational training programs to meet the industry’s requirements. The overall duration of the Technician Preparation Program (TPP) was reduced without affecting the quality of training. Out of a total of 846 vocational trainees, 607 are taking up the TPP, which is geared to meet the Qatarization needs of QP’s technical departments. Of the remaining 239 trainees, 204 are enrolled in the Tailor Made Program (TMP) and 35 in the Clerical Preparation Program (CPP).

QP employees continued to enhance their competencies through the professional training programs conducted in-house, within Qatar or overseas. A total of 17,361 training needs were met in 2012. Additionally, QP employees also completed 2,269 e-learning courses during the year.

As part of QP’s strategy to increase support to academic institutes in Qatar and to utilize the best educational resources within the country in line with QP’s training needs, the department signed memorandums of understanding (MOUs) with Qatar Foundation, Qatar University and the College of North Atlantic-Qatar (CNA-Q).

The department also expanded its training infrastructure by commissioning and operating the Dukhan Learning Center and it enhanced its training delivery through advanced workshops and featured classrooms, enabling the delivery of Technical and Further Education (TAFE) Certification programs and professional training courses in line with international standards.
Medical Services Department

The Medical Services Department continued to provide primary care, occupational health, emergency and support services for over 164,000 beneficiaries served by QP’s healthcare clinics in Doha, Ras Laffan, Mesaieed, Dukhan and offshore. Additionally, healthcare services were established in Ras Laffan and Mesaieed Ports to control points of entry into Qatar in compliance with regulations of the World Health Organization (WHO). The provision of dental services in Ras Laffan and the formation of a Medevac team to provide cover for all offshore locations were also introduced.

The Medical Services Department continued with its emphasis on preventive healthcare and established preventative measures for chronic disease management. It achieved its goal to ensure that all healthcare professionals are competent to practice to the highest clinical standards, and it also embarked on a primary healthcare accreditation process as part of improving quality and enhancing safety.

The department successfully held the first QP Occupational Health Conference in March 2012, and it introduced employee health promotion and awareness programs, including those on mental health, weight loss and diet control.

As part of its corporate social responsibility (CSR) initiatives, the department launched several projects, including the Disposal of Unwanted Medicines Properly (DUMP) in Masaieed. Furthermore, training was provided to undergraduate and Pharm-D students from the College of Pharmacy of Qatar University and Arab Board students from the Supreme Council of Health.

General Services Department

The General Services Department is mandated to manage and control the delivery of general services to all areas and locations under the control of QP in Doha. Among the department’s responsibilities are the provision of housing and facilities (office) services and maintenance, transport services, recreation services, and retention of non-technical records for all areas.

Currently, QP departments and facilities are distributed across different locations in Doha. The General Services Department is the custodian for 13 office buildings at various locations in Doha and is effectively managing these facilities.

In order to relocate all office-based Doha staff to a common location, approximately 629,000 m² of built-up space is being developed for QP’s Corporate Headquarters. All departments will be located within nine towers. It is estimated that the completion of the interior construction and moving-in date will be by 2017.

Six cafes were established in 2012 by the department to provide light snacks and beverages to QP employees at their workplace.

Organization & Systems Department

The Organization & Systems Department is mandated to handle the management of organizational structure changes, assessment of manpower contracts, implementation of business process management, development of inter-departmental procedures, development of terms of reference for corporate committees, development and maintenance of directorate/department mandates, development and review of job descriptions, and the establishment of enterprise frameworks for organizational excellence and change management.

In 2012, the department completed the merger of two industrial cities under one directorate, and it also handed over its Enterprise Risk Management function to the Strategic Planning & Policy Directorate. It also finalized the scope of work (SoW) for a call-off contract for fire fighting operations, and it facilitated the transfer of the Oil Spill Department from the Corporate Safety, Health and Environment Department (SQ) to the Marine Department (MR).

In addition, the department finalized the merger of telecommunication units in Masaieed Industrial City and Refining Directorate with the Information and Communication Technology (ICT) Department as well as the merger of Offshore and Dukhan Production laboratories. The Organization & Systems Department also introduced scheduled cyclical reviews of mandates, terms of reference and inter-departmental procedures.

Energy & Industry Sector’s Qatarization Unit

The energy and industry sector’s Qatarization Unit held formal meetings with sector companies and reviewed their Qatarization plans, strategic human capital issues, training strategy, Qatarization websites and CSR initiatives in line with the Qatar National Vision 2030 and the National Development Strategy.

The unit also continued building strong relationships with its education partners. In addition, it successfully held five strategic human capital planning workshops that were custom designed and conducted by the Chartered Institute of Personnel and Development (CIPD) from the UK. Initiated and organized by the Qatarization Unit and sponsored by Qatar Petrochemical Company (QAPCO), this was a first for the energy and industry sector.

In May, the Annual Qatarization Review Meeting, which is chaired by His Excellency Dr. Mohammed Bin Saleh Al-Sada, Minister of Energy and Industry, provided an overview of Qatarization in the sector. In attendance were the chief executives and senior administration and human resources managers of each participating company, education and government partners, and selected guests. A special theme of the meeting covered “Implementing the National Development Strategy” and four senior executives from Qatar-based organizations shared their experiences in this regard. The fourth Annual Qatarization Award recipients were RasGas, QAPCO, Kahramaa, Qatargas, ExxonMobil, and Dolphin Energy.
HSE Regulations & Enforcement Directorate

The HSE Regulations & Enforcement Directorate (DG) was established to undertake the tasks entrusted to Qatar Petroleum under the provisions of Decree Law No. 4 of 1977 to follow up the implementation of Law No. 8 of 2004 and to undertake the tasks, functions and responsibilities assigned to Qatar Petroleum and the Ministry of Energy and Industry as executive bodies in implementing the provisions of the Environment Protection Law promulgated by Decree Law No. 30 of 2002. The directorate is also mandated to control the implementation of, and compliance with, the laws relating to health, safety and environment as regards petroleum operations and to prepare for emergency situations and evaluate studies on the environmental impact of existing petroleum operations.

Our Mission

“To ensure health, safety and environmental risks are appropriately regulated and assure compliance with said regulations to minimize HSE risk exposure to people, environment and the industry.”

Key Objectives

• To ensure that all operators within the sector are in compliance with the laws of Qatar and abiding by their obligations;
• To improve sustainable development (SD) performance via the Sustainable Development Industry Reporting and Award scheme;
• To foster a culture of HSE and SD excellence across the oil and gas sector;
• To introduce best international HSE regulatory practices and framework;
• To assist national bodies in formulating sound HSE and SD regulatory policies and improve monitoring on a national basis.

Major Regulatory/ Legal Activities during 2012

• Signed a Memorandum of Understanding (MoU) with Qatar University;
• Prepared 24 Periodic Review Reports related to HSE treaties, protocols and conventions and guidelines for industry guidance and compliance;
• Conducted legal review of HSE guidelines for industry and general advice.

Major HSE Activities

• Drafted the HSE Technical framework and its associated regimes and circulated them to shortlisted stakeholders for consultation with the idea of application across the sector in the very near future;
• Conducted inspection visits to 29 industrial sites to ensure that process safety was in line with the HSE requirements of national legislation and best industry practice;
• Developed a heat stress database and collected statistics and found 47 cases of heat stress during the year and developed ways to reduce such incidents;
• Developed Occupational Health Strategies with various operators and carried out assessments across the sector's medical facilities with a focus to improve their performance;
• Prepared Emergency Response Preparedness (ERP), Ballast Water Management Guidelines and Mutual Aid & Emergency Drill Guidelines and issued these to industry for implementation; and
• Conducted compliance assessment of MIC operators.
Major Sustainable Development & Stakeholder Engagement

- Completed the 2011 Qatar Energy & Industry Sector Sustainability Industry Report, which showcased the sector’s contribution toward climate change challenges, and organized its launching ceremony at the Qatar Sustainability Expo ahead of UNFCC COP 18;
- Launched a video representing the energy and industry sector’s initiatives on climate change and GHG emissions reduction at COP 18 and the Qatar Sustainability Expo, and received wide acclaim nationally, regionally and internationally for the video;
- Represented the energy and industry sector at the Qatar Sustainability Expo and organised presentations on climate change by experts from academia and industry;
- Provided inputs during the COP 18 negotiations based on the National Development Strategy (NDS) 2011-2016 and UNFCCC-COP17 decisions;
- Provided technical support to Qatar Petroleum in extending the partnership with the World Bank on the Global Gas Flaring Reduction Partnership (GGFR) and engaged with operators on capacity building to explore new avenues to reduce flaring across the industry;
- Completed the requirements of the first monitoring period for the Al-Shaheen CDM Project and submitted its related reports for the second and third monitoring periods; and
- Conducted workshops and industry events to improve the HSE and sustainable development capacity and knowledge sharing within the sector.

Future Plans

The HSE Regulations & Enforcement Directorate will continue to:

- Carry out industry supervision in order to minimize HSE risks, produce the Sustainable Development Industry Report annually, recognize operators’ performance via the award scheme on the basis of their sustainable development reporting, and implement programs that address the Qatar National Vision 2030 and the NDS 2011-2016;
- Issue technical regulations relating to safety in the oil and gas sector; and
- Contribute to plans of action to raise the level of performance in the areas of health, safety and environment in the sector, including the assurance to investors and related entities involved in the financial, human and economic domain in the oil and gas sector that their resources are properly and safely monitored at a high level of professionalism.
Information and Communication Technology (ICT)

QP effectively utilizes its information and communication technology system and services through the corporation’s business value chains in the exploration, production, transport, refining and marketing stages. The ICT Department’s mission is to enable QP’s vision by capitalizing on ICT capabilities and resources to maximize business benefits and address future opportunities and challenges.

As part of the ICT Department’s strategic objective to optimize ICT processes and ensure ICT service availability and continuity, the department has issued the release and deployment process, which is integrated with the project management and change management processes. The purpose of the process is to coordinate releases with different scopes, complexities and degrees of risk. This ensures that all releases are effectively deployed into a live environment so that reliability of hardware, software and service components is maintained.

In 2012, regional oil and gas companies including those in Qatar were targeted by cyber security attacks. The motivation was unknown but critical operations were crippled and the business outage period was relatively long compared to regular attacks. The ICT Department has been working proactively to ensure that the IT environment is best protected from these types of attacks and this was evident in the absence of attack on QP. The department engages with users to bring about a heightened sense of user awareness of IT and information security incidents, and the department is receiving and acting on valuable feedback.

The ICT Department has been fully engaged with ictQATAR to ensure a roadmap to compliance with a law that will soon be introduced, such as the Critical Information Infrastructure Protection (CIIP). As the underlying policies, manuals and standards from ictQATAR are aligned with industry best practices, the department will continue on its journey of improvement to ensure full compliance.

After extensive analysis and audit, the SAP AG Company has certified QP ICT SAP Support Competency Centre as a SAP-certified Customer Center of Expertise (CCOE). QP has achieved scores within the best 25% CCOEs around the world. Also, according to the report, QP ICT scored 93% on Quality, with 95% as its total score.

The ICT Department’s activities can be categorised into two broad areas: business projects and technology initiatives.
Business Projects

Vendor e-Registration Phase II

Vendor e-Registration – The Phase II System is currently used by more than 2,000 companies. This solution is designed to facilitate the participation of all prospective vendors in QP tenders or to make them eligible to receive Requests for Quotations as they register and obtain a QP SAP Vendor Code, a mandatory requirement for the issuance of Requests for Quotations or Tender Documents by QP.

By using this system, vendors can keep their company’s details, including commercial registration, updated as and when required to avoid delays in the processing of tenders, contracts, purchase orders and payment-related matters. The implementation of this system has significantly reduced paper work and registration processing time. It provides QP users with easy access to vendors’ data including the nature of their business. The system also produces management reports regarding the registration status of new vendors.

Portal & Multimedia Program

This program is responsible for the direction, vision, and prioritization of portal and multimedia initiatives and projects related to the intranet and internet. In its continuous efforts to develop the portal as the ultimate one-stop shop that enables information management, web content management, collaboration and transparency among all QP employees and stakeholders, the portal team implemented 19 department intranet websites. To measure the level of satisfaction of users from different QP business units, 20 online surveys have been developed and published on the QPNet portal. In the same direction, the video streaming service has been provided to make corporate videos accessible as needed to save time, increase productivity, promote knowledge sharing and effectively improve communication among QP departments.

Port Management Information System

The Port Management Information System (PMIS) offers significant benefits for the operations of the Mesaieed Port. These include enhancing the safety of vessel traffic at the port, maximizing port revenue and import capability and capacity, maximizing port revenue by optimizing the use of all port resources and facilities, improving business processes, and reducing and minimizing paperwork and manual processes. The system also reduces delays and waiting times at different operational steps such as vessel nomination, scheduling, pre-arrival activities, service requests, pilotage, berthing, shifting, cargo operations and inspections, through effective resource planning, scheduling, information sharing and others.

Technology Initiatives

Round the Clock Service

To cater to different operational and business requirements, the ICT Department has extended its service desk operations from normal office hours to 24x7 operations. This was introduced to be in line with QP’s business operation hours and to support QP users who are on business trips across various time zones. Moreover, it allows continuous monitoring of live systems to ensure minimum downtime and increase customer satisfaction.

Citrix

To increase productivity and the availability of systems, the ICT Department uses desktop virtualization solution (Citrix) that transforms desktops and applications into a secure on-demand service available to any user, anywhere, on any device.

Self Service

To reduce dependency on ICT resources and to ensure compliance with ICT standard software lists, the ICT Department has introduced a self-service application that allows users to install their required software and applications remotely or to run the installation in the back end without disturbing user activity and without the need to raise requests to the ICT Department. This has resulted in faster and when-needed delivery of software with minimum dependency on ICT staff.
Over the last 20 years, there has been a gradual change and growth in the value, type, numbers and complexity of projects managed by the directorate as well as a significant increase in the number of its customers.

The key strategic projects managed and implemented by the Technical Directorate in 2012 are as follows:

- **Sulfur Recovery Upgrade (SRU) Project at Mesaieed** – Upgrade the existing Sulfur Recovery Unit with the installation of a new Acid Gas Enrichment Unit (AGEU) and Tail Gas Treatment Unit (TGTU) as well as to upgrade the utilities to achieve 99.5% of sulfur recovery.
- **Acid Gas Recovery Project (AGRP) at Dukhan** – Build two 14.5-km, 30-inch pipelines and an Acid Gas Compression Unit with associated utilities to include off-site facilities at the Arab-D plant in Dukhan.
- **Ras Laffan Port Expansion Project** – Expand the existing Ras Laffan Port to handle 77 million tonnes per annum of LNG and other liquid products.
- **Ras Laffan Common Cooling Water Project Phase-II** – Construct a centralized Common Cooling Water System for key consumers within Ras Laffan Industrial City. In Phase II, Category 1 and 2 have been commissioned, while Phase III is in progress.
Onshore Projects

• High voltage network upgrade at Dukhan;
• Glycol regeneration units at Dukhan;
• Strategic Gas Transmission Pipeline (SGTP twin 36” pipeline);
• 18” multi-product pipeline from the QP Refinery to the Doha depot (Abu-Hamour) for a multi-product transfer system;
• Drainage system upgrade – QP Refinery;
• Replacement and construction of new service berths at Ras Laffan;
• Various infrastructure projects at Ras Laffan: West side roads, Khalifa Street Phase II and security gate, west side support service development, new south side roads and grading of corridors.

Offshore Projects

• National Security Shield (NSS) – Provide a system for observation, detection, decision making and intervention to enhance the security of all vital offshore assets by installing eight new Sensor Tower Platforms (STPs) and Forward Mounted Base Platforms (FMBs);
• Halul Island:
  • Installation of new Internet Protocol (IP) based PA / GA, CCTV and access control system for security and operational requirements;
  • Integrated chiller, freezer, laundry, dining and accommodation facilities;
  • Centralized industrial area, new telecom building, security building and ring road extension, additional helipad and landing strip at muster point;
  • Desalination plant and potable water storage tanks;
  • Power supply through 2 x 3-Core, 132kV, submarine subsea power cables rated for 100 MW, 100 km each to Halul Island from Ras Laffan.

Significant Achievements/Initiatives in 2012

• Crude Oil Import / Export Facilities and Beach Landing Valves at Halul – Upgraded the system for enhanced operational flexibility;
• QP won the 2012 Geospatial World Forum Excellence Award in recognition of its implementation of a geographic information system (GIS) project at QP Refinery in Mesaieed.

Future QP Plans and Investments in the Petroleum and Infrastructure Sector

• Strategic Storage Tanks for the State of Qatar for 2015–2030 – QP intends to establish petroleum products storage facilities in the State of Qatar in two phases to meet the demand during certain disruptions in the normal supply of petroleum products.

• Qatar Petroleum District – This is QP’s iconic project that will house the business hub and central headquarters of the corporation in West Bay.
• Grading of Plots and Corridors and the Construction of Associated Roads for Future Downstream Venture Industries at Ras Laffan City – This project is in accordance with RLC’s Business Master Plan which aims to provide an appropriate foundation for the expanding downstream industries at RLC.
• Re-development of Bu’Hanine fields and development of new onshore gas processing facilities at Mesaieed – Total project is in a pre-FEED stage and is planned to be completed in December 2022.
Main Activities of Dukhan Operations

Dukhan is a large oil and gas field extending over an area of approximately 80 kms by 8 kms and is located about 80 kms to the west of Doha. The Dukhan Field consists of three sectors from north to south – Khatiyah, Fahahil, and Jaleha/Diyab. The oil and gas produced from the field are separated in four main degassing stations, namely Khatiyah North, Khatiyah Main, Fahahil Main and Jaleha, all of which are continuously manned. The unmanned satellite stations are Fahahil North and Fahahil South. Khatiyah South is now a manned station. The Diyab manifold at the southern end of the field has no process facilities and its total oil production is sent to Jaleha station for processing. Stabilized crude oil is then transported through pipeline to Mesaieed Port, which is about 100 km east of Dukhan.

The actual annual production of the Dukhan Field is based on reservoir management requirements. Other production facilities are related to associated gas, non-associated gas, raw NGL production from associated gas, Arab D gas cap, and recycling plant to produce NGL and condensate. In addition to these, facilities for injection of North Field gas into the Khuff Reservoir and water injection into the main oil reservoirs of Arab C and Arab D and Uwainat for pressure maintenance are also operated on a continuous basis in Dukhan.

The Dukhan Field has about 330 oil-producing wells, 220 water injection wells and 57 gas producers and injectors wells. According to the latest well status, the total number of wells in Dukhan is 753, and this includes all production, injection, observation, closed-in, top holes and abandoned wells.

Dukhan Operations has storage and export facilities at Mesaieed Terminal. The Terminal and Export Department receives stores, schedules and exports crude oil and naphtha.

The production support activities comprise facilities for power receipt and distribution, potable water distribution, a power Station, workshop facilities and a communication network in the Dukhan Field.

In addition to the above production/process facilities, various housing and recreational facilities are available in Dukhan and clubs, catering and security services are also provided to Dukhan residents.
Marketing and Development Plans

The main products for export from the Dukhan Field are crude oil, condensate, natural gas liquids (NGL) and stripped associated gas (SAG).

The following projects are currently under construction or in progress in the area: an acid gas recovery plant, produced water re-injection facilities, the Sweet Fuel Gas Project, drilling of new wells and abandonment of unsafe wells.

Major civil infrastructure development projects are also presently being implemented in Dukhan. Some of these projects include the relocation of industrial facilities outside of Dukhan, a hazardous waste storage facility, an extension building for the Dukhan Management Building, the Dukhan Community College, Phases IX and X of the housing projects, landscaping and beautification projects as well as other civic and recreational projects.

Major Customers

The following products from Dukhan are distributed to various internal and external customers:

- Crude oil is exported through Mesaieed's Terminal Operations Department and also supplied to the QP Refinery in Mesaieed.
- Condensates are sent to the QP Refinery in Mesaieed.
- Arab D NGL is supplied to NGL-4 in Mesaieed.
- FSP Raw NGL is sent to NGL and NGL 2 in Mesaieed.
- SAG is supplied to the Dukhan Desalination Plant, Qatar National Cement Company (QNCC), QAPCO and QAFCO via QP's Gas Distribution System.

Future Expansion Plans

- A major project on the construction of an acid gas removal plant, which would supply sweet gas to Dukhan customers, is currently under construction and will be commissioned in 2013. The project has been awarded to Petrofac, which is based in Sharjah, UAE. Detailed engineering and procurements have been completed, and construction is now in progress.
- Powerfed Water Injection Phase VII will increase the capacity of PS1, PS3 and PS6 to 120,000 b/d, 120,000 b/d and 150,000 b/d, respectively.
- The Sweet Fuel Gas Project, which is currently in construction phase, will supply NF sweet gas as fuel to all Dukhan customers namely QP, QNCC, and Gulf Cement Company (GCC).
- The implementation of Phase II of the Dukhan Physical Development Plan (DPDP) comprises Phase IX and Phase X of the Dukhan Housing Project, as well as the construction of the civic building and supporting infrastructure, utilities and services within the Dukhan township. Also included in the DPDP is the construction of infrastructure, utilities and services projects in the QP concession area.
- In addition to these, a new Western District Hospital, which has been renamed as the Cuban Hospital, Zikreet, has been completed and inaugurated. The administration of the hospital is provided by Hamad Medical Corporation, and the hospital's technical employees are from Cuba. It has all departments, specialists and an Emergency Center, except a primary public health clinic.

Historical Background on Dukhan Field Development

The development of the Dukhan Field has taken place in various stages. The first well was drilled in 1939-1940, confirming the presence of commercial quantities of oil in the area. Further work was suspended due to World War II. The development of the Khatiyah sector was then started from 1947 onwards and the first oil was exported from the Mesaieed Port on 31 December 1949.

The attainment of an integrated management system certification for the entire Dukhan Operations is scheduled in 2013. It has coordinated with Corporate Quality and Management Systems Department in implementing the following integrated management systems:

- Quality Management System (QMS) – ISO 9001:2008,
- Environmental Management System (EMS) – ISO 14001:2004
- QP has awarded the Dukhan Field Integrated Study (DFIS) to ExxonMobil to review the various options for enhancing production of the remaining in-place oil. The study is looking at the following options:
  - Carbon Dioxide Injection
  - Pattern Flooding
  - Water Alternating Gas Injection (WAG)

The final Enhanced Oil Recovery (EOR) model will be selected after a pilot scale trial of each option.
<table>
<thead>
<tr>
<th>Major Achievements up to 2012</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Drilling of the first well in Dukhan</td>
<td>1939/40</td>
</tr>
<tr>
<td>2 Shipment of the first crude oil from Dukhan</td>
<td>1949</td>
</tr>
<tr>
<td>3 Discovery of non-associated gas in the Khuff reservoir</td>
<td>1959/60</td>
</tr>
<tr>
<td>4 Commencement of power water injection in Dukhan reservoirs for pressure maintenance</td>
<td>1989</td>
</tr>
<tr>
<td>5 Commissioning of the Arab D Gas Recycling plant to recover condensate and NGL from Arab D Reservoir Gas Cap</td>
<td>1998</td>
</tr>
<tr>
<td>6 Commissioning of NGL4/DKADU to recover 5600 t/d of NGL from Arab D Cap Gas</td>
<td>2003</td>
</tr>
<tr>
<td>7 Commissioning of the gas lift project</td>
<td>2003</td>
</tr>
<tr>
<td>9 Central Office Building for Dukhan Operations completed</td>
<td>2005</td>
</tr>
<tr>
<td>10 Well Integrity Department established to ensure the safe operation of oil and gas wells</td>
<td>2009</td>
</tr>
<tr>
<td>11 Completion of a new sewage treatment plant</td>
<td>2009</td>
</tr>
<tr>
<td>12 Completion of the Dukhan Umm Bab – Salwa Road</td>
<td>2010</td>
</tr>
<tr>
<td>13 Installation of new dehydration units at FSP</td>
<td>2011</td>
</tr>
<tr>
<td>14 Mesaieed tank farm upgraded, with the rehabilitation of tanks, construction of new tanks, increase in storage capacity and change in tank farm philosophy; multi-product berth in final stage of completion</td>
<td>2011</td>
</tr>
<tr>
<td>15 Significant reduction in gas flaring achieved</td>
<td>2011</td>
</tr>
<tr>
<td>16 Two new fire stations constructed and commissioned at Fahahil and Umm Bab</td>
<td>2011</td>
</tr>
<tr>
<td>17 Completion of the Cuban Hospital in Dukhan</td>
<td>2011</td>
</tr>
<tr>
<td>18 Completion of additional offices, warehouses and laboratories</td>
<td>2011</td>
</tr>
<tr>
<td>19 Commissioning of fiscal meter and meter prover for crude oil, NGL and condensates</td>
<td>2012</td>
</tr>
</tbody>
</table>

**Offshore Fields**

**Operations - Offshore Fields**

QP operates two offshore production stations, PS-2 and PS-3, which are located in the northeast of Qatar’s territorial waters. These production stations are located in the Maydan Mahzam (MM) and Bul Hanine (BH) fields.

Both PS-2 and PS-3 platforms produce crude oil, associated gas and condensate. Oil with condensate is piped to Halul Island for storage and export. On the other hand, the gas produced is primarily used to assist in lifting the oil from the reservoirs, and it is also utilized not only as station and Halul fuel gas but also as feedstock to Mesaieed’s NGL facilities.

**Major Customers**

QP’s major customers for the purchase of crude oil, gas and condensate include Mitsubishi Corporation, ExxonMobil, Total, Cosmo, Marubeni, Itochu, and others.

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**Major Customers**

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**Major Achievements**

1. Achieved the lowest safety incident frequency in the last six years. Also, the result is in the top quartile of more than 40 benchmarked companies in the oil and gas industry;
2. Held the 3rd Offshore Day in Halul in commemoration of 50 years of Qatar’s offshore operations;
3. Three new producing wells drilled with a potential of 1,300 b/d. In addition, seven producing wells were worked-over/side-tracked with a potential of 8,000 b/d. Three appraisal wells for Khuff, Arab C and Arab D were also drilled during the year;
4. Commenced trial/evaluation of the FieldWare system for gas lift and production optimization on two wellhead jackets;
5. Four wells with high-risk compromised integrity were restored as part of the above work-over programs;
42

QP seeks to increase the hydrocarbon resources and reserves of Qatar through aggressive exploration and appraisal activity. This is accomplished through the signing of Exploration and Production Sharing Agreements (EPSA) and Appraisal, Development and Production Sharing Agreements (DPSA) with major international oil and gas companies.

The following is a summary of exploration and appraisal activities and achievements in 2012:

**EPSA Exploration Areas**

<table>
<thead>
<tr>
<th>Block</th>
<th>Operator</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Block-3</td>
<td>Wintershall Consortium</td>
<td>A complete technical evaluation has been performed. No drilling is planned.</td>
</tr>
<tr>
<td>Block-4</td>
<td>GDF SUEZ Consortium</td>
<td>The post-Khuff well has been completed and the pre-Khuff well is scheduled to be completed in the third quarter of 2013.</td>
</tr>
<tr>
<td>Block-4 North</td>
<td>Wintershall Consortium</td>
<td>Both Khuff exploration wells have been successfully completed. Final evaluation of the block is ongoing.</td>
</tr>
<tr>
<td>Block-A</td>
<td>JX Nippon</td>
<td>Preliminary technical studies are near completion and 3D seismic data are being processed. The first well is scheduled to be spudded in September 2013.</td>
</tr>
<tr>
<td>Block-BC</td>
<td>CNOOC Consortium</td>
<td>Preliminary technical studies are complete and acquired seismic data are being processed. The first well is scheduled to be spudded in May 2013.</td>
</tr>
</tbody>
</table>

**Other Field and Areas Under EPSA and Open Areas**

- Bunduq Deep Exploration Well – This field is operated in conjunction with the Abu Dhabi National Oil Company (ADNOC). A deep exploration well to evaluate the Khuff and pre-Khuff hydrocarbon potential is planned to be spudded in 2014.
- Exploration Open Areas – Blocks 1, 2, 7, 8, 10, 11, 13 and 14 are being studied in-house by QP for post-Khuff potential, following the recent completion of the regional Mesozoic study. Block E is being studied in conjunction with a regional pre-Khuff study.

**Exploration and PSA Oil Development Activities**

**Future Expansion Plans**

**MM and BH Fields:**

1. BH field redevelopment concept selection completed. Pre-FEED studies ongoing;
2. With the implementation of the BH field redevelopment project, field production is expected to increase in 2020;
3. Studies of MM field reservoirs are expected to be completed and redevelopment plan announced within 2013 (via the Oil & Gas Ventures Directorate);
4. Seismic survey for Pre Khuff Block “BC” ongoing at MM and BH fields;
5. Refurbishment of the protective coatings on PS-2, PS-3 and wellhead jackets structures ongoing;

**Other Field and Areas Under EPSA and Open Areas**

- Commissioned the Public Address/General Alarm (PAGA) and CCTV systems;
- Major overhaul of one crude oil storage tank at final stage of completion (95%);
- Replacement of SBM-1 for tanker loading;
- Refurbishment of Halul incinerators.

- Upgrading of escape capsules at both PS-2 and PS-3 completed;
- Gas flared in 2012 reduced by around 45% compared to gas flared in 2011;
- Completed salvage operation for two sunken ships near Halul;
- Ministry of Environment carried out seabed cleaning campaign near Halul Island with the participation of QP and Gas Operations diving clubs;
- Introduced and commenced operations of Helicopter for Emergency and Medical Services (HEMS);
- Completed the following projects in Halul:
  - Commissioned the Public Address/General Alarm (PAGA) and CCTV systems;
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9. Completed salvage operation for two sunken ships near Halul;
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**Exploration/Appraisal Activities**

QP seeks to increase the hydrocarbon resources and reserves of Qatar through aggressive exploration and appraisal activity. This is accomplished through the signing of Exploration and Production Sharing Agreements (EPSA) and Appraisal, Development and Production Sharing Agreements (DPSA) with major international oil and gas companies.

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- Major overhaul of one crude oil storage tank at final stage of completion (95%);
- Replacement of SBM-1 for tanker loading;
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6. One wellhead jacket structure with well integrity issues successfully decommissioned and demolished;
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   - Refurbishment of Halul incinerators.

13. Seismic survey for Pre Khuff Block “BC” ongoing at MM and BH fields;
14. Refurbishment of the protective coatings on PS-2, PS-3 and wellhead jackets structures ongoing;
15. Installation of upgraded telemetry Instrument Air Compressors in PS-2 and PS-3 ongoing. Expected to be completed in 2013.

**Exploration Activities in Blocks Under EPSA and Open Areas**

The following is a summary of exploration and appraisal activities and achievements in 2012:

- Commissioned the Public Address/General Alarm (PAGA) and CCTV systems;
- Major overhaul of one crude oil storage tank at final stage of completion (95%);
- Replacement of SBM-1 for tanker loading;
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- Refurbishment of Halul incinerators.
The field of Enhanced Oil Recovery (EOR) techniques continued in 2012. The total crude oil production in 2012 was almost 1.273 million barrels (bbls) compared to 1.265 million barrels produced in 2011 and 2012. As of the end of 2012, 39 wells were completed out of the nine well projects planned for Phases 1 and 2. The three remaining water injection wells are planned for 2013.

Al Karkara & A-Structures (Qatar Petroleum Development Company): All three stages of Al Karkara and A-North Full Field Development Plan have been completed.

The Full Field Development Plan for A-South Structure was approved in 2007. A-South drilling commenced in early 2010 and the field came on production in April 2011 with a dual producer from Arab C/D and a selective injector.

The 2012 crude oil production contribution from the OQ-operated and ESPA/DPSA fields is shown below.

### Al Khalij Field (Total E&P Qatar Ltd.):
- The main operational activities in 2012 included workovers aimed at optimizing the existing production level and the drilling of an infill multi-lateral fishbone well (ALK-114) with four laterals in Al Khalij field. One water injector well was converted into a controlled dump-flood from UER aquifer using an ESP and one producer converted to injector.
- The conceptual study for replacing 10” water injection pipeline between DF2 to WP3 was completed. Preparations are ongoing for the construction of produced water treatment and crude oil desalting plants at Halul Island. This will enhance water handling capacity for ALK up to 45,000 BWPD.
- Geo-science and reservoir studies continued throughout the year 2012 and these studies are expected to be concluded towards the end of 2013. Some 56 square km of 4D seismic data was also acquired during the year.
- In November 2012, QP and TEFQO executed a Heads of Agreement (HOA) for further development and operation of the field after the expiration of the current PSA in 2014.

Idd El Shargi South Dome (Occidental Petroleum of Qatar Ltd.): The new 12” pipeline to PS1 was installed and commissioned in March 2011. Abandonment of the old 18” pipeline is in progress.

A new Phased Full Field Development Plan (PFDP) was approved in the first quarter of 2011. Phases 1 and 2 each consist of the installation of a Minimum Facilities Platform (MFP) for the drilling of four and five wells, respectively. The remaining Phases 3-5 entail the installation of two large wellhead jackets and its implementation will be decided based on the results of Phases 1 and 2.

The installation of the two MFPs of Phases 1 and 2 was completed in 2011 and 2012. As of the end of 2012, six producing wells were completed out of the nine well projects planned for Phases 1 and 2. The three remaining water injection wells are planned for 2013.

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North Field

Discovered in 1971, the North Field lies off the northeast shore of the Qatar peninsula and covers an area of some 6,000 square kilometers. The North Field is considered to be the largest single non-associated gas reservoir in the world with total proven reserves of 900 trillion standard cubic feet (tscf). The development of this vast natural resource is of great strategic significance to Qatar’s overall economic development.

North Field Alpha

The first commercial exploration of the North Field gas resource started in late 1991 with initial gas production from Phase I (Alpha Project). The gas is mainly used for supply to the local market, while the condensate is used for refining or export. A portion of the gas produced from this project is re-injected into the country’s strategic contingency reserve in Dukhan. During 2012, average production was 838 million standard cubic feet per day (mmscfd) of gas and 23,088 barrels per day (b/d) of stabilized condensate. Total production was 305 billion standard cubic feet (bscf) and 8.40 million barrels (bbls) of stabilized condensate.

Al-Khaleej Gas Project (AKG)

The project is designed to develop reserves from the North Field to supply 2.0 bscf/d of sales gas to Ras Laffan Power Company Limited, Oryx GTL, Q-Power, Laffan Refinery, Ras Laffan Olefins Company Ltd and other industries in the Mesaieed area. Phase-II development (AKG-2) has a nominal design capacity of 1,250 mmscfd for supplying gas to local industries and power generation plants. AKG-2 started up in the third quarter of 2009.

During 2012, AKG’s average production was 1,800 mmscfd of sales gas. AKG also produced about 27.9 million barrels (bbls) of condensate and 1.149 million tonnes of LPG in 2012. QP has installed a new 36-inch lean gas pipeline with a design capacity of 1.0 bscf/d to supply the Mesaieed industrial area.

Barzan Gas Project

The Barzan Gas Project will produce and process gas from Qatar’s North Field to supply sales gas to power stations and industries in Qatar, ethane to the local petrochemicals industry, and associated liquid hydrocarbons for sale in local and international markets. The Barzan Gas Project is expected to supply 1.4 bscf/d of gas, with first gas flow planned for 2014. The project is located in Ras Laffan Industrial City and will be operated by RasGas Company Limited.

A Joint Venture Agreement and a Development and Fiscal Agreement were signed on 23rd December 2001 between QP and the contractor (comprising Dolphin Investment Company with 51% interest and Total of France and Occidental Petroleum of the USA with 24.5% interest each). The delivery of export gas from the first stream commenced in the third quarter of 2007; the second stream began in February 2008; and full lean gas for export to the UAE presently continues steadily.

In 2012, average sales gas production was 2,000 mmscfd, in addition to 1.318 million tonnes of LPG and 33.95 million barrels (bbls) of total condensate. QP also exported an average of 278 mmscfd of lean gas to Dolphin.

The EPC of the Export Gas Compression and Flare System Upgrade projects is progressing well, with expected “Ready for Startup” (RFSU) by the first quarter of 2015. The new Third Party Gas Pipeline Project FEED is nearing completion. The scope of the project is to provide interconnecting pipeline and related measurement and control facilities with a capacity of 1,000 mmscfd from the QP station A4 to the Dolphin plant.

Dolphin Project

The Dolphin project entails the development of reserves from the North Field for the production of wellhead gas sufficient to export 2.0 bscf/d of sales gas to the United Arab Emirates. The project processes gas at Ras Laffan, where condensate, ethane, LPG and sulfur are stripped out and sweet lean gas is then delivered to the UAE through a sub-sea pipeline. The Development and Production Sharing Agreement (DPSA) was signed on 23rd December 2001 between QP and the contractor (comprising Dolphin Investment Company with 51% interest and Total of France and Occidental Petroleum of the USA with 24.5% interest each). The delivery of export gas from the first stream commenced in the third quarter of 2007; the second stream began in February 2008; and full lean gas for export to the UAE presently continues steadily.

In 2012, average sales gas production was 2,000 mmscfd, in addition to 1.318 million tonnes of LPG and 33.95 million barrels (bbls) of total condensate. QP also exported an average of 278 mmscfd of lean gas to Dolphin.

The EPC of the Export Gas Compression and Flare System Upgrade projects is progressing well, with expected “Ready for Startup” (RFSU) by the first quarter of 2015. The new Third Party Gas Pipeline Project FEED is nearing completion. The scope of the project is to provide interconnecting pipeline and related measurement and control facilities with a capacity of 1,000 mmscfd from the QP station A4 to the Dolphin plant.
Drilling Department

The Drilling Operations for offshore fields (Maydan Mahzam and Bul Hanine) and onshore field (Dukhan) continued its activities in drilling and work over operations in 2012 using best industry practices in an economical, safe and environmentally friendly manner. Drilling operations and all related services were conducted in accordance with ISO 9001, ISO 14001 and OHSAS 18001.

Offshore Fields (Maydan Mahzam and Bul Hanine)
The offshore drilling rigs count is two.

Major Achievements/Highlights
- Successfully drilled six wells in Maydan Mahzam (MM) and Bul Hanine (BH) Fields, including one Khuff explorer well, (MM-93);
- Successfully worked over/ abandoned and recompleted 20 wells;
- Successfully carried out 412 bottom hole pressure surveys;
- Successfully conducted logging campaign for 11 wells in BH and MM fields;
- Successfully continued recording LWC procedure at wire line boats, Halul and Ras Laffan drilling workshop;
- Successfully recovered and repaired damaged/subsidised 13 3/8" casing on MM-43A and nine 5/8" casing on BH-116A well;
- Successfully squeezed off cross flow behind casing between Arab "C" and "D" formation on BH-134 well and re-established well integrity;
- Successfully ran and installed Permanent Down Hole Gauge (PDHG) in MM-97 for the first well in an offshore field;
- Successfully killed BH-03L riglessly by using through tubing inflatable bridge plug and dumped cement above bridge for the first time in an offshore field;
- Successfully continued running Rotary Steerable System (RSS) in highly deviated wells, thus saving +/- QAR2 million per well.

Onshore Fields (Dukhan)
There were six land rigs in operation including two at the end of 2012.

Major Achievements/Highlights
- Successfully drilled 24 wells in Dukhan fields;
- Successfully worked over/ abandoned and recompleted 20 wells;
- Successfully carried out 412 bottom hole pressure surveys;
- Successfully completed wells logging campaign in 89 wells;
- Successfully acidized and production tested 27 wells;
- Successfully continued running Rotary Steerable System (RSS) in highly deviated wells, thus saving +/- QAR2 million per well.

Halul Island

Halul Island is located around 96 kilometres northeast of Doha and has an area of 1.5 square kilometres. It is equipped with major oil terminal facilities that meet all international standards. It is the main storage and export terminal for Qatar Marine Crude (QMC) oil.

The island is equipped with 11 large crude oil storage tanks with a total capacity of 5 million barrels (bbls), and it has tanker-loading capabilities comprising two single mooring buoys (SMB) that allow two tankers to be loaded simultaneously. With its range of facilities, Halul Island has a loading capacity of over 100,000 bbls per hour, and it has the capability to export more than 2.5 million bbls of crude oil in one day. It also has facilities for power generation, water desalination, harbor for supply boats, heliport, waste management as well as suitable staff accommodation and all related domestic facilities including restaurants, a clubhouse and recreational facilities.

Qatar Marine Crude (QMC) oil exported from Halul is a blend of oil produced from five oil fields. Two of these are QP-operated fields (MM and BH) and the three others are operated by QP joint-venture partners on a production sharing arrangement. Crude oil from producers is transported to Halul by sub-sea pipelines.

The three joint venture producers are Occidental Petroleum of Qatar Ltd. (OPQL) operating PS-1 (Idd El-Shargi field – North and South Domes), Total Exploration & Production Qatar (TEPQ) operating the Al-Khalij field, and Qatar Petroleum Development Company of Japan (QPD) operating the Al-Karkara and A-Structure fields.

Halul Terminal complies with the Ship and Port Security Code (ISPS) and follows recommendations set out by the International Safety Guide for Oil Tankers and Terminals (ISGOTT).

Halul Island has been playing a central role in Qatar’s economy and the world’s energy demand for decades.

Future Expansion Plans
1. Construction of four freshwater desalination units with a total capacity of 2,400 m3 per day – This project is currently at final stage of completion and it is expected to be completed in the first half of 2013.
2. Project for providing Halul island with 100 MW of power supply from Ras Laffan through sub-sea cables – HE Dr. Mohammed bin Saleh Al-Saad, Minister of Energy and Industry, laid the foundation stone for this project in December 2012. The engineering work for this project has commenced.
3. Construction of integrated chilling, freezer, laundry, dicing and accommodation facilities – The project is expected to be completed by 2015.
4. Construction of a centralized sewage treatment plant – This project is also expected to be completed by 2015.
5. Construction of a centralized industrial area - The project is expected to be completed by 2013.
6. Construction of additional crude oil storage tank – FEED is ongoing.
7. Construction in Halul Island of additional facilities by Occidental Petroleum Qatar Limited (OPQL) for IS-ND Phase-5 development.
Qatargas Operating Company Ltd. (Qatargas)

Qatargas, established in 1984, pioneered the liquefied natural gas (LNG) industry in Qatar.

Today, Qatargas – under the guidance of His Excellency Dr. Mohammed Bin Saleh Al-Sada, Minister of Energy and Industry and Chairman of the Board of Directors at Qatargas – is the largest LNG-producing company in the world, with an annual LNG production capacity of 42 million tonnes per annum (mta). It is realising its vision to become the world’s premier LNG company.

Qatargas operates all its existing trains and facilities, including offshore, as well as the Laffan Refinery, the Common Sulfur facilities, the Common Lean LNG (CLLNG), the Common LPG (CLPG) and the Common Condensate Storage & Loading (CCSL) projects on behalf of its shareholders in all of its assets.

Its offshore operations are located approximately 80 kilometres northeast of Qatar’s mainland. Commissioned in 1996, the North Field Bravo offshore complex is the heart of the Qatargas offshore operations. Meanwhile, the company’s onshore operations occupy a site within Ras Laffan Industrial City on a plot of land extending 3.9 square kilometres in area. Qatargas has seven LNG trains, four of which – known as megatrails – are the largest in the world, each with a production capacity of 7.8 mta.

Qatargas’ customers are spread throughout the world in European, Asian, Middle Eastern as well as North and South American markets.

For Qatargas, at the very heart of its priorities is corporate social responsibility. Qatargas does not operate in isolation; on the contrary, the company is intrinsically linked with the communities and environments in which it operates, wherever they may be around the world.

Qatargas is a responsible energy operator and is committed to improve and promote the environmental performance of LNG and its other production facilities. As a company, it upholds the highest standard in energy use efficiency, responsible energy management and conservation, and is committed to the responsible management of the environment in which it operates. Qatargas has a forward-thinking and strategically developed Greenhouse Gas Management Strategy.

For now and well into the future, Qatargas will continue to seek increased energy efficiency across its facilities, for continual improvement, for a better tomorrow. The company is proud to play its part in preserving the environment, for future generations to come.

Current Operations

Qatargas 1

Qatargas 1 (QG1) was established to develop and process natural gas from Qatar’s North Field to produce LNG for export. The first LNG delivery was made in October 1996 to Japan. Qatargas 1 consists of three LNG trains (Trains 1, 2, and 3) with a total production of about 10 mta of LNG. For Qatargas 1, 22 production wells were drilled and completed to supply 1,600 million standard cubic feet (mmscf/d) (45 million cubic metres) of dry natural gas per day from the field’s reservoir, underneath the seabed, to the existing Qatargas 1 onshore trains.

The shareholders of Qatargas 1 are QP (65%), ExxonMobil (10%), Total (10%), Mitsui (7.5%) and Marubeni (7.5%).

Qatargas 2

The Qatargas 2 (QG2) project is the world’s first fully integrated value chain LNG venture. It includes two world-class LNG mega-trains (Trains 4 and 5), each with a capacity of 7.8 (mta) of LNG and 0.85 mta liquefied petroleum gas (LPG), condensate production of 90,000 bpd, a fleet of 14 Q-Flex and Q-Max ships and Europe’s largest LNG receiving terminal. The shareholders of Train 4 are QP (70%) and ExxonMobil (30%), while for Train 5, Total holds a 16.7% stake, in addition to QP’s 65% and ExxonMobil’s 18.3%.

Qatargas 2 includes 30 offshore wells and three platforms in Qatar’s North Field. The offshore platforms are unmanned and produce 2.9 billion cubic feet of gas per day. Total production is piped to shore via two wet-gas pipelines. The LNG is processed using Air Products’ proprietary APX process technology.
As part of the total expansion of Ras Laffan’s capacity, Qatargas 2 constructed facilities for expanded LNG storage and loading, including five 145,000-cubic-metre tanks and three LNG berths, a 12,000 tonne/day common sulfur system serving all Ras Laffan ventures, and an export pipeline and mooring buoy for loading condensate ships some 55 kilometres offshore. Once the gas is processed and turned into LNG, it is loaded and shipped in a specially designed fleet of ships to markets in the United Kingdom, United States, Asia and Europe. Upon arrival in the UK, the LNG is off-loaded into the purpose-built South Hook LNG Terminal at Milford Haven, Wales. The terminal is the largest LNG receiving terminal in Europe and is linked to the UK’s national pipeline grid, serving approximately 20% of the current UK natural gas demand.

Qatargas 3

The Qatargas 3 (QG3) project involved the construction of a new LNG mega-train (Train 6) with a capacity of 7.8 mta. Production from Train 6 started in November 2010. Qatargas 3 is a joint venture of QP (68.5%), ConocoPhillips (30%) and Mitsui & Co. Ltd. (1.5%). The LNG produced by Qatargas 3 is transported to markets worldwide on a fleet of ten ships, each with a carrying capacity of approximately 210,000-266,000 cubic metres of LNG.

The upstream platforms and infrastructure of Qatargas 3 consist of three unmanned platforms, 33 wells and two subsea pipelines, all of which are shared with the Qatargas 4 project and are operated remotely from an onshore control room. Qatargas 3 produces 1.4 billion standard cubic feet of gas per day, delivering LNG and substantial volumes of condensate and LPG.

The LNG produced from Qatargas 3 is shipped predominantly to markets in the United States, Asia and Europe.

Qatargas 4

Qatargas 4 (QG4), a joint venture between QP (70%) and Royal Dutch Shell (30%), started producing LNG in January 2011 and it completes Qatargas’ planned LNG expansion projects. The project involved the construction of a new LNG mega-train (Train 7), similar to Qatargas 2 and Qatargas 3, with a production capacity of 7.8 mta. Its upstream platforms and infrastructure consist of three unmanned platforms (each containing 11 wells) and two subsea pipelines, which are shared with Qatargas 3. Qatargas 4 produces 1.4 billion standard cubic feet of gas per day, delivering LNG and substantial volumes of condensate and LPG, as well as high purity grade sulfur.

The Qatargas 3 and 4 projects were developed and executed by a joint asset development team to capture synergies. LNG from Qatargas 4 is transported to global markets via a fleet of eight Q-Flex or Q-Max ships (with approximately 210,000-266,000 cubic metres capacity each), which were constructed in Korean shipyards. Qatargas 4 predominantly supplies markets in North America, the Middle East and Asia.

Major Achievements

February

• Qatargas became the first company in Qatar to achieve accreditation for its professional engineers development programme, from the Institution of Chemical Engineers (IChemE) and Institution of Engineering Technology (IET)

April

• Qatargas completed ten years of operations on its offshore facilities without a Lost Time Incident (LTI) – a significant milestone demonstrating the company’s outstanding safety performance.

June

• Qatargas signed a long term LNG Sales and Purchase Agreement (SPA) with Kansai Electric Power Company of Japan. Under the terms of the agreement, Qatargas will deliver 0.5 mta of LNG for a period of 15 years starting from 2013.

October

• Qatargas signed a long term LNG Sales and Purchase Agreement (SPA) with Chubu Electric of Japan. Under the terms of the agreement, Qatargas will deliver up to 1 mta of LNG for a period of 15 years starting from 2013.

• Qatargas was awarded the prestigious “Award for Excellence in Flaring Reduction” by the World Bank led Global Gas Flaring Reduction Partnership (GGFR).

December

• Qatargas signed a long term LNG Sales and Purchase Agreement (SPA) with PTT Public Company Limited of Thailand. Under the terms of the agreement, Qatargas will deliver 2 mta of LNG for a period of 20 years beginning from 2015.

September

• Qatargas delivered the first cargo of LNG to China National Oil Corporation’s (CNOOC) Zhejiang LNG Terminal. The cargo delivered by Qatargas’ Q-Max LNG vessel ZARGA was used to commission the newly constructed LNG terminal.

• Qatargas signed a long term LNG Sales and Purchase Agreement (SPA) with Tokyo Electric Power Company of Japan. Under the terms of the agreement, Qatargas will deliver 1 mta of LNG for a period of 15 years starting from 2011.

• Qatargas’ planned LNG expansion projects. The project involved the construction of a new LNG mega-train (Train 7), similar to Qatargas 2 and Qatargas 3, with a production capacity of 7.8 mta. Its upstream platforms and infrastructure consist of three unmanned platforms (each containing 11 wells) and two subsea pipelines, which are shared with Qatargas 3. Qatargas 4 produces 1.4 billion standard cubic feet of gas per day, delivering LNG and substantial volumes of condensate and LPG, as well as high purity grade sulfur.

The Qatargas 3 and 4 projects were developed and executed by a joint asset development team to capture synergies. LNG from Qatargas 4 is transported to global markets via a fleet of eight Q-Flex or Q-Max ships (with approximately 210,000-266,000 cubic metres capacity each), which were constructed in Korean shipyards. Qatargas 4 predominantly supplies markets in North America, the Middle East and Asia.
RasGas Company Limited (RasGas)

RasGas Company Limited (RasGas) is a Qatari joint stock company established in 2001 by Qatar Petroleum and ExxonMobil RasGas Inc. RasGas acts as the operating company for and on behalf of all owners of the liquefied natural gas (LNG) projects RL, RL (II) and RL3 (Project Owners). With operations facilities based in Ras Laffan Industrial City, RasGas’ principal activities are to extract, process, liquefy, store and export LNG and its derivatives from Qatar’s North Field.

RasGas, on behalf of the Project Owners, exports to countries across Asia, Europe and the Americas with a total LNG production capacity of approximately 37 million tonnes per annum (mmtoe).

For pipeline sales gas to the domestic market, RasGas also operates the Al Khaleej Gas Projects, AKG-1 and AKG-2, supplying approximately 2.0 billion standard cubic feet (bscf) per day. RasGas is currently adding production capacity by building the Barzan Gas Project which, when fully operational in 2015, is expected to supply approximately 1.4 bscf of sales gas per day to the Qatari market to meet growing demand for energy at power stations and downstream industries.

RasGas also operates the Ras Laffan Helium Plant, which was established in 2003 and came on stream in 2005. The plant extracts, purifies and liquefies helium from the North Field. The second helium plant is expected to enter production in 2013, bringing the total liquid helium production capacity to 1.96 bscf per year.

RasGas Company Limited is the operating and project development company for and on behalf of the following:

1. Ras Laffan Liquefied Natural Gas Company Limited – ‘RL’
RL was established in 1993 to produce LNG and related products from two trains, Trains 1 and 2, which each have a production capacity of 3.3 mta of LNG.

2. Ras Laffan Liquefied Natural Gas Company Limited (II) – ‘RL (II)’
RL (II) was established in 2001 to produce LNG and related products from three trains, Trains 3, 4 and 5, which each have a production capacity of 4.7 mta of LNG.

3. Ras Laffan Liquefied Natural Gas Company Limited (3) – ‘RL (3)’
RL (3) was established in 2005 to produce LNG and related products from two trains, Trains 6 and 7, which each have a production capacity of 7.8 mta of LNG.

4. Ras Laffan Helium
Ras Laffan Helium was established in 2003 to extract, purify and liquify helium from the North Field. The first Ras Laffan Helium plant has a production capacity of approximately nine tonnes per day of liquid helium. The first Ras Laffan Helium plant started production in August 2005 and develops resources on behalf of the co-owners RL, RL (II), and Qatargas 1. Ras Laffan Helium 2 is scheduled to start-up in 2013 with an estimated production capacity of approximately 17 tonnes per day of liquid helium. Ras Laffan Helium 2 will be the world’s largest single helium refinery.
QP Gas Operations

QP Gas Operations under the Operations Directorate is responsible for managing the complete value chain for non-associated gas production, associated gas and natural gas liquids (NGL) processing, local transmission and distribution and export of liquefied petroleum gas (LPG) and condensates.

Key Operational Objectives of Gas Operations

- Operate the plants with the highest possible levels of personnel and plant safety while complying with all QP and State HSE regulations and guidelines;
- Optimize the processing of various feed streams in a cost-effective manner to maximize the State of Qatar’s revenues;
- Meet the fuel/feedstock requirements of Qatar’s power plants and local industries;
- Meet export targets for LPG and NGL condensate.

Gas Operations acts as the integrated shutdown coordinator for all hydrocarbon industries operating in Qatar in order to minimize the aggregate downtime and consequent production losses. It also acts as the coordinator and facilitator for all pipeline road crossings and construction road openings throughout the State of Qatar.

Assets under Gas Operations

- North Field Alpha – Offshore gas production in Qatar’s North Field
- Khuff Facilities – Onshore gas production in Dukhan
- North Field Injection Station (NFIS) – Gas reinjection facilities at Fahahil in Dukhan
- NGL Complex – Gas processing plants in Mesaieed
- LPG and condensate storage tanks in Mesaieed
- NGL Jetty in Mesaieed – For exporting LPG and condensates
- Transmission and Distribution Pipelines Network – For distributing various hydrocarbon gases and liquids within the State of Qatar

NGL and Local Gas

QP Gas Operations under the Operations Directorate is responsible for managing the complete value chain for non-associated gas production, associated gas and natural gas liquids (NGL) processing, local transmission and distribution and export of liquefied petroleum gas (LPG) and condensates.
Khuff Facilities
Khuff Gas (KG) is a non-associated gas produced from onshore Khuff reservoirs in the Dukhan area. There are eight Wellhead Treatment Plants with a total production capacity of 600 mmscfd. Khuff facilities are operated mainly as back-up during gas supply shortages. A total of 58 mmscfd of Khuff gas was produced in 2012.

North Field Injection Station (NFIS)
NFIS facilities at Fahalil consist of two compressor trains to boost up the feed gas pressure from 90 to 300 barg. The surplus NF lean gas from the NGL Complex in Mesaieed is routed to NFIS for injection into the Khuff and Arab “D” reservoirs. A total of 81 mmscfd gas was reinjected in 2012.

NGL Complex, LPG and Condensate Storage Tanks, and NGL Jetty
The NGL Complex in Mesaieed is made up of the following major plants and facilities for gas and NGL processing, treatment, storage and exports:
- NGL-3 gas plant and gas sweetening unit (AGR/SRU)
- NGL-3 condensate stabilisation plant
- NGL-2 stripping plant
- NGL-1, NGL-2, NGL-4 Trains 1 and 2 fractionation plants
- Tank farm for LPG and condensates storage
- NGL jetty for LPG and condensates export

The NGL Complex’s products and their distribution in 2012 were as follows:

<table>
<thead>
<tr>
<th>Gas Operations Product</th>
<th>Year 2012 Production</th>
<th>Product Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>NF Lean Gas</td>
<td>787 mmscfd</td>
<td>Supplied to state power plants and industries across Qatar as fuel and feedstock</td>
</tr>
<tr>
<td>Offshore Stripped Associated Gas (OFFSAG)</td>
<td>77 mmscfd</td>
<td>Supplied as feedstock to QAPCO’s Ethane Recovery Unit (ERU) in Mesaieed</td>
</tr>
<tr>
<td>Ethane Rich Gas (ERG)</td>
<td>4,033 mtd</td>
<td>Supplied as feedstock to the petrochemical complexes of QAPCO and Q-Chem in Mesaieed</td>
</tr>
<tr>
<td>Propane</td>
<td>3,519 mtd</td>
<td>Exported through the NGL jetty in Mesaieed</td>
</tr>
<tr>
<td>Butane</td>
<td>2,690 mtd</td>
<td>Supplied as feedstock to QAPCO’s MTBE plant in Mesaieed; balance exported through the NGL jetty in Mesaieed</td>
</tr>
<tr>
<td>NGL Condensate</td>
<td>1,322 mtd</td>
<td>Exported through the NGL jetty in Mesaieed</td>
</tr>
<tr>
<td>North Field Stabilized Condensate (NFC)</td>
<td>23.2 mbd</td>
<td>Supplied as feedstock to the QP Refinery’s NFC Unit in Mesaieed</td>
</tr>
<tr>
<td>Liquid Sulfur</td>
<td>182 mtd</td>
<td>Exported via QAPCO’s facilities in Mesaieed</td>
</tr>
</tbody>
</table>

Transmission and Distribution Pipelines Network
The Transmission and Distribution Pipelines Network comprises an interconnected hydrocarbon pipeline network – the Gas Distribution System (GDS) – of over 3,100 kilometres of pipelines, associated manifolds and more than 70 distribution stations located throughout the State of Qatar. GDS receives fuel gas (methane, C1) primarily from QP’s NGL Complex in Mesaieed and Al-Khaleej Gas plants (AKG-1/2) in Ras Laffan, while ethane gas (C2) is received from AKG-1/2 and Dolphin Energy’s plants in Ras Laffan. GDS caters to the fuel/feedstock requirements of power plants and industries within Qatar, viz. Q-Chem, QAPCO, QVC, QAPCO, QARAC, Qatar Steel, QP Refinery, Qatalum, MPCL, QNCC, GGC, DIL, RLOC, Ras Girtas Power Company, WOQOD, etc.

In 2012, a daily average of more than 2,150 mmscfd gas was supplied to various power plants and industries in Qatar as fuel and feedstock. This included 224 mmscfd of Stripped Associated Gas (SAG). In addition, 162 mmscfd of ethane gas was supplied as petrochemical feedstock to QAPCO and RLOC plants in Qatar.

2012 Highlights for Gas Operations
- Received certification to OHSAS-18001 (Occupational Health and Safety Management System) and obtained recertification to ISO-9001 (Quality Management System) and ISO-14001 (Environmental Management System).
- The first registered Clean Development Mechanism (CDM) project in Qatar is with the Gas Operations. On 29 November 2012, the United Nations awarded 3.178 million CERs (Certified Emission Reduction) for the period up to the end of 2008.
- Liquid burning eliminated at NGL Complex and NFA. Significant reduction in flaring achieved between 2008 and 2012.
- Sustained improvement in raw NGL yield obtained at NGL-3 extraction and NGL-2 stripping plants through process changes and control optimization. Major turnaround successfully completed at NGL-4 plant trains 1/2 during February-March 2012.
- GDS capacities enhanced through successful commissioning of SCOTP Phase 1 and 2, GSUD and GSMC projects pipeline projects. Fuel gas supplies commenced to small and medium industries. GDS SCADA Upgrade project initiated to improve availability and reliability of the GDS system. Redundant pipelines removal and corridor restoration are ongoing to facilitate the release of valuable land for future development.
**Refining**

**QP Refinery**

The QP Refinery started as a small topping plant in 1958 and has grown over the years into a giant refinery organization, successfully making the State of Qatar self-sufficient and export-oriented in refined oil and petroleum products. It has provided added value to the country’s natural wealth, improved the refining economics in the State, and provided citizens with the necessary expertise in the areas of management, operations, engineering, maintenance and marketing.

**Year 2012 Overview**

The main activity of the refinery is to process crude oil and condensate into various finished products, which are intended to meet both domestic (totally/partially) and export demands. The main finished products are liquefied petroleum gas (LPG), petrochemical naphtha, premium gasoline, super gasoline, jet fuel, diesel, decaent oil and fuel oil.

The planned intakes and processing capacities for 2012, in barrels per stream day (b/sd), were as follows:

<table>
<thead>
<tr>
<th>Feed</th>
<th>Design</th>
<th>Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crude</td>
<td>80,000</td>
<td>80,847</td>
</tr>
<tr>
<td>NFC</td>
<td>27,000</td>
<td>24,000 (based on feedstock availability)</td>
</tr>
<tr>
<td>DSC</td>
<td>30,000</td>
<td>20,236 (based on feedstock availability)</td>
</tr>
<tr>
<td>Total</td>
<td>137,000</td>
<td>125,183</td>
</tr>
</tbody>
</table>

The total refined products exported during the year amounted to 1,519,513 metric tonnes against the planned export volume of 1,504,000 metric tonnes.

**Marketing of Refinery Products**

The marketing and other commercial aspects of refinery products sales are being undertaken by Qatar International Petroleum Marketing Company Ltd. (Tasweeq), working in close coordination with the Production Planning, Scheduling and Export Division. This division is responsible for working out the annual, quarterly and monthly planning and products export schedule.

**Major Customers and Destinations**

The major international customers for the company’s products are Trafigura, Vitol, Glencore, Totsa, Ginvor, Bakri, Arcadia, Phillips, Shell and Marubeni. The QP Refinery also supplies refined products locally to WOQOD, SEEF, QAFAC, QAPCO and QPs NGL Complex in Mesaieed.

In 2012, countries in the Arabian Gulf were the major destinations for gasoline, diluted crude oil (DCO) and straight run fuel oil (SRFO), while naphtha was exported to petrochemical plants in Japan.
Laffan Refinery

Laffan Refinery 1, Qatar’s first condensate refinery, started production in September 2009. It is designed to be one of the largest condensate refineries in the world. The refinery started with a processing capacity of 146,000 barrels per stream day (b/sd) and currently utilizes the field condensate produced from the Qatargas and RasGas facilities. The Laffan Refinery has a production capacity of 61,000 bbl/d of naphtha, 52,000 bbl/d of kerojet, 24,000 bbl/d of gasoil, and 9,000 bbl/d of liquefied petroleum gas (LPG).

The Laffan Refinery’s venture activities continue with plans to expand condensate refining capacity, supplying more products from a second refinery, which will be known as the Laffan Refinery 2 (LR-2). Expected to be fully operational by the third quarter of 2016, this facility will be able to process an additional 146,000 b/d, thus increasing the Laffan Refinery’s total processing capacity to 292,000 b/d.

Meanwhile and in addition to this, some debottlenecking is currently in progress at LR1 and a new Diesel Hydrotreater Unit (DHT) is being built to process gasoil from both refineries. The DHT is expected to be on stream by the second quarter of 2014. The shareholders of LR1 are QP (51%), ExxonMobil (10%), Total (10%), Idemitsu (10%), Cosmo (4.5%) and Marubeni (4.5%). It is anticipated that from 2014, all of the gasoil produced will be converted to diesel (less than 10ppmS, Euro V specification). Together with the new receiving and loading facility (gantry) which was built in Ras Laffan in 2011, there will eventually be an environment-friendly road fuel distribution network across Qatar.

The Laffan Refinery helps to capture synergies and opportunities from the development of the North Field, Qatargas, RasGas and other ventures in Ras Laffan Industrial City. It consists of process units including utility systems, distillation units, naphtha and kerosene hydrotreaters, a hydrogen unit and a saturated gas plant producing naphtha, kerojet, gasoil and LPG.

Oryx GTL

Oryx GTL Limited has been in operation since 2006 as the world’s first large-scale gas-to-liquids (GTL) plant using low temperature slurry bed Fischer Tropsch technology. The plant has a design capacity of 32,441 b/d and is located in Ras Laffan Industrial City, where it converts natural gas into high quality GTL products, predominantly GTL diesel and GTL naphtha. The shareholders of Oryx GTL are Qatar Petroleum (51%) and Sasol (49%).

Achievements in 2012

Oryx GTL exceeded most of its business targets set for 2012 in the areas of safety, environmental compliance, employee turnover, production volumes, operating cost and net profit due to its strategic focus on stability and unit cost optimization. This was achieved by a dedicated workforce, comprising of around 600 permanent staff from more than 37 nationalities. Oryx GTL achieved a world-class safety performance through its Road to Zero Harm campaign to end the year with a recorded injury rate of 0.00 and more than 10 million hours worked without Lost Time Injury (LTI). The plant continued to produce at 105% of design capacity to achieve a significant improvement in the volume of final saleable products, with the final total production for the year 6.3% higher compared to 2011. The strategic focus on stability resulted in a mechanical availability of 100% for 10 consecutive months to December 2012. Oryx GTL also celebrated the achievement of 40% Qatarization during 2012.

Future Strategic Focus

The focus for 2013 will be to continue to improve the stability of the plant and, as such, continue to increase the average production volumes while controlling and reducing the unit cost. Oryx GTL will take the opportunity of a major planned turnaround starting in February 2013 to complete several technical improvements to the plant. The company continues to study and implement business opportunities to add value to its shareholders and contribute towards the strategic objectives of the State of Qatar, as set out in the Qatar National Vision 2030.
Pearl GTL

In July 2004, a Development & Production Sharing Agreement (DPSA) was signed between QP and Qatar Shell GTL to develop the Pearl GTL project in two phases, Pearl-1 and Pearl-2. This integrated project aimed to develop about 1,600 mmscf/d of North Field gas to produce approximately 140,000 b/d of synthetic fuels including base oils for manufacturing lubricating oils.

Drilling and completion activities on Pearl-1 and Pearl-2 were completed in the third quarter of 2009 and March 2010, respectively. First gas from offshore Pearl-1 and Pearl-2 was realized on 23 March 2011 and 04 November 2011, respectively.

Pearl GTL Phase 1 achieved first wax production on 14 May 2011 and the first GTL gasoil was produced on 29 May 2011. The first commercial shipment of GTL gasoil departed Ras Laffan on 13 June 2011 and the first GTL base oil shipment was made in October 2011. His Highness Sheikh Hamad Bin Khalifa Al-Thani, the Father Emir, officially inaugurated Pearl GTL on 22 November 2011.

Pearl GTL Phase 2 achieved its first wax production on 1 December 2011.

In 2012, Pearl GTL produced a total of 15.3 million barrels (bbls) of condensate and 28.6 million barrels (bbls) of GTL products.
In 2012, QAFCO posted record figures in the areas of production, sales and profits.

QAFCO’s Performance in 2012

2012 Production and Exports

<table>
<thead>
<tr>
<th>Product</th>
<th>Production in Metric Tonnes</th>
<th>Exports in Metric Tonnes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ammonia</td>
<td>3,210,561</td>
<td>683,194</td>
</tr>
<tr>
<td>Urea</td>
<td>4,554,766</td>
<td>4,215,635</td>
</tr>
</tbody>
</table>

Marketing

Some of the factors that have propelled QAFCO to its current leading position in the international fertilizer market include high-quality products, a strategic geographic location, efficient logistic facilities, and reliability in supply.

Deliveries have been made throughout the world, with India, Jordan and South Africa of particular major importance in terms of QAFCO’s ammonia exports, while Australia, Thailand, the USA, Bangladesh, South Africa and the Far East dominate the company’s urea exports.

Ammonia markets: India was the main market with a 61% share, followed by South Africa (21%), Jordan (12.5%), South Korea (3.5%), Madagascar and Taiwan (0.75% each), and Thailand (0.5%).

Urea markets: Australia served as the primary market with a 16% share, followed by Thailand and the USA (13%), Brazil (12%), Pakistan and South Africa (7%), Bangladesh (6%), South Korea and the Philippines (5%), India (4%), New Zealand (3%), and Sudan (2%), with the remaining quantities delivered to different destinations.

Qatar Fertiliser Company (QAFCO)

Founded in 1969, Qatar Fertiliser Company (QAFCO) is owned by Industries Qatar (IQ) as a 75% shareholder and Yara Nederland B.V. as a 25% shareholder.

Since its inception, QAFCO has steered its way successfully by responding adequately to the rising global market demand for fertilizers. Through scientific strategic plans and the integration of the latest technologies that have been steadily developed over the years, the company has raised its production capacity to 3.8 mmt/a of ammonia and 5.6 mmt/a of urea. With the completion of QAFCO-5 and QAFCO-6, Qatar has become the world’s fourth largest producer of urea.
Expansions

The year 2012 was a significant year for QAFCO. The year witnessed His Highness Sheikh Tamim bin Khalifa Al-Thani, the Emir, inaugurating the QAFCO-6 plant on 11th December 2012. The inauguration of the plant propelled Qatar to be the fourth largest producer of urea and the largest exporter in the world. This is a big stride towards the realization of QAFCO's ambition to become the largest producer of ammonia and urea in the world.

QAFCO's initial idea of expansion through QAFCO-5 and 6 was based upon the company's successful business experience over the last four decades and the extensive national reserves of natural gas. This potential encouraged QAFCO to take upon itself the task of drawing up an ambitious future vision to ensure further development of the company.

Qatar Melamine Company

QAFCO has utilized its expertise in fertilizer plant operations to operate and manage a production plant of premium grade melamine. The plant is based on the Eurotechnica HP process and it is being operated by QAFCO on behalf of the Qatar Melamine Company. The plant performed extremely well in the year under review, producing 53,322 mt of melamine.

Gulf Formaldehyde Company (GFC)

The Gulf Formaldehyde Company (GFC) was created in 2003 and began operations in 2004. The GFC plants A and B are designed to produce 82 tonnes per day of urea formaldehyde (UFC-85), a viscous liquid with 60 percent formaldehyde, 25 percent urea and 15 percent water. Eighty percent of the UFC-85 produced is consumed by QAFCO and is used as an anti-caking agent in the production of urea.

In 2012, GFC produced a total of 44,491 MT of UFC-85, the highest ever in its production history. Of this, 31,011 was produced in UFC plant A and the remaining 13,480 was produced in the newly commissioned UFC plant B. Of the total production output, 35, 027 MT was used within QAFCO and the rest was exported.

QAPCO has grown over the years to be recognized as one of the largest producers of low density polyethylene (LDPE) in the Middle East. The company produces a wide range of LDPE grades that are suitable in all thermoplastics processing techniques with various applications. These include packaging films, agricultural films, extrusion and coating lamination films, high-clarity films, injection moulding, cables, wires, foam and other products that are widely used all over the world and touching everyone’s daily life.

QAFCO was established in 1974 as a joint multinational venture to utilize the associated and non-associated ethane gases from petroleum production in line with the industrialization plan of the State of Qatar. QAFCO commenced commercial production in 1981 and soon became well established in the global market and is widely known for its commitment to quality and its reliability.

QAFCO is jointly owned by Industries Qatar (IQ) with 80% share and Total Petrochemicals of France with 20% share.

QAPCO’s Plants and Products

Located in Mesaieed Industrial City, QAPCO’s manufacturing facilities consist of an 800 kiloton per annum (ktpa) ethylene plant, a 70 ktpa sulfur processing plant, and three LDPE plants with a total capacity of over 700 ktpa, in addition to the self-sufficient utilities plants and other offsite and auxiliary facilities. QAPCO’s LDPE capacity increased to 700 ktpa in the middle of 2012, after the successful start-up of the third LDPE plant, which added an extra capacity of 300 ktpa, thereby making QAPCO one of the world’s leading LDPE producers.

QAPCO’s facilities also include C3/C4 and pygasoline hydrogenation units, which are integrated with Q-Chem’s stream. Whereas the C3/C4 is supplied to QP to be converted into high-value LPG, the pygasoline is supplied to SEEF Company for the manufacture of linear alkyl benzene.

QAPCO’s plants are located on the seacoast, equipped with jetty facilities and well connected to the road transport network, thereby enabling QAPCO to export its entire range of products worldwide.

Projects and Ventures

In a quest to integrate and expand its downstream industrial base and diversify its income resources, QAPCO is involved in a number of joint ventures that include QVC, QATOFIN, QPPC and RLOC, making it a regional petrochemical powerhouse.
In addition, in February 2012, QP and QAPCO signed a Heads of Agreement (HOA) for the development of a new, mega-petrochemical complex in Ras Laffan Industrial City. The complex will include a world-scale steam cracker, based on the mixed feedstock of ethane, butane and GTL naphtha, and will produce ethylene and propylene, as well as butadiene and pygas. The ethylene and propylene feed will be utilized in downstream units to produce petrochemical products, including high-density polyethylene (HDPE), polypropylene and linear low-density polyethylene (LLDPE).

The project is scheduled for completion in 2018. It is an important milestone in the industrial development of the State of Qatar, especially for the integration of its petrochemical industry. Qatar Petroleum has an 80% equity interest in the project, with QAPCO taking up the remaining 20% stake. QP and QAPCO will jointly develop the petrochemical complex.

Qatar Fuel Additives Company (QAFAC) is a Qatari joint stock company involving Industries Qatar (50%), OPIC Middle East Corporation (20%), LCY Middle East Corp. (15%) and International Octane LLC (15%). QAFAC was established to build, own and operate facilities at Mesaieed Industrial City for the production of methanol and methyl tertiary butyl ether (MTBE) for sale to customers worldwide. The QAFAC plant produces 983,330 t/a of methanol and 610,000 t/a of MTBE.

QAFAC’s mission is to be a world-class operation in the production of methanol and MTBE with a strong commitment to excellence in quality, cost competitiveness, environmental protection and safety.

Production

MTBE

QAFAC’s MTBE plant produces around 1,830 mt/d by processing butane and methanol. The methanol is provided by the on-site methanol plant and QP provides the field butane. MTBE is a colorless, flammable liquid with a characteristic odor and has an average octane number of 118. Therefore, it is used as a gasoline additive that provides clean-burning fuel to reduce the tailpipe pollution generated by motor vehicles. At the same time, it also eliminates the need for blending tetraethyl lead in gasoline.

Methanol

Methanol was first produced by wood distillation in the 1900s, and commercial production started in the 1920s from coal. From the 1960s up to now, it has been manufactured from petroleum, naphtha and natural gas. QAFAC’s methanol is produced from natural gas provided by QP, via steam reforming and methanol synthesis. The company’s methanol plant can produce 2,950 mt/d of US Federal Grade AA methanol.

Methyl alcohol, wood spirit, wood alcohol, carbinol, and Colombian spirit are other names for methanol. Methanol is a clear, colorless, flammable liquid with a characteristic odor. It is a clean energy source, as well as a raw material for some of the everyday items that we use. Within the petrochemical industry, it is used as a raw material for the manufacturing of solvents, formaldehyde, methyl halide, methyl amine, acetic acid, ethyl alcohol, acetic anhydride, dimethyl ether (DME) and MTBE.
Qatar Vinyl Company (QVC)

Qatar Vinyl Company (QVC) was established in 1997 as a limited Qatari shareholding company. The company was inaugurated on 21st June 2001 by His Highness the Father Emir, Sheikh Hamad Bin Khalifa Al-Thani. The company’s shareholders are QP (55.2%), QAPCO (31.9%) and Arkema (12.9%).

Production
(in metric tonnes)

- Ethylene dichloride (EDC) 176,600
- Vinyl chloride monomer (VCM) 332,400
- Caustic soda (CS) 352,600

Operations Highlights

QVC’s production of both VCM and caustic soda was in line with the 2012 budget plan. The company’s chloralkali plant was operated at 24% above its initial capacity, while 50% above the designed production capacity was reached for the VCM plant.

Marketing

QVC continues to pursue its marketing strategy, which is to sell most of its products on a long-term contract basis. Close to 85% of EDC and caustic soda sales are made on a long-term contract basis and more than 95% of VCM is sold on a similar arrangement.

In 2012, QVC products were shipped worldwide in around 140 vessels. The main destinations included Australia, South Africa, Southeast Asia and India for caustic soda, while India and Southeast Asia were the main markets for EDC, and India, Pakistan and Australia for VCM.

Health, Safety and Environment

QVC’s operations have passed over 5.6 million safe LTI-free man-hours since start up and have continued with no lost time injuries and no occupational illness. QVC is meeting the standards as defined in the Environmental Protection Law and the Consent to Operate issued by the Ministry of Environment of the State of Qatar.

Qatar Chemical Company Ltd. (Q-Chem)

Qatar Chemical Company Ltd. (Q-Chem) is a Qatari company owned by Qatar Petroleum (QP) and Chevron Phillips Chemical International Qatar Holdings LLC (CPCIQ). QP owns 51% of Q-Chem and CPCIQ owns 49%. The Q-Chem facility is a world-class integrated petrochemical plant capable of producing high density and medium density polyethylene (HDPE and MDPE), 1-hexene and other products, using state-of-the-art technology provided by Chevron Phillips Chemical, a major integrated producer of chemicals and plastics. The Q-Chem facility began operations in 2003.

The Q-Chem complex in Mesaieed Industrial City is comprised of an ethylene unit capable of producing 500,000 mt/a, a polyethylene facility with a capacity of 458,000 mt/a, and a 1-hexene unit with a production capacity of 47,000 mt/a. Q-Chem’s assets also include an acid gas recovery unit, a sulfur recovery and solidification unit, a bagging and storage warehouse, and dock facilities.

Q-Chem II is also a joint venture between QP (51%) and CPCIQ (49%). The company has established a world-class high density and medium density polyethylene (HDPE and MDPE) plant and normal alpha olefins (NAO) plant adjacent to the original Q-Chem plant in Mesaieed. The Q-Chem II PE and NAO plants each have a production capacity of 350,000 mt/a. The plants utilize Chevron Phillips’ proprietary technology. The NAO plant produces the full range of alpha olefins, including butene, hexene, octene, decene and higher molecular weight olefins. The facility includes a new bagging and storage warehouse. The Q-Chem II plant started up in late 2010.

Products

Q-Chem’s polyethylene products are used to manufacture plastic pipe, rigid and flexible packaging, household industrial chemical/ detergent/liquid food bottles, drums and geosynthetic liners. NAO products, on the other hand, are
Ras Laffan Olefins Company Ltd. is a Qatari company that is owned by Qatar Petroleum (50%) and Ras Laffan Petrochemicals (50%). RLOC has a 45.69% equity share in Qatofin Company Limited, which is operated by Q-Chem II on behalf of all RLOC partners.

Marketing and Distribution
Q-Chem and Q-Chem II are the primary suppliers of HDPE/MDPE resins from the Middle East. Marketed under the Marlex® trade name licensed by Chevron Phillips Chemical Company, Q-Chem and Q-Chem II are the preferred suppliers to many customers in China, the Asia Pacific, Middle East, Europe and African markets. While many customers are supplied directly from Qatar, Q-Chem and Q-Chem II have also established regional warehouses in China, Singapore, Belgium, Italy and Spain.

Operational Excellence
Q-Chem operates its assets under the principles of operational excellence, which is a system to achieve world-class performance for safety, environmental stewardship, quality and reliability. Additionally, Q-Chem is committed to similar standards and principles through Responsible Care as a member of the Gulf Petrochemicals & Chemicals Association. Continuous improvement for both initiatives is verified through regular audits. An example of performance in 2011 was Q-Chem’s winning of QP’s Silver Award for safety excellence, and in January 2012 the company received another recognition from QP for its Sustainable Development Reporting Initiative. Q-Chem is an ISO 9001:2008 certified company.

SEEF Limited
SEEF Limited is a semi-government, joint venture petrochemical company, with 80% of the shares held by Qatar Holding and the remaining 20% held by United Development Company (UDC). The plant is located adjacent to the QP Refinery in the industrial area of Mesaeeed. This location has been selected for its proximity to the source of feedstock and to the various utilities that the plant uses in common with the refinery. The complex started production in March 2006.

Products
The main product of SEEF Limited is linear alkyl benzene (LAB), which is an important ingredient in the manufacturing of environment-friendly detergents. The plant is designed to produce 100,000 mta of LAB, with 3,600 mta of heavy alkyl benzene (HAB) also produced as a by-product in addition to normal paraffin and benzene.

Marketing
SEEF Limited has consolidated its position across the world through a marketing strategy that is based on short- and long-term contracts, as per the requirements of its clients. Its current customers are spread across Southeast Asia, the Far East, all over the GCC, South Africa, the Mediterranean, Europe and Mexico. The company continues to strategically explore new geographical areas as well as other end-use segments. This has been facilitated by the superior quality of its product, which has been accepted and appreciated by many leading detergent producers worldwide.

Major Highlights in 2012
SEEF Limited managed to achieve important milestones in 2012, including the following:

1. Higher production than planned;
2. Significant increase in the company’s net profit due to excellence in the marketing of its products and proper cost management;
3. Remarkable reduction in the quantity of imported raw materials by maximum utilization of the available feedstock;
4. Achievement of 3,650,000 safe man-hours as of 31 December 2012 without lost time injury since the plant’s start-up in 2006. The monitoring of the environmental impact of its industrial operations is also a priority that the company undertakes with due care and respect for the natural ecosystem;
5. Accomplishment of QP-targeted strategic Qatarization plan and achievement of the target percentage;
Industrial Cities

The managements of Ras Laffan Industrial City and Mesaieed Industrial City were merged under a single directorate in September 2012. The objective of the merger is to improve performance and operating efficiency by capitalizing on synergies, best practices and standardization of business processes across the two industrial cities.

Vision, Mission and Strategic Objectives

Vision
To be world-leading industrial cities, valued by business partners and society for their commitment to excellence and socio-economic sustainability.

Mission
Guided by the Qatar National Vision 2030 and in compliance with corporate, state, and international governance, the industrial cities are committed to:

- Achieving the highest level of health, safety, security, environmental protection and socio-economic sustainability;
- Protecting the interests of the State, Qatar Petroleum and our business partners;
- Operating highly reliable facilities and providing responsive services to our business partners;
- Developing, optimizing, and sustaining world-class infrastructure and facilities;
- Enhancing the talent and expertise of our people to achieve operational excellence;
- Developing local talent and acting as a leader in corporate citizenship.

Strategic Objectives
The strategic objectives of the industrial cities are as follows:

- To manage infrastructure development, land use and capture industrial synergies;
- To deliver and maintain highly reliable logistics, utilities, facilities and services;
- To improve health, safety and environment standards;
- To foster positive relationships with business partners and society;
- To improve organizational effectiveness and the capacity of human resources;
- To deliver superior financial performance.
Mesaieed Industrial City (MIC)

Background
Mesaieed Industrial City (MIC) is located approximately 40 kilometres south of Doha and is currently the hub for petrochemicals, chemical fertilizers, oil refining, metallurgical and primary building materials industries in Qatar. In addition, MIC hosts numerous small and medium-sized industries as well as a well-planned, self-contained, sustainable, modern township with fully-serviced infrastructure providing a high quality of life for its residents.

Facilities and Services
MIC provides industries with land, roads and self-contained residential facilities to accommodate the resident workforce. Other services provided include emergency response coordination, environmental monitoring, fire-fighting, medical and security. The Port of Mesaieed handles the export of hydrocarbons, petrochemicals and aluminium produced by industries in the area. In addition, the MIC port handles all the imports of primary building materials, such as steel and Gabbro, into Qatar. The port includes the largest container terminal in the country.

The Mesaieed Light Industrial Area covers over 3 million square metres and caters to small and medium enterprises (SMEs) supporting primary industries in Mesaieed. The hazardous waste treatment facility is the only facility of its kind in Qatar and provides services for industries in and around Mesaieed. The city also hosts a number of community and government schools as well as a modern international school with 1,700 students from kindergarten to secondary.

Major Industries Operating in MIC
A wide range of products are produced in MIC. These include natural gas, petrochemicals, plastic resins, refined petroleum products, aluminium, steel, etc., which are supplied to the local, regional and international markets. The major industries operating in MIC are as follows:

- The QP Gas Operations complex in Mesaieed manages the on-shore processing, distribution and export of products derived from non-associated gas.
- The QP Refinery processes crude oil and condensate into a variety of finished products, including naphtha, gasoline, jet fuel, diesel and fuel oil.
- Qatar Petrochemical Company (QAPCO) is one of the leading producers of ethylene and low-density polyethylene (LDPE) in the Middle East region.
- Qatar Fertilizer Company (QAFCO) is a leading, world-class fertilizer producer and is the world’s largest single-site producer of ammonia and urea.
- Qatar Chemical Company (Q-Chem) is a world-class integrated petrochemical plant producing high-density and medium-density polyethylene and other products.

Future Development Plans
- Upgrades to the hazardous waste treatment centre;
- Expansion of domestic wastewater treatment plant and its integration with the new south Doha sewage treatment plant;
- Expansion of the nautical channel at Mesaieed Port;
- Construction of fire stations, Ministry of Interior (MOI) complex, business, residential and recreational facilities, and new mosques;
- Development of an Ecological Park;
- Upgrading of existing roads and construction of the new Sealine Highway;
- Construction of additional infrastructure, utilities and labour accommodation for Light and General Industrial Zones.

Major Projects Completed in 2012
- Rehabilitation and construction of roads and infrastructure in the Mesaieed Community Area;
- Safety improvements to the existing Sealine Road;
- Major electrical upgrading at Mesaieed Port;
- Extensive landscaping of the industrial area roads and residential areas.
Ras Laffan Industrial City (RLC)

Background
Ras Laffan Industrial City (RLC), which is located 80 kilometres northeast of Doha, is the base for all onshore operations to support the development and utilization of Qatar’s North Field gas assets. It commenced operations in 1996 by initially providing land, infrastructure and port facilities to Qatargas. Since then, RLC has evolved into a world-class industrial city, facilitating the needs of the most technologically sophisticated natural gas-based industries.

Facilities and Services
RLC provides industries with land, roads and common corridors for pipelines, and other utilities’ structures. The Port of Ras Laffan, which is the largest LNG export facility in the world, facilitates the marine export of all the hydrocarbons and sulfur produced by industries, the import of general cargo, and the support of offshore production operations in the North Field.

RLC also provides industries with various utilities including desalinated water, potable water, power, telecommunications, seawater through the Common Seawater Facility, as well as municipal waste treatment and disposal. Other services provided include emergency response coordination, environmental monitoring, firefighting, medical, security and camp accommodation for designated categories of the workforce.

The Ras Laffan Support Services Area (RSSA), which covers 3 million square metres and is located on the west side of RLC, has been developed for industries that provide support services for the oil, gas and petrochemical industries in Qatar and the region.

RLC is also home to the Ras Laffan Emergency and Safety College (RLESC). This world-class international college, an initiative between QP and the Ministry of Interior, will be operational in 2013 and will provide emergency and safety training to the oil, gas and petrochemicals industry as well as to civil defence, aviation and the military in Qatar and the region.

As a regulator, RLC develops and implements relevant regulations to ensure that industrial development activities and industrial operations are conducted in a manner that safeguards the health and safety of people and assets and minimizes impacts on the environment and the local community.

Major Industries Operating in RLC
Most of the industrial developments targeted by QP to utilize the North Field’s current planned production capacity of 25 billion cubic feet of gas per day are now complete and include the following:

- Qatargas and RasGas – The largest LNG producers in the world;
- Pearl GTL and Oryx GTL – The major producers of GTL in the world;
- Al-Khaleej Gas produces lean natural gas for the Qatar market;
- Dolphin Energy Limited produces lean natural gas for export by pipeline;
- Ras Laffan Olefins Company produces ethylene for petrochemical products;
- Ras Laffan Helium;
- Qatar Power, Ras Girtas Power and Ras Laffan Power produce electricity for Qatar and for export to the GCC market;
- Erhama Bin Jaber Al Jalalhma Shipyard provides ship building, repair and maintenance services.

The remaining major industrial developments in progress include the following:

- Barzan Gas Project;
- Laffan Refinery 2 Project;
- Qatar Solar Technologies polysilicon plant;
- Qatar Helium 2;
- Ship repair yard (phases 5-6);
- Al-Karaana Petrochemicals Complex, a QP joint venture with Shell;
- Al Sejeel Petrochemical Project, a QP joint venture with QAPCO;
- Qatar’s strategic oil storage facility.

Major Projects Completed in 2012

- Seamen’s club in Ras Laffan Port;
- New environmental laboratory.

Future Development Plans
The projects that are currently in various stages of implementation include the following:

- Ras Laffan Emergency and Safety College;
- Common Seawater Facility phase 3;
- Ras Laffan Port expansion phase 3;
- MARPOL-compliant marine waste reception facility;
- Ras Laffan Support Services Area phase 2;
- New power substations for future petrochemical industries.
Other Industries and Supporting Services

Gulf Helicopters Company (GHC) is 100% owned by Gulf International Services (GIS), a Qatari joint stock company in which QP is the largest shareholder. Incorporated in 1970, GHC has grown tremendously since its acquisition by QP in 1998 and it is currently one of the leading helicopter operators in the Middle East region with its operations extending to India, Yemen and Libya. In 2010, the company also operated in the Sultanate of Oman and East Timor on short-term contracts.

GHC operates under QCAR Ops 3 and QCAA Part 145 regulations, and is approved and fully aligned with the requirements of the European Aviation Safety Agency (EASA) and the Federal Aviation Administration (FAA) of the US. GHC is also an ISO 9001: 2008 certified company.
Company History
The following chronological summary outlines the history of the company since its inception:

<table>
<thead>
<tr>
<th>Timeline</th>
<th>Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1970</td>
<td>Established and incorporated in the U.K. (Gulf Aviation 51%, BOAC 32%, BEA 15%)</td>
</tr>
<tr>
<td>March 1977</td>
<td>Gulf Air 100%</td>
</tr>
<tr>
<td>June 1993</td>
<td>De-registered in the U.K. (A division of Gulf Air)</td>
</tr>
<tr>
<td>June 1998</td>
<td>Taken over by QP 100%; purchase of assets/business</td>
</tr>
<tr>
<td>December 1998</td>
<td>Issuance of Emiri Decree establishing Gulf Helicopters</td>
</tr>
<tr>
<td>January 1999</td>
<td>Incorporated as a Qatari company</td>
</tr>
<tr>
<td>February 2008</td>
<td>Taken over by Gulf International Services (GIS) 100%</td>
</tr>
</tbody>
</table>

The business growth of the company is as follows:

<table>
<thead>
<tr>
<th>Timeline</th>
<th>Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970 to date</td>
<td>Provides helicopter services in Qatar for the offshore operations of all oil and gas companies including QP, RasGas, Oxy, Qatargas, Total, Maersk Oil, Dolphin Energy, Anadarko, Shell, QPO, Winterhall and Talisman</td>
</tr>
<tr>
<td>1987 to 1999</td>
<td>Operated in Oman</td>
</tr>
<tr>
<td>1989</td>
<td>Operations commenced in Yemen</td>
</tr>
<tr>
<td>1994 (Sept.)</td>
<td>Operations commenced in India</td>
</tr>
<tr>
<td>1998 to 2006</td>
<td>Operated in Iran</td>
</tr>
<tr>
<td>2000 to 2006</td>
<td>Operated in Sudan</td>
</tr>
<tr>
<td>2007</td>
<td>Operations commenced in Libya</td>
</tr>
<tr>
<td>2007</td>
<td>Introduced Helicopters Emergency Medical Services (HEMS) in Qatar for the first time in collaboration with the National Health Authority and Hamad Medical Corporation. Added one AW 139 to the fleet</td>
</tr>
<tr>
<td>2008</td>
<td>Added 3 more AW 139s to the fleet</td>
</tr>
<tr>
<td>2009</td>
<td>Added 3 more AW 139s to the fleet</td>
</tr>
<tr>
<td>2010</td>
<td>Added 5 more AW 139s to the fleet</td>
</tr>
<tr>
<td>2011</td>
<td>Added 1 more AW 139 to the fleet</td>
</tr>
<tr>
<td>2011</td>
<td>Started operating the AW 139 full-motion flight simulator, making it the first company in the world to own and operate such simulator</td>
</tr>
<tr>
<td>2012</td>
<td>Added 1 more AW 139 to the fleet</td>
</tr>
</tbody>
</table>

Company Operations
GHC has a fleet of 39 helicopters, consisting of two S-92, 14 AW 139s, 17 Bell 412s, five Bell 212s, and one Bell 206. In addition to managing and operating three other helicopters (two MD 902 and one EC 155), the company offers services such as VIP transport, offshore support, onshore transport, seismic support, VFR & IFR, load lifting, photo flights, helicopter emergency medical services and aircraft management.

Future Plans
GHC’s operations continue to expand as the company reaches out to new geographical areas and as it plans to increase its scope of services. The company is targeting new markets including Australia, Brazil, Europe and Egypt as well as new growth areas in the State of Qatar in line with the country’s growing exposure to major cultural, sports and international events, including the 22nd FIFA World Cup – Qatar 2022.

GHC strives to keep up with the modernization of its fleet in order to bring in the latest technologies available in the market. In addition, it is pursuing other related business opportunities consistent with its growth plan.
The year 2012 was an excellent year in the history of Qatar Steel in terms of operational and financial results. This is very significant considering that the global apparent steel consumption had trended down from a year-on-year (YOY) growth rate of 6.2% in 2011 to 2.1% in 2012 and the earnings before interest, taxes, depreciation, and amortization of the top 70 publicly listed companies across the globe had dropped by around 30% in 2012.

The production volumes from all Qatar Steel units recorded 8.4 million tonnes with a YOY increase of 7% over 2011.

In the domestic market, Qatar Steel achieved re-bar sales of 0.985 million tonnes and registered a 19% increase in re-bar export sales 0.715 million tonnes as against 0.602 million tonnes of actual sales in 2011.

During the year, Qatar Steel received a number of awards and accreditations related to its operations and business practices:

- The company’s steelmaking plant was ranked No. 1 in “Best Operational Overall Equipment Effectiveness (OEE) and Maintenance Cost Index” in the World Steel Association’s survey for 2010.
- Through research and development, the company had launched recycling programs for by-products and it is also collaborating with Qatalum for the recycling of their carbon waste.
- Qatar Steel was the first Qatari company and the first steel company in the region to be inducted into Palladium’s Balanced Scorecard Hall of Fame for Strategy Execution.
- Qatar Steel addressed its expansion plans and growth strategies through its latest Consolidated Business Plan 2013-2017 submitted to its parent company IQ.
- The ongoing SMS Greenfield Project [EF5] is 78.42% completed and expected to be operational in July 2013.
- Qatar Steel has increased its stake in Solb Steel of Saudi Arabia (formerly South Steel Company) from 29.74% to 31.03% and the company has already commenced its trial production of Billets and Bars.
- A Joint Venture Agreement was signed between Qatar Steel (35%) and other partners for establishing and constructing a ferro alloys plant in Mesaieed.

Qatar Plastic Products Company (QPPC) was established on 19th September 1998. Commercial production commenced in August 2000, and the plant was officially inaugurated on 21st November 2000 by His Excellency Mr. Abdullah Bin Hamad Al Attiyah, who was then the Minister of Energy and Industry. The company is equally owned by Qatar Petrochemical Company (QAPCO), Qatar Industrial Manufacturing Company (QIMCO) and FEBO s.p.a. of Italy.

Around 90% of the company’s production is sold to the local market, while the balance is marketed in other Gulf countries and in Europe. The company’s production facility is located in Mesaieed Industrial City, which is about 40 kilometres south of Doha.

**Main Activities**

QPPC produces plastic film for industrial packaging using the blow extrusion process. All operations are controlled by a sophisticated computerized system that automatically checks the quality of the film. The products can be produced from different kinds of polymers to satisfy customers’ requirements. Printing is done using Flexographic printing lines up to 6-colours, thus ensuring excellent quality of printing.

The products are tested by QPPC’s quality control department. An analysis certificate detailing the composition, dimension and mechanical properties of the product is provided with every delivery. Safety data sheets and Certificate of Conformity are also supplied upon request.

Certified under ISO 9001:2008 Quality Management System, QPPC’s products are extruded in modern blow film lines.

**Products**

QPPC produces the following range of products:

- FFS (form, fill and seal) film
- shrinkable hood
- shrinkable film
- construction foil (polythene sheet)
- polyethylene sleeve
- greenhouse and agricultural film
- top open bags
- general purpose film
- heavy duty trash bags
- EcoDeck (wood-plastic composite)
QPPC News
With the guidance of the QPPC Board of Directors along with the leadership of the QPPC Management, the company achieved the following major accomplishments in 2012:

- **QPPC produced 11,600 metric tonnes of plastic film in 2012, making it another record-breaking year in terms of quantity produced since the inception of the company.**
- **Extrusion Lines Upgrade – Two co-extrusion lines for producing FFS films were modified, and one new co-extrusion line for producing shrink hoods was installed to replace the old line. These modifications contributed to the increase in the output of the lines by around 25%. These upgrades were vital in meeting higher production demands in the region.**
- **QWPC News**

**Environment**
The preservation of the natural environment is one of QPPC’s highest priorities, and the company genuinely understands the fact that our environment is an irreplaceable asset. Since the establishment of the company, a plastic waste recycling unit has been installed to cater to the waste polyethylene and other plastic films that are being produced as by-products. The recycling unit transforms these production wastes into a usable raw material that is later used to produce trash bags and other products. QPPC is fully compliant with all applicable international environmental laws as well as the environmental regulations implemented by the State of Qatar to protect the country’s natural resources.

**QWPC News**
In line with the shareholders’ vision for economic diversification along with the government’s strong support for the development of small and medium enterprises (SMEs), the QWPC management looked into different options for diversification and stability. Subsequently, management proposed to build in Mesaieed a modern plant named Qatar Wooden Products Co (QWPC), and this has been approved by QPPC shareholders. The QWPC would house a fully automatic wooden pallet production line along with a heat treatment facility, and it will have the capacity to produce up to 1.6 million units of wooden pallets per year. QWPC’s production would serve the wooden pallet requirements of QAPCO, Qatar Petroleum, and Qatar Alumina Company (QAC) and the soon-to-be-built Qatar petrochemical complex. Equity sharing for the QWPC stands at equal percentage of 33.3% among the three QPPC shareholders: QAPCO, QIMCO and FEBO. The QWPC is expected to commence production in the second quarter of 2013.

Qatar Aluminium (Qatalum)
Qatar Aluminium (Qatalum) is pursuing industrial diversity for Qatar and its people by actively creating a future of environmental sustainability and economic opportunities while simultaneously building the foundation for a sustainable, knowledge-based industry.

**The Smelter**
Qatalum currently produces over 600,000 tonnes of premium-quality aluminium per annum. The smelter facility includes a carbon plant and a state-of-the-art product casthouse, producing value-added premium aluminium such as extrusion ingots, foundry alloys and standard ingots that meet the most stringent quality standards of the company’s global client base.

Qatalum includes an inbound berth at the MIC port with storage facilities to handle the raw material imports of alumina, coke and pitch. The smelter is also equipped with a captive power plant with a capacity of 1,350 megawatts to supply all its electricity needs. Qatar Petroleum delivers approximately 200 million standard cubic feet of natural gas per day to Qatalum’s power plant.

**Milestones**
On 4th December 2009, Qatalum cast its first batch of foundry alloy ingots from re-melt followed by the first foundry alloy customer shipment on 18th December 2009, Qatar’s National Day. Two days later, Qatalum’s first electrolysis cell started production of liquid aluminium metal. This marked the historic beginning of aluminium production and exports from the State of Qatar, confirming Qatalum’s ability to deliver its product within budget and with an excellent environmental and safety standard. Full production capability was reached on September 21st, 2011.

In July 2010, Qatalum was awarded certification to ISO 9001:2008, and this was followed by certification to ISO14001:2004 in 2012, the prescribed standard of excellence for the automotive industry supply chain.

**Qatalum Production System**
The Qatalum Production System (QPS) affects the entire Qatalum organization, including operating units, support functions and management, and enables its staff to drive for operational excellence. Qatalum has a dynamic and diversified workforce, representing over 34 nationalities. By using reliable technology and processes, performance is improved through the continuous improvement of cost, quality, volume and HSE.

**Environment**
Qatalum’s highly efficient technology for aluminium reduction boosts productivity and sets new standards in environmental performance by reducing the company’s carbon footprint and spotlighting waste management and emission reduction. Process gases from the reduction process go through dry and wet scrubbing in fume treatment plants to ensure that emissions meet international air quality standards, making Qatalum one of the most environmentally advanced primary aluminium smelters in the world.
Qatar Petroleum International Ltd. (QPI)

As QP’s international investment arm, QPI continued to pursue its strategy of seizing opportunities for global value creation and optimal risk adjusted returns in 2012. During the year, its partnerships with IOCs and NOCs advanced to the stage where specific opportunities were identified to increase focus on upstream, gas and power business prospects. It also continued to manage its terminal assets for value creation and to build other investment opportunities, and its Downstream unit closed two significant large-scale investments. In all, the activities in 2012 positioned QPI with a very strong, multi-billion dollar portfolio of investments and opportunities to extend QP’s international accomplishments.

2012 Activities

- The year 2012 represented an important year for QPI Upstream, with the MOUs entered into with IOC partners and others in prior years resulting in specific ventures being identified and advanced. These QPI opportunities provide QP with potential access to a multi-billion dollar cross section of producing, development and exploration assets in Africa, North America, and other parts of the world.
- QPI Upstream has farmed-in to two onshore exploration blocks in Mauritania (Blocks Ta7 and Ta8). TOTAL, with a 60% interest, is the operator of the blocks, while QPI and Sonatrach each hold a 20% interest. In 2012, the TOTAL Mauritania joint venture continued activities related to its second exploration well, which is scheduled for drilling in 2013.
- During 2012, QPI closed two strategic investments in Downstream. QPI entered the US$3.7 billion ERC Egypt Refinery Project in Mostorod, Egypt, with a 28% share and work has been started on the construction and engineering aspects of the ERC project during the year. The Longan Vietnam Petrochemical joint venture work, on the other hand, is in progress and it is anticipated that a decision will be taken in mid-2014 regarding this project. When combined with the existing QPS Singapore petrochemical joint venture with QPI, Shell and Sumitomo Companies, QPI's downstream portfolio represents an important addition to QPI’s worldwide position in the global petroleum industry.
- QPI has built on its existing downstream investments by advancing a number of downstream opportunities in China, Asia and Africa.
- QPI's Gas and Power Group (G&P) focuses on managing the three LNG regasification plants of QP (South Hook in the UK, Golden Pass in the USA, and Adria in Italy, all of which are collectively known as the “Terminals”). G&P is stewarding these assets to achieve QPI’s strategic goals and to realize optimal returns to QP and the State of Qatar. G&P will affect this by continuing to handle the duty and maintain the country’s interests as Qatari shareholders in the Terminals in all business aspects. The South Hook cogeneration power project (SH CHP) advanced significantly in 2012 and is expected to reach early design stage during 2013.
- In addition to SH CHP, G&P advanced a number of its portfolio of gas and power opportunities through preliminary assessment, negotiation and due diligence in 2012. Within this portfolio of new opportunities, G&P is now positioned to enter into specific investments in 2013, mainly acquisitions of equity shares in existing/operational LNG terminals and combined-cycle gas-fired power plants in Eastern Europe and Southern Asia.
- QPI’s focus in 2013 will be on completing the acquisition phase of its multi-billion dollar upstream portfolio to secure access to production and build additional development and exploration opportunities worldwide. In addition, the Upstream group will continue to actively pursue new opportunities that are strategically aligned with QPI’s global activities. In Gas & Power, QPI will continue to steward its Terminal assets and advance opportunities related to these assets to further build value for QP in the global LNG and gas market. In 2013, QPI’s Downstream focus will be on advancing the existing and new opportunities in its portfolio and managing its existing petrochemical assets in current operations to create a material addition to QPI’s premier global downstream business.

Future Plans

As part of its ongoing growth strategy, QPI will continue to:
- Build a balanced upstream portfolio of exploration, development and production assets by advancing its existing portfolio of opportunities with IOC partners and others;
- Monetize future Qatari LNG and gas and build value through investments in power generation and other midstream assets; and
- Execute on its existing investments and advance its opportunity portfolio in petrochemicals, refining and related downstream sectors in order to monetize available crude oil, condensate and LPG production and build on QP’s global position.

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- Execute on its existing investments and advance its opportunity portfolio in petrochemicals, refining and related downstream sectors in order to monetize available crude oil, condensate and LPG production and build on QP’s global position.

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Gulf Drilling International Ltd. (GDI)

Gulf Drilling International Ltd. (Q.S.C.) (GDI) is a world-class provider of safe and innovative drilling services. GDI was established in May 2004 and specializes in the provision of onshore and offshore drilling services to major oil and gas companies in Qatar.

GDI started as a joint venture between Qatar Petroleum (QP), and Japan Drilling Co. Ltd. (JDC). In 2008, the shares of QP were transferred to Gulf International Services (GIS), which owns 100% shares of Gulf Helicopters, Amwaj Catering Services and Al Koot Insurance Company.

GDI is a growth-oriented company. In just nine years from 2004 to 2012, GDI’s rig fleet has grown to 12 rigs and its workforce has increased from 100 to 1,080 employees, including 85 Qatari nationals. GDI’s current rig fleet consists of five offshore jack-up drilling rigs, six land rigs, one accommodation jack-up barge and one lift boat operated by GDI. GDI has placed an order to build three new jack-up drilling rigs in PPL and Keppel FELS’ shipyards, both in Singapore. The fleet expansion will allow it to continue to grow its market share in Qatar and decrease the average age of its rig fleet.

GDI’s Achievements in 2012

GDI enjoyed a very strong year in 2012 and achieved several significant milestones and accomplishments in the following areas:

- Ended 2012 with its best safety record ever, a combined Total Recordable Incidents Rate (TRIR) of 0.50 compared to the IADC Middle East’s combined average of 0.66;
- Achieved its lowest ever operational downtime results of 0.67%;
- Exceeded its corporate KPI target of net profit;
- Signed the following contracts and extensions:
  - New contract with QP and delivered two new onshore work-over rigs, GDI-5 and GDI-6;
  - Extended the Al-Zubarah contract for 12 months with QP;
  - Signed new contracts with Shell for two firm wells to be drilled by Al-Khor;
  - Signed a two-year contract extension with Oxy for Al-Wajba;
  - Participated in, hosted and sponsored several events with major clients and related professional associations.

GDI’s Future

GDI has a bright and exciting future ahead, having laid a solid foundation for continued growth, expansion and profitability. The company has embarked on a US$875-million expansion plan. According to the expansion plan, three hi-spec premium jack-up rigs are currently being constructed in PPL and Keppel FELS’ shipyards, both in Singapore. The fleet expansion will allow it to continue to grow its market share in Qatar and decrease the average age of its rig fleet.

GDI has also successfully made the first steps into its ambitious diversification plan. It acquired “Zikreet,” a drilling rig that was converted for accommodation duty and put to work in 2012. The company has further plans to build on this success and aims to pursue other opportunities.

GDI has recently signed up to provide lift boat services to a major client in Qatar and hopes that this success will encourage other potential lift boat users to see its immense benefits. GDI sees great potential in the growth of lift boat operations in Qatar and intends to be the leading jack-up accommodation and lift boat services provider.

With GDI’s fleet currently working at 100% utilization and with the recent upward turn in day rates, the next few years are set to be very promising for the company. When the new drilling rigs enter into service in 2013 and 2014, GDI’s market share is set to rise to over 50% with five state-of-the-art cyber rigs in operation. GDI will be able to offer to drill the most complex wells on any location in Qatar.
INDEPENDENT AUDITORS’ REPORT TO HIS HIGHNESS THE EMIR OF THE STATE OF QATAR ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS OF QATAR PETROLEUM

The accompanying summary financial statements, which comprise the consolidated balance sheet as at 31 December 2012, the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of the related notes are derived from the audited consolidated financial statements of Qatar Petroleum for the year ended 31 December 2012 prepared by management in accordance with the basis of preparation and accounting policies described in Note 2 to the consolidated financial statements and the Council of Ministers’ Decision No 6 of 1976 as amended. We expressed an unmodified audit opinion on those financial statements in our auditors’ report dated 22 April 2013.

The summary financial statements do not contain all the disclosures applied in the preparation of the audited consolidated financial statements of Qatar Petroleum.

Management’s responsibility for the summary financial statements
Management is responsible for the preparation of a summary of the audited consolidated financial statements on the basis described in Note 2.

Auditors’ responsibility
Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, “Engagements to Report on Summary Financial Statements.”

Opinion
In our opinion, the summary financial statements derived from the audited consolidated financial statements of Qatar Petroleum for the year ended 31 December 2012 are consistent, in all material respects, with those financial statements, on the basis described in Note 2.

Date: 22 April 2013
Doha
Qatar Petroleum

Consolidated

Income Statement

For The Year Ended 31 December 2012

<table>
<thead>
<tr>
<th></th>
<th>2012 QR '000</th>
<th>2011 QR '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPERATING REVENUE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>330,328,819</td>
<td>289,179,187</td>
</tr>
<tr>
<td>Other operating income</td>
<td>30,531,632</td>
<td>14,307,275</td>
</tr>
<tr>
<td><strong>Total operating revenue</strong></td>
<td><strong>360,859,451</strong></td>
<td><strong>303,486,462</strong></td>
</tr>
<tr>
<td>OPERATING EXPENSES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating, selling and administrative expenses</td>
<td>(42,317,703)</td>
<td>(36,624,404)</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(12,977,185)</td>
<td>(11,943,245)</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>55,294,888</strong></td>
<td><strong>48,567,649</strong></td>
</tr>
<tr>
<td>NET OPERATING INCOME</td>
<td>305,564,963</td>
<td>254,918,813</td>
</tr>
<tr>
<td>Dividend and interest income</td>
<td>1,245,737</td>
<td>682,692</td>
</tr>
<tr>
<td>Finance charges</td>
<td>(5,778,947)</td>
<td>(5,911,405)</td>
</tr>
<tr>
<td><strong>INCOME BEFORE ROYALTIES, TAXES AND MINORITY INTEREST</strong></td>
<td><strong>301,031,753</strong></td>
<td><strong>249,690,100</strong></td>
</tr>
<tr>
<td>Royalties</td>
<td>(74,022,229)</td>
<td>(62,075,002)</td>
</tr>
<tr>
<td>Taxes</td>
<td>(109,470,887)</td>
<td>(96,432,312)</td>
</tr>
<tr>
<td><strong>INCOME BEFORE MINORITY INTEREST</strong></td>
<td><strong>117,538,637</strong></td>
<td><strong>91,182,786</strong></td>
</tr>
<tr>
<td>Minority interest</td>
<td>(3,401,471)</td>
<td>(2,320,551)</td>
</tr>
<tr>
<td><strong>NET INCOME FOR THE YEAR</strong></td>
<td><strong>114,137,166</strong></td>
<td><strong>88,862,235</strong></td>
</tr>
</tbody>
</table>

Dr. Mohammed Bin Saleh Al-Sada
Minister of Energy and Industry
Chairman and Managing Director

Hamad Rashid Al-Muhannadi
Vice Chairman

The attached notes 1 and 2 form part of these consolidated financial statements.

Qatar Petroleum

Consolidated

Balance Sheet

At 31 December 2012

<table>
<thead>
<tr>
<th></th>
<th>2012 QR '000</th>
<th>2011 QR '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>259,255,604</td>
<td>251,432,753</td>
</tr>
<tr>
<td>Deferred expenditure</td>
<td>2,888,494</td>
<td>1,456,009</td>
</tr>
<tr>
<td>Investments</td>
<td>6,444,858</td>
<td>5,954,372</td>
</tr>
<tr>
<td>Other long term assets</td>
<td>2,267,318</td>
<td>1,818,910</td>
</tr>
<tr>
<td>Investment properties</td>
<td>148,033</td>
<td>133,230</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>494,388,004</strong></td>
<td><strong>367,551,449</strong></td>
</tr>
<tr>
<td>EQUITY AND LIABILITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital and reserves</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributed capital</td>
<td>100,000,000</td>
<td>100,000,000</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>122,742,936</td>
<td>17,115,711</td>
</tr>
<tr>
<td>Other reserves</td>
<td>99,780,948</td>
<td>91,901,442</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>494,388,004</strong></td>
<td><strong>367,551,449</strong></td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>77,379,560</td>
<td>73,892,979</td>
</tr>
<tr>
<td>Obligations under finance lease</td>
<td>35,224,177</td>
<td>36,690,424</td>
</tr>
<tr>
<td>Provision for employees' end of service benefits</td>
<td>1,358,663</td>
<td>1,232,627</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>4,615,271</td>
<td>3,653,316</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>1,641,289</td>
<td>1,767,891</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>120,218,960</strong></td>
<td><strong>117,237,237</strong></td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creditors and accruals</td>
<td>29,184,033</td>
<td>24,599,653</td>
</tr>
<tr>
<td>Loans</td>
<td>6,883,193</td>
<td>7,405,714</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>36,067,226</strong></td>
<td><strong>32,005,367</strong></td>
</tr>
<tr>
<td><strong>TOTAL EQUITY AND LIABILITIES</strong></td>
<td><strong>494,388,004</strong></td>
<td><strong>367,551,449</strong></td>
</tr>
</tbody>
</table>

Dr. Mohammed Bin Saleh Al-Sada
Minister of Energy and Industry
Chairman and Managing Director

Hamad Rashid Al-Muhannadi
Vice Chairman

The attached notes 1 and 2 form part of these consolidated financial statements.
**Consolidated Statement of Changes in Equity**

For the year ended 31 December 2012

<table>
<thead>
<tr>
<th>Other reserves</th>
<th>Foreign currency translation reserve</th>
<th>General legal reserve</th>
<th>Minority interests</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribution</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at 1 January 2011</td>
<td>50,243,655</td>
<td>1,126,007,200</td>
<td>7,380,019</td>
<td>119,974,216</td>
</tr>
<tr>
<td>Capital contribution</td>
<td>50,000,000</td>
<td>64,802,787</td>
<td>152,275</td>
<td>50,896,462</td>
</tr>
<tr>
<td>Net movement in other reserves</td>
<td>-291,833</td>
<td>-520,525</td>
<td>-203,563</td>
<td>-549,974</td>
</tr>
<tr>
<td>Net income for the year</td>
<td>88,862,235</td>
<td>2,320,551</td>
<td>91,182,786</td>
<td></td>
</tr>
<tr>
<td>Transfer to general reserve</td>
<td>-41,802,787</td>
<td>-41,802,787</td>
<td>-41,802,787</td>
<td></td>
</tr>
<tr>
<td>Transfer to legal reserve</td>
<td>-152,275</td>
<td>-152,275</td>
<td>-152,275</td>
<td></td>
</tr>
<tr>
<td>Transfer to current account with Ministry of Finance</td>
<td>-41,802,787</td>
<td>-41,802,787</td>
<td>-41,802,787</td>
<td></td>
</tr>
<tr>
<td>Transfer to social fund (Note (a))</td>
<td>-139,665</td>
<td>-63,898</td>
<td>-203,563</td>
<td></td>
</tr>
<tr>
<td>Net movements</td>
<td>-549,974</td>
<td>2,999,731</td>
<td>2,999,731</td>
<td></td>
</tr>
<tr>
<td>Balance at 31 December 2011</td>
<td>100,323,655</td>
<td>1,238,887</td>
<td>322,523,884</td>
<td>119,974,216</td>
</tr>
</tbody>
</table>

**Note:**

a.) In accordance with Law No. 13 of 2008, companies listed in Qatar Exchange are required to appropriate an amount equivalent to 2.5% of the net profit for the year for the support of sports, cultural and charitable activities. In accordance with the clarifications issued, such appropriations are to be recognized in the statement of changes in equity as a distribution of income. The above represents Corporation's share of such contribution relating to its listed subsidiaries.

---

**Consolidated Cash Flow Statement**

For the year ended 31 December 2012

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income for the year before minority interest</td>
<td>117,538,637</td>
<td>91,182,786</td>
</tr>
<tr>
<td>Adjustments to reconcile net income before minority interest to net cash provided from operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Depreciation and amortisation</td>
<td>12,977,185</td>
<td>11,943,245</td>
</tr>
<tr>
<td>- Provision for employees’ end of service benefits</td>
<td>234,850</td>
<td>294,570</td>
</tr>
<tr>
<td>- Deferred income taxes</td>
<td>892,027</td>
<td>1,201,672</td>
</tr>
<tr>
<td>- Impairment of assets</td>
<td></td>
<td>922,674</td>
</tr>
<tr>
<td>- Adjustment / net loss on sale/transfer of fixed assets</td>
<td>3,982,667</td>
<td>5,685,771</td>
</tr>
<tr>
<td>Net increase in operating assets and liabilities</td>
<td>135,725,466</td>
<td>111,230,718</td>
</tr>
<tr>
<td>Cash flow from operations</td>
<td>132,230,814</td>
<td>117,530,152</td>
</tr>
<tr>
<td>Payments and advances against employees’ end of service benefits</td>
<td>208,914</td>
<td>182,212</td>
</tr>
<tr>
<td>Net cash from operating activities</td>
<td>132,021,900</td>
<td>117,347,940</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from disposal of property, plant and equipment</td>
<td>185,701</td>
<td>417,842</td>
</tr>
<tr>
<td>Movement in deposits maturing after 90 days</td>
<td>60,771</td>
<td>456,619</td>
</tr>
<tr>
<td>Purchase of investments</td>
<td>490,486</td>
<td>841,106</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(26,756,001)</td>
<td>(33,733,393)</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from borrowings</td>
<td>17,757,696</td>
<td>7,420,318</td>
</tr>
<tr>
<td>Repayment of loans and obligations under finance leases</td>
<td>(16,170,185)</td>
<td>(7,109,699)</td>
</tr>
<tr>
<td>Net movement in minority interest</td>
<td>2,884,771</td>
<td>(613,872)</td>
</tr>
<tr>
<td>Net change in account with Ministry of Finance</td>
<td>(115,105,757)</td>
<td>(63,923,281)</td>
</tr>
<tr>
<td>Net cash used in financing activities</td>
<td>(110,633,475)</td>
<td>(64,226,534)</td>
</tr>
<tr>
<td>Net (decrease) increase in cash and cash equivalents</td>
<td>5,367,576</td>
<td>19,388,013</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the year</td>
<td>48,189,675</td>
<td>28,801,662</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the year</td>
<td>42,822,099</td>
<td>48,189,675</td>
</tr>
</tbody>
</table>

The attached notes 1 and 2 form part of these consolidated financial statements.
1. LEGAL STATUS AND ACTIVITIES

Qatar Petroleum ("QP" or the "Corporation") is a state-owned public corporation, established in the State of Qatar by Emiri Decree Number 10 of 1974. The principal activities of QP, its joint ventures and subsidiaries (collectively referred to as the “Group”) are the exploration, production and sale of crude oil, natural gas and gas liquids and refined products, production and sale of petrochemicals, fuel additives, fertilisers, liquefied natural gas ("LNG"), steel, chartering of helicopters, underwriting insurance and other services. The principal place of business of QP is the State of Qatar.

Pursuant to Law No. 5 of 2012, which was issued on 7 August 2012, by the state of Qatar amending certain provisions of the Decree No. 10 of 1974 and transferring ownership in QP from Ministry of Economy of Finance to Supreme Council for Economic Affairs and Investment effective 1 January 2012.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared under the historical cost convention, except for investment properties and derivative financial instruments which are measured at fair value. The consolidated financial statements are presented in Qatar Riyals (QR) and all values are rounded to the nearest thousand. The consolidated financial statements of the Group have been prepared in accordance with the requirements of Emiri Decree No. 10 of 1974, concerning the establishment of the Corporation, the Council of Ministers’ Decision Number 6 of 1976, (as amended) and the accounting policies set out below:

Basis of consolidation

These summary consolidated financial statements have been derived from the consolidated financial statements of Qatar Petroleum for the year ended 31 December 2012. These summary financial statements do not contain all information and disclosures applied in the preparation of the 2012 audited consolidated financial statements of Qatar Petroleum and should be read in conjunction with those consolidated financial statements and the notes attached thereto.

The consolidated financial statements have been prepared under the historical cost convention, except for investment property and derivative financial instruments which are measured at fair value. The carrying values of recognised assets and liabilities that are hedged items in fair value hedges that would otherwise be carried at cost are adjusted to record changes in the fair values attributable to the risks that are being hedged. The summary consolidated financial statements are presented in Qatar Riyals (QR) and all values are rounded to the nearest thousand.

The consolidated financial statements of the Group have been prepared in accordance with the requirements of Emiri Decree No. 10 of 1974, concerning the establishment of the Corporation, the Council of Ministers’ Decision Number 6 of 1976, (as amended) and the accounting policies set out in Note 2 to the consolidated financial statements.
QATAR PETROLEUM INVESTMENT PORTFOLIO

Effective shareholding of Qatar Petroleum as of December 2012

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