



وزارة النفط والغاز
Ministry of Oil & Gas



**Committed to
Sustainable Development**



ANNUAL
REPORT
2017



وزارة النفط والغاز

Ministry of Oil & Gas

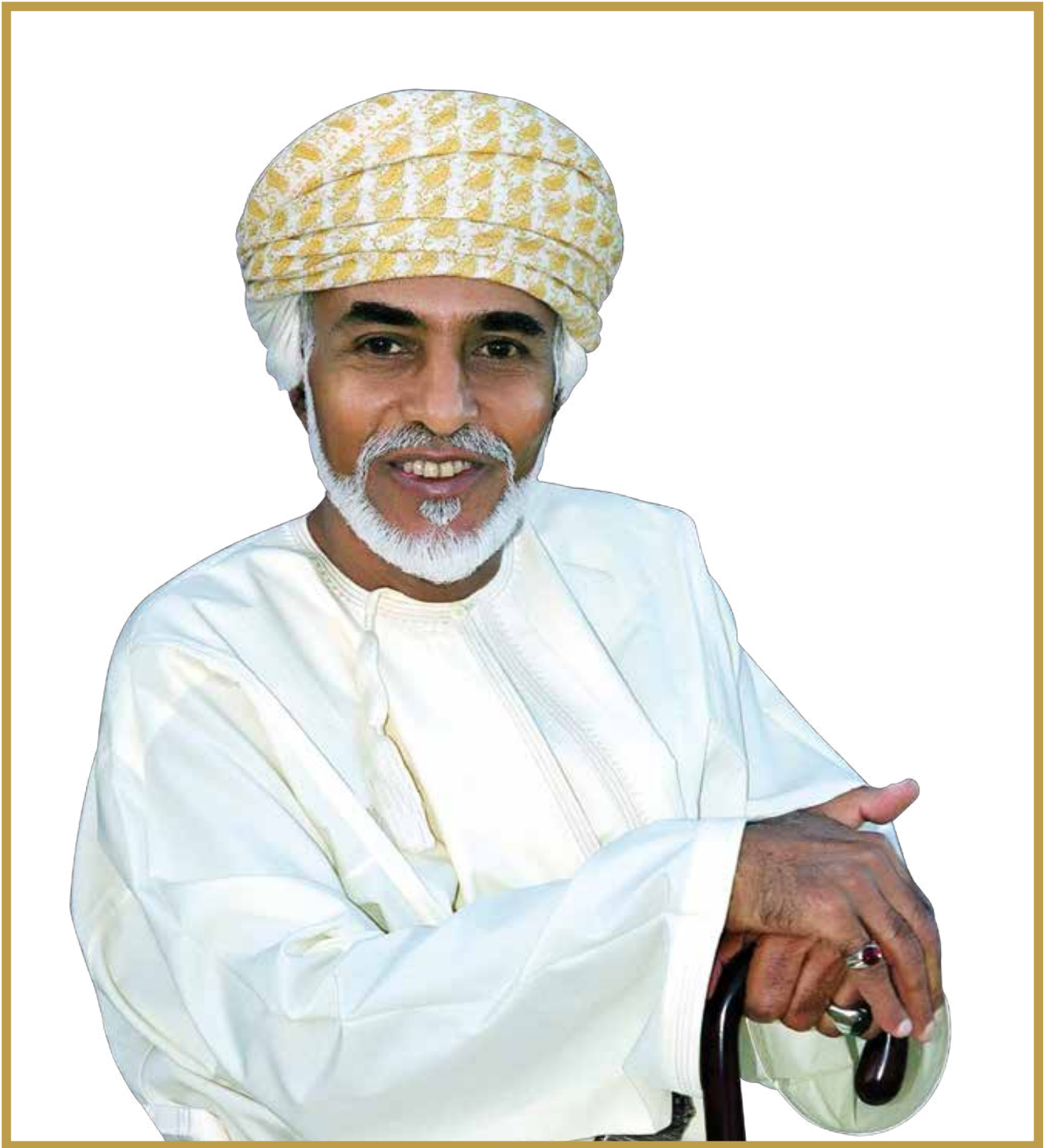
The Directorate General of Planning and Studies

Department of Planning and Follow-up

HIS MAJESTY'S SPEECH

“Development is not a goal in itself. Rather, it exists for building man, who is its means and producer. Therefore, development must not stop at the achievement of a diversified economy. It must go beyond that and contribute to the formation of the citizen who is capable of taking part in the process of progress and comprehensive development. Such goals can be achieved through the improvement of the citizens, artistic and professional ability, the stimulation of their creative and scientific capabilities, and the improvement of their various skills. All this must be directed towards serving the country and achieving the happiness of all citizens.”

Quote from the Speech of His Majesty Sultan Qaboos bin Said on the occasion of the Conference on Oman's Economy Vision 2020 (2.6.1995)



HIS MAJESTY SULTAN QABOOS BIN SAID

FOREWORD



H.E. Dr Mohammad bin Hamed Al Rumhy
Minister of Oil and Gas - Sultanate of Oman



**Dr. Mohammed bin Hamad
Al Rumhy**

**Sultanate of Oman - Minister of Oil
and Gas**

**Praise be to Allah and prayers and
peace be upon the Messenger of
Allah, Mohammed and his family
and companions.**

By Allah's grace and blessings and by following the approach of His Majesty, we have been able to overcome the challenges resulting from the low oil price environment and its consequences on the national economy. We have also been able to address all difficulties faced by the oil and gas sector, particularly the ones related to human resources in contrast to what has happened in other parts of the world.

The essential factors characterizing Oman allowed the sector to continue its successful journey. During 2017, the Khazzan gas field, one of the largest natural gas supply projects in the Sultanate, came on stream. Moreover, a number of concession agreements for onshore and offshore oil and gas exploration were signed with new local and international companies and which are hoped to achieve promising outcomes.

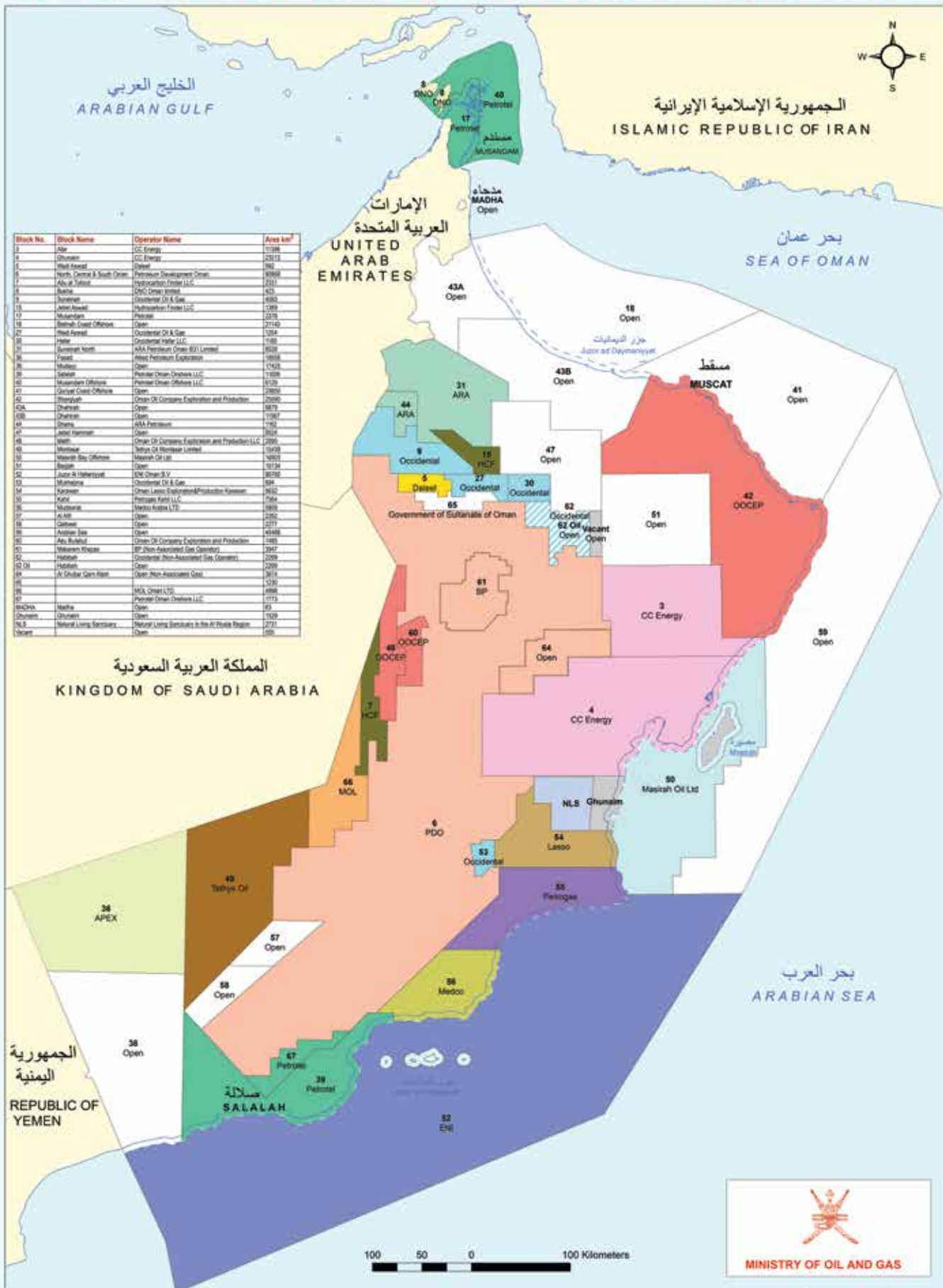
As part of its efforts to recover oil prices, the Sultanate collaborated with other countries and international organizations such as OPEC. This collaboration involved lowering output as per the targets set by OPEC for each country, a move which has yielded a positive impact on prices.

Despite output cuts, we have achieved all oil and gas sector targets and stayed the course on exploration activities, which have led to new discoveries in the sector. We are also using new technology to increase production from producing fields, specifically heavy oil and deep sour gas fields, thereby boosting long-term reserves and production.

In-country Value (ICV) has been a key element in all our projects to provide the highest value for the community through Omanisation, using locally produced materials and equipment, and assigning projects to SMEs. In fact, it is expected that SMEs will play a significant part in providing various oil services to operators working in the concession areas.

It is important to emphasize that all the milestones achieved during 2017 were the result of teamwork between all those working in the oil and gas sector. I look forward to that spirit of co-operation and collaboration continuing as the industry meets the challenges of 2018 and beyond in a rapidly changing business landscape and generates the revenue for the Sultanate to continue on its path of sustainable development.

SULTANATE OF OMAN CONCESSION BOUNDARIES



This map is not an authority on international boundaries.

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INTRODUCTION

The year 2017 witnessed a series of events and achievements that must be documented and utilised. This report highlights the major developmental projects in the oil and gas sector, and its major contribution in recruitment and Omanisation, In-country value, and social responsibility. The report also discusses the health, safety, security, and environment processes followed by the petroleum companies operating in the oil and gas sector during 2017.

In addition, the report presents the major indicators recorded for the year 2017, of which the most important highlight was the reduction of Oman's crude oil production by 3.2% from the year 2016, due to the compliance with the Organisation of Petroleum Exporting Countries (OPEC)/non-OPEC agreement to stabilize oil prices. The reduction resulted in a drop in petroleum exports by 8.7% compared to last year, and an increase in the average price of Omani Crude Oil by 27.8% compared to the average price for 2016. Additionally, at the end of 2017, the international oil prices managed to exceed the level of USD 60 per barrel for the first time since the crisis of oil price decline, achieving the highest level of oil prices in two years.

The total production of Liquefied Petroleum Gas has increased by 43.2% compared to 2016, with 79% of the total Liquefied Petroleum Gas production produced by Oman Oil Refineries and Petroleum Industries Company.



As for the indicators of the reserve, the expected oil reserves of the Sultanate by the end of 2017 is about 4740.33 million barrels, while the natural gas reserves reached by the end of the year about 24.96 trillion cubic feet. In addition, the natural gas production increased by 1% over the previous year.

During 2017, the Ministry of Oil and Gas signed four new Production Sharing Agreement with four companies. The exploration is ongoing, during 2017 - 90 exploration and appraisal wells in the oil and gas sector have been drilled and evaluated. The drilling of new wells have contributed to adding new oil and gas reserves, while securing continuous oil and gas production.



OIL & GAS INDICATORS



- 1 Signed (4) Production Sharing Agreement for oil and gas exploration
- 2 Average daily production of crude oil and condensate (972) thousand barrels
- 3 The Sultanate's total reserves of crude oil and condensates (4740.33) million barrels
- 4 Total petroleum exports (294) million barrels
- 5 China topped the list of importing countries with 77%
- 6 The average price of Omani crude oil USD (51.30) per barrel
- 7 Total petroleum products produced from Mina Al Fahal and Sohar Refineries (96) million barrels
- 8 Drilled (90) exploration and appraisal wells, (58) oil wells and (32) gas wells
- 9 Total number of productive fields in the Sultanate of Oman (282), of which (239) oil fields and (43) gas fields
- 10 Omanisation in the oil and gas sector 81%
- 11 Average daily production of natural gas (106.8) million cubic meters
- 12 Total natural gas reserves (24.96) trillion cubic feet.
- 13 LNG exports (8.6) million metric tons
- 14 The Sultanate's production of LPG (540) thousand metric tons

HEALTH, SAFETY, SECURITY AND ENVIRONMENT (HSSE)

Petroleum Development Oman:

- The Company registered a record Lost Time Injury Frequency of 0.20, down from 0.22 in 2016, although this performance was marred by one work-related fatality. A new record Total Recordable Case Frequency of 0.72 was set, against 0.98 in the previous year. There was also a fall of more than 40% in severe Motor Vehicle Incidents.
- The Geomatics Operations team in the Exploration Directorate set a new PDO safety record of 36 years without a Lost Time Injury, despite operating in some of the most testing terrain and conditions in Oman.

Occidental Oman:

- Occidental Oman employees and contractors achieved record safety performance with a combined 2017 injury and illness incidence rate (IIR) of 0.04, while having no employee recordable injuries since 2015. There was a 60% decrease in the number of contractor recordable injuries when comparing 2017 (8), versus 2016 (20). Mukhaizna (Block 53) operations achieved an IIR of 0.03, which is its best on record for these operations.



Daleel Petroleum:

- Outstanding (QHSSE) performance & achievement of ISO certifications.
- Enhancing security standards, in line with the directives of His Majesty Sultan Qaboos, by awarding security contract phase II in concession area (5).
- Delivered the company's annual Quality, Health, Safety, Security and Environment (QHSSE) Day 2017 at the field. Under the theme "Safety is to Walk the Talk", it aimed at embracing the QHSSE occupational standards and culture across Daleel and among stakeholders.

CC Energy:

- The company is continuously improving on its HSE management systems and culture, by introducing a number of initiatives including the behavioural-based ones such as the PREMO system and a Safety Club. These initiatives have resulted in enhancing the reporting and learning culture. In the Safety Club, members are committed to taking care of each other using the 'Awareness, Behaviour and Concentration' concept to avoid accidents.

BP Oman:

- The first phase of Khazzan was completed with an outstanding record. BP Oman works very closely with its staff to ensure full awareness, understanding and compliance with safety matters. BP also works with its main contractors to ensure that their workforces also understand and engage in the safe working practices by which BP abides.

Oman LNG:

- Achieved nearly 25 million man-hours without a Lost Time Injury (LTI) at the end of 2017, as a result of the company's careful application of rigorous safety and environmental standards to all its activities.



OMANISATION IN THE OIL & GAS SECTOR

The number of employees working in the oil and gas companies operating in Oman reached (17301) employees, (13,941) were Omani and (3360) were expatriates. By the end of 2017, Omanisation percentage in the upstream and downstream of the oil and gas sector reached 81%, with a 6% increase in Omani employees from the year 2016. These figures do not include the workers of the contracting and services companies operating in the oil and gas sector.

Table (1): 2017 Workforce Volume and Omanisation Percentage in the Oil & Gas Sector

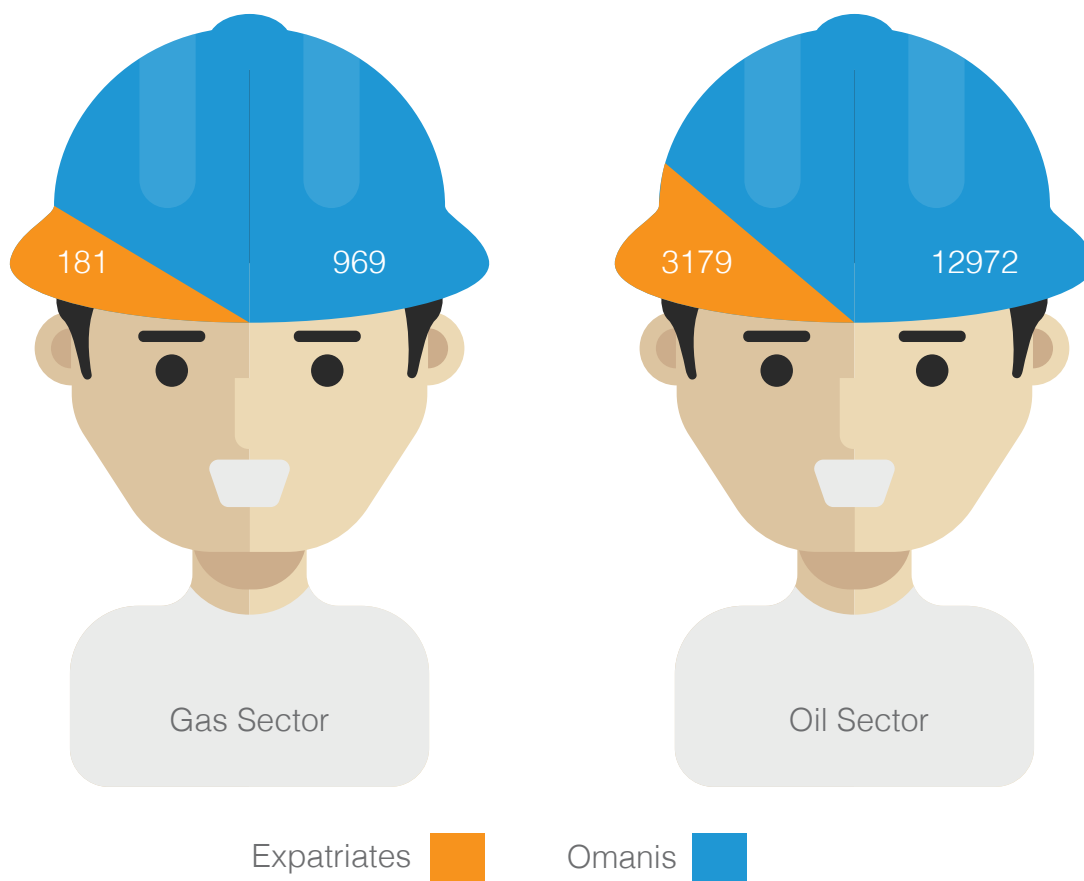
Sector	Details	No. of workers	%	Total
Oil	Omanis	12972	80	16151
	Expatriates	3179	20	
Gas	Omanis	969	84	1150
	Expatriates	181	16	
Total of the sector	Omanis	13941	81	17301
	Expatriates	3360	19	

*Includes all Exploration, Refineries, & Petroleum Companies in the Oil and Gas sector

**Includes OLNG & OGC



2017 WORKFORCE VOLUME IN THE OIL & GAS SECTOR



Oil Sector

- 
1. Exploration
 2. Reserves
 3. Production
 4. Petroleum Exports
 5. The price of Omani Crude Oil
 6. Refinery Industry

1. EXPLORATION

Oil and gas companies operating in the oil and gas concession areas in 2017 drilled, tested and evaluated (58) exploration and appraisal wells, (21) of which were drilled in the years 2015 and 2016, whereas they were examined in 2017. The petro-physical analysis and productivity tests in some of the wells showed positive results, adding new oil reserves. On the other hand, some companies amended their exploration programs as a consequence of the global decrease in oil prices.

Hereunder, is a table showing the number of oil exploratory and appraisal wells of each company:

Table (2): 2017 Oil Exploration and Appraisal Wells

Company	Number of oil wells
Petroleum Development Oman	28
Occidental (9-27)	6
Occidental Mukhaizna (53)	6
CC Energy Development	5
Other Companies*	13

*Other Companies include: (Medco, Petrotel, Petrogas Kahil, Daleel Petroleum, Oman Oil Exploration & Production, Masirah Oil, Hydrocarbon Finder)

The number of companies operating in the concession blocks in Oil and Gas exploration and production by the end of 2017 was (18) companies, operating in (30) concession blocks.

There was not a single relinquishment of any concession area belonging to any oil and gas company operating in the Sultanate in 2017.



Table (3): Oil & Gas Exploration and Producing Companies Operating in the Sultanate by the End of 2017

Number	Company name	Block number
1	Oman Oil Exploration & Production	42
	Oman Oil Exploration & Production	48
	Oman Oil Exploration & Production	60
2	Occidental Oman Gas	62
	Occidental Oman Oil & Gas	27
	Occidental Mukhaizna	53
	Occidental Hafar LLC	30
	Occidental Oman Incorp	9
3	ENI Oman B.V	52
4	ARA Petroleum Oman B31 Limited	31
	ARA Petroleum Exploration	44
5	Allied Petroleum Exploration	36
6	Petrogas Kahil LLC	55
7	BP Exploration Epsilon Ltd	61
8	PetroTel Oman LLC	17
	PetroTel Oman Offshore	40
	PetroTel Oman Inshore LLC	39
	PetroTel Oman Inshore LLC	67
9	Tethys Oil Montasar Limited	49
10	Daleel Petroleum LLC	5
11	DNO Oman Limited	8
12	CC Energy Development S.A.L	3
	CC Energy Development S.A.L	4
13	Petroleum Development Oman	6
14	Oman Larso Exploration & Production Karwan Limited	54
15	Masirah Oil Limited	50
16	MOL Oman Ltd	66
17	Medco Arabia TD	56
18	Hydrocarbon Finder L.L.C	7
	Hydrocarbon Finder L.L.C	15

In 2017, the Ministry of Oil & Gas signed a Production Sharing Agreement with (4) companies, as follows:

Table (4): List of New Petroleum Agreements for the Year 2017

Company	Block	Signing Date	Agreed on Investment for Phase1 (million USD)
Occidental Hafar LLC	30	14/11/2017	22
ARA Petroleum Oman B31 Limited	31	14/11/2017	10
Tethys Oil Montasar Limited	49	14/11/2017	7
ENI Oman B.V	52	14/11/2017	28



USD **22** Million



USD **10** Million



USD **7** Million



USD **28** Million

2. RESERVES

Total reserves of crude oil and condensates at the end of 2017 in the Sultanate is about 4740.33 million barrels, a decrease of 10% in comparison with last year. The decrease is due to the modification of the Occidental reserve calculation method, where the reserve amounts were converted to recoverable amounts.

PDO reserve was 68% of the total reserves of crude oil and condensates.

Table (5): Expected Reserves of Crude Oil & Condensate by the End of 2017

Company	Expected Reserves (million barrels)
Petroleum Development Oman	3237.84
Occidental Oman (9 & 27 & 53 & 62)	904.52
BP Oman	147.47
BP Ghazeer (Phase-2)	175.27
Daleel Petroleum	142.07
CC Energy Development	77.57
Oman Oil Exploration & Production	36.51
Hydrocarbon Finder	10.61
DNO Oman	6.08
ARA Petroleum	2.39
Total	4740.33

3. PRODUCTION

The average daily production of crude oil and condensates during the year amounted to (972) thousand barrels per day compared to (1004) thousand barrels per day in 2016, a decrease of 3.2% from the year 2016. The Sultanate had decreased its oil production, as result of the OPEC/non-OPEC agreement to limit oil production and therefore to stabilise oil prices.

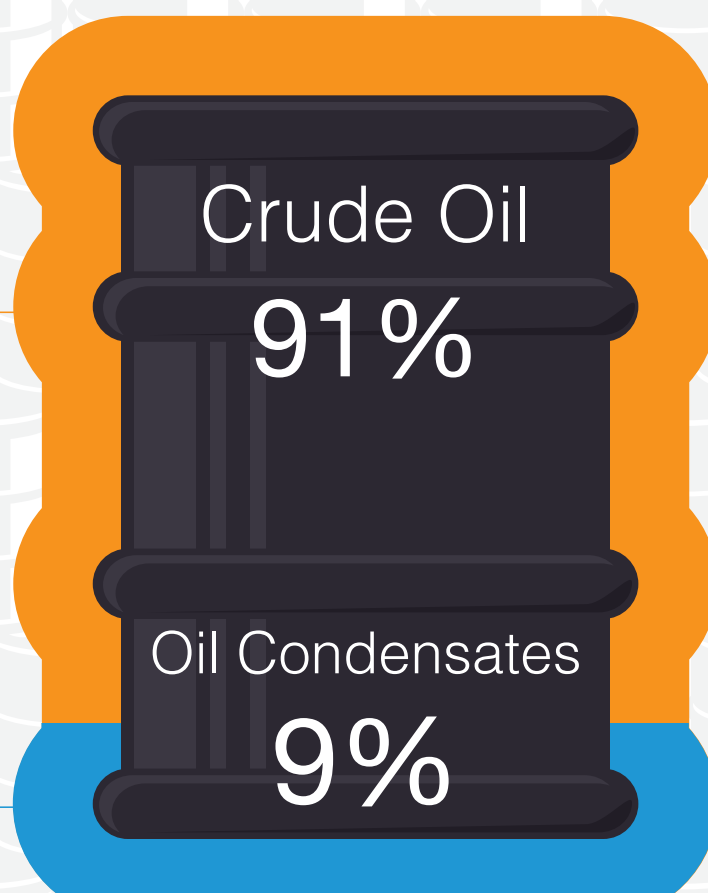
Table (6): Production of Crude Oil & Condensate by the End of 2017

Type	Annual production (million barrels)	Average daily (thousand barrels/day)
Crude Oil	323	885
Condensates	32	87
Total Crude Oil & Condensates	355	972

2017 Percentage Production of Crude Oil and Condensate

885
thousand barrels/day

87
thousand barrels/day



4. PETROLEUM EXPORTS

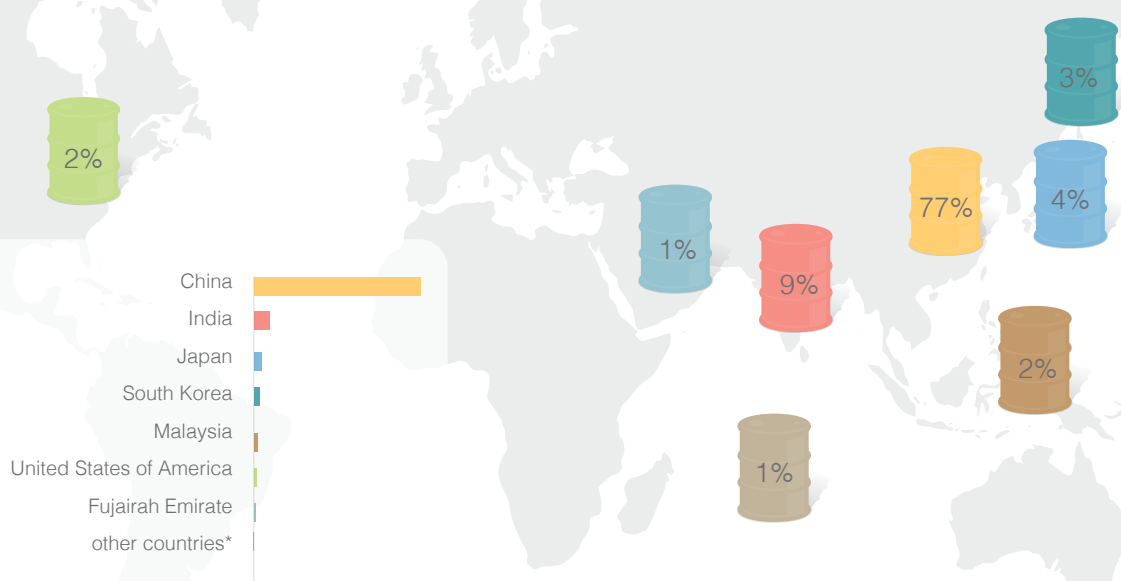
The total exports of oil and condensates during the year amounted to 294 million barrels. China topped the list of the countries importing oil from Oman, with 77%, followed by India with 9%. The rest of the countries represented 14% of the total exports of crude oil and condensates in 2017.

Table (7): 2017 Exports of Crude Oil & Condensates as per Importing Countries

Country	Quantity of exports (million barrels)
China	226
India	28
Japan	11
South Korea	9
Malaysia	7
United States of America	5
Fujairah Emirate	4
Other countries*	4
Total	294

*Representing (Philippine, Thailand, Australia, Singapore, and New Zealand)

2017 Petroleum Exports as per Importing Countries



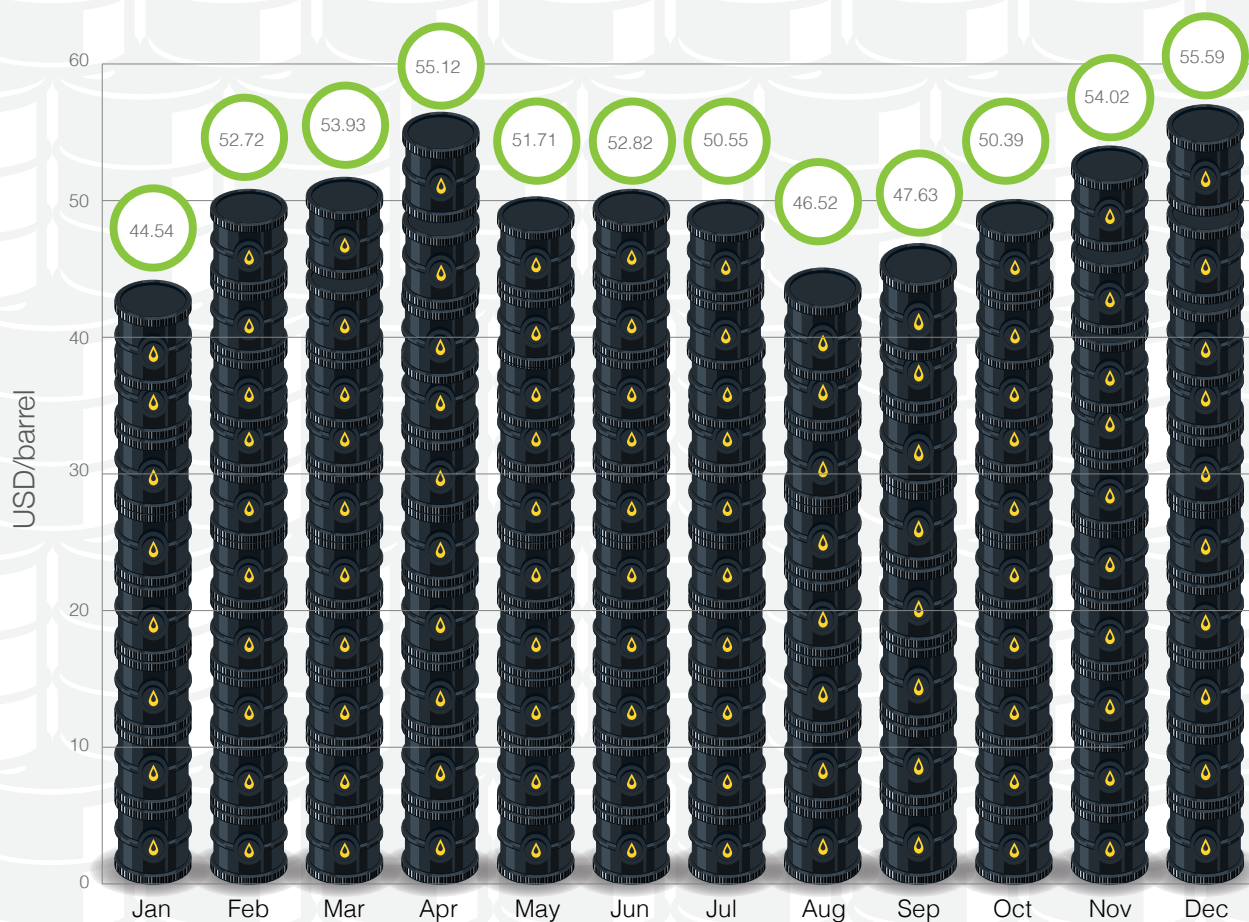
5. PRICE OF OMANI CRUDE OIL

In 2017, the average price of Omani crude oil reached USD 51.30 per barrel, an increase by 27.8% compared to 2016. The Omani crude oil prices averaged at a minimum of USD 44.54 per barrel in January and maximum of USD 55.59 per barrel in December of the same year.

Table (8): 2017 Average of Oman Crude Oil Prices

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
US Dollars per barrel	44.54	52.72	53.93	55.12	51.71	52.82	50.55	46.52	47.63	50.39	54.02	55.59	51.30

2017 Average Omani Crude Oil Prices



6. REFINERY INDUSTRY

Production

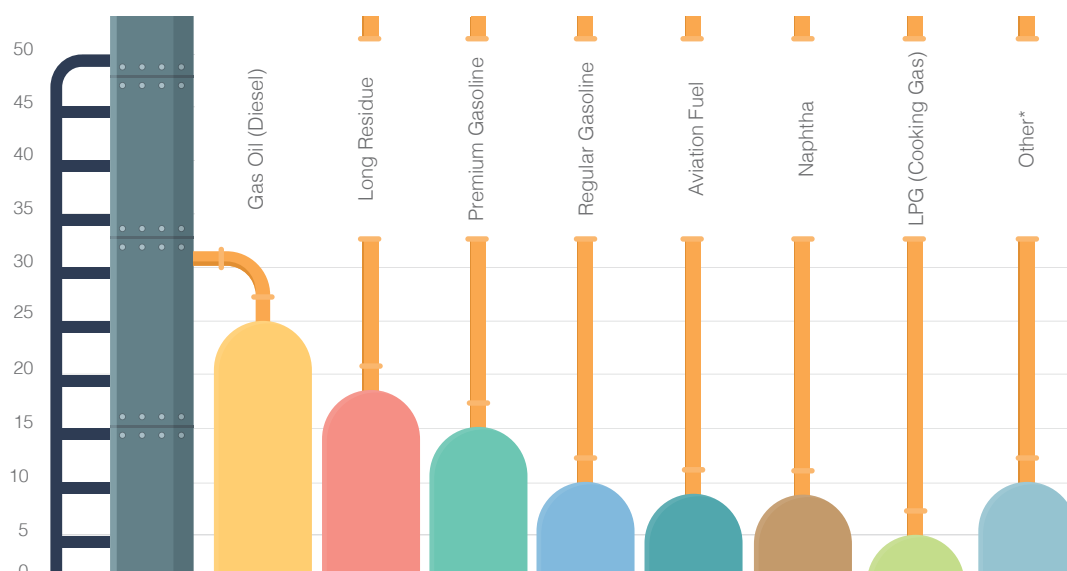
The total production of petroleum products of the two refineries of Oman Oil Refineries and Petroleum Industries Company reached about (96) million barrels. Mina Al Fahal Refinery contribution was (31) million barrels and Sohar Refinery contribution was (65) million barrels. The production percentage accounted for the Gas Oil (Diesel) was 26% of the total production of the two refineries of Oman Oil Refineries and Petroleum Industries Company in 2017.

Table (9): Production of Oman Oil Refineries and Petroleum Industries Company

Petroleum products (million barrels)	Oman Oil Refineries & Petroleum Industries Company
Gas Oil (Diesel)	25
Long Residue	17
Premium Gasoline	15
Regular Gasoline	10
Aviation Fuel	7
Naphtha	7
LPG (Cooking Gas)	5
Other*	10
Total	96

*Includes: (Pet Coke, Bitumen, Fuel 88, Fuel Oil, Solid Sulphur, Propylene)

2017 Total Production of Oman Oil Refineries and Petroleum Industries Company (million barrels)



Local Sales of Petroleum Products

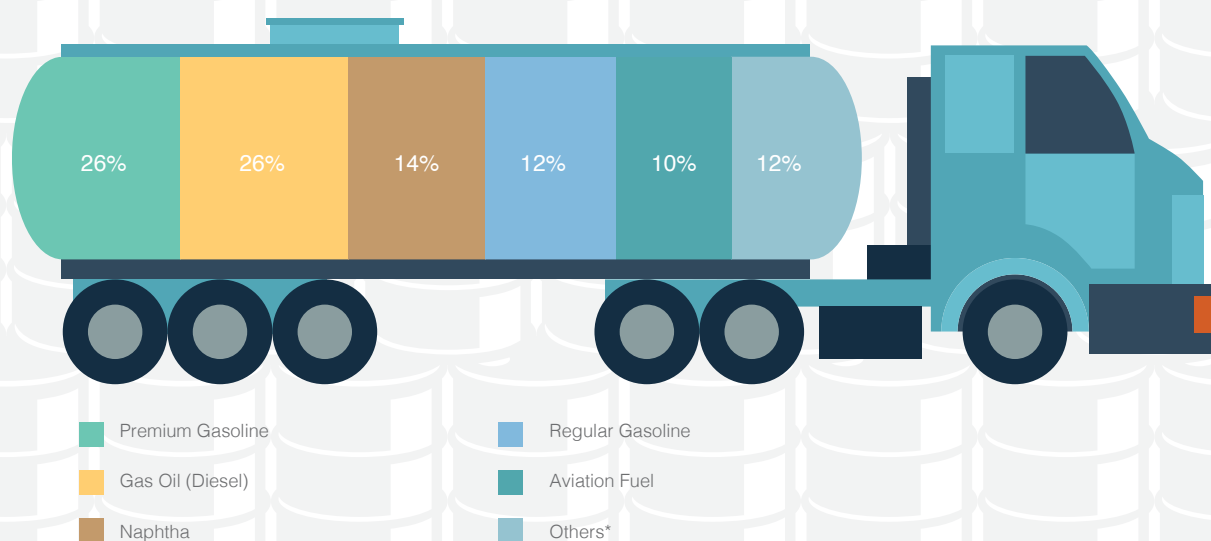
The total sales of petroleum products during the year is estimated to be (50) million barrels; (30) million barrels were sold by Mina Al Fahal Refinery, and (20) million barrels were sold by Sohar Refinery. Premium Gasoline and Gas Oil (Diesel) accounted for the largest percentage of total sales of Oman Oil Refineries and Petroleum Industries Company at 26% per product of the total domestic sales of petroleum products in 2017.

Table (10): Local Sales of Petroleum Products of Oman Oil Refineries & Petroleum Industries Company

Petroleum products (million barrels)	Oman Oil Refineries & Petroleum Industries Company
Premium Gasoline	13
Gas Oil (Diesel)	13
Naphtha	7
Regular Gasoline	6
Aviation Fuel	5
Others*	6
Total	50

*Includes: (LPG (Cooking Gas), Solid Sulphur, Propylene)

2017 Local Sales of Petroleum Products of Oman Oil Refineries and Petroleum Industries Company



Exported Petroleum Products

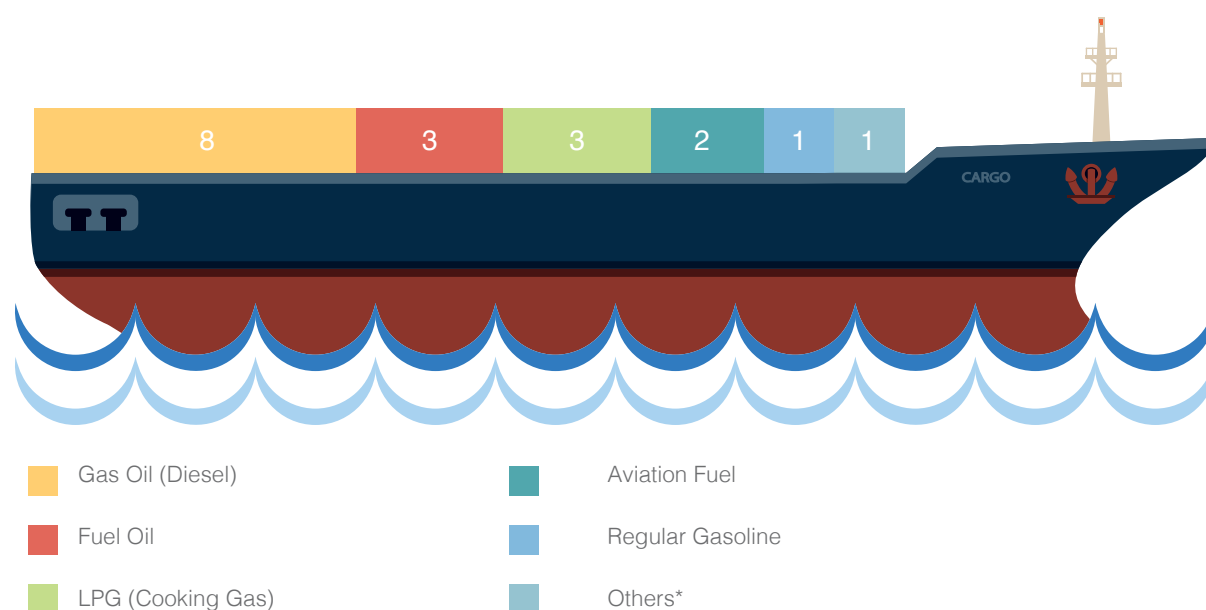
The total export of petroleum products during the year from Sohar Refinery is estimated to be (18) million barrels. The export of Gas Oil (Diesel) has the highest percentage at 44% of the total exported petroleum products in 2017.

Table (11): Exported Petroleum Products by Oman Oil Refineries & Petroleum Industries Company

Petroleum products (million barrels)	Oman Oil Refineries & Petroleum Industries Company
Gas Oil (Diesel)	8
Fuel Oil	3
LPG (Cooking Gas)	3
Aviation Fuel	2
Regular Gasoline	1
Others*	1
Total	18

*Includes: (Pet Coke, Bitumen, Fuel 88, Long Residue, Sulphur)

2017 Exported Petroleum Products by Oman Oil Refineries and Petroleum Industries Company (million barrels)



Imported Petroleum Products

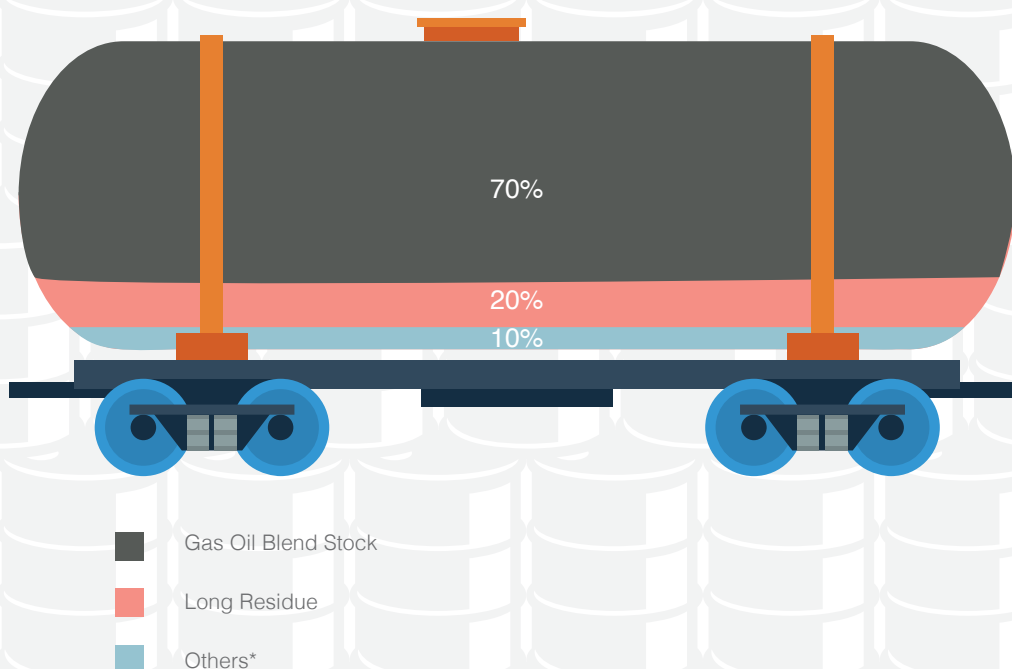
The total import of petroleum products by Oman Oil Refineries and Petroleum Industries Company during the year reached (10) million barrels by Sohar Refinery, where the largest quantity of the petroleum products were imported through Sohar Refinery from the total import of Oman Oil Refineries and Petroleum Industries Company in 2017.

Table (12): Imported Petroleum Products of Oman Oil Refineries & Petroleum Industries Company

Petroleum products (million barrels)	Oman Oil Refineries & Petroleum Industries Company
Gas Oil Blend Stock	7
Long Residue	2
Others*	1
Total	10

*Includes: (Aviation Fuel, Gasoline Blend Stock)

2017 Imported Petroleum Products by Oman Oil Refineries and Petroleum Industries Company

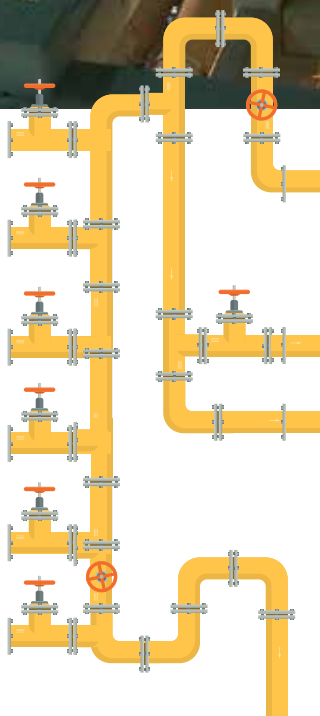






Gas Sector

1. Exploration
2. Reserves
3. Production
4. Consumption
5. Export of Liquefied Natural Gas and Gas Condensates
6. Production of Liquefied Petroleum Gas (LPG)



1. Exploration

The oil and gas companies operating in the concession areas in 2017 drilled, tested and evaluated (32) exploration and appraisal gas wells, (11) of which were drilled in the years 2015 and 2016, whereas they were tested in 2017. The analysis and productivity tests in some of the wells showed positive results, adding new gas reserves.

Hereunder, is a table showing the number of gas exploratory and appraisal wells of each company:

Table (13): 2017 Gas Exploration and Appraisal Wells

Name of Company	Number of Wells
Petroleum Development Oman (6)	18
Occidental Oman (9 & 27)	5
Occidental Gas (62)	3
Oman Oil Exploration & Production (60)	1
BP Oman (61)*	5

*All of them are Appraisal Wells.



2. RESERVES

The total reserves of Natural Gas expected for the Sultanate by the end of 2017 is estimated to be 24.96 trillion cubic feet, 51% of which is the expected reserve of PDO, followed by BP with 44%, and 5% is accounted for by the rest of companies.

Table (14): Expected Reserves of Natural Gas by the end of 2017

Company	Expected Reserve (trillion cubic feet)
Petroleum Development Oman	12.79
BP Oman	7.41
BP Ghazeer (Phase 2)	3.62
Occidental (9 & 27 & 62)	0.61
Oman Oil Exploration & Production	0.39
Daleel Petroleum	0.08
DNO	0.05
ARA Petroleum	0.02
Total	24.96

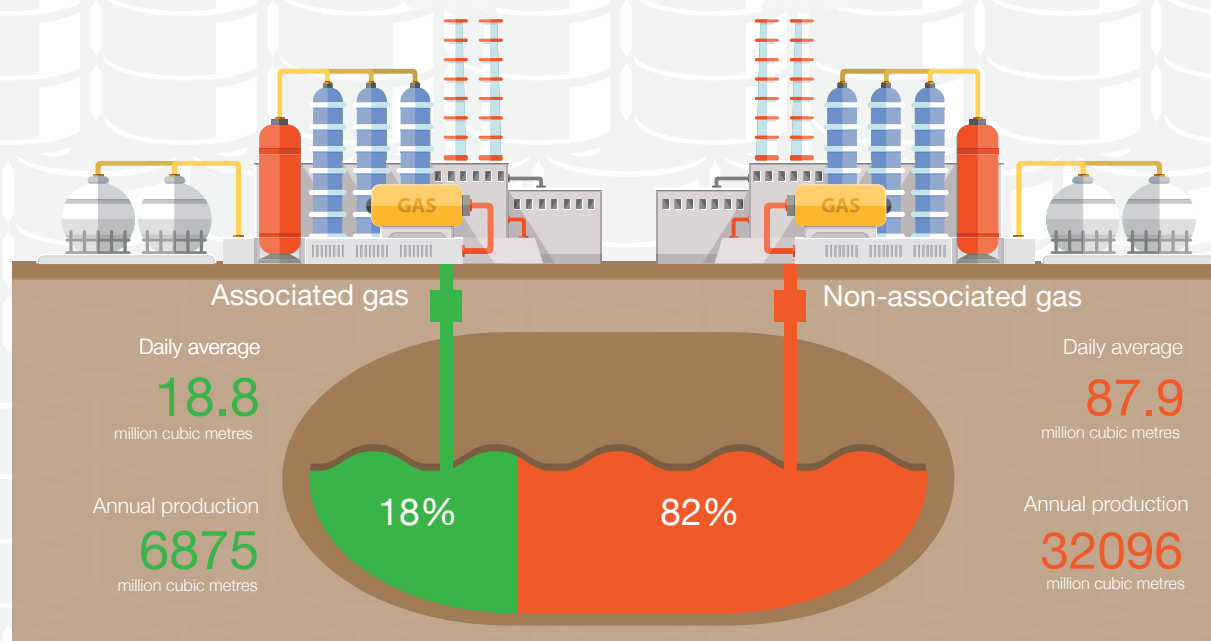
3. PRODUCTION

The Sultanate's average production of Natural Gas during the year amounted to (106.8) million cubic metres per day, 18% of which is Associated Gas at (18.8) million cubic metres per day. The percentage accounted for by Non-associated Gas is 82%, with (87.9) million cubic metres per day. Adding to these production rates, Natural Gas was imported during the year from (Dolphin Energy Company) at about (5.3) million cubic metres per day. It is worth mentioning, the entry of BP Oman as a new supplier of natural gas with the launch of BP's Khazzan field in the third quarter of 2017.

Table (15): 2017 Natural Gas Production and Import

	Production (million cubic metres)	Daily average (million cubic metres)
Total Associated Gas	6875	18.8
Total Non-Associated Gas	32096	87.9
Total Production	38972	106.8
Total Production & Import	40907	112.1

2017 Percentage of Natural Gas Production and Import



4. CONSUMPTION

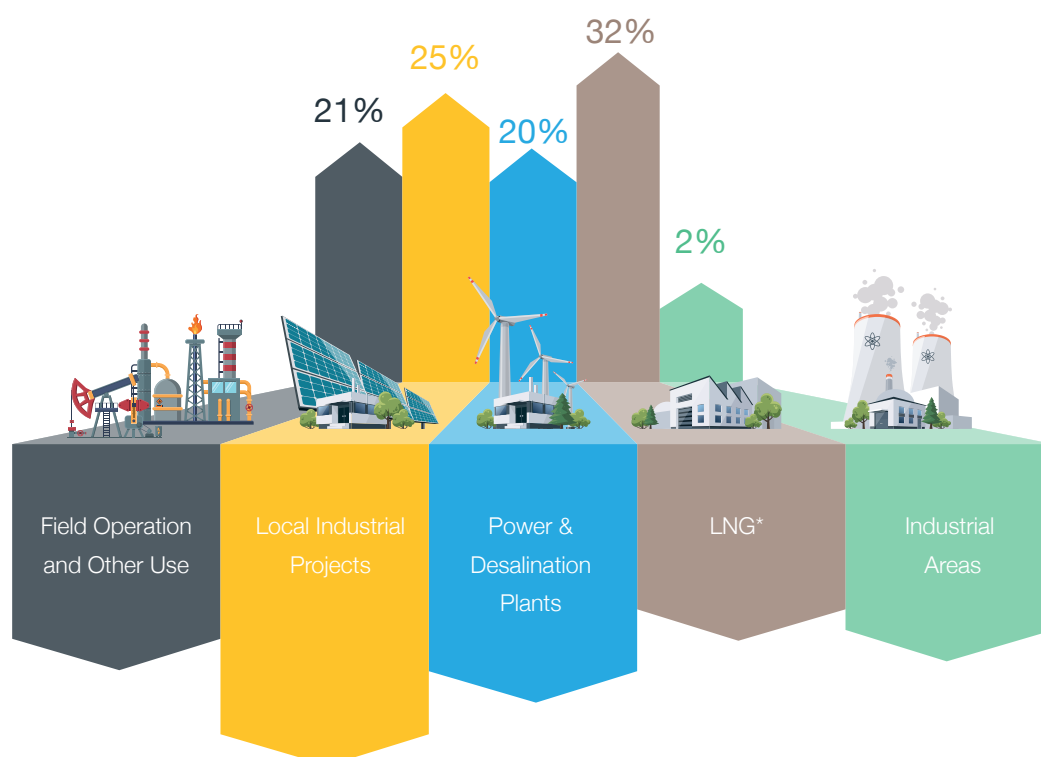
The total consumption of Natural Gas during the year reached (40,907) million cubic metres. The projects of Oman LNG and Qalhat LNG ranked highest in terms of Natural Gas consumption during the year accounting for about (13,125) million cubic metres, i.e. 32% of the total consumption of Natural Gas in 2017. The consumption of local industrial projects is next, with 25%, followed by field operation and other use with 21% and Power and Desalination Plants with 20%. 2% is the consumption of industrial areas out of the total consumption of Natural Gas in 2017.

Table (16): 2017 Consumption of Natural Gas as per Consumers

Consumer	Quantity (million cubic meters)
LNG*	13,126
Local Industrial Projects	10,117
Field Operation and Other Use	8,770
Power & Desalination Plants	8,240
Industrial Areas	655
Total	40,907

*Includes Oman LNG & Qalhat LNG

2017 Consumption of Natural Gas as per Consumers



5. EXPORT OF LIQUEFIED NATURAL GAS AND GAS CONDENSATES

Total exports of LNG during the year amounted to (8.6) million metric tons shipped in (134) shipments. The exports of Gas Condensates reached (0.238) million metric tons shipped in (38) shipments. Oman LNG exports represented 64% of the total Natural Gas exports, while the exports of Qalhat LNG were about 36% by the end of 2017.

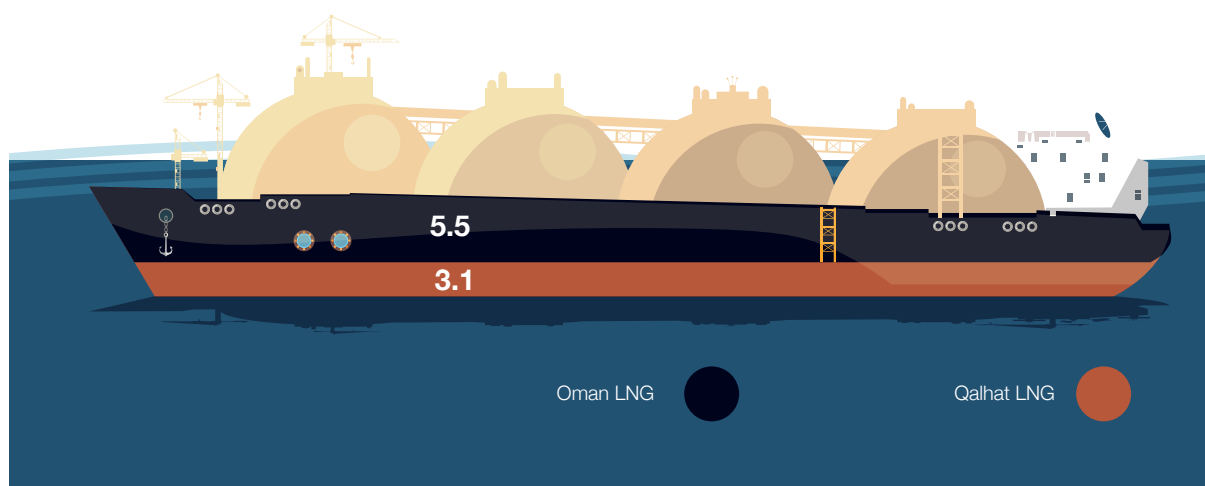
Table (17): Exports of Liquefied Natural Gas

Details	Oman LNG	Qalhat LNG
Exports of Liquefied Natural Gas (million metric tons)	5.5	3.1
Number of Shipments	88	46

Table (18): Exports of Gas Condensates

Details	Oman LNG
Exports of Gas Condensates (million metric ton)	0.238
Number of Shipments	38

2017 Exports of Liquefied Natural Gas (million metric tons)



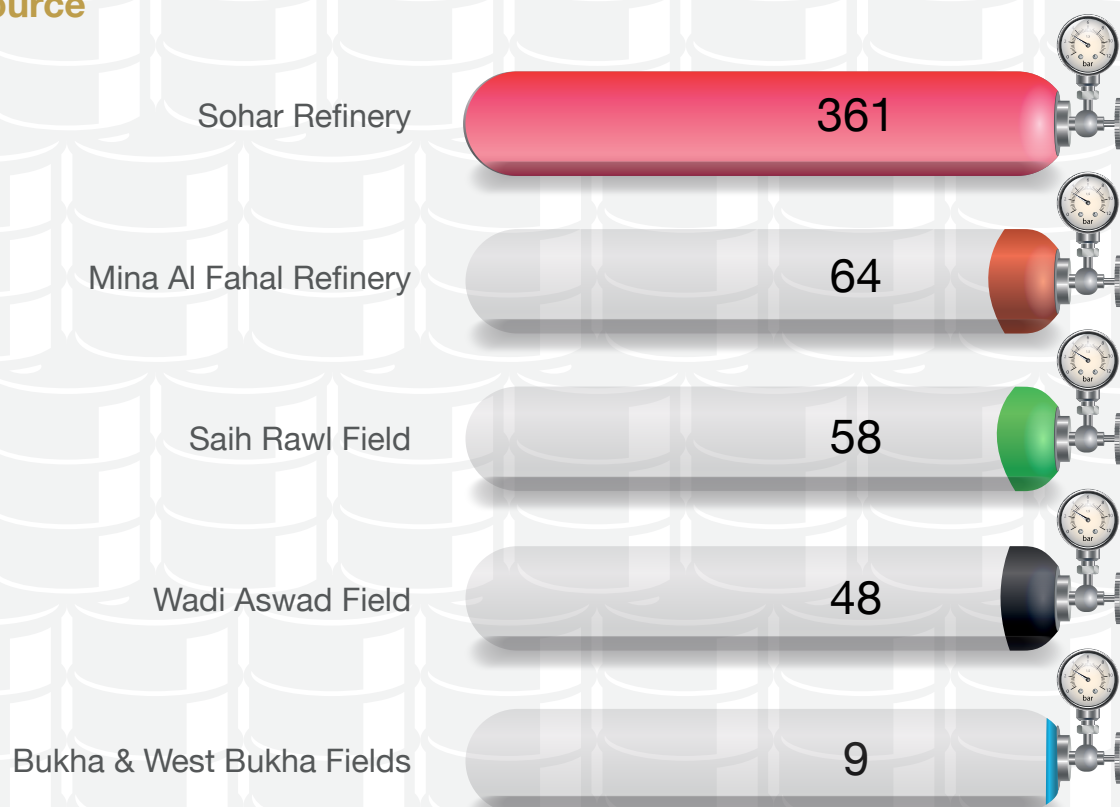
6. PRODUCTION OF LIQUEFIED PETROLEUM GAS (LPG)

The total production of LPG during the year reached (540) thousand metric tons, of which (425) thousand metric tons were produced by Oman Oil Refineries and Petroleum Industries Company (Mina Al Fahal and Sohar Refineries) accounting for 79%, followed by the rest of the companies with 21% of the total LPG production in 2017.

Table (19): Production of Liquefied Petroleum Gas as per Company & Source

Company	Source	Quantity (thousand metric tons)
Oman Oil Refineries and Petroleum Industries Company	Sohar Refinery	361
	Mina Al Fahal Refinery	64
Petroleum Development Oman	Saih Rawl Field	58
Daleel Petroleum	Wadi Aswad Field	48
DNO	Bukha & West Bukha Fields	9
Total		540

2017 Production of Liquefied Petroleum Gas as per Quantity and Source



MAJOR PROJECTS IN THE OIL AND GAS SECTOR

Petroleum Development Oman:

- The Rabab Harweel Integrated and Yibal Khuff mega projects are progressing well and have secured capital savings of almost USD 800 million. The Zauliyah Gas Plant and Lekhwair F in the Upper Shuaiba were brought on stream.
- The Hawqa Early Development Facility was successfully commissioned in just 13 months, a record for PDO. It has unlocked the potential of the Hawqa field to produce more than 11,000 barrels of oil per day and 650,000 m³/day of gas.
- Continued work with partner GlassPoint Solar. Construction work on the first phase of Miraah, the world's largest ever solar thermal project at peak production, was completed and the first steam integrated into the system at Amal West. Good progress is now being made on phase 2.

Occidental Oman:

- Occidental Oman's team added about 100,000 BPD of liquid handling capacity and 50,000 BPD of water injection capacity in 2017 in Blocks 9 and 27. Additional gas compression and liquid handling facilities along with further de-bottlenecking of production stations will continue in 2018. In Block 53, 194 production wells were provided permanent power to reduce operating expenses (OPEX).



Daleel Petroleum:

- Commissioned the gas plant train II with impact reflected on gas production and the exportation of 12 MMSCFD on average. The gas plant extracts three types of gas out of the rich gas; liquefied petroleum gas (LPG), natural gas liquefied (NGL) and lean gas. In addition, the project is part of Daleel's QHSSE Policy and has a number of benefits to both the environment and the people of Oman. Daleel is embracing a zero flare concept in concession area (5).

BP Oman:

- The first gas began to flow from the Khazzan field and into Oman's national distribution network in September 2017.

Oman Oil Company:

- Inauguration of Musandam Gas Plant and the Musandam Power Company.
- Signed a MoU with Eni for cooperation in the Oil & Gas sector.
- Signed partnership agreements with Kuwait Petroleum International Ltd (KPI) for the development of Duqm Refinery and Petrochemical Complex.



IN-COUNTRY VALUE

Petroleum Development Oman:

- PDO's wide-ranging National Objectives programme – which encompasses job, training, redeployment, transfer and scholarship schemes – created 14,164 opportunities for Omani jobseekers, in both the oil and non-oil sectors. This means more than 45,000 opportunities have been created since 2011 when the programme was launched.
- Awarded contracts worth a record USD 5.19 billion to locally registered companies, and supported the opening of a string of Omani factories and workshops supplying vital equipment, parts and engineering services to the oil and gas industry.
- Worked with the Ministry of Oil and Gas and The Research Council, as well as a number of universities on closer alignment between academia and industry on tackling research and development challenges and opportunities. In support of this, the new Ejaad platform was launched, enabling close integration and greater focus and alignment on project-specific applied research opportunities.

Occidental Oman:

- Occidental Oman's SME Development Programme supports the growth of Omani SMEs that demonstrate high potential for maximising ICV and job creation. As of end of Q3 2017, this programme included 150 Omani participants. Some of these participants achieved an Omani headcount growth of 130%, where others were at 100% Omanisation. Overall, participants achieved up to a 277% total increase in contract value, reaching a comprehensive total increase of USD 132 million. Two SME participants have been categorised as large companies after joining the programme.



- Supporting the development of local companies as a main element of ICV. As part of this goal, Occidental Oman has started the development of a fifth Super Local Community Contractor, "Al Khazain", having 1,200 shareholders from Mukhaizna's local community. Occidental Oman has also started the implementation of a Ring Fencing Programme by opening a high percentage of work scopes to local companies (e.g., drill-bits, inspection services, PVT sampling and other services).

Daleel Petroleum:

- Awarded a number of competitive bids to local companies such as Super LCC companies in placing new service contracts for construction services, headers/ pipelines and other services to support the company operations.

- Awarded two contracts in support of Small & Medium Enterprises (SMEs); the supply of casing and tubing accessories, and providing high performance motors, contributing a million Omani Ralis as an estimated added value to the national market.

CC Energy:

- Developed and launched its ICV Monitoring and Reporting System at the end of 2017. This web-based system allowing contractors to report the ICV online.
- Work with local companies by providing them with feedback, guidance, and assistance in bid preparation and strategic planning to allow them improve their competitive advantage and to develop and grow over time.

BP Oman:

- In the second half of 2017, local companies were awarded contracts of a total value of OMR 66 million (USD 170 million). The total In-Country Value contribution of third party spend in 2017 is over 40% by value, compared to 35% in 2016.



SOCIAL RESPONSIBILITY

Petroleum Development Oman:

- Committed to 35 new social investment projects, totalling more than USD 5.5 million, which will have tangible impacts on the quality of life of thousands of people living in the concession area and beyond. These include the provision of clean drinking water facilities, safe public spaces, and research and learning opportunities. A further USD 1.3 million was distributed in grants and donations.
- Project Prism, launched to drive contractor welfare improvements, has now conducted more than 30,000 surveys of employees in 200 interior-based contractors in addition to delivering more than 210 coaching sessions.

Occidental Oman:

- Funding a Vocational Training Programme providing opportunities for 160 job seekers across Oman, and funding five scholarships for Omani nationals from Occidental Oman concession areas to study and complete their Bachelor Degree in Ireland. Also, funding 39 scholarships for Omani nationals from different governorates of the Sultanate of Oman to obtain their Diploma at Colleges of Technology.
- Funding the purchase of 300 headsets and 60 alarm system sets for the hearing-impaired, and supporting the Oman Cancer Association's Dar Al Hanan Project for one year, which provides housing accommodation for cancer patients in Oman.

Daleel Petroleum:

- Training more than 200 technicians and professionals from different schools on how to use open source applications.



- Supplying laboratory equipment for professional Development Institute in Al Dhahira Region.
- Supporting social entities through Non-Governmental Organizations aimed at supporting the community.

CC Energy:

- Extending educational support to students in concession area.
- Supporting the Society of Chemical Engineering - SQU.
- Supporting the Job Seekers Employability Development Program.
- Supporting the 3rd Duqm Society & Economy Forum.
- Support Nursing Continuous Professional Development.
- Sponsoring health awareness campaigns.
- Shading and equipping the fish market in Mahoot.

BP Oman:

- BP Oman's Social Investment Programme (SIP) is heading into its fifth year and aims to support sustainable socio-economic development in the local community, directly targeting the young, entrepreneurs and communities. BP Oman works alongside several local partners to deliver the programme, which comprises three themes - Enterprise Development, Education and Energy Sustainability.

Oman LNG:

- The contribution of Oman LNG Development Foundation (ODF) to enhanced quality of life for minority and disadvantaged sectors of the community, promoting public safety and environmental protection. ODF had claimed HM Sultan Qaboos Award for Voluntary Work for the second time in 2017.
- Funding the purchase of critical equipment to enhance learning opportunities for students with disabilities unit at Sultan Qaboos University.
- Financing the purchase of much sought-after medical equipment in various health centres in Dakhliya, North Sharqiya and Al Wusta.
- Financing the development of remote villages in Sur - Phase 3 (Concrete Roads).

Hydrocarbon Finder:

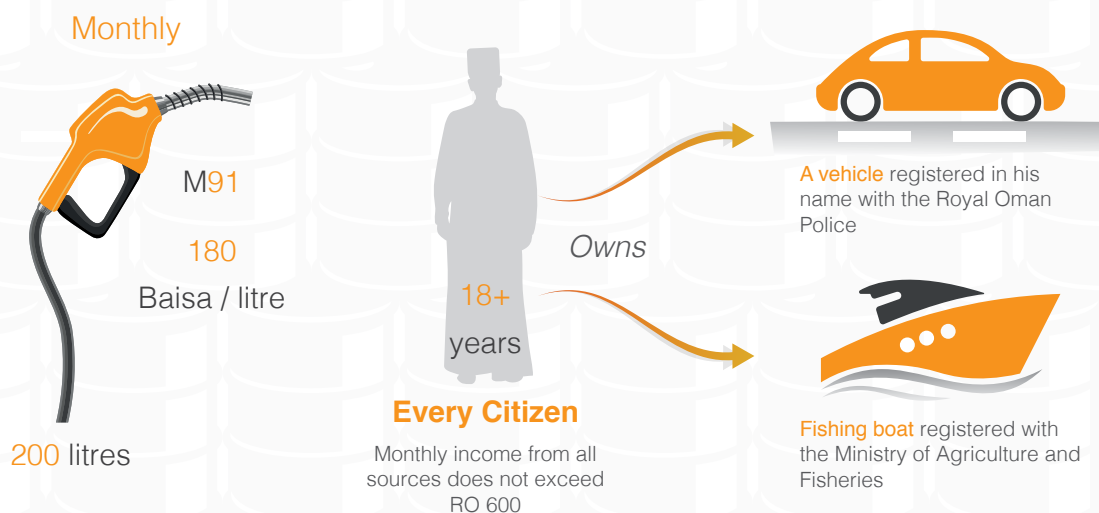
- HCF has signed a contract with the Sultan Qaboos University Oil and Gas Research Center with a total value of USD 1,000,000. Under the contract, the SQU Oil and Gas Research Center will provide technical advice and scientific research in developing HCF concession in Blocks 7 & 15.



2017 HIGHLIGHTS



The mechanism and conditions to apply the National Subsidy System of monthly fuel prices for some segments of Omani society:



To register in the National Subsidy System

www.nss.gov.om