

Four energy firms sign Dh30b alliance

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Dubai: Dana Gas, Crescent Petroleum and European energy exploration giants OMV and MOL on Sunday entered into a partnership in which they will invest up to \$8 billion (Dh29.36 billion) in energy projects over the next seven years in Iraq's Kurdistan to boost gas output and feed the surplus gas to the energy-hungry European market.

The strategic partnership, the first such major deal in the region bringing two major European energy giants together with two regional players, is expected to boost gas output in Iraq's long neglected northern Kurdistan province by 3,333 per cent from the current 90 million standard cubic feet of gas per day (scfd) to a potential three billion scfd by 2014 and help meet the growing energy demand in the region and beyond.

Badr Jafar, executive director of Crescent Petroleum; Rashid Jarwan, executive director of Dana Gas; Helmut Langanger, OMV executive board member responsible for exploration and production; and Zoltan Aldott, executive vice-president of MOL signed the new arrangement.

Kurdistan is an energy-rich but neglected region. Dana Gas' projects are helping the region re-establish its position as an important economic player in the region.

Dana Gas is planning to set up a 'Gas City' in Kurdistan province that will help attract investment and boost employment further.

"Our joint project in the Kurdistan Region now has the full potential of linking the region's significant gas reserves to Europe by pipe for the first time, after satisfying all local requirements of course," Jafar said.

As per the agreement, OMV is set to become a 10 per cent shareholder with a \$350 million stake in Pearl Petroleum - a company that holds Dana Gas' and Crescent Petroleum's upstream interests in Kurdistan region of Iraq. The amount is to be re-invested in Kurdistan's energy sector.

"MOL will become a 10 per cent shareholder in Pearl Petroleum while Crescent Petroleum and Dana Gas will each acquire three per cent stake in MOL," Dana Gas said in a statement.

Pearl Petroleum was owned 50 per cent by Crescent Petroleum and 50 per cent by Dana Gas. Following the deal, Dana Gas and Crescent Petroleum own 40 per cent each, OMV and MOL have 10 per cent stakes each.

Dana Gas and Crescent Petroleum have already invested \$605 million in Kurdistan.

"The project partners will now push forward with substantial new investments in Kurdistan region of Iraq estimated to be in the order of \$8 billion to further develop the companies' assets," Dana Gas said.

Dana Gas, which has a 30-year concession for energy exploration in Iraq's Kurdistan region, is planning to develop a massive energy facility under the 'Gas City' concept.

Dana Gas has laid 176km of gas pipeline to supply 90 million cfd to Kurdistan.

(Gulf News)