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## **Kuwait and Saudi JV plans gas facilities at Khafji**

*Thursday, 02 Sep, 2010*

A JV between Saudi Arabia and Kuwait plans to build gas and natural gas liquids collection and distribution facilities at the Khafji oilfield.

As per report, Khafji which is in the Neutral Zone between the 2 countries has oil capacity of around 610,000 barrels per day.

The Al Khafji Joint Operations Company said that Engineering firms have until September 27 to submit their bids for the project which is estimated to cost at least USD 50 million.

KJO is split between Aramco Gulf Operations, a subsidiary of state oil firm Saudi Aramco and Kuwait Gulf Oil Company. They want to collect the gas, which is being flared, and distribute it to Kuwait and Saudi.

The Middle East sits on 40% of the world's gas reserves and yet suffers from a supply shortage. The only country in the Gulf with gas to spare is Qatar. The rest of the region would burn more if it could.

Most of the gas produced by both OPEC members is a by product of oil output, so when they pump less crude, they pump less gas. Tight supply has been exacerbated by Saudi Arabia's and Kuwait's adherence to OPEC's oil output curbs since December 2008.

Mr Bader Al Khashti MD of KGOC said that Kuwait and Saudi Arabia were discussing removing the zone from inclusion in OPEC output curbs and transferring reductions there to other fields outside the zone.

Kuwait is plugging the gap between supply and demand with imports of liquefied natural gas. Saudi Arabia has switched its focus to gas exploration after it completed a massive crude expansion program last year.

(Sourced from Reuters)

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