



Qatari Minister: No ‘Quick Fix’ to EU Gas Crisis

There is not much Qatar can do to alleviate Europe’s gas crisis in the short term due to contractual commitments, Qatari Energy Minister Saad al-Kaabi tells Energy Intelligence – but further out, in five to seven years, new Qatari LNG exports to Europe should be significant. In an exclusive interview, al-Kaabi said production from the Golden Pass LNG project in the US, where QatarEnergy partners with Exxon Mobil, is due on stream in 2024 and is “already earmarked for Europe.” Up to half of new output from Qatar’s 48 million ton per year North Field mega-expansion could also go West of Suez when it starts up from 2026. Al-Kaabi also serves as head of state-owned QatarEnergy, which is in active discussions with customers for the new supplies. Significantly, targeted contract durations are shorter than the 20-year deals seen in Qatar’s original LNG expansion, reflecting European reluctance to lock into gas supplies long-term. “I think 10-15-year deals

are probably what are most acceptable to both sides. But for us, the long-term deal, it's not just about duration, it's about price," he said. Even with such supplies, al-Kaabi expressed skepticism about Europe's ability to completely wean itself off Russian gas. Europe will find it "very difficult" to completely forgo Russian pipeline gas for more than two winters. Despite storage, fuel switching and active efforts to expand LNG imports, "a quick fix" to the EU's dependency on Russian gas does not exist.

Qatar's North Field expansion is attracting enormous interest from foreign investors, with TotalEnergies tipped to become the first of the Phase-2 partners to be selected later this month. But investors in existing Qatari projects face a rocky ride when contracts on current joint ventures expire, as Exxon and Total discovered when their prized Qatargas-1 contract was not renewed last year. Al-Kaabi revealed that QatarEnergy came close to going it alone on the North Field expansion, too. Qatar, which is generating around 1 million barrels of oil equivalent per day of net output for Exxon, Total and Shell alone, is critical for the majors. However, "if there is no value, there is no partnership, very plain and simple," al-Kaabi said. Even if joint ventures are maintained after expiry, terms will be tougher. For Exxon, which has stakes in nine of Qatar's 14 trains, these contract renewals are especially strategic. Qatar knows the value of its LNG will likely drive a hard bargain. "An investment in Qatar is really an important downside-risk revenue maker" for partners, al-Kaabi said.

LNG is only part of a multifront, international investment drive now under way at QatarEnergy. Downstream, petrochemicals is a priority, with al-Kaabi touting QatarEnergy's planned US project with Chevron Phillips Chemical as "the largest polyethylene plant." It recently awarded construction contracts for a 1.2 million ton/yr blue ammonia project, also tipped to be the biggest of its kind. But its global upstream

drive is most significant. There were doubters when the strategy launched, but QatarEnergy has been vindicated over the past year by major exploration success in Namibia. QatarEnergy, by virtue of sizable stakes in both Total and Shell discoveries, is poised to be the largest reserves holder in a significant new oil province – Total’s Venus discovery is described as the largest deepwater find ever. There have also been offshore gas discoveries in Cyprus and South Africa. And in Brazil, output at QatarEnergy’s offshore Sepia field is set to more than double to 400,000 barrels per day in the next couple of years.

Despite confidence in long-term gas demand, QatarEnergy is taking steps to ensure its place in the energy transition. It is investing heavily in greenhouse gas emission mitigation technology at projects. Over \$250 million is being spent on such measures at the LNG expansion alone – principally carbon capture and storage (CCS) and solar power. Some 11 million tons/yr of CCS is planned by 2035. “From an overall value chain, Qatari LNG will be the least carbon footprint LNG you can get,” al-Kaabi said. “We think that our buyers, and our investors that have joined us in [North Field East expansion], see this as the Rolls-Royce of projects.” Transition pressures are feeding into the urgency for developing projects. “I am a believer that you need to monetize what you can because the market conditions change, and there is a competitive advantage to go ahead of others,” al-Kaabi stated.