

Saudi Aramco awards \$25bn in contracts for gas expansion



Saudi Aramco, the world's biggest oil producer, has awarded contracts worth more than \$25bn for the second phase of the expansion of its Jafurah gas field and the third phase of expanding its main gas network.

The development of the Jafurah field, which is estimated to hold 200 trillion cubic feet of gas, is expected to cost \$100bn and boost the state energy firm's gas production by more than 60 per cent by 2030.

"These contract awards demonstrate our firm belief in the future of gas as an important energy source, as well as a vital feedstock for downstream industries," said Amin H. Nasser, Aramco president & CEO.

"The scale of our ongoing investment at Jafurah and the expansion of our master gas system underscores our intention

to further integrate and grow our gas business to meet anticipated rising demand.”

Aramco awarded 16 contracts, worth a combined total of around \$12.4bn, for phase two development at Jafurah. This phase will include the construction of gas compression facilities, pipelines, the expansion of the Jafurah gas plant, gas processing trains, utilities, sulfur, and export facilities.

The expansion includes the construction of new riyas natural gas liquids (NGL) fractionation facilities in Jubail, including NGL fractionation trains, utilities, storage, and export facilities.

The state-energy giant also awarded 15 lump sum turnkey contracts worth approximately \$8.8bn to kick off the phase three expansion of the master gas system. The expansion will increase the size of the network and raise its total capacity by an additional 3.15 billion standard cubic feet per day (bscfd) by 2028 through the installation of around 4,000km of pipelines and 17 new gas compression trains.

Furthermore, Aramco awarded an additional 23 gas rig contracts worth \$2.4bn, two-directional drilling contracts worth \$612m, and 13 well tie-in contracts at Jafurah, for a total of \$1.63bn.

Aramco's LNG ambitions

Saudi Arabia is working on developing its unconventional gas reserves, which require advanced extraction methods such as those used in the shale gas industry.

Aramco signed 40 corporate procurement agreements worth \$6bn with local suppliers in February as the state-owned energy giant seeks to develop the country's energy services sector while boosting its localisation programme.

The agreements cover the supply of a range of products

comprising strategic commodities, such as instrumentation, electrical, and drilling equipment.

Meanwhile, an additional 15 trillion standard cubic feet of gas (scfd) were proven at Aramco's Jafurah field in February, adding significant volumes to the kingdom's proven gas and condensate reserves.

The company estimates that Jafurah's reserves have reached 229 trillion cubic feet of gas and 75 billion barrels of condensates. Jafurah is the country's largest unconventional non-oil-associated gas field and reportedly the biggest shale gas development outside of the US.

Aramco is expanding its portfolio into LNG at a time when global demand for the fuel has surged, particularly in Europe, which is replacing reduced pipeline supplies from Russia. It forayed into the global LNG market last September by acquiring a minority stake in EIG Partners' MidOcean Energy in a deal valued at \$500m.

The state-energy giant signed non-binding agreements with two US energy firms Sempra and NextDecade, for the supply of 5 million tonnes per annum (mtpa) and 1.2 of mtpa LNG, respectively, for 20 years.