# ADNOC looks overseas for partner investors

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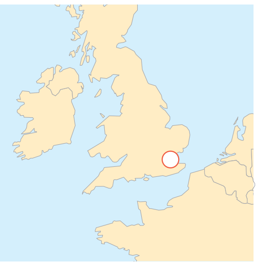

Abu Dhabi is making moves to attract foreign investment to its upstream sector.

ABU DHABI NATIONAL Oil Co. (ADNOC) is turning to foreign parties to help fund parts of its operations that were previously closed to outside investment.

ADNOC Chief Executive Sultan Ahmed al-Jaber met potential and existing partners in China and Japan in early July, days after announcing the company's intention to seek greater involvement from foreign players.

"Chinese and Japanese companies have been amongst our most important and longest-standing partners, and Asia represents tremendous growth opportunities for ADNOC," said Jaber. "We are therefore seeking partners to co-invest across the different parts of our value chain and who will bring operational expertise and technology, as well as the ability to secure greater access to these fast-growing markets."

One of the opportunities ADNOC is touting is a stake in its drilling company, National Drilling Co. (NDC). ADNOC is looking to secure a drilling specialist such as Weatherford, Schlumberger or Baker Hughes as a backer.

Typically, wells in Abu Dhabi are started by NDC before it sub-contracts the subsequent stages to specialist drilling companies that hold the expertise NDC lacks. Bringing in one of the companies ADNOC usually partners with could reduce time and costs, an ADNOC executive told *Interfax Natural Gas Daily*.

"It's about bringing in a partner who will put skin in the game and will provide that additional expertise and technology to improve the business," he said, adding that Jaber recently met the chief executive of Weatherford.

NDC may set its sights on projects outside Abu Dhabi once a new investor is on board, said the executive. It is likely to attract companies with expertise despite the effects of low oil prices on drilling companies, he said. "It's quite a captive market and I think it has quite an attractive growth profile as well, so we expect there to be interest from prospective partners," said the executive.

ADNOC has also said it will target new upstream investments. It is mulling a $20 billion investment in the Hail, Ghasha, Delma, Nasr and Shuwaihat fields, which could collectively produce 34 million cubic metres per day of gas. Such an investment would indicate a commitment to sour gas development by Abu Dhabi.

"We will work with IOCs to find the most economically and commercially sound ways to develop these fields," said the ADNOC executive.

### Serious intentions

Justin Dargin, a Middle East energy expert at the University of Oxford, told *Interfax Natural Gas Daily* Abu Dhabi was "telegraphing its sincerity and seriousness in investing in sour gas development by funnelling $20 billion to expedite [it]".

ADNOC is also considering how it could develop the Bab and Bu Hasa sour gas fields, which hold high-sulphur gas. Shell pulled out of the Bab development in January 2016, blaming poor production incentives at a time of low oil prices.

But although Abu Dhabi has hinted at raising gas production prices in the future to counteract low oil prices, it has yet to reform its gas payments. "Gas prices […] of between $6-8/MMBtu would be in the range that IOCs would find amenable to invest in Emirati sour gas," said Dargin.

Even so, sour gas projects may be boosted by the performance of the Shah field, which has exceeded expectations. The improved outlook for the global sulphur market is another boon, said Dargin. ■

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ADNOC's Chief Executive Sultan Ahmed al-Jaber is attempting to attract foreign partners to Abu Dhabi. (PA)

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