Major Achievements

- Transported 12.5 billion cubic meters of Gas
- Omanisation more than 92%
- Gas Availability 99.997%
- Gas supply to Salalah Methanol and Shadeed Steel & Iron
- FEED and EPC tender for Musandam Oil and Gas Processing Plant (for Oman Oil Company Exploration & Production)
As another year passes it is a pleasure to present the Annual Report of Oman Gas Company. 2010 marks the tenth anniversary of the Company’s beginning, and so while we look at the activities and achievements of 2010, we are also mindful of a decade’s worth of progress and I am glad to see that Oman Gas Company has played an important role in our economic development during that time.

In 2010, two new customers, representing important industries have also been powered for the first time by OGC – Salalah Methanol and Shadeed Steel & Iron, both represent new investments from both Omani and international companies that can help develop our economy and the future of our young people who will work in them.

It is a proud year for OGC in raising again the range and standard of vital gas supplies to our public utilities and commercial expansion, and capping 10 years of sustained growth and achievement. Remembering that this tenth anniversary also coincides with our 40th National Day, we hope that OGC will continue to reflect the broader developments of our nation year after year.

On behalf of the Board of OGC, I thank all the stakeholders involved in this success. And above all, we express our deep gratitude to His Majesty Sultan Qaboos bin Said for the wise and far-sighted leadership over four decades that has nurtured progress in this and so many other areas, for the shared future of our nation.

Mohammed bin Hamad Al Rumhy  
Minister of Oil & Gas
As a leading company in this sector, we are very conscious of our role in supporting broader economic development in the Sultanate, both as a supplier to public utilities, and as the feedstock provider of so many industrial developments over the last few years.

This year takes us past our company’s tenth anniversary, and looking back it seems we have come a long way in that time: even with our relatively small team of around 200 employees, we play such a fundamental role now in the sector and we are very proud of the service we deliver. Our network is now around 2,500km of pipeline reaching most of the Sultanate. As a 92% Omani team, with a 100% Omani management, we like to think that we are setting the best example for how a home-grown company can set the bar high and keep it there.

But as we mark our tenth year, we are very much looking forward rather than to past achievements. The needs of new private sector and downstream developments, the fast-growing demand for public services, and our own ambitions in diversification, are all daunting challenges. We need to become ever more integrated and accomplished in our operations, and to keep a clear perspective on the strategic direction of development in Oman and beyond.

It is a fundamental part of our corporate philosophy to invest in our community: in training Omani nationals to do highly-skilled jobs, in giving experience to talented students who will contribute to the economy, in joining community activities to fund-raise for good causes, and in helping directly with public and community projects as often as we can.

I want to take the opportunity to thank our Government, partners, stakeholders, employees, and customers in helping us bring about the success we have achieved so far. We look forward to serving Oman and serving you for many years in the future.

Yousuf bin Mohammed Al Ojaili
Chief Executive Officer
Board of Directors

H.E. Dr. Mohammed bin Hamad Al Rumhy
Minister of Oil & Gas, Chairman

H.E. Mohammad bin Nasser Al-Khasibi
Secretary General, Ministry of National Economy, Vice Chairman

H.E. Nasser bin Khamis Al Jashmi
Undersecretary, Ministry of Oil & Gas, Board Member

H.E. Khalifa bin Mubarak Al Hinai
Advisor, Ministry of Oil & Gas, Board Member

Mrs. Awatif bint Mohammed Al Hikmani
Director General of Investigation & Assessment, Ministry of Finance, Board Member

Mr. Abdullah bin Ahmed Al Shanfari
Director General of Petroleum Industries, Ministry of Oil & Gas

Mr. Salim bin Zahir Al Sibani
CEO, Oman Oil Exploration and Production, Board Member

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CEO, Oman Oil Exploration and Production, Board Member

Management Team

From the bottom: Yousuf Mohammed Al Ojaili, CEO; Ahmed Mohamed Ali Taqi, General Manager - Finance and Corporate Services; Abdulaziz Saeed Al Mujaibi, General Manager - Operations; Maktoom Rashid Al Matani, General Manager - Engineering and Technical Services; Nasser Mohammed Al Kindi, Human Resources Manager
Mission
To add value and contribute to the Sultanate’s economic growth by: developing and managing reliable and efficient hydrocarbon operations, supporting the development of master gas planning, and becoming the expertise reference for all stakeholders in gas planning and surface developments through an established commercial structure.

Vision
To be an integrated, commercially-oriented company; develop and operate hydrocarbon facilities in Oman; and become the gas technical reference for all stakeholders.

September 2009
Completed the upgrade of gas supply stations at Rusayl, Wadi Al Jizi, and Al Gubrah Power plants.

April 2009
Completed the 252km 32” cross-country pipeline from Salh Raid to Sadad.
Responsible for constructing, maintaining and operating natural gas facilities in the Sultanate of Oman, OGC ensures uninterrupted gas supply through its 2,500km pipelines and associated infrastructure to power industries in Oman.

Each year has been a milestone for Oman Gas Company supporting economic sectors and major consumers comprising domestic, power, desalination, fertilizer, petrochemical, industrial, refinery, steel and cement plants. The Company has been evolving from a gas transportation company into an integrated enterprise.

A decade after inception, OGC is looking ahead with confidence and focused goals: creating prosperity, and delivering energy for Oman.

In every sphere of life, no energy source has been more pervasive than natural gas. Power and desalination plants, industrial estates, petrochemical industries, and even the general populace all rely on natural gas to drive their businesses or lives forward.

From a small beginning in 2000, the journey of Oman Gas Company started through a royal decree with the transfer of assets and pipeline network of 1,000kms and to own, construct, maintain and operate natural gas facilities in the Sultanate of Oman.

OGC Snapshot: A Decade of Powering the Nation

- Supplied gas to OCTAL
- Commissioned Al Buraimi compressor station and gas import from Dolphin Energy
- Supplied gas to Aromatics Oman
- OGC and contractors completed 3 years without lost time injury

October 2008

Supplied gas to OCTAL

Commissioned Al Buraimi compressor station and gas import from Dolphin Energy
Operations & Gas Deliveries

Average Gas Deliveries (2009-2010)

During the year 2010, a total of 12.496 Billion Standard Cubic Meters (BSCM) of natural gas was delivered to different customers, with an increase of 15.65%. The increase is mainly due to the gas consumption ramp up of large industries such as Salalah Methanol Company and Occidental Mukhaizna. Gas import from Dolphin Energy of UAE continued during 2010 through Buraimi compressor station.

An overall gas availability of 99.997% was achieved; the marginal reduction from the targeted 100% availability was due to few unplanned shutdowns.

The highlights of OGC new operations for 31 October, 2010 included: gas supplied to Salalah Methanol, Shadeed Steel & Iron, and Oman Aluminium Processing Industries Ltd. (OAPIL), upgraded Rusayl Power Plant Gas Station; new 20-inch Murayrat to Al Ghubra pipeline commissioned.

Highest daily delivery during the month (2009-2010)

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May 2008

Supplied gas to SMN Barka power and desalination plant.

April 2008

Supplied gas to Sharq Sohar Steel Rolling Mills.

About Us

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OGC’s safety performance for the year 2010 was outstanding, marred only by a single Lost time Incident (LTI) involving an employee of one of our contractors. All the KPIs were achieved and were well within our ambitious targets. Keeping to our targets involved 2,448,517 safe man-hours of work for 199 continuous days and safe driving for 5,465,188 kms on operations.

February 2008
Supplied gas to aluminium smelter

October 2007
Supplied gas to Sohar aluminum power plant
Projects

The demand for gas increased dramatically across the Sultanate throughout 2010. OGC has been able to rise to the challenge through strong management and project delivery. The Company has been able to strategically plan for gas inflation by making logical use of previous years’ data, and achieving the higher delivery objectives through a series of new projects. OGC has executed the following projects in 2010:

1. Gas supply to VALE Pelletizing Company
2. Gas supply enhancement to Oman Cement Company
3. Additional new 20” pipeline from Murayrat to Al Ghubrah
4. Replacement of Barka Control System
5. Gas supply to Salalah Methanol and Shadeed Steel & Iron

In addition to these, the following projects were also brought underway, and on course as planned to be commissioned during 2011:

1. Gas Supply to Mirbat Power Plant
2. Construction of Nimr compressor station
3. Replacement of Ghubrah and Wadi Jizzi Control System
4. Fiber Optic Cable (FOC) backbone Link between Murayat & Fahud
5. Gas Supply to Sohar (SPC II) and Barka III Power Plants
6. Additional 22” Loopline for existing Salalah 24” Pipeline
7. Construction of Pipeline & Supply Station for Ad Dushman Industrial Area
8. FEED and EPC Tender for Musandam Oil and Gas Processing Plant, for Oman Oil Company Exploration and Production
Asset integrity is one of the most important pillars of the business. The Company applies the utmost attention to this, in order to minimise the possibility and potential impact of gas facility failure on the public and the environment, and to ensure every safeguard is in place to avoid the disruption of gas supply to customers.

The intelligent pigging campaign has been largely completed for the main pipelines. Initial reports showed no significant degradation in the thickness or geometry of the pipelines. Particular emphasis is being placed on planning to maintain the maximum allowable pressures inside the facilities whilst ensuring maximum protection. Quality of coating, cathodic protection, and regular maintenance programs are applied to rigorous standards.

As many of the pipelines are maturing, planning for a series of fitness-for-purpose studies and the reclassification of locations and crossings was initiated and implementation is scheduled to begin in 2011.

**December 2006**

Supplied gas to Oman Refinery Company

**November 2006**

Supplied gas for the first time from PITEP

**Pig Trap Project:**

This project was initiated to provide pig traps for nine non-piggable pipelines. The main objective was to enable pipeline cleaning and more thorough inspection to monitor and maintain technical integrity. The project was completed successfully during 2010.

**Insulation Joint Repair of 36” Pipeline:**

The insulation joint on the 36” pipeline experienced a minor leak and hence necessitated containment as per company standards and work practices. Repair with composite wrapping was the most viable option on life cycle costing. Implementation required designing the repair with experts in the field, using composite sleeving to guarantee fitness for service throughout the pipeline’s service life.

**Pipeline Integrity Management Standard:**

The Company is focusing efforts on setting up clear work processes for sustainable integrity management. The parameters for the PIM standard were agreed and plans completed during the course of 2010, with implementation and work process mapping in PIM software scheduled for 2011.
August 2006
Successfully completed Refinancing

March 2006
Supplied gas to Sohar Power Plant

Information Technology & Telecoms

The Information Technology & Telecommunications team acts as an internal service provider to Oman Gas Company, dedicated to operating and developing a modern IT infrastructure, applications, and telecommunication services in support of the Company’s activities.

Projects to improve the resilience and reliability of services were begun or completed during 2010, including replacement of selected wireless telecommunication links with Fiber-Optic Cable (FOC), and ongoing construction of dedicated ICT disaster recovery facilities at an alternate location. These have been designed with the objective of achieving continuous and uninterrupted availability.

Development and continuous improvement of controls, procedures and monitoring systems facilitate the oversight of the infrastructure’s availability, performance and security for essential systems. Development of the FOC network has permitted the integration of additional sites onto OGC’s managed service.
Developing Local Talent

Despite stiff competition from the many energy sector companies in the Sultanate in attracting new recruits, Oman Gas Company has still managed to be seen as an employer of choice for many of the local workforce and a total of 21 employees joined the Company in 2010, in addition to 41 who received internship training.

Within the Company, 129 training courses in various disciplines were conducted throughout 2010, involving 164 different employees, or around 80% of the Company’s staff from the most junior and new employees, up to the top management team.

OGC also provides education assistance to employees every calendar year, encouraging them to enroll for higher studies through direct financial support.

Staff Competency Assessment

We realize the importance of having a professional national workforce within all our business operations, in order to have sustainable business progress and growth.

A competency assessment was carried out in all corporate and supporting departments. The outcome has mapped out a clearer, more directed career path for high-potential individuals. At the same time, identified talents will be harnessed for future business opportunities.
Caring for our Community

January 2004
Moved OGC operations to its head office building and regional offices.

September 2003
The state-of-the-art SCADA system became operational from the control centre located in OGC. The head office building and Salalah Pressure Reduction Terminal (PRT) were added to the OGC facilities.

December 2002
Added the Barka Pressure Reduction Terminal (PRT) to OGC facilities.

January 2003
Supplied gas to Dhofar Power Company.

OGC believes that the true success of a company is reflected in what it gives back to the community. Hence, social responsibility is the core of the Company’s corporate philosophy, manifested in various initiatives through the year.

In 2010, as in the previous year, OGC sent forth a strong team for the BG Energy Challenge, which helped mobilise a substantial amount for the National Association for Cancer Awareness.

OGC and PDO jointly launched a pipeline awareness campaign to highlight the potential dangers of the Sultanate’s oil and gas pipelines and the need to respect the restricted areas around them. The campaign targeted...
the general public and included meetings with local communities and visits to schools. The goal was to protect the safety of both the people and the pipeline assets, and ensure uninterrupted supply of gas to our many important customers.

Road safety is another key area. Oman Gas Company and Oman LNG joined forces at the Khareef Festival in Salalah to support the Sultanate’s national campaign for improved road safety. With four stalls, games and interactive activities, the programme aimed at creating a paradigm shift in driver mentality, moving from “I have to be safe” to “I want to be safe,” driving home the point that safety has to be a conscious choice and a personal effort.

Another OGC community programme which was very well-received was ‘Mad Science’ – a new way of teaching Science in the classroom. Introduced in two schools in Samael, this initiative made learning fun and was a trendsetter in its own right.

Other youth-centric initiatives include internship programmes which give students a sense of direction when it comes to choosing the right career. School students are also invited to the OGC plant regularly, to familiarise them with OGC’s role in powering the nation.

OGC recognises that Omanisation is more than just numbers; it is about building local talent. By investing in bright young minds, OGC invests in the future.
### Financial Review

OGC has been able to sustain its Unit Operating Cost in the range of 5.7 cents for every Million BTU of energy supplied. This is primarily due to the increase of gas volumes in 2010 by around 16% over the last year, while the operating expenses were maintained with a lower increase in comparison to the volumes and optimal usage of resources and employing in-house skills.

One of industry’s best practices for modern day business processes is to have a single unified system for financial and accounting information, and OGC will start implementing the SAP Enterprise Resource Planning (ERP) system, in order to automate its business processes and ensure the availability of relevant, real-time information, which will be vital in decision making and will enhance productivity, efficiency, and the achievement of business objectives across all departments.

The Company is also working with stakeholders and service providers to achieve our vision of becoming a more integrated and commercially-oriented entity.

### Contracts:

The following is an overview of the major contract awards in 2010, broken down according to the different tender forums used according to the scale of the project:

<table>
<thead>
<tr>
<th>Tender Board</th>
<th>Number of contracts awarded</th>
<th>Total value (RO)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tender Board</td>
<td>6</td>
<td>14,830,303</td>
</tr>
<tr>
<td>Major Tender Committee</td>
<td>10</td>
<td>1,953,251</td>
</tr>
<tr>
<td>Secondary Tender Committee</td>
<td>41</td>
<td>978,353</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>57</strong></td>
<td><strong>19,761,907</strong></td>
</tr>
</tbody>
</table>

Local companies were successful in winning contracts worth RO 15,775,748 million out of a total of RO 19,761,907 million worth of contracts awarded during the year. This represents around 80% of contract awards during the year, demonstrating the Company’s continued commitment in supporting local companies.

### August 2002

Completed laying 1,000kms of new pipelines augmenting the gas transportation facility pipeline length to almost 100%.

### January 2002

Successfully took over the operation and maintenance of the gas transportation facility from PDO.
Looking Ahead

In the relatively short span of time since its inception, OGC has grown to play a fundamental role in the sector. The OGC network is now reaching to the farthest corners of the Sultanate, and with constant investment in areas like our SCADA centre, the Company is confident of maintaining the highest international standards.

But as the Company marks its tenth year, the focus is clearly on looking ahead. The needs of new private sector and downstream developments and the fast-growing demand for public services pose considerable challenges. OGC will continue to take expansion opportunities, in the context of our value-driven focus on business growth.

Over the last 10 years, the Company has contributed to the nation’s development in more ways than one, through consistent Omanisation and social responsibility programs as well as our supply expansion. OGC will continue to develop its human resources, contributing to individual development, working towards a brighter future for customers, employees and the public alike.