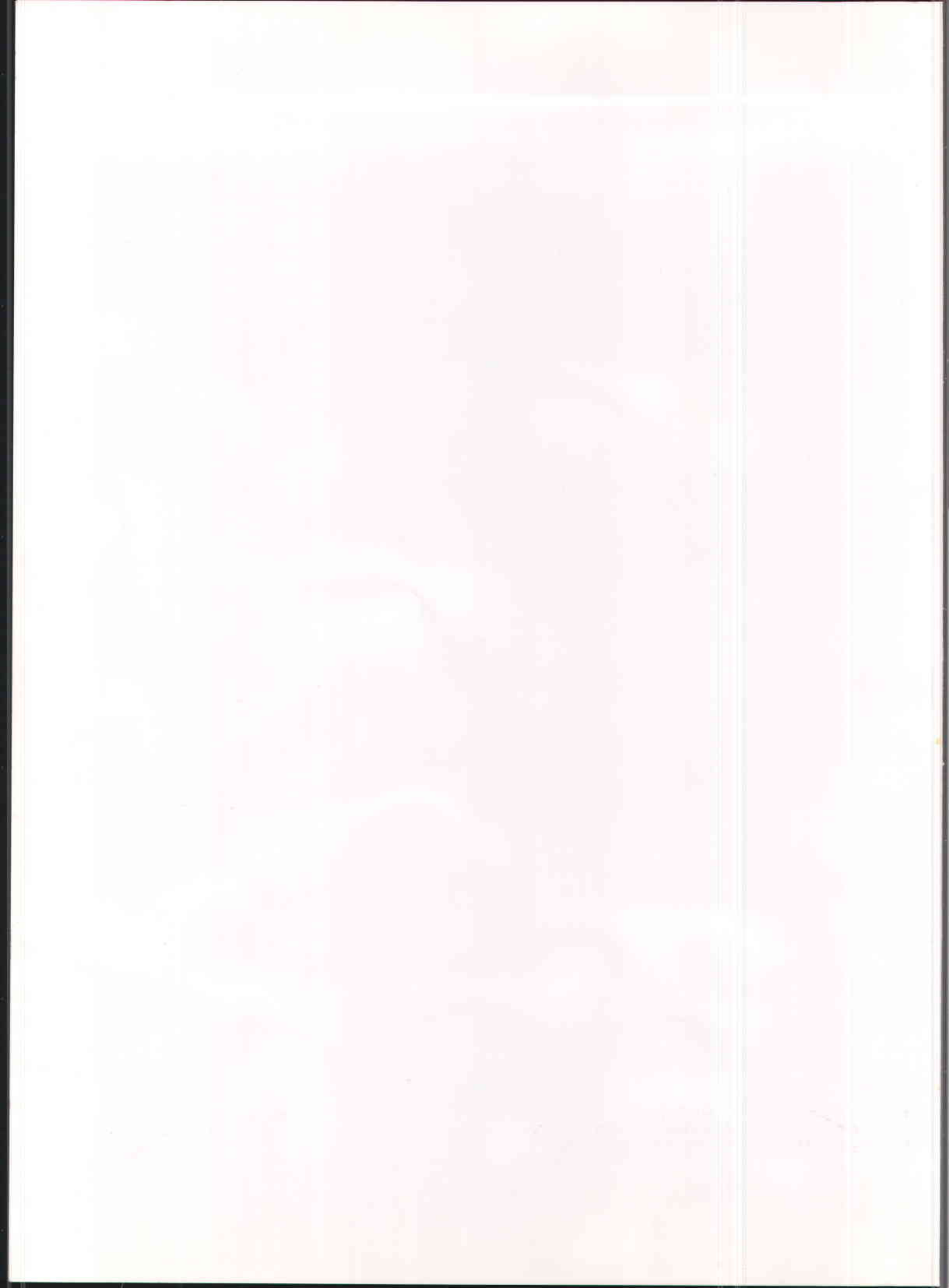
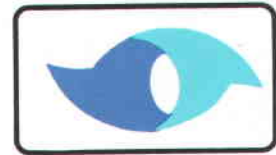




Kuwait Foreign Petroleum Exploration Co. k.s.c.

Tenth Annual Report
1991





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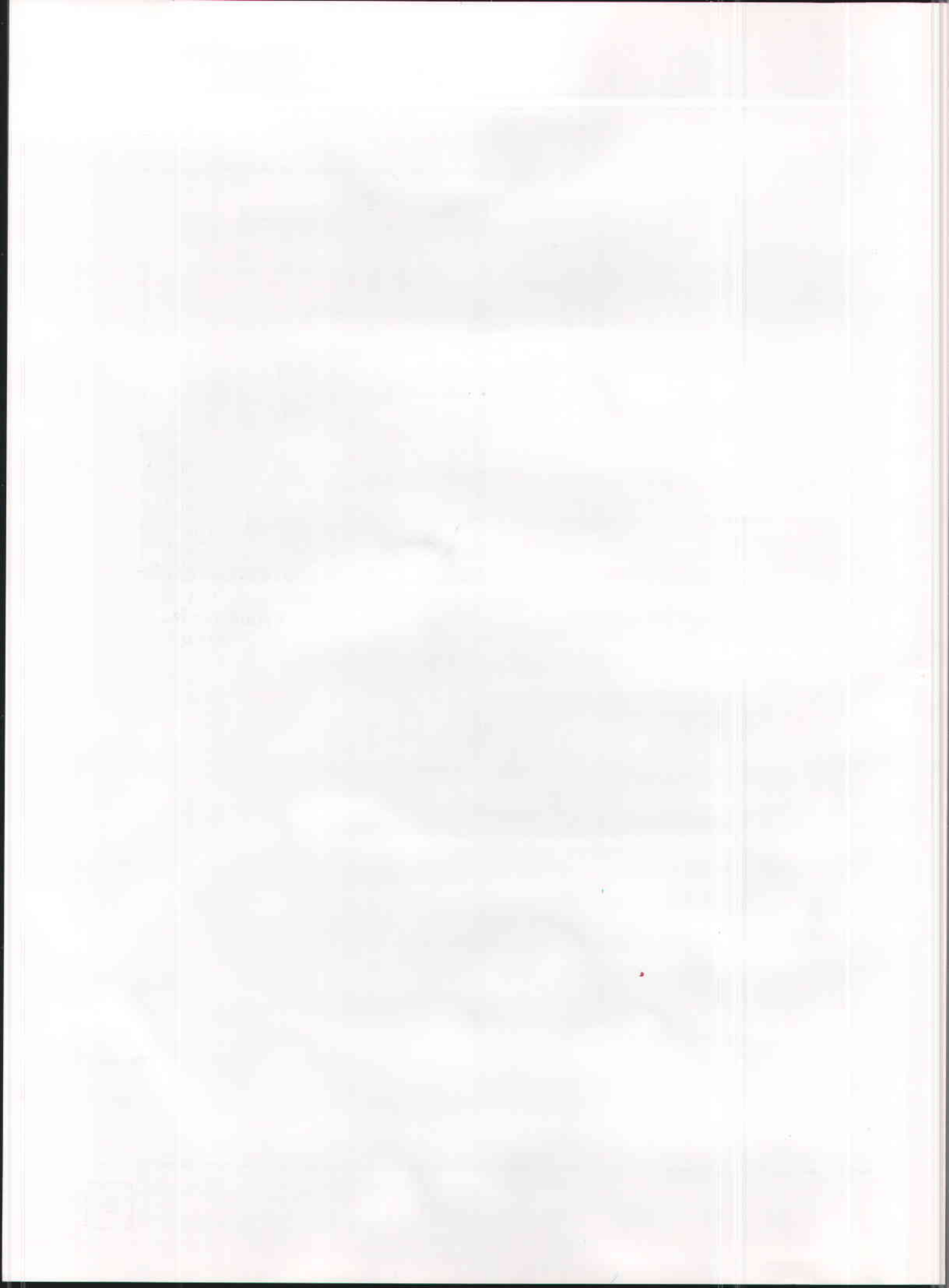
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Tenth Annual Report
1991





His Highness Sheikh Jaber Al-Ahmed Al-Sabah
The Amir of Kuwait





His Highness Sheikh Saad Al-Abdulla Al-Sabah
The Crown Prince & Prime Minister

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Board of Directors

Faisal Jassim Al-Kazmawi
Chairman & Managing Director

Mahmoud Abdulla Al-Rahmani
*Deputy Chairman
Deputy Managing Director, Planning
and Development*

Khaled Abdulla Mulla Hussain
*Member of the Board
Deputy Managing Director, Finance and
Administration*

Nawal Abdulla Al-Rushaid
Member of the Board

Moustafa Yussef Al-Adasani
Member of the Board

Abdulla Mahmoud Baroun
Member of the Board

Mansour Othman Al-Furaih
Member of the Board

“CHAIRMAN’S MESSAGE TO THE SHAREHOLDERS”

Soon after the liberation of Kuwait, the company concentrated its efforts to re-assemble its personnel in one working place as it was depending on a very limited number of its staff to run its operations under extraordinary conditions dictated by the Iraqi occupation and the loss of a great number of its qualified personnel.

This step was important due to the developments in the company's activities in 1991 which was characterised by a significant jump in production of crude oil in comparison with 1990 as some concessions, whether fully owned by the company or in joint venture with other partners, had entered the production phase. Also work intensified in evaluating and developing many other projects which are expected to come up with positive results in the near future. Though KUFPEC had not entered into any new exploration project in 1991, drilling activities continued in most of its exploration concessions.

The declaration of commerciality of Sidi El-Kilani field in Tunisia is considered one of the most important developments in 1991. The results of field test had confirmed the availability of crude oil in commercial quantities, while appraisal drilling had lead to increasing the quantities of recoverable oil reserves. Another important development during the year was the progress in the negotiations held to develop the offshore Yacheng gas field in China when a preliminary agreement was signed to sell the gas to a power company in Hong Kong.

The company used its best efforts to minimise the impact of the Iraqi invasion on its operations and I believe it has succeeded in protecting its petroleum properties and international reputation, such achievement shall enable it to normalise its activities in future.

Finally, I wish to extend my sincere thanks to the various Government Departments, to our parent company, Kuwait Petroleum Corporation and to other affiliate companies within the Group for the assistance rendered to KUFPEC in achieving its plans and objectives . I also thank the employees of KUFPEC for their hard work and sincere contribution for the advancement of our beloved country under the leadership of His Highness the Amir of Kuwait and His Highness the Crown Prince and Prime Minister

Faisal J. Al-Kazmawi
Chairman of the Board of Directors

DIRECTORS' REPORT ON THE COMPANY'S ACTIVITIES

I. KUFPEC'S ACTIVITIES DURING 1991

The successful completion of development projects in two oil fields, confirmation of commerciality of the Tunisian oil discovery and the steady progress towards development and marketing of significant gas finds of previous years made 1991 a remarkable year for KUFPEC. The oil market continued to be in a state of turmoil during the protracted negotiations by the international community of nations to compel Iraq to withdraw from Kuwait and the short and swift war which ensued when these efforts failed. Oil prices fluctuated widely during the year with bench mark light crude prices hovering around US\$ 26-30 per barrel at the beginning of the year but dropping to around \$ 18-20 per barrel when it became clear the impact of the war on crude supplies was minimal.

The Yombo field in the Congo and the Camar field in Indonesia in which KUFPEC holds production sharing interests came on stream mid year. These combined with KUFPEC's share of production in the Amal field in Egypt, Harriet field in Australia and the first full year of production from the Anoa field in Indonesia increased KUFPEC's average oil production per day from 4,856 barrels oil equivalent per day

(boepd) for 1990 to 13,117 boepd for 1991. Extended production tests have confirmed the commerciality of the Sidi-El-Kilani oil discovery in Tunisia and further appraisal drilling and development is being planned for 1992. Gas marketing feasibility studies were completed and negotiations were ongoing with Governments and end users for the development and marketing of gas from the offshore Yacheng Gas field in China and Kadanwari Gas field in Pakistan. The Harriet Gas Gathering project in Australia made steady progress during the year and gas production is expected to come on stream in the third quarter of 1992 as scheduled.

KUFPEC participated in the drilling of thirty five wells in 1991 of which twelve were developments wells, five were appraisal wells and the remaining eighteen were wildcat wells.

During 1991 a KUFPEC led group was successful in bidding for an interest in an offshore permit in Northwest Australia where KUFPEC is operator and relinquished its interest in the remaining Canning Basin permit. KUFPEC also farmed out part of its interests in the East Shabwa permit in Yemen.

2. KUFPEC'S PETROLEUM PROPERTIES



