H.H. THE AMIR
OUR GLOBAL HUMANITARIAN LEADER
On behalf of the KUFPEC family, KUFPEC Chief Executive Officer Shaikh Nawaf Saud Al-Nasir Al-Sabah takes pride in extending KUFPEC’s congratulations to His Highness the Amir of the State of Kuwait Shaikh Sabah Al-Ahmad Al-Jaber Al-Sabah on the occasion of being named a “Humanitarian Leader” by the United Nations.

KUFPEC extends its heart-felt congratulations to the people and government of the state of Kuwait on the recognition bestowed upon H.H. the Amir coupled with the honoring of the State of Kuwait as a Center for Humanitarian Action, which is a significant source of pride for each and every one of us.
KUFPEC has reached an agreement to create a strategic partnership with Chevron Canada Limited, a wholly-owned subsidiary of Chevron Corporation, to develop liquids-rich shale resources in the Duvernay basin in Canada by acquiring a 30% interest in Chevron’s entire position for US$1.5 billion, some of which will be paid over time.

The joint venture position consists of approximately 330,000 net acres of Chevron-operated leases in the emerging liquids-rich Kaybob area of the Duvernay play in Alberta. The extensive exploration program completed over the last 5 years has produced encouraging well results. These wells and a growing number of others in the Kaybob area with a high liquids content are comparable to the best in the US Eagle Ford shale play.

As of October 2014, 16 wells have been drilled, and 13 wells completed using multi-stage hydraulic fracturing. 10 wells are currently tied into the extensive local pipeline and processing infrastructure, with initial production rates up to 7.5 million cubic feet of natural gas per day and 1,300 barrels of condensate per day. Chevron has now commenced a full appraisal drilling program which will be conducted between 2014 and 2017. Thereafter, a rolling development is planned, which will see the position developed in phases. KUFPEC estimates that its share of production will contribute materially to its strategic goal of 200,000 boepd.

KUFPEC Chief Executive Officer Shaikh Nawaf Saud Nasir Al-Sabah stated: “KUFPEC is delivering on its strategic targets. This project will provide diversified, material, long-life reserves, production and upside in a low-risk business environment, with strong and stable cash flows for decades to come. We are securing the future of the company.”

This transaction, which will be KUFPEC’s first investment in North America, provides KUFPEC with the opportunity to develop shale technology with a world-class shale operator. Transfer of knowledge and skills to the Kuwaiti oil sector will be driven by Kuwaiti staff working with Chevron on the project in Canada. The transaction is expected to close during November 2014.
Forbes selects Mrs. Hosnia Hashim among top 17 Kuwaiti women and top 200 Most Influential Arab Women

Forbes Middle East, the prestigious and renowned business publication, selected Mrs. Hosnia Hashim among the 17 Kuwaiti women ranked on the top 200 Most Powerful Arab Women in its latest issue of September 2014.

In a context of female accomplishment, Forbes Middle East provided insight into the professional experience of Mrs. Hosnia as being an inspirational example of accomplished women who hold high corporate posts.

Mrs. Hosnia Hashim, KUFPEC Vice President-Operations since June 17, 2013, holds a BS in chemical engineering from Kuwait University in 1982, with a brilliant career shaped by more than 25 years of professional experience, reaching the highest executive roles so far assumed by a woman in the upstream sector of Kuwait.

Before her appointment as Vice-President KUFPEC, Mrs. Hosnia Hashim had been Deputy Managing Director of North Kuwait asset of Kuwait Oil Company (KOC), from 2007 to June 2013.

She sits at the Board Member of Kuwait National Petroleum Company (KNPC). She is also the Chair and the founder of the pioneer Middle East initiative for the promotion of professional women, the KOC Professional Women Networking.

Mrs. Hashim is also very active in professional societies, and is the Chair of the Middle East Board of Directors of the Society of Petroleum Engineers (SPE), and the Program Committee Chair of the Kuwait Oil and Gas Show, KOGS 2013. Hosnia Hashim was the Society of Petroleum Engineers (SPE) Regional Director for the Middle East, North Africa and India region 2009-2012 and a Board member of Hope Foundation, a Kuwaiti humanitarian initiative with a global outreach.
KUFPEC recently announced several new appointments. The appointments are in line with KUFPEC’s strategic growth and global expansion.

1 - Mr. Mohammad Al-Maraghi
appointed as Manager –Far East & Australia Region

2 - Mr. Abdulla Malek
appointed Finance Manager

3 - Mr. Jamal Jassem Al-Huabail
appointed Corporate Planning Manager
KUFPEC maintains production growth

The Balnaves Oil Project commenced first oil production in August 2014 less than 3 years after final investment decision by the KUFPEC Board.

Commenting on the occasion, Chief Executive Officer, Shaikh Nawaf S. N. Al-Sabah stated that this project adds significantly to the daily production for KUFPEC and is one of 5 producing joint ventures that the company has in Australia. Shaikh Nawaf indicated that KUFPEC share of production has exceeded 10,500 bpd. KUFPEC holds 35% in the licence together with Operator Apache at 65%.

Balnaves is a light sweet oil with estimated gross recoverable reserves of 17 million barrels of oil and 30 billion cubic feet of gas. The gas will be injected into a separate gas reservoir in the large Brunello gas field for later production via the Chevron led Wheatstone LNG project and where KUFPEC holds 13.7% stake.
A joint meeting was held on the 18 August 2014 by KUFPEC and KOC South Ratqa Heavy Oil Development team. The objective of the meeting was to present the nature of heavy oil projects in KOC and identify development challenges. The challenges would serve as a guide for future KUFPEC asset acquisitions that may then contribute in technology and knowledge transfer to KOC. The meeting was chaired by Shaikh Nawaf S. Al-Sabah, KUFPEC Chief Executive Officer. The meeting discussions brought forth many facts, thoughts and an overall improved understanding of the challenges facing KOC to realize its 2030 strategic heavy oil production target.
As part of continued partnership with The Royal Flying Doctor Service, KUFPEC continued its commitment by further supporting RFDS with $10,000 for the ongoing delivery of critical services in Western Australia. RFDS has welcomed the ongoing support from KUFPEC with a Press Release in September 2014. KUFPEC is currently involved in five oil and gas projects within Western Australia, notably as a partner in the Chevron led Wheatstone LNG Project near Onslow.

KUFPEC Australia Country Manager Richard King said the company is proud to support an Australian icon. “The Royal Flying Doctor Service provides an essential and vital community service throughout Western Australia, including in many of the regional areas in which KUFPEC carries out its oil and gas exploration and production businesses,” Mr King said.

The RFDS is experiencing greater demand than ever and money from the partnership will go towards replacing aircraft, funding medical equipment and meeting service delivery demands. RFDS Executive General Manager of Corporate Affairs Nick Harvey said the RFDS is grateful for the support of KUFPEC.

“KUFPEC’s support is a fantastic example of the incredibly passionate and dedicated corporate partners we are fortunate to have. The RFDS is an essential service for these partners and their support helps ensure the future sustainability of the RFDS.” Mr Harvey said.

The 4-day conference arranged biannually in Stavanger, Norway, is one of the world’s most important oil, gas and energy forums.

people visited the 1380 exhibitors at the conference, making it the biggest and most important energy conference in Europe. This year’s topic was “Change” focused on the petroleum sector’s ways to adapt to a rapidly changing world. Innagurated by HRH Queen Sonja, the Conference and exhibition had More than 91,000 participants from more 100 nations and 1380 exhibitors.
On August 28th, Schlumberger Business Consulting (SBC) presented the final study output of “KUFPEC Pathway to Success” to the Operations directorate staff identifying the success factors and roadmap for meeting the company 2030 strategy. The presentation also covered many important topics including developing staff capabilities and career path, increasing the attractiveness of KUFPEC, and enhancing KUFPEC’s asset management.

Mrs. Hosnia S. Hashim, Vice President- Operations, was on hand to answer all questions raised from employees and explained the importance of our staff development in meeting the critical roadmap milestones for KUFPEC’s success in achieving its significant growth in production, reserves and operatorship targets.

KUFPEC’s Vice president - Operations Mrs. Hosnia Hashim recently delivered a speech concerning women’s role and leadership in the oil sector. Attending the event were students from the Engineering and Petroleum College at Kuwait University as well as college professors and staff who gathered to avail the opportunity to hear directly and be inspired by a leading woman from the upstream energy sector who has been recognized by the prestigious “Forbes” magazine as the top 17 Kuwaiti women and among the top 200 Arab women for the year 2014.

The valuable presentation was concluded with a Q & A session.
Technology has always been at the heart of the Oil & Gas industry. Companies around the world have established R&D capabilities to acquire and develop new technologies to address their portfolio specific challenges. In 2003, KOC spearheaded the technology agenda, and set up a Research and Technology group, specializing in scouting and deploying world-class technologies to solve oil and gas challenges. The group has been very successful in adapting new technologies for the operations of KOC.

2030 Strategy Growth Agenda with a focus on Technology

The KOC R&T Group’s focus has been to adopt newly developed technologies into upstream business. The 2030 strategy envisions a complex portfolio and an ambitious growth agenda across the entire hydrocarbon value chain. These complexities and growth objectives require unique technologies to be developed to address particular needs of the oil and gas sector in Kuwait. Hence, there is a specific need to develop a Research & Development and Technology Management (R&D/TM) center i.e KIPRC, that will acquire existing technologies and develop new ones. The Technology focus would be in the following areas

- Production and refining of heavy oil
- Growing and producing non-associated gas
- Segregating crude streams
- Enhancing oil recovery through secondary and tertiary methods
- Enhancing refining capacities
- Supporting domestic and international integrated refining and petrochemical operations
- Growing downstream petrochemical specialties and diversified chemicals
- Identifying sophisticated technical capabilities
- Operating in a continuously safe and clean environment

Kuwait International Petroleum Research Center (KIPRC) incubation at KOC

Following the wish of His Highness the Amir of Kuwait, Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah, KPC took the initiative to establish the Kuwait International Petroleum Research Center (KIPRC) and assigned KOC to design/construct the facilities, incubate research and development and technological capabilities.

At the beginning of 2013, a group of highly qualified and capable K-company professionals were selected to form the center, under the responsibility of Research & Development (R&D) Group. Mr. Bader Al-Khayat is leading the group’s effort under the guidance and mentorship of the KOC Drilling & Technology DCEO - Mr. Ayad Al-Kandari.
Mandate of R&D Group and the Governance of KIPRC

The R&D Group's mandate can be summarized into three key objectives. (1) Design and construction of KIPRC facilities. (2) Development and enactment of KIPRC's operating model. (3) Formulation and execution of an R&D/TM roadmap for the oil and gas sector in Kuwait. Exhibit 1 presents the organization structure of the group.

Exhibit 1. R&D Group Organization Structure

To move forward with KIPRC, the R&D group ensures cross-subsidiary coordination. The leadership of the K-Companies have established a Higher Steering Committee, Project Management Office and Working Teams with representation from KPC, KOC, KNPC, KGOC, PIC and KUFPEC (see Exhibit 2). In addition to utilizing K-Companies capabilities, R&D Group is drawing the expertise of world renowned professionals, including professors from renowned universities/institutions Strategy& (formerly Booz & Company), a global leader in management consulting, is supporting the team on overall project management and execution.

Exhibit 2. KIPRC Governance Structure and Representation
Progress on the Implementation of KIPRC

To date, the team achieved progress on each of the defined objectives. An overview of the execution plan and timeline is provided in Exhibit 3. Land was secured and a feasibility study with statement of requirements were completed and approved with regard to the KIPRC facility. Work is ongoing in selecting the architectural firm for KIPRC. In terms of the roadmap, subject matter experts across the different subsidiaries were engaged to develop a 5-year R&D/TM roadmap for the oil and gas sector. Implementation of the roadmap is underway.

The operating model of KIPRC has been designed by the team based on the experiences of regional and international oil companies, oil field services providers, and academic institutions. Concrete progress has been made so far, but there is still much to be accomplished.

Exhibit 3. High Level Plan and Timeline

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KIPRC is the result of an exciting effort of great importance. Success will require diligence, perseverance and commitment to excellence across the board. In the meantime, for any queries or to share your thoughts, please do not hesitate to reach out to the Planning & Support team in R&D group.

We look forward to provide you with further details on the progress of KIPRC in the near future.
Celebrating Eid Al-Adha, KUFPEC recently held a breakfast gathering for employees at the company’s head office- Ground floor auditorium.

The event, commemorating Eid Al-Adha and marking the first day that employees return from their week-long holiday, was led by Mr. A. Naser Al-Fulajj, Acting CEO and Vice President - Business Development and Mr. Mohammad S. Al-Ghanim, Vice President – Finance & Administration in addition to other members of KUFPEC management.

The employees gathering provided an opportunity for social interaction intra-departmental between senior management and employees.