



# DEVELOPING THE FUTURE OF GAS

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**Neil Gunnion**, Country Head and Vice President, Operations, Qatar at McDermott speaks exclusively with *Oil & Gas Middle East* following the announcement that his firm will be responsible for the offshore scope of Qatar's giant North Field Expansion Project



**M**cDermott was awarded a major engineering, procurement, construction, and installation (EPCI) contract by Qatargas in January for the offshore scope of its North Field Expansion Project.

The North Field Expansion Project will increase Qatar's liquefied natural gas (LNG) production capacity significantly, from 77 million tons per annum to 126 million tons per annum. LNG is first expected to come from the expansion in 2025.

The contract's base scope includes eight normally unmanned wellhead platform topsides with an option for a further five, 13 in total as well as pipelines, power cables, beach valve stations and buildings. The jackets for the North Field South part of the project will be subject to a separate tender and is expected to be awarded in the first half of 2022.

Following this huge announcement, *Oil & Gas Middle East* caught up with Neil Gunnion, Country Head and Vice President Operations, Qatar at McDermott, for a discussion on how his company won the bid and his thoughts on the future for natural gas.





**Can you talk me through the scope of the enormous EPCI project McDermott won for the offshore scope of Qatar's North Field Expansion Project?**

Certainly, it covers the offshore development of the latest part of the overall North Field Development to supply initially four new onshore LNG trains for the North Field East (referred to as NFE) then an additional two new onshore LNG trains for the North Field South (referred to as NFS). The offshore development itself is comprised of 13 new normally unmanned wellhead platforms, each approximately 3,500Te, that produce the gas from the reservoir before it is transported onshore via a network of approximately 500km of subsea pipelines. Each platform also has a power cable bringing power from onshore to allow the facilities to operate. As McDermott, we are responsible for the full engineering, procurement, construction and finally installation (EPCI) of this offshore development. As you note, this is a significant scope of work, it is one of the largest contracts awarded to McDermott in our company history, and will last more than five



years from start to finish. It's important to note that energy security is critical for the world economy and this has become even more apparent with the crisis in Ukraine. The NFE/S project will provide reliable and secure LNG to worldwide customers.

**What differentiating factor do you think led to McDermott winning the contract?**

There are many but I will try to lay out the key ones.

First, as McDermott, we have been executing projects in Qatar for more than 30 years. This deep knowledge of the country, the customers and how to execute successfully here was a crucial component in our success. Second, McDermott performed the Front End Engineering Design or FEED for this development which is a critical success factor. The FEED lasted more than 12 months and was our largest FEED executed 100% from Qatar. This allowed McDermott to gain a deep understanding of the project and to create design solutions that benefitted the development using all of the experience and knowledge that we have regarding executing projects in Qatar.

Third, we have proposed a 100% Qatar based execution plan for the project management team which allows us to be very close to the full Qatargas organisation, allowing for a strong

collaboration and cooperation between the teams, which is essential for these large, long, complex projects.

Finally, as part of our base execution plan, we will utilise our Qatar Fabrication (or QFAB) facility in Ras Lafan Industrial Complex to fabricate four out of the 13 well head platforms. The balance of nine will be fabricated in our McDermott fabrication yard in Batam, Indonesia. By investing in the local supply chain and building local capability to support the offshore Qatari market and beyond from Qatar, we are differentiating ourselves and bringing real added value to the country.

**What kind of challenges are unique to a project of this scale?**

As I am sure you can imagine, the list of challenges is long and ever changing. Straight off the bat we have had to manage Covid-19 for the last two years and continue to manage it closely as we initially look to mobilise approximately 200 people into Qatar to support the project. Our January mobilisation was certainly thrown a curve ball by the Omicron variant, but hopefully we have mitigated the worst effects of this and are back on track. Whilst this is not unique to this project, the scale brings added complexity for sure. One of the critical knock-on effects of Covid-19 has been its lasting impact on the global supply chains. These supply chains remain

under pressure and the recent events in Ukraine have only added to their complexity. The crisis in Ukraine has also caused severe volatility in the commodity prices, which is a risk that needs to be assessed and mitigated.

Perhaps one of the more unique challenges of this project is that we will execute it in Qatar during the 2022 FIFA World Cup Final. This is such a fantastic opportunity for the Nation of Qatar but it may bring logistics challenges which could certainly be considered unique. Finally, just the duration of such a project brings challenges as we plan to keep our teams engaged, motivated and focused on world class execution over such a long period of time. We have looked closely at team composition, transformational leadership and how to work as One Team from day one until the end. Fortunately, we have a world class team looking at these challenges every minute of every day and working constantly to mitigate them.

**How are you seeking to attract enough talent for the project?**

This is clearly a key challenge that not only McDermott's office in Qatar is facing but the entire energy industry is facing as we emerge from the global pandemic. We have worked very hard to leverage the global footprint and capability of McDermott and have been able to mobilise many resources from across the globe. We have also executed an active external recruitment campaign to attract new employees to McDermott. Both of these efforts have allowed us to increase



our local headcount significantly since the start of the new year, but with that said we are not finished. We are actively looking for local graduates and will be approaching local Qatari Universities over the coming months to look to source local talent. We firmly believe that the Qatari energy sector has many years of opportunity ahead and we will be looking to build a local organisation to support that opportunity.

**McDermott already has a history of collaboration with QatarEnergy and Qatargas, can you explain how this relationship has developed?**

McDermott has been present in Qatar for decades and has helped Qatar to become the energy giant it is today via our contribution to many offshore field developments over the last 30 years. As a consequence, we have worked with both QatarEnergy and Qatargas on multiple occasions. Most recently, we have committed to develop the local execution capability to support their projects by mobilising world class teams

into Doha to execute our projects locally. In addition via our strategic joint venture fabrication yard QFAB, we have also committed to fabricate these offshore topsides for the first time in Qatar. This has taken the relationship to a new level supporting the Tawteen initiative launched by QatarEnergy In 2019.

**When does work begin on the North Field Expansion Project?**

The work and the project itself launched in January. Since then we have mobilised almost our full execution team into Doha and have started to move critical fabrication resources to QFAB.

**North Field is the world's largest-ever LNG project, what kind of impact do you think it will have on global markets as it nears completion?**

It increasingly appears that natural gas will be a critical part of the energy transition away from fossil fuels and towards less carbon intensive energy. As such, this project will be ideally positioned to capitalise on that transition towards many 2030 documented climate goals. The North Field Expansion Project (NFXP) has been documented to increase Qatar's export LNG volumes from 77MTPA to 126MTPA, and given that global LNG production is approximately 385MTPA, you can see just how significant both Qatar and this project are to that global market. So it is the belief that this project will have a positive impact in global markets and supporting both global economic growth and global climate commitments. ○