



إحدى شركات مؤسسة البترول الكويتية
A Subsidiary of Kuwait Petroleum Corporation

ANNUAL REPORT 2012 - 2013





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His Highness
Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah
Amir of Kuwait





His Highness
Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah
The Crown prince



Sami Al-Rushaid
Chairman

Members of the Board



Mazen Al-Sardi
Deputy Chairman



Mohammed G. Al-Mutairi
Board Member



Ali sabt Bin Sabt
Board Member



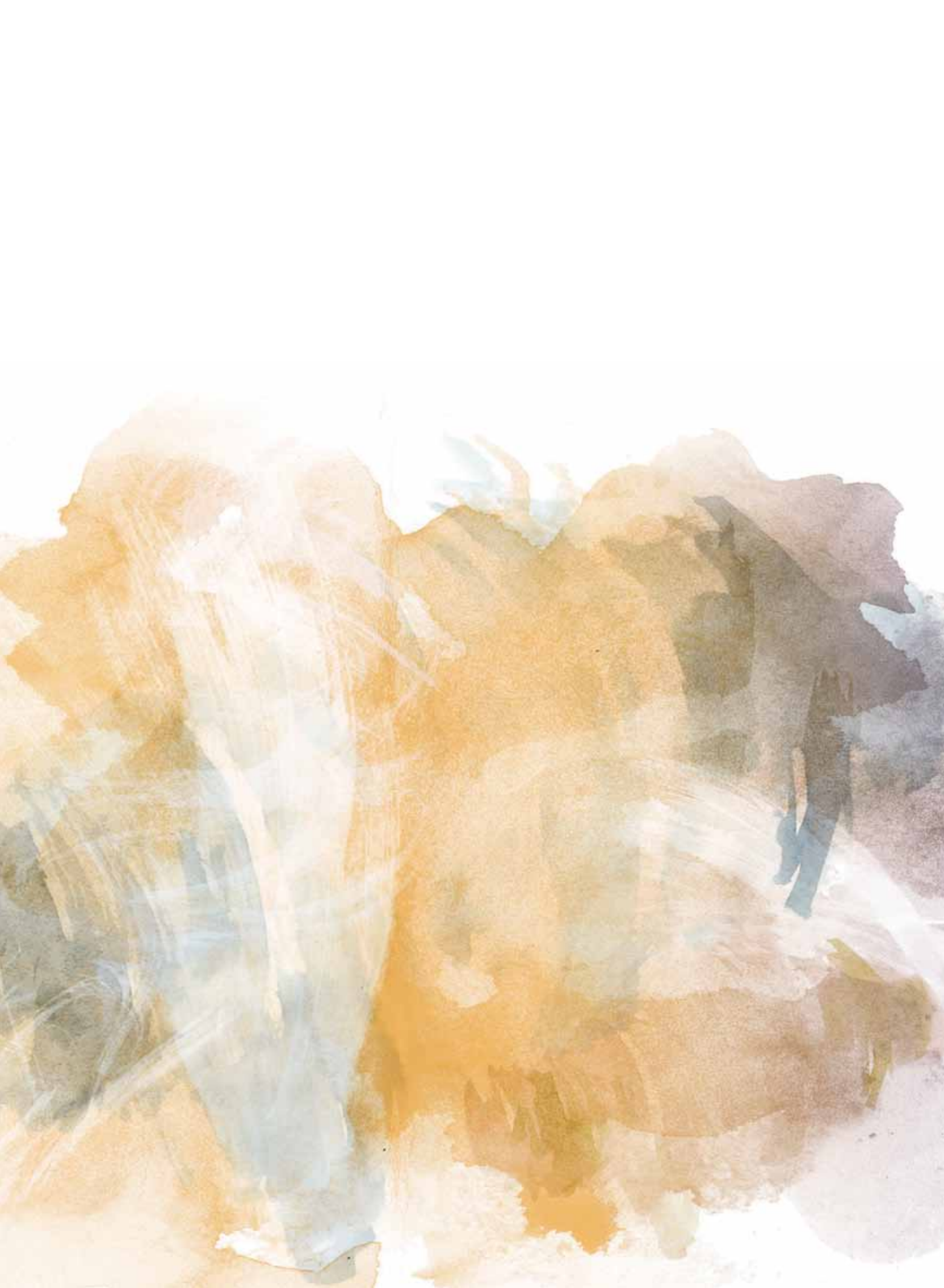
Ali Amer Al-Hajeri
Board Member



Mona Al-Obaid
Board Member



Nabil Bourisly
Board Member



Sami Fahed Al-Rushaid

Chairman & Managing Director

Emad Ahmed Othman Al-Omair

General Counsel
& Manager, Legal Affairs

Jassem Ali Al-Shatti

Manager, Management Support Group

Abdul Khaleq Mostafa Ali

Manager, Public Relations & Information Group

Mazen Dawood Al-Sardi

Deputy Chairman & Deputy Managing
Director Technical Services

Khaled Madhi Al-Khamees

Deputy Managing Director
Administration & Finance

Menahi Saeed Al-Anzi

Deputy Managing Director
Planning & Gas

Khalid Ali Al-Sumaiti

Deputy Managing Director
Exploration & Production Development

Hosnia Sayed Hashem

Deputy Managing Director
North Kuwait

Hashem Sayed Hashem

Deputy Managing Director
South & East Kuwait

Ahmad Mohd. Al-Rasheed

Deputy Managing Director
West Kuwait

Khaled Sulaiman Al-Fouzan Manager Industrial Services Group		Manager Security & Fire Group	Essam Nasser Al-Houti Manager Major Projects Group I	Adnan Darweesh Al-Aradi Manager Major Projects Group II	Yousef Ahmad Ali Manager Engineering Group	
Sami Juhaim Al-Juhaim Manager Human Resources Group		Abdul Aziz Mansour Al-Mansour Manager Financial Services Group	Mustafa Jaafar Bu-Magdad Manager Ahmadi Services Group	Saad Rashed Al-Azmi Manager Training & Career Development Group	Dr. Emad Dawood Al-Awad Manager Medical Group	
Manager Gas Development Group		Mohd. Fahed Al-Otaibi Manager Gas Management Group		Jasser Mutlaq Al-Jasser Manager Commercial Affairs Group		Shafeeqa Idrees Mubarak Manager Planning Group
Yousef Mohd. Abdul Rahman Manager Technical Support Group	Mohd. Jassim Al-Saeedi Manager Deep Drilling Group	Ayad Mohd. Al-Kandari Manager Development Drilling Group	Saeed Mohd. Al-Shaheen Manager Well Surveillance Group	Ahmad Jaber AL-Eidan Manager Exploration Group	Hesham Abdul Malik Al-Nouri Manager Corporate Information Technology Group	Dr. Adel Essa Al-Abbasi Manager Research & Technology Group
Abdulla Ali Al-Sumaiti Manager Operations Group (North Kuwait)		Saeed Yousef Hamadah Manager Support Services Group (North Kuwait)		Hamed Yousef Al-Anezi Manager Fields Development Group (North Kuwait)		Badria Hussein Farhad Manager Heavy Oil Development Group (North Kuwait)
Emad Mahmoud Sultan Manager Operations Group (East Kuwait)	Shaker Abdul Hamid Faras Manager Operations Group (South Kuwait)	Badria Abdul Rahman Ali Manager Fields Development Group (South & East Kuwait)	Waleed Mohd Shuaib Manager Support Services Group (South & East Kuwait)	Abdulla Mohd. Nasser Al-Awadhi Manager Operation Support Group	Mohd Abdul Wahab Al-Fodari Manager Health, Safety & Environment Group	
Ali Hussain Al-Kandari Manager Operations Group (West Kuwait)		Hasan Ali Bunain Manager Fields Development Group (West Kuwait)		Ismail Abdulla Ali Manager Support Services Group (West Kuwait)		Fadil Majid Buresli Manager Export & Marine Operations Group



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Chairman's Message

It gives me great pleasure to present Kuwait Oil Company's 2012-2013 Annual Report, which encapsulates the outstanding achievements registered by the Company throughout various aspects of its business.

Overall, KOC has continued to perform its functions and shoulder its responsibilities in an efficient manner. The past fiscal year has witnessed steady improvement in Company operations while due attention was attached to societal activities, which reflects KOC's eagerness to develop the community and move it forward.

In the face of the formidable challenges facing the oil industry, the Company has strived to meet its obligations and even made further gains which could be added to its track record of accomplishments. KOC went a long way in terms of its eagerness to invest in the human capital and capacity building.

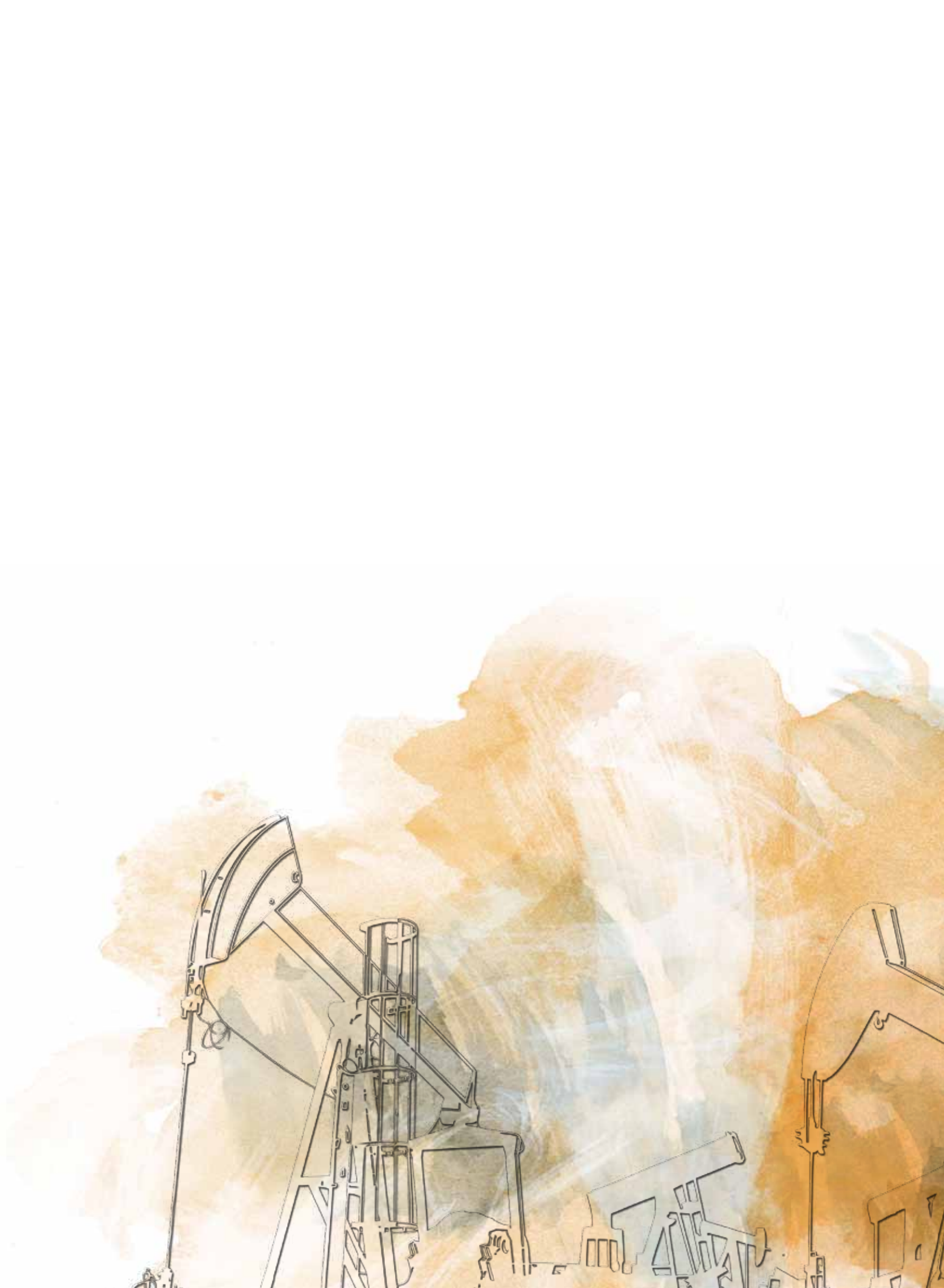
Matters pertaining to Health, Safety, Security and the Environment are considered areas of priority for the Company, and KOC has upheld its commitment to this issue. This includes abiding by all regulations and safety measures, which has translated into outstanding achievements that have allowed us to receive commendation on both the local and international level.

KOC has made the safety of its employees and contractors a point of priority in the process of implementing its projects. Accordingly, this has yielded an impressive record in the sense that there were almost zero-incidents, notwithstanding the multiplicity and magnitude of its projects, in addition to the set of risks it is faced with.

In order to keep up with rapid global technological development, the Company has kept track of the systems employed in the oil industry and has been keen to make use of them as deemed fit in its business and projects. This has contributed toward improving the quality and accuracy of these projects through a comprehensive set of technological devices.

Our employees have diligently strived to accomplish their tasks in the most desired manner. Their tireless efforts have boosted KOC's image as a time-honored and leading Company in the oil industry and to all of them we say, "Thank you."

Sami Al-Rasheed



KOC Annual Report for 2012/13

The report encapsulates KOC's major achievements for the fiscal year 2012/2013 in line with its strategic objectives:





Social Responsibility

The Company's care for issues concerning the community continued unabated. This is evident through a series of activities that it has embarked upon, with a view to meeting its Corporate Social Responsibility obligations as stipulated in the 2030 Strategy.



Environment

The Kuwait Oil Company prioritizes issues pertaining to the environment and means of protecting it. The Company strives to entrench this culture in the mindset of its employees and apply it in its projects. As part of its environmental efforts, KOC organizes various activities throughout the year that not only involve its environment but its operation zones and the community as a whole.

KOC is fully aware that it is faced with formidable challenges in this respect, considering the nature of tasks it carries out in relation to the oil industry. It therefore attaches due importance to the environment.

Reduction of Gas Flaring: The Company has made significant progress with regard to reducing gas flaring in its oil fields through a series of measures and carefully studied procedures.

These efforts have led to the reduction of gas flaring to 1.44% by the end of the 2012-2013 fiscal year compared to the annual target of 1.45%. The lowest gas reduction rate in the Company's history was registered in August 2012, as it reached 0.55%. The Company has also recorded an unprecedented gas flaring reduction in North Kuwait reaching 0.11% last September. The same is true of South & East Operations Zone where it reached 0.18% last December.

It is worth noting that the Company has faced, over the past few years, a tremendous challenge in its efforts to reduce gas flaring in its oil fields. Gas flaring during the 2005-2006 fiscal year reached almost 17%. Comparing this figure with the current status, one can measure the efficiency of the measures that were taken by the Company in this regard in just a few years.

- **International Award:** KOC won the "Excellence in Flaring Reduction Award" during a special forum held in late 2012 by the Global Gas Flaring Reduction Organization (GGFR) at the European Bank for Reconstruction & Development's premises in London on the occasion of its 10th Anniversary.
- **Abdaliya Environmental Reserve:** In the past fiscal year, KOC has launched the second phase of the environmental project which is situated in Abdaliya (WK), within the Company's operations

zone. The Company's initiative to set up this reserve stems from the need to remedy the environmental damages inflicted on the area and restore biodiversity therein.

- **Jahra Reserve:** The Company has installed a new underground water system at the Jahra Pool Reserve as part of its contribution to social development. The initiative will enhance the reserve's capabilities and help achieve its environmental goals.

- **Chairman's HSSE Award:** The Company has celebrated the 15th Edition of the Chairman's HSSE Award. The Award highlights the magnitude of field efforts and focuses on the most prominent and important initiatives made by our employees in this vital aspect throughout the year.
- **CEO Award:** The Company has won the CEO HSE Award, which adds to the achievements registered by the Company's HSE record.
- **RoSPA Award:** KOC has won the RoSPA Award which is awarded by the Royal Society for the Prevention of Accidents (RoSPA) in recognition of its achievements in the HSE domain for the year 2012.
- **Safety Council Award:** The Company also obtained the British Safety Council's Award, which is often described as the HSE Oscar.



Awareness Campaigns

Throughout the year, KOC conducts awareness campaigns in order to raise awareness among individuals within the Company and beyond. These efforts fall in line with KOC's goals and strategic plans which are based on playing an effective role toward the society's concerns and aspirations.

• Child Obesity Campaign:

The Company has launched a campaign to raise awareness about the risks associated with child obesity in order to contain this problem and eradicate the causes as well as deal with repercussions by all possible means. The drive underlines the Company's awareness of the deterioration of this phenomenon and its health, social and psychological dimensions, hence the issue should be highlighted and effective solutions should be found to address it.

• Beach Cleaning:

The campaign was organized in order to safeguard the marine environment. More than 600 students of different age groups and educational stages took part in the event. Also present were a number of ambassadors accredited to the State of Kuwait, regional organizations and government and non-government agencies.

• Safe Driving Campaign:

The Company has organized this campaign in coordination with the Ministry of Interior and the Ministry of Public Works with the aim of raising awareness among the Company's employees with regard to Safe Driving along the Company's roads.



Community Service

The Company renders diverse services to the community. They include almost all aspects of life ranging from road safety to blood donation, healthcare, among other contributions to the community. KOC equally seeks to maintain its position as an effective body toward the realization of development objectives and the advancement of the society.

Road Safety:

The measures instituted by the Company as well as the campaigns it carried out over the previous fiscal year have led to the reduction of accidents and raised awareness among motorists.

In this regard, KOC has installed cameras to monitor speed within its internal roads and beyond, including Abdaly and Kebd Roads.

Meanwhile, a number of smart cameras have been installed, while the Company plans to install similar cameras along the Nuwaiseeb Expressway as well as roads leading to Ahmadi.

The Company has also taken a set of measures to ensure safety on roads. Additionally, it boosted cooperation with the Traffic General Directorate, in order to find optimal solutions to the growing traffic issue. In this context, the Company held a series of joint meetings to discuss means of solving the problem.

Health Insurance:

The Company has continued to provide health insurance for oil sector employees and their families as an option to receive medical care. This avails them of opportunity to have broader choice and augment the private health sector in the State of Kuwait.

Home Visits:

Through Ahmadi Hospital, KOC continued with its patients' home visit program, an idea that started in 1997 and implemented in 1999. Under this program, regular visits were

initially paid to 20 patients but the number has grown to include 650 patients between 2012 and 2013. The medical team includes physicians and specialized nurses who pay regular visits to patients and disabled people in accordance with a specific time framework. The service is delivered to home patients in all six governorates.

Women's Health:

The Ahmadi Hospital has organized Women's Health Day. A group of presenters and local bodies concerned with women's health and beauty took part. The event was organized due to the importance of women's health and the magnitude of the responsibilities they shoulder, which sometimes deprives them of the opportunity to take care of their health and observe healthy norms. The activities of the Day focused on promoting health issues and reminded women of their role to keep well and increase productivity.

Blood Donation:

The Ministry of Health has recognized KOC as one of the prominent blood donating institutions during the past fiscal year on the occasion of World Blood Donation Day. Various KOC Directorates and Groups organize regular blood donation campaigns in recognition of this humanitarian drive, particularly amid growing road accidents that claim victims who need blood to save their lives. As such, the Company is keen to provide hospitals with blood through regular blood donation campaigns.

Health Services:

In addition to healthcare services, Ahmadi Hospital has carried out a number of health promotion activities, including awareness campaigns and sessions, and first aid training for schoolchildren.

New Display Center:

The foundation stone for the new Display Center was laid during the previous fiscal year in the presence of the Governor of Ahmadi Governorate, Sheikh Dr. Ibrahim Al-Duaij Al-Sabah as well as KOC and oil sector officials. The new Display Center is expected to carry on with the activities of the current one which was established in 1956.

IT Exhibition:

KOC has organized the third IT Exhibition which was opened by the Ahmadi Governor. The event demonstrated the Company's pioneering position in the IT domain in Kuwait, for it uses the latest techniques to optimize oil and gas investments.

Smart Class:

KOC's Gas Operations Group has set up a smart classroom in Ibn Majid Primary School in Ahmadi Governorate. The smart classroom experiment constitutes a technological milestone in the sense that it will facilitate learning for students and help them develop their analytical and cognitive skills.

Oil Education for the Blind:

In conjunction with the Kuwait Society for the Blind, KOC has printed its educational publications in Braille for the blind, including the "From Crude to Carrier" booklet. Meanwhile, the Company plans to print similar material over the coming period to enable this segment to be provided with information about the oil industry.

Research & Development Group:

In line with the desire of His Highness the Amir Sheikh Sabah Al-Ahmad Al-Sabah,

the Company has created a Research & Development Group to supervise plans to set up an international center for petroleum research to be affiliated with the Kuwait Petroleum Corporation. Initial plans have been drafted for technical R&D programs in the oil sector. In addition, aspects of cooperation with research centers have been identified. The land on which the center will be built has been identified and selected.

International Awards:

The Company has won the Best Booth Design Award during the Artificial Lifting Conference & Exhibition which was held in Abdu Dhabi in February 2013. The Company also won second prize for the best reservoir management model in Middle East and North Africa during the Abu Dhabi International Petroleum Exhibition and Conference (ADIPEC) 2012.

Electronic Library:

KOC has launched the Oil Sector E-Library under the auspices of the Kuwait Petroleum Corporation (KPC) to serve a broad section of users within K-Companies and beyond, including researchers and students.

Center for Excellence:

The Upstream Supreme Committee including Kuwait Oil Company (KOC), Kuwait Gulf Oil Company (KGO), Kuwait Foreign Explorations Company (KUFPEC), and Oil Development Company (ODC) have endorsed a decision to set up a Center for Excellence with a view to sharing experience, building capacity and the skills required to achieve the 2030 Strategy.

Photography Competition:

KOC has organized the first Instagram photo competition to coincide with the National Day celebrations across the country

Land Release

The release of lands for which the Company owns the rights to explore oil and gas on is subject to a set of considerations and regulations in line with its responsibility toward this vital resource upon which our national economy heavily relies.

Kuwait Oil Company is very keen to find a balance between the requirements of its strategic plans, on one hand, and contributing toward housing development projects, among others, on the other.

The past year has witnessed the release of vast swathes of land to concerned authorities in order to use them for the implementation of new projects or the expansion of outstanding ones. The total number of lands released is estimated at 1,095,600 m², the details of which are as follows:

- In April 2012, an area of about 1,000,000 m² was released to the Kuwait Municipality to set up a Ministries Complex within the Southern Region.
- In the same month, an area of 13,200 m² was released to the Ministry of Electricity and Water to set up the

new MW48 power plant which belongs to the Kuwait Oil Company and falls within its operations zone.

- Correspondingly, in April, an area of 7,400 m² was released to the Ministry of Electricity and Water to set up a water filling plant in Abdali and for related expansion works.
- In January 2013, the Company delivered an area of 5,000 m² to the Kuwait Institute for Scientific Research to expand the Petroleum Research Center in Ahmadi.
- In February 2013, an area of 70,000 m² was delivered for use at the Kuwait 1/4 Mile Auto & Motorcycle Club.





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Maximize the Strategic Value from Oil

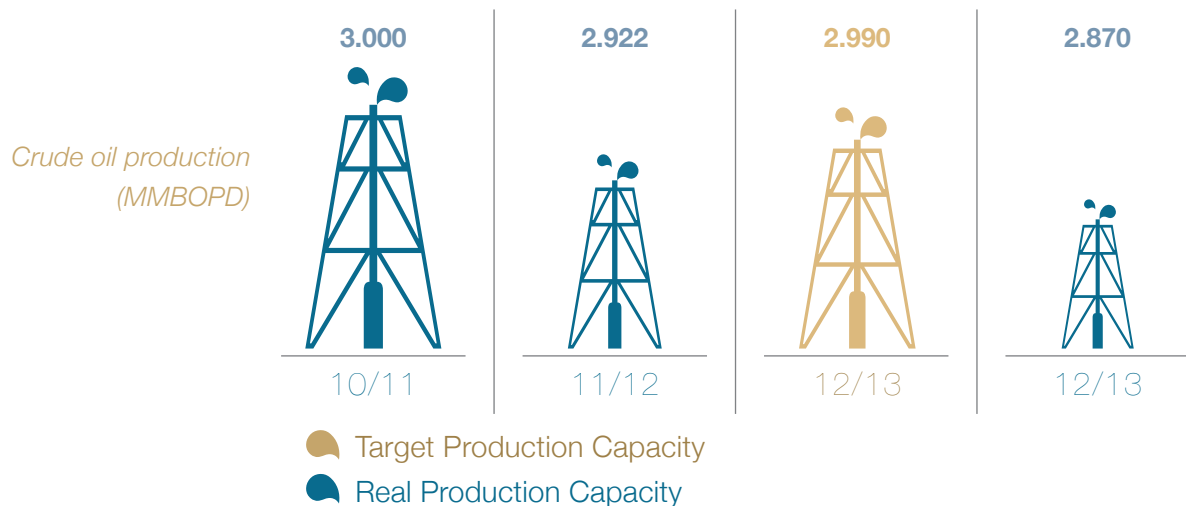
322 new wells were successfully drilled in fields
throughout Kuwait against a targeted number
of 294 wells



Product
Capacity

Production Capacity

- Since the beginning of the year, the Kuwait Oil Company has made efforts to produce the production rate required by KPC, which is responsible for marketing.
- In line with the 2030 Strategy, KOC seeks to increase the production capacity of oil to achieve a total capacity of 4 MMBOPD. Over the last year, crude oil production capacity levels amounted to 2.870 MMBOPD out of the targeted production rate of 2.990 MMBOPD due to a shortage in the number of operating drilling rigs.

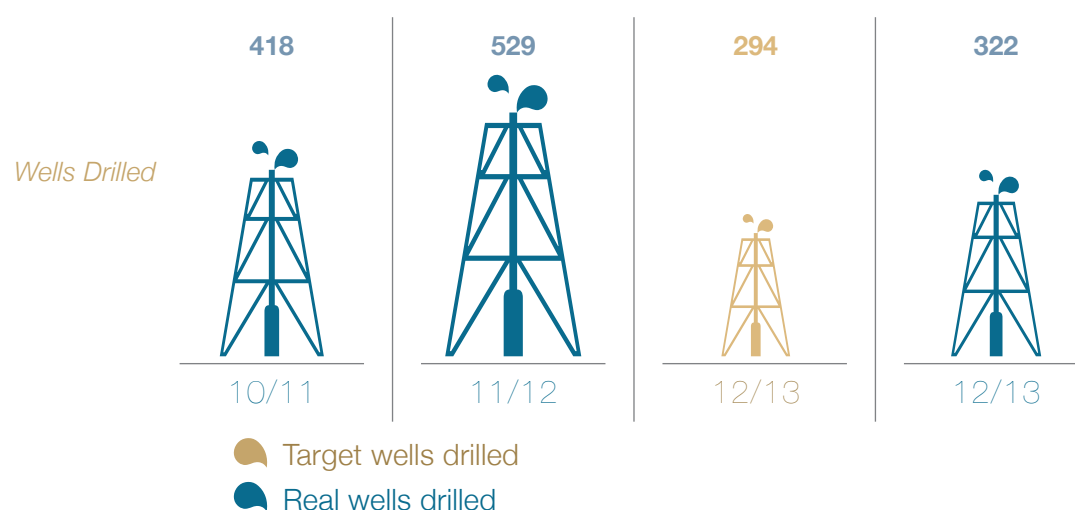


The engineering design and the budget for the Heavy Oil project has been approved and included in the fiscal year. The expected gains of the project are as follows:

- 1- The production of 60,000 barrels of heavy oil, which will be an unprecedented commercial quantity in Kuwait. This amount of oil will be used in the new refinery to produce low sulfur fuel as an added value at the level of the oil sector.
- 2- The project will use processed water to produce steam rather than dispose of it in the sea, hence protecting the marine environment.
- 3- The project will also contribute to the experience of KOC employees in the production of heavy oil and the management of pertinent reservoirs as well as help expand its production in the future.

Drilling & Workover

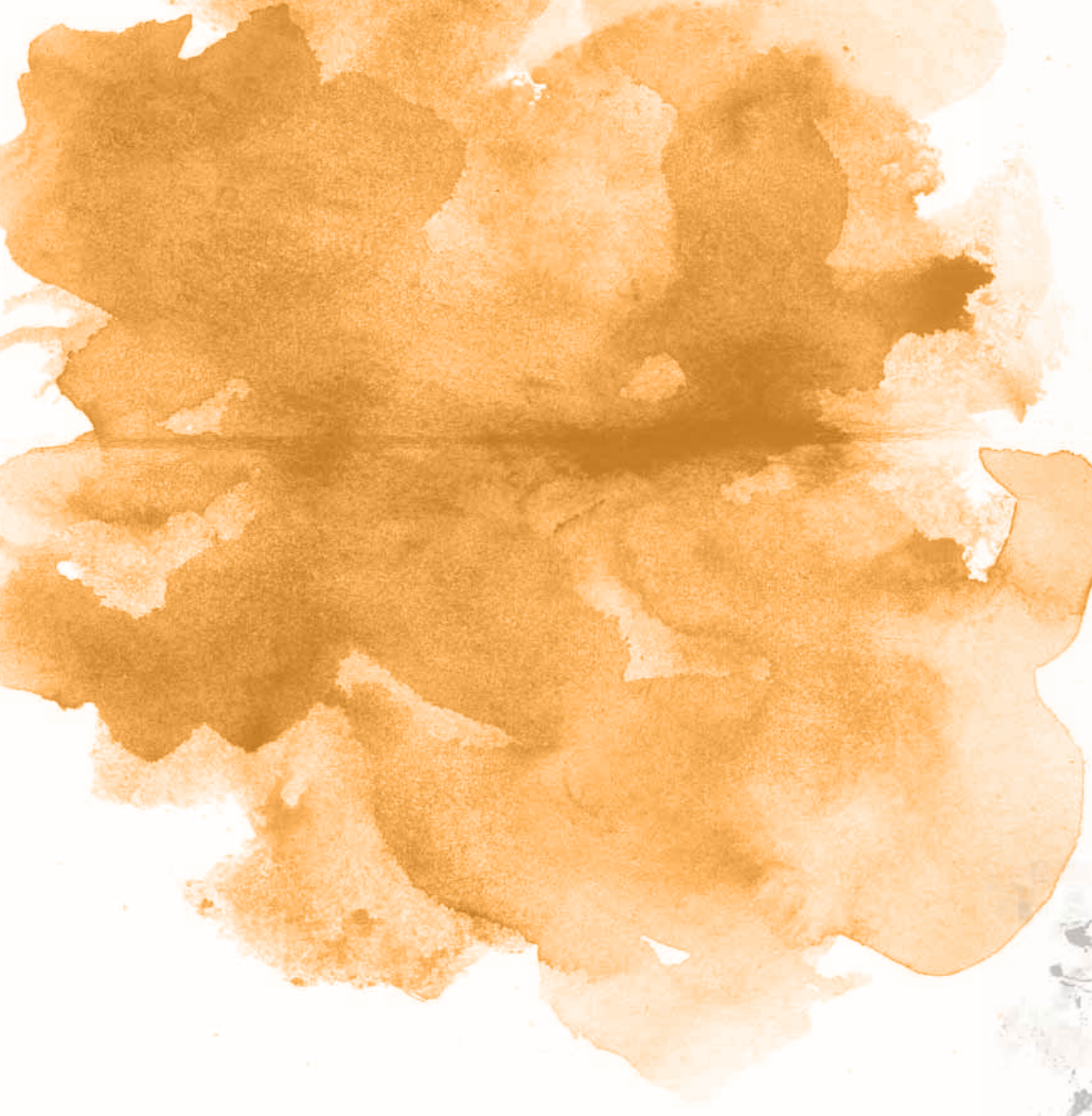
- 322 new wells were successfully drilled in fields throughout Kuwait against a targeted number of 294 wells.



The number of wells drilled for crude oil production amounted to 307 wells where the total number of rigs used for development wells reached 20. The table below explains the type of wells drilled in the fiscal year 2012/2013

Well category	Target	Real
Drilling Cretaceous development wells	121	144
Heavy oil	153	160
Exploratory Cretaceous wells	3	3
Total	277	307

About 536,000 barrels of oil were added daily through drilling and workovers as well as Submersible Electric Pumps in order to maintain the production rates of wells.

An abstract watercolor-style background in various shades of orange and brown, with soft, blended edges and some darker, more saturated areas. The texture is organic and painterly.

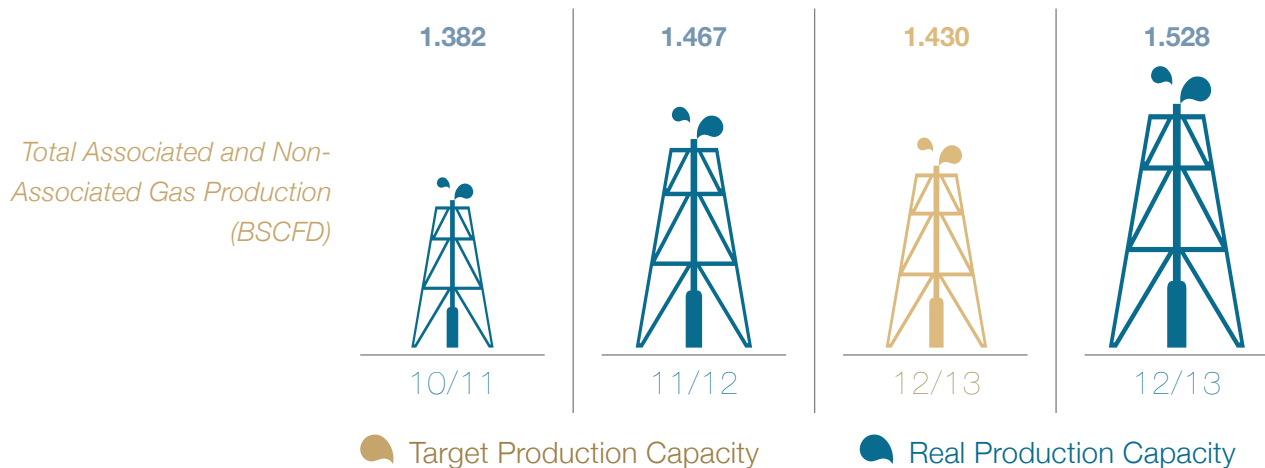
Realize the Potential of Gas

The efforts geared toward reducing the rate of gas flaring across the Company's fields have paid off. Gas flaring has been reduced to 1.44% at the end of the past fiscal year

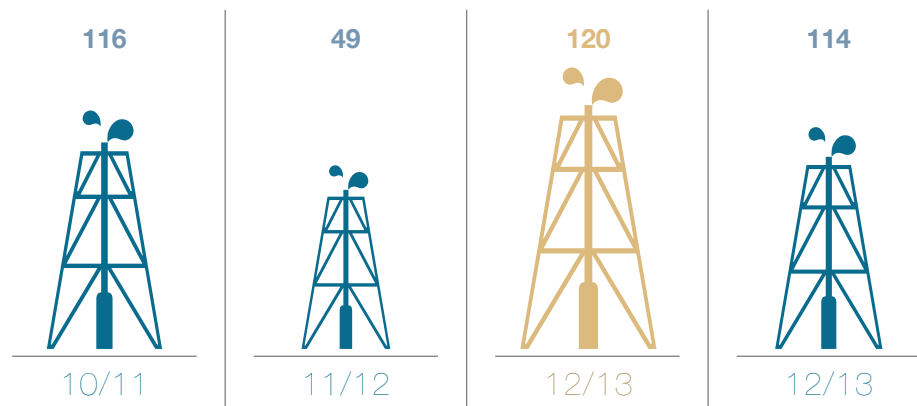


Production Capacity

Total Associated and Non-Associated Gas production over the last year stood at 1.528 BSCFD against a target of 1.430 BSCFD.

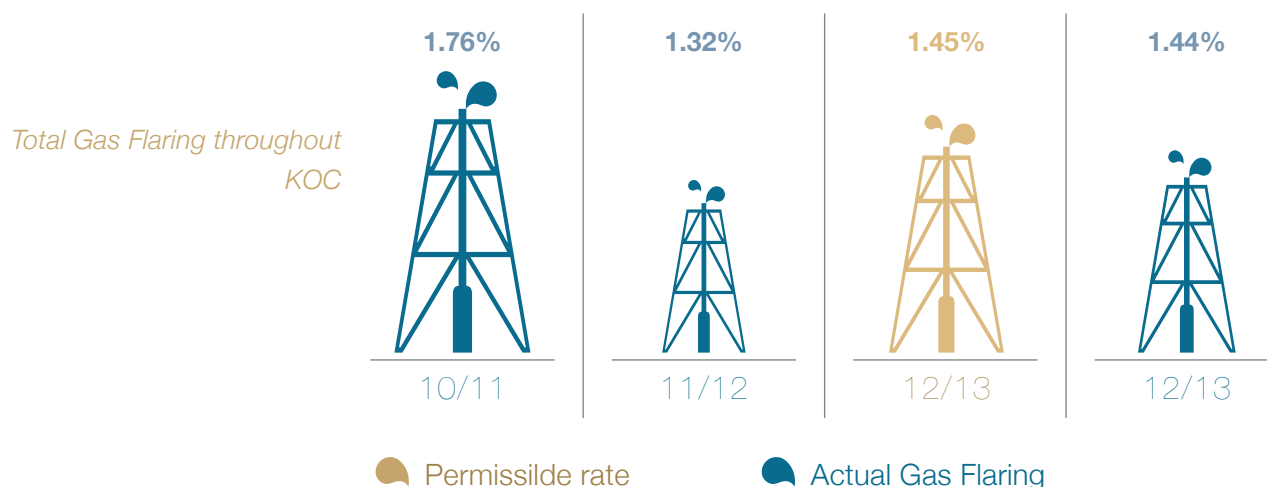


- Total Free Gas production stood at 114 MSCFD against a target of 120 MSCFD. It is worth mentioning that the annual production of Free Gas this year was better than the previous year's of 94 MSCFD, due to the efforts made and the improvements introduced to the Early Production Facility with a view to increasing production which exceeded 140 MSCFD during the last two months (February and March) of the last fiscal year.



- Booster Station (BS-160) became operational in June 2012 and it seeks to increase capacity to deal with the gas produced for the Kuwait Oil Company by 500 MSCFD of Associated Gas. This will increase the flexibility and acceptability of the produced gas network to deal with expected quantities during maintenance operations and the closure of other Booster Stations.

- The efforts geared toward reducing the rate of gas flaring across the Company's fields have paid off. Gas flaring has been reduced to 1.44% at the end of the 2012-2013 fiscal year, compared to the permissible rate of 1.45%. The flaring rate dropped to its lowest level in the Company's history in August of the same year, as it reached about 0.55%. Equally, the Company has registered an unprecedented gas flaring rate of 0.11% in September 2012, and in South & East Kuwait Operations Zone, the Company has achieved the lowest gas flaring during the year in December 2012 where it reached 0.18%. The higher gas flaring compared to what has been achieved in the previous year is attributed to the failure of sour gas treatment units at KNPC for periods more than previous years.
- The amount of gas transported to KNPC's LPG Unit amounted to 1.417 BSCFD up to March 2013 thanks to effective initiatives and procedures in terms of operation and gas treatment.



Drilling & Workover

- At least 15 exploratory and development wells have been drilled to reach the targeted quantity of Free Gas, which are divided as follows:

Well classification	Target	Real
Gas development wells	11	10
Jurassic exploratory wells	2	2
Jurassic development wells	4	3
Total	17	15



Grow Reserves for a Sustainable Future

The Company has achieved its objectives in relation to oil reserves for this year, as Reserve Replacement Ratio was over 102%.



Prospective Reservoir Studies

- Study has continued for the second phase of the Long Term Oil Stock and Reserve Assessment Project and led to an increase in future oil reserves. This is being verified as 6 wells have been drilled in the alke era, which has confirmed the existence of oil in certain areas to which the study referred. The study is due to complete in August 2013.
- EOR Strategy meant to sustain the Company's oil reserves has been finalized.
- A study for the enhancement of EOR labs for Al-Mawdood in Sabriya, which is composed of two parts (lab study and reservoir simulation study). The first ever lab tests for Kuwaiti reservoirs, which are known for their high temperature and high salinity, have led to promising results that chemical injection is possible therein. Accordingly, the reserves of this reservoir are due to increase through chemical EOR. Work is in progress to prepare engineering design for the pilot drills. This study constitutes an essential part of KOC's comprehensive EOR program and it has added almost 600 MB to oil reserves in Al-Mawdood reservoirs in North Kuwait.
- The Company has achieved its objectives in relation to oil reserves for this year, as Reserve Replacement Ratio was over 102%.

Seismic Survey Operations

- North Kuwait Seismic Survey Project, which is part of KOC Exploration Program, has begun. The project is intended to add new oil and gas reserves which may increase production capacity to 750,000 barrels of oil and 1.5 BSCFD of gas by 2030. In addition, the study is focused on exploration operations at unconventional reservoirs for Jurassic and deep Permian rocks, which may help determine the hydrocarbon quantities in profound depths of the ground. Production increase, particularly the natural gas, in realization of the oil sector strategy, will enable the State to meet energy needs at both industrial and domestic levels.

Exploratory Drilling Operations

- Exploration Success Rate has reached 93% for the fiscal year 2012-2013.





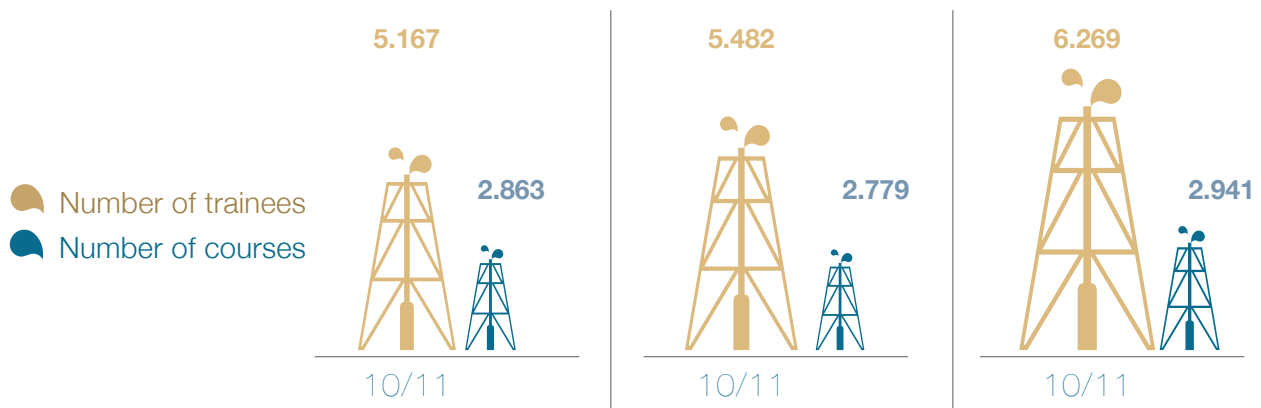


Employee by Choice

KOC has organized 2,941 job-related training sessions involving various fields within and outside the country, in accordance with the set training and development plan



- KOC has organized 2,941 job-related training sessions involving various fields within and outside the country. At least 6,269 employees have been trained in accordance with the Company's training plan and as part of a program to develop them. The average training hours per each employee is estimated at 107 hours.



- The number of KOC employees reached 7,351 until the end of the 2013 fiscal year.
- Kuwaiti citizens constitute 80.62% against the target of 80.3% annually. (This figure does not include Medical and Nursing staff).
- As part of KOC's efforts to provide the best learning opportunities for its employees, in collaboration with prominent academic institutions, the Company is planning to execute two programs meant for leadership development:
 - 1- Leadership Development Program in the renowned US-based Harvard University's Business School. The program has been recently expanded to include Team Leaders.
 - 2- MA and PhD programs to enhance the academic standards of the Company's employees, who aspire to reach the highest academic levels in petroleum engineering with the aim of developing scientific, technical and research programs so as to enhance KOC's production capacities. In addition, this will help come up with solutions necessary for increasing the efficiency of production and extraction operations and build reservoir simulation systems in order to reach the best methods for oil extraction.
- A training plan has been put in place for fresh graduates in subsurface disciplines. At least 83 employees have been trained amongst those who have recently joined the Company. Other areas are purposed for petroleum and drilling engineers as well as geologists.





Realize Value From Technology

The Kuwait Integrated Digital Field (KwIDF) project has enhanced field productivity and optimization of technology to enhance safety and environmental performance through automatic data collection and analysis as well as remote detection of well performance



- Kuwait Oil Company has signed a contract for the installation of measurement systems for the control of user networks, which monitors more than 2,000 kilometers of pipes and 100 centers for valves. It is hoped that the project will contribute toward enhancing the management, monitoring and control for the users of pipe networks that cross housing areas and expressways in an automatic and direct manner. The project will mitigate environmental damages owing to immediate detection of any leak and controlling it and will help achieve the best profitability for the Company in this domain.
- Multilateral horizontal drilling project in North Kuwait reservoirs has contributed to an increase in the wells' production of oil compared to conventional wells and a reduction of drilled wells. This will lead to standardizing the use of superficial drilling space, environmental protection, the provision of empty space, in addition to superficial space in order to facilitate the transportation and movement of drilling platforms and well maintenance. Additionally, it will facilitate the process of supplying production lines and reduce costs. At least 37 horizontal wells have been drilled and extended, hence increasing production by almost 40,000 bpd.
- Rigless technology has been used to enable production through dual- well system.
- The Visco Elastic Surfactant System has been used for Menagish Well 160 in the West Kuwait Operations Zone which led to a production increase from 2,840 BOPD to 8,200 BOPD.
- The Company has successfully tested an advanced system for artificial lifting to enhance design and pilot processes through the monitoring of certain well indicators.
- Inflow Control Devices (ICDs) have been used in North Kuwait operations zone involving RA-0499 Rig, which led to an increase in production reaching 4,580 BOD and reduced the quantity of produced water by 2%.
- The Kuwait Integrated Digital Field (KwIDF) project has enhanced field productivity and optimization of technology to enhance safety and environmental performance through automatic data collection and analysis as well as remote detection of potential hazards and controlling well performance from a single point. This helps the Company analyze data and conduct studies for each well accordingly, hence providing information necessary to take preemptive decisions before risks occur while preventing damages and losses in production. In addition, it helps build a database on wells and is used to make the correct, quick and precautionary decisions in a better way through instant information that supports the decision-making process.





Strengthen Our Commitment To HSSE

The rate of incidents reduced by 0.02 compared to the fiscal year 2011-2012, thereby reaching 0.02 incidents per 200,000 man-hours.

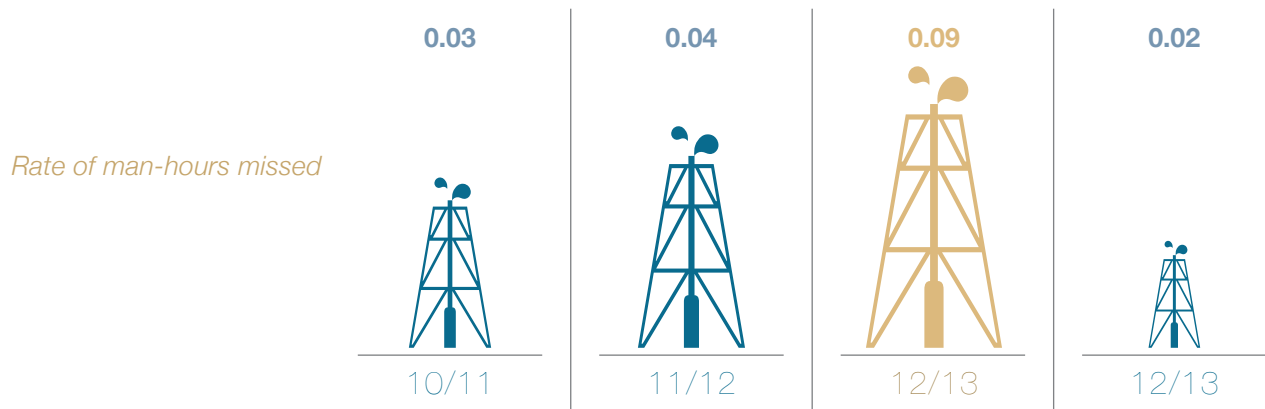


Health

- Ahmadi Hospital has engaged in a number of social activities such as blood donation campaigns and awareness drives in various disciplines of medicine.

Safety

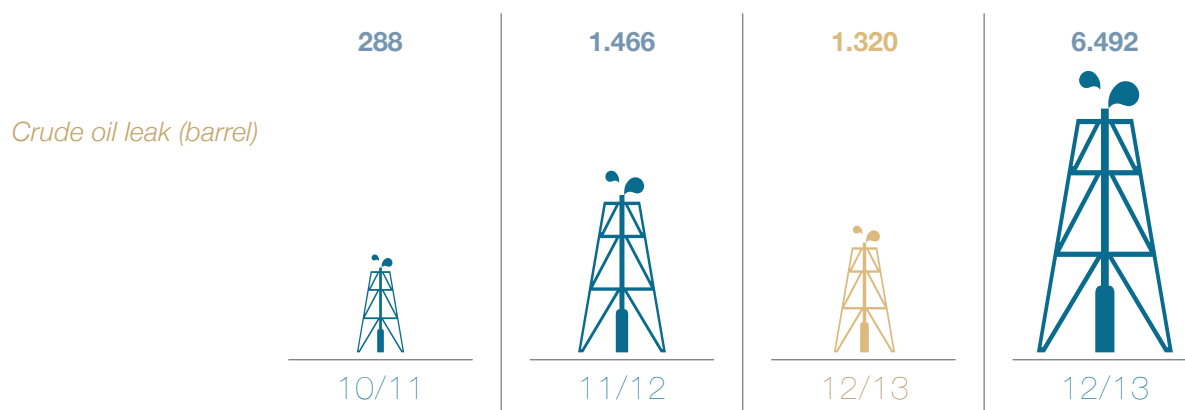
- The rate of incidents reduced by 0.02 compared to the fiscal year 2011-2012, thereby reaching 0.02 incidents per 200,000 man-hours.



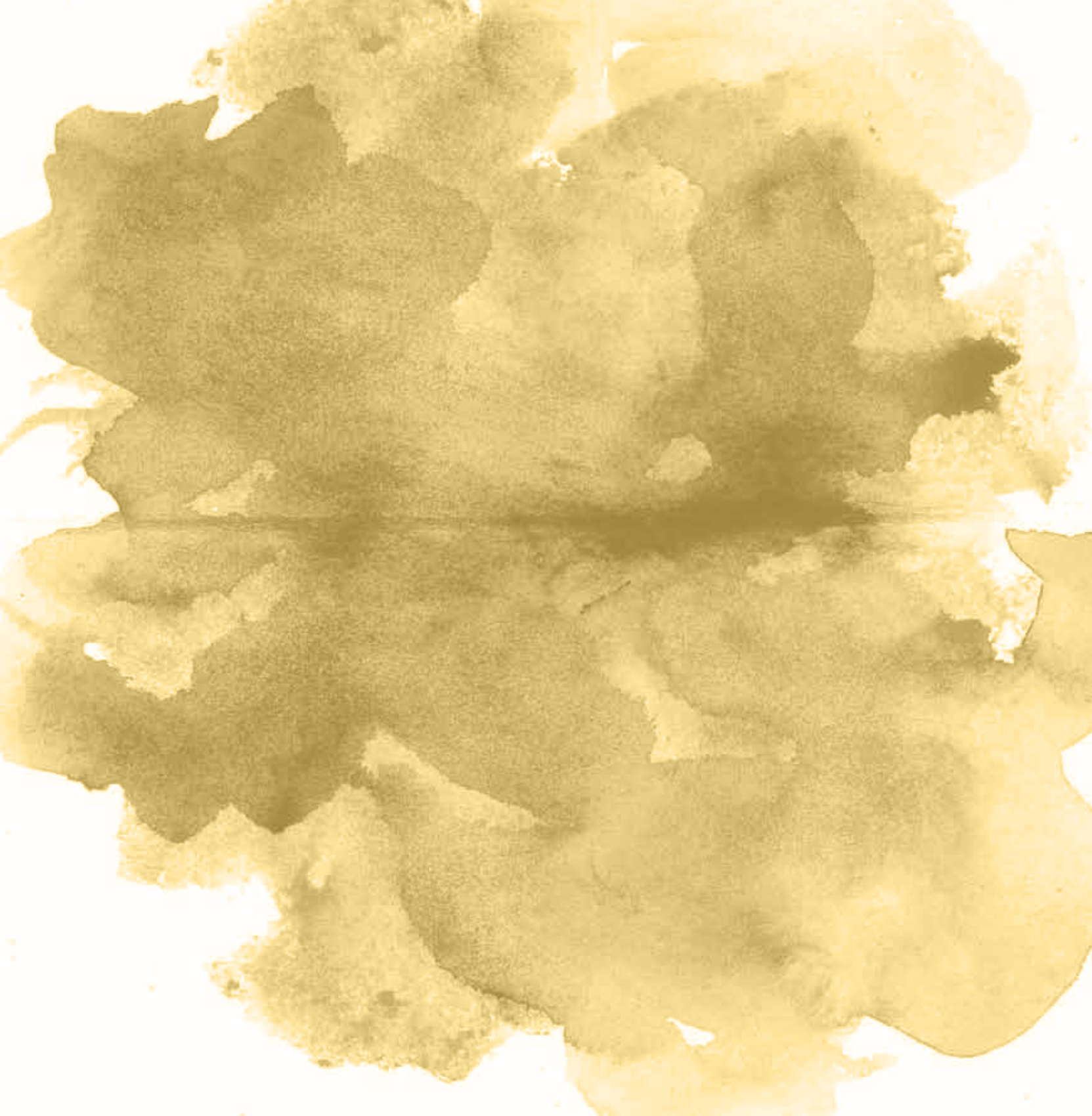
- The British Safety Council has awarded KOC with the International Safety Award and International Safety Merit Award in recognition of leadership commitment and the observance of high HSE standards by the Export and Marine Operations Sector and West Kuwait Directorate. In addition, the Royal Society for the Prevention of Accidents has awarded the Export and Marine Operations Group a golden award on June 8, 2012 for maintaining occupational health and safety standards.
- A Memorandum of Understanding was signed on August 26, 2012 between KOC and the General Secretariat for the Central Committee for Supervision of Soil Remediation Projects represented by Kuwait National Focal Point in order to execute soil remediation projects as a consequence of the environmental damages that resulted from the oil field fires of 1991.
- Soil Management Agreement was signed with the Kuwait National Focal Point and the United Nations in March 2012. The agreement is aimed at protecting the environment, land reclamation, soil cleansing so that these lands can be used for field development operations and bringing back wildlife to its glorious past so that plants and animals can thrive.

Environment

- The Company has successfully carried on reducing the rate of gas flaring across the Company's fields. Gas flaring has been reduced to 1.44% at the end of the 2012-2013 fiscal year, compared to the target rate of 1.45%.
- Crude oil spills have increased and reached 6,492 barrels against the annual target rate of 1,320 barrels. This is attributed to the gas leak incident near the North Pier Pump and Measurement Station which led to the spillage of about 4,318 barrels of oil. About 4,034 barrels of oil have been recovered, while 284 barrels only were lost.



- KOC's Gas Operations Group received the Global Gas Flaring Reduction Award in October 2012 in recognition of its tireless and outstanding efforts toward reducing gas flaring over the past few years, preserving gas and generating revenues which are estimated at 780 million Kuwaiti dinars.
- The Company inaugurated the Abdaliya Environmental project situated in the WK Operations Area. The project was completed within 100 days during which 1,200,000 square meters of waste were cleared. In addition, 18,000 trees and desert plants from the Kuwaiti landscape have been grown in collaboration with the Public Authority for Agricultural Affairs and Fish Resources (PAAAFR).
- A Sewage Treatment Plant for areas under the purview of South & East Kuwait Directorate (Burgan and Migwa) has been finalized to treat KOC's sewage, then reuse the treated water for irrigation within KOC facilities.



Strive For Excellence In Performance

KOC has signed a contract for designing and building new tug boats as part of plans to develop marine facilities and enhance the capacities of export operations as demand increases for Kuwait's oil





- The Kuwait Oil Company has signed a contract for designing and building 9 tug boats (TBP-80) and (TB 50). The specifications of these boats have been comprehensively identified to meet the Company's design, system and performance requirements. This contract is an integral part of a project designed to develop marine facilities in line with KOC's Strategic Vision. It's also intended to enhance the capabilities of marine operations; meet the ever-growing demand for Kuwait's exported oil and by adding more boats to the existing fleet.
- A Reserve Recovery Unit has been installed at GC-03 in order to reduce the shutdown period to replace the main operating unit. This has helped reduce the shutdown period from two hours to 10 minutes. The new system will be applied to all KOC Gathering Centers.
- The Water Treatment Team has succeeded in mixing the water from the Ministry of Public Works with brackish water in order to curb the salinity of the water used in various operations in the Company and to reduce the number of brackish water wells from 7 to 3.
- Air compressor at the new Condenser Recovery Unit (CRU) at GC 11 in a record time at KOC workshops without a need to ship the compressor to Germany, hence save time and shipment costs.





KOC's Aspirations within the Strategic Goals for 2013-2014



- Continue the implementation of projects designed to increase KOC's production capacity in line with its stated strategy of reaching an output of 3.65 million barrels per day by 2020 and maintaining this rate until 2030.

- Explore the use of drilling platforms in accordance with international standards to ensure that they are in place according to the set drilling plans to increase production capacity.

- Continue the implementation of Jurassic gas field development projects in north Kuwait in order to achieve a production capacity of 1 billion cubic feet of free gas per day by 2016-2017.

- Develop heavy oil reserves in North Kuwait through the acquisition of necessary technology while training the Company's manpower in facilitating this goal.

- Increase onshore and offshore exploratory operations to enhance the Company's crude oil production capacity. It is expected that crude oil production capacity will be increased to 750,000 barrels per day while gas production capacity will be increased by 1.5 billion cubic feet per day as a result of exploratory operations by 2030.

- Enhanced Oil Recovery (EOR) through the introduction of the best, modern and advanced technology, which includes:

- The implementation of pilot and real water flood projects and enhancing the Company's experiences in this domain.

- Developing the Company's competencies in using EOR technology through the implementation of pilot projects in order to reach the real production capacity by 2020 and beyond.

- The implementation of the crude oil separation program to be able to export three types of crude oil; including Kuwaiti crude oil, heavy oil and light oil compared to the current capacity of the exportation of only Kuwaiti crude oil.

- The reduction of gas flaring to 1.25% across KOC.

- The completion of the Full Sale Program by the Exploration Sector to enhance strategic performance.

- Recruiting competent and talented people and retaining them through the creation of a work environment that encourages outstanding performance based on motivation and enhancing the development of leadership and technical capacities.

- Completion of new family medical services building which accommodates the latest medical equipment in order to provide the best service in family medicine domain for K-Company employees and families. The project is due to be completed by the beginning of 2014.

- KOC aspires to embody national partnership and contribute toward enhancing the local economy through continuous involvement of the private sector in the implementation of the KOC Strategy.