



## US Port Security and the United Arab Emirates

Posted by [Dave Cohen](#) on February 21, 2006 - 8:11pm

Topic: [Miscellaneous](#)

Tags: [dolphins project](#), [natural gas](#), [port security](#), [qatar](#), [united arab emirates](#) [[list all tags](#)]

This week we learned that [Bush Administration Sells Port Security To Highest Foreign Bidder](#).

Dubai Ports World is controlled by the UAE royal family. The decision to grant the \$6.8 billion sale to Dubai was made by the Committee on Foreign Investments in the United States...

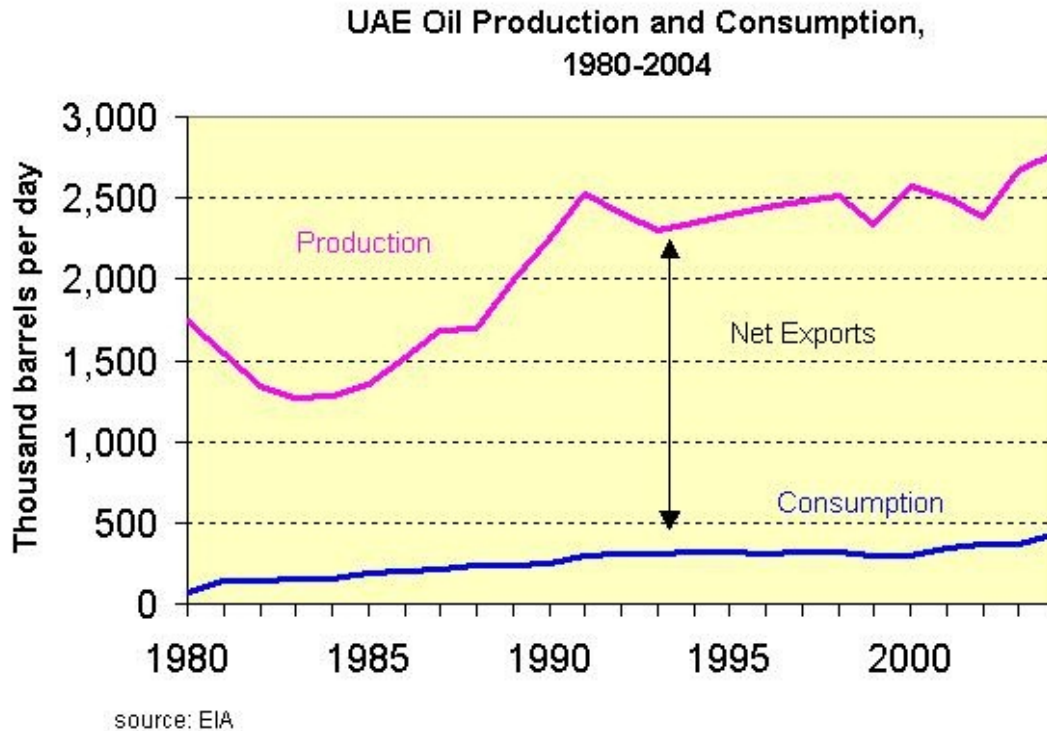
So Gonzales, Rice, Rumsfeld, Snow, and an other Bush administration officials conducted a security review and decided--unanimously--that the sale did not post a national security threat. How thorough was their investigation? They did not conduct background checks on senior managers of the company, nor did they ask how the company screens its own employees. You know, just in case a terrorist wants to infiltrate the company that now has unprecedented and unfettered access to our ports....

As soon as I saw this story, my paranoia kicked into high gear. This awarded contract was not just boneheaded, it seemed to be criminally negligent or as some on the lefty talk radio called it, treason. This had to be about oil & gas, right? There had to be a connection in there somewhere. This story is about what I found out. Along the way, we'll find out some stuff out about oil & gas activities in the Middle East and future plans there. I can't say I found any definite relationship between this contract and fossil fuels production & exports. The evidence for a connection I lay out is purely circumstantial.

From the EIA [UAE Country Analysis Brief](#)

According to Oil and Gas Journal (1/1/05), the UAE's natural gas reserves of 212 trillion cubic feet (Tcf) are *the world's **fifth largest** after Russia, Iran, Qatar, and Saudi Arabia*. The largest reserves of 196.1 Tcf are located in Abu Dhabi. Sharjah, Dubai, and Ras al-Khaimah contain smaller reserves of 10.7 Tcf, 4.1 Tcf, and 1.2 Tcf, respectively. In Abu Dhabi, the non-associated Khuff natural gas reservoirs beneath the Umm Shaif and Abu al-Bukhush oil fields rank among the world's largest. Current natural gas reserves are projected to last for about 150-170 years.

And as for oil, the EIA facts speak for themselves.



*Figure 1*  
UAE Oil Production -- Click to enlarge

According to Oil and Gas Journal (1/1/05), the UAE contains proven crude oil reserves of 97.8 billion barrels, or slightly less than 8 percent of the world total. Abu Dhabi holds 94 percent of this amount, or about 92.2 billion barrels. Dubai contains an estimated 4.0 billion barrels, followed by Sharjah and Ras al-Khaimah, with 1.5 billion and 100 million barrels of oil, respectively.

Of course, when we look at this, we must bear in mind that Abu Dhabi made a [spurious reserves revision](#) of 31.0 Gb to 92.2 Gb in 1988. Despite production since then, reserves have *increased* despite the production shown in the *Figure 1* above. By the way, if somebody would do the UAE Hubbert Linearization, that would be a welcome addition to this post. Nevertheless, let's press on.

Where does this oil go? In this older document [Oil and Gas in the UAE](#), we find that about 94% of these exports go to the Far East in Asia, especially [Japan](#), South Korea and Thailand. So, the US does not benefit directly from UAE oil exports. Superficially, this seemed to be a false lead in our quest for a connection between the port security contract and oil & gas exports. But let's move on again.

What about natural gas? This is where things become more interesting. The UAE has the *fifth* largest NG reserves in the world but look at this graph from the EIA.

### UAE Natural Gas Production and Consumption, 1980-2002

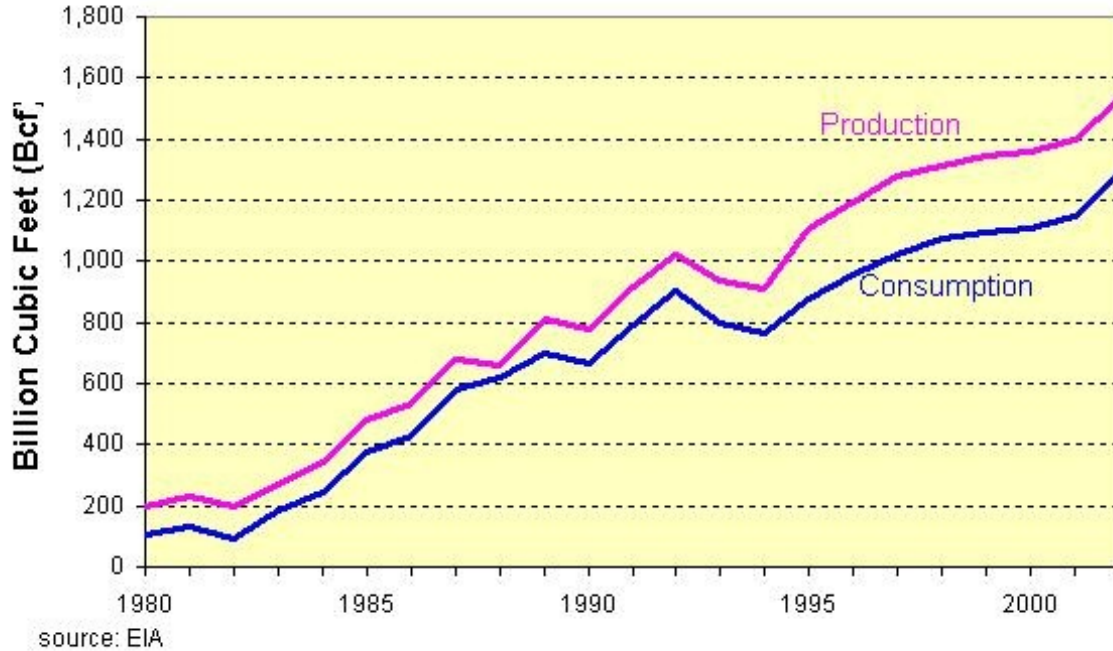
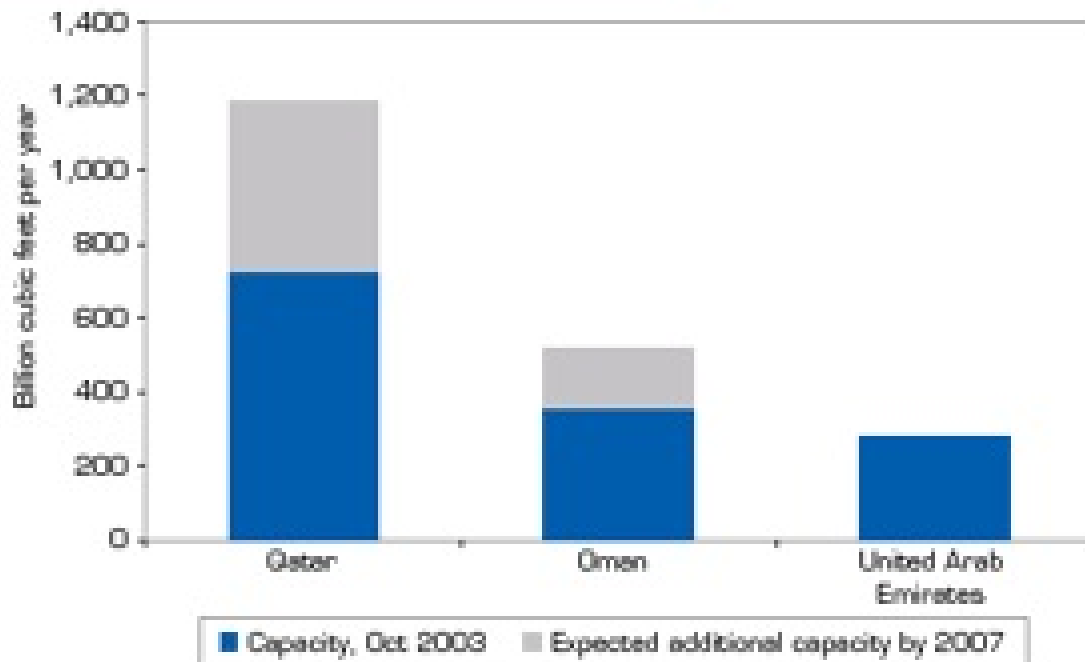


Figure 2  
UAE Gas Production -- Click to enlarge

And, they are an LNG exporter (from the same document).

### Middle East Liquefaction Capacity, October 2003



Data from IEA 2003 Natural Gas Information, and updated based on trade press reports as assembled by the Gas Technology Institute.

Figure 3

But they are now becoming an *importer* of natural gas from [Qatar](#) in a project called [Dolphin](#) that links the gas pipeline network of Qatar, the UAE and Oman. The UAE is actively developing its own natural gas reserves but they only have a population of 2.5 million people. To put it bluntly, what the hell are they doing with all that natural gas? The EIA tells us.

The past few years have seen the UAE embark on a massive, multi-billion dollar program of investment in its natural gas sector including a shift toward natural gas-fired power plants and the transformation of the Taweelah commercial district into a natural gas-based industrial zone....

Most of the UAE's increased natural gas needs in the next decade are to be satisfied with imported natural gas from Qatar. Much of the natural gas development in the UAE itself involves the extraction of natural gas liquids (NGLs) and reinjection of the gas to maintain pressure in oilfields.

They're using it for enhanced oil recovery (EOR)! Which brings us to Qatar.

As I pointed out in [Empire On the Edge-- Betting On LNG](#) sometime back, the US is making its future LNG arrangements with Qatar as we can see from another article [Qatar to become world's leading LNG producer](#).

The US will be a primary market for the gas produced by the new units [processing trains]. This follows a memorandum signed in November 2005 by the US Energy Secretary Samuel Bodman that will mean America will buy up to 30 per cent of its entire LNG needs from Qatar. The agreement provides for the supply of some 15.6 million tonnes of LNG a year to the US market with deliveries beginning by 2009.

So, again to be blunt, by awarding multi-billion dollar contracts to the UAE, the US is accomplishing at least two things.

- Propping up the UAE's ability to produce oil and buy natural gas from Qatar to keep that oil flowing.
- Cementing good geopolitical relations with the governments of the *fourth* and *fifth* largest holders of natural gas reserves in the world.

This is just as far as I can establish a *direct connection* between the US port security deal with the UAE and world oil & gas exports. Obviously, what benefits the UAE also benefits Qatar--and what benefits Qatar and their LNG exports to the US is ultimately supposed to help the US get out from under the natural gas supply quagmire looming before us. Paranoia? Maybe so. But I think something stinks here. I'll let the facts speak for themselves.



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