



# Energy Cooperation between Korea and Uzbekistan

**Korea Gas Corporation**

**27<sup>th</sup> Nov 2008**

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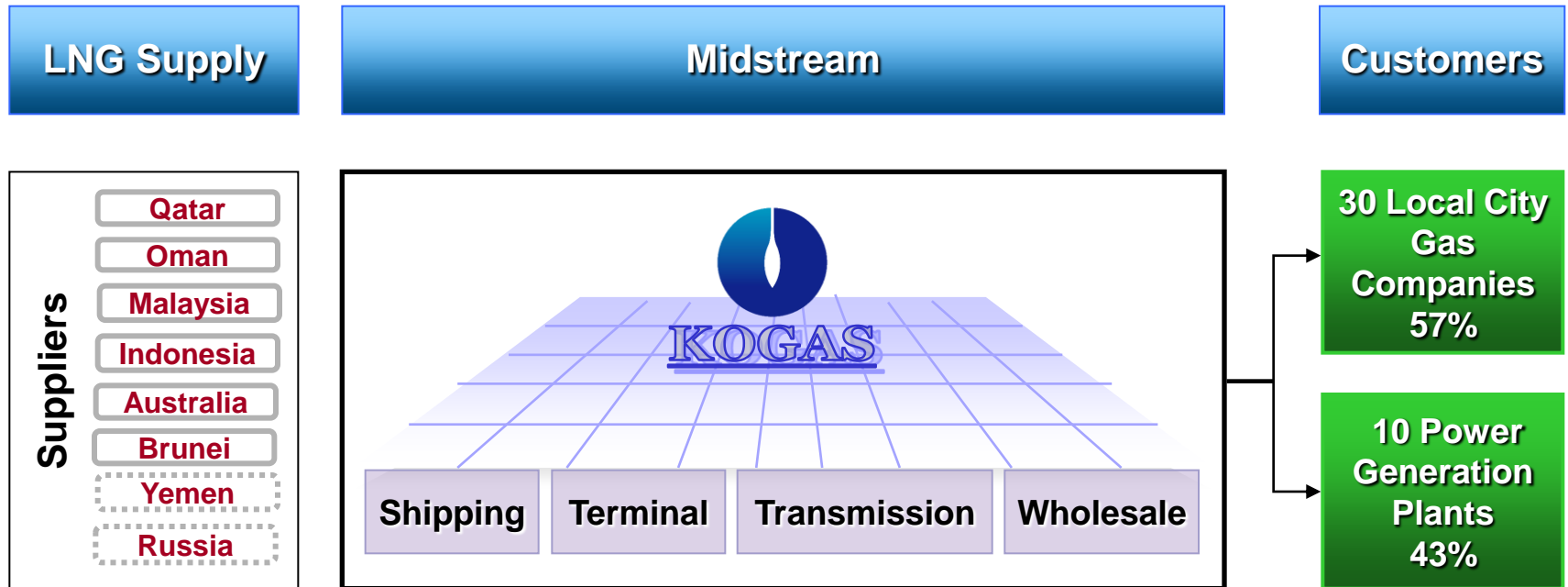
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# KOGAS Introduction

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# KOGAS's role in Korean LNG Business



**Solely responsible for import, shipping, storage transmission and supply of natural gas as a single wholesaler**

\* LNG import volume is 25mln ton in 2007

# Natural Gas Infrastructure

## ■ 3 LNG Terminals (35 Storage tank)

- Pyeongtaek(1.3 MM kl)
- Incheon(2.5 MM kl)
- Tongyoung(1.4 MM kl)

\* Total Storage Capacity : 5.4 MM kl

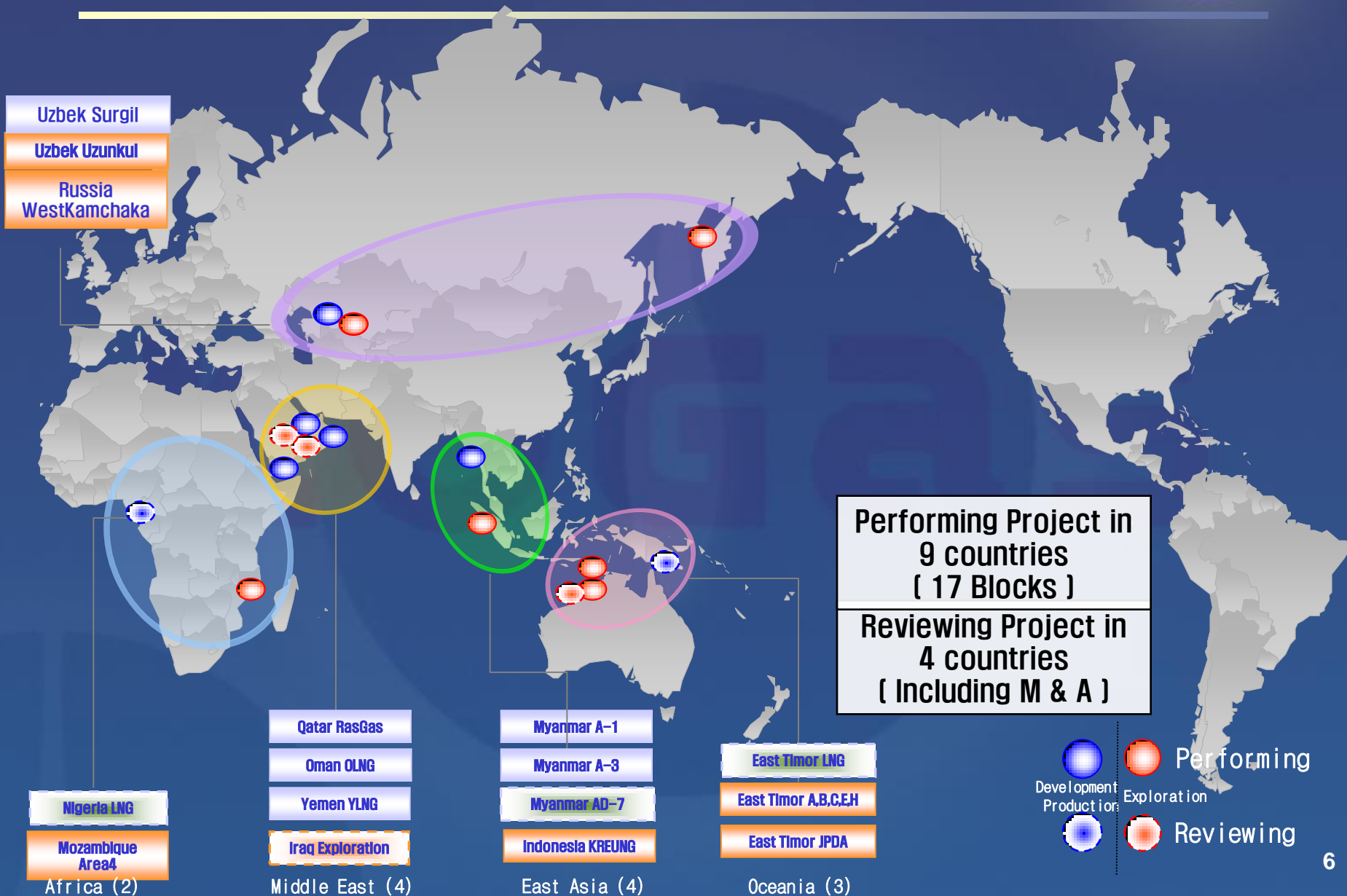
## ■ The 4<sup>th</sup> terminal in SamChuk is under construction at onshore of East Sea

## ■ National HP Pipeline Network : 2,720 km

**KOGAS performs an essential service for the nation's terminal and pipeline.**



# E&P Business





# **Korea Government Energy Policy**

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# Policy Direction of Overseas Resources Development

- 10<sup>th</sup> largest energy consumption country
- 5<sup>th</sup> biggest oil importing country



- Dependency of Energy Import : 97%
- Oil & Gas IPR : 4.2%



	2002	2005	2006	2008	2013	2016
IPR of Oil&Gas	2.8%	4.1%	3.2%	5.7%	20.0%	28.0%

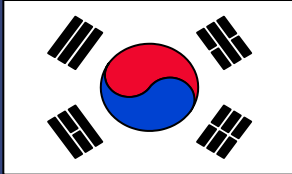
- IPR : Independent Production Ratio means the produced quantities by Korean companies versus total consumption in Korea



# **Development of Win-Win Program**

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# Cooperation Concepts for Synergy



**Technology**

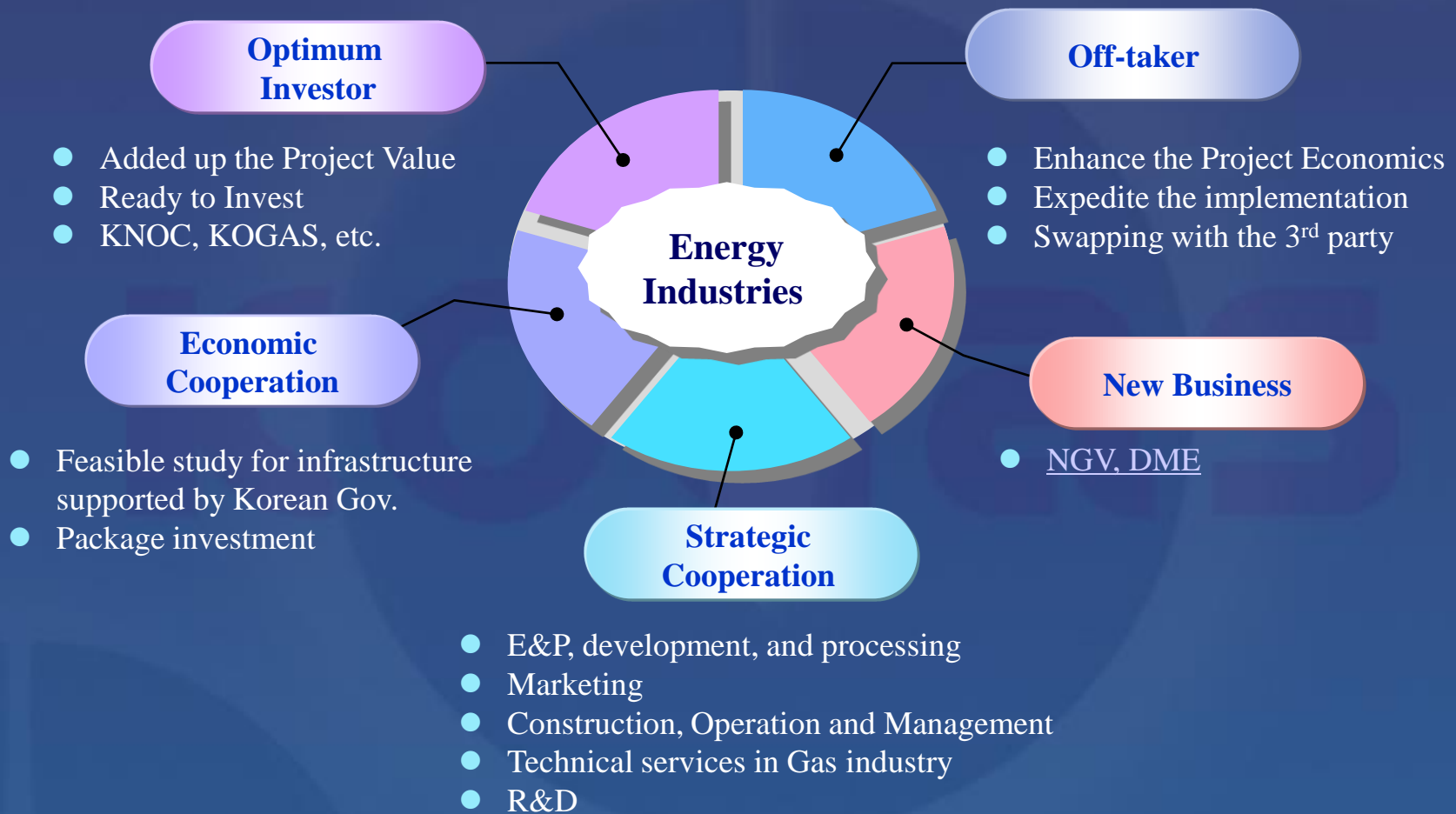
**Natural Resource**

**Which areas  
both countries  
combine with?**

**Finance Ability**

**Human Resource**

# Cooperation Areas





# **Case Study**

## **– focusing on the Surgil Project**

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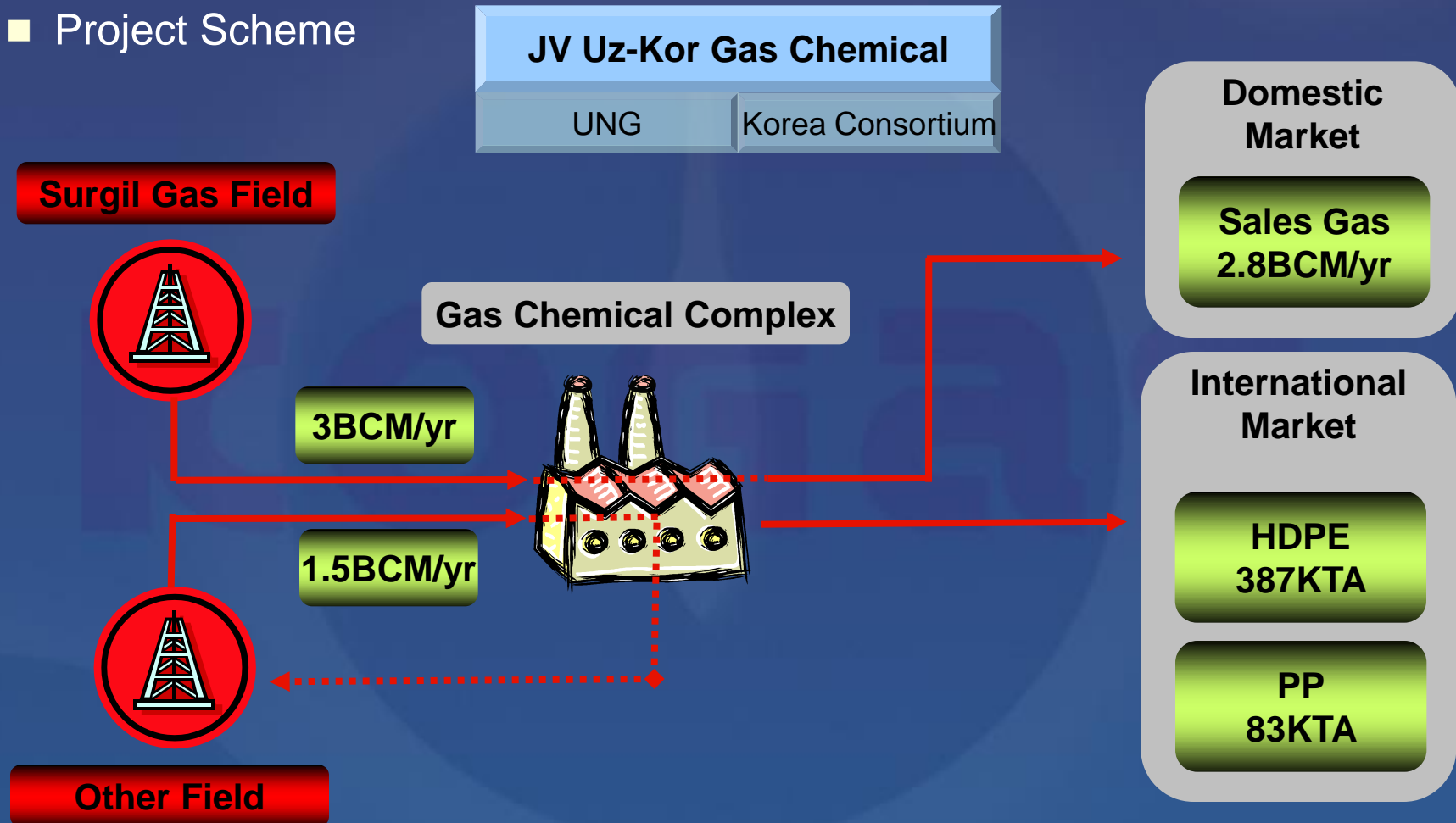
# Surgil project

- KOGAS and Uzbekneftegaz entered into signing MOU “**MOU for cooperation in complex development of Surgil field in Ustyurt region of the Republic of Uzbekistan with the recovery of valuable components**” on 28th March in 2006 during the visit of Uzbekistan President in Seoul.



# Surgil project

## ■ Project Scheme



# Who are Korean Consortium



- The largest LNG import & wholesale, facility operation and E&P business
- 3 LNG terminal, 2,700Km nationwide pipeline network operation
- Sales 14,261blnKRW, net income 365blnKRW in 2007



- Annual 600KT of ethylene product and 1,900KT of series product
- Sales 2,040blnKRW, net income 65blnKRW in 2007
- Honam, Lotte Daesan and KP Chemical will be merged this year



- 6 subsidiaries and 46 representative offices overseas network
- International trade, overseas investment, domestic sales and E&P business
- Sales revenue 5,361blnKRW, net income 47blnKRW in 2007



- 7 overseas branches, especially focus on the China business
- LPG importing, overseas trading, LPG marketing and E&P business
- Sales revenue 3,343blnKRW, net income 63blnKRW in 2007



- Cogeneration/solar cell plant, E&P business, wind power generation
- Sales 226blnKRW, net income 31blnKRW in 2007

# What we achieved

- Mar 26th 2006 : MOU signing between KOGAS and Uzbekneftegaz
- Oct 10th 2007 : Korea Consortium formation (Korea 50%, UNG 50%)
  - \* KOGAS 35%, Lotte Daesan Petrochemical Corp 35%, LG International 10%, SK Gas 10%, STX Energy 10%
- Feb 18th 2008 : Presidential Decree issue
- Feb 25th 2008 : Signing ceremony on the foundation agreement of Uz-Kor Gas Chemical LLC
- Up to now : In a process to select contractors for FEED, FS and EPC

## The importance of the Project

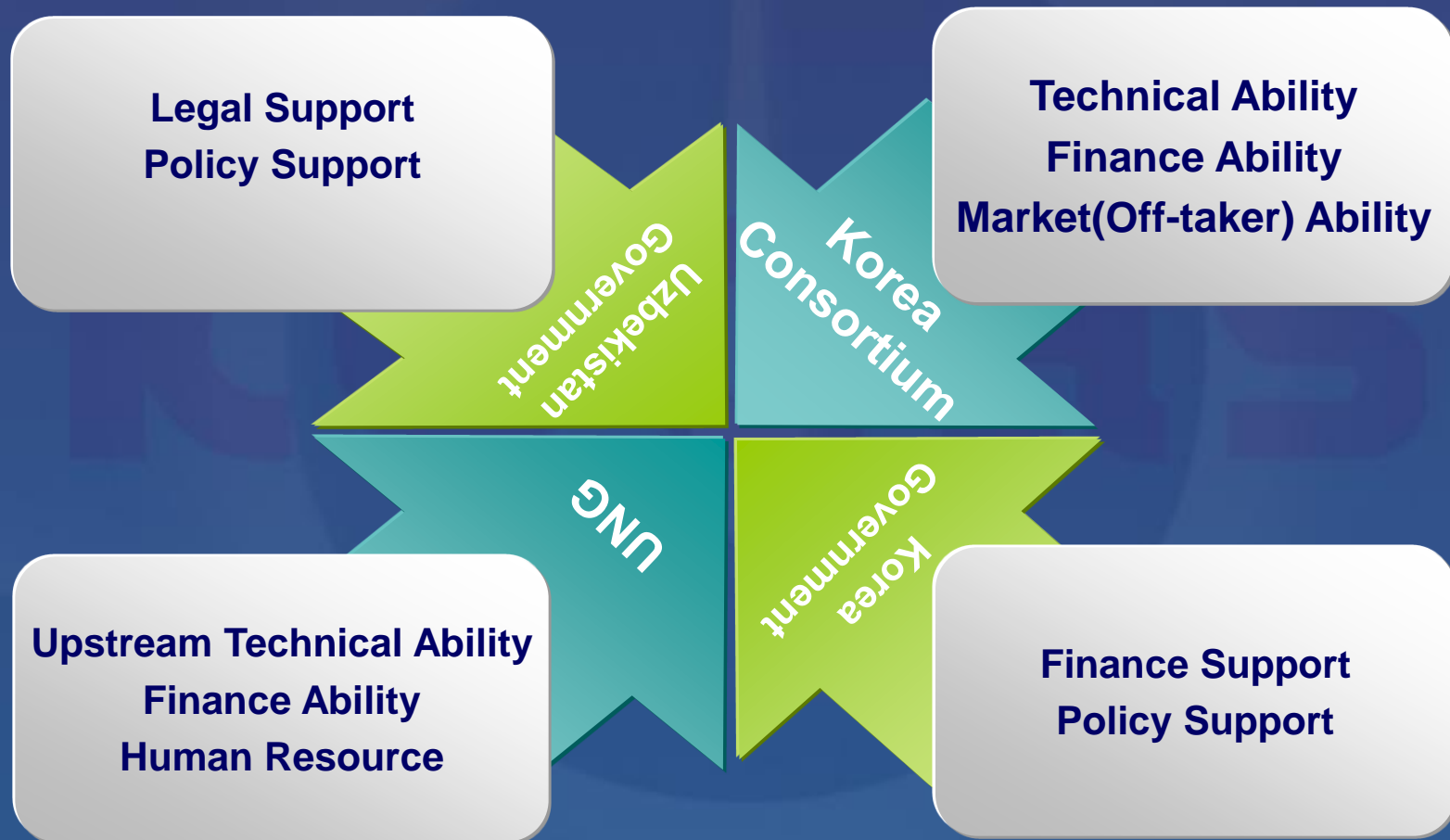
- One of the National Projects driven by the Government : Package Project (E&P + GCC)
- The largest foreign investment project in CIS and Russia region
- Value added project by treating the raw natural resource to produce valuable products

# Challenges and Risks



# Key success factor

- The project could be successful only with win-win strategy



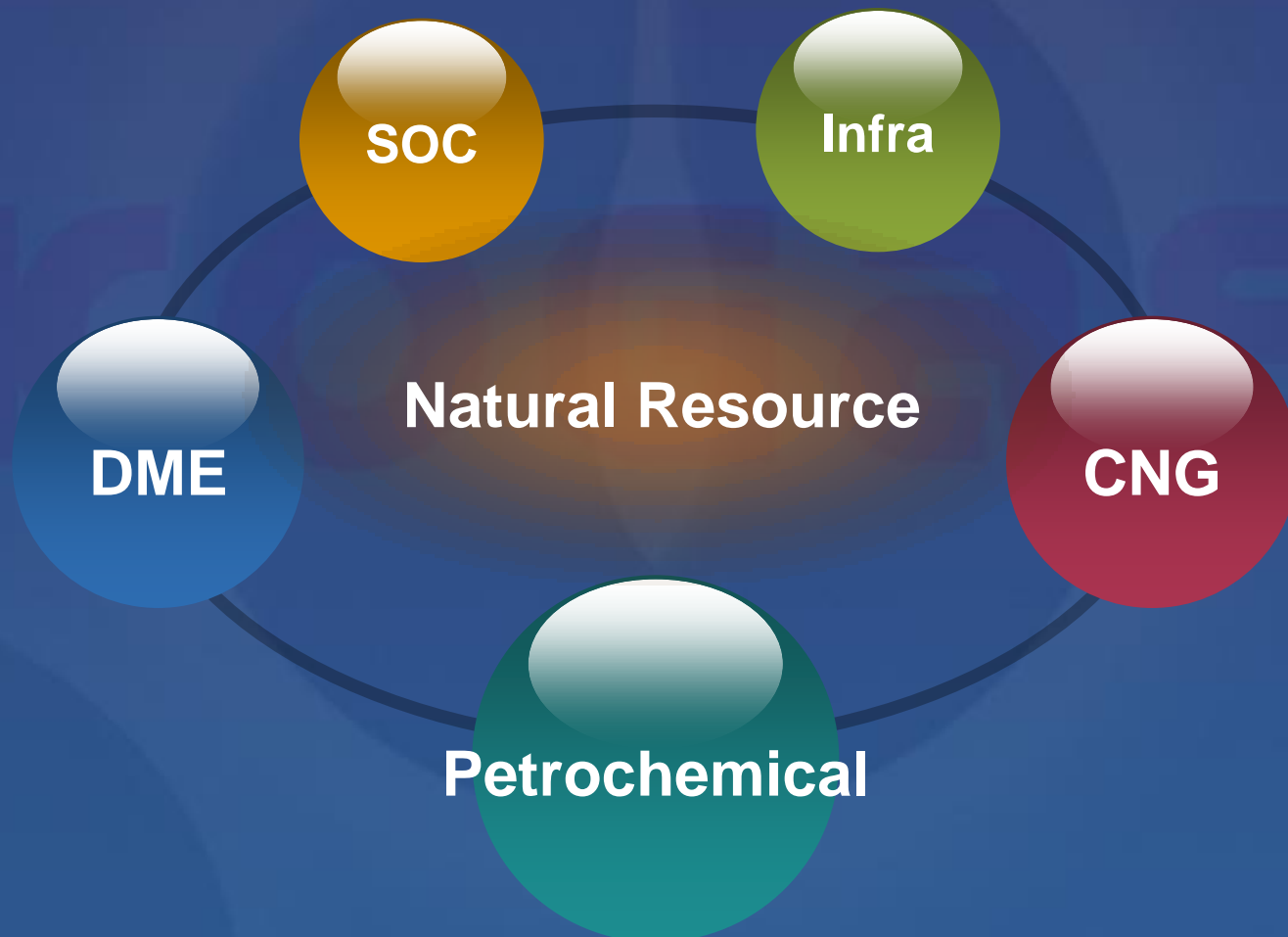
# Conclusion

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# Package Project

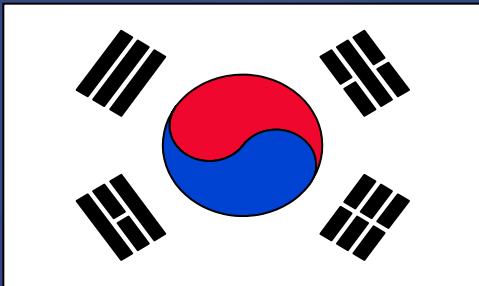
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- a model of partnership between two countries



# Strategic Partnership

- Korea and Uzbekistan have a strategic partnership



- KOGAS is willing to move forward in related fields with Uzbekneftegaz for mutual benefit and synergy achievement



# Thank You!

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# Development of Korea Economy

**1960s : Export Promotion and Developing Light Industries**



**1970s : Developing Heavy & Chemical Industries**



**1980s ~ : Industrial Diversification**

	1960	2007
<b>GDP per capita (in USD)</b>	82	18,173
<b>Share of Manufacturing (in GDP(%))</b>	14.4	24.7
<b>Major Industries</b>	Wigs Eyelashes Clothes Plywood	Shipbuilding (World No.1) Automobile (World No. 5) Semiconductor (World No. 3) Steel (World No. 5)

# Possible Cooperation with KOGAS

## NGV



Korea

Component supply  
Engine conversion

Uzbek

Marketing  
NGV Production

Korea  
Uzbek

NGV Station  
Construction & Operation

## DME



Feasibility Study  
for DME plant with gas field

Build a DME  
Commercial plant

# Surgil site and Infrastructure

