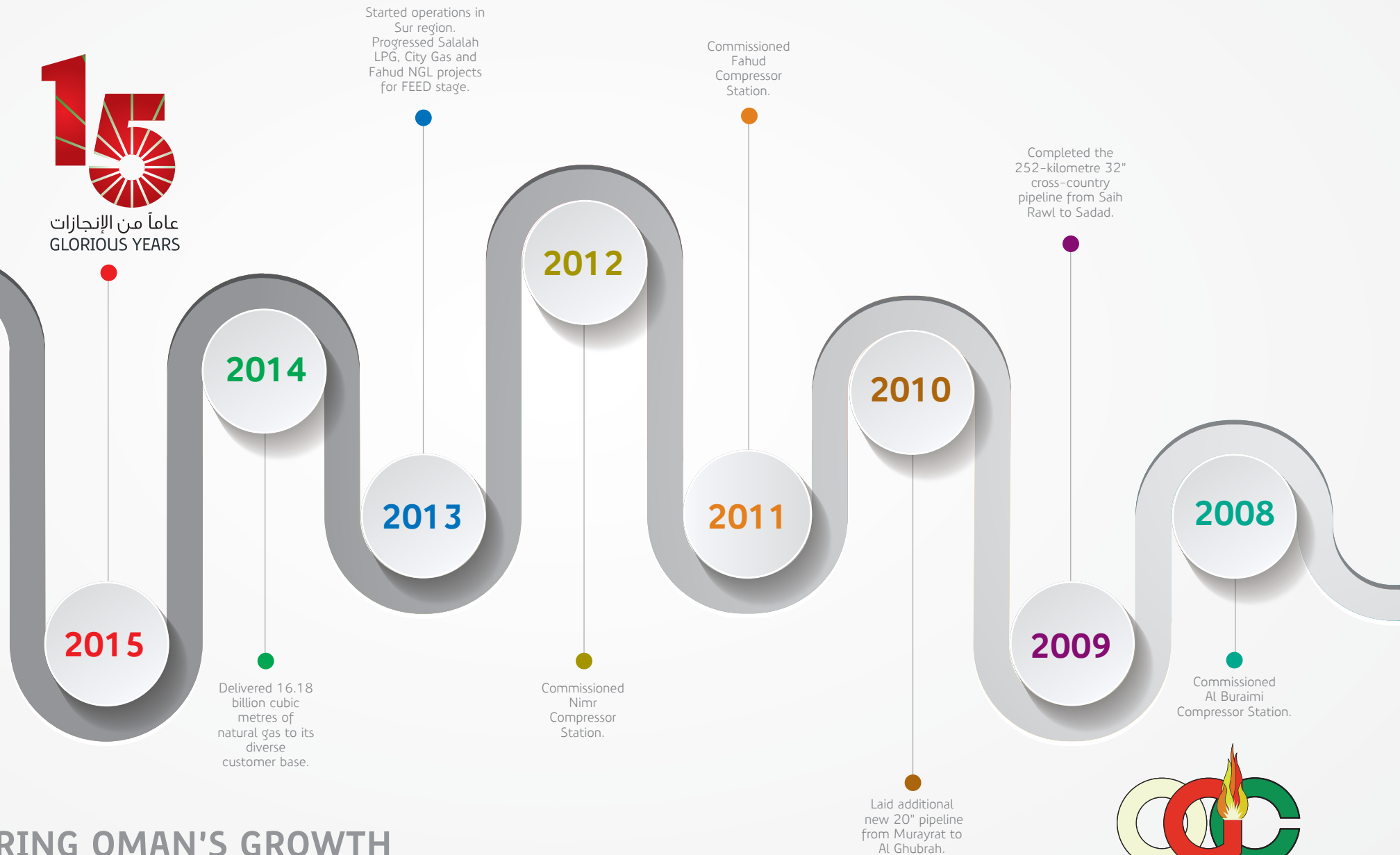




عاماً من الإنجازات
GLORIOUS YEARS



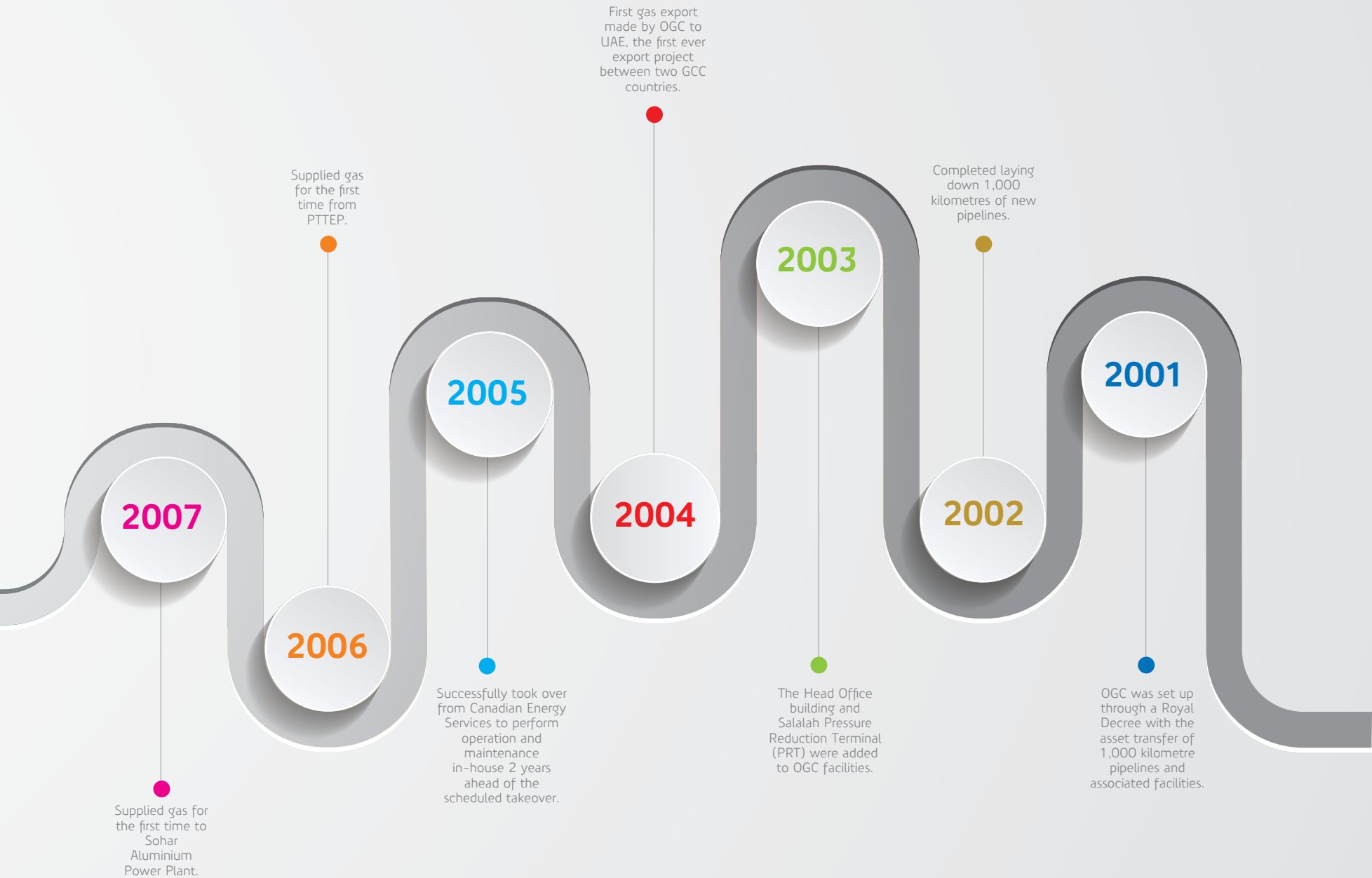
POWERING OMAN'S GROWTH

His Majesty's vision has fuelled our great Nation's growth and has transformed Oman into one of the most progressive States in the region. This transformation is what motivated us to evolve from a gas transportation company to an integrated enterprise that harnesses the power of Oman's natural gas transportation.



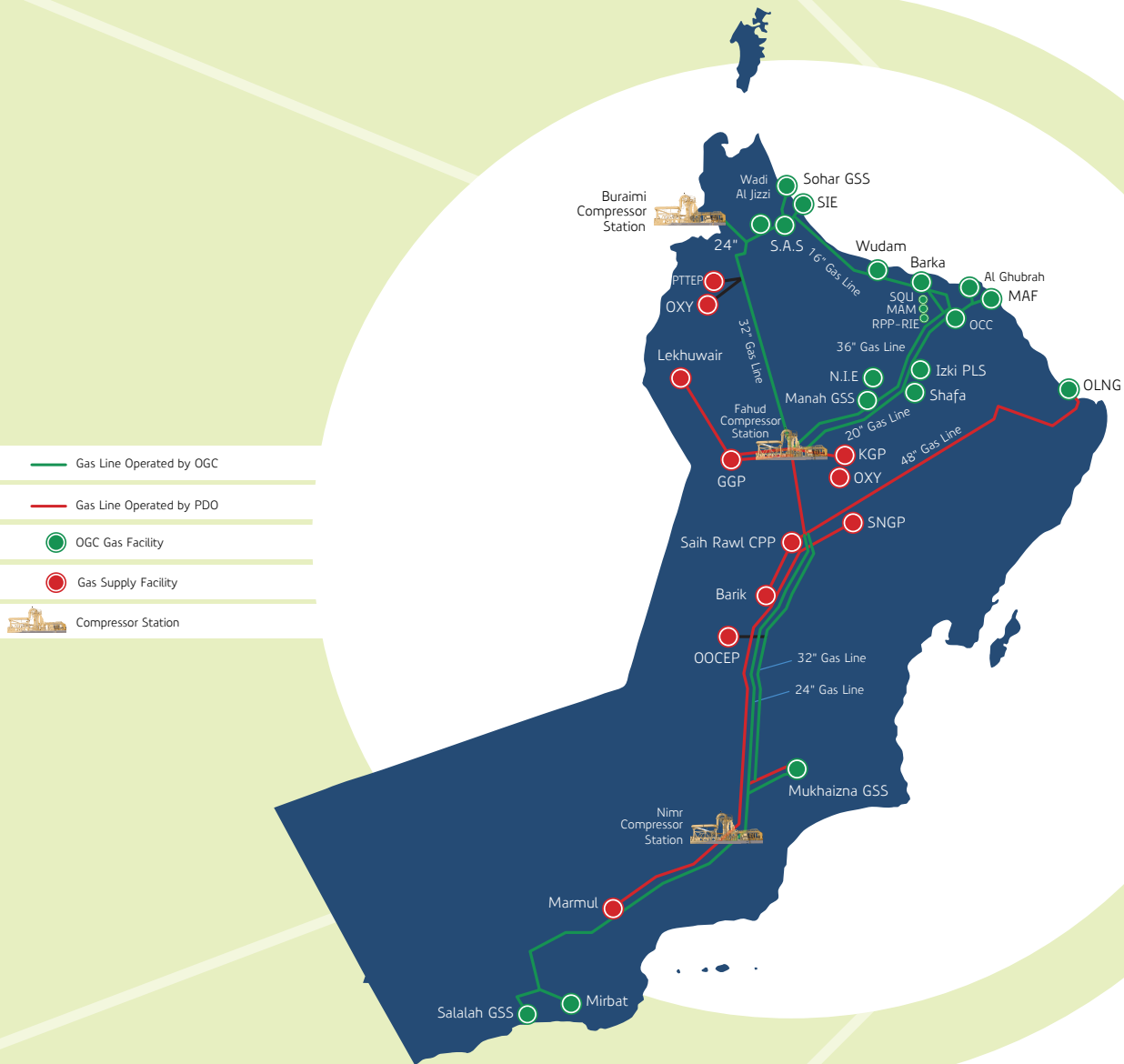
شركة الغاز العمانية ش.م.ع.م
OMAN GAS COMPANY S.A.O.C.

POWERING THE NATION





His Majesty Sultan Qaboos bin Said





Contents

Leading from the Front 5

Chairman's Message	6
Board of Directors	8
Foreword from the MD's Desk	10
Executive Management Team	12

A Glorious Journey 14

Powering Oman's Growth	16
15 Milestones	18

Business Inside 20

Projects Summary	22
Engineering the Transformation	24
Focus on Efficiency	26
Supplying more value across the chain	28
Putting People First	31
Resource Utilisation	34

Corporate Practices 36

Operational Excellence	38
Environment	39
In-Country Value	40
Investing in People	41
Partnering with the Community	42





Leading from the Front



Chairman's Message

The year 2015 had been remarkable on all the fronts. We completed 15 glorious years of serving the nation in its industrial growth journey. We also achieved important goals in the areas of gas availability, safety, profitability and continued to take extraordinary steps towards expanding our operations. This Annual Report attempts to capture what Oman Gas Company (OGC) stands for, bring to the fore our achievements during this journey and project what is next.

A strategic step towards future transformation is the re-structuring of Oman Oil Company (OOC) and its group of companies. It is a move that will bring everyone together to create a more unified organization. Underlying the restructuring is the belief that OOC's group of companies must rationalise its assets into clusters that can be managed more effectively and efficiently, optimise our strength and focus on the areas that are of strategic interest to OOC. Part of this shift in business is the creation of an infrastructure vertical with the objectives to lead the development of Infrastructure in Oman, maximise value return, and be recognised as a key infrastructure player regionally and globally.

OGC will play a core part in this infrastructure for being the bedrock of the industry and powering, throughout the 15 years, all vibrant economic sectors.

But reaching this stage would have been impossible without the dedication of our employees. It is their hard work, diligence and commitment that has helped us succeeding year after year. I would like to congratulate each and every employee on this milestone and hope to receive the same level of support from them going forward.

Meanwhile, let us utilise this occasion to reiterate, assimilate and appreciate the values that have made OGC an organisation that it is now.

I would also like to thank all our shareholders for their continued support in our journey of delivering consistent and responsible growth. I am grateful to my colleagues in the Board for their active and positive contribution in directing the Company affairs; the OGC management, employees, contractors, and customers for their support.

Above all, on behalf of the entire board, I express our deepest gratitude to His Majesty Sultan Qaboos bin Said for his wise leadership and guidance that has nurtured our country for so many decades and made it a Sultanate of peace and bounty.

Isam bin Saud Al Zadjali

Board of Directors



Issam bin Saud Al Zadjali
Chief Executive Officer
Oman Oil Company S.A.O.C
Chairman



Abdullah bin Ahmed Al Shanfari
Chief Operating Officer
Daleel Petroleum LLC
Board Member



Salih bin Ali Al Harthy
Director of Gas Revenues
Ministry of Finance
Board Member



Kalat bin Ghalum Al Balushi
Chief Executive Officer
Oman Investment Corporation
Board Member



Abdulrahman bin Ahmed Al Harthi
Chief Audit Executive
Oman Oil Company S.A.O.C
Board Member



Foreword from the MD's Desk

It was 15 years ago when we started as a company with less than two dozen customers and around 1,000 kilometres of pipelines. Through the journey over these years, we have done incredibly well in all aspects. We built our systems, processes and procedures and evolved to an integrated enterprise harnessing natural gas to power the nation's future.

The year 2015 was an important year for OGC. We delivered 17.24 billion standard cubic metres of natural gas to our 35 customers with an increase of 6.5% compared to 2014 and a daily average supply of 44.33 million standard cubic metres. On 5 July 2015, OGC achieved a record of making the highest daily gas delivery of 56 million cubic metres. All this while maintaining the gas availability at 99.999%.

In terms of business growth and projects, we have successfully executed various projects such as Manah Gas Supply Station de-bottlenecking phase 1, Engineering, Procurement and Construction of Sohar Gas Supply Station 32" Inlet Header Bypass Stream, Salalah 32" pipeline logistics and Interconnection from Fahud Compressor Station to PDO 28" Interlink line phase.

What makes me more proud is our HSE achievements that shows the dedication of each individual towards health, safety and environment giving us a record of 1,693 safe working days, 9.23 million man-hours without Loss Time Incidents (LTI), and 7.89 million safe kilometres driven. Also, no environmental incidents were reported during 2015.

On the Human Resources front, our Omanisation rate was low when we began our journey in 2000, but today we are at 93% with a leadership that is 100% Omanised.

In the future, we certainly have a lot to look forward to as an organisation as we go up the value chain, to gain more and deliver even more. We are working towards further strengthening our midstream operations and be more self-reliant.

In 2016, we will embark on a strategic transformation journey. A'Duqm gas pipeline project, Salalah LPG extraction project and management of Orpic's NGL extraction project at Fahud are all strategic in nature and are aimed at maximising the value chain of the natural gas industry. These projects will enable the country to create a mid-stream industry.

Another dimension of our changed strategy is the new revenue model. We are already running discussions with the government for a certain arrangement for a new tariff system, which will allow it to run the facilities for the government finance these projects and charge a certain fee for providing our services. The new revenue model will help OGC to sustain the ratio of earnings to the shareholders.

Working in accordance with the new restructuring, OGC has taken a strategic approach to develop the Salalah Liquefied Petroleum Gas (SLPG) facility, constructed at Salalah Free Zone (SFZ). The first of its kind project in Oman will maximise gas revenue stream by extracting the rich gas components suitable for downstream converting industries. During commissioning period, the SLPG plant will be operated and maintained by Omani Engineers as part of OGC's commitment towards Omanisation.

We will review our organisation to fit with the new strategic direction to create more synergy with different operation.

I take this opportunity to thank our employees and each one of those who has partnered with us during this journey. A special thanks to the government of Oman, especially the Ministry of Oil & Gas, for extending their support and empowering us to grow along with the nation.

Sultan bin Hamad Al Burtmani
Acting Executive Managing Director

Executive Management Team



Sultan bin Hamad Al Burtmani
Acting Executive Managing Director



Abdulaziz bin Said Al Mujaibi
General Manager - Supply Chain



Mansoor bin Ali Al Abdali
General Manager - Operations



Mahmood bin Mohammad Al Amri
General Manager – Engineering



Amer bin Salim Al Jabri
General Manager – Finance



Wafa bint Lal Bakhsh Al Bulushi
General Manager – Corporate Services





A Glorious Journey



عاماً من الإنجازات
GLORIOUS YEARS

POWERING OMAN'S GROWTH

**Celebrating
Our 15th
Anniversary!**

Oman Gas Company (OGC) is a mid-stream company established in the year 2000 through a Royal Decree with the transfer of an asset of 1000 kilometres of pipelines and associated facilities.

OGC takes pride in being a leading organisation in the Sultanate's Oil and Gas industry and managing Oman's major natural gas distribution network. Since its inception, the company has evolved into an integrated enterprise transmitting natural gas and offering a full range of 'project management services' in pipeline construction. Through its well-monitored processes, gas supplies are provided to light and heavy industries, petrochemicals, desalination and power plants. Today, the Company is managing 2,500 km of pipeline network and supplying gas to 35 customers all the way from Al Buraimi to Salalah.

OGC is driven by its mission to maximise the country's value by developing and operating Oil & Gas facilities that abide by international standards through innovation, efficiency and development of local talent.

The company is also guided by a set of values that govern the operations to ensure customer centricity; employee wellbeing; technical efficiency; safety; social responsibility and integrity. The corporate culture is characterised by its ability to adapt swiftly to the needs of its customers and be able to push the boundaries.

OGC is an active participant in the nation's growth story and has made it an integral part of its journey – be it through the first gas export made by OGC to UAE (the first ever between two GCC countries), construction of the Sohar Pressure Reduction Terminal with 5 streams which nearly doubled the gas delivery capabilities of OGC, maintaining the gas availability at 99.99960%, delivering 17.24 billion cubic metres of natural gas to its diverse customers or sustaining an Omanisation rate of 93%.

The 15th anniversary is an opportunity to appreciate all these milestones that make OGC what it is today. It is also the time to push the lever and script a new chapter in its journey ahead. The vision is to leap to a new independent level, away from Governmental support.



Vision

To be a world-class midstream gas value chain company in Oman.

Mission

To maximise Country's value by developing and operating Oil & Gas facilities to international standards through innovation, efficiency and development of local talent.

15 Milestones

2000

- OGC was set up through a Royal Decree with the transfer of asset of 1000 kilometre pipelines and associated facilities.
- Loans were successfully secured to finance new pipeline projects.

2002

- Successfully took over the operation and maintenance of the gas transportation facility from PDO.
- Completed laying down 1,000 kilometres of new pipelines.
- Added Barka Pressure Reduction Terminal to OGC facilities.

2003

- Supplied gas to Dhofar Power Company.
- The head office building and Salalah Pressure Reduction Terminal (PRT) were added to the OGC facilities.
- The state-of-the-art SCADA system became operational from the control centre located in OGC Head Office.

2004

- Moved operations to the Head Office building and regional offices.
- First gas export made by OGC to UAE, the first ever between two GCC countries.
- Construction commenced on Sohar Pressure Reduction Terminal with 5 streams, which has increased OGC gas deliveries to almost double.

2005

- Successfully took over from Canadian Energy Services to perform operations and maintenance works in-house 2 years ahead of the scheduled takeover.
- OGC received the first gas customer in Sohar Industrial Port area (Sohar Refinery).

2006

- Supplied gas to Sohar Power Plant.
- Successfully completed refinancing.
- Supplied gas for the first time from PTTEP.
- Supplied gas to Oman Refinery Company.

2007

- Supplied gas to Oman Methanol Company.
- Supplied gas to Sohar International Urea & Chemical Industries.
- Supplied gas to Oxy Mukhaiznah.
- Completed gas export to Dolphin Energy, UAE.
- Supplied gas for the first time to Sohar Aluminium power plant.

2008

- Supplied gas to Sohar Aluminium Smelter.
- Supplied gas to Sharq Sohar Steel Rolling Mills.
- Supplied gas to SMN Barka Power and Desalination Plant.
- Commissioned Al Buraimi Compressor Station and Gas Import from Dolphin Energy.
- Supplied gas to OCTAL.
- OGC and contractors completed three years without Lost Time Injury.
- Supplied gas to Aromatics Oman.

2009

- Completed gas supply to Salalah Methanol Company.
- Completed the 252-kilometre 32" cross-country pipeline from Saih Rawl to Sadad.
- Completed the upgrade of Barka gas supply station control system.
- Completed the upgrade of gas supply stations at Rusayl, Wadi Al Jizzi, and Al Gubrah power plants.

2010

- Gas supplied to Vale Pelletizing Company.
- Gas supply enhanced for Oman Cement Company.
- Laid down additional new 20" pipeline from Murayrat to Al Ghubrah.
- Gas supplied to Salalah Methanol and Shadeed Steel & Iron.

2011

- Won the Excellence Award in Omanisation from the Ministry of Manpower for the Oil & Gas Industry and the quality and excellence award from the Arab Administrative Development Organization.
- Concluded Feasibility and Concept Study for Muscat City Gas distribution network.
- Supplying gas to the new Taqa Power Plant.
- Commissioned Fahud Compression Station.

2012

- Successfully managed two major gas production interruption emergencies with minimum impact on gas supplies to customers.
- Supplied gas to Barka III and Sohar II Power Plants.
- Completed FEED for Al Duqm EPC Pipeline Project.
- Executed a concept study for BP export pipeline.
- 70 OGC graduate employees completed their training at Oman Oil Refineries and Petroleum Industries Company (ORPIC).
- Commissioned Nimr Compression Station.

2013

- Achieved 93% Omanisation rate, the highest in the Oil and Gas industry in the Sultanate.
- Completed nearly 1,000 Lost Time Incident (LTI) free days.
- Successfully maintained gas availability at 99.997% with improved station trip and recovery performance.
- Started operations in Sur along with the handover of gas supply to Sur Power Station from Petroleum Development Oman (PDO).
- Progressed Salalah LPG, City Gas and Fahud NGL projects for FEED stage.

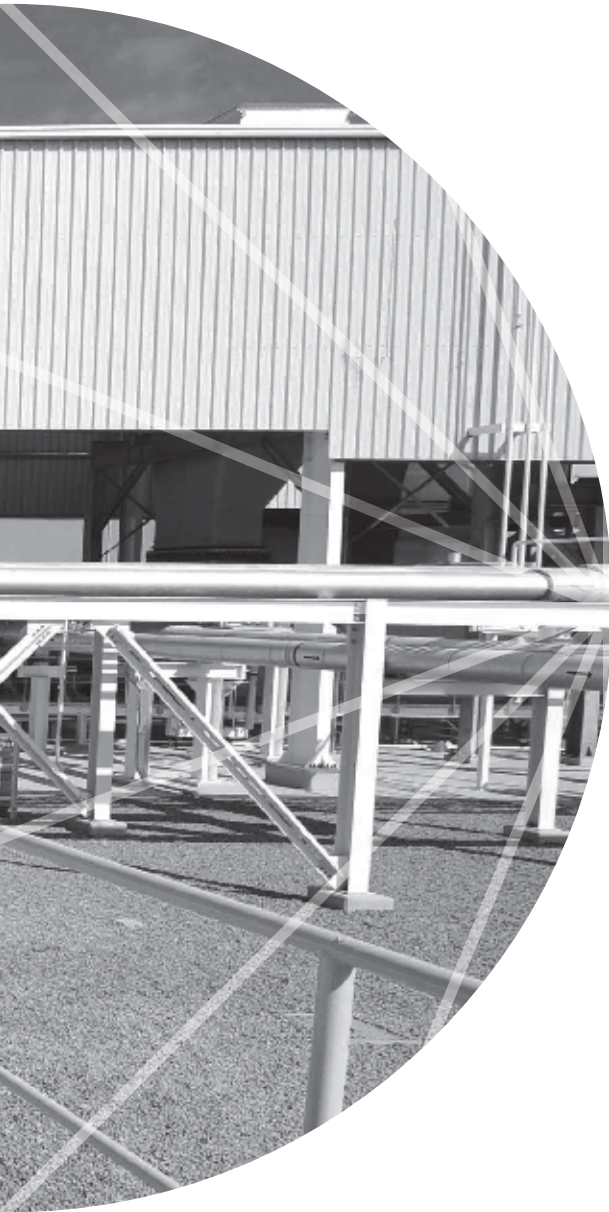
2014

- Won the Excellence Award in Omanisation from the Ministry of Manpower for the Oil & Gas Industry for the second consecutive time.
- Delivered 16.18 billion cubic metres of natural gas to a diverse customer base.
- Catered 44.33 million cubic metres daily average of gas.
- Recorded the highest daily gas delivery of 53.79 million cubic metres on the 21st of July 2014 (the highest ever quantity in the history of the company).
- Maintained 93% Omanisation – the highest rate among Oil & Gas companies in the Sultanate.

2015

- Delivered 17.24 billion standard cubic metres of natural gas to customers in 2015.
- Achieved highest daily gas delivery of 56 million standard cubic metres in 2015.
- Completed four consecutive years without LTI.
- Received the GCC Award for the Localization of Jobs 2015.





Business Inside

Projects Summary



Salalah LPG Extraction

Located in Salalah, the project scope includes delivering 800 ton LPG per day and condensate extraction facility inclusive reroute of existing gas pipelines, new product export pipelines, and storage. The project is currently in the Engineering, Procurement and Construction tendering stage.

The plant will enhance the revenue for Oman Gas Company and play a crucial role in the growth journey of OGC as well as of the country as a whole. The project will also provide better value for LPG extraction from natural gas, which can be exported.

The project will give better value for LPG through export rather than utilising it in the local market, as compared to natural gas. It provides a downstream business opportunity and support local employment.



Orpic NGL Extraction – Gas Pipeline

Liwa Plastics Industries Complex is a transformational project that will improve Orpic's product mix and business model, maximise its profit and support the development of a downstream plastics industry in Oman. For that, Orpic has awarded the construction of 19 MMSCMD NGL extraction plant at Fahud and 300 km of NGL Fahud–Sohar NGL pipeline; along with other parts of its major complex project (Liwa Plastic Industries Complex – LPIC). OGC is the project technical advisor for both extraction plant & product pipeline portions which aim to be the potential Operations & Maintenance operator for the facilities. Orpic's upstream NGL extraction facilities will extract rich gas components "NGL" from natural gas; which will be transported and converted to plastic products through the downstream facilities located at Sohar. The Engineering, Procurement and Construction contract has been awarded for this project.

The project will contribute to the gas industry value chain and help it grow. It also supports the economic diversification of the country with a return over investments. More importantly, the project generates In-country value throughout providing local employment opportunities and supporting the local small and medium enterprises.



Gas Supply to Northern Power Plants

OGC is currently taking up enhancement of existing Northern Gas Grid to supply Natural Gas to more customers. For that, the following parts of this project are being carried out:

- Installation of new 300 km 32" loopline (parallel) to the existing 32" Fahud–Sohar pipeline to satisfy the total demand of 53.4 million standard cubic metre per day (mmscmd).
- Modification and extension of Sohar Gas Supply Station
- Construction of New Ibri Independent Power Project (IPP) Gas Supply Station

The project is of vital importance for sustaining the new & potential industries; which will be developed in the northern part of the Sultanate; especially in Sohar Industrial Area, with the requirements of natural gas. The project will also help to maximise In-country value and improve the National Economy.



A'Duqm Gas Pipeline

The project at A'Duqm is divided into four parts. The first part is pipe supply, which includes the supply of 36" 230km pipeline as part of A'Duqm Gas supply project. The second part is the Engineering, Procurement and Construction of Pipeline consisting the construction of a 36" 230km pipeline and its ancillaries from Saih Nihyada to A'Duqm Industrial area along with Launcher, Receiver Stations and seven (7) Block Valve Stations. The third part calls for the construction of a new Gas Supply Station and its ancillaries in A'Duqm industrial area. This includes regional office, workshop, and storage yard as well as a control room. Finally, the fourth part deals with additional spur line connection facilities between the new A'Duqm Gas Supply Station and new A'Duqm Refinery. The first lot of the pipes have reached Oman, the coating of which will be done locally. The other three parts are currently in the tendering stage.

Engineering the Transformation



"At its heart, engineering is about using science to find creative, practical solutions. It is a noble profession."

With the growth in demand for gas in the country, Oman Gas Company is pushing the pedal to ensure that gas transportation happens seamlessly to all the 35 customers, all this alongside managing the infrastructure expansion. Such are the traits of experts that they can simultaneously balance the present need, prepare for future and manage all complexities therein, and still make it appear effortless. Ensuring readiness for expansion requires a well-laid out strategy and implementation roadmap. This is certainly something the Engineering takes pride working on.

Key Achievements

OGC has successfully executed various projects in the recent times such as Manah Gas Supply Station (GSS) de-bottlenecking phase 1, Engineering, Procurement and Construction (EPC) of Sohar Gas Supply Station (GSS) 32" Inlet Header Bypass Stream, Salalah 32" pipeline logistics, design services for OGC head office extension building and accommodation at Fahud and Nimr, and Interconnection from Fahud Compressor Station (FCS) to PDO 28" Interlink line phase 1.

On the Pipeline Integrity business, several projects have been completed including cathodic protection upgrade for four stations on 16" and 20" pipeline; completed In Line Inspection (ILI) for eight pipelines; loading of 35 pipelines centering to Geographical Information System (GIS); completed 95% of asset inspection; survey and installation of wadi protection such as 200 metre for 36" pipeline in Wadi Bidbid and near Nahada, 60 metre for 20" pipeline in Imty-Izki; implemented online monitoring for Al Buraimi compressor; black powder analysis for southern pipeline network; and installation of online corrosion monitoring for 6" Shafa Spurline.

The programme to rectify the delivery pipeline and flange encapsulation successfully completed at Al Ghubrah Gas Supply Station, Barka Geographical Information System, Wadi Jizzi Geographical Information System and Mirbat Geographical Information System.

OGC has also successfully awarded several Engineering, Procurement and Construction contracts including Murayrat Pressure Limiting Station (PLS) upgrade, A'Duqm Gas pipeline, Al Kamal and OMIFCO metering segregation.

In FEED side, the team has completed several studies such as gas grid integration study, gas supply to power plants in the North and Salalah loop line.

Managing the Projects

As a mid-stream gas company, striking a balance between shareholders' aspiration in delivering gas as and when it is required, and maintaining project cost and quality is a very challenging goal. When there

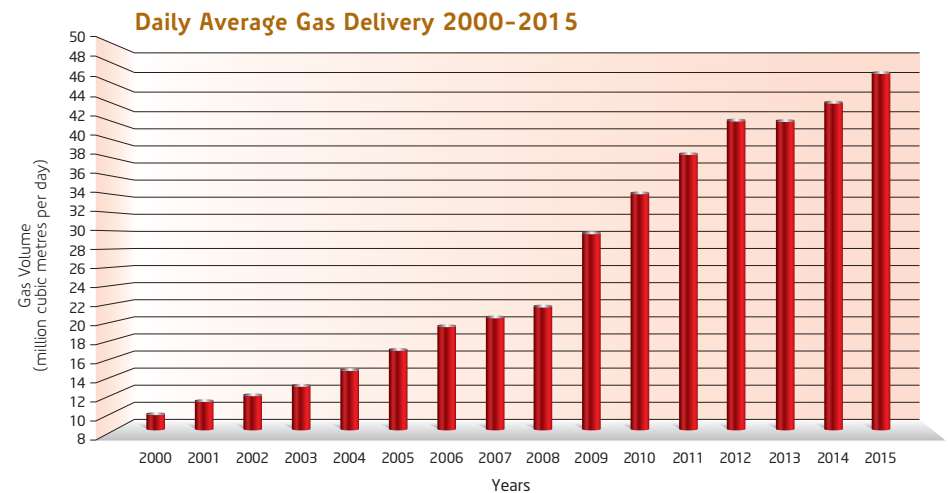
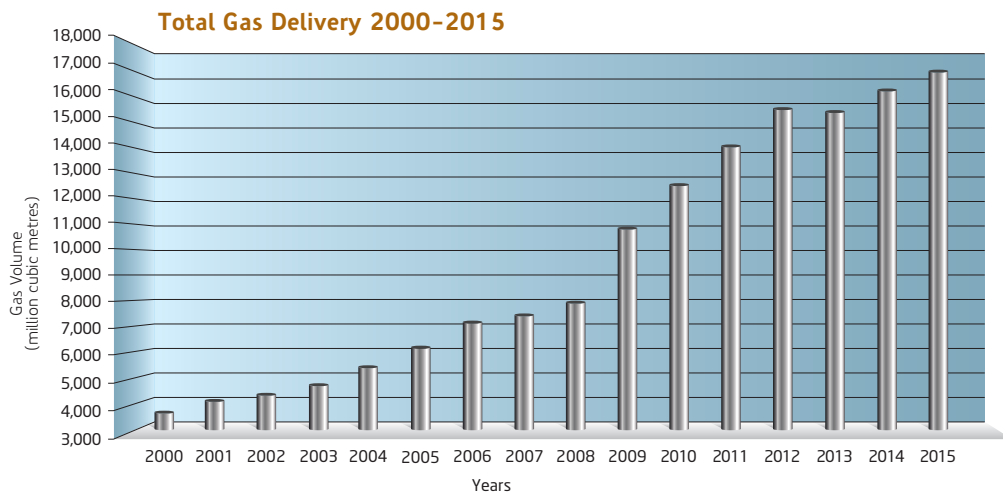
are multiple projects being implemented simultaneously, challenges are inevitable. Delays in reviews and approvals, loss of equipment, security management, inspection delays, methodology trails, audit close-out, stakeholder expectations and many such obstacles may come along but an efficient project management is tackling the issues on the ground and still delivering the promise. The key to ensure timely delivery is deploying the right resources on time. And Oman Gas Company has done it successfully each and every time. Right since its inception 15 years ago, the company has always stayed ahead of the curve, delivering the best with a focus on quality.

OGC has a well-developed project management systems that follow best practices. The lean organisation approach allows flexibility in deploying resources on a need basis.

This approach has helped OGC deliver all project milestones in line with the project time, quality, and

cost. The recent reviews of projects executed during the last five years have indicated that the company has managed to deliver these projects within additional 10% of the projects' approved budgets procurement companies.

This approach has helped OGC deliver all project milestones in line with the project time, quality, and cost. The recent reviews of projects executed during the last five years have indicated that the company has managed to deliver these projects within additional 10% of the projects' approved budgets.



Focus on Efficiency



Oman Gas Company is responsible for transporting gas from five suppliers – Petroleum Development Oman (PDO), Oxy, PTTEP, Oman Oil Company Exploration & Production and Dolphin – to the Private and Public utilities. The company manages a large network of gas transportation, delivering gas to every region and major cities in the country.

With a pipeline network of 2,500 km and three compressor stations located in Fahud, Al Buraimi and Nimr, the complexities of the operations are high.

In terms of highlights, the primary focus of Operations has been to ensure gas availability and managing the growth within the available network, given that the demand for gas has been increasing every year. In 2015, OGC maintained the gas availability at 99.999%. The team also delivered 17.24 billion cubic metres of natural gas to diverse customers with an increase of 6.5% compared to 2014. On the 5th of July 2015, the company achieved the highest daily gas delivery of 56 million cubic metres in its history.

"Efficiency is doing things right; effectiveness is doing the right things."

Maintaining High Standards

Following the industry best practices, OGC is working on reducing its operational costs and improve the overall efficiency. And for the purpose, the team has approached the subject from various dimensions including planning, work structuring, maintenance & reliability management, and operation excellence & assurances. It has introduced several improvement initiatives last year aimed at optimising the processes and systems.

To achieve operation excellence, OGC has embarked on developing Business Continuity Center readiness and is working towards streamlining all its operational functions. Part of it was the asset management gap analysis study that was conducted in 2015.

Integrity Management Plan

The integrity of the asset is crucial to manage the increasing gas demand. An aspect of OGC's Reliability Management strategy is to implement maintenance solutions that manage and enhance the dependability of these assets. And that is where the effectiveness of the 'Integrity Management Plan' comes into play.

Integrity management plan is aimed at assessing and mitigating identified risks through creation of health cards for all pipelines. The engineers make an assessment of the potential threats and overcome the barriers in mitigating them. All of this is weighted against the pressure ratings for the service. The health card is given to the relevant asset manager who is

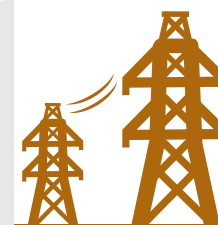
required to run the facility as per the requirements of the health card. The card also details the maintenance plan and helps in improving the health of the facility.

OGC also uses the geographic information system to effectively identify several operational and asset interfaces for its pipelines. As a next step, OGC will implement this system in associated facilities as well.

In this context, the undertaking of a successful four sectional pipeline spools replacement due to localised defects of 24" Saih Rawl-Nimr, 32" Saih Rawl-Sadad, 32" Fahud-Sohar and 36" Fahud-Wadi Izz is worth a special mention, as the activities resulted in maintaining the assets with zero risk integrity repairs. With such uniquely challenging activities involved, no gas supplies interruption has occurred to our customers. There are many other components of the integrity management plan that are helping OGC to maximise the return on assets.

The idea behind operational excellence is simple – work smarter and be cost effective. And that is the mantra going forward as well.

Total delivery of gas per sector:



Power & Desalination
54%



Oil Operations
18%



Industrial & Commercial
28%

Supplying More Value Across the Chain



It is true that every industry presents unique supply chain challenges, but none is as complex as oil and gas. Logistics in the oil and gas industry demand a great sense of urgency and have a high need for visibility. Transporting product requires special equipment, need to abide by strict regulatory compliance and follow extensive safety procedures. It often requires multiple approaches and modes of transportation, involves everything from supplying materials to moving extremely heavy equipment and hazardous materials. For Oman Gas Company, most gas transportation takes place in remote parts of Oman and run around the clock. Hence, if materials are not delivered on time, the consequences are significant.

Managing the entire supply chain in such a vulnerable industry requires a very robust contracting and procuring system in place, which abides by high safety standards. Though the end goal of supply chain management is to provide best customer services at the lowest cost possible, at OGC it is never at the cost of compliance. The mandate for the vendors is clear – the focus is first on safety and compliance, and then on reducing cost.

A well-structured system of checks & balances that include audits and surprise site visits has ensured that OGC maintains a safe and efficient work environment.

"You will not find it difficult to prove that battles, campaigns and even wars have been won or lost primarily because of logistics."

Health Safety and Environment

Health, Safety and Environment is an integral part of OGC operations and it is seen as the fundamental responsibility of all employees who are trained to prevent accidents and take charge of universal safety standards.

Every year, the team sets new goals year and works together to maintain high HSE standards within the organisation. The year 2015 was yet another safe year for OGC and its contractors with 1,693 safe working days, 9.23 million man-hours without Lost Time Incidents (LTI), and 7.89 million safe kilometres driven.

Another feather in the hat for OGC was that no environmental incidents were reported during 2015.

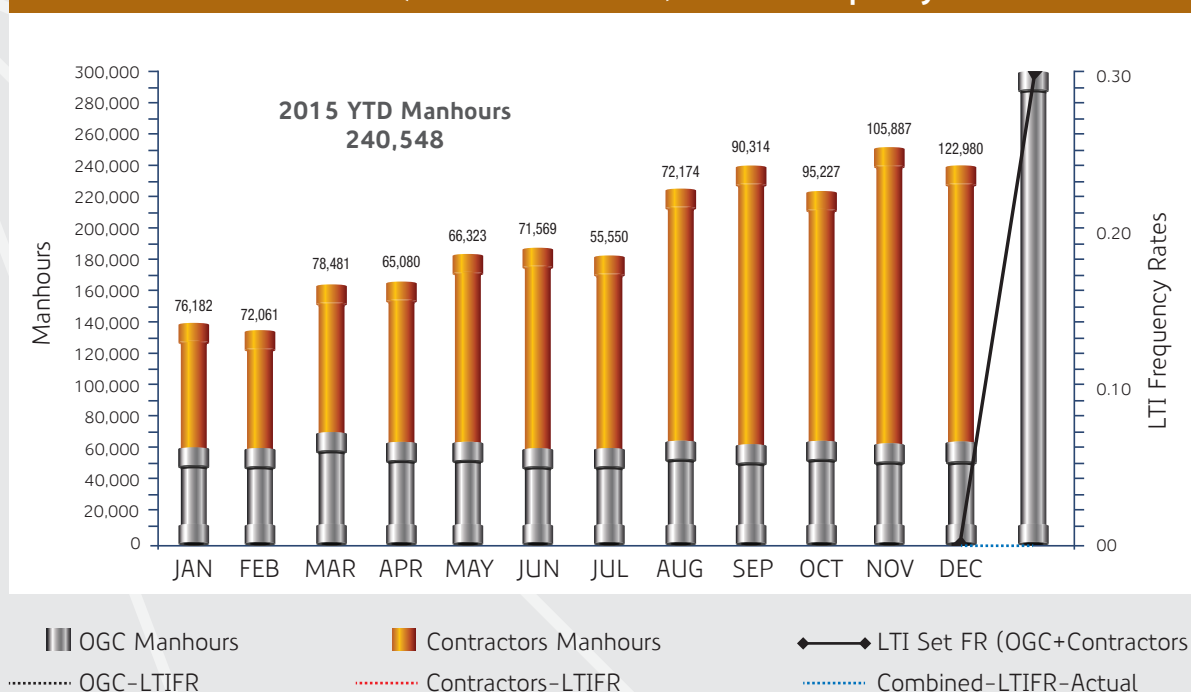
By the end of 2015, the company and its contracts achieved 4 years without Lost Time Incidents.

Going ahead, the aim is not just to maintain what we started but ingrain the tenets of HSE into each and every individual in the organisation so that they can implement in not just within the organisation but even outside.

Recordable Incidents Affecting HSE Performance

Impact to Personnel	Number of Recordable Incident For The Year Of (2015)			2015 Incident Frequency Rates	
	OGC	Contr	Total	Target 2015	A-2015 YTD
Fatalities	0	0	0	0.00	0.00
Lost Time Incident (LTI)	0	0	0	0.30	0.00
Medical Treatment / Restricted Workday Case	0	0	0	0.80	0.00
No. of Days away from work	0	0	0	N/A	0
Occupational Illnesses	0	0	0	0.80	0.00

2015 Combined Manhours (OGC & Contractors) and LTI Frequency Rate



Contracts & Procurements

Total No. of Contracts awarded in 2015



37

Total Value of Contracts awarded in 2015



5,003,742.032

In the year 2015, 37 contracts worth more than RO 5 million were awarded to various contractors. Those include an award of concept study & FEED activities for Ras Markaz Oil Pipeline; Engineering, Procurement & Construction of Salalah Loopline for OGC and Al Kamil Flow Metering Skid (FMS) Take over Project.

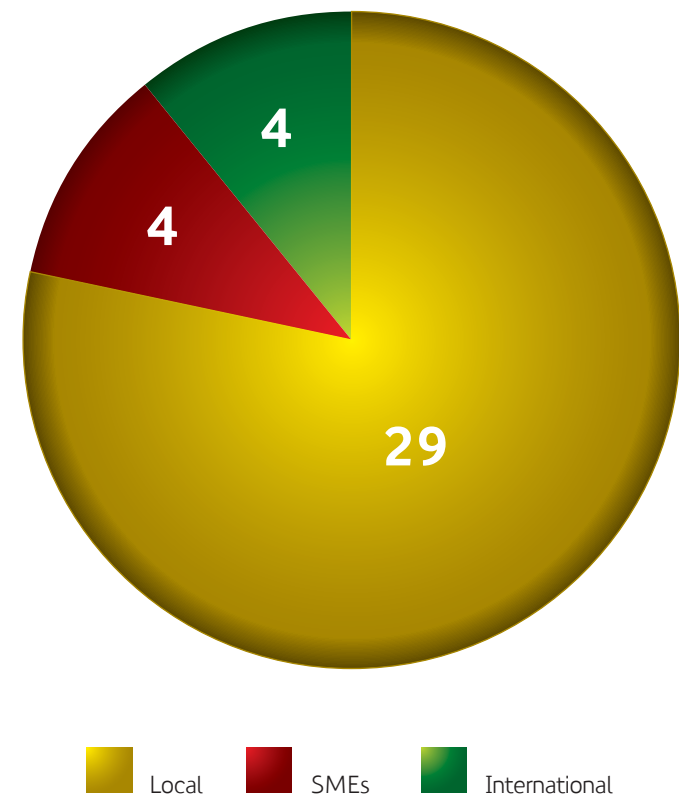
At the heart of the entire Supply Chain management is the endeavour to partner in the nation's development. With a strong In-Country Value (ICV) strategy in place, Oman Gas Company has always given precedence to Small and Medium Enterprises (SMEs) while awarding contracts. The company is also a member of Joint Supplier Registration System (JSRS), promoting the centralisation of vendor's registration in the oil & gas sector, providing better access for SMEs and local companies to the sector. All tender documents have incorporated the ICV terms and conditions and awareness sessions have been carried out for all major contracts by OGC ICV Representative and Oman Oil Company ICV Representative. In 2015, four contracts were awarded to SMEs for a total of RO 285,360.

An Efficient System

The company has put in place an SAP system to streamline its procurement process and the overall operations & finance function, and increase efficiency. As a result, all procurement contracting transactions are auto generated. On the HSE front, the Project Management System (PMS) has helped ascertain the effectiveness of the HSE processes in the company and measures compliance with safety to ensure a safe and secure workplace for employees and contractors.

In the inventory section, a review of the grouping, coding and sub-grouping were undertaken and a year-end stock count was undertaken. This has helped to expedite awarding of contracts and shortening the previous long evaluation process.

Total Number of Contracts in 2015



Putting People First



OGC takes pride in its people. Succession of the business is made through them putting plans in action and delivering OGC success stories. Each and every employee, at Oman Gas Company, is driven by passion to excel and work towards taking the company to the next level.

OGC strongly believes that human capital is the core asset, even more important than other financial and physical assets. Since the company is now taking a new direction and larger role in the industry with many new diversified projects at various stages of planning and execution, a larger pool of dedicated and dynamic employees is required.

Developing Talent

OGC is working towards creating a work environment that will attract the right people. A business framework has been set to focus on increasing efficiency within the infrastructure and processes. This efficiency is a driving factor in the transformation of the company's strategy and the changes coming up in the local and international markets. Last year, 99 % of its training mandate was achieved with 827 technical and soft skill courses conducted, which translates to 49,504 of training hours for 421 employees, at an average of 118 hours per employee. Most of the training courses are undertaken by in-house trainers. OGC has signed numerous Service Level Agreements (SLAs) with different high profiled Companies to share their in house training programmes and collaborate with staff exchange programmes.

"The most valuable of all capital is that invested in human beings"

In addition, OGC launched 'Tatweer', a development programme, targeting its high performers. Alongside, a leadership Development programme was initiated for its Executives.

OGC also undertakes Health & Safety awareness programmes for its employees proactively.

Driving Excellence through its employee engagement programmes is a part of the reach out strategy by OGC. These meetings give OGC a platform to share the company's KPIs, vision, strategy and new businesses with individuals and keep them abreast of the business.

OGC actively engages with the employees at various levels and organises staff meetings to share the Company's strategy and vision, bringing them in alignment with OGC goals. Roadshows have been undertaken to reach out employees at regional offices to keep them informed with organisational achievements, goals and business updates.

To reach out, a monthly employee newsletter is released to the employees which provides latest information about OGC.

Reward and Award

Employees are recognised and rewarded for their extra mile initiatives, either through innovations or engagements.

Good work is recognised through various reward programmes, including the Employee of the Month and Long Service awards. As an effort towards building a conducive and enjoyable work environment, staff gatherings and recreational activities are organised on a periodic basis.

Using Technology to Drive Excellence

In 2015, Oman Gas Company introduced a Performance Management System – Corporate Balance Scorecard – to assess Key Performance Indicators (KPIs) at a corporate level. The aim is to align individual performance with the organisation's goals.

OGC has enhanced the Human Capital management module in SAP to include time, personal administration, organisational, travel, payroll, and Employee Self Service (ESS) portal. This will ensure the resources are optimally utilised, employee productivity can be measured and HR process is streamlined.



Training Hours

2014
26,856

2015
49,504



Total Employees

2014
377

2015
421



Average Training Hours per Employee

2014
71

2015
118

Omanisation

In 2015, the company hired 71 new employees, with 90% of them being Omanis, including 14 fresh graduates. OGC's pride lies in its impressive Omanisation rate of 93%.

In recognition of the high Omanisation rate, the company received the Excellence Award for Omanisation from the Ministry of Manpower for the Oil & Gas sector. Omanisation is something that has been achieved through sustained efforts over the last 15 years. Promoting local workforce is the philosophy of the organisation. Each of them were selected from different streams and nurtured through various training and skills development programmes to get the best out of them.

In-Country Value (ICV) is another aspect

that goes hand-in-hand with Omanisation and Oman Gas Company pioneers in that direction. It has an elaborate ICV strategy, guided by government rules and regulations. OGC is also an active member of the In-Country Value (ICV) committee chaired by the Undersecretary of Ministry of Oil & Gas.

OGC is highly engaged in building local talents. Students are given an opportunity to gain the industrial experience to groom them for future market demands. In 2015, OGC provided this opportunity to 103 students, who received on the job training within different departments for a period of two to four months.

Corporate Social Responsibility

At OGC, the team strives to set standards consistent with our corporate values by being a responsible member of the community that we operate in. The decisions and activities of the company have a direct impact on the environment, the social performance, safety and overall sustainability of the nation.

As part of the ICV strategy, OGC has a strong corporate social responsibility programme. In 2015, OGC has taken a strategic and more focused approach in the CSR areas that closely touches the business and creates sustainability. By the end of September 2015, OGC's contribution reached out to various social causes and charitable organisations.

Moreover, OGC also supports the government HR Competency Development programme that is supervised by the Ministry of Civil Service and sponsored by MOG.



Resource Utilisation



The philosophy of Oman Gas Company is centred on 'fit for purpose'. The budgeting exercise ensures that no effort has been spared to minimise the expenses without compromising on the business objectives. Each year, the team prudently reviews the projects and resource requirements and prioritises them considering the economic environment and the fluctuations in oil price. Optimum resource utilisation has paved way for better financial health. OGC has capitalised the internal as well as Oman Oil Company Group resources to ensure optimal utilisation of the competencies available which reduces the reliance on external resources, without taking any ad hoc measures impacting the budget.

As a company, OGC understands the need to benchmark our activities and budgets against other gas transmission companies globally. In 2016, the company is planning to undertake a benchmarking study to help understanding how this industry has evolved to produce a developed efficiency plan.

"Financial management is at the heart of any business. It is one area that can help drive it forward."

Towards Financial Independence

OGC generates revenue through two sources – gas transmission and project management services (PMS). The company's financial performance in 2015 has been good. The revenue increased to RO47 million compared to RO37 million in 2014, giving the company a clear 27% increase in income. An increase that can be attributed to additional assets acquired from the Ministry of Oil & Gas, which are Mahadha-Al Ain pipeline, Barka and Sohar gas supply stations.

In 2015, the company put in place the Corporate Balanced Scorecard (CBSC), a performance management system that is created to monitor the Key Performance

Indicators (KPIs) at a corporate level. From a financial perspective, it measures the actual variance against the approved operating expenditure budget for the year. The company is adding value to the shareholders by utilising its resources to provide the enhanced PMS.

Banking on the New Revenue Model

OGC is planning to move from a cost-plus based revenue model to a gas transmission network based revenue model and is currently in the process of implementing a Regulated Asset Based (RAB) framework to determine its revenues. The current model (i.e. cost plus approach) greatly means the shipper (i.e. Ministry of Oil & Gas) primarily funds operations and capital projects. Through the new revenue setting model (RAB), OGC could invest in projects, own the assets and charge the shipper for the transmission services. As a result, this will drive the government to invest its funds effectively in key areas like education, hospitals and infrastructure, etc. that are of greater public interest.

Though RAB is considered a new concept in the oil and gas industry in Oman and probably in the region. It is already a model that has been successfully adopted in the electricity sector in Oman since 2005. Once introduced, it will reflect the actual cost of the transmission and allow for more transparency in pricing. It will ease the process of expansion and funding will become more bankable. It will certainly help the company become more financially independent.







Corporate Practices



Operational Excellence

The main objective of the Oman Gas Company is to ensure uninterrupted gas availability to all 35 customers. To maintain the gas availability at 99.999% also means managing the complexities that come with it, be it with people, process or assets.

The only way OGC manages it is through our commitment to operational excellence. In an effort to enhance efficiency, the team is now shifting towards more cost-effective tools and techniques. Choosing Reliability Management to effectively integrate and optimize processes, metrics, tools, technology and work management to achieve sustainable improvements in costs and reliability is a point in example. In 2015, the company conducted a pilot to help move from a time-based structure to reliability and risk management system.

New Initiatives

OGC has enhanced the in-house maintenance capabilities by performing solar turbine machines preventive maintenance independently. The team implemented the NCS Online Monitoring System for the rotating equipment. The system is very useful in monitoring and diagnosing the premature failures for the rotating equipment remotely. The approach is not only more reliable but also cost effective. The ability to continuously monitor the condition of the equipment enables operation and maintenance personnel to determine the status and evaluate the present condition as well as timely detection of abnormalities and initiation of preventive measures.

Crucial to increasing and ensuring gas availability is the integrity of assets. The introduction of Integrity Management plan, as part of Reliability Management, is aimed at assessing and mitigating identified risks in the effort to reduce both the likelihood and consequences of safety and operational incidents looking into the aspects of design, operations, maintenance and inspections to maximise the return on the assets.

The company has also introduced the Geographic Information System (GIS), which will help them in identifying several operational and asset interfaces.

In 2015, OGC launched a new customer feedback questionnaire as part of performance, productivity and quality measures. It initiated end-to-end SAP enhancements involving the restructuring of assets and updating all master data as per the best practices. It also introduced Integrated Activity Planning between all stakeholders for more effective business planning and conducts which subsequently raised business conducts efficiencies. OGC has completed the exercise of developing Feed Gas Shortage Allocation Priority document philosophy with Ministry of Gas & Oman Liquefied Natural Gas (OLNG) which will contribute to managing gas supplies incidences.

Other than this, OGC has also embarked on developing Business Continuity Center readiness and is working towards streamlining all its operational functions. An asset management gap analysis study was conducted in 2015 in this regard and the team is hopeful of obtaining ISO 55000 certification within next three years.

Environment

As one of the leading organisations in the country, it imposes upon Oman Gas Company greater responsibility to protect the environment and support the government in building a sustainable future. The environment is one of the foremost aspects of its Social Responsibility strategy and the company endeavours to take every possible step to make the world a better place. OGC is committed to minimising the environmental impacts of all our operations and properly manage any impacts to ensure sustainability in the long-term. This commitment is achieved by adherence to environmental regulations and standards, regulatory and enforcement practices, monitoring, auditing and reporting. The identification and evaluation, as well as the subsequent implementation of improvements, are actions that this strategic line covers.

Specific actions have also been proposed to improve environmental management, including identifying and evaluating the main environmental impacts of an activity, maintenance of a register of environmental legislation that affects the business and guarantees that it is being complied with and be kept up to date, and appropriate management of residues.

As a step towards moving into the business sustainability, OGC is also working with the

local community to spread awareness. In 2015, the company supported the Oman Eco 2015 Forum, Value in Waste, which aimed at creating awareness of the significance of recycling for sustainable development, recycling in country value (ICV), and the challenges facing the sector. It also highlighted the business opportunities in different aspects such as creating job opportunities, encouraging entrepreneurs to take up this new industry and promoting best practices in the private sector.



In-Country Value

A true measurement of an organisation's success is when it takes its country and its people along on the path of growth. The In-Country Value (ICV) strategy at Oman Gas Company is based on this very premise. Skilled Human Resource is the key to the nation's economic development and OGC has a highly competent and trained Omani workforce. It has a high Omanisation rate of 93% and has been recognised by the government for its effort.

In promoting ICV, it is always important to support small and medium enterprises. This has always been the cornerstone of its framework and several successful initiatives have been implemented. OGC has developed a full fledged ICV plan including a Standard Terms and Conditions for Major Contracts. We work closely with our contractors in educating them about ICV, how it benefits the country as well as the methodology used to track and audit the progress. The company is also a member of Joint Supplier Registration System (JSRS), promoting the centralization of vendor's registration in the oil & gas sector, providing better access for Small and Medium Enterprises (SMEs) and local companies to the sector. OGC continues to be an active member of the ICV committee chaired by the Undersecretary of Ministry of Oil and Gas.

In 2015, we made a significant contribution towards ICV in terms of total contracts awarded to local contracts against international ones. The company awarded four contracts to SMEs for a total of RO 285,360.

While most people continue to believe ICV has a high-cost implication, OGC has proven

through its contracts that it is not true. An example of this is the A'Duqm Gas Supply contract where the pipes were sourced from outside the country but the coating was done locally by a company in Oman. This step actually worked out cheaper for the organisation.

Investing in the Future

Having better educated, skilled graduates in Oman is in the company's interest as an employer. OGC is committed to building a skilled Omani workforce that will meet the requirements of the Omani job market by offering to train and develop their competencies. It is a conscious effort on the part of OGC to sponsor and participate in various career and training fairs. This way we engage with the young graduates and recruit them for fixed period for special training programmes so that they could acquire certain productive skills and get the desired jobs. This initiative started last year with over 100 students taking part in various internship programmes. OGC supported various fairs and programmes including, SQU Career and Training Opportunities Fair, Sohar Career Fair and the Inspire Award - College of Science, Sultan Qaboos University.

OGC supports the government HR Competency Development programme that is supervised by the Ministry of Civil Service and sponsored by Ministry of Oil and Gas. This is a partnership with the private sector institutions to develop future leaders, demonstrate corporate social responsibility, foster cross learning between future leaders of the public and private sector leaders in Oman, and shape a sustainable future.



Investing in People

The Oman Gas Company philosophy reflects the values that guide us. The overall wellbeing and development of our employees are one of our basic tenets. A happy, engaged work environment will pave the way for a productive workforce. Training employees are one of the top priorities for the organisation. OGC has in place a well-structured development plan that includes both technical and soft skills. In 2015, OGC achieved 99% of its training mandate.

Tatweer is a special HR programme that focuses on the enhancement of employee competencies through numerous methods including on-job-training, professional and certified training programmes, accredited international certificates, short or long term secondment in local or international sister companies, and further academic studies. In 2015, 27 employees were brought under the umbrella of this programme. Alongside, a Leadership Team Development programme has also been initiated. The year-long programme has begun for five General Managers in 2015.

In 2015, the Corporate Services conducted a one-day team building workshop in April for its employees titled 'Tafaoul' which addressed areas like communication and trust building skills. The objective of the day was to break the barriers seen amongst the employees and create a dynamic and synergised teams to meet the Company's objectives.

The Company also held an orientation workshop in Salalah on the LPG Project entitled "Contractor's Community Focus" aimed at familiarising the local community in Salalah, companies, and contractors with the opportunities generated by the project.

OGC is a place where work and fun go hand in hand. The company leaves no stone unturned in bringing people together for periodic staff gathering and celebratory events. Three staff gatherings were organised in 2015, which provided employees an opportunity to interact with the leadership team and

understand the business performance. The team also organised several celebratory events on occasions like Women's Day, National Day and Iftar during Ramadan period. OGC also participated in the 2nd Football Tournament for Authorities & Government Companies.

Other than this, several HSE awareness programmes have been conducted to inform employees about the health risks associated with working under direct heat, and what steps should be taken to reduce these risks.



Partnering with the Community

At Oman Gas Company, Corporate Social Responsibility is an essential pillar for the growth and success of the business. It is integral to the very existence of the organisation in the ecosystem.

Giving back to the society is not just fundamental, but also simply right. The OGC goal is to take corporate responsibility to a higher level of social impact, as they believe that creating a healthy, sustainable society is the best way to create a healthy, sustainable business.

The company renders support to charitable organisations and communities nearby their areas of operations. OGC's commitment to corporate social responsibility extended by means of contribution to various social, educational, health causes and organisations.



Some of the community activities undertaken by OGC in 2015 include:

- Established a mini public library at the Women Association in Ibri. The aim was to activate and rehabilitate the Women's Association library and provide more material. The target audience were over 11,600 residents of Ibri.
- Donation of a school bus equipped with safety standards for Oman Association for the Welfare of the Disabled Children. This initiative serves more than 450 children diagnosed with mental, dual physical and hearing disabilities and autism.
- Distribution of food packages for 500 poor and needy families located nearby OGC areas of operations across Muscat, Sohar, Sur, Fahud, Nimr and Salalah. This campaign, which is one of the most important activities held by the company, derives from OGC social responsibility and philanthropic initiatives towards the local community.
- As part of our ongoing charitable initiatives, a team of volunteers celebrated the joy of Eid with children in the paediatric ward at the Royal Hospital by distributing gifts and wishing them a speedy recovery.
- Supported the Omani Society for the Hearing Impaired to purchase some medical devices that are essential for the hearing impaired people. The devices were given to 10 people.
- Supported the General Directorate of Social Development in purchasing 40 specialised medical Commode Chairs for the elderly and disabled people.
- Engaged with the local community living

nearby OGC pipelines route in Al Khuwair in the Wilayat of Bahla to furnish a public facility which can be used for different social events and gatherings.

Other than this, OGC also organised blood donation drives to meet the needs of accident victims and help save lives. Besides that, they also conducted road safety awareness campaigns to educate people about uncertainties of roads, to promote a safer driving environment, and to strive to reduce road accidents, which take away lives each year.



Transforming the Nation for Better



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GLORIOUS YEARS



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