

Dolphin energy and its business issues

Business, Strategy



Strategic Planning Activities of Dolphin Energy

Introduction

Dolphin Energy a gas company based in Abu Dhabi, United Arab Emirates (U. A. E) was established more than a decade ago by the government of Abu Dhabi. At the moment the ownership structure involves a joint venture by Mubadala Development Company (MDC), on behalf of the Government of Abu Dhabi, Total and Occidental Petroleum. The company leadership structure consists of a chairman who oversees all company projects together with the board members.

With the vision to be a leading and a reliable supplier of clean energy in a socially responsible manner, Dolphin Energy supports the development of substantial long term new industries throughout the region. The chairman, in his message, further emphasizes the ideal that, “ as a modern engineering marvel and a 21st century vision of international trade, the Dolphin gas project is a source of clean, reliable new energy for the southern gulf.” According to the company’s website (dolphinenergy. com), this endeavor helps in creating sustainable wealth, economic growth and employment opportunities for the citizens of the region.

As a gas energy company, Dolphin energy has a mission with a strategic energy initiative to produce, process and supply substantial quantities of natural gas from offshore Qatar to the U. A. E and Oman over a period of 25 years.

The company enforces the “ F. I. R. S. T” principle of its values that encompasses: Fiscal Responsibility, Integrity, Respect, Social Responsibility and Teamwork for excellence.

The company’s major project is the Dolphin Gas Project that entails the production and processing of natural gas from Qatar’s North Field to the U. A. E and Oman regions. The processing takes place at a processing plant located in Qatar’s Ras Laffan Industrial City. Thereafter, the gas is transported and refined to methane by sub-sea export pipeline. According to the chairman, Dolphin Energy Limited Hamdan Bin Zayed Al Nahayan, since February 2008 the company has been supplying two billion standard cubic feet of natural gas per day. Also, the supply of gas to Oman region started later in the year 2008. Currently, Dolphin Energy supplies natural gas to all seven emirates and to the sultanate of Oman. The top long term contract customers include: Abu Dhabi Water and Electric Company (ADWEC), Dubai Supply Authority (DUSUP) and the Oman Oil Company (OOC).

The Chairman further emphasizes that, “ the venture wouldn’t have been possible without years of visionary planning, drilling and construction...” (Hamdan Bin Zayed Al Nahayan, Dolphin energy). This clearly illustrates the organization’s strong belief in the importance of planning in the successful undertaking of formal and emerging strategic activities.

Strategic Tools and Instruments

Strategic planning entails a process of mapping out products services and activities that serve the needs of the population that the program targets. As such the Dolphin gas project of Dolphin Energy Limited is a strategic

initiative. The marketing and distribution function of Dolphin energy falls into two distinct categories. The sale of Dolphin energy's natural gas and the sale of condensate, LPG, Sulfur and Ethane which are valuable by products of the company's Gas processing plant in Qatar (dolphinenergy. com). The marketing and sales of the company's natural gas is the responsibility of the company's marketing and commercial division.

To ensure a secure constant market destination the sales of Dolphin energy's natural gas are under long term contractual agreements to main customers in the UAE. Another strategic activity involves the uninterrupted third party supply from Qatar Petroleum which has facilitated a means to meet the growing customers' demand. In addition the company engages in short term interruptible Gas Sales Agreements with the Federal Electricity and Water Authority (FEWA), Ras Al Khaimah Natural Gas Commission (RAKGas), Sharjah Electricity and Water Authority (SEWA) as well as ADWEC and DUSUP.

Formal Strategies versus Emerging strategies

The company has over the years enjoyed successful growth in the business as a result of commitment and engagement with its contractors. The company in Nov 25, 2014 awarded three contractors for their sustained commitment to improving communication strategies and enhancing overall standards of Health, Safety and the environment (HSE). Dolphin Energy Limited organizes the annual HSE contractors meeting that brings together company representatives in a workshop engagement with the company's key contractors. The importance of the workshop as Mr. Adel Albuainain, General Manager of Dolphin Energy, points out is that an effective and

productive partnership between the company and its contractors is vital. As such, the company key contractors collaborate with the organization to improve HSE performance and strengthen the safety culture across the company.

Moreover, the company has formulated and implemented programs that focus on the continuous improvement and engagement with employees to emphasize sound safety processes and procedure. The new implementation offer room for accommodation of emerging strategies and actively gets rid of the risk presented by formal strategies in the work place.

Planning flexibility

Dolphin Energy strategic natural gas joint venture is increasing its facilities to boost gas exports from Qatar to the UAE (Neuhof, 2013). According to Neuhof (2013), Mubadala petroleum and the joint venture partners Total and Occidental are keen to increase the supplies that come to Abu Dhabi and are distributed to Dubai and Oman by 1 billion cubic feet. This move has been contributed by the gas crunch being experienced in the UAE.

The structural of the undersea Dolphin pipeline from Qatar to Abu Dhabi is designed to accommodate 3.2 billion cubic feet. However, the compression facilities in Qatar and the existing long-term sales contracts allow for only 2.2 billion to actually pass through. Mubadala Petroleum Chief executive commented that, the company is working hard in cooperation with Qatar to increase the capacity of the pipeline and hopefully bring even more natural gas to Abu Dhabi.

In its operational activities, the company management notes that the pipeline may not transport the 3.2 billion cubic feet every day of the year but it should be enough gas to expand the compression unit economically. In a flexibility preparation for an unlikely renewal of contract a considerable mark-up on the current price is required. The gas prices is the main stumbling block to further imports. Dolphin energy pays a low price of US\$1.30 per million British thermal units for its gas which is way below the price fetched in the international markets.

Strategic planning responsibility in Dolphin Energy Limited

Dolphin Energy Limited has engaged in building more pipelines to bring additional natural gas produce to the northern emirates. This is essential in addressing the gas balance and the energy balance of the UAE.

As a top planning responsibility Mr. Ansari the Chief executive says, the company is at the front end engineering design stage of the northern emirates pipeline project, which will see a new spur line extended from the existing Taweelah-Fujairah Pipeline to receiving facilities at Saja'a, Sharjah.

Mubadala Petroleum, as a subsidiary of Dolphin Limited's oil and Gas, aims to broaden its upstream portfolio in the Arabian Gulf to the east of South Asia. The company is also planning to invest in new emerging gas and oil regions. For example, recent Oil and gas findings in East and west Africa have caught the company's attention to invest.

Strategic Execution and Implementation

Neuhof (2013) details that, Dolphin gas project is not the only import project that the company is involved in. it has teamed up with the international

petroleum investment company (IPIC) for an import terminal in Fujairah. If executed and upon completion of set-up as planned the floating terminal will be able to receive 9 million tonnes of liquefied natural gas (LNG) by 2016. This project will further help counter the growing gap between supply and demand that has resulted from economic development and population increase in the region.

Dolphin strategic execution and implementation involves investing heavily in exploration. The company has identified east and West Africa as an area of growth. The chief executive officer also believes that the risk premium in the aftermath of the Arab Spring has made upstream assets in North Africa more lucrative (Neuhof, 2013). Furthermore, the company also sees a lot of opportunities particularly in North Africa and parts of the Gulf that have suffered from fall of investment.

The biggest challenges arise from the extensive difference in natural gas pricing locally and internationally. As noted earlier, Dolphin Energy Limited pays a low price of US\$1.30 per million British thermal units for its gas which is way below the price fetched in the international markets. In addition to this, the energy demands are on the rise to sustain the country's economic development and additional volumes are needed. In the implementation strategy to meeting surging demands, the company recently soaked up diverted LNG supplies from Qatar.

Planning Outcomes

Taking up the implementation plans resulted to significant outcomes for both the company's benefit and the emirates economy. In meeting surging

demands, the company took up to 300 million standard cubic feet (scf) per day between June and September (McAuley, 2014). This resulted to the production milestone of 5 trillion scf since operations began in 2007.

Summary and Conclusion

In the recent years, the UAE natural gas consumption has been rising sharply for both industrial expansion and the consumer demand. Dolphin Energy Limited is positioned for growth both in the long term and long run due to the rising surge in demand.

The strategic planning activities of the company are aimed at catapulting this growth and further full filling the mission of creating sustainable wealth, economic growth and employment opportunities for the citizens of the region.

Recommendation

“ The outlook is that the demand for natural gas will continue to rise due to industrial development and population growth.” In a bid to meet the more than five percent growth a year, the chief executive officer recommended three new export gas compressors to be commissioned in the first quarter of 2015 at the processing plant in Ras Laffan. This will resultantly help to enhance the availability and reliability of the natural gas exports to the UAE and Oman.