

Qatar's First Qflex Tankers Hit The Waves

Qatar's first two Qflex ships, the *Al Safliya* and the *Al Ruwais*, have been handed over to their owner while another pair is scheduled for delivery in the next several days. Korea's Daewoo Shipbuilding & Marine Engineering delivered these initial vessels to a joint venture grouping Qatar Gas Transport Co, Pronav and Commerzleasing on October 31. Two more Qflex ships called the *Tembek* and *Al Qattara* were also due to be handed over to another ship owning venture comprising QGTC and Overseas Shipholding Group by Samsung Heavy Industries and Hyundai Heavy Industries in late October. But this delivery date has now slipped into November. The four new carriers sized at 210,100 m³ and 216,200 m³ are expected to set sail for Qatar's Ras Laffan soon.

These ships, along with four more Qflex vessels set for delivery early next year, were built to transport output from Qatargas 2 to markets in the UK. However, construction delays have held up both the export venture and the South Hook LNG terminal being built at Milford Haven to receive the cargoes. This trade is not set to start until the middle of next year, leaving the Qflex ships with time on their hands (see **LNGWM**, Apr '07). QGTC and its partners have been looking at a range of options for the vessels, including putting them into temporary lay up or trading them on the spot market. Doha would prefer to transport at least one cargo on each ship to demonstrate their potential and dispel speculation about possible technical problems. This would also give terminals some operating experience with the behemoths. "People representing the charterer have made it very clear: They do not want to lay these ships up," says one industry source.



Source: QGTC

From the very inception, the Qataris knew the size of these vessels would limit their trading flexibility. This was not considered a serious problem as the ships are part of a series of mega-sized delivery chains. But the first Qflex tankers are leaving the ship yard before the other links in the value chain are in place and finding alternative employment isn't proving an easy matter.

Qflex Delivery Schedule						
Vessel	Size (m ³)	Delivery Date	Ship Yard	Tank Type	Shipowner	
<i>Al Safliya</i>	210,100	Oct '07	DSME	GT	QGTC, Commerzleasing, Pronav	
<i>Al Ruwais</i>	210,100	Oct '07	DSME	GT	QGTC, Commerzleasing, Pronav	
<i>Tembek</i>	216,200	Oct/Nov '07	SHI	TGZ	QGTC, OSG	
<i>Al Qattara</i>	216,200	Oct/Nov '07	HHI	TGZ	QGTC, OSG	
<i>Al Gharrafa</i>	216,200	Q1 '08	HHI	TGZ	QGTC, OSG	
<i>Al Hamla</i>	216,200	Q1 '08	SHI	TGZ	QGTC, OSG	
<i>Al Ghariya</i>	210,100	Q1 '08	DSME	GT	QGTC, Commerzleasing, Pronav	
<i>Duhail</i>	210,100	Q1 '08	DSME	GT	QGTC, Commerzleasing, Pronav	

Source: Poten & Partners

Korea's Kogas is upgrading its terminals to accommodate the Qflex design, leading to speculation that the first few vessels will be used as floating storage to compensate for four 200,000 cubic meter storage tanks shut down at Incheon. This has yet to materialize, however. On the US Gulf Coast, two new terminals slated for startup early next year can take the larger ships while Sempra's Energia Costa Azul facility in Mexico's Baja California is also Qflex compatible (see related article above). Europe presents possibilities as Belgium's Zeebrugge terminal, Bilbao in Spain and southern France's new Fos Cavaou facility can handle these ships. In addition, Japan's Tohoku Electric has just secured permission to receive Qflex vessels at its Nihonkai receiving terminal in Niigata prefecture.

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There has also been talk in the industry about technical issues with the mega ships. Rumored problems have ranged from complications with the onboard re-liquefaction units to strong vibrations on one of the new builds due to a poorly calibrated stern tube shaft. However, the big three Korean yards have an excellent reputation for delivering high quality ships. Anticipating potential issues, the Qataris scheduled early delivery of the vessels to iron out early teething problems. They also chose an experienced operator when they awarded a management contract on the fleet to Shell earlier this year (see **LNGWM**, Jul '07). Nakilat, as QGTC likes to be called, has ordered a total of 45 Q-sized ships. In addition to the four this year, 19 are scheduled for delivery in 2008, another 16 in 2009 and the remaining six in 2010.