UAE to Build LNG Terminal that Bypasses Strait of Hormuz

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DUBAI, United Arab Emirates (AP) — An energy company in the United Arab Emirates said Tuesday it is developing a terminal to receive liquefied natural gas supplies on the country's eastern coast, bypassing the strategically sensitive Strait of Hormuz.

The new terminal will be located in the port city of Fujairah, which unlike most of the country faces the Gulf of Oman. That would likely put it out of reach of any attempt by Iran to block tanker traffic in and out of the strait.

LNG is supercooled natural gas converted to a liquid for easier transport on specially designed supertankers. Although the UAE is OPEC's third-largest oil exporter, it must import natural gas to meet domestic energy needs.

Mubadala Development Co.'s oil and gas division confirmed in a brief statement that it is working on the project, though it declined to discuss how much gas the facility will handle. Financial details weren't disclosed.

It expects the terminal to receive its first supplies in two to three years.

The Fujairah terminal will be based around what is known as a floating LNG storage and regasification unit — effectively a stationary ship that holds and converts the fuel back into gas before piping it onshore.

Mubadala is owned by the government of Abu Dhabi, the capital of the UAE and the largest and richest of the federation's seven emirates.

Much of the UAE's existing gas imports come through the Dolphin pipeline, a joint venture between Mubadala, Total SA and Occidental Petroleum Corp. that connects the Emirates with neighboring Qatar and Oman.

Iran has repeatedly threatened to shut the Strait of Hormuz in retaliation over U.S. and European-led efforts to thwart its disputed nuclear program. The West and others fear Iran is trying to produce nuclear weapons, but Tehran says it only seeks reactors for energy and medical research.

The strait is the route for a fifth of the world's oil exports. It is also a key transit route for natural gas exports, particularly from Qatar, the world's largest LNG supplier.

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