EGYPT
OIL&GAS
RESEARCH & ANALYSIS



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EGYPT'S Oil & Gas Exploration & Drilling Activities

A CATALYST FOR GROWTH

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A CATALYST FOR GROWTH

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Key Takeaways

Rigs Activity Update over (2021-2023)

Per Area	Per Type
111	161

Expansion of Drilled Wells over FYs (2020/21 - 2022/23)

Development	Exploratory
862	251

Total 1,113

New Crude Oil & Natural Gas Discoveries over (2021-2023)

Crude Oil	Natural Gas
132	38

Total 170

Egypt has a long history of pioneering exploration and drilling activities in the oil and gas sector from the early 1880s. Egypt's strategic location and abundant reserves have made it a focal point for global exploration and development.

A significant number of concessions across Egypt's regions are currently under exploration and production (E&P) operations by a wide range of international oil companies (IOCs) and national oil companies (NOCs).

Despite the global challenges from 2021 to 2023, Egypt has attracted significant investment in its oil and gas sector, signing 40 agreements with an investment of about $3 billion. The country has also made significant strides in exploration, with 170 oil and gas discoveries during this period, according to the Ministry of Petroleum and Minerals Resources (MoPMR).

This report examines Egypt's oil and gas exploration activities from 2021 to 2023, by presenting international bid rounds, the sector's signed agreements, the drilling landscape, as well as the key discoveries.

INTERNATIONAL BID ROUNDS

As part of Egypt's efforts to increase production and add more reserves to drive growth within the oil and gas sector, Egypt Upstream Gateway (EUG) launched a group of international bids. These bid rounds apply the latest international methods and technologies to encourage investors and IOCs to invest in oil and gas exploration activities.

It is worth mentioning that in March 2023, the MoPMR announced the initiation of a brownfields international bid round by the Egyptian General Petroleum Corporation (EGPC) through EUG. The bid round includes eight producing fields in the Gulf of Suez and the Eastern Desert. Two of the fields are under the supervision of the Suez Oil Company (SUCO) and five are being supervised by the Offshore Shukheir Oil Company (OSOCO).

Bid Rounds Highlights over (2021-2023)



Blocks

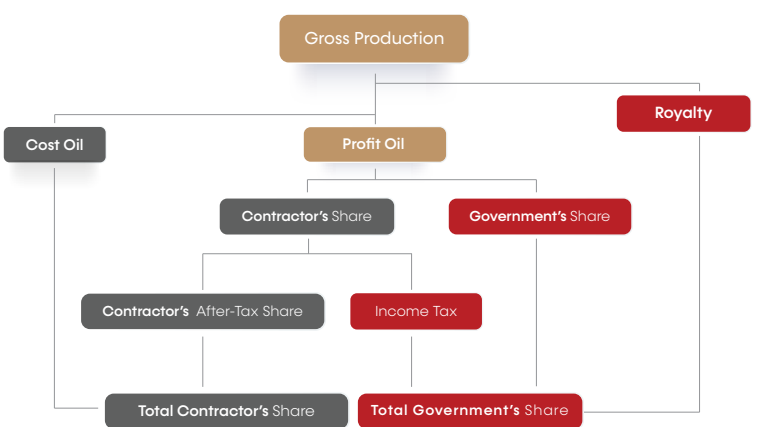
Total	Awarded	Ongoing
68	21	23

AGREEMENTS HIGHLIGHTS

Framework of PSAs

Production Sharing Agreements (PSAs) are the contractual framework Egypt adopted to facilitate the relationship between the government and IOCs for the exploration and development of oil and gas resources. These agreements aim to balance Egypt's sovereignty over its natural resources with the IOCs' desire to maximize profit.

Framework of PSAs

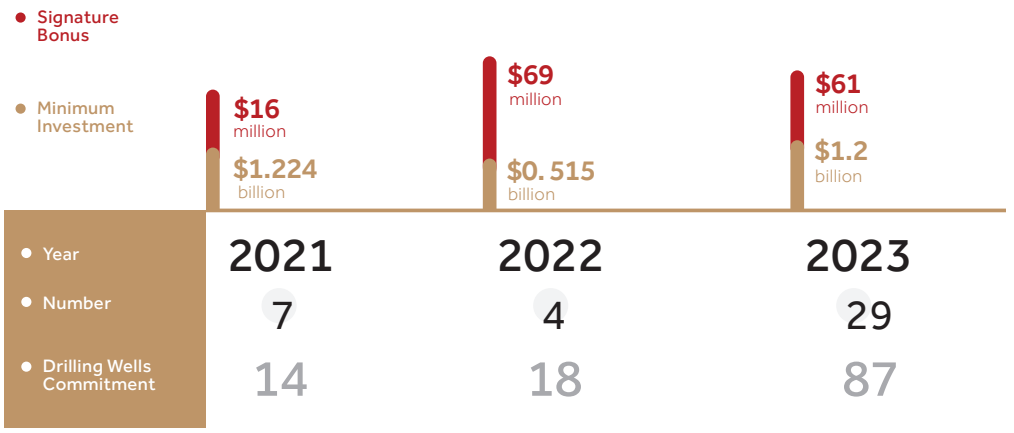


Signed Landmark Investment Agreement

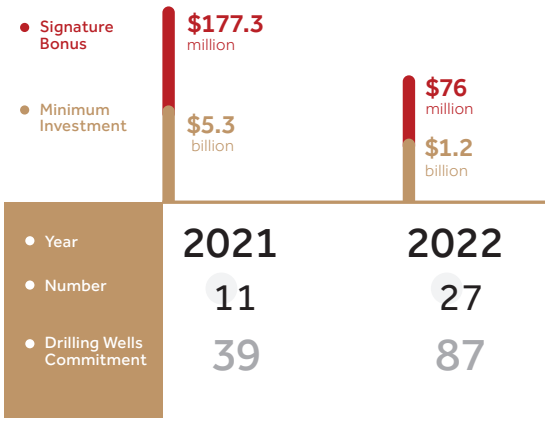
The oil and gas sector consistently seeks to sign agreements with local and international companies to enhance investment in promising regions and its contribution to the national economy.

Over the period from 2021 to 2023, the year 2023 saw the highest number of signed agreements with 29, according to the MoPMR. This aligns with the MoPMR's vision to boost production through collaborative partnerships.

Signed Agreements



Issuance Phase Agreements in 2021 & 2022

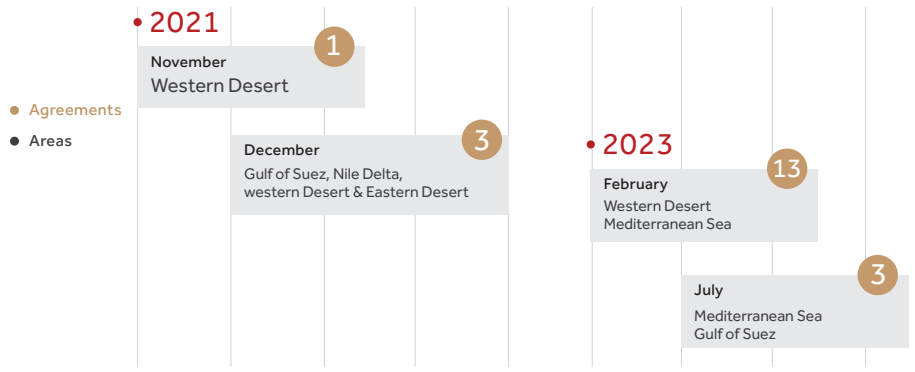


Approvals of Successful Agreements

Aligned with Egypt's vision to translate plans into action, the Egyptian Cabinet approved various crude oil and natural gas project agreements for the EGPC, Egyptian Natural Gas Holding Company (EGAS), and several IOCs to explore, develop, and exploit resources in promising regions.

The Cabinet has approved 12 crude oil and natural gas agreements in various regions, including the Mediterranean Sea, the Gulf of Suez, the Western Desert, and the Nile Delta, from early 2024 to July, according to the Egyptian Cabinet.

Approved Agreements



Active Agreements

With Egypt's intention of promoting E&P activities, supporting crude oil and natural gas production, and increasing investments, Egypt has succeeded in attaining a total of 113 active agreements until August 2024.

The Western Desert region is the dominant region, with a share of 47%, followed by the Gulf of Suez at 31%. On the other hand, the Nile Valley is the least region with only one agreement, according to EGPC.

Signed Development Leases

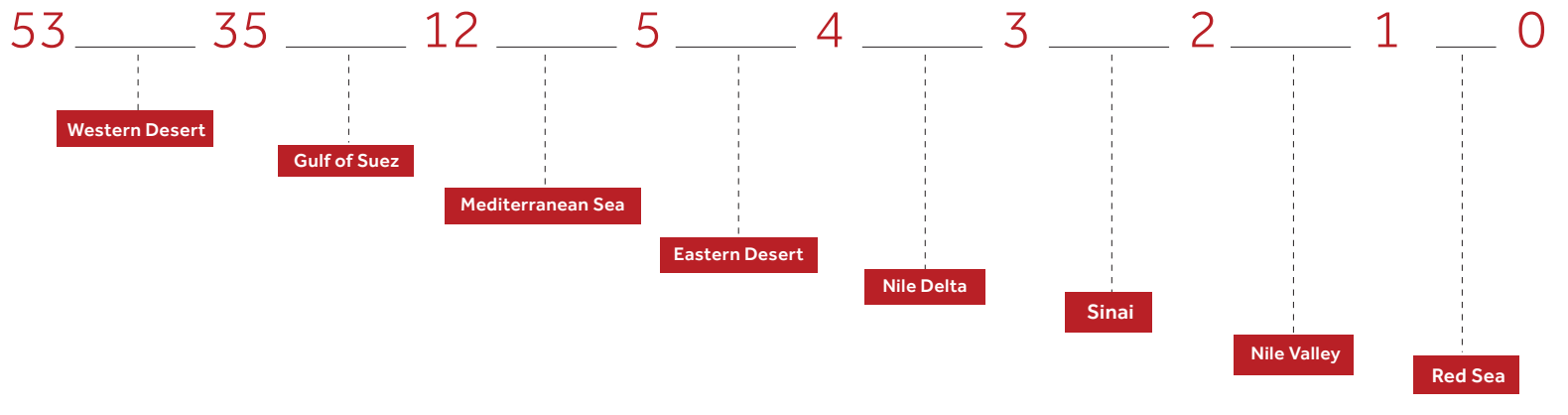
Over the period from 2021 to 2023, a series of development leases were signed to enhance production from existing oil and gas fields in the Mediterranean Sea, Western Desert and Eastern Desert, and Gulf of Suez.

These efforts culminated in the completion and commencement of production from five new development projects in 2023. Notably, in 2021, six projects were launched, followed by two in 2022, according to MoPMR.

Oil & Gas Development Leases



Active Agreements Per Destination Until August 2024



OIL & GAS EXPLORATION ACTIVITIES

A. Rigs & Drilling Landscape

Rigs Activity Update

During the mentioned period, the average number of Egypt's rigs across all areas reached 332. The Western Desert had the highest number of rigs with an average of 206, accounting for 62% of the total. Land Workover rigs were the most numerous types of rigs, averaging 150 with a share of 31%. Land Drilling followed with an average of 139 on average and a 29% share, according to EGPC.

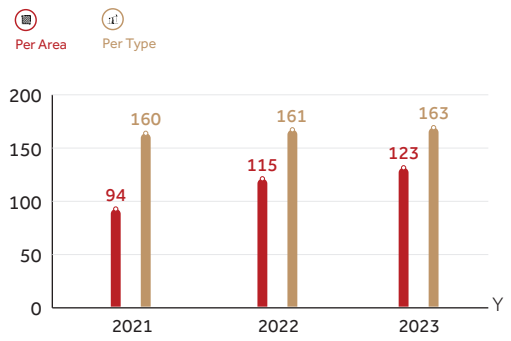
Expansion of Drilled Wells

Egypt's total drilled wells in fiscal year (FY) 2021/22 saw a significant increase of 58% compared to FY 2020/21, reaching 398. Development wells accounted for the largest share of 77%, totaling 308 wells, while exploration wells recorded only 90 wells, representing a 23% share.

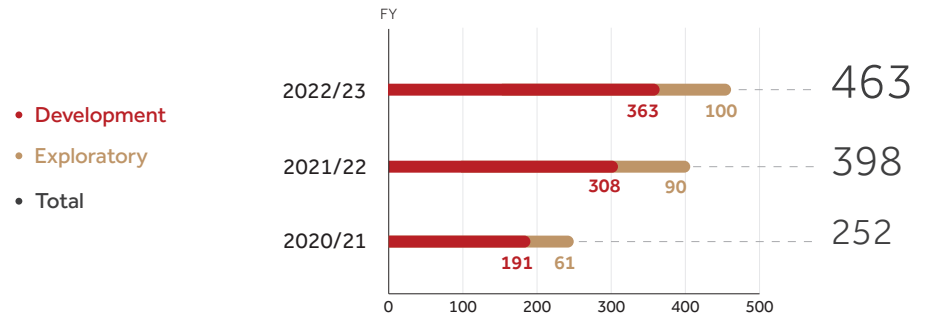
In FY 2022/23, the number of drilled wells continued to rise by 16% to reach 463, with development wells comprising 78% and exploratory wells making up 22% of the total, according to EGPC.

It is worth mentioning that in July 2023, Egypt announced the beginning of implementing an ambitious program, in cooperation with numerous IOCs, to drill 35 new natural gas exploration wells in the Mediterranean Sea and the Nile Delta within two years from 2023 until July 2025.

Average Rigs



Drilled Wells

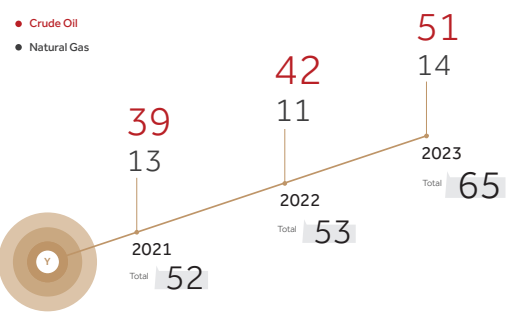


B. Discoveries Updates

Over three years, the MoPMR's sustained efforts to boost production and promote exploration and research resulted in the identification of 170 oil and gas discoveries. Specifically, the increase in crude oil and natural gas discoveries by 30% and 7.7%, respectively, in 2023 compared to 2021 reflects the ongoing commitment to exploration activities, according to the MoPMR.

It is worth mentioning that some companies recorded their first discovery during the mentioned period. For example, Dragon Oil announced its first oil discovery in the Gulf of Suez in Egypt in February 2022. The initial estimated oil reserves for the discovery were about 100 mmbbl in the North East Ramadan area. This discovery is one of the largest oil discoveries in the Gulf of Suez in 20 years, according to the MoPMR.

New Crude Oil & Natural Gas Discoveries



Most Prominent Discoveries

- Company
- Depth
- Production

April
2021
DSWS-1X
General Petroleum Company (GPC)
Abu Sennan Concession
1,200 bbl/d | 1.2 mmcm/d

March
2022
SD-5X
SDX Energy Plc
South Disouq Development Concession
7,855 ft | 55.5 ft of net pay gas

January
2023
ED-2X
Wintershall Dea
East Damanhour Block
2,627 M | 15 mmcf/d

Narges-1
Chevron
Narges Offshore Concession
5,000 M

June
ED-2X
Wintershall Dea
Abu Madi Reservoir
3,070 M



Exploration and drilling activities are the cornerstone of Egypt's oil and gas sector, driving economic growth and energy security. By expanding exploration and drilling operations in partnership with IOCs, Egypt is creating substantial investment prospects while addressing the supply-demand imbalance. These activities not only contribute to domestic development but also solidify Egypt's role as a reliable and attractive investment destination in the global energy market.

As part of Egypt's ongoing efforts to promote E&P activities, EGAS initiated the Egyptian 2024 International Bid Round in August 2024, offering 12 blocks located in the Mediterranean Sea and the Nile Delta.

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