EGYPT OIL&GAS RESEARCH & ANALYSIS

Strengthening Egypt's Energy Supply

From Upstream Development to Infrastructure Expansion

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Egypt's oil and gas sector is undergoing a broad infrastructure and investment push to respond to supply pressures and changing market conditions. After several years of declining production, the sector is pursuing two parallel priorities: rebuilding the domestic production base through renewed upstream investment, exploration, and technology deployment, while strengthening the infrastructure needed to transport, store, process, and distribute energy.

Upstream, commercial reforms, improved partner payment conditions, new exploration programs, and advanced drilling technologies are supporting renewed development activity. At the same time, midstream projects are expanding pipeline connectivity and strategic storage capacity, while refining, petrochemical, and distribution investments are strengthening downstream supply capabilities.

Together, these efforts are expanding the entire supply chain dedicated to producing, moving, processing, storing, and distributing energy.

The contribution to energy security, however, will depend not only on the chain capabilities, but also on utilization, connectivity, and the ability to translate additional domestic production and imports into reliable market supply.

Against this backdrop, the report examines the expansion of Egypt's petroleum sector, recent developments and infrastructure, the investment supporting these developments, and how the current push strengthens supply security and narrows the country's emerging energy gaps.

Upstream Development & Production Enablers

Investment and commercial reforms are providing the financial and operational conditions required to expand the infrastructure supporting Egypt's future production base.

Commercial & Investment Enablers

Foreign Partners' Dues Clearance

Egypt reduced foreign partners' arrears from $6.1 billion in June 2024 and cleared the outstanding balance by June 2026, according to the MoPMR.

The elimination of the arrears is a turning point for Egypt's foreign direct investment (FDI). Arrears were acting as a major deterrent, signaling high sovereign risk and trapping foreign capital, thereby hindering production and exploration.

Company disclosures show how improved payments, alongside revised concession terms, supported upstream activity.

Capricorn Energy collected $217 million in Egypt during 2025, drilling 18 development wells under its investment program.

Pharos Energy received $12.6 million, clearing all receivables due in Egypt in June 2026 and proceeding with its six-well campaign. Dana Gas settled its overdue receivables and continued its $100 million Nile Delta program, according to Pharos Energy and Dana Gas.

VAALCO Energy reduced its Egyptian receivables from $31.6 million at end-2025 to $12.9 million by June 2026 while continuing its 2026 drilling and production-optimization program, according to VAALCO Energy.

Egypt Clears Foreign Partners' Arrears

Source: MoPMR

State-led Investments in Upstream Development

The petroleum sector, led by state-owned companies, is increasing investment to offset declining natural production and expand the domestic resource base. The state announced its five-year exploration program in October 2025, targeting 480 exploratory wells with investments exceeding $5.7 billion. In FY 2025/26, EGPC invested $4.5 billion in exploration and production, with 63 discoveries achieved.

EGAS proposed a $177 million plan to drill 36 exploratory wells under its five-year program, with the potential to expand to 60 wells.

The General Petroleum Company (GPC) has planned a five-year program worth EGP 55 billion that targets doubling oil production and quadrupling reserves, supported by expanded exploration, development drilling, and modern production technologies.

For fiscal year (FY) 2026/27 only, GPC has allocated EGP 8 billion to drill 66 wells, with a particular focus on horizontal drilling, according to the MoPMR.

Key State Petroleum Investments over Five Years

Petroleum Sector
$5.7 billion

EGP 55 billion **($1.062** billion**)**

EGAS
$177 million

Source: MoPMR

Exploration & Development Incentives

In 2024, the MoPMR introduced improved terms to international oil companies (IOCs) if they delivered incremental volumes beyond their current baselines. Revised pricing for eligible gas production and improved fiscal terms under consolidated concessions have also strengthened project economics.

In May 2026, the ministry stated that it was developing incentives for horizontal drilling and hydraulic fracturing, supported by new contracting models, better seismic data, and faster approvals, according to the MoPMR.

These measures are designed to make incremental production and additional drilling more commercially attractive, encouraging operators to allocate capital to wells and projects that may otherwise offer weaker returns. This can support new production while helping offset natural decline from mature fields. Results from operators provide early examples of how these measures are translating into upstream performance.

Nearly half of APA's second quarter (Q2) of 2026 Egyptian gas output benefited from revised pricing. Dana Gas reported a 4% YoY increase in Egyptian production in the first quarter of 2026, its first production growth since 2017, according to APA Corporation and Dana Gas.

IOC & Private-sector Upstream Investment

IOCs remain the most important source of upstream capital and technical expertise. The arrears accumulation had constrained companies' willingness to invest and contributed to weaker domestic production; the sector's activities showed improvement after completing the settlement by June 2026.

The petroleum sector is entering a phase of deep, long-term investment commitment, underpinned by secured pledges totaling over $20 billion over the three years from key IOCs.

These commitments signal not only a recovery from recent production declines but a structural shift toward sustained capital deployment, according to the MoPMR.

IOCs Upstream Investment Plans* ($ billion)

Source: MoPMR

*Announced in May 2026

**Announced in April 2026, without specifying the exact execution period

Development & Technical Enablers

Digital Infrastructure for Exploration

The Egypt Upstream Gateway (EUG) complements the reforms by reducing the cost and time required to evaluate acreage. Its Open Blocks Licensing Program (OBLP) currently provides access to exploration blocks and brownfields. The Egyptian General Petroleum Corporation (EGPC) and the Egyptian Natural Gas Holding Company (EGAS) placed 14 oil and gas blocks on offer through the August 2026 bid round.

The platform broadens access to subsurface data and supports a more continuous licensing pipeline. It is now being developed with AI, advanced analytics, and enhanced subsurface visualization, while expanding seismic datasets and linking geological, geophysical, and production information, according to the EUG, MoPMR.

EUG Offerings Profile in 2026

OBLP — Ganope Offering

Ganope Blocks Open for Bidding **3**

August 2026 International Bid Round

Total Blocks **14**

EGPC **6**

EGAS **8**

Source: EUG, MoPMR

Advanced Drilling & Production Technologies

Technical capabilities are becoming an increasingly important driver of upstream development. In 2026, the petroleum sector accelerated the deployment of horizontal and sidetrack drilling, hydraulic fracturing, and advanced directional drilling to improve well productivity and access resources that are difficult to develop through conventional methods.

For Egypt, these technologies can help extract additional volumes from mature or technically challenging reservoirs, improve recovery from existing assets, and offset natural production decline without relying solely on new discoveries.

The approach is being supported by new project-delivery models, including Integrated Project Management (IPM) and Lump Sum Turnkey (LSTK) contracts, in cooperation with international service and technology companies.

Recent applications appear in bp's Fayoum 4 sidetrack, which enabled around 80 million cubic feet per day (mmcf/d) of gas production while maximizing the use of existing West Nile Delta infrastructure, according to the MoPMR.

Midstream Expansion for Supply Security

Egypt has continued to expand the infrastructure needed to move natural gas, crude oil, and petroleum products, strengthening the links between supply sources, processing facilities, and major consumption centers.

Expanding Networks to Strengthen Connectivity

The national gas grid has grown from 2,800 kilometers (km) in 1997 to around 8,200 km, while transportation capacity increased from 1.31 billion standard cubic feet per day (bscf/d) to 8.83 bscf/d by the first quarter (Q1) of 2023, according to the Egyptian Natural Gas Pipeline Company (GASCO). In 2025, the national gas grid received and transmitted approximately 2,300 billion cubic feet (bcf) of natural gas to meet domestic demand, according to the MoPMR.

The petroleum transportation network provides a similarly extensive backbone for crude oil and petroleum products.

As of FY 2025/26, the national petroleum pipeline (PPC), the primary operator of Egypt's crude oil and refined petroleum products national pipeline network, reported that the network extended to approximately 6,300 km, transporting more than 8 billion ton-km of crude oil and petroleum products.

The network also included around 155 storage tanks, with a total storage capacity of approximately 2.5 million cubic meters (mcm), according to the MoPMR.

Egypt's National Pipeline Networks

	Length (km)	Transported Qs
National Gas Grid	8,200	2,300 bcf 2025
Petroleum Pipelines Network	6,300	8 billion ton-km FY 2025/26

Source: MoPMR

Upgrading Strategic Links to Strengthen Product Distribution

Alongside expanding existing networks, Egypt is adding and upgrading pipeline links to connect major production, refining, storage, and consumption centers. During FY 2025/26, the PPC advanced projects to strengthen links between production, refining, storage, and consumption centers, including the replacement and rehabilitation of the 16-inch Port Said–Abu Sultan–Suez pipeline. In addition, the construction of the 16-inch MIDOR–Al Hamra pipeline to support the expansion of Al Hamra Port's facilities and meet future requirements of refining and petrochemical projects in New Alamein, according to the MoPMR.

Key FY 2025/26 Pipeline Projects

Project	Length (km)	Diameter	Strategic role
Port Said–Abu Sultan–Suez	135	16″	Replacement/rehabilitation to strengthen product transportation
MIDOR–Al Hamra	140	16″	Supports Al Hamra expansion and future refining /petrochemical demand

Source: MoPMR

Strategic Petroleum Storage Expansion

Egypt is expanding storage infrastructure to strengthen supply flexibility and create larger buffers against market disruptions. Greater storage capacity allows for holding crude and petroleum products closer to key import, refining, and distribution points, providing operational flexibility.

It can also help smooth the timing between incoming cargoes, refinery requirements, and domestic product distribution. At Al Hamra Petroleum Port, four new crude-oil tanks are set to be added, raising capacity from 2.8 million barrels (mmbbl) to 5.3 mmbbl, while the broader expansion targets 20 mmbbl of crude and 400,000 tons (t) of petroleum products by 2030.

The southern zone is being developed as an integrated storage and handling area for petroleum products, with an initial capacity of 130,000 t, according to the MoPMR.

A second important addition is the expansion of storage and pumping facilities at Ain Sokhna. The project is designed to raise total storage capacity from 300,000 cubic meters (m3) to 460,000 m3, strengthening the area's role in receiving, storing, and distributing crude and petroleum products. Meanwhile, Sonker's strategic storage facilities provide 100,000 m3 of diesel storage and 150,000 m3 of liquefied petroleum gas (LPG) storage, supporting the security of imported-product supplies.

Downstream Infrastructure & Supply Readiness

Egypt has substantial processing infrastructure, taking the position of Africa's largest nominal refining capacity, estimated at 840,000 barrels per day (bbl/d) by FY 2026/27. Refinery utilization has increased from 66% to 80%. However, imports still covered around 28% of gasoline demand and 45% of diesel demand in March 2026.

The downstream base also includes about 4.5 million tons (mmt) of annual petrochemical capacity, supporting industry and exports. Its effectiveness depends on securing sufficient feedstock, improving product yields, and transporting output reliably through networks, according to the International Trade Administration (ITA) and the MoPMR.

Refining Optimization

Higher utilization indicates that assets are processing more crude, but product yield remains the measure of import displacement. Petroleum refining activity grew by 8.7% in FY 2025/26, compared with a 1.9% contraction in the previous fiscal year. Recent results support this improvement. Cairo Oil Refining Company (CORC) processed more than 7.5 mmt of crude in FY 2025/26 and supplied around 2.79 mmt of 80- and 92-octane gasoline, covering about 34% of domestic consumption of these grades.

Assiut Oil Refining Company (ASORC) processed 3.314 mmt, with high-value products representing around 57% of output. CORC's gasoline complex was expected to add around 2,000 tons per day (t/d) and save about $70 million in monthly imports. In comparison, ASORC's third distillation unit is intended to raise capacity from 4.5 mmt to 9.5 mmt, according to MoPMR.

Egypt's Current Refining Position

Refining Base (bbl/d)

Nominal Refining Capacity in 2024	840,000
No. of Operating Refineries	12
Actual Crude Processed in 2024	600,000

Refinery Utilization

Previous Rate	Current Rate in 2026
66%	80%

Source: ITA, MoPMR

Petrochemical Industry Expansion

Egypt's petrochemical sector had an existing annual production capacity of about 4.5 mmt and produced around 4.2 mmt in 2025.

The Egyptian Petrochemicals Holding Company's (ECHEM) 2026–2030 plan aims to expand this production base and strengthen product localization.

The petrochemical sector accounts for around 12% of Egypt's industrial production and generated $8.6 billion in revenues in 2024, equivalent to nearly 2% of gross domestic product (GDP), according to the ITA.

Egypt's Existing Petrochemical Base

Existing Companies under ECHEM
8

Annual Production Capacity
4.5 mmt

Export Markets
+50 countries

ECHEM 2026–2030 Petrochemical Expansion Plan

Planned Projects	Products Targeted for Localization	Planned Production Capacity	Estimated Investments
10	+20	7.5 mmt/y	$11 billion

Source: MoPMR

Fuel Station Network Expansion

Egypt's petroleum-product distribution network comprised 4,032 filling and service stations operated by 14 marketing companies in FY 2024/25. During the year, the network expanded by only 0.8%, while national consumption rose 6.9% to 36.936 mmt. Marketing companies sold 31.473 mmt of gasoline, gas oil, fuel oil, and kerosene. Faster demand growth increased the importance of station throughput and supply continuity, according to the EGPC.

The expansion is increasingly focused not only on station coverage but also on operational efficiency and monitoring. The petroleum sector has expanded the use of automated tank gauging (ATG) systems to monitor fuel-station inventories and SCADA systems to monitor petroleum-product transport pipelines, strengthening visibility across the distribution chain, according to the MoPMR.

Retail Distribution Overview and Expansion

Sector Overview in FY 2024/25

Filling and Service Stations	Station Network Growth	Sales by Marketing Companies
4,032	0.8%	31.473 mmt

Network Expansion in FY 2024/25

chillout	ExxonMobil	PETROMIN
7	5	5

Source: EGPC

Egypt's energy infrastructure push is strengthening the sector across the value chain, from upstream development to transportation, storage, refining, and distribution. FY 2025/26 results provide early evidence of this shift, with $4.5 billion invested in exploration and production, 63 discoveries, refinery utilization rising above 80%, and crude processing reaching 28 million tons. However, expanding capacity alone will not ensure energy security. The real test will be how effectively these assets are utilized and integrated to sustain production growth, increase domestic product availability, reduce import exposure, and maintain reliable supply.

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