EGYPT OIL&GAS NEWSPAPER

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EGYPS
EGYPT PETROLEUM SHOW

Egypt's Leading Oil And Gas Monthly Publication | August 2017 - 28 Pages - Issue 128 | www.egyptoil-gas.com

Qatar Crisis: Does it Affect Egypt's Oil Industry?

- The Oil Price Game and the GCC: Challenges, Implications, and Future Scenarios
- Understanding Bahrain's Oil Dilemma
- GCC's Oil Giants' Struggle between Crude Slump and Renewable Path

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EDITOR'S NOTE

The Egyptian oil sector is one of the most important investment sectors and the main pillars of the economic state. It is the artery of the Egyptian and Egyptian economy. It is rich in a number of fields, both in the Mediterranean Sea and in the Egyptian territorial waters or in the desert of Egypt, which provided an opportunity to attract foreign investment to Egypt despite the excessive costs of searching and drilling for raw materials.

There are 38 oil companies operating in Egypt between foreign investment and national, which allowed to achieve 99.5% of the target production plan from July 2016 until the end of last December. The joint companies, the Egyptian entity, which carries out research and exploration and production in the concession areas, in cooperation with foreign partners, and is established after the realization of commercial petroleum discoveries.

The Egyptian economy appears to be on the road to recovery especially since President Abdel Fattah Al Sisi is in charge & the government focused to lure foreign currency into the country mainly through Foreign Direct Investment., and subsequently boost its economy.

Egypt bringing world leaders and CEOs together in Sharm El Sheikh last year to enhance its reputation as a business friendly country, and sign investment deals. Thereby, the new investment law is aimed at easing the legal and administrative barriers for foreign investments.

The IMF expects growth to rebound, and the foreign direct investment being made by the likes of giant foreign companies is vital to ensure resources are in place to bring about economic growth.

Before the political crisis, Egypt was a very attractive market for FDI. The dynamic growth of the Egyptian economy (around 7% before the crisis), low labour costs, its strategic geographical position skilled workforce, substantial energy reserves, large domestic market and the success of the reforms undertaken by the all sharply drove up FDI.

Egypt's potential is great, but in the coming period it will still have to balance with multiple stakeholders to keep its head above the water. Willingness of foreign companies, as well as readiness of Gulf countries to keep oil and money flowing towards the country will remain crucial.

Egypt has signed bilateral agreements with more than a hundred countries, including most of the European Union countries, the United States and several African countries, the Middle-East and Asia.

Again, Egypt is looking to Saudi Arabia & UAE, Both countries are in negotiation with Egypt to provide the later with petroleum products to meet its demands. The terms of the agreement would be generous for Egypt, with a long-term repayment schedule and low interest rate. This way, at least Egypt doesn't need to spend more of it's spare foreign money to fulfill its domestic petroleum needs.

The question is, will it be enough? However impressive investment announcements may look, it still remains hard to believe that they will reach their full potential. With the low oil price, companies are cautious with expenditures.

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EGYPT OIL&GAS NEWSPAPER

EGYPT'S LEADING OIL AND GAS MONTHLY PUBLICATION

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HE. ENG. TAREK EL MOLLA
Minister of Petroleum & Mineral - Resources Arab Republic of Egypt

Under The Egyptian Oil and Gas Sector Modernization Program

UPSTREAM TECHNICAL CONVENTION

PANEL DISCUSSION– WORKSHOP – SHOWCASE

November 2017

CALL FOR ABSTRACTS

Featuring case studies from E&Ps, JVs, and technology service providers this year's Convention will feature a totally revamped agenda, the content of this year's agenda will feature:

TECHNICAL WORKSHOP TOPICS

- Case studies on brownfield assets where production from existing wells has been increased by more than 20% through downhole, wellbore or surface interventions including stimulations, re-completions and facilities modifications.
- Production operations best practises that have led to improved efficiency, cost reductions and production gains through increased uptime.
- Application of new technology to production operations that have resulted in greater than 20% increases in production from existing wells or re-instatement of shut-in wells.
- Reduction in energy consumption in onshore and offshore upstream production by 10%.

ABSTRACT CONTENT

- Description of the proposed paper summarizing the scope of business upon which the paper will be based

DEADLINES FOR ABSTRACTS:

- August 20, 2017 – Abstract submission
- September 3, 2017 – Notification of acceptance
- October 3, 2017 – Presentation submission

PAPER CONDITIONS:

- Must be technically correct, related to EOR or Water Flooding.
- Should avoid commercialisation
- Must be written in English
- Should be submitted in electronic format and be a maximum of 500 words

Please send your Abstracts to:
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TECHNICALLY PREPARED BY
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Cabinet Explains Consequences of Fuel Price Increase

The Egyptian Cabinet issued a report explaining its decision to increase fuel prices and how it affects consumers, reported Al Mal News. While the fuel prices hike will affect low-income citizens by not more than 10%, the government issued a number of social protection programs worth more than EGP 85 billion to protect them from being negatively affected by the burdens of economic reform, the report said.

The social protection decision will raise family monthly income by between EGP 300 and EGP 500, while the fuel increase is expected to raise the prices of other goods by 10% and transportation prices by 10% to 20%. Metro tickets and railways prices will not increase, according to the Minister of Petroleum and Mineral Resources, Tarek El Molla.

The government further increased each citizen's share in supply commodities by 140% to reach EGP 50. The Cabinet also raised pensions and improved sewerage and water services.

It also decided not to increase the price of diesel provided to subsidized bakeries as it will remain EGP 1.8 per liter. The government will bear the remaining cost so that the price of bread does not increase, said Prime Minister, Sherif Ismail.

While fuel prices were raised, the price of 95 octane benzene did not increase significantly as it had been subsided by only 5% of the main price. The subsidies of 95 octane benzene was totally removed in the recent changes, the report pointed out.

Moreover, Egypt is studying setting a delivery tariff for butane cylinders that will differ according to distance. The tariff will not exceed EGP 5, maintaining the total cost of a butane cylinder at around EGP 35 and EGP 40, according to the minister.

Parliament Approves New Gas Regulatory Law

The Egyptian Parliament has granted the final approval on the new gas regulatory law, which allows the establishment of the gas regulatory authority, reported Reuters.

The purpose of the new authority is to pave the way for private sector companies to import and distribute gas within the country, where the state will charge a tariff for the use of its infrastructure.

According to the new law, the Prime Minister should issue the executive regulations within six months of the implementation date. All the entities working in activities related to the gas market should apply to the regulatory body of the law, once the executive regulations are issued, in order to get a license to work in the gas market. The entities will have one year from the executive regulations issuance date to comply with the terms of the new gas law, Al Ahram Gate informed.

The ministry of petroleum requested the launch of the authority and issuance of the law as a way of addressing the increasing demand on natural gas from the private sector, given that electricity generation is consuming most of the local production leaving very little supply for the industrial sector.

Fuel Prices Not to Increase for Industrial Sector

Fuel supplied to the industrial sector will not face any price increase, with the exception of cement industry, Head of Egyptian General Petroleum Corporation (EGPC), Abed Ezz El Regal, told Al Mal News.

The Egyptian Cabinet announced that the price of diesel provided for the cement industry will increase from EGP 2,500 per ton to EGP 3,500 per ton. However, diesel price will not increase for the remaining sectors, including electricity and food industries, Ezz El Regal added.

In November, mazut prices for food industries reached EGP 1,500, while for electricity and cement prices it reached EGP 2,500, and for brick kilns and the remaining manufacturing industries mazut prices reached EGP 2,100.

The price of gas provided to the industrial sector is bound by agreements between the factories and companies that differ from one agreement to the other, Ezz El Regal pointed out, adding that no decision was taken regarding gas price in the recent increases.

Kerosene prices, as well as diesel prices, increased by 55% from EGP 2.35 per liter to EGP 3.65 per liter.

Egypt to Pump Natural Gas to 600,000 Households

The Egyptian Ministry of Petroleum and Mineral Resources is targeting pumping natural gas to 600,000 households on an annual basis, which is part of the government's strategy to increase the number of households and commercial properties that work with natural gas, reported Amwal Al Ghad. Pumping natural gas to households will largely decrease the consumption of butane. However, butane warehouses will still be working across the country, said Minister of Petroleum, Tarek El Molla, on the sidelines of his visit to Ethydco's complex. Additionally, gas production will increase, which will help Egypt achieve self-sufficiency by 2019. The increase will support gas delivery to the households and decrease the subsidies allocated for butane imports, El Molla pointed out.

Egyptian Gas Production Records 3,160 Tons per Month

Egypt's gas production recorded a remarkable increase in April 2017 as it reached 3,160 tons, compared to 2,420 tons in April 2016, due to adding new fields to production and local grid, reported Amwal Al Ghad. Furthermore, reports of the Central Agency for Public Mobilization and Statistics (CAPMAS) showed that natural gas consumption also largely increased from 2,820 tons in 2016 to 3,340 tons in 2017. Meanwhile, crude oil and condensates production in the oil and gas sector decreased to 2,660 tons in April 2017, compared to 3,840 tons in the same period of 2016, while oil consumption increased to 3,305 tons in April 2017, compared to 3,200 tons in 2016.

Egypt to Boost Crude Oil Production

The Egyptian Ministry of Petroleum and Mineral Resources plans to boost the country's daily production of crude oil and condensates to 36 million tons which is equivalent to 705,000 barrels during fiscal year 2017/2018, as it plans to add new discoveries to production, reported Amwal Al Ghad. The government's strategy for 2017/2018 includes producing around 3.09 million tons of crude oil, and 3.95 million tons of condensates, which will cover most of the consumption during the new fiscal year. Egypt is projected to achieve self-sufficiency by 2019, as stated by Minister of Petroleum, Tarek El Molla, which is expected to help in covering the local market's fuel demands and decrease imports to secure foreign currency.

Egypt to Sign Seismic Contracts for Red Sea

The Egyptian oil and gas ministry will sign contracts with international companies to conduct seismic survey on Red Sea within days, Minister of Petroleum and Mineral Resources, Tarek El Molla, stated, according to Amwal Al Ghad. The ministry is signing the contracts after the recent Egyptian-Saudi border demarcation, and it is waiting the results of the survey in order to launch international tender for oil and gas exploration in the Red Sea, El Molla added following the meeting of the Investment Dispute Resolution Committee. The Egyptian General Petroleum Corporation (EGPC) is planning to launch an oil and gas exploration tender before the end of 2017, the minister told Amwal Al Ghad.

Electricity Ministry's Financial Deficit hits 82.8 B, New Tariffs Announced

The Egyptian Minister of Electricity and Renewable Energy, Mohamed Shaker, announced the details of the new electricity prices according to consumption brackets in an official press conference.

The change in prices is studied based on certain programs as the ministry is taking into consideration the low-income citizens while it is setting the new tariffs.

Although subsidies allocated for the electricity sector in fiscal year (FY) 2016/2017 have reached EGP 52.7 billion, which include EGP 47.4 billion for residential consumption, the electricity sector is facing a financial deficit estimated at EGP 82.8 billion, sources at the Ministry of Electricity told Al Ahram Gate.

The low-income citizens, which are representing the first three residential brackets, will receive EGP 17.7b subsidies in electricity.

The first bracket, consuming from 0 kW to 50 kW, will receive EGP 1.8b, and its electricity price will rise from EGP 0.11 to EGP 0.13 per kW, reported Al Masry Al Youm.

Meanwhile, the second bracket, consuming between 51 kW and 100 kW, will receive EGP 3.1b subsidies, increasing from the current EGP 0.19 tariff to EGP 0.22 per kW.

The third bracket, consuming from 101 kW to 200 kW, will raise from EGP 0.215 to EGP 0.27 per kW. The fourth bracket, consuming between 201 kW and 350 kW, will have an increase from EGP 0.42 to EGP 0.55.

The electricity price of the fifth bracket, consuming between 251 kW and 650 kW, will increase from EGP 0.55 to EGP 0.75 per kW. The sixth bracket, consuming between 651 kW to 1000 kW, will pay EGP 1.25 instead of EGP 0.95 per kW.

Additionally, the electricity prices for industrial and investment activities will increase by 30% to 40%.

The electricity bill will also include administrative fee, supply stamp fee, broadcasting fee, governorate fees, and cleaning fee if there is any.

MPC Listing in EGX to Start in September

The initial public offering (IPO) of Misr Petroleum Company (MPC), which is working under the umbrella of the Ministry of Petroleum and Mineral Resources, will start in two months as the company has already been evaluated, Prime Minister, Sherif Ismail, stated, according to Al Bawabah News. The listing comes in line with the Ministry's plan to list state-owned companies.

The public sector's IPO will start by offering the shares of the Engineering for the Petroleum & Process Industries (Enppi), which will be followed by other state-owened firms and banks in order to activate the EGX, Al Youm7 reported, citing the Prime Minister.

Moreover, Egypt is working on the Executive Regulations of the Investment Law, which is expected to have its

first draft ready by August 2017. The Executive Regulations is planned to be compatible with all sides and with the Egyptian Law, added Ismail during the press conference held in the Cabinet's headquarter on July 3.

Egypt is expected to raise up to $150m from Enppi's IPO.

Enppi's IPO Evaluated at $213M

The evaluation of the Engineering for the Petroleum & Process Industries (Enppi)'s initial public offering (IPO) resulted in early estimates ranging between $213 million and $267 million, Al Mal News.

The Egyptian government is expected to raise up to $150 million from Enppi's IPO, according to Amwal Al Ghad. The move is part of a government plan to offer state-owned companies for public offering as a way of raising funds. Where in January, the Egyptian Minister of Investments, Dalia Khorshed, had announced the commencement of Enppi's IPO, among other state-owned companies, marking the first phase of privatizing public firms in the EGX.

The Ministry Petroleum and Mineral Resources had previously announced that a banking consortium consisting of ICapital, Geoffrey International, and Emirates NBD had been awarded the arrangement of Enppi's IPO to offer 24% of Enppi's shares in the Egypt's Stock Exchange (EGX).

Established 1978, Enppi is a state owned company providing engineering, procurement, construction supervision, and project management services for the oil and gas sector.

Egypt Boosts Petrochemicals and Fuel Production

The Egyptian oil and gas sector is aiming to boost petrochemical production and petroleum products to 40 million tons during fiscal year (FY) 2017/2018, sources at the Egyptian Petrochemicals Holding Company (ECHEM) told Amwal Al Ghad. Petrochemical and derivatives production recorded 35.5 million tons during FY 2016/2017, and 31.2 million tons during FY 2015/2016. The petroleum sector is working on two parallel paths to develop the petrochemical industry. The first path supports and develops existing projects to increase their competitive capacities, while the second path is establishing new petrochemical projects in the upcoming period in light with the country's investment opportunities.

Egypt's Gas Consumption Increases

Gas consumption of electricity generating power plants increased during July to be 4 bcf/d from 3.7 bcf/d in May, informed Amwal Al Ghad. The gas consumption increase in power stations reached 300 mcf/d in June and July due to the high temperature, the Ministry of Petroleum and Mineral Resources' First Undersecretary for Gas Affairs, Mohamed Hassanien Radwan, stated. The growth in natural gas production to around 5.1 bcf/d contributed in covering a huge part of the local market's demands, including the demands of power stations, said Radwan. The needs of other Egyptian sectors are secured through liquefied natural gas (LNG) imports, he added.

MIDOR Refining Capacity to Increase

The Egyptian Ministry of Petroleum and Mineral Resources is conducting expansion work in Middle East Oil Refinery (MIDOR) to increase its refining capacity by 60,000 barrel per day (b/d) once the expansion maintenance is finalized. The expansion will boost MIDOR's production to around 160,000 b/d, which will cover a huge part of the petroleum products' demands of the Egyptian different sectors without importing, the Ministry's First Undersecretary, Mohamed Taher, told Amwal Al Ghad. The oil and gas sector has a plan to develop different refineries during fiscal year 2017/2018, which will achieve the sector's vision to reach fuel self-sufficiency in 2 years.

Egypt Pumps 300,000 tons of Diesel Weekly

Egypt pumps around 300,000 tons of diesel per week in order to cover fuel needs of the country's different sector, Head of the Egyptian General Petroleum Corporation (EGPC), Abed Ezz El Regal, told Amwal Al Ghad. Most of the diesel production is targeted to citizens' consumption and electricity generating power plants, which consumes huge volumes of diesel as well as natural gas, Ezz El Regal explained, adding that the country pumps between 41,000 tons and 43,000 tons on daily basis during Summer. The Petroleum Ministry has reported on several occasions that securing local energy needs is a strategic priority for the state.

El Molla Discusses Investments with New Ambassadors

Egyptian Minister of Petroleum and Mineral Resources, Tarek El Molla, met with Egypt's new ambassadors for foreign countries and First Undersecretary of the Ministry of Foreign Affairs for Financial and Administrative Affairs, Ayman Kamal, at the headquarter of the Ministry of Foreign Affairs to discusses Egypt's new vision, reported Egypt Oil & Gas.

The oil and gas sector succeeded in facing all the challenges since 2011, then it put a strategy to achieve sustainability and to have a better future through the modernization of the petroleum sector. The modernization program aims to contribute to Egypt's economic reform by attracting investments and developing human resources as Egypt aims to have the optimal economic profit of its resources by 2021 and eyes being regional energy hub, El Molla said, adding that the oil and gas sector will be a QHSE role model for the country's other sectors.

Egypt modified the strategy of the petroleum sector to have the modernization program as a key pillar in order to be competent with Egypt's energy vision till year 2035, the minister added.

El Molla reviewed Egypt's gas projects during the past three years, which are planned to start production soon. The projects include Zohr, North Alexandria and Noroos, which will increase gas production by 50% during 2018, from production in 2016, and will contribute in achieving gas self-sufficiency.

The ministry plans to increase gas production by 100% in year 2020, El Molla pointed out, adding that the Egyptian Parliament recently approved a new gas market regulating law, therefore the new gas regulatory body is being formed.

The ministry executed a number of petrochemical projects in the past 4 years with investments $8.3 billion to cover local demands of petroleum products, El Molla said.

Moreover, the minister reviewed the time frame for a phosphate manufacturing project to transfer phosphate to phosphoric acid, as the project is planned to start running by mid-2020.

Zohr to Start Production in November

The Egyptian Ministry of Petroleum and Mineral Resources announced that Zohr field will commence production in November 2017, reported Amwal Al Ghad.

The ministry explained that the wells will be prepared during October as the infrastructure will be finalized and pumping and production pipelines will be constructed before installing production equipment. The ministry expects production from Zohr to reach 1bcf/d starting in November.

Operational work in Zohr's onshore gas processing plant, located in Port Said, is 80% complete. The operations of the plant started on 2015 by Engineering for the Petroleum & Process Industries (Enppi) and Petrojet with investments exceeding $7b. The plant will receive gas from Zohr field and refine it from sulfur and transfer it from liquid to gas.

In related news, a press release to Egypt Oil&Gas stated that Minister of Petroleum and Mineral Resources, Tarek El Molla, attended the 9th meeting of the Higher Committee for following up on the development of Zohr field project.

Botagasco Pumps 5M Butane Cylinders

The Egyptian Company for Gas Transportation and Delivery (Botagasco) was able to pump five million butane cylinders to the local market within the past six months, which boosted its total sales to 40 million cylinders in the first half of 2017, Amwal Al Ghad informed.

Botagasco's sales had recorded 35 million cylinders during the first half of 2016; however, the consumption increased the company's distribution across the country.

Butane cylinders distribution contributed in covering the citizens' demands without any crisis in the governorates due to the increase of butane local production, Fathy pointed out.

Botagasco's butane filling plant in Suhag increased the number of filled cylinders and eventually served Upper Egypt and covered the daily demands.

AMOC to Export 3,000 tons of Mazot

Egypt's Alexandria Mineral Oils Company (AMOC) reached an agreement with the State Oil Company of Azerbaijan Republic (SOCAR) over exporting 3,000 tons of Mazot during June 2017, according to Cement Egypt. AMOC made a statement to the Egyptian Stock Exchange saying that, according to the contract with SOCAR, the average price of 3.5% sulfur diesel would be less than $1.8 per ton. The price is set for three days around issuing the shipment invoice, reported Energy Egypt. In May, AMOC 's Chairperson, Amr Mustafa, stated the company agreed with Dana Gas to buy condensates produced by the Emirati Company.

EGPC to Launch a New Exploration Tender

The Egyptian General Petroleum Corporation (EGPC) is planning to launch an oil and gas exploration tender before the end of 2017, Minister of Petroleum and Mineral Resources, Tarek El Molla told Amwal Al Ghad. El Molla has also announced plans regarding the signing of contracts with Apache, Shell, and Apex as they were awarded a total of five concessions in the Western Desert. The ministry will also sign a deal with Merlon after obtaining the parliament's approval on the amendment of the company's agreement for drilling in Western Desert. The ministry of petroleum has signed 83 contracts in the past four years, El Molla highlighted, adding that launching more tenders is the ministry's cornerstone.

PM Urges Governmental Institutions to Pay Electricity and Petroleum

Egyptian Prime Minister, Sherif Ismail, urged governmental institutions to pay all late dues to the oil and gas sector and the electricity sector, bearing in mind the financial burdens the two sectors endure in order to provide their services efficiently. Ismail pointed out the necessity of taking a legal action against officials responsible in any institution for getting electricity illegally, reported Amwal Al Ghad. Governmental institutions and some of the Egyptian ministries are owing EGP 71 billion to the Ministry of Electricity and Renewable Energy, which had Ismail to threaten to cut power off any institution uncommitted to its payment schedule, a source at the ministry of electricity told Al Shorouk Newspaper.

Head of APEX Appointed Chairman of Egypt Oil & Gas Technical Committee

Egypt's oil and Gas Technical Committee has announced the appointment of Thomas Maher, President and Chief Operating Officer at Apex International Energy as the new Chairman of the committee, Egypt Oil & Gas Reported. Maher has replaced Brian Twaddle, former Egypt Country Manager of TransGlobe, who is leaving the country. Members of the Committee have also expressed their deep gratitude for the incredible efforts by Twaddle in enhancing the effect of the committee, aiding in its overall goals. The committee, which met on the 11th of July, has finalized the details regarding its upcoming "Upstream Technical Convention" scheduled to be held in November 2017. The convention will be under the patronage of the Minister of Petroleum, Tarek El Molla, and will include strategic panel sessions and technical workshops.

Egypt Sees 250% Hike in Cars Converting to Natural Gas

The Egyptian International Gas Technology company (Gastec) witnessed a 250% increase in the number of cars conversion to natural gas instead of fuel to be 35 cars per day following the government decision to increase fuel prices, Gastec's Chairman, Hesham Radwan, told Al Mal News.

It takes the customer 4 hours to covert the car's system from running by fuel to natural gas. The company adds parts to the motor and provide the car with a natural gas tube in order to rationalize the car's running cost, Radwan explained.

Gastec plans to have several branches across the country, as it will establish stations in Upper Egypt, which will provide conversion services as well as filling services, Radwan said, adding that the company currently has 35 stations, 60% in Cairo and 40% in other governorates.

Moreover, Gastec is in talks with automotive agencies to ensure that converting the car's running system will not end the car's guarantee, yet most agencies refuse changing their running system policy.

Late June, Egypt's Cabinet decided to cut fuel subsidies in order to ease the budget deficit. The decision led to an increase in benzene and diesel prices. Egyptian Prime Minister, Sherif Ismail, said that economic reform decisions on the part of the state could no longer be delayed, according to Al Ahram.

IMF Supports Egyptian Reforms, Approves New Tranche

The International Monetary Fund (IMF) supports the economic reform program adopted by Egypt, IMF's Chief for Egypt, Chris Jarvis, stated, according to Amwal Al Ghad. "Measures taken by the Egyptian government, such as increasing the prices of fuel and electricity and imposing the value-added tax, should have a positive impact on the budget," Jarvis said. "Such measures help achieve initial surplus in the budget of the Egyptian government for the first time in 10 years," he explained. The recent fuel and electricity prices increase was part of the Egyptian government's plan aiming to reduce energy subsidy in order to secure more funds to be used in education and social protection program, Jarvis pointed out. In addition, the IMF announced that the completion of the first program review on July 14 allows the disbursement of around $1.25 billion, which makes the total amount paid under the program $4 billion. In 2016, the IMF had approved a 3-year $12 billion loan to Egypt to be paid over a 10-year period, with interest rate of 1-1.5%.

DRILLING

APACHE

APACHE, a US oil and gas company, has completed drilling a new exploratory oil well in its concession area in Sinai.

NWAZ-A-1x-ST-2

The well was drilled at a depth of 6,000ft utilizing the ST-11 rig. Investments surrounding the project are estimated at $5.584 million.

QARUN

QARUN, a joint venture between EGPC and Apache, has completed drilling a new oil development well in its concession area in the Western Desert. The production rate of Qarun in June 2017 was 1,031,869 barrels of oil.

ED-84

The well was drilled at a depth of 6,600ft utilizing the EDC-65 rig. Investments surrounding the project are estimated at $1million.

EDISON

EDISON, an Italian oil and gas company, has completed drilling a new exploratory gas well in its concession area in the Western Desert.

N.W.GINDI-1X

The well was drilled at a depth of 13,850ft utilizing the EDC-9 rig. Investments surrounding the project are estimated at $3.697 million.

OAPCO

OAPCO, a joint venture company between EGPC and Egyptian Sahary Company, is drilling a new injection well and a development well in its concession area in the Western Desert. The production rate of OAPCO in June 2017 was 47,994 barrels of oil.

W.Q 34/15-22

The well was drilled at a depth of 7,525ft utilizing the ECDC-2 rig. Investments surrounding the project are estimated at $1 million.

W.Q 34/15-23

The well was drilled at a depth of 7,185ft utilizing the ECDC-2 rig. Investments surrounding the project are estimated at $1 million.

HBS

HBS, an exploration company, has completed drilling a crude oil exploratory well in its concession area in the Western Desert.

NG 3-1X

The well was drilled at a depth of 11,916ft utilizing the EDC-53 rig. Investments surrounding the project are estimated at $2 million.

KHALDA

KHALDA, a joint venture between EGPC and Apache, has completed drilling new oil development wells in its concession area in the Western Desert. The production rate of Khalda in June 2017 was 3,615,690 barrels of oil.

MENES-2

The well was drilled at a depth of 12010ft utilizing the EDC-61 rig. Investments surrounding the project are estimated at $1.354 million.

SALAM-81

The well was drilled at a depth of 6,410ft utilizing the EDC-67 rig. Investments surrounding the project are estimated at $1.269 million.

BAPETCO

BAPETCO, a joint venture between EGPC and Shell, has completed drilling a new development oil well and a water injection well in its concession area in the Western Desert. The oil production in June 2017 was 1,057,341 barrels.

BED-81-11

The well was drilled at a depth of 11,453ft utilizing the EDC-72 rig. Investments surrounding the project are estimated at $1.384 million.

SITRA 8-BO ST

The well was drilled at a depth of 11,604ft utilizing the EDC-51 rig. Investments surrounding the project are estimated at $2.651 million.

Shell, Petronas to Start Work on Burullus 9B

Royal Dutch Shell and Malaysian Petronas will start working on phase 9B in the Burullus field during the fourth quarter of 2017, Egytian Minister of Petroleum and Mineral Resources, Tarek El Molla, stated, according to Al Shorouk Newspaper.

The field is planned to start producing in phase 9B during the second half of 2018, with production capacity ranging between 350 million and 400 million standard cubic feet per day (mcf/d) of gas, and with around $1 billion investments, El Molla said.

Phase 9B was originally planned to start production in 2017, but it was delayed until Egypt reaches an agreement with the foreign partners, and work in the phase stopped in March 2016.

The field is managed by state-owned Rashid Petroleum (Rashpetco), which owns 50% stakes, Shell, owning 25%, and Petronas, owning 25% of the field's stakes.

In February, an official at the Egyptian Natural Gas Holding Company (EGAS) stated that Shell and Petronas began working on phase 9B of the Burullus gas field, according to Al Shorouk Newspaper. The two companies drilled eight wells in West Delta deep water concession with investments estimated at $950 million and a production capacity of 387mcf/d of gas.

Schlumberger, Ganope, TGS Sign Geophysical Contract

Egyptian Minister of Petroleum and Mineral Resources, Tarek El Molla, witnessed the signing a new geophysical contract by Ganoub El Wadi (Ganope), Schlumberger, and TGS, Egypt Oil& Gas reported.

The contract includes conducting geophysical studied on Egypt's Red Sea territorial water and on Upper Egypt with total investments $750 million. The Saudi-Egyptian demarcation opens a way for Egypt to explore the Red Sea for oil and gas for the first time, which was impossible before the demarcation, El Molla, said.

The contract was signed by Ganope's Head, Sherif Sousa, Schlumberger's Regional Head, Hussein Fouad Ghazy, and TGS' Regional Head, Simon Bowen.

The first contract was awarded to WesternGeco, which is a joint company between Schlumberger and TGS, to explore in Upper Egypt, Sherif Sousa pointed out. Ganope's Head added that the company studied the techniques followed in similar projects before launching the Upper Egypt and Red Sea project, and then it chose the best techniques that enables the companies to offer the recent technologies, especially as the data of Upper Egypt and Red Sea is rare.

WesternGeco is keen to work on the project as it opens the way to explore the Red Sea potential, the company's Head further stated, adding that the firm is committed to conduct the data collection as soon as possible and that it has the technology required for that.

Dana Gas to Use AGR Software for Egypt's Exploration

Dana Gas signed a Software as a Service contract (Saas) with AGR software team in order to supply the latest version of AGR P1™ software, according to AGR Official Website.

The P1™ software will be implemented on Dana Gas' operated concession in Egypt, North El Arish (Block-6) concession area, which is located in Nile Delta, with the first exploration well to spud in the fourth quarter 2017 or the first quarter of 2018, Oil Voice reported.

"P1™ software helps its users to improve the accuracy of well time and cost modeling and can be applied for all drilling and well related operations, including completions and interventions," AGR stated.

SDX Energy to Produce 45mcf/d of Gas

SDX Energy is in talks with the Egyptian Natural Gas Holding Company (EGAS) to start gas production from the recent discovered well in South Disouq Concession by the fourth quarter of 2018, Al Mal News reported. The new well is expected to bring initial 45 million standard cubic feet per day (mcf/d) of gas to production, while the total costs of the well are so far estimated at around $19 million, SDX Energy's General Director, Ahmed Moaaz, stated.

The company discovered and disclosed its SD-1X well in May. Moreover, SDX Energy is holding discussions with Petrojet to construct pipelines and facilities that would link the new discovery to the national gas grid, Moaaz said. The company is also assigning Egyptian firms to execute the drilling and development operations.

Initial development operations performed at SD-1X will help in bringing the field to the close national gas distribution system, which will result into early cash and eventually help future discoveries to be connected in short time.

Abu Kir Fertilizer to Decrease Profitability

The recent Cabinet decision to cut fuel subsidies obliged Abu Kir Fertilizers Company to decrease the prices of its products, the company's Head, Saad Abu El Maati, stated, according to Al Mal News.

"Any increases in the outputs prices shall be generated by rising costs of transports. Although the Ministry of Agriculture is charged with conveying AKF's products to warehouses, it rejected our advice to utilize railways to do the job," Abu El Maati explained.

"Owing to rising expenditure, raising prices of fuels will have negative impact on AKF's balance sheet as compared with the same period in the last fiscal year. The company prefers to cut profitability than to drive up prices," he added.

Abu Kir covers 60% of Egypt's agricultural needs. As a fertilizer company, it is committed to a ministerial decree, which obligates it to have 55% of its production to cover domestic demands.

ADES Awarded New Drilling Contract in Egypt

ADES Oil and Gas Company won a new three-month contract for drilling offshore Egypt along with Eni's subsidiary, IEOC, Digital Look reported.

The contract was awarded by Belayim Petroleum, which is a joint venture between Eni and the Egyptian General Petroleum Corporation (EGPC), and it has the possibility to be extended. According to the contract, ADES will provide its jack-up rig, Admarine 88, Splash247 informed.

Furthermore, ADES signed a six-month renewal of a contract with Egypt's Petrobel to provide its Admarine V jack-up drill rig.

ADES further farmed-in an agreement for its Admarine VIII jack-up rig. The farm-in deal was signed with Fanar Petroleum Company, which would use Admarine VIII to frack its North July well in order to improve the well's productivity.

OGS, Pearson, IARS Sign Contract for People Development

Egyptian Minister of Petroleum and Mineral Resources, Tarek El-Molla, and British Ambassador to Egypt, John Casson, witnessed the signing of an agreement between Oil and Gas Skills (OGS) Company, the British Pearson Foundation, and the International Academy for Advanced Studies and Research (IARS). The agreement's purpose is to support the development of human resources in Egypt's oil and gas sector, Egypt Oil & Gas reported.

The deal was signed by the Head of OGS, Galal Sulaiman, and the Regional Director of Pearson Foundation in the Middle East, Karim El-Safati.

The agreement aims at raising the level of vocational and technical training for the employees by providing them international training programs recognized in more than 120 countries.

Furthermore, the deal targets developing the skills of workers in the oil and gas sector through the British training programs while granting them various degrees including diplomas and master's degrees, which are certified from the largest universities in the United Kingdom, Sulaiman said.

El Molla confirmed that the ministry is keen on cooperating with all the local and international training and educational institutions, through OGS Company, which became a regional leader in technological transformation and providing technical resources in Africa and the Middle East.

Accordingly, the degree will aid in preparing qualified technical cadres to meet the needs of the oil and gas employment market, as well as building a new generation of young leaders in the sector within the framework of the modernization plan. Sulaiman added that the scholarships will be announced soon.

In addition, in the coming five years the Pearson Foundation will work on developing the education in all sectors in Egypt, especially the oil and gas sector, through OGS, El-Safati stated.

Aquaterra Signs New Deal with EV

Aquaterra Energy signed a new investment deal with EV Private Equity, the move is part of the company's approach to expand its services and launch new technology, World Oil reported. The two companies agreed on the deal to be the first signed after EV's initiative in 2016 to invest $200 million in North Sea businesses with new technologies and high growth potential. EV Private Equity confirmed that it was hoping to invest between $10 million to $40 million in each company. Aquaterra Energy, a global offshore engineering solutions provider, completed the installment of a new Sea Swift platform at the Amal field offshore Egypt, reported Pipeline Magazine.

Qatar Crisis:
Does it Affect Egypt's Oil Industry?

By Mariana Somensi

The diplomatic crisis involving Qatar, Egypt, and the members of the Gulf Cooperation Council (GCC) presented new figures following Egypt's latest threat against Doha.

Blockades on the Gulf country started early June under allegations that Qatar supports terrorist groups. Until now, several restrictions were imposed on the nation, including the ban of vessels coming and heading to Qatar by the United Arab Emirates (UAE), and the ban of Qatari airplanes from landing and crossing Saudi, Bahraini, and Emirati air spaces. The restrictions sparked major concerns in the petroleum industry, as the nation is responsible for as much as one third of the world's supply of liquefied natural gas (LNG).

Early July, the Egyptian Suez Canal Authority announced its commitment to ban Qatari ships from docking in ports within the canal's economic zone. This recent move against Qatar enhanced the sensibility of the crisis and kept people scratching their heads on whether the diplomatic tension would severely impact the oil and gas market in Egypt and in the region in the near future.

The Suez Canal

The Suez Canal is a strategic corridor for international trade that holds 10% of the world's waterway trade flows. As such, some have raised their ears in alert when the Head of the Suez Canal Economic Zone, Mohab Mamish, announced in a press statement the organization's intentions to ban Qatari ships from entering its ports.

It is important to note, however, that, although the ban is applicable according to the Egyptian territorial water regulations, blocking the Gulf country's vessels from docking in its ports does not prevent them from passing through the canal itself.

Still, fear had been spread mid-June when two cargoes from Qatar, which were heading to the United Kingdom (UK) through Egypt, changed the route towards South Africa's Cape of Good Hope, leaving concerns that Egypt might have closed the passage of Qatari ships. However, subsequent cargoes from Doha normally crossed the canal, bringing relief as well as confusion.

An Asia-Pacific-based LNG shipping analyst told Energy Egypt that it "was likely Qatar's decision to turn away the two cargoes rather than Egypt's." The analyst added that, "as an international waterway, it is very hard to prohibit the transit of vessels, and the Egyptian government would not oppose the transit of Qatari vessels as the canal is a big contributor to the national income. Instead, the Qatari government may choose not to transit to avoid paying any US dollars to the Egyptians."

In fact, the free navigation in the Suez Canal is secured by the Constantinople agreement, an international law that forbids the blockage of the corridor to any country. "The Suez Maritime Canal shall always be free and of commerce or of war, without distinction of flag. Consequently, the High Contracting Parties agree not in any way

> "It was likely Qatar's decision to turn away the two cargoes rather than Egypt's"

to interfere with the free use of the Canal, in time of war as in time of peace," a document issued after the Constantinople Convention in October 1888 stated.

Following the announcement of the Head of the Suez Canal Authority on the docking blockage, concerns were also risen on whether forbidding Qatari ships to enter the ports would affect Egypt's economy. To diminish the distress, Mamish guaranteed in his statement that blocking the Egyptian ports to the Gulf country's vessels would not affect the North African nation's income, as the number of ships from Qatar docking in the corridor's ports is not significant.

LNG Reliance

Despite Mamish's statement, the number of natural gas imports from the Gulf country to Egypt is considerably high. In 2016, as much as 4.42 million metric tons of the gas supplies to the African state were originated from Qatar, which represented around 60% of the 7.32 million metric tons of the country's total gas imports during the year.

> "As an international waterway, it is very hard to prohibit the transit of vessels, and the Egyptian government would not oppose the transit of Qatari vessels as the canal is a big contributor to the national income."

As Egypt relies mainly on natural gas to the production of electricity, the nation has been recording high percentages of imports to mitigate its energy instability due to the decline in gas production and the continuous increase in electricity demand.

With this scenario, the diplomatic crisis can represent an impasse for the Egyptian energy market. In the short-term, if the boycott on Doha becomes harsher and shakes shipment and trade relations between both countries, Egypt may have to change its scheme of natural gas suppliers, which might result in higher costs for gas importation.

On the long-term, however, Qatar and other gas providers are already to see a decline in its exports to Egypt. That comes as the Ministry of Petroleum announced the country's plans to achieve self-sufficiency in gas output by 2018. The vision was established following prospects of a 50% increase in natural gas output after the new fields of Zohr, North Alexandria, and Nooros come online.

Egypt Has Firm Grounds

Among the countries involved in the diplomatic dispute, Egypt seems to have a solid base to avoid having its oil and gas sector strongly affected by the Gulf crisis. Along with the efforts to become a regional energy hub and fully cover its gas demands with local production, the country is additionally building the way to secure its economy from the industry's oscillations.

However, despite its firm ground, the oil and gas sector might still face further implications if new measures are applied against Qatar, or if the crisis continues for much longer. Despite the likely impacts, the future of the petroleum industry in the region is still uncertain due to the unpredictable cards that might still be on the conflict's deck.

THE OIL PRICE GAME AND THE GCC:

Challenges, Implications, and Future Scenarios

By Mahinaz El Baz

Slumping oil prices have put pressure on the Gulf Cooperation Council (GCC) economies, forcing the regions countries to continue with painful fiscal settlements and suffer from less government revenues. The price drop sounds to be more permanent, as the oil supply glut continues due to developing new exploration and drilling technologies, the reemergence of major oil producers such as Iran and Iraq, in addition to the slow economic growth in emerging markets that generally drive international oil demand, according to Bonds&Loans. In the light of the previously mentioned factors and the reform progress made by the GCC countries to overcome the current hardships, this article aims to build future scenarios for the GCC economies after years of oil price instability.

Progress of Events

The fall in oil prices started in 2014 from a peak of $115 per barrel to a bottom of $35 at the end of February 2016, and the abrupt downturn is considered as one of the most important global macroeconomic developments.

Oil exporting countries had to take a serious action to stop the oil price deterioration; that is why in November 2016 the Organization of Petroleum Exporting Countries (OPEC) has reached a deal among all 14 member countries to curtail oil production for the first time since 2008. The members have agreed to cut production by about 1.2 million barrels per day, or about 4.5% of production, to 32.5 million barrels per day. As a result, Brent crude prices were up over 8% as the deal was announced, trading around $50.12 a barrel.

Moreover, OPEC announced in May 2017 that it would extend cuts in oil output by nine months to March 2018. Oil prices extended earlier losses shortly after the announcement as traders reacted to the developments. Brent was trading 4% lower at $51.80 a barrel.

Lately, the International Energy agency (IEA) released a report stated that fossils fuels are no longer the largest recipient of investment in the energy sector, highlighting that Investment in the electricity sector received the largest level of investment for the first time ever, growing its share by 12% points to 43% between 2014 and 2016. In comparison, over the same period, investments in upstream oil and gas fell 44% because of the fall in oil prices.

“What we see is no major rebound,” Fatih Birol, Executive Director of the IEA said about market prices in the aftermath of the OPEC deal. “Therefore what worries me a lot is, around 2020s, a major demand-supply gap with serious implications for the markets may occur,” Birol added according to CNBC.

In general, the current slump in crude prices is similar in magnitude to the decline that happened in 1985-1986, when OPEC members reversed earlier production cuts, and in 2008-2009 at the outset of the global financial crisis. It is worth noting that the 1985-1986 drop was mainly supply-driven, while the decline in 2008-2009 was almost entirely due to a collapse in demand, according to Kenneth Rogoff, Professor of Economics and Public Policy, Harvard University in his article to the World Economic Forum titled “What’s behind the drop in oil prices.” “The current price decline appears to be a mix of the two previous issues”, Rogoff added.

Macroeconomic and Financial Implications

The GCC economies are currently affected by macroeconomic fluctuations, financial instability, and severe job markets, mainly because of the drop in oil prices. This situation calls for an urgent, deep, and challenging transformation that GCC countries will need to undergo to be able to achieve desirable economic growth.

Over the past two decade, GCC’s high dependence on oil and gas fiscal revenues did not decline despite their efforts to speed up economic diversification. During 2011-2014, GCC’s hydrocarbon exports represented about 70% of exports of goods and services on average, according to the International Monetary Fund (IMF). Fiscal dependence on hydrocarbon revenues was even greater, accounting for over 80% of total fiscal revenues on average.

Hence, factors such as macroeconomic stability, supportive regulatory framework, and institutional mechanisms are essential requirements for diversification. Another element causing diversification slowdown is the impact of foreign direct investments (FDI), which are still lower than the average level before the financial crisis in 2008, except for the United Arab Emirates (UAE) as it succeeded in raising its FDI by 117% between 2008 and 2015, Value

> “what worries me a lot is, around 2020s, a major demand-supply gap with serious implications for the markets may occur,”

Partners Management Consulting stated.

In 2016, GCC economies have recorded a sharp slowdown amidst tightening liquidity and investor uncertainty, as all GCC countries except Kuwait had seen economic contraction. “Growth in GCC countries is projected to slow further from 1.9% in 2016 to 1.6% in 2017, reflecting the drop-in oil production resulting from the November 2016 OPEC agreement,” said Bonds & Loans in an article titled “Low Oil Price is Testing GCC Commitment to Currency Pegs.”

Furthermore, GCC countries had to revise how they fund their public goods and services and

“We have seen other oil exporting economies rebalance through a mix of devaluations across Russia, Kazakhstan and Azerbaijan, to name a few and fiscal policy; in the case of GCC economies, given the US dollar peg, the burden of rebalancing has been mainly on the fiscal side so far,”

cut their government expenditure. Some GCC governments issued international bonds to ease the burden on fiscal reserves and improve overall market liquidity. The Kingdom of Saudi Arabia (KSA), for instance, made headlines when it issued international bonds at a grand scale believed to be worth $ 17.5 billion, which was the biggest bond sale from an emerging market nation. In addition, Qatar raised $9 billion in sovereign bonds and Abu Dhabi sold $5billion worth of sovereign bonds, A World Bank Group Publication for the Gulf Cooperation Council Economies informed.

“The drop in oil prices has put significant pressure on GCC fiscal and external account balances,” said Mohamed El Jamal, Waha Capital’s Managing Director. “We have seen other oil exporting economies rebalance through a mix of devaluations across Russia, Kazakhstan and Azerbaijan, to name a few and fiscal policy; in the case of GCC economies, given the US dollar peg, the burden of rebalancing has been mainly on the fiscal side so far,” El Jamal added, according to Bonds &Loans.

On the revenue side, GCC have finally decided to introduce a value added tax (VAT) by 2018; this comes after years of pressure from the IMF. The VAT is considered as the first tax of its kind on citizens and residents of the gulf region, who have long been accustomed to a low tax environment. Although there will be a number of exemptions and the rate, at 5%, is low by international standards, this is liable to be the start of a concerted effort by the GCC governments to widen and deepen the tax base, according to dun& bradstreet’s report titled Low Oil Prices, Part II: Geopolitical and Socio-political Impacts.

Moreover, GCC countries have a great share of expatriates and immigrants, which makes these economies heavily affected by high unemployment rates, as significant portion of employment is provided by the public sector and financed through exhaustible oil revenue, according to Value Partners Management Consulting. GCC governments have been encouraged by international institutions, such as the IMF to accelerate structural reforms and create jobs for their swiftly growing labor forces.

Challenges Faced

GCC countries share main challenges, which need to be successfully managed in order to bring pre-crisis growth rates back, such as decreasing dependence on oil through diversification and consumption. Moreover, GCC should focus on relaying on alternative sectors and shifting to a consumer-led economy; by decreasing the percentage of fiscal rev-enues generated by the oil and gas industry.

Another Challenge facing GCC economies is boosting the functional role of the private sector. Narrowing the gap between public and private sector wages would make private sector employment more attractive for nationals. In many GCC economies, state-owned compa¬nies may be impacted by government fundamental risks and inefficiencies, while few countries, such as the UAE, are already using public private partnerships (PPPs) and having a strong regulatory framework that encourages private investments.

Moreover, creating an ideal future environment for Small and Medium Enterprises (SMEs) is another challenge facing GCC countries, as the public sector focuses on generating new efficiencies and financing the current wage bill.

SMEs have been promoted for job-creation potential across the GCC. However, SMEs in GCC countries have a lot of financing issues, gathering a low percentage of total lending, mainly due to the historical heritage of oil-based economies, dominated by very large enterprises, Value Partners Management Consulting stated.

Increasing banking system liquid¬ity and solvency is another issue to be handled. The GCC banking system is well capitalized and solvent, yet the system faces some issues that should be properly addressed, such as Government decreasing deposits aimed at financing deficit, deterioration of asset quality related to lower economic activity, and increasing pricing competition among banks, according to the IMF.

In terms of successfully overcome the current challenges, the UAE is the only GCC country that has an advanced level of economic and financial diversification due to the develop¬ment of strategic industries, such as logistics and retail, in addition to their strong real estate sector.

Progress in GCC Energy Price Reforms

Since the oil prices began to drop in 2014, GCC region has been implementing reforms to control the decline in oil revenues. Most of GCC governments had to rationalize their expenditure on the short run and implement long overdue fiscal and economic reforms, including the adjustment of energy prices and cutting subsidies.

Both Saudi Arabia and the UAE are leading the GCC in raising energy prices and cutting subsidies. In June 2015, the UAE took serious steps towards liberalizing domestic gasoline and diesel prices. As a result, Saudi Arabia initiated substantial energy price reforms in December 2015 to raise domestic prices gradually till 2020. Hence, other countries in the GCC, such as Kuwait, Bahrain, and Oman, have followed the UAE and the KSA, outlining plans to boost energy prices in the near future.

In addition to energy price reforms, many GCC countries have begun to implement policies to improve energy efficiency and exploring the feasibility of generating electricity through renewable sources.

While some of the GCC countries have taken a step in the right direction, the road for reform is still long and fraught with risks and GCC countries need to continue to ensure the success and sustainability of their energy price reforms. For reforms to succeed, the IMF suggests that the GCC countries should have a clear vision, social inclusion of emigrants and expatriates, effective and transparent communication strategy, and well-designed compensatory schemes to reduce the negative effects of the reform on households and industry.

Future Scenarios

There are some key factors impact¬ing oil price evolution, such as, oil production, stock investments in oil industry, oil consumption, and Federal Reserve. These factors draw three main scenarios for the future of GCC economies in the light of oil prices drop, according to dun& bradstreet.

The first scenario is that sup¬ply surplus continues over the next few years, but that global growth conditions improve in parallel, narrowing the gap between oil supply and demand. The second scenario is that GCC countries might face geopolitical events relating to a significant oil-exporting country curtail oil supplies into the medium term, raising oil prices back above the $75 barrel level rapidly, thus attracting further investment into the sector and leading to a milder longer-term rebound in oil prices.

Finally, the third scenario is expecting that global growth remains idle into the medium term, cutting demand for oil. Moreover, the cost of ex¬tracting and developing unconventional oil will decline sufficiently to allow sup¬ply growth to outstrip demand growth, ensuring oil prices remain weak into the long-term.

Being highly oil dependent economies, GCC countries have been strongly im¬pacted by oil price drop, facing macroeconomic in¬stability and financial hardships. To successfully handle this fatal issue, GCC countries should decrease their dependence on oil, take serious actions to focus investments in the private sector instead of the public sector, facilitate the proliferation of SMEs by developing an ideal environment for them, and improve the banking system in terms of liquidity and solvency.

Understanding Bahrain's Oil Dilemma

By Sarah Samir

With the fluctuations of global oil prices; the kingdom of Bahrain is trying to make its way out of an economic drop. Although the Bahraini kingdom is working on diversifying its economy from oil and gas since 1990, the kingdom's deficit is still affected by the changes in the global oil and gas markets. Hence, with the stumbling oil prices, the kingdom had to take a number of measures including the increase of its fuel prices, in 2016.

Bahrain is one of the two Gulf Cooperation Council (GCC) countries that are not members of the Organization of Petroleum Exporting Countries (OPEC) due to its production rates.

The country had discovered its first oil in 1932 in Jaba Al Dukhan, and established the first refinery on the gulf region on 1935, which helped in the modernization of the Kingdom of Bahrain. Back then, the drilling process in Jabal Al Dukhan showed the presence of "blue shale at 1,250 feet and the crew smelled oil, heralding the start of a new economic era for Bahrain," Tatweer Petroleum's article on Bahrain Oil Field explained. Accordingly, if Bahrain adopted the most recent technologies, it could produce shale oil and gas through its unconventional field and can further explore for more unconventional resources.

Market Overview

Bahrain's economy is based on the hydrocarbon's industry and banking industry, according to an Oxford article, entitled Bahrain Fiscal Policy: Spending Increases and Lower Oil Provides Putting Pressure on Government Finances. However, with the low global oil prices, Bahrain is facing challenges that affect the kingdom's economy.

Oil production recorded a decrease in 2017, from a year earlier, as production reached around 41,000 barrel per day (b/d), which is close to the 2012 production around 41,000 b/d. The Kingdom's oil production was increasing gradually to record around 48,000 b/d in 2014, then around 50,000 b/d in 2016, before the decline in production in 2017. However, the declining production is yet representing more than the average oil production of the kingdom between 1994 and 2017, which recorded 39,240 b/d, according to Trading Economics data.

Furthermore, Bahraini natural gas reserves decreased from 5.2 trillion cubic feet (tcf) in 1997 to 3.3tcf in 2016, according to Konoema World Data Atlas, entitled Bahrain Gas: Proved Reserves of Natural Gas. Another report by Konoema, Bahrain Oil: Crude Oil Proved Reserves, showed that crude oil reserves were estimated at 0.12 billion barrel (bb) in 2015.

Economic Challenges

The state does not only suffer low crude oil reserves, but most of the kingdom's "oil revenue comes from a Bahraini share of an offshore field controlled by Saudi Arabia," according to Middle East Eye's Analysis: Bahrain's Economic Challenges. Therefore, the kingdom should develop its other fields and discover new oil and gas sources before the offshore field reaches its maturity.

Adding to that, the Kingdom of Bahrain does not possess the capital required for managing and developing the hydrocarbon industries because there is a need for foreign investments to maintain such industries, according to Middle East Eye's country report, Analysis: Bahrain's economic challenges. Therefore, the kingdom has to "import natural gas," the report added, which affects the country's current deficit.

The glut in global oil prices caused a number of problems to the Kingdom of Bahrain, especially with " pressures to keep government spending increasing, [which] have been intensifying since the Arab uprisings," Middle East Eye's Analysis further stated.

"If oil prices continue at this level, it will become even more challenging for us," Bahrain's Oil Minister Mohamed, Khalifa Al-Khalifa, told RFI in September 2016. Accordingly, the globally declining oil prices "led to the overall fiscal deficit and public debt in 2016 near 18% and 82% of gross domestic product (GDP), respectively," Padamja Khandelwal,

"If oil prices continue at this level, it will become even more challenging for us,"

Leader of International Monetary Fund (IMF) mission to Bahrain, stated at the end of the mission's visit to Manama in March 2017. Hence, the kingdom's "external current account deficit is estimated at 4.7% of GDP," Khandelwal added.

Due to the expected increase in oil prices in 2017, the Bahraini current account deficit is expected to narrow, according to Coface's Economic Studies and Country Risks of Bahrain.

In 2017, Bahrain is expected to still have inflation due to oil prices. Although the Kingdom of Bahrain increased fuel prices in 2016, the kingdom needs sell its oil for $120 per barrel of oil, in order to overcome the inflation, as stated by international credit agency Fitch's ratings published in 2015. However, oil Brent price was standing at $48.42 on July 17.

Bahrain increased prices in 2016 "for the first time in 33 years [as] the price of regular gasoline rose from $0.2 per liter to $0.33 while the price of super gasoline jumped from $0.27 per liter to $0.42," according to Leah Schulz' article, entitled Bahrain Economy Struggles with Oil Price.

"Declining oil prices led to the overall fiscal deficit and public debt in 2016 near 18% and 82% of GDP, respectively,"

Despite the 2016 measures, Bahrain's budget deficit stood at 18%, while public debt stood at 82 % of gross domestic product in the same year. Hence, "a sizable fiscal adjustment is urgently needed to restore fiscal sustainability, reduce vulnerabilities, and boost investor and consumer confidence," the IMF stated in April 2017. The statement added that the measures might include "valued-added taxation and further rationalizing of spending on subsidies and social transfers," Bloomberg reported.

Yet, the kingdom's deficit is seen to drop in 2017 to 12.6% of GDP due to "the higher expected oil prices," Khandelwal explained.

The Bahraini economy is also affected by political and social instability which is curbing the kingdom's economic growth "as political risk has disrupted some economic activity while also spurring the government to increase spending," Middle East Eye's Analaysis: Bahrain's Economic Challenges Explained. With hydrocarbon industry acting as the main contributor in Bahrain's GDP, "real GDP growth has declined from an average of 5% over the last ten years to 2.9% in 2015 and is expected to further decelerate in 2016 (1.0%)," RaboResearch's country report, entitled Bahrain: Structural Adjustments are Necessary to Mitigate the Impact of Low Oil Prices.

Accordingly, Fitch announced in its 2015 ratings that "Bahrain's rating [changed] from stable to negative, citing falling oil prices and a failure to address the political situation," according to Schulz. Therefore, if Bahrain's oil challenges remained, in light of the already existing instability, riots might break out, and eventually, the country's deficit could further grow.

Government Program

In 2016, the Kingdom of Bahrain announced several decisions to face the tumbling economy. The decisions include "fiscal reforms to widen its fiscal base, including the introduction of a GCC wide value added tax (VAT) within a few years, and the reduction and redistributing of government subsidies, such as further cutting of energy subsidies; streamlining government expenditure; and a series of economic reforms and infrastructure projects to further diversify and strengthen its economy," Rabobank's report stated. Although the economic measures might add to the social and political unrest and cause riots, they are necessary to decrease the kingdom's current public deficit.

The Bahraini government further adopted a "cost-cutting program [which] entailed the removal of the meat subsidy in 2015 and raising petrol prices by 60% in January 2016 (which is likely to create savings worth $148.4 million); the gradual phasing-in of price increases for electricity, water, diesel and kerosene by 2019; and an increase and unification of natural gas prices for industrial users at $2.5 per million BTUs beginning April 2015," according to the World Bank's Bahrain's Economic Outlook, published in July 2016.

Although the oil prices were tumbling affecting the economy of the Kingdom of Bahrain, the overall economy has a 3% growth as "non-oil sectors that grew by 3.7% in 2016, contributed to Bahrain's overall economic growth of 3%," stated Asharq Al Awsat's article, Bahrain Expects the non oil Sector to Grow by 3% in 2017.

In the second quarter of 2016, Bahrain's economic growth was "led by non-oil sector whereas the oil sector actually experienced a small 1.7% YoY contraction," according to Bahrain EDB's report, Bahrain Economic Quarterly| September 2016.

The report further explained that "the pace of growth in the non-oil economy accelerated markedly from 2.7% YoY in the Q1 to 3.6% in Q2." It added that "the fastest growing sectors in Q2 were Social and Personal Services, Construction, and Financial Services."

In order to recover from political and social unrest, the kingdom's government should "reduce social expenditure and increase (non-oil) revenues to ensure macro-economic stability," according to Rabobank's country report, Bahrain: Structural Adjustments are Necessary to Mitigate the Impact of Low Oil Prices.

Furthermore, Bahraini Parliament members proposed a law act in 2016 "to fully privatize several state-owned businesses to help curb the deficit," according to the World Bank Outlook.

The country is taking every possible measure to face the challenges of low oil prices. Yet, the government's diversification plans are still ongoing to decrease the country's dependence on oil and gas industries. Bahrain still needs to further diversify its industries and not to have most of its revenues from the hydrocarbon industry and the banking sector. By flourishing its economy, and decreasing its deficit, the country can secure more luxurious social standards to citizens which might ease the political turmoil. Eventually, the gulf country would have outstanding revenue affected by a stable social and political environment and a diversified economy, which would pave the way for Bahrain to become a world leading economic country in future.

GCC's Oil Giants' Struggle between Crude Slump and Renewable Path

By Nouran Ashraf

In the last decades, generating energy from renewable resources might have been seen as a luxury, however, within the volatility in oil prices, increasing energy consumption, and climate change, shifting to a more sustainable source of energy has become a matter of global survival.

Representing a third of the world's proven crude-oil reserves, and approximately a fifth of global gas reserves, according to the International Renewable Energy Agency (IRENA), the Gulf Cooperation Council (GCC) is known for its oil focused economies, a fact that many deem can halt its journey towards clean renewable energy. However, adding the current slump in oil prices and region's struggling economy can dramatically alter the renewable equation for the GCC.

Renewables have accelerated its pace in the energy market over the past few years. In 2015, the global investments in renewable energy were estimated at more than double the amount spent on establishing new coal and gas plants, reaching $300 billion by the end of 2015; five times the amount invested in 2004, according to Rawabet Center.

Furthermore, research suggests that the Gulf countries are believed to intensify their investments in renewable energy and are aiming to increase their solar energy capacity by 50 times between 2015 and 2025, as highlighted by a study conducted by consultancy firm Frost and Sullivan.

Saudi Arabia

In 2016, Saudi Arabia, the world's largest oil exporter launched its Vision 2030, which aims to diversify its economy beyond oil with a great focus on renewable energy. The Kingdom's vision was driven by the volatility of the oil prices, the rise in domestic oil consumption, and the decreased cost of producing solar panels. It was also inspired by the need to provide more job opportunities for the Saudi youth, according to research conducted by Makio Yamada, Teaching Fellow at the SOAS University entitled Vision 2030 and the Birth of Saudi Solar Energy.

The Vision 2030 has set an essential goal of producing 9.5 gigawhatts (GW) of renewable energy starting with establishing wind and solar plants in its northwestern desert, replacing the equivalent of 80,000 barrels of oil per day (bpd) used for generating power. Through the vision, the Kingdom launched National Transition 2020 program with the aim of producing 3.45GW or 4% of total energy consumption by 2020. The program also plans to employ about 7,774 workers in the renewable and nuclear sectors within the next 3 years. In all, Saudi Arabia is seeking $30 billion to $50 billion worth of investment in renewables, Energy Minister Khalid Al-Falih announced earlier this year.

The Minister announced that the country is working on producing 1,200 megawhatts (MW) through 30 projects in the next seven years. "So the percentage of renewable energy by 2023 will be 10% of the total installed capacity in the Kingdom." He said during the Saudi Arabia Renewable Energy Investment Forum (SAREIF), earlier in 2017.

During SAREIF, Khalid Al-Falih launched new solar and wind projects to be developed in the OPEC's

biggest member, starting by the 300MW Sakaka solar project that will commence operation by 2019.

The interest of Saudi Arabia in solar energy started with the establishment of the King Abdullah City for Atomic and Renewable Energy in 2010. In its effort to invade the renewable energy market, Saudi Arabia established Al-Falih the National Center for Renewable Energy Data of King Abdullah City for Atomic and Renewable Energy, this year, to offer high-quality data analyzing the Saudi renewable energy sector to investors.

Saudi Arabia is also characterized by great wind capacity of twice the global minimum in many areas in Northern and Northwest regions of the country, which enables it to excel in producing wind generated power. In the beginning of 2017, Saudi Aramco, the national oil giant, has commissioned the Kingdom's first wind energy turbine, providing electricity to its bulk plant facility in Turaif in northwestern Saudi Arabia. The wind turbine is supplying power to 250 homes, thus replacing 19,000 barrels of oil equivalent. Another wind project was launched during SAREIF, expected to hold a capacity of 400MW in Domat Al-Jandar.

The institutions involved in the renewable energy industry used to suffer from institutional fragmentation. In 2016, the administrative functions of this field were unified in a single ministry, named Ministry of Energy, Industry and Mineral Resources, with the appointment of Khaled al-Falih, former Minister of Health and Chairman of Saudi Aramco, as the new Minister of Energy. Earlier in 2017, Al-Falih announced the establishment of The Renewable Energy Project Development Office (REPDO) within the Ministry which became responsible for the management of the renewable energy projects within the Kingdom aiming at achieving the targets of the Vision 3030.

Although the future of the renewable energy in Saudi Arabia is promising, there are still few obstacles that might challenge the Kingdom, including the lack of the feed-in tariff system which can be discouraging for private investors. The dynamics created by a feed-in tariff system could help Saudi Arabia in paving the way towards energy diversification, a study conducted by conducted by Makbul Ramli, Researcher at the King Abdulaziz University suggested.

Another obstacle is the inadequacy of qualified local professionals. In order to overcome this problem, the National Transition Program has set an ambitious goal of increasing the number of students in technical and vocational training from 104,432 to 950,000 by 2020, Vision 2030's official website informed.

United Arab Emirates

The United Arab Emirates (UAE) has the largest capacity of solar power between the Gulf countries giving it a huge solar generation potential. The current energy policy of the GCC member is focusing on generating energy from renewable resources specifically solar energy and reducing the dependence on the use of fossil fuels.

In January 2017, the country announced that it will invest $163 billion in renewable projects in order to satisfy half of the Gulf state power needs from renewable resources. It is hoping to reach this goal by 2050 in order to create a balance between the country's economic needs and environmental goals, CNN reported.

Additionally, 44% of the country's energy needs are expected to be provided by renewables by 2050, with 38% from gas, 12% from cleaner fossil fuel, and 6% from nuclear energy, UAE Prime Minister, Sheikh Mohammed bin Rashid Al Maktoum, told the BBC.

"He who does not think of energy is not thinking about the future. The UAE government has made an achievement in drawing up a unified energy strategy for the country," the Prime Minister wrote on Twitter, as reported on BBC in January 10th, 2017.

Dubai and Abu Dhabi, the two Emirati cities, are leading the country's renewable energy goals. In 2012, the UAE started establishing the Mohammed bin Rashid Al Maktoum Solar Park in Seih Al-Daha, which is considered to be one of the world's largest renewable projects based on an independent power producer (IPP) model, according to Dubai Electricity & Water Authority (DEWA).

While in 2013, Abu Dhabi launched the commission of $600 million worth Shams Solar Power Station in the Western Region of the city, with capacity of 100MW; the grid connected power plant will produce enough energy to supply power to 20,000 homes in the Gulf nation and is capable of replacing about 175,000 tons of carbon dioxide per year, WIKIPEDIA informed.

In 2015, Sheikh Mohammed bin Rashid al-Maktoum launched the Dubai Clean Energy Strategy 2050, which intends to appoint Dubai as a global center of clean energy and green economy. The Dubai Clean Energy Strategy plans to generate 7% of Dubai's energy from clean energy sources by 2020. It will boost this target to 25% by 2030 and 75 % by 2050, Gulf News reported.

In 2016, The Dubai Water and Electricity Authority (DEWA) launched the establishment of the world's largest concentrated solar power (CSP) project within Mohammed Bin Rashid Al Maktoum Solar Park. The first phase of the project is expected to be finalized by 2020, with estimated generation power of 1,000MW. By 2030, the plant is expected to produce 5,000MW, increasing the emirate's total power output by 25%, Ventures Onsite informed.

The country's Energy Plan 2050 aims to reduce carbon dioxide emissions by 70% since the Organization of Petroleum Exporting Countries (OPEC) member is ranked the eighth on the World Bank's worldwide list of CO2 emissions per capita, The National said.

Kuwait

The oil-rich Gulf country of Kuwait similarly plans to rely on energy produced from renewable resources in the near future. The GCC member has set an ambitious goal of supplying 15% of its energy needs, estimated at 2,000MW from renewable resources by 2030.

Kuwait's renewable energy potential is high due to the availability of solar and wind resources. The Gulf state holds one of the highest solar irradiation levels globally, with maximum annual sun hours of around 9.2 hours daily, the country has the potential of being a solar energy hub. Meanwhile, the wind speed is estimated at around 5 meters

per second (m/s) in regions like Al-Wafra and Al-Taweel, which is relatively good, enabling Kuwait to focus on wind projects, EcoMENA stated.

Kuwait started working on its 2030 goals by launching the construction of the 2GW Shagaya Renewable Energy Park in 2015 that includes solar thermal, solar photovoltaic (PV) and wind power systems, located in a desert zone near Kuwait's border with Saudi Arabia and Iraq. The first phase of the project provided 10MW of wind power, 10MW of solar PV, and 50MW of solar thermal systems. The state additionally launched the Al-Abdaliyah integrated solar project which is expected to hold a total capacity of 280MW by the end of 2017, according to EcoMENA.

When it comes to wind power, Kuwait has finalized the establishment of the 2.4MW Salmi Mini-wind farm, in 2013, which mostly supplies telecommunication towers in remote areas and the fire brigade station in Salmi, EcoMENA added.

Oman

The availability of unused land and solar energy resources gives Sultanate Oman a great potential for solar energy development. In 2008, the Authority for Electricity Regulation conducted a study about the potential of renewable resources in Oman that suggested that the solar density of the GCC member was among the highest in the world and.

Despite the focus on solar energy, significant wind energy potential was discovered in the southern parts of Oman with wind speeds comparable to inland sites in Europe that sustain large numbers of wind turbines, REVE informed.

Oman's National Energy Strategy 2040 issued in 2015 suggests that around 10% of Oman's energy mix should be created from renewable resources, mostly onshore wind and solar, by 2025. A mix of CSP and PV technologies are planned to be implemented for the development in Dakhiliyah Governorate which is one of the largest solar energy projects in Oman, according to the strategy.

The increase in population along with the industrialization of cities like Duqm, Sohar, and Salalah and the total reliance on fuel puts Oman's power infrastructure and hydrocarbon reserves in a challenging situation, thus investing in more renewable projects will help the country by decreasing its dependence on fossil fuels and providing it with cleaner and more sustainable sources of energy, EcoMENA stated.

In 2015, Oman launched the Wind Atlas project, where four sites within the country, Sadah, Shalim, Duqm, and Jalan, were selected for the establishment of wind power projects, according to Oman's Authority for Electricity Regulation Oman (AER).

In 2017, Oman launched the solar rooftop initiative where PV systems will be installed on residential buildings in the Sultanate providing an estimated 1.4GW of electricity. It is expected that Muscat Governorate alone could produce 450MW; the same amount of energy produced by a medium-sized gas-based power plant, AER informed.

Oman is encouraging private investments in renewable resources by offering them Power Purchase Agreements. However, the government doesn't involve stakeholders in regulating policies and in the decision-making process within. In addition, the country doesn't have a feed-in tariffs system. Accordingly, private investors might be discouraged from entering the renewable field, EcoMena added.

Qatar

Considered the world's leader when it comes to exporting Liquefied Natural Gas (LNG), Qatar, despite the fact that the Gulf nation was capable of developing enough power to enable it to invest in projects abroad and even though the diversification of energy might not be as crucial in Qatar like other GCC members, still the country has a growing interest in pursuing alternative and sustainable sources of energy like solar and wind.

The country has launched its national vision 2030 back in 2008, focusing on providing energy from sustainable resources. The Qatari government aims to generate 20% of its electricity from solar energy by 2030, targeting 1,800MW.

One of the state's reasons for joining the renewable movement is population growth, as explained by the Qatar Foundation. The foundation is responsible for generating 85% of Qatar's total solar energy, and, in 2014, it announced the launch of one of the Gulf region's first Energy Monitoring Centre (EMC) to manage its smart grid and monitor solar power production within its campus.

Qatar's renewable energy policy is focused on appointing it as regional research and development R&D hub. The country is investing in research centers, universities, utilities and pilot projects specialized in the renewable energy studies, EcoMENA highlighted.

The state electricity and water utility Kahramaa launched the operation of the first solar power facility, to be placed in Duhail, in 2016 with a generation capacity of 15MW. Kahramaa is expected to provide a capacity of 200MW solar power at 60 sites by 2020.

Qatar is also emphasizing the use of solar energy in the urban environment. Newly planned projects will be using rooftop solar installations as part of their energy infrastructure. Mshereib Downtown Doha, a sustainable downtown regeneration project along with Lusail City, which is planned to be established on the coast north of Doha and Energy City, an integrated energy hub being built between Lusail City and the capital are all going to use solar rooftop installations, according to Oxford Business Group.

Bahrain

Considered to be the smallest country among the GCC members, Bahrain, holds a limited amount of energy resources and is expected to run out of oil in the next 10 to 15 years. Furthermore, by 2030, Bahrain's energy demand is expected to more than double to 37.6 terawatt hours (TWh) from 15.4 TWh. Accordingly, Bahrain's reliance on hydrocarbon resources is not sustainable, based upon data revealed by Bahrain's Ministry of Electricity.

Like all the GCC members, Bahrain enjoys some of the highest solar energy levels in the world rendering it a viable source of solar and wind energy. Bahrain's investment in renewable energy sources will aid it in decreasing its carbon emissions and fuel input costs, Solar GCC alliance stated.

In Bahrain's Vision 2030, the government promises to generate 5% of its energy from renewable resources by 2020, with expectations of adding another 105 by 2030, 300MW out of a 6,000MW.

In 2016, the state announced its plan to launch its first solar panel production plant in the Kingdom with a capacity of 60,000 solar panels, in addition to small-scale hybrid power plants using solar and wind, a move that would boost the country's renewable energy position.

Paving the Way towards Renewables

With the abundance of solar energy specifically, the future of the renewables in the region is promising, but still, there is a long way to go before the renewable sources dominate the energy mix in the Gulf countries.

It is clear that investing in renewable energy will help the GCC members move closer towards stabilizing their economies, addressing rising unemployment, and tackling any environmental challenges on the horizon.

Furthermore, the need for a luring investment environment in the sector is worth highlighting. It is one of the major obstacles in the region's growth, alongside heavy oil subsidies, which render a grass-root movement in the renewable sector unbeneficial to locals.

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The Great Gulf Input in Egypt's Petroleum Sector

The investment of the Arabian Gulf companies exists for a long time in Egypt and it has become more fruitful in the last few years, especially in the petroleum industry, which resulted in an increase year after year in the corporate investment of oil and gas exploration for production and other service providers.

The presence of big firms with many successful cases is known in several areas in Egypt. The Emirati Dana Gas Petroleum Company, for instance, has many concessions in the Nile Delta and produces gas, condensate, and liquefied petroleum gas (LPG) with its Egyptian partner El-Wastani, which started production in 2002 from El-Wastani gas field. The company put more than 20 fields on the production map with average equivalent daily production of 40 MBBL/D.

Another successful story is the Kuwait Energy Group, which has a big profile worldwide with many investment areas in different countries, especially in Iraq, Yamen, Oman, Kuwait, and Egypt. Kuwait Energy has many partnerships in Egypt and started exploration in the Eastern Desert in 2007. Then, its activities speeded in both the Eastern and Western deserts and different concessions. It worth mention that Kuwait Energy has a service agreement for oil and gas production with General Petroleum Company, which is considered a great cooperation in different scales that can be illustrated in other opportunities.

Another prominent company that was encouraged to invest the country is the Emirati firm Gas Ras Elkhema. The company took a good chance for investment in Upper Egypt with Ganope El-Wadi Holding Company. Ras Elkhema has activities in United Arab Emirates (UAE) and many other nations in Africa. It exploits in El Ghazaliyat concessions in Upper Egypt. It finished the seismic acquisition, which was completed in 2015, and now is working on exploration drilling phase.

There are several other Arabian Gulf companies rather than the previous mentioned investing in Egypt. A last case worth the mention is the Gulf companies' participation in petroleum services. One of the firms involved in the sector is Alkhorayef Petroleum, which provides pumping systems to the Egyptian petroleum market by Electrical Submersible Pumps (ESP) with a competition of five other companies in Egypt.

By time, the cooperation between Egypt and Arabian Gulf companies increases in different branches in the oil and gas industry, which is a great deal to inforce and enrich this business in Arabian countries.

By Hafez El-Shamy,
Production Technology Division Manager,
Egyptian General Petroleum Corporation (EGPC)

Gulf Investment in Egypt's Oil Industry

Egypt is not out of the dark, but there are many reasons to be hopeful. The nation's energy market reforms and consistent debt repayments have won the attention and approval of international energy companies and investors in the form of significant investment in the Egyptian energy sector. New upstream exploration and production (E&P) oil and gas contracts, a recent increase in renewable energy ventures, and dozens of additional preliminary agreements in both petroleum and utility sectors are proof of the improved investment climate.

Despite its vast oil and gas reserves, Egypt has a history of difficulty in meeting its rising domestic energy demand. However, aid from Gulf States has helped Egypt to pay billions of dollars of its energy debts. Robust investor response to these debt payments, coupled with strong government statements regarding full creditor compensation and fuel market reforms, may signal that the worst is over for Egypt's energy crisis.

The country's reforms have led to an increasingly stable financial environment in which the capital markets, and notably energy investors, are confident. New energy investments range from solar and wind to oil and natural gas, with the petroleum sector representing more than 90% of Egypt's fuel consumption.

The petroleum industry is one of the industries with high economic feasibility and relies heavily on advanced technology in various stages of the sector. This enabled it to keep abreast of all changes in the pattern of global demand for petroleum products. In this regard, the promising opportunities, especially in the field of projects, are as follows:

- Production of clean fuels in line with the strict international requirements.
- Exploration activities
- Transportation projects and oil pipelines
- Refineries
- Building capacity

Oil and natural gas producing and exporting countries are keen to defend their economic interests and work in coordination with other producing countries, especially in terms of production policies, which ultimately benefits the global oil market.

The oil and gas sector in Egypt is upgrading and have a modernization plan to make this sector one of the most attractive sectors for international investment companies. In light of these positive conditions, we can say that there is a promising future for the oil and gas sector in Egypt. And in case of the speedy completion of all procedures for the exploitation of the wells it will be a great support for the Egyptian economy.

The new discoveries qualify Egypt to be a regional center of energy. The gas discoveries in the Mediterranean region, as well as the efforts of the oil industry operators in the country and in cooperation with Arab and foreign companies operating in Egypt, leave no doubt that these discoveries will contribute to secure more of Egypt's oil and gas reserves.

From my point of view, Egypt is already one of the regional centers of energy. Many Arab oil exporting countries have directed to implement joint projects and establish oil storage centers in the North African nation thanks to its geographical location.

Economic security

There are many factors that encourage Arab and Gulf countries to invest in Egypt. The most important is the existence of a very attractive investment climate security, financial and regulatory systems, and laws that allow the investor to start up projects immediately.

Furthermore, Egypt makes great efforts to develop its economic and administrative structures, conducting sustainable development in an effective and concrete manner, which reflects positively on all fields of investment, foremost of which are petroleum investments. Accordingly, the country brings great prospects to attract more Gulf and Arab countries to invest in the oil industry.

By Wael Essam El Rayes
General Manager for Data & information Analysis at EGPC

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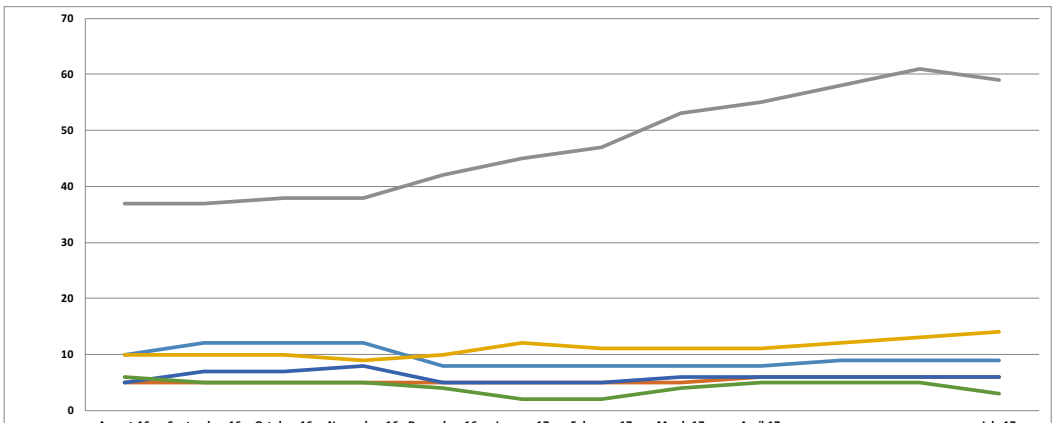
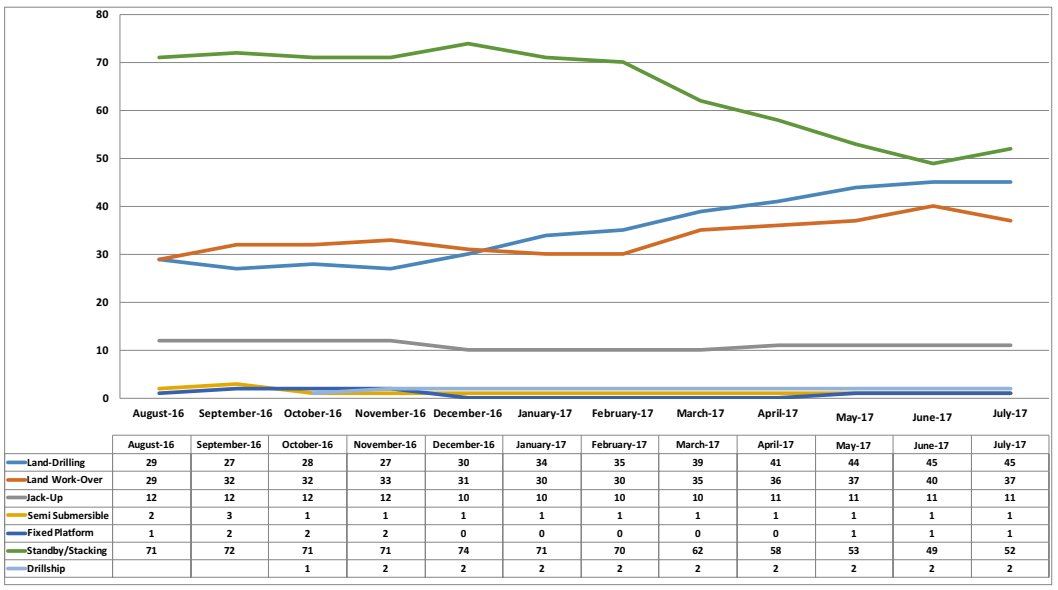
STATISTICS

Changes in Rigs by Area- August 2016 to July2017



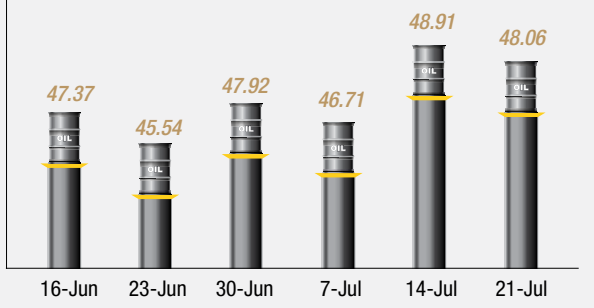
	August-16	September-16	October-16	November-16	December-16	January-17	February-17	March-17	April-17	May-17	June-17	July-17
G.O.S.	10	12	12	12	8	8	8	8	8	9	9	9
Med. Sea	5	5	5	5	5	5	5	5	6	6	6	6
W.D.	37	37	38	38	42	45	47	53	55	58	61	59
Sinai	10	10	10	9	10	12	11	11	11	12	13	14
E.D.	5	7	7	8	5	5	5	6	6	6	6	6
Delta	6	5	5	5	4	2	2	4	5	5	5	3

Changes in Rigs by Type - August2016 to July2017

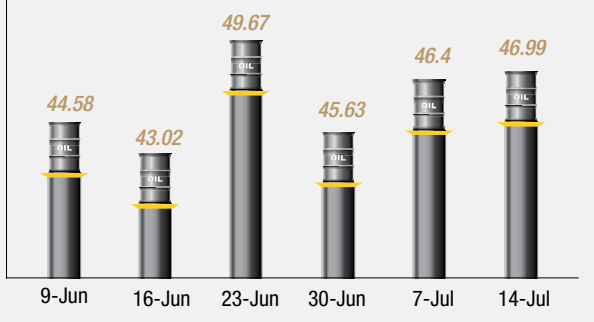


	August-16	September-16	October-16	November-16	December-16	January-17	February-17	March-17	April-17	May-17	June-17	July-17
Land-Drilling	29	27	28	27	30	34	35	39	41	44	45	45
Land Work-Over	29	32	32	33	31	30	30	35	36	37	40	37
Jack-Up	12	12	12	12	10	10	10	10	11	11	11	11
Semi Submersible	2	3	1	1	1	1	1	1	1	1	1	1
Fixed Platform	1	2	2	2	0	0	0	0	0	1	1	1
Standby/Stacking	71	72	71	71	74	71	70	62	58	53	49	52
Drillship			1	2	2	2	2	2	2	2	2	2

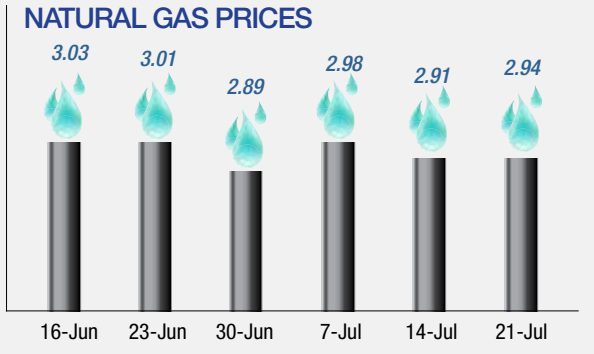
BRENT PRICES



OPEC BASKET PRICES



NATURAL GAS PRICES

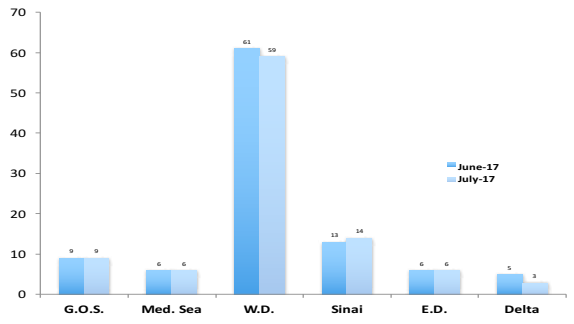


PRODUCTION JUNE 2017

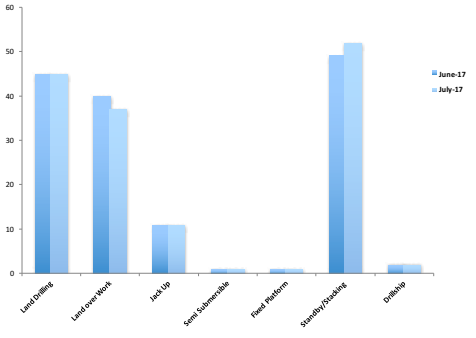
	Crude Oil	Equivalent Gas	Liquified Gas	Condensate
Med. Sea		11950419	155185	640622
E.D.	1906465	12325	3030	1050
W.D.	8992506	8201302	666806	1512321
GOS	4025986	766216	279854	75984
Delta	41331	7103251	93495	425319
Sinai	1501312	703	35416	18805
Total	16467600	28034216	1233786	2674101

Unit: Barrel

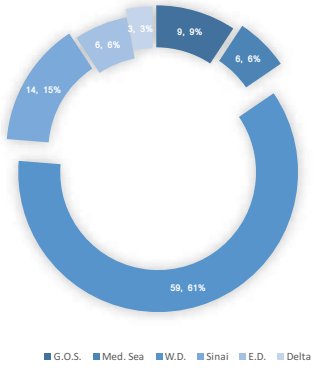
Rigs per Area - June 2016 - July 2017



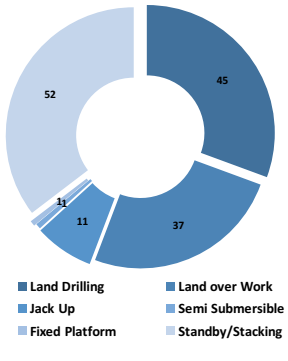
Rigs per Specification - June 2017- July 2017



Rig Count per Area - July 2017



Rigs per Specification - July 2017

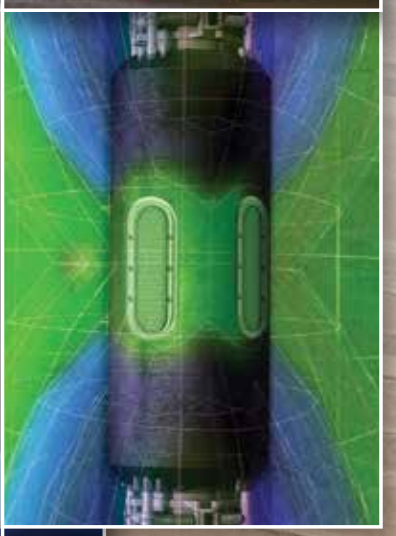


RIGS PER SPECIFICATION
JUNE 2017- JULY 2017

LOCATION	June-17	July-17
Land Drilling	45	45
Land over Work	40	37
Jack Up	11	11
Semi Submersible	1	1
Fixed Platform	1	1
Standby/Stacking	49	52
Drillship	2	2
Total	149	149

RIGS PER AREA
JUNE 2016 - JULY 2017

LOCATION	June-17	July-17
G.O.S.	9	9
Med. Sea	6	6
W.D.	61	59
Sinai	13	14
E.D.	6	6
Delta	5	3
Total	100	97



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