







The philosophy of this newspaper is that you matter, that your voice deserves to be heard. We fill a critical niche in the world of oil and gas journalism because Egypt is so globally underrepresented. By celebrating this month, we are really celebrating a hundred issues worth of partnership with the industry, with those who care about Egypt and are committed to placing it where it deserves to be on the global production map. With our website we have made the final transition from being simply a monthly publication to becoming a daily source of petroleum news that the whole world has access to, bringing together a wider audience than ever before. The more reliable and relevant information that we report on, the more people we can reach. The more daily information we have, the more in-depth our analyses become in our monthly print edition.

We have expanded over the years to be far more than a newspaper. Egypt Oil & Gas has hosted conferences for challenges facing the industry and soccer tournaments to build connections outside of work. We have compiled drilling and production reports, designed concession and development maps, and brought together professionals for intensive roundtable discussions.

Egypt Oil & Gas has weathered revolutions, regime changes, and now a plunge in oil prices threatening the entire industry; those who make the news as well as those who report it. As always however, the industry will bounce back and we will continue to be here, giving you daily access to exclusive interviews and vital industry information. Egypt Oil & Gas exists for you, we seek to learn and grow with the Egyptian oil and gas industry. There is no ceiling to our ambitions because our ambitions are your ambitions. We are up against the best of the best in the business, and we are hiring new and talented people every day to better inform you, our readers.

As we celebrate our 100th issue, we want to thank you, our readers. Your support and reliance on Egypt Oil & Gas has made it what it is today. Thank you.

Mohamed Fouad  
Publisher

# EGYPT OIL & GAS NEWSPAPER



# 100*issue* CELEBRATION







## REVOLUTION

Amid the political instability of early 2011, Egypt Oil & Gas continued to publish. February 2011 was the paper's 50th issue, and even though the printer was closed and much of EOG's staff were unable to come to the office, publisher Mohamed Fouad pushed through, designing and distributing the issue regardless of the challenges.

## INVESTIGATIVE REPORTS

In 2010, Egypt Oil & Gas produced a number of high quality, investigative reports focusing on the potential for offshore Mediterranean fields, best practices with cost recovery and other contract terms, and outlining obstacles hindering progress for the petroleum sector. September of 2010 also saw the re-launch of the Egypt Oil & Gas website, where previous issues is combined with daily news on the industry.

## NEWSPAPER LAUNCH

Mohamed Fouad, Omar Donia, and Mohamed Sabbour saw a need for a publication completely focused on the oil and gas sector in Egypt. In December of 2006, with a staff of 5, they launched the 0 issue of the new paper. Major sponsors such as PICO, Castrol, and Union Fenosa stood by the paper from its beginning.

## FIRST SOCCER TOURNAMENT

Egypt Oil & Gas hosted its first soccer tournament in July of 2007. The tournament was held during the holy month of Ramadan and was started as a way to engage companies during the summer downtime. The first tournament featured 6 companies, and was so successful that the number of participants more than doubled in the next season.

## SOCCER TOURNAMENT EXPANDS

In the summer of 2009, as in other years, Egypt Oil & Gas organized and sponsored a soccer tournament during the month of Ramadan. This year of the tournament was very special, as it was the first year that 30% of its net revenue was donated to the Childrens Cancer Hospital in Cairo. Since that time, the tournament has donated 30% of its proceeds to different charitable causes. 2009 was also the first year that public sector employees participated in the tournament. It was a huge success with 48 teams participating.

## FIRST MAP

In 2009, Egypt Oil & Gas researched, designed, and distributed its first map. This map showed all the major concession areas of Egypt, including blocks in the Nile Delta, Western Desert, and offshore Mediterranean. The map's attention to detail made it an instant hit and EOG made several re-printing runs.

## FIRST CONFERENCE

To continue in its mission to connect the private and public parts of Egypt's energy industry, in September of 2007, Egypt Oil & Gas organized its first conference. This conference was heavily supported by the Egyptian government under the patronage of then-petroleum minister Sameh Fahmy. Its primary focus was tackling the transition from greenfields to brownfields.

MORE THAN JUST A NEWSPAPER,



# 100<sup>th</sup> issue CELEBRATION

## MAJOR ROUNDTABLE

In April of 2012, Egypt Oil & Gas organized one of the first major roundtables in the Egyptian energy industry. The event, titled "Standing on the Shoulders of Giants," connected major players in international oil companies with their Egyptian counterparts in the governmental petroleum sector to find a way forward for the industry in the aftermath of the 2011 revolution.

## NEW MAP DESIGN

Building on the great success that previous development maps have been, in December of 2014 Egypt Oil & Gas debuted a map of the Mediterranean that not only depicted concession blocks, but also showed the entire development field those blocks lie within. The maps were a success for EOG for their careful outlining and attention to detail.



## 100<sup>TH</sup> ISSUE

In our 100th issue, we look back on the history of Egypt Oil & Gas over its nine years. This issue focuses on people in the Egyptian oil and gas industry, celebrating those that are making a difference within their respective companies and fields. Special highlights include features about women in the industry, young professionals, and (now retired) industry veterans.

## PRODUCTION REPORT

In 2012, Egypt Oil & Gas published a production report summarizing all of the activity in Egypt's oil and gas industry over the past year. This report was compiled by EOG's own Research and Analysis division and provided an overview of Egypt's oil and gas production history while also giving current production trends and market forecasts.

## FIRST CONVENTION

In May of 2014, Egypt Oil & Gas organized and hosted a convention to tackle the problem of Brownfields. This multi-day event was similar to previous events that EOG organized, just on a larger scale. Industry executives met with leaders from the Egyptian Petroleum Ministry and its related affiliates to discuss solutions to Brownfields and combating their declines in production.

CELEBRATING 100 MONTHS OF INDUSTRY PARTNERSHIP





*Special Thanks to all our  
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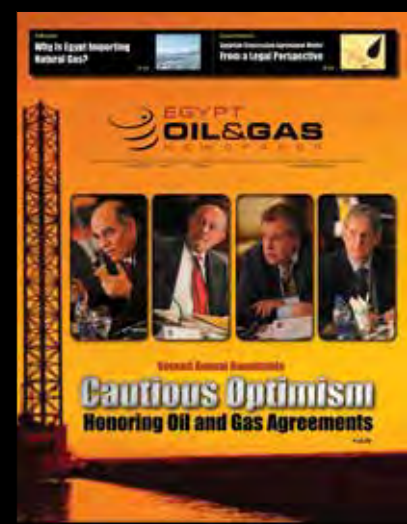
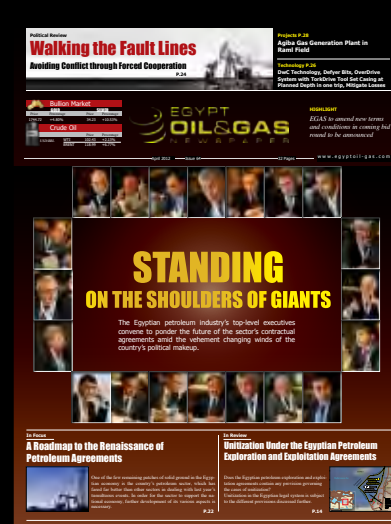
*100<sup>th</sup>*  
*issue*  
CELEBRATION

*More than Just A Newspaper, Celebrating 100 Months Of Industry Partnership*



# EGYPT OIL AND GAS ROUNDTABLE DISCUSSIONS

A BRIDGE BETWEEN INDUSTRY PLAYERS



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NEWSPAPER





Building on the success of the Brownfield Development Convention 2014

6-9 April 2015

# Production Optimization CONVENTION

Roundtable - Workshop - Training Course - Exhibition

10-13 May 2015

## TRAINING COURSE

10 MAY 2015

- Egypt's Oil & Gas Production Overview.
- Importance of Production Optimization.
- Top four forms of Lift in Egypt.
- How to apply production optimization for each form of lift.
- Production Optimization setup for each of the top four forms of lift.
- Production optimization case studies - Egypt.
- New technologies and alternate forms of lift.

## ROUNDTABLE

11 MAY 2015

- How can Contractual and Commercial terms Impact Production Optimization.
- Risk Sharing and Reward: How IOC's, JV and Service Providers could partner and share risks and rewards.
- The Impact of applying the proper technology to optimize production.
- Optimum Utilization of existing and future infrastructure.
- The Importance of people development within our industry and its impact on production optimization.

## WORKSHOP

12-13 MAY 2015

- Production Optimization
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- Inflow Well Performance
- Economics
- Smart Fields
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- Reservoir Engineering
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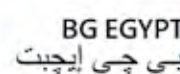
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EGYPT'S LEADING OIL AND GAS MONTHLY PUBLICATION - April 2015 - 40 PAGES - ISSUE 100

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**100** issues. This is a huge milestone for us, one that shows our enduring commitment to the oil and gas industry. Over the last eight years we have published our newspaper every month, persevering even through the uncertain times of 2011 and 2013. Egypt has remained one of the most important places for investment, and we are here to keep you informed. We see our most important role as being a bridge between the government and international players. We want to keep Egypt Oil & Gas exists to serve you. Over our eight years we have greatly expanded—we are not simply a newspaper—we bring

leaders together through conferences, roundtables, and soccer tournaments, keeping you informed through our drilling reports, news supplements, and development maps.

Egypt Oil & Gas has come a long way, but we are not finished yet. Everyone is excited about the new investment environment in Egypt and we are excited to grow with the market.

Thank you for your support, thank you for your readership, and thank you for standing by our newspaper. We look forward to serving you for many years to come.



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**Nicholas Linn**



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# Production Optimization CONVENTION

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BG EGYPT  
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# 25 Years of Energy Partnership

BG Egypt, a subsidiary of BG Group, is one of the principal foreign investors and one of the largest producers of natural gas in Egypt.

Proud of our partnership with the Egyptian government in the development of the local natural gas industry with investments spanning the gas chain from exploration through development and production to LNG.

- More than USD \$ 14 billion investments in Egypt with our partners
- The largest foreign investor since 2011 with more than USD \$ 3.5 billion
- More than USD \$ 1.5 billion investments in 2014/2015
- Active player in community development through investments in education and skills building

**A world leader in natural gas**

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Congratulations on your 100<sup>th</sup> edition, Egypt Oil & Gas.



### Egypt Revises Debt Payment Plan for Oil Companies

The Egyptian government revised plans to repay all of its debts owed to foreign oil companies by pushing them back to mid 2016, reported Reuters. The plan was announced by the petroleum ministry and delays the original deadline by about a year. This past November the ministry had stated it would pay all its debts within six months. While payments of around \$5 billion were completed by Decem-

ber of 2014, about \$3.1 billion is still owed. "All current operational payments have been made on time and are on track to repay any remaining arrears before mid-2016," the ministry stated in a press release. The Egyptian government has struggled to maintain payments to foreign firms since the revolution of 2011 forced the removal of long-time president Hosni Mubarak from office.

### Egyptian Bank Invests \$14 Million Into EGPC Loan Effort

The Egyptian Arab Land Bank (EALB) announced a loan of \$14 million to the EGPC that will contribute to paying off the EGPC's crippling debt. The loan is part of a collaborative effort between the National Bank of Egypt (NBE), National Bank of Abu Dhabi (NBAD), and HSBC. The total combined loans will amount to a total of \$1.5 billion.

Egyptian authorities at the EGPC are making an effort to pay off its debt to foreign partners, estimated at \$4.9 billion, and are taking measures to accelerate the repayment process. Another significant contribution made by EALB to restore the Egyptian economy include a \$13 million for the Ezz Steel company.

### Sherif Ismail: Egypt to Import More LNG, Pay More for Offshore Gas Output

In an interview with Reuters, Petroleum Minister Sherif Ismail said that there was a "very high possibility that Total and Shell will provide us with LNG for the period of two years from now." This is part of a larger set of measures designed to keep LNG imports flowing until 2020, when they will eventually be phased out, Ismail explained, adding that existing deals with commodity trading firms and countries like Algeria would only meet two years' worth of demand. The minister went on to say that Egypt would either launch a new bid round

or begin direct talks for more LNG to be supplied by the middle of the year, while not divulging any Shell and Total contract details. He added that Egypt was planning to pay foreign explorers "more" for their production in an effort to up gas and oil output. Similar agreements have already been reached with BP, RWE Dea, and Edison, while negotiations with BG Group are close to completion for its West Nile Delta Deep Marine concession. Instead of paying BG the current rate of \$3.95 per million Btu, the figure will rise to \$5.88 per million Btu.

### Kuwait Energy Commitment to Investing in Egypt

"Kuwait Energy's investments in Egypt are about \$600 million and we have plans to increase investment," Kuwait Energy's Board of Directors Chairman Mansour Abu Khamseen announced in a press statement, reported El-Mal newspaper. He said that investment opportunities in Egypt were limitless and explained that Kuwait's political leadership was committed to upgrading and stabilizing Egypt through pumping new money into the country. Kuwaiti Emir Sabah Al-Ahmad Al-Jaber had openly stated that this was a strategic decision stemming from a single common destiny between the



two countries. When asked about low oil prices, Abu Khamseen insisted that this would have no effect on investments in Egypt. Profits were not the priority, he explained, reiterating that the decision to support the country was political and not economic.

### Egyptian Petroleum Ministry Announces Additional 2530 b/d from Recent Oil Discoveries

The Egyptian Ministry of Petroleum recently announced in a press release a new petroleum find – the Malak play – discovered by GANOPE in late February in its concession area in the south of Egypt, to the west of the Ish El-Malaha area which belongs to British firm Aminex. Initial figures showed production at 430 b/d of high quality (API 40 grade) light crude. Reserves

are estimated at about 9.6 million barrels. Italy's Eni also announced its own new find in late January in the deep Garb Miliha area (the Milaha development area of the Western Desert) with a production rate of 2100 b/d. This puts the total new production rate at 2530 b/d for the beginning of 2015, the ministry said.

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### BP to Invest \$12 Billion with Partners in West Nile Delta Gas Concession

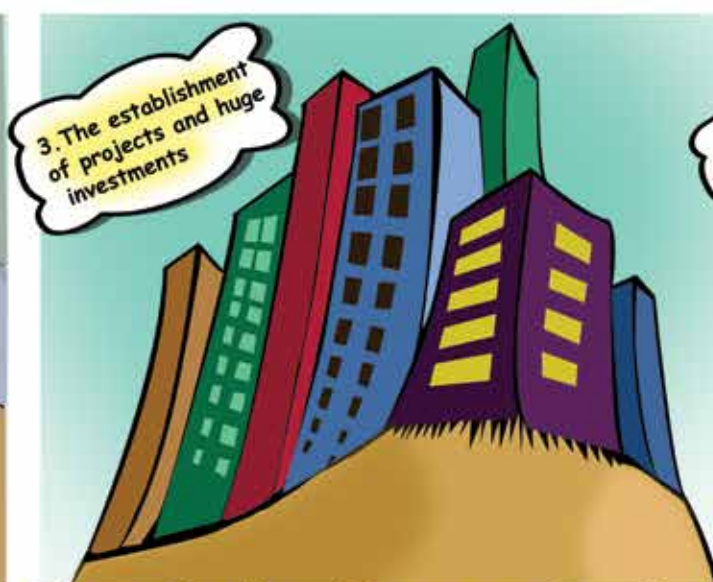
BP plans to invest nearly \$12 billion into a new concession deal with its partners in Egypt's West Nile Delta. The concession is expected to produce nearly 5 tcf of natural gas and around 55 million barrels of condensates. This new concession, which BP has a 65% stake in, is expected to contribute significantly to the company's natural gas production in the country. "BP expects to double its current gas supply to the Egyptian domestic market during this decade when the WND (West Nile Delta) project reaches its peak production," said BP North Africa regional president, Hesham Mekawi. Egypt relies largely on natural gas for power generation and other heavy industries. In recent years the nation has experienced rolling blackouts during peak electricity seasons due to a lack of available gas. The Egyptian government hopes that recent deals like those signed with BP will help alleviate the shortage.



### DEA's New General Manager: West Nile Delta Project to Add 25% to Egypt's Gas Production

The German E&P company DEA stated in a press release that Egypt's gas production is to be increased by 25% upon the start of the production from West Nile Delta development project. Production from the project is expected to start in 2017. Another press release issued by the company in March named Dr. Hans-Hermann Ecke as the new general manager of DEA's Egypt unit. Ecke, who has been with DEA since 1986, holds a PhD in geology. Ecke was in Egypt as exploration manager and deputy general manager from 2001 to 2005, and again between 2009 and 2011. He then headed the New Ventures department as senior V.P. at DEA's headquarters in Hamburg. "I am looking forward to the upcoming tasks in Egypt, where DEA has already been part of the oil and gas industry for more than 40 years," Ecke said. The \$12 billion development project, West Nile Delta, is one of the projects where DEA is a partner; the project is to devel-

op 5 TCF of natural gas resources. "This project is an exciting challenge. The start of production is planned for 2017. Until then, the project will be connected to existing infrastructure," said Ecke. "The West Nile Delta development is considered as of prime importance for Egypt's energy sector. It is expected to increase daily gas production in Egypt by approximately 25%," he added.



### Results of the Economic Conference



## Egypt Shale Gas Price at \$5.45 per million Btu in Recent Apache and Shell Deals

The shale gas agreement signed with Shell Egypt and Apache Corporation provides for a price of \$5.45 per million Btu of gas extracted," an official at the oil ministry, who declined to be identified, told Reuters. Egypt's very first hydraulic fracturing gas deal was signed in December 2014, and

includes investments of \$30-\$40 million for three horizontal wells as deep as 14,000 feet in Western Desert fields. "The shale gas agreement is at an experimental stage for a year while we make sure the search for shale gas is feasible," the source added.

## Sherif Ismail Vows No Fuel Price Rise for Fiscal Year 2015/2016

Petroleum Minister Sherif Ismail told Daily News Egypt that the government will not raise domestic fuel prices for the fiscal year 2015/2016 out of consideration for the economic situation of Egyptian citizens. Ismail said that the decline in Brent crude prices will contribute to the cost decline in the current fuel subsidy bill, noting that the original subsidy bill for FY2014/2015 had decreased to EGP 80 billion, compared to the original EGP 100 billion. He added that the government's liberalization plan for fuel prices that began this fiscal year had not changed and it would continue to be implemented over the next five years. Last July, the government raised fuel prices by 75% in an effort to reduce fuel



subsidies. With the current global market depressed, the petroleum ministry has revised projections for subsidies in 2015/2016 and is basing its calculations on about \$75 per barrel of oil.

## BG Confident Egypt Will Repay Its Debt

BG Group recently expressed confidence that the Egyptian government will repay debts owed to the company, adding that it is enthusiastic about the future. BG has been working in Egypt for more than 25 years and has played a significant role in developing the country's natural gas. "The Egyptian government keeps stressing that it plans on settling its debts, and we have every reason to be-

lieve that they will," said BG's President in Egypt Arshad Sufi to Daily News Egypt. Recently BG received \$350 million from Egypt's government, reducing its remaining balance to \$920 million. The Ministry of Petroleum is acquiring hefty bank loans to repay its debt of \$4.9 billion to international oil and gas companies, which they seek to expedite in upcoming months.

## Chile's ENAP To Build \$30 Million Oil Pipeline in Egypt

A subsidiary of Chile's state owned oil company ENAP plans to spend \$30 million to build a 90 km oil pipeline in the Western Desert, the country's ambassador announced on the recent economic summit in Sharm El Sheikh. The pipeline will make possible extraction of oil from the new discoveries west of Cairo. The oil will be directed into the Egyptian

market to satisfy domestic demand. The Egyptian government recently announced large investment partnerships to develop petroleum resources in the Western Desert, with notable deals including BP and BG. These agreements were facilitated by the summit held in Sharm El Sheikh as Egypt tries to ramp up foreign direct investment.

## GE to deliver 2.6 GW of gas-fired power to Egypt

GE Power & Water's Distributed Power will deliver 34 aeroderivative gas turbines, expected to start working in May, as well as 12 heavy-duty gas turbines to 15 locations in Egypt, reported Penn Energy. The project's initial phase will consist of fast-track power solutions such as 14 LM6000 turbines and 20 mobile TM2500 turbines to offset Egypt's expected summer power demand. Some of the country's power plants will be upgraded with new turbines for the same purposes. The second phase will involve two full-scale power plants, which are expected to generate 1495 MW, wrote Platts. The project is GE's largest and the LM6000 turbines have already been installed while

the TM2500 turbines are currently being installed. Fuel flexibility is an important reason for the project, as the turbines are able to run on diesel and gas. GE Vice President Darryl Wilson is hopeful that Egypt is on the right track. "Every country's energy mix requires a variety of solutions," he said. "We don't think distributed power is only for quick emergency power - a large part of our portfolio is in installations running baseload." He continued by saying that distributed power, is "not just a starter kit for countries"; instead, it "should be embedded in every country's power mix."

## Ganope Announces Extension of Deadline for Newest Bid Round of Oil and Gas Concessions in Egypt

Egypt's Ganoube El-Wadi holding company has announced an extension of its deadlines for IOCs to bid on concessions until May 31st, 2015. The state-owned company is hoping to increase investment in the country by extending the deadline two months past its original March 31st date. The bid round includes 10 exploration blocks in the South Gulf of Suez, West Nile, and East Nile Delta. Agreements for these concessions will be signed into law using the PSA contract structure. Interested Companies can review technical data and purchase data packages related to the bid round blocks upon request. Additional information can be found at Ganope's premises: El Nour Street from El Nozha Street, Nasr City, Cairo, Egypt P.O.B.: 3011 El Horria.

## Siemens to Invest in Egypt's Renewable Energy



International firm Siemens announced plans to add 650MW to the Egyptian power grid with four new gas turbines at the Attaka power plant in Suez, Egypt. The plant lies 150 km east of Cairo and is expected to generate electricity for more than half a million people. Siemens is involved in a contract with the East Delta Electricity Production Company to supply, install, and commission electrical components at the 650MW Suez Thermal Power Plant in 2016, reported The National. Egypt is on the road towards increasing power generation with wind and solar as it attempts to diversify its energy mix. Other key players in this attempt include Abu Dhabi-based Masdar, which inaugurated a 10MW solar power plant in Marsa Matrouh, one of several wind and solar projects in Egypt that total nearly 2,000MW. Masdar also plans to provide solar power to an additional 61,000 Egyptian homes.

## CHOICE Words



Egypt needs a powerful and reliable energy system to support its long-term, sustainable economic development, and experienced partners who understand the specific challenges facing the country. Siemens' technology and expertise has been supporting Egypt's growth for more than 150 years, and our track record shows that we deliver what we promise.

**Joe Kaesser**  
President and CEO of Siemens AG



BG Egypt is working closely with the government of Egypt and our partners to enable the increase of third party gas supply into the country, a reflection of our appreciation of the country's need for energy. These agreements will enable the development and delivery of additional gas volumes to Egypt's domestic gas market, through the utilization of BG Egypt's and our upstream partners' onshore and offshore infrastructure.

**Arshad Sufi**  
BG Egypt President



The world's population is increasing, the global middle class is expanding, and the demand for energy will rise accordingly. Access to reliable and stable energy supplies will help improve global living standards, increase educational levels and boost economies worldwide. In this, I believe all nations are in agreement. We have a shared responsibility to create the conditions that can make this happen.

**Ali Al-Naimi**  
Saudi Arabia's Oil Minister

## Egypt Raises Gas Price for DEA to \$3.50 per Million Btu

Egypt recently signed an agreement with German-based DEA raising the price it pays for natural gas extracted from the Nile Delta Desouk region by 40%, increasing from \$2.5 to \$3.5 per million Btu, the oil ministry reported in a statement to Reuters in late March. DEA plans to increase production in the Desouk region by the end

of this summer from the current 145 mcf/d to reach 210 mcf/day. DEA has additional expectations to further increase production by the summer of 2016, reaching 300 mcf/d. This move is an effort to increase investment and as a result production rates to meet the growing needs of the energy-hungry nation.

## Fuel Subsidy Costs Fall Dramatically in Face of Oil Price Drop, Subsidy Reform

Official state paper Ahram Online announced that the amount spent on subsidies during the first half of the current fiscal year fell to EGP 44.5 billion. This represents a significant decline compared to this time last year, when the amount spent was nearly EGP 65 billion. The decline in costs is attributed mainly to drastically lower prices for crude product as well as subsidy reforms carried out in July of last year. Egypt raised fuel prices of diesel, natural gas, and gasoline by 78% in some cases in an attempt to reduce government obligations and reassure international institutions of national sol-

vency. The cash strapped nation currently owes over \$3 billion to international oil firms.





## EGPC in Negotiations with Iraq to Develop Oil Fields

EGPC signed an agreement to collaborate with Kuwait Energy to develop an oil field in southern Iraq which would be Egypt's first upstream project abroad, Oil Minister Sherif Ismail said. "This is a formal contract, not a memorandum of understanding, and our share is 10% of the share of the contractor (Kuwait Energy), Sher-

if said in the economic conference in Sharm El-Sheikh. The field is located in Basra's exploration block 9, according to Kuwait Energy Executive Chairman and Managing Director Mansour Aboukhamseen. Details about the value of EGPC's investments in the field and its role are yet to be unveiled.

## Egypt to Establish 6,000-Megawatt Coal Power Plant



The Electricity Ministry announced that it had signed a memorandum of understanding (MOU) with the joint-stock petroleum company Tharwa for the construction of a coal-powered power plant worth \$9.6 billion. This plant will generate 6,000-megawatts of electricity in an effort to help Egypt diversify its sources of power,

reported Egypt Independent. The deal was signed during the Egypt Economic Development Conference (EEDC) in Sharm El-Sheikh. Tharwa is Egypt's first 100% nationally-owned, joint stock petroleum company with shareholders that include the Finance Ministry and the EGPC. It was established in 2004.

## Sherif Ismail: New Regulatory Agency in the Works, Subsidy Reform to Continue

The total bill for fuel subsidies during the first half of the current fiscal year (July to December 2014) was EGP 7.44 billion pounds, said Minister of Petroleum and Mineral Resources Sherif Ismail in an interview with El-Mal newspaper. If oil prices remain as low as they are, the total subsidies bill could be reduced to between EGP 70-75 billion he added, while insisting this would not dissuade the government from its energy reform program that would extend over the next five to six years. The objective is to make sure that subsidies actually go to those most deserving by increasing spending on public services and heading off any negative effects on GDP and inflation, he explained. The total subsidy bill for the 2014/2015 budget was about EGP 100 billion. In answer to questions about an independent regulator for the oil and gas sector, the minister said that the government, represented by the Ministry of Petroleum, intended to create a new agency in order to develop model agreements for activities in the natural gas sector, such as transportation, distribution, and storage. Additionally, the agency would also issue model licenses for the initiation of activities and put in place mechanisms to calculate tariffs on transportation, distribu-

tion, and storage. They will review their implementation to insure that all sides have are benefited properly. The new body would be tasked with reviewing natural gas law drafts and follow-up on their implementation, Ismail added. Other tasks include the provision of technical advice and recommendations to the authority in question, as well as the drawing up of the organizational structure, financial, and administrative regulations for the organization charge of gas facilities. The agency will also be charged with determining its own requirements to properly carry out its tasks, and establish mechanisms to govern the relationship between actors in the gas market in accordance with the provisions of laws and decrees and regulations in force in Egypt.



## Petroleum Ministry: SIANCO Finishes Solar Stations for Army and EGPC



The Ministry of Petroleum announced that the Egyptian Company for Technical Services and Hardware Maintenance (SIANCO) has finalized construction of two solar energy projects, reported Daily News Egypt. SIANCO Head, Gamal Hassan, added that this was part of a larger project for stations affiliated with the armed forces and EGPC to be partially powered by solar energy. Previously the Minister of Electricity and Energy Mohamed Shaker announced a new "feed-in" tariff to encourage private investment in new and renewable sources by taxing electricity users at varying rates. Households only have to pay EGP 0.84 per kilowatt hour, with prices rising to EGP 0.91 when usage goes above 200 kilowatts. Private sector companies have their own rates. Other options being looked into include using solar to power the lighting of outdoor advertising banners.

# DRILLING

## KHALDA Drills New Wells

KHALDA, a joint venture company between EGPC and Apache, has completed digging two new oil-development wells in its concession area in the Western Desert. The production rate of KHALDA was 3,985,423 barrels of oil as of February 2015.

### SHADOW-4H

The new well was drilled at a depth of 14,200ft. utilizing the EDC-1 rig. Investments surrounding the project are estimated to be \$5.514 million.

### BUCHIS W-4

The new well was drilled at a depth of 12,400ft. utilizing the EDC-40 rig. Investments surrounding the project are estimated to be \$1.107million.



## TRANSGLOBE Drills New Well

TRANSGLOBE has completed digging a new oil-exploration well in its concession area in the Eastern Desert during the 2014/2015 fiscal year.

### NWG-5X

The new well was drilled at a depth of 4,120ft. utilizing the ST-7rig. Investments surrounding the project are estimated to be \$1 million.

## SUCO Drills New Well

SUCO, a joint venture between EGPC and RWE, has completed digging a new natural gas-development well in its concession area in the Delta. The production rate of SUCO was 426,443 barrels of oil as of February 2015.

### SSSE 6-1

The new well was drilled at a depth of 8,697ft. utilizing the PDI-94 rig. Investments surrounding the project are estimated to be \$4 million.

## AGIBA Drills New Well

AGIBA, a joint venture company between EGPC and IEOC, has completed digging a new oil-development well in its concession area in the Western Desert. The production rate of AGIBA was 1,741,645 barrels of oil as of February

2015.

### AGHAR SW-7

The new well was drilled at a depth of 9,040ft. utilizing the WF-161 rig. Investments surrounding the project are estimated to be \$1.025 million.

## QARUN Drills New Wells

QARUN, a joint venture company between EGPC and Apache, has completed digging three new oil-development wells in its concession area in the Western Desert. The production rate of QARUN was 1,112,970 barrels of oil as of February 2015.

### WON C-35 ST

The new well was drilled at a depth of 6,870ft. utilizing the EDC-63 rig. Investments surrounding the project are estimated to be \$1.588 million.

### NED-49

The new well was drilled at a depth of 6,300ft. utilizing the PD-1rig. Invest-

ments surrounding the project are estimated to be \$1.002 million.

### HEBA-356

The new well was drilled at a depth of 7,300ft. utilizing the ST-2. Investments surrounding the project are estimated to be \$1.480million.

## GPC/SCIMITAR Drills New Well

GPC/SCIMITAR, a joint venture company between EGPC and Russia's Lukoil, has completed digging a new oil-development well in its concession area in the Eastern Desert. The production rate

of GPC/SCIMITAR was 1,214,400 barrels of oil as of February 2015.

### ZS-52

The new well was drilled at a depth of

3,927ft. utilizing the SHAMS-1 rig. Investments surrounding the project are estimated to be \$700,000.

## KHALDA Drills New Wells

KHALDA, a joint venture company between EGPC and Apache, has completed digging three new oil-development wells in its concession area in the Western Desert. The production rate of KHALDA was 3,985,423 barrels of oil as of February 2015.

### BUCHIS W-4

The new well was drilled at a depth of 12,400ft. utilizing the EDC-40 rig. Investments surrounding the project are estimated to be \$1.107million.

### BERENIC-2

The new well was drilled at a depth of 12,515. utilizing the EDC-11 rig. Investments surrounding the project are estimated to be \$1.580 million.

### SHADOW-4H

The new well was drilled at a depth of 14,200ft. utilizing the EDC-1 rig. Investments surrounding the project are estimated to be \$5.514 million.

## QARUN Drills New Wells

QARUN, a joint venture company between EGPC and Apache, has completed digging three new oil-development wells in its concession area in the Western Desert. The production rate of QARUN was 1,112,970 barrels of oil as of February 2015.

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## Oil Embargo Possible If Libya Talks Fail, Spain Says

Spain announced that the European Union should consider an oil embargo and freezing of Libyan central bank assets if UN talks fail to resolve the country's political turmoil, reported Reuters. The UN is reportedly ready to send a delegation to Libya if the talks between rival governments are successful. However, if talks fail, Spanish Foreign Minister Jose Manuel Garcia-Margallo told reporters that "we should consider measures to freeze the assets of the

central bank ... and possibly impose an oil embargo, to convince all parties that only with political stability, there can be economic growth." Other options include sending delegations to enforce an arms embargo and sending European soldiers to Libya to protect the government and civilians. This latter move is not likely, however, as most EU politicians have balked at the prospect of putting any troops on the ground in the violence-torn country.

## Circle Oil's Fourth Moroccan Well Not Worth Pursuing

The Moroccan Office of Hydrocarbons and Mining (ONHYM) announced that Circle Oil has decided to plug and abandon the KAB-1bis well in the Sebou permit, reported Reuters. This was the fourth well

Circle Oil had drilled in the same permit, 1,410 meters deep. The previous three had been completed in 2014, showing "modest" discoveries, ONHYM added.

## Total Signs Cypriot Agreement for Exploration Extension

French E&P company Total signed a Cypriot agreement to extend its offshore gas exploration efforts in the East Mediterranean off Cyprus. The company has failed to achieve drilling targets after conducting surveys in two of its licensed concessions over the past two years. "The renewed agreement that we hope we will be signing [by the end of March] will be about doing geological surveys in a different area but

no drilling," Yiorgos Lakkotrypis, the Cyprus Energy Minister, said while speaking at an event at the Atlantic Council in Washington, D.C.; reported Reuters. "They can drill if they identify a drillable prospect, which unfortunately they have not done so far." Noble Energy made a gas discovery off Cyprus in 2011, while Italian oil giant Eni last year failed to replicate Noble's success.

## Malta and Azerbaijan Sign MoU for LNG Hub

Malta and Azerbaijan have agreed on the development of a LNG gas hub. The two countries signed a memorandum of understanding (MoU), Marine Link reported. The Maltese government is shifting its energy focus to gas, provided by Azerbaijani state owned company SOCAR. The agreement comes as the European Union turns to considering the development of a "Southern Gas Corridor" to transport natural gas from Azerbaijan to Europe through a se-

ries of pipelines. Malta will be supplied with natural gas on an 18-year charter of a floating storage unit from SOCAR Trading, which has the exclusive right to supply LNG to a new 200 MW plant at Delimara. The Maltese Prime Minister Joseph Muscat, along with his Energy Minister Joseph Muscat, are to visit Azerbaijan in April to discuss long-term gas supplies for the LNG power plant that is to be constructed at Delimara.

## Abu Dhabi's Mubadala Petroleum Heading to Moroccan Coastline

Mubadala Petroleum signed an agreement with Morocco's Office of Hydrocarbons and Mining (ONHYM) as part of a project to develop a high-potential area off Morocco's Mediterranean coast. The agreement grants Mubadala a research and exploratory license to perform detailed geological evaluation of the hydrocarbon potential of the West Mediterranean, an area comprising 3,433 square km off Morocco's coast. "We are pleased to be able to build on the strong relationship between the U.A.E. and Morocco in this tangible way," said Musabbeh Al Kaabi, CEO of Mubadala Petroleum. "We very much hope this agreement will pave the way for further cooperation with ONHYM both on the more detailed exploration of the West Mediterranean area and in other projects."

## Italian Renewable Energy Expertise to Help Kuwait Environmental Plans

Kuwait is adopting plans to develop and rely mainly on "green" renewable and environment-friendly energy, said Kuwaiti Ambassador to Italy Sheikh Ali Al-Khalid Al-Jaber Al-Sabah at "the development of international energy scenario and its effects on environmental policies" forum held in Italy. He added that Kuwait had been struggling to regain its environmental stability since the first Gulf War when the country's oil wells were set on fire, reported KUNA. Research was underway in this field, such as limiting the emission of harmful gases, he said, adding that all the GCC countries are working on using renewable energy. The International Renewable Energy Agency (IRENA) itself is headquartered in Abu

Dhabi, he noted. Italian petroleum companies had been invited by Sheikh Ali to play a role in implementing the country's environmental development plans, added Managing Director of Kuwait Petroleum Italia (Q8) Alessandro Gilotti. He explained that Kuwait wanted to make ample use of Italian expertise in renewable energy programs and was optimistic that the OPEC states would continue to own the bulk of global oil reservoirs till 2040. Sheikh Ali also told KUNA that Kuwait's participation in the event was in part meant to advertise the country's achievements in preparation Expo Milano 2015 next May, under the theme "Feeding the Planet, Energy for Life".

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The Fugro Navigator is permanently equipped with a wide range of geophysical equipment for deep and shallow-water operations while ROV systems. Geotechnical and environmental equipment are mobilized to the vessel on a project-by-project basis. She has carried out an average of 15 survey projects each year since her introduction in early 2008, in water depths from as shallow as 10m to over 1300m. As a specialist survey vessel, the Navigator offers significant advantages over vessels of opportunity by offering:

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## High Prospects for EU Gas Storage Plans Says Snam CEO

Europe's gas storage operators are developing a common European storage mechanism to counteract the potential threats to the bloc's gas supplies, the head of Italian gas grid company Snam said to Reuters. Russia's annexation of Crimea highlighted the EU's need to protect European energy supplies and manage its increasing dependence on imports. Up to 30% of the EU's energy comes from Moscow, and nearly half of all gas flows through Ukraine. Pressure runs high for Italy and Germany particularly, as they are Russia's biggest gas customers in Europe. Consequently, the EU is drafting new rules for gas storage to increase Europe's storage space, from 100 bcm, to about 140 bcm, in case of disruption from major suppliers. "Taking capacity to 140 bcm will cost around 20

billion euros, it will be split between 7-8 countries with storage, and would meet a worse-case Russia scenario," Snam CEO Carlo Malacarne said. Studies have forecasted the impact a halt of Russia's gas into the European gas system would have in the market. A six month shortage would result in a shortage of up to 70 bcm, with 40 bcm of that taking place during the winter months. Italy and Germany are being contemplated as a common reserve, since they already account for almost 40 bcm by themselves. "Just filling capacity in Italy and Germany not used in the last 5 years, due to the crisis, would give us 10-15 bcm extra without investing. And then Spain has LNG capacity that can be used," Malacarne said.

## Oil Fields Become Non-Operational After Militant Attacks

Militant attacks on Libya's highly contested oil fields have made many facilities non-operational due to "theft, looting, sabotage and destruction," The New York Times reported Libyan officials saying. Despite Libyan officials blaming IS militants for the attacks on Mabrouk, Bahi and Dhahra oil fields, the actual identity of assailants remain unknown. IS has not claimed responsibility for the oil field attacks, but has provoked international outrage for the recent video showing the beheading of a group of 21 Egyptian Christians. Due to the violence and political turmoil plaguing the country, Libya's National Oil Corporation (NOC) recently declared a force majeure, which recognizes that due to violence in the country, the NOC might not be able to meet all of its contracted commitments with inter-

national oil companies. "If security deteriorates, the corporation will be forced to close all fields and ports," said the oil company. If that is the case, the measure, "will result in a total deficit in state revenues and directly impact people's lives, including power shortages."



## American Anti-ISIS Airstrike Leaves Syrian Oil Workers Dead

Activists with Raqqa is Being Slaughtered Silently told BBC News that US-led coalition air strikes outside the IS-run Tal Abyad oil refinery in northern Syria left at least 14 people killed. Both Syrian refinery workers and jihadist militants were among the casualties. The activist group also said that aircraft had previously targeted a refinery near the village of al-Munbatihi, near the Turkish border in the Raqqa province. A UK-based group called the Syrian Observatory for Human Rights, said that about 30 people were killed in that raid, including civilians. A US Combined Joint Task Force spokesman overseeing operations

against IS said that they are conducting, "significant mitigation measures within the targeting process and during the conduct of operations to reduce the potential of civilian casualties," adding, "When an allegation of civilian casualties caused by US or coalition forces is determined to be credible, a thorough investigation will be launched to determine the accuracy of the claim and any circumstances surrounding it." It has been estimated that IS has made as much as \$100 million from oil trafficking. However, US officials insist that the group's oil finances are being successively degraded due to airstrikes.

## Court upholds dismissal of manslaughter charges against BP employees

A federal appeals court upheld a district judge's decision to drop manslaughter charges against two former BP well site managers for their roles in the Gulf of Mexico oil drilling disaster, reported Reuters. Robert Kaluza and Donald Vidrine were the highest-ranking supervisors on board the Deepwater Horizon oil rig when on April 20, millions of barrels of oil were spilled into the Gulf of Mexico. The disaster became the worst oil spill in American history and cost the lives of 11 people, yet the panel decided the men's responsibilities on the rig did not consist of the "marine operations, maintenance, and navigation," of a ship and were therefore not subject

to federal law. BP is facing more than \$42 billion in damages for the disaster and at the moment, awaits a ruling over its fines under the U.S. Clean Water Act.



## BP Declares Force Majeure on Angolan Oil Project

BP declared force majeure on oil output from an Angolan oil project, which accounts for 10% of the country's exports, due to a power loss. The oil project, PSVM, experienced power loss on its floating production, storage, and offloading (FPSO) vessel off the Angolan coast. The

venture is operated by BP and is Africa's largest deepwater oil project, consisting of the development of the Plutao, Saturno, Venus, and Marte fields. Crude from the fields was scheduled to pump 158,000 bp/d in April; a total of 9.5% of total exports for the country.

## World Bank: Venezuela Must Compensate Service Company Tidewater for Lawful Nationalization

A World Bank tribunal judged in favor of oil service company Tidewater over Venezuela's decision – under former President Hugo Chavez – to seize eleven Tidewater ships in 2009, reported CNBC. Venezuela is to pay \$46 million in compensation, a ruling the country hailed as a victory. "The much higher amounts claimed were rejected because the tribunal found that the nationalization was lawful," explained lawyer George Kahale, who represented Venezuela in the case. He added that, "Venezuela's po-

sitions on the central issues of the legality of the nationalization, the appropriate valuation date for determining compensation, and the appropriate discount rate for calculating compensation were all accepted by the tribunal in what is likely to be an important precedent for other cases". Previously Venezuela was ordered to pay over \$455 million to U.S. bottle maker Owens-Illinois and \$1.6 billion to Exxon Mobil in similar cases.

## Oil Safety and Energy Independence Top Priorities for Washington State Oil Bill

Senate Bill 5057, sponsored by Washington State Senator Doug Ericksen, passed 26-23 over both oil train safety and energy independence, reported the Washington Times. This was in response to the recent spate of oil train derailments in both the US and Canada and additional bills in the House of Representatives. The new legislation stipulates that the Department of Ecology review oil spill response plans and provide grants to local emergency responders, with a barrel tax collected on oil that is transported by train. The proceeds of the tax will go to an oil-spill response fund. The Ecology Depart-

ment was also expected to convene a panel to evaluate whether tug escorts are needed for oil vessels. State Senator Tim Sheldon supported the bill because his priority was reduce America's energy dependence on Middle Eastern nations. "Stay away from those countries," Sheldon said. "They're going to kill each other no matter what. We are at war with terrorism, and a lot of that has to do with oil." Ericksen also stated that the bill would, "lead us toward energy independence in North America," adding, "we are going to do it safe and we are going to do it right to protect the people of our state."

## Oil and Gas Optimization Service Company EnergyTEK to Use Low Oil Prices to Its Advantage



"The precipitous drop in the price of West Texas Intermediate (WTI) crude prices from over \$105 per barrel to \$45-50 per barrel will create enormous opportunities to buy energy related assets of all kinds," said Craig Crawford, CEO of EnergyTEK. He made this announcement in light of EnergyTEK's energy asset acquisition program meant to take advantage of low asset prices, the predictable consequence of low oil prices, reported Oil and Gas Technology. The chief targets of this strategy are technologies and capital financing for innovative firms, owned by EnergyTEK, that utilize new methods. "With a

combination of cash and equity for these acquisitions, EnergyTEK and its shareholders can be in a position to benefit in the short term by utilizing our processes for enhancing production of marginal wells and, long term, when these asset prices recover in the future," he added noting that this strategy had grown out of the oil industry's historic experience with oil price slumps. As he explained, "We are in a unique position to understand the magnitude of this opportunity and believe that energy related assets such as equipment, leases and production will be available for pennies on the dollar."

## Eni Ghana: \$545 million for Maersk Voyager Ultra-Deepwater Drilling Ship

Eni Ghana Exploration and Production has awarded a three and a half year contract to Maersk Drilling to utilize its newly-built drill ship the Maersk Voyager, reported Oil and Gas Technology. Voyager will work on the Offshore Cape Three Points (OCTP) Project off Ghana's coast beginning in July 2015. Total estimated revenue is \$545 million for the project, and the contract allows for an extension of one year.

"We are very pleased to be chosen by Eni and its partners Vitol and GNPC for this Ghana offshore project and we look forward to working together with the OCTP JV over the next 3.5 years," said Claus V. Hemmingsen, CEO of Maersk Drilling and member of the executive board in the Maersk Group. The Voyager is Maersk Drilling's fourth drill ship of a fleet that costs \$2.6 billion.



## Brownfield Projects Entering the Gulf through Aramco-McDermott Deal

Saudi Aramco awarded McDermott Middle East a brownfield contract to replace and upgrade a power supply system, reported Oil and Gas Technology. This is for the Marjan field and, at this initial stage, involves replacing the decks of two existing tie-in platforms, removing gas turbine generators so that they can be salvaged, and installing two new 115kV subsea power and commu-

nication cables. The timeframe for completing the project will extend to the fourth quarter of 2016 and utilizes the integrated engineering, procurement, construction, installation (EPCI) services that McDermott is a world leader in. The specialist engineering teams for the project are expected to come from McDermott's existing operations in Dubai, Saudi Arabia and India.

## New London Office and New Staff for Gulf Petrochem's Expanding Operations

U.A.E.'s Gulf Petrochem appointed Neil Lamerton as the global head of its bunkering division at its new London office, reported Trade Arabia. Lamerton most recently was KPI Bridge Oil's director and is now in charge of GP's global bunkering business, which includes managing

its existing operations in the UAE, India, and Singapore. "The launch of our London office is a significant step towards increasing the group's global footprint as it's a strategic location to cater to European and West African markets," said Prerit Goel, director at GP.

## Iran Self-sufficient in Oil Services, Official Says

Press TV reported that Gholamreza Manouchehri, Head of the Iranian Offshore Engineering and Construction company (IOEC), boasted that Iran has now become self-sufficient when it comes to designing, building, and launching oil and gas rigs, as well as installations and even submarine pipelines. He added that six subsea gas pipelines had already been laid in tandem with operationalization of South Pars offshore gas platforms 2 and 3. Three other marine platforms were built and in-

stalled too, through local efforts in defiance to the sanctions that prevent foreign firms from investing in Iran. Production from the South Pars gas fields has already reduced Iranian imports from Turkmenistan. He went on to say that Iran is now poised to export its engineering services and knowledge to other countries.

## U.A.E. Plans to Shift Economy Away from Oil Towards Tech Sector

The U.A.E. has declared 2015 to be its "year of innovation," in an effort to diversify its economy from its dependency on oil, a strategy increasingly being pursued by Gulf Arab states as populations and domestic expenditures rise while oil prices decline, reported Bloomberg. An IMF report in October also stated, "private-sector job creation for GCC nationals has become a challenge, and unemployment could rise in the coming years," in light of the "rapidly rising youth population." Expatriate labor currently makes up more than 75% of private sector employment, said Bloomberg. Youth unemployment in Saudi Arabia alone reached 30% in 2012 according to the IMF. The emphasis now is on tech start-ups, both from expatriate Arabs residing or investing of the Gulf and

now increasingly from Gulf nationals themselves. Flat6Labs is one example of a regional startup accelerator program in Saudi Arabia. Another is AstroLabs in Dubai that is partnering with Google for Entrepreneurs. "The prevailing system is more inclined to train young Emiratis to become employees, rather than entrepreneurs," said Abdul Baset Al Janahi, CEO of Dubai SME, a public agency helping small and medium-sized businesses, adding that banks see financing big businesses and franchises as the less risky option. "If they ease regulations and cost structures and create some clarity for small businesses, I'm sure you'll have amazing businesses," said Mohammed Kazim, the founder of a website for booking personal assistants.

## Circle Oil Withdraws from Oman Well in Block 49

Oil and Gas Technology reported Circle Oil's recent decision to plug and abandon its onshore Oman Shisr-1 well in Block 49. The cited causes were drilling difficulties and failure to find hydrocarbons. "This well was always deemed high risk, and the unexpected and disappointing conditions experienced in this well, designed as a slim-hole stratigraphic test, have been a challenge to our drilling team," said Circle Chairman Steve Jenkins. The well had reached a depth of 1,650 meters. The original target was 1,890 meters; intended

to reach the Hasirah level sands, but the drilling stopped before that depth was reached. Oman's oil ministry approved the closure.



## Iran Celebrates Anniversary of Oil Nationalization



Iran celebrated the 64th anniversary of the nationalization of the British-owned Anglo-Iranian Oil Company (predecessor of BP) on March 20, 1951. This was done by parliamentary decree under the country's then democratically-elected Prime Minister, Mohammad Mosaddeq, reported Press TV. Iran was the first Middle Eastern country to nationalize its oil industry, a decision that cost it dearly with the subsequent coup that toppled Mosaddeq and reinstated the compliant regime of Shah Pahlavi. "Three important factors were involved in the nationalization of Iran's oil industry. The first factor was the national convergence towards this issue. The second factor was the strong bond among the nation, religious groups and the nationalist party. The third was the rivalries among the so-called big powers of the time," Hossein Amiri, an Iranian political analyst, told Press TV. Prior to the coup, which the CIA finally admitted to organizing by 2013, Britain and the United States imposed sanctions against Iran's oil sector.

## UNCONVENTIONAL News

### Petrochemical Company To Acquire Stake in British Shale Gas

Private petrochemical giant Ineos is acquiring stakes in licenses owned by Igas Energy, a British onshore oil and gas company. Ineos stated that it would buy the shares for \$45 million for the sites in northwest England and central Scotland, as well as fund up to \$149 million in drilling and other exploration work in the license areas, reported The New York Times. The petrochemical giant's move to invest in the British shale gas industry represents a big step to revitalize the industry. Ineos could add significant funds into the shale industry, since it plans to use natural gas from shale rock as feedstock for its petro-

chemical plants in Britain. Igas expects Ineos to gain nearly 220,000 exploration acres with 67 tcf of gas in place. The Britain government is pushing for speedy shale gas exploration, but permission for drilling and fracking is still dependent on the local authorities' veto power. This has resulted in slow exploration drilling in Britain as it is halted by environmentalists and local opposition groups. "We think something needs to happen relatively soon because if it does not, we think there will be no gas left in the U.K., and there will be little manufacturing left in the U.K.," Ineos founder Jim Ratcliffe said.

### OPEC Expects Reduction of US Shale Output in Late 2015

A new report by OPEC states an expected reduction in US shale oil production by late 2015, reported International Business Times UK. The new report cited a variety of reasons for the expected slowdown, chiefly including the typical 60% decline in shale wells annual production. The report also included OPEC's estimates of oil production being supplied by non-OPEC members, which it left unchanged. This comes as most observers expect that US production will drop in response to the steep decrease in Brent crude prices in mid 2014. Oil producers are hopeful that the decrease in supply will put upward pressure on global prices in the future.



### First US Shale Gas-based Ethane Shipments To Reach Europe



The first shipment of shale gas-based ethane will reach Europe from the US at the end of the second quarter of 2015, reported Platts. British Ineos took the step to import US ethane, which will be received in Rafnes, Norway. Other petrochemical giants in Europe have unveiled plans to import lower cost shale-gas based feeds to power their petrochemical plants,

in efforts to stay competitive. Such companies include Saudi Arabia's Sabic and Austria's Borealis. Despite the move to use US ethane, the fall of crude prices adds uncertainty to the project and companies like Shell and Versalis have restrained from announcing ethane import deals

### Protests in Algeria Against Shale Gas Drilling

Thousands of Algerians rallied in mass demonstrations in March against shale gas drilling in the south of the country. Around a thousand demonstrators gathered in Ouargla, a city south of Algiers, while another thousand gathered in a separate protest in Salah, re-

ported Algeria's state news agency APS. The demonstrations remained peaceful, without police interference, and are part of an ongoing series of calls against the environmental damage that could result from the exploitation of Algeria's shale gas reserves.



### United States' First Fracking Regulations Passed

Both the energy industry and green advocacy groups in the United States objected to the new set of regulations governing hydraulic fracturing on federal lands recently passed by the Obama administration, reported Reuters. The new rules are meant to protect underground water supplies, which fracking has been charged with polluting due to the water, sand and chemicals used in shale oil production. Oil and gas companies are now required to reinforce boreholes to prevent water leakage and provide detailed information beforehand about all the chemicals they intended to use; as

well as proposed operations, depths of all usable water, and where faults and fractures are located. Energy groups like the Independent Petroleum Association of America (IPAA) and Western Energy Alliance proclaimed that the new rules were based on "unsubstantiated concerns" over safety and immediately filed lawsuits in response. They also warned that this move would slow down America's "energy renaissance." Environmentalists had the opposite set of complaints. "Today's toothless fracking rules are just the latest sign that 'one step forward, two steps back' is be-

ginning to cement President Obama's legacy on climate change," said Karthik Ganapathy, a spokesperson for 350.org. The Obama administration reiterated their commitment to setting rules on such a controversial issue. Brian Deese, Obama's special adviser on climate change and the environment said, "...ultimately this is an issue that is going to be decided in state capitals and in localities as well as in the industry." Only 10% of fracking takes place on federal lands, reported Reuters.



## Tethys Kazakhstan Exploring Sale of Gas and Oil in China

"The signing of the MOU with PetroChina is another key step toward selling gas into the growing Chinese market and follows on from our recently published new independent reserve report stating an increase in our reserves in all categories," announced John Bell, Tethys Petroleum's executive chairman. The agreement was between Tethys Kazakhstan SA, a subsidiary of Tethys Petroleum, and PetroChina International Kazakhstan, and will look into the feasibility of long-term cooperation on natural gas

and crude oil deliveries to China and the Kazakh domestic market, reported Oil and Gas Technology. Tethys already enjoys the right to export gas to China and is trying to convert its Akkulka Exploration Contract to a production contract to do the same with oil. Tethys' Kazakh gas production levels from 2014 reached 520mcm/d. With compressor optimization and two new planned wells, AKK14 and AKK05 wells to come on stream in the second half of 2015, and production should rise above 570 mcm/d.

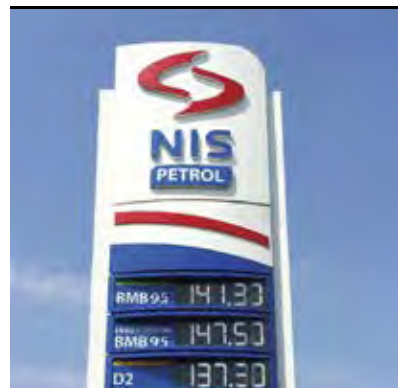
## Siemens Settles Corruption Dispute with Pemex

After months of negotiations Germany's Siemens AG announced that a long-running dispute with Mexican state oil company Pemex has finally been resolved, reported Reuters. The dispute was over corruption and cost overrun allegations over contracts for an oil refinery project in Mexico. Siemens and a South Korea's SK Engineering & Construction Co. had set up the

Conproca joint-venture with Pemex for the refinery bid. Under the new deal all the funds Siemens received from Conproca would be placed into a trust earmarked for financing Mexican energy projects. The deal also encompasses anti-corruption measures aimed at battling corruption and protecting the environment.

## CB&I Moving into Serbia for Coker Unit Integration

In a company press release CB&I announced contracts awarded by Nafna Industrija Srbije, reported Downstream Today. This is a technology contract covering front end engineering design and feasibility studies of a delayed coker unit in Pancevo, Serbia. If all goes well CB&I plans to 'integrate' the Serbian coker unit with CB&I's fluid catalytic cracking unit and its joint-venture Chevron Lummus Global hydrocracker.



## Swiss-African Firm Puma Energy Buys British Refinery Space



Puma Energy, co-owned by Swiss Trafigura and two Angolan parties, will turn the Welsh Milford Haven oil refinery into a storage site, reported Reuters. The announcement came after Puma Energy bought the plant and three inland storage terminals from Murco, the UK subsidiary of U.S.-based Murphy Oil. "(Puma) will make Milford Haven a key site to securing the supply of energy to the UK and wider region during a period of change in European energy infrastructure," announced Puma. This comes at a time of refinery closures in the UK, but the company stated that no Murco employees would lose their jobs. Puma has nev-

er entered the British marketplace before, and this deal, whose terms have not been disclosed, will give it access to a deep-water port on Wales' southwest coast and boost its global oil storage capacity to 7 mcm. The original major shareholder Trafigura, a Swiss commodity giant, had previously reduced its share in Puma to 49% two years ago, allowing Angola's state-owned Sonangol to increase its equity to 30%. The remaining Angolan partner is Cochan Holdings, a firm founded by Leopoldino Fragoso do Nascimento, a confidante of Angolan president Jose Eduardo dos Santos and formerly a general in the Angolan army.

## Canadian Regulator to Propose New Pipeline Safety Guidelines

A letter released to Reuters through an information request revealed that Canada's Natural Resources Minister Greg Rickford has instructed his country's National Energy Board to study the issue of oil pipeline safety and to issue new guidelines to oil companies. "I firmly believe that technology can and will ensure safer pipelines and protection of the environment," Rickford said. The minister wants the regulator to consult both academic and industry experts and report its findings by March 31, 2016. He wanted a comprehensive study of construction methods, materials, emergency plans and new technologies for the pipeline industry, in part to respond to concerns raised by both landowners and environmental groups. In December Rickford received a memo from his deputy minister that the new study would also promote improvements

currently not covered by the proposed Canadian pipeline safety legislation. Guy Caron, of the opposition party New Democrats, accused the government of relaxing environmental and safety regulations as part of the Conservative government's mission to make Canada an "energy superpower." He also charged that this would make the regulator's job difficult. Rickford also said in the letter that the NEB would get no additional funding to do complete its study as this was already covered in the regulator's mandate. A Canadian pipeline industry association announced that it is positioned to assist with the project. Kinder Morgan, Enbridge and TransCanada Corp. have all proposed major oil pipeline projects, sparking fears about spills and the effects on the environment.

## Fires and Illegal Taps Prompt Pemex to Change Pipeline Policy

Mexico authorities had to temporarily close a highway leading to the Gulf coast state of Veracruz because of a fire caused by the illegal tapping of a pipeline, reported Downstream Today. A forest area was damaged as it took up to six hours to put out the fire. The government energy-safety agency said that all the evidence indicates the spill was a deliberate act. Mexico's state-owned Pemex owns the pipeline. Previously the company had reported a reported a 70% increase in such tapping in one year alone, forcing it to rethink the concept of shipping finished, usable gasoline and diesel through its network of ducts.

# RENEWABLE ENERGY

## Sharm el-Sheik To Rely Entirely on Solar Energy for Lighting

Sharm El-Sheikh will be powering all of its lights with solar energy within three months, stated Governor of South Sinai Khaled Fouda. Cairo Streets reported that currently, 70% of Sharm's lights are powered by solar energy. The sun-drenched resort town is a popular tourism destination for west and eastern Euro-

peans. Diving, kite-surfing, and snorkeling are all popular attractions as the town is situated on the northern end of the Red Sea. The town also announced measures to improve scenery, with more trees and plants, as well as improving security through the installation of more security cameras.

## Siwa Oasis Greet 10 Megawatt Solar Power Plant

The Siwa Oasis in the Western Desert of Egypt has welcomed its very first solar power plant, reported Cairo Post, with a capacity of 10 megawatts, the new plant is meant to relieve the local population from relying on diesel units for electricity. The plant was granted to Egypt

from the United Arab Emirates as part of an aid project aimed at providing electricity to 243 rural villages and cities. The first phase alone targeted 211 villages in Qena, Luxor and Wadi El-Gadid governorates.

## Solar Energy Firm Terra Sola to Invest \$3.5 Billion in Egyptian Projects

Representatives of Terra Sola met recently with the Egyptian Prime Minister to state their interest in developing solar energy projects in the country. The proposed projects would generate between 3-3.5 GW of electricity, and total investment is expected to be around \$3.5 billion. Egypt is actively encouraging investment from solar firms all over the world as it recently announced an ambitious program to

generate 20% of the country's electricity from renewable energy sources by 2020. Under the new program, Egypt has inaugurated a new feed-in-tariff system that is proving attractive to international investors. This meeting follows a similar one by SkyPower which plans to generate another 3 GW of solar energy in the country.





9<sup>th</sup> Ramadan Petroleum  
**SOCCER “15**  
Tournament



EGYPT  
**OIL&GAS**  
NEWSPAPER



My warmest congratulations to the family of Egypt Oil & Gas as it celebrates its hundredth issue. We commend this outstanding publication and wish it continued success in its journalistic mission to inform others about Egypt's petroleum industry and to communicate positively with foreign petroleum companies operating in Egypt. There is no doubt that since the beginning your esteemed newspaper has been a model of specialized journalism worth emulating. Egypt Oil & Gas is a mirror reflecting the pulse of the petroleum sector, objectively raising vital questions about petroleum-related issues and topics by placing them on the table of dialogue in a way that reflects the true function of journalism. My sincerest congratulations and wishes that you continue in your mission and role towards helping our beloved country pursue a better future.



**SHERIF ISMAIL**  
Minister of Petroleum and Mineral Resources

Egypt Oil & Gas newspaper, is an integrated publication covering thoroughly the Egyptian Oil & Gas industry ; Upstream , downstream & Midstream . I consider Egypt Oil & Gas one of our critical tools enabling us reaching our success locally & globally.



**TAREK EL MOLLA**  
CEO - EGPC

Egypt Oil & Gas is very important. It is the most objective outlet. I feel a close connection to the oil and gas industry; lots of people try to be involved in this business, but not all of them for the right reasons. Egypt Oil & Gas is unique. So please continue, you always have our fullest support and our deepest respect.



**ABU BAKR IBRAHIM**  
CEO - Ganope

Egypt Oil and Gas newspaper has become one of the top newspapers in Egypt through constant modernization, leaving it ideally suited to the latest petroleum developments in Egypt and the world. It stands on an equal footing with petroleum journals internationally thanks to its in-depth articles and interviews with petroleum experts, old and new, and heads of international oil companies, while keeping up to speed with technical advances in the realm of oil research, exploration and production. It has also gifted us with important discussions over petroleum agreements and how in sync they are with the thinking of foreign partners.

I would like to thank you for your distinguished effort over the past years, you have raised and focused spot lights on many important topics related to the oil & gas sector such as agreements, Hydrocarbon, Unconventional resources and Brown fields. Your articles are always well-written, contained sound and include practical advices. Your articles express both positive and negative aspects of any topic without taking any emotional stance on either side of the issue. All my sincere wishes for all Oil & Gas Magazine team to keep on this success and to go forward for more prosperity.



**MOHAMMAD M. SHAHAT**  
Vice Chairman - EGPC



**AHMED ABDEL FATAH**  
Vice Chairman - EGPC

Apache congratulates Egypt Oil & Gas Newspaper and its Publisher and Founder Mohamed Fouad on the occasion of its 100th monthly edition. We always look forward to receiving the latest news and insight from Egypt's leading oil and gas publication. The monthly newspaper is easy to read, colorful, and informative. They have also just introduced a weekly email newsletter. The team at Egypt Oil & Gas is an important part of the oil and gas sector in Egypt, whether through their products, outreach or ability to bring the industry together to discuss important issues. Well done Team Egypt Oil & Gas.



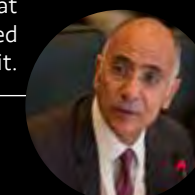
**TOM MAHER**  
Vice President - Apache

Happy 100th issue to EOG! At BG Egypt, we are always happy to receive our monthly issues of your newspaper - the hard work, creativity and thought you put into each issue is evident on every page. Over the years, you have managed to turn your publication into a forum for the exchange of knowledge and for connecting various members of the oil and gas community in Egypt. Well done for a great effort, and I look forward to your next 100 issues! Thank You EOG Team



**ARSHAD SUFI**  
President BG Egypt

Egypt Oil and Gas Newspaper always provides the latest information and analysis on the energy sector integrated in Egypt, which includes all projects and major companies that play an important role in all activities related to the oil industry. It also covers a wide range of related topics, including exploration, production, financial and legal services. We believe such an effort is a great input to the sector and Mr. Mohamed Fouad deserves a great thank you for it.



**KHALED ABU BAKR**  
CEO - TAQA Arabia

The Egypt Oil & Gas magazine has jointly celebrated with us important milestones for Shell Companies in Egypt, such as our centennial celebration in 2011, and our celebration of 30 years of success with our partners Badr El Din Petroleum Company (BaPetCo) in 2013. I take this opportunity to congratulate the Egypt Oil & Gas magazine for their 100th issue, and look forward to our ongoing partnership for many issues to come, continuing to serve needs of Egypt for domestic oil and gas.



**AIDAN MURPHY**  
VP Egypt, Country Chairman & Managing Director, Shell Egypt N.V.

Egypt Oil & Gas Newspaper is known as a reliable information provider in the field of Oil & Gas. We can always depend on its data and analysis, which is based on knowledge, experience and understanding of the Oil & Gas sector in Egypt. We congratulate the newspaper to its hundreds anniversary and wish the staff of Egypt Oil & Gas more successes and achievements.



**HANS-HERMANN ECKE**  
General Manager of DEA Egypt



# 100 issue CELEBRATION



Egypt Oil & Gas is much more than a simple industry publication. It has become a key part of the industry facilitating Round Table discussions, organizing conferenc-

## BRIAN TWADDLE

Country Manager - TransGlobe Energy Egypt

Your contribution to the O&G industry in Egypt as the only reliable media providing credible industry statistics, analysis, updated concession maps and case studies. As well, the interviews and hot discus-

sions and running the best football tournament in Cairo (the one where spectators are still allowed!). Congratulations on the 100th issue.



## HANY EL SHARKAWI

CEO - Cheiron Petroleum

Egypt Oil & Gas Newspaper in my opinion have always been the most reliable source of information about the current development in the Oil and Gas sector in Egypt and the middle east in General ,

sions published in your magazine provide an insight and invaluable source of information to the readers. My best wishes for Egypt oil and gas for a brighter future and continuous success



## AHMED FARID MOAZ

Country Manager - Sea Dragon

Egypt Oil & Gas is consistently a reliable source for relevant information regarding the Egyptian petroleum sector and

and their deep analysis gave the oil sector management a solid platform for many critical decisions .God Bless you and your team and Keep the good work.



## AHMED EL NAKKADI

Vice President - Schlumberger

Congratulations to you and to everyone at Egypt Oil & Gas on your 100th issue of publication. I have been reading Oil & Gas regularly for years. It presents a comprehensive and impressively non-partisan view of what's happening in our sector.

provides an excellent venue for Schlumberger to communicate its technologies to our clients."



## HESHAM ISMAIL

Vice President - Halliburton

It is my pleasure to join you in celebrating the 100th issue of the Egypt Oil & Gas Newspaper. This is no doubt a milestone achievement which can only be accomplished through hard work, talent and commitment. Credit and praise are certainly due to your team of dedicated staff members who have worked tirelessly to keep all of us in the industry continually updated on the newest and latest in the oil and gas market not only in Egypt but

With gratitude and appreciation, I look forward to another decade of in-depth coverage of the events, issues, individuals and institutions shaping contemporary and successful energy sector.



## JEROME JAMMAL

Vice President - Baker Hughes

What I like about Egypt Oil and Gas Newspaper is the diversity of subjects that cover the current industry relevant issues, distinguished leaders interviews, the professional neutral stand that gives all parties equal opportunity to express

across Africa & The Middle East. The events you sponsor as well as the invaluable interviews featured with key players in the market continue to build our network and challenge us into delivering better results. Congratulations to Egypt Oil and Gas Newspaper. I applaud your accomplishments and wish you continued success and prosperity in the future.



## SAMIR ABDEL MOATY

Country Manager - Beach Petroleum

their views. One great achievement is the outstanding organization of the round tables and other forums that provided a platform to discuss how to improve the business environment and come up with recommendations to the leadership.

With the publication of its 100th issue, Enap Sipetrol would like to congratulate Egypt Oil & Gas News on 9 years of hard work and dedication. EOG has been always one of the most reliable information sources; addressing key business issues at time and shedding light on other areas to explore. Wishing EOG continued success for many years to come.



## SAYED REZK

Sipetrol/PetroShahd GM

Congratulation to the most effective and one of the Top Oil & Gas Industry Magazine in Egypt.

Egypt Oil & Gas Newspaper we always knew you are different from others, your achievements is truly commendable, we are proud of you, your accomplishments and our strong long partnership.

We know that these achievements of your Company are the results of the combined efforts of each individual. And we are confident that you will continue with even more success.



## WALID ADEL

EA & Government Relations Manager Dana Gas

It is brilliant to have a magazine that is covering all the related top news of the energy industry focusing on oil & gas sector. It's one of our valuable resources for industry information, addressing the industry key issues and considered as a vocal connecting center through its different activities. Thank you for your efforts in being part of the success of the oil & gas industry in Egypt



## AHMED RASHWAN

Director - Head of energy, utility & mining Pricewaterhouse-Coopers LLC

Egypt Oil and Gas Newspaper has made tangible achievements in organizing numerous successful conferences, round tables, workshops, as well as exhibitions that highlight the energy sector. That had a significant impact on the advancement of the energy field and increase investment opportunities, which is due to the support and development of the Egyptian economy.



## SHERWAT KAFIFY

Marketing Director - TAQA Arabia

Congratulations on your 100th issue! The magazine is really very useful and always provides interesting and insightful articles. It keeps me up to date with important news and trends. It is very reliable and timely source of the most relevant industry news. I am looking forward to the next 100 editions!



## NIRENE ELWY

Communications Director - Shell Egypt



## EXCLUSIVE INTERVIEW WITH EGPC CHAIR TAREK EL-MOLLA:

# "WE WANT TO BE YOUR PARTNER OF CHOICE."

*EGPC chairman Tarek El-Molla recently sat down with Egypt Oil & Gas to discuss the current challenges for the petroleum industry, how to address them, and what their future plans are. Many questions were asked over our hour-long interview, far too many to include below. We then went through and selected the highlights for you below.*



### Challenges

When asked about the challenges faced by Egyptian upstream sector, Tarek emphasized that the challenges faced by Egypt are really no different than anywhere else. Obviously the low oil prices have affected upstream operations in the country, but that is true anywhere. "Of course for Egypt the challenge is greater as we are a producer and consumer at the same time," Tarek said. "We do not have enough production to meet domestic demand, so that is challenging for us."

"Another major challenge for the upstream sector in Egypt is access to US dollars." The chairman went on to say that as this is a challenge, the EGPC is being flexible with upstream companies for types of repayment offered. They have successfully worked with partners to offer partial payments in EGP, excess cost recovery, and sometimes, crude product. "This is something faced by the entire government."

Tarek went on to state that while there have been challenges, IOCs—big players especially—have been very forthright with the EGPC and the petroleum ministry about their desire to continue operations in Egypt. This is a very important country for many multinationals, and conferences like the recent EEDC in Sharm El-Sheikh showed a

reaffirmed commitment to Egypt as a place they want to invest in.

One problem plaguing the industry has been the debt owed to foreign oil companies. When asked about it, Tarek repeatedly emphasized that the EGPC is attempting to show very concrete commitment to its partners by working on this issue. "We were able to successfully reduce the debts owed to foreign partners from \$6.3 billion to \$3.1, and we are working to reduce this further. This did not happen by itself, we had to secure financing from banks to be able to repay our partners. I am very proud of this, it shows EGPC's commitment."

The Egyptian government does not only owe money to foreign firms, but it also owes itself. El-Molla was very frank about the problems facing the petroleum ministry and EGPC. "We are owed about EGP 70 billion by the ministry of electricity, and nearly EGP 6 billion by Egypt Air. All told, we are owed about EGP 140 billion." These debts are difficult for the EGPC to resolve because it functions much like a oil producer, but as a government entity, it has an obligation to serve the Egyptian people.

### Subsidy Reform

The Egyptian government strongly believes that only subsidy reform is the answer to the balance of payments problem. A huge

chunk of the petroleum ministry's dues come from generating electricity. "We need to raise the awareness of people. We need to rationalize consumption. People need to be educated about energy efficiency and it is not something that the government can just do alone, it is a culture change and it should start from childhood." Tarek continued, "Unfortunately, if the product is cheap, we do not feel the pain. Prices must rise over time, in parallel with increasing awareness."

El-Molla noted that fuel subsidy reforms were successfully implemented in July of 2014, a major step for the government and one that increased the confidence in major international institutions such as the IMF and World Bank. "The government is aligned, the name of the game and the answer for everybody is subsidy reform."

### North Alexandria

"The North Alexandria Concession is very important for us. When it comes online in mid-2017, it will be producing 1 bcf per day of natural gas. This is huge." El-Molla went on to say that this volume of gas, if operating today, would close the gap between domestic production and imported needs. "The plan was for it to be operating today, but for many reasons, this did not happen. Now it is scheduled for mid 2017." "This represents an investment of more than \$12 billion, it

is unprecedented for Egypt. It is known the world over."

The concession was expected to close the gas import gap, but by 2017, the population will be greater, and so projected consumption will be too. "We have started LNG imports, this will help with the problem."

### Flexibility

As the Egyptian government is attempting to ramp up production of oil and gas, Egypt Oil & Gas asked El-Molla how they have been more flexible with recent contract terms. "Well, as you know, the model we are working with is the Production Sharing Agreement (PSA). We are working to be flexible, being rigid will not help."

"There are two main things we have addressed: The first are the debts owed. We have worked to reduce these, and I am proud of that. The second is the price paid for gas, not for everything, but for deepwater especially we are working to negotiate fair prices to make it profitable for companies. We have been studying cases with our partners and we have been able to increase the prices for several concessions."

"We are trying not to be rigid. We want this to be a win-win situation because at the end of the day, if you compare prices it will always be cheaper to produce locally than



to import, especially for LNG.”

“This is another way we are trying to be flexible, we realized we have not been issuing enough bid rounds, so we have started to do that more frequently, whether it was EGAS or GANOPE, or EGPC. The bid rounds will be continuous to keep Egypt on the radar.” Tarek went on to state that he expects to see another bid round in 2015, once the current ones end.

#### Brownfields and Service Contracts

Egypt Oil & Gas asked Tarek what the EGPC’s plan is for the development of the approximately 15 tcf of stranded gas all over the country, pointing out that much of the gas is being ignored by oil producers because the price is too low to develop it.

“You are totally right, there are many opportunities to develop this gas, and we are working to make it happen. We are reviewing prices on a case-by-case basis, and will continue to work with our partners.”

Egypt Oil & Gas also asked the chairman about his approach to Brownfields in Egypt. “We [The EGPC] recently had a meeting with the executive board where we discussed Brownfields. We think that for some concessions, service agreements would be fast and speedy with bringing these online. We do not have the luxury of time, so this is important to us. Service agreements are what we are looking at for Brownfields, definitely.”

#### Upstream Facilities

There has been a marked reduction in the past few years in the amount of investment in upstream production facilities. This is something that IOCs traditionally invest in, but the trend has moved away from

companies providing these facilities, leaving state-run agencies like the EGPC responsible for that investment. “This is also one of the challenges we have, but it does not face upstream investors, it faces us [the EGPC].”

“As IOCs are not investing in pipelines, we now have to. What makes this even harder is that these facilities were designed 20-25 years ago for lower quantities of oil and gas. They need to be upgraded.”

The chairman outlined three different options for the EGPC to invest in pipelines and production facilities: “First, we [the EGPC] could finance this ourselves. Second, we could allow a third-party investor to come in and build these and then rent or toll their use. Or third, we could go to big infrastructure funds such as the World Bank, IMF, etc. We are working through these options to upgrade facilities.”

#### EGPC’s Changing Role

“We are trying to get away from the role of being two heads at once.” Tarek went on to outline the issues with trying to be both a regulator for the oil and gas industry and a production partner at the same time. “I think we should go for being a producer and distributor, and upstream, downstream, global energy company. That is it.” El-Molla emphasized that this change will need to be a gradual one, but that it needs to change.

“We need to migrate from being a regulator, because it is not our role, let somebody else be a regulator. This will take time, it is a journey.” Tarek continued, “Aramco, Adnoc, etc; they do not regulate prices, they do not regulate tariffs. Neither should we.” The EGPC chairman envisions an independent regulator to take the place of the EGPC in the current structure. He gave the recent example

of petroleum minister Sherif Ismail issuing a decree that EGAS have a shadow regulator for gas. “For communications there is a communications regulator; there is an electricity regulator and a water and food regulator. A third party should determine the prices.”

#### Employee Development

“I am really focused on the people development issue. One of my main goals is to find and develop potential young leaders. People who show great promise.” El-Molla went on to say that he has put together several committees with the goal of finding these people.

El-Molla’s deputies all nominate young employees from each division, who the chairman meets personally for a short interview. Many of the young nominees have been sent to overseas training. “This lets them be exposed to different instructors and lets them see best practices first-hand.” After each trip El-Molla sits down with them for a short

presentation on what they learned.

#### EGPC’s Message

“I do not want to simply have a message of reassurance. I want to say what my goal is as chairman of EGPC. We want to be your partner of choice.”

El-Molla was blunt about the challenges Egypt has recently faced. “Between 2011-2014, what has changed? Practically speaking, not very much. Tourism is still challenging, the economy is still challenging, foreign currency is still challenging. But we have made progress.”

“The minister of petroleum, Sherif Ismail, has assembled a good team and we have been able to show our commitment by paying down debts and being flexible with contracts and gas prices. We signed 56 concession agreements over the last two years.”

“We want to be your partner of choice. Lets work together,” El-Molla finished.



*“We were able to successfully reduce the debts owed to foreign partners from \$6.3 billion to \$3.1, and we are working to reduce this further.”*

*“We are trying not to be rigid. We want this to be a win-win situation because at the end of the day, if you compare prices it will always be cheaper to produce locally than to import, especially for LNG.”*

*We do not have the luxury of time, so this is important to us. Service agreements are what we are looking at for Brownfields, definitely.”*

*“I think we AS EGPC should go for being a producer and distributor, a global energy company. That is it.”*







## EXCLUSIVE INTERVIEW WITH GANOPE CHAIR ABU BAKR:

**“The Red Sea is a Huge Opportunity. It is a New Frontier.”**

*Egypt Oil & Gas recently sat down with Abu Bakr, the chairman of Ganoub El-Wadi Holding Company (GANOPE) to ask him about the challenges facing Upper Egypt and the company's plans to resolve them. As in other interviews, the entirety of this interview is too extensive to print below in detail. However, selected highlights are below.*

### Current Bid Round

We started out by asking Bakr about GANOPE's current bid round, and why it was recently extended until the end of May. “An initial three month bid round was announced on the last day of 2014, but we knew ahead of time that this would likely not be a long enough time window so we put a condition that if someone formally requested an extension we would grant it. Several companies have, so we are extending the deadline to May.”

Abu Bakr explained that the deadline was intentionally set too short to encourage faster investment. “We need to make progress, we need to award blocks.” Bakr went on to say that the economic conference in Sharm El-Sheikh was also a good reason to delay the bid round deadline, as there would be investors there hearing about the blocks for the first time.

“It is mutually beneficial for GANOPE and our partners to extend the deadline,” Bakr finished.

### GANOPE's Mandate

GANOPE was established in 2004 to regulate the production and distribution of all of Egypt south of the 28th parallel. This comprises about 2/3rds of Egypt's total land area. “It is a huge area, and the challenge is

that we do not have enough data for most of it,” Abu Bakr stated.

During all of 2014 the company has been trying to promote and raise awareness of its mandated areas. “We attended conferences in the UK, US, Russia, UAE. We always take every opportunity to promote our areas. We always encourage investors to visit us, to be exposed to the capabilities of our people.”

Abu Bakr might now be the chairman of a large state-run company now, but that was not always the case. He has had a career of working for various companies, private and public, focusing especially on operations. He explains that this experience makes him very receptive to operators' needs and requests. “I spent most of my career on the operational side. Khalda, Quaran, Bapetco; we know what is valuable and how to manage priorities for operations. We need to change ideas, we need to be more flexible to attract more investors.”

“We are a government regulator, but at the same time, we have experience in operations, in the field.”

### Challenges

The company faces a number of major challenges, but they are not necessarily the same ones that other government run corporations (such as the EGPC or EGAS) face.

When asked about how oil prices have affected E&P in Upper Egypt, Bakr was quite optimistic. “This has not really affected us much because our concessions are not that expensive for production. This is certainly an issue in some concessions such as ultra-deep-water, those can be quite expensive; but for our onshore operations costs are not too high. We are lucky, they have not affected us much.”

GANOPE's chairman responded similarly when asked about another main issue faced by most other groups, government debt owed to foreign firms. “Again, we are lucky, we do not have this problem. Honestly, we have Sherif Ismail to thank for this. He has made a very strong effort to cut this amount in half, from \$6.3 billion to \$3.1 billion.”

“When GANOPE was established, it inherited a number of wells from EGAS and the EGPC. Since these wells were inherited, all the financial commitments go back to those agencies.” Bakr explained that GANOPE has two companies they set up agreements with themselves, but that the company does not owe these two anything near the large arrears owed to other large firms. “We are in good shape.”

The biggest challenge for GANOPE is its lack of data for the areas under its mandate. “We do not have enough data for most of our ar-

eas.” This is due to the massive size of the area and the fact that it has traditionally not been explored in favor of areas such as the Nile Delta. Abu Bakr is especially adamant that there has not been enough exploration in the Red Sea. “The offshore Red Sea is a frontier area. Some limited exploration work has been done, but this was more than 30 years ago. Only 12 wells were ever drilled; far, far too few to understand the oil or gas potential.”

“We are working very hard to acquire more data, I hope to have the data for all of our areas by fiscal year 2015-2016.”

### Red Sea

Egypt Oil & Gas specifically asked where GANOPE still expects to see large discoveries made—for oil or gas—and Abu Bakr was immediate in his response: “As far as huge gas discoveries, we believe the Red Sea will be the opportunity. Only seven companies have done any exploration in the Red Sea. Four of them between the mid-70's and the mid-80's and at that time, the seismic data acquisition was not technologically advanced enough to accurately reflect true reserves.”

Abu Bakr went on to say that the area is a challenging one to explore, as there is a large mobile salt layer that tends to absorb seismic energy. “It is a challenging area to



***"We need to make progress, we need to award blocks."***

***"We are a government regulator, but at the same time, we have experience in operations, in the field."***

***"Oil prices decline has not really affected us much because our concessions are not that expensive for production."***

***"The offshore Red Sea is a frontier area. Some limited exploration work has been done, but this was more than 30 years ago. Only 12 wells were ever drilled; far, far too few to understand the oil or gas potential."***



get accurate data underneath the salt. Now we have the technology, 25-30 years ago it was not there."

Abu Bak spoke about a meeting he hosted in December of 2013 at GANOPE's offices, with major IOCs, service providers, and academics all attending. The goal was to crack open this issue of Red Sea exploration, and he said it was a very beneficial meeting. "We had a very good event opened by the Minister of Petroleum Sherif Ismail. It was a capabilities meeting. For operators, if you want to acquire good seismic data, what is your expectation? For seismic providers, what can you do to get their needs?"

When asked about all the problems with previous exploration done in the area, Abu

Bakr explained that not only was technology not advanced enough at the time, but that there were only 12 wells ever drilled, not nearly enough to accurately examine the entire area. "The Red Sea is more than 800 km long, it has an average width of say, about 100-150 km. It is a huge area. To evaluate this area with 12 wells is not enough. And these 12 wells are based on old geological concepts, old ideas. The technology was not there. It is very old seismic data, poor imaging for underneath the geological structures."

Abu Bakr is intimately familiar with the Red Sea; while he was previously working at Khadda he was loaned to program run by the World Bank that studied the oil and gas

prospects of all the current Red Sea countries. Mr. Bakr spent three years working on the program, and he is very passionate about the opportunities to develop the area.

#### **Current Agreements**

There are now 25 agreements GANOPE has made since its inception. This is over a period of about 10 years. 17 of these concessions are currently active. "My target with the current bid round will be to award all ten blocks. My target is to announce that we have 27 valid concessions."

For now, the chairman explained, the company is simply trying to gather data so they can host a new bid round. "For the areas we have data, we are releasing bid rounds. I hope sometime in 2015 to start more data

acquisitions so we are prepared to have more bid rounds in 2016."

"In fiscal year 2015-2016, we plan to spend \$120 million. This will be \$60 million for exploration and another \$60 million for drilling 7 planned wells."

Abu Bakr concluded our interview by speaking about many of the achievements GANOPE has made over its first decade. Ten years is not a long time, and the company is working to encourage upstream investment in oil and gas, increase its fuel station network, and build downstream facilities such as pipelines and butane distribution. "We are trying to get new operators new faces, new investment. Honestly, we have had encouraging results. GANOPE has a bright future."



State of the Art "Wires & Cables"  
manufacturing facilities equipped  
with premier technology tailored to  
customers' needs



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# WOMEN IN THE OIL AND GAS INDUSTRY

By Lorena Rios

Nerine Elwy is the current Communications Manager for Shell in Egypt and Kuwait. She began her career at the company in 1994, substituting for someone else's maternity leave. Her excellent performance granted her a job offer in the company and few years later, she was in charge of the upstream and downstream External Affairs department.

Shell Egypt is made up of 23% women; these account for 15% of its senior positions, and 12.5% of its technical positions. Shell plans to increase the percentage of women in senior positions to 18% by 2018. It is a fact that reflects Shell's belief in increasing diversity across the organization. Career development and mentorship was a crucial component to Elwy's success. "Shell likes to invest in people. When I started working in the company I did not know even how to type," she said with a broad smile on her face.

Elwy is driven by achievement. Her biggest challenges are the daily tasks of managing her team effectively. "I am lucky to have a strong team who support me in delivering and adding value to the business," she told Egypt Oil & Gas.

In the long term, Elwy wants to do community development work, specifically human capital development.

Heba Ayad started her career at BG in 1998 developing financial models for BG Egypt's downstream business, which involved the construction of transmission and distribution systems for the Upper Egypt concession area.

In 2001, BG started production in the Rosetta field and was preparing to extract gas from West Delta Deep Marine. During this time, Ayad joined the Business Planning and Economics team, eventually becoming the Performance Manager for BG Egypt. "It was a good opportunity to communicate across multidisciplinary teams, overlook asset performance and be very close to shaping the assets strategy and targets," she said.

A milestone in Ayad's career came when she was made a Deputy CEO at Egyptian LNG. The job was not easy, but, "only with problems you learn," she stated. "These two years were full of new experiences."

Now, after a successful trajectory at BG, Ayad is Vice President of Upstream Division.

Mirna Arif graduated top of her class from the American University in Cairo in 2002 and holds an MBA in Marketing and Operation. She began her career at Schlumberger, where she quickly ascended through the ranks due to her outstanding performance. She went from being account manager, to sales manager of country operations, to regional sales manager in a matter of years.

She moved to London with Schlumberger and began her journey as re-

gional sales manager for the UK and Ireland, managing between 20 to 50 people. The responsibilities that arose with managing the whole region "was an amazing experience" for Arif, who continued to become the Global Program Manager at headquarters. It was here that she was assigned to create integrated strategies for all segments of the company, while also supervising the work of over 300 people. She then became Global Marketing Manager for Marine Seismic.

Arif chose to return to Egypt in 2014 as, "it was the time of big changes," she said. "So I took a leap of faith and came back home."

Her success is proof of her perseverance and hard work. "I strive for challenges," she said. Now she works side by side with Petroleum Minister Sherif Ismail as Investment and International Cooperation Manager. "It is a great challenge and a great place to be."

"The feeling of being part of the new Egypt" is what brought Arif back to her home country, and the desire "to help and contribute."

The Oil and Gas Industry Strives for a gender-balanced pool of talent. At the moment, "technical functions in Egypt are purely male dominated," said Elwy. "The field does not accommodate for women." The industry as a whole is currently lacking a strong representation of women in the STEM fields—science, technology, engineering, and mathematics.

In the 2013 Diversity and Inclusion Report released by BP, 72% of the 3,000 oil and gas professionals surveyed believe the industry remains male-dominated. Despite the improvements in people's mentality towards working women in Egypt, "challenges continue," said Ayad. A promising 65% of respondents in the report agreed that career prospects for women have improved in recent years.

"Accept the challenges and be tolerant of [people's] initial reactions," advises Ayad. When a first reaction is negative on the basis of age or gender, "you cannot allow the initial reaction to scare you or make you retreat. You have to embrace them and move on." In a fast-paced, competitive industry, women also face challenges regarding "gender, age, and sometimes even size," she observed.

One in five (20%) of respondents in the study strongly agreed that gender based discrimination occurs within the industry. In the study, respondents cited family care responsibilities as a significant barrier to increasing the proportion of women in the industry.

"It's a challenge for full time working mothers to excel in a male dominated oil and gas industry," says Arif. "When the workday ends, you still have duties at home." But as Elwy pointed out, "we [women] are heavy duty. We are multi-taskers. We are gifted," she

said without the slightest hint of self-doubt.

Having the freedom to accept a position based outside their home country is another big challenge for a lot of women in the industry, Elwy pointed out, as she has had to compromise on this before for the sake of her family. For younger generations with fewer constraints or responsibilities, mobility is less of a problem. Elwy overcomes issues of mobility by assuming long distance senior roles, allowing her to stay in Egypt.

"I have a supportive partner and lots of help at home," said Ayad. In a study released by NES Global Talent, 39% of women interviewed—272 global energy engineers and professionals—said they would consider taking less money in return for more work flexibility. "You have to ensure your job does not compromise your role within the family," Ayad finished.

The Work-Life Balance is a challenge for both men and women and not just in the oil and gas industry. Work can be very demanding, especially as you grow within the company. "You are expected to be available most of the time," explained Elwy. "You have to cope [with the workload]. You have to deliver," she added resolutely. However, Elwy also plays a wide array of roles outside of the office and makes an effort to, "take time to smell the roses." She advises others to do the same.

Arif is another example of how women in the industry balance their work and families. She never stopped working, not even during maternity leave, as she kept pursuing her MBA. The industry's global nature adds another dimension to the workload for working mothers. Arif's work is of a global scope and her day does not really stop when she leaves the office, she said. At Schlumberger, she was given the responsibility and the trust to manage her own schedule. She recalls the times when she would leave the office at five, have dinner with her children, and be back online by nine.

Ayad is able to keep a healthy work-life balance by managing her time and her schedule to accommodate her responsibilities as a wife and mother, knowing when she needs "to stop, and for stress levels to go down." Yet, the ideal doesn't always become reality. "You have to pick your battles," she says, "and pick what really counts."

"Women Play a Key Role in any organization's success," says Elwy. Shell is creating a platform for women to develop and grow. The company recently launched a women's network that focuses on mentoring, networking, and health. In addition, Shell has female career development programs and leadership programs. "My company values women. Investing in and developing women are very important," Elwy finished. Shell is flexible when it comes to working hours, offering the

possibility to work from home, and the office now offers a nursing room.

The same is true for Ayad, who says, "BG is keen to ensure diversity and inclusion in its working population," but there is still a lot of progress to be made. "Young women have to prove themselves," states Arif. After 12 years of experience, she says the oil and gas industry "is not easy, never was, never will be. It is a choice. It is a path you choose."

The industry is making an effort to attract women, and Egypt is moving in the right direction when it comes to inclusion of women in the workforce, said Arif. Yet the industry, and Egypt in particular, have a long way to go. "I want to ask people to look beyond gender and age," Arif said. "People's ability to perform is of a wider scale."

Ayad advises colleagues to "do your best and aim for excellence. With dedication and passion, success will follow." Success is more than being "technically good," said Ayad. "Empathy, emotional intelligence, and good leadership are important. " Ayad values teamwork and believes that excellence is the result of a motivated team. She encourages others to "inspire your team," to bring the best out of people.

Elwy firmly believes that "it is very important [for women] to speak up." She encourages leadership initiatives from employers in the industry to empower women.

"I have always believed in slowly but surely. Success is not about advancing in positions only. Success is making sure you can meet the expectations of a promotion. You have to ensure excellence," said Ayad.

"We are in a circus, and we are not just jugglers, we have to master tight-rope walking too," Arif stated. "There are days when you will fall and you need to plan properly. You have to have support."

The industry is aware of the importance of networks and mentorship programs for their female employees. "Seek a support network of people who provide honest and constructive feedback," said Ayad. "When you do your job properly, you will find people who are willing to help you."

It is not only the oil and gas industry that must tackle the challenge to create a balanced and diverse talent pool. It is up to every woman in every industry, their support networks, their families, their community, their male colleagues and employers. All of them must strive for an industry that is welcoming to women.

"If you are a woman and you are young, people expect you to wait in line," said Arif. "There should be no line," she stated emphatically. "If we can contribute to the country, we should all be given a chance."







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# BUILDING TALENT: HOW THE INDUSTRY SUPPORTS THE BEST AND BRIGHTEST

By Lorena Rios



Since the sharp fall of oil prices in mid-2014, the oil industry has been forced to act with dexterity and composure, like an acrobat balancing across the tight rope. In spite of uncertainty, the acrobat relies on skill, instinct, and great effort to cross the suspended bridge that will lead him to stable ground.

The oil and gas industry is shaped by uncertainty, rapid technological innovation, new discoveries, geopolitical instability, and the responsibility to meet growing global energy needs. In our 100th issue, we are highlighting work and accomplishments of some of the best and brightest members of the oil and gas industry in Egypt, that are not simply acrobats and jugglers jumping through rings of fire, but those whose ambition match the every day challenges of the industry. We spoke to outstanding engineers and professionals at Apache, Shell, Schlumberger, and GDF Suez, mapping their journey to success and exploring the support they received along the way.

The jump from textbooks to drilling rigs; from the stress of passing a Mathematics of Enhanced Oil Recovery and Remediation exam to orchestrating a billion dollar exploration and production (E&P) project is as daunting as it sounds. Thankfully, oil companies in the industry help young professionals make these leaps through intensive development programs.

Training and career development is indispensable in the oil and gas industry. A looming “skills gap” has clouded the prospects of the oil and gas industry, leading oil companies to seek out and attract a high quality applicant pool. The industry is constantly evolving, and as such, must continue to develop its team and replenish its talent pool.

A recent report released by recruitment company Manpower revealed that one of the most pressing concerns among oil and gas executives in the US is attracting quality candidates, both new and experienced. However, the industry is taking the necessary steps to ensure the sector attracts the best players and guarantee their growth in the energy sector.

“New hires at Schlumberger start as trainees for eight months,” said Ramy Hafez, the wireline sales and marketing manager at the French firm. “Then you move up to ‘preschool’ for one month, ‘school’ for two months and ‘post school’ for another two months.” The average probation pe-

riod—a time when new professionals get a taste of the company’s operations and different departments—is three years for major IOCs.

In a fast paced industry, efficiency and innovation go hand in hand. In order to keep up with technological innovation, the industry pushes young professionals to increase their array of knowledge and skills by adding responsibility. “After the first eight months at the job, you are on your own,” he said with a playful smile, recalling the mix of nervousness and excitement that comes with great responsibility. “We are not hiring engineers, we are hiring future managers,” added Ahmed Ragheb, the Bits and Advanced Technologies Operations Manager at Schlumberger.

Knowledge is a building block in the industry and its members must continue to be active learners. At Schlumberger, “you have to study for your promotions,” Hafez said. “Every promotion is a test, like a new job each time.” Most importantly, “it builds your character,” Hafez finished.

Apache is another example of the industry’s commitment to train new generations. “You are given responsibilities from day one,” explains Miguel Munoz, Senior Production Engineer at Apache. “You are soon sitting at a table sharing the same responsibilities as people who have 10-15 years of experience.”

Given the fact that the talent gap is expected to widen in the next five years— especially among petroleum engineers and plant/operations engineers—it does not take long for students to become mentors. “I still have a mentor-student relationship with my manager,” said Brian Hradecky, Senior Reservoir Engineer at Apache, “and I was mentoring with as little as three years of experience.”

“At the beginning it may seem impossible,” said Mina Fahmy, a Financial Analyst at Shell, referring to recent hires. However, Fahmy believes that “each individual is driving his own development. Your success depends on your performance.” He trusts that Shell will hire competent people who will excel.

Fahmy is the country chair for Shell Egypt’s young professional network, which gathers young professionals from across the world in conferences, workshops, and events. The goal of the network is to keep people well informed about the indus-

try. Shell’s network in Egypt organizes workshops with students at Ain Shams University in an attempt to attract young talent.

One of the challenges facing the industry is the decrease in number of experienced petrotechnical professionals—including geologists, geophysicists, petrophysicists, and petroleum engineers. The number first started falling in 2013 and is expected to continue to decline until the end of 2016, according to Schlumberger projections. Consequently, the industry needs to sharpen its recruitment methods to attract new talent, especially women in STEM positions. Recent graduates have an amazing hiring window to seize.

Leadership succession is another key industry concern. Estimates show there is a need to promote as many as 60% more petrotechnical leaders now than in the preceding four-year period. “We all start young,” said Hafez. The ascent through the ranks is generally a gradual one. “It’s a long ladder,” continued Hafez, “but if you perform, they reward.”

Apache is aware of the industry’s need to attract and develop a large number of new technical staff to maintain current business and technical performance. “This [Apache] is an aggressive, fast moving company,” said Edward Cross, Geologic Manager at Apache. He began his career at ARCO, worked in Shell, and then moved to Apache, where he has been for the last five years. “The industry needs people who move fast and are attracted to the action,” he finished.

“This is a high risk, high reward industry,” said Munoz, as he recalled the time a mentor at Apache told him that to succeed in the industry, you need “fire in the belly, and not the one you get from a bad meal.”

“To be selected by E&P companies you have to be unique, show that you are capable of adding something new and that you have important skills,” said Wahby.

The transfer of knowledge in the industry is not a one-way street. It is closer to how Cairo operates, with vehicles shooting by in every direction. “You have the sergeants and lieutenants,” as Cross jokingly refers to senior staff and his own age. They pass down knowledge to the new engineers. But due to the industry’s high tech nature, knowledge also comes from the bottom-up. “The

key to success is natural curiosity,” said Hradecky. “Ask as many questions and seek out all the answers you can.”

By 2018, the demographic profile of the E&P industry will be much younger, closer to other high-technology industries. For this reason, Egypt Oil & Gas asked these outstanding young professionals to provide their colleagues with advice for success.

“I advise young graduates to keep on learning and developing. They must know how to carry themselves and show their capabilities. It is not an easy job and they should expect high competition,” said Wahby.

The team of outstanding professionals at Apache identified the following as keys to success: take pride in your work, seek the bigger picture, be creative, seek out the unconventional, and make sure to develop your communication skills.

“We have a wide range of exciting unconventional exploration,” said Hradecky. Egypt affords the opportunity to get “really great experience,” he added, especially with recent developments in the West Nile Delta, West Mediterranean Deep Water, and North Alexandria.

Egypt’s rich natural resources, thriving energy sector, and constant challenges make it an exciting place for the oil and gas industry. “There is always demand for energy, but manpower is the most important resource,” said 27-year old Hadil Nagy, Asset Team Explorationist at Shell.

“The oil industry is not a piece of cake, said Nagy. “It requires hard work, dedication, and a strong belief you can change something.” The young engineer suggests to always stay positive.

Success is about hard work, you have to be competitive enough,” continued Nagy. “Employers in the oil and gas industry are looking for employees with analytical and negotiation skills, dedication, and willingness,” added Fahmy.

The “skills gap” plaguing the oil and gas industry may be global in scope, but in Egypt, young professionals are proof of a bright future for the oil and gas industry in the country. Their drive, alongside their companies’ mentorship and training programs, has allowed them to meet the industry’s rising demand for skills to tackle Egypt’s exciting challenges.





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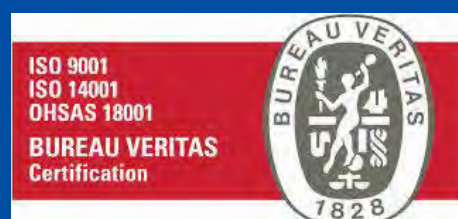
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# WORDS OF THE WISE: RELYING ON EXPERIENCE

By Emad Ayasha, PhD

After leaving academia for a fulltime political career, Dr. Moustafa El-Fiqi was once described as a “former thinker.” His logical reply, “When does somebody stop thinking?” By the same logic, just because someone is retiring doesn’t mean he has stopped being useful to the industry. Egypt Oil & Gas is celebrating our 100th issue, dedicating this month to celebrating the people who have made important contributions to the oil and gas sector here in Egypt.

Who better to spotlight than those who have spent a lifetime serving the petroleum industry? These are a few names from a very long list, ranging from those who have commanded from the heights of the state sector to the nitty-gritty land of business acumen to the heady world of higher education and civil society activism. Each has left a distinctive mark on the energy industry here in Egypt. It was a pleasure to speak with them.

Shawky Abdeen, General Manager at PICO and former Exploration Manager at EGPC has had a long list of educational and business experiences over his 60-year career. Speaking to him is like walking the memory lane of Egypt’s petroleum sector.

Abdeen was initially drawn to the industry by his love of geology, being pulled further into the field by Dr. Abd Al-Munim Ghorab at Ain Shams University. Dr. Ghorab was none other than the father of future petroleum minister Abdullah Ghorab.

Abdeen graduated with the class of 1954, the very first generation of students to come from a university that itself was established in 1950. It was a prestigious degree, as Ain Shams is one of the most rigorous educational establishments in Egypt. He later received his Diploma in Petroleum Geology from the Institute de Petrol & Geologia in Bucharest, Romania during the trying times of the 1967 war between Egypt and Israel. His wife and daughter were in Egypt during the war, but he did not allow the country’s defeat to crush him.

While Romania was a communist country at the time, he found that the state was ahead of the Soviet Union when it came to oil and its related sciences. He had firsthand experience with the soviets in the petroleum sector during his time at the EGPC.

Abdeen started working with major IOCs early on, beginning first with Shell. This harked back to an era when the oil business prized experience and talent over academic credentials. He never had time to return to his studies and to complete an MA or PhD.

However, his practical industry experience made up for his lack of an advanced degree, and he has since supervised many employees with MAs and PhDs. Universities have also recognized his extensive knowledge, asking him to teach young undergraduates at his own alma mater, Ain Shams.

Mr. Abdeen also has much in common with us here at Egypt Oil & Gas, as he worked in petroleum journalism for a number of years with the editorial boards of October Magazine and the petroleum ministry’s own Petroleum Magazine,

among others.

Mr. Abdeen understands the critical importance of oil and gas to Egypt’s future and has been a longtime advocate of making Egypt’s seismic and well data available for free (similar to the model the US Geological Survey uses).

The point is, Abdeen argues, to encourage as many oil explorers as possible to come and invest in the country; creating a rebound effect. More exploration and production beefs up reserves and in turn attracts even more investors. This would finally put Egypt where it belongs on the global petroleum map, side-by-side with the world’s major oil producing nations.

Of all of Mr. Abdeen’s many accomplishments, the one he is most proud of is his 11-year stint at GUPCO (Gulf of Suez Petroleum Co.). He first served as Explorations Manager followed by another five years as GUPCO’s head.

This gave him the opportunity to train many future exploration and production managers, people he considers to be his sons. He was also the head of EPEX (Egyptian Petroleum Exploration Society) for two consecutive terms—something never matched before or since.

Dr. Magdi Nasrallah, currently Professor of Petroleum Engineering at the American University in Cairo (AUC), has a long history of personal academic achievement. He completed his undergraduate studies in Industrial Chemistry at Cairo University in 1965. Following this with an M.Sc. in Solid State Science at AUC in 1968, he finally achieved his PhD in Materials Engineering from the University of California in 1972.

Given that his CV is eight pages long, it is easiest to sum up his long life in the oil sector through a cliché such as, “An educator of generations.” He was the founding chair for the department of Petroleum and Energy Engineering, after all.

His accomplishments should not be downplayed considering they occurred in such a bureaucratic and educationally-underfunded country as Egypt. Nasrallah personally established each and every lab—the Core, PVT, Simulations, etc.—stocking then up with equipment and handpicking qualified staff.

Nasrallah is retiring this semester, satisfied with his decades of contributing to shaping young minds through academia. He plans to continue to conduct consultancy work in Egypt and the US, as well as continuing his NGO work, as he has been a board member on the Friends of Environment and Development Association since 2003.

Dr. Nasrallah had spread the benefits of his experience far and wide. After distinguishing himself in metallurgy at Cairo University, he was hired by NASA to help the United States develop special alloys for its spacecraft. He later returned to the US on numerous occasions to legalize patents that could be recognized under the Egyptian legal system.

Nasrallah is also a frequent visitor to Lebanon, helping the American University in Beirut (AUB) with its own petroleum programs—another activity he plans to continue during his retirement.

He even worked in pre-revolutionary Iran at the Shah’s own petroleum university.

Another way to describe Magdi Nasrallah would be with the expression, “Jack of all trades,” as he was originally drawn to oil through his commitment to renewable energy. His chief concerns have always centered on the pollution and corrosion caused by oil exploration and production.

The professor is a consultant on many energy projects, studying their feasibility and environmental effects. He has always wanted Egypt to diversify its energy mix and move into more renewable resources, his field of expertise.

However, you cannot look for alternatives until you understand the original problem. This is why he is so knowledgeable in the jargon of hydrocarbons and the latest advances in the sector, such as nano-technology applications.

Dr. Nasrallah has been throwing his intellectual weight particularly heavily behind the nano-tech field over his last days of academic life. Drawing from personal experience, he has been a life-long advocate of government-driven science and technology initiatives.

NASA is the perfect model of how Nasrallah believes science should be carried out. Scientists and engineers need financing, but Nasrallah believes they also need a national sense of purpose, as well as a list of immediate and pressing problems to get their creative juices flowing.

Given a history of his life, we now can better understand Dr. Nasrallah’s long list of awards and accolades. These include an Honors Award in Recognition of Outstanding Academic Record in 1965, the National Merit Award for academic achievements in engineering from the Academy of Scientific Research in 1985, Egypt’s Presidential Ribbon of Excellence in 1995, and Cairo University’s Honorary Plaque for outstanding performance in 2002.

Most recently he also received the distinction of, “Best Professor in Petroleum and Energy Engineering” from the 2014 Africa Education Leadership Awards. His most endearing legacy is the ability to instill in you an unquenchable thirst for knowledge; not just scientific, but economic, political and historical. Nasrallah is truly one of the sector’s most important contributors.

Dr. Mohamed Helmy Sayyoudh, Professor of Petroleum Engineering at Cairo University, would deserve mention simply because of his many teaching posts and numerous awards. But it is his commitment to knowledge and a better Egypt that is his real claim to fame.

What drew Sayyoudh to oil was the captivating image of a petroleum reservoir as a “black box,” a puzzle that cried out to be solved if only for the pure pleasure of discovery. It could very well be this sense of curiosity that led him to Enhanced Oil Recovery (EOR), long before it became a well-known field.

To put it mildly, Dr. Sayyoudh is the man who introduced EOR to Egypt. As we all know, the country has very limited and substantially depleted reserves, demanding that every conceivable op-

portunity be taken to recover every last drop of crude.

Dr. Sayouh’s first foray into tertiary oil recovery was in 1975, while he was developing and studying the concept of the effects of the frontal advance rate on third stage recovery during his PhD studies. No sooner had he completed his PhD at Penn State University in 1979 that he returned home. He started out fighting an uphill battle to place EOR where it deserves to be—at the top of Egypt’s scientific and policy agenda.

Sayyoudh did some of the first work on petroleum reservoir simulation in Egypt and the Arab world. He also helped advanced EOR techniques; from micellar flooding, to alkaline water flooding, to developing a whole new generation of micro-organisms that can be used to recover oil from fields suffering from different kinds of temperature and water salinity conditions.

His own PhD work was later applied to the Bradford oil field in the US state of Pennsylvania. Since 1986 he’s worked in consultancy for EGPC, the Egyptian High Production Committee, and the private sector. These consultancies are again in petroleum reservoir engineering, enhanced oil recovery, reservoir simulation, and natural gas engineering.

While mainly an academic, Dr. Sayyoudh has also been an educator for petroleum engineers in major oil companies, private and public. His focus has been oil recovery; part of his tireless efforts to make sure it is a national priority at every level—public, private, and academic, in both Arabic and English.

“Distinguished” is clearly Sayyoudh’s middle name, as he has received international assistantships and fellowships, as well as the Faculty Encouragement Award from King Saud University in 1983, an Appreciation Certificate from Cairo University’s Faculty of Engineering in 1998 and 2009, and finally, university recognition for publication in international journals in 2008 and 2009. Dr. Sayyoudh’s biography has even appeared in the 16th Edition of Who’s Who in the World.

When you meet figures like these you feel empowered to map out a set of practical solutions for Egypt’s petroleum sector. All those interviewed made clear that only active cooperation between international oil companies, Egypt’s domestic private sector, and the government will boost reserves of oil and natural gas.

Profits and policy should not distract from the nuts and bolts of the sector, the latest scientific discoveries and technological innovations that set the agenda for what is feasible and what is necessary for both decision-makers and entrepreneurs.

With figures like Abdeen, Nasrallah, and Sayyoudh at the ready, the industry would do well to glean knowledge and advice from the men who helped shape it. Knowledge and experience from all spheres is key to strong growth in the sector.

Egypt needs to invest in the future. To do it, it needs to lean on its past





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# EGYPT, THE FUTURE

By Alessandro Accorsi and Giovanni Piazzese



World leaders pouring in from all over the world, handshakes, pictures and even a selfie on stage. Cash flowing in, mega-projects announced one after the other, interrupted only by praises of the new Egypt and its newly-found stability.

The Sharm El-Sheikh economic summit titled, "Egypt, The Future," was inarguably a success for the Egyptian government and for President Sisi. Egyptians all over the country watched the show on television, nodding and smiling at the promises of economic development.

The rise in terrorist attacks, the delay of parliamentary elections, the concerns for human rights violations, the police abuses and inefficiency, the restricted political freedom, even the questionable judicial rulings were all forgotten from the 13th to 15th of March.

The roadmap to democracy first announced in July of 2013, and continuously amended since then, has been substituted by Egypt's "roadmap to improve the business climate," in the words of Prime Minister Ibrahim Mehleb.

The recent upgrading by Fitch Ratings of Egypt's credit rating to a "B," for the first time since 1997, seems to be further evidence of the government's efforts and successes.

However, while the conference was surely a political success for the cabinet and for the presidency, one could argue about whether it was successful from an economic point of view, supposedly the focus of the entire summit.

The conference was "a show that impressed ministers, consulting experts and corporate CEOs. I'm not going to deny that. It was impressive," says Fadhel Khaboub, Associate Professor of Economics at Denison University and President of the independent public policy think-tank Binzagr Institute for Sustainable Prosperity. But, "it looks like the conference had been driven by political influence rather than pure economic common sense," he adds.

Originally planned as a conference of donors from Arabian Gulf countries—and later re-labeled an "Investors' Summit"—"Egypt, the Future," was supposed to have unveiled details for 28 new development projects, fiscal reforms and a new unified investment law. Economists were also hoping to have details on how Egypt is planning to tackle corruption, improve transparency, and start national dialogue on how the government wants to invest money.

It was already clear that such expectations were to be ignored when the cabinet unveiled a mega-project to build a new capital far from the ancient center of Cairo. The "New, New Cairo," as it has been dubbed without notice of its irony,

monopolized headlines in Egypt and abroad.

In ancient times, pharaohs used to move their capitals between Upper and Lower Egypt, going from one side of the country to the other. Presidents of modern Egypt have more than once announced similar plans; to build new capitals that ended up as nothing more than expensive ghost towns in the desert. Thus, the idea of moving the country's seat of power from Cairo to an as-yet-unbuilt city, a glitzy new Dubai-esque place where few Egyptians could afford to live, should not come as a surprise. However, the "New, New Cairo," regardless of whether it will or will not ever be built, certainly serves as a bellwether of the Egyptian cabinet's economic vision.

The main problems with the plans for the new capital, as highlighted by Khaled Fahmy, Professor of History at the American University in Cairo, is that the announcement came with no public discussion about it. The government expects 5 million people to move to the new city when the construction will be completed, but it has not asked these millions if they actually want to move.

The whole project is currently estimated to cost at least \$66 billion, a huge amount of money for a country with an annual GDP of less than \$300 billion. Critics argue the money would be better spent on other infrastructure or development opportunities. Cairo, moreover, will continue to host millions of people, but it will be deprived of investment, wealth and new infrastructure, not to mention government ministries.

It is true that corporate investors—especially in the real estate development business—are not particularly interested in fixing speed bumps and roads in Islamic Cairo or Imbaba. The idea of a "new Dubai," with a park larger than Central Park in New York and a theme park four times the size of Disney World, is certainly more attractive.

However, "if Cairo has a demographic problem, it is because economic opportunities and infrastructure is concentrated in one area," explains Khaboub. Migration to the capital did not happen simply because millions of people prefer living there. Rather, Egyptians moved for more economic opportunities and jobs.

"There are many existing cities that lack infrastructures and that might be improved, easing the burden on an over-populated Cairo and balancing the presence of economic opportunities in the country," suggests Khaboub. The new capital, with its fancy buildings and skyscrapers, will probably not be an affordable place to live for many of those who leave their villages in search of a job.

The project, as most of the other development

projects presented at the economic summit, completely lacks feasibility studies, planning, environmental impact evaluations, and transparency on the financial costs. The suspicion is that the organizers of the conference managed to convince investors to verbally commit to pour cash into Egypt, but that the money and what it will be used for will be completely different than what has been announced.

"Investors in any country want to know the legal framework, the taxation, the property tax rates, they want make sure that infrastructures are there before spending their money and they want security," said Khaboub. No matter how optimistic the government is, real investors do not dispense money until they know they have all the guarantees.

"To me this means that if what Egypt is announcing is going to materialize there is only one way to have it come into place: through a militaristic government-business partnership to make sure that those investments are going to be secured and insulated from the Egyptian legal system and the democratic system," added Khaboub.

The recipe to achieve economic growth and stability is well known to the Middle East generally, and to Egypt especially. According to Professor Kaboub, Egypt is going back to the pre-revolution concept of stability, of fighting terrorism and dissent, of bringing foreign investments to reach economic stability."

It is the same model that Mubarak applied for years, only to find himself facing popular anger as corruption, social inequality, economic exclusion and lack of access to decent wages and jobs for young, educated people only worsened as the GDP grew. This model of reaching growth through big construction projects carried out by foreign investors in shady partnerships with big semi-public and military companies "will not bring a real and strong private sector and will not create more opportunities for the private sector. What Egypt needs is a new engine of economic growth," Khaboub estimates.

Relying on big projects such as the Suez Canal or the new capital city will probably result in the creation of short-term, unskilled jobs, but it will not create new opportunities for employment or growth for the millions of educated young Egyptians or for the small and medium enterprises who rarely benefit from projects scale of this scale.

To achieve their goals and assure donors and investors that their money is safe, Egypt will need to protect them outside the domestic legal system, heavily relying on special decrees and the military-industrial complex. In this sense, the

new delay of parliamentary elections could have not been more timely. But attracting new investments by tackling corruption and increasing transparency might just be another desert mirage.

On the other hand, the focus on large monumental projects rather than on diffused investments follows an easy logic. It is easier to lure money from abroad for these plans, and Egypt desperately needs foreign reserves at the central bank in order to sustain its exchange rate with the dollar. This is especially crucial as the country heavily depends on food and energy imports.

"These imports mean that Egypt will import inflation as those commodities are expressed in dollars in the global market. This also means that subsidies for energy and food are going to be more burdensome on the government or prices are going to be raised and subsidies are going to be cut," explains Khaboub.

Relying on foreign reserves, or the lack of them, will bring to the table further economic inequality and place more of a burden on low income families. This is in turn likely to foster social and political unrest. Not exactly the recipe for stability.

At the end of the day however, all of these concerns about how money is spent might not matter as out of all the investments pledged at the conference, between \$200-\$300 billion, only \$12 billion might actually reach Egypt. These billions were promised by the original sponsors of the conference, the UAE, Saudi Arabia, and Kuwait—Egypt's main gulf sponsors. But with the global oil price plunge, the shifting balance of power in the region, and uncertainty on Saudi Arabia's new King Salman's political strategy, even the \$12 billion cannot be taken for granted in the long run.

The rest of the money might just be vain promises. Prime Minister Mehleb said that the conference had netted \$36.2 billion in investments, but Sisi said that Egypt needs \$200 to \$300 billion to develop. "For a country like Egypt, \$300 billion dollars is a monumental amount of money," said Khaboub, suggesting that the sum would be absurdly large even for other kinds of conferences focused on things like natural disasters or post-war reconstructions. Even in those cases, only a fraction of the money promised actually makes it through and it will be interesting to see the share of the \$36 billion pledged that will actually reach Egypt.

"That's why I am really suspicious: it seems more a political meeting than an economic one," says Khaboub. "This is not Davos, this is an Egyptian donors conference."



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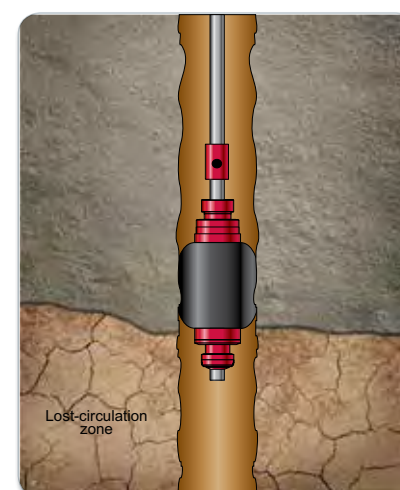
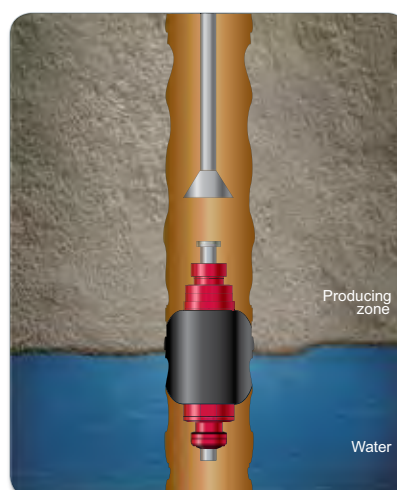
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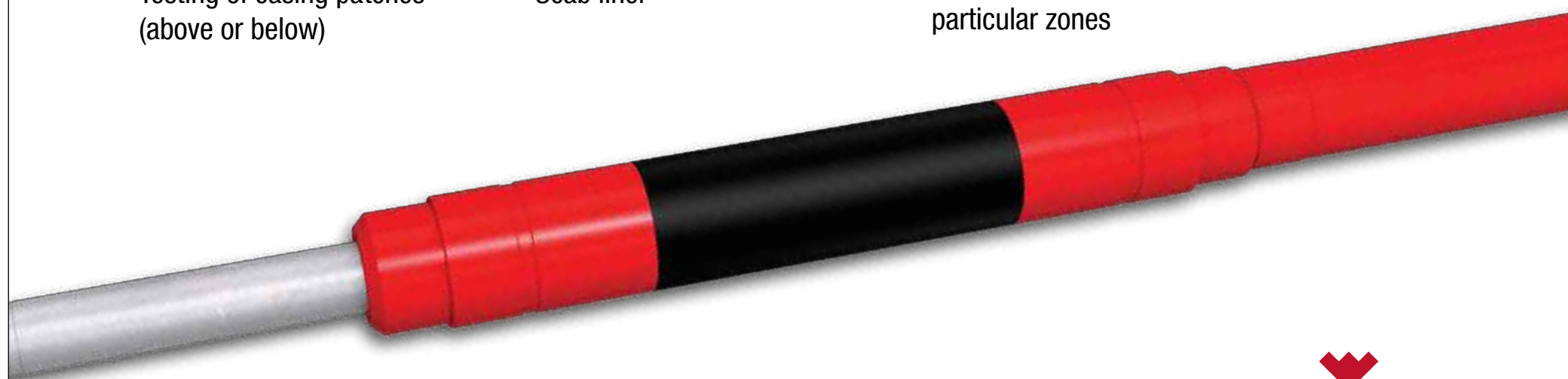
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### IPP Applications

- |  |                         |  |
|--|-------------------------|--|
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| ▪ Casing-integrity testing                   | ▪ Water shutoff         | ▪ Selective production testing of particular zones |
| ▪ Testing of casing patches (above or below) | ▪ Scab liner            |  |





# THE AMAL PROGRAM: BRIDGING THE GAP BETWEEN EDUCATION AND INDUSTRY

By Nicholas Linn



Their slogan is Gain and Give, and they are practicing it every day as part of the Amal Program. It is an apt description for what the program hopes to achieve. Dr. Samir Abdelmouty, the program's founder and director, explained that the program was born out of a realization that there was a training gap between universities and international oil companies. "Smart graduates are out there and they are qualified, they just need a little help to fully realize their potential," said Abdelmouty.

He went on to explain that about ten years ago, the pool of geologists and those with petroleum related degrees was expanding in Egypt even as it was contracting internationally. Young people were graduating from Egyptian universities with degrees sought after by major energy firms such as Shell and BP, but they did not yet have the necessary skills to obtain jobs with these companies. The local market was flooded with jobless graduates even as these degree-holders became scarcer on an international level. Dr. Abdelmouty reasoned that he could provide a solution, and the Amal program was born.

Samir Abdelmouty has had a long and successful career in the petroleum sector. After graduating from Cairo University in 1972, he started out as a young engineer in the Gulf of Suez Petroleum Company (GUBCO). Abdelmouty speaks nostalgically of his time at GUBCO, which he credits as one of the most defining elements of his career. "The 1970's were an exciting time to be at GUBCO. It was the place to be for exploration in Egypt."

After years working in various companies all over the industry, Abdelmouty eventually moved to BP, where he served the company for nearly 20 years, moving to a number of different posts all over the world before returning to Egypt. He currently heads up Beach Energy's operations in Egypt.

When Abdelmouty first started thinking about the idea of the Amal program in the mid-2000's, he approached longtime contacts at Apache, BP, and Shell to see if they would be interested in supporting the program. The companies agreed to the soundness of the idea, and have continued to provide training and monetary support to the effort ever since.

The idea of the program could be summed up as this: There is a gap between training received at universities and those needed by IOCs. The Amal program was conceived to bridge that gap by partnering with the two entities and helping develop top students into exceptional employees.

Abdelmouty started by reaching out to the top four universities in Cairo and asking their geoscience and petroleum engineering departments for the top three graduates from each department. Those who were not currently employed (as this is a jobs program, employed graduates are not el-

igible) were interviewed for their technical background, business acumen, and their enthusiasm for such a program.

The current structure for selectment is largely the same as how Abdelmouty started eight years ago, only the scale is different. Expanding from the original four university partners, Amal now has twelve and they are not just in Cairo, they are located all over Egypt stretching from Alexandria in the north to Aswan in the south. One of the program's goals is greater diversity, and by reaching beyond the capital, Amal is finding talent all over the nation.

The program does not simply strive for geographic diversity, but also recognizes that gender diversity is a big issue in the oil and gas industry. They try to maintain roughly equal numbers of men and women in the program. Like their male counterparts, female graduates have used the Amal program to launch successful careers in IOCs. "The first Egyptian female engineer to work on an offshore rig in the country graduated from Amal," Abdelmouty stated proudly.

Due to the high number of applications (they received nearly 300 last year), all the candidates are first screened through an online test that is a mix of technical, I.Q., and industry knowledge questions. Successful applicants are then interviewed by Dr. Abdelmouty and previous graduates of the program.

Currently the Amal program has a capacity for 40 total students. Once the interviews are complete and invitations to the program extended, the real work begins. All the participants begin by attending technical sessions in classrooms that are rented for the program by Amal, or donated by its sponsors. Through its partners, Amal brings in volunteer experts from oil firms, service providers, and contractors who typically teach four-hour sessions each. Sometimes the sessions are split in two for less-intensive subjects. The Amal program is based around the concept that there is no substitute for experience, and by reaching out to experts, students gain information that is more up-to-date than anything they learned in their universities.

Training sessions continue for four hours a day, four days a week. But the other hours of the day are far from wasted ones. In the morning, before the afternoon training sessions, students alternate between Business English classes and working on their own presentations. Improving Business English was an important point for Dr. Abdelmouty. Without at least moderate English skills, many talented young engineers and geologists go undiscovered by international firms.

The Business English program was custom-designed for the Amal program, and all the candidates go through the course before graduating. AUC and Berlitz have alternately been language partners with Amal.

Perhaps the most important part of the entire Amal course is what Abdelmouty terms, "the soft skills" sessions. These focus on etiquette and presentation-making, attending meetings on time and wearing proper attire. They attempt to teach students all the skills necessary to succeed in large international companies. While some of these skills seem basic, they are far from a given to many Egyptian students.

"If you have never made a powerpoint or presented a project, it is much harder to succeed in a business environment. You could have the best idea in the world, but if you do not present it well, it will never happen," Dr. Abdelmouty explained. It can be difficult for someone used to living in Egyptian culture to adjust to other cultures or norms. However, the goal of the program is to allow graduates to be hired by international companies that might send them anywhere. The Amal program attempts to minimize the adjustment needed for graduates to succeed in environments outside Egypt.

All students make at least two major presentations during their time at Amal, which gives them practical experience they may not have learned during their university studies.

Another major theme for Amal is safety. "Safety is absolutely critical in the oil and gas industry. Everything we do is predicated on safety, and those wanting to join major firms need to learn that," said Abdelmouty.

The theme is a major focus for the program because the idea of actively seeking and planning for safety is not prevalent in popular Egyptian culture. People rarely even wear seat belts when driving, so rig or operational safety is not necessarily on young Egyptian minds when they start working for a large company. Amal even touches on office safety, such as stopping for breaks during the day and being proactive about carpal

tunnel. The training stresses "Do not learn safety by accident!"

Training sessions, presentations, and English studies are interspersed with special field trips. The trips are organized to give students first-hand knowledge of drilling rigs, geological formations, and oil discovery platforms. Groups have gone to a wireline logging yard for Schlumberger, an on-shore oil platform at El-Megawish, and observed complex geologic structures in Ain Sokhna.

The program invites various experts from large firms to come along and serve as a guide for the students. Professionals passionate about their work have proven eager to show students their areas of expertise, getting students excited in the process.

Previous graduates of the program come back year after year, contributing to the latest version of the program. This is something that Abdelmouty and the entire steering committee value very highly. It embodies their stated ethos of synergy, diversity, and volunteerism.

After the 3-4 month program ends, graduates are exceptionally well qualified for the local job market. After Amal 1, the first year of the program, all 19 graduates were hired within three months. Successive rounds have likewise proven highly successful for launching young talent to careers in the oil and gas industry.

Young graduates of the program have been hired at leading companies such as BP, Shell, Halliburton, Schlumberger, and many others. Some students have chosen to give back to their communities through accepting teaching positions at local universities.

The program plans to expand in the future to other countries and regions, but for now, the Amal program is really the "hope" of the Egyptian industry!





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- Production optimization case studies - Egypt.
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- The Impact of applying the proper technology to optimize production.
- Optimum Utilization of existing and future infrastructure.
- The Importance of people development within our industry and its impact on production optimization.

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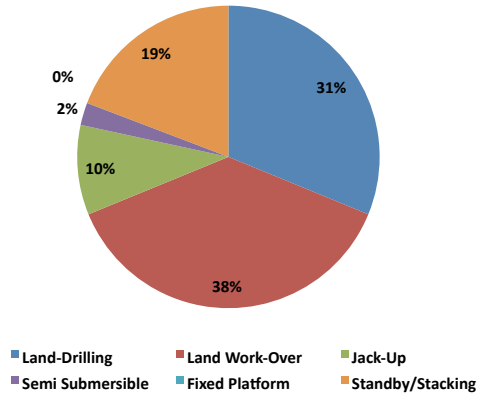
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## Rigs per Specification March 2015



## EGYPT STATISTICS

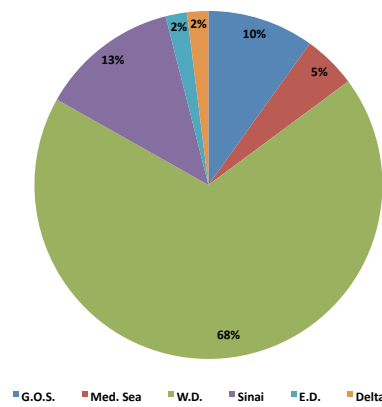
### Egypt Rig Count per Area - March 2015

Area	Total	Percentage of Total Rigs
Gulf of Suez	10	10 %
Mediterranean Sea	5	5%
Western Desert	69	68 %
Sinai	13	13 %
Eastern Desert	2	2 %
Delta	2	2 %
Ganoub El Wadi	0	0 %
<b>Total</b>	<b>101</b>	<b>100%</b>

**EGYPT**  
**OIL & GAS**  
RESEARCH & ANALYSIS

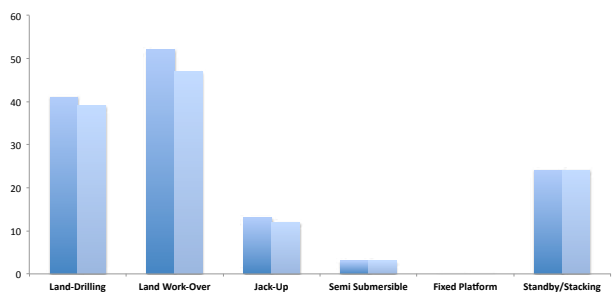


## Rigs per Area March 2015 (Total of 101 Working Rigs)

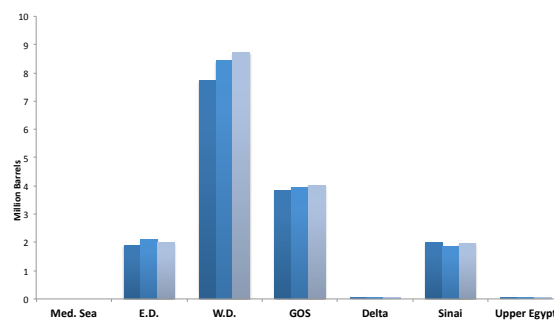


	Oil			Equivalent Gas			Condensate			Liquefied Gas		
	Barrel			Barrel			Barrel			Barrel		
	February-13	February-14	February-15	February-13	February-14	February-15	February-13	February-14	February-15	February-13	February-14	February-15
<b>Med. Sea</b>				20051964	16073393	13171607	1093115	880856	759907	369294	328124	275282
<b>E.D.</b>	1898885	2095562	1992596	<b>14643</b>	47857	30179	<b>1331</b>	2537	2282	<b>3871</b>	5522	6634
<b>W.D.</b>	7717326	8430139	8709952	6493571	6376250	6912857	1290023	1237451	1372467	742926	716911	675636
<b>GOS</b>	3851636	3929821	4012789	234107	311250	480357	59877	57226	67699	181087	194161	240057
<b>Delta</b>	56661	56547	42122	1499107	1865179	1943036	135199	171947	156145	85945	103473	99974
<b>Sinai</b>	1979563	1855161	1973475	4464	10179	7321	30121	24495	26667	72622	60231	60016
<b>Upper Egypt</b>	14188	9631	9018									
<b>Total</b>	<b>15518259</b>	<b>16376861</b>	<b>16739952</b>	<b>28297856</b>	<b>24684108</b>	<b>22545357</b>	<b>2609666</b>	<b>2374512</b>	<b>2385167</b>	<b>1455745</b>	<b>1408422</b>	<b>1357599</b>

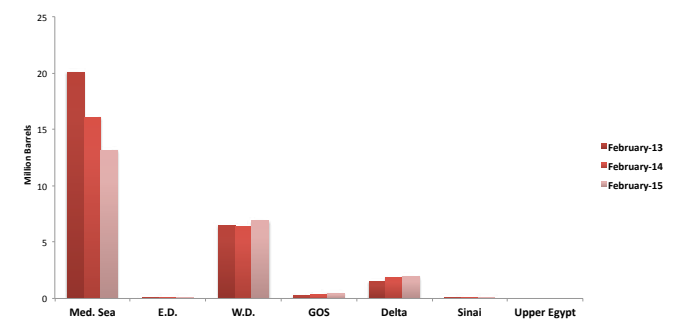
## Rigs per Specification February 2015 - March 2015



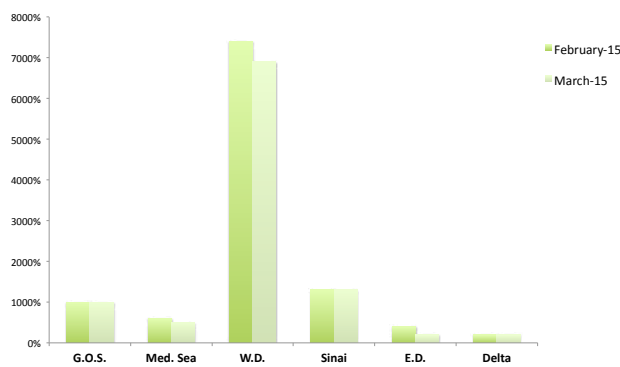
## Oil Production February 2013 - 2015



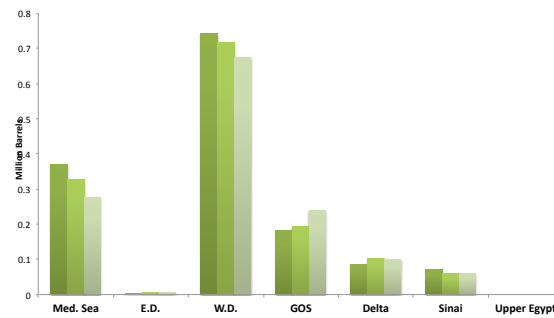
## Equivalent Gas Production February 2013 - 2015



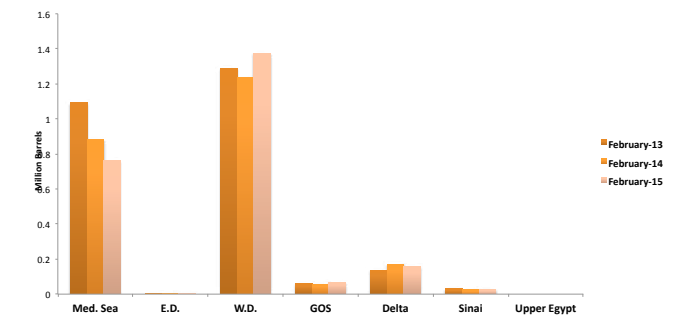
## Rigs per Area February 2015 - March 2015



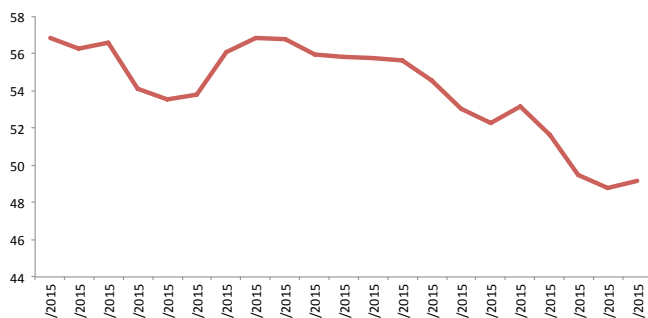
## Liquefied Gas Production February 2013 - 2015



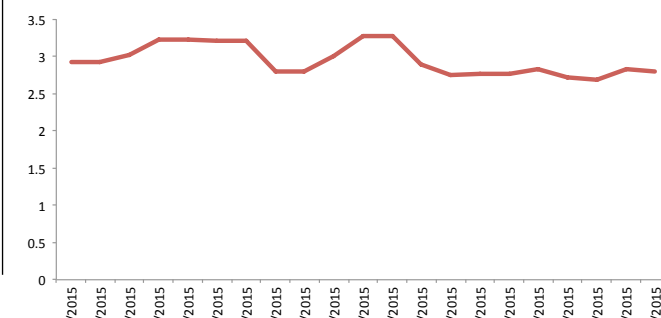
## Condensates Production February 2013 - 2015



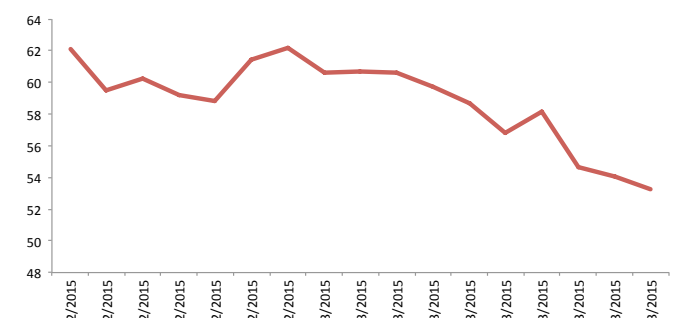
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