EGYPT OIL&GAS NEWSPAPER

April 2010 www.egyptoil-gas.com Issue 40 Page 24

Financial Institutes for the rescue

Though the financial institutes have been a steady form of support, the world economic crisis has cast its shadow over the Egyptian oil sector

By Ahmed Morsy

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All lies in the infrastructure Part IV

Last month's article shed lights on the gas pipeline network in Egypt and the expansion potentials and future plans. Similarly, liquid pipeline network is no less important than the gas one. Although the existing liquid pipeline transmission system satisfies the needed demand, as it covers various areas in the country, yet there is a number of obstacles that would setback its potential.

P 8

Funding Egypt's oil projects

2010 has seen an increased focus on revising banking and financial policies for Egypt's current oil and gas projects. In the midst of reforms, budget adjustments and pending projects for the quarter, some key developments are underway to bolster the country's oil and gas fueled economy.

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Oil exploration costs on the rise

The cost of discovering a new barrel of oil/gas has risen three-fold over the last decade as technology has pushed the frontiers of exploration into more remote areas.

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Hellenic deny contract cancelation

Egypt Oil & Gas newspaper (EOG) received an official letter from Hellenic Petroleum Company denying some of the information published in EOG's previous issue. The letter revealed their objection on what was published in the newspaper about MI SWACO taking over a Hellenic block replacing another major service provider company.

Through their letter, Hellenic confirmed that they have not terminated their contract with their service provider and that their contractual relations are still valid.

"We also confirm our right to contract with one or more firms for providing the same service as long as such dealings do not violate or contradict with Laws and Rules regulating the petroleum sector," the letter also stated.

GANOPE to offer 8 new concessions in bid round

Ganoub El Wadi Petroleum Holding Co. (Ganope) said it will offer eight new blocks in an international bid round, with the collaboration of the Egyptian General Petroleum Corporation (EGPC), after GANOPE succeeded to add five more agreements, to make it reach 15 agreements during the current fiscal year 2010.

Geologist. Hany Nassar, Vice Chairman Assist. for Exploration & Production, said his company and the Egyptian Natural Gas Holding Company (EGAS) signed five new contracts with BP plc, the British global energy company, to explore for oil in the regions of Ganoub El Wadi and the Mediterranean Sea with an investments reached up to half a billion dollars.

Nassar added in exclusive statements to Egypt Oil & Gas that the agreements include the commencement of drilling and exploration in the Ghazlyat in Asyut, with investments estimated by $10.5 million as a result of drilling three wells after finalizing the 3D seismic studies.

Tharwa delays its entry of stock market

Tharwa's board of directors decided to postpone vending the company's shares in the Egyptian stock market. "The decision for the re-assessment was due to Tharwa's last achievements especially the late discovery in West Esh El Mallaha area," an official in Tharwa told Egypt Oil & Gas.

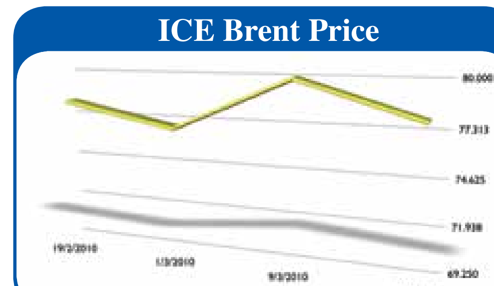
The official source pointed that Eng. Sameh Fahmy said the company's achievements will cause the stock to have bigger value in the stock market, as these achievements bring more economic return.

Eng. Atef Abdel Sadek, Chairman of Tharwa, lately announced a new discovery in West Esh El Mallaha area west of Hurghada in the eastern desert.

Tharwa is jointly owned by the Egyptian General Petroleum Corporation (EGPC), the Egyptian Holding Co. for Natural Gas (EGAS), Ganoub El-Wadi Holding Co. (Ganope), the Ministry of Finance and the National Bank of Investment.

Interviews

ICE Brent Price



Are we going to accept the concept of PRESS?

By the term "the power of press", we mean the power that it can do. T.V., Radio, Newspapers, Magazines, Pamphlets etc. are the sources of press. They should do four major functions: give expression to public mind, influence public thinking and explain government policies as well as providing varied news.

Hence, press keeps people informed of the march of events in the world. All sources of press serve as a guardian of citizen. They expose social, economic and political evils. They are a link between the people and the government. Moreover, they protect the liberty of people and safeguard their right.

But to perform its function properly, press must be free to express public news, views or reviews, without fear or favour. The freedom of the press is a sacred privilege of the nation and as a result it is the same within the sector. Freedom of press is a vital necessity for the working of democracy which leads for more investments and developments.

In our case, Egypt Oil and Gas newspaper (EOG) always tries to adopt the role of being a partner to each party within the sector. We try to provide accurate information and credible news in order to make the local and international petroleum companies working in Egypt aware of the ongoing proceedings.

As the press in developing countries already have an enormous role that they should use to participate and "do journalism and reporting" on almost every aspect of life, EOG tries to play the same role within the sector. As long as we are always praised when we publish achievements and success stories of some companies, it should be also accepted when it comes to failures and defects. However, we carefully aim not to defame or damage the reputation of the slumped companies by not mentioning the name of the company. Unfortunately, some readers misestimate such disposition by misjudging EOG efforts of making a difference to the sector while, others search for odds and ends while neglecting the main focus of the information provided.

The purpose of EOG newspaper of being a transparent publication is not only to promote the success of the entities operating within the sector, but also to increase the awareness of a healthy competition that would surely be of favour to us all. The market lacks a credible publication that could highlight the small and major issues facing this industry, and we believe EOG will push hard to play this role.

The times of threat have ended; this is the time for a fair chance to assure the success of anyone deserving it. We cannot neglect the factors behind any information published, we need to respect it, and learn the proper ways of dealing with it, even if it has been mistaken. It is time to change our mindset, as we all work in the most profitable business ever made in the world, and as our oil and gas resource are declining, we need to have a transparent way of communicating to assure the proper future of our needed coming generations.

As it is not only related to achievements and accomplishments of companies since we should also, in the same time, be aware of the one who sometimes stays wide of his mark.

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South Dabaa: new gas station in Al Qattara Depression

Egypt Oil & Gas learned that South Dabaa Petroleum Company is on the verge of announcing the implantation of a new gas station in Al Qattara Depression, with an estimated cost by $35 million.

The gas station is located in the company's acquisition area, close to the production facilities of Badr Petroleum Co. (BAPETCO).

The gas station is in the final stages, before the launching process starts during this year after ensuring the safety of equipment, according to the firm's officials.

Eng. Omar Yasser, Executive President of Exploration, said his company's investments in the station reached up to $35 million, mainly in constructions. Yasser said that the preliminary tests showed a gas production of 20 million cubic feet per day.

Yasser added, in an exclusive statement to Egypt Oil & Gas, that his company is looking into using this gas station to extract the maximum amount of gas to reach 35 million cubic feet per day, as previously agreed with the Egyptian General Petroleum Corporation (EGPC).

South Dabaa is a joint venture between EGPC and the Tunisian company Hadi Bouchamaoui, a private company specialized in exploration. Bouchamaoui operates in south of dabaa acreage, after it discovered six oilfields in the same location, four of them were placed on the production line since last February, with an output of 13,000 barrels per day.

Petrozeit: new exploration activity in Gebel El Zeit

Egypt Oil & Gas learned that Petrozeit Petroleum Company is planning to drill for a new exploratory well in its acquisition area in Gebel El Zeit. Drilling will start during this year.

We also learned that the company will soon announce a new oil discovery in the same region.

"The total cost of drilling operations of this year reached up to $ 5 million, as we raised the budget assigned to drilling projects," said Mohamed El Geziry, the Exploration Manager in Petrozeit, in an exclusive statement to Egypt Oil & Gas.

"If we achieved success in this well, we will provide and attach it with the production facilities of the company located in Gebel El Zeit, but after the results show the amount of reserves," added El Geziry.

It's worth mentioning that production started at Gebel El Zeit concession in 1996, and the preliminary results showed traces of crude oil.

Petrozeit is a joined venture between the Egyptian General Petroleum Corporation (EGPC) and Dover Petroleum of Canada, a publicly traded company that is presently focused on exploration and development in the Gulf of Suez.

Maridive eyes more investments with Enppi and Total

Strong reports indicate that Maridive is searching for investment opportunities in the West African regions and targeting increasing its business volume in North Africa as it offered new marine unit for rent in Libya for the coming two years.

Hatem Alaa, Financial Analyst at HC, expected that Maridive project to be part of a joint venture with Enppi and Total. Rumors speculated that Maridive submitted an offer and awaiting approval of concerned parties, as company construction works share will hit $140 million.

Emad Fawzy, Financial Manager at Maridive, refused to answer any questions on the type of project, but in a release sent to The Egyptian Exchange (EGX) regarding these reports that in case the project was officially settled, Maridive's stake in such alliance will to reach $140 million.

The release added that Maridive business expansions are ongoing as it awaits new marine units during 2010, which will be directed to work in Libya's deep water.

Successful production testing of Al-Amir SE-5

Sea Dragon Energy Inc said that the Al-Amir SE-5 appraisal well has been successfully drilled and production tested in the Al-Amir Development Lease in the onshore North West Gemsa Concession.

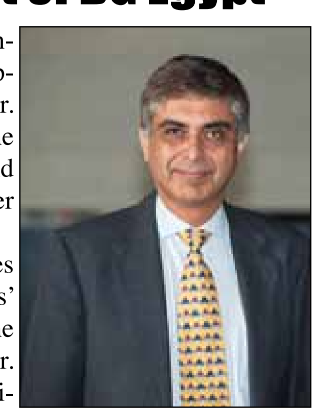
The company also confirmed that the Kareem Formation Sandstones under test flowed 42° API oil at sustained average rates of 6,150 bopd and 6.9 MMscfd of gas using a 64/64" choke and at 4,300 bopd and 4.9 MMscfd of gas using a 48/64" choke from the upper of the two identified pay zones. The well, which is the fourth appraisal well to be drilled in the Al-Amir SE discovery area, has been completed and production tested and will now be prepared for production.

Log result interpretations indicate that the total net thickness of the two pay zones is approximately 36.5 feet. The upper pay zone identified in the Kareem Shagar Sandstone is 19 feet thick. The lower pay zone in the Kareem Rahmi Sandstone is 17.5 feet. A full technical evaluation of all the results is underway to assist in development planning and is a precursor to continuing further assessment of the resource potential. These results will also assist in delineating the extent of the reservoir in the area. An assessment of reserves has not yet been completed.

The NW Gemsa concession, containing the Al-Amir and Geyad Development Leases, covering an area of over 260 square kilometers, lies about 300 kilometers southeast of Cairo in a partially unexplored area of the Gulf of Suez Basin. The concession agreement includes the right of conversion to a production license of 20 years, plus extensions, in the event of commercial discoveries. The North West Gemsa Concession partners include: Vegas Oil and Gas (50% interest and operator); Circle Oil Plc (40% interest); and Sea Dragon Energy (10% interest).

The drilling rig will move to commence drilling the Al-Amir SE-6 well, which is the fifth appraisal well in the Al-Amir SE discovery area. The primary target is again the Kareem Formation.

BG Group appoints Arshad Sufi new President of BG Egypt



BG Group announced the appointment of Dr. Arshad Sufi as the new President and General Manager for BG Egypt.

Dr. Sufi carries more than 27 years' experience in the oil and gas sector. His vast experience encompasses a wide range of gas related projects in the USA, Canada, Trinidad, Egypt, Qatar, the United Kingdom, Nigeria and Oman. He is a holder of a doctorate in Petroleum Engineering from Stanford University.

During his previous appointment in Egypt, he spearheaded the development of the Egyptian LNG project, which launched Egypt's position as one of the world's biggest exporters of LNG. Prior to moving to Egypt, Dr. Sufi held the post of BG Group Vice President Oman and Middle East, based in Oman.

Commenting on his new appointment, Dr. Sufi said: "It is truly an honour to be back in Egypt and again to be a part of BG Egypt, which is one of the biggest British investors in the country and a strong partner of the Egyptian government. Last October, we celebrated 20 years of energy partnership with Egypt, and I look forward to many more achievements in the future."

Egyptian gas export to Israel with conditions

The Higher Administrative Court decided to give a legal clearance for the Egyptian government to allow natural gas exports to Israel, cancelling a lower court's previous verdict to stop exports.

The ruling capped a legal battle that caused public controversy, particularly focused on the price of gas sold to Israel, and reflected the nature of ties with the Jewish state despite a 1979 peace accord.

The Higher Court, an appeals court for cases involving the state, also ruled Egypt should monitor the price and quantity of its exports and ensure it meets local energy needs before exporting.

"It is not within the jurisdiction of the courts to hear appeals against the government's decision to export gas to eastern Mediterranean markets, including Israel," said Mohamed Husseini, who chaired the court's meeting.

The state's decision to export gas to Israel was "sovereign," he said.

The court also ruled Egypt should create a mechanism to set the quantity and price of its gas exports, and undertake regular reviews to make sure local markets were well-supplied before it sold gas abroad, the state news agency MENA reported.

Gas started flowing to Israel through a pipeline for the first time in May 2008 under an agreement signed in 2005 for the supply of 1.7 billion cubic meters a year over 20 years.

In November 2008, a Cairo court overruled the government's decision to allow the exports after a group of lawyers filed a suit against the state, saying the Israelis were buying the gas at prices below the international level.

A court ruled in February 2009 that gas exports could continue pending a review of the November ruling although the government had ignored the verdict anyway.

Egypt exports gas to Israel and Arab states by pipelines and also ships liquefied natural gas (LNG) abroad. However, in 2008 it said it would not sign any new gas export contracts until 2010 in order to meet rising local demand.

GANOPE's first refinery unit

Ganoub El Wadi Petroleum Holding Co. (Ganope) announced its plan to establish the first refinery unit beside the explored wells in its acquisition area in Upper Egypt.

Geologist. Hany Nassar, Vice Chairman Assist. for Exploration & Production, said in an exclusive statement to Egypt Oil & Gas that the newly refining unit will be used to identify the required power, easily operated and developed, and can be effortlessly transferred from one concession to another. Besides, Nassar added that it will save the high cost of moving equipments in those areas and that its investment is very limited in addition to that it is adequate with the nature of the fields in Upper Egypt.

"This unit is considered a major contribution to the petroleum sector in Egypt. Moreover, it will reduce the loss of large amounts of curd oil as well as the risk of road accidents and create a numerous employment opportunities in the Sout," Nassar emphasized.

GANOPE is the chief corporation assigned by the Egyptian government for handling and assessing all petroleum activities in the south area of Egypt.

EGPC cuts down the loan value

Banks alliances, which submitted offers to win the Egyptian General Petroleum Corporation's bid for the $2 billion loan, said it would soon announce the winning coalition during this month, according to a source close to the banks.

Earlier, an official at the EGPC hinted that the value of loan could be decreased due to a shortage in the amount of oil and naphtha required to secure the loan credit.

"Looking at the given data of produced Naphtha and Mazut, it was found that it would only meet a credit facility of $1.5 billion at maximum and a $1.3 billion at minimum, while we wanted to secure a $2 billion loan," said the EGPC official.

He added the reason behind the drop in naphtha is due to EGPC's extension of a loan deal with Morgan Stanley bank, which made the corporation agree on exporting a limited quantities of crude oil and naphtha for three years starting from 2011 and ending in 2014, in exchange of a $900 million loan that was signed last year.

The EGPC is currently working with the technical committee to settle on the final financial value of the loan that will be negotiated on with the banks consortium, and how to ensure converge to the loan with the needed quantities of oil and naphtha.

Two gas hits for Dana Gas

Eng. Sameh Fahmy, the minister of petroleum announced that the government will increase investments in oil exploration in the next ten years to reach up to $ 25 billion, in addition to attracting more foreign investments to the local market.

The ministry's strategy is to supply more support to the oil and gas sector as the reserves rose up to 18.2 billion barrels of oil equivalent, and to increase production to 2 million barrel per day.

Fahmy said sector managed to achieve a solid industrial base through founding companies specialized in the manufacture of equipments, drilling rigs and pipelines, and through the constant work on developing the local industry.

He pointed to the challenges facing the oil sector in Egypt as they mostly in the rapid growth in the local demand, the fluctuations in oil and gas prices in the global markets, as well as the increase in the regional competition in drawing oil investments.

Fahmy stressed on the importance of investing in the crude oil refineries, in able to improve its output, pointing to the alternative energy sources which are represented in the oil-mud and the renewable energy.

Egypt has reserves of oil-mud estimated by 5.7 billion barrel, mostly in Eastern and Western Deserts.

Kuwait Energy strikes for oil

Kuwait Energy announced its discovery of new oilfield in the Egyptian Western Desert, Borg El Arab field that is considered the company's fifth consecutive discovery since last year.

The field gave out 280 barrels per day (bpd) in the preliminary tests of high intensity (ABI 33) without using water, said Deputy Chief Executive Officer and Managing Director of the company Sarah Akbar in a statement.

Akbar added that this discovery comes following two months of turning the operation concession of Borg El Arab area from the State owned Gharib Oil Services Company to the Kuwait Energy Company, which now owns 25 percent as an extra quota making its operational quota increase to 75 percent compared with Gharib company that currently has 25 percent of the operational quota.

Kuwait Energy, the non state company that was founded in 2005 as an independent entity for exploring and producing oil and natural gas in the Middle East and North Africa, expects some more promising discoveries in Borg El Arab, whether in the areas where there is actual production or in the deep layers of the Jurassic era.

The firm previously stated that it is committed to investment in the safety, health and environmental affairs in its processes as a year of work went by in Egypt without any accidents.

Sea Dragon allies with Tanmia Petroleum

Sea Dragon Energy announced that it entered into an alliance agreement with the state owned Tanmia Petroleum Company (TPC), which the Egyptian General Petroleum Corporation (EGPC) holds its one hundred percent shares.

Sea Dragon and TPC will have the exclusive right to jointly appraise, develop and produce hydrocarbons from certain undeveloped and under-developed oil and natural gas opportunities located in Egypt, in addition to the rights ofevaluating the potential of these fields to submit an offer to EGPC and to be negotiated between the parties.

Currently, the EGPC has technical information for an inventory of selected opportunities in oil and gas concessions or development leases, which would become available for allocation to TPC.

"We are delighted with the signing of this Alliance Agreement which will provide Sea Dragon with additional opportunities to acquire further interests in Egypt in discovered and undeveloped or under-developed concessions. At present the Sea Dragon management are evaluating available data on several opportunities we wish to pursue. This agreement with Tanmia is another step in Sea Dragon's strategy of identifying low risk development projects in Egypt to create growth in the company," said Said Arrata, Chairman and CEO of Sea Dragon.

Quotes

"These two wells are an excellent start to 2010. We still have a sizeable portfolio of drillable prospects and our exploration activity will continue throughout the year, as well as our development activities."
Dr. Hany El Sharkawi, President of Dana Gas Egypt, on Dana Gas announces two gas discoveries in Egypt.

"We are encouraged by Egypt's current economic climate"
Dominic Asquith, Britain's ambassador in Cairo, as he anticipated more British investments into Egypt.

"We need first to supply the local market, and it might affect the exported amount of gas,"
Mahmoud Latif, Chairman of EGAS, explaining giving priority to the local demand.

"Egypt's oil and gas sector is full of many promising investment opportunities, which is one of the most important factors for attracting international companies,"
Eng. Sameh Fahmy, on BG's more investments in Egypt

"Egypt witnessed huge progress in the gas industry in the recent years, and it pushed the economic growth as well as the improvement of infrastructure,"
Dr. Samy Iskander, BG Executive Vice President and Managing Director of Africa, Middle East and Asia Region

Fahmy: more investments in Tharwa, Tharwa-Breda and OGS

Eng. Sameh Fahmy, the minister of petroleum, stressed on the importance of the continuous work to increase the financial profit from oil resources industry, and he encouraged the Egyptian companies to invest more in the search and exploration for oil and gas in light of the successes achieved during the last period and proved the capability of competing with local and regional levels.

That came during the meeting of the general assemblies of Tharwa Petroleum Company, Tharwa-Breda Petroleum Service Company (TBPSCO) and Oil & Gas Skills (OGS) to announce their fiscal results of 2009.

Atef Abdel Sadek, Chairman of Tharwa Petroleum Company, the first Egyptian company for research and exploration, announced a new discovery in West Esh El Mallaha area west of Hurghada in the Eastern Desert. The find was made in last February with an average of 1300 barrels per day (bpd).

Atef added that his company is planning for the field development to increase production during the present year, in addition to a program of research and exploration, which includes drilling three exploration wells and to spend $11 million in the primal research.

"We are now drilling exploratory wells in El Arish on the Mediterranean Sea, based on supported results of interpretation of three-dimensional seismic data. Also we prepared a plan to drill in the concession areas of Siwa and Salloum, including drilling a new exploration well in the Siwa block and conduct a seismic survey in the area of Salloum," said Abdel Sadek.

Eng. Ahmed Aboud, Chairman of the Board & Managing Director of Tharwa-Breda Petroleum Service Company (TBPSCO), pointed that the company's activity includes manufacturing, assembling and selling petroleum wellheads, valves, control units, skids and devices related to these equipments. Also, it provides engineering and technical support services, maintenance, testing, and repairing for the mentioned products.

Fahmy also praised Oil & Gas Skills (OGS) work, represented in assimilate and transfer modern technology, preparing Egyptian cadres in this vital field, and improving the services provided to Petroleum companies working in Egypt.

More gas off Saudi Arabia

The Kingdom of Saudi Arabia reported finding new gas in the northern Jalamid area, which it said could be commercially exploited.

Tests showed the Jalamid-3 discovery well in al-Sannara reservoir flowing at 12.1 million cubic feet per day; Reuters quoted the official SPA news agency as citing Petroleum and Mining Minister Ali Al Naimi.

"Initial estimates show that the gas can be exploited commercially," Naimi said, adding that the well was drilled to a depth of 2,986 meters.

"This well can produce greater quantities under normal production conditions," Naimi said adding that the gas field would be developed.

Saudi Arabia has been stepping up its search for gas to cater for a demand that is growing 7% annually after an oil price rally between 2002 and 2008 fuelled the creation of more power and industrial projects.

The Kingdom is expected to start producing 450 MMcfd of gas from the first phase of the Karan gas project by mid-2011, state oil giant Aramco said last year.

As most Saudi gas is produced in association with oil output, volumes fluctuate with oil production.

Iran to release eight exploration blocks

"We are planning to hold tenders on eight exploration blocks soon. We are currently preparing the needed documents on these blocks," Mahmoud Mohaddes, exploration chief at National Iranian Oil Company (NIOC), was quoted as saying by the semi-official Mehr News Agency.

Iran, the fifth-largest crude oil exporter, is seeking foreign capital and technology to develop its energy sector, although Western ties with the Islamic Republic are currently strained over a disputed nuclear program, Reuters noted.

Mohaddes also revealed that NIOC anticipates unlocking new reserves of up to 500 million barrels of oil and 5 Tcf of gas annually in a five-year development plan spanning 2010-2015, the report said.

Sonatrach reports big gas discovery

Algeria's Sonatrach announced a new natural gas discovery at El Kheit Tessekha extension-1 well in the Menzel Ledjmet contract area of the Berkine basin, flowing with a rate of 44.18 million cubic feet per day.

The Algerian state oil firm, the sole operator of the permit, said it made two smaller hydrocarbonfinds on permits it operates in the Berkine and OeudMya basins.

Acreage in the Berkine basin has attracted interest from international firms. Last year, Russia's Gazprom, one of the international firms with interest in the Berkine basin, took a stake in the basin's El Assel permit and a consortium led by China's CNOOC acquired the Hassi Bir Rekaiz permit.

RasGas Train 7 boosts Qatar's LNG production capacity

Ras Laffan Liquefied Natural Gas Company Limited (3) (RL 3), part of RasGas companies, announced the successful completion and start-up of its seventh liquefied natural gas (LNG) train.

This significant achievement is the culmination of a huge long-term development project that involved major offshore and onshore construction, subsurface drilling and engineering works. RasGas Train 7 is capable of producing 7.8 million tones of LNG per annum (Mta), boosting the overall LNG production capacity of all RasGas companies to approximately 36.3 Mta.

Hamad Rashid Al Mohannadi, Managing Director and CEO, said "these mega facilities are the embodiment of a bold investment and the culmination of years of technological development and preparation. The start-up of Train 7 also demonstrates RasGas commitment to ensuring a secure and reliable supply of LNG for its customers.Like Train 6, which came online in July 2009, Train 7 is one of a new generation of 'mega-trains', each capable of producing 7.8 Mta. This is a big step up from the 4.7 Mta production capacity of RasGas Trains 3, 4 and 5, and the project involved scaling up every aspect of the new train, from pipeline diameters to the machinery used to power the process. RasGas' project teams fully embraced these challenges to deliver exceptional results."

Al Mohannadi expressed satisfaction at the successful start-up, "The commencement of supply from RasGas Train 7 underlines the company's reputation as one of the world's premier and most reliable suppliers of LNG, underpinned by world-class performance in safety, health and environmental management. RasGas now supplies to customers over three continents and is continuing to secure its position as a leading LNG supplier."

Lamprell awarded $320 million offshore wind turbine contract

Lamprell, a leading provider of specialist engineering services to the international oil & gas industry, announced that it has received two significant new contract awards from Fred Olsen Windcarrier AS, which in aggregate total $320.4 million.Each Engineering, Procurement & Construction contract award from Windcarrier is for the design, construction and delivery of a Gusto MSC NG-9000 design self elevating and self propelled offshore wind turbine installation vessel.

Both vessels will be constructed at Lamprell's Jebel Ali facility and will be delivered in Q2 and Q3 of 2012. The design weight of each class leading and state of the art jackup vessel exceeds 14,000 tons. The vessels are equipped with dynamic positioning, high-speed jacking systems, an 800Te crane and a rotary propulsion system that allows the vessels to sail at a speed of 12 knots. Each unit includes accommodation for 80 personnel and has a payload capacity in excess of 5000Te.

In addition to these contracts for two units, Lamprell and Windcarrier have executed an option agreement for two further vessels. The exercise periods for these units are 12 months and 18 months respectively.

Nigel McCue, Lamprell Chief Executive Officer said, "We believe that the offshore wind sector provides Lamprell with a unique opportunity to utilize its high-level engineering skills in a new and fast-growing sector, where there is currently a lack of installation vessel capacity. Our contract with Windcarrier not only re-affirms our reputation for delivery of projects on time, on budget and to a very high standard but it also endorses our strategic goal of becoming the fabricator of choice in the offshore wind-farm installation vessels market."

EU funds 12 electricity interconnection projects

The European Commission has allocated €910 million for 12 electricity interconnection projects as part of its broader European Economic Recovery Plan.

The electricity interconnector projects receiving funding include the France-Spain interconnection, which has been planned for a long time.

"Despite the importance of this connection, which will allow Spain to exchange more electricity with other European countries and ensure interconnectivity between continental Europe and the Iberian Peninsula, the project has suffered continual setbacks since its conception in the 1980s," said Paul Wilczek, Regulatory Affairs Advisor for the European Wind Energy Association (EWEA).

"This funding is a great boost for the integration of wind power in Europe and will improve the operation of Europe's electricity markets and benefit consumers," he added. Funds will also be allocated to a link between Sweden and the Baltic States, the Nordbalt line, as well as to reinforce an electricity interconnection between Finland and Estonia, Estlink-2, amongst other transmission lines.

"If we want to fully exploit the potential of renewable energies, create a truly European power market, and keep electricity prices low for consumers, we need to connect the whole of Europe," Wilczek said. "These projects are a good start and the right way forward. Europe now needs to carry on developing the interconnectivity of its electricity grids."

GE unveils new global headquarters for its renewable energy business

Signaling its continuing commitment to developing and delivering cleaner, more efficient energy solutions for the world, GE has officially dedicated a $45 million Renewable Energy Global Headquarters in Schenectady, N.Y.

"The dedication of our new, state-of-the-art global headquarters represents our ongoing mission to provide renewable energy solutions that will help meet both the world's energy and environmental needs," said Victor Abate, Vice President, Renewable Energy for GE Power & Water. "It also stands as an important symbol of the rapid growth and success of our renewable energy business. When we entered the wind energy industry in 2002, it was a $200 million business for us. Today it has grown significantly, with revenues topping $6 billion."

The event also marked the installation of GE's 13,500th wind turbine globally, further demonstrating the continued growth of GE's renewable energy business.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ABILITY
It's what you get, big time, with BGAN in your backpack. Send survey data to the lab and get results back. Rapidly, in real time. From anywhere to anywhere. Easily and reliably. Enhance decision-making. Reduce time in the field. Giving you more ability to explore than ever before. Contact your local service provider by visiting us online.
BGAN
BGAN gives you high quality voice and broadband data connectivity worldwide through a single, small, lightweight terminal that fits easily alongside your laptop in a backpack.
inmarsat.com/oilandgas/mea

AfDB Approves USD 225 Million loan for Egypt's Refining Company

The African Development Bank (AfDB) Group has approved a USD 200-million senior loan and a US$ 25-million Subordinated Convertible Loan to the Egyptian Refining Company (ERC). In addition, the Bank will if requested by the Borrower consider providing a B-loan of up to USD 80 million.

The loans, approved by the AfDB Board will enable the ERC to construct and operate a new hydro-cracking/coking facility and ancillary units adjacent to the existing refining units of the Cairo Oil Refinery Company ("CORC"). The ERC will use low quality atmospheric residue from CORC as feedstock and produce 4.8 million tons of refined products per year for the domestic market.

ERC was incorporated in July 2007. Private Egyptian and regional investors, led by Citadel Capital own 85% of its shares while the Egyptian General Petroleum Corporation ("EGPC") owns the remaining 15%. Citadel Capital is a private equity firm with a strong record in the oil & gas sector. Demand for refined products in Egypt has grown rapidly since 2003 and supply from the existing refineries is not sufficient to bridge the gap. The ERC project will supply refined products to Cairo, the main consumption center. It offers strong resilience to economic downturn given its low production costs.

The project is in line with Bank Country Strategy for Egypt which focuses on supporting infrastructure development, trade and economic growth. The institution's 2007-2011 assistance to Egypt will have two thematic strategic objectives aimed at:

• Promoting private sector development and

• Promoting social development and protection. Furthermore, the project is in line with the Bank strategy to support Egypt's power sector and efficient use of its oil & gas resources. The project relies on private funding as an efficient recourse for Egypt to finance large investments, releasing more financial resources to carry out poverty-reduction programs.

The Bank's presence complements other lenders in the transaction such as the European Investment Bank (EIB) and the Korean Exim Bank (KEXIM), and encourages the participation of commercial banks.

The project will create a large number of jobs for Egyptians, including 8,000 indirect employments during construction and 790 permanent positions during operations, as well as jobs generated by government revenues derived from the project. It will also have a significant impact on local industries which will support the construction and operation activities.

Citadel Capital to raise $2.25bn for oil refinery

The Egyptian private owned company, Citadel Capital will be raising $2.25 billion for an oil refinery, according to the company's Managing Director, Ahmed El Houssieny.

"We are planning to close very large financing in April, a package of $2.25 billion. I think it is going to be one of the largest transactions undertaken by a private equity firm in Egypt, it's a greenfield refinery and the value of the project is $2.25bn," said El Houssieny.

El Houssieny added that the plant will be found and run by Egyptian Refining Company, and expected to be operational by late 2013.

He also said that the change in mix of funding providers, more reliance on developmental financial institutions and multi laterals would be the theme of 2010.

Abdalla El Ebiary, also a Managing Director at Citadel Capital, said his firm is looking into more projects, as investing in three new platform companies, in solid waste management, transportation and agriculture industries.

Citadel Capital currently has $8.3 billion in investments under control in 15 industries, accelerated its deal pace in the later half of last year under a strategy of incrementally building our large deals, said its executives.

Abu Dhabi: Takreer signs $9.6b deals to boost capacity

Takreer, Abu Dhabi's oil refining company inked four agreements worth $9.6 billion (Dh35.25 billion) with four Korean companies.

The agreements are for engineering, procurement, construction and commissioning [EPC] works for five main packages of the Ruwais refinery expansion project.

Agreements were signed with SK Engineering and Construction Company for the crude oil distillation and associated downstream units package; GS Engineering and Construction Corporation for the residue fluid catalytic cracking unit and associated refining units and marine facilities packages; Samsung Engineering Co. Ltd, for the offsite and utilities package; and Daewoo Engineering and Construction Co. Ltd for the tankage and associated interconnecting piping package.

Takreer currently refine 490,000 barrels per day in Abu Dhabi and Ruwais.

Studies

All lies in the infrastructure Part IV

Last month's article shed lights on the gas pipeline network in Egypt and the expansion potentials and future plans. Similarly, liquid pipeline network is no less important than the gas one. Although the existing liquid pipeline transmission system satisfies the needed demand, as it covers various areas in the country, yet there is a number of obstacles that would setback its potential capacity. That is what will be discussed in the following lines

By Yomna Bassiouni

Liquid pipelines include crude oil as well as multi-products such as diesel (gas oil), condensate, naphtha and fuel oil. These petroleum products are stored in tanks with a total capacity of approximately 1.9 million m3. According to recent figures, this system has 122 pump stations, mainly located in Cairo and Suez. Under the umbrella of liquid pipeline system lies other systems; storage facilities and delivery systems. The first one, storage facilities, is more commonly found in the governorates of Cairo and Alexandria. The delivery systems are considered as a large grid; they include pump stations, pipelines in addition to heating systems that are sometimes required to facilitate the heavy fuel oil transportation.

Egypt's liquid pipeline transmission system is characterized by its significant amount of product transported, for instance, 52.5 million tons were transported throughout the period of July 2006 to June 2007, excluding the SUMED pipeline capacity.

As mentioned, several products are transmitted through this network. However, the largest pipeline network is that of oil products, with a capacity exceeding the 2000 km, followed by crude oil and condensate and then the LPG pipelines, many of which form part of the pipeline hub at Mostorod, where major refinery exists. This network infrastructure is owned by the Egyptian General Petroleum Corporation (EGPC), while the pipeline is operated by the Petroleum Pipelines Company (PPC).

Constraints and expansion plans

East of Cairo (from Sokhna to Badr City and south to Tebbin), Upper Egypt, El Max and El Tina regions are identified as the areas where potential significant pipeline flow capacity constraints lie and specific expansion plans are made for these areas. The first area of East Cairo and Badr City are categorized as growing industrial area, close to Mostorod hub for pipeline liquid transportation. Moreover, there are various products and LPG pipeline infrastructure that is already located near of Badr City, through which additional fuel oil and petroleum products can be supplied to the south of Egypt. having several users, a necessity to expand this area's system is mandatory to relieve the flow capacity constraint; a pipeline from Sokhna to Badr City to be constructed, a 16 inch pipeline to connect Badr to the Nile area, in addition to an extra pump station and tank facilities to be located at Badr City.

The second area of constraints is found in Upper Egypt region. As an attempt to solve the limited capacity problem, Beni Suef and Assiut will be connected through a 16-inch pipeline, 250 km length, an in between the two areas, additional pump station will be constructed at El Minia.

Thirdly, having an increased demand for products and fuel oil between El Max and Damanhour represents the third area of constraint. Therefore, plans include the construction of 65-km long pipeline connecting the two areas and expansion of the liquid storage tank facilities.

Finally, special plans are set as well for El Tina region; studies are held to construct a fuel oil and multiproduct pipeline between Mostorod and El Tina.

It is worth mentioning that the above plans are not limited to the four areas discussed earlier. Additional strategies are made to ensure the development and expansion of storage in tank farms ad jetty infrastructure, such as expansions in the area of Sokhna Port (next to the SUMED Pipeline), project of a new LPG storage spheres at Ras Badr and another two projects to connect tankage to pipeline systems at Sokhna.

While implementing expansion plans, officials should not ignore the importance of safety, integrity and reliability of these liquid pipelines. In order to ensure the safe operations of this network, the PPC has its pipeline leakage surveys, patrols the pipelines and has in place preventative maintenance for internal corrosion. Besides, online inspection of pipelines is held on regular basis in order to monitor the pipelines conditions and ensure efficient operations.

To be continued…

How sustainable is Project Finance ?

Project finance is a long term financing tool with debt repayment being wholly reliant on the success of the project and creditworthiness, stated Mr. Helmy Ghazi, *Head of Structured Finance at HSBC*.

Ghazi added that it is a function of a bank's ability to assess and predict this success. Let us be clear, project finance is not high risk but managed risk. Lenders and advisers undertake a rigorous due diligence process on each project with the benefit of independent advice on technical, environmental, market, legal and insurance aspects of a project. Lenders will be looking to assess and manage all of the key project risks which will include:

- Will the project be built on time, to budget and to the required specification?

- Is there a sufficient supply of competitively priced feedstock?

- What is the market for the product and will the project be a low cost producer and therefore able to compete with other suppliers?

- What is the Sponsors motivation for their involvement in the project, is it consistent with their corporate strategy, are they able to meet their financial obligations to the project, do they have the required skills to both develop the project and manage operation?

Project finance is a highly sustainable form of finance, and in fact in some cases the only possible source of finance.

By Mohamed Fouad

How many hydrocarbon projects have you provided finance to in Egypt?

HSBC Bank Egypt played a major role in financing landmark oil and gas projects in Egypt crucial to its national economy.

We financed many export oriented projects such as Egyptian LNG Train 1 and 2, Egypt Basic Industries Corporation and Egyptian Fertilizers Co. The bank also financed the Fayum natural gas distribution network for industrial, commercial and domestic users. All projects were very successful and construction fully completed. It is also worth mentioning that HSBC acted as Financial Adviser to the Egyptian Methanex Methanol Company, a project company established to build a 1.3 million tonne per annum methanol facility in Damietta Port.

HSBC is currently advising Egypt Hydrocarbon Corporation on its development of a Greenfield Olefins Complex consisting of a 2.5 MTPA Naphtha Cracker and 2 x 450,000 MTPA Polyethylene Complex at Ain Sokhna on the Suez coast of Egypt. In brief, we are following both the upstream and downstream sectors developments in Egypt very closely. We work right across the industry's value chain from upstream through refining and transmission/distribution to liquefied natural gas and petrochemicals. We also cover extensively the related service sector.

We also lead arranged a US$ 500 million jack-up rig financing deal with Egyptian Oil Drilling Company (EODC). The project, sponsored by Egyptian National Oil Companies and Toyota Corporation, saw EODC purchasing two offshore drilling rigs from PPL in Singapore. We had a lead arranging role with Japan Bank for International Corporation (JBIC), a first for them in 20 years.

In what way does financing upstream differ from regular financings?

Reserve-based finance is where a loan is collateralized by the value of the reserves of a company or project and where repayment of the debt comes from the revenue derived from sale of the field or fields' production.

Such facilities permit oil and gas companies to raise debt against future production, allowing them to meet ongoing working capital requirements, fund acquisitions or provide for development costs associated with non-producing assets. Structures are typically bespoke to take into account the specific nature of the asset portfolio of the borrower in question.

How do you determine the appropriate debt amount for your clients?

Essentially, borrowing availability is limited to the lesser of the forecast discounted cash flows from the oil and gas assets over the loan life divided by a cover ratio (in this case, the Loan Life Cover Ratio) and the forecast discounted cash flows over the asset life divided by a cover ratio (in this case, the Field Life Cover Ratio). Further, borrowing availability is restricted by a reserve tail – typically Lenders give no value to any cash flow beyond the point at which less than 25% of the economic reserves are left in the fields.

The reason independents benefit from Reserve Based Lending techniques is that the facility is highly flexible, acting as an 'incubator' for smaller oil and gas companies. In essence, the amount the borrower can draw is re-determined every 12 months according to revised production forecasts, and every 6 months according to capital and operating cost assumptions, as well as economic assumptions, including prevailing oil and gas prices. The principle is that for as long as the borrower is able to replace reserves or if commodity prices rise, it can continue to borrow more within a pre-agreed facility limit. Conversely, if reserves fall and/or or the oil price falls, the Borrower is obligated to prepay to achieve the cover ratios described above.

How do you see the future of upstream oil and gas projects in the coming 2 years?

With more certainty over oil prices and with falling development costs, there is a strong opportunity for independents of critical mass to raise financing against their reserves. Tenors are typically up to 7 years for upstream financing, thus the level of liquidity for this type of transaction is likely to remain healthy. To tap this liquidity, Borrowers need to demonstrate: (i) a strong management and technical capability, (ii) fully funded capex plans, and (iii) a strong track record of reserve replacement.

What are HSBC's near future precautions related to investing in oil and gas projects?

We look to support clients with a lower quantum of production risk (i.e. their assets are producing, or have a mixture of producing assets or development assets which have achieved consent. Further, clients would need to demonstrate: (i) strong management and engineering capabilities, (ii) low operations risk, (ii) fully funded capital expenditure plans, (iiii) a good sales structure, with an ability to get product to market and (v) cash flow where price risk is mitigated by hedging or where the breakeven oil price is sufficiently low and the assumptions used to size the facility are sufficiently conservative. Further, given the current liquidity crisis, we would only look to support companies which do not rely on an increasing pool of liquidity to fund their capex plans and have sufficient equity and debt commitments in place to cover their requirements.


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Financial Institutes for the rescue

Though the financial institutes have been a steady form of support, the world economic crisis has cast its shadow over the Egyptian oil sector

By Ahmed Morsy

The global economic crisis has tightened its grip on the Egyptian oil sector and disrupted its plans to expand and renovate within the sector. These calculations are based on two main factors which are reliant on attracting foreign investments and borrowing from international financial institutions and banks located in Egypt and abroad. Compared to the sector's own resources and capabilities therefore, external factors and resources carry the greater weight.

An important indicator of this is the statement made last May by Farouk El-Okda, governor of the Central Bank of Egypt, during a press conference pointing to a 'drop' in net direct investments in the oil sector. This claimed drop was drawn from the $2.8 billion invested figure, compared to last year's $3.7 billion. Sameh Fahmy, Egyptian Minister of petroleum, denied this supposed 'drop'. "The impact of the international crisis on the Egyptian oil sector has been limited and foreign investments have not fallen compared to last year but have reached $7 billion this year."

The Minister's denial was based on the fact that Egypt signed 19 new oil and gas exploration agreements covering areas in the Mediterranean, the Western Desert and Upper Egypt and totalling $4 billion. However, the Minister did acknowledge that due to the international crisis, Arab banks and the private sector had withdrawn from investing in the construction of an oil refinery at present.

In response to whether the financial crisis negatively affected financing the petroleum sector, Barakat replied: "Yes, but not dramatically like what happens in other business sectors." He continued, saying "It was just a re-directing and cost controlling to be ready for the coming era more than minimizing and investments."

In addition, in a report published in June 2009 covering the third year of the Sixth Five Year Plan (2007-2011) the Ministry of Economic Development indicated that it had requested the Ministry of Petroleum to stop the establishment of any new companies, according to Al-Ahram Weekly newspaper. This indicates concern over the oil sectors liberal borrowing practices and whether these practices verge on excess. This new company policy can also be attributed to banks and international financial institutions decreasing their investments in light of the world credit crunch.

Experts across all sectors have weighed in on the effects of the crisis and what it means for Egypt. "The financial crisis weighed heavily on bank financing for the petroleum sector as a result of the sudden decline in the oil prices, which declined from $147 to $40 a barrel," Ahmed Selim, Manager of the Arab African International Bank, told Egypt Oil & Gas. He Continued "However, the previous rise of the oil prices which now settle between $70 and $80 a barrel resulted in returning things to normal conditions and brought back the banks in the financing and investing in the sector again."

Banks have characteristically been eager to finance the oil sector over the past decades as it is synonymous with security and stability. Its stability clearly stems from the global dependence on energy and petroleum products and with Egypt's growing population there is little indication that this trend will abate.

The objective of major petroleum project lending can be summarised via a few key points which are based on the initiative to foster competition between banks for role and agent bank in financing. Firstly this pertains to the design of the over-all loan and secondly formatting pricing arrangement to attain minimum net costs after taxes for the client and maximize the return to the lending bank. Thirdly this boosts confidence on the part of borrowing client and the host country in the agent bank's ability to provide timely delivery of financing. This also requires enhancing rather than damaging the political environment in the specific country or region. Fourthly this ensures conviction on the part of the borrower that the agent will oversee the duration of the loan act to maximize the probability of timely payment of principal and interest on the loan. It is key that the payment of principal and interest on the loan in no way disturbs the political relationships of the bank or the oil company in the host country.

The Egyptian General Petroleum Corporation (EGPC) was granted a substantial amount of loans from several banks including the Arab African Bank, the Arab International Bank, the Egyptian Gulf Bank, the Société Arab International de Banque (SAIB) and the National Bank of Egypt. The availability of these loans from the domestic banking sector is a result of sizeable liquidity in the banking sector searching for investment.

This divide between the domestic and international begs the question; will the oil sector be capable of absorbing these loans from domestic banks while having to bear the burden of sizeable debt to foreign partner companies in crude oil production that has reached $7 billion?

Some voices in the finance and oil sector call for establishing a partnership between banks and oil companies instead of only getting loans to finance projects. Nevertheless, this idea has seen little popularity in either party. Eng. Mohamed Barakat, Local Manager of Italfluid Egypt, said: "The banking field generally does not initiate to offer the required minimum of gaining experience in the oilfield business like other industries and real estate business." Selim followed his previous statement, saying "I refuse to enter as a key partner in the petroleum projects in particular and generally to do any commercial activity, especially if it was beyond the scope. Besides, the role of banks must not exceed the financing stage in the oil sector."

Despite the negative effects of the economic crisis reports indicate that EGPC issued an agreement with the Ministry of Finance over new oil bonds for $1 billion in cooperation with the American financial services firm Morgan Stanley. The duration of these bonds will be three years, ending in 2014. This new bond issue focuses on funding EGPC's general needs in addition to current capital expenditures, among which are funding petrochemical and gas projects.

The issue of oil bonds highlights the difficulties faced by the petroleum sector in obtaining the required funding for new projects or for the expansion of existing projects. This suggests that the international economic crisis has had a significant impact in Egypt and there is a need for a serious reconsideration to address these implications in the sector. Such effects call for a strategy to confront the impact of the international economic crisis rather than rely on short-term tactics

Officials in the sector insist that there is much more that banks can offer than relying heavily on banking loans to finance oil and gas projects."Till now we cannot assure that the banking sector and the bankers generally give the sufficient weight for the oilfield business. Generally speaking, the oilfield business in its core business meaning depends on multinational corporations who rely on its direct investments to run its business inside the local market and they are evaluating the outcome as the IRR factor comparing to the interest rate given by the bank." Barakat stated and continued on to say: "This should be studied carefully and deeply by the bankers to approach more influence as a key player in this market."

Financial lending to major international petroleum projects necessitates the melding of technical and financial skills at every level as we continue forward. As project lending evolves, both engineers and bankers are faced by challenging new scenarios and questions for the new financial age. Any hope of a successful joint interface to serve the interests both of the borrower and bank is dependent on the financial sector to consciously organize, train, and manage its assets and capabilities to address the oil sectors evolving needs.

Your corporate needs... is to be LEASED not just financed

Leasing is a highly credible financing tool worldwide. The level of market penetration compared to other financing facilities ranges between 20 – 28% which is a relatively high degree of prevalence. In the Egyptian market leasing has been introduced in the year 1995 and so far the penetration rate is almost 2%. This indicates that there is a high potential of growth of leasing in meeting the corporate needs of the Egyptian market and fostering a highly effective financial tool.

Maturing countries such as Egypt needs to adopt successful financial mechanisms such as that of leasing in lifting the effectiveness of the financial dynamics of the economy.

Leasing

A contractual agreement between a Lessor (Leasing Company) and a Lessee (Customer) that conveys to the Lessee the right to use specific property, owned by the Lessor for a definite period of time. In return the Lessee agrees to make periodic payments (rentals) to the Lessor. The Lessee has the option to acquire the assets at the end of the lease in accordance with the agreed terms.

In other words, leasing is a financial instrument enabling the utilization of a given fixed asset with the option to own the asset at the end of the lease term.

Leasing in Egypt

Financial Leasing in Egypt falls under the Law no. 95 for the year 1995. Rentals may be in Egyptian pounds or foreign currencies depending on the corporate requirements.

General Benefits of leasing

Leasing mechanism differs from bank facilities; process of execution is much simpler and has flexibility to meet the needs of each individual corporation. In addition, leasing falls under different policies, regulations and law requirements.

Leasing is

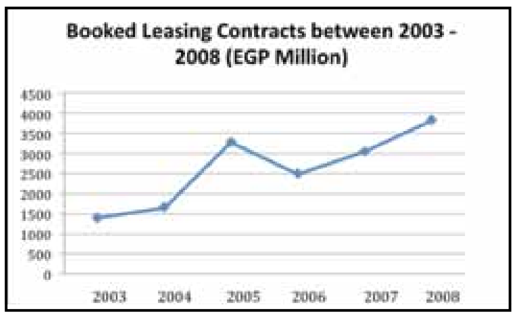
Financially Flexible – leasing provides the corporate entity the ability to undertake tailor made financial structuring to achieve the company's unique financial objectives.

Cash Flow Friendly – lease payments can be tailored to the exact needs of the corporate cash flow including step-up or step-down payments, balloon structures or other tailored structures.

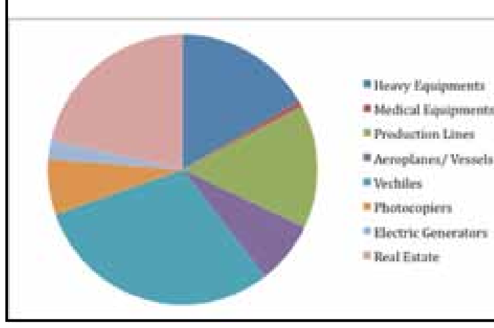
Off Balance Sheet Financing – according to the Egyptian Accounting Standards all lease financings are recorded as off balance sheet items, which have clear advantages to the liability structure and could be an alternative source of finances in times of budget constraints.

True Leases with Residual Values – have lower monthly lease payments and thus reduce cash outlay and enable more efficient trade in or upgrade to newer models.

Addressing Obsolescence Risk – for assets that tend to have a high obsolescence factor ex. IT equipment.



Distribution of Types of Assets that is leased from 2003 – 2009 (EGP Million)



Leasing Contracts According to Type of Asset from 2003 - 2009

Asset Type	2003	2004	2005	2006	2007	2008	2009
Heavy Equipments	48	151	951	239	551	719	164
Medical Equipments	1	4	46	4	0	35	22
Production Lines	81	428	334	114	472	919	168
Aeroplan/ Vessel	1008	36	11	191	0	0	30
Vehicles	96	628	674	1343	1001	990	382
Photocopier	89	234	181	201	222	103	100
Electric Generators	18	7	135	110	50	70	7
Real Estate	55	170	951	295	756	995	426

Source: Ministry of Investment

Leasing is one of the best financing solutions for the Oil & Gas Sector…

In general,f Oil & Gas industry would like to avoid ownership of fixed assets preferring outsourcing of services such as company cars (fleet), headquarters, office and IT equipments. For sure the leasing concept specifically addresses such needs in a simplified manner through ownership of the assets by the lessor while the lessee will be liable for monthly rents without actually carrying the asset cost on their balance sheet.

As a matter of fact such corporate needs would require heavy investment and dedication of resources. Leasing is the most effective financial tool in addressing the requirements as the financial structure can be tailored to the exact company's budget requirements and financial restrictions; in addition, it suits both medium and long term financing needs.

Moreover, the sector is responding to a trend of moving headquarters to new communities. It has been an initiative that is taking place within the Egyptian community to withdraw from congested areas and move towards city's outskirts. Oil & Gas sector has been one of the leaders in this shift under the guidance of the minister of Petroleum and his long term vision in the expansion of the field within Egypt. The shift would require immense investments in the infrastructure of the premises that is to be occupied. Leasing is a rather attractive tool to be utilized as the main value of the premises would not be a burden on the company and simply would be paying a monthly rent which is part of the expenses of the operations of the company. Accordingly, the money can be utilized in investments in the actual business line and not peripheral operational items.

FUNDING EGYPT'S OIL PROJECTS

by Clarissa Pharr

2010 has seen an increased focus on revising banking and financial policies for Egypt's current oil and gas projects. In the midst of reforms, budget adjustments and pending projects for the quarter, some key developments are underway to bolster the country's oil and gas fueled economy.

With an anticipated growth rate of 5% in regional oil revenues for the year, the heightened focus on petroleum project funding should come as no surprise. As Reuters reports, "Cheap subsidized fuel has encouraged rapid energy consumption growth that some regional governments have struggled to meet." This means the issue of private funding and bank loans remains a pressing item in Egypt's current projects, as it must work hard to keep up.

The Egyptian General Petroleum Corporation (EGPC), along with the Ministry of Petroleum, is being urged to revise borrowing patterns in both foreign and domestic markets. The needs comes with a new sense of urgency as Egypt's oil economy seeks to capitalize on what some believe will be a quarter of increased earnings in oil refinery.

Unlike petrol giant Saudi Arabia, who anticipates a 3.8% GDP hike in 2010, Egypt faces hopes of more modest gains, and must rally for an effective banking policy to enable a fruitful relationship between financial institutions and companies seeking to carry out oil and gas developments.

The Ministry of Trade and Industry has reported plans for a staggered removal of energy subsidies for non-energy heavy industries, to take place in July. The policy targets factory subsidies, and comes as part of a plan implemented in 2007 that is newly resumed after halting due to the global economic crisis.

After a LE60 billion/USD 10.95 billion dent in government spending for fiscal year 2007/2008, the call for revised banking and financing policies towards funding oil and gas projects, as well as energy intensive organizations, has garnered increasing importance.

With moves such as the Arab African International Bank's (AAIB) drafting a responsible lending policy, there is bound to be a shift in oil industry-banking relations in the coming year. The AAIB's policy is part of an initiative spawned last year that pledges to adapt lending policies to encourage building of socially and environmentally sensitive plants. While this may pave the road to improved social implications of national spending, it does create yet another step in the lending/funding process of companies seeking loans for oil and gas endeavors. AAIB is but one example of the changing scene, as the IFC has backed the initiative in Egypt since the early 2000s as a means of improving restrictions on lending policies for commercial institutions.

These reforms are based on the simple policy that increased social awareness of spending will help boost business by both qualitative and quantitative measures. As Abdel Kader of AAIB stated recently, "From a banking perspective you have to make sure your profit is sustainable. And what we're saying is if you lend to someone who undertakes social or environmental violations, it is quite probable that you're not going to get your money back." But do these changes mean more profits for petroleum companies? If so, how should banks and financial institutions proceed from here? Egypt's economy remains mostly cash based, which means bank lending remains distinct from the majority of credit-based economies. According to financial reports, this means that banks and monetary institutions play a somewhat less influential role in the state of the economy as a whole.

Egypt's oil and gas economy is currently facing some contradictions. On one hand, it appears that being out of the loop has had its benefits in an economy that continues to receive attention for being relatively unscathed by the financial crisis.

As hopes remain high for improvements in this year's oil production gains at a projected 8.4% increase of sales in 2010, banks should be optimistic about lending gains. Still, simultaneous fear of failure is clouding the lending front, even while production rates could increase to as high as 720,000 barrels per day (bypassing 2009's numbers of 644,000 barrels per day). A measure of caution remains crucial for lending institutions.

The Ministry of Petroleum has bolstered these expectations of success by recently commissioning two projects by US Apache Corporation and EGPC. The project entails drilling 13 exploration wells in Egypt's Western Desert. The projects will receive a USD 55 million investment by Apache. This comes as part of the ministry's plan to increase oil excavation and refinery in the region over the coming decade. The region currently produces 40% of Egypt's oil production.

This and other projects are evidence that the finance and petroleum sectors continue to enjoy attention from foreign investors, where Egypt's petroleum industry continues to be a safe bet. State fuel subsidies have further ensured solid returns for the future.

On the other hand, the recent report of Egypt's fuel being 47% imported indicates that companies are struggling with supplies, and banks may respond by taking a cautionary note. Heavy borrowing from international and local banks, as well as considerable dependence on foreign investment, mean that Egypt's oil and gas industry runs the risk of an unbalanced ratio of foreign expectations to domestic resources and market power.

The Ministry of Petroleum maintains the industry is in the midst of an upswing, with 19 new agreements signed in recent months, with a USD 4 billion worth.

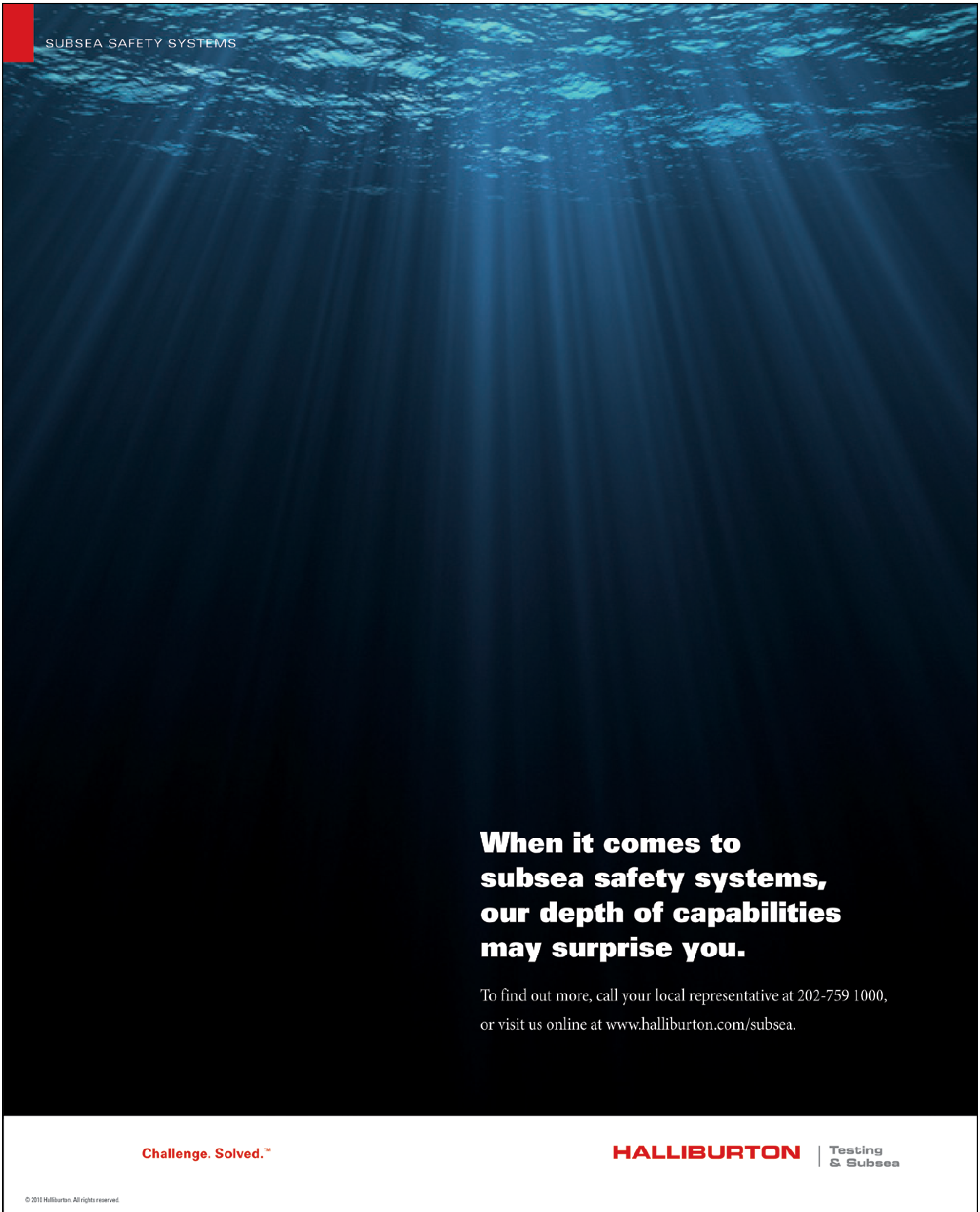
Others speculate that it is naïve however to claim Egypt's oil industry is so unscathed by the economic crisis; recent production stalls on local projects reveals skepticism on the part of the private sector and regional banks. One indication that the industry may be overextending its borrowing limits is the June 2009 report published by the Ministry of Economic Development, which requested a halt to all in process startup companies in the petroleum industry. The stall would supposedly give existing companies a fighting chance at the highly competitive bid for bank loans.

Such developments have struck a chord with the EGPC, giving rise to efforts to find new funding strategies to appeal to banks and lenders. These developments have also meant that fewer banks are engaging in sole risky lending, deeming the potential loss too great to go it alone. While lending as part of a consortium might diminish risks for banks and lenders, however, multiplying loans, payments and interest rates could mean disaster for the companies heading the projects.

Recent red flags in the industry include the withdrawal of the Kuwaiti Al-Kharafi group from a recent oil refinery project, along with Citadel Group of Egypt pulling out of a sizeable project, and talks of further withdrawals from regional refinery projects looming on the horizon.

Regional banks such as the Arab African Bank, the Arab International Bank, Egyptian Gulf Bank, Societe Arab International Banque and the National Bank of Egypt, however, have recently signed loans to EGPC for future projects, further indicating a gap in lending perceptions. Many speculate, however, that these loans are no more than a temporary band aid for a deep seated issue that cannot be remedied by short term solutions and hiked loan rates.

While investment in the petroleum industry continues to thrive, talks of a long term solution for Egypt's oil and gas financing become more urgent.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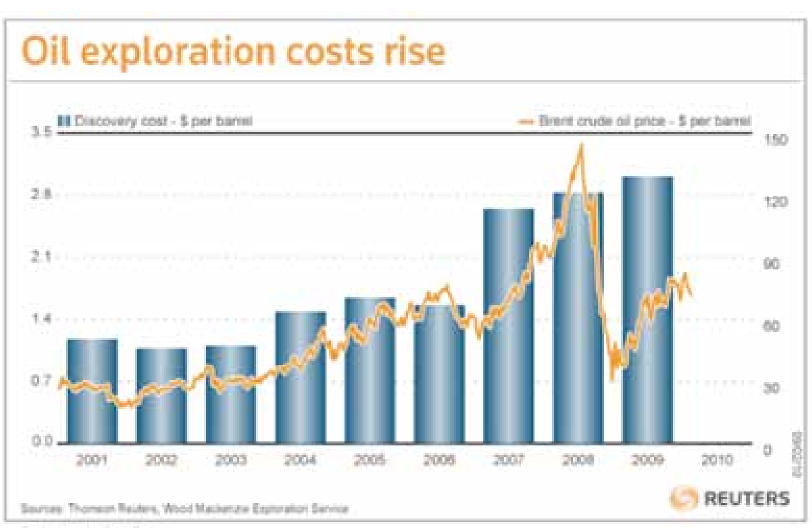
Oil exploration costs on the rise

The cost of discovering a new barrel of oil/gas has risen three-fold over the last decade as technology has pushed the frontiers of exploration into more remote areas. As old fields run dry, oil companies expand their exploration activities in harsh regions, where political, geological, geographical, technical and contractual risks are high, and they have had remarkable success

By Mostafa Mabrouk
Vice Chairman Assistant For Economic Affairs, Ganope

The annual rate of new fields discoveries has remained remarkably constant at 15-20 billion barrels, more than enough to compensate for the loss of existing reserves that are declining at an average of 5 and 15 percent a year. But the cost of this success is staggering, and unless consumers pay more for oil in future, some analysts think we could face an energy supply crunch within a few years.

"The age of cheap oil has gone and it is not going to come back," said Paul Stevens, Senior research fellow at the Royal Institute of International Affairs at Chatham House in London. "The world is not going to run out of oil tomorrow, but it is more and more expensive to find and will continue to be so… The worry is that investment may be squeezed as risks rise, and that could bring us to a looming supply crunch."



Escalating Costs

The search for oil has always been costly and involved risk taking, but the challenges facing explorers have intensified as wells have moved further offshore.

According to figures of Wood Mackenzie in Edinburgh, the cost of finding oil has almost tripled over the last decade even though the rate of discovery has barely changed. For instance, last year, each barrel of oil equivalent costs approximately $3, compared to $1.18 in 2001.

Though the previous figures seem low given that world spot oil prices are close to $75 per barrel, discovery costs need to be multiplied as oil is pumped out of the ground, processed at a refinery to be a fuel at a service station. Even established oilfields, such as those in the North Sea, have now breakeven costs of around $50 per barrel.

The new ultra-deep offshore fields that lie beneath oceans (more than 3 km depth) and in positions up to 5 miles from rigs impose even higher costs. Because the rigs work in deeper water, they use more steel, new technology and are operated by highly trained and expensive specialists.

Political and Contractual Risks

"New exploration is not just more technically difficult, it is also fraught with political risk that may lead to contractual uncertainty which can jeopardize investment projects. As bad need for energy grows, governments are sitting on potential oil and gas fields demand a fair price for their resources in a process economists call resource nationalism," said Andrew Latham, of the Exploration Service team at Wood Mackenzie.

Britain, Russia, Venezuela and Algeria have all raised their take from oil over the last few years, either by imposing higher taxes or renegotiating contracts. Some developing countries have sought to change the terms of contracts entirely. Uganda has about 2 billion barrels of oil reserves but talks on production have been slow, partly due to a government demand that oil companies build a refinery to meet domestic needs. "We are now starting to see wells being drilled in countries which have had recent turmoil or civil wars or have an uncertain legal framework," said Chris Wheaton, who runs energy-industry funds for part of insurance giant Allianz. "Easy oil has been over for a while and the critical and dangerous shift is to places with political, physical or geographical risks, and translates into higher costs. Finding oil is more difficult."

As risks rise, the required rate of return goes up, which squeezes the investment pot for new discoveries. Stevens highlighted, "There is not a 'Perfect Storm' of risks yet, but a lot of things are making it more and more expensive to go out and find oil.

The actual costs depend on such factors as the location of possible oil reserves (onshore or offshore), how large the oilfield will be, how detailed the exploration information must be, and the type and structure of the rock below the ground. Exploration requires careful mapping of the surface in order to locate suitable sites (i.e. types of geological structures), deep formation surveys, and test drilling. It is not easy to determine a typical cost of such activities. OPEC has the lowest average production costs in the oil industry, due to the fact that some of its members have large amounts of oil in reasonably accessible locations. Yet OPEC Members will still need to spend billions of dollars in the future to meet the growing need for oil.

Finding and extracting oil and gas is becoming riskier as the "easy oil" is used up, oil companies are drilling wells that are deeper, longer, further below the sea or in more remote areas. For instance, in Nigeria, the exploration activities in deep waters in recent years have not been successful, as many of the companies have encountered dried wells.

Peter Voser, Shell Group Chief Executive Officer said, "There is good future for the petroleum industry (in Nigeria). It is very important for oil companies to be here now. The future of Nigeria is very promising because there is a lot of oil locked underground that are yet to be tapped."

The race for new reserves has tipped the balance of cost negotiations between oil companies and contractors in favour of services providers. As oil reserves are depleting at an average of 5-15 percent a year, companies are increasingly under pressure to replace the depleted fields. As unit costs rise, so do the quantities of materials used, half of exploration spending is now focusing on deep or ultra-deep offshore.

Oil and Gas E&P spending to rise in 2010

Based on a survey of 387 oil and gas producers, global spending on oil and gas exploration will rise by 11 percent, counting for $439 billion in 2010, as energy prices increase. This raise reverses the 15 percent decrease seen in 2009, when oil prices dropped sharply. If prices are too low, oil companies have no incentive to initiate exploration and drilling projects. Without the development and production of new fields, however, supplies will decrease; that could in turn raise prices, unless demand falls by an equal amount.

The survey projected spending on exploration and development in the U.S. to rise by 12 percent ($79 billion). Spending in Canada is expected to increase by 23 percent ($23 billion). Globally, national oil companies in Asia, Africa, the Middle East, and Russia are expected to increase their budgets and raise exploration and development expenditure outside of North America by 10 percent ($337 billion).

The findings of the survey, conducted by Barclay's Capital, fare reflected in Chevron's recent decision to focus on exploration and development in favor of refining. The majority of Chevron's $22 billion in planned expenditure for 2010 will be spent on upstream natural gas and crude oil exploration and production projects.

Ultra-Deepwater Drilling remains profitable

Oil and gas producers have cut back on drilling due to the economic recession, but the ultra-deepwater drilling segment has been profitable throughout and is likely to remain so. Transocean Ltd. (RIG), the largest offshore drilling rig contractor, had a 32% jump in its revenue from ultra-deepwater drilling ($890 million) during the Q4 last year. In contrast, revenue from its jack up rigs, which drill shallow water fields, fell by 40% to $422 million. The company announced that all of its rigs that can drill at depths greater than 7,500 feet are booked through 2010, even though more than 40% of its jack up rig fleet is idle.

The rift in the rig market underscores how oil companies that are hard-pressed to find new oil reserves are still willing to spend more, as long as it is in such frontier regions as offshore Brazil, West Africa and the deepwater U.S. Gulf of Mexico, where giant fields are thought to lie. Therefore, such companies as Transocean, Diamond Offshore Drilling Inc. (DO) and Noble Drilling Services Inc (NE), which maintain a fleet of deepwater drilling rigs, have been relatively shielded from the recent volatility in oil and gas prices.

Transocean's new ultra-deepwater drilling rig "GSF Development Driller III", which can drill to a depth of 35,000 feet, went to work on a seven-year contract in the Gulf of Mexico with oil giant BP plc. Although the exact terms of the rig contract were not disclosed, average day rates for the Transocean's ultra-deepwater rig fleet are $486,200, up about 15% from the previous year.

Oil Prices: higher now, lower later

However, oil exploration and drilling are immensely expensive undertakings. To provide some sense of the costs involved, consider that Shell paid $2.1 billion just to acquire offshore Arctic drilling leases (just for the leases—not even to drill a single well). Given how expensive it is, no one would commit these kinds of sums unless they expected a good return, which means at least moderately high oil prices.

The comparatively low prices that dominated the first half of last year were a source of concern to industry figures. However, as was reported by the Associated Press, recent higher oil prices have encouraged energy companies to "dust off" idle rigs and increase production.

A major issue, though, is the sustainability of prices. As a number of industry observers have noted that prices are holding above the levels dictated by consumption and production. When oil inventories remain high and growing (showing that production is outpacing demand), benchmark crude contracts will increase too. The increase occurs in large part by the decline in the value of the US Dollar—since oil is priced in Dollars. If the increase does not have roots, then the push for increased development will be withdrawn. That could lead to rigs being idled again; leading to prices rising again when supply shrinks in the future. So one concern is whether today's higher prices are sustainable enough to support vital forward-looking development.

Sigma Coatings systems approved by PGESCo for all power plants in Egypt

SIGMA COATINGS

Business Win :

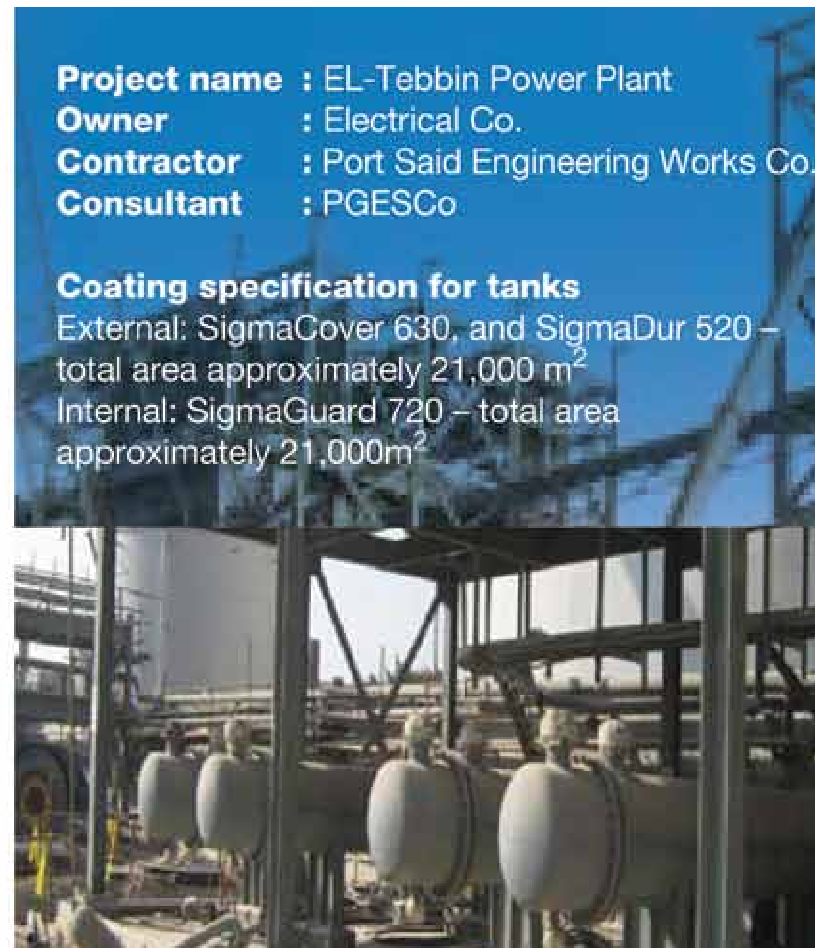
PPG (Sigma Paints Egypt) is pleased to announce that it has been selected by PGESCo as one of the globally approved coatings suppliers for all power plants in Egypt. This is a significant achievement as PGESCo is recognized as a leader in the Power sector, and provides major mechanical components for tanks (internally or externally), steel structures and pipes.

The first assignment is to supply coatings to the El-Tebbin Power Plant in Egypt. The El-Tebbin Power Project for Egypt will assist in increasing the energy supply in a sustainable manner, by investing in new generation capacity, and help to strengthen sector performance by engaging in policy dialogue and supporting measures.

The project has two main components: firstly, the El-Tebbin Power Plant element is a 700 MW power plant, comprising two units of 350 MW steam turbines and boilers, using natural gas as fuel; secondly, the technical assistance (TA) component addresses key issues such as strengthening financial performance, the pricing structure, and energy efficiency.

PPG (Sigma Paints Egypt) will supply coatings covering a total area of about 100,000m2. The specification consists of four systems, including the following products: SigmaZinc 158, SigmaCover 522, SigmaCover 456, SigmaCover 630, SigmaGuard 720, SigmaDur 520, Sigmarine 28 and Sigmarine 48.

This approval by PGESCo is a tremendous achievement for the staff at PPG (Sigma Paints Egypt), and confirms both the quality of the products and the professionalism of the whole team.



Youth Voice

Q

1- Do you prefer working in the private or public sector? Why?
2- What are your dream position and company?
3- If you receive a job offer abroad, would you accept it? Why?

by: Ahmed Morsy

- Nael Sadek, Automation Sales Engineer – MENA Region, Lufkin Industries

1- I prefer working in the private sector as I believe the public sector is still very poorly managed; opportunities are limited to who you know and not what you know. Besides, the general attitude is sometimes "nobody cares" as long as things are just going. On the other hand, there are usually better career growth chances, room for innovation and higher income in the private sector.

2- I am dreaming of becoming a CEO of an International company involved in technology products and/or services.

3- As a young professional, I learnt not to refuse any proposal or opportunity without assessing it. I like to apply SWOT analysis to be able to clearly see not only the strengths and opportunities but also the threats and weaknesses of both the opportunity available and what I already have. It is a misconception that any job abroad is better than working in Egypt, however, in many cases it is.

- Ahmed Osman, HSE Manager of Statoil Egypt

1- I prefer working in the private sector as they have more robust systems and standards in place. In addition, it is not bureaucratic as in the public sector and normally it has better rewards.

2- My dream is to be a General Manager for a big asset in one of the International Oil and Gas companies.

3-I would like to spend few years abroad, learning new skills and gaining different knowledge as well as experiences and then return back to Egypt to apply what I have learnt. Preferably, I would like to travel to Norway to learn more about the best practices in the Norwegian continental shelf.

- Ahmed Salah Zaki, a Geologist and DATA engineer in a Services Company

1- I prefer working in the public sector because there is a risk in market to work in the private sector especially after the economic disaster.

2- My dream position is to be a well site geologist supervisor in GUPCO or KHALDA.

3- I have already worked abroad because I didn't find a good chance in Egypt to start my career. However, after I had spent 3 years abroad, I prefer to find a job in Egypt to feel stability with my wife and family.

- Ahmed El-Saeed Gamal, SDT in the Egyptian Drilling Company

1- I prefer working in the private sector since it respects the employees more than the public sector.

2- My dream position is to be the Operation Manager at national drilling company.

3- Yes, I would accept it. Because the drilling salaries abroad can't be compared with the salaries in Egypt.

- Mohamed El Soufy, HR Specialist in Statoil Egypt

1- I prefer working in the private sector, since they have the best practices in processes and systems, also putting in mind that everyone's career progression is linked to his skills, abilities and performance.

2- My dream position is to be the regional HR manager in my company.

3- Yes I would accept it, but accepting such an offer will depend on the size of organization and the career growth opportunities. I would do it definitely if it is from a global organization such as Statoil; as working for such big organization will enhance my expertise and skills.

- Hossam Hamooda, Administrative Assistant for Project Managerin Dana Gas

1- I prefer working in the private sector because I think it's better from any angle.

2- I dream of being in the same company and to ascend positions in the same career.

3- I would accept it as long as it is a better offer for me. There are many factors and conditions exist in Egypt which motivates anyone to accept job offers abroad.

- Hamed Mohamed Hamed, Geologist in Dana Gas

1- I prefer working in the private sector. I have worked for two years in the public sector but private one is better concerning the salary, the training courses in addition to the working system which is affected by the routine in the public sector.

2- My dream position is to be the Operation Geologist Manager in IEOC.

3- Yes, I would accept it since I'll get a better salary. Besides, there will be equality between working-time and holidays.

- Tamer Selim, Communication Specialist in Dana Gas

1-Of course, I prefer the private sector as it is better in terms of money, experience and gaining knowledge as well as developing skills.

2-My dream is to last in my company but I hope it will be the leading company in the country and to occupy the position of the communication manager.

3-I think we are now working in a professional atmosphere and alike the professional football players if I got a better offer, I would accept it without hesitating. It's because of many reasons as it will be better concerning the experience and ma-

The challenge of having a Safe Culture

Schlumberger

HSE Training and Competence program

It is simply passing the knowledge, to achieve a change in behavior, then build A Safe Culture

In Schlumberger HSE training and competence program is a main part of QHSE management system where its vision is to envision a quality and service culture that enables us to exceed customer expectations, actively involve and empower all employees in the continuous improvement process, and enhance profitable growth.

• Q & HSE training and competence are fundamental to the way we work
• Q & HSE training defined as:
– Minimum Q & HSE training mandatory for all employees
– Job related Q & HSE training
– Local (environment, regulatory or client requirement)
– Q & HSE training is tracked electronically (QUEST and LMS), and in the Training and Competency passport

• Q & HSE competence is achieved through:
– Training, Practicing and Experience

The HSE training and competence are delivered through deferent HSE training methods and tracked by dual tracking system the first one is an on line data base HSE certifications and monitoring system (QUEST) and the other is in hand document for updating records (Training and competency passport).

HSE training is composed of generic HSE training (valid for all Segments) and Segment specific HSE training (valid for one or several Segments).

Generic certifications are tracked in QUEST (an online database system) and the requirement for every employee is associated to his job position, as defined in the Human Resource system (SAP). Segment specific HSE certifications are tracked by the Segment training tracking system (LMS for some Segments). All training and participation to HSE events are recorded in the Training and Competency passport.

The Schlumberger QHSE Data Capture and Reporting Web

Why is QUEST in Place?

The QUEST System Project was initiated in 1999 to provide the following …

• Support for deployment of QHSE programs
• A Single QHSE data capture and reporting tool for SLB (Before there were many separate systems in the Segments)
• A Web based solution to allow real time consolidation
• Secure access by all personnel (employees and approved contractors), with several user profiles
• Continuous Improvement of QHSE processes (more efficient and effective)
• To achieve the above the system is interfaced with other applications …

LDAP, SAP , Mail , FTL, WRS…

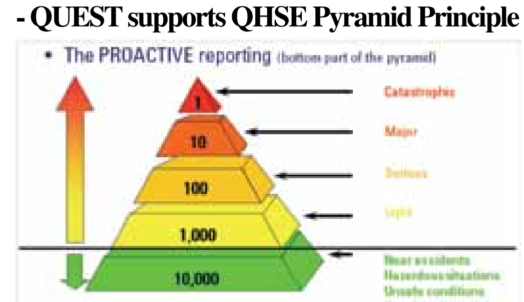
QUEST is an important, necessary business tool for the following reasons:

• It acts as a central, easily accessible storage point for key QHSE Management system records.
• It is used for statistical analysis of QHSE performance
• It used for tracking QHSE data for Legislative compliance issues
• It allows remote and or local tracking and monitoring of QHSE Management System implementation and performance
• It notifies employees of QHSE related activities or incidents that have occurred
• It tracks the closure of Remedial Work Plans

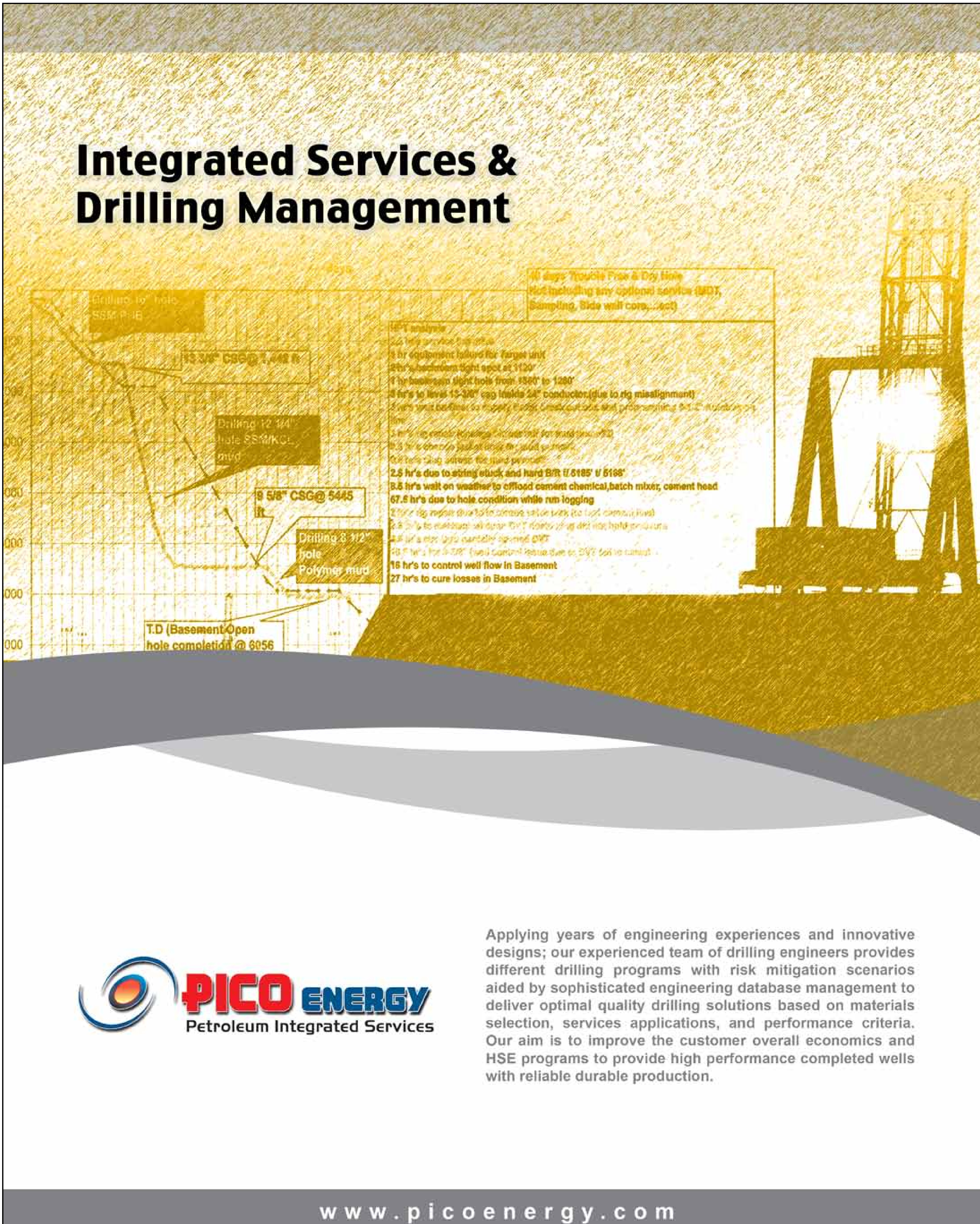
Some other benefits from using Quest

- QUEST supports the QHSE Management System

- QUEST supports QHSE Pyramid Principle



- QUEST supports Continuous Improvement

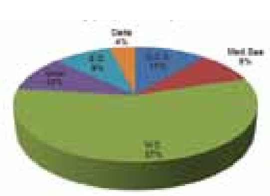


Egypt Statistics

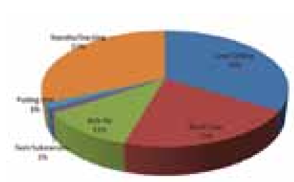
Table 1 Egypt Rig Count per Area -April 2010

Area	RIG COUNT	Total	Percentage of Total Area
Gulf of Suez		11	11%
Offshore	11		
Land			
Mediterranean sea		9	9%
Offshore	9		
Land			
Western Desert		56	57%
Offshore			
Land	56		
Sinai		10	10%
Offshore			
Land	10		
Eastern Desert		9	9%
Offshore			
Land	9		
Delta		4	4%
Offshore			
Land	4		
Total		99	100%

Rigs per Area



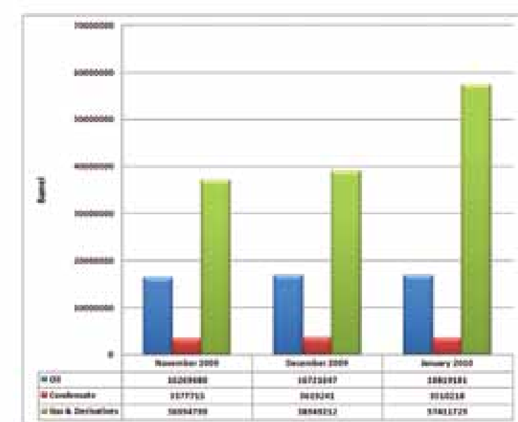
Rigs per Specification



Production - January 2009

	Sold Million cubic feet	Planned Million cubic feet	%	Oil Barrel	Equivalent Gas Barrel	Condensate Barrel	Liquefied Gas Barrel	Liquefied Gas Ton	Total Gas & Derivatives Barrel
Upper Egypt				23156					23156
E.D.				2170532					2170532
Med. Sea	230123	161293	142.67		46024600	1539172	348176	30949	47911948
W.D.	36507	38688	94.36	7184872	7301400	1654215	586328	52118	16726815
Delta	12696	9207	137.9	197978	2539200	196854	89164	7926	3023196
GOS	998	3286	30.37	4986654	199600	61304	134809	11983	5382367
Sinai	538	465	115.7	2255989	107600	58673	80852	7187	2503114
Total	280862	212939	131.9	16819181	56172400	3510218	1239329	110163	77741127

	Actual	Planned	%
Oil	16819181	18740213	89.75
Condensate	3510218	3718853	94.39
Gas & Derivatives	57411729	43968974	130.57
Total	77741128	66428040	117.03



Source: Egypt Oil & Gas

Average Currency Exchange Rate against the Egyptian Pound (February 2010/ March 2010)

US Dollar	Euro	Sterling	Yen (100)
5.471	7.447	8.311	6.075

Stock Market Prices (February 2010/ March 2010)

Company	High	Low
Alexandria Mineral Oils [AMOC.CA]	42.13	39.98
Sidi Kerir Petrochamicals [SKPC.CA]	13.30	12.73

Table 1 Wortld Crude Oil Production (Including Lease Condensate) (Thousand Barrels per Day)

	Libya	Sudan	Other	World	OPEC[1]	Persian Gulf[2]	North Sea[3]
April	1,650	480	2,260	68,765	27,752	18,870	5,585
May	1,650	480	2,264	68,762	27,788	18,749	5,423
June	1,650	485	2,265	67,952	27,054	17,936	5,095
July	1,650	490	2,295	68,571	27,188	17,996	5,408
August	1,650	495	2,345	69,026	27,732	18,465	5,178
September	1,650	500	2,356	68,694	28,179	18,714	5,307
October	1,650	500	2,371	70,599	28,754	19,291	5,575
Novemer	1,650	495	2,429	70,831	28,789	19,358	5,492
December	1,650	495	2,451	72,088	29,473	19,879	5,776
2009 Average	1,650	483	2,316	69,433	27,980	19,063	5,525

1 OPEC: Organization of the Petroleum Exporting Countries: Algeria, Angola, Ecuador, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates, and Venezuela.
2 The Persian Gulf countries are Bahrain, Iran, Iraq, Kuwait, Qatar, Saudi Arabia, and the United Arab Emirates. Production from the Kuwait-Saudi Arabia Neutral Zone is included in Persian Gulf production.
3 North Sea includes the United Kingdom Offshore, Norway, Denmark, Netherlands Offshore, and Germany Offshore.
Revised data are in ***bold italic font.***

Source: EIA

Table 2 World Oil Supply[1] (Thousand Barrels per Day)

		United States[2]	Persian Gulf[3]	OAPEC[4]	OPEC[5]	World
2009 April	E	8,879	**22,578**	**23,392**	**33,479**	**83,651**
May	E	9,040	**22,681**	**23,466**	**33,567**	**83,208**
June	E	9,987	**23,001**	**23,782**	**33,740**	**83,474**
July	E	9,007	**23,319**	**24,150**	**34,151**	**84,488**
August	E	9,084	**23,273**	**24,117**	**34,332**	**84,123**
September	E	9,297	**23,184**	**24,020**	**34,290**	**84,617**
October	E	9,279	**23,167**	**23,988**	**34,362**	**85,129**
November	E	9,354	**23,136**	**23,950**	**34,306**	**85,455**
December	PE	9,398	23,083	23,879	34,219	85,347
2009 12-Month Average	PE	9,056	22,890	23,717	33,882	84,159

1 «Oil Supply» is defined as the production of crude oil (including lease condensate), natural gas plant liquids, and other liquids, and refinery processing gain (loss).
2 U.S. geographic coverage is the 50 States and the District of Columbia. Beginning in 1993, includes fuel ethanol blended into finished motor gasoline and oxygenate production from merchant MTBE plants. For definitions of fuel ethanol, oxygenates, and merchant MTBE plants
3 The Persian Gulf countries are Bahrain, Iran, Iraq, Kuwait, Qatar, Saudi Arabia, and the United Arab Emirates. Production from the Kuwait-Saudi Arabia Neutral Zone is included in Persian Gulf production.
4 OAPEC: Organization of Arab Petroleum Exporting Countries: Algeria, Iraq, Kuwait, Libya, Qatar, Saudi Arabia, and the United Arab Emirates.
5 OPEC: Organization of the Petroleum Exporting Countries: Algeria, Angola, Ecuador, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates, and Venezuela.
E=Estimated data. RE=Revised estimated data. PE=Preliminary estimated data.
Revised data are in ***bold italic font.***

Source: EIA

Technology for New boundaries

Schlumberger Wireline organized their New Technology seminar for 2010 in the Fairmont Towers Hotel – Heliopolis, last month. The yearly-event, prepared by the Paris headquarters and the Wireline team in Egypt, is held to introduce Schlumberger's latest technologies related to electrical wireline logging with cases studies from the region and worldwide.

The two days event was held by worldwide experts from Houston, Cambridge, Paris, Abu Dhabi and Cairo; among them was Mr. Joe Khoury, Business Development Manager – Deep Reading, Mr. James White, Petrophysics Domain Champion and Mr. Ahmed EL-Toukhy, Schlumberger Tractors & Mechanical Intervention Product Champion.

"The mutual contributions and knowledge sharing between all participants and Schlumberger experts made this event an outstanding success, "Mr. Jallel Bendjaballah, Wireline Sales and Marketing Manager in East Africa and Mediterranean, told Egypt Oil and Gas.

"The seminar was attended by more than 150 technical experts representing more than 50 Oil Companies from Egypt and Syria."

The event covered new technologies in the petrophysics, geophysics, well integrity and perforation domains, in addition to tractors and mechanical intervention techniques. The highlight of the event was the launching of 3 new technologies for the first time in Egypt, more specifically, the Dielectric Scanner, Mechanical interventions with TuffTRAC and Mirage, and DeepLook Readings.

The Dielectric Scanner measurement brings new and unique information on rock properties and fluid distribution for advanced petrophysical interpretation, reservoir evaluation and reservoir management, through matrix textural determination. In addition, the tool provides an accurate radial profile of the close-borehole region. The clear-cut radial saturation and salinity determination separates moveable from non-moveable oil, especially for heavy oil reservoirs, depth of invasion and hydrocarbon saturation in fresh water zones. This helps in understanding the reservoir water dynamics and determines the virgin zone's hydrocarbon saturation.

On the same note, the DeepLook technology changes the face of logging as we know it today by introducing reservoir measurements rather than borehole and near-well environment measurements. Moreover, it expands the scale investigated by conventional logging to give the big picture for monitoring fluid distribution and movement as well as identifying bypassed pay zones on reservoir scale through DeepLook-EM* (Crosswell Electromagnetic Imaging) and DeepLook-CS (Crosswell Seismic Imaging). In addition, the DeepLook-CS measurement provides information on fracture mapping for exploration and development wells as well as fracture system orientations. The third service of the DeepLook family is the DeepLook-MRM (Microseismic Reservoir Monitoring) which provides continous real-time information about the stress changes in the reservoir caused by production and injection operations. Mapping these changes in both space and time provides a unique insight into the effect of pressure change on the lithological framework and associated movement of reservoir fluids.

DeepLook offers valuable information that benefits the oil companies in terms of optimum well spacing and placement for water/steam injection, optimized fracture design and costs as well as calibrating the earth model. The information supplies basis for different scenario testing of different reservoir management strategies; making it possible to examine the future before it happens and choose an optimal path for maximum reservoir profitability.

In conclusion, the event accentuates Schlumberger's ongoing commitment to aid & support operating companies in understanding their reservoir and optimizing hydrocarbon recovery.

Siemens sponsors Enppi football club

Siemens announced last month in a press conference held at Fairmont Towers – Heliopolis, the sponsorship signature of Enppi football club.

The contract between Siemens and Enppi extends for a year and half for marketing the international company by not just having their logo on Enppi's jersey. Moreover, Siemens will be the club's sponsor. Hence, Enppi will be the second club ever to be sponsored by Siemens after the Spanish club Real Madrid which was sponsored two years ago.

"The sponsoring deal with the German company is a significant step forward as it will provide foreign currency to assist the team's development in the coming period," Maged Nagaty, President of Enppi club, said during the signature ceremony.

"I promise that Enppi will witness a big leap in the coming period, especially after this contract, being sponsored by a multinational entity as Siemens will surely assist the clubs position in the league."

On the other hand, Nagaty stressed that the style of the team's jersey will be completely changed. He assured that Siemens' logo will replace the team's name while the logo of the team will be printed on the left side of the shirt.

"The company has teamed up Enppi team because of its close link to the company's activities and working in the field of energy," Eng. Mohamed El-Mahdy, President and CEO of Siemens Egypt, declared.

As for Eng. Emad Ghaly, President of the Renewable Energy and Oil & Gas in Siemens, pointed out that the idea of sponsoring the team came during the last Egypt Oil & Gas Ramadan Petroleum Soccer tournament Siemens took part in. He also added, the important role Siemens plays in the Oil & Gas sector globally and especially in Egypt, and the value of not just partnering with oil & gas companies in their operations but also into sponsoring one of their major soccer teams.

El-Mahdy added that the selection of sponsorship of any activity depends on its association with the activities of Siemens.

GL Noble Denton first technical seminar

GL Noble Denton Egypt held its first technical Seminar on the 15th of March at JW Marriot Cairo, on the occasion of the new merge. As from January 2010, GL Industrial services and Noble Denton have emerged to one company with trading name GL Noble Denton.

With the merge GL Noble Denton will be able to provide assurance, consulting, and execution services. Besides, the company will be capable of oversee and support the full lifecycle of an asset from project concept to commissioning. In addition, in recent years, GL Industrial services and Noble Denton performed several international acquisitions to strengthen its service portfolio. The acquisitions included Advantica Holding (UK & USA), PV Inspection Inc. (Canada), Hélimax (Canada), Trident Consultants (Malaysia), Materials Consulting Services (USA), International Refinery Services (Australia), Martech Unlimited, BOMEL Consultants, Intelligent Decisions, Poseidon Maritime Ltd., Lowe Offshore International Inc., Standard Engineering and Brevik Engineering which all will now trade under the name of GL Noble Denton. Therefore, the merged company has a global presence in the countries which their clients operate in and they are able to deliver the same standard everywhere.

Hence, the technical seminar took place to present the merger between the two companies by introducing case studies to reflect GL Noble Denton's capabilities.

During the seminar, Eng. Hisham El-Grawany, Country Manager and Managing Director of GL Noble Denton, inaugurated the event with a welcome speech and afterwards introduced the speakers of the two sessions who were from GL Noble Denton Global Business stream. The first session was about Asset Integrity, Asst Optimization, Safety and Risk as well as Software Solutions. As for the second session, it discussed Marine Warranty, Marine Casualty as well as Consulting and Operations. In addition to that, it also focused on Dynamic Positing, Project and Construction Management.

GL Noble Denton originally emerged last year after it was two separate companies which are Germanischer Lloyd Industrial Services and Noble Denton. GL has been in the market for almost 140 years and its specialty is in inspection, engineering, asset integrity and consulting. Moreover, Noble Denton has been in the market for about 120 years and its specialty is in Marine consultancy. The GL group are active in oil and gas industry via GL Noble Denton as Eng. Mahmoud El-Hawary , Business Development Manager of GL Noble Denton stated they became "A world class technical assurance and consulting company'' offering many services to the oil and gas sector in addition to other sectors.

On the other hand, GL Noble Denton offers new software "Galiom" which is software of risk base inspection and asset integrity both in one as it fulfils what's required and what's equipped. In addition to that it offers structure integrity.

"We are pioneers in the domain of software solutions that offers its services and support to all areas in the oil and gas industry," Eng. Hisham stated.

GL Noble Denton deals with companies which require optimization for their production and their assets to manage risks. For instance, it worked with GUPCO since it called for evaluation for its facility to meet with its production needs. So, GL Noble Denton offered its Asset integrity solution for GUPCO's facility.

Overall, the company held the seminar for technical and not commercial reasons as GL Noble Denton wants to inform all their wide range of clients in Egypt about the new services portfolio after the merging process along with all it can offer from technical consulting.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