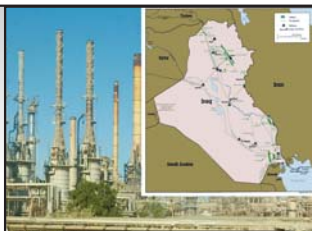


**Oiling Strife?**

The new Iraqi oil bill could cause more turmoil in the already war-torn country

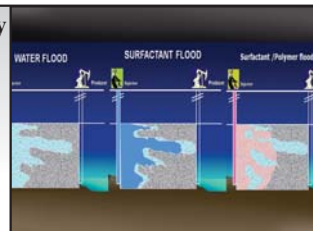
*page 10*

**The Gulf of Suez: What a difference a month can do**

The Gulf of Suez has witnessed a surge of activities reviving once again the glory of the country's top oil producing area.

*page 12*

**Study of Tertiary Oil Recovery by Surfactant/ Polymer Flooding**

Surfactants/Polymers (SP) has been in use since the 1950's. SP has been used worldwide and has been successful in recovering additional oil of about 15 to 30% of OOIP.

*page 16*


# Egypt Oil & Gas Newspaper

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## Deep Water Drilling... A New Horizon to Magnetize More Investments

By Yomna Bassiouni

With recent developments in the market it appears that Egyptian crude oil production has the potential to rise. In fact, the ratio of crude oil recovery at the various wells in the Gulf of Suez has the ability to increase to more than 40%, compared to 20% currently. This increase in production, in general for all of Egypt, can be achieved through the intensification of upstream works, particularly in the Mediterranean deep water as well as the Western Desert and the utilization of updated technologies along with enhanced oil recovery methods

*Continued on page 11*

### Vegas hits a new gas discovery

ON July 16, 2007 the Minister of Petroleum, Sameh Fahmy visited Alam El Shawish concession in the Western Desert to witness, first hand, the new gas discovery made by Greece's Vegas Oil and Gas SA. With a 100% working interest in the concession, Vegas was proud to announce the discovery which will add a minimum of 40 mmscf of gas and some 2200 Bbl of condensate per day to the Egyptian market.

Alam El Shawish concession consists of four fields: Al Barq, Al Assil, Al Karam, and Bahga. The discovery was made in the first well in El Assil field, leaving several other prospects to explore. The other fields in the concession also have promising production rates, with Al Barq producing 1,300 Bbls per day, Al Karam, one of their largest fields, producing 9 mmscf per day, and Bahga producing 1,100 Bbls per day.

Vegas Oil and Gas has three other concessions in Egypt: East Ghazalat with 100% working interest, East Alamein with a 100% working interest, 35% of which have been recently farmed out to Pico Energy, and Gemsa with a 90% working interest and 10% belonging to UK's Premier Oil Plc.

Remarking on what this new discovery means to Egypt, Eng. Ibrahim Abd El Gawad, Operations Director of Vegas, commented that "such discoveries will have a very positive impact to the country reserves for both Gas and condensate which are very important to secure the incremental increase in energy demands." VEGAS Oil & Gas is committed to develop and run AES operations using state of the art technology while also securing and maintaining HSE standards.





On the Ground, In The Know

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## Summertime and the Living is Not So Easy

WHILE the summer sun might be melting what little mental and physical energy we have left, the news of our world does not seem to be taking any sort of summer break; and so, we persevere in the summer heat. But, on the bright side, not all the news seems to be bad.

Our feature this month attempts to highlight that bright side by presenting an expose on all the achievements that have occurred in the month of July in the Gulf of Suez; and achievements they are: from the commencement of construction on a new used oil refinery plant to the progress of rig and pumps manufacturing, the activities in the Gulf of Suez are providing much needed employment opportunities for its residents along with better infrastructure and a promising exchange of information.

Also in our paper this month is an analysis of the new Iraqi oil law and a review of the Emirates Center for Strategic Studies and Research's latest publication "Gulf Oil and Gas: Ensuring Economic Security." Being an official media partner of the Improved Oil Recovery MENA 2007 conference and workshop, Egypt Oil & Gas also presents a special coverage on the event, which took place on July 16-20. Finally, I am pleased to announce the introduction of three new sections to our paper: What If, Corporate Escape, and Workers of the Industry.

Our What If section is an imaginative venture into the possibilities of technological advancements and what they can possibly mean to Egypt and the world at large. This month the section tackles the idea of a world converting to solar powered vehicles. Our Corporate Escape section is a helpful tool for overly-worked executives who need a helping hand in deciding what to do with what little free time they might have. In the spirit of the summer, this month the section covers exclusive vacation spots that don't require a two-week long break to enjoy. In essence, the section unveils the spots that can be enjoyed in a long weekend when a brief getaway is all your time can afford you.

Last, but definitely not least, our Workers of the Industry section is a look at the sector's labor force of the oil and gas industry that make all the visions of executive decision-making come to life. These are the men and women who deliver to the end-user their products, who put the parts and pieces together to form our infrastructure and manufactured goods, and who endlessly strive so that big ideas can become great realities. The section this month covers gas-station employees.

By no means does this article or any article, for that matter, that follows in this section attempt to belittle the work and importance of executives and top management personnel. This section merely assumes that our society is one based on collaborative effort, and as such all members involved in the grand collaboration that is life deserve equal recognition. I truly hope this section enlightens more than it perturbs and motivates improvement rather than instigate vindication.

In conclusion I would just like to say that our strong suit is liveness; our role is to adapt to the needs of our readers, on the part of our readers we always welcome comments and suggestions at info@egyptoil-gas.com in order to transform our publication into that monthly paper that you just can't live without. Here's hoping that we live up to our reputation and to your expectations.

*Diana Elassy*  
Editor-in-Chief

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# Egypt

## Egypt signs eight oil and natural gas deals worth \$660 million investment



Egypt's Ministry of Petroleum signed eight exploration and amendment agreements for oil and natural gas exploration worth US \$660 million with several foreign firms including BP, Austria's OMV and Norway's Statoil.

The ministry said in a statement that the exploration deals signed for the Egyptian General Petroleum Corporation (EGPC) and the Egyptian Natural Gas Holding Company (EGAS) cover an area of 34,000 square kilometers, including offshore fields in the Mediterranean Sea, along with areas in the Nile Delta, North Sinai, Gulf of Suez and Western Desert, with a spending commitment of about US \$660 million as well as the commitment of drilling 28 wells and signature bonuses of US \$33 million. (Reuters)

## KS Energy to buy Jackup from Egyptian Drilling

Singapore's KS Energy Services Ltd has agreed to buy a jackup drilling rig from the Egyptian Drilling Co (EDC), a joint venture between the Egyptian General Petroleum Corp and AP Moller-Maersk group, for US \$108.10 million.

The 300 feet rig is currently operating at the Baltim North Platform in the Mediterranean Sea, offshore Egypt, and will be delivered to KS Energy in the first quarter of 2008.

"This acquisition will further strengthen our existing fleet of offshore rigs and vessels. This rig also provides KS Energy with opportunities to offer integrated drilling services to oil companies through its recently acquired subsidiary, Atlantic Oilfield Services Ltd," KS Energy said.

The acquisition is to be financed by a combination of internal resources and borrowings, it said. (Rigzone)

## Saipem awarded four drilling contracts in Egypt and Nigeria

Italian engineering services group Saipem has been awarded four new drilling contracts, which count for a total of US \$510 million for its Scarabeo 4 and Scarabeo 3 offshore drilling rigs in Egypt and Nigeria respectively, along with the charter of six onshore rigs in Saudi Arabia.

In the first contract, the International Egyptian Oil Company, IEOC signed a 28-month deal with Saipem to drill offshore in Egypt using the Scarabeo 4 rig from the last quarter of this year.

Scarabeo 4 is a second-generation semi-submersible rig capable of operating in water depths of up to 500 meters and drilling to depths of up to 8,000 meters.

The second contract has been assigned to Saipem by Addax Petroleum, extending the company's semi-submersible Scarabeo 3 rig for use off the coast of Nigeria, for one year and taking effect at the end of the existing commitment.

In addition to the two contracts, Saipem added in a statement that it had signed a three-year extension of an existing deal with Saudi Aramco for five of its land rigs that have been working in Saudi Arabia since 2000.



Saipem has also signed a contract with Eni Repsa, in Saudi Arabia, for the charter of a new rig for a period of 12 months taking effect in the first quarter of 2008. (Rigzone)

## Petzed announces new oil discovery in South Abou Zeneima

Petzed, a fully owned subsidiary of National Petroleum Company (NPC), achieved a new commercial oil discovery in South Abou Zeneima, announced the Egyptian Ministry of Petroleum in a statement.

The well tested in Muzhil-1 field, 1900 barrels of oil per day in aggregate from two different layers.

Muzhil-1 is located in the South Abou Zeneima block situated on the Eastern side of the Gulf of Suez. The block covers 151 km<sup>2</sup> in area and is

surrounded by producing fields such as Rhudeis, October and Tanka. The block is fully covered by 3D seismic data.

Petzed has acquired 100% stake in the South Abou Zeneima concession in March 2006 with transfer of ownership in December 2006 by a deed of assignment.

While the Muzhil-1 discovery is the first discovery in this block, Muzhil 2 is currently being drilled, and expected to reach its total depth by the end of July. (MoP)

## Melrose: West Khilala #5 to be tied back for production

Melrose Resources' West Khilala No.5 development well was successfully drilled at the northern-most extent of the West Khilala Field. The well was tested over two intervals, totaling 38ft, and flowed at 9.6 MMcfpd on a 20/64" choke.

The well has now been suspended and will shortly be tied back for production. The rig has now moved to drill the West Khilala No.7 (Deep) exploration/appraisal well which is located on the south-east flank of the field. The main objective for this well is to test an exploration prospect in the deeper Qawasim formation, but it will also serve to delineate the edge of the main productive Abu Madi reservoir.

The West Dikrnis No.6 well was drilled to test a separate culmination to the south of the main West Dikrnis field. The well intersected the top reservoir

sand at 9,276 ft, which was found to be water wet. The rig has moved to drill the West Dikrnis No.8 deviated development well as an oil producer in the central-eastern area of the field.

Commenting on this, David Thomas, Chief Executive said, "The test results from the West Khilala No.5 well, drilled at the northern limit of the field, are very positive since they confirm that we have good and consistent reservoir quality across the field. The West Dikrnis No.6 well was drilled to delineate the southern most limits of the field and so the results, whilst disappointing, were not particularly surprising. The West Dikrnis field development is now 75% complete and remains on track for first production at the end of the third quarter." (Rigzone)

## RWE Dea announces extension of Egyptian Gulf of Suez Concessions

RWE Dea Suez GmbH and EGPC, the Egyptian General Petroleum Corporation, signed agreements allowing for the extension of the Gulf of Suez Offshore and the North Belayim Offshore Concessions by a further ten years.

RWE Dea Suez GmbH, a wholly owned subsidiary of the Hamburg based RWE Dea AG, has already produced 590 million barrels of crude from these two concessions via its operating company SUCO.

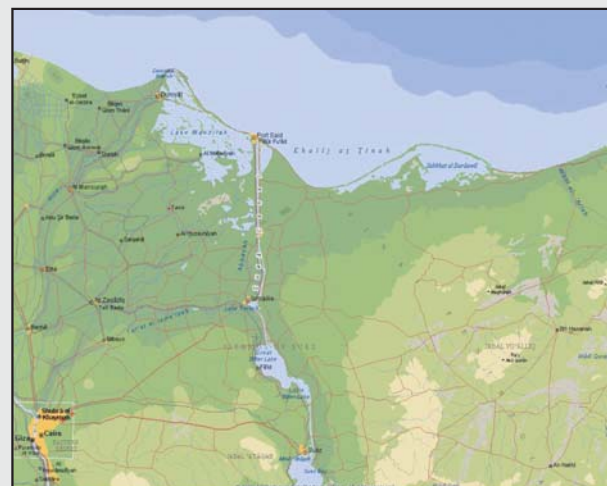
In total, US \$3.2 billion have been spent during the last 30 years. The signature of these extensions secures further capital investment in the producing fields in Zeit Bay, Ras Fanar and Ras Budran.

Through the agreement amendments, RWE Dea is to have the right to market the associated gas production from the Zeit Bay field in Gulf of Suez Offshore Concession. Currently, most of the

associated gas produced is reinjected for reservoir pressure maintenance, but there is some gas available for sale. With growing production out of the gas cap, this amount is yet to be increased in the future. Facilities of the joint venture are already available for handling such sales gas, so the majority of future investments are aimed on new wells and production optimization activities.

The signature was the final step of an ongoing negotiation process aiming to create further value for both RWE Dea and EGPC in these two concessions, which originally were signed 33 years ago.

The concession extension is considered an important move towards the realization of RWE Dea's strategic goal to strengthen its position as an operator in the Egypt/North Africa region. (RWE Dea Press Release)





## Egypt, Canada to initiate a \$1.5 billion petrochemicals project

The Egyptian Minister of Petroleum Eng. Sameh Fahmy witnessed the signing of a financing agreement in which Egyptian banks participate with nearly US \$380 million loan for the establishment of the US \$950 million Egyptian-Agrum Company for Nitrogenous Products.

This project is to produce Ammonia / Urea, with a capacity of approximately 1.3 million tons of Ammonia / Urea and investments of about \$ 1.5 billion.

Egyptian banks' participation represents 40% of the main value of the loan, this consortium includes; the National Bank of Egypt, Banque Misr, Commercial International Bank (CIB), Al Ahly Societe Generale

Bank, and the Arab Bank, whereas the remaining share, which counts for \$570 million, will be financed by international banks.

The loan's period is 15 years, of which three years are a grace period and the total obligations will be paid back from the cash flows generated from the project. The Egyptian Petroleum Sector contributes with a 33% share, the Canadian Agrum Co. with 60%, and the Arab Company for Petroleum Investments (APICORP) with the remaining 7%. The project aims at meeting the local demand of Urea used as a fertilizer and exporting the surplus abroad.

(Oil Egypt)

## Egyptian natural gas reserves reach 72.3 trillion cubic feet

Egypt's confirmed reserves of natural gas reached 72.3 trillion cubic feet after increasing by 6.2 trillion cubic feet in the 2006-2007 fiscal year, said Minister of Petroleum Sameh Fahmy.

According to state news agency MENA, Fahmy also said that Egypt's confirmed crude oil and condensate reserves had risen to 3.97 billion barrels.

The Minister attributed the rise to increased exploration by global companies, more deep sea and Western desert exploration, and recent oil and gas finds.

(Reuters)

## Fahmy: Sumed to become center of international crude oil exchange



The Arab Petroleum Pipelines Co. (Sumed) is to increase its storage capacity to nearly 20 million barrels of oil per day (bpd) through the establishment of five new storage tankers at Sidi Kreir.

During his visit to Sumed in Sidi Kreir, the Egyptian Minister of Petroleum said that this move will transform the area "into a hub for international petroleum and crude oil exchange."

The Sumed pipeline is a joint venture between Egypt, Saudi Arabia, Kuwait, the United Arab Emirates and Qatar. With a capacity of 2.5 million barrels of oil a day, the pipeline pumped a record 113 million tons last year, up from 111.6 million tons in 2005, the company said in a statement.

According to the *Daily Star*, Sumed Chairman Mahmoud Nazeem stressed that through coordination with Suez Canal officials, Egypt can secure 98% of crude oil exports transported from the Arabian Gulf to Europe and the US.

Based on its strategy to bend the commercial oil storage market in the Mediterranean, Sumed revealed earlier this year its plans to raise its storage capacity by 2.1 million barrels to 6.3 million barrels by the end of 2007.

(Daily Star Egypt)

## Dana, Abraaj to cooperate in natural gas projects

Dana Gas PJSC, the Middle East's first and largest private sector regional natural gas company, has signed a strategic alliance agreement with Abraaj Capital, the premier private equity firm in the Middle East, North Africa & South Asia (MENASA) region to make joint acquisitions and invest in natural gas projects.

"We are delighted to have entered into this strategic alliance with Abraaj. I know it will prove to be a rich and mutually beneficial relationship," said Hamid Dhiya Jafar, Executive Chairman of Dana Gas in a statement. "Abraaj has proven itself as a leader in the private equity business in our region, and by working with them in pursuing various projects in the Natural Gas Sector, Dana Gas will be able to capitalize on value creation capabilities and regional network which form Abraaj's deserved reputation for excellence in the region."

Last May, Dana signed an agreement with Arab Petroleum Investments Corporation (APICORP) through which APICORP will contribute "equity to natural gas projects, including a natural gas liquids processing plant in Egypt."

"This is a very important strategic relationship for us at Abraaj...we are pleased to formalize our long standing relationship in pursuit of the vast opportunities in MENASA's oil & gas sector. Indeed, Middle East industrial energy consumption is forecast to grow at an annual rate of 3% over the next ten years, second only to China," said Arif Naqvi, Executive Vice Chairman and Chief Executive Officer of Abraaj Capital.

(Dana Gas Press Release & Upstream Online)

## Fahmy: third phase of the Upper Egypt Gas Pipeline to be finalized in October

The Upper Egypt Gas Pipeline has witnessed a high work progress rate as 75% of the project has been executed, and is expected to be completed by the end of next October, announced Eng. Sameh Fahmy, the Egyptian Minister of Petroleum.

EGAS has recently issued a report about the implementation rates of the third phase of the Upper Egypt Gas Pipeline.

Fahmy said that the Upper Egypt Gas Pipeline is a turning point for Upper Egypt; it brings a comprehensive development to all social, economic spheres and creates new urban and industrial communities in Upper Egypt's various governorates, in addition to providing new job opportunities for the South Valley's youth.

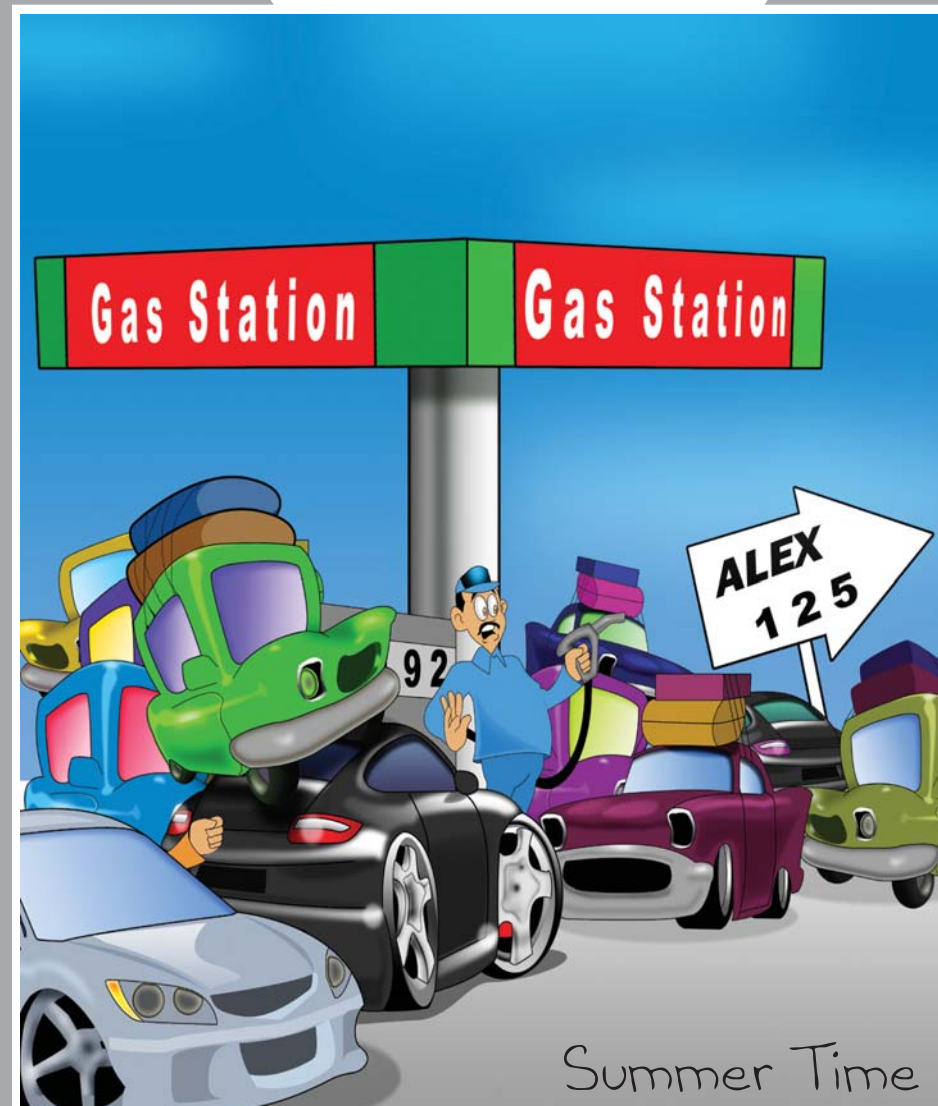
The third phase of this project extends from Beni Suef to Minya with a total length of 150 km and estimated investments of about LE 545 million. Preparations are underway to pass the gas pipeline along the Nile River at the Minya governorate with a length of 1650m, which is considered the largest portage at the Nile River throughout the history of the pipeline's establishment.

He added that providing natural gas to Upper Egypt will complete the Energy system on which the existing plants depend.

(MoP)

## Cartoon

By Rany Ameen





# International

## Transocean and GlobalSantaFe agree to combine

Transocean Inc. and GlobalSantaFe Corporation announced that their boards of directors have unanimously approved a definitive agreement for a merger of equals. Based upon closing prices for each company's ordinary shares as of July 20, 2007, the estimated enterprise value of the combined company would be approximately US \$53 billion. The combined company, to be known as Transocean Inc., will retain principal offices in Houston and trade on the New York Stock Exchange with the symbol RIG.

Under the terms of the agreement, Transocean shareholders will receive US \$33.03 in cash and 0.6996 shares of the combined company for each share of Transocean they own. On the other hand, GlobalSantaFe shareholders will receive US \$22.46 in cash and 0.4757 shares of the combined company for each share of GlobalSantaFe they own. The total number of shares outstanding of the combined company after the transaction will be approximately 318 million shares.

The combined company will have a technologically advanced fleet with a substantial presence in ultra-deepwater and deepwater drilling and additional growth from newbuild rigs.

Robert L. Long, appointed to serve as Chief Executive Officer of Transocean after the merger, said, "GlobalSantaFe's outstanding rig fleet complements Transocean's, and the combined company will have a global fleet of 146 rigs. This transaction will enhance our high-end floater fleet, including five new build ultra-deepwater units, while growing our position in the worldwide jackup market, especially in the Middle East, West Africa and the North Sea."

Current GlobalSantaFe President and CEO Jon A. Marshall, appointed to serve as Transocean's President and Chief Operating Officer following the merger, said, "This is an exciting opportunity for our shareholders, our customers

and our people. The \$15 billion cash payment allows us to achieve a more appropriate capital structure and deliver immediate value to our combined shareholders... This is an ideal fit for the stakeholders in both companies."

Following the merger, Robert E. Rose, currently GlobalSantaFe's Chairman, will serve as Transocean's Chairman of the Board of Directors, Robert L. Long will continue as Transocean's Chief Executive Officer and Jon A. Marshall will assume the position of President and Chief Operating Officer. Other senior management positions will be named later.

(Rigzone)

## RAK Petroleum to invest \$440 million

UAE-based energy firm RAK Petroleum announced its plan to allocate US \$400 million for acquisitions and get hold of more oil and gas assets in the Arab region and neighboring countries.

"With that deal (acquiring Gulf Keystone Petroleum Limited) falling away, we have started looking at new ones. We are looking at two transactions at the moment... (Now) We can access more money through borrowings. We are looking for acquisitions between \$300 million and \$800 million over the next 12 months," said Peter Sadler, RAK Petroleum's new chief executive officer.

RAK is currently focusing on initiating more energy businesses, specifically in the areas of interest for the company, such as Iraq, Pakistan, Syria, Egypt, Algeria, Yemen and the Caspian region.

(Gulf News)

## Iran to build Indonesian oil refinery



The Iranian Ambassador to Indonesia Behrooz Kamalvandi announced the Iranian government's plan to build a multimillion-US dollar oil refinery in Bojonegara, Serang, Banten.

The announcement symbolizes the activation of deals signed by the Iranian and Indonesian Presidents in Jakarta to expand mutual cooperation between the two countries, including the development of an oil refinery plant in Banten.

"Refinery process needs a lot of water. Therefore, Bojonegara is selected to be the main site of the plant. We have carried out pre-feasibility studies on the possibilities of Bojonegara to be selected," said the ambassador.

This project is expected to refine approximately 20,000 barrels of oil per day, which will meet a quarter of Indonesia's need for oil.

(Iran Daily)

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## PetroChina in exploration contract with Sudan



# 中国石油

China National Petroleum Corp, parent of PetroChina Co Ltd, signed a production sharing contract (PSC) with the Sudanese government for exploration areas in northern Sudan, reported CNPC internal publication China Petroleum Daily.

According to the terms of agreement, CNPC will have exploration rights to Block 13 in shallow water on the Red Sea, with an area of about 3.8 square kilometers.

A Chinese official in Khartoum said CNPC will take up to a 40% stake in the oil exploration project in northern Sudan.

"China National Petroleum Corp will take a stake of 35% to 40% in the project," Hao Hongshe, an official with the Economic and Commercial Counselor's Office of the Chinese embassy in Sudan, told AFP.

CNPC, China's largest oil and gas producer, will conduct exploration jointly with Indonesia state oil and gas company Pertamina and Sudan's state-run Sudapet.

(AFX News)

## BP reveals its "Green" fuel plant plans

Oil giant BP announced its plans to build a £200m "green" fuel plant on the outskirts of Hull as it seeks alternative forms of energy generation.

The plant, currently located on BP's existing chemicals site at Saltend, is to produce approximately 420m liters of ethanol a year from 2009.

The biofuels plant, which is designed to make ethanol from wheat, is a joint venture between BP, Associated British Foods (ABF) and chemicals firm DuPont.

Based on government rules, BP must produce 5% of its fuels from biofuels by 2010. BP will also fulfill the responsibility of building a demonstration plant on the same site capable of producing 20,000 liters of biobutanol - a more advanced biofuel - from a variety of feedstocks, in association with DuPont.

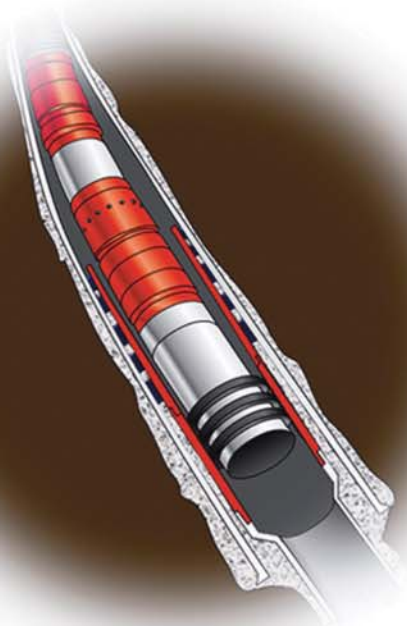
The wheat for the plant will be sourced locally through an agreement between the joint venture and two other ABF businesses, Frontier Agriculture and AB Agri, according to BBC News.

(BBC News)



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# Gas Station Workers: A closer look at helping hands

**Behind each success-story in any field, there are always those forgotten soldiers of the industry. These are the men and women that people just do not hear about, who work in silence and get paid a diminutive amount of money and amazingly enough, never complain.**

By Rasha Azab

IN any industry, the most talked about faction includes high executives and top management: architects in ivory towers. It is a rarity that anyone hears of the laborers responsible for the major tasks of any sector. As such, at times, it is our obligation as journalists to put the spot light on them.

The above is not just a flowery introduction, but rather the fundamental essence of this reportage because what follows in effect is a discussion with and around the unknown workers of the petroleum sector. The task at hand is gas station workers. The men who wave us into our spots in order to fuel our cars; who endlessly labor without neither any recognition nor even others' knowledge of how their lives are lived or the problems they face.

As a start, I tired talking with some gas station workers at a large internationally renowned gas station, but they rejected the idea of being interviewed. Comically enough, they thought I was working for the Social Insurance Agency. After they were assured that I was a journalist they started warming up to me and they gave me an obscure meeting time at night. When I asked them to justify this odd meeting time, they told me that late at night the gas station is usually empty with only a few customers. One of the workers stated that their daily working hours range from 8 to 12 hours of continuous work.

Mohamed Said, a gas station worker who has been working for five years said, "I have been suffering a lot from standing all day without taking any breaks. Sometimes when there is a heavy workload, I do not have enough time to even eat. To solve this problem, sometimes my coworkers and I eat during working hours quickly."

Another worker named Ayman Mohamed talked about the obstacles that he and his coworkers face in the gas station. He said that there is a massive amount of workers who do not have any insurance or stable permanent contracts, which threatens their livelihood because they can be fired at anytime.

Fouad Mahmoud, another worker said, "Despite the fact that most people believe that the petroleum sector offers the highest salaries; gas station workers are the enslaved working class. At the same turn, we are the ones who work hard on delivering petroleum products and its derivatives."

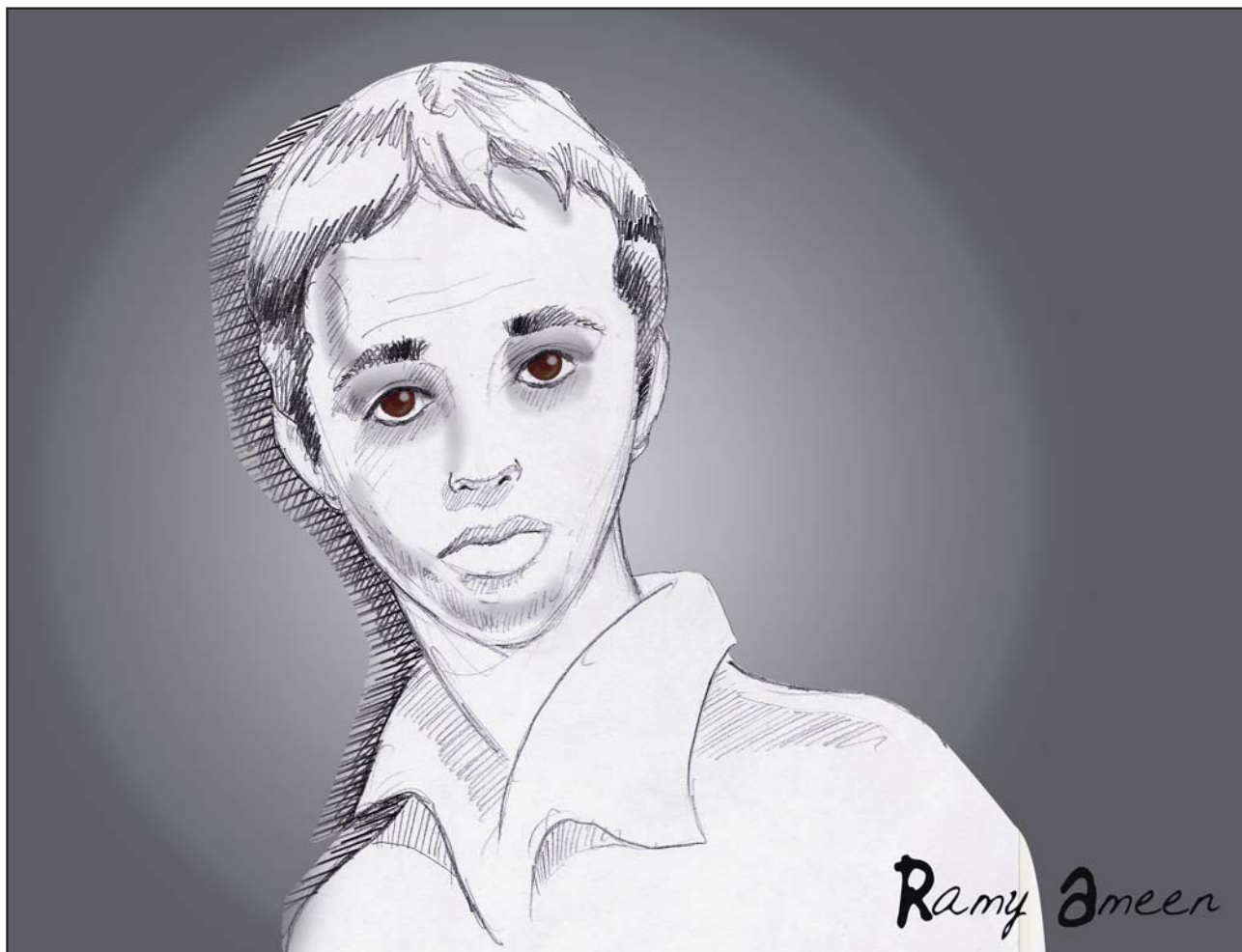
My curiosity and my genuine concern over those workers encouraged me to further explore this specific type of employees; thus, I decided to search for another gas station.

I finally found yet another international gas station, which is situated on the Corniche Helwan road; my choice of gas station was by no means arbitrary. There was a very clear reason as to why I choose this particular gas station. I noticed a group of workers sitting aside the road resting, so I thought to myself, this would be the perfect time for me to interview them.

Fifteen year old Adel Hamdy told me that as a gas station worker, he takes L.E.100 a month. To be honest, I could not believe that figure, but he insisted that this was his monthly salary and that the gas station owner mainly depends on the tips that gas station workers take from customers as a means of salary for his employees.

Hamdy added, "This salary does not fulfill my needs, including daily transportation and food. I mainly depend on the tips, which has become quite unstable after the rise in gas prices." Hamdy mentioned that he left school due to the high tuition fees which his family could no longer afford. Adding insult to injury, because of his young age his employment options are restricted. He cannot work officially in the gas station, so whenever an inspector or social insurance employer comes, he hides.

Our conversation was interrupted by Mohamed Lotfy, who turned out to be the Head of Personnel. He began to



divulge all the secrets of the trade, which he had inherited from his father; he began working along side his father at the age of five. Needless to say, his personal experience had earned him an impressive portfolio of knowledge about gas station work. Lotfy stated that he attained high credentials, which include a BA in Commerce, but this did not stop him from working in the gas station.

Explaining the way tips are distributed within the gas station, Lotfy stated that each gas station has its own technique.

There are two methods; the "Individual System" by which the worker takes all the tips he gets from the consumer for himself and the second method which is the "Company System" by which all workers combine their tips and distribute them equally among each other. Lotfy added that they used to apply the second method, but this caused several problems among the workers and so was removed and replaced with the Individual one.

Concerning the process of establishing a gas station in Egypt, Lotfy elaborated that businessmen buy the trademark of an international company, which is responsible for the construction of the gas station. On the part of the businessman, he installs the appropriate equipments for the delivery of fuel to the end user. For four years, profit is shared between the businessman and the international company. He mentioned that the cost for each gas station differs. One may cost LE 8 million, while another may cost LE 20 million. But, that is all recovered soon, since according to Lotfy, "gas stations usually have a high profit turnout." Giving the gas station owner in which he works as an example, Lotfy stated that the extremely rich businessman started out as a meager gas seller and then bought one gas station; afterwards he bought 14 gas stations.

Back again to Lotfy, he started out as a normal gas station worker and was then promoted to Head of

Personnel; a position which he intends to keep for just another three years due to the risk and health hazards involved in the occupation such as diseases associated with the lungs and feet. Currently, and until he retires to a better job, he is in charge of receiving the gas tanks that fill the station every three days with 50 thousand liters of gas. He then inspects the type of gas (whether it is pure or mixed with water). He said that he could differentiate between fuels by their colors; for example, 80 fuel has a red color and it is for 90 piasters; 90 fuel has a green color and is for 130 piasters; 92 fuel has a blue color and is worth 140 piasters; finally there is 95 fuel which has a white color with a bluish hue and it is for 175 piasters. Lotfy also has the most important of all tasks, which is being in charge of the gas station employees' salaries and also communicating daily revenues of the station to the corporate accountant.

Lotfy concluded by restating all the problems that gas station employees face in Egypt. Such problems include but are not limited to the lack of health insurance and the absence of a comprehensive law that ensures their labor rights. And that is, in a very narrow perspective based on only a few gas stations within Greater Cairo, the world-life of a gas station employee.

**Editor's Note:** The opinions in this piece do not reflect the opinions of Egypt Oil & Gas. As with all other sections of this paper however, we do welcome comments, suggestions, and corrections. If anyone would like to respond to this piece by all means do. There is nothing we aim more towards than an open discussion over the real issues that surround our industry. Finally, please note that the names of the employees mentioned in this piece have been changed to protect their identity.

Translated by Sarah Rashdan



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Current Account EGP - EGYPTIAN POUND

Posting Date	Value Date	Particulars	Debit	Credit	Balance
31 JAN 07	31 JAN 07	OPENING BALANCE		180.00	180.00
4 FEB 07	4 FEB 07	ATM Withdrawal	1,360.00		1,180.00
4 FEB 07	4 FEB 07	Cash deposit		1,000.00	2,180.00
13 FEB 07	13 FEB 07	CHEQUE 00041989		1,000.00	1,180.00
15 FEB 07	15 FEB 07	ATM Withdrawal	1,000.00		180.00
18 FEB 07	18 FEB 07	CLOSING BALANCE			180.00
		Debit Entries	2,360.00		
		Credit Entries		2,180.00	
		Total	2,360.00	2,180.00	
		Opening Balance			1,522.00 CR

To Be Continued

To Be Continued

**جدول الرسوم والمصاريف للبطاقات الائتمانية**  
اعتباراً من أول مارس ٢٠٠٧

نوع الرسوم	مصاريف السنة الأولى	المصاريف السنوية اللاحقة
سعر العائد	٢٠٠ جنيه مصري	٢٠٠ جنيه مصري
فترة السماح	٢٠٠ جنيه مصري	٢٠٠ جنيه مصري
رسوم تجاوز الحد الائتماني	٢٠٠ جنيه مصري	٢٠٠ جنيه مصري
رسوم التأخير	٢٠٠ جنيه مصري	٢٠٠ جنيه مصري
رسوم السحب النقدي	٢٠٠ جنيه مصري	٢٠٠ جنيه مصري
رسوم التأمين على الرصيد المدين	٢٠٠ جنيه مصري	٢٠٠ جنيه مصري
هامش الربح على المبيعات	٢٠٠ جنيه مصري	٢٠٠ جنيه مصري
رسوم الشيكات المعتردة	٢٠٠ جنيه مصري	٢٠٠ جنيه مصري

**جدول الرسوم والمصاريف الإضافية للحسابات البنكية**  
اعتباراً من أول مارس ٢٠٠٧

نوع الرسوم	الإضافات
الصرف النقدي من داخل الفرع	٥ جنيه مصري
التحويلات الداخلية من داخل الفرع	٥ جنيه مصري
مصاريف الحسابات الشهرية	٢٥ جنيه مصري

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# Oiling strife?



## The new Iraqi oil bill could cause more turmoil in the already war-torn country

By Mohamed El-Sayed

FOUR years have passed since Iraq was occupied by America and its allies. Since then, the country's oil policies have not been set yet. In February, however, a draft law was approved by the Iraqi cabinet to regulate the exploration and the legal framework that would govern the industry during the years to come.

Stating that up to two-thirds of Iraq's known reserves would be developed by multinational companies under contracts lasting for 15 to 20 years, the draft law was seen as a turning point for Iraq's oil industry, which has been dominated by the public sector for more than three decades. Also, it was considered to be a departure from normal practice in the Middle East.

Nevertheless, the bill then sparked a wide-scale controversy inside and outside Iraq. For some experts, the draft law was set to grant foreign oil companies long-term contracts for which they have been waiting for decades. In addition, the proposed draft, experts opposed to the new law argue, would give supremacy and most of the oil revenues for multinational companies, rather than the Iraqi people. On the other hand, the majority of Iraqi government officials saw the law as "a gift to all the Iraqi people", as Prime Minister Nouri Al-Maliki described it, stressing that it would encourage reconciliation among all component parts of the Iraqi people.

Having been sent to the parliament for ratification, and then returned to the cabinet for the introduction of some amendments earlier this month, the law is still triggering controversy among different circles. Kurdistan's oil minister slammed the draft law, asking all factions to trash it. Even some ministers inside the government voiced their concerns. "First, I fear that chaos might sweep the industry, which will greatly harm the country, and is something we are definitely not in need of amidst all these chaos afflicting the country," said minister of planning Ali Baban. "The problem with the [proposed] law is that it doesn't give [the government] in Baghdad a clear-cut right to reject contracts signed in other governorates or regions which, according to the proposed law, have a role in signing such contracts," he pointed out.

While Baban saw the draft law as a step in the wrong direction, Hamza Al-Gohari, a veteran Iraqi oil

expert, concurred. "There is no reason to invite foreign companies to have production partnership contracts, since all what these companies do is only to open coordination offices," he said. "In fact, all what we need is a national private sector that could provide highly specialized oil services," he noted.

Economist Ali El-Shammaa criticized the law, saying that the proposed law didn't allow the Iraqi companies to refine or produce oil derivatives. "By forming a united council to run the oil sector, [the law] boosts sectarianism," he said. In this manner, El-Shammaa views the law as canceling the role of the oil ministry, which is supposed to shoulder the responsibility of implementing oil policies.

Anwar Al-Saadi, an economist, is of the opinion that the bill will not give enough opportunity to the Iraqi private sector to invest in the industry. "The bill doesn't give privileges to the Iraqi private oil sector to face American and British companies. But what is really dangerous about this bill is that it allows the government to introduce changes to the boundaries of oil producing regions or setting up new regions, a matter that will rekindle old ethnic and factional problems," he added.

On the other side, oil minister Hussein Al-Shahrastani vehemently supported the enforcement of the new law. "I have never seen a law, other than the constitution, that have been thoroughly discussed on all levels like this law," he noted. "All reservations will be taken into consideration when the parliament discusses the proposed law. Only the parliament has the final decision and can amend, remove or add to the draft law," he stressed.

Indeed, the destiny of the bill lies now in the hands of Iraqi MPs. Prime Minister Al-Maliki will have to secure the support of the majority of the 275 member-strong parliament to pass the bill. Given that the thirty MPs loyal to the influential Shiite cleric Muqtada Al-Sadr are opposing the draft law — saying that the draft law should ban the signing of contracts with companies from countries that still have troops in Iraq — it will be difficult for Al-Maliki to garner enough support.

And with the Kurdistan government in northern

Iraq and the Sunni Arab politicians opposing the draft law for different reasons, the ratification process is doomed to stumble.

Aggravating the situation, an MP and member of the parliament's oil and gas committee responsible to reviewing the draft law resigned from the committee, asking other MPs to reject "this law that is detrimental to the country's future, and which supports the interests of international companies on the expense of the people of [Iraq]." The resigned MP, Osama A-Nejaifi, said that the draft law is "a repeated copy" of the old draft law that was rejected by the parliament in February. He went as far as describing the draft law as "a death blow to the future of the Iraqi economy."

According to the new bill, a new Oil and Gas United Council (OGUC) would assume the daunting task of outlining the oil industry policies. "It will be responsible for outlining policies, oil fields development plans, contract models as well as instructions concerning negotiating and signing contracts," he said. The OGUC will be presided over by the prime minister. It will also consist of concerned ministers of oil, finance, planning, natural resources in Kurdistan, the governor of the central bank, as well as representative from every governorate that produces more than 100 thousand barrels per day.

Meanwhile, American pressures on Iraqi factional leaders and politicians have mounted in an attempt to reach an agreement over the proposed law. Having failed to honor its promise of peace and stability in the country that has the third largest oil reserves, the American administration is ostensibly trying to achieve any success on the economic front by enacting the new law.

With an estimated 115 billion barrels of accessible reserves, Iraq has the third largest oil reserves after Saudi Arabia and Iran. Most of the oil fields are located in the Shia-dominated south, while most of the reserves are in the Kurdish north. And since the US-led invasion in 2003, production has fallen from 3.5 million barrels per day to approximately two million.

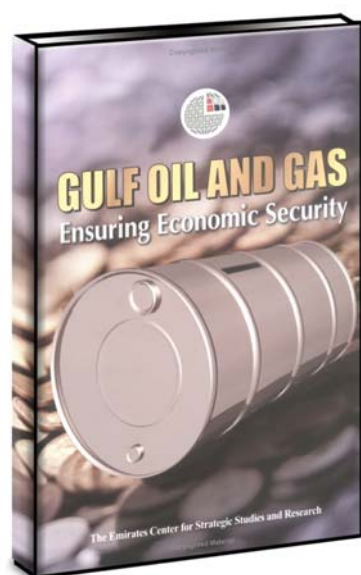
The fear now is that in case all the factions failed to agree on the draft law, all oil facilities might turn into a new target for insurgents.

# Gulf Oil and Gas: Ensuring Economic Security

By Yomna Bassiouni

SINCE its establishment in 1994, the Emirates Center for Strategic Studies and Research (ECSSR) has issued major publications related to the oil and gas industry in the Middle East and worldwide. "Gulf Oil and Gas: Ensuring Economic Security" is one of ECSSR most recent publications tackling the challenges in the oil and gas sector endangering the economy in the Gulf.

A variety of topics assembling the different points of view of international experts concerning the economic security were discussed in this publication, which covers the ECSSR 11th Annual Energy Conference, *Gulf Oil and Gas: Ensuring Economic Security*, held in September 2005, in Abu Dhabi.



This report discusses crucial energy developments and outlines strategies for the Arabian Gulf states to strengthen their future economic security.

Since the Gulf economy area has been greatly depending on its energy wealth; particularly on its oil and gas rich resources, any factors such as drops in supply and/or demand, current tensions in the area, energy prices...etc are very much likely to jeopardize the economic security.

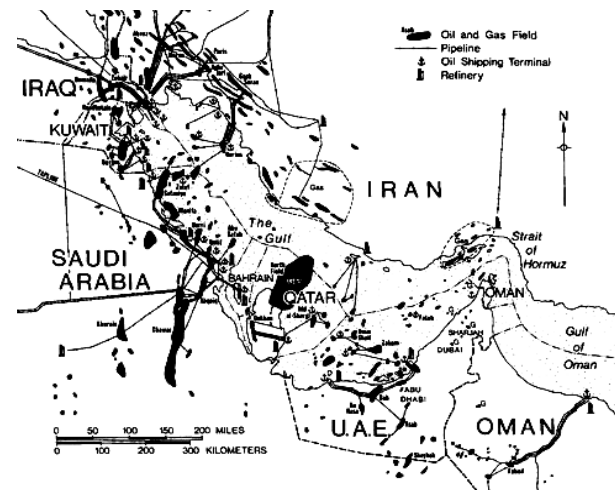
The book hence investigates several

questions to analyze these factors; what long-term production strategy should the Gulf OPEC members adopt? Can Gulf oil producers allay the supply security concerns of major consumer nations? How will limitations in crude quality and constraints in refining capacity impact on global energy markets? How can OPEC maintain reasonable oil prices in the face of exhaustible oil supplies and inexhaustible global demand? How will growing non-OPEC production affect OPEC's predominant market position in the future?

Various vital energy issues were tackled in "Gulf Oil and Gas: Ensuring Economic Security"; the globalization of the gas trade, trends in crude quality; cooperation between consumers and producers; links between national and foreign oil companies; future demand for Gulf energy; prospects for augmented Gulf production; sustainability of Saudi Arabia's excess capacity; concerns over oilfield security; imperatives for attracting investment and the need for additional oil refining capacity. For the Gulf producers, ensuring economic security means going beyond petroleum resource management to formulate policies leading to diversified national development and greater economic cohesion while safeguarding the region's strategic position in an integrated world economy.

The list of contributors hosts international experts recognized for their outstanding research and contribution to the oil and gas sector.

Starting with the first chapter about oil prices and economic security, Dr. Herman T. Franssen, President of International Energy Associates Inc and Director of Petroleum Economics Ltd (PEL) in London, highlights the challenges resulted from the fluctuation of oil prices and its effects on producers. While Tarek M. Yousef, Dean of Dubai School of Government, former Assistant Professor of Economics and Shaikh Al-Sabah Chair in Arab Studies



in the Center for Contemporary Arab Studies, School of Foreign Service at the Georgetown University, shed light on the concept of Globalization and how it combines the whole world in one large economy, where all countries are effected.

This chapter ends with a discussion of oil boom and oil curse analyzed by Dr. Edward L. Morse, Executive Advisor at Hess Energy Trading Co., LLC (HETCO).

Industry trends and prospects present the second chapter of this book, in which two major topics are tackled. The first focuses on the refining challenges in the region. Pedro Antonio Merino Garcia, Director of the Economic Studies Department at the Spanish energy company Repsol YPF draws a scheme starting from crude oil quality availability to clean product demand to illustrate these challenges. As for the second topic, Jean Pierre Favennec, Director of the Centre for Economics and Management at the IFP (Ecole du Pétrole et des Moteurs) School investigates the potentials and risks facing foreign oil companies to invest in the Gulf region.

The last two chapters highlight readers' concerns over the supply security and the future demand for Gulf Oil. Among the discussed subjects, the book covers importance of the Gulf in US oil and gas requirements, role of the Gulf in supplying oil for the Asian-Pacific region and the Gulf Oil in a Global Context: strategies for and challenges to demand security.

## Deep Water Drilling... A New Horizon to Magnetize More Investments

Continued from page 1

ENG. Sameh Fahmy, Egyptian Minister of Petroleum pointed out that the last period has witnessed the achievement of many successes in the Western Desert due to the intensification of exploration works which have led to drilling levels reaching new records of depth. In some locations this depth has exceeded 5000 meters. This is coupled with the successes achieved in the Mediterranean deep water as well; these depths are seen as an apt alternative in opportunities for global companies.

Recently, the British BG, the Malaysian Petronas and the Italian Edison unveiled their plan to invest US \$4 billion over the next three years to cooperate in a number of mega projects in upstream activities. These projects will be focusing on natural gas production in the offshore fields of the Mediterranean area.

This was not the first deal for BG in terms of deep water activities in Egypt. Last summer, BG along with Petronas and the German RWE Dea Egypt and in association with the Egyptian Natural Gas Holding Co. (Egas) signed two petroleum agreements for gas crude oil and exploration in deep water in the Mediterranean Sea.

According to the terms of the first agreement, BG and Petronas were licensed to conduct deep water drilling in North Sidi Krier, at an area of 1950 km<sup>2</sup> with total expenditures of \$80.6 million, a drilling commitment of three wells during eight years, and signature bonuses of about \$3.5 million.

As for the second agreement, RWE was licensed to carry out deep water drilling in the region of North Ameryia at the Mediterranean, in an area of 2066 Km<sup>2</sup> with total spending of about \$25 million and a drilling commitment of four wells during nine years as well as signature bonuses of about \$2 million.

Among the foreign companies which had previously achieved major success in deep water drilling in Egypt is Shell Egypt. With co-ventures with Petronas Carigali Overseas Sdn. Bhd. and Egas, Shell succeeded in making two hydrocarbon discoveries in their offshore concession in the Mediterranean in February 2004. The ultra-deepwater drilling conducted by this partnership included the drilling of three wells in the North East Mediterranean Deepwater Concession. Through this campaign, a new record of water depth for Egypt and the Mediterranean were accomplished, with drilling depths reaching over 2400m of water.

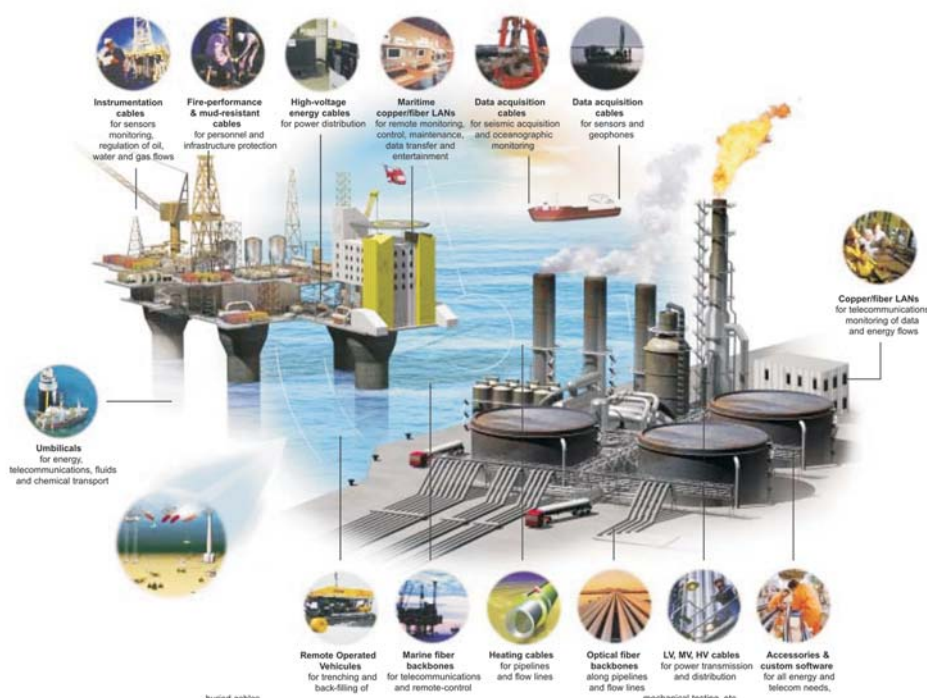
"The drilling results have demonstrated that this ultra-deepwater area is a rich hydrocarbon province. The priorities now are to commercialize the discoveries as rapidly as possible and to ensure that an optimal follow up appraisal and exploration program is designed within this large concession," commented Matthias Bichsel, Shell's Global Exploration Director during that time.

In a recent report issued by Rashid Petroleum Co. (RASHPETCO), Sherif Sousa, the company Chairman attributed the reason behind "pumping new investments" into deep sea drilling to the success accomplished by these companies over the past six years. Their discovery of natural gas in shallow and deep waters in the Mediterranean led to a total investment of approximately \$7 billion in the upstream activities.

Sousa also highlighted a list of new plans consisting of the initiation of four projects for developing gas fields in deep water and another project for establishing a station for ice formation phenomenon treatment inside the marine pipelines that transfers gas in Idku.

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# The Gulf of Suez: What a Difference a Month Can Do

**The Gulf of Suez has played an important role in Egypt's oil and gas sector over the past few decades; however, more recently the area has witnessed a surge of activities reviving once again the glory of the country's top oil producing area.**

By Diana Elassy

NO one can deny the historical significance of the Gulf of Suez to Egypt. The area has observed war with the 1956 Suez war; the beginning of oil exploration and production, with the discovery of some of the first fields in Egypt such as the GPC field and the Hurghada field both of which were discovered in 1915; and the flourishing of tourism, with areas such as Ras Sidr, which currently has at least three key resorts.

Nevertheless, the role of the area in terms of military history or present tourism wanes in comparison to its function in the oil and gas industry where close to 70% of Egypt's oil production is derived. The Gulf of Suez produces Egypt's Suez Mix Crude with an API° of 30.8 and an acidity of 0.10 mg KOH/gm. The loading terminal at the Gulf is located at Ras Shukheir. The Gulf of Suez has yielded over 4.5 billion barrels of oil over the past 40 years. In 1983 the daily production rate of the area stood at around 616,000 barrels, however, this rate has currently greatly diminished.

More recently though, the Gulf has seen much action and the Shura Council elections, which took place last month played a large part in those activities. The Minister of Petroleum, Sameh Fahmy, ran in the Suez district and his campaigns included the initiation and inauguration of several projects. The following is a brief description of those activities which took place in the Gulf of Suez in the past month, with a recap of other important events which also occurred earlier.

## A Recap of the Gulf's Modern Feats: Discoveries and More

Since the beginning of the new millennium the area has witnessed several discoveries. In 2000, a discovery of eight wells with total proven reserves of 28.65 mm barrels took place; this was then followed with the discovery of an additional two wells in 2001, the combined proven reserves of which equated to 35.5 mm barrels. In 2005, Eni SpA discovered new extensions in its Belayim field, which is located in the Gulf of Suez. The discovery prompted Eni to increase its reserves in the area by 180 million barrels over the next 12 years.

In 2006, GUPCO, which will be discussed in detail below, announced yet another discovery 9 kilometers southeast of the Morgan offshore field (the Gulf's largest field). In the same year, the Arab Oil Company announced that it had also made a discovery in the Gulf. The new find was made at 1,700 to 1,900 meters below the seabed and is expected to yield 4,900 barrels per day of crude production.

Another operator which delved into the oil wealth of the Gulf was Rally Energy Corporation. Rally Energy has its primary operations in the Gulf and holds more than 700

million barrels of oil-in-place. By the end of 2006, 91.7 million of the 700 million were determined to be recoverable proved and probable reserves.

## GUPCO: The Champion of the Gulf

One of the largest operators in the Gulf and by far its main player is the Gulf of Suez Petroleum Company (GUPCO), which is a 50/50 joint venture between British Petroleum (BP) and Egyptian General Petroleum Corporation (EGPC), the regulatory body delegated with the task of carrying out joint exploration and production schemes with multinational entities. GUPCO was created in Egypt in 1965 and started its production with the Morgan oil field in 1967. The company operates in several areas across Egypt, but the Gulf of Suez is by far its main focus of attention.

GUPCO's 40 year concession agreement ended in 2005, but on May 10, 2005 Egypt's Minister of Petroleum, Eng. Sameh Fahmy, and BP Egypt's President and General Manager Hesham Mekawi, signed another agreement to extend the Merged Concession Agreement by 20 years.

Since the extension on their concession the joint venture has invested US \$1.4 billion in renovations to its site. Of the total, \$600 million were allocated to renovating the infrastructure of the fields, while \$800 million went towards the development of new discoveries.

## June: The Month of Gulf Activities

The month of June was the month of hustle and bustle for the Gulf of Suez. The activities that took place over

the past month have ranged from exploration to petrochemicals and refining to rig construction to acquisitions. The following is a brief description of each event that occurred in the Gulf throughout the month of June. The events will be covered in chronological order from the least recent to the most.

## Sino-Egyptian Rig Manufacturing

On May 30, 2007 the Egyptian Minister of Petroleum announced the commencement of the implementation of the first oil rig manufacturing plant in Egypt. The plant will be the first of its kind not only in Egypt, but also in the Middle East.

The plant will be situated in Suez in the development industrial zone, northwest of the Gulf of Suez. The location of the plant will cover an area of about 84 thousand square meters and neighbors the ports of Adabeya and el Ein el Sokhna.

The announcement for the plant came during the visit of the Minister of Petroleum with the Governor of Suez and the Chinese Ambassador to Egypt. The three representatives approved the construction of plant.

The Chairman of the Egyptian Chinese Petroleum Company, Eng. Mohamed Hamed El Gohari, noted that by the end of this year three land drilling rigs should be completed. The project also aims at providing rig overhaul and well maintenance for the MENA region. Thus far, there have been investments of about US \$30 million for the project. The Egyptian shareholders of the endeavor include Petrojet, Enppi, and Tharwa Petroleum.

For the residents of Suez, this project signifies the creation of close to 500 job opportunities; for the nation at large, this project marks the beginning of information exchange and the alleviation of rig demand for the oil and gas industry.

## The Suez's First Natural Gas Fuelling Station

On June 4, 2007, the Minister of Petroleum and the Governor of Suez, General Seif El Din Galal, inaugurated the first natural

gas fuelling and services station in the Suez area.

During the first phase of operation the fuelling station's capacity will reach half a million cubic meters monthly, a figure which will be gradually increased to one million cubic meters monthly during the second phase.

In addition to serving its function as a fuelling station for natural gas, the station will also serve as a converting centre for cars. Aligning with the government's initiative to convert as many cars as possible into natural gas in order to conserve diesel fuel, the converting centre will have a capacity of converting 150 cars a month.

The location upon which the station is situated covers an area of approximately 2000 square meters. In terms of investment, the Governorate of Suez has invested close to LE 4.5 million in the project. The project aspires to promote the use of natural gas while providing job opportunities for the residents of the area.

## Used Oil Refining

On June 10, 2007, the Governor of Suez, the Minister of Local Development, General Abdel Salam El Mahgoub, and the Minister of Petroleum visited the site of the first project in Egypt to collect and distribute mineral oils keeping in line with international standards and specifications.

PetroTrade, the company taking lead of the project will gather used oils and process them in order to prepare them for refineries. By 2008 the company aims to have gathered five thousand tons in 2008 and 15 thousand tons by 2010. The mineral oils will be gathered from Suez, Ismailia, the Red Sea, North and South Sinai, and Port Said. The project will follow a used oil collection scheme based on a network divided among five main areas of collection; thus far three storage tanks have been prepared: one in Sharqiya Governorate for northern Egypt, the second in Cairo for the Greater Cairo area, and the third in Alexandria.

The location of the plant will be in the Agroud area in Suez. Investment in the project has reached US \$10 million. The project aspires to earn LE 10 million for used oil sales by 2010 and LE 60 million for refined oil sales. For the citizens of Suez this project means the creation of close to 500 jobs.



Visit to the Suez's first natural gas fueling station, MasterGas

## Kuwait in Suez

Kuwait's presence in the Gulf of Suez was also highly sensed in the month of June. On June 14, 2007, the Minister of Petroleum signed an exploration and development agreement in the Gulf with the Kuwaiti KUFPEC Company. The investment of the agreements amounts to approximately US \$400 million.

On June 10, 2007, the Minister of Petroleum announced yet another ambitious undertaking for Kuwaiti and Bahraini investment. The two countries' investment will be joined with Egyptian investment to launch two new petrochemical and refining projects. The first project is designed for the production of petroleum and petrochemical products at a capacity of 130 thousand b/d and the second project is designed for oil refining at a capacity of 100 thousand b/d to be increased in the second phase to 150 thousand b/d.



Visit to the Chinese Rig Factory



Visit to the pumps factory



Inauguration of used oil refining plant

The combined investment of the two projects is approximately US \$3 billion, with US \$1.8 billion going towards the oil refining plant and US \$1.2 billion going towards the petroleum and petrochemicals plant. The two projects will be located in the Suez Governorate.

The Kuwaiti and Bahraini presence in the Gulf of Suez stand as a testament to the profitability and fruitfulness of Arab economic cooperation.

## The Minister's Visits

The month of June also witnessed several visits by the Minister of Petroleum to the Suez Governorate. As was previously mentioned, the Minister was running for the Shura Council in the district of Suez and as part of his campaign traveled quite frequently to the district.

During his visits, Fahmy stopped by the first factory in the Middle East to produce oil and gas pumps. The visit was also attended by the Governor of Suez. The factory is a joint endeavor between various companies within the petroleum sector whose share equates to 33% of investments and the German company Ruherpumpen who will carry the other 67%. Total investment in the factory is close to LE 150 million. The factory will not only produce pumps for the oil and gas industry, but will also provide maintenance service for all pumps in Egypt. The factory is said to have a production capacity that will reach 400 pumps per year and is designed to cater to not only the Egyptian market, but the MENA region at large.

The second visit by the Minister was to the Suez Company for Vocational Safety Equipment. The project consists of two plants that will produce protection equipment for the oil and gas sector; such items will include shoes, clothes and other equipment. The production capacity of the two plants is 400,000 pieces of cloth and 250,000 pairs of shoes per year. The plants aspire to serve not only the petroleum sector, but also other sectors including but not limited to the industry

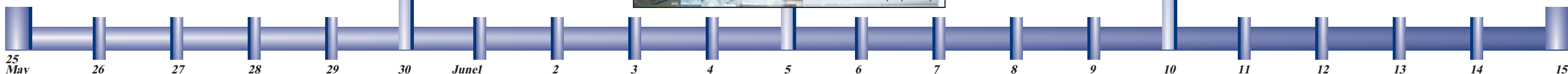
sector and the construction sector.

This is yet another first for the Egyptian market, a company that will produce personal protection equipment for the oil and gas industry. Investments for the safety equipment plants have reached close to LE 3.9 million where 85% of which came from holding companies such as Petrojet, Enppi, and PMS contributing with shares, while the other 15% is covered by private institutions such as TamOil and CIB. The plants are expected to provide employment for nearly 900 workers.

## India's ONGC and UAE's Dana Gas

On June 15, 2007, ONGC Videsh, the Indian state run oil and gas exploring company, announced that they had made an oil discovery in the Gulf of Suez with their partners IPR Red Sea Inc. This announcement came at the heels of another declaration by the Indian company. ONGC has recently bought a 33% stake in a Royal Dutch Shell deepwater gas block in Egypt.

Ten days following ONGC's announcement to buy shares of Shell's Egyptian deepwater gas block,





the UAE's (and the Middle East's at large) first private sector natural gas company, Dana Gas, divulged that it had acquiesced a controlling stake in its Bahraini affiliate, Danagaz Bahrain. Dana Gas has taken control of 66% of the Bahraini affiliate, while 34% remains in the hands of Bahraini partners.

The transition has brought along a new joint venture that aims at investing in the Gulf of Suez gas-to-liquids plant in Egypt. The joint venture is between the Egyptian Bahraini Gas Derivative Company (EBGDCO) with 40%, the Egyptian Natural Gas Holding Company (Egas) with 40%, and the Arab Petroleum Investment Corporation (Apicorp) with 20%. The project consists of the creation of a gas liquids extraction plant near Ras Shukheir in the Gulf of Suez.

The capacity of the plant will be approximately 55 billion cubic feet of natural gas to be processed annually and the production capacity will be close to 120,000 metric tonnes of liquid propane and butane annually. The project is expected to take 18 months for completion.

### **The Great Gulf Revival**

It is obvious that all the activities that took place in the Gulf of Suez over the past month are not normal in proportion. However, these events are better understood when viewed as a mega project for the area, which it was. Most, if not all, of the above mentioned projects, agreements and investments are part of the implementation of eight main projects inclusive to the production of onshore oil rigs, the manufacturing of oil pumps, the production of vocational safety equipment, the bolstering of petrochemicals activities, and the extending of natural gas networks.

The projects brought in close to LE six billion and encompass not just the area of Suez, but also Port Said, the Red Sea, South Sinai, and Ismailia. Along with the mass amounts of investment, these projects also include the creation of thousands of jobs for the citizens of these Governorates.

As a candidate for the Shura Council, the Minister of Petroleum ran with a campaign that included the welfare of the community by providing jobs and the flow of money into the Governorate. It is not surprising that with such a campaign, which included the implementation of many of these projects, the Minister won the seat in the Council with flying colors.



Eng. Sameh Fahmy listens to a presentation given during his visit to the Chinese rig factory

In fact, for his impressive campaign platform, the Minister was honored by the Suez Area for Soccer on June 8, 2007. However, Fahmy was not honored for the above accomplishments only, but more importantly for the sports oriented promises that he made during his campaign, which included the creation of an international training center in el Ein el Sokhna. The training center aspires to be a training hub for European teams who would like to continue outdoor practice during the winter; the center is to provide another option for European teams to conduct their training.

It is only desired that other Governorates follow suit with the Suez Governorate by attracting investment and alleviating the pressures of unemployment. The importance of such projects must be recognized by the entire nation, where one project can create jobs, better the infrastructure of the area, allow for the transfer of knowledge, and expand the limits of what is possible in the smaller Egyptian Governorates. Egypt has proven to be so much more than Cairo and Alexandria and investors are starting to realize that. Governors and other government representatives should act as spotlights for investors leading them to the areas of extreme, unutilized potentials.

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## Study of Tertiary Oil Recovery by Surfactant/ Polymer Flooding

Surfactants/Polymers (SP) has been in use since the 1950's. Technological advancements during the 1980's by major oil and services companies have resulted in a thoroughly tested and reliable technology. SP has been used worldwide and has been successful in recovering additional oil of about 15 to 30% of OOIP.

By: Dr. Atef Abdelhady, Production General Manager  
Egyptian Natural Gas Holding Company, Egas, Egypt

### TOR program utilizing SPF

Depending on the characteristic of the formation being produced and the economics, the chemical components of the SP process are mixed with traditional water. Surfactants clean the oil off the rock and polymer spreads the flow through more of the rock.

SP flooding has been used extensively worldwide and has been successful in recovering and additional oil recovery from 15 to 25% of OOIP. Also field projects indicate that SPF can recover up to an additional 28% of reservoir oil. Field data proves SPF is an effective way to recover residual oil.

### Oil Recovery Principles

There are three levels of oil recovery; primary recovery, where reservoir energy is used to produce oil and gas. The average recovery of this stage is about 15 to 20% of OOIP. Secondary recovery, where energy is given to reservoir by injection of water or gas recovers an additional 20 to 25% OOIP. Tertiary oil recovery, which historically follows secondary recovery, recovers an additional 15 to 20 % OOIP over secondary.

However, there are several factors that affect SPF. Such factors include reservoir depth, salinity, crude oil, reservoir temperature, ion-caution exchange, lithology and geology, and chemistry of formation water.

There are also factors that influence the actual SPF process. Such factors include mobility control design, surfactant concentration, residual permeability reduction, surfactant retention, dispersion of the surfactant slug, and rheological behavior of surfactant solution in porous medium.

### Chemical oil recovery methods

To increase ultimate oil production beyond that achievable with primary and secondary methods, there are a few steps to undertake. First, an improvement of the sweep efficiency must ensue. This is then followed by a reduction of the amount of residual oil in the swept zone. Thirdly, there must be an increase in the displacement efficiency. And finally, there must be a reduction in the viscosity of thick oils.

### Tertiary Oil Recovery (TOR)

TOR methods consist of three major categories:

- 1) Thermal Processes, which include steam flooding, steam stimulation and in-situ combustion
- 2) Chemical Processes, which include surfactant polymer injection, polymer flooding, and caustic flooding
- 3) Miscible Displacement Processes, which include miscible hydrocarbon displacement and carbon dioxide injection.

### Why SPF?

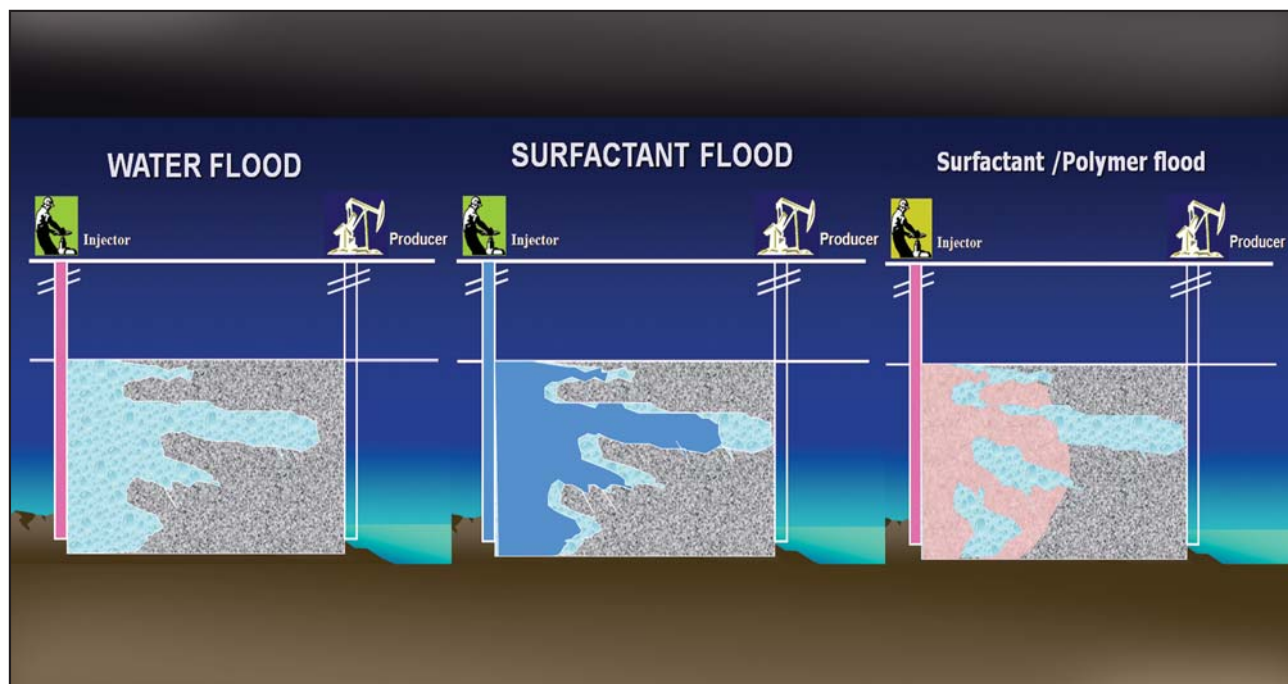
The natural question that comes to mind is why exactly one should invest in SPF. The answer is quite simple. First, it is a low risk technology. Second, it focuses on mature fields with substantial existing infrastructure and finally, it increases production and cash flow. For the proper implementation of SPF, an appropriate project team must be composed. This team should consist of geologists, reservoir engineers, production engineers, marine specialists and economists.

### Field Testing

There are two main types of pilot tests. The first tests the technical feasibility of the process, while the second is meant to assure optimization of operations and to prove their profitability. There are also laboratory experiments designed to determine microscopic sweep characteristics, residual oil saturation, adsorption, dispersion, degradation of injection products and reaction with formation water.

### Modeling SP flooding

A compositional simulator is one that is based upon the mass conservation of each component. This leads to a set of partial differential equations. In addition to the material balance equations, there is also Darcy's law and a large number of equations describing physical properties such as: phase behavior, interfacial tension, relative permeability, capillary pressure, and adsorption / desorption.



The SPF project timeline is divided into several phases. The pilot program takes approximately 2-4 months; facilities bear another 5-8 months; initial response is 6-8 months; peak production is reached within 3 years; production plateau at 4 years and production declines at 10-30 years.

At times, however, the SPF process fails. There are several reasons for that, which include but not limited to low oil prices, inadequate understanding of process mechanisms, unavailability of chemicals in large quantities, and an insufficient description of reservoir (i.e., permeability heterogeneities, excessive clay content, high water saturation, bottom water or gas cap, and/or fractures).

There are also factors that affect the SP flooding process. Such factors include Mobility control design, Surfactant concentration, Residual permeability reduction, Surfactant retention, Dispersion of the surfactant slug, and Rheological behavior of Surfactant solution in porous medium.

The SP flooding process design consists of three aspects:

- 1) Mobility Control, where such control should be sufficiently superior in order for high sweep efficiency to occur in the reservoir
- 2) Reservoir, where characterization must take into account the reservoir characteristics
- 3) Core Floods, which should be conducted in reservoir cores in order to evaluate the oil recovery performance and surfactant retention

The SP flooding process sequence begins with a preflush, which is done in order to lower formation salinity. This is then followed by surfactant slug, which raises the slug volume from 5 to 20% pv. Then, the mobility buffer, which drives the slug and banked up fluids to the production wells. Finally, the chase water, which is essentially the fluid injected to reduce the cost of the continuous injection of polymer.

The typical range of surfactant slug compositions is as follows:

Aqueous slug—0.5 to 10% surfactant, 0.05 to 0.2 % polymer, 0 to 10% co surfactant and brine is balance.  
Micro Emulsion—1 to 20% surfactant, 10 to 90% oil, 1 to 20% co surfactant, and brine is balance.

### Fundamental requirements for a successful SPF Project

The essential requirements for a successful SPF project are that the surfactant must mobilize the residual oil and reduce its saturation essentially to zero by lowering the interfacial tension. Also, the retention of the surfactant must be sufficiently low so that it can propagate across the entire oil reservoir using only a small amount of injected surfactant.

A successful SP flood project must achieve three things for effective oil recovery. First, the SP slug should propagate at optimal conditions. Second, surfactant concentration should be big enough so that some of it is not retained by permeable surfaces. Third, and last, the active surfactant should sweep

a large portion on the reservoir without being excessive due to dispersion.

In short, the SPF method increases the capillary number, where polymer increases viscosity of display fluid (water); heat reduces viscosity of displaced oil; and surfactant added to water decreases interfacial tension. The objectives of SPF are to increase the capillary number in order to mobilize residual oil while decreasing the mobility ratio for better sweep; in other words, the emulsification of oil to facilitate production.

A numerical calculation of SPF recovery from water to flushed zone can be seen as follows:

$$\text{Increment ultimate oil recovery} = \frac{[\text{OOIP} \times \text{Boi}] (\text{Sorw} - \text{Sore})}{1 - \text{Swi}} \text{ E/Bo}$$

Where

OOIP = Original oil in place (Stock tank barrels).

Boi = Original oil formation volume factor reservoir barrels per stock tank barrel

Bo = Current oil formation volume factor reservoir barrels per stock tank barrel

Swi = Original water saturation

Sorw = Residual oil saturation by water flood in swept zone

Sore = Residual oil saturation by surfactant / polymer flow in swept zone

E = Water flood and chemical flood volumetric sweep efficiency

The above equation provides an estimate of the incremental volume of oil that might be recovered by surfactant flooding over that which could ultimately be achieved by conventional water flooding.

### The Future for Egypt

At the moment, there is much interest in improved oil recovery in Egypt due to the fact that the country suffers from many abandoned oil wells and declining production from mature oil fields. In general, it is quite advantageous to recover oil with new techniques at low recovering cost.

In conclusion, in field practice, the most successful surfactant/polymer flood has been conducted in low temperature, low salinity sandstone reservoir, having a moderate to high permeability and containing relatively low viscosity crude oils.

Surfactant and polymer flooding is ideal for shallow fields with small wells. High temperature causes surfactant break down. The presence of magnesium and calcium ions in reservoir fluids can cause surfactant molecules to separate and settle out of solution.

In the next ten years, oil prices are expected to increase steadily. There is no doubt that the petroleum industry will take advantage of this favorable long-range economic situation to speed up the development of TOR processes.

Each of the TOR processes has a specific range of application depending on field characteristics, local consideration, market condition, and economic incentive.

# Siemens' Oil & Gas Portfolio

**The new thrust into the Oil & Gas market comes at a time when market statistics highlight that global crude oil production will need to increase by about 25 per cent over the next decade**

By Emad Ghaly  
Senior Vice President & Head of Corporate Strategy  
Siemens

THIS estimation is based on the conservative opinion of most experts working in the oil and gas field. Meanwhile, it is estimated that natural gas production will need to grow by 200 per cent to cope with the increased global economic development over the next 50 years. Accordingly and based on the fact that Egypt is considerably a new comer as a natural gas player, the need for growth is rather high. All of this translates into the need for massive investment to open new gas fields and for the renewal and development of gas transport infrastructure in addition to the increase in capacities of the existing LNG plants to satisfy the world wide market demand.

With a board competence base team with in-depth experience that is realized in numerous references across a multitude of applications, Siemens provides integrated solutions for the stages of Oil & Gas industry based on high quality products and economic excellence, which compile the standards of the Oil & Gas industry with a strong commitment to HSE.

Siemens is one of the leading organizations that can provide a complete portfolio from compression and pumping motors and turbines, to power generation and distribution systems, all the way to water management, automation and instrumentation systems for onshore and offshore floating production system. Siemens' solutions cover Upstream, Midstream and Downstream as well as electromechanical erections for the projects. "Quite simply, there is no one else who can provide what we do!". That claim is based on the diversity of the Siemens global enterprise. Its strengths in the power generation and distribution business provide a major foundation for the electrical part of the business. Combined with the expansive scope of its automation and industrial solutions business, the organization's interests in the oil and gas business are backed by a portfolio that is generally considered difficult to match. Siemens high technology plays a critical role in increasing production and quality, water management, automation and control systems. Siemens plays a major role in ensuring that the source fields are successfully exploited and that the quality of extraction and fracturing is maintained at a high level.

"The Egyptian market and the region is the very heart of the oil and gas industry, It is quite obvious that with the increase of global demand which makes expanded production and high technology mandatory, we should also increase our focus on providing such solutions right here on the ground in the region." Siemens is already the largest player in the power sector, and plans to be the most reliable partner for the key players in the oil and gas sector by providing rapid response to their needs and immediate technical service support rooted in the skilled manpower located in Egypt.

Siemens' own annual research and development budget crosses EUR 5 billion, on average. That kind of research provides great possibilities for all industries including oil and gas to leverage the potential of technological innovation developed for their specific situations. One of the direct results of



the huge effort and budget Siemens is spending on research and development is the production of the world's largest and most powerful gas turbine ever known named "SGT5-8000H" with dimensions of 13 meters in length, five meters in height, and weighing over 440 metric tons. The new gas turbine will set a benchmark in terms of output, efficiency, life-cycle costs, emissions and operational flexibility. Its capacity of 340 megawatts (MW) is approximately equivalent to that of 13 jumbo - jet - engines.

Gas turbines are a unique combination of classic heavy mechanical engineering and ultramodern manufacturing technology. The turbine blades and vanes play a decisive role. They are ultimately responsible for the turbine's efficiency. Advanced turbine blades and vanes are masterpieces of engineering: uniting a maximum of precision and performance. The blades and vanes deployed in Siemens latest generation of gas turbines can readily handle temperatures of almost 1500 degrees Celsius, thanks to their perfected air cooling.

However, Siemens is not investing only on research and development but also executing a parallel plan of acquiring the most successful manufacturers to expand Siemens' portfolio in Oil & Gas and industrial applications. Recently, Siemens has acquired 100% of Kuehne, Kopp & Kausch AG (KK&K) which designs, manufactures and markets small steam turbines with capacities up to 5MW and small compressors and fans for industrial applications. The product portfolios of KK&K and Siemens complement each other excellently.

Furthermore, the acquisition of KWU in the late eighties followed by the acquisition of Westinghouse USA for industrial applications

and then the acquisition of Demag Delaval as well as Alstom turbines for industrial applications have further strengthened Siemens' portfolio and positioned Siemens as a key player in the O&G industry.

One of our major interests is in working with our clients as partners, rather than just as suppliers; we would like to create custom-made solutions for each client. With the kind of volumes we are talking about here, customization is not just economically possible, but a necessity to ensure that each client uses technology and skilled human resources to its optimum.

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# 101 and Counting

## Having won the Egypt Cup, Ahli garnered the 101st championship in its history

By Mohamed El-Sayed

PERHAPS the Egyptian derby between Ahli and Zamalek in the final match of the Egyptian Cup was one of the most exciting games in the history of Egyptian football. The 4-3 hard-fought, breathtaking local victory will go down in the Red Club's history as the most precious of all.

By winning the derby, Ahli made many achievements on different levels. First, they took revenge on their archrivals who beat them 2-0 in the 29th stage of the National League in the absence of their head coach Manuel Jose and a group of its distinguished players. Second, the victory served as a turning point for the Red Devils whose performance curve took a downturn in the second half of the league.

Third, having collected the Egypt Cup and the National Football League trophy last year, the victory made Ahli secure the country's two main championships for the second year in a row. Fourth, for the Portuguese head coach Manuel Jose, winning the cup made him the most successful head coach in the powerhouse club throughout its history. Egypt Cup was the 13th title Jose helped his team to win.

The win also spurred the team's run towards defending the African Champions League title which they secured in the past two years. Having edged Al-Hilal of Sudan 2-0 in Cairo in the last ten minutes, Ahli continued its unbeaten streak in the group phase by defeating Asec of Ivory Coast on the latter's home turf 1-0. The victory was the first for an Egyptian side in the West African country. That's why, perhaps, President

Hosni Mubarak was keen to officially congratulate the team following the final whistle, although the match was not a final.

By defeating the Ivorian team, Ahli is now on top of the first group with six points, Al-Hilal of Sudan is in second place with three points, Asec and Esperance of Tunisia are in third and fourth places respectively with one point each. Ahli was scheduled to meet Esperance late in July.

Reaching the top is relatively easy. However, keeping the top position is especially difficult. Therefore, Ahli began to support its ranks with distinguished players. Ahli's officials signed former Zamalek midfielder Moataz Eino, and have been trying to sign Ismaili's brilliant midfielder Hosni Abd Rabbo. Club officials have also entered into negotiations with Sfaxien of Tunisia to sign its outstanding striker Abdel-Kareem El-Nafti. Meanwhile, Ahli sold its defender Mohamed Seddik to Misri of Port Said and midfielder Wael Riyad to Enppi.

And as has been the habit of the country's two richest clubs, a fervent competition between Ahli and Zamalek started with the aim of joining the best Egyptian players to enhance their ranks. Zamalek managed to sign defender Mahmoud Fatahalla of Ghazl El-Mahalla after a hard competition with Ahli's officials. The total transfer deal amounted to LE6.6 million, according to Mahallah officials. Apart from Fatahalla, Zamalek has signed three other players: Khaled Saad of Faisali of Jordan, its former defender Beshir El-Tabai of Riz Sport of Turkey, and Karim Zekri of Misri of Port Said. The team is now camping in France in preparation for the new season.



Therefore, it refused to play the Super Cup match against Ahli on 9 August.

Meanwhile, the coastal city club, Ismaili's illustrious run is threatened to be halted. Financial and administrative problems have afflicted the club and portend a divide in the team. The team's distinguished midfielder Abd Rabbo might move to Ahli due to Ismaili's failure to pay the money to his French club on time. Mohamed Fadle, the team's top scorer last season with 15 goals, and midfielder Sayed Moawwad have not received their money due last month according to their contracts, and therefore they have filed a complaint with the Egyptian Football Association.

The Egyptian Football Association has announced the schedule of the 2007-2008 season. Misri of Port Said will host defending champions Ahli in the first week on 13 or 14 August. The same day will see a hard-fought encounter between runner-ups Zamalek and Ismaili, which was third-placed last season, in Cairo.

The Ahli-Zamalek derby will be held in the fifth phase on 16 or 17 September, while they will meet again in the 20th phase of the tournament. Other matches of the first phase include: Suez Cement vs. the Army, Tersana vs. Petrojet, the Arab Contractors vs. newly promoted Baladiyet El-Mahalla, the Coastal Guards vs. Ittihad of Alexandria, Ghazl El-Mahalla vs. Enppi, and newly promoted Egypt Telecom vs. newly promoted Aluminum.

The first half of the league will come to a close on 25 December, and the tournament will be concluded on 19 May 2008. And the final of Egypt Cup will be played on 25 May 2008.

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## Oil & Gas Crossword

**ACROSS**

3 The first and sturdiest joint of the drill string in conventional rotary drilling rigs

4 Well drilled in an area where no oil or gas production exists nearby

5 Performance rating of gasoline

6 Large-diameter pipelines transport crude oil, natural gas liquids and refined petroleum products to refineries and petrochemical plants

9 Dry gas not connected to oil in a productive reservoir

**DOWN**

1 Rotating pump commonly used for large-volume oil and natural gas pipelines

2 Modern drilling unit capable of drilling a well with a bit attached to a rotating column of steel pipe

7 Biological material used as fuel

8 Volatile organic compound (VOC) that occurs naturally in petroleum

Answers: 1. Centrifugal pump 2. Rotary Rig 3. Kelly 4. Wildcat 5. Octane 6. Trunk lines 7. Biomass 8. Benzene 9. Non associated gas

# More than just a beach

**Are you feeling exhausted? Are you tired of doing the same thing at work every day? Have you thought about how you will spend your summer vacation? Will it be relaxing at the beach, visiting some historical monuments and museums, seeing some of Egypt's religious relics or talking a desert trip and enjoying the natural beauty of Safari Egypt?**

By Sarah Rashdan

If you are looking for a peaceful, comfortable and unforgettable trip, here are some places to go that provide a variety of unique adventurous journeys across Egypt that will help you relax and enjoy your time of leisure.

## Ras Sudr

Ras Sudr is located about 37 miles south of the Ahmed Hamdy Tunnel, which connects mainland Egypt to Sinai.

The weather is superb in the area, usually ranging from 30°C-35°C. The area is comprised of beautiful beaches offering a wide variety of water activities such as swimming, windsurfing, snorkeling, fishing, water skiing and diving.

There are a few must-see sites, which include: Uyoun Moussa, also known as Springs of Moses, it is 20 minutes from Ahmed Hamdy Tunnel. The springs are one of the places where Moses is believed to have passed during the Exodus. As the legend goes, 12 springs of water burst during his visit.

Another attraction is Hammamat Pharaon, also known as the Pharaoh's Baths. It is south of Ras Sudr, 115km from Ahmed Hamdy Tunnel. It is a natural hot water spring set in a cave extending 25m into the mountain, where the water bubbles up and flows into the sea.

If you are looking for an adventurous trip then Serabit Al-Khadem will be the right place for you. Serabit Al-Khadem is a temple further to the south of Ras Sudr, located on the top of the mountain and is devoted to the patron goddess, Hathour. During ancient time, this area was believed to be the site where ancient Egyptians used to mine turquoise. For this trip, you will need a four-wheel drive vehicle and should expect to face about one hour of climbing.

Another desert trip is Al-Tayeba Oasis, which is 25km from down town Ras Sudr. Imagine yourself sitting in an oasis surrounded by palm trees and camels and listening to the music of a Bedouin band. There you may enjoy some tea and grilled chicken or meat served by your hospitable host Bedouins.

## Marsa Matrouh

Another magnificent place is Marsa Matrouh, 524km from Cairo. It lies on a bay on the Mediterranean and is famous for its seven-kilometer long, white soft sands and calm transparent water.

Other known beaches include the Ageebah Beach, which is 28km west of Marsa Matrouh, distinguished by its numerous natural caves and fascinating scenery and the Al-Abyad Beach which is about 20km west of Marsa Matrouh.

If you are interested in visiting some monuments and tourist sites then you should go to the Egyptian Fleet Anchorage, Coptic Chapel, and Rommel's Hideout.

At the Egyptian Fleet Anchorage, you will find the remains of Ptolemy's naval installations. While at the Coptic Chapel, you will see numerous caves bearing inscriptions. As for the Rommel's Hideout, it is a cave, which has been now turned into a military museum. There you will find one of Rommel's original strategic plans designed for his military operations.

Other places to visit include the British and the German Cemeteries. The first consists of thousands of rock-hewn tombstones standing in straight rows beside a garden, while the latter is built on a high hill overlooking the sea. There is also the Italian Cemetery which is a lofty tower standing on an elevated hill, where the walls are covered with marble.

## Fayoum

Fayoum is a wonderful area with a rich and interesting history. It was the main place of worship for Sobek, the crocodile god. During ancient time, crocodiles were bejeweled with gold and fed honey cakes and meat by the priests.

Places to visit in Fayoum include the Pyramid of Senusert, the Keman Faris, the Obelisk of Senusert, the Temple at Kom Madinat Madi, Karanis, Dimia al Sibbia, the Temple of Qasr al Sagha, and finally the Monastery of al Azab.

Here is a brief description of the above places. The Pyramid of Senusert, also known as the Pyramid of Lahun, was built by Senusert II of the XII Dynasty, on a rocky surface on which limestone pillars were constructed. The Keman Faris is an ancient city, known as the cult center of the crocodile god, Sobek. It was built during the V Dynasty. The Obelisk of Senusert is a 30 meters height monument built by Senusert made of granite. It was originally found in two pieces during the 18th century and was recently reconstructed.

There are also some Greek and Roman sites in Fayoum. Dating from the Roman, Coptic, and early Islamic periods there is the Karanis, which is an archaeological site. The city also contains two temples dedicated to the god, Sobek and a Roman bath house.

Another place to visit is Dimia al Sibbia, located on the northern shore of Lake Qarun, where there are the remains of the ancient city of Soknopeios.

Other temples include the Temple of Qasr al Sagha, located on the heights overlooking Lake Qarun from the north. It is a small temple constructed of pink sandstone. The Temple of Qasr Qarun was built during Ptolemaic times, dedicated to Sobek. It is distinguished by its interior, a maze of rooms, and stair cases, all ending on the roof.

Finally, you can visit the Monastery of al Azab, an ancient monastery dating back to the early Christian period. It is also called the monastery of Saint Abram because it contains his remains.



## Sohag

Sohag or Sawhaj lies in the south of Upper Egypt, and covers a stretch of the Nile Valley. It is known for its historic sites, such as the Temple of Seti I, which is considered one of the most important archeological sites in Egypt. The temple, built by Seti I and completed by Ramses, consists of two halls; the first with carved relief, and the second with designs in the form of painted relief.

Behind the temple of Seti I is situated the Osirion, which contains a number of hallways and a courtyard leading to a second pillared courtyard. It is surrounded by 16 small rooms. On the north side of the temple, lays the Temple of Rameses II with sandstone pillars, granite doorframe and a marble shelter.

There are three monasteries in Sohag. The first is Deir Al Anba Shenouda, also called the White Monastery, founded in the year 440. It lies about 6km west of Sohag, and was built using stones and pillars taken from ancient temples. The second is Deir Al Anba Bishoi, also called the Red Monastery, which is 2km from the White Monastery; it also dates back to the fifth century. The last monastery is Deir Al Saba Jibal, located in the valley at Akhmim.

Finally, there are two important mosques in Sohag, the Al Gaamia at Atiq; an old and renowned mosque of Sohag dating back to the Fatimid period. There is also the Masjid Al Arif, a 15th century mosque.

## The White Desert

One of the most splendid places in Egypt that is a must-see for all is the white desert. It is also called El Sahra al-Beida, located 175km southeast of Cairo. The desert has a white, cream color and a massive chalk rocks that have been created as a result of sandstorms and wind erosion. For the best romantic ambiance, be there at sunrise or sunset, when the sun turns the white chalk into pink and orange, or in the light of a full moon, which gives the land an icy appearance.

## Ras Shitan

Ras Shitan also called the Devil's Head; it is about 16km north of Nuweiba, known as one of the best sites for diving. It is the home of puffer fish, octopus and moon groupers. There is also a variety of corals, ranging in different size and texture.

In conclusion, as redundant as it might sound, Egypt never ceases to amaze. The ancient country is full of hidden beautiful sites that many have not seen nor fully ventured into. The nice part of most of these sites is that they can be traveled to in the time-span of a weekend. Many are close to Cairo and are not resorts or just beaches, but actual sites for your eyes to behold. Egypt Oil & Gas has given you the places, now all you have to do is give yourself the time off. After all, you work hard, don't you deserve to play hard.

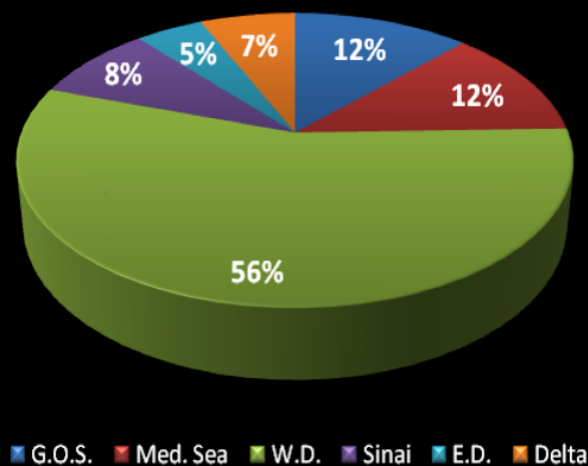


Table 1

Egypt Rig Count per Area  
July 2007

Area	RIG COUNT		Percentage of Total Area
		Total	
Gulf of Suez		13	12%
Offshore	13		
Land	0		
Mediterranean Sea		13	12%
Offshore	13		
Land	0		
Western Desert		59	56%
Offshore	0		
Land	59		
Sinai		9	8%
Offshore	0		
Land	9		
Eastern Desert		5	5%
Offshore	0		
Land	5		
Delta		7	7%
Offshore	0		
Land	7		
<b>Total</b>		<b>106</b>	<b>100%</b>

Rigs per Area July 2007



Source : Egypt Oil & Gas

Table 3

World Natural Gas Liquids Production  
(Thousand Barrels per Day)

	Algeria	Canada	Mexico	Saudi Arabia	Russia	Former U.S.S.R.	United States <sup>1</sup>	Persian Gulf <sup>2</sup>	OAPEC <sup>3</sup>	OPEC-12 <sup>4</sup>	OPEC-11 <sup>4</sup>	World
August	315	691	445	1,439	420	---	1,726	2,269	2,679	3,016	2,992	7,768
September	320	706	427	1,439	<b>420</b>	---	1,781	2,269	2,684	3,021	2,997	<b>7,780</b>
October	320	673	405	1,439	<b>425</b>	---	1,773	2,269	2,694	3,031	3,007	<b>7,817</b>
November	330	683	383	1,439	<b>419</b>	---	1,769	2,269	2,704	3,041	3,017	<b>7,845</b>
December	328	668	396	1,439	<b>424</b>	---	1,734	2,269	2,707	3,039	3,015	<b>7,844</b>
2006 Average	310	685	427	1,439	<b>417</b>	---	1,735	2,268	2,668	3,001	2,978	<b>7,774</b>
2007 January	341	662	411	1,439	<b>424</b>	---	E 1,670	2,305	2,763	3,088	3,064	<b>7,855</b>
February	340	703	405	1,439	<b>426</b>	---	E 1,706	2,316	2,771	3,090	3,066	<b>7,919</b>
March	340	679	416	1,439	<b>426</b>	---	E <b>1,767</b>	2,314	2,769	3,089	3,065	<b>7,893</b>
April	340	709	420	1,439	422	---	PE 1,749	2,311	2,766	3,090	3,066	7,977
2007 4-Month Average	340	688	413	1,439	424	---	PE 1,723	2,311	2,767	3,089	3,065	7,910

<sup>1</sup> U.S. geographic coverage is the 50 states and the District of Columbia. Excludes fuel ethanol blended into finished motor gasoline.

<sup>2</sup> The Persian Gulf countries are Bahrain, Iran, Iraq, Kuwait, Qatar, Saudi Arabia, and the United Arab Emirates.

<sup>3</sup> OAPEC: Organization of Arab Petroleum Exporting Countries: Algeria, Iraq, Kuwait, Libya, Qatar, Saudi Arabia, and the United Arab Emirates.

<sup>4</sup> OPEC-12: Organization of the Petroleum Exporting Countries: Algeria, Angola, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates, and Venezuela. OPEC-11 does not include Angola.

--- = Not applicable. E=Estimated data. PE=Preliminary estimated data.

Revised data are in **bold italic font**.

Source : EIA

Rigs per Specification July 2007

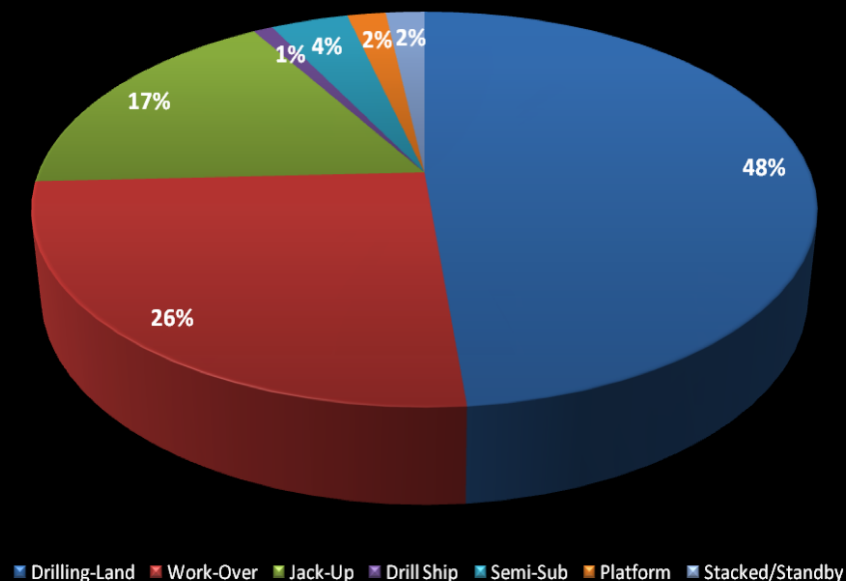


Table 2  
World Crude Oil Production  
(Including Lease Condensate)  
(Thousand Barrels per Day)

	Algeria	Angola	Argentina	Australia	Azerbaijan	Brazil	Canada	China	Colombia	Denmark	Ecuador	Egypt
August	1,805	1,460	<b>700</b>	470	710	1,703	2,543	3,670	534	348	544	630
September	1,835	1,438	<b>716</b>	500	680	1,733	2,601	3,659	527	260	533	640
October	1,835	1,376	715	510	690	1,762	2,602	3,658	528	353	519	660
November	1,805	1,452	660	470	780	1,766	2,658	3,682	528	350	511	615
December	1,805	1,484	<b>693</b>	473	700	1,787	2,669	3,710	518	327	515	619
2006 Average	1,814	1,413	<b>696</b>	429	640	1,723	2,525	3,686	531	342	536	639
2007 January	1,838	1,584	684	453	815	1,736	2,577	3,658	522	318	<b>517</b>	616
February	1,833	1,600	<b>682</b>	510	822	1,758	2,693	3,739	542	306	507	614
March	1,829	1,640	<b>686</b>	<b>400</b>	<b>863</b>	1,769	2,644	3,685	540	321	<b>482</b>	612
April	1,825	1,679	693	460	812	1,739	2,546	3,749	521	316	502	609
2007 4-Month Average	1,831	1,626	686	454	828	1,751	2,614	3,707	531	315	502	613

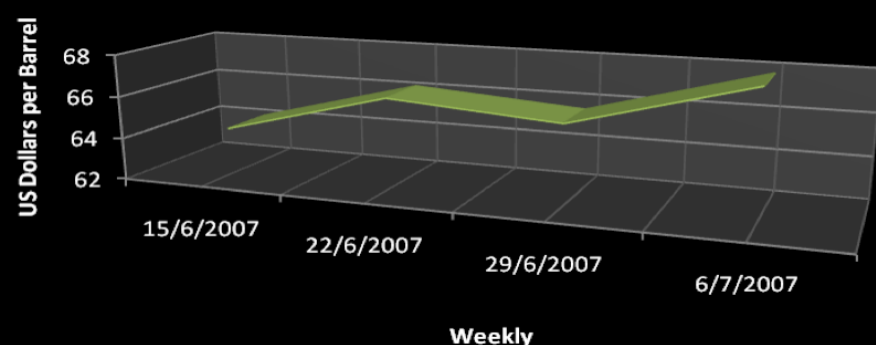
Revised data are in **bold italic font**.

Monthly data are often preliminary and also may not average to the annual totals due to rounding.

Source : EIA

Fig 1

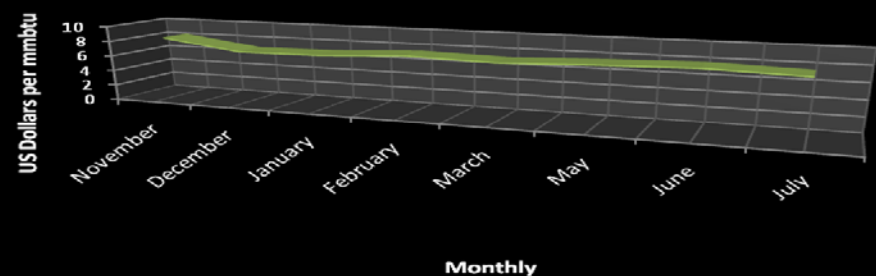
Egyptian Suez Blend Price



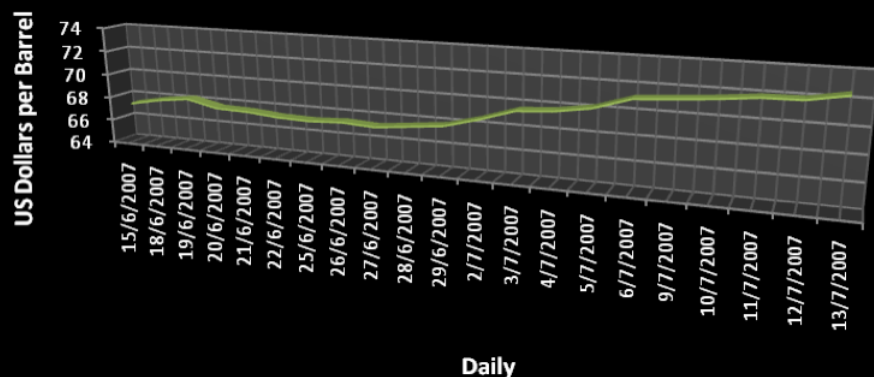
Source : Egypt Oil & Gas

Fig 2

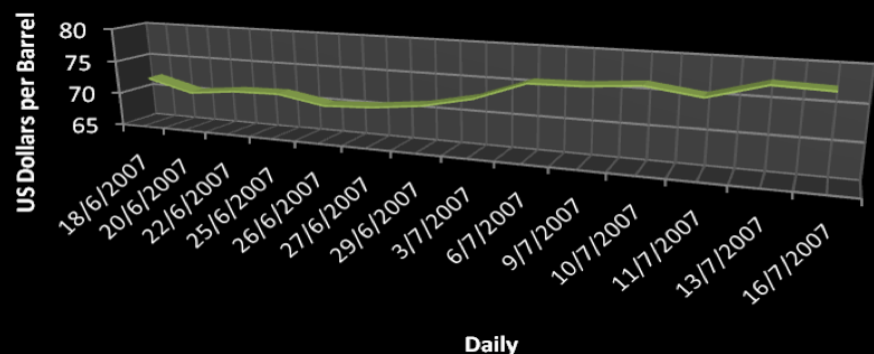
Natural Gas Price



Source : Egypt Oil & Gas

**Fig 3 OPEC Basket Price**

Source : Egypt Oil &amp; Gas

**Fig 4 IPE Brent Price**

Source : Egypt Oil &amp; Gas

**Table 8 International Stock Prices Mid-May-Mid-June**

International Stock	High	Low
Schlumberger (SLB) NYSE (US Dollars)	89.64	84.60
Halliburton (HAL) NYSE (US Dollars)	36.37	34.42
Exxon Mobil (XOM) NYSE (US Dollars)	90.33	81.82
Atwood Oceanics (ATW) NYSE (US Dollars)	72.15	66.77
Weatherford (WFT) NYSE (US Dollars)	58.10	55.03
Shell (RDS.A) NYSE (US Dollars)	85.34	78.38
Apache (APA) NYSE (US Dollars)	87.30	81.02
Baker Hughes (BHI) NYSE (US Dollars)	89.36	84.00
BJ (BJS) NYSE (US Dollars)	29.09	27.73
Lufkin (LUFK) NYSE (US Dollars)	72.13	63.65
Transocean (RIG) NYSE (US Dollars)	110.50	102.84
Transglobe (TGA) NYSE (US Dollars)	5.14	3.91
GlobalSantafe (GSF) NYSE (US Dollars)	75.07	71.02
BP (BP.) LSE Pence Sterling	616.50	582.00
BG (BG.) LSE Pence Sterling	877.50	786.00
Dana Gas (DANA) ADSM US Dollars	1.81	1.55
Caltex (CTX) ASX Australian Dollars	28.06	23.15
RWE DWA (RWE AG ST) Deutsche-Borse Euros	82.33	77.06
Lukoil (LKO) RTS (US Dollars)	84.75	76.20

Source : Egypt Oil &amp; Gas

**Average Currency Exchange Rate against the Egyptian Pound (June / July)**

US Dollar	Euro	Sterling	Yen
5.687	7.7066	11.4158	4.6339

**Stock Market Prices (June / July)**

Company	High	Low
Alexandria Mineral Oils (AMOC.CA)	81.18	79.00
Sidi Kerir Petrochemicals (SKPC.CA)	18.13	17.57

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# Solar energy replaces Fuel and Gas in all vehicles

Ages ago, it was composed of a wooden board with four wheels and an umbrella on its top run by Fred Flintstone's legs to speed up or slow down while moving from one place to another.

Imagined by Yomna Bassiouni



CENTURIES later, in the era of explorations and innovations, this wooden shape was further developed to become what is called the "automobile".

Automobiles were demonstrated as early as 1769, but it was 1885 that marked the introduction of gasoline powered internal combustion engines, when Gottlieb Daimler invented what is often recognized as the prototype of the modern gas engine - with a vertical cylinder, and with gasoline injected through a carburetor (patented in 1887). Daimler first built a two-wheeled vehicle the "Reitwagen" (Riding Carriage) with this engine and a year later built the world's first four-wheeled motor vehicle.

Enter the digital era and a new millennium where shuttles have invaded outer space and cars run through voice command, where a whole new generation of vehicles have been introduced, among which the solar electric cars.

While nowadays, experts, scientists and researchers warn of a close shortage of oil and natural gas resources and call for alternatives, have you ever thought of turning your vehicle into a solar electric one?

The first totally solar-powered vehicle (SPV) was built in 1977. It was small, lightweight, and cost relatively little. Experimental SPV's, equipped with

advanced technology, have been built with the backing of major auto manufacturers, including General Motors, Ford, and Honda.

SPVs use photovoltaic (PV) cells in order to convert sunlight into electricity. The electricity goes either directly to an electric motor, powering the vehicle, or to a special storage battery. PV cells produce electricity only when the sun is shining. Without sunlight, a solar-powered car depends on electricity stored in its batteries.

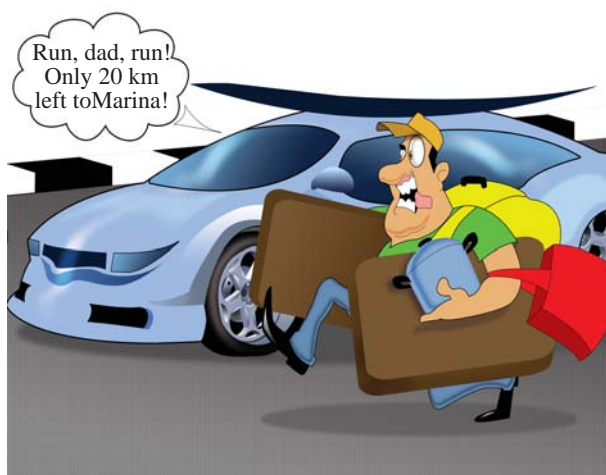
Although solar energy is an unlimited resource, it is not always available when it's needed, "the sun must be shining". So, imagine when the weather is cloudy and rainy!

Applying this imaginary-yet possible- idea in Egypt, what will happen if all vehicles were turned into solar electric ones?

Charging your car to go for an open air picnic with your friends on a sunny day and all of a sudden, while driving on the high way, it starts raining and thick clouds cover the sun and your battery runs out. In this case you will need either to return once more to the days of the Flintstone's or to wait for the sun rise.

As a matter of fact, in our daily life, most of us, if not all, have encountered some problems while driving their cars, such as running out of fuel. In such case, you park your car, call someone to buy you fuel or simply ask a stranger to give you some out of his car. But, what if you own a solar car?

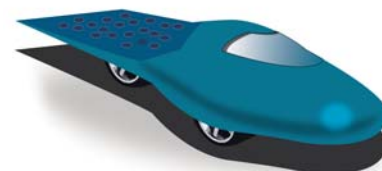
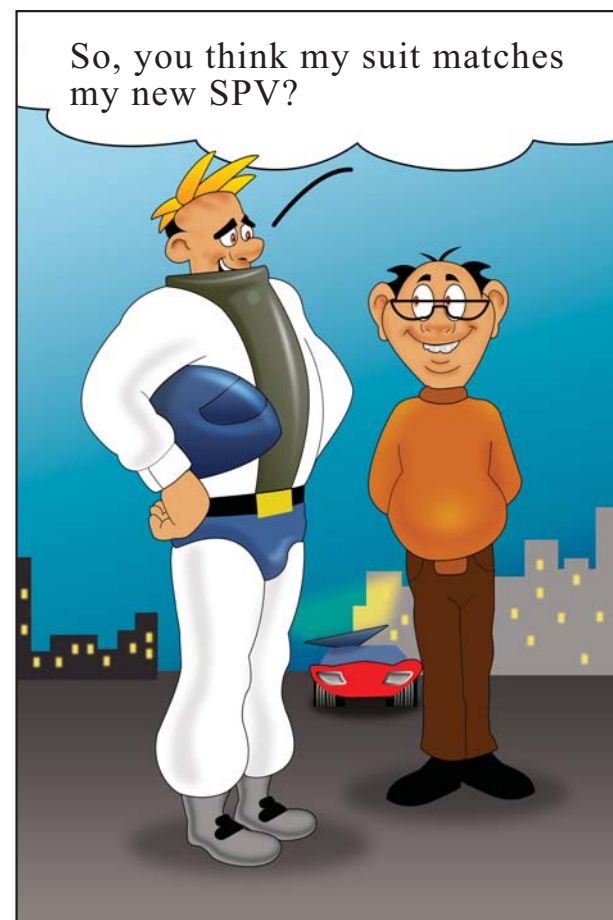
Assuming that officials prohibited any kind of traffic after the sunset to solve the problem of low "solar-charge", these cars still necessitate a large amount of surface area on the top to be used solely for solar power PV cells. Therefore, Egyptian families can no longer travel in groups during summer vacations, as their cars will be overloaded as usually with tons of bags on the top blocking the sun rays and therefore "Oops! Sorry your car is not "solar" charged enough to reach Alexandria!"



We should however be thankful that we do not live in the North Pole or Alaska with the Eskimos where for six months sun rays will never be enough to charge the cells. After all, our country is widely known for its sunny days almost all throughout the year. (Oh yeah, and that's assuming that there are other modes of transportation in the North Pole besides dog sleds!)

Now back to science, regardless the drawbacks and difficulties of commercially selling this type of car, it still possesses some advantages. SPVs have few moving parts and service requirements are less than for conventional cars. It is also environmentally-friendly since it produces no emissions.

However, the question remains, what will happen if all vehicles, for instance in Egypt, were suddenly turned into SPVs?



The evolution of vehicles



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## IOR MENA 2007... new promising potentials, yet more challenges

By Yomna Bassiouni

AFTER long preparations and detailed planning, Praxis Global Research Inc. held its five days workshop in Sharm El-Sheikh, entitled Improved Oil Recovery (IOR) MENA 2007, with the participation of more than 100 delegates representing various local and international oil and gas corporations in addition to academic professors and researchers.

The workshop was inaugurated with a day of master class, followed by three days of technical presentations and sessions and concluded with another master class day.

Five sessions with five different themes were presented during the IOR workshop. Among the tackled topics were new technology in water flooding, heavy oil crude and thermal recovery, miscible flooding and gas water hydrate, chemical flooding and a technology panel.

Commenting on the importance of the IOR Workshop, Mamdouh Mahfouz, SAPIESCO President and IOR Chairman said, "Countries like Egypt have huge amount of resources in unconventional reserves that need to be covered to compensate the decline in oil production. This region is the main supplier of energy to the global market; this is mainly why I see this workshop of importance to this region. With the use of IOR/EOR technologies, I see a huge potential for growth."

The IOR technical committee had two main objectives while selecting the topics for this event; first, to define the importance of IOR/EOR to the



industry and second, to bring experts with different approaches.

The technical program set by Praxis Global was not lacking on the entertainment side. As an ice breaker, a cocktail reception and a Bedouin Night sponsored by Egypt Oil & Gas were offered to the delegates.

On the first day, delegates were invited to an open-air cocktail party. A magnificent night on the foyer of the workshop, candlelit and decorated by white shades; a real Egyptian atmosphere, where delegates were offered Egyptian Shishas, backgammon and several other forms of entertainment. To add more excitement to the party, Praxis Global Research held a very simple and amusing contest where symbolic prizes were given to the winners.

As for the second day, Egypt Oil & Gas sponsored a lively Bedouin Night, through which IOR delegates spent the night in a folkloric atmosphere under the stars and in the midst of the desert.

Praxis Global research Inc. is dedicated to serving the needs of oil and gas professionals through a range of platforms and events addressing technical, career or training issues. By bringing together leading industry thinkers and practitioners, Praxis Global Research aims to share knowledge, build communities and create networks across the industry around the world.



## August Conferences

### Offshore Gas Production Technologies

22-23 August 2007  
Marina Mandarin, Singapore.  
Organizers: IBC Asia  
RL: [www.ibt-asia.com](http://www.ibt-asia.com)

Description: the aim of the course is to introduce interested parties to the technologies of Offshore Gas Production or to update those currently working in this sector. Overall, the sector has many new opportunities for Energy Suppliers, Contractors and Engineers.

### 2007 Diesel Engine-Efficiency and Emissions Research (DEER) Conference

13-16 August 2007  
Detroit, Michigan  
Email: [kim@cemamerica.com](mailto:kim@cemamerica.com)

Description: The 13<sup>th</sup> Diesel Engine-Efficiency and Emissions Research (DEER) brings together professionals in the clean diesel community including engineers, scientists, academics, State and regional regulators, environmental researchers and nonprofit organizations.

### Rocky Mountain Natural Gas Strategy Conference & Investment Forum

13-15 August 2007  
Denver, CO United States  
mail: [cogaconference@aol.com](mailto:cogaconference@aol.com)

Description: The 19<sup>th</sup> annual Rocky Mountain Natural Gas Strategy Conference & Investment Forum with global warming is one of the most troubling topics of our time. The 2007 Conference takes as its theme, Natural Gas & Climate Change: Action now will shape the future.

### Drilling Waste Management China 2007

21-22 August 2007  
Beijing, China  
URL: [www.iqpc.com](http://www.iqpc.com)

Description: Presenting the first ever tailored-made conference Drilling Waste Management China 2007 to cater specifically to the unique situation in China; A spin-off from our world-class conference.

### Data & Knowledge Management for Asian Oil and Gas 2007

28-29 August 2007  
Kuala Lumpur, Malaysia  
URL: [www.oilandgasiq.com](http://www.oilandgasiq.com)

Description: this conference aims at understanding the requirements in the optimum design of a robust data system to manage increasing data effectively, best practices in implementing data integration with knowledge management and support capabilities, identifying and overcoming the challenges of standardizing of data system and more importantly and benchmarking your IT system with an international standard

### IRIELEX 2007, Iraq Int'l Electric Power Generation, Oil and Gas & Telecommunications Exhibition

27-30 August 2007  
Amman, Jordan.  
Organizers: Orange Fairs & Events  
URL: [www.orangeairs.com](http://www.orangeairs.com)

Description: Despite the fact that Iraq proven oil reserves is the second largest in the world, Iraq is still considered to be the most under explored country in the world, this means that there are yet vast oil & gas resources awaiting to be discovered, which will Rank Iraq, in the not very far future as the prime oil producer in the world, currently Iraq is planning to increase its daily production capacity to 6 million barrels per day to achieve this objective, Iraq must invest tremendous amount of money and efforts in further exploration and appraisal activities as well as in developing some of its unexploited giant and small fields, furthermore, increasing domestic demands for natural gas is another factor which makes Iraq more determined to explore for natural gas deposits as well as developing its virgin gas fields.