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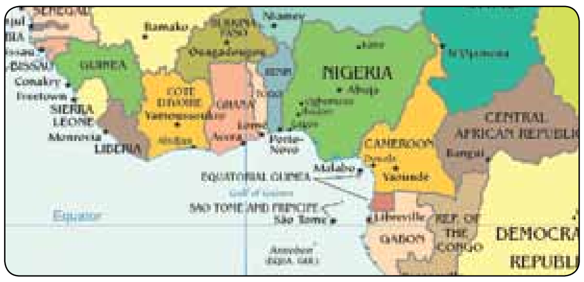

Africa swims over oil seas

Until recently, big oil companies gave little thought to south Saharan African beyond the coast of Nigeria and Angola. There is a rapid change in the Nigerian and Angolan petroleum markets, especially after the significant find off the Atlantic coast of Sierra Leone, where both Anadarko Petroleum and U.K-based Tullow received exploration licenses, and another strike in Uganda (a promising country in oil production), where Tullow operates

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LAST MONTH'S OIL PRICES

High potentials reflected in discoveries boom

Since the beginning of 2009, most of speculations revolved around the slowdown of operations in the petroleum sector, not only in Egypt but also worldwide due to the market instability and the international prices fluctuations. Although some of these assumptions turned to be true, the wheel of oil and gas discoveries in Egypt has proved that nothing would stop it

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New Year Resolution

With 2010 just around the corner, we should all open 2009 folders and evaluate the overall accomplishments of the year. When we focus on the petroleum industry, most speculations expected a severe slowdown of operations and achievements in this vital sector. Observing the deteriorating conditions of international petroleum markets, many analysts believed at the beginning of 2009 that a state of chaos would dominate the progress of the industry.

Compared to large economies, the global economic crisis has negatively affected all types of industries similarly. Most of budgets have been cut down, thousands of workers were released, some businesses had to shut down…etc. But, in Egypt, the case was different to some extent. We cannot deny that some petroleum companies had to modify their yearly plan and take precautions from this crisis, yet the wheel of development, exploration and production has remained running. Some operations/projects were postponed, while others were given priority but with smaller budgets.

In this issue, we shed light on the series of discoveries attained throughout the year of 2009 as an attempt to reflect our point of view; despite unfavorable conditions, Egypt is one of the most promising countries, where high potentials of oil and gas findings are waiting for investments to bring prosperity and wealth.

Currently, many top officials expect a close recovery for the oil sector, particularly in Egypt and generally worldwide. The optimism receiving the beginning of 2010 offers hopes for a healthy environment able to attract more investments and lure more E&P operations that would revive the sector.

It is now time for each one to make his/her own New Year resolution, weigh the pros and cons of 2009 and hope for the best to come in 2010.

Wish you all a happy new year

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Guest Column

Secrets behind prices

Since last year, repercussions of the global financial crisis cast a shadow over oil prices and has eagerly attracted everyone's attention towards the data about the U.S. reserves and the fluctuating value of U.S. dollars, until a recent new factor has affected the price of a barrel, which is the increasing production rates of countries that are not members of the Organization of Petroleum Exporting Countries (OPEC).

Fluctuations in oil and gas prices did not occur by chance, neither was the financial crisis the only reason behind it. As a matter of fact, since the 1980s, oil prices have witnessed severe collapses till they recovered once again by the end of the 1980s due to the second Gulf War. However, a fall down occurred once again and prices reached $9 per barrel at the end of 1998.

In view of oil prices in the last three decades, we find that there are invisible forces that control the price rise or decrease, and the justification comes from a different predecessor. In addition to some secrets that indirectly affect the market, such as the First and the Second Gulf Wars caused a considerable increase of oil prices. Other factors lie in the rate of demand which is increasing in parallel with the demographic increase, while the U.S. energy reserves are relatively stable.

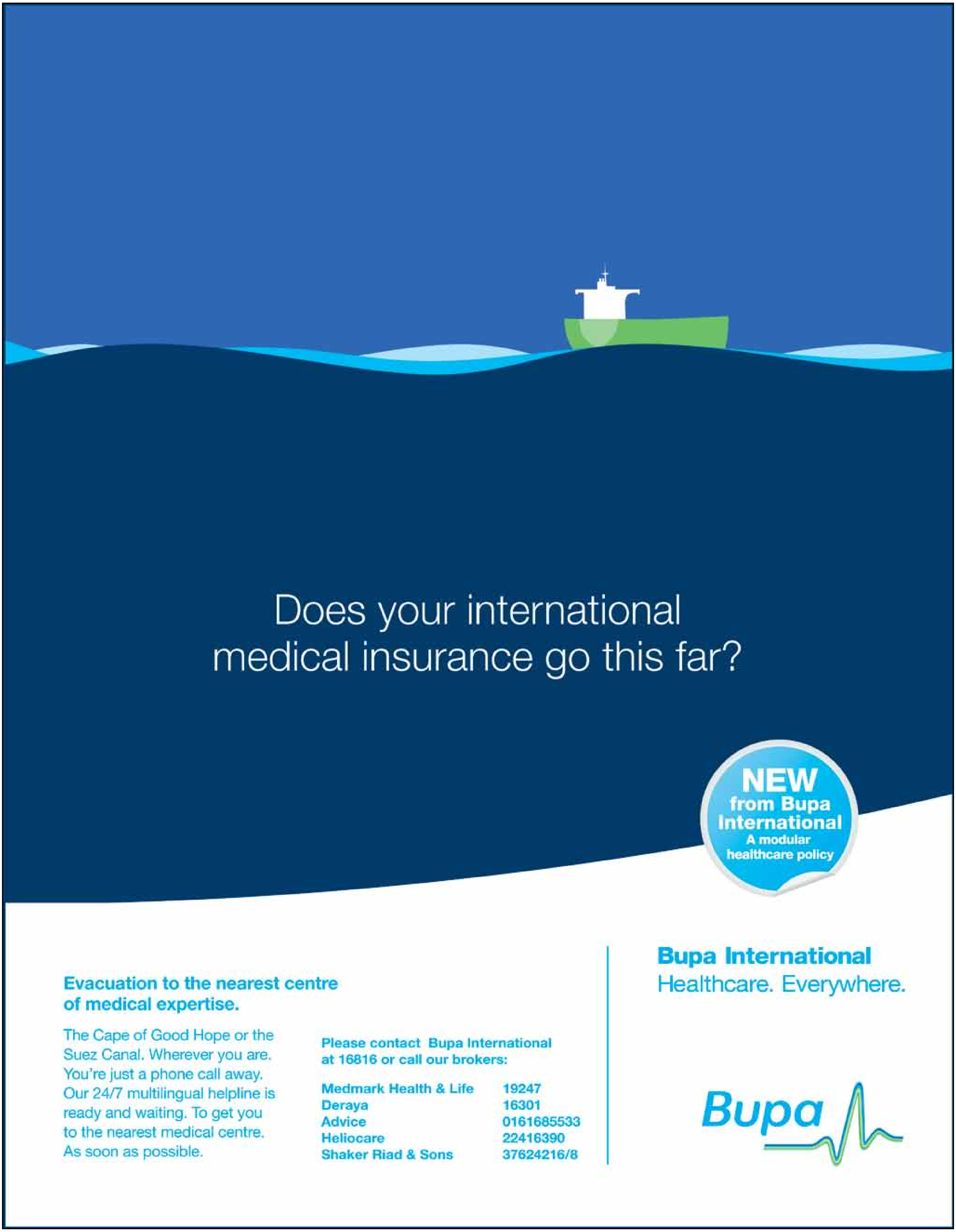
Back to the role of OPEC, this organization's pricing policy was founded on controlling prices through the management of production volumes generated by its members. However, this is no longer the case due to the previously highlighted hidden factors. For instance, When Saudi Arabia, the world's largest oil exporter and main OPEC member, decided to increase the quantities of exported oil two years ago, oil prices did not undergo any slight fall. However, since mid last year, prices amounted to unprecedented increases; about $ 147 a barrel.

The question is what are the criteria that should be adopted by countries to determine the oil price in the coming period, especially with the approaching depletion of fossil fuels from the earth and the move towards renewable energy that is expected to end on the myth of oil over the next three decades?

Population growth, particularly in developing countries, is considered as a threat to humanity, where securing the needs of population of energy that is relatively increasing, becomes a critical issue. Therefore, countries have been divided into two main categories. First, the non-OPEC members increase their oil production without abiding to any rules, while the second ones tend to strengthen their programs of renewable energy, whether wind, water or solar energies. OPEC has then a difficult equation to regain its control over the market prices, as it can no longer rely on the sole data received from the U.S., the largest consumer of energy worldwide. Other factors than the U.S. dollar, such as political tensions between Iran and the Western World, have become an element determining oil prices worldwide.

The priority now is to secure the sources of energy, which requires the expansion of investments. The Egyptian Minister of Petroleum Eng. Sameh Fahmy said in a speech at a conference of petroleum development, warned of the consequences of reducing the size of refining activity in the world, which makes the rise of oil prices to record again. The Minister expected in this case prices to reach $100 by the end of this year.

Tamer Abd Elaziz
EOG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First discovery for Naftogaz in Abo Senan

Ukrainian Company Naftogaz announced its new discovery in the field of Abo Senan, located in the Western Desert.

The primary results showed that the well HG34-3 accommodates approximately 3000 barrels of crude oil and 4 million cubic feet of gas in Abo Rawash formation.

Naftogaz expects another discovery in another well, HG34-5 in the same field of Abo Senan.

This is considered the first discovery for the Ukrainian company in Egypt, which started its operations in December 2006 after signing a $7 million-agreement with the Egyptian General Petroleum Corporation (EGPC).

The budget of investments of Naftogaz counts for $3 million, while the company's drilling budget was set last April to 300 million Egyptian Pounds.

Fahmy: despite challenges, development strategies on track

The current challenges hindering the Ministry of Petroleum plans to develop the sector and boost production lie in the instability of the market worldwide and the fluctuating prices, said Eng. Sameh Fahmy, the Minister of Petroleum on the sideline of the "Conference of Petroleum and Egypt Development" organized by Al-Ahram Al-Masa'y in association with Al Ahram Regional Institute for Press.

"As a matter of fact, these instable conditions have affected the already signed natural gas agreements, which are long-term ones, as agreed prices are no longer suitable in the shadow of the swinging prices in the international market," highlighted the Minister.

In association with international financing organizations responsible for setting natural gas prices, the Ministry succeeded in amending the prices of some of the already signed natural gas agreements with foreign partners, which cancelled the Egyptian commitment to foreign partners, through which Egypt would have paid more than $26 billion over 10-year period.

Despite these challenges, the Egyptian Ministry of Petroleum will continue implementing its plans to develop the petroleum sector, increase the rates of production at the different fields of oil, gas, petrochemicals and mineral resources in addition to the strategic plans to adopt the continuous market changes in order to maintain the Ministry's role as one of the most influential economic sectors in Egypt, added Fahmy.

Eng. Abdel Alim Taha, Chairman of the Egyptian General Petroleum Corporation (EGPC) clarified that a number of agreements were signed with the target of luring more foreign investments to the country in order to increase the exploration and production operations, whether in the oil or gas fields in order to meet the local demands. "This has increased the country's reserves of crude oil, condensate and natural gas to 18.2 billion equivalent barrels, which is an unprecedented record for the petroleum industry."

On the other Hand, Dr. Abdel Moneim Said, Chairman of the Board of Directors of Al-Ahram Organization said in his speech at the conference that the Petroleum sector has contributed to alter the living conditions in South Egypt as pipelines were installed to deliver gas to this rural area, which open the door for new projects and investments to take place in Upper Egypt and develop the area, socially and economically.

Egyptian delegate verifies reserves figures with Wood Mackenzie

A high-level Egyptian delegate scheduled a visit to the headquarters of Wood Mackenzie, the respected adviser to the energy industry for over 30 years, to verify the country's oil and gas reserves records as an attempt to lure more investments to the country.

The Egyptian delegate includes members from the Egyptian General Petroleum Corporation (EGPC), the Egyptian Natural Gas Holding Company (EGAS) and representatives form the Ministry of Petroleum.

Last March, Wood Mackenzie announced that the proven natural gas reserves of Egypt exceeded 70 trillion cubic feet.

A top official at the EGPC told Egypt Oil & Gas, "the purpose of this visit to re-check and verify the figures previously announced by the organization of Wood Mackenzie, as the criteria utilized to calculate the country's reserves is totally different than the one applied by the EGPC, which has shown a large gap between both findings."

The EGPC official added that Egypt produces approximately 700 thousand barrels of oil and condensate per day in addition to 6 billion cubic feet of gas per day. "Egypt's gas reserves count for nearly 77 trillion cubic feet, while the oil and condensate reserves count for 4.4 billion barrels."

These figures were announced by the EGPC at the beginning of its fiscal year 2009-2010, which has started in July 2009, while Wood Mackenzie figures were announced at the beginning of 2009. "This shows there is a six-month gap, from January to July 2009, during which many discoveries were achieved and added to the country's reserves," he clarified.

Moreover, according to the EGPC official, Wood Mackenzie did not consider the undeveloped reservoirs, which are nearly 900 million barrels of oil and condensates that require huge investments in order to develop them, which was not applicable due to the global economic crisis. "Wood Mackenzie focused only on the developed reservoirs and ignored the undeveloped ones."

Egyptian LNG wins DuPont safety award

Egyptian LNG was awarded one of the five winners of the 2009 DuPont Safety Awards. This year eighth edition's award recognizes companies and organizations that have undertaken outstanding initiatives towards workplace safety enhancements and accident prevention in the region of Europe, Middle East and Africa (Emea).

Every year, DuPont presents the awards to five individuals, companies or organizations selected as the most deserving in one of the following categories: Performance Improvement, Innovative Approach, Visible Management Commitment, Sustainable Business Impact and Cultural Evolution. This year's DuPont Safety Awards were presented to Danone Waters (France) for Performance Improvement, British Sugar (UK) for Innovative Approach, London Underground Limited (LUL) Nominee (UK) for Visible Management Commitment, Borealis (Austria) for Sustainable Business Impact and Egyptian LNG (Egypt) for Cultural Evolution.

"The winners of the 2009 DuPont Safety Awards recognize that growth-oriented companies have not taken their focus off of safety or SHE matters - a testament that safety is a business value and catalyst for growth," said Koen van Neyghen, president, DuPont Safety Resources, Europe, Middle East and Africa explained during the award ceremony.

DuPont is a science-based products and services company. Founded in 1802, DuPont puts science to work by creating sustainable solutions essential to a better, safer, healthier life for people everywhere. Operating in more than 70 countries, DuPont offers a wide range of innovative products and services for markets including agriculture and food, building and construction, communications, and transportation. DuPont is the authority on safe workplaces, with a proven track record in consulting and training in workplace safety and operational excellence.

Egyptian LNG is Egypt's largest liquefied natural gas joint venture companies consisting of both local and international shareholders. In order to ensure a safer workplace and positively influence Egyptian safety culture, ELNG developed a behavior-based safety program called Wossit (Weekly Observation Site Safety Inspection Tour program). The Wossit program optimizes the site safety observation process by developing hazard-based observation checklists and aims to encourage safety partnerships between employees and managements. All of the data is recorded and analyzed, with weekly training sessions to monitor correction actions.

New oil agreements worth $ 330.5 million

The Egyptian Minister of Petroleum Eng. Sameh Fahmy signed two oil agreements on behalf of the Egyptian Natural Gas Holding Company (EGAS) and Ganoub El Wadi Petroleum Company (Ganope) with two UAE and British oil firms.

The minimum investment values count for approximately $330.5 million.

According to the terms of agreements, signed with UK-based firm British Petroleum (BP) and UAE Ras al-Khaimah Oil & Gas Company, BP will have access to the Mediterranean coastal area of El-Tina, while Ras al-Khaimah will be given access to the Ghazaliyat area of Assiut.

The agreements also include signing grants reaching $21.5 million.

TransGlobe updates West Gharib and Nuqra operations

TransGlobe Energy Corporation announced the operating results for the three and nine-month periods ended September 30, 2009. The conversion to barrels of oil equivalent (Boe) of natural gas to oil is made on the basis of six thousand cubic feet of natural gas being equivalent to one barrel (Bbl) of crude oil.

In the West Gharib (operator and 100 percent working interest), three wells were drilled during the third quarter, resulting in an oil well at Hana West #7, a potential oil well at East Hoshia #4 and a dry exploration well at El Hoda #1 which will be converted to a water source well. Subsequent to the quarter, an exploration well at Abu Ghaylun #2 was plugged back and cased as a water source well.

The East Hoshia #4 well, which was drilled in June/July 2009, encountered good oil shows in the Thebes formation during drilling and was completed as a potential Thebes oil well in August. The East Hoshia #4 has exhibited very little inflow capability due to insufficient productive fractures in the vertical wellbore.

The Hana West #7 was drilled and cased as a dual zone oil well in August. The well encountered thin sand in the Lower Rudeis B formation (which tested 450 Bopd in the Hana West discovery well, Hana #18) and the Asl B formation. The well was initially completed in the Lower Rudeis B and has produced approximately 15-20 Bopd of clean oil since mid-September.

The El Hoda #1 (west of the Hoshia field) exploration well was drilled to a total depth of 7,066 feet and subsequently plugged and abandoned. The deeper pre-Miocene targets were wet. The main producing Lower Rudeis sand found in the Hoshia field was faulted out at the El Hoda location. The El Hoda well defined the location of the western bounding fault for the Hoshia field. A follow-up well is planned at Hoshia #8 to develop the western, up-dip portion of the Hoshia field. The El Hoda #1 well will be converted to a water source well for the Hoshia waterflood project.

Subsequent to the Quarter, the Abu Ghaylun #2 exploration well was drilled to a total depth of 4,930 feet and abandoned. Although good shows were encountered, the targeted Rudeis sand was wet. The well will be completed as an additional water source well for the Hoshia waterflood project.

The drilling rig was moved to Arta #12 and is currently drilling a horizontal appraisal well. The Arta field is characterized by a thick oil column, no water production and low productivity oil wells (10 to 20 Bopd per well, with one well producing 60 to 70 Bopd). The Arta #12 horizontal well is targeting an initial productivity of 150 to 250 Bopd. If successful, an additional five to ten horizontal wells could be drilled on the structure. Arta #12 is the first horizontal well to be drilled on the West Gharib Concession. Following Arta #12 horizontal, the drilling rig is scheduled to return to the Hana area to drill Hana West #8 and Hana #20.

The Hana waterflood project was expanded during the quarter with injection commencing at Hana #4 at the southern end of the field. Injection volumes will be ramped up during the current quarter, as the water source injection system is brought on line to supplement the injection of produced water. Work is continuing at Hoshia on the water source supply system to supplement the current injection of produced water.

Production from West Gharib averaged 5,746 Bopd to TransGlobe during the third quarter, down 638 Bopd (10 percent) from the previous quarter. Approximately 950 Bopd was shut in during July and August due to a number of pump changes, primarily in the Hana West field. Production was restored in late August, resulting in a production rate of 6,386 Bopd for September and 6,267 Bopd for October.

While in the Nuqra Block 1 (TransGlobe operator with 71.43 percent working interest), the company has entered the second exploration extension period, effective July 18, 2009. The second exploration period has a three-year term (expiry date of July 17, 2012) with a commitment to spend $5.0 million and drill two exploration wells. Prior to entering the second extension period, 25 percent of the original concession area (approximately 1.9 million acres) was relinquished. Effective July 18, 2009, the Nuqra concession area covers approximately 3.7 million acres. The relinquished lands were not considered prospective by the company.

TransGlobe has identified a prospect that appears similar to the oil discovery announced by a nearby operator at Al Baraka #1 and #2 on the Kom Ombo Concession, located immediately west of the Nuqra Concession. The Company has discussed rig-sharing possibilities with the adjacent operators to facilitate a potential 2010 drilling program.

BP hits more oil

BP has hit oil with the NS 377-3 field development well in the North Shadwan Concession, in the Gulf of Suez.

The probe struck a 140-meter oil column, 20 meters more than prognosed, in the Kareem formation reservoir and is being cased as a future oil producer, project partner Beach Petroleum said.

NS 377-3 is the first production well for the field and has been drilled from an onshore site to intersect the offshore oil pool 150 meters north of the GH 377-1 discovery well.

Production from the 377 Field is expected to start in the Ras Ghara facility, seven kilometers to the north-west of the 377-3 well site, in early 2010. Australia's Beach Petroleum holds a 20 percent stake.

On the other side, Beach Petroleum released a drilling report for the week ending 11 November and has confirmed that the NS 394-3 Burtocal North-1 oil exploration well has reached final total depth of 3659 meters.

The well, located in the North Shadwan Concession, is being plugged and abandoned having failed to encounter significant hydrocarbons.

In 2008, Beach acquired a 20 percent interest in each of the North Shadwan and South East July Concessions. The North Shadwan Concession is operated by BP Exploration (Delta) Limited and contains three existing undeveloped oil discoveries and several attractive exploration prospects.

Bolstering cooperation with the European Union

Eng. Sameh Fahmy, Minister of Petroleum, held a joint talks session with Jerzy Buzek, President of the European Parliament, last month during which different means of supporting joint cooperation between Egypt and the EU in the field of energy security were discussed.

The Minister pointed out that the Arab Gas Line Project is one of the most significant development projects in the Arab region as it seeks to foster the spirit of cooperation among Arab countries. It also promises to provide new job opportunities and establish a sound infrastructure for gas industry in the region.

From his side, Buzek said that the Egyptian-EU energy networks are to be developed, including transportation of natural gas to the EU via the Arab gas pipeline, enhancing energy efficiency and introducing greater use of renewable energy while cooperating in the oil and gas industry. In the meantime, Egypt's role in the multilateral and regional dialogue between the EU and the region is fundamental.

Melrose continues its development activity in Nile Delta

Melrose Resources plc, the oil and gas exploration, development and production company announced that the South Khilala field, which contains estimated reserves of 36 Bcf, was successfully brought on stream in mid October and that the development activity on the company's fields in the Nile Delta is on track.

The field was discovered in the Mansoura concession in April 2009 and has been tied back to the West Khilala production facilities using a 10 kilometer, 6 inch flow line. The combined South and West Khilala production rate is currently 114 MMcfpd.

Melrose also said that it has completed the commissioning activity on the West Dikirnis LPG Fractionation Towers and Vapour Recovery Plant. The construction activity on the Gas Reinjection facilities is currently expected to be completed in early January due to delays related to the delivery of equipment from the Far East. This will result in the production of additional sales gas volumes from the field equating to approximately 30 MMcfpd during the last quarter of this year.

Moreover, the EDC9 drill rig is currently completing the fourth West Dikirnis horizontal development well and will then commence a four well drilling program in the Nile Delta, comprising three exploration wells and one further West Dikirnis horizontal well.

The first exploration well will be drilled to test the North West Nabourah prospect, which is located on the same Qawasim geologic trend as the South and West Khilala fields, and contains mean unrisked reserves of 60 Bcfe with a Chance of Success (COS) of 43 percent. The second well will test the Tall Rak structure, a Sidi Salim prospect on the same geologic trend as the Tamad oil field in the South East Mansoura concession. This prospect has unrisked gas reserves of 190 Bcf with a COS of 33 percent and similar to Tamad has oil potential. The third well will drill the South Damas Sidi Salim prospect, which has unrisked reserves potential of 32 Bcfe and a COS of 65 percent.

Following the completion of the Nile Delta drilling sequence, the EDC9 rig will be mobilized to Upper Egypt to spud the first exploration well on the Mesaha exploration concession in late 2010. In preparation for the well, in early 2010 the Company plans to acquire a 2000-kilometer 2-D seismic survey over the western area of the concession, where a recent gravity survey has confirmed the presence of a major untested sedimentary basin. Melrose operates and holds a 40 percent working interest in the Mesaha block.

David Thomas, Chief Executive of Melrose said, "The receipt of the Certificate of Commerciality for the Kavarna field from the new Bulgarian Government administration is an important milestone. We now look forward to accelerating the development of our various projects in Bulgaria and Romania, which will contribute significantly, to the regional domestic gas supply. We are also looking forward to an active near term exploration program in Egypt with some important wells to drill in the Nile Delta and 2-D seismic to acquire in the Mesaha block."

Damietta's second LNG train plans delayed

Egypt's state-owned Egyptian Natural Gas Holding Co. (EGAS) has shelved plans for the construction of a second LNG train at Damietta until enough natural gas reserves are found, according to a company official.

"If the Egyptian government is given proven gas reserve certificates then it will deal with the project in a more positive manner because we have a lot of commitments with domestic demand," said Hassan Sabry, projects and planning official, EGAS.

Currently, the single-train liquefaction facility at Damietta was built by Spanish utility Union Fenosa (UF) and shipped its first cargo in 2005. This train has a capacity of eight billion cubic meters per year.

In June 2006, a framework agreement was signed between UF, along with partners BP PLC and Eni SPA, to build a second train with a capacity of 6.5 billion cubic meters per year, through which the total capacity of the train will be expanded to 14.5 billion cubic meter per year.

According to the framework, this second train was scheduled to be completed by the end of 2009, but the deadline was postponed to 2010.

On the other side, an executive of EGAS said that BP and Eni SpA have found 2 trillion cubic feet (tcf) of gas, half of what is needed to start up a new liquefied natural gas train.

For the second LNG train project, BP and Eni have to find 4 tcf of gas, highlighted Atef Abdallah Abdelhady, Assistant Vice Chairman for Production at EGAS.

"Once the partners find economic quantities, train 2 will start ... they were supposed to find 4 tcf of gas to let this project go ahead, they found 2 (tcf)...Let them bring 4. I have commitments towards contracts (exports) and domestic (demand)," Abdelhady told Reuters on the sidelines of an oil and gas event in Dammam.

Abdelhady said he was not aware that any of the partners had pulled out.

EGAS first announced plans for the second LNG train when it signed with BP and Eni a memorandum of understanding in 2005.

"Train 2 is delayed because when we said we want to have a second train...the companies were committed to find fields dedicated to train 2...Companies were supposed to say they will (find) new fields for exports, they were late in it," he said.

Renewable Energy

Attracing Indian investment in Egypt's renewable energy

Egypt is going all out to promote renewable energy and is striving to attract Indian investment, said Egyptian Minister for Electricity and Energy Hassan Youness during his visit to a couple of wind energy facilities in and around Chennai, India.

Youness clarified that the Egyptian government has been providing a host of concessions to private investors; land would be given free and there would be government guarantee for energy purchase. "At present, customs [duty] is two percent. We are considering making it zero per cent for renewable energy equipment."

Pointing out that the concessions were meant for wind and solar energy projects, Dr. Youness said that in the past few years, the Renewable Energy Authority formulated the sops for new projects.

Given its topography and climate, Egypt had enormous potential for tapping wind and solar energy.

"Our plan is to keep 33 percent to be built by the Renewable Energy Authority and 67 per cent by the private sector," added the Minister.

Noting that the renewable energy sector covered solar, wind and hydro power, Youness highlighted that at present, the share of this sector in the overall power generation was 10.5 per cent. "Our target is to reach 20 percent by 2020."

As for wind and solar energy projects in Egypt, he said the present installed capacity is 450 MW, to be increased to 550 MW by next April-May 2010. The first solar thermal power plant in the region would be ready by the end of next year. Its capacity would be 140 MW.

For wind energy projects, the government had short-listed 10 foreign companies, including an Indian firm.

Asked why Egypt was promoting renewable energy, he cited resource diversification, the exhaustible nature of oil and natural gas and the need for reducing greenhouse gas emissions as the reasons.

The Minister's announcements were made during his meeting with the Union Minister for New and Renewable Energy Farooq Abdullah and Minister of State for Power Bharatsinh Solanki in New Delhi last month.

Both sides said that India and Egypt would shortly sign a memorandum of understanding to encourage cooperation in renewable energy. Abdullah agreed to visit Egypt in February, and the proposed agreement is expected to be signed at that time.


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Syria unveils new gas and oil production plant

In the context of boosting the country's oil and gas capacity, Syria inaugurated the Hayyan Station, a new oil and gas processing station.

The Hayyan station, located near the city of Palmyra, some 200 kilometers Northeast of Damascus, has the capacity to process 600 barrels of oil per day (bopd) and 650,000 cubic meters of gas.

Syrian Oil Minister Sufyan al-Allawi said the cost of the project was about $450 million; the German Press Agency (DPA) quoted the local media as saying.

Another new station with a production capacity of 3.7 million cubic meters of natural gas is scheduled to open in 2011.

Qatar to boost LNG exports to China

Qatar agreed to boost supplies of liquefied natural gas (LNG) to China by at least five million tons a year from early next decade, the world's largest LNG exporter said.

State-run Qatargas is to supply China National Offshore Oil Company (CNOOC) with an additional three million tons of LNG a year from 2013 and increase sales to Petrochina, a subsidiary of the Chinese National Petroleum Corporation (CNPC), by two million tons in the first half of the next decade.

"China is the centre today of the new LNG compass," Qatar's Oil Minister Abdulla al-Attiyah was quoted as saying during the opening ceremony of a Qatargas office in Beijing.

Qatar signed long-term deals with the two Chinese companies for a total of five million tons last year and has since started diverting LNG shipments to China in response to a slump in demand for imported gas in the United States where shale gas production is booming.

It is worth to mention that Qatar, through production companies Qatargas and Rasgas, is expected to produce up to 77 million tons a year of LNG by the end of 2010.

Exxon-Shell Consortium to boost Iraq's Output

ExxonMobil and Royal Dutch Shell signed a deal with the Iraqi Oil Ministry to develop a major field, marking the first foray by a U.S-led consortium into Iraq's promising but uncertain oil industry.

The agreement suggested that foreign companies that initially balked at the terms the ministry offered at a public auction in last June now think the prospect of eventually tapping into Iraq's vast oil reserves outweighs the risks.

Iraqi Oil Minister Hussain Shahristani called the deal "another huge achievement in the pursuit of rebuilding this country."

Similarly, the Iraqi ministry signed a separate deal with a consortium led by the Italian oil giant Eni that includes Los Angeles-based Occidental Petroleum. The Iraqi cabinet is widely expected to ratify both agreements. BP and China National Petroleum Corporation (CNPC), the only companies that walked away from the June auction with a deal in hand, signed the final contract this week. All the deals are for service contracts, which give the companies a per-barrel fee for boosting output at active fields encumbered by old technology and derelict equipment. But they do not give the energy giants a stake in the profits.

The Oil Ministry is expected to hold another round of bidding this month for undeveloped fields. Those would also be for service agreements, but oil executives hope the deals could one day lead to production-sharing arrangements; long a goal of energy firms that have been shut out of the Middle East for years.

According to the terms of ExxonMobil-Shell agreement, the consortium are given a $1.90 per barrel above the current production rate, considerably less than the $4 a barrel the consortium proposed in its June bid. The companies will refurbish the West Qurna-1 oilfield, which is near Basra, in southern Iraq.

As for the consortiums led by BP and Eni, a production boost is expected at the Rumaila and Zubair oil fields, respectively.

Iraqi officials say they hope the foreign companies will help increase output at the three fields from the current 2.5 million barrels per day to roughly 7 million per day over the next six years.

A 30% increase in Aramco gas supplies

Saudi Aramco plans to raise its daily gas supplies by 30 percent within five years to eight billion cubic feet, Al-Hayat newspaper quoted its Chief Executive Khalid al-Falih as saying.

Aramco will also increase its daily supplies in ethane to one billion cubic feet and the liquefied natural gas (LNG) to 850,000 barrels.

"Such increases will support the creation of many petrochemical industries," he said.

Demand for gas in the kingdom of Saudi Arabia for power and industry is soaring due to an economic boom fuelled by the oil price rally of 2002-2008.

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

Saudi oil output is at one of its lowest levels since the most recent oil boom began as the kingdom and OPEC curb output to match rapidly falling demand. This has left gas supply in the kingdom tight.

Aramco inaugurated the first phase of a giant petrochemical complex managed by PetroRabigh, a Saudi-based joint venture with Sumitomo Chemical.

The first phase cost the two partners 38 billion riyals ($10.1 billion) and a second phase will cost 25 billion riyals, Falih said in remarks carried by al-Eqtisadiah newspaper.

Falih also told the al-Watan newspaper that the firm would rely on bonds in addition to initial public offerings and Islamic loans to help finance joint ventures.

Aramco plans to build two refineries in a joint venture with French Total and ConocoPhillips and plans a giant petrochemical complex with Dow Chemical.

Halliburton wins 5-year drilling contract in Mega-Giant Ghawar Field

Halliburton has been awarded the integrated turnkey drilling contract in South Ghawar, the world's largest oil field, located approximately 200 kilometers from the city of Dhahran.

The contract, with an option for an additional five-year period, would involve work in Uthmaniyah, Haradh, Hawiyah and Shedgum and call for the provision of drilling rigs, directional and horizontal drilling, logging while drilling, cementing, mud engineering, wire line logging, completion, perforating, and other well construction activities, including engineering and management of the entire drilling operations.

The project is expected to utilize three to four rigs, and will involve between 153 and 185 oil production, water injection and evaluation wells.

This contract is Saudi Aramco's first-ever award for an integrated turnkey drilling contract and is an important part of Saudi Aramco's plan to explore new avenues of collaboration with major oil field services providers.

Ahmed Lotfy, Halliburton's Eastern Hemisphere President, said, "Our selection by Saudi Aramco for yet another project of this magnitude demonstrates its continued confidence in our ability to successfully execute complex and challenging operations. This contract award includes a full range of Halliburton's integrated technologies and services and provides a platform for future successes."

"This award builds on the success we delivered on the Khurais mega-project, reflecting our leading technologies and solid performance," added Gasser Badrashini, Halliburton's Middle East and North Africa Regional Vice President.

Halliburton has performed thousands of service operations for Saudi Aramco, delivering solutions for the state-owned oil company of the Kingdom of Saudi Arabia for nearly 70 years. From well construction to fluid systems and from drilling and formation evaluation to production optimization, Halliburton has worked in a multitude of different reservoirs and wells, ranging from basic to complex, with customized solutions for Saudi Aramco's Drilling and Work-over and other Exploration and Production departments.

IEA: expecting a global oil demand growth in Q4

The International Energy Agency reported in its monthly report that global oil demand will grow during the fourth quarter of 2009, its first year-on-year increase in fuel use since the second quarter of 2008.

The report also highlighted that 28 industrialized economies, raised its global oil demand estimate for 2009 to 84.8 million barrels per day (bpd).

Next year oil demand is expected to average 86.2 million bpd, following stronger-than-expected preliminary data in North America and buoyant demand in non-OECD Asia and the Middle East, the report added.

Technip awarded gas facilities contract in Abu Dhabi

Technip has been awarded by Abu Dhabi Gas Industries Ltd (GASCO) a lump sum turnkey engineering, procurement and construction contract worth approximately $415 million for the ASAB 3 Project.

This project is a revamp of existing facilities to support an increase in oil production from the new Abu Dhabi Company for Onshore Oil Operations (ADCO) facilities and accommodate up to 150 million standard cubic feet per day (MMSCFD) of additional associated gas from the existing Asab, Shah and Sahil oil fields. Technip is responsible for the installation of a new booster compression station, transfer lines, debottlenecking of existing ASAB 0 facilities and diverting feed flow from ASAB 0 to ASAB I/II by installing a new compressor, transfer lines and other associated facilities. This project will be executed by Technip's operating center in Abu Dhabi, United Arab Emirates.

The first phase will be completed during the third quarter 2012 and the remaining phase during the second quarter 2013. This award reaffirms Technip's decision in March 2009 to create a new Middle East regional organization, based in Abu Dhabi as part of its strategy to increase proximity to its markets and clients.

Petrotechnics secures a $1 million move Into the Middle East

Petrotechnics, the global leader in transforming the efficiency and effectiveness of frontline operations in the oil and gas industry, announced the first deployment of its electronic integrated safe system of work (ISSOW) solution in the Middle East.

The deal, worth in excess of $1million over the course of the next two years, will see the Aberdeen-based company install its Sentinel PROTM solution across 11 offshore platforms in the Gulf as well as onshore facilities for a U.S. major based in Qatar.

Already used in over 85 percent of the North Sea and a leading solution in the oil and gas industry worldwide, Sentinel PRO is a web-based safe system of work solution that manages frontline work execution by pulling together typically disparate procedures and legislative documentation, including risk assessment, isolations control and permit to work, into a single integrated system.

The contract marks a significant milestone for Petrotechnics in the Gulf and provides the foundation on which the company plans to build its burgeoning business in the Middle East. The first phase of the project, which is worth $600 thousand, is expected to go live by February 2010.

Iain Mackay, Operations Director at Petrotechnics, said, "The root cause of the majority of incidents can be traced back to poor quality of risk assessment, low hazard awareness of the workforce and poor control of hazards at the worksite. Sentinel-PRO incorporates our global experience of business process and effective work activity management, resulting in tangible safety and efficiency improvements. "This contract recognizes our ability to deliver quality and reliability as well as our capability to offer our customers innovative technology and business processes."

Gulf Keystone: further Triassic discoveries in Iraq's Shaikan-1 exploration well

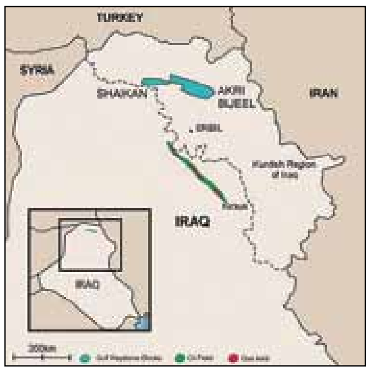
Gulf Keystone Petroleum announced an additional Triassic formation discovery in the Shaikan-1 well in Kurdistan. This most recent Triassic discovery flowed at 10,000 barrels of oil equivalent per day (boepd). This results in an aggregate actual test rate of 20,000 boepd from the Jurassic and Triassic tests done thus far in Shaikan-1.

The Shaikan-1 well reached total depth (TD) at 2950 meters. Gulf Keystone then conducted its second test in the Triassic (the first Triassic test flowed 2000 bopd and 2 million scf of gas). This second Triassic test (2582m to 2849m) produced 6000 bopd of 53 to 55 degree API oil and 21 mmscf/day of gas or 10,000 boe per day. The first Triassic test was severely limited by surface restrictions and down hole tool problems. Internal engineering analysis of the test data indicates that the first Triassic zone could have flowed at rates up to 14,000 boe per day. This gives the Triassic section alone, potential aggregate rates of about 24,000 boe per day.

The final TD of 2950 meters was determined by the fact that Gulf Keystone encountered a zone of very active oil and gas inflow immediately below a sealing layer at 2940m. This zone also exhibited high bottom hole pressures, well in excess of what was anticipated, and thus exceeded the design specifications of the well and the well head equipment resulting in the need to seal off this portion of the well bore.

Although there is no certainty, reliable data from the nearest existing well indicates that this zone is possibly 50 or more meters thick. This high pressure portion of the Triassic as well as the underlying Permian zone will be high priority exploration targets at the bottom of the Shaikan-2 appraisal well scheduled to be drilled starting in mid 2010.

Overall, the Shaikan-1 well has discovered over 1000 meters of oil column and over 200 meters of net pay. Thus far Gulf Keystone has tested less than 30% of this net pay. This 30% of net pay demonstrated the capability for 31,000 boe per day of aggregate production (7,000 bopd from the Jurassic and 24,000 boe per day from the Triassic).



This aggregate potential should rise significantly as the company undertakes longer term well tests that will be conducted after the drilling rig leaves location. During these tests, the low energy, but excellent permeability reservoirs of the Jurassic will be tested using electric submersible pumps. These tests will be conducted in the first half of 2010.

Todd Kozel, Executive Chairman, Gulf Keystone Petroleum, stated, "Shaikan-1 has exceeded the most optimistic prognosis held at the start of drilling. Each phase of drilling has resulted in significant discoveries, and any one of the several target layers of the Jurassic or Triassic intervals contain, by any measure, outstanding volumes of oil-in-place. It is our belief that the aggregate volumes suggest an even larger future potential. The high pressure oil and gas encountered at TD provide an excellent appraisal target and give strong grounds that the Permian layer, below the Triassic, should be subject to early exploration."

John Gerstenlauer, Chief Operating Officer, said, "The upper Triassic oil and condensate finds announced today, with their associated gas volumes, will be invaluable in the development of the Shaikan discoveries. The excellent permeabilities encountered throughout the well, combined with the availability of significant quantities of gas from the upper Triassic, encourage us to believe that industry average recovery factors (30-35%) might be achievable in the various reservoirs of the Shaikan-1 exploration well. This theory will be evaluated further during the upcoming extended well test."

Heritage to sell Ugandan oil fields to Eni

Heritage Oil has agreed to sell its Ugandan oil fields to Eni, the Italian energy group, in a deal worth about $1.3 billion. The deal is a potential blow to Tullow, the fellow UK-listed oil company. Eni had been widely expected to be one of the most aggressive bidders for Tullow's Ugandan assets.

Tullow and Heritage's Ugandan fields soon moving from the exploration phase to production and development, both companies need to secure bigger, more sophisticated and richer players to take on all, or part, of their portfolio.

Heritage's willingness to sell 100 percent of its stakes in the two blocks on the shores of Lake Albert won over Eni, which is looking for a large footprint in Uganda and the chance to operate the assets. Tullow has said it is only interested in selling part of its position.

Tony Buckingham, Heritage's Chief Executive and a former mercenary who owns a third of Heritage, could make more than £80 million on the deal.

But Heritage's sale is not without complications. The company, which has a market capitalization of £1.46bn, is in the process of completing a $6 billion merger with Genel Enerji, the Turkish energy company. Heritage last week said the two companies were both committed to seeing the deal through and hoped to sign by the end of the year.

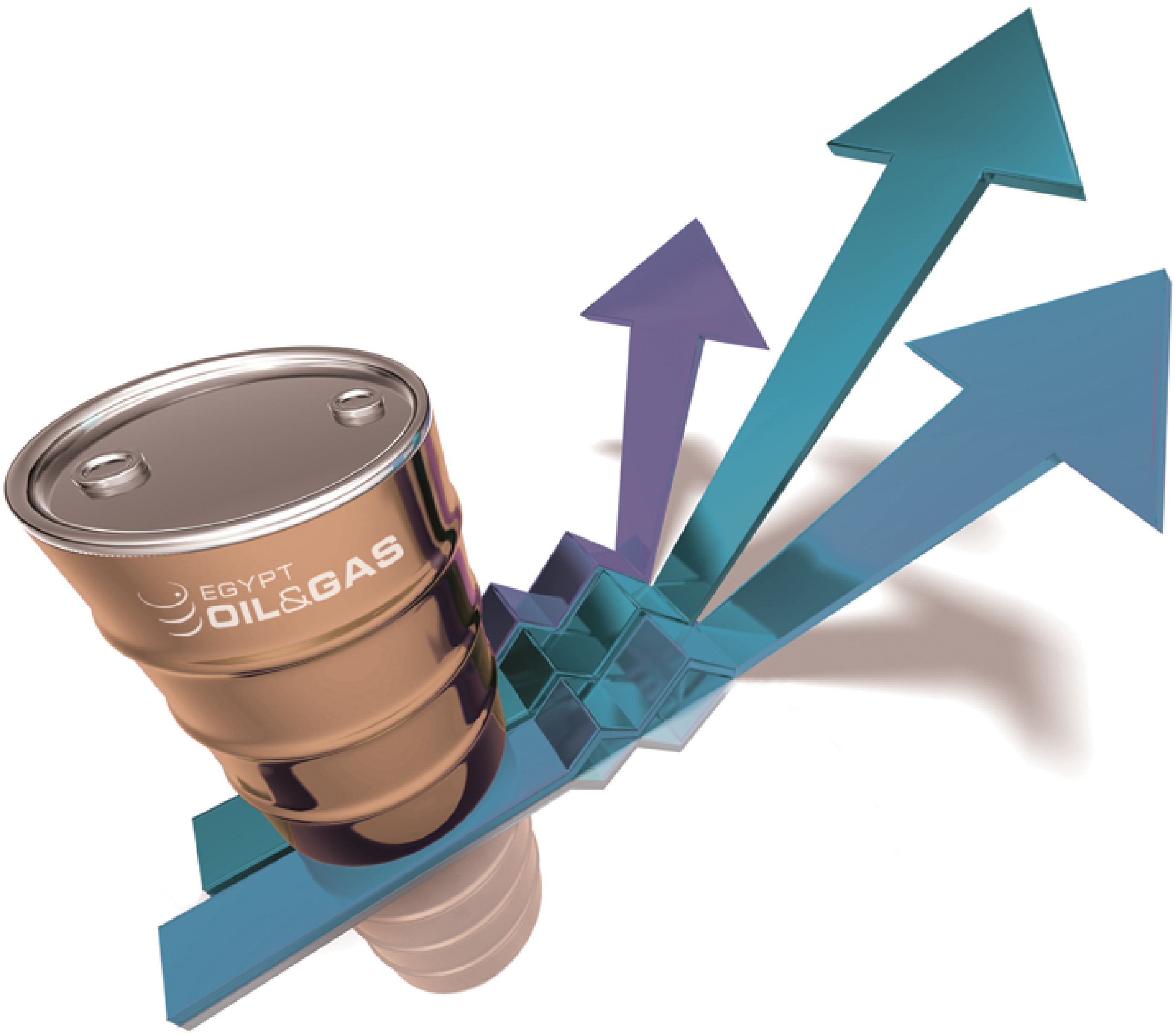
But the deal has been delayed because of leadership changes in Kurdistan, the semi-autonomous region in Northern Iraq, and investigations into Genel.

In Uganda, Heritage owns 50 percent of blocks 1 and 3A, which cover 12,000 square kilometers on the border of the Democratic Republic of Congo. Heritage has drilled six wells in its blocks, with each of them finding signs of hydrocarbons. The blocks hold reserves of around 700m barrels of oil, but could yield much more as further wells are drilled, analysts said.

Buckingham added, "Operationally, Heritage is about to embark on its busiest period ever with high-impact multi-well drilling programs in Kurdistan and Uganda, providing the potential for a significant increase in oil volumes. The previous successful drilling campaign in Block 1, Uganda, has de-risked the prospects for the upcoming program in Uganda significantly."

Heritage has said oil production at its Ugandan projects could begin in 2011.

But producing the oil will be difficult and expensive, mainly because of the remote location of the fields. Oil will need to be exported by rail to Kenya and then eventually by pipeline. Meanwhile, Ugandan authorities want oil companies to help it build a refinery to process at least some of the oil for the local market. Adding to the sensitivities is that the oil lies in a national park.


EGYPT
OIL&GAS

Take nothing but photographs, leave nothing but footprints

Covered by: Ahmed Morsy

For the sixth consecutive year, the energy companies came together to challenge physically and mentally after raising vital funds for CARE Egypt at the BG Energy Challenge 2009 – Egypt

Thirty three teams from across the oil and gas sector joined the BG Energy Challenge 2009 – Egypt, which took place from 5 – 8 November in Saint Catherine, a natural protectorate in South Sinai. This year's edition of BG challenge successfully raised a record L.E1 million ($210,000), which were given to Care Egypt to fight poverty in Upper Egypt.

The teams faced the wilderness Mountains of Sinai's St Catherine, with its rocky landscapes, steep slopes, and rugged terrain. These obstacles gave the word challenge a new meaning, testing contestants' physical and mental stamina in addition to fostering team spirit. It is for this reason that the sixth BG Energy Challenge – Egypt returned to the rich and fascinating area this year. St Catherine saw the first BG Energy Challenge 2004 – Egypt.

The four-day event is one of the most prestigious team-building events in the country. Around 200 professionals from across the energy industry including BG Egypt, BP, CB I & Lummus, Cargill, Dana Petroleum, Dana Gas, EFG Hermes, Egyptian LNG, El-Paso, ExxonMobil, INTEC, NOSPCO, and CARE Egypt made up the participating teams. Each team had to raise a minimum of $4,000 for Care Egypt to qualify for the BG Energy Challenge.

The event's challenges were spread over two days. On day one, the more Daring participants went on a 24-kilometer hike to Om Sikha, and ascended three mountains including Sharfet Abbas which stands at 2085 meters above sea-level. Participants opting for more gentle exercise took the Caring route, a 17-kilometer hike in a more flat terrain, where they enjoyed the scenic beauty of Sinai, mingled in with some dares such as ascending the intimidating Sharfet Abbas. On day two, participants embarked on a series of mental and team-building challenges and activities in El Freish Garden, a Bedouin garden retreat.

Moreover, anxious to leave the virgin terrain enriched by their presence, participants ended their second day of activities by working in a number of clean-up locations, in an effort to contribute to the preservation of the fragile environmental make-up of St Catherine, a UNESCO World Heritage Area. Besides, the day seemed to be too long as after cleaning up, participants return to hotel to perform the last team activities which were the pool activities. After that the team went to rest and refresh to be ready for the final ceremony and the outdoor dinner. The party added a funny and pleasure atmosphere for the exhaustible day.

"Every year I get more experience and I enjoy participating in the challenge more than the year before," Waleed Aziz, PCA Manager of Egyptian LNG and the team leader at BG Challenge.

"It is the third time for me to take part in BG challenge. Moreover, I think the overall challenge this year is easier than the previous year since the hiking was scheduled in only one day but it was divided into two days last year. However, the hiking specifically this year is longer and harder," Aziz added.

"From my point of view, regarding the fact that the hiking is the main aspect of the challenge so I think the activities lack the harmony with it. However, if they were necessary, I think it would be better for the organizers to shift the activities to be prior to the hiking."

"As for the organizing of the challenge, I think the organizers and the volunteers outdo themselves every year and everyone praised them this year."

On the other hand, while last year challenge raised over $137,000 for good causes, this year it raised a record L.E1 million ($210,000), which were given to Care Egypt, one of the top three aid agencies in the world and works in 70 countries with more than 45 million poor and marginalized people.

""Raising over L.E1 million is a huge achievement of which everyone should be very proud. This is the highest amount raised since the BG Energy Challenge - Egypt began six years ago, an outstanding result made possible by the energy sector and volunteers coming together to help the needy," Tim Blackford, BG Egypt Asset General Manager, declared during his speech in the final ceremony.

Additionally, BG Egypt and CARE Egypt entered nine teams between them, raising over L.E435,000 ($80,000), to be used to support CARE Egypt's fight against poverty.

Concerning the results, the winning teams included BG Egypt, Teams 5 and 8, Dana Petroleum and Cargill.

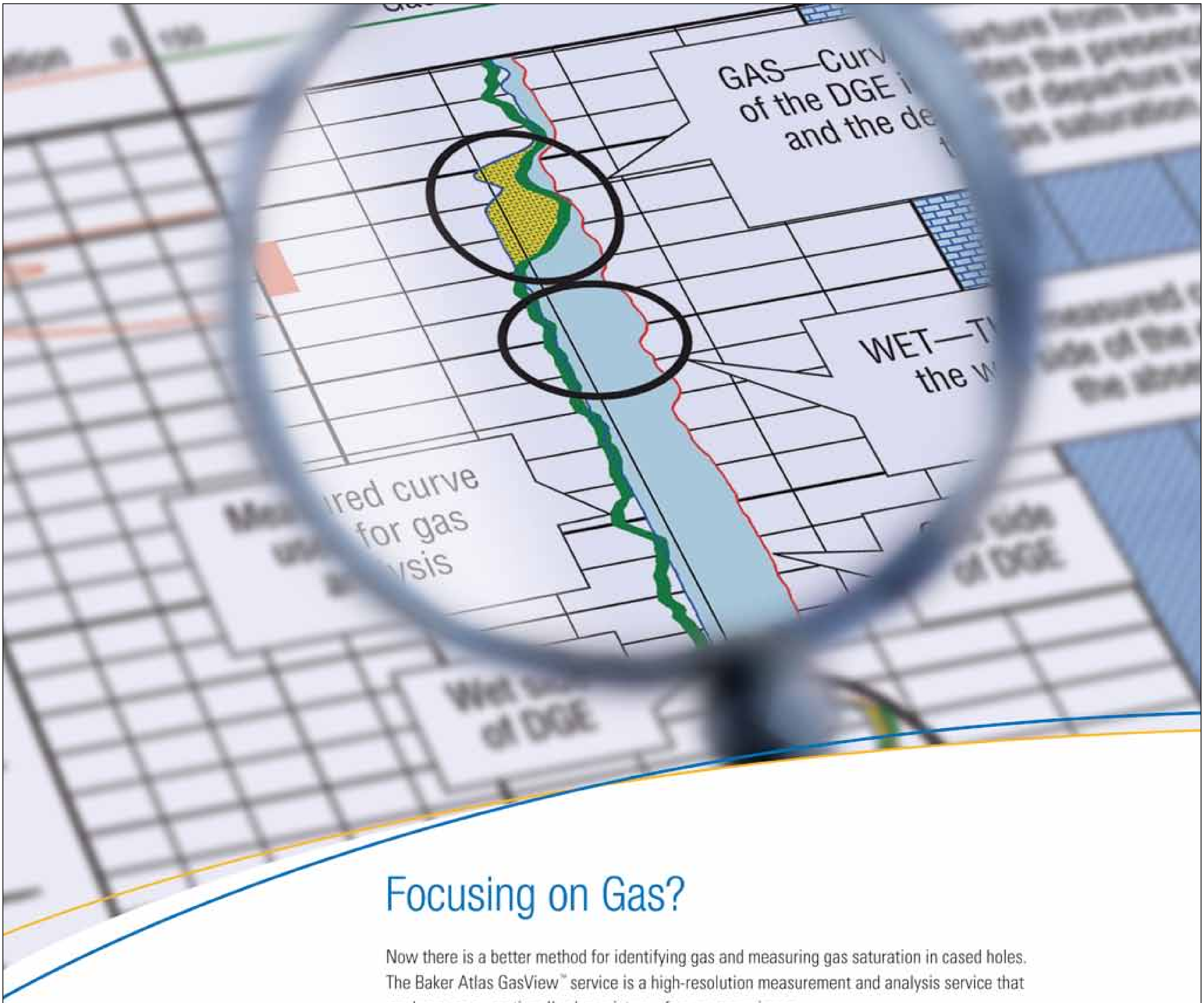
"I was very pleased to join the challenge as it is my first time for me to participate despite being the second time for my company," Hamed Mohamed Hamed, a geologist at Dana Gas, told Egypt Oil & Gas.

"I was indeed in need of this refreshment. I broke the routine of work and the routine of living in a crowded city like Cairo by a challenge atmosphere. In addition, I really liked the idea of team building and team spirit which we actually benefited from it," Hamed expressed.

"On the other hand, I liked being in such atmosphere since I like making connections and to socialize specially in the petroleum sector. I also enjoyed hiking as it allowed us to test our endurance, challenge our fitness and display our adventurous spirits to the fullest.

"Although I was fond of the activities we performed, I wished they were divided into two categories involving fun and the others could be more related to the atmosphere around us. For example, we could have enhanced the virgin nature by planting trees or flowers or by doing any useful activities."

The BG Energy Challenge is an annual test of teamwork, skill and commitment, drawing support from a wide variety of companies in the energy sector and raising substantial funds for charity. Since 1996 global events have raised more than $8 million for deserving causes worldwide and for social investment activities. The challenge is part of a series of global team building events which BG Group introduced in 1996. The series runs in seven other countries where BG Group has operations.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High potentials reflected in discoveries boom

Since the beginning of 2009, most of speculations revolved around the slowdown of operations in the petroleum sector, not only in Egypt but also worldwide due to the market instability and the international prices fluctuations. Although some of these assumptions turned to be true, the wheel of oil and gas discoveries in Egypt has proved that nothing would stop it

By Yomna Bassiouni

Compared to previous years, the number of discoveries achieved in the Egyptian market has been affected to some extent by the current global economic crisis, which has attained every corner of the earth. However, the degree of its negative effects has been different from one country to another. Fortunately, Egypt is considered as one of the least affected areas, though various major companies had to re-set their annual plan of drilling to cope with the economic conditions and the changing markets. For instance, some operations were postponed, while others were given the priority and budget was re-allocated. Whatever modifications made to each company's annual plan, the fruits of their operations were summarized in the list of discoveries attained over the year of 2009.

With 2010 just around the corner, new hopes for a near market recovery rejuvenate the optimism for more achievements. Yet, the year of 2009 was filled by recognizable attainments that would bolster these New Year hopes.

First discoveries on stage

UAE- Dana Gas, Apache and Vegas Oil & Gas had the privilege of inaugurating the series of 2009 discoveries in Egypt. The three companies' hits were made in the Nile Delta, Western Desert and Eastern Desert respectively.

In early January, the Middle East's first and largest regional private sector natural gas company, Dana Gas announced a significant gas and condensate discovery at its Salma-1 well, which is the company's second well drilled in the West Qantara Concession. Dr. Hany El Sharkawi, Dana Gas Country Director for Egypt, said, "So far, the first production test has produced 17.2 million cubic feet of gas per day and 415 barrels of condensate per day through a 36/64" choke, giving a total of 3,280 barrels of oil equivalent per day (boepd)… the total volume of the new reserves in the area are estimated to exceed 200 billion cubic feet of gas."

A month later, Dana Gas added another discovery to its list, which lies in the West Manzala Concession. This second 2009 discovery encountered approximately 20 billion cubic feet (bcf) of dry gas. The West Manzala-2 well (Haggag prospect), which was drilled to a total depth of 1,510 meters in the Kafr El Sheikh formation of Pliocene age, penetrated a total of 13 meters of net gas pay with two separate good quality sandstone zones of 8 and 5 meters thickness respectively. The production test, performed in the lower sand only, flowed 11 million standard cubic feet of dry gas through a 32/64" choke.

With the beginning of Q2, Dana Gas recorded the first gas production from Al Basant discovery in the West Manzala Concession and its first horizontal well El Wastani East. Al Basant field gas reserves are estimated to exceed 123 billion cubic feet BCF. The Al Basant discovery was developed on a fast track project with two pipelines; 6" and 12", 17.5 kms each, to transport Al Basant production to El Wastani (EW) integrated gas plant which has a design capacity of 160 mmscfd and 7500 bpd of condensate and LPG.

As for the El Wastani East-2 sidetrack well (EWE-2st) is considered as Dana Gas Egypt's first highly deviated/horizontal well in Egypt. The well was drilled and completed in March 2009 in the East El Wastani development lease in the Nile Delta region. Gas production from EWE-2st started on March 30th, 2009, at an initial rate of 4.5 mmscfd gas, which will increase after the well has been cleaned up.

The fourth achievement in the string of Dana Gas discoveries was attained in the Tulip-1 well, which was estimated to ass up to 30 bcf of gas to the company's reserves base in Egypt.

Adopting a target to reach a 40,000 boepd, two more discoveries were made in last August, serving the company's goal. Dana Gas added an estimated 76 bcf of gas to the country's reserves through its two findings, Sharabas-1 (located in the West El Manzala Concession) and Sama-1 (located in West El Qantara Concession). Ahmed Al Arbeed, Chief Executive Officer declared, "We are very pleased that our Egypt exploration program is continuing to yield discoveries. The Sharabas-1 and Sama-1 discoveries will boost Dana Gas' production and profitability, and will take us closer to achieving our target that we are already well on the way to achieve. I am confident that the Dana Gas team will also maintain our excellent delivery rates and bring these discoveries on stream soon."

Reaching the last quarter of 2009, the UAE Company added two more discoveries, Faraskur-1 and Marzouk-2, which together, the two wells are expected to add 86 billion bcf of gas to the company's Egypt reserves. Although the year of 2009 did not come to an end, Dana Gas succeeded to further strengthen its portfolio of discoveries in Egypt.

Apache, Vegas… among early discoverers

As mentioned earlier, the findings of 2009 were first attained by Apache and Vegas Oil & Gas in addition to Dana Gas.

Apache scored triple play in the Western Desert, which tested a total of 80 micf of natural gas and 5,909 barrels of oil and condensate per day, all from Jurassic formations. "Taken together, these three discoveries highlight the significant exploration potential for both oil and gas remaining in these concessions," said G. Steven Farris, Apache's President and Chief Executive Officer.

The Sultan-3x well, a new oil field discovery located in the Khalda Offset concession, 11.5 km south of Apache's Imhotep field, encountered oil pay in the Jurassic Alam El Buieb (AEB-6) and Safa formations. The Sultan-3X test-flowed 5,021 barrels of oil and 11 MMcf of gas per day from three commingled intervals in the Safa formation. Adam-1x and Maggie-1x discovered new gas-condensate fields on the Matruh development lease north of the Sultan discovery.

This triple opening was not the sole distinguished activity made by Apache. The American company had another two oil and gas findings in the Faghur Basin, in last April. During that time, Apache's Khalda-area gross liquid hydrocarbon production was estimated to approximately 102 thousands bpd. "These wells contribute about 30 percent of Khalda-area oil output," said Rod Eichler, Apache's Co-Chief Operating Officer and President – International.

The flow-test of Phiops-1x, a new oil field discovery located in the South Umbarka concession about 4 km northwest of Apache's Kalabsha field, showed a total of 2,278 barrels of oil and 5 MMcf of gas per day from the Safa formation. As for the WKAL-A-1x discovery, located 8.3 km west of Phiops-1x in the West Kalabsha Concession, was drilled to test closures at three levels in the AEB and Safa formations. The well logged 202 feet of pay in the Cretaceous AEB-2 and AEB-3 formations and 17 feet of pay in the Jurassic Zahra formation.

During the same month, Apache recorded the first field discovery in the North Tarek Concession along the Mediterranean coast; NTRK-C-1X.Apache has a 100-percent contractor interest in the North Tarek concession.

On July 30, Apache reported the latest in a series of new field discoveries in the Matruh Concession, Western Desert as well as an appraisal well that extended the known pay area of two reservoirs in the Shushan Concession. The Falcon-1x discovery tested 4,400 bopd from the Alam El Buieb (AEB-

3D) formation. While in the Shushan Concession, the Hydra-5x appraisal well tested 21 MMcf of gas and 3,744 barrels of condensate per day from the Jurassic Upper Safa Formation.

It is worth mentioning that Apache is considered as the largest producer of liquid hydrocarbons and natural gas in Egypt's Western Desert and the third largest in the country. The company holds approximately 11.2 million gross acres in 23 separate concessions, 19 of which are producing concessions. Apache's production is operated under its two Egyptian joint ventures, Khalda and Qarun Petroleum Company.

Moving to the third early discoverer, Vegas Oil & Gas, the Greek company had considerable exploration operations in Egypt. As early as January 2009, it made its first hit in West Gemsa, Al Amir-2, which showed a production estimate of 6000 bpd of crude oil and nearly 6 MMcf of natural gas. The Greek company owns the West Gemsa concession as well as the concession of Alam El Shawish, the Joint Venture Company, (PetroAlam) in partnership with EGPC.

Obtaining the necessary agreements from the Egyptian General Petroleum Corporation (EGPC) and completing the required production engineering facilities, initial production commenced a month later in the Al Amir Development Lease area in the NW Gemsa Permit. This signaled the start up of oil production for Circle Oil in Egypt. It is worth mentioning that the North West Gemsa permit partners include: Vegas Oil and Gas (50 percent interest and operator); Circle Oil plc (40 percent interest); and Premier Oil plc (10 percent interest).

The three partners conducted an intensive exploration and production program for the NW Gemsa concession, which served their plan to boost their activities in the country. The partners announced in last April a new discovery at the Geyad-1X, in the Kareem Formation sandstones with the well testing 40° API oil and gas at a sustained average combined rate from two pay zones of 2,809 bopd and 3.04 MMscfd using a 64/64" choke.

Despite the promising results attained in this concession, Premier sold its 10 percent interest to Sea Dragon Energy for the sum of $12.5 million. Simon Lockett, Premier's CEO, commented, "While Premier continues to evaluate potential opportunities in Egypt and the surrounding countries, our low equity interest in NW Gemsa is not material for the Company and this sale releases internal resources which can now be focused elsewhere."

First gas from Al-Theka

One of the landmarks of 2009 was the first gas production from Al-Theka area, in the Mediterranean Sea. According to Tharwa Petroleum Company, the estimated daily production of this findings counts for 95 MMcf. Eng. Atef Abdel Sadek, Tharwa President, highlighted in his report to the Egyptian Minister of Petroleum Eng. Sameh Fahmy, that this discovery can be added to the Egyptian map of natural gas production and used to satisfy the local demand. The development operations of Al-Theka area started in 2007 in partnership with the Italian IEOC. Throughout 20 months, two marine platforms and 50-km pipelines were constructed in association with Egyptian petroleum companies, such as Enppi, Petrojet, Petrobel and Marine Petroleum Services.

Moreover, Abdel Sadek clarified that the company finalized a 1300-km square of 3D seismic studies in the area of Al-Arish, the Mediterranean Sea in order to start the drilling phase of the 1st exploratory well before the end of this year.

More offshore successes

Although offshore drilling requires large investments as it is costly and necessitates complicated technologies, the promising findings of this techniques plays a vital role in luring the needed investments. Last May, BP and RWE Dea confirmed additional gas pay at offshore Ruby Field, in the West Nile Delta. The Ruby-3 (Ji 50-2) exploration well is located within the offshore West Mediterranean Deep Water concession. RWE Dea has a 20 percent working interest in the concession, whereas the remaining 80 percent is held by Operator BP.

Italian Company Edison had as well an offshore success in Abu Qir Bay in Alexandria, in which first test results proved that the well will increase the gas reserves with half a trillion cubic feet of natural gas production by the rate ate of 70 MMcf per day and 500 barrels of condensates and it is targeted to put the well on production through the production facilities in the region. This discovery represented the company's first achievement in Egypt after it has signed an agreement to participate in the production of Gas fields in Abu Qir last January with investments of more than three billion dollars.

The third major offshore finding this year was recorded by BG Egypt. The british company announced the delivery of first gas on 08 August 2009 from the Sequoia subsea development located 90 kilometers offshore Egypt in the Mediterranean Sea. Straddling both the West Delta Deep Marine (WDDM) and Rosetta concessions, the Sequoia unitized development which represents a gross $1 billion investment, has been delivered ahead of schedule and under budget. Sequoia is another successful milestone in BG Egypt's phased development of the gas-producing areas in the offshore Nile Delta. It brings into production six new subsea wells, three located in each of the concessions, which will help maintain overall plateau production.

The Sequoia development was executed by the Burullus Gas Company S.A.E, the WDDM Joint Operating Company (JOC). It included the drilling of six new subsea wells in water depths ranging from 105 to 535 metres. The deepwater subsea facilities all tie into the WDDM concession and were installed using the Saipem-operated multi-purpose vessel "FDS".

The main Subsea Engineering Procurement Installation and Construction (EPIC) contract was performed by Saipem which sub-contracted Petrojet - the Egyptian General Petroleum Corporation (EGPC) affiliate - to complete the majority of the structures fabrication and all concrete pipe coating.

At the peak of the onshore fabrication phase, Petrojet employed in excess of 220 people at the Maadia yard and Saipem operated five major construction vessels in the field simultaneously.

BG Group holds a 62.99 percent unit interest in Sequoia. PETRONAS and Edison have 28.35 percent and 8.6 percent respectively.

During the same month of August, Italian Eni joined the group of offshore discoverers as it fired up production in North Bardawil field, in the Mediterranean Sea. The expected maximum production rate was estimated at 2.7 million scm per day, approximately 17,000 boepd, of which about 6,000 boepd as Eni equity share. The companies working in this project are Ieoc (Eni's affiliate in Egypt) 60 percent and KUFPEC (Egypt) Ltd (Kuwait Foreign Petroleum Exploration Co. affiliate in Egypt) 40 percent, whereas the operator is Petrobel, a joint operating company made of Ieoc and EGPC.

Discoveries reviving the petroleum sector

In addition to the offshore hits, the list of discoveries achieved during 2009 in Egypt includes, but not limited to, a number of onshore attainments.

In May, Melrose Resources announced a successful exploration discovery and first production from two new field developments. The South Khilala No.1 exploration well has been successfully drilled with the EDC-9 rig to test a prospect located approximately 10 kilometers to the south of the West Khilala field in the El Mansoura concession. The South Zarqa and North East Abu Zahra field developments in the El Mansoura concession have been completed within budget and ahead of schedule. The fields have been tied back to the South Batra production facilities using a common 35 kilometer flow line and came on production on 20 April 2009. The fields contain total proved plus probable reserves of 58 Bcf of gas and 1.6 MMbbls of condensate and are currently producing at 22 MMcfpd of gas and 710 bpd of condensate.

During the same month, RWE Dea confirmed gas findings off the Messinian formation for the fifth time in the Sidi Salem South East-1X well, in the Disouq Concession, which was awarded to the company as operator in July 2004.

As mentioned earlier, Italian Edison achieved an offshore success in Abu Qir in last June. This was not the only recognizable attainment of the company, as during the same month, Edison found a crude oil discovery in the West of Wadi El-Rayan, in the Western Desert, where test results showed the existence of reserves of crude oil about six million barrels expected to be doubled after drilling new wells and gives production rate of 1500 bpd, a high quality 38 degree. These findings serve the company's target to strengthen its position among other petroleum companies operating in Egypt.

As a matter of Foreign companies have been competing to dominate the Egyptian petroleum industry, among which we can list the Kuwaiti investments represented by the Kuwait Energy Company (KEC), which found two oilfields in the East Ras Qattara block that boosted production to 5285 bpd of light crude from 900 bpd and estimated proven reserves at 3.46 million barrels. KEC's share and working interest of the East Ras Qattara field is 49.5 percent, while Chile's state-run Enap Sipetrol owns the rest. East Ras Qattara was one of the assets acquired by KEC through its $200 million acquisition of Australia's Oil Search Middle East & North Africa (MENA) last year. KEC had another oil discovery at the same block, specifically at Al-Zahraa oilfield, from which oil flowed at the rate of 2,615 bpd.

In addition to the Kuwaiti investments, Croatia had its shares of discoveries as well. In the field of East Yedma which interests are held by the Croatian company INA, a new well was discovered in segment of Alam Al-Buwaib, with a production rate of 500 bpd. The new discovery is considered the company's second in Egypt, which has been working for nearly three years in the country, after the first discovery Sidi Rahmani, achieved two years ago.

Would it be the last?

The most recent discovery was achieved by BP last month. The british company has hit oil with the NS 377-3 field development well in the Gulf of Suez, North Shadwan concession. The probe struck a 140-meter oil column, 20 meters more than prognosed, in the Kareem formation reservoir and is being cased as a future oil producer, project partner Beach Petroleum said.

NS 377-3 is the first production well for the field and has been drilled from an onshore site to intersect the offshore oil pool 150 meters north of the GH 377-1 discovery well.

Production from the 377 field is expected to start in the Ras Ghara facility, seven kilometers to the north-west of the 377-3 well site, in early 2010.

Australia's Beach Petroleum holds a 20 percent stake.

The month of November has also witnessed the first discovery for Naftogaz in Abo Senan. Ukrainian Company Nagtogaz announced its new discovery located in the Western Desert. The primary results showed that the well HG34-3 accommodates approximately 3000 barrels of crude oil and 4 MMcf of gas in Abo Rawash formation.

Naftogaz expects another discovery in another well, HG34-5 in the same field of Abo Senan.

This is considered the first discovery for the Ukrainian company in Egypt, which started its operations in December 2006 after signing a $7 million-agreement with the EGPC. The budget of investments of Naftogaz counts for $3 million, while the company's drilling budget was set last April to 300 million Egyptian Pounds.

The Naftogaz and BP findings concluded the series of discoveries recorded during 2009, starting January and ending in November. Although not all discoveries were listed in this article, their promising results reflect the high potentials of the Egyptian petroleum industry despite any challenges, whether locally or internationally.

Africa swims over oil seas

Until recently, big oil companies gave little thought to south Saharan African beyond the coast of Nigeria and Angola

By Mostafa Mabrouk
Vice Chairman Assistant for Economic Affairs, Ganope

There is a rapid change in the Nigerian and Angolan petroleum markets, especially after the significant find off the Atlantic coast of Sierra Leone, where both Anadarko Petroleum and U.K-based Tullow received exploration licenses, and another strike in Uganda (a promising country in oil production), where Tullow operates.

So the questions to address, how much oil is there? Is it reflected in the stock prices? This prospect will be more definitely appraised as new wells are drilled over the next year, but there is a persuasive case that the potential could top a billion barrels in West Africa. If that proves out, then shares of Tullow and Anadarko remain undervalued. One of the wells generating excitement called Venus, along side the coast of Sierra Leone. Few holes have been poked in the in the new West Africa prospect, so Venus location is creating a possible bookend that with the large Jubilee field at the prospect's other end off the coast of Ghana (discovered in 2007), the entire 1100 kilometers coast could hold hydrocarbons. The other recent significant strike, made by Tullow, is in the Lake Albert area of Uganda.

Oil estimates

Christopher Brown, the lead analyst for sub- Saharan African for Wood Mackenzie, noted that the exploration licenses to drill in that region are more valuable than they were few months ago. Wood Mackenzie does not comment on how much oil is in the entire prospect, but Anadarko and Tullow's analysis said that the Jubilee field in which they own 24 percent and 35 percent stakes respectively, holds from 600 million to 1.8 billion barrels. The Jubilee field is expected to come online in the third quarter of 2010 and produce 120 thousand bpd.

In Uganda, Tullow has found about 700 million barrels of oil, though the entire amount has not been audited. There is probably another 1.5 billion barrels to be found in Uganda and that Tullow is looking for a partner to bring its Ugandan finds into production and Tullow total production should grow from 60 thousand boepd to 200 thousand boepd in the short medium term.

Rigs working In West Africa

There are approximately 60 rigs working off West Africa compared to 46 in October 2004. These include 12 drillships, 20 semisubmersibles and 28 jack-ups. Angola leads the West African countries with 19 rigs, followed by Nigeria with 15 rigs. The numbers drop off with Gabon, Cameron and Congo each with six rigs. Ghana with three, Cote Divoire with two, and Equatorial Guinea, Sao Tome Principe with one each. Transocean owns 13 jack-ups and 12 semisubmersibles working off the West African coast. The current average of earning is about $338 thousand per day.

Future Of ultra-deepwater

Big companies are interested in ultra deep-water exploration in Africa that is why they are battling to get the big share of the oil cake.

In Nigeria, Afren provided an additional operational update regarding an acquisition of interest in the Nigerian offshore OPL 310 license. Currently, Ebok-5 is drilled by Transocean Adriatic jack up drilling unit. This represents the start of the initial development phase of the Ebok field, which carries the following drilling targets and objectives:

- Fault block west, one well appraisal (Ebok-5) with recoverable resources of 25 mmbbls
- One appraisal (Ebok-6) well with recoverable resources of 8 mmbbls
- D2 reservoir (fault block 1&2) 5 production wells to be drilled with recoverable resources of 27 mmbbls
- D1 reservoir (fault block 1&2) one production well to be drilled with recoverable resources of 26 mmbbls

Following completion of the initial development phase, production of 15 thousand bopd is set to be delivered in 2010. Afren plans to drill one appraisal well at Okwok field in mid 2010.

Earlier, Afren has extended its partnership in Nigeria with Oriental Energy Resources Ltd and formed its first Nigerian partnership with Addax Pet, to jointly develop the Okwok field.

Moving to Angola, the country rises as West Africa's production leader. The strength of West Africa's offshore development, particularly in Nigeria and Angola, is propelling the region to grow faster than any other in the energy industry. Industry experts predict annual project spending will hit $13 billion by next year. Nigeria's production has dropped off by 20 percent since 2006. The movement for the Emancipation of the Niger Delta has attacked and kidnapped major industry employees, which has led to the production decrease. It currently produces about 1.7 MMB/D, down from about 2.6 MMB/D. The country's natural gas production comes in around 185 TCF. Angola's domestic product has expanded by more than 10 percent annually and reached to 1.8 MMB/D in Q1st, 2009.

The richest oil blocks in Angola are examples to attract investors to work in this country. For instance,

- Esso Angola and its ventures partners in block (15) are celebrating 15 years of safe and successful operations in Angola, which maximize the value of the country's resources, creating long-term benefits for the Angolan people. The block surpassed one billion barrels in cumulative production in September 2009, and is currently producing over 600 thousand bpd. Esso Exploration Angola Ltd is the operator of block 15 with 40 percent interest, the other co-ventures are BP Exploration Ltd 26.67 percent, Eni Angola Exploration 20 percent and Statoil Angola 13.33 percent.
- BP Exploration Angola announced the 18th discovery in block (31). The well test results confirmed the capacity of the reservoir to flow in excess of 5000 bpd under production conditions. BP Exploration Angola is the operator holds 26.67 percent; the other interest owners in block 31 are Esso Exploration & Production Angola with 25 percent, Sonangol with 20 percent, Statoil Angola with 13.33 percent, Marathon Int. Pet Angola with 10 percent and the remaining 5 percent to TEPA Ltd.
- Total announced that its subsidiary, TEBA Ltd discovered oil on block (17/06), in the deep waters, Gardenia-1 is the first discovery and produced 4000 bpd during tests. Sonangol E.P is the concessionary of block (17/06), TEBA is the operator with 30 percent stake, partners are; Sonangol 30 percent, SSI LTD 27.5 percent, ACREP Bloco 5 percent, Falcon Oil Holding Angola 5 percent and PARTEX Oil and Gas Corp 2.5 percent.
- Eni and Sonangol announced oil discovery in block (15/06), Cabaca Norte -1 well. It produced 6500 bpd during production tests. The successful discovery due to ENI's deepwater experience and use of its proprietary technology to minimize the technical risks. ENI is the operator and has 35 percent stake, while Sonangol owns 15 percent, SSI 20 percent, Total 15 percent, Falcon Oil Holding Angola, Petrobras Int and Statoil Angola each with 5 percent.

In addition to Nigeria and Angola, Uganda is now considered as the newcomer in oil field, after remarkable exploration success by the two companies Tullow Oil Plc and Heritage Oil Ltd that drilled about 15 wells in the Lake Albert basin of Uganda with 100 percent success rate. Reserves reach about one billion of oil equivalent. The two companies have long talked of exporting the lake Albert oil to world market through Kenya, by rail to the port of Mombassa and eventually through a large pipeline to carry 200 thousand bopd, but this would require about 1200 kilometer pipeline.

The waxy nature of the crude necessitates a combination of chemical treatment and heating to keep the oil flowing. But, the size and expense of the project would put a tremendous strain on the two companies, so they had to find a partner from International oil companies in order to sell part of its stake. The Chinese Oil Co (CNOOC) has interest to enter the Ugandan Oil Project. But, such entrance requires Ugandan official approval, which, among its conditions, requires the operator to build a local refinery, the pipeline and share of the oil block costs. Such requirements may count for $5-billion investments. Chinese companies will face stiff competition from oil majors. In addition, China is facing opposition in other African countries over some oil acquisitions and criticism over its decision to bring its own labor and technical problems in its projects.

Also Iran, the U.S particularly ExxonMobil Corp and other countries have all expressed interest in helping Uganda exploit the resources, a move that has raised suspicion over their generosity. The U.S oil giant is joining France's Total, Eni of Italy and China state-owned CNOOC as a potential partner pre-selected to enter the Ugandan oil project.

The fourth country that is worth our attention is Ghana. Jubilee oil field is the largest Ghanaian field. Oil majors show interest in the stakes put up for sale by Kosmos Energy LLC and Tullow Oil. Ghana will start producing from the offshore Jubilee oil field in over a year. Tullow appraised one well that was drilled by the use of Atwood Hunter semisubmersible rig in a water depth of 1079 meters. Following the conclusion of operations, the rig moved to drill another development well. The results of drilling, wire line logs and samples of reservoir fluid confirm that the Jubilee field is estimated to have between 600 million to 1200 million barrel of reserves. In addition to Kosmos, the field's other partners include Tullow Oil Plc and Anadarko Pet Corp. It is worth mentioning that operations were not affected by the decision of operator Kosmos Energy to sell its 30 percent stake in the field. ExxonMobil agreed to pay $4 billion for the stake, but that could be disrupted by China National Offshore Oil Co., which is contemplating a rival bid in collaboration with Ghana National Pet Corp.

Drilling Fluids Technology

Drilling Fluids Technology – DFT was founded by PICO Energy in 2007. DFT provides its customers with reliable customized and high quality engineering services implementing the best drilling fluids practices using the full fledge of OBM & WBM Chemicals and drill-in fluids. DFT team congregates the most experienced personnel within the Egyptian Market in the field of drilling fluids. The team collaborated for Managing & Operating DFT have rich local and international experience with many Operators in Egypt utilizing varieties of mud systems that led to a successful start in the Gulf of Suez of Egypt. DFT success is a function of performance and improving well integrity as well as enhancing the learning curve which adds to our reputation further diversity.

IS Drilling Management

Our experienced team of drilling engineers provide different drilling programs with risk mitigation scenarios applying years of engineering experiences and innovative designs, aided by sophisticated engineering database management to deliver optimal quality drilling solutions based on materials selection, services applications, and performance criteria. We provide integral solutions that improve your overall economics and HSE programs to provide high performance completed wells with reliable durable production. We simulate our drilling solutions aiming minimal NPT to attain a tolerance to the local & international Technical Limit Concepts for drilling operations. We encourage intimate customer participation from the initial concept to exhaustive prototype testing.

PICO ENERGY

Petroleum Integrated Services

Down Hole Digital Services

Down Hole Digital Services – DHDS founded by PICO Petroleum Integrated Services in 2008 to provide a comprehensive range of surface and down-hole tools and services to help you select the appropriate design for exploratory, development and work over wells applications. Supported by 30 years of experience in the oil field where PICO has proclaimed substantial and superior quality control systems that ascertained the utmost performance and reliability meeting client's expectations; DHDS are committed to provide the best value services for well surface evaluation and bottom hole testing analysis.

Pumping & Stimulation Services

Pumping and Stimulation Services –P&S founded by PICO Petroleum Integrated Services in 2008 to provide stimulation treatments to maintain and improve the original permeability of the pay zone. Coiled tubing has a significant role in playing such improvement. Other services can be achieved such as Drilling with Coiled Tubing, OH/CH Logging, Artificial lifting, Well cleaning from scales/sand, Perforation and Fishing with Coiled tubing. Different sizes of Coiled tubing enable to reach the maximum benefit to stimulate the pay zone.

Russia worries about the price of oil, not a nuclear Iran

U.S. President Barack Obama's visit to Russia has seen over $1.5 billion of company deals unveiled, but a longer term step-change in business between the nations will depend on Moscow boosting the rule of law

By Ahmed Morsy

"We need the confidence that things are going to remain stable, that the ground rules are going to remain stable," Samuel Allen, chairman of U.S. farm machinery maker Deere & Co., told reporters while announcing an investment of $500 million into Russia within the next five to seven years.

"I believe in the long run that is what the (Russian) government will try to do but at this point in time things are not as stable as we would like to see. It makes us hesitant at times," he added.

On the other hand, the remaining illusions the Obama administration held for cooperation with Russia on the Iranian nuclear program were thrown in Secretary of State Hillary Clinton's face. Stronger sanctions against Iran would be "counterproductive," said Russian Foreign Minister Sergei Lavrov, just days after President Dmitry Medvedev said sanctions were likely inevitable. This apparent inconsistency should remind us that Medvedev is little more than a well-placed spectator, and that Prime Minister Vladimir Putin, who discounted sanctions in a statement from Beijing, is still the voice that matters.

This slap comes after repeated concessions—cancelling the deployment of missile defences in Eastern Europe, muted criticism of Russia's sham regional elections—from the White House. Washington's conciliatory steps have given the Kremlin's rulers confidence they have nothing to fear from Obama on anything that matters.

And nothing matters more to Putin and his oligarchs than the price of oil. Even with oil at the range of $70 a barrel, Russia's economy is in bad straits. Tension in the Middle East, even an outbreak of war, would push energy prices higher. A nuclear-armed Iran would, of course, be harmful to Russian national security, but prolonging the crisis is beneficial to the interests of the ruling elite: making money and staying in power.

If the U.S. is serious about preventing Iran from getting a nuclear weapon, then Obama must get to the point and state the penalties unequivocally. Repeating over and over that it is "unacceptable" has become a joke. For more than 10 years a nuclear North Korea was also "unacceptable." If Obama says the U.S. will do whatever it takes to prevent Iran from attaining a nuclear weapon, then we will see if Tehran blinks. At a minimum, the White House should publicly promise that any attack on Israel with weapons of mass destruction will be treated as an attack on American soil and urge NATO to make a similar commitment.

Additionally, on the first day of Obama's three-day visit he met with Russian President Medvedev in an open meeting after which the doors were closed for several hours of one-on-one negotiations. As a result a number of agreements were reached. Significant steps forward included a nuclear arms agreement signed by both Presidents, which reduces their nuclear arms by as much as a third and an agreement on the US missile defence system plans for Poland and the Czech republic that have been a bone of contention for some time between the two major powers. Although no definite compromises were reached – Obama stated that his staff are researching the issue and will present an assessment in two-three months based on which a decision will be made – one breakthrough of value for Russia was achieved: defence systems were linked to attack systems. An agreement valuable to the US involves military transit to Afghanistan via the Russian airspace.

However, many disagreements still exist between the two leaders, one of the biggest ones concerning Georgia and the status of its break-away regions of South Ossetia and Abkhazia. Nevertheless, both Presidents seemed satisfied with the day's work and expressed renewed hope and optimism that the two countries would finally enter an era of cooperation after many years of cold animosity.

Observers expected that Obama's visit to Russia will enhance the U.S.-Russia relations and help boost bilateral trade, which stood at $36 billion last year.

The Kremlin said Russian oil major LUKOIL wanted to invest in a new refinery on the eastern U.S. coast with ConocoPhillips.

"If we have success on the geopolitical side of the summit we are going to see much more investments by U.S. companies," Andrew Somers, president of the American Chamber of Commerce in Russia, told Reuters in an interview.

"We hope that President Medvedev will be able to follow through on his continuous campaign to improve the rule of law. I think this is a single biggest inhibitor to investment by U.S. companies, their concern about the rule of law," he said.

U.S. executives regularly name the weak rule of law, high level of red tape, and corruption as key obstacles for doing business in Russia.

PepsiCo announced that it would boost investment in Russia to $4 billion from $3 billion in the next three years. Besides, Boeing will launch a venture with the world's largest titanium producer, Russia's VSMPO-Avisma, industry sources said. The venture will produce $700-$900 million of titanium for Boeing's planned 787 Dreamliner.

In addition to Boeing, John Deere, and PepsiCo, executives from U.S. oil majors ExxonMobil, Chevrov, ConocoPhillips and aluminium major Alcoa travelled with Obama to negotiate for new agreements and investments.

When energy storage is big business

Fifty oil tankers anchored off British coast refusing to unload as they lie in wait for fuel price hikes

Laden with fuel, more than fifty oil tankers sit idly within sight of the British coastline, playing a waiting game that is driving up petrol prices for hard-pressed motorists, according to the British newspaper Daily Mail.

While the only winners are market speculators, the losers are the millions of British motorists paying over the odds for their petrol and diesel.

After the a previous report in the Daily Mail on how several so-called 'oil shark' tankers were moored near the Devon coast, another updated report revealed that dozens more vessels were revealed to be loitering off-shore.

They are, according to the first report, part of a flotilla of ten vessels refusing to unload their cargo until market speculation has driven up its price to the level they want. Some are carrying aircraft fuel or fuel for homes. Others are empty, waiting to be restocked before setting off around the globe.

And as the value of that cargo is currently rising by over £1million a day, driven partly by profiteering traders and speculators, it is unlikely to see a petrol station any time soon. With such tactics, it is not hard to see why prices at the pumps are forecast to have risen by 26 per cent in a year by this Christmas.

Specifically, 54 tankers are anchored around the British Isles. Six are off the Essex and Kent coasts, five are moored in Lyme Bay, while four are lurking next to the Isle of Wight.

But the biggest fleet - around 30 ships - lies around ten miles from Southwold, Suffolk in the only waters around the UK where ship-to-ship transfers of oil are allowed.

They come from as far afield as Malaysia, Liberia and Singapore - and include 1,000ft vessels capable of carrying more than 300,000tons of oil.

Edmund King, president of Automobile Association, said: "Traders and speculators seem to be storing up oil until the price rises. Drivers can expect more hikes in the pipeline. Motorists are paying the price of this at the pumps."

While Andrew Reid, of ship owners and managers Charles M Willie & Co, said: "They are all just waiting there for the price of crude oil to rise, enabling huge profits to be taken. If all this crude were to be delivered there would doubtless be a fall in the crude price and petrol prices."

These tankers are treating the coast like a car park

while they wait for the right time to take their oil to shore. There is nothing to stop them staying there as long as they like. Besides, small tankers bringing oil from Russia often use the spot to transfer their cargo to larger vessels. Others drop anchor there while waiting for business because it is cheaper than tying up in a port.

The price of a barrel of oil has risen from $40 to $80 over the last year. It is expected to soar even further over the next few months as the world eases its way out of recession and demand rises.

Even from the start of the tankers' stay in Lyme Bay, the value of the oil they carry has risen from £313million to £378million - an increase of £65million, or more than £1million a day.

It means a 21 per cent profit for doing nothing more than simply watching and waiting.

Record amounts of fuel are now being stored in such a manner around the world - indirectly helping to push up petrol prices on the forecourt.

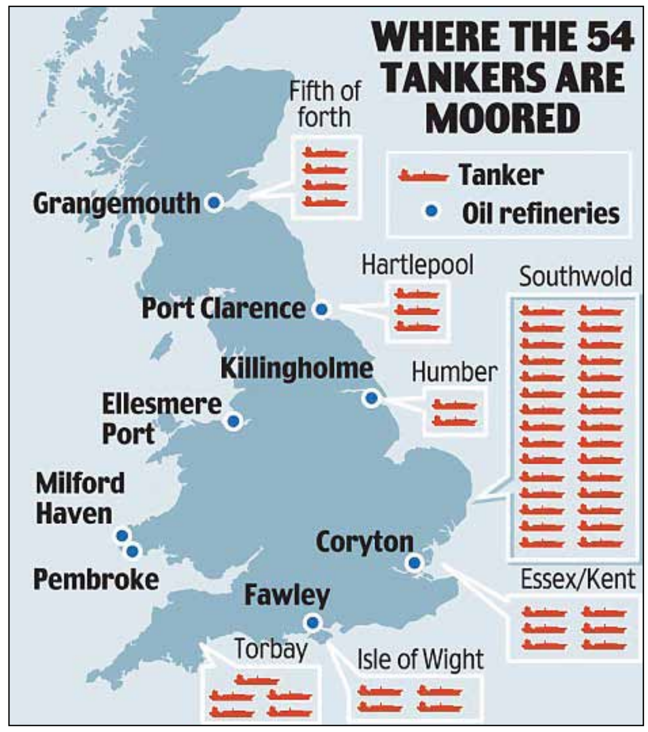
Oil pumped out of the ground by the major producers such as BP, Shell and Exxon goes by pipeline to tankers which then circle the globe.

If the price is not high enough, the tankers simply cruise around the high seas - or park in a safe haven - until it goes up sufficiently high to sell on in the UK or elsewhere.

Experts say every $2 rise in the price of oil puts 1p on the price of a litre - adding 50p to every fill-up.

In total, the Lyme Bay tankers carry a million tons of oil.

Once refined, that will create 250,000 tons of petrol - equivalent to 340million litres - enough to fill up nearly



seven million Ford Mondeos.

The supply of oil is strictly controlled by producers and owners - to ensure that prices remain as high as possible.

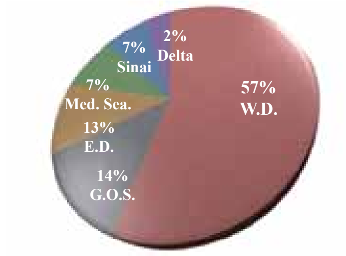
In the course of its journey from wells to the refineries, a barrel of oil may be bought and sold by different traders many times on the international markets.

On the other hand, the extent of oil speculation is even beginning to alarm producer countries. The Arab-dominated OPEC oil cartel warned last month it will increase supply and thus reduce the price if the speculators do not relent.

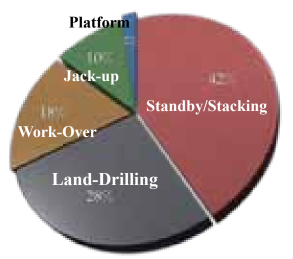
Table 1 Egypt Rig Count per Area -November 2009

	RIG COUNT		
Area		Total	Percentage of Total Area
Gulf of Suez		21	14%
Offshore	21		
Land			
Mediterranean sea		10	7%
Offshore	10		
Land			
Western Desert		85	57%
Offshore			
Land	85		
Sinai		10	7%
Offshore			
Land	10		
Eastern Desert		19	13%
Offshore			
Land	19		
Delta		3	2%
Offshore			
Land	3		
Total		148	100%

Rigs per Area November 2009



Rigs per Specification



Source: Egypt Oil & Gas

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

		United States[2]	Persian Gulf[3]	OAPEC[4]	OPEC[5]	World
2008 Average		8,514	24,386	25,410	35,724	**85,370**
2009 January	E	8,731	22,338	23,214	**33,419**	**83,179**
February	E	8,754	22,469	23,378	**33,424**	**83,683**
March	E	8,842	22,541	23,429	**33,389**	**83,657**
April	E	8,879	22,646	23,477	**33,551**	**83,796**
May	E	9,040	22,764	23,564	**33,654**	**83,424**
June	E	9,987	23,100	**23,893**	**33,842**	**83,706**
July	E	9,007	23,433	**24,274**	**34,269**	**84,623**
August	PE	9,084	23,399	24,251	34,463	84,668
2009 8-Month Average	PE	8,917	22,841	23,689	33,756	83,845

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

Source: EIA

Average Currency Exchange Rate against the Egyptian Pound (October 2009 / November 2009)

US Dollar	Euro	Sterling	Yen (100)
5.456	8.122	8.985	6.014

Stock Market Prices (October 2009 / November 2009)

Company	High	Low
Alexandria Mineral Oils [AMOC.CA]	44.43	38.52
Sidi Kerir Petrochamicals [SKPC.CA]	12.72	10.78

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

	Libya	Sudan	Other	World	OPEC[1]	Persian Gulf[2]	North Sea[3]
2008 Average	1,736	478	**2,473**	**73,697**	31,483	21,913	3,882
2009 January	1,650	450	**2,458**	**71,704**	**30,326**	20,002	3,919
February	1,650	460	**2,449**	**71,027**	**30,306**	20,094	4,005
March	1,650	470	**2,483**	**71,973**	**30,246**	20,136	3,988
April	1,650	480	**2,433**	**71,999**	**30,371**	20,206	3,821
May	1,650	480	**2,409**	**71,482**	**30,430**	20,280	3,523
June	**1,650**	485	**2,404**	**71,708**	**30,549**	20,547	3,484
July	**1,650**	490	**2,410**	**72,519**	**30,897**	20,811	**3,747**
August	1,650	495	2,429	72,498	31,042	20,741	3,246
2009 8-Month Average	1,650	476	2,434	71,989	30,524	20,355	3,714

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

Source: EIA

Table 3 World Natural Gas Liquids Production (Thousand Barrels per Day)

	Algeria	Canada	Mexico	Soudi Arabia	Russia	Former U.S.S.R	United States[1]	Persian Gulf[2]	OAPEC[3]	OPEC[4]	World
2008 Average	357	676	365	1,434	422	_	1,784	2,339	2,808	3,088	**7,911**
2009 January	350	669	366	1,305	405	_	1,721	2,202	2,668	2,942	**7,698**
February	341	667	364	1,311	402	_	1,792	2,241	2,697	3,965	**7,861**
March	338	671	374	1,345	402	_	1,850	2,270	2,722	3,992	**7,927**
April	338	668	379	1,377	405	_	1,851	2,307	2,756	3,029	**7,948**
May	338	657	382	1,411	426	_	1,934	2,350	2,792	3,072	**8,068**
June	338	651	363	1,482	428	_	1,901	2,419	2,864	3,141	**8,039**
July	347	656	366	1,547	**429**	_	1,884	2,488	2,940	3,220	**8,157**
August	350	658	373	1,572	436	_	1,896	2,525	2,999	3,269	8,175
2009 8-Month Average	342	666	371	1,420	417	_	1,854	2,352	2,803	3,080	7,986

1 U.S. geographic coverage is the 50 states and the District of Columbia. Excludes fuel ethanol blended into finished motor gasoline.
2 The Persian Gulf countries are Bahrain, Iran, Iraq, Kuwait, Qatar, Saudi Arabia, and the United Arab Emirates.
3 OAPEC: Organization of Arab Petroleum Exporting Countries: Algeria, Iraq, Kuwait, Libya, Qatar, Saudi Arabia, and the United Arab Emirates.
4 OPEC: Organization of the Petroleum Exporting Countries: Algeria, Angola, Ecuador, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates, and Venezuela.
- - = Not applicable. E=Estimated data. PE=Preliminary Estimated data.
Revised data are in ***bold italic font.***
Notes: Monthly data are often preliminary and also may not average to the annual totals due to rounding.

Source: EIA

Table 4 OECD[1] Countries and World Petroleum (Oil) Demand (Thousand Barrels per Day)	France	German	Italy	United Kingdom	OECD Europe[2]	Canada	Japan	South Korea	United States[3]	Other OECD[4]	OECD[1]	World
2008 Average	1,986	2,569	1,639	1,710	15,349	**2,261**	4,785	2,175	19,498	3,509	**47,577**	**85,777**
2009 January	2,037	2,389	1,528	1,746	**14,768**	2,232	4,845	2,328	19,125	3,297	**46,595**	NA
February	2,049	2,613	1,585	1,701	**15,074**	2,221	4,716	2,490	18,706	3,406	**46,613**	NA
March	1,966	2,723	1,531	1,742	**14,932**	2,154	4,611	2,218	18,672	3,365	**45,952**	NA
April	1,847	2,475	1,531	1,710	**14,418**	**2,049**	4,226	2,241	18,471	3,329	**44,734**	NA
May	1,715	2,329	1,490	1,616	**13,697**	**2,033**	3,818	2,159	18,176	**3,354**	**43,237**	NA
June	1,865	2,363	1,545	1,694	**14,563**	**2,106**	4,064	2,109	18,762	**3,463**	**45,065**	NA
July	1,885	2,408	1,704	1,662	14,689	2,198	3,996	2,096	18,771	3,505	45,255	NA
2009 7- Month Average	1,908	2,470	1,559	1,696	14,586	2,141	4,321	2,231	18,669	3,388	45,337	NA

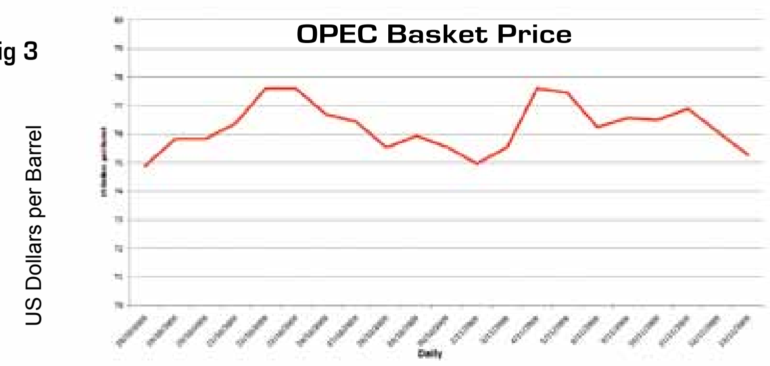
1 OECD: Organization for Economic Cooperation and Development.
2 OECD Europe consists of Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Poland, Portugal, Slovakia, Spain, Sweden, Switzerland, Turkey, and the United Kingdom.
3 U.S. geographic coverage is the 50 States and the District of Columbia.
4 Other OECD consists of Australia, Mexico, New Zealand, and the U.S. Territories.
NA=Not available.
Revised data are in ***bold italic font.***
Notes: The term Demand is used interchangeably with Consumption and Products Supplied.

Source: EIA

Fig 1 **Egypt Suez Blend Price**

Fig 2 **Natural Gas Price**

Fig 3 **OPEC Basket Price**



Source: Egypt Oil & Gas

Table 6 International Stock Prices Mid-October 2009 - Mid-November 2009		
International Stock	**High**	**Low**
Schlumberger [SLB] NYSE [US Dollars]	70.76	62.20
Halliburton [HAL] NYSE [US Dollars]	31.63	28.94
Exxon Mobil [XOM] NYSE [US Dollars]	74.91	71.30
Atwood Oceanics [ATW] NYSE [US Dollars]	40.02	35.36
Weatherford [WFT] NYSE [US Dollars]	20.58	17.53
Shell [RDS.A] NYSE [US Dollars]	62.76	59.35
Apache [APA] NYSE [US Dollars]	104.06	93.85
Baker Hughes [BHI] NYSE [US Dollars]	47.34	40.89
BJ [BJS] NYSE [US Dollars]	21.21	18.79
Lufkin [LUFK] NYSE [US Dollars]	64.87	56.38
Transocean [RIG] NYSE [US Dollars]	92.70	83.76
Transglobe [TGA] NYSE [US Dollars]	4.44	3.57
BP [BP.] LSE Pence Sterling	595.20	559.10
BP [BG.] LSE Pence Sterling	1155.00	1055.00
Dana Gas [Dana] ADSM US Dollars	1.26	1.12
Caltex [CTX] ASX Australian Dollars	11.55	10.06
RWE DWA [RWE AG ST] Deutsche-Borse Euros	62.20	58.61
Lukoil [LKOH] RTS [US Dollars]	66.90	55.85

Source: Egypt Oil & Gas