EGYPT OIL&GAS NEWSPAPER

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Drilling the market's high hope

Trying its best to escalate the national production rates, the Egyptian Petroleum Ministry's attempts to achieve this goal cannot be emphasized in reality without influencing the drilling, production as well as development plans of the petroleum companies operating in the domestic market

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Exploring the brighter side

Looking back at a year filled with ups and downs, one cannot disclaim the role that the Ministry of Petroleum played to expand Egypt's relations with other countries… and yet more to come

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When prices wobble subsidies' balance

Petroleum product subsidies have again started to rise with the slow recover of international prices

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Legal safeguards in Egypt's petroleum concession agreements

The Petroleum Industry is one of the most dynamic and flourishing industries in Egypt and petroleum production is by far the largest single industrial activity, representing eight to ten percent of Egypt's GDP. The Egyptian Government is encouraging the International Oil Companies (IOC) to participate in the activity of exploration and exploiting oil and natural gas

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Abu Qir deepens in the Mediterranean Sea

Abu Qir Petroleum Company prepares for drilling two offshore wells at the deep waters of the Mediterranean Sea, after receiving the formal approval of the Egyptian General Petroleum Corporation (EGPC).

The drilling operations, which will take place at the company's concession area of NALPETCO, are part of the current fiscal plan of 2010-2011.

Egypt Oil and Gas newspaper learned that the total cost of investments for drilling both wells would reach up to $18 million. The drilling operations will start as soon as Abu Qir will agree with the foreign partner on the drilling cost.

It is worth mentioning that Abu Qir Petroleum Company is a joint venture company between the EGPC and Italian Edison.

Esh El Mallaha and LUKOIL to drill more in Hurghada

Esh El Mallaha Petroleum Company (Eshpetco) is planning to conduct its drilling plan for the current fiscal year of 2010-2011. The plan includes drilling two development wells and the possibility of drilling an exploratory well in the West Esh El Mallaha field in Hurghada.

Egypt Oil and Gas learned that the two development wells' total cost will reach $5 million, compared to the fiscal year of 2009-2010 that Eshpetco only drilled two exploratory and development wells with the same cost. Those past year's wells were drilled through the wd147 rig owned by Weatherford.

Eshpetco is awaiting the final results of the seismic studies to start initiating the drilling operations during next February, meaning by the end of the end of the last quarter of the current fiscal year of 2010-2011. The company will also be working on fixing more of its fields working process.

It is worth mentioning that Eshpetco is a joint-venture company between EGPC and the Russian LUKOIL oil company.

Interviews

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We are targeting the production of 22 thousand barrels of oil per day during the coming five years,

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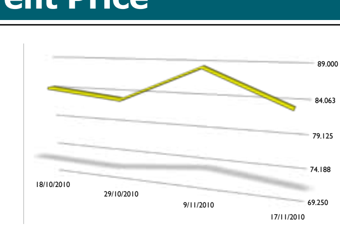
ICE Brent Price



New year resolution ..

With 2011 just around the corner, an analytical look to all events that took place in the petroleum sector throughout 2010 will help draw an image of what can probably come next.

In the latest report, "International Energy Outlook 2010", issued by the U.S. Energy Information Administration (EIA), the world marketed energy consumption has been nearly doubling in the period from 2007 to 2035. "Total world energy use rises from 495 quadrillion British thermal units (Btu) in 2007 to 590 quadrillion Btu in 2020 and 739 quadrillion Btu in 2035." The IEO 2010 report explained that this increased consumption of marketed energy has been driven from all sources of fuels and that although liquid fuels have always been the largest source of energy, all fossil fuels (liquid fuels and other petroleum, natural gas, and coal) are needed to continue supplying much of the energy used worldwide, over the 2007-2035 projection period. In fact, the share of liquid fuels of world marketed energy consumption falls from 30% to 35% during the projection period. The reason behind this fall, according to the report, is due to the high oil prices that lead energy users "to switch away from liquid fuels when feasible".

Observing the prices instability, average oil prices increased considerably before the world economic recession that erupted in 2007. Prices had witnessed a dramatic collapse, after reaching the unprecedented level of $147 in mid July 2008. Last year, oil prices moved up from approximately $42 per barrel in January to $74 per barrel in December. "Oil prices have been especially sensitive to demand expectations, with producers, consumers, and traders continually looking for an indication of possible recovery in world economic growth and a likely corresponding increase in oil demand."

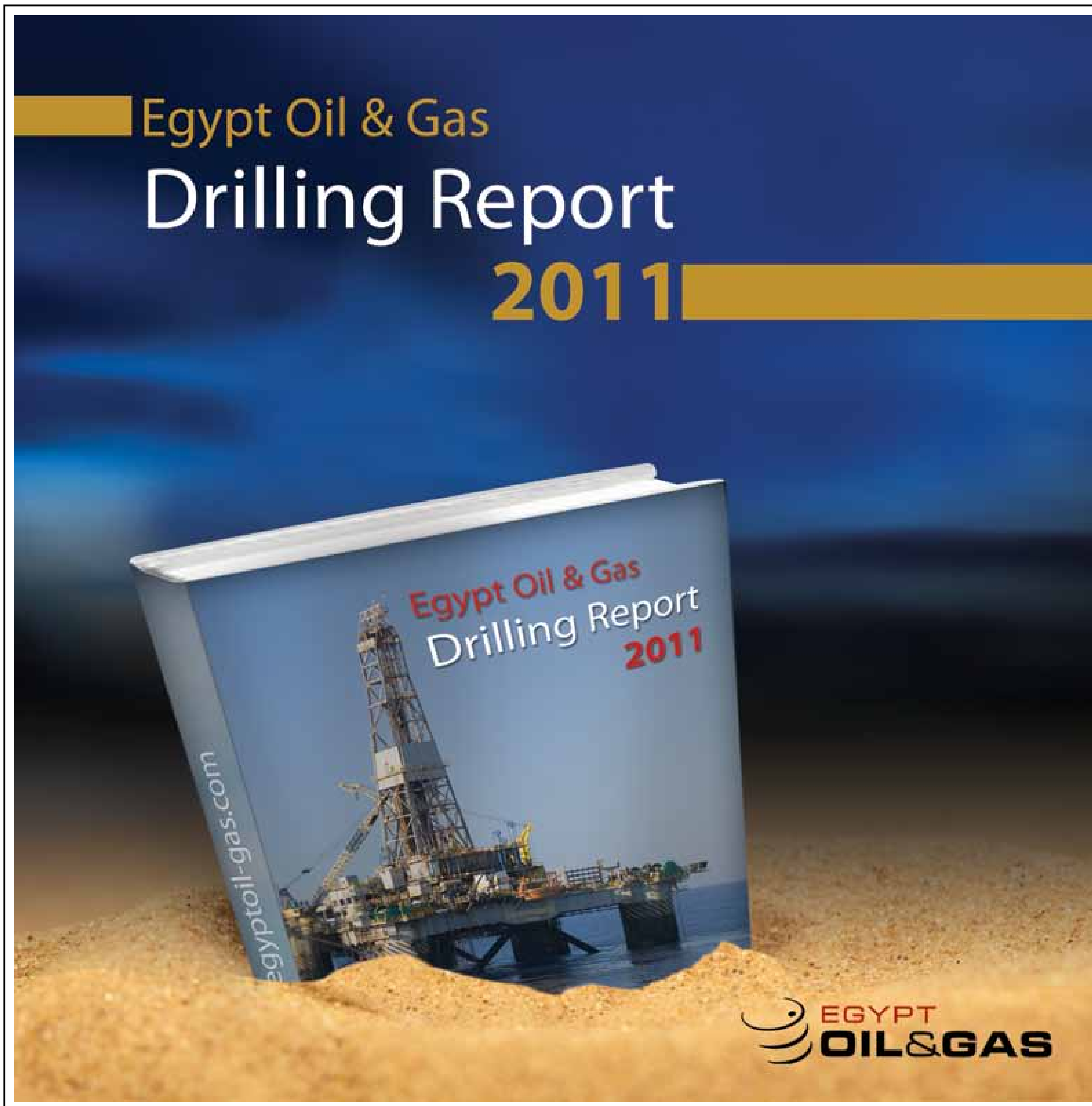
On the supply side, OPEC's above-average conformity to agreed-upon production targets led to an approximate increase of five million barrels per day over the spare capacity of the organization, in 2009. Also, many of the non-OPEC projects that were delayed during the price slump in the second half of 2008 have not yet been revived.

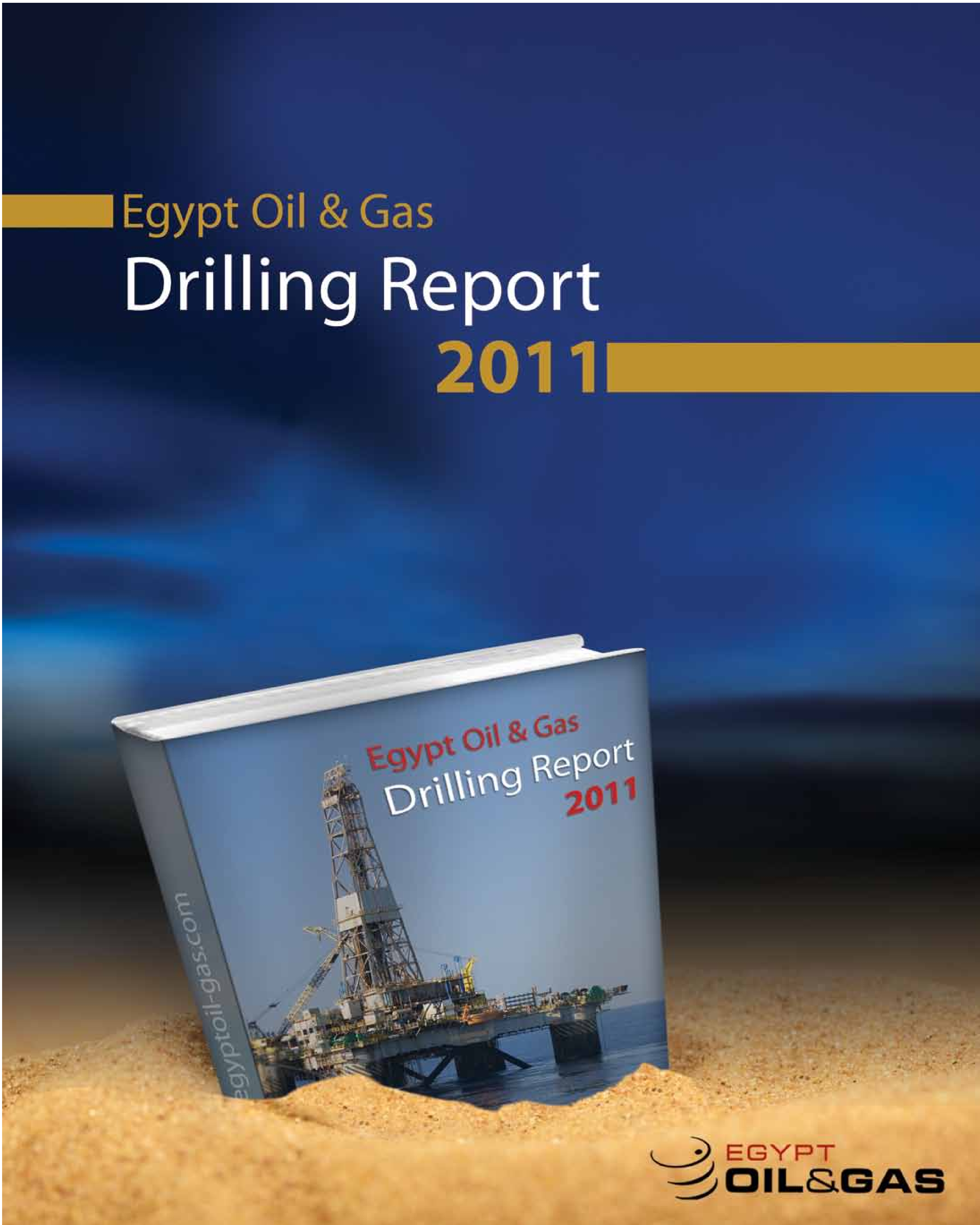
Economically, the world has started breathing some kind of recovery and hence demand is expected to resume at higher rates. According to report, the demand declined for the past two years, but at the present time, world liquids consumption is expected to increase and strengthen thereafter as the world economies recover fully from the effects of the recession. In the IEO2010 Reference case, the price of light sweet crude oil in the United States (in real 2008 dollars) rises from $79 per barrel in 2010 to $108 per barrel in 2020 and $133 per barrel in 2035.

Focusing on the Egyptian market, many companies have set promising drilling and production plans, which were already initiated in 2010 and expected to generate fruitful results in 2011. The industry heads seek higher production rates over the coming period of time to meet the expected increasing energy demand, not just on the local level, but on the international as well.

Egypt Oil & Gas team wishes all our esteemed readers a happy new year, may every day of the new year glow with good cheer and happiness for you and your families.

Yomna Bassiouni
Editor-in-Chief

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A $200-million deal to develop the Mediterranean fields

Perenco, the French independent Oil & Gas Company signed an agreement with the Egyptian General Petroleum Corporation (EGPC) and the Egyptian Natural Gas Holding Company (EGAS) to fund the 2nd phase of the development plan in its acquisition area in the Mediterranean Sea with investments of nearly $200 million.

This development plan is due to finish by the end of 2012.

An official source at the EGPC told Egypt Oil and Gas Newspaper in exclusive statements that the agreement aims at boosting the natural gas production rate, that currently reached 180 million cubic feet of gas through the North Sinai Petroleum Company (NOSPCO); the joint venture between Perenco and EGAS.

NOSPCO plans to initiate the 2nd phase of the development plan before the end of the current year.

GPC to unite with Sino Tharwa and EDC

"The General Petroleum Company (GPC) is working on the rehabilitation of both Bakr and Amer fields aiming to boost production from those two fields," an official source at the Egyptian General Petroleum Corporation (EGPC) told Egypt Oil and Gas Newspaper.

The GPC current production from these fields is 50,000 barrels of crude oil per day, 20,000 of them are the fields' share.

The source pointed that the GPC is also studying the possibility of coinciding a two-years rig agreement with Sino Tharwa Drilling Company to operate in the land areas of the two fields, as both fields produce most of the company's share in Ras Gharib area in the Gulf of Suez.

He also added that the rig, Sino Tharwa-4, daily rental cost is $16,000 which is considered higher than the normal amount paid in land rigs since the global crisis started that reached $9,000 to 13,000. "The company will rent another 1500-HP rig, as the GPC owns 21 producing fields. A total of 15 fields are located in the Eastern Desert and Gulf of Suez, in addition to three fields in the Western Desert, and another three fields in Sinai."

"The GPC is also in talks to rent an offshore rig for the Gulf of Suez area. The rig will be rented from the Egyptian Drilling Company (EDC) or through a bid round," added the source. The marine rig is for development operations in the Hamd field, GPC's newest exploration to date.

It is worth mentioning that the GPC's primal exploration in the Bakr field was made in April 1958.

Aegean Energy acquires 60% of Groundstar West Kom Ombo shares

Groundstar Resources Limited announced that the Egyptian Ministry of Petroleum has approved the deed of assignment, which transfers a 60% net interest in the West Kom Ombo block to Aegean Energy. This approval completes one of the main conditions of the Sale Agreement between the two companies announced in June 2010.

Several additional conditions of the sale agreement await approval by the appropriate authority, which is anticipated shortly. Groundstar has a 10% net carried interest in the block.

Substantial progress has been achieved towards the objective of drilling the first exploration well on the block. An access road to the drilling site and the drill site pad have been completed. Casing and wellheads have been acquired. The drilling contract for two firm and two option wells has been awarded to Sino Tharwa Drilling Company.

The first exploration well will be located in Area A on a fault-closed structure with three way dip closure. If the well is a successful discovery, several other structures in the immediate area would warrant drilling. Area A is in the central eastern part of the block near the boundary of the Kom Ombo block operated by Dana Gas Egypt on which the Al Baraka oil discovery is in the development and early production stage.

Groundstar wishes to acknowledge the continued support of Energean Oil & Gas to complete the pre-drill task and move the joint project closer to the drilling stage.

Egypt, Iraq to enhance cooperation in fields of oil and gas

The Egyptian Minister of Petroleum Eng. Sameh Fahmy visited Iraq with a high-ranking delegation within the framework of cooperation between the two countries in the fields of oil and gas.

The visit is meant to activate a strategic agreement signed between both countries' oil ministers in May 2009.

Fahmy met with outgoing Iraqi Prime Minister Nouri al-Maliki and his Iraqi counterpart Hussain al-Shahristani. The Egyptian Ambassador here Sherif Shahin attended the meeting.

The meeting took up ways to give a boost to work in the field of natural gas and draw up programs to exchange natural gas between both states.

OSUCO: new mean to maintain production rate

Offshore Shukair Oil Company (OSUCO) is preparing to use the Electrical plumb for the first time through its development plan in the North Shukair field in the company's acquisition area in the Gulf of Suez, to be fully implemented by the end of 2nd quarter of the fiscal year of 2010-2011.

The company is planning to develop many of the wells that were drilled in the past fiscal year of 2009-2010 in the same concession. The company will use electric submersible plumb, following the industrial production method to substantiate the quantities of crude oil in the deep layers.

This methodology serves OSUCO plan to maintain its current rate of oil production that reached 1500 barrels of oil per day.

Abu Qir heads towards the 3rd phase

Abu Qir Petroleum Company started the implementation of the 3rd phase of the development plan of the Mediterranean fields owned by the company.

The company will use a new gas compressor that will help in opening new layers to boost its natural gas production.

Currently, Abu Qir is awaiting the approval of the EGPC for the fiscal budget of the development plan during the current fiscal year of 2010-2011. The company will work on the wells that need immediate treatment.

Abu Qir is aiming to reach 400 billion cubic feet of gas after adding more producing fields in the North Delta fields. The company's current production rate stands at 175 cubic feet of gas per day.

EPEDECO seeks more oil from deeper layerstion

EPEDECO, the foreign partner of West Bakr Petroleum Company, bough a new Workover machine to isolate the water layers from the crude oil layers in the explored wells of the company.

Egypt Oil and Gas newspaper learned that the company targets the utilization of a new technology known as Water Shop, which will alleviate the process of extracting the crude oil. This procedure seeks to cover the shortfall that happens in the tank as a result of water production.

It is worth mentioning that the West Bakr Company is a joint venture between the Egyptian General Petroleum Corporation (EGPC) and Japanese EPEDECO.

BP announces gas find in Egypt

BP Egypt announced that it has made a significant gas discovery in the Deepwater West Nile Delta area.

The Hodoa discovery is located in the West Mediterranean Deepwater, Nile Delta concession, some 80 km northwest of Alexandria. The WMDW-7 well was drilled to a depth of 6350 meters and is the first Oligocene Deep Water discovery in the West Nile Delta area. Further appraisal is underway.

BP operates and holds 80% of the West Mediterranean Deepwater concession with RWE Dea holding the remaining 20%. Hodoa was drilled by the Pride North America Semi-Sub rig, in a water depth of 1077 meters.

Mike Daly, BP's Executive Vice President of Exploration said: "The Hodoa discovery further demonstrates the great potential of the deep reservoirs in the Nile Delta."

Hesham Mekawi, President and General Manager of BP Egypt, commented: "Hodoa is an important discovery which builds upon BP's previous successes in the West Nile Delta. This discovery further reinforces the leadership role played by BP in Egypt and its ongoing commitment towards the development of Egypt's future gas business."

Apache completes acquisition of BP Assets in Western Desert

Apache Corporation announced that a subsidiary has completed its acquisition of BP's oil and gas operations, acreage and infrastructure in Egypt's Western Desert. The transaction marks the final step in Apache's previously announced three-part acquisition of BP assets.

Apache's subsidiary paid $650 million to acquire four development leases and one exploration concession across 394,300 acres. The assets have estimated proved reserves of 20 million barrels of oil equivalent (59 percent liquids), and first-half 2010 net production of 6,016 barrels of oil and 11 million cubic feet of natural gas per day.

The BP assets also include strategically positioned infrastructure— a natural gas processing plant, a liquefied petroleum gas plant and oil and gas export lines — that will enable Apache to increase production from its existing fields in the Western Desert.

In October, Apache subsidiary Apache Canada Ltd. completed its acquisition of substantially all of BP's upstream natural gas business in western Alberta and British Columbia. In August, another Apache subsidiary completed its acquisition of all of BP's oil and gas operations, acreage and infrastructure in the Permian Basin. Apache financed the acquisitions with a combination of debt and equity securities as well as cash on hand.

Vegas hits 3rd discovery in East Ghazalat concession

Vegas Oil & Gas S.A., the operator of the East Ghazalat Concession located onshore in the Western Desert, revealed a new discovery in the concession.

In September 2010, the exploratory well Sabbar-1 was drilled to a final total depth at 4,600ft. The primary objective of the Bahariya Formation was penetrated at a depth of 3,820ft with good hydrocarbon indications reported from sandstones recovered from cores. Analysis of wireline log data confirmed the presence of a 40ft interval of reservoir pay. A drillstem test was conducted over the interval and recovered 33°API of sweet crude at a steady rate of 500bopd on a 32/64 inch choke size under natural flow. The well was completed and temporarily suspended pending further studies.

Sabbar-1 is the fifth exploratory well and the third oil discovery drilled by Vegas in the East Ghazalat Concession during 2010 in partnership with TransGlobe Energy.

Ukraine in talks with Egypt in search for oil and gas

Ukrainian Prime Minister is expected to travel to Egypt for a meeting with Egyptian authorities and to take part in a meeting of the joint commission for trade and economic cooperation.

He is due to meet his Egyptian counterpart Ahmed Nazif and Egyptian President Hosny Mubarak, and will also take part in a Ukrainian-Egyptian business forum.

Ukraine's national energy company Naftogaz Ukrayiny earlier this year successfully extracted the first 100,000 barrels (13,500 mt) of crude oil from an oil deposit in Egypt.

The project at Gharadig oil deposit at the Alam El-Shawish East block in Egypt is Naftogaz's first overseas hydrocarbon extraction project, the company said.

Alam El-Shawish East is thought to contain more than 73 million mt of crude oil, according to Naftogaz geological experts.

Premier Oil joins Hess to explore the North Red Sea

Premier Oil Plc, the U.K. crude and natural gas explorer focusing on Vietnam and Indonesia, will join Hess Corp. in exploring the North Red Sea.

Premier will boost exploration spending by 25% to about $200 million in 2011 from this year, according to Chief Financial Officer Tony Durrant. The company raised its debt facility by $470 million to $1.8 billion to fund projects and also extend the maturity of its borrowings.

The Egyptian development will be "venturing us a little bit into deepwater," Durrant said in a phone interview. There "are two separate geological plays with some very large potential" that are "high risk at this stage."

The London-based company aims to drill 23 wells in the next 13 months, targeting about 400 million barrels of oil equivalent resources, it said today in a statement. In addition to the project with Hess, the fifth-biggest U.S. oil company, Premier plans to explore the South Darag block in the Gulf of Suez.

The partners plan to drill the North Red Sea's Block 1 during this month, with a rig previously used by Cairn Energy Plc off Greenland.

Quotes

"The Egyptian development will be venturing us a little bit into deepwater. There 'are two separate geological plays with some very large potential' that are high risk at this stage."

Tony Durrant, Chief Financial Officer of Premier Oil Plc, on Premier Oil joins Hess to explore the North Red Sea

"Our Company is now engaged in a very active development drilling program in both the Kom Ombo and NW Gemsa concessions. Our aim is to ramp up production quickly in order to meet our exit target of 2,000 barrels per day."

Said Arrata, Chairman and CEO of Sea Dragon, on the appraisal well flowing successfully

"Our oil resources are very limited … our natural gas resources are more than we have for oil but still very limited … we don't have coal. This is simply the situation."

Mounir Megahed, former vice chairman of Egypt's nuclear power authority, on Egypt's Kuraymat solar thermal power station

"It always depends on the regulatory conditions. I don't know if Egypt is preparing another tender but if there would be another process we would look at the conditions and then decide."

Alexander Jacobsen, a spokesman for Solar Millennium, the German solar thermal company that is building the Kuraymat plant in Egypt

"Our oil and gas resources are depleting; Egypt has oil wells, but we are importing oil. Our gas resources are sufficient for now, but in view of the many petrochemical industries in Egypt, investors prefer to use natural gas for petrochemical purposes rather than burn it."

Prof. A. Khalil, Vice Dean of the Faculty of Engineering at the University of Cairo, on renewable energy in Egypt market in Egypt

Cooper Energy acquires a "strategic share" in Tunisia

Cooper Energy has acquired 85% of the Nabeul Permit, which gives the company a strong strategic exploration foothold in the region. The Nabeul Permit lies in the Gulf of Hammamet Offshore Tunisia and complements the Company's established position in the Bargou (COE 85%) and Hammamet (COE 35%) Permits.

The asset was acquired from Capricorn Oil and Gas Tunisia, a 100% subsidiary of Cairn Energy. The consideration for the asset, which is payable when all necessary regulatory approvals have been obtained is $1.5 million. In addition, Capricorn will receive from Cooper $2 million on the occurrence of each commercial discovery on the permit up to a maximum of $6million and $3million at the point of production of first oil from those discoveries, up to a maximum of $9million. Cooper Energy will also assume the Permit work program obligations, which includes the shooting of seismic to mature prospects and the drilling of one offshore well.

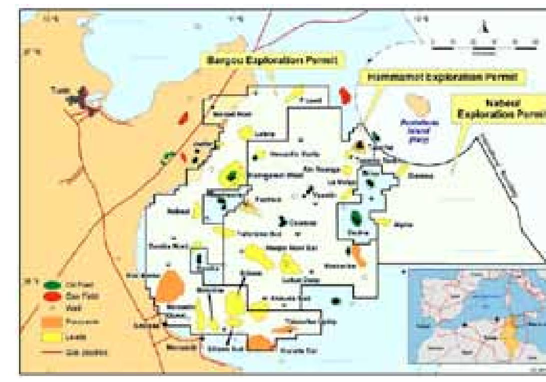
Cooper Energy will hold an 85% working interest in the Permit and be nominated the Operator. Dyas holds the remaining 15% working interest. Dyas is a private Netherlands based oil and gas exploration and production company that owns a substantial asset base in the North Sea and other regions.

Under the terms of the title agreement, ETAP (the Tunisian Government national oil company) has a 50% back-in right to any discoveries. The independent explorers receive a reimbursement of their cumulative exploration costs pro-rata to the ETAP back-in percentage.

The Nabeul Permit lies within a proven petroleum system. Of immediate interested are the Alpha and Gamma leads that are located in the western portion of the Permit. These leads are estimated to contain P50 Prospective Resources of 26 MMBO and 24 MMBO respectively. The reservoir for both leads is the highly prolific Birsa Sandstone, which is the proven reservoir in the nearby Tazerka, Birsa and Oudna fields. The Birsa Oil Field (15 MMBO P50 Contingent Resources, undeveloped) and Oudna Oil Field (10.3 MMBO, P50 expected ultimate recovery, developed) lie just to the west of the permit and are directly analogous to the Nabeul Permit leads.

Cooper Energy has identified a number of other leads scattered across the permit and these will be matured as part of the block work program. The plan for the permit is to acquire 3D offshore seismic in 2011 to high-grade the Alpha and Gamma leads into drillable prospects and, after a risk acceptable prospect has been selected and a rig located, drill the selected prospect as soon as possible after 2011.The transfer of the asset from Capricorn to Cooper Energy is subject to the approval of the Tunisian Government, which the Company hopes will be forthcoming in a timely manner so that exploration in the permit can be progressed quickly.

Michael Scott, Managing Director, noted 'We are pleased to have agreed terms and acquired the Nabeul Permit. In 2005 we bid for the Bargou Permit and the Nabeul Permit together. We won Bargou but Nabeul went to another bidder. The block has now come back to us and the acquisition gives us a substantial strategic foothold over the area. We have a number of leads to pursue on the block and our first job will be to acquire 3D seismic over these leads, which we hope to initiate around mid-2011."



Ghana to boost economy from oil revenues

"Ghana is expecting to start commercial oil production... we are planning to use crude revenues to transform the economy, aiming to avoid the pitfalls of nations finding new resources", said the finance minister.

Oil is expected to account for 6% of Ghana's domestic revenue in the 2011 fiscal year, Finance Minister Kwabena Duffuor said while presenting next year's budget to the parliament. He did not estimate by how much this could increase after production begins this month, but vowed Ghana would "avoid the pitfalls that have characterized some countries on the discovery of new national resources."

A major challenge will be how the oil revenues will be used to transform the economy and accelerate growth without sacrificing macro-economic stability and accentuating income inequalities, added the minister.

Nigeria is Africa's leading oil producer and the world's eighth exporter but most of its people live in poverty, with revenues mismanaged or stolen, triggering anger in poor communities in the oil-rich Niger Delta region. Chiefs from Ghana's oil-rich western region are demanding a 10% share of revenue when production begins.

Duffuor said that for the first three to four years after production begins, "the oil revenue will be considerably lower than the non-oil tax and non-tax revenues". He gave no figures.

"Total revenue from oil into the (2011) budget is estimated at 584 million cedis (406 million dollars)," he said.

Ghana's Jubilee field, discovered three years ago, and one of the biggest finds in West Africa of the past decade, is believed to hold about 1.5 billion barrels of reserves. The country, the world's second largest cocoa producer, has also announced the discovery of another extensive deepwater petroleum province offshore.

Its gross foreign reserves increased to 3.9 billion dollars in October from 3.1 billion at the end of last year, the minister said. GDP, which grew by 4.1 percent last year, is expected to reach 5.9 percent this year and 12.3 percent next year, he said. Inflation fell from 20.7 percent at the end of June 2009 to 9.3 percent in October this year due to "prudent fiscal management, continued monetary restraint...(and a) good food harvest," the minister said. The fiscal deficit was meanwhile expected to decline to a target of 7.5 of GDP.

Iran to inject $3 billion into South Pars gas field

Iran is expected to invest $3 billion in projects at its South Pars gas field, Iran's Mehr News Agency reported the country's Deputy Oil Minister as saying.

Ahmad Qalehbani said the investment would bring the total budget allocated for the projects to $9 billion in the current Iranian calendar year ending March 20.

He clarified that as much of the equipment and supplies required for existing projects were already on site, progress on the remaining projects would be speeded up.

The offshore South Pars field's current production capacity stands at 75 million cubic meters of sweetened gas per year.

The field is divided into 28 exploitation phases with each phase capable of yielding 28 million cubic meters of gas.

Pars Oil and Gas Company's Managing Director Ali Vakili said last August that phases 15 and 16 are 52% complete, while phases 17 and 18 are 50% complete.

With the completion of the phases, Iran could add 100 million cubic meters of gas to its production capacity.

South Pars field contains about half of the estimated 28 trillion cubic meters of the country's gas reserves.

Kuwaiti, Turkish and Korean firms sign two Iraq gas deals

Kuwait Energy Company signed a deal with Turkey's state-owned TPAO and South Korea's Kogas to develop two gas fields in Iraq.

The first deal, for the Mansuriyah field in Diyala province, was agreed with all three companies. A second deal for the Siba field, in the southern oil hub of Basra, was also signed by Kuwait Energy Company and TPAO, reported the Kuwait Times.

A third deal for the Akkaz field Anbar province is to be signed, the Oil Ministry Spokesman Assem Jihad said.

Iraq awarded the contracts for the three fields during its third round of energy auctions on October 20.

Circle Oil hits more gas discovery in Morocco

Circle Oil announced that the CGD-11 exploration well has been drilled, logged and successfully tested in the Sebou Permit, Morocco.

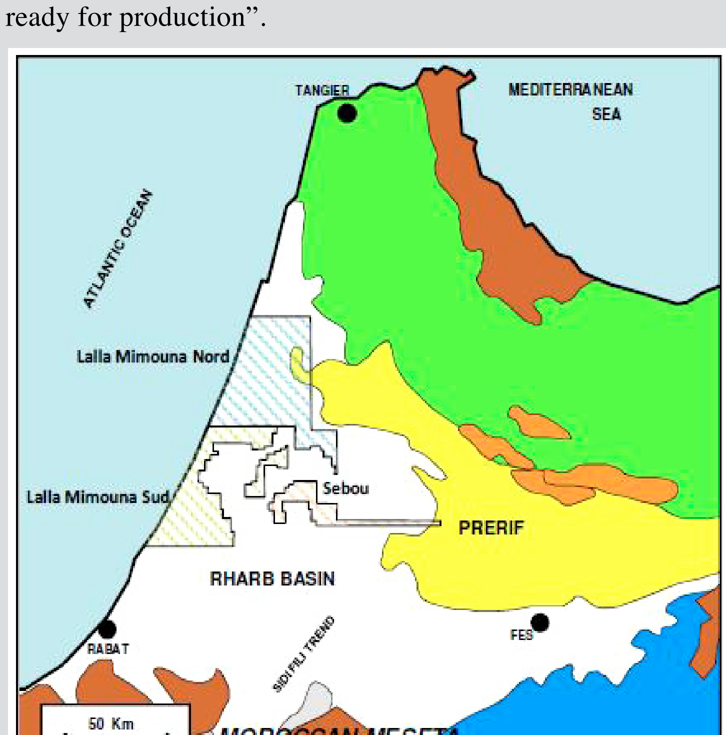
The Company confirms a gas discovery in both the Main Guebbas target and the secondary Hoot zone. The well first tested gas at a sustained rate of 7.07 mmscf/d on a 30/64" choke from the Hoot. The perforated Hoot zone of 1,078.5m to 1,092m has a calculated net gas pay of 5.9m. The Main Guebbas gas zone was then perforated from 905m to 910m and has a calculated net gas pay of 4.2m. This interval tested at a sustained rate of 6.22 mmscf/d on a 30/64" choke. A thinner Upper Guebbas gas zone was also logged with 1m net gas pay and this zone will be tested at a later date. The well is being completed as a potential producer.

A full technical evaluation of all the results of the well is underway. This will allow for forward planning as a precursor to further assessment of the resource, including conducting an extended well test to give a more complete estimation of the reserves.

The drilling rig is now moving to commence drilling the third well, KSR-10, of the planned five well drilling program in the area. Following this, the DRJ-6 well from the previous drilling campaign will be tested and, weather permitting, the KAB-1 well will be re-entered for logging or re-drilling.

The Sebou permit lies to the northeast of Rabat in the Rharb Basin in Morocco. The Rharb Basin is a fore deep basin located in the external zone of the Rif Folded belt. The concession agreement, in which Circle has a 75% share and ONHYM, the Moroccan State oil company, has a 25% share, includes the right of conversion to a production licensee of 25 years, plus extensions in the event of commercial discoveries.

Chris Green, CEO, said, "I am pleased to report that we have continued our drilling success in the Rharb Basin and this well has tested with good sustained flow rates at both target levels. The well will now be completed and made ready for production".



ExxonMobil seeks to extend UAE oil concessions

ExxonMobil wants to extend its oil concessions with Abu Dhabi, but asks for its contracts to be redrawn so it can use all its technology without rivals gaining access, said its senior vice president.

Multinational companies hold large stakes in concessions that pump most of the oil and gas from the OPEC member, whose system allows oil and gas producers to acquire their equity stakes in the world's third largest oil exporter. But in return, they have to provide much of the investment for new production, where margins are considered tight by international standards.

"We want to be able to continue talking about onshore concession extension ... one that allows us to bring all that experience and all that technology," Andrew P. Swiger told Reuters on the sidelines of an industry conference. "The current structure somewhat inhibits that because we're partnered with a number of other players which we're very happy to work with but the challenge is when you have a partnership like that it inhibits you from bringing some your best technology," he added.

Exxon holds a 9.5% stake in Abu Dhabi's company for onshore operations (ADCO), which operates onshore and in the shallow coastal waters of Abu Dhabi. Other partners include Royal Dutch Shell, BP and Total.

Swiger did not say what form a possible change in the partnership structure with Abu Dhabi's National Oil Company (ADNOC) could take. "We're openly discussing how we can construct this in such a way that we can bring everything we have to the table and be fairly rewarded for it and not suffer leakage of propriety technology," he said.

The company also has a 28% stake in the concession for the Upper Zakum field, ranked as the world's fourth largest field and operated by Zakum Development Company (ZADCO). The ADCO concession expires in 2014, and ZADCO in 2026.

Upper Zakum accounts for about a third of the UAE's plan to boost total capacity of 3.5 million barrels per day (bpd) in 2018 from around 2.8 million bpd.

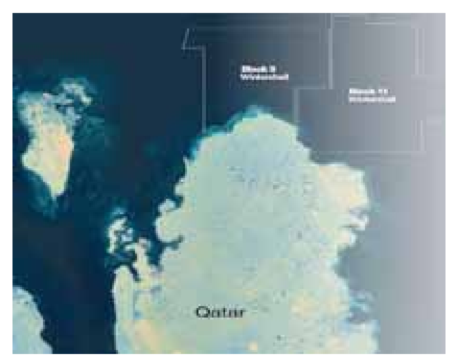
Cosmo Oil gives up on Qatar Block 11 production

Japan's Cosmo Oil Co said it has given up on commercial production from the Block 11 offshore oil field in OPEC producer Qatar and has booked a 3.5 billion yen ($43 million) special loss as a result.

Cosmo, Japan's fourth-biggest oil refiner said that along with its partners could not find enough oil reserves in the block after they had drilled two trial wells.

Cosmo's wholly owned subsidiary, Cosmo Energy Exploration & Development, acquired a 29.5 percent stake in the Block 11 EPSA in October 2008 via a farm-in agreement with Germany's Wintershall, the operator, and Anadarko Qatar Block 11 Company.

The block is located in northeastern offshore Qatar in water depths of around 45 meters. At the time of the farm-in agreement there was one existing discovery on the block, made in 2005.



Iran & Iraq in joint oil field development negotiations

A senior official from the Iranian Central Oil Fields Company's (ICOFC) announced a round of negotiations with Iraqi officials to reach an agreement on oil and gas fields that are on its border with Iraq and said cooperation between the two sides on the joint fields will expand based on national interests.

ICOFC Managing Director, Mehdi Fakoor said, "One of the greatest achievements of the three-year talks between Iran and Iraq is the eagerness of the Iraqi oil company, Maysan, one the biggest Iraqi oil producers and ICOFC's longtime negotiator, to expand cooperation with Iranian oil companies".

Fakoor said in order to finalize a potential contract, the two sides first need to reach an agreement on general terms including development, investment, exploitation and production from joint fields and then work on specifications followed by finalizing and signing the contract.

Elsewhere in his remark he underscored that according to the policies adopted by National Iranian Oil Company's implementation of upstream projects aimed at expediting production enhancement as well as joint fields' development is underway.

"Priority to develop border fields and allot some sources in this regard is atop the agenda of NIOC subsidiaries including ICOFC announced by Masoud Mir Kazemi Minister of Petroleum", Fakoor said.

Oil and gas fields shared by the two hydrocarbon-rich neighbors have been a source of contention in recent months. Last December Iranian soldiers had briefly occupied part of the Fakka oil field in Maysan province in southeastern Iraq on the border with Iran.

At least four other oil fields in Iraq are known to be within several hundred yards of the Iranian border or straddle it.

Egypt to issue tender for first nuclear plant

The Egyptian Energy Minister announced that the final draft of the tender for El-Debaa plant is being compiled.

Egypt is set to offer an international tender for its first nuclear power plant in El-Debaa, the country's Minister of Electricity and Energy Hassan Younis said.

Younis highlighted that the final draft of the tender for the plant on the country's Mediterranean Sea coast is being put together.

Egypt is aiming to shift away from oil and gas to other sources and has said it wants to build four nuclear power plants by 2025, with the first to start operating in 2019, reported Reuters. Officials hope the new nuclear program will add capacity of up to 4000 MW by 2025.

Younis has earlier estimated that the 1,000MW plant would cost $4 billion.

During his visit to Russia last month, Younis held talks with officials about boosting cooperation program between the two nations, including the nuclear energy sector.

Last year, Egypt signed a deal with Australia's WorleyParsons for a nuclear power consultancy. The firm was due to begin looking into potential locations for the plant, Egypt's first, including updating studies on the Dabaa site on the Mediterranean coast, where Egypt planned to build a power station in the 1980s.

Younes said the studies had concluded that Dabaa was the most suitable location. "The project is moving ahead on time. Internationally, it takes 8 to 10 years for such projects to bear fruit in developing countries and 12 to 15 in countries where nuclear projects are being set up for the first time," he added

Total initiates a solar planet project in France

Total today announced the construction of a photovoltaic panel production and assembly unit at Composite Park in France's northeastern region of Moselle. With a surface area of 2,800 square meters, the plant will house two production lines for a total capacity of 50-megawatt peak (MWp) representing about 220,000 photovoltaic panels per year.

Construction is scheduled to begin in early 2011 and the first line (25 MWp) is expected to come on stream towards the end of the year.

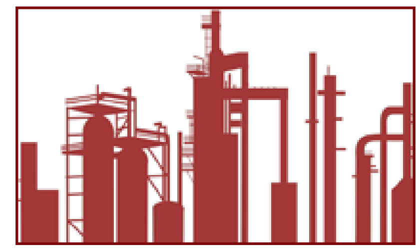
"This project adheres to Total's strategy of positioning itself within the entire photovoltaic solar chain. The production unit, situated near our French, German and Northern European customers, allows us to strengthen our market capabilities", stated Philippe Boisseau, President of Total Gas & Power. "By launching this project, initially announced in 2009, Total also reaffirms its commitment to supporting socio-economic development in Moselle."

Total has been active in solar energy since 1983 through its interests in two companies, Photovoltech and Tenesol. Photovoltech, in which Total holds a 50% interest alongside GDF SUEZ, produces photovoltaic cells based on a crystalline silicon technology. Tenesol, in which Total holds a 50% stake alongside EDF, specializes in designing, manufacturing, marketing and operating solar photovoltaic energy systems. In December 2008, Total became the biggest shareholder in U.S. startup Konarka, which develops products based on organic solar technologies. Total's stake is now nearly 25%.In June 2010, Total acquired a 25.4% interest in AE Polysilicon, a U.S. startup specialized in a new solar polysilicon production technology. Also in June, Total was selected by the authorities in Abu Dhabi to build and operate the concentrated solar power plant Shams 1. Total's partner in this project is Abengoa Solar, a Spanish company with expertise in concentrated solar power technology. Construction, which already started, is expected to take approximately two years. Total is also conducting significant R&D through partnerships with world-class laboratories in France, such as the Ecole Polytechnique engineering school's Laboratoire de Physique des Interfaces et des Couches Minces (LPICM - Interface and Thin Film Physics Laboratory) and the Toulouse-based Laboratory for Analysis and Architecture of Systems (LAAS), as well as in the United States, Switzerland, Belgium and Germany.

South Sudan eyes three refineries pending successful secession vote

The Government of Southern Sudan (GoSS) plans to build three new oil refineries should citizens of the semi-autonomous region choose to secede in the upcoming referendum scheduled for January 9, 2011. The disclosure came at a press conference by the GoSS Energy, said Ministry Undersecretary David Loro.

LAst May, the Akon Refinery Co., a joint venture between Khartoum-based Eyat Oilfield Co. and Southern Sudan's state- owned Nile Petroleum Co., announced a tender for bids to build a 50000 barrels per day refinery. The cost of the project is estimated at $1.8 billion, according to the company's website. The huge Warrap refinery project, which is expected to take about three years to complete from the date, it kicks off at the construction sites. To transport the crude oil to Akon refinery site in Warrap state the Company will also construct a pipeline of some hundreds of kilometers long from the Unity state oilfield. Currently, the crude oil from Unity and Upper Nile states is being transported through the thousands of kilometers long Chinese-constructed pipeline to the international market via Port Sudan in the far Northeastern part of the country.



CB&I to build storage tanks at Ruwais

CB&I to build storage tanks at Ruwais

CB&I announced that it has been awarded a contract, valued in excess of $60 million, by Daewoo Engineering and Construction Co. Ltd. for the construction of several storage tanks for the Ruwais Refinery expansion project in Abu Dhabi.

Takreer, a subsidiary of ADNOC, is expanding the refinery to add 400,000 barrels per day capacity.

CB&I designs, engineers and constructs some of the world's largest energy infrastructure projects, providing a full spectrum of EPC solutions and proven process technologies.

Jordan to liberalize its oil market

The Jordanian oil sector will be completely liberalized within the next five years, said senior official, in accordance with a Cabinet decision taken.

The government will completely open the oil market by 2015, Minister of Energy and Mineral Resources and Minister of Environment Khalid Irani said at a press conference. The decision will officially end the monopoly held by the Jordan Petroleum Refinery Company (JPRC), which had an exclusive 50-year concession from 1958-2008. The move comes as part of the ministry's plan to overhaul the energy sector, Irani said.

"The National Energy Strategy calls for competition to enhance the quality and quantity of oil derivatives and we believe it will be reflected in the prices," Irani told The Jordan Times. In the first phase, four companies will be granted a 25 per cent share of the market, with the JPRC retaining the remaining portion. Prior to liberalizing the market, a three- to five-year period will be used to establish pricing mechanisms and sort out logistical issues, the Ministry's General Secretary Farouq Hiyari indicated.

According to the Cabinet decision, each fuel company will be required to amass and maintain a 60-day strategic reserve. "We need to expand the strategic reserves of refined products," Irani stressed.

As part of the move, the government will float a tender for the four companies to import fuel, which will be required to abide by national emissions standards, in line with Euro 4 specifications. Irani added that the liberalization process will be overseen by the Energy Regulatory Commission, a new regulatory body that will be established under the draft energy law. The law, which was formulated in 2009, is expected to go before the next Parliament for approval. Currently, companies are obliged to purchase JPRC's production of light petroleum products, while the company is the sole supplier of heavy oil to the local market. In a response to the Cabinet decision, JPRC's CEO Abdul Karim Alaween said the refinery "will be ready to work in a free competitive market" and underlined that it will move forward with its expansion and development plans, the Jordan News Agency, Petra, reported.

Saipem Wins Contract for Syria Processing Facility

Following a lengthy and detailed tender selection process carried out in close cooperation with the General Petroleum Corp. of Syria (GPC), Gulfsands Petroleum plc confirmed that Saipem S.p.A has been selected as the successful tenderer for the construction of the Central Processing Facility (CPF) to be installed at the Khurbet East oil field on Block 26, Syria.

The CPF has been designed with an initial capacity to handle the processing of 50,000 barrels of fluid per day (bofd) of which it is expected initial oil production will be 33,000 barrels of oil per day (bopd). The contract for construction of the CPF is expected to be signed later this month and provides for delivery of the completed project within 20 months of signing, with completion now anticipated for September 2012.

The contract tender price of Euro 94 million (US$ 129 million) represents a modest increase in Gulfsands' original estimate for construction of the CPF reflecting changes to the engineering design to facilitate ready expansion of the plant's capacity and movement in the Euro/US$ exchange rates since original estimates were prepared. The estimated cost to Gulfsands after cost recovery is approximately Euro 16 million (US$ 22 million).

Gulfsands Petroleum plc is an oil and gas production, exploration and development company with activities in Syria, Iraq, Tunisia, Italy and the U.S.A.

Taqa awards Senergy European gas storage contract

Senergy, an Aberdeen based diversified energy services company has been awarded a significant contract by Abu Dhabi National Energy Company (TAQA) to work on a flagship onshore underground natural gas storage project, which the company believes will significantly enhance the security of energy supply in the Netherlands and other parts of Europe.

Senergy is to support TAQA on the Bergermeer Gas Storage project in the Alkmaar region of the Netherlands, which on completion will be Europe's largest third party access natural gas storage facility with an initial working volume of 4.1 billion cubic meters. Bergermeer Gas Storage is currently being developed according to schedule and commercial operations are expected to start in 2013.

Exploring the brighter side

Looking back at a year filled with ups and downs, one cannot disclaim the role that the Ministry of Petroleum played to expand Egypt's relations with other countries… and yet more to come

By Sama Ezz Eldin

"It is always good for any country to assemble relations with any other country that has the latest technologies," said Ibrahim Zahran, member of the National Specialized Councils and former chairman of Khalda Petroleum Company.

Citing the latest Egyptian-Iranian relationship as an example, Zahran commented, "It was good news that Iran has exported its petrochemicals to Egypt, but it was more logical to make an agreement with Saudi Arabia to import petrochemicals. Saudi Arabia is considered the crown on the list of countries producing petrochemicals."

"Egypt should have used petrochemicals as the road opener for more investments with Saudi Arabia. Their market should be in Egypt's working agenda in the next year," Zahran elaborated.

Recent news showed that Jordan is in talks with Egypt to apply some amends to the agreements signed between the two countries. "Jordan wants more gas from Egypt, but with the same agreed prices from before," said Amr Kamal Hamouda, Head of the Fustat Centre for Studies and an oil expert. "Our relation with Jordan goes way back, both countries always supported each other politically among the Arab community. Jordan accommodates lots of the Egyptian labor in different areas."

"Jordan is also our window to other Arab countries. The Arab Gas Pipeline is connected to Jordan's domestic gas network; they tried working with Egypt in the gas field and receiving gas through the Arab Gas Pipeline was always the safest and the effortless way for Jordan. So it is expected that they would want more," said Hamouda.

Hamouda added that in light of the Jordanian support to Egypt among the Arab community is enough to make Egypt adjust the contract deals, but only to the Jordanian to gain more benefits.

Zahran believes that Jordan can be the mean to unite Egypt with Iraq, "Egypt can use this relation with Jordan to reach Iraq. A connection from the Arab Gas Pipeline can be made between Al-Basrah and Jordan."

Egypt should be smart in using the gas as a political card to deal with other countries, "Many countries now use their sources to bring more income to their markets, Egypt has a lot of assets that they need to use in the right way," added Hamouda.

That brings the subject to a major hinder in the petroleum sector, which is the low experienced negotiators that deals with the contract discussions, "How can you still use the same negotiators that failed before to bring the best in contracts for Egypt," Hamouda wondered.

"Egypt should use negotiators from the Ministry of Foreign Affaires, not only from the Petroleum Ministry. They can also hire experts from the Committee of Energy, as long as they can bring more benefits from each contract that Egypt signs," added Hamouda.

During 2010, China announced that they are entering the Egyptian market through the building of a $2 billion refinery. "Bounding with China will bring ample of investments to Egypt. The joined refinery project is good only if it's built with the latest technologies," said Hamouda.

"The refinery agreed on is from the 3rd generation, and now refineries are built on the 5th generation technology. This would be considered as low investment for Egypt, refineries should match the latest technologies in the world, if Egypt wants to use it for brining more foreign investment to the local market," Hamouda explained.

Moreover, Zahran added to the China matter as it is the new tycoon of the coming period, "They have the power, the will, and the technology to master the economical world in the coming stage. If China wants to be in petroleum business with Egypt, then it will be a guaranteed investment."

Zahran also agrees on more relations with South Africa, "They have fine modern technology, and they are an African country that it will affect Egypt's position in the African continent." He further added, "South Africa is in talks with Egypt for more corporative investments in the petroleum field. Egypt can be in business with them in Oil Products. The Energy Diplomacy card is a well known method in the world now, most countries use it to bring the most promotes into their markets."

He also brought Libya to the subject; "There should be a pipeline from Libya to Alexandria. Egypt is lacking gas in the current period and it would have helped if Libya gave us gas and we gave them oil."

On the same matter, Hamouda said that Egypt has witnessed lots of Libyan gas stations lately; also they are in talks to build a refinery in Suez. "This refinery would help in Egypt importing gas in return of that service."

Additionally, Hamouda highlighted that refineries are considered as an assured tool that Egypt can use to bring more investment into the country. "Cyprus does not have refineries so we can offer any of our eight communal refineries in exchange of a share in the oil refined; our refineries need these to meet their capacity needs."

Both experts corroborate the importance of strengthening the Egyptian ties with the African continent. "Sudan should be a main target for Egypt in the coming period through offering service and exploration companies. Angola and Congo are prosperous with opportunities for Egypt as there are still areas not conquered yet," said Hamouda.

"Sudan and Somalia must be in Egypt's petroleum agenda. Egypt has close ties with Sudan and it can use this in oil and gas investments. Egypt can work in there and can also bring international companies to explore with it in their lands," added Zahran.

In Europe, Hamouda finds that having a good relation with Spain will bring Egypt close to the countries of the European Union. "Egypt is exporting products but at low prices to Spain, in exchange of finding a safe way into the European Union. It is good to have a useful backup to give you a good reference if you are going to ask the International Monetary Fund for loans."

Furthermore, truss relations with Russia are considered among Egypt's targets for the next year, "Russia is way cheaper than other countries in exporting oil products. Egypt can build a liquefy station in Rashid and it would receive boats from Russia," said Hamouda.

Hamouda added to next year's targets, that Egypt would extend the Sumed pipeline and not only uses it as a passageway, but to use it also as oil storage on the land of Egypt. "We can store this oil in our lands and use the trade it for others concept. We can also make Algeria trade gas through our lands and we take either share or fees on selling that gas."

"Egypt ought to always look through its infrastructure and make the most of it," continued Hamouda.

On the other hand, Zahran finds that Egypt is an entryway to whatever happens on its land. "The oil spill in the Red Sea, the fire in the Alexandria Petroleum Company, and last year's fire that Egypt's Middor Oil Refinery lost its capacity because of it, all these incidents could work as a bad reputation on maintenance and safety in Egypt."

Reaching the end of the year can always be a path to a brighter side, that oil and gas sector can pass to if some changes are done in the mentality that makes decisions for the sector. Coping with the modern methods and techniques to sail through and join the peak of oil community, and mostly clarity with the investors has always been the easiest way to attract them to the local market.

SPE-CUSC continues serving the community

By Mohamed El Shazly, Public Relations Head, SPE Cairo University Student Chapter

By Mohamed El Shazly, Public Relations Head, SPE-CUSC

The Society of Petroleum Engineers, Cairo University Student Chapter (SPE-CUSC) has been playing an effective role in the students' field serving the petroleum industry by developing the students' educational, technical and social skills to minimize minimizing the gap between them and the companies' requirements.

Technical courses, soft-skills programs, events, seminars, simulations, field trips, trainings, job opportunities and many other activities have been provided for years by the CUSC, which serve the implementation of our slogan "Seek The Peak".

SPE-CUSC members believe that by serving the petroleum industry at the student level and also enhancing the personal skills; they are then serving the community in different ways, as most activities held at the Egyptian universities are mainly charities and society foundations.

The SPE-CUSC's open soft skills courses and programs can be considered as a community service activities since their target is to improve and build the personalities of young students so that they can take an effective part in the Egyptian society, also, our online magazine, www.yozonia.com, is targeting the youth by reviewing useful information and opinions in all their interests.

Since the beginning of this new term, SPE-CUSC decided to adopt new techniques diverges to provide better community services. The first step was to test our abilities to run and organize a community service activity, which was done in cooperation with the British School of Maadi and the Egyptian Section of Society of Petroleum Engineers by organizing an Orphan's Day. More than 40 SPE-CUSC active members volunteered in this Orphan's Day, which was held at the British School to draw smiles and entertain about three hundred young orphans. The event included many activities like playing sports, amusement games, face painting, lunch, cultivating plants, coloring and other games. The volunteers' responsibilities were to supervise orphans and assist them in their activities. Fortunately, this was a successful event as the target of this day was achieved and each orphan returned to his place with a big smile and some beautiful gifts.

The Orphan's Day was a successful test to evaluate our capabilities in such a huge community service activity. The positive feedbacks, we had received that day, motivated the team to take more steps. Hence, we decided to create a new committee at our chapter's structure, entitled Community Service Committee (CSC), which was designed specially to create, plan and organize any community service activities that SPE-CUSC can take part in.

This new addition follows a series of positive accomplishments made by the SPE-CUSC, and yet many more to come such as:

- Blood donation campaign targeting more than 100 donors
- First Aid courses targeting university, school students and university workers
- Recycling Project "Keeping our University Clean Project" by collecting the waste and making deals with recycling companies to take this waste.
- Elderly home visit: In our youth-based society, elders are often shunted aside, marginalized, institutionalized, and ignored. Volunteers will visit the matched elderly at the elderly home at a pre-arranged time to chat with them and understand their daily life. Providing sustainable and regular visiting services for private home elderly by matching volunteers. Emphasizing the creation of a trusting relationship between the elderly and the volunteers by stable, personal and continuing visits.
- Regular visits to the 57375 Children Cancer Hospital
- Sports Day
- Science Festival

We want to spread our message and mission for better serving the community in different ways. Our values and vision make us to believe in our abilities and achievements and we will keep tracking the success everywhere. SPE-CUSC continues serving the community...

If you are interested in participating in any of our CS events contact us at: marketing@spe-cairo.com

Drilling the market's high hope

Trying its best to escalate the national production rates, the Egyptian Petroleum Ministry's attempts to achieve this goal cannot be emphasized in reality without influencing the drilling, production as well as development plans of the petroleum companies operating in the domestic market

By : Ahmed Morsy

Despite the large quantities of gas that have been discovered, it became clear that the country needs further quantities of gas as well as crude oil in the future, which is due to the growing annual consumption levels.

From this point, the country, represented in the Ministry of Petroleum, has started prospecting its territorial waters lying north of Alexandria and in the Nile Delta, launching an exploration campaign in the Mediterranean Sea. Similarly, it has begun to implement another campaign regarding intensifying the exploration of crude oil in the Western Desert, which is considered as the promising future of the petroleum sector in Egypt.

Nothing can better describe the Ministry's intention to increase the rate of exploration and production than the companies' exploration and production as well as the development plans. However, another reason which proves that the curve of production is not getting down is that the Supreme Council for Energy has demanded that the Ministry of Petroleum should provide enough natural gas to supply new power stations planned to be completed within the next year. The new stations are being built as Egypt faces a huge electricity supply shortfall.

The demand means that Damietta and Al-Shabab power stations will only be offered up to investors after the Ministry of Petroleum agrees to supply them with the necessary natural gas. Hence, the Ministry of Petroleum has granted a daily 110 million cubic feet of gas to the Al-Shabab station, and 112 million cubic feet to the Damietta station.

Regarding the plans of the petroleum companies, firstly, Offshore Shukair Oil Company (OSUCO) is aiming to raise its production rate to reach 1500 barrels per day of crude oil, after the increase in the drilling plan by $2 million from the last year.

"OSUCO's drilling plan for the year 2010-2011 is going to cost $12 million, of which $6 millions are dedicated to the new development well," stated Eng. Moustafa Abdul Aziz, Assistant General Manager of Petroleum Engineering at the company.

Abdul Aziz also declared that OSUCO assigned $250,000 budget to recover some of the wells and change some of the wells' course.

Egypt Oil & Gas (EOG) learned as well that the company is preparing to use the Electrical plumb for the first time through its development plan in the North Shukair field in the company's acquisition area in the Gulf of Suez, to be fully implemented by the end of 2nd quarter of the fiscal year of 2010-2011.

As a result of the company's drilling plan failure last year, and its success rate did not exceed 42%, Abdul Aziz pointed that OSUCO assigned $250,000 budget to recover some of the wells and change some of the wells' course.

Elsewhere, West Bakr Petroleum Co. is targeting 5000 barrels per day by the end of the fiscal year of 2010-2011. Besides, the company reached 4200 barrels per day in the previous fiscal year. Consequently, the company offered a bid to rent a new rig for the current drilling plan in its acquisition area of Eastern Desert.

Moreover, the drilling plan of West Bakr includes the drilling of two new exploratory and development wells. The total cost of the two wells is $6 million, compared to last year's fiscal of $3 million of drilling a well in the H16 field.

Similarly, and in order to reach its goals, EPEDECO, the foreign partner of West Bakr, bought a new workover machine to isolate the water layers from the crude oil layers in the explored wells of the company.

It targets the utilization of a new technology known as Water Shop, which will alleviate the process of extracting the crude oil. This procedure seeks to cover the shortfall that happens in the tank as a result of water production.

Somewhere else, Abu Qir Petroleum Company is preparing for recovering some of its exploratory and development wells located in its acquisition area in the Mediterranean during the current fiscal year of 2010 - 2011.

Aiming to boost its current production rate through adding more wells to these fields, Abu Qir is targeting a 400 billion cubic feet of gas from the North Delta fields.

Meanwhile, the current production rate of Abu Qir, a joint venture between the EGPC and Italian Edison, is 175 billion cubic feet of gas. It is worth mentioning that Edison signed the highest bounce signature with the Ministry that reached $1 billion and $400 million last year.

Last month, the company started the implementation of its 3rd phase of the development plan of the Mediterranean fields. It will use a new gas compressor that will help in opening new layers to boost its natural gas production.

Nevertheless, at this time, Abu Qir is awaiting the approval of the EGPC for the fiscal budget of the development plan during the current fiscal year of 2010-2011. The company will work on the wells that need immediate recovery.

Highliting the plans of Rashid Petroleum Company (Rashpetco) as example, the company began to implement its drilling plan in the deep water in the Mediterranean.

"The company's investments are estimated by $ 3 billion. Moreover, the operations will last for another four years," Eng. Taher Abdul Rihim, Operation

Manager in Rashpetco, explained.

"This plan includes drilling 24 exploratory wells in the period of time that ends by 2014, in the company's acquisition area in the Mediterranean," he clarified.

In addition, he added that this plan includes drilling 24 exploratory wells in the period of time that ends by 2014, in the company's acquisition area in the Mediterranean.

The EGPC and BG's joint-venture company will start the development operation in the West Delta concession, in three wells (D1, D4, and D5) in the Deep Water (WDDM), which were discovered during this year.

The development process of the three wells started in June and to end by this year, with investments reached up to $ 120 million.

"We will also drill eight new wells in the Deep Water in the West Delta," Abdul Rihim said commenting on Rashid's plan to raise the company's production from the Mediterranean. In addition, the company is aiming to keep its production rate steady from its acquisition area in West Delta, which is currently 2000 million cubic feet of gas per day.

On the other hand, GEMSA Petroleum Company (GEMPETCO) is aiming to boost its production rate of crude oil, which is now 2200 barrels of oil per day.

Recently, the company studied the rock structure in the Gemsa field in its acquisition area in Gulf of Suez, aiming to open more layers in the producing wells near the end of the first quarter of the current fiscal year of 2010-2011.

The total investment of this operation is $300 thousand. Both company's fields, Gemsa and El Zafrana, are classified as the top crude oil producing fields of the company. The Gemsa field produces 2400 barrels per day.

Gempetco's drilling plan included drilling three new wells, two of which will be exploratory and the third is for development, in El Nokhl with investments estimated by $25 million after conducting the needed 3D seismic studies.

"The investments of the exploratory wells are expected to reach $13 million of the total financial drilling plan for the current year," said Eng. Ezz Eldin Mohamed, Gempetco CEO.

"This year's financial plan is estimated at $29.5 million, which has been effective since last June and ceased by the end of next fiscal year," Mohamed said.

Furthermore, North Sinai Petroleum Company (NOSPCO) is preparing to open new layers in the producing fields in the company's acquisition areas. The move is considered as a step to increase the amount of natural gas produced from the Tao field to reach 60 billion cubic feet per year near the end of 2011.

As soon as the excavations process ends, the company will initiate a bid round to rent a new rig during the coming year of 2011 after completing the needed 3D seismic studies, which will resolve the number of new expletory wells in the field of City Blue in the company's acquisition area in the Mediterranean Sea.

The whole operations serve NOSPCO main goal of improving its rates of natural gas production and reserves from the Mediterranean.

EOG learned that the company started to apply a new technical study on Tao, located in its concession area in North Sinai, to keep the current production rate at a steady point after finalizing the procedures of installing the new Gas Compressor with a capacity of 200 million cubic feet per day. The current production rates reached 180 million cubic feet per day.

Regarding the same context, the South Dabaa Petroleum Company (DAPETCO) is nearly to finish its drilling plan for the year 2009-2010, as the company is drilling an exploratory well "Zoom SD3" in Al-Qattara Depression in its acquisition area in the Western Desert.

"We are nearly reaching the final goals in our drilling plan of 2009-2010 with the new well in Al Qattara Depression, as we try to keep our daily production of oil steady at 11,000pbd from the Western Desert," Eng. Omar Yassir Mahmoud, Head of Operations and Member of the board at DAPETCO.

Likewise, PetroShahd Company submitted its production plan of crude oil for the fiscal year 2010-2011, in its acquisition area in the Western Desert. It also aims to boost its crude oil output of 6000 barrels. PetroShahd's production depends on El Zahraa field, Shahd South-East field, and Diaa field. El Zahraa field produces 3200 barrel, Shahd produces 2500 barrel per day, in addition to Diaa field which produces 500 barrels per day.

The company output of crude oil in the Western Desert reached 5298 barrels per day of oil, compared to the last year of 3500 barrel per day.

To another company, Petrogulf Misr announced that it is using a special technological study to determine the exact composition of rock fragments in its acquisition area in Gebel El Zeit concession. This study would help the company resolves the quantities of the crude oil in the producing layers in order to boost the production during the 3rd quarter of the fiscal year of 2010-2011.

EOG learned that this study would cost $350 thousand, as the company aims to increase the current production that stands at 6000 barrels of oil per day. However, Petrogulf is awaiting the EGPC formal approval on the drilling plan for the year 2010-2011. The company is planning to drill an exploratory well in its acquisition area in Gebel El Zeit with investments of $9 million.

The company is in the process of conducting maintenance over the three development wells of C-1, 5, 8. The total cost of the development plan is $1.4 million.

Petrogulf conducted as well some development work in the same area last year with a cost of $2.6 million.

Following the authorization of the EGPC, Petrogulf will be looking into renting a new rig, after carrying out the necessary seismic studies.

A $245-million development plan for Al-Amal Field

Characterized by being one of the very few 100% Egyptian E&P companies, Al-Amal Petroleum Company has succeeded to generate some fruitful results of oil and gas production. Eng. Abdallah Abdel Mawgoud, AMAPETCO CEO, reveals the company's new development plan, exclusively to Egypt Oil & Gas.

By: Shady Ahmed

What are the company's main upcoming projects?

Currently, we are preparing for a development project for the Amal Field, which will be implemented through three main phases. As you know, the company's production is attained from the offshore Amal Field, 15 km south Ras Shukeir in the Gulf of Suez. The first phase of this project is due to be fully completed by next May 2011, followed by the other two remaining phases.

What is the volume of investments for this project?

The total investments of Al-Amal development project counts for $235 million, out of which $145 million are allocated for the execution of the first phase solely. This phase consists of expanding the onshore processing unit renovation through ENPPI and Petrojet, in addition to the production facilities and installation of 16" gas pipelines that would be linked to the gas processing unit number 104, owned by the Egyptian General Petroleum Corporation (EGPC).

What will be your following steps for this mega project?

According to the project scheme, the company will construct a crude oil production line, 16" width – 30 km length, which will link the production facilities of the Suez Oil Company (SUCO) to its concession area at Gebel El-Zeit. This new line will also include 24" and 4" offshore pipelines at the production platform of Al-Amal A in addition to another 8" offshore pipeline between the production platforms of Al-Amal A and Al-Amal B. Negotiations are now held between our company and the Marine Petroleum Services Company to complete the pipelines construction.

How much will the 2nd phase cost?

The second and final phase of this development project will require a total investment of $100 million that will be utilized to install the new onshore production facilities in addition to water injection facilities, gas injections and compressors for natural gas transport. Based on the project time frame, this phase is due to start in June 2011.

What is the company's oil and gas production rate until now?

The total gas production form Al-Amal field is in the average of 12 to 70 million cubic feet of gas per day, while the crude oil production is approximately 7000-8000 barrels per day.

Is AMAPETCO considering expansions in new concession areas?

There are no new areas for the company in the near future, specially that the company's Egyptian partner PICO and foreign one Gray Stone approved the financial budget for production, drilling and development of offshore Al-Amal Field in the Gulf of Suez that has been effective since the beginning of the fiscal year of 2010-2011. Moreover, both partners sealed an agreement with the Ministry of Petroleum that approved this financial budget; therefore, the main concern will be solely revolving around Al-Amal development plan. AMPPTCO will not be part of any bid rounds, at least for the time being,

What are the company's producing wells?

Presently, there are two wells, Amal A and Amal B at the offshore Al-Amal Field. However, there will be another exploratory well to be drilled during the fiscal year of 2011-2012 at the same concession area, with $20 million investment.

How different is your production rate compared to last year's?

As I mentioned earlier, last year's gas production stood at 12 million cubic, while this year we are planning to increase this rate to 70 million cubic feet per day. As for the crude oil production, a slight increase is expected; going from 7000 to 8000 barrels of crude oil per day.

Will AMAPETCO release any tenders?

As a matter of fact, there will be a tender to rent a new rig to drill two development well in Al-Amal field, as part of the company's development plan for the fiscal year of 2010-2011.

Are there any operation changes requested by your foreign partners?

Nothing has changed between the Ministry and the company's foreign partners in terms of business operations. Both parties are satisfied by the positive outcomes and the way business is handled.

What are the obstacles hindering your work progress?

Objectively, there is not any kind of obstacles obstructing our workflow. On the contrary, there is a harmony between the Ministry and the foreign partners working in Egyptian companies.

How does the Ministry of Petroleum support the Egyptian companies?

The Ministry of Petroleum attributes special attention to producing companies, whether national, international or joint venture, as it aims at boosting the country's production and reserves rates. That is the reason why the Ministry encourages all means of cooperation between companies to put more wells on production lines as quick as possible, for example, now I can use another company's production facilities to put my own wells on production lines.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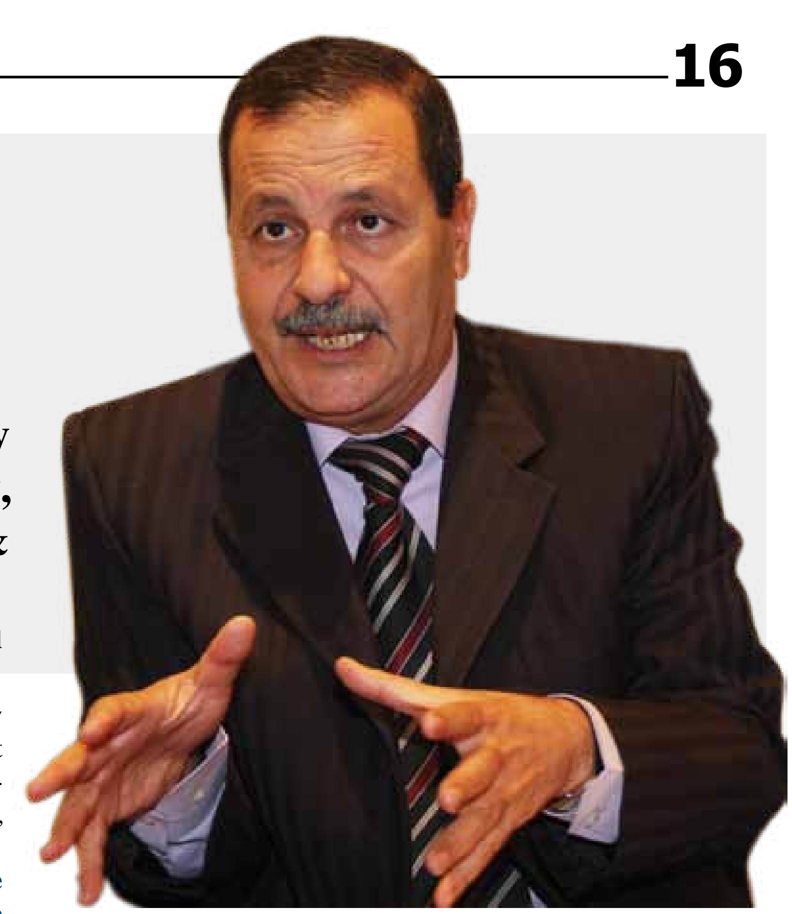


"We are targeting the production of 22 thousand barrels of oil per day during the coming five years," stressed Eng. Abdul Khaleq El Tahawy, Chairman of PetroSannan Company, in his interview with Egypt Oil & Gas newspaper

By Tamer Abdel Aziz - Shady Ahmed

In December 2006, the Ukrainian company Naftogaz began to feel the pace within the Egyptian petroleum sector after signing an agreement for oil drilling and exploration with the Egyptian General Petroleum Corporation (EGPC). It was considered a grant signing about $7 million for 3 years; afterwards it was renewed for another two years.

Before entering the Egyptian market, Naftogaz went into Abu Dhabi's market but it didn't reach the desired goals there. Besides, the Ukranian Company tried again its luck in Libya but unfortunately it wasn't a successful penetration. However, when it came to Egypt for exploring and discovering in Abo Senan in the Western Desert, it successfully had a great commercial discover which was about 2500 barrels per day and approximately 9 million cubic feet gas per day.

Naftogaz is considered one of the most important petroleum companies in Ukraine and it is a state-owned company which is concerned with extraction, transportation, and refinement of natural gas and crude oil. It produces alone 30% of the Ukrainian petroleum production that is why it is placed between the major companies in Ukraine in specific, and worldwide in general.

Following Abo Senan discovery, proceedings began to establish the joint venture company which afterwards named PetroSannan. Eng. Abdul Khaleq El Tahawy, former operation manager at SUCO, was named the Chairman of the new company PetroSannan. Besides, Eng. Gharib Abdel Atti was appointed as the Operation Manager and Eng. Ismael Ahmed took the rank of the Exploration Manager while Adel Sherif became the Director of Administrative Affairs.

That occurred last October when the company began implementing the development plans to enhance the production rates in the field of Abo Senan.

In the beginning, what is your impression about the nascent company in the petroleum sector, PetroSannan?

I think it is a promising company. Since I have taken control after the company's establishment last October and we, the management, have been working with the foreign partner on how to achieve an increase in the rates of production as a complement for the petroleum sector's successful plan.

Are there any production facilities that PetroSannan relies on through sister companies?

Certainly, this is the petroleum sector's strategy that the producing company should use the production facilities of the neighbour company until the completion of the establishment of the production pipelines for the transfer of the quantities produced. Indeed, there are about five producing wells ready to produce oil and gas, including a well produces actually 1200 barrels of oil per day. When the expansion of the production was done, it produced 2500 barrels in the concession of Abo Senan in Alam El Shawish area in the Western Egyptian desert.

Are you planning to establish production facilities soon?

The foreign partner has applied a specific budget for this reason. In addition, they will set up the production line for only one well, which is HG34-3 well that currently produces 1200 barrels of oil till the end of the year 2010. Thereafter, there will be a budget for the other wells and consequently the produced quantities will be placed on the production map.

What are the major obstacles that faced PetroSannan in the exploration and production phases?

I am not exaggerating when I say that there are no obstacles or impediments that hinder the company while operating. Thus, the production was rapid and quite impressive and there were even no water wells so far. In fact, the facilities of the General Petroleum Company (GPC) played a crucial and active role in transferring the production of the company which describes the harmony cooperation between the petroleum sector companies.

What is the total volume of the company's production?

We try to maximize our rates of production, but currently the actual production is 1200 barrels of crude oil per day and there is another well produces about 500 barrels of oil per day and it will continue until the end of the year. Moreover, there are undiscovered quantities of gas due to the lack of facilities. Hence, we are trying now to set up such facilities for the production of gas in the fastest time.

What is the budget set for establishing such facilities?

About $13 million to set up production facilities including storage tanks, which will cost approximately $2.5 million in addition to other supplements.

What is the number of your drilled wells so far?

They are sixteen wells, six of which are currently producing; HG-1 to HG-6.

Regarding the drilling plan of PetroSannan, what is the number of wells to be drilled in the future?

There is an agreement with the foreign partner to drill 87 exploratory wells during the next five years. In the case of getting positive indicators, development wells will be drilled. The plan set by the foreign partner aimed at producing about 22 thousand barrels of oil from those wells, until 2014.

Is there an expansion plan to get new concessions?

Meanwhile, Naftogaz is heading towards the Eastern Desert in the Mahareeth Valley. In case of finding out a new commercial discovery, it will be linked to the existing joint-venture company, PetroSannan.

Are you focusing in the production of oil at the expense of gas?

No, we are not prejudiced to any of them. There is a parallel plan between producing oil and gas as there are wells that already exist in the concession area have large quantities of gas. For example, there is Kareema X3 well which produces about 10 million cubic feet of gas per day and there is Maleka 1X well produces 0.5 million cubic feet of gas. Besides, Tammam well produces about 6 million cubic feet gas per day. Nevertheless, we are waiting for the establishment of production facilities and processing units for gas production, which will be added to the national network of gas and then increases the reserves and maximize the value of gas in Egypt.

Are there any other plans developed by the company?

We are working on the development of the whole place and you know that we are now entering the phase of compilation the teamwork after creating the organizational structure and therefore we are still in the process of preparing for it.

What is your overall budget?

The annual budget is approximately $64 million. As for the current fiscal year budget, it is about $40 million and the reason for the reduction is because of the non-establishment of the facilities so far. However, the facilities will provide us a lot, as the distance between the wells and facilities of GPC is about 32 kilometres, which cost us extra fees for transportation.

In your opinion, how can we attract foreign investments into the local market?

The current policy adopted by the ministry towards handling foreign investments shall be considered the best. According to what Eng. Sameh Fahmy said that the ministry's main concern is to create the perfect investment climate through providing the needed facilities, the foreign companies need to ease their work in the Egyptian land. We can see the result out clear with the more foreign companies entering the Egyptian market everyday and bringing more money into our market.

What are the shining investments spots in Egypt in the coming period?

The Western Desert is considered at the top of the list, plus it is the top producing area in Egypt now. So you'll find most companies are seeking more acquisitions in the Western Desert, and a proven proof Apache's move to buy all BP's assets in the Western Desert.

Do you think the Western Desert gets he whole share alone?

I do not think so at all, as for each area there are specialized companies and investors, even the service companies are divided between land services and deep water services.

What are the upcoming bids offered by PetroSannan?

All the upcoming acquisitions will be done through bid rounds, but there's nothing to mention in the time being.

What are the service companies appointed by PetroSannan in the current operations?

Tanmia is the only service provider for us now, a one-stop shop company, which handles the Startup operations.

Can you tell us about the rigs used by Tanmia in your fields?

The two rigs are called EDC17, owned by Egyptian Drilling Company (EDC), and SINOTHARWA-11, owned by the SinoTharwa Drilling Company.

What are the future plans for PetroSannan?

To provide job opportunities for the young fresh graduated engineers, this is the main concern to the Petroleum Ministry in the time being.

What are the HSE rules in PetroSannan?

Safety is considered is a major apprehension that our company deals with it with most possible ways. We asked the foreign partner that after they provide the production facilities that we'll apply all the needed HSE standards to guarantee the best care for our HSE.

What is in the future of PetroSannan?

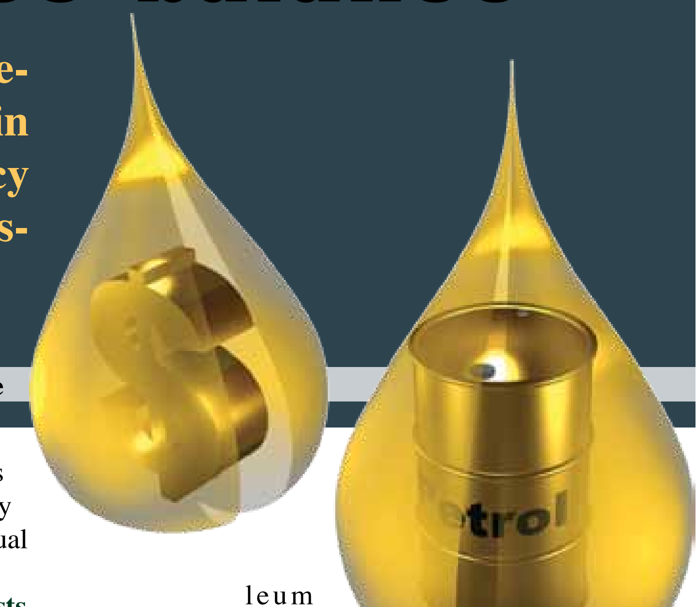
The human factor is our foremost target as I said before. We will provide venues for our employee close to the fields, also to present suitable working shifts, and to reduce the burden of travel transportations, signing more contracts with the workers, and most importantly to use other expertise from fellow companies to gain more experience that will lead PetroSannan to more achievements.

What are the main features of the contract between EGPC and PetroSannan's foreign partner?

Initially, it was a 50-50 production share contract, which shows positively the capabilities of the Egyptian negotiators to bring the most benefit for Egypt. But you must put in mind that if it was not for the facilities provided by EGPC for the foreign partner, they would not have come to our country from the first place.

When prices wobble subsidies' balance

Petroleum product subsidies have again started to rise with the slow recover of international prices. This note reviews recent developments in terms of subsidy levels and argues that it is necessary to reform the policy framework for setting petroleum product prices in order to reduce the fiscal burden of these subsidies and to address the market change



By Mostafa Mabrouk, Vice Chairman Assistant for Economic Affairs, Ganope

In 2003, global consumer subsidies for petroleum products totaled nearly $60 billion. They are projected to reach almost $250 billion at the end of 2010. Tax-inclusive subsidies, reflecting suboptimal taxation, are estimated to be much larger—$740 billion in 2010, or 1 % of global GDP. The G-20 countries account for over 70% of tax-inclusive subsidies, with emerging G-20 countries accounting for a sizable share. Halving tax-inclusive subsidies could reduce projected fiscal deficits by one-sixth in subsidizing countries and could reduce greenhouse emissions by around 15% over the long run. Subsidy reform strategies should contain measures to mitigate the impact of higher prices on the poorest groups.

Petroleum product subsidies have increased in recent years and many countries did not fully pass through the sharp increases of international petroleum products prices that occurred in 2007 and early 2008, resulting in a marked increase in subsidies. After declining of oil prices during the second half of 2008, subsidies have again started to rise, renewing concerns about the fiscal costs. These concerns have been reinforced by the need in many countries to formulate an exit strategy from the recent crisis-related accumulation of public debt. The international community has also targeted the reform of fossil fuel subsidies as part of efforts to confront global warming, with the September 2009 G-20 Pittsburgh communiqué calling for a gradual get rid of these subsidies.

Subsidy reform scenarios

A-Targeting mitigating measures

Compensating the poor for eliminating subsidies requires a system to deliver compensation to the needy. Because it may not be feasible to quickly put in place efficient safety nets based on targeted cash transfers, a gradual reform strategy may initially be needed. This could include the following steps:

1- Temporarily maintaining universal subsidies on commodities that are more important in the budgets of the poor: for instance, kerosene subsidies are relatively better targeted. However, there is a limit to how much can be achieved through lower kerosene prices without severe disruption of petroleum product markets (for example, redirection of kerosene from the household sector to the transport sector for mixing with diesel, or cross-border smuggling).

2- Introducing a package of short-term measures to mitigate the adverse impact of price increases on the poor: this includes existing programs that can be expanded quickly, possibly with some improvements in targeting effectiveness (for instance, basic food supplies, education and health user fees, subsidized mass urban transport, cash transfers to vulnerable groups, subsidies for consumption of water and electricity below a specified threshold).

3- Identifying high-priority public expenditures: They can include education and health expenditures as well as infrastructure expenditures such as roads and electrification schemes.

4- Improving the design of safety net programs over time: This includes "targeting by using socioeconomic and demographic characteristics", such as the elderly, children, or the unemployed (categorical targeting), or those living in specific areas (geographic targeting); and also linking subsidies or cash benefits to a self-targeting work or school requirement.

5- The appropriate reform depends on several factors: the political and administrative capacity of the country and its fiscal and macroeconomic situation (for example, risks to growth and inflation).

B-Promoting transparency

Petroleum subsidies should be recorded transparently in government accounts. Where these have fiscal consequences, they should be incorporated into the budget on a gross basis and explicitly identified. Off-budget subsidies should be identified and recorded in separate accounts; this may require improvements in the budget classification system. Arrangements whereby oil companies provide subsidies to consumers without explicit budget support should be clearly described and evaluated in budget documents (IMF, 2007). Transparency is also important for oil-exporting countries, for whom the opportunity cost of subsidies is the revenue forgone by not charging international prices domestically (oil producers that have recorded subsidies explicitly in the budget include Indonesia, Iran, Malaysia, Sudan, and Yemen).

Even subsidies, with no fiscal costs, should be measured and analyzed and reported in budget documents. Some subsidies do not affect government finances. A ban on exports of a particular good reduces the domestic price. This leads to a price subsidy for domestic consumers financed by producers. By contrast, an import tariff raises the price received by domestic producers, resulting in a producer subsidy financed by consumers.

Also, some countries have implemented specific subsidy reporting systems designed to help raise public awareness. Germany has published Biannual Subsidy Reports for many years. Switzerland has implemented an online subsidy database, in which individual subsidies are recorded.

C-Overcoming vested interests

Public information campaigns can help overcome vested interests. Public information should aim particularly at informing the potential beneficiaries (consumers and taxpayers) about the drawbacks of existing subsidies and the benefits of reform. When relevant, governments should also highlight that subsidies promote smuggling, shortages, black market activities, and corruption. Regarding the drawbacks of subsidies, in 2005 the government of Ghana used the finding of a Poverty and Social Impact Analysis that petroleum subsidies go predominantly to high-income groups to convince the public of the need to raise petroleum prices.

D-Addressing spillover effects

Cross-border spillovers of petroleum subsidies can operate in many ways. Subsidies alter trade patterns and divert benefits from their intended recipients. Low domestic petroleum prices provide incentives for smuggling, which benefits consumers in other countries. Subsidies for intermediate inputs may also be passed through to the prices of exported goods. Another important cross-border effect relates to environmental spillovers, including from global warming. Finally, lack of pass-through of international prices to domestic prices can have effects on global demand; lower domestic prices increase demand, which can further raise international prices.

Because of these international spillovers, removing petroleum subsidies can benefit from multilateral cooperation. When externalities are global, as with climate change, benefits of (potentially costly) unilateral action are limited. If other countries fail to take similar action, the gains are limited; if other countries do act, it can be in a country's perceived interest not to join in (the free-rider problem). Therefore, international cooperation in the area of subsidy policies is desirable.

E-Reforming price-setting mechanisms

Government direct control of domestic petroleum prices has often been an obstacle to subsidy reform. Even if these prices are initially set or adjusted to eliminate subsidies, these can reemerge if prices are not adjusted to reflect market conditions. Reform of the pricing mechanism is thus essential in reforming petroleum subsidies.

The first-best solution is to liberalize petroleum prices, which helps depoliticize petroleum product pricing. In regulated environments, people tend to see domestic prices as under the government's control and therefore to blame the government for price increases. There is evidence that liberalized regimes tend to be more politically robust than automatic pricing formulas. However, liberalizing prices requires preparation. For example, some refineries have been established under concession conventions, which would make it difficult to liberalize the market before the concessions expire.

Also, If markets are imperfect or if governments are concerned about excessive price volatility, they can implement an automatic pricing mechanism that adjusts prices regularly in light of changes in international prices. Often, the pricing formulas are designed to smooth the pass-through of international prices to domestic prices. Smoothing mechanisms include moving averages, price adjustment ceilings and/or triggers, and price bands. Countries that have implemented formula-based mechanisms (in some cases temporarily) include Bolivia, Chile, Republic of Congo, Dominica, Ghana, Gabon, Pakistan, Peru, South Africa, and Sri Lanka. However, such pricing formulas have often been suspended in the face of opposition to price adjustments. It is likely that the factors that promote subsidy reform more generally also promote the elasticity of pricing mechanisms.

Giving the example of the Middle East and North Africa, in Morocco, Tunisia, Egypt, Jordan, and Syria— North Africa and Middle East's oil importing countries—budget deficits are on the rise, as are demands for employment, health, education, and social protection. Nonetheless, the governments of these countries continue to allocate a high share of government expenditure to consumption subsidies, crowding out investment in other significant public services. Fuel subsidies, which account for the majority of consumption subsidies in Egypt, Morocco, and Syria, benefit the rich more than the poor. With oil prices rising and the OIC's fiscal space having narrowed since the last price hike, the burden of these fuel subsidies on government budgets is growing more acute. Jordan, Syria, and, to some extent, Tunisia have cut down on them, but

Egypt and Morocco continue to avoid reforms. Reforming the fuel subsidy system is inevitable, however, as fiscal room for them is no longer sufficient. By postponing action, policy makers are wasting valuable fiscal resources, engaging in regressive policies, and worsening their economic prospects.

Reforms in Jordan and Syria

Jordan, Syria, and, to some extent, Tunisia are ahead in their efforts to reform fuel subsidies:

- Jordan: An IMF study in 2005, which found that the poorest 20% of the country's population received less than 10% of total fuel subsidies, while the richest 20% received more than 40%, helped the country make the case for phasing out fuel subsidies by 2008. Since then, Jordan has implemented an automatic price adjustment mechanism to pass world oil prices on to consumers.
- Syria: In 2008, the country increased the domestic market prices of most petroleum products, saving 7% of GDP in implicit subsidies. In parallel, the government issued coupons to each household for up to 1,000 liters of diesel at one-third of the market price. In 2009, targeted cash transfers, for which approximately half of Syrian households are eligible, replaced the coupons.
- Tunisia: In January of 2009, the country launched a new fuel pricing mechanism that partially reflects the movement of international oil prices in the domestic market.

In both Jordan and Syria, policy makers also adopted measures to mitigate the impact of higher fuel prices on low-income households. Jordan increased the minimum wage and salaries for low-paid state employees. Government employees and pensioners earning less than $560 per month received a one-time bonus. In Syria, the government raised public sector wages.

Egypt and Morocco need a stand

Policy makers in Egypt and Morocco need to shift scarce fiscal resources from fuel subsidies to public investment and sectors with high social payoffs, such as health and education. While they agree on the need to replace universal fuel subsidies with cost-effective, targeted approaches. However, policy makers should learn from the successful removal of fuel subsidies in other countries, like Jordan and Syria, and plan the phase-out around three pillars:

- Building Public Support: First, policy makers need to highlight the shortcomings of fuel subsidies, their excessive budgetary cost, and their variation of distribution, which hurts the poor.
- Gradual Implementation: Second, they need to gradually, but steadily reduce the fuel subsidies. This is particularly critical in Egypt, where the gap between the subsidized and market price is so far big.
- Mitigate the Impact on the Poor: Finally, policy makers have to set credible commitments to ease the impact on the poor. Egypt can commit to increasing the minimum wage in both the government and the private sector. Over four million Egyptians work for the government and 1.3 million work in the public sector, yet the minimum monthly salary for public sector workers is around $620. Egypt spends as much money on consumption subsidies as on remunerations of civil servants. Extending health insurance to the poor is another relevant policy alternative. Less than 20% of the poor in Morocco are insured, while in Egypt ambitious governmental plan will cover 80%, which never exists in North Africa, and some Middle East countries.

The following table illustrates the trend of gasoline and diesel prices of 40 country in local currency and US$:

The above table shows that fuel prices in most countries are moving up and down, while in Egypt, prices never goes up or down, which represent a heavy burden on petroleum sector budget. Petroleum Sector is solely responsible for subsidizing petroleum products without any support from the government. But started finally to declare the painful subsidies figures which reached to 12 billion US$ during the current fiscal year and will increase yearly by 7% approx. Gradual cut down of subsidies is inevitable and cannot continue forever.

Gasoline and diesel prices per liter in local currency

Country	Gasoline		Diesel		Valid date
	Local price	Price in US$	Local price	Price in US$	
China	6, 46	,95	6,23	,92	04/2010
Egypt	1.75	,31	1,10	,19	05/2008
Greece	1,50	1,95	1,40	1,82	06/2010
India	57,51	1,30	49,41	1,12	07/2010
Iran	4000	,40	2500	,25	06/2009
Iraq	400	,34	400	,34	06/2009
Jordan	,80	1,13	,73	1,03	09/2009
Morocco	10,65	1,19	7,65	,85	04/2010
Nigeria	70	,46	N.A	N.A	12/2009
Russia	21,65	,80	19,43	,72	01/2010
South Africa	7,30	,72	8,27	,81	11/2008
Syria	40	,86	25	,54	09/2009
Tunisia	1,27	,99	,91	,71	09/2009
Canada	1,01	1,01	1,27	1,27	06/2010
France	1,42	1,84	1,12	1,45	12/2009
Germany	1, 46	1,90	1,24	1,61	06/2010
Italy	1,46	1,90	1,20	1,56	07/2010
Japan	135	1,59	102	,86	06/2009
UK	1,13	1,76	1,07	1,66	06/2010
US	,73	,73	1,60	1,60	09/2010

Legal safeguards in Egypt's petroleum concession agreements

The Petroleum Industry is one of the most dynamic and flourishing industries in Egypt and petroleum production is by far the largest single industrial activity, representing eight to ten percent of Egypt's GDP. The Egyptian Government is encouraging the International Oil Companies (IOC) to participate in the activity of exploration and exploiting oil and natural gas. Actually, more than 50 international companies are operating in Egypt. Hence, rules and regulations are crucial to control the foreign operations in the country

By Dr. Minas Khatchadourian, Professor of Energy Law, International Arbitrator

The petroleum industry in Egypt is managed by the Ministry of Petroleum, under which four companies function as government agencies. One of these is the Egyptian General Petroleum Corporation (EGPC), which concludes the concession agreements in cooperation with the foreign oil companies on the basis of a production share agreement (PSA).

The Concession is granted in a specific area through the promulgation of a special law by the legislative authority (The Parliament) which allows the Minister of Petroleum to conclude the agreement between the Egyptian Government on one side and the Egyptian General Petroleum Corporation (EGPC) acting as the concession holder and the foreign oil investor (IOC) acting as a Contractor on the other side.

The "Preamble" of the Model Concession Agreement as prepared by EGPC (2) details the relations arising between the different parties and insists on the State ownership of all the natural resources. It reads as follows:

"Whereas, all minerals including petroleum, existing in mines and quarries in Egypt, including the territorial waters, and in the seabed subject to its jurisdiction and extending beyond the territorial waters, are the property of the State; and "Whereas, EGPC has applied for an exclusive concession for the exploration and exploitation of petroleum in and throughout the area referred to in Article II, and described in Annex "A" and shown approximately on Annex "B", which are attached hereto and made part hereof (hereinafter referred to as the "Area") ; and Whereas, "The foreign oil company" agrees to undertake its obligations provided hereinafter as a CONTRACTOR with respect to the Exploration, Development and Production of Petroleum in the said area; and Whereas, the GOVERNMENT desires hereby to grant such Concession; and Whereas, the Minister of Petroleum pursuant to the provisions of Law No. 86 of 1956, may enter into a concession agreement with EGPC, and with "the foreign oil company" as a CONTRACTOR in the said Area.

Now, therefore, the parties hereto agree as follows:"

Further, the Model Concession Agreement reveals the inclusion of legal safeguards in order to give the foreign oil companies an adequate protection to their important investments.

Such safeguards include

1-Granting the Concession Agreement the force of Law

2-Adding a "stabilization clause" to the Concession Agreement

3-Adapting the Concession Agreement mutually through renegotiation

4-Designing an efficient mechanism of dispute resolution system between the different parties

1-Granting the Concession Agreement the force of Law

According the Egyptian Constitution (article 123), a legislative act is required for each new concession agreement concluded for the exploitation of the State natural resources such as oil and gas.

The legislative act issued by the Parliament authorizes the minister of petroleum to contract in the name of the GOVERNMENT with the other parties on the provisions contained in the Concession Agreement.

The legislative act states expressly that:

"The rules and procedures (i.e. concession agreement) contained in the annexed clauses have the force of law, and are enforceable notwithstanding any legislative provisions contrary thereto".

Accordingly, the contractual provisions of the concession agreement acquire the status and the authority of a (lex specialis). This scheme secures the supremacy of the vested contractual rights as detailed in the Agreement over the Egyptian law. In the same time, it excludes the applicability of any contradictory legislative rules either in the present time or in the future throughout the duration of the Agreement.

2-Adding a "Stabilization Clause" to the Concession Agreement

Another safeguard practiced since a long time in international investment contracts has been the inclusion of a "stabilization clause". Such clauses aim to 'freeze' the laws of the host country during the term of the agreement, and to prevent the enactment of any legislation inconsistent with the investor's rights embodied in the concession agreement.

As one of the parties to the Agreement is the Host State, this means a large attribution of sovereign powers. The State may operate unilateral changes to the Concession Agreement or to amend its laws at any time that negatively affect the operation of the contract, especially the financial arrangements of the investor.

Moreover, some recent stabilization clauses are more likely to permit the host State may amend its laws, but provide that such amendment will not affect the rights of the investor, granting stabilization to the contractual relationship.

An author describes such clause as "it creates an enclave where things stand still – a place apart from the rest of the country where, in contrast, for good or for ill, legislative changes must take place"(3)

From the Egyptian Legal point of view, Concession Agreements are considered State Contracts and are governed by the administrative law, which contains some exorbitant rules in favor of the Government.

In this matter, a distinguished academician observes:

"Considering that such petroleum concessions are falling within the category of "administrative contracts", the Government – as party to the agreement- may give itself the right to interfere in the course of the administrative contract so as to impose, through its unilateral decision, amendments deemed necessary for achieving the public interest or to rescind the contractual relationship. In order to avoid recourse to such exorbitant administrative law powers, the Government party normally accepts to insert in these contracts a standard stabilization clause by virtue of which it has no possibility to impose any amendments to the contract without the consent of the IOC. This clause will be completed by a "freezing" of the contractual relationship throughout the duration of the agreement"(4).

As for Egypt, the stabilization clause in the model agreement appears clearly as it reads:

Art. 18(a): CONTRACTOR and Operating Company shall be subject to Law No. 66 of 1953 as amended by Law No. 86 of 1956 and the regulations issued for the implementation thereof, including the regulations for the safe and efficient performance of operations carried out for the execution of this Agreement and for the conservation of the petroleum resources of the A.R.E. provided that no regulations, or modification or interpretation thereof, shall be contrary to or inconsistent with the provisions of this Agreement.

Art. 18(d): "The rights and obligations of EGPC and CONTRACTOR hereunder, and for the effective term of this Agreement shall be governed by and in accordance with the provisions of this Agreement and can only be altered or amended by the written mutual agreement of the said contracting parties in the same procedures by which the original Agreement has been issued"

Extension to the sub-contractors of the contractor and operating company:

The contractors and sub-contractors of the foreign oil company will enjoy by extension the same safeguards as to the main contractor.

Art. 18(e) reads "The contractors and subcontractors of CONTRACTOR and Operating Company shall be subject to the provisions of this Agreement which affect them. Insofar as all regulations which are duly issued by the GOVERNMENT apply from time to time and are not in accord with the provisions of this Agreement, such regulations shall not apply to CONTRACTOR, Operating Company and their respective contractors and sub-contractors, as the case may be."

Inapplicability of the stabilization clause to the environmental laws and regulations:

To the contrary, no stabilization clause will protect the foreign investor regarding the application of the environmental law on its operations and activities in Egypt

Art. 18 (b) stipulates: "The Contractor and the Operating Company shall be subject to the provisions of the Law No. 4 of 1994 concerning the environment and its executive regulation as may be amended, as well as any laws or regulations may be issued, concerning the protection of the environment".

3-Adapting the Concession Agreement mutually through renegotiation

As it has been stated earlier, recent stabilization clauses do not prevent the Host Country from enacting new laws but declares them inapplicable if they appear contradictory to the agreement provisions. So, if substantial legislative changes take place and threaten significantly the contractual equilibrium or affect seriously the economic interest of this Agreement to the detriment of the foreign investor, a mechanism of adaptation through renegotiation will be applied.

Article 19 of the model concession agreement reads as follows:

" In case of changes in existing legislation or regulations applicable to the conduct of Exploration, Development and production of Petroleum, which take place after the Effective Date, and which significantly affect the economic interest of this Agreement to the detriment of CONTRACTOR or which imposes on CONTRACTOR an obligation to remit to the A.R.E. the proceeds from sales of CONTRACTOR's Petroleum, CONTRACTOR shall notify EGPC of the subject legislative or regulatory measure and also the consequent effects upon issuing legislation or regulation which impact on the stabilization. In such case, the Parties shall negotiate possible modifications to this Agreement designed to restore the economic balance thereof which existed on the Effective Date.

The Parties shall use their best efforts to agree on amendments to this Agreement within ninety (90) days from aforesaid notice.

These amendments to this Agreement shall not in any event diminish or increase the rights and obligations of CONTRACTOR as these were agreed on the Effective Date. In case of the parties' failure to solve the disputes, Article XXIV (arbitration) of this Agreement shall be applied."

The above provision concerns the substantial change of circumstances which occurs after the date of the Concession signature including changes in existing legislation or regulations applicable to the conduct of exploration, development and production of Petroleum in Egypt or which significantly affect the economic interest of this Agreement to the detriment of the foreign investor (CONTRACTOR)

In this event, the parties have to renegotiate in good faith and using their best efforts for the establishment of a new contractual balance and readapt accordingly their initial Agreement whenever it becomes necessary.

If such renegotiation fails for any reason, the parties will resort to arbitration.

4-Designing an efficient mechanism of dispute resolution system between the different parties

No doubt that the foreign investor prefers arbitration as an efficient alternative dispute resolution to the national judiciary system of the host country.

In fact, Egypt has enacted in 1994 an arbitration law largely inspired from the UNCITRAL model law and there is in Cairo a regional permanent center for international commercial arbitration. Besides, Egypt is signatory of the 1958 New York Convention on the recognition and the enforcement of the foreign arbitral awards.

However, due to the hybrid nature of the agreement and the participation of the Government as a contracting party, the Model Concession Agreement in Egypt observes two different relations subject to disputes between the parties and accordingly two different means to settle them.

First, if a conflict emerges between the Egyptian Government on one hand and the other parties (the National Oil Company and the foreign contractor) on the other hand. In this case, the conflict will be settled the jurisdiction of the national appropriate courts of Egypt (i.e. The State Council or the Conseil d'Etat)

Second, if a conflict exists between the National Oil Company on one hand and the foreign investor on the other hand. In this case, arbitration will serve to settle the conflict.

I-Conflict between the Government and the Contractor

ARTICLE 24 of the model Agreement states:

(a) Any dispute, controversy or claim arising out of or relating to this Agreement or the breach, termination or invalidity thereof, between the GOVERNMENT and the parties shall be referred to the jurisdiction of the appropriate courts of A.R.E. to settle any dispute arising on the interpretation or the execution of any term of this Agreement.

It results from the above mentioned provision that any conflict emerging between the Government and the parties (including the foreign oil company) shall be settled by the competent Egyptian courts who will apply the administrative law and not by any other dispute resolution mechanism.

It is important to announce that the only existing precedents of a litigation between the Government and the parties in the field of oil concessions is related to the challenge before the Egyptian State Council (Conseil d'Etat) of decisions adopted by the Minister of Petroleum prohibiting truck transportation from the "Aegypto concession area" and the consequent sanctions, which were declared illegal because they imposed obligations on the parties which went beyond the contractual provisions and considered to be in violation of the Concession agreement(5).

However, it is important to raise the fact that Egypt as a Host Country to all forms of foreign investment, is signatory of several tens of Bilateral Investment Treaties (BIT) with the different countries whose nationals (either moral or physical persons) invest in Egypt such as the Oil Companies.

Such BITs contain usually an arbitration clause granting the foreign investor (national of the other contracting State) the option to file an arbitration request against the Host Country before the International Center for the Settlement of Investment Disputes (ICSID) in Washington(6).

The Question is whether or not the Oil Company ignores the Settlement of dispute clause figured in the Concession Agreement and resorts directly to the ICSID.

The Answer can be found in the light of the precedent established in the ICSID Case of AAPL vs. Sri Lanka(7) (ICSID Case ARB/87/3) where a foreign investor (namely Asian Agricultural Products Limited) can file an arbitration request directly and exclusively on the basis of the BIT text in case of a dispute with the governmental authorities of the Host State.

II- Conflict between the National Oil Company and the Contractor

When a conflict emerges between the national oil company (such as EGPC) and the foreign oil investor (called the contractor), arbitration is the way to settle it according to rules and procedures detailed in the model agreement.

Two alternatives are presented either an Institutional Arbitration or an Ad Hoc Arbitration.

a)Institutional arbitration:

ARTICLE 24 (b) states

Any dispute, controversy or claim arising out of or relating to this Agreement, or breach, termination or invalidity thereof between EGPC and CONTRACTOR shall be settled by arbitration in accordance with the Arbitration Rules of the Cairo Regional Center for International Commercial Arbitration (the Center) in effect on the date of this Agreement, the approval of the Minister of Petroleum is provided in case EGPC only turn to arbitration. The award of the arbitrators shall be final and binding on the parties.

According to this provision, the arbitration may be filed by either the Foreign Investor or by the national oil company. However, in the latter case, and according to article 1 second paragraph of the Egyptian arbitration law, the authorization of the competent minister is provided in case EGPC only turn to arbitration. More provisions in the same article 24 of the Concession indicate the appointment of an arbitrator by each party and the assistance of the Center in appointing the second arbitrator in case of the opponent party's failure or refusal to do it.

Another important sub-safeguard is found in the procedures of appointing the presiding arbitrator of the tribunal and of some specific conditions required in his person where paragraph (e) of the same article stipulates:

"The two arbitrators thus appointed shall choose the third arbitrator who will act as the presiding arbitrator of the tribunal. If within thirty (30) days after the appointment of the second arbitrator, the two arbitrators have not agreed upon the choice of the presiding arbitrator, then either party may request the Secretary General of the Permanent Court of Arbitration at the Hague to designate the appointing authority. Such appointing authority shall appoint the presiding arbitrator in the same way as a sole arbitrator would be appointed under Article 6.3 of the UNCITRAL Arbitration Rules. Such presiding arbitrator shall be a person of a nationality other than A.R.E. or (the foreign investor's country) and of a country which has diplomatic relations with both A.R.E. and (the foreign investor) and who shall have no economic interest in the Petroleum business of the signatories hereto".

The seat of arbitration will be the Cairo Center for International Commercial Arbitration, unless otherwise agreed by the parties. The arbitration will be conducted according to the procedural rules of the Center and the Egyptian law will be applicable to the merits of the dispute. In the event of any conflict between Egyptian Laws and this Agreement, the provisions of this Agreement (including the arbitration provision) shall prevail. Finally, the arbitration shall be conducted in both Arabic and English languages.

b) Ad hoc Arbitration:

The second alternative of arbitration proceedings is to settle the dispute by an ad hoc arbitral tribunal and in accordance with the UNCITRAL Rules of arbitration applicable at the time of the dispute. However, this kind of arbitration will not be followed unless the foreign oil company observes under certain circumstances that its right to a fair arbitration is prejudiced.

ARTICLE 24 (i) of the Model Agreement provides:

"May EGPC and CONTRACTOR agree that if, for whatever reason, arbitration in accordance with the above procedure cannot take place, or is likely to take place under circumstances for CONTRACTOR which could prejudice CONTRACTOR's right to fair arbitration, all disputes, controversies or claims arising out of or relating to this Agreement or the breach, termination or invalidity thereof shall be settled by ad hoc arbitration in accordance with the UNCITRAL Rules in effect on the Effective Date".

Conclusion

Oil and Gas Concession Agreements have a specific nature in Egypt. A legislative act gives them supremacy in application over any contrary legislation or regulation. After the conclusion of the Agreement, any changes in the legal environment or in the economic circumstances will be remedied through adaptation of its provisions. An arbitration system of resolving disputes completes the safeguards panoply. Finally, the safeguards aim to forge trust to the foreign investors and to improve the investment climate in Egypt.

Footnotes

(1) Attorney at Law & International Arbitrator, Managing Partner Egypt Legal Desk, Visiting Professor of Energy Law – PhD. International Arbitration, LLB. International Agreements. E-Mail : khatchadourian@justice.com

(2) The model concession agreement is available on the web site of the Egyptian General Petroleum Company (www.egpc.com.eg)

(3) Roland Brown, The relationship between the State and the multinational corporation in the exploitation of resources, 33 (1) International and comparative law Quarterly, 1984, p. 221.

(4) Ahmed El-Kosheri, The particularity of the conflict avoidance methods pertaining to petroleum agreements, ICSID Review, Foreign Investment Law Journal, Vol. 11, n. 2, Fall 1996, p. 273

(5) Ahmed El-Kosheri, idem, p. 283

(6) See Alan Redfern and Martin Hunter, Law and Practice of International Commercial Arbitration, fourth edition 2004 (with Nigel Blackaby and Constantine Partasides), chapter 11, p. 562

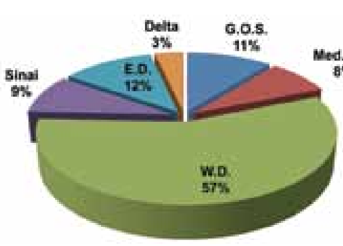
(7) See the complete text of the arbitral award on the website of the ICSID (www.worldbank.org/ICSID)

Egypt Statistics

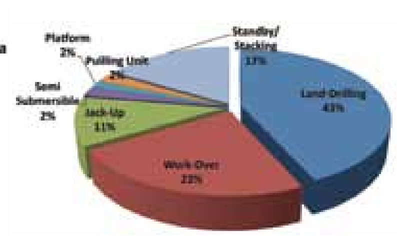
Table 1 Egypt Rig Count per Area - November 2010

Area		RIG COUNT Total	Percentage of Total Area
Gulf of Suez		12	11%
Offshore	12		
Land			
Mediterranean Sea		9	8%
Offshore	9		
Land			
Western Desert		63	57%
Offshore			
Land	63		
Sinai		10	9%
Offshore			
Land	10		
Eastern Desert		13	12%
Offshore			
Land	13		
Delta		4	3%
Offshore			
Land	4		
Total		111	100%

Rigs per Area



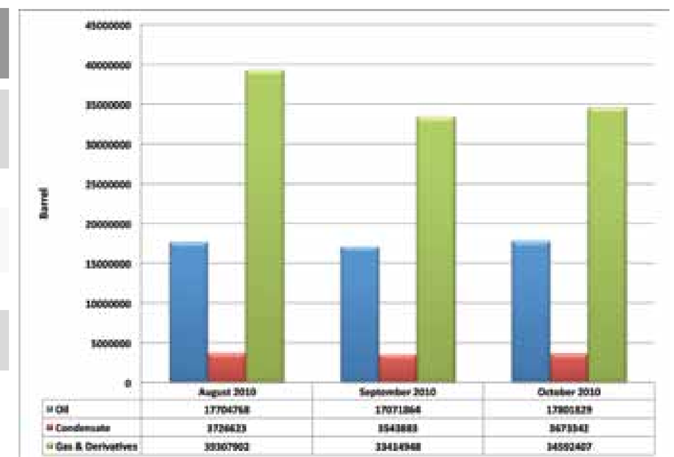
Rigs per Specification



Production - October 2010

	Sold Million cubic feet	Planned Million cubic feet	%	Oil Barrel	Equivalent Gas Barrel	Condensate Barrel	Liquefied Gas Barrel	Liquefied Gas Ton	Total Gas & Derivatives Barrel
Med. Sea	131934	139717	94.43		23559643	1418203	350605	31165	25328451
E.D.				2237346					2237346
W.D.	39013	38719	100.76	8010646	6966607	1910438	439982	39110	17327673
GOS	1173	2635	44.52	5301530	209464	82346	207342	18430	5800682
Delta	14621	13547	107.93	123480	2610893	219111	111676	9927	3065160
Sinai	282	248	113.71	2112496	50357	43244	85838	7630	2291935
Upper Egypt				16331					16331
Total	187023	194866	95.98	17801829	33396964	3673342	1195443	106262	56067578

	Actual	Planned	%
Oil	17801829	22375645	79.56
Condensate	3673342	17801829	20.63
Gas & Derivatives	34592407	36155951	95.68
Total	56067578	58531596	95.79



Source: Egypt Oil & Gas

Average Currency Exchange Rate against the Egyptian Pound (September 2010/ October 2010)

US Dollar	Euro	Sterling	Yen (100)
5.704	8.014	9.176	7.056

Stock Market Prices (August 2010/ September 2010)

Company	High	Low
Alexandria Mineral Oils [AMOC.CA]	45.43	41.04
Sidi Kerir Petrochamicals [SKPC.CA]	14.77	13.66

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]
2009 Average	1,650	483	2,411	72,308	30,639	20,402	3,673
2010 January	1,650	500	2,410	73,153	31,069	20,571	3,689
February	1,650	510	2,436	73,585	31,163	20,650	3,600
March	1,650	515	2,449	73,546	31,074	20,581	3,682
April	1,650	521	2,389	73,481	31,049	20,607	3,622
May	1,650	525	2,406	73,396	31,108	20,725	3,485
June	1,650	510	2,414	73,322	31,349	20,904	3,126
July	1,650	510	2,398	73,654	31,367	20,934	3,366
August	1,650	515	2,382	73,349	31,418	20,969	2,923
2010 8-Month Av-erage	1,650	513	2,410	73,434	31,200	20,744	3,435

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

Source: EIA

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

		United States[2]	Persian Gulf[3]	OAPEC[4]	OPEC[5]	World
2009 Average		9,156	22,894	23,802	33,877	84,403
2010 January		9,275	23,212	24,074	34,461	85,527
February	E	9,540	23,294	24,145	34,563	86,235
March	E	9,587	23,265	24,099	34,511	86,246
April	E	9,542	23,315	24,146	34,513	86,140
May	E	9,639	23,449	24,262	34,590	86,192
June	E	9,427	23,639	24,435	34,842	85,923
July	E	9,570	23,680	24,461	34,871	86,468
August	PE	8,729	23,725	24,491	34,933	85,141
2010 8-Month Average	PE	9,411	23,449	24,265	34,662	85,980

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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