EGYPT OIL&GAS NEWSPAPER

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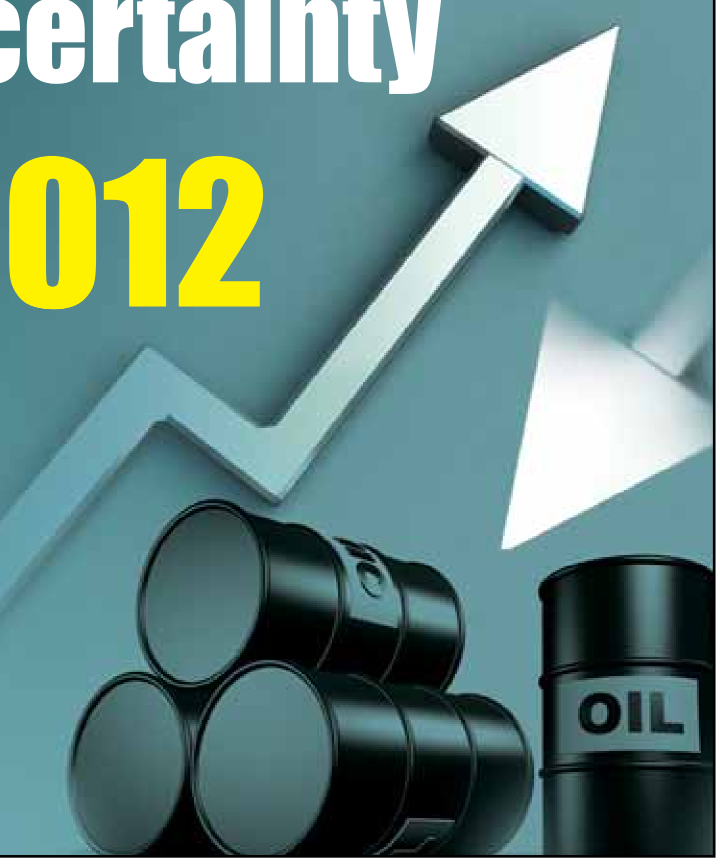
The Cloud of Uncertainty Ushers in 2012



As 2012 is around the corner, the team of Egypt Oil & Gas newspaper attempts to review the performance of the various hydrocarbon producers operating in Egypt, during this historic and eventful year. After examining several quarterly reports, there seems to be a positive trend that is moving counter to the country's political instability. In fact, the majority of petroleum companies have declared an increase in production and revenues in their reports, while the official production rates showed some sort of decline.

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Agiba develops the Meleiha field

Aguba Petroleum Company announced the successful drilling of the Meleiha 78 well, in the Meleiha development lease, onshore Shoushan sub-basin, in the Western Desert

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Khalda concludes several drilling operations

Khalda Petroleum Company has been on busy drilling schedule during last month as three new wells, one development and two exploratory ones, were drilled in the context of the company's plan for the fiscal year of 2011/2012

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Oil & Finance... The Epic Corruption

In his latest controversial book, Raymond J. Learsy presented a real-time account of a nation in crisis, filled with contemplations and reactions. Learsy condemns governments of major countries, mainly the U.S, along with the OPEC for providing misinformation about the oil prices, which has pervaded the understanding of how oil prices were determined and how the willful disinformation to make people meekly acquiesce to a rigged, manipulated and speculator driven market

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RWE to sell Egyptian assets

German RWE, one of Europe's five leading gas companies, has allocated oil and gas assets in Egypt for sale in a bid as an attempt to support its finances as the German government decided to gradually phase out its nuclear energy, reported the Financial Times.

The German government's decision to gradually exit the nuclear market by 2022 was made in response to the Japanese Fukushima disaster. RWE is currently seeking the raise of $14.65 billion, as it "will have to produce electricity at a higher cost while wholesale prices could falter due to slow economic growth, stagnating populations and rising energy efficiency".

The company's exploration unit in Egypt, RWE Dea recognized some assets as "the most likely contenders" that can contribute to raising cash, while avoiding any negative impact on the company's fruitful results.

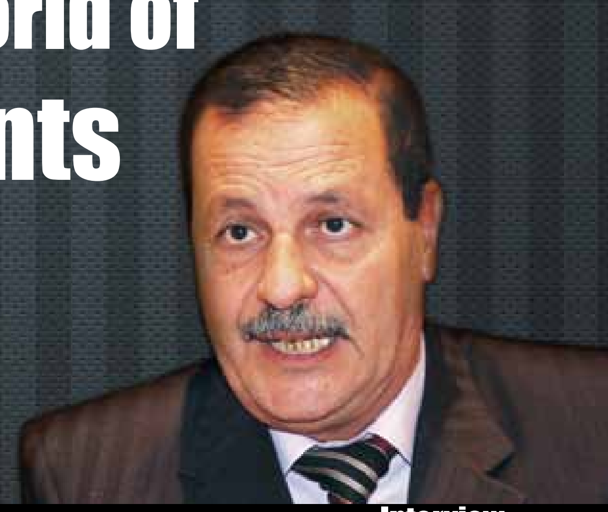
RWE Dea has 15 onshore and offshore concessions in Egypt, across a concession net area of about 15,500 square kilometers. Core regions of RWE Dea's E&P activities are situated in the Nile Delta, Gulf of Suez and also in the Western Desert.

On the other side, RWE Dea recently completed the drilling of a new exploratory well, Khilal NW-102, in the Delta area.

The gas producing well was drilled to a total depth of 11,000 feet, through the utilization of the PDI-94 rig.

The drilling cost of this well averaged $8.8 million.

A Rising Star in A World of Giants



Interview P 14

PetroAmir drills the Ola-2 development well

As part of its development plan for the current fiscal year (2011/2012), PetroAmir completed the drilling of a new development well, Al-Ola2, in the North West Gemsa concession, onshore the Gulf of Suez, located in the Eastern Desert.

The cost of drilling the new well, which is 10,000 feet deep, is $2.307 million. A producer of crude oil, the new well was drilled using the N1U-1 rig.

PetroAmir is a joint venture company between the EGPC and The Greek Vegas Oil & Gas.

The company's production rate stood at 242140 barrels in last month of October 2011.

PetroAmir reserves reached 30 million barrels of crude oil and 30 billion cubic feet of gas, revealed a top official to Egypt Oil & Gas Newspaper, last April.

Rashpetco eyes production increase

Rashid Petroleum Company (Rashpetco) announced the completion of drilling a new exploratory well SWAN-1, in its concession, in the Mediterranean Sea.

The new gas producing well was drilled to a total depth of 10909 feet, with total cost of $28 million.

The company plans on raising its production levels, which have currently reached 1700 million cubic feet of gas and 10,000 barrels of condensate per day.

Rashid currently serves as the second largest provider of natural gas to Egypt after Petrobel. In conjunction with the Gas producer Al-Burullus, Rashid contributes to 35% of Egypt's natural gas demand and is expected to become the top natural gas producer in Egypt after completing several developmental wells.

It is noteworthy that Rashid is a joint venture between the EGPC and British Gas (BG).

Interview

Expanding in Africa is our way out

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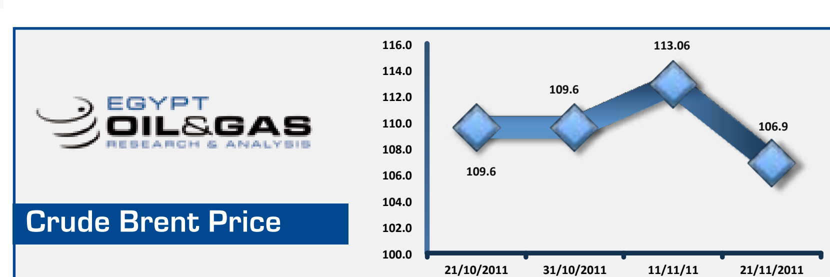

Your vote can “finally” make the difference

I do not recall when the last time I ever voted in a national election! Honestly, I have never believed that my vote would ever make a difference in an election, already its results are known! This has been the common belief among most Egyptian citizens. I cannot deny my passiveness over the years, not only for not exercising my rights, but also for not explicitly opposing the old regime’s violations and forgery of elections.

For the first time ever, my vote will be counted and can eventually make a difference. For the first time, I was keen on studying the candidates’ plans, the regulations of the voting system and the vital role of the People’s Assembly. In fact, I enjoyed the arguments and debates exchanged between ordinary citizens, discussing their views and listening to each other’s opinions. The level of awareness and patriotic spirit dominated the days of elections. The long queues of voters reflected the hope of Egyptians for a better tomorrow. Finally, our voices can be heard and our choices are conducting the future of our nation.

Apart from some concerns I have about the Revolution of January 25th, I salute every martyr who sacrificed his/her life to give a whole nation back their rights. May their souls rest in peace.

Seizing the opportunity, I would like to wish you all a Merry Christmas and Happy new year. On behalf of EOG team, we hope this year brings us peace, happiness and prosperity. Let’s all pray for a better tomorrow for our beloved country, Egypt.

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Ganoub Dabaa drills an exploratory well

The Ganoub Al-Dabaa Petroleum Company announced the drilling of a new exploratory well in the South Dabaa Field, in the area of the Western Desert.

The gas producing, SD 7-4-2X was drilled to a total depth of 11000 feet, through the EDC-10 rig.

The drilling cost of this exploratory well totaled $3 million.

The average daily production of the South Dabaa Field stands at 57.4 million cubic feet of gas.

Naftogaz moves further in its 2011 plan

Naftogaz concluded the drilling of a new exploratory well, EHG 1-1, in the context of the company's 2011-2012 drilling program.

The EHG 1-1 was drilled to a total depth of 1600 feet, with total investment worth $4 million.

The new oil-producing well is currently under evaluation.

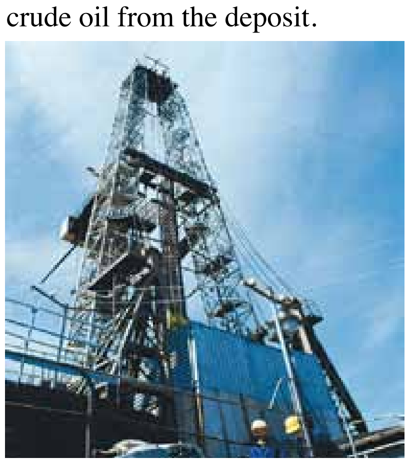
At the end of last September, Naftogaz conduced a drilling operation at the company's Alam El-Shawish concession, in the Abu Gharadiq basin, east the Western Desert.

The company drilled a development well HG-34/3, through the Sino-Tharwa rig ST-11, with total investments of $5 million. The production rate of the well stands at 3000 barrels of oil per day (bopd).

Ukraine's national oil and gas company revealed that its plans to produce about 600,000 barrels of crude oil from deposits in Egypt in 2011.

According to the company's statement published last May, Naftogaz plans to increase extraction of crude oil at the Alam El-Shawish East block to 3,000 barrels per day by next year.

Naftogaz, which started production at the Gharadig oil deposit in Egypt in April 2010, had already extracted about 410,000 barrels of crude oil from the deposit.



Agiba develops the Meleiha field

Aguba Petroleum Company announced the successful drilling of the Meleiha 78 well, in the Meleiha development lease, onshore Shoushan sub-basin, located in the Western Desert.

The drilling of this new development well serves the company's target to increase its production rate of crude oil.

The Meleiha 78 well, drilled to a total depth of 6000 feet, cost approximately $700 thousand.

Agiba, a joint venture including Eni SPA and the Egyptian General Petroleum Corporation (EGPC) holding 50% each, had a production rate of 1,276,261 barrels of crude oil at the end of last October.

Currently, the company is implementing a number of projects for developing and maintaining some development wells, which would sustain the company's plan of increasing its production rates.

New Oil Discovery in Sinai by Petrobel

Belayim Petroleum Company (Petrobel) made a new oil discovery in Sinai, announced the Ministry of Petroleum last month.

Medhat al-Sayyed, Petrobel Chairman said the output of the newly discovered well already reached 2270 barrels of crude oil per day.

He added that the well has been already put on production line. The find was discovered 40 km south of Abu Rudais City in South Sinai.

The estimated new reserves resulting from the discovery are 5.5 million barrels of crude oil, said the Ministry of Petroleum in a press statement.

New exploratory activity by Apache

Apache Corp., the U.S major company drilled a new exploratory well, Hathour 1-X in the company's concession area in the Western Desert.

The drilling of this oil-producing well, which was drilled to a total depth of 16000 feet, counted for $3 million.

Apache's current gross operated production in Egypt totals approximately 215,000 barrels of oil and 900 MMcf of gas per day, including 40,000 barrels of oil per day from the Faghur Basin.

Apache Corp plans to increase investments in its Egypt operations by $1.5 billion starting in 2012, said Egypt's General Authority for Freezones and Investments (GAFI).

Qarun drilled the KNW-3

Qarun Petroleum Company (QPC) drilled a new development well, KNW-3 in its Karama Development Lease, Abu Gharadiq Basin, Western Desert.

The well was drilled to a total depth of 8280 feet, by the EDC-49 rig.

According to an official source, Qarun invested approximately $1.105 million in this drilling operation.

The drilling of the KNW-3 is part of the company's development plan of the fiscal year of 2011/2012.

Qarun, the joint venture between the EGPC and Apache Corp., reached its highest daily production record ever during last August, which counted for 60 thousand barrels.

CROSCO provides drilling services For SIPETROL

CROSCO Integrated Drilling & Well Services Co., Ltd. announced the commencement of drilling services for SIPETROL International S.A. in Egypt.

The CROSCO drilling services are being provided on the Opal Sinai-1 well as a part of a two firm plus one optional well contract. The well is located in the Rommana concession in the North Sinai region of Egypt. All drilling services are being provided with CROSCO 2000 HP drilling rig Emsco-605.

''The commencement of CROSCO drilling activities in Egypt signals recommencement of CROSCO drilling activities in North Africa. CROSCO is actively preparing additional rigs in Egypt and is working to quickly return to work with three CROSCO drilling rigs based in Libya," commented Igor Vrban, President of Crosco.

He further explained, ''North Africa has for decades been a core CROSCO market. We are looking forward to using CROSCO's Egypt and Libya infrastructure and market knowledge to help our clients reestablish and grow throughout the region."CROSCO has a fleet of 66 drilling, workover and geoservices rigs as well as one semisubmersible and one jackup. CROSCO is 100% owner of Hungarian based Rotary Drilling Company. Rotary's drilling fleet includes 8 drilling rigs and the company also provides workover and other well services. CROSCO provides the following well services: well testing, coil tubing, nitrogen, cementing, stimulation, logging, mud, coring, fishing and directional drilling.

CROSCO is currently providing services in Oman, the Kurdish region of Iraq, Syria, Egypt, Turkey, Albania, Hungary, Italy, B&H and Croatia. CROSCO has been providing services internationally since 1958 and has provided services in 34 countries for many of the world's most recognized oil companies.

Kuwait Energy develops Al-Ahmadi discovery

Kuwait Energy Egypt completed the drilling of Al-Ahmadi-1X, in the Abu Sennan concession in the Western Desert.

The new development well was drilled to a total depth of 11451 feet, through the ZJ-47L rig with investments worth $1.5 million.

The drilling of this development well follows the announcement made by the company in mid October in the Al-Ahmadi-1 well, which encountered shows in the lower Baharya Formation, the Abu Roash 'G' Member and the Abu Roash 'E' Member. Al Ahmadi-1 recorded gas and condensate flows within the Abu Roash "G" Member. Initial tests recorded gross flow rates of approximately 800 bbls of condensate and 13.5 MMscf of gas per day. This equates to a gross equivalent flow rate of approximately 2,900 boe per day. Al Ahmadi-1 also recorded flows from the lower Bahariya Formation with initial rates of approximately 70 bbls of condensate and one MMscf of gas per day.

The Abu Sennan concession is operated by Kuwait Energy in which it holds a 50% working interest with the remainder being held by Beach Energy Limited (22% working interest) and Dover Petroleum (28% working interest).

Bapetco on the right drilling track

Badr El-Din Petroleum Company drilled a new development well, SD 1-15, in its concession in the Western Desert.

The oil producing well was drilled to a total depth of 4757 feet, through the EDC-10 rig, at an estimated cost of $1 million.

The well has not been put on production line yet.

Bapetco, the joint venture between the EGPC and Shell with 50% each, is expected to drill 44 development and exploratory wells according to the plan of the current 2011/2012 fiscal year, which serve its target to increase production levels and raise the volume of reserves.

Last year, Bapetco drilled a total of 34 wells.

Khalda concludes several drilling operations

Khalda Petroleum Company has been on busy drilling schedule during last month as three new wells, one development and two exploratory ones, were drilled in the context of the company's plan for the fiscal year of 2011/2012.

Khalda completed the drilling of AG-87 development well to a total depth of 11,000 feet, through the EDC-3 rig. The cost of drilling this oil producing well is estimated at $1.843 million.

As for the exploratory wells, the 50-50 joint venture between the EGPC and Apache drilled the NEITH N-1X and WKAN-B-2X with total cost of $3.164 million and $1.469 million respectively.

The NEITH N-1X was drilled by the EDC-50 rig, to 14,700 feet depth. This oil producing well has not been put on production line yet.

The second exploratory well was drilled to a total depth of 12,300 feet, by the EDC-8 rig. The average monthly production of Khalda counts for 4,653,414 barrels. The company succeeded to nearly double its daily output of crude oil and condensate from 80 thousand barrels per day to 152 thousand barrels.

PetroSilah targets production increase

PetroSilah Petroleum Company drilled a new exploratory well, North East Younes to a total depth of 8600 feet.

The drilling cost of the new oil producing well counted for $1.9 million.

Petrosilah was established in May 2010 as a joint venture between the EGPC and MErlon International, responsible for developing the discoveries made in El Fayum exploration block. The company has renewed the block in June 2007 after reducing its size by 25% from 4,529 sq km to 3,500 sq km.

The production rate of PetroSilah averaged 98,285 barrels of oil during last October.

OWAPCO continues its development plan

El Waha Petroleum Company (OWAPCO) drilled new development well, WQ 34/15-11 in its concession area, in the Western Desert.

The oil producing well was drilled to a total depth of 7,150 feet, at an estimated cost of $980 thousand.

This drilling operation was conducted through the PDI-104 rig.

The production rate of OWAPCO during last October stood at 51,225 barrels of oil.

OWAPCO is a joint venture company between EGPC and Sahara Petroleum Services Company (SAPESCO).

Baker Hughes saves Money for Operator in Egypt

After analyzing client data from offset wells, the Baker Hughes drill bit team in Egypt developed a case for a trial run of the Hughes Christensen Quantec™ PDC bit technology, which resulted in savings of $152,000 on two wells, reported Gulf Oil & Gas News.

After using both PDC and Tricone bits in demanding deep-drilling applications, the multinational oil company that operates as a joint venture with the Egyptian General Petroleum Corporation, had found the Tricone bits delivered only slow rates of penetration (ROP).

After studying the formation characteristics, Tricone selection and failure of other PDC bits that had been used, Baker Hughes experts realized that they needed to increase durability without sacrificing ROP. "Working with the client to analyze offset data, Baker Hughes committed to trial bits to help the client reduce overall costs with bit selection to increase ROP and to realize longer bit runs," says Mohamed Zanaty, technical marketing representative.

In the first well chosen for the test, the interbedded Alam El Bueib formation was drilled with an 8 ½-in. Quantec bit, replacing two tungsten carbide insert (TCI) bits from direct offsets.

"The Quantec frame is stable, and the premium cutters are both durable and impact resistant, resulting in longer, faster runs," said Darren Eckstrom, Senior Application Engineer for Baker Hughes drill bits for Egypt, Syria and Jordan.

The heterogeneous Alam El Bueib formation is highly interceded with abrasive intervals that go from hard to soft and vice versa, posing great challenges for PDC bits, added Eckstrom.

"There are often negative drill breaks and a very high probability of the onset of drilling dysfunctions such as stick-slip or whirl, which are destructive to PDC bits. Six-bladed, 16-mm cutter bits were tried, but they came up short because of durability and cutter breakage and were pulled for slow ROP."

With a high percentage of torque management, the Quantec bit drilled smoothly, handling the interceded formations without bringing on drilling dysfunctions. The results were 73% higher ROP and 35 percent lower cost per meter compared with recent offset wells, delivering cost savings of $71,000. Another opportunity for Baker Hughes came after a competitor's bit had been tripped out of the hole after delivering a ROP of only 1 m (3.2 ft) per hour.

"The client elected the Q506FHX bit, which delivered 278 m (912 ft) at 7.7 m (25 ft) per hour, an ROP improvement of more than 185 percent at 47 percent lower cost per meter when compared with the average competitor performance in this section," said Zanaty. "This was a savings of $81,000, bringing the total savings for two wells to $152,000."

Heritage Oil expands acreage in Tanzania

British firm Heritage Oil won the license to explore the Rukwa Rift Basin in western Tanzania, which serves the company's plan to increase its exposure in Tanzania.

The new Production Sharing Agreement (PSA), which Heritage Oil owns a 100% of, adds to the group's existing interests in the area. The company's acreage now covers virtually the whole of the Rukwa Rift Basin, which spans 18,920 square kilometers, split into two separate blocks; Rukwa North Basin and Rukwa South Basin. These blocks cover areas of 10,175 and 8,745 square kilometers respectively.

The historical gravity and seismic data highlight the potential in the Rukwa Rift Basin with over seven kilometers of sedimentary section in some places. Heritage Oil recognizes that the Rukwa Rift Basin shares certain similarities with the Albert Basin of Uganda, thereby providing the company with a key advantage in assessing the blocks.

"We established a new play fairway in East African Rift Basin with our exploration success in Uganda and believe this previous experience provides Heritage with a unique advantage in accessing the potential of this exciting new area," said Heritage Chief Executive Tony Buckingham.

Heritage stated that the work program will commence shortly and expressed its commitment to acquire around 600 kilometers of new 2D seismic database. The new seismic program plans on targeting exploration operations in potentially prospective areas of the blocks that have not been previously considered, covering structures that were poorly defined on the legacy database. Heritage intends to draw on its considerable operational experience of working in remote environments to drill any prospective targets it identifies as viable.

The region of East Africa has opened up as the new frontier for explorers. Tullow Oil and Heritage Oil made major discoveries of hydrocarbons in the south east of Uganda, offshore of Mozambique and Tanzania. Now, other petroleum giants are rushing to East Africa in the hopes of capitalizing on these recent series of discoveries that could possibly transform the region into a major petroleum exporter.

Petroceltic exceeds expectations in Algeria's Ain Tsila

Petroceltic International has successfully produced gas at a rate of 4.9 million cubic feet per day from the AT-7 well, announced the company in a statement about its operations on the Ain Tsila field on its Isarene permit in Algeria.

The AT-7 was drilled south of the AT-3 well and west of the AT-6 well to appraise the southwestern extension of the field. Petroceltic stated that well testing operations are continuing on a series of different sizes to assist in characterizing the reservoir in the southern part of the field.

The company also gave an operational update pertaining to the At-9 well in the center of the Ain Tsila field. The drilling operation of the well started on the 12th of September, and reached total depth on October 24. A section of 415 meters was drilled successfully as planned within the upper part of the reservoir.

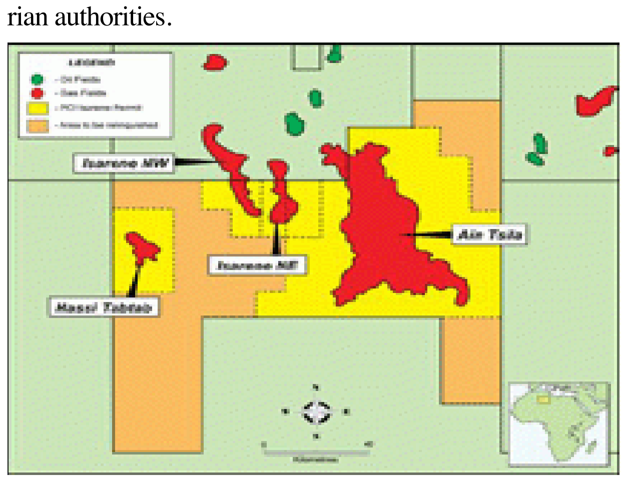
The AT-9's main objective is to assess the productivity associated with the structural features of the different styles to those already tested on two other wells in an area between two known productive wells. The AT-9 is the sixth and final well in the current appraisal program. Testing will commence on during November commence after completion of testing at the AT-7 well. The rig will then be released from contract on completion.

Brian O'Cathain, Chief Executive of Petroceltic commented, "We are delighted to have successfully fracture stimulated the AT-7 well. This result confirms that commercial gas rates can be achieved in the south of the field after the mixed results of AT-6."

Additionally, O'Cathain stated that the company is "very encouraged by the logging results from AT-9, which was drilled on time and within budget, particularly as it extends the presence of this interval of high quality sand, successfully tested in AT-1 and AT-8, further south into the center of the field."

Initial petro-physical evaluation indicates that this is the best quality reservoir encountered in any of the Ain Tsila wells to-date. Such results are expected to improve Petroceltic's understanding of this field and support the current conceptual Field Development Plan in the Final Discovery Report, which the company plans to submit to the Algerian competent authorities by the end of January 2012.

Petroceltic International operates the permit with a 56.6% interest, while Sonatrach (Algeria's NOC) holds a 25% interest. The remaining 18.3% is held by the Russian-based Enel and is currently pending approval by the Algerian authorities.



Anadarko hits major success offshore Mozambique

Anadarko Petroleum announced the successful Barquentine-3 appraisal well encountered more than 662 net feet of natural gas pay in two high-quality Oligocene-aged fan systems.

The new discovery expands significantly the estimated recoverable resource range to 15 to 30+ trillion cubic feet (Tcf) of natural gas, with an estimated 30 to 50+ Tcf of natural gas in place.

Barquentine-3 marks the sixth successful penetration in the complex that includes the Windjammer, Lagosta, Barquentine and Camarao discoveries.

"The positive results of each appraisal well that we have drilled and analyzed have continued to increase our estimate of recoverable resources and natural gas in place on our block, and to add to our confidence that this could be one of the most important natural gas fields discovered in the last 10 years, with significant long-term benefits for Mozambique," said Anadarko Chairman and CEO Jim Hackett.

Fear and Wrath over Removing Nigeria's Oil Subsidies

On October 4th, President Goodluck Jonathan announced to the Nigerian National Assembly his government's plan to lift subsidies on petroleum products by the beginning of 2012. Ever since, the country's political arena has been awash with pro and anti-fuel subsidy debates.

Opponents of the proposed policy constitute the majority in all of Nigeria's diverse social strata. Waging a crusade against the policy, organized labor unions, civil society groups, student groups, market men and women, among others who have threatened fire and brimstone have forced the government to moderate the proposal three weeks later.

The Nigerian Federal Government announced on October the 25th its decision to delay the policy's commencement, which was scheduled to start in January 2012. Prior to the outburst of furors and intense public pressure, the actions of the Nigerian government implied that the removal of fuel subsidies would be lifted on the aforementioned date, sighting non-provision for fuel subsidy in the 2012 budget as justifiable grounds.

However, following the upsurge of popular opposition, Petroleum Resources Minister, Mrs Diezani Alison-Madueke declared that fuel subsidy policy would not begin until due consultations had been held with the various Nigerian factions.

She further explained that due to the government's desire to ensure openness and transparency in the disbursement of the proceeds of the subsidy removal, it would not handle the implementation of the benefits. In stead, a special body would be set up to handle the savings to prevent the proceeds getting "bogged down in the usual manner of processes and procurement issues."

President Jonathan and the presidential candidate of the Congress for Progressive Change, General Muhammadu Buhari, have recently expressed divergent views over the subsidy-removal proposal. The President fiercely criticized those who "for their selfish interest" were politicizing what he declared to be a beneficial policy, which could yield considerable gains to Nigerians in the long run.

"Although Buhari is in the opposition, he does not politicize the issue of fuel subsidy because he knows the country will benefit from it. It is strange that those who should know better have turned to criticizing government and are ever waiting at every turn to vilify whatever it is doing...If the fuel subsidy is not removed now, Nigeria will begin to import petroleum products from Ghana, Chad, and Niger, among other countries in the next 10 years." He stressed that those criticizing the decision to remove the subsidy are out to misinform the Nigerian masses, saying that, "It [fuel subsidy removal] is the best thing that will happen to the country".

Kosmos Oil thrives in Ghana's Jubilee Field

Kosmos Energy has declared net income to be $52 million, according to its Q3 results. Such considerable increase, in comparison to the net loss of $99 million for the same period in 2010, can be directly linked to the company's two lifting operations of the Jubilee Field crude oil, totaling approximately two million barrels of net oil.

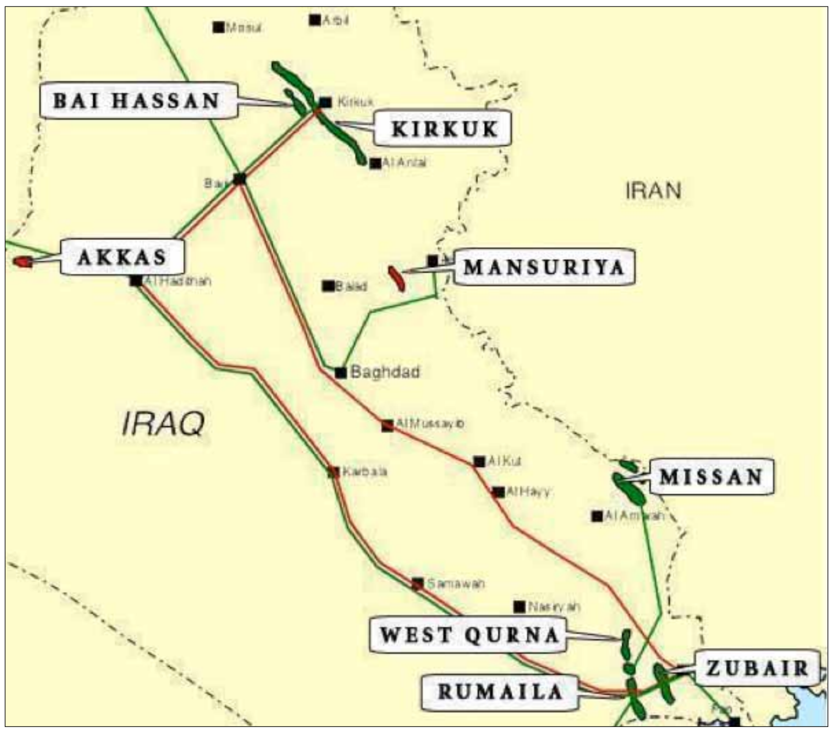
The share of Kosmos Energy in the Jubilee field began rising as a greater portion of the field's resources were determined to be in the West Cape Three Points Block, of which Kosmos is the sole operator. The company's initial tract participation in the Jubilee Unit was 50% for both the West Cape Three Points and Deep-Water Tano Blocks. After experts' analysis assessment, the unit's interest has risen to 54.37% for the West Cape Three Points Block and 45.63% for the Deepwater Tano Block, leading to an increase in Kosmos' stake in the Jubilee from 23.51% to 24.08%.

In terms of operations, the drilling of Phase I wells was completed, and current production is approximately 80,000 barrels per day. An increase in the rate of production is expected to continue until the Floating Production, Storage and Offloading (FPSO) facility reaches maximum capacity. Additionally, the development of Phase 1A, which includes five production and three injection wells, is being planned to commence drilling in 2012.

"Our results for Q3 were very strong, supported by our oil liftings and continued robust Brent pricing. While production at Jubilee has not ramped up as quickly as planned, the ultimate resources recoverable from this giant field are unchanged, and we continue to be encouraged by its reservoir performance. We had a number of positives in our exploration and appraisal drilling programs for the quarter, with successes on both of our Ghana blocks, which continue to highlight the value upside of our Ghana assets. At the same time, we are further enhancing the company's portfolio of exploration opportunities, capturing substantial acreage offshore Morocco during the quarter," commented Brian F. Maxted, Kosmos Energy President and CEO.

The company also expanded its portfolio in Africa after being awarded a block in Morocco. Kosmos has entered into a new petroleum agreement for the Essaouira Block offshore Morocco, which covers 2.9 million gross acres and is located north of the company's Foum Assaka Block. Both blocks are in the Agadir basin. Kosmos will operate the Essaouira Block with a 37.5% working interest. The new agreement makes Kosmos' total acreage position offshore Morocco approximately 12 million gross acres. The company is said to be planning an approximate 5,000 square kilometers 3D seismic shoot over the Foum Assaka and Essaouira blocks.

Iraq aims to increase Rumaila oilfield output



Iraq plans to increase production by around 10%, which is nearly130,000 barrels per day (bpd) at the giant Rumaila oilfield in 2012, announced Salah Mohammad, General Manager of the Rumaila Operating Organization.

On the sideline of a conference held in London, Mohammad told Reuters, "We are planning to increase (production) by another 10% but it is dependent on the exporting facilities".

He added, "The plan for 2012 is that we begin to increase maintenance operations at one of the main stations which is only operating at around 25 percent. We want to rehabilitate it so it reaches full or at least a high level of production".

Rumaila oilfield is one of the largest producing wells; currently, its production output stands at 1.3 million bpd, which is expected to reach 1.43 million bpd if the increase plan is implemented.

Shell, Aramco to drill new wells in Kidan area

South Rub al-Khali Co (SRAK), the joint venture between Saudi Aramco and Royal Dutch Shell received the approval of the Saudi government for the appraisal plan of the Kidan area, located in the KSA Empty Quarter.

This approval offers SRAK the right to drill three appraisal wells as well as conducting extensive studies aimed at further defining development concepts for the field.

According to the company's statement, the appraisal of Kidan area is expected to be completed by the end of 2013.

SRAK was one of three ventures launched in 2003-04 that gave international oil companies upstream access to Saudi Arabian energy reserves for the first time since 1980. SRAK said it completed the first exploration period, which included the drilling of seven exploration wells, the acquisition of approx. 25,000 kms of 2D seismic data, and 750 sq kms of 3D seismic data, and embarked on the second exploration period as of July last year.

It has drilled the first of three exploration wells it hopes to make in the second phase of the exploration plan and completed the acquisition of 1025 km of the planned 1950 km 2D seismic data, in addition to 4,328 sq kms of 3D seismic data.

Last year, the joint venture extended its exploration license by five years to 2015.

Shell's $17 billion Iraqi gas project approved

Shell has finally received the official approval of the Iraqi Cabinet for its gas capture project in Iraq, after four years of wrangling and delay.

The latest award of six production sharing contracts by the Kurdish Regional Government to ExxonMobil is believed to be the reason behind the sudden approval of Shell's project.

According to Arabian Oil & Gas, though the approval process has been progressing somewhat in recent months, Shell's sudden approval may be their reward for obeying the dividing line Baghdad insisted on between the technical services contract environment in the south and the profit-sharing model favored by the KRG.

Shell will provide project management and technical expertise with the intention to facilitate the learning and development of Iraqi staff to progressively assume key positions in the management of the company.

A joint venture, called Basrah Gas Company (BGC), will be established between Iraq's South Gas Company (51%), Shell (44%) and Mitsubishi Corporation (5%). This JV will be responsible for gathering raw gas that is currently flared because of a lack of infrastructure to collect it.

Peter Voser, Shell Chief Executive Officer commented, "Capturing this gas will create a reliable supply of energy for Iraq while at the same time reducing greenhouse-gas emissions". He further added, "This also sends a positive signal about the investment climate in the country".

The joint venture will collect and process raw gas from the Rumaila, Zubair and West Qurna 1 and Majnoon fields in the southern part of the country. The primary market for the gas will be Iraq, but any surplus can potentially be exported.

In September 2008, Shell signed a preliminary agreement with the Iraqi Ministry of Oil for a gas gathering project. The agreement established the commercial principles to establish a joint venture between Shell and the South Gas Company. An official signing ceremony will be scheduled in the near future.

In Iraq Shell is the operator of a consortium providing technical assistance in the development of the Majnoon field.

BP awarded two PSCs in Indonesia

BP has been awarded two oil and gas production sharing contracts (PSCs) by the Government of Indonesia. The company has been awarded 100 per cent interests in the offshore West Aru I and II PSCs in the Arafura Sea, Indonesia.

William Lin, BP's Regional President for Asia Pacific, said ''In the past two years, BP has deepened its position in Indonesia through access to four coalbed methane PSCs in Kalimantan and three conventional gas blocks in Papua. These two new blocks are strong additions to this portfolio and will benefit from BP's expertise in deepwater exploration. We appreciate the continued support and confidence of the Government of Indonesia''.

The West Aru I and II PSCs are located approximately 500 kilometers southwest of the BP-operated North Arafura PSC and 200 km west of the Aru island group, in the Maluku province of Indonesia. The West Aru I PSC covers an area of approximately 8,100 square kilometers and the West Aru II PSC covers an area of approximately 8,300 square kilometers. The two blocks have water depths ranging between 200 meters and 2,500 meters. BP expects to commence seismic operations in these blocks in the near future.

Including the award of these blocks, BP has gained access to 69 new license blocks in 11 countries around the world since October 2010, including the Kalimantan coalbed methane and North Arafura blocks in Indonesia. The company plans to double its spend on exploration worldwide over the next few years.

Eni to restore pre- Libyan Revolution production rates in mid 2012

Paolo Scaroni, Eni's Chief Executive said that the Italian major's Libyan production is back up to 200,000 barrels per day (bpd), and is due to return to pre-revolution production levels by June 2012.

He further highlighted, on the sideline of an oil and gas seminar, that the company managed to resume production rates close to the pre-revolution's. "Libya for us is back to being business as usual," he told Reuters.

Eni pumped around 280,000 bpd in Libya before the war, more than any other foreign oil company.

Claudio Descalzi, Eni's Head of Exploration and Production, said the company plans to double its current Libyan output within 10 years by 2021 with an investment of $30-35 billion, according to Reuters.

Gazprom kicks off the drilling at Iraq's Badra field

Gazprom, Russian state-backed gas giant, has commenced the drilling activity at the Badra field, which is expected to complete exploratory drilling by April 2012.

The company won the contract at the three billion barrel Badra field in 2009, and awarded the contract for exploratory drilling to Schlumberger.

The first appraisal well reached 4,900 meters during last month. After the initial exploration program, a deep appraisal well is planned to be spudded in mid 2012, which will reach 6,200 meters.

"The results of the initial appraisal wells will allow us to better understand the geology of the location, produce a definitive operating plan and move to commercial production of at least 15,000 barrels of oil per day in August 2013. All the work on the project is being carried out in line with the schedule set out in the Badra operating agreement," commented Vadim Yakovlev, First Deputy CEO of Gazprom Neft, in a company statement.

Gazprom Neft's share, as lead operator on this project, is 30 per cent, Kogas' share is 22.5 per cent, Petronas' share is 15 per cent and TPAO's share is 7.5 per cent. The Iraqi Government, represented by the Iraqi Oil Exploration Company (OEC) retains 25 per cent.

Gazprom is slated to spend $2 billion developing the field to its expected capacity of 170,000 barrels per day.

APICORP sells sake in BANAGAS

Arab Petroleum Investments Corporation (APICORP) announced the sale of its 12.5% stake in the Bahrain National Gas Company (BANAGAS) to Kuwait-based Boubyan Petrochemical Company.

"As a result of BANAGAS's continuous success since the investment of OAPEC member states 33 years ago, we feel it is appropriate to monetize our share in it by transferring it to a strategic GCC-based investor so that we can advance our plans to initiate and develop other oil and gas projects in more Arab countries," said Ahmad Bin Hamad Al-Nuaimi, Chief Executive and General Manager of APICORP.

The deal is expected to yield positive returns for the ten OAPEC members, including Egypt, which also has a 3% stake in APRICORP.

"In order to ensure a market-driven sale value for our shareholders, APICORP implemented a highly successful three stage auction process. In the end, Boubyan, a strategic regional company specialized in chemicals and petrochemicals from Kuwait, won with the most competitive bid," stated Al-Nuaimi.

During last May, the subscribed capital of APRICORP was increased by 173%, from $550 million to $1,500 million and the authorized capital from $1.2 billion to $2.4 billion amid an Extraordinary General Assembly meeting held in Cairo.

Sonatrach to put two new LNG trains onstream

Sonatrach, Algeria's state-owned oil and gas giant plans to put two LNG trains on stream in 2012 and 2013 respectively, announced the company's chairman Noureddine Cherouati.

In a report by the Algerian daily El Khabar, Cherouati indicated that the company's chronic project delays over the past years might be starting to be reined in.

"Sonatrach has launched two trains to produce LNG: a unit in Skikda with an estimated output of 5.4 million tonnes per year (t/y). It will be ready in 2012… We have a second unit in Arzew with 7.4 million t/y. It will be ready in 2013," he added.

More companies eye joining the Nabucco consortium

Reinhard Mitschek, Managing Director of Nabucco Gas Pipeline International revealed that two more companies expressed their interest to join the consortium to build the Nabucco pipeline, which is the EU-backed project.

"We have two other interested shareholder counterparts and we start negotiations with them also quite soon," added Mitschek during a hearing on the European Union's energy security at the European Parliament.

The Nabucco project is considered as the new gas bridge from Asia to Europe and the flagship project in the Southern Corridor. It will be a pipeline to connect the world's richest gas regions - the Caspian region, Middle East and Egypt - to the European consumer markets

The initial six members of the Nabucco consortium includes German utility RWE AG (RWE.XE), Austria's OMV AG (OMV.VI) and Hungary's MOL Nyrt (MOL.BU), each of which holds approximately 16.7%.

The construction of the pipeline is scheduled to start in 2013, having the first gas flow by 2017. When operating at full capacity, Nabucco will transport 1,550 bcm to Europe over the next 50 years. Nabucco will make a considerable contribution to the security of supply for Europe

Aramco to increase domestic refining capacity in 2016

Saudi Aramco, State oil giant aims at increasing its domestic refining output capacity to reach up to 3.5 million barrels per day (bpd) in 2016, as an attempt to expand the company's downstream activities.

Aramco is currently developing three refineries, which will have a capacity of 400,000 bpd each. The Saudi giant operates seven refineries, alone and with other partners and new plants are expected to start up by 2016.

"Soon we will see additions to this picture… We can see that total current in-kingdom refining capacity is 2.26 million bpd. With the addition of the three facilities, the capacity will have increased...in 2016 to almost 3.5 million bpd," Mohammed al-Omair, Vice President of Refining and Natural Gas Liquids (NGL) Fractionation at Saudi Aramco told an industry conference, referring to the seven refineries Aramco operates, alone and with other partners.

Referring to the three refineries under development, "The first is our joint venture in Jubail with Total (Satorp), it will begin commissioning in 2012. Red Sea refining in Yanbu will begin commissioning in 2014, and Jizan refinery in 2016, while each of the new refineries will be designed keeping petrochemical products such as benzene, xylene and paraxylene in mind. Sasref (Aramco-Shell Jubail refinery) is already producing benzene."

He added that the 550,000 bpd Ras Tanura refinery alone supplies more than 30 per cent of the kingdom's fuel demand.

Aramco operates refineries in the United States, South Korea, Japan and in China - the Fujian refining and petrochemical company (FREP). The state-run firm plans to balance its energy portfolio by increasing exposure to downstream industries in its energy mix, while maximizing its profits from existing oil and gas streams, its chief executive said this month when signing a giant petrochemical joint venture with US Dow Chemical, called Sadara. "According to a recent study by Morgan Stanley in Europe we see that many premier companies integrate their refining products, one as much as 90 per cent. We too, within Aramco, are striving to do the same within the kingdom," Omair said, citing plans of Rabigh II and the Sadara project.

Enable organizations to be ready, running and resilient.

"Solar in India is set to grow significantly over the next 10 years," says Dr. Tobias Engelmeier, Managing Director at Bridge to India and lead author of the report entitled "The India Solar Market: Strategy, Players, and Opportunities."

This latest report published by GTM Research and Bridge to India, highlighted that India could expand its solar market capacity to 9 GW of solar installed between 2011.

The Indian solar market is expected to be spurred by the maturing National Solar Mission (NSM) and a collection of state-level incentives, as well as an influx of expertise from global solar players entering India.

At year-end 2010, India had 54 MW of installed grid-connected solar. However, recent feed-in tariff allocations from the NSM and the state of Gujarat's Solar Policy promise to increase that installed capacity six-fold to approximately 365 MW by the end of 2011 and, furthermore, to over 1.1 GW by 2012.

"Financing is the number one concern for anyone developing solar in India," said Shayle Kann, Managing Director of Solar at GTM Research.

"To ease that pressure and eventually realize the market's potential, we expect to see the competitive landscape evolve dramatically via strategic partnerships and joint ventures; India will benefit from the development expertise of global solar incumbents and these incumbents in turn will benefit from having a local partner to navigate the country's complex energy market."

"This growth will be driven by rising power demand and fossil fuel prices, the ambition of the NSM and various state-level initiatives, as well as by renewable energy quotas, including solar energy quotas for utilities and the subsequent gains in solar cost reduction."

Desertec to construct first solar farm in Morocco

The Desertec Industrial Initiative (DII) announced that it would build the first solar thermal power plant in Morocco, which serves the company's plan to develop the renewable energy sector in the Middle East and North Africa (MENA) region.

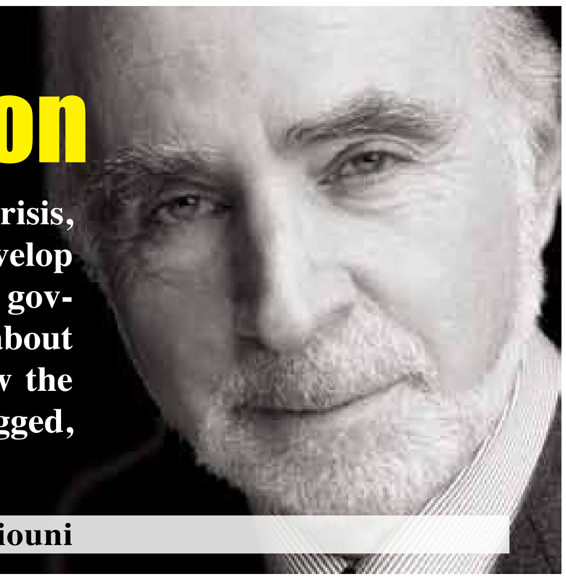
Desertec is implementing a €400 billion-project in the MENA region to develop the renewable energy.

According to the Guardian, the location of the solar thermal project is predicted to be the desert city of Ouarzazate, Morocco, where parabolic mirrors will cover an area of 12 km2.

The first phase of the 500 MW solar thermal power plant could see construction start next year.

The company is also in talks with Tunisia about renewable energy projects and Algeria is expected to follow. From 2020, the initiative expects countries such as Libya, Egypt, Turkey, Syria and Saudi Arabia to join.

Oil & Finance... The Epic Corruption



In his latest controversial book, Raymond J. Learsy presented a real-time account of a nation in crisis, filled with contemplations and reactions. He suggests ways to reduce dependence on foreign oil, develop alternative energy sources, stabilize economy and shore up the national security. Learsy condemns governments of major countries, mainly the U.S, along with the OPEC for providing misinformation about the oil prices, which has pervaded the understanding of how oil prices were determined and how the willful disinformation that was being circulated by them to make people meekly acquiesce to a rigged, manipulated and speculator driven market

Interview by Yomna Bassiouni

1-How has the collusion of major petroleum companies with federal governments created the bubble of economic crisis?

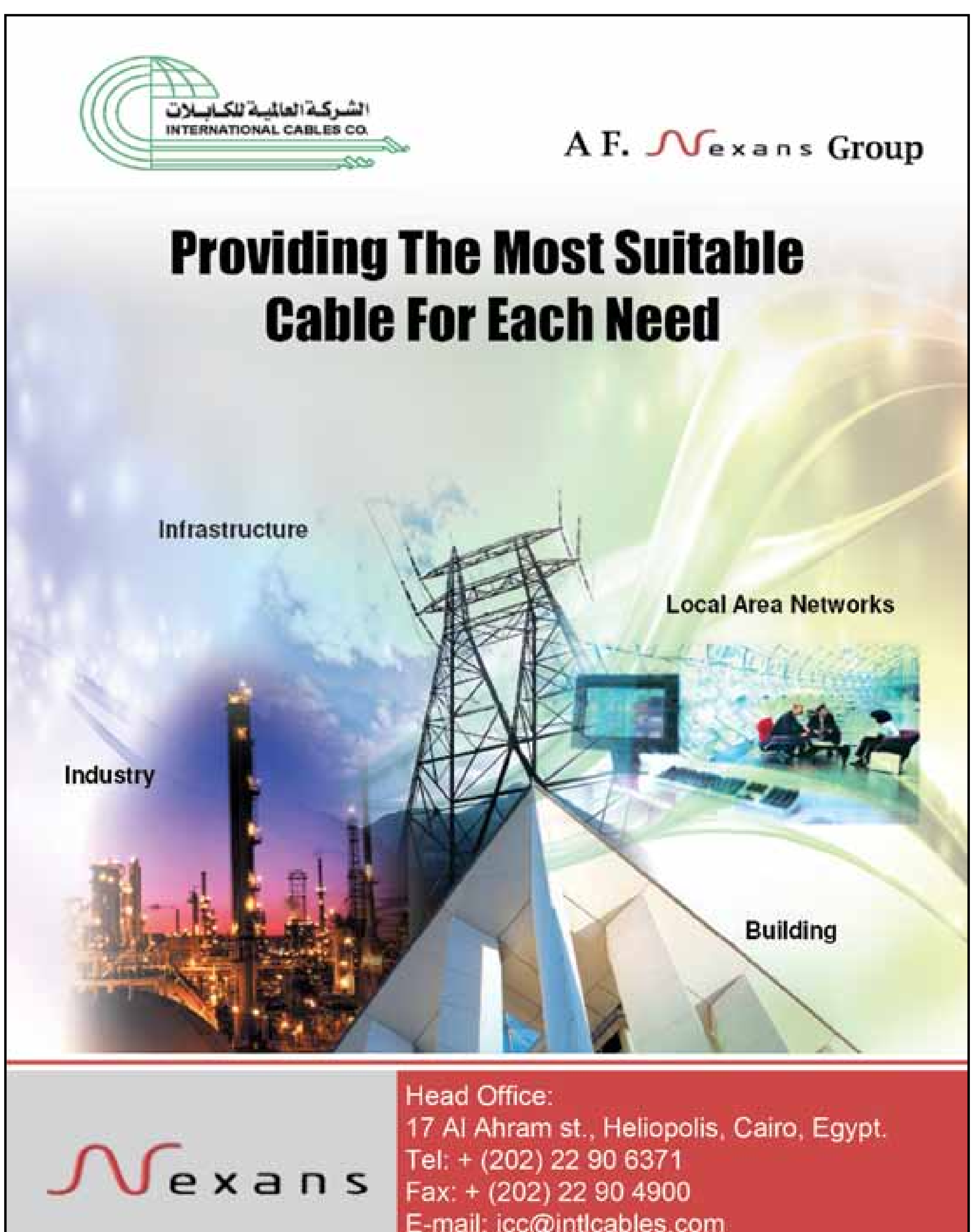
Non Opec nations that have significant domestic oil production as the U.S., Canada, U.K., etc. tend to be influenced by the priorities of their oil sector who are wealthy, powerful and have access to the halls of government. This results in quiescent policies regarding oil trading on the commodity exchanges and a benign policy toward the OPEC nations who openly control supply to manipulate price. Thereby the governments become accomplices in imposing or permitting quintessentially manipulated markets to determine excessive pricing which have little basis in the realities of market supply and demand. These speculation driven prices becomes an enormous tax on national economies in that oil is a mainstay of the economic infrastructure.

2- Why do you perceive the role of OPEC as the main corruptive participant?

OPEC controls some 40% of the world's oil production and thereby has enormous sway over the availability and the pricing of oil. It is a tool used with great effectiveness in skewering price ever higher. The price of oil has increased near ten fold over the last dozen years. Virtually no commodity basic to the economic well being of the world has had such dramatic increase and the resulting negative impact on economic activity.

3- What are the major powers/countries manipulating and controlling the petroleum industry worldwide?

Clearly the countries having the greatest impact in manipulating and controlling the price of oil are the members of the OPEC cartel, which include Algeria, Angola, Ecuador, Gabon, Kuwait, Indonesia, Iran, Iraq, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, Venezuela. Also, we can add to them the Russia whose objectives are given their significant oil production aligns itself with OPEC without being an OPEC Member. Non- OPEC countries such as the U.S., U.K, Singapore, and Hong Kong… etc. also add to the brew by sheltering commodity exchanges without adequate oversight resulting in wild speculation if not manipulation.



4- How has the manipulation oil prices been used to dominate the nation's economic health?

The recent events in Libya can best describe the detrimental effect of manipulated oil prices and control. Just recently, it was determined that Colonel Quadaffi stashed away some 220 billion dollars in accounts in Europe, U.S… etc. This is a massive theft of the Libyan people's treasure. One can only imagine how that sum could have benefited the Libyan nation.

5- What is the difference between the Enemies Foreign and Enemies Domestic?

Enemies Foreign are of course the OPEC cartel controlling and manipulating important levels of supply. Enemies domestic are those interests both in the oil industry and the financial sector who are able to extract favorable treatment for their industry and the speculative trading in oil futures. Further, the situation in the U.S. is exacerbated by the Sovereign Immunity extended to the national oil companies of the OPEC countries permitting their collusion to go unchallenged before courts of law, an escape non-national corporations do not enjoy when engaging in collusionary practices.

6- Focusing on the Middle East and the Arab World, to what extent does the Kingdom of Saudi Arabia take part in this corruption phase?

Saudi Arabia is of course the major producer of oil in the Middle East and the de facto leader of OPEC. It is the only OPEC country with massive excess capacity and therefore has the capability of rendering and OPEC quotas null by threatening to ramp up production. Sadly, the Kingdom uses much of its wealth to propagate religious intolerance and political instability in many countries with resulting disequilibrium.

7- In your opinion, what is the effect of the Arab revolutions (aka Arab Spring) on the petroleum market worldwide?

The Arab Spring one would hope portends great changes. With open societies and open economies, the potential for international investment and international cooperation in all manner of industries is enormous. The result would be greater national development and wealth and a higher standard of living for all. As the Arab Spring Blooms, it and the world, will become a better place. Importantly, the Arab Spring can do much to counter the 'Dutch Disease' a phenomenon that took place in Holland in the 1960's. Having found a massive deposit of natural gas off the coast of Holland, the industriousness of many of the Dutch atrophied as they relied more and more on their natural resource wealth. What had been considered a boon to the economy became a hindrance to industriousness and initiative. The nations of the Arab Spring, having shed the autocracy that shackled their freedoms, would do well to examine closely the example set by Norway, a nation whose oil wealth is organized in such a way that all its citizens benefit and their society is enriched.

8-How has the oil industry been a key element to legalize army invasion in Iraq or to impose U.S. sanctions, such as the case of Iran?

What role the oil industry played in the invasion of Iraq is hard to say. It is a question I would dearly love to ask the then Vice President Cheney. One can well imagine that the presence of oil in such a strategic oil producing region of the world counted in degree possibly as much as the fabled "weapons of mass destruction". As to Iran, the issue becomes more the reality of Iran's nuclear program and the government's brutal subjugation of all political opposition. Here, the most telling act to bring about change would be extending to Iran an embargo on all oil shipments, as the European oil consuming nations have recently imposed on all imports of Syrian oil.

9- Can you summarize the "Epic Corruption" discussed in your latest book in few words to our readers?

The "Epic Corruption" I refer to is best understood by the 'Occupy Wall Street' (OWS) movement, a movement in large measure inspired by the recent events in Egypt. My book focuses on the ability of the few, be it in the oil industry or the financial sector to twist and turn policies of their governments, the press and sadly our common sense to permit massive extortion of wealth from the citizenry at large.

10- In your book, you provided a five-year analysis, from 2006 to 2010, but how do you see/evaluate the coming five years (2011 to 2015)?

We are at the cusp of formidable new age when it comes to oil and fossil fuels. New drilling techniques have made it possible to access significant deposits of natural gas and eventually oil. In the last few years, in the United States alone, vast reservoirs of 'shale gas' accessible through the new technology have been discovered, increasing the proven reserves of natural gas in the country five-fold and putting it at the cusp of turning the U.S. from a massive importer of natural gas (LNG) to an exporter. Similar technology is also being applied to oil drilling with 'shale oil' now being produced in North Dakota. Potentially there are vast resources of shale gas to be developed in China and in Europe (Poland), and that is only the beginning. Shale drilling technology will be a game changer in the years ahead. Not to be underestimated, will the enormous efforts being made to develop alternative fuels, electric cars and on, all of which will play significant roles in the decade to come.

About Raymond J. Learsy

Raymond J. Learsy, a graduate of the Wharton School, made his life in the fast-paced, risk-filled world of commodities trading, beginning in 1959.

In 1963, he started his own firm and over twenty years expanded from the U.S. into Canada, the United Kingdom, Luxembourg, Brazil, and Pakistan, trading in an array of bulk raw materials and commodities, shipping to customers worldwide.

In the 1980s, he shifted gears as a private investor, from 1982 to 1988, served as a Reagan appointee to the National Endowment for the Arts.

Currently, he is a member of the Woodrow Wilson International Center for Scholars. Ray Learsy's richly informed analysis of the international oil trade, OPEC, and its impact on the American and world economy has been featured in the National Review Online and the New York Times. Learsy is the author of Over a Barrel: Breaking Oil's Grip on Our Future an analysis of the international oil trade

The Cloud of Uncertainty

Ushers in 2012

As 2012 is around the corner, the team of Egypt Oil & Gas newspaper attempts to review the performance of the various hydrocarbon producers operating in Egypt, during this historic and eventful year. After examining several quarterly reports, there seems to be a positive trend that is moving counter to the country's political instability. In fact, the majority of petroleum companies have declared an increase in production and revenues in their reports, while the official production rates showed some sort of decline.

By EOG Team

Most plans of 2011 were determined before the eruption of January 25th Revolution, this contributed to avoid major negative impacts to some extent. However, it is predictable that the shadow of these political and economic instabilities will be glorified during the coming year, as new plans will be set in accordance with the local conditions of the petroleum industry. Anyway, at the end of the third quarter of this year, most companies revealed positive outcomes.

One of the major oil and gas operators, Apache Corporation indicated in its 2011 third quarterly report that production levels have risen to 752 thousand barrels of equivalent oil per day, compared to 667 thousand during the same period of last year. In terms of revenues, the company netted $983 million during the third quarter of this year as opposed to the $765 million earned during the same quarter in 2010. Apache's oil and gas profits for the same quarter in 2011 were $4.3 billion, increasing 41% from last year's $3.0 billion.

"Apache had a very productive quarter, both in operations and commercial activity," said G. Steven Farris, Chairman and CEO. "For the sixth consecutive quarter, we achieved record daily production on an equivalent basis. We have commenced development of the Balnaves oil field offshore Western Australia. We have extended the productive range of our holdings in Egypt's remote Western Desert with new producers in the Faghur Basin."

On different note, Dana Gas' reported that revenues of oil and gas sales in the third quarter have reached $175.6 million, with gross profit of $85.8 million. This significant increase from last year's earnings of the same period, 58% and 67% respectively, can be attributed to the aggregate 20% growth across the board in addition to the rise of oil prices. The company currently owns 12 producing fields in Egypt, located in the Nile Delta and Upper Egypt, of which approximately 40,400 barrels of oil equivalent are produced daily, according to the company's 2011 third quarterly report.

Despite the political instability, Dana Gas has not suspended production in Egypt, and development activities are still on schedule. The company also plans on continuing its exploration program to increase the wealth of its reserves.

"Dana Gas continues to deliver strong performance and increases in profits driven by our successful operations, in spite of a globally challenging environment. We have and will continue to respond to challenges successfully and with confidence, ensuring that we maintain our operations uninterrupted while we manage our expenditures prudently. As a regional company committed to the long term benefit of our region and its stakeholders, we are committed to operating our assets with a view to creating sustainable value for our shareholders," commented Ahmed Al-Arbeed, Dana Gas CEO on the company's quarterly performance.

As for TransGlobe Energy, the company's third quarter report indicates an increase in total production, reaching 13,406 barrels of oil per day. This is considered as a remarkable rise when compared to the production levels of the 2010 third quarter, in which the output was 10,138 barrels per day. The company announced its earnings to be $26.1 million, as opposed to $19.5 million in 2010 Q3.

During the same period in 2011, TransGlobe has drilled 14 wells in West Gharib, 11 of which were oil wells, one water source well and two dry wells. Moreover, the company acquired 50% interest in the South Alamein concession in the Western Desert, which cost approximately $3 million.

Eng. Abd Al-Khaliq Al-Tahawy, PetroSenan Chairman, stated that the company is working towards fulfilling its plans for production and development during the current fiscal year 2011/2012. Currently, it is focusing on increasing its production of oil and natural gas in the concession of Alam Al-Shawish aiming to reach 5000 barrels of crude oil per day. Al-Tahawy also declared that the company has succeeded in realizing 75% and a 100% of its drilling and development plans respectively in its Western Desert concession.

In an exclusive statement to Egypt Oil & Gas Newspaper, a credible source from PetroZeit acknowledged that the company initially intended on implementing its 2011 plans. However, certain circumstances led to the suspension of drilling operations and the initiation of a general bidding round; notwithstanding the existence of crude oil in the area according tot the seismic studies. The company also plans on discovering more exploratory and development wells through setting future plans that correlate with the company's fiscal status.

On the other side, Eng. Hany Abd Al-Haleem, Chairman Ptrographics emphasized the company's plan for the coming period, which is to expand its operations in both the African and Asian continents. Petrographics has achieved a considerable success during 2010, contributing more than 80% of its production to the Egyptian market. Due to the political instability in Egypt, Libya and Syria, the company is looking for new investment opportunities in other countries until a stable environment for investment is secured in the abovementioned states, added Abd Al-Haleem. Furthermore, he explained that all the companies are working towards finding new markets that would benefit the Egyptian national economy and significantly increase the company's profits.

According to a high profile official, North Bahariya Petroleum Company (Norpetco) accomplished 90% of its scheduled plans for 2010. However, a major part of this year's plan has been deferred to next fiscal year as to the political instability in Egypt. PetroShahd, a subsidiary of North Bahariya Petroleum, is said to have overcome the problem associated with the transportation of output to area where production facilities for processing and delivering crude oil.

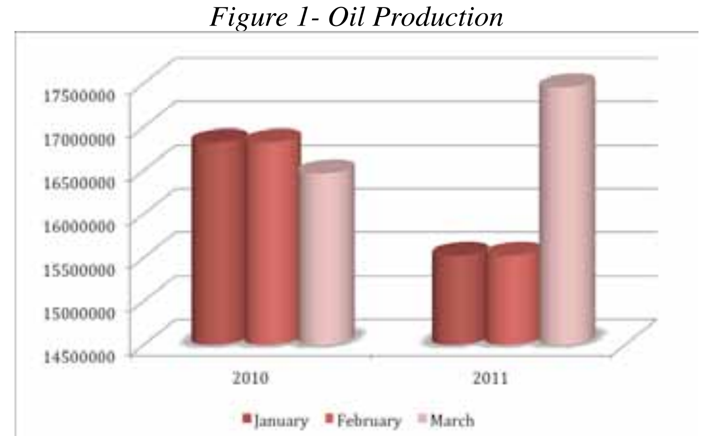
Eng. Ezz El-Din Mohamed, Chairman and CEO of Wadi El-Sahl, announced the company's accomplishment of 50% of its drilling plans for the present fiscal year, while the rest of the plan is currently being implemented and is expected to continue until the end of 2012.

Ezz El-Din has expressed his delight over the positive results the current period has yielded, considering the current turbulent events in Egypt. In the midst of such times, the company has succeeded in increasing the production of crude oil, reaching 4574 barrel of oil per day last October.

Production rates swing ups and downs

At the beginning of 2011, no one could ever imagine the occurrence of such political changes, which are considered the first in the Egyptian Modern History. The political and social unrests during the first quarter of 2011 had its shadow on the exploration and production activities of the companies. The petroleum industry, like other sectors, was affected by the turbulences that took place. In terms of production rates, the first two months of January and February witnessed a lower crude oil production volume compared to the same period a year earlier. The 2011 production during the two months averaged 15.5 million barrels, which is approximately 8% lower than the 2010's rate that averaged 16.8 million barrels. As shown in figure 1, the only exception took place in March 2011, as the oil production counted for 17.5 million barrels, reflecting a 6% increase compared to the same month a year earlier.

Figure 1- Oil Production



Similarly, the condensate production went through major decline during the months of January and February before a recovery status took place in March. The first two months of 2011 had an average production of condensate worth 3.2 million barrels, compared to 3.5 million barrels during the same period in 2010. There was a decline of approximately 8.5%.

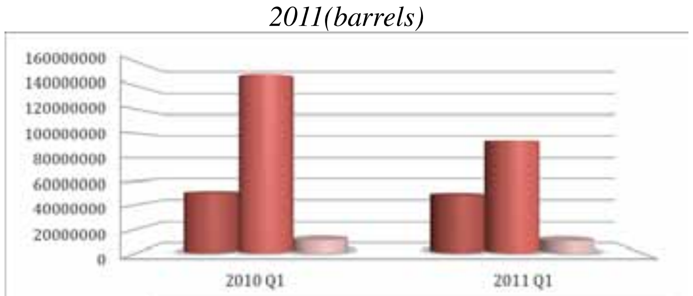
The end of the first quarter of 2011 enjoyed a production recovery as the condensate total output was 3.6 million barrels, which was even higher than March 2010's production (3.5 million barrels), as shown in figure 2.

Figure 2- Condensate Production (barrels)

As for the volumes of sold gas, the cases of drop and increase apply as well. There was a 40% drop during January and Febrary 2011 compared to the same months of 2010. The volume of sold gas went from 280,862 Mcf in 2010 down to 168,233 Mcf in 2011. But, by reaching the end of Q1 2011, both years shared close rates of sold gas; 184,886 Mcf and 189,928 in March 2010 and 2011 respectively.

Figure 3- Sold Gas (Mcf)

Figure 4- Total Q1 Production Comparison 2010 vs. 2011(barrels)



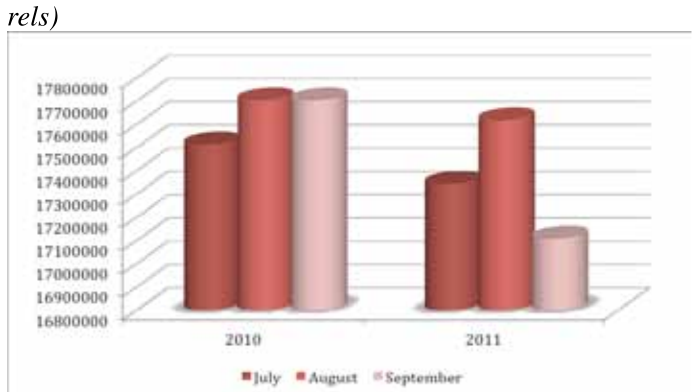
	2010 Q1	2011 Q1
Oil	50102957	48483867
Equivalent Gas	149322000	93998928
Condensate	10592452	9961186

Analysis: Six months after the January 25th Revolution

After six months of the Revolution, experts were hoping that the petroleum industry would enjoy some sort of stability during the third quarter of 2011. However, according to the latest reports, the production rates have been still swinging. Focusing on the oil production, the production rates of 2011 Q3 were not even close to the ones of the same period in 2010. For instance, the oil production in July 2011 went as low as 17.3 million barrels, compared to 17.5 million barrels in July 2010.

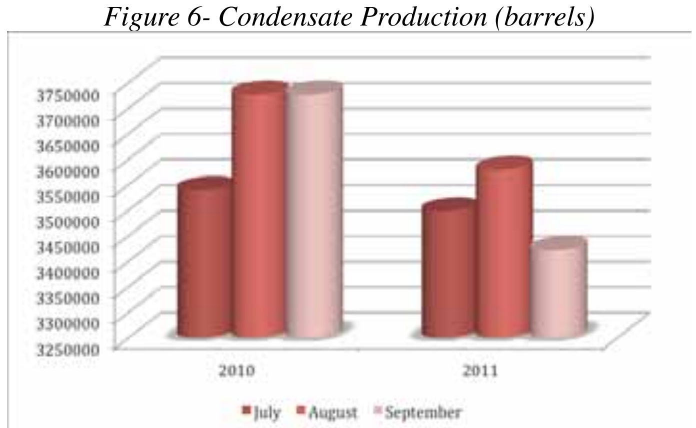
As shown in figure 5, the lowest production output was during the month of September, which concluded the third quarter with 17.1 million barrels, which is lower compared to 17.7 million barrels produced in the same month of 2010.

Figure 5- Oil Production six month after Revolution (barrels)



The condensate production reached its lowest rate at the end of 2011 Q3 with 3.4 million barrels, compared to 3.7 million barrels at the end of 2010 Q3.

Figure 6- Condensate Production (barrels)



In terms of sold gas, the third quarter of 2011 continued its decline at the end of September. During last year of 2010, the third quarter concluded a 190,345 Mcf of sold gas, while the same period of 2011 had a sold gas of 175,469 Mcf, which reflects an 8% decline.

Figure 7- Sold Gas (Mcf)

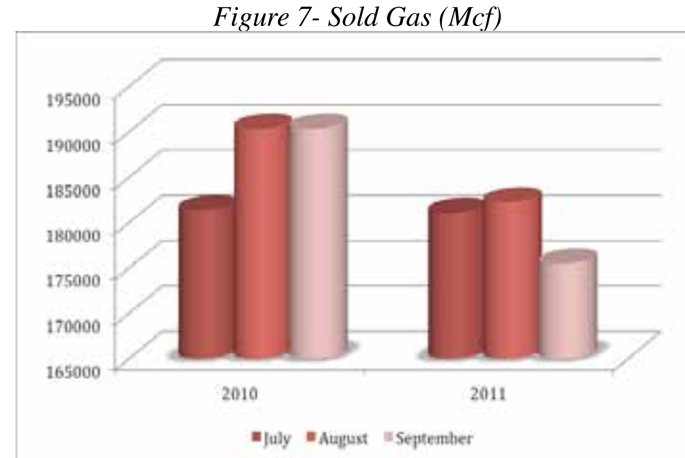
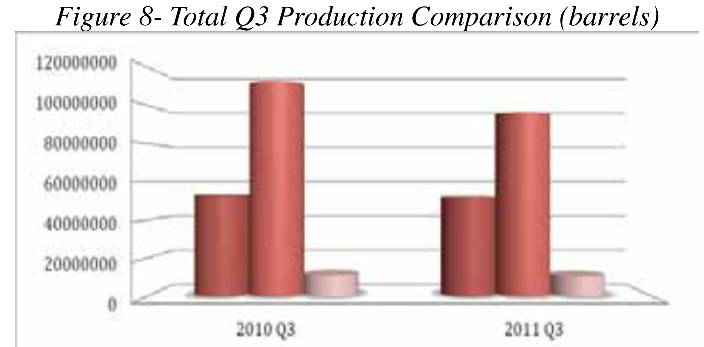


Figure 8- Total Q3 Production Comparison (barrels)



	2010 Q3	2011 Q3
Oil	52924160	52072922
Equivalent Gas	112406400	96205535
Condensate	10992591	10498355

A Rising Star in A World of Giants

PetroSenan, a new comer to the hydrocarbon industry, is believed to have a promising future in Egypt's petroleum industry. Since its foundation in October 2010, PetroSenan has demonstrated a strong dedication to significantly raise its production rates. Despite its relatively small size in comparison to veteran operators in the country, the company has cleverly wiggled its way into Egypt's competitive petroleum market

By Shady Ahmed

PetroSenan, the joint venture between the EGPC and the Ukrainian operator Naftogaz, aims to increase its production to reach 5000 barrels per day from its concession in the Alam Al-Shawish area, which is located in the Western Desert. To reach the aforementioned rates, the company initiated a punctilious implementation of vigorous drilling plans, in spite of the extant political climate that detriments the stability of the Egyptian investment milieu. In addition, the company intends on technically examining its production stations located in the concession area to facilitate and increase natural gas output.

Through the adoption of aggressive development campaigns and fastidious maintenance to health and safety regulations, PetroSenan has managed to place itself among the top environmentally considerate operators in the Egyptian petroleum sector. Mr. Abd Al-Khaliq Al-Tahawy, Chariman of PetroSenan, sheds light on the company's latest activities and the upcoming plans.

What is the company's development plan for the current fiscal year?

During the coming period, the company will focus on maintaining a successful fulfillment of its 2011 drilling, exploratory and development plans, in addition to assessing several of the development wells located in the Alam Al-Shawish that have yet to start production.

Moreover, PetroSenan endeavors to realize its production plan of crude oil, which currently awaits the approval of both the EGPC and Naftogaz, to begin the implementation of its development plan for the new fiscal year (2011/2012). The collective aim of these various efforts is the achievement of a considerable increase in production rates, given that several development wells have yet to be commercialized. Last but not least, the company is conducting a feasibility study based on the findings of 3D seismic scans to examine the potential of drilling more wells in the concession area.

Can you elaborate more on the main areas of operation in the Alam Al-Shawish Concession?

The working interests of Alam Al-Shawish concession are held by PetroSenan, which is divided into four areas. The first is labeled HG, and it is the primary location for the crude oil and natural gas production in the concession. The second area, WHG, is a new location currently pending to be green lit by the EGPC to be officially included to PetroSenan's concession. EHC is the third area, and is presently under negotiation to be incorporated into the concession as well. The last location, named Karima - Malika, is a natural gas producing area and has yet to be approved by the EGPC.

What is the company's current production rate?

The current production rates are 1500 barrels of oil and 1.5 million cubic feet of natural gas per day and the company is working on incorporating the areas of EHG and Karema to the concession in order to reach intended target of 5000 barrels of oil per day.

What is the company's drilling plan for the current 2011/2012 fiscal year?

PetroSenan has conducted a drilling study for the current fiscal year of 2011/2012, in which the political status quo is being carefully considered, before presenting its roadmap to the international partner. In accordance, Naftogaz approved the drilling of five development wells to commence in January 2012, in addition to four new exploratory wells in the Alam Al-Shawish concession in the Western Desert.

What is the company's budget for the current fiscal year in comparison to that of last year's?

The company set a drilling budget of $57 million for the current fiscal year, which is higher compared to previous year's $43 million. During the previous fiscal year, PetroSenan conducted 3D seismic scans of seven wells in the concession area. After examining the results of the scans, the company drilled six exploratory wells in addition to one development well.

What are some of the challenges associated with your operations in the Western Desert?

Firstly, counter to popular belief, operating in the Western Desert is not challenging. On the contrary, it is an enjoyable experience as to the abundance of petroleum resources whether in the concession area that we own or elsewhere in Western Desert. Secondly, I believe that most petroleum companies operating in the Western Desert encounter little to no obstacles at all. In fact, the various required services are always on schedule. Yet, the present political situation definitely affects our transportation process, and could on the long run result in significant problems.

What about the studies being done to facilitate production?

We are currently researching the most efficient and feasible methods to facilities production in the Alam Al-Shawish Area. This issue in specific is major impediment as it forces the company to transport its output to the existing production facilities of the General Petroleum Company.

What is the average cost of well drilling by PetroSenan?

The cost of drilling a well is relatively dependent on the depth of well. PetroSenan owns several deep wells and the cost of drilling a well that is 5300 feet deep, for instance, could reach $4 million. However, some development wells cost up to $9 million to drill as their depth could reach 17000 ft.

Is the company offering any tenders in the near future?

Indeed, there will be several rounds of tenders during the year as we proceed with our drilling schedule for the current fiscal year. For example, there will be a tender for a 1500 horsepower drill designed to reach up to 12000 feet. Generally, tenders are very common in the petroleum sector as they allow companies to find the most feasible and technically suitable offers.

What are the types of rigs used by PetroSenan?

The company has employed a variety of rigs since the commencement of its operations. In July 2010, the company finished its contract with EDC 17 and currently uses the Sino Tharwa 11.

Are the HSE regulations strictly monitored in the Western Desert?

The company is in the process of considering a comprehensive safety system to lower the risk of fires, and more importantly to contain such fires, whenever they occur. Apart from employing state of the art safety systems, we heed the guidelines set by the Environmental Protection Agency. In addition, the company sets emergency plans prior to the initiation of operations, which is done through the practice of various emergency scenarios designed to simulate every possible emergency situation.

What is the most important goal for PetroSenan at the moment?

Currently, our primary goal is working towards concluding a suitable plan to facilitate production in the concession area; doing so would alleviate the difficulties we encounter in transporting our output to the facilities of the General Petroleum Company.


" A company that not only deals with products but also reacts with technology"
DFT
DRILLING FLUIDS TECHNOLOGY
DFT was founded by PICO Petroleum Integrated Services in 2007 to provide the customers with reliable customized and high quality engineering services. Supported by its Lab in Amreya (one of the best Labs in MENA), its HYDPRO Software and having the R&D support of Intertek Caleb Brett Lab in Houston; DFT is providing a full fledge of Drilling Fluids products & systems for WBM & OBM that ranges from traditional to high technology products & systems together with DIF(drill-in fluids) components.
DFT success is a function in performance, improving well integrity as well as enhancing the learning curve which adds to our reputation further diversity.
PICO ENERGY
Petroleum Integrated Services

Qasr Gas Development Project

The Seth development project is one of the major projects that is held by the Belayim Petroleum company (Petrobel) on behalf of the Pharaonic Company

By Osama El-Sayed, Projects General Manager for investments and JVs, EGPC

The Qasr field, discovered in 2003, is considered one of the huge gas fields in the Western Desert, with production rates of 670 MMcfd and 30 million barrels of condensate.

The Qasr project is divided into two phases. The first phase consists of receiving and processing facilities in the Qasr area of Shams and Obaiyed. As for the second phase, it consists of additional reception facilities in Qasr area, 24” P/L to Salam and Salam slug catcher.

The development project included the drilling and development of 20 wells in order to reach a maximum production of 800 MMcfd and 40 million barrels of condensate.

Currently, the total production stands at one trillion cubic feet of gas and 40 million barrels of condensate.

Total reserves remaining counts for 1.6 trillion cubic feet and 43 million barrels of condensate.

Project objectives

- Utilize gas reserves in Qasr reservoir to provide feed for all gas processing facilities in W.D owned by KPC and sister companies
- Maximize Salam facilities capacity up to 400 MMcfd
- Maximize Qasr production up to 800 MMcfd
- Achieve integrity between KPC and sister gas processing facilities

Qasr facilities

Qasr facilities consist of the following, wells trunk lines, air coolers to cool down produced gas to 58 C, three phase separators (5 nos. x175 MMScfd/each), gas and condensate dispatch area in which gas and condensate delivered to Salam and Shams and future compression facilities to increase gas pressure from 70 bar up to 123 bar (1st Phase) and from 30 bar up to 123 bar (2nd phase).

Qasr PH-I

- Start date: January 2005
- Commissioning and start up date: 2007
- Project budget: $270 million
- Engineering & construction contractors: J.P.Kenny - Petrojet
- Early production: started in 2005 with 150 MMcfd, with total cost of $139 million
- Permanent production: started in 2007 with 350 MMcfd, with total cost of $131

Qasr PH-II

- Construct SGT 3 & 4 with 200 MMcfd capacity
- Provide QASR facilities with 3 phase separators and construct 24” Qasr – Salam P/L and provide new slug catcher in Salam ($218 million)
- New gas compression station for northern P/L ($185 million)
- Contractor: Enppi – Petrofac – Petrojet – J.P.Kenny

SALAM SLUG CATCHER

- Designed to receive & separate gas and condensate from Qasr via new 24”P/L
- Finally feed treated & processed in SGT 1,2,3 & 4 to produce sales gas dispatched to Ameriya and condensate to Alhamra

Qasr Gas Development Project (PH-III)

Qasr Gas Compression Project

- Install new gas compressors to increase Qasr gas pressure
- Conceptual Study
  - Completed by Genesis
- Feed Study
  - Start date: July 2011
  - Contractor: Genesis
  - Completion: December 2011
- EPC
  - Start date: May 2012
  - Completion date: September 2014
  - Project budget: $260 million
  - Contractor: Enppi - Petrojet

Project Objectives

1- Install new gas compressors in Qasr area to raise gas pressure from 30 bars up to 123 bars due to reservoir pressure declines

2- Improve production recovery

3- Maintain gas delivery to Obaiyed and Salam at normal operating pressures

Project Equipment

- Four gas compressors driven by gas turbines
- Three condensate multi stages pumps
- Gas scrubbers for compressors suctions and discharges
- Compressors gas coolers
- Control system
- Additional power generated to be added to improve existing power generation system

The overall FEED (Front End Engineering Design) progress counts for 80%, is expected to be completed in December 2011.

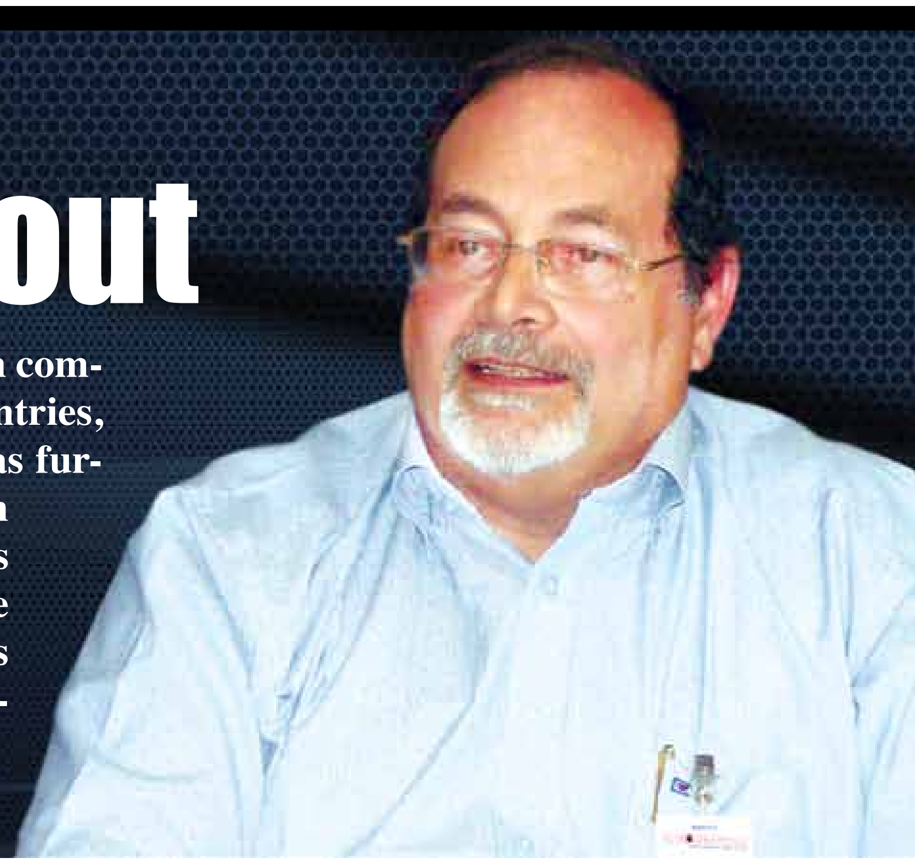

Main deck fabrication


JACKET ASSEMBLY


Cellar deck on legs


CELLAR DECK LIFTING

Expanding in Africa is our way out



The year of 2011 has been a challenging year for most petroleum companies, but having three out of four branches located in Arab countries, which have been experiencing political and economic unrests, has further hardened the progress of Petrographics. The 100% Egyptian oil service company has been struggling this year to maintain its ambitious development plan, believing that the expansion in the African market is the best solution during this critical time. This is what Mr. Hany Abd El Halim, Chairman of Petrographics explains further in this interview

By Shady Ahmed - Wael Serag

What is different about Petrographics compared to other competitors in the Egyptian market?

Petrographics was established in 1992 as an Egyptian oil service company, with 100% Egyptian shares. Over the years, we have succeeded to expand the platform of our operations through the establishment of new branches in other countries, such as Libya, Algeria and Syria. And, we are currently eyeing more expansion in the African Continent.

In terms of services, Petrographics has three core businesses. The first one is providing integrated data management services and solutions for the oil & gas companies. Data management is simple in its definition; however, it has a very effective role since it secures the risk of the companies within the sector. As it allows the data to be more organized, justified and easily retrieved which eases the decision-making process. As for the second core business, it is about what the processing center provides. It is considered as one of the latest technologies, which exist in Egypt. Besides, the seismic data processing allows us to provide a unique outcome, which requires huge resources whether it is regarding software or hardware.

Finally, the third core business, which is believed to be the most important, is mainly about the reservoir characterizations and management as well as data inversion. It combines the Geology and Geophysics. We already have solutions to minimize the risk of the companies regarding the locations of the wells. We also have unique software, which is fracture detection. As we offer better studying for the choosing the drilling areas. In this field, we have many well-known international clients such as Oxy and Eni.

Where do you rank Petrographics among other competitors?

The wide range of services provided by Petrograpohics engages the company in a continuous competition race with other companies.

Regarding the Data Management, we have SAPESCO and Spectrum. While in processing, we have Western, BGS, CGG, Spectrum and Guide. And for Reservoir characterization, there is Western geophysical as well as Fugro.

As a matter of fact, the company tends to diversify the services provided to the petroleum industry at a high quality, which strengthens the company's competitive edge.

Higher quality and more variety of services solidify the company's credibility and reputation in the market. Also, the expansion and inauguration of new branches in neighboring countries reflect the stability and steadiness of Petrographics as well as allowing the exchanging expertise.

Petrographics provides integrated data management services and solutions for Oil & Gas Exploration companies in the areas of seismic processing and interpretation, seismic Scanning and Vectorization, Well Log Scanning and Digitizing, Petrophysical Analysis, Magnetic Tape Copying and Reformatting, among other land surveying services.

To achieve our commitment of providing the best services to the petroleum industry, Petrographics' ongoing research and development programs couple scientific research and technological development to present the most advanced technologies and insure the desired optimial performance.

Operating in Egypt, what are the major challenges that face Petrographics?

One of the major obstacles facing our company in Egypt is the pricing issue. In order to produce a high quality product or supplying advanced services, it necessitates a high cost. In our projects we have professional consultants who require high salaries. On the other hand, in any domestic tender, the number one aspect is the low price, regardless of the level of quality. So, we are always seeking projects where unique and advanced services are required. Our worst fear is the declining prices that will force companies to provide low-quality services, which will consequently have a negative effect on the Egyptian petroleum sector in general.

To what extent has Petrographics been affected by the current political and economic unrests?

Honestly speaking, we have been affected by these unrests, not only in Egypt, but also in most of the Arab countries where similar situation of economic and political trembles are taking place.

The coming period is very challenging on all levels. First, on the level of development plan, the attempts to increase the volume of our operations and projects are subject to the level of stability in the Middle East in general. Secondly, in the middle of such critical period, we have to maintain a safe financial surplus, while trying to lure more profits at the same time.

The issue is that most of the countries, where Petrographics is holding projects, are going through unprecedented political changes that lead to the the postponement of some projects due to managerial problems. We are currently watching closely the political situation in these countries to assess the possibility of resuming our operations.

However, we have been implementing our 2011 projects according to the plan we set, regardless of the challenges we are facing. Also, the expansion in the African market has been a positive factor to make up for any drawbacks.

What is the volume of loss in Libya due to the recent instabilities?

The losses we encountered in Libya are considered very minor. We had to withdraw all our Egyptian employees and bring them back home. Petrographics applies the universal HSEMS (Health, Safety and Environmental Management System) for the geoscientists, technicians and administrative employees.

Petrographics exerted efforts to ensure the safety of all the employees and at the same time tried to support the Libyan citizens by sending food shipments during the toughest days of their revolution.

What was the company's 2011 plan?

During this year, we can confirm that the plan has been implemented despite the current situation. We have focused more on the African market in order to open new frontiers for Petrographics.

Being more politically and economically stable compared to many Arab Countries, the African market has been our way out during this year. Petrographics sealed a number of agreements with Liberia, North Sudan and Ghana. This latter is considered the most important agreement due to the flexibility of the agreed upon terms, which facilitates our entrance into the Ghanaian market.

On the other hand, Petrographics faces a vigorous competition in Nigeria, as we currently work hardly to conclude an agreement with the Nigerian authorities.

What are the factors that contributed to the company's expansion in Africa?

Honestly, I give credit to the Egyptian ambassadors who coordinated with our company to receive these contracts. They have used their connections to facilitate our entry to these new areas, gathered the information we needed, provided data about the oil and gas figures and supported our business plan.

What is the volume of the company's current investments, compared to last year's?

The total investments of the company during the current year stood at $5 million, which is nearly 50% lower compared to last year's $11 million.

How will you make up for this investment drop?

As I mentioned earlier, opening new opportunities in the African market is our best solution now to narrow down the decline of investments.

What are the present projects implemented by Petrographics?

Petrographics has recently been awarded a project in the U.A.E by Itok Group, which is a data management contract. Similarly, the company signed another data management contract with the Kuwaiti authorities, which is due to commence this month.

Besides, the company is implementing a Magnetic Tape Copying project for RWE Dea.

In your opinion, how effective is the role of the Egyptian companies abroad? Would they help luring more investments into the country?

Definitely, there is an effective role of the Egyptian companies operating abroad. From one side, receiving contracts abroad generates revenues to the Egyptian economy and opens up the door for more Egyptian activities. On the other side, securing projects in other countries to be executed by Egyptian companies can be the channel for attracting investments from these countries to the Egyptian market. Hence, it is a fruitful contribution on all levels.

Although it is very challenging to conquer the vast African market, Africa is the new frontier for any petroleum company seeking fruitful expansion, especially in the fields of oil and gas exploration and production.

If you are appointed the Egyptian Minister of Petroleum, what will be your first decision to make?

I would give the green light to openning more Egyptian petroleum markets in the African countries.

Mediterranean Shale – Success Story

By MISWACO

Taurt-7 is a development well drilled in Taurt concession in the Mediterranean Sea owned by BP/IEOC -50/50 and operated by Petrobel

M-I Swaco is the drilling fluids service for this well , The 12.25" hole was drilled to 1,534m using M-I high performance water base mud ULTRADRIL through Mediterranean reactive shale .

Drilled trouble free hole to TD, tripping and running 9 5/8" liner to bottom, Moreover our high lights doesn't end at this point but we eliminate the risk of losses in the lower sand section by using a selected programs from our constellation which are Optistress & OptiBridge software which helped us design the optimum blend for the dynamic stress cage technique.

The 8.5" hole using Flo Pro DIF system for open hole gravel pack, Using Optibridge to design the bridging material allows optimum blend to met success in preventing losses and reduce formation damage.

Completed the well using Na CL / KCL/Na Br completion brine utilizing 0.02% TSS and 15 NTU

Highlight

1. 1-Ultradril succeeded in taming Mediterranean sea shale
2. 2-Succesful dynamic stress cage technique
3. 3-Flo Pro system drilled reservoir section eliminating losses & reducing formation damage.
4. 4-Ran completion screens trouble free
5. 5-Succesful train of pills ahead of completion brine lead to reduced rig time by half
6. 6-Superior engineering performance

Shale cutting drilled by ULTRADRIL mud system

M-I Unique Software Programs

IBM STUDY:

DIGITAL ERA TRANSFORMING CMO'S AGENDA, REVEALING GAP IN READINESS

Most chief marketers admit they are not sufficiently plugged into real-time conversations about their brands
CMOs struggling to prove the return on marketing investments

A new IBM (study of more than 1,700 chief marketing officers from 64 countries and 19 industries reveals that the majority of the world's top marketing executives recognize a critical and permanent shift occurring in the way they engage with their customers, but question whether their marketing organizations are prepared to manage the change.

At the same time, the research shows that the measures used to evaluate marketing are changing. Nearly two-thirds of CMOs think return on marketing investment will be the primary measure of the marketing function's effectiveness by 2015. But even among the most successful enterprises, half of all CMOs feel insufficiently prepared to provide hard numbers.

And most of these executives – responsible for the integrated marketing of their organization's products, services and brand reputations – say they lack significant influence in key areas such as product development, pricing and selection of sales channels.

The IBM study found that while 82 percent of CMOs say they plan to increase their use of social media over the next three to five years, only 26 percent are currently tracking blogs, 42 percent are tracking third party reviews and 48 percent are tracking consumer reviews to help shape their marketing strategies.

"The inflection point created by social media represents a permanent change in the nature of customer relationships," said Amr Talaat, General Manager, IBM Egypt "Approximately 90 percent of all the real-time information being created today is unstructured data. CMOs who successfully harness this new source of insight will be in a strong position to increase revenues, reinvent their customer relationships and build new brand value."

Customers are sharing their experiences widely online, giving them more control and influence over brands. This shift in the balance of power from organizations to their customers requires new marketing approaches, tools and skills in order to stay competitive. CMOs are aware of this changing landscape, but are struggling to respond. More than 50 percent of CMOs think they are underprepared to manage key market forces – from social media to greater customer collaboration and influence – indicating that they will have to make fundamental changes to traditional methods of brand and product marketing.

Baird likened marketers who underestimate the impact of social media to those who were slow to view the Internet as a new and powerful platform for commerce. Like the rise of e-business more than a decade ago, the radical embrace of social media by all customer demographic categories represents an opportunity for marketers to drive increased revenue, brand value and to reinvent the nature of the relationship between enterprises and the buyers of their offerings. Marketers who establish a culture receptive to deriving insight from social media will be far better prepared to anticipate future shifts in markets and technology.

Eighty-percent or more of the CMOs surveyed are still focusing primarily on traditional sources of information such as market research and competitive benchmarking, and 68 percent rely on sales campaign analysis to make strategic decisions.

Managing the Four Challenges

Collectively, the study findings point to four key challenges that CMOs everywhere are confronting: the explosion of data, social media, channel and device choices and shifting demographics will be pervasive, universal game changers for their marketing organizations over the next three to five years. But a large majority of CMOs feel unprepared to manage their impact.

Data explosion: Every day we create 2.5 quintillion bytes of data – so much that 90 percent of the world's data today has been created in the last two years alone. The increasing volume, variety and velocity of data available from new digital sources like social networks, in addition to traditional sources such as sales data and market research, tops the list of CMO challenges. The difficulty is how to analyze these vast quantities of data to extract the meaningful insights, and use them effectively to improve products, services and the customer experience.

Social platforms: Social media enables anyone to become a publisher, broadcaster and critic. Facebook has more than 750 million active users, with the average user posting 90 pieces of content a month. Twitter users send about 140 million tweets a day. And YouTube's 490 million users upload more video content in a 60-day period than the three major U.S. television networks created in 60 years. Marketers are using social platforms to communicate – with 56 percent of CMOs viewing social media as a key engagement channel – but they still struggle with capturing valuable customer insight from the unstructured data that customers and potential customers produce.

Channel and device choices: The growing number of new marketing channels and devices, from smart phones to tablets, is quickly becoming a priority for CMOs. Mobile commerce is expected to reach $31 billion by 2016, representing a compound annual growth rate of 39 percent from 2011 to 2016. Meanwhile, the tablet market is expected to reach nearly 70 million units worldwide by the end of this year, growing to 294 million units by 2015.

Shifting demographics: New global markets and the influx of younger generations with different patterns of information access and consumption are changing the face of the marketplace. In India, as one example, the middle class is expected to soar from roughly 5 percent of the population to more than 40 percent in the next two decades. Marketers who have historically focused on affluent Indian consumers must adapt their strategies to market to this emerging middle class. In the United States, marketing executives must respond to the aging baby boomer generation and growing Hispanic population.

Lack of Influence

Today's CMOs have to cover more ground than ever before. They have to manage more data from disparate sources, understand and engage with more empowered customers, adopt and adapt to more sophisticated tools and technologies – while being more financially accountable to their organizations.

In fact, 63 percent of CMOs believe return on investment (ROI) on marketing spend will be the most important measure of their success by 2015. However, only 44 percent feel fully prepared to be held accountable for marketing ROI.

Most CMOs have not traditionally been expected to provide hard financial evidence of their ROI. But given the current economic volatility and pressure to be profitable, organizations can no longer afford to write a blank check for their marketing initiatives. CMOs recognize they now need to quantify the value they bring to the business, be it from investing in advertising, new technologies or any other activity.

This increasing emphasis on ROI also reflects the scrutiny the marketing function is currently attracting, itself a reflection of the function's growing prominence. Today's CMOs are in much the same position as chief financial officers (CFOs) were a decade ago, when the CFO's role was evolving from guardian of the purse strings to strategic business adviser.

CMOs say they exert a strong influence over promotional activities such as advertising, external communications and social media initiatives. But, in general, they play a smaller role in shaping the other three Ps. Less than half of the CMOs surveyed have much sway over key parts of the pricing process, and less than half have much impact on new product development or channel selection.

To meet these new challenges, CMOs must boost their own digital, technological and financial proficiency – but many seem surprisingly reticent in this respect. When asked which attributes they will need to be personally successful over the next three to five years, only 28 percent said technological competence, 25 percent said social media expertise and 16 percent said financial acumen.

About the Global CMO Study

The 2011 IBM Global Chief Marketing Officer Study is IBM's first study of CMOs — and the fifteenth in the ongoing series of C-suite Studies developed by the IBM Institute for Business Value. Between February and June 2011, IBM met face to face with 1,734 CMOs in 19 industries and 64 countries to better understand their goals and the challenges they confront. The respondents came from a wide variety of organizations, ranging from 48 of the top 100 brands listed in the 2010 Interbrand rankings to enterprises with a primarily local profile.

For access to the full 2011 IBM Global CMO Study, visit http://ibm.com/cmostudy.

To join the conversation on the 2011 IBM Global CMO Study, follow @IBMIBV and #IBMCMOStudy on Twitter, or join us on LinkedIn.

IBM Infrastructure Recovery Services

Enable organizations to be ready, running and resilient.

Implementing an efficient disaster recovery program that reduces impact of downtime during an outage can be a challenge. From power outages to natural disasters, disruptions can be costly and detrimental to organization's business priorities. Without the right expertise, safeguarding key business data, maintaining employee productivity and reducing the financial losses that result from these outages can pose a challenge. In the event of an unplanned disruption, organizations need a time-tested, cost-effective and efficient business continuity and IT recovery solution that helps them respond with speed and agility while minimizing exposure during downtime.

IBM Infrastructure Recovery Services offers a comprehensive portfolio of business continuity and disaster recovery solutions to help ensure organizations critical systems, data and business applications are available within predetermined time frames. At IBM, we offer flexible infrastructure environments-both shared and dedicated-to help organizations rapidly and cost-effectively respond to a disruption. Our recovery specialists design a customized, business continuity solution that helps protect organization's critical data and minimize loss, while enabling them to maintain continuous operations during an outage.

What we offer:

Infrastructure recovery services-Rapid Recovery

IBM Infrastructure Recovery Services - rapid recovery can help replicate organizations data to a dedicated IBM recovery center, enabling them to safeguard their critical information and improve their RTOs and RPOs. Our customized, vendor-neutral recovery solution can help protect data with built-in encryption and storage formats and support data availability for operational restore, disaster recovery and business resumption. And, by supporting the availability of your current and historical data, we enable these organizations to better manage data-centric regulatory compliance requirements.

Infrastructure recovery services-Work area recovery

IBM Infrastructure Recovery Services - work area recovery provides alternate work environments to address the human element of a disaster or other business disruption. If employees cannot reach their workplace, even a company with the foresight to have a protected and functioning data center can stand idle. IBM Infrastructure Recovery Services - work area recovery helps enable productivity even in the face of disruption.

IBM Infrastructure Recovery Services - work area recovery is designed to help companies maintain continuous business operations by enabling employees to stay productive.

Work area recovery offers three options for alternate work environments:

- Dedicated seats
- Shared seats
- Mobile seats

The solution leverages IBM's business resilience centers-security-rich facilities equipped with communications capabilities, multivendor IT equipment and a hardened data center. Each of IBM work area recovery options offers the technical and environmental quality, functionality, price competitiveness and flexibility necessary to keep operations going.

Options can be used independently or in combination and can be combined with IBM's full range of business continuity and resiliency services.

IT recovery services

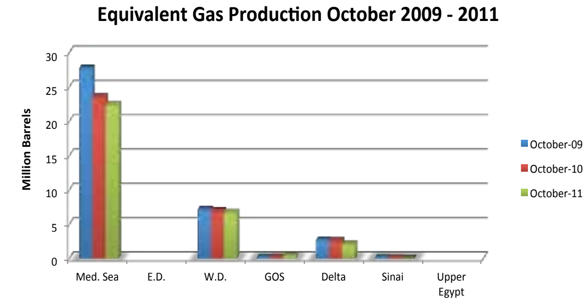
IBM Infrastructure Recovery Services - IT recovery provides a set of comprehensive, cost-effective IT recovery solutions to help keep businesses operational during disruptive events or disasters and better manage regulatory compliance requirements.

These services help organizations to design, plan and implement cost-effective IT recovery solutions to help enable them to respond more quickly to—and recover from—disruptive events that may affect their ongoing business operations. In addition to supporting multiple IT platforms and a host of IT-related infrastructure components, IBM solutions can help these organizations better manage regulatory compliance requirements. We offer a wide range of IT recovery services designed to meet specific business and IT needs, including recovery time and recovery point objectives (RTOs and RPOs).

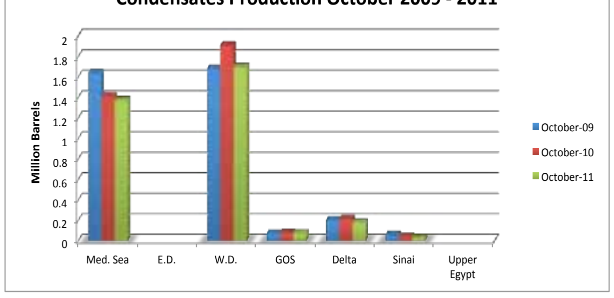
Egypt Statistics

	Oil			Equivalent Gas			Condensate			Liquefied Gas		
	Barrel			Barrel			Barrel			Barrel		
	October-09	October-10	October-11	October-09	October-10	October-11	October-09	October-10	October-11	October-09	October-10	October-11
Med. Sea				27731600	23559643	22391607	1641125	1418203	1377974	391542	350605	396388
E.D.	2114546	2237346	2338992									
W.D.	6969770	8010646	8004005	7128600	6966607	6668929	1682204	1910438	1699823	542232	439982	541830
GOS	5333672	5301530	4911854	146600	209464	308750	71730	82346	76178	162283	207342	191136
Delta	226993	123480	90087	2638000	2610893	2083571	205235	219111	181847	87121	111676	93082
Sinai	2321156	2112496	2204553	104400	50357	2143	60599	43244	31049	88277	85838	87935
Upper Egypt	3673	16331	21962									
Total	16969810	17801829	17571453	37749200	33396964	31455000	3660893	3673342	3366871	1271455	1195443	1310371

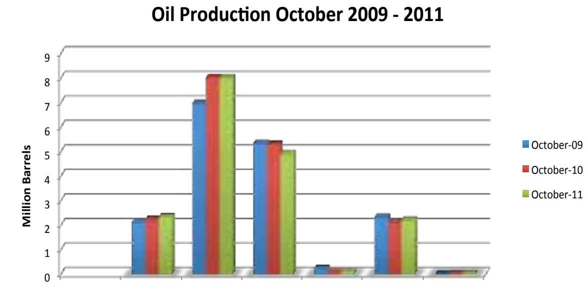
EGYPT OIL&GAS RESEARCH & ANALYSIS



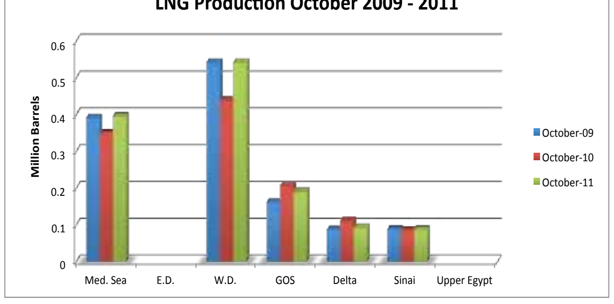
Equivalent Gas Production October 2009 - 2011



Condensates Production October 2009 - 2011



Oil Production October 2009 - 2011



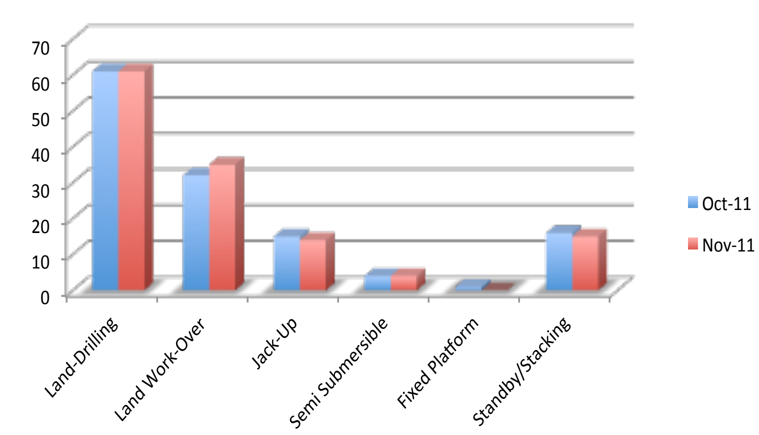
LNG Production October 2009 - 2011

Table 1 Egypt Rig Count per Area -September 2011

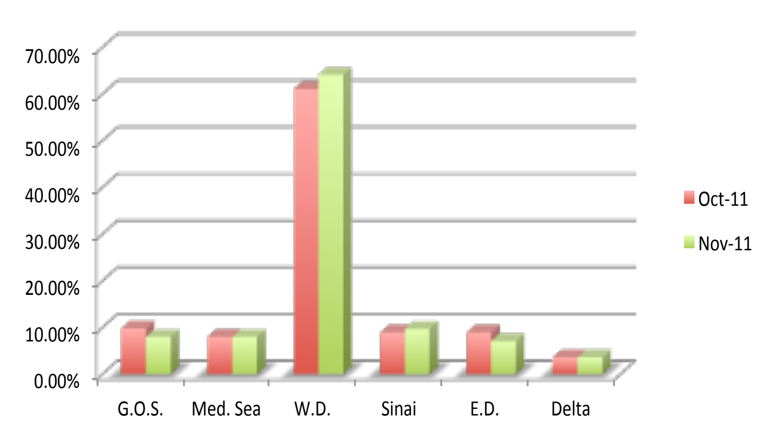
RIG COUNT

Area		Total	Percentage of Total Area
Area			
Gulf of Suez		9	8 %
Offshore	9		
Land			
Mediterranean Sea		9	8 %
Offshore	9		
Land			
Western Desert		73	64 %
Offshore			
Land	73		
Sinai		11	10 %
Offshore			
Land	11		
Eastern Desert		8	7 %
Offshore			
Land	8		
Delta		4	3 %
Offshore			
Land	4		
Total		114	100%

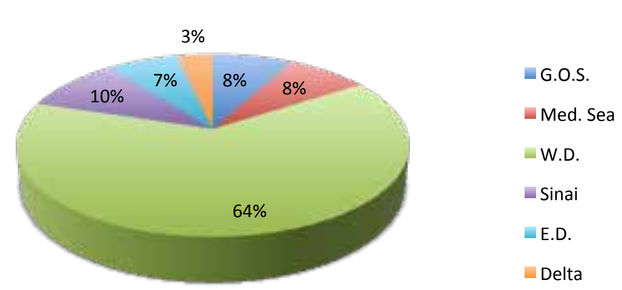
Rigs per Specofocation October - November 2011



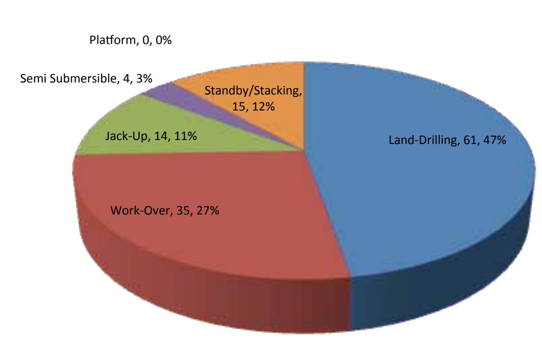
Rigs per Area October - November 2011



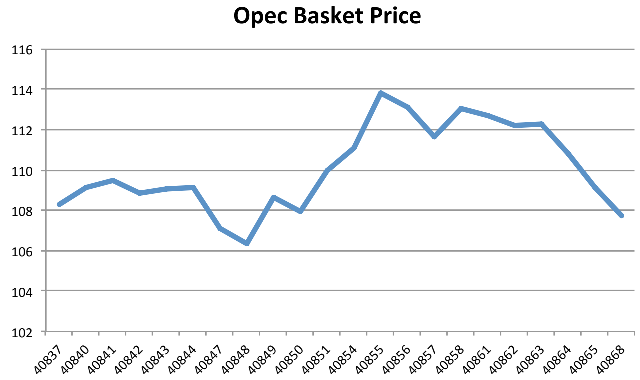
Rigs per Area November 2011 (Total of 114 Working Rigs)



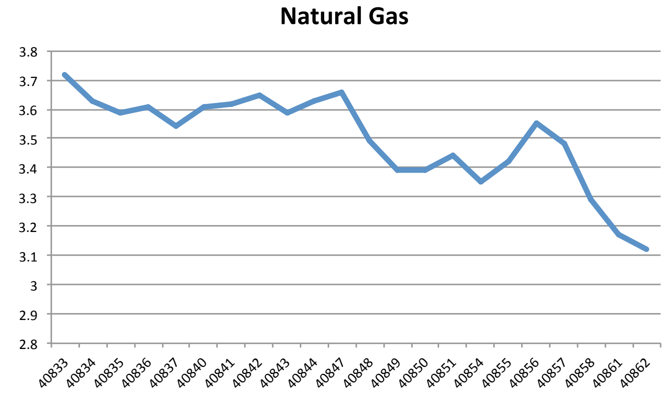
Rigs per Specification November 2011



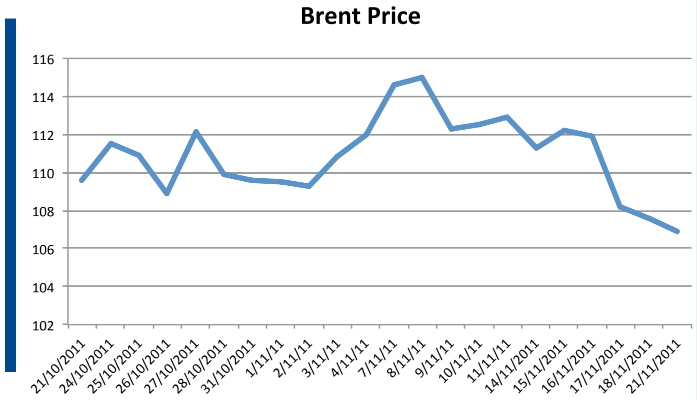
Opec Basket Price

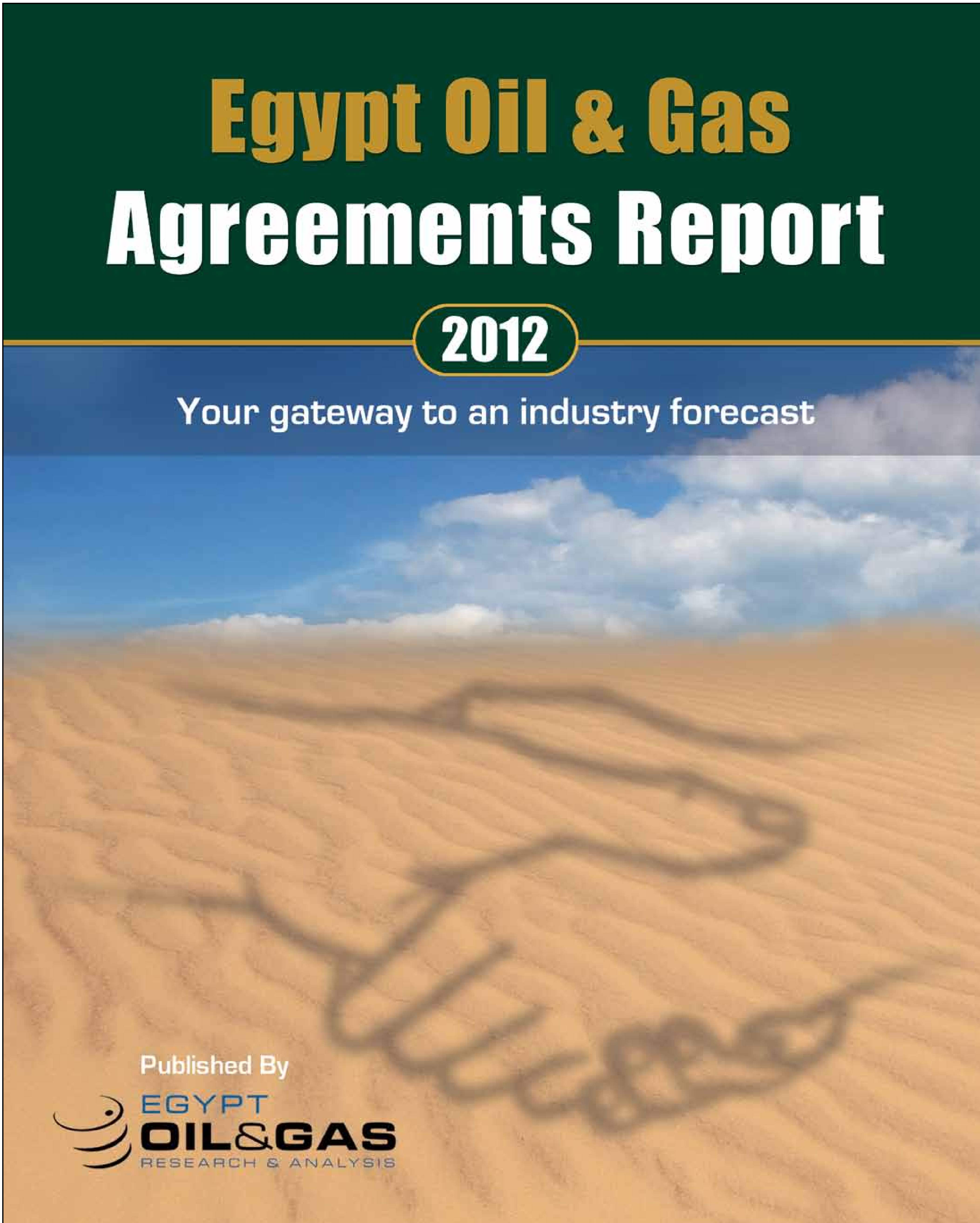


Natural Gas



Brent Price





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