

# Quitting the "cheaper is better" motto

The most prominent obstacles and challenges facing the petroleum services companies in Egypt

P.18

Interview P.14

Providing world-class technical services

Projects P.24

DEKA Development Project

Bullion Market			
GOLD		SILVER	
Price	Percentage	Price	Percentage
1747.81	-0.23%	33.25	-1.98%

Crude Oil			
		Price	Percentage
USD/BBL	WTI	89.58	-5.43%
	BRENT	111.28	-1.43%



HIGHLIGHT

Shell, TransGlobe and RWE win Egypt oil concession

P.04

# Governmental Economic Plan

## and Demands on Combustible

Following the recent announcement to the press delivered by the Egyptian Prime Minister Hisham Qandil, revealing the country’s 10-year economic plan, the country’s economy is foreseen to exhibit an annual growth between 3.5 and 4 percent in the 2012-13 fiscal years, followed by a one percent increase on the following fiscal year.

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Mediterranean News

New section

## Gujarat Concludes a New Mediterranean Drilling OperationWell by Rashpetco



Egypt, Israel, Lebanon, Syria, Cyprus and Turkey are expected to explore and exploit oil and gas in the East Mediterranean Sea. They plan to control these huge reserves which may change the world energy map and would have great influences on the economic status of the involved countries.

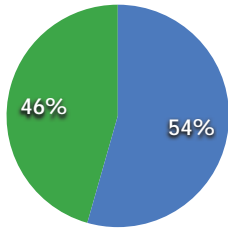
P.08

InReview

## Liquid Production: A look at the past present and future of Egypt’s liquid reserves

The 1970s was a period of transition for the Egyptian petroleum sector. The Petroleum Policy of 1973 mandated production-sharing contracts, which along with increased oil prices, attracted foreign investors. Exploration agreements for concessions in the Western Desert and Nile Delta regions were signed, yet exploratory activity during this time yielded few results.

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# Bewitched, bothered, and bewildered

Wrapping up and adding the final touches to this month's issue I sat to write my editor's note. I fear, yet have to admit that I had been postponing it intentionally. When we first started brainstorming ideas for this month's theme we decided to tackle the main challenges facing oil and gas service companies. Thinking cap on, excited, and ready to dig in I found myself faced with all the disturbing occurrences that happened this month. Whether it's the As-suit train/bus accident that we can confidently admit has "rocked a nation", or the ever so endless political instability which led to baffling decisions which stroke a rage in Egypt once again.

For a while I had hoped we could change our theme and dedicate it strictly towards politics. But then I realized all the issues are interlinked. The challenges facing the oil and gas service industry if not all industries are rocked by current and past political instability.

After a month of reading about the challenges, having open discussions, interviewing experts and watching the news I see the industry is in a state of "blank" if I may say.

The industry has inevitably earned the reputation of being a cash cow however this issue takes a closer look at the heart of it. Long vs. short-term investments, quality vs. cost, advanced technology vs. manpower know-how are all obstacles standing in the way of the oil gas industry and the future remains unclear.

However we must remain united, strong, and hopeful. Hope, I must repeat is essential. Ultimately the people of this country really strive and work towards the growth of there nation. Challenges or not Egypt is breaking the chains. God bless it.

Jermeen El Baroudy  
Managing Editor



The continuous dilema of Egypt Israeli gas exploration rights and boundaries



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This publication was founded by  
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**AFTER A SUCCESSFUL FIRST ROUND**



# THE FUTURE OF OIL & GAS AGREEMENTS IN EGYPT

TUESDAY,  
15TH OF JANUARY  
2013

**Moderated by Eng. Abdallah Ghorab, Former Minister of Petroleum**



**The discussion will raise issues such as:**

- ☞ Amendments that could be applied to the current contracting system that would render the sector more efficient and suit unconventional Exploration and Development methods
- ☞ The various problems encountered by investors during the contracting stage
- ☞ The role of cost recovery in the PSC that leads to perverse incentives and delay
- ☞ The economics of pricing and its effect on attracting investments

Organization by



## Qarun Expands in the Western Desert

Qarun Petroleum Company has concluded the drilling of a five new developmental wells in the Western Desert as part of its 2012-2013 developmental plan.

AMANA-3, is a developmental well that was drilled to a total depth of 7,200 feet, via the EDC-64 rig; and investments counted for \$ 808,310. The well was added to the company's overall production.

HEBA-244 is another developmental drilled by the company, located in East Bahariya, West development lease. It was drilled to a total depth of 6,830 feet, using the EDC-17 rig, and investments reached \$ 1.049 million. The well was added to the company's overall production.

The company also drilled HEBA-255, which is an oil-producing developmental well located in East Bahariya, West development lease. It attracted investments of \$1.197 million, and was drilled to a total depth of 6,700 feet utilizing the EDC-17 rig. The well was added to the com-

pany's overall production.

In addition, Qarun also drilled HEBA-505, which is an oil-producing developmental well located in East Bahariya, West development lease. It attracted investments of \$1.008 million, and was drilled to a total depth of 6,520 feet utilizing the EDC-63 rig.

Moreover, the oil-producing developmental well labeled as BENI SUIF-15 ST-1. It was drilled in the East Beni Suef concession, Gindi Basin to a depth of 7,380 feet via the EDC-47 rig. Drilling expenditure in the well reached \$1.740 million and it was added to the company's overall production.

The company's production rates during the month of October 2012 stood at 1,623,484 barrels of crude oil and condensates.

Qarun is a joint venture between the Egyptian General Petroleum Corporation (EGPC) and Apache Corporation.

## Dana boosts exploration and production activities in Egypt

Dana completed the East Zeit A17Z well on 8 September as a successful oil producer, with initial rates of 1,400 boepd and 3 mmscf/d through a 24/64" choke. This was the last well of a four well campaign that has significantly enhanced the long term production capability from the East Zeit Field, as well as identifying new opportunities to pursue in the medium term.

The Zeitco JV also completed the East Matr-4XST2 onshore well in North Zeit Bay on 10 October. This well encountered 34' of net oil sand in the Rahmi Member of the Kareem Formation. It has been tested at a maximum rate of 4,527 boepd and 4.797mmscf/d. This well will be brought onto production before the end of the year.

It is expected the new concession will be formally awarded in 2013 following

the ratification process by the People's Assembly (Parliament). The block is composed of two largely unexplored areas covering 1823.5 km<sup>2</sup> in the southern part of the Sinai Peninsula, east of the prolific Gulf of Suez.

Egypt Managing Director Nick Dancer said: "We are delighted with the continuation of our drilling success to build production and reserves in Egypt, and are pleased with the result of the bid round. We look forward to developing our relationship with Petroceltic and Beach Petroleum, which will allow us to diversify our exploration efforts into new areas.

"We are committed to Egypt in the long term and will continue to invest and seek further exploration and production opportunities. This is a key part of the Dana growth strategy over the next five years and beyond."

## Sapescos presents leading upstream & downstream integrated Solutions at ADIPEC 2012

Leading the regional upstream and downstream services market SAPESCO presented a range of leading technologies at the Middle East leading oil and gas event, the 15th Abu Dhabi International Petroleum Exhibition and Conference (ADIPEC).

During the event, Sapescos introduced its range of services for both the upstream and downstream industries, which span from onshore to offshore green & brown field development, all the way to hydrocarbon processing, covering Geophysical Surveys, ROV services, Positioning Services, Deep Water Marine Services, Pipeline services, Chemical Cleaning, Nitrogen Purging, Leak Testing, Stimulation, Pumping, Coiled tubing, Measurements, BH Gauges, CH Logging, Perforations, Pipe Recovery, Well Testing and Tubular Handling.



Sapescos impressed the exhibition attendees with its proven track record of delivering offshore and onshore-integrated solutions.

Finally, Sapescos demonstrated during the ADIPEC its capabilities in providing innovative integrated solutions to the Middle East oil and gas industry utilizing the latest technologies.

## Apache Drills a New Exploratory Well in the Western Desert

American Apache Corporation has concluded the drilling of a new exploratory well located in the company's concession area in the Western Desert, which comes in the context of its 2012-2013 drilling plan.

The new W.KAN-S-1X is an exploratory well. It was drilled using the EDC-57 rig to the depth of 15,580 feet, at a cost of \$ 6.274 million.

Apache Corp. is an oil exploration and development company with operations in various countries including the US, Australia, Canada, Argentina, the UK, and Egypt. The company produces an approximate 265,000 barrels of oil and 1.5 billion cubic feet of natural gas per day. The company operates in Egypt through Khalda Petroleum and Qarun Petroleum, both of which are jointly owned by the Egyptian General Petroleum Corporation (EGPC).

## Shell, TransGlobe and RWE win Egypt oil concession



State-owned oil firm Egyptian General Petroleum Corporation has awarded its first oil concessions since the 2011 revolution, granting licenses to Royal Dutch Shell, RWE and TransGlobe Energy, industry sources said.

The biggest winners were Canada's TransGlobe with four concessions and Royal Dutch Shell with three concessions including one via an Egyptian joint venture, the companies said.

RWE and a joint venture between Dana Petroleum, Petroceltic International and Beach Petroleum were also awarded one licence each, the companies said.

Maximilian Fellner, General Manager RWE Dea Egypt said, "We are pleased to have been offered this new concession, as it provides a valuable addition to our balanced oil and gas license portfolio in Egypt". Mr. Ross Clarkson, President & CEO of TRANSGLOBE ENERGY CORPORATION also expressed, "We are extremely pleased with the results of the bid round and eagerly look forward to the exploration and development of these very prospective new concessions. The award of these new concessions demonstrates TransGlobe's continued commitment to Egypt and will significantly expand our portfolio of opportunities".

## Khalda Intensifies Western Desert Drilling



A sizeable increase in drilling activity has been undertaken by Khalda Petroleum Company, as it has concluded the drilling of three exploratory wells and six developmental wells in its concession area in the Western Desert as part of its 2012-2013 development plan.

HATH DEEP-2X is an exploratory well, located in the Hathor Deep 1 exploration well in the Hathor Deep Development Lease, Shoushan sub-basin, Western Desert for deepening. It attracted investments of \$3.980 million. The drilling operation was conducted using the EDC-16 rig to a depth of 17,200 feet. The well is under appraisal.

The company also drilled another exploratory well labeled QASR-55X, located in Qasr field, Qasr development lease. It was drilled to the depth of 16,932 feet utilizing the EDC-8 rig, attracting investments of \$ 2.888 million. The well is an oil-producing well which is also under evaluation.

Another exploratory well drilled by Khalda is KAL.S-1X ST-1. It attracted investments of \$ 1.286 million, and was drilled to a depth of 12,550 feet via the EDC-16 rig. It is also under appraisal.

In addition, the company drilled E.KAL-A7, which is an oil-producing developmental well. It was drilled to a depth of 12,900 feet using the EDC-18 rig. Drilling expenditure in the well, amounted to \$1.660 million. The well has yet to be added to Khalda's overall production too.

## Petrobel Drills three Developmental Wells in Sinai

Belayim Petroleum Company (Petrobel) has concluded the drilling of three new developmental wells, in the company's concession area in Sinai; in the context of its 2012-2013 drilling plan.

Sources revealed that the 113-185 developmental well, was drilled to a depth of 11,467 feet using the ST-12 rig. The operation's investments amounted to \$3.223 million. The well was added to the company's overall production.

Furthermore, ARM-13 ST-1 another developmental well was drilled via the EDC-5 rig, to a total depth of 11,008 feet. It attracted investments of \$ 3.500 million and was added to the company's overall production.

SHAMS-12 ST-1 is another oil-producing developmental well drilled by Khalda. It attracted investments of \$4.270 million, and was drilled to a depth of 13,500 feet utilizing the EDC-40 rig.

Finally, the company drilled the SPYGLASS-2 developmental well. It was drilled to a depth of 11,500 feet via the ST-6 rig. The well attracted investments of \$2.176 million.

UNAS-4 is a developmental well drilled by the company to a depth of 6,400 feet using the EDC-61 rig. It attracted investments of \$ 930,000.

Furthermore, W.RZK-87 is an oil-producing developmental well located in the Khalda Offset New concession Northern Egypt Basin. It was drilled via the EDC-65 rig to a depth of 6,825 feet. Drilling expenditure in the well, amounted to \$922,000.

Finally, KHEPRI-41 is the last developmental well drilled by the company. It is located in the Bahariya formation. It was drilled to a total depth of 7,500 feet using the EDC-61 rig. The well attracted investments of \$702,000.

Khalda's production rates during the month of October 2012 stood at 4,454,452 barrels of crude oil and condensates while its natural gas production stood at 4,693,036 barrels of oil equivalent during the same month.

The company is a joint venture between the Egyptian General Petroleum Corporation (EGPC) and Apache Corporation.

112-145 is an additional developmental well drilled by Petrobel. It was drilled to a depth of 7,848 feet utilizing the ST-1 rig. The well attracted investments of \$2.463 million and was also added to the company's overall production.

Petrobel's production rates during the month of November 2012 stood at 3,778,459 barrels of crude oil and condensates while its natural gas production stood at 8,731,258 barrels of oil equivalent during the same month.

The company is a joint venture between the Egyptian General Petroleum Corporation and Italian company Eni.

## Cooperation Between Egypt and Iraq in Oil and Gas Field

Iraq and Egypt discussed the prospects of a joint cooperation between the two countries in the oil and gas field, during the meeting that was held between the Egyptian Minister of Petroleum and Mineral Resources, Osama Kamal and the Iraqi Ambassador, Nizar Kher –Allah.

The meeting discussed the possibility of a cooperation protocol between the two countries in specific mechanisms. These include service agreements, comprising price categories and dealing with it in the intervals to be reviewed, and evaluated in each period as one of its fast mechanisms. This helps cooperate and implement projects in the framework of regulations and procedures in both countries.

The Iraqi Ambassador stated that there are broad prospects for cooperation especially in the field of marketing Iraqi oil since Iraq is on the verge of facing significant challenges. Such challenges are represented

in increasing production capacity, difficulties in marketing and limited refining capacity, which is insufficient for local needs. Furthermore, he emphasized the desire of the Iraqi side to utilize the available Egyptian refining capacity in order to provide Iraq with petroleum products.

He also expressed his country's desire in holding a bilateral meeting with Iraqi Oil Minister as soon as possible. Whether in Egypt or Iraq the meeting will identify areas of cooperation, especially since there is seriousness from the Iraqi side to focus on the strategic dimension so as to employ economic resources relations between the two countries to reinforce the strategic relations.

The Egyptian and Iraqi sides signed earlier, a protocol for economic cooperation that includes Egyptian investment in many sectors of the economy and construction in Iraq.

## Zeitco Drills an Exploratory Well in the Eastern Desert

Zeitco Petroleum Company has concluded the drilling of an exploratory well. The drilling operations occurred in the company's concession area in the Eastern Desert as part of its 2012-2013 development plan.

FIN-3X is an exploratory well, located in the North Zeit Bay exploration block. Drilling expenditure in the well which was abandoned as a dry hole amounted to \$2.196 million. The drilling operation was conducted using

the RANMIA-1 rig to a depth of 7,300 feet.

The company's production rates during the month of October 2012 stood at 227,968 barrels of crude oil and condensates while its natural gas production stood at 15,709 barrels of oil equivalent during the same month.

Zeitco is a joint venture between the Egyptian General Petroleum Corporation (EGPC) and the British Dana Petroleum Company.

## A New Developmental Well in the Eastern Desert by West Bakr

The West Bakr Petroleum Company has concluded the drilling of a new developmental well in the company's concession area in the Eastern Desert.

Egypt Oil and Gas has learned that the H-19 well was drilled to a total depth of 5,414 feet, using the

EDC-62 rig. Drilling expenditure in the well amounted to \$1.284 million.

West Bakr Petroleum, is a joint venture between the Egyptian General Petroleum Corporation (EGPC) and US based operator TransGlobe Energy Corporation.

## Petrobel Drills three Developmental Wells in Sinai by West Bakr

Belayim Petroleum Company (Petrobel) has concluded the drilling of three new developmental wells, in the company's concession area in Sinai ; in the context of the its 2012-2013 drilling plan.

Sources revealed that the 113-185 developmental well, was drilled to a depth of 11,467 feet using the ST-12 rig. The operation's investments amounted to \$3.223 million. The well was added to the company's overall production.

Furthermore, ARM-13 ST-1 another developmental well was drilled via the EDC-5 rig, to a total depth of 11,008 feet. It attracted investments of \$ 3.500 million and was added to the company's overall production.

## Four New Egyptian Concessions by TransGlobe by West Bakr

TransGlobe Energy Corp. increased its acreage holdings in Egypt, scoring access to four new concessions. The new concessions were awarded to the company as part of EGPC's 2011/12 bid round, which closed March 29.

EGPC announced that TransGlobe was the successful bidder on four concessions with a 100% interest in all four. It is expected that the new concessions will be awarded in late 2013 following the ratification process which culminates when each concession is passed into law by the People's Assembly.

The new concessions will increase TransGlobe's Egyptian exploration holdings by approximately 3,241 sq km. Three concessions (NW Gharib, SW Gharib and SE Gharib) are proximal to the company's core producing area at West Gharib/West Bakr onshore Gulf of Suez in the Eastern Desert. The South Ghazalat concession is located in the Western Desert west of the TransGlobe's East Ghazalat concession.

All four concessions have a seven-year exploration

term which will commence when the respective concessions are passed into law. The seven-year term is comprised of three phases starting with an initial three year exploration period and two additional two-year extension periods. The new concessions provide for the approval of 20-year development leases on commercial discoveries.

The company committed to spending \$101 million in the first exploration period including; signature bonuses, the acquisition of new 2D and 3D seismic, and an extensive drilling program approaching 40 wells.

Ross Clarkson, president & CEO said "We are extremely pleased with the results of the bid round and eagerly look forward to the exploration and development of these very prospective new concessions. The award of these new concessions demonstrates TransGlobe's continued commitment to Egypt and will significantly expand our portfolio of opportunities."

## Choice Words



Dr. Hisham Qandil  
Prime Minister, to El Dostour website

“

The government has reached the optimum average of the strategic reserve of butane, and the balance of strategic reserves of butane has reached its sufficient levels that can cover 10 days in advance

”



Eng. Osama Kamal, Minister of Petroleum and Mineral Resources directly quoted from Anadol press agency

“

Egypt's importation of gas is considered a purely economic concern and it is related to the developmental needs that the government wants to achieve, pointing out that we cannot blame Kuwait – the main country in oil production - for importing gas as long as there is an economic reason required.

”



Engineer Hany Dahy Chairman of the EGPC to the Egyptians Electronic Gateway.

“

The EGPC got facilitated financing through the system of Islamic interests from the International Islamic Foundation for Trade Financing, a member of the Islamic Development Bank, with \$ 235 million, the equivalent of about one billion and 433 million Egyptian pounds

”



Eng. Sherif Ismail, GANOPE's Chairman, to Elhram Electronic Gateway

“

Dr. Hesham Qandil's government has approved to offer the sector called (Taer ElBahr) located in the Gulf of Suez; in the tender aimed at oil and gas exploration. Operation in this sector has stopped in 2002 because the ministry of Tourism was afraid of causing environmental pollution

”



Dr. Hossam Arafat, Head of petroleum products in the Commercial Chambers, to ElMasrawy Website

“

There are many fuel crises that need immediate solutions

”

## Significant Rise in Agiba's Production

Monthly production for Agiba has witnessed relative increase over the six-month period from May 2012 to October 2012.

During the designated analysis period, production was at its lowest point in the earliest month of May 2012 at 1,253,350 barrels of crude oil and condensates. It then rose intermittently to reach its highest point in the analysis period in the latest month of September 2012, hitting 1,518,353 barrels.

The company's production numbers of crude oil and condensates during the specified period averaged 1,370,977 barrels per month.

As for Agiba's oil equivalent production indicators; the highest production achieved was 66,017 barrels produced in October 2012, while its lowest production number was witnessed in the month of September 2012 with 51,998 barrels produced.

Agiba's production numbers of oil equivalent during the specified period averaged 59,267 barrels per month.

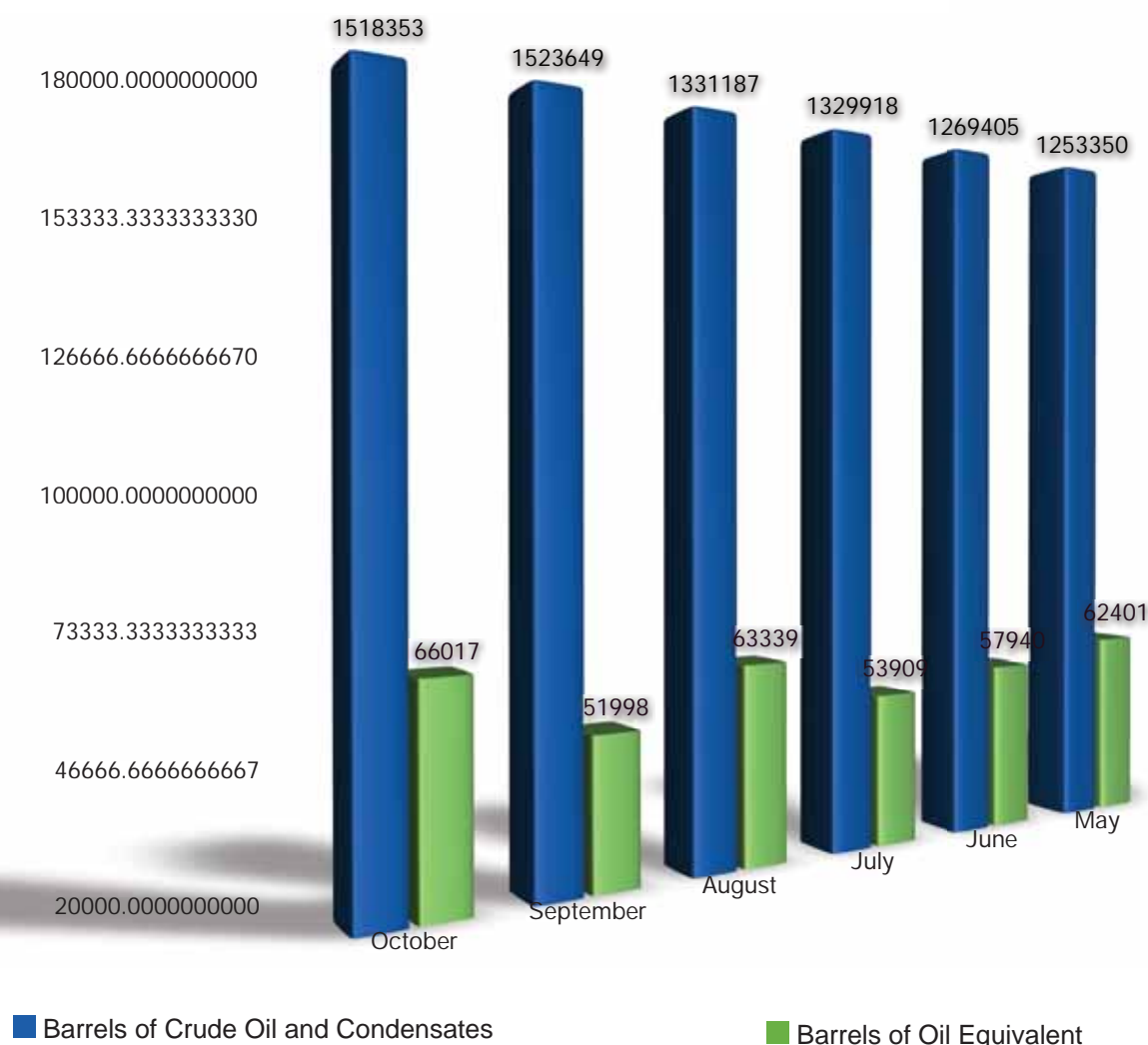
In recent drilling activity, Agiba Petroleum Company has completed the drilling of a new exploratory well, in the company's concession area in the western Desert.

Egypt Oil and Gas has known that the E.AGH DEEP-1 well located in the Bahariya Formation ;was drilled using the PDI-147 rig to a depth of 11,200 feet. Drilling expenditure in the well which was abandoned as a dry hole reached \$3.118 million.

The company's production rate of crude oil and condensates reached 1,518,353 barrels in October 2012, while its natural gas production stood at 66,017 barrels of oil equivalent during the same month.

Agiba is a joint-venture company that includes Eni with 28%, Lukoil Overseas with 12%, the International Finance Company (IFC) with 10%, and the Egyptian General petroleum Corporation (EGPC) holding the remaining 50%.

Agiba's Production indicators May-October 2012



## Bapetco Witnesses Steady Production

Badr ElDin Petroleum Company has witnessed steady production numbers for the six-month period from May 2012 to October 2012.

An assessment of the company's crude oil and condensates production indicators reveals an average of 1,139,661 barrels per month during the selected period.

The highest production achieved during the analysis period was 1,185,549 barrels, produced in August, while its lowest production number was witnessed in the month of June, in which 1,081,207 barrels were produced.

As for Bapetco's oil equivalent production indicators; the highest production achieved was 2,131,250 barrels produced in May 2012, while its lowest production number was witnessed in the month of September 2012 with 1,968,036 barrels produced and with an average of 1,139,661 barrels.

In recent drilling activity, Badr ElDin Petroleum Company (Bapetco) has concluded

the drilling of two new exploratory wells in its concession area located in the Western Desert.

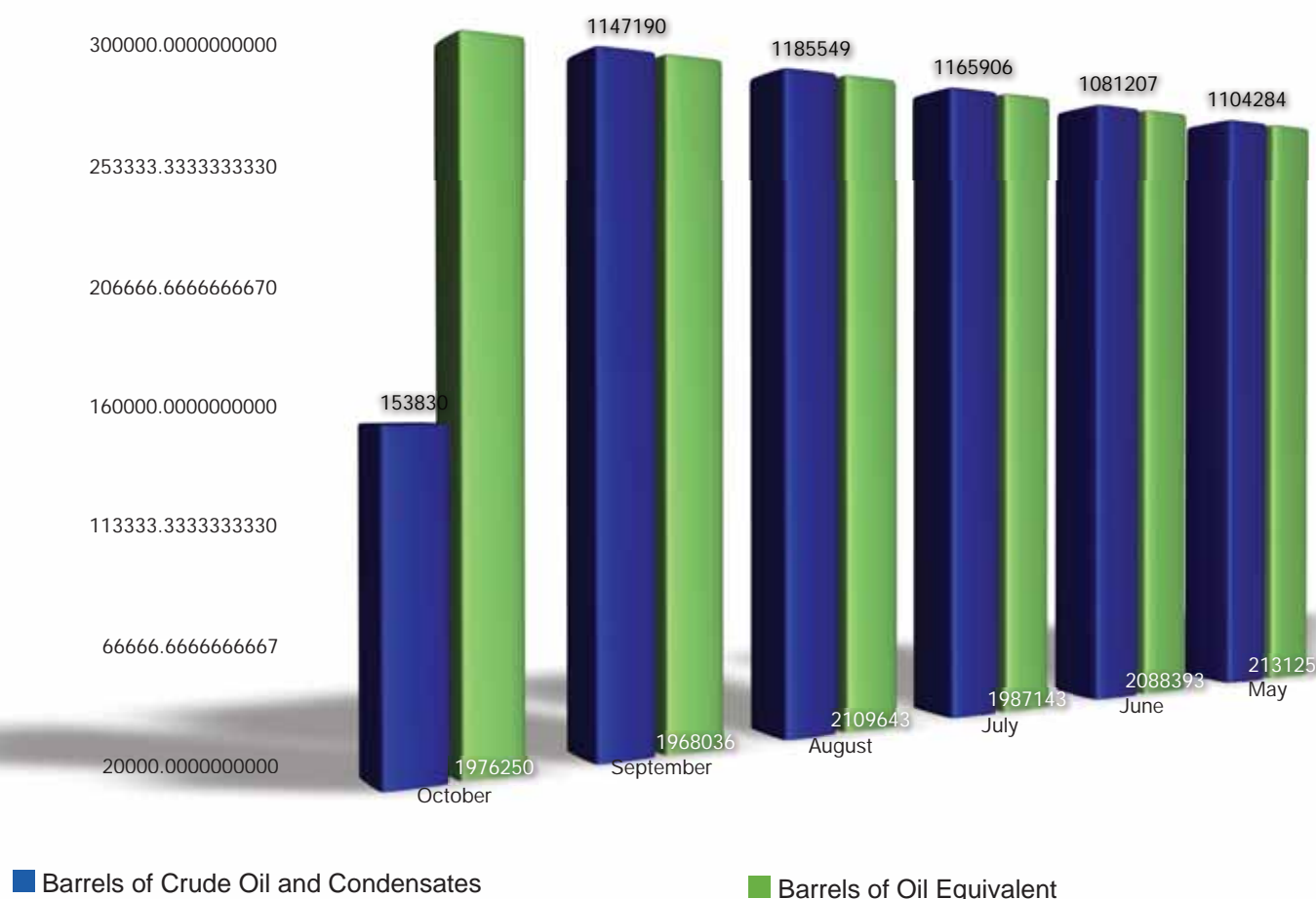
C4 E-ASITRA well is an oil-producing exploratory well. The well was drilled to a depth of 14,7049 feet via the EDC-42 rig with investments totaling \$3.186 million.

In addition, the company also drilled the exploratory well C4 CENSITRA. Drilling expenditure in the well which was abandoned as a dry hole reached \$3.613 million. It was drilled to a total depth of 10,598 feet, utilizing the EDC-72 rig.

Bapetco's production rates during the month of October 2012 stood at 1,153,830 barrels of crude oil and condensates while its natural gas production stood at 1,976,250 barrels of oil equivalent during the same month.

Badr El Din petroleum is a joint venture company between the Egyptian General Petroleum Corporation (EGPC) and Royal Dutcah Shell.

Bapetco's Production indicators May-October 2012

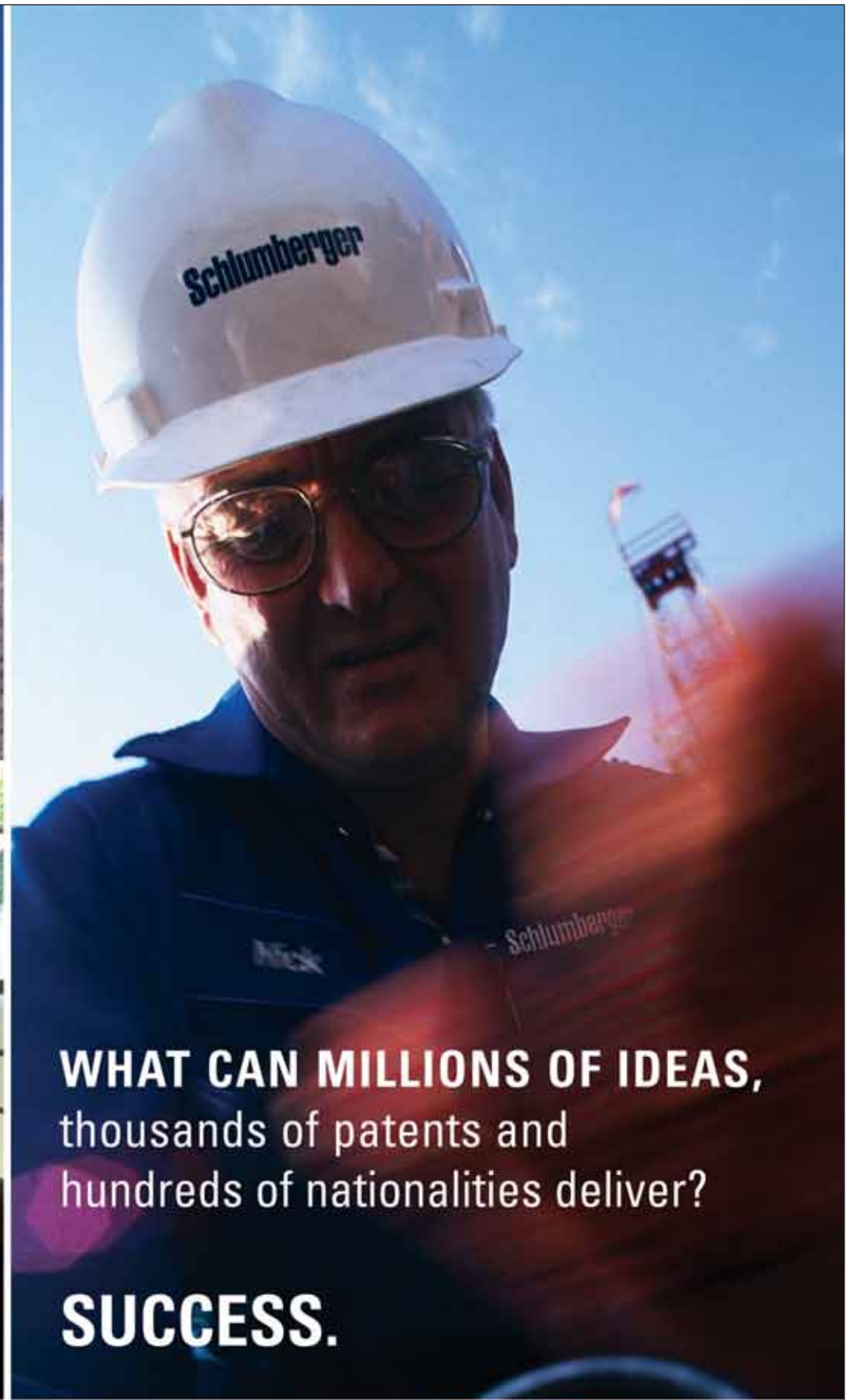


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WHAT CAN MILLIONS OF IDEAS,  
thousands of patents and  
hundreds of nationalities deliver?

**SUCCESS.**



**Schlumberger**



## Gujarat Concludes a New Mediterranean Drilling Operation Well by Rashpetco

Gujarat State Petroleum Corporation has concluded drilling operations for the N.HAPY-3X exploratory well.

The well was drilled in the company's concession in the Mediterranean Sea as part of the company's drilling plan for the 2012-2013 fiscal year, and was temporarily plugged and abandoned after encountering modest amount of oil.

N.HAPY-3X was drilled feet via the N.P.RMNO rig, attracting \$38 million in drilling investments.

Gujarat is an Indian state-owned oil company with operations in

both the upstream and downstream segments of the global petroleum industry. It operates in India as well as Egypt, Yemen, Indonesia, and Australia.



## Petrobel Drills a Developmental Well in the Mediterranean Sea



In context of its 2012-2013 drilling plan Belayim Petroleum Company (Petrobel) has concluded the drilling of a new developmental well, in the company's concession area in the Mediterranean Sea;.

Sources revealed that Petrobel drilled the TNW 2-11 STI developmental well which was drilled to a depth of 13,734 feet using the AL QAHR1 rig. Drilling expenditure for the well amounted to \$72 mil-

lion.

Petrobel's production rates during the month of October 2012 stood at 3,778,459 barrels of crude oil and condensates while its natural gas production stood at 8,731,258 barrels of oil equivalent during the same month.

The company is a joint venture between the Egyptian General Petroleum Corporation and Italian company Eni.

## Guest Column

### The importance of the ISO's Implementation in the Egyptian Petroleum Sector

No one can deny that structural reform became inevitable; accordingly we must begin with the process of comprehensive administrative reform that improves the service; saving time and effort to obtain it. This administrative reform can be achieved over a reasonable time frame.

The reform starts with simplifying the procedures of dealing with the economic facilities and the development of accepted mechanisms that ensure the satisfaction of the employee. Or by, forming departments that serve the business sector; in order to improve the investment and the database environments. Furthermore, in order to enhance the service and ensure its continuity at the required level, current expenditures should be increased through cost recovery. All these tasks can be achieved by means of cooperation with scientific institutions and research centers; so as to achieve the integration between public policies and effective management.

Moreover the reform policies include, developing methods of employees' performance, evaluation in the Egyptian General Petroleum Corporation, attracting the talented and the experienced workforce. In addition to suggesting ways to maximize productivity, to improve financial decision-making, to track costs, and to detect problems that hinder the effective performance of the employees.

The proposed program of administrative reform aims at the re-delivery of the public services and monitoring them, defining the responsibilities of each segment within the EGPC and defining mechanisms that govern and regulate the work within.

Thus the administrative regulations are essential in assessing the global investment decision. They also help in combating corruption through its clear rules and regulations.

Ezz El-Din Allam Mohamed

Reservoir Studies General Manager

## Mediterranean Statistics

### Production

#### Oil

#### Barrel

October-10	October-11	October-12
N/A	N/A	N/A

#### Condensate

#### Barrel

1412179	1372964	1228546
23570357	22387143	23614464

#### Equivalent Gas

#### Barrel

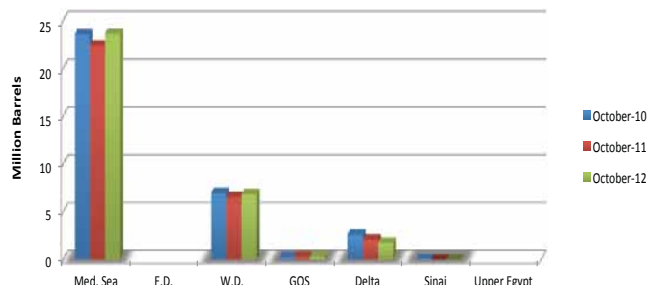
October-10	October-11	October-12
23570357	22387143	23614464

#### Liquefied Gas

#### Barrel

October-10	October-11	October-12
358260	402971	386810

Equivalent Gas Production October 2010 - 2012



### Mediterranean Rig Count 2012

Total	Percentage of Total Rigs
8	7 %

## Mediterranean Fact

There was a remarkable development in the drilling operations of the Mediterranean Sea. Since, there were 42 wells drilled in the period from 1980 to 1990.

This development continued to expand; in view of the fact that there were 127 wells drilled in the period from 1990 to 2000.

## PICO 4

A PRESENT SUCCESS TO FUTURE EXPANSION IN OFFSHORE JACKUPS & WELL INTERVENTION.

PICO 4 is one of the largest fully equipped, self-elevating and self-propelling work-over platforms in the world. Its unique features include dynamic positioning, Weather resistant (SNAME compliance), independent jacking systems as well as two free to move cranes with total four hundred tons load capacity. Having on board full fledge facilities; PICO 4 provides a solution partner with the highest safety standard equipment for safe well maintenance and well intervention including milling, short-interval drilling jobs, stimulations, changing completions, and more.



## 3D Seismic Survey in Kenya by Vanoil

Vanoil Energy Ltd. has completed its 100 sq km 3D seismic and gravity survey over its Western leads on Block 3A in Kenya. The survey was the first 3D seismic survey ever completed onshore in Kenya and it complements the 845 km of 2D seismic previously acquired by Vanoil.

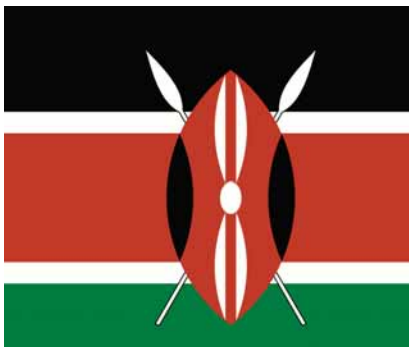
A suite of substantial drilling targets has been defined on Block 3A within the surveyed area and Vanoil plans to select its first two well locations by the end of November.

Furthermore to its drilling plans the company has signed a contract with

Sinopec to secure the last available onshore drilling rig in Kenya and the rig is stacked in Nairobi and ready for mobilization. Vanoil's contract includes two firm wells and an option for two more.

With its seismic surveys completed and a drilling rig in place, Vanoil is on track to spud its first well in Q1 2013. Aaron D'Este commented, "Vanoil has completed a comprehensive exploration program in Kenya, using 3D seismic and the latest interpretation techniques to produce robust drilling targets. Securing the last available

onshore rig in Kenya allowed Vanoil to avoid substantial mobilization fees and to be ready for its first well in Q1 2013."



## Oil-rich Angola bids to secure future with \$5bn wealth fund

Angola, Africa's second-largest oil producer, has launched a \$5 billion sovereign wealth fund in an attempt to diversify its economy -- a move more associated with wealthy Gulf States like Qatar and the UAE.

The state-owned investment fund, known as the Fundo Soberano de Angola, will invest domestically and internationally, focusing on infrastructure development and the hospitality industry. These are two areas the Government of Angola believes is "likely to exhibit strong growth".

In an exclusive interview with CNN, Jose Filomeno de Sousa dos Santos, the son of Angola's longtime president who is on the board of the fund, said "now is a very good time."

He added: "The country has had around five years of steady growth, good growth, mostly based on oil production increases, and it plans to diversify the economy. The best way to do that is to do that is to intervene directly in the economy through investments."

More than 90% of Angola's revenue comes from oil production -- reaching around 1.9 million barrels a day -- and it is second only to Nigeria in its exports. But despite its oil wealth, the country remains largely impoverished.

## New Oil Discovery in Gabon by VAALCO

VAALCO Energy has made a discovery with the drilling of the N'Gongui 2 well in Gabon, encountering hydrocarbons in the Gamba Sanstone section. The well is located onshore the West African country on the Mutamba Iroru concession.

The discovery is located approximately six miles south of the producing Atora field operated by VAALCO's partner on the Mutamba Iroru, Total Gabon. Future development plans on the Mutamba Iroru will investigate connecting into the field's export pipeline.

Robert Gerry, chairman and CEO, commented: "With our partner, Total Gabon, we have elected to drill this well as a 'tight hole' and therefore specifics of the operation will not be released until a later date. Suffice to say that VAALCO is excited about the results as the reservoir encountered is the same oil bearing sandstone that produces so prolifically from our offshore fields in Gabon. We are presently conducting additional operations to ascertain the size of the reservoir, reserves and plan of development."

VAALCO, as operator, totals each share with a 50% working interest in the joint operation on the 270,000 acre Mutamba Iroru block, located onshore near the coast in central Gabon. The block is subject to an 18% Gabon government back-in interest in the event of a development.

## Tullow discussing its Operation in Papua New Guinea

Papua New Guinea may see the entrance of one of the most successful independent explorers operating in Africa, Tullow Oil Corp. Hyperdynamics Corp. reported that its wholly owned subsidiary, SCS Corporation Ltd, entered into an agreement with a subsidiary of Tullow for exclusive negotiations in respect of a potential acquisition of a 40% gross in Hyperdynamics' license.

According to the agreement the exclusivity period is scheduled to terminate on November 19. In the

event that a definitive agreement for the acquisition of the interest is entered into during the exclusivity period, it will be subject to customary provisions relating to the satisfaction of certain conditions precedent prior to completion of acquisition.

On the other hand in the event that a definitive agreement for the acquisition is entered into, completion of the transaction is expected to take place by end of year.

Since entering Papua New Guinea Hyperdynamics has negoti-

ated with several firms to farm out stakes in the huge offshore license, with one negotiation ending in Dana Petroleum (KNOC) joining on the license. In April the company reported it was looking for another partner.

The license has conducted a myriad of geological and seismic surveys concluded drilling one well. Hyperdynamics spud its first well in 2011, the Sabu-1, and after some mechanical difficulties it was declared a non-commercial hit.

RWEDea



### SUCCESS THROUGH INTERNATIONAL OPERATIONS

RWE Dea is a top-performing German company for the exploration and production of natural gas and crude oil, operating on an international scale. Exploration expertise, state-of-the-art drilling and production technologies and a diverse range of professional experience and know-how acquired in 112 years of corporate history make RWE Dea a powerful company engaged in numerous operations at home and abroad. Safeguarding energy supplies and environmental protection are key objectives. RWE Dea is part of the RWE Group - one of Europe's biggest energy corporations.

In Egypt, RWE Dea and its legal predecessor have been operating in the upstream segment since as far back as 1974 and, as an operator, can look back on more than three decades of oil production in the Gulf of Suez. The company made a number of major gas discoveries in recent years and boosted its activities considerably.

With the start of field-development of the operated Disouq and the non-operated West Nile Delta projects RWE Dea shows further commitment with long term investments serving the domestic energy needs. RWE Dea has a total of 12 onshore and offshore concessions in Egypt, across a concession area about 19,000 square kilometers.

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The energy to lead

## Statoil: Troll C Field to Remain Shut for Days

Norwegian oil and natural gas producer Statoil ASA confirmed that its Troll C platform in the North Sea will remain out of operation for a few more days.

The company stopped production after discovering corrosion in two tanks used to treat the gas, during a routine inspection. Statoil confirmed the corrosion occurred under insulation, which is a well-known problem.

"In a few days we will be able to give more information about the expected duration of the production stop," Statoil said.

According to the company, Troll C is one of three platforms at the giant Troll field, and produced about 120,000 bar-

rels of oil and 10.5 million cubic meters of gas.

Operator Statoil has a 30.58% stake in the Troll field, while Petoro AS has a 56% stake. The remaining stake is split among AS Norske Shell, Total E&P Norge AS and ConocoPhillips Skandinavia AS. The Fram license, which is connected to Troll C, owns 50,000 barrels a day of the oil production and 2 million cubic meters a day of its gas production. Statoil has a 45% stake in the Fram license, while ExxonMobil Exploration & Production Norway AS holds 25%. Idemitsu Petroleum Norge AS and GDF Suez E&P Norge AS each have 15%.

## BP Wins 4 Blocks Offshore Canada

BP was the successful bidder for four deepwater exploration blocks offshore Nova Scotia, Canada.

The Canada-Nova Scotia Offshore Petroleum Board announced that BP was the successful bidder for blocks five, six, seven and eight in the Call for Bids NS12-1. The blocks together cover an area of almost 5,405 square miles (14,000 square kilometers) and are located approximately 186 miles (300 kilometers) off the Nova Scotia coast, southeast of Halifax, in water depths ranging from 328 to over 9,843 feet (100 to over 3,000 meters).

Mike Daly, BP Executive Vice President of Exploration said, "This award gives us access to a significant piece of geology, one of the most promising new deepwater areas to be licensed in recent years. Exploration is a key driver of future growth for BP, and access to prospective new acreage such as this is essential. This entry to Nova

Scotia's offshore plays to our strengths in the deepwater and sub-salt."

A condition for the issuance of an Exploration License, BP must within thirty days post a security with the Petroleum Board in the form of a work deposit. The CN-SOPB would then award the Exploration Licenses to BP effective January 15, 2013. BP then must submit an Exploration Plan to the Petroleum Board within ninety days of that effective date.

In recent years, BP has secured access to significant new upstream acreage globally; half of BP's prospect inventory now comprises new plays and half is in proven plays in known basins. "We are pleased about the quality and materiality of our exploration prospects. In addition to deepening in our existing core areas, our drilling program is expected to test 15 completely new plays between 2012 and 2015," said Daly.

# Direct your data like a maestro



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**HUAWEI ENTERPRISE A BETTER WAY**

## China's LNG Industry to Benefit from VAT Reform

China's liquefied natural gas (LNG) players are expected to benefit from the country's tax reform that replaces turnover tax with value-added tax (VAT) for the transportation industry in selected regions, industry sources said on Wednesday.

The tax reform is part of the country's program in stimulating consumption through tax reduction.

The country's Guangdong and Fujian provinces have been implementing VAT in the transportation sector since beginning of November, following Beijing, Shanghai, Jiangsu and Anhui.

Market players who need to pay for their LNG transportation services by trucks are expected to receive a larger proportion of tax credits, the sources said. "We could receive just 7% tax credit of the invoice value which is

issued by the logistic firm and is titled as turnover tax before the reform. Now we are able to obtain a full 11% tax credit of the invoice value which is titled as VAT," a Guangdong-based gas company source said.

If the transportation cost is yuan (CNY) 30,000 (\$4,800), for example, comprising CNY10,000 of toll fees and CNY20,000 of other costs which includes fuel and labour expenses, the latter CNY20,000 can be issued with a VAT invoice. This means that CNY2,200 can be deducted from its taxes, instead of just CNY2,100 before the reform, the source explained.

The larger tax credit can be granted to LNG producers, traders and downstream consumers without geographic restrictions, as long as the invoice they receive from logistics companies is titled as VAT, the source added.

The reform's impacts on logistics companies are yet to know, the source said.

Meanwhile, the VAT reform is expected to better regulate the LNG transport industry in China, as self-employed taxpayers are not allowed to be granted a VAT invoice, a central China-based logistics company source said.

Therefore, non-company operations in the LNG transport sector will be restrained, thus helping the industry to scale up, the source added.

Turnover tax and VAT are two major tax categories in China. Turnover tax applies to a production process of a business with the tax rates varying from 2% to 6% in the transport sector in different regions, while VAT is levied on the difference between a commodity's price before taxes and its cost of production.

## QAPCO to Inaugurate Third Low-Density Polyethylene Plant



Qatar Petrochemical Company's (QAPCO) preparations are almost complete for what promises to be a memorable inauguration on the 20th of November 2012 at Mesaieed Industrial City for its new state-of-the-art petrochemical facility, the QR2.3bn LDPE 3.

The high-profile event will see the facility, officially launched by His Highness Sheikh, Hamad bin Khalifa Al Thani, Emir of the State of Qatar.

QAPCO considers the LDPE 3 facility as another step in the company's role towards fulfilling the economic diversification goals of the Qatar National Vision 2030.

While the country is blessed with ample hydrocarbon resources, the added value lays in the refined product.

Low Density Polyethylene, or LDPE, is the raw material required to manufacture most thermoplastic-based products. This includes items such as packaging, agricultural, extrusion coating lamination, and high clarity films, along with injection molding, pipes, cables, wires, and other related products.

The new facility will produce prime high pressure grade LDPE than exist-

ing QAPCO facilities, thus positioning the company as a global leader in LDPE production.

Currently, QAPCO's manufacturing facilities consist of an 800 KTPA (kiloton per annum) ethylene plant, a 70 KTPA sulfur processing facility, and two pre-existing LDPE plants, with a capacity of 400,000 MTPA. While the LDPE 3 facility came fully online, it is designed to take advantage of the company's excess ethylene feedstock, it will be producing 300,000 metric tons of LDPE per annum; thus increasing QAPCO's annual production of LDPE to 700,000 metric tons per annum.

"At some point in the future, most plastic products sold world-wide can essentially have a 'Made in Qatar' stamp on them as the raw material would have been supplied by us," concluded Dr. Mohammed Yousef Al-Mulla, QAPCO's Vice Chairman and Chief Executive Officer. "At the rate of the QAPCO's growth, and our increasingly diversified petrochemical portfolio, I believe that the future may not be too far away," he added.

## Fluor Wins Downstream Framework Deal from Shell

Fluor Corporation announced Friday that Shell has awarded the company a 5-year enterprise framework agreement for engineering and project management services for Shell's downstream, and potentially, upstream onshore projects in Europe, Africa and the Middle East (EAME). Under terms of this agreement, Fluor will provide design, project and construction management, home-office and site-based engineering services.

"This new enterprise framework agreement with

Shell for the EAME region demonstrates Fluor's alignment with Shell's global strategy," said Peter Oosterveer, president of Fluor's Energy & Chemicals Group.

The agreement includes an option for a further five-year extension and opportunities to include Shell's upstream projects and other geographic regions.

Fluor is currently working on Shell projects in Malaysia, the Philippines and Canada and provides operations and maintenance.

### Texas Achieves 8,521 MW of Wind Power

Texas, a state better known for oil production, just hit an all-time record of 8,521 MW from wind power (sent to its largest grid). 8,368 MW sent to the grid from wind power was the previous record. It was achieved twice this year, as well. The day when 8,521 were achieved was the last of a three-day run with an average of about 5,000 MW.

Critics of wind power point to government subsidies, but many forms of energy have received such support, including fossil fuels. But the State of Texas website explained: "As early as 1916, the federal government instituted income tax incentives to encourage individuals and corporations to drill for oil. During the 1930s, federally financed dams created hydroelectric power. From the 1950s onward, the federal government financed research into nuclear power. More recently, the federal government has provided research funding and other financing to expand the availability of renewable energy sources. Virtually all U.S. energy resources have received or currently receive subsidies."

The huge southwestern state has the best wind power potential in the U.S. and could have 1.9 million wind turbines installed, according to one estimate. This wind power trend isn't only good for Texas.

New transmission lines could be built to send power out of the state. "The next real frontier for the renewable industry is to try to fix the transmission grid so you can connect what are natural markets that want the stuff with natural areas of production like the Panhandle in Texas," said CEO Mike Garland.

An intra-state transmission line might be able to send 18,500 MW from rural to metro areas.

### Australia Targets 85% Energy Generation from Renewable Sources By 2050

According to the recently published energy white paper from the Australian government, renewable energy sources could provide 40% of Australia's energy demand by 2035 and 85% by 2050. This could be achieved by virtually eliminating coal-fired power stations over this time period. The paper

was launched by Minister for Resources and Energy Martin Ferguson. According to the Australian government, average electricity prices have increased to 40% in the last four years, and above 50% in some states, which is "simply not sustainable."

The white paper focused on the country's use of alternative energy, specifically natural gas and solar. According to the white paper, the government is determined to offset its dependence on coal-based energy, hoping to establish a new dependency on renewable forms of energy. It also talked about development strategies for natural gas and renewable energy in the coming decades to reduce coal supply usage. It is estimated that the transformation from coal to renewable energy would require an investment of A\$200 billion in new power stations and infrastructure, including around A\$50-60 billion in gas and A\$100 billion in renewable energy.

Australia has made significant progress in the renewable energy sector over the past decade, but the energy focus for future needs remains natural gas. While launching the paper in Melbourne, Ferguson said he wants Australia to develop one of the "biggest gas markets in the world" and invest hundreds of billions into export terminals.

### Two Solar Parks to be built in Thailand by Conergy

Thai Solar Energy Co Ltd has partnered with Conergy for the supply of equipment for two solar parks in Thailand, and to provide engineering, procurement, and construction (EPC) for these Thai solar parks, which have an aggregate capacity of 21 MW.

Conergy will develop the solar parks at two locations in Thailand, Suphan Buri Province and Kanchanaburi Province, Thai Solar Energy announced.

Solar parks will cover an area of approximately 500,000 square meters. Collectively, these parks will generate 29,500 MWh electricity per annum, enough to power 14,000 households. Both solar parks are expected to be com-

missioned by February 2013. Together, the parks will reduce CO2 emissions by 15,700 metric tonnes per year, a Conergy public relations officer said.

Conergy continues to dominate the solar EPC market in Southeast Asia. Conergy believes that the commissioning of these solar parks will strengthen Thailand's position as a leading solar energy nation in Southeast Asia. These solar parks represent the fifth and sixth solar park Conergy has undertaken in Thailand. Thai Solar Energy Co. Ltd currently operates one solar park in Kanchanaburi Province.

"The Thai government wants to meet one quarter of the country's energy requirements using renewable energy sources by the year 2022. This is providing a baseline of support to the development of a solar energy market in Thailand," stated Alexander Lenz, President Asia & Middle East for Conergy.

Thailand benefits from strong year-round solar radiation and immense government support, which makes it a viable location for solar power development.



# Connecting chemistry with innovation

Antoine Samaha, Dow's Regional Commercial Director shares with EOG the company's achievements, challenges and future plans



By: EOG

## ***Please provide a brief background of The Dow Chemical company and its petrochemical operations***

Dow combines the power of science and technology to passionately innovate what is essential to human progress. The Company connects chemistry and innovation with the principles of sustainability to help address many of the world's most pressing issues, such as the need for clean water, renewable energy generation and conservation, and increasing agricultural productivity. Dow's diversified industry-leading portfolio of specialty chemical, advanced materials, AgroSciences and plastics businesses deliver a broad range of technology-based products and solutions to customers in approximately 160 countries and in high-growth sectors such as electronics, water, energy, coatings and agriculture.

Our people around the world develop solutions for society based on Dow's inherent strength in science and technology. For over two decades we have embraced and advocated Responsible Care® — a voluntary industry-wide commitment to safely handle our chemicals from inception in the laboratory to ultimate disposal. This worldwide commitment helps consumers lead better lives, customers succeed, stockholders prosper, employees achieve and communities thrive.

Our Oil & Gas operations globally have a clear focus on maximizing value for our customers by constantly innovating to meet market needs. Through rigorous market knowledge, chemistry expertise and advanced innovation, the Dow Oil & Gas operations has garnered the capabilities to help improve the efficiency, speed, capacity, and environmental sustainability of downstream processes and the performance of products. Dow's problem-solving process also brings a unique merger of chemistry and engineering experience for a more comprehensive understanding and solution to market challenges.

It is through our knowledge in areas of exploration, production, refining and processing, coupled with more than 100 years of chemistry expertise, that Dow extends its impact on the oil and gas sector across developed and emerging markets.

## ***What countries/regions does Dow Chemical operate in?***

Dow has offices operating in Europe, Middle East & Africa, Asia Pacific, North and Latin America, where we supply a broad range of products and services to customers in approximately 160 countries. The Company has more than 5,000 products that are manufactured at 197 sites in 36 countries across the globe.

In Africa, Dow has been present for more than 50 years and enjoys a growing commercial and

manufacturing presence across the region. We have seven commercial offices located across Kenya, Algeria, Egypt, South Africa and Ghana, along with four manufacturing facilities and two technical service centers serving the continent. We serve 700 customers across 38 countries on the continent and have more than 300 employees. Our manufacturing facilities supply products to various industries, including: AgroSciences, coatings, textiles, furniture and personal care, and provide solutions for local water challenges.

## ***What services and products does Dow Chemical provide in the petrochemical industry?***

Dow Oil & Gas was formed to better meet the needs of the oil and gas industry in its quest for more efficient and environmentally friendly performance in all of its operations, from exploration and production through to finished products. Overall, Dow prides itself on having a customer-centric business model that aligns our businesses and innovations to deliver market-specific solutions based on customer and market needs. With that in mind Dow has developed deep market knowledge backed by over 100 years of chemistry expertise with a Research and Development (R&D) powerhouse to deliver advanced innovation solutions.

In particular Dow Oil & Gas provides the oil and gas industry with a range of products for drilling, stimulation, production, refining and gas treating. Specifically, our service offering is focused on the gas treating segment. Dow Oil & Gas delivers total solutions that treat gas more efficiently and economically.

We continuously endeavor to keep innovating to provide a robust portfolio of performance products. Dow's innovation is powered by an industry-leading R&D organization which remains focused on anticipating market trends and delivering game-changing solutions to address the challenges affecting a wide range of areas from exploration, production to refining & processing. In refining & gas processing, Dow showcased its innovative solutions by providing leading amine analytical services & consultancy services to help optimize the amine units to help reduce operating expenditure.

## ***Was it easy for Dow Chemical to break through the Egyptian petrochemicals industry?***

Dow started its operations in Egypt in 1970 with a sales office in Cairo. The company has been supporting Egypt's development for more than 40 years by providing solutions and advanced innovations to meet market needs across multiple industries from infrastructure, oil and gas to household goods. To meet market needs in Egypt, Dow invested in the country's first Polyurethane System House, and in 2009 it established its petrochemical business fully.

Despite the fact that the Egyptian market is

highly competitive, Dow's business is doing well and continues to grow with market needs.

## ***What are the company's remarkable achievements in the Egyptian market so far? What do you expect for the Egyptian Petrochemicals market in the near future?***

Our business in Egypt has established strong relations with many clients – specifically in the exploration & production and downstream segment. Having been in Egypt for over 40 years, developing strong market understanding coupled with custom chemistries, technologies and R&D capabilities, Dow is well placed as a partner of choice. We have thus been able to leap ahead of market demands to provide advanced innovations within Egypt.

## ***What would you consider to be the primary factors behind the success of the company in Africa?***

Africa possesses an abundance of human as well as natural resources. As the continent continues to capitalize on opportunities for growth and witnesses increased urbanization, there will be further demands on infrastructure, transportation, food and water safety, and healthcare services in both rural and urban areas.

With this in mind, Dow's business has been focused on key economic trends we refer to as 'Megatrends', namely: Infrastructure and Transportation, Energy, Consumerism, and Health & Nutrition which mirror areas of growth and development within Africa. Our ability to address key challenges on the continent and draw on our global expertise uniquely places Dow as a true partner in Africa.

Ultimately it's Dow's global reach and expertise, coupled with local knowledge and deep understanding of regional characteristics that uniquely places us in a strong position to address Africa's most important challenges.

## ***What are the company's plans/projects in the coming period?***

We are focusing on growing our market share not only in Egypt, but on the entire African continent through the deployment of technical sales teams across Africa with a clear focus on North and West Africa.

Dow's vast and well-balanced portfolio is strategically positioned to take on the complex realities of Africa, today and tomorrow. We have aligned our businesses with geographies and end-markets where our global megatrends are driving global growth.

We have a very selective and focused regional strategy that helps us in implementing our plans. This strategy focuses on leveraging our strengths by engaging in strategic partnerships, diversification and broadened reach, as well as expanding our geographic footprint by increasing

our country presence and opening new offices worldwide. Dow is keen to remove barriers that nullify growth by improving our market knowledge and strengthening the supply chain and our product sourcing capability to build local capability.

Across our portfolio, integration, diversification and leading technology are our pillars in providing a competitive advantage. We will apply Dow's global strategy in Egypt and North East Africa in collaboration with the region's growth plans, and ensure we can respond to customer needs.

## ***How do you find the competition in the local market and what are your plans to achieve your goals***

We believe that there is strong competition from European and Asian suppliers; however, competition ensures that the market continues to innovate and grow. We'll continue to push forward in maximizing value for our clients by emphasizing our strong supply chain infrastructure to help meet the growing demands of customers.

In addition, our local presence continues to grow stronger to help achieve our goals. As mentioned we have been in Egypt for over 40 years supporting the country across industries through Dow's diverse portfolio by providing solutions and innovations. Our employees represent the best-in-class of local talent from chemistry and chemical engineering to commercial professionals.

## ***What are the challenges facing Dow Chemical in Egypt? Have the company's operations been affected by the political and economic situations?***

Over the last year Egypt has faced transformations across a number of sectors. Developments are proceeding on different timelines and scales in Egypt with increasing improvements in transport infrastructure, telecommunications, and education. Egypt is in a prime position in history to take advantage of these transformations as well as carve out opportunities to leverage its rich natural resources and youthful, growing population to shift its socio-economic landscape.

Nevertheless, Egypt faces surmounting challenges within foundational sectors such as agriculture, water, and infrastructure. The country continues to face challenges including tumultuous market conditions and a volatile operating environment. However, Dow continues to firmly manage operations – driving and accelerating a full array of efficiency and cost reduction measures, and delivering cash flow improvements.

We are focused on execution and concentrating on the things we can control, and taking further steps to fortify our foundation in this uncertain environment. Additionally, we are working on leveraging our integrated portfolio and global reach and we continue to deleverage our balance sheet.

# Providing world-class technical services

GL Noble Denton offers a unique mix of local oil and gas industry knowledge supported by a global network of technical experts



By EOG

**Q. Please provide a brief synopsis of the company's operations in Egypt.**

GL Noble Denton is a leading independent technical advisor to some of the oil and gas industry's best known operators. Our work helps clients achieve the industry's best practice in the safety, integrity and performance of their on- and offshore assets, and our services cover the entire asset lifecycle. Our Cairo office employees include more than 50 expert engineers and scientists with deep knowledge of Egypt's thriving oil and gas industry. Our local team is complimented by a global multi-disciplinary force of more than 3,000 engineers across the world, allowing our clients to benefit from both local best practice and the experience we have gained from working on some of the world's most technically innovative oil and gas projects.

Our clients can benefit from the fact that we are part of a global network of offices in over 80 countries with more than 3,000 employees. Hence, we draw our pool of experts from our global proactive teams and deliver our services across the lifecycle. This means that we can also ensure our clients safety, reliability and operational efficiency from the very beginning of all projects, through services such as:

- Asset integrity management systems
- Certification and verification
- Third party inspections
- Marine warranty surveys and consulting
- Risk and safety consulting

**Q. What services does GL Noble Denton provide?**

GL Noble Denton is an independent technical advisor to the oil and gas industry. We help our clients plan, design, develop, operate, optimize, and assure their assets through five core services:

- Technical assurance
- Risk, safety and integrity management
- Engineering consulting
- Marine warranty and consulting
- Technical software

**Q. What countries/regions does GL Noble Denton operate in?**

- With a presence in over 80 countries, GL Noble Denton applies global best practice in safety, integrity and performance across the lifecycle of its clients' on- and offshore operations
- The company comprises more than 3,000 expert engineers and scientists, who combine outstanding analytical skills with strong operational experience to deliver cutting-edge solutions to clients

**Q. What makes GL Noble Denton stand out from its competitors?**

- Unlike other technical advisors to the oil and gas industry, GL Noble Denton prides itself on being able to provide world-class technical services and software to across the entire lifecycle of any asset, anywhere in the world.
- We use more than 140 years of experience to help our clients plan, design, develop, operate, optimize and assure their on- and offshore assets.
- We work on a wide range of assets across various stages of their development, from planning new gas

distribution networks in growing cities, to developing life extensions of oil platforms, testing the integrity of asset designs at our full-scale hazardous test site in the UK, and providing third party inspections for natural gas pipelines and other assets.

**Q. What major projects is the company currently working on?**

We are considered unique in the Egyptian market; we are working under the strategy of continual improvement in line with the strategies of the international companies. The definition of corrective actions and also the preventive actions play a great role when evaluating the client support process and this can always be improved – we always have to aim for the best quality, we are engaged with many projects in Egypt such as:

- Asset integrity projects
- Marine warranty services for offshore installation projects
- IVA for deepwater projects
- Vendor inspection projects.

We offer a range of services to cover the entire oil and gas industry. Starting with design verification, we supervise equipment and material manufacture, installation and independently assurance quality. Then we issue verification compliance reports and certifications to the client that proves safety and integrity of the asset. After the asset is installed, we offer inspection services on completed projects and check the quality for clients at vendor's premises. For the whole lifecycle of the asset we provide a suite of engineering consultancy including risk and safety, asset management and software solutions consultancy services.

We conduct safety and risk studies in Egypt for a variety of clients; we've also conducted independent verification projects in addition to many projects including all our activities for certifications, inspection, risk and safety, marine operation and consultancy services.

**Q. What would you consider to be the primary factors behind the success of GL Noble Denton?**

Local expertise supported by global knowledge

- Our clients tell us that GL Noble Denton's strength lies in the ability to offer them a unique mix of local oil and gas industry knowledge, which is supported by a global network of more than 3,000 technical experts in more than 80 countries across the world
- This blend of local expertise and global experience means that we can approach our clients' projects with in-depth knowledge of their individual operations, while also providing insight into innovative technical approaches that are being applied to oil and gas projects in other markets. This approach helps us to stand out from our competitors, and has been applied to our operations in to our successful operations in Egypt since 2004.

**Q. What are the major challenges currently facing GL Noble Denton in Egypt? Have the company's operations been affected by the political and economic situations?**

With respect to the recent political and economic situation facing the country, GL Noble Denton takes the safety and security of its employees and operations most seriously. As a business that applies best practice in safety, integrity and

performance to our clients' operations, it is our priority to ensure that our people are also able to work in a safe and secure environment.

**Q. What are the company's plans/projects in the coming period?**

For over 140 years we have been independently innovating to make maritime, offshore and onshore energy operations safer, more reliable and more efficient. We are proud of our unrivalled experience and work hard to deliver to our clients and live up to our strong reputation in Egypt – and globally therefore. Most of the oil and gas companies, contractors, consultants are our partners in the Egyptian market.

As a world-class technical advisor to the oil and gas industry, we are constantly looking to fill the gaps and strengthen our capabilities. Our strength is that we bring a truly independent view whenever we do business, and continue to build on our success and experience with some of the most challenging projects in the industry. Our dedication to safety and reducing risk is second to none, and this combined with the highest quality and efficiency means that we are a strong partner to any player in the market.

**Q. As an offshore-focused company, how does GL Noble Denton value Egypt's Mediterranean offshore prospects?**

GL Noble Denton has had a presence in Egypt since 2004, and the breadth of our services naturally lend themselves to supporting the operations of clients in the offshore environment. With the new offshore deepwater fields in the Mediterranean, along with shallower finds in the Gulf of Suez and the Nile Delta we are committed to helping the industry develop sustained oil and gas resources for Egypt into the future.

**Q. What CSR activities does GL Noble Denton partake in?**

GL Noble Denton is committed to supporting the local communities where we operate. We have a structured programme of initiatives where we provide both support and financial contributions to helping the advancement of the environment and the region.

**Q. In light of recent incidents domestically and globally, how much priority do you believe should be given to HSE? What do the company's efforts in this area involve?**

- GL Noble Denton has a clear vision to become the leading technical advisor to the oil and gas industry and our operations in Egypt (and across the Middle East) play a crucial role in this
- We have developed a strong reputation in Egypt for delivering world-class technical solutions to help clients develop and operate safe, efficient and sustainable assets, which plays directly into GL Noble Denton's overall business strategy
- In line with our strategy, we have developed our business to reflect the continually-evolving needs of our clients. The oil and gas market has changed dramatically in recent years and demand for our services has grown as a result.

For example, we have seen the oil and gas industry in Egypt and across the world take a far more proactive approach to ensuring the safety and integrity of their assets after the tragic Macondo incident in the Gulf of Mexico in 2010. As a result, demand for our global inspection and quality assurance services has increased dramatically.

Oil &amp; Gas

GL Noble Denton

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# Liquid Production:

## A look at the past present and future of Egypt's liquid reserves

By Jermeen El-Baroudy

The 1970s was a period of transition for the Egyptian petroleum sector. The Petroleum Policy of 1973 mandated production-sharing contracts, which along with increased oil prices, attracted foreign investors. Exploration agreements for concessions in the Western Desert and Nile Delta regions were signed, yet exploratory activity during this time yielded few results.

Throughout the 1980s and most of the 1990s, liquid production steadily increased. The discovery of the Western Dessert's Badr El Din and Abu Sennan fields by Shell and GPC dramatically increased the country's reserves. High oil prices created a favorable production climate, yet even when prices decreased in the early 1990s, Egypt was able to maintain production through strong activity in the Western Dessert and production peaked in 1993 with 912,000 bbl/d. Attention began to shift away from the now maturing Gulf of Suez region and turned towards the Western Desert and Mediterranean regions. By the end of the millennium, oil production rates were at 729,900 bbl/d and much of the country's suspected oil acreage had been licensed out.

In the early 2000s, licensing diminished and the lengthy process of contract approval began to affect production rates. In 2003, the Ministry of Petroleum overhauled the licensing process with the Egyptian Natural Gas Holding Company (EGAS) and Ganoub El Wadi Petroleum Company (GANOPE) taking control of licensing acreage in the gaseous regions of the Nile Delta and Mediterranean (EGAS), as well as Upper Egypt and the Red Sea (GANOPE), while EGPC retained licensing rights over the Gulf of Suez and the Western Dessert. The last decade of oil production can be characterized by secondary recovery techniques in the mature Gulf of Suez fields, the establishment of the Western Dessert as a key producing region in temporarily reversing production decline, and the licensing in Upper Egypt as an attempt to increase reserves. The Belayim fields and the Gupco Merged Concession Area remain at the forefront of oil production in Egypt.

### Reserves

Egypt is estimated to hold 12,446 mmbbl initial recoverable liquid reserves. After decades of production, it is estimated that the country has approximately 1,888.9 mmbbl recoverable oil remaining, as of January 2011.

These figures indicate that 83% of Egypt's recoverable oil reserves have been depleted. If Egypt is to remain an oil producing nation in the long-term, it will be necessary to significantly increase reserves. The Western Desert has potential for increased reserves, yet the leading operator in the area, Apache, has shifted their strategy towards natural gas production as Egypt's dependency on gas has grown rapidly. Without increased crude oil reserves, Egypt's oil production will begin a period of decline within the coming decade. See chapter two for information regarding Egypt's natural gas reserves and production levels.

Egypt is estimated to hold 402.6 mmbbl initial recoverable condensate reserves. Since these reserves are largely found in the Nile Delta/Mediterranean region's natural gas prone structures, which have only come into play in the last 20 years are not as depleted as the country's crude oil reserves.

With an estimated 402.6 mmbbl recoverable condensate reserves remaining as of January 2011, Egypt's condensate reserves are 54% depleted. Condensate reserves have great potential for growth as they are mostly found in the Nile

Delta/Mediterranean and Western Desert areas, where gas potential is actively explored.

Egypt is estimated to have just over 100 mmbbl initial recoverable LPG reserves, over half of which are remaining reserves since more than 90% of these reserves are found in the Nile Delta/Mediterranean region. These reserves are likely to grow in the coming years. Rate of production is also expected to increase as processing facilities in the area expand.

Prior to the 1960s, liquid production in Egypt was limited to a handful of fields from Sinai and the Gulf of Suez, led by Gemsa and Ras Gharib. The development of Belayim fields brought Egypt's oil production to rates exceeding 100,000 bbl/d.

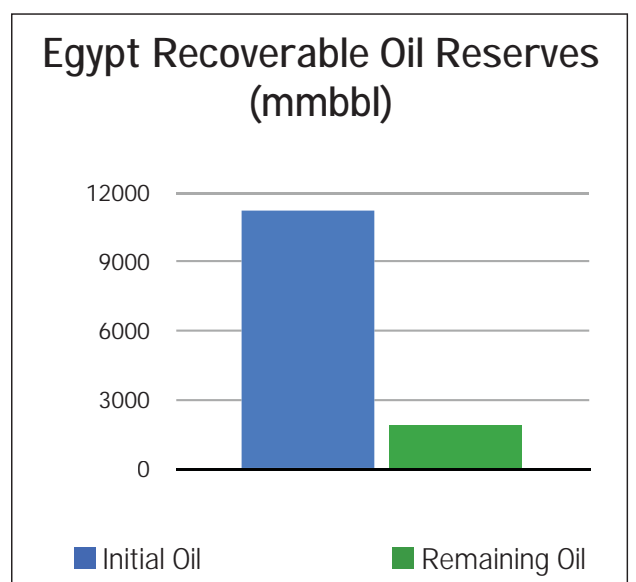
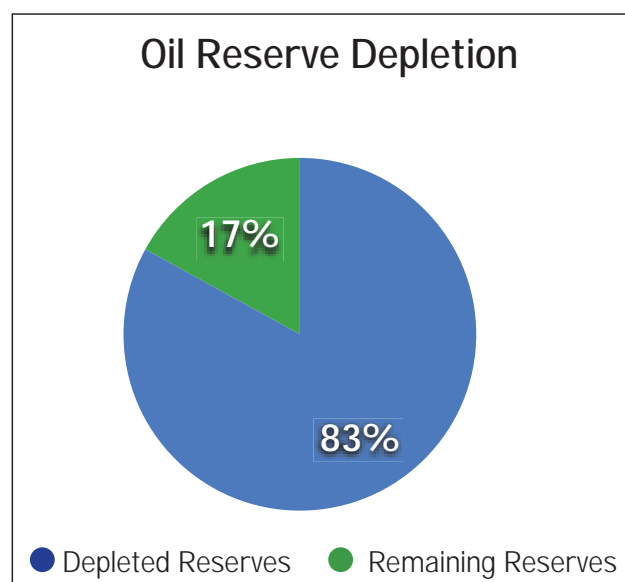
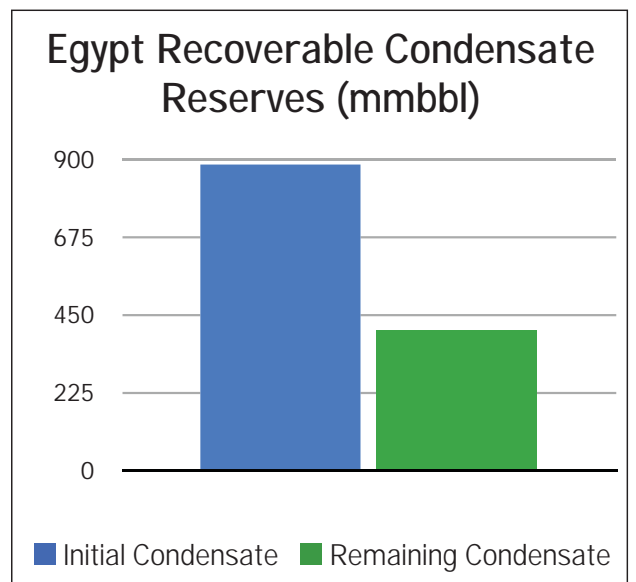
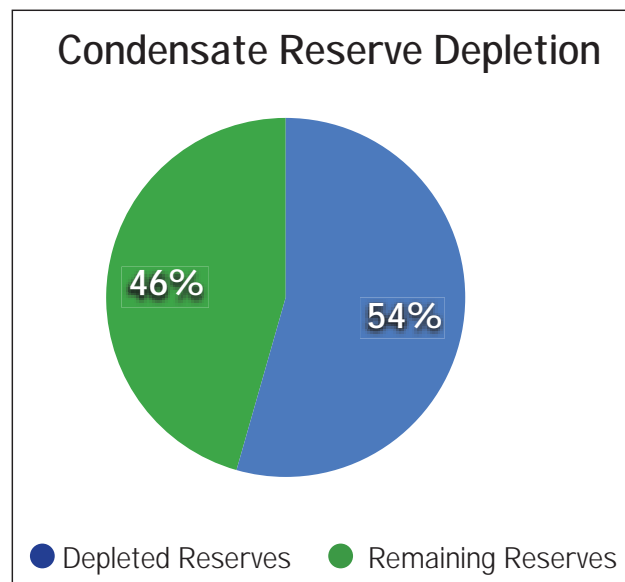
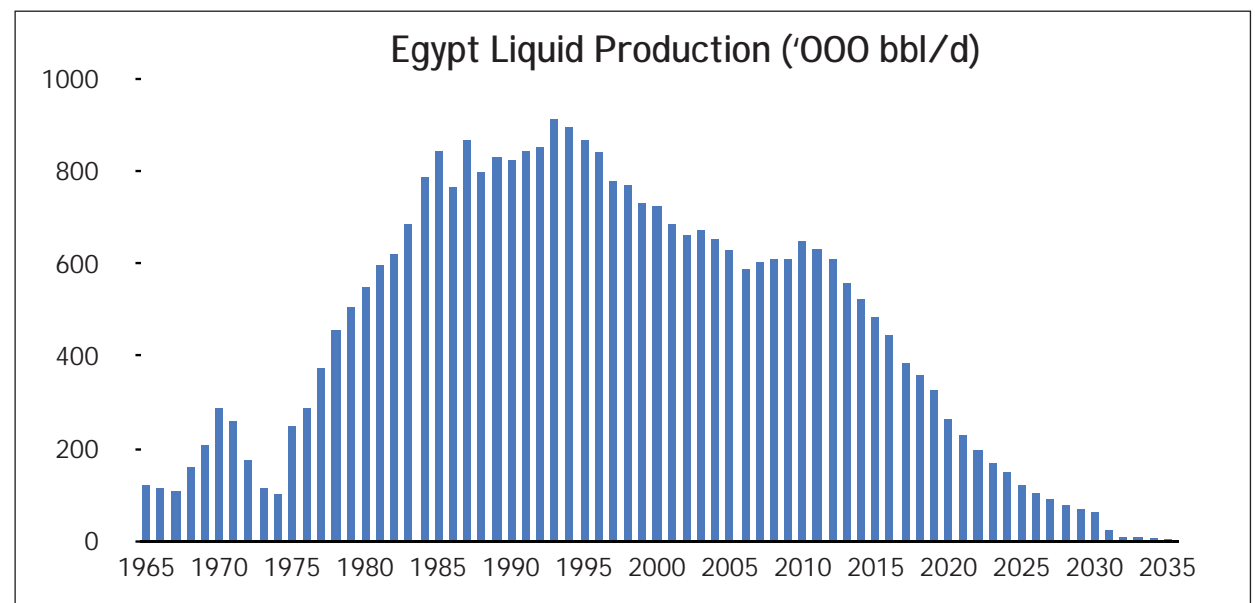
(GRAPH)

Production data is not available between 1967 and 1975 due to the Israeli occupation of Sinai. However, as shown in the graph above, production did increase from 1967 to 1970 as a result of Morgan field being brought onstream. Production from July and Ramadan fields further increased production levels in 1977. Production rate continued to increase to mid 1980s, until the low oil prices negatively impacted production levels.

Following the 1993 peak in liquid production, Gulf of Suez production began to decline significantly. The area still produces liquids at substantially higher rates compared to other areas in Egypt with the Gupco concession leading production, and secondary recovery techniques have helped to mitigate production decline.

Since the late 1990's, liquid production from the Western Desert has been in the rise. The area emerged as an extremely important region for Egypt as it has largely offset oil decline from the Gulf of Suez. The Western Desert will remain a significant area for both liquid and gas production over the coming decade.

Renegotiations of fiscal terms on several concessions including BPs Gupco Merged Concession Area and Eni's Belayim fields in



the last decade, along with new investments in the Gulf of Suez, have slowed the area's production decline. Combined with the Western Desert production and the NGL and condensate production in the Mediterranean/Nile Delta, liquid production in Egypt has witnessed an upward trend since 2007. This trend is expected to reverse again by 2012 and liquid

production will continue to decline unless further significant oil discoveries are made. However, with the country's increasing natural gas demand, investors are now focusing on increasing reserves and producing gas.



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# Quitting the "cheaper is better" motto

The most prominent obstacles and challenges facing the petroleum services companies in Egypt



By Ahmed Farahat and Jermeen El-Baroudy

“Market share (Revenue wise and rig count) is our main challenge in Egypt

Hassanein Youssef, MISWACO

“The recent political and economic instability has definitely had a major impact on investment decisions and, there has been no long-term visibility only short-term contracts

Sami Ameen, Division Marketing Manager, Transocean

“...the absence of an independent regulator on the petroleum service companies, in addition to the delay of the dues that the EGPC owes to these companies are two of the most important challenges and obstacles that TransEgypt faces

Eng, Khaled AbdelRahman TransEgypt's General Manager

No one can deny that oil is a major source of energy and will remain as such for a long period to come. Both upstream and downstream services provided in this sector are aimed to facilitate the production, research, and exploration, refining and marketing processes, representing a strong and influential factor in finalizing a project.

Furthermore there is no doubt that the petroleum service sector is of paramount importance in the extraction of oil and gas. Perhaps the intensified competitions among the petroleum service companies and the absence of credible laws that ensure the continuation of small businesses; have caused some instability in the Egyptian petroleum service market. These companies provide technical, manufacturing, environmental safety, technical labor, and security services as well as supplying maintenance of equipment and drilling machines.

Egypt's drilling service sector is currently wracked with the debate of whether low costs equipment best serves the needs of drilling operators or whether high quality, but high cost tools proves a better long-term investment. Such debate has generated a call by some for a protocol on quality standards in the domestic market.

Hassanein Youssef, Business Development Manager, MISWACO states, “Competition is tough because the Egyptian market is a price driven market where the cheaper gets the work”

Now service companies are faced with a dilemma regarding how to maximize profit while still delivering quality to its operators. Here in the Egyptian market, there have been a series of complaints about the equipment, follow-up, engineering services and costs.

Some sources revealed that, the more advanced the quality of the service is, the higher its price. Therefore, drilling and production companies are trying to choose bids at the lowest price and the best quality in order to bring added value to their operations.

Eng. Osama Kamel, Khaldia's Drilling and operations General Manager explained, “Among the most significant challenges and obstacles facing the petroleum service companies is the high cost of the drilling equipment which negatively affects the quality of the Egyptian tools and techniques.”

As for affording the best technology at the

lowest prices, he stated that it is very difficult to fully achieve this equation. Since, the more modernized the technology is, the higher its price and vice versa. But, Egypt is provided with the technology that suits its nature.

Some experts have highlighted the importance regarding the continuation of petroleum service companies in implementing programs that have been set to work in various specialized petroleum activities, and in maximizing the utilization of the Egyptian petroleum capacity. This led to an increase in the demand in services and focusing on the areas of drilling and maintenance of wells and the study of reservoirs and production so as to provide rehabilitation and training for specialized technical manpower.

The Mediterranean and Gulf of Suez are key locations for service firms that tackle the difficulty and higher costs of deep-water drilling. Drilling requires updated and sophisticated technology to avoid the standard risks that are part of such an endeavor; deep-water drilling especially takes a toll on equipment due to high temperatures and pressure. The environmental wear on drilling equipment creates incentive for both service and manufacturing companies to develop and provide a superior product. Therefore there is a high level of competition to deliver state of the art deep-water drilling supplies at a competitive price in the service market. Yet many domestic companies advertise their prices without much guarantee of their product as a means of getting a foot in the service market door.

Concerning the challenges and obstacles that could face the service companies, some sources revealed that after the January 25th Revolution, the petroleum service sector faced many financial crises that negatively impacted their professional and financial performance.

Sami Ameen, Transocean's Division Marketing Manager admits, “The recent political and economic instability has definitely had a major impact on investment decisions and, there has been no long-term visibility only short-term contracts”.

Eng, Ashraf Thabet Chairman and Managing Director of the Petroleum Services Company PISCO stated, “We have suffered a lot after the Revolution due to the unstable economic and political situations.”

Thabet added that the company is establishing a huge factory for the manufacture

of environmental and safety machinery instead of importing them from abroad. This factory will save us millions of dollars a year. But, the government terminated this project!!

As for the companies operating in the fields of equipment and machinery transportation, Eng, Khaled AbdelRahman TransEgypt's General Manager adds, “we can't separate the stages of production from each other; since they all work in an integrated system, where the transportation element plays a major role in all stages. Additionally AbdelRahman believes that the absence of an independent regulator on the petroleum service companies, in addition to the delay of the dues that the EGPC owes to these companies are two of the most important challenges and obstacles that they face, concluding that permanence in the Egyptian market will be for large major companies alone.” Looking at the integrated services issue from a different perspective Hassanein Youssef doesn't see a future for integrated services as the market is looking for the cheapest option i.e “price driven market”.

AbelRahman also mentioned that some companies reach agreements between each other due to the lack of sufficient services in the Egyptian market.

The implementation of such a reform would call for restructuring at every level as well as redefining strategic planning and goals. A protocol lays the foundation for the expansion of exploration and production activities, thus benefiting all divisions working in the petroleum sector. In addition, an agreement between the production companies is needed for the supply of common high-quality services that will also exclude products that do not meet the market standards.

Each company has its own standards and policies but major companies tend to rotate around similar standards, with a different process of implementation. Yet such a trend indicates that they are not dependent on market set standards and instead of engaging the market in protocol debates, seek to create an internal system that regulates their performance in the service market and the standard of equipment they generate. This may indicate that increasingly, Halliburton and it's like are signaling a trend in the service sector where companies turn inward to avoid market downfalls and a lack of access to market regulation

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## Governmental Economic Plan and Demands on Combustible

Following the recent announcement to the press delivered by the Egyptian Prime Minister Hisham Qandil, revealing the country's 10-year economic plan, the country's economy is foreseen to exhibit an annual growth between 3.5 and 4 percent in the 2012-13 fiscal years, followed by a one percent increase on the following fiscal year.

By Ethar Shalaby

While the economic plan takes Egypt, according to Qandil, towards a social-justice based economic approach, with more emphasis on healthcare, education, pension schemes, and other social welfare aspects, the government is considering restructuring its approach towards state subsidization, particularly considering the energy sector. The main rationale preached by Qandil is ensuring that state subsidies are solely restricted to the needy. Hence was the approval of ending subsidies on 95 octane gasoline by the cabinet on 21 November 2012. Egypt has been under severe pressure from the IMF to unleash its economic reform program as a prerequisite to the finalization of the \$4.8 billion loan preliminary deal that is currently undergoing negotiations between Egypt and the IMF. This staff-level agreement was reached with the IMF's technical team currently visiting Cairo, and is expected to be a preface of another \$14.5 billion necessary to fund Egypt's economic program already revealed to the IMF. The Egyptian government announced in the 2012/2013 budget a cut of subsidies for energy to LE70 billion. Many experts estimate that the government goal is too optimistic. Last year, subsidies were set to reach some LE95 billion in the budget, but are estimated to have actually reached LE115 billion.

Before the government's recent decision to restructure the energy subsidization policies, the state subsidization totaled approximately 44 billion EGP, representing almost 25 percent of annual government expenditures. Qandil even suggests that the new policies will achieve annual savings of 55 billion EGP. Last year alone, the government spent 115 billion EGP on subsidizing petroleum combustibles and compounds, under the stringent demands imposed by political and economic instability that followed the revolution.

The government's decision was accompanied with a supplementary plan that sets definite sale quotas with regards to other types of fuel still under state subsidization. The Minister of Planning and International Cooperation Ashraf al-Arabi announced to Reuters press agency last Wednesday that 95 octane gasoline will be

distributed using coupons starting from April 2013. He added that vehicles with 1600cc will have a special consideration in their quotas.

### Social Challenges

Widespread worry among Egyptians has become evident after the implementation of the subsidization reforms. Ordinary citizens are fearful from witnessing a long period of austerity as a result of the conditions imposed by the IMF loan. On the other hand, economic experts suggest that the new measures will be only aimed at those capable to afford the price of 95 octane, the most expensive gasoline grade, and will by no means impact the ability of the poor to purchase other types of subsidized fuels. This opinion was also propagated by al-Arabi, who eased down the public opinion by stating that the fuel quota system would not be put into effect prior to acquiring public consent on its implementation mechanism.

Furthermore, Qandil stated that the consumption of lower grades of fuel, namely 92, 90 and 80 octane gasolines, would be regulated by virtue of a newly introduced system of smart cards. The main idea of such smart cards is that they will only allow drivers to fill their tanks only to the extent that enables them to get from their homes to their workplace and vice-versa, regardless of long trips. On average, capable drivers pay 2.75 EGP for a liter of 95 octane fuel, an amount that is far less than the international price, taking into account that this price only corresponds to \$0.45.

The subsidization cuts are typically expected to incite excessive consumption and black market fuel trade. The subsidized fuel black market has been a key contributor of the fuel scarcity phenomenon that hit the country several times in 2011 and 2012. For this reason, a new law sets the penalty against anyone caught while

smuggling subsidized fuel between 5 and 7 years in prison, and imposes fines between 100,000 and 1 million EGP on offenders.

Even months before the formalization of the subsidization reforms, the Egyptian President Mohamed Morsy announced that 85% of Egypt's fuel crisis was contained by virtue of security crackdown on fuel smuggling cartels. According to Morsy, 23 million liters of oil and diesel were claimed by the security apparatus from illegal traffickers only in August and September 2012. Nevertheless, the President announced that two among the Ministry of Energy, Petroleum and Mining top officials had been arrested and charged with illegal smuggling of 5 million liters of subsidized oil and diesel per month. These quantities amounted to approximately 700 million EGP of public funds.

Securing internal demands on combustibles until the end of 2012

Under the strain of government budget deficits, Egypt has been struggling to import oil since the outbreak of the 25 January 2011 Revolution. The country's ability to secure its domestic and industrial oil demands has been even coupled by the government's limited accessibility to credit, given the astronomical cost allocated to fuel subsidization. Only in the past six months, credit supplies by foreign banks to Egypt have dried up to the minimum level since the revolution, and soaring charges preconditioned any loan offered by lenders to the country, whose ability to meet its financial obligations has become in serious question. The situation was even worse on several occasions in 2011 and 2012, when severe gasoline shortages sparked angry protests in the streets of Cairo and other major cities. The shortages were the direct result of the government's incapability to pay for petrol, causing oil tankers to keep their place at the port cities of Alexandria, Port Said, Damietta, and Suez, waiting the receipt of letters of

credit to discharge their content. The prolonged duration of fuel shortages has had more devastating socioeconomic impacts. For instance, bakeries selling subsidized bread were compelled to periodically shut down due to the shortage of diesel fuel required for them to operate. Nevertheless, the repeated electricity blackouts in August 2012, which coincided with the holy month of Ramadan, were linked with the lack of fuel supplies.

Despite of these exceptionally strenuous internal and external constraints, Egypt succeeded in securing oil supplies for the remainder of 2012. However, Reuters reported that the deal was concluded on the ground of providing Egypt with unusual oil grades in exchange of astronomical charges paid to the western suppliers Shell, Petraco, and JPMorgan. Despite the costly price that aimed at compensating the suppliers for their potential incurred risk, this deal provides Egypt with 6 million barrels by December 2012, such that the share of every supplier is 2 billion barrels originating from Iraq and Oman. Meanwhile, negotiations on prices between the Egyptian Gas and Petroleum Company (EGPC) and the three suppliers have not yet been concluded. The government is exerting its maximum momentum in order to win payment flexibility.

Natural Gas and Butane Concerning gas, Egypt has been

experiencing extreme difficulty in fulfilling its domestic demands while maintaining its trade agreements. This happens despite of Egypt being a gas producer and exporter. Given this context, shortages in butane cooking gas, commonly known in Egypt as butagas, are expected as winter is approaching. The government is looking to increase its butane imports from its main supplier, Algeria, which together with Libya and Saudi Arabia, provide Egypt with almost 50 percent of its butane demands. Butane cylinders enjoy government subsidization, and approximately 2 million tons of the combustible material is locally produced in the country annually. Reports indicate that Egypt's butane imports totaled 360,000 tones prior to the revolution, and exhibited a staggering increase to 700,000 tons during the current year. Currently, the Egyptian government is attempting to secure a deal with the Algerian petroleum company Sonatrach whereby Egypt would even receive 1 million tons of butane to meet its domestic requirements.

In parallel, the Egyptian government has opened a new gate towards the exploration of natural gas in the Eastern Mediterranean Sea basin. A meeting was held recently between the Egyptian and Cypriot ministers of foreign affairs to discuss opportunities of collaboration with respect to this particular subject matter. However, the primary concern revolves around potential legal problems that might amount absent any maritime border demarcation between Egypt and Israel.



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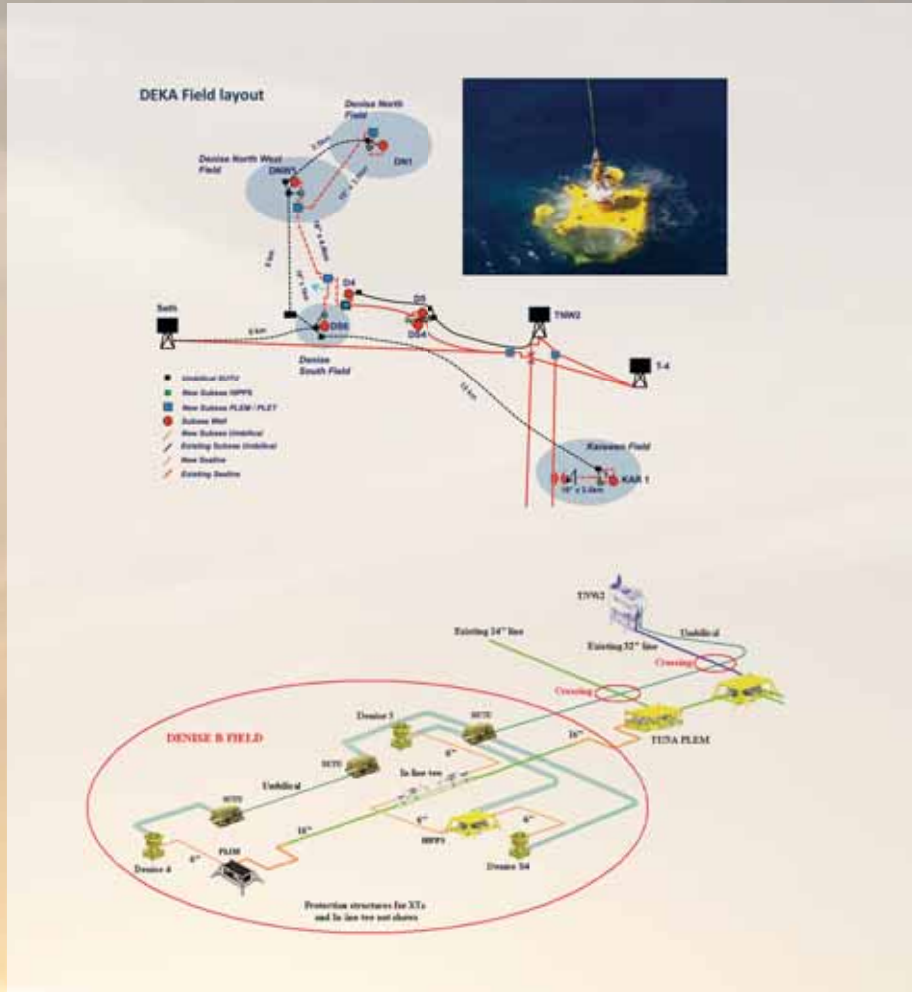
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# DEKA Development Project

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



fields by means of three subsea wells (DNW1, DS6 and DN).

- Installation of 16\"/>

The Karawan field development mainly consists of the following:

- Exploitation of Karawan field by means of one well (KA);
- Installation of a 10\"/>

The topside facilities for chemical injection and Subsea Control systems will be installed on Seth

Platform. The free space available on the platform is not sufficient to accommodate the new topside equipment, so a new extension will be installed to the platform deck to accommodate the new units, within a separate contract scope.

## Project status

- The sealine detailed engineering was awarded to Enppi.
- Fabrication, load out & sea fastening of spools & S.S structures awarded to Petrojet.
- Sea line pipes already delivered and coating activities are in progress.
- Fax of award for the PLEM and subsea HOT tapping system material supply was issued to Tharwa Breda.
- Subsea Production system material supply awarded to CAMERON including (HIPPS, X-mas trees, control system, PLEMs and umbilical), in addition to FEED and technical assistance for Seth topside facilities upgrading and modifications.
- Seth topside facilities upgrading and modifications contract is under negotiations with the consortium (Enppi/Petrojet/Technomare).
- The overall actual progress is about 13% against 13.3% planned.
- The project is expected to start up by June 2014

Towards maximizing the usage of our existing resources and increasing the Gas production to fulfill the growing domestic needs, a new development project has been launched recently by Petrobel. The project is targeting the development of both the Denise and Karawan fields in Tamsah Concession located at offshore Egypt in order to add a Natural Gas production of about 210 MMScfd, with an estimated cost of \$ 470 MM. The Denise field is about 70 km off the Egyptian coast, while Karawan field is about 60 km off the Egyptian coast. The Denise field is in water depth of about 100 m and Karawan field is about 68 m in depth.

## Project facilities

- The Denise field development mainly consists of the following:
- Exploitation of Denise North, Denise North West and Denise South

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# Egypt Production Report

Your gateway to an industry forecast

**2013**

Egypt oil & Gas Production Report 2013 will provide in-depth analysis of oil and gas production rates in Egypt. Mainly Clustered by region, the report presents each regions historical production, current production, proven reserves and a forecast projecting to 2025. Each region's main fields are analyzed to give a detailed description of production rates, capital costs and profit sharing agreements.

Published By



## Report Includes

- Liquids and gas production rates per area
- Forecasts of Liquids and Gas production per area
- Updated Egypt's proven reserves count
- Analysis of leading producers

**Coming Soon**

# Proserv. Egypt Group

By ProServ.

Proserv group became a leading petroleum service company in the whole Middle East region; it provides a wide pack of services at a very high level of professionalism.

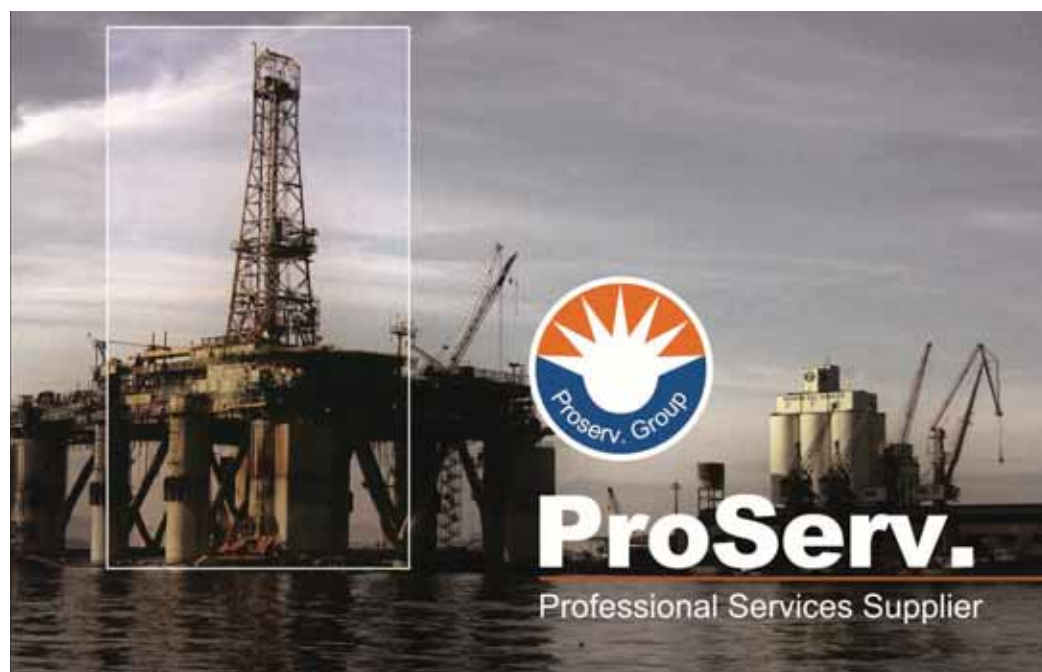
Proserv Egypt became an international company in a very short time. Although Proserv is a new company it managed to gain a lot of credibility for its work and expanded rapidly and had a very huge success in the oil and gas market upon that the board of directors decided to open new branches across the globe, it now has 3 offices in Egypt based in Cairo, Alex and Suez and it continues to expand its activities widely, opening new offices throughout Europe and Middle East to serve the gulf region and also north Africa, while expanding their operations their main aim in the near future will be focused on Libya and Sudan.

Proserv achieved this growth by bringing together a strong knowledge base, dedication to its client's satisfaction, with highly motivated, empowered staff to provide their clients and society with highest quality, reliable, and integrated services that usually exceed expectations. They managed this growth by bringing expert on-site management and outstanding technical resources, Uncompromising emphasis on training and development for all their team members, unparallel commitment

to quality and execution and most of all genuine care and compassion for their client's welfare.

Throughout this expansion Proserv has now opened a new company called "Prolog" which provides a new pack of services that lead them into the forwarding and shipping service sector & they are currently dealing with biggest shipment clients worldwide. They bring together a wealth of talent, shared values and a strong commitment to develop vital transportation worldwide resources. They believe that they are able to provide objective transportation solutions that make the difference in securing global businesses.

As for the Tele- communication sector it has a subsidiary company "Pro communication", which is now the biggest agency for the biggest telecommunication brands worldwide in the communication sector. With a proven track record in the satellite, & communications services industry spanning some twenty years, they have successfully installed more than 250 systems in four continents for their clients. Today, pro communication provides end-to-end voice, data and multimedia telecommunication services throughout Europe, Middle East, Africa and Asia. With their combination of satellite ground systems, local presence, leading-edge last-mile wireless



technology, applications and high-speed global access. With a proven systems integration heritage, they can offer its clients turnkey capability including design, procurement, and implementation, operations, and maintenance and project management.

Also we entered the maritime inspection services with Proserv Maritime & Engineering Services (PME) provides inspection, testing and other offshore and onshore services primarily to the energy sector including the oil and gas industry, power generation and engineering industries worldwide. Our main focus centers around all machinery and

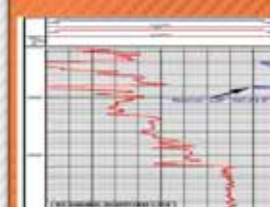
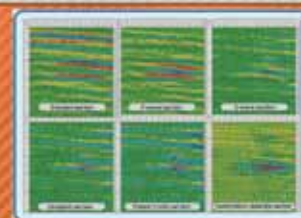
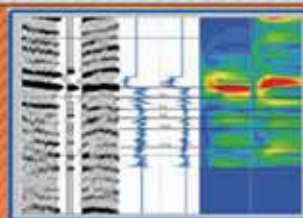
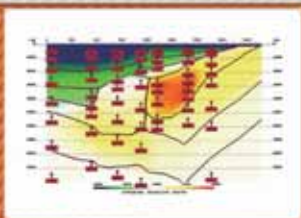
manufactured items such as rotating equipment, valves, fittings and components, weldments, electrical and instrumentation, coating, non-destructive testing (VT,PT,MT,UT,RT, Advanced NDT services) and structural activities. PME conduct all kinds of inspection & quality services within Egypt.

PME offers and carry out highly professional surveys and inspection services to different industrial clients through its network partners around the world

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# Fugro SAE delivering exports for Egypt with international expansion

By Fugro

Fugro SAE has showed once again that it is possible to develop expertise in Egypt for use in regional and international markets, translating local market leadership into world class survey services performed with dedication and integrity.

At the time of writing, Fugro SAE's vessel MV Fugro Navigator (the only specialized survey vessel in Egypt) is successfully carrying out geophysical surveys over three deep-water sites in the Red Sea, offshore Saudi Arabia. The surveys, in down to 900m water depth, comprise analogue and 2DHR seismic and geotechnical data acquisition. They shall identify any seabed features and debris, measure accurate bathymetry as well as identify shallow sub-seabed layers and hazards, such as shallow gas.

This kind of international project is a top priority for Fugro SAE being a good opportunity for business

development and expansion. It is also an opportunity to export services from Egypt in exchange for hard currency that benefits Egypt's economy.

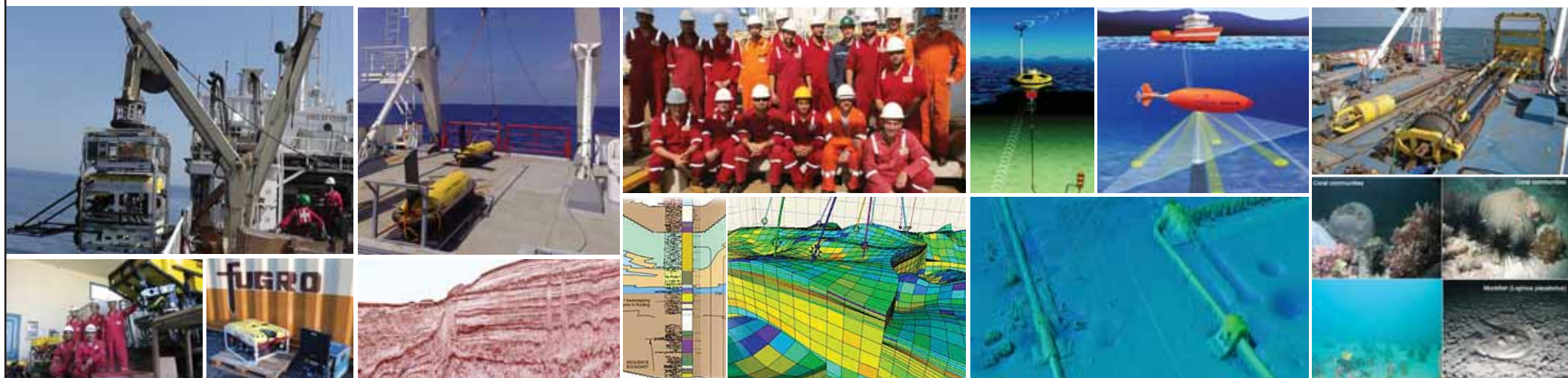
An earlier expansion overseas took place in 2011, when a major Italian company contracted Fugro SAE to carry out a marine survey for a pipeline crossing the Adriatic Sea using an ROV (remote operated vehicle). The survey, again undertaken with the Fugro Navigator, determined the location of in-service cable crossings and undertook video surveys at the Greek and Italian landfall approaches to confirm the extent of coverage of Posidonia Prairie sea-grass.

Another survey is due to be undertaken for a major oil company in the Black Sea in early 2013. This survey will comprise a series of geophysical and geotechnical investigations prior to the commencement of exploration drilling.

Experience gained on previous projects in Egypt is one of the main keys to the success that has been achieved abroad. The demands of the deep-water environment offshore the Nile Delta and the high standards of our clients who operate there has prepared us for challenging projects in deep-water environments in other countries.

However, the training and development of our local employees is the single most important factor. In Egypt, we are fortunate to be able to recruit from a large pool of capable and talented graduates, who receive world-class training in the Fugro Academy. Combined with investment in technology and management commitment to aim for the highest standards of quality and safety, we are confident of winning more projects overseas.

## WHEN ADAPTABILITY COUNTS...



Our comprehensive Offshore Services deliver integrated disciplines for true 'life of field' solutions. The core services of Fugro SAE are geophysical surveys, offshore positioning, GIS deliverables, ROVs, and Subsea Engineering and Intervention Tooling. Fugro SAE can call on other Fugro OpCo's worldwide to provide other specialized services.

- |  |  |   |
|--|--|---|
| • Geophysical Drilling Hazard Site Surveys | • Drill support                                    | • High Res. Seismic Acquisition, Processing And Interp. |
| • Pre engineering Pipeline Route Surveys   | • Construction support                             | • Geotechnical Surveys                                  |
| • Hydrographic surveys                     | • IRM services (Platforms & Pipelines)             | • Environmental baseline surveys (EBS)                  |
| • Field Development Surveys                | • Onshore engineering support & project management | • Metocean (monitoring atmospheric ocean conditions)    |
| • GIS services.                            | • Subsea engineering & intervention tooling        | • AUV Surveys   |

FUGRO SAE has the personnel to provide these services locally. Our extensive experience and track records enable us to be the market leader. Fugro provides global support locally.

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...COUNT ON FUGRO



# Kuwait Energy board meets in Egypt

By Jermeen El-Baroudy



Kuwait Energy's board members met in Egypt in October to visit their sites and discuss further investments in the region. Kuwait Energy's board hosted a dinner at Marriot Zamalek, to highlight the accomplishments and future forecasts of the Company, and took the opportunity to network with industry professionals in Egypt. Kuwait Energy's Executive Chairman Dr. Manssour Aboukhamseen, Ms. Sara Akbar –the Chief Executive Officer, Mr. Mohammad Alhowqal – Chief of Operations and Mr. Harry Saul – President, Kuwait Energy Egypt, were among the Company's team that welcomed many renowned figures from Egypt's energy sector to the event, headed by Egyptian Oil Minister Mr. Osama Kamal.

Dr. Manssour Aboukhamseen presented Kuwait Energy's achievements and highlighted the company's expansion plans in the region. He expressed his appreciation to Kuwait Energy's team and their significant role in making Kuwait Energy one of the few independent oil and gas exploration and

production companies in the region, with operations in eight countries.

CEO Ms. Sara Akbar expressed her pride in Kuwait Energy's operations in Egypt and the progress that the company makes on a daily basis. Kuwait Energy's operations in Egypt contribute the largest share to the company's current total working interest production.

The Company operates three oil blocks in Egypt, Area A, Burg El Arab development lease and the Abu Sennan concession, and has interests in two other non-Company-operated blocks, namely the Mesaha concession and the Petroshahd Company (previously East Ras Qattara).

Kuwait Energy has been profitable since inception in 2005, and currently operates in Egypt, Iraq, Yemen, Oman, Ukraine, Latvia, Russia and Pakistan. Kuwait Energy's working interest proven and probable reserves at year end 2011 were 235.3 million barrels of oil equivalent and its current production has reached approximately 17,970 barrels of oil equivalent per day.



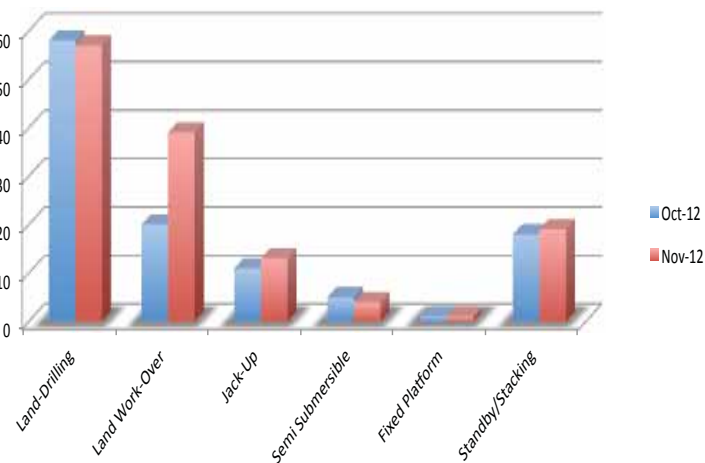
## Egypt Statistics



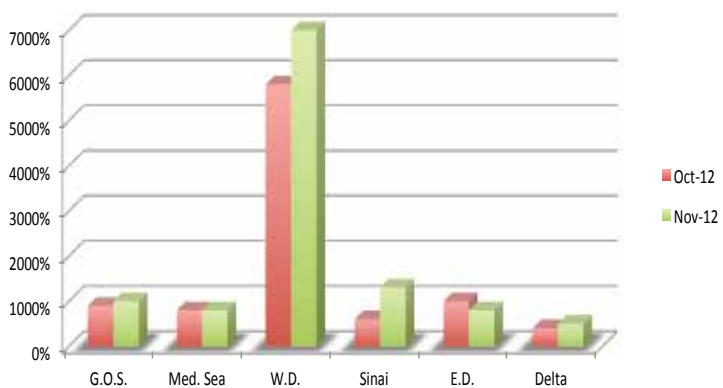
Table 1 Egypt Rig Count per Area – November 2012

RIG COUNT			
Area		Total	Percentage of Total Rigs
Gulf of Suez Offshore	10	10	9 %
Land			
Mediterranean Sea Offshore	8	8	7 %
Land			
Western Desert Offshore	70	70	61 %
Land			
Sinai Offshore	13	13	12 %
Land			
Eastern Desert Offshore	8	8	7 %
Land			
Delta Offshore	5	5	4 %
Land			
Total	5	114	100%

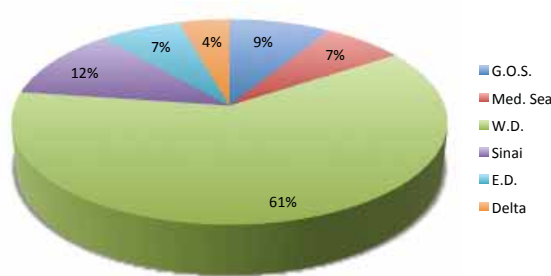
Rigs per Specification October - November 2012



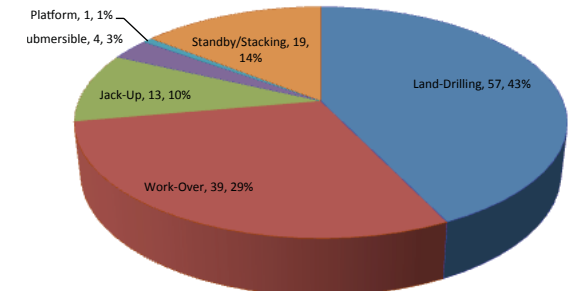
Rigs per Area October - November 2012



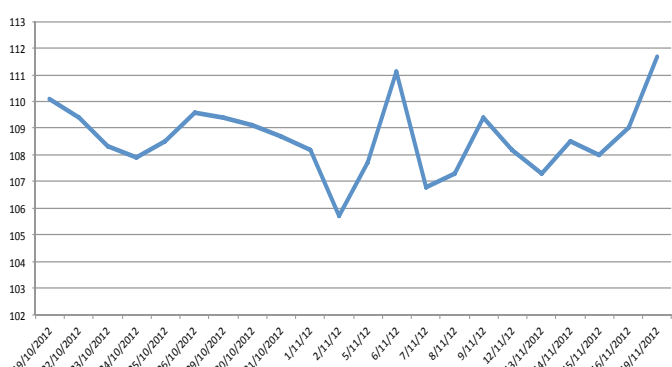
Rigs per Area November 2012  
(Total of 114 Working Rigs)



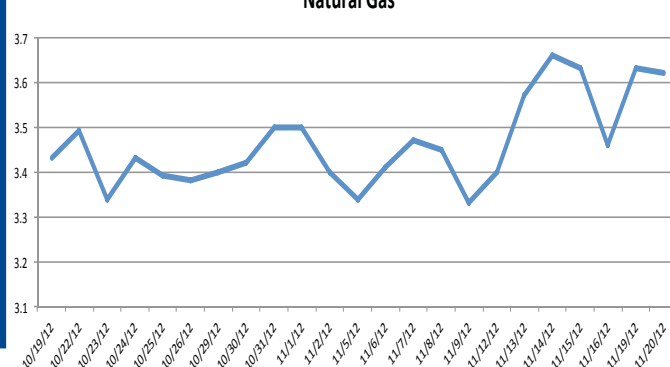
Rigs per Specification November 2012



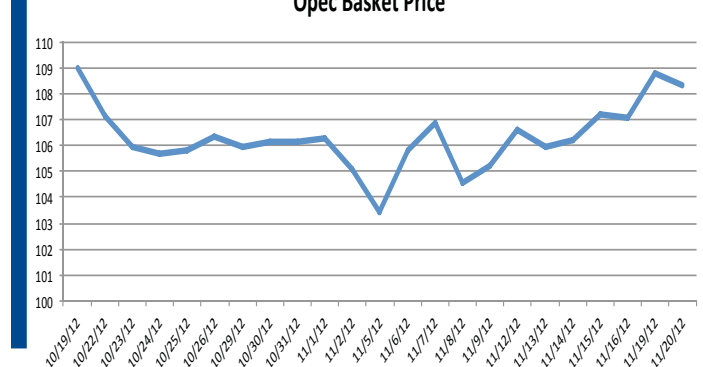
Brent Price



Natural Gas

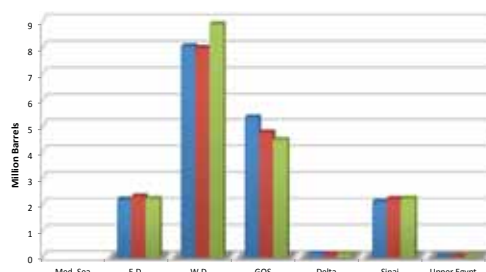


Opec Basket Price

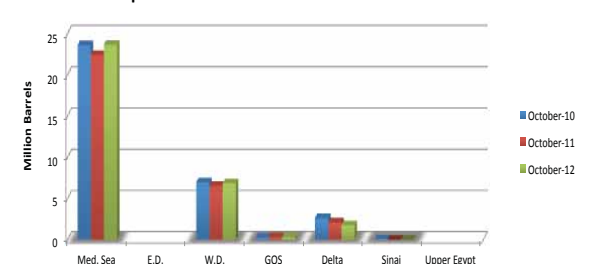


	Oil			Equivalent Gas			Condensate			Liquefied Gas		
	Barrel			Barrel			Barrel			Barrel		
	October-10	October-11	October-12	October-10	October-11	October-12	October-10	October-11	October-12	October-10	October-11	October-12
Med. Sea				23570357	22387143	23614464	1412179	1372964	1228546	358260	402971	386810
E.D.	2183899	2299991	2210118									
W.D.	8016749	7950180	8853096	6924286	6533036	6827500	1865192	1734445	1438822	446906	524630	669916
GOS	5294613	4735313	4451425	236964	292679	297143	82888	75599	66940	185799	174739	187365
Delta	123480	90087	87288	2618393	2090179	1748214	219015	181609	141103	110842	93248	108705
Sinai	2098046	2200280	2218998	33571	1786	1607	42151	31053	35206	85169	87593	89433
Upper Egypt	15139	18307	13455									
Total	17731926	17294158	17834380	33383571	31304823	32488928	3621425	3395670	2910617	1186976	1283181	1442229

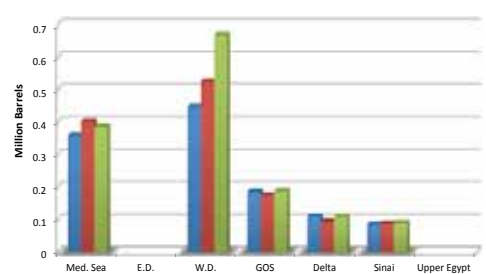
Oil Production October 2010 - 2012



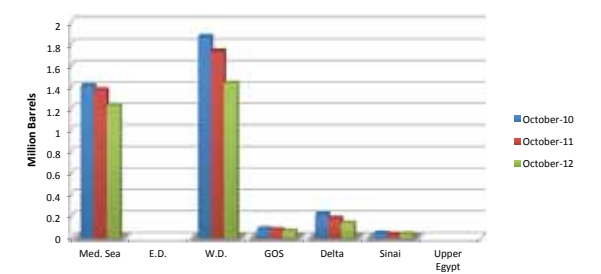
Equivalent Gas Production October 2010 - 2012



Liquefied Gas Production October 2010 - 2012



Condensates Production October 2010 - 2012



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