Edison grows its Egypt's gas portfolio

Egypt Oil & Gas Newspaper

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LAST MONTH'S OIL PRICES

Optimism despite the economic collapse

Despite worries and anxieties dominating the rig market and postulations of how far would the global economic crisis affect the industry, most of the key petroleum players have kept their 2009 plans unaltered; believing that it will not be as worse as analysts assume and opting for the relief to come soon

Continued on page 12

A size-10 greeting

Just 37 days before he hands the presidency off, with its bag of problems and chaos, to his successor President-elect Barack Obama, the U.S President George W. Bush received the most memorable farewell gift that anyone would ever have; a size-10 pair of shoes thrown directly to his face!

Regardless the appropriateness or inappropriateness of such a gift, Muntadar al-Zeidi, the shoes' thrower, has become a super hero, lying in the center of the world's attention in a blink of eye!

"This is a farewell kiss, you dog!" shouted al-Zeidi, a correspondent for Al-Baghdadia television, an Iraqi-owned station based in Cairo, Egypt as he threw his shoes at Bush during a news conference in Baghdad last month. Bush ducked both shoes as they whizzed past his head and landed with a thud against the wall behind him. Al-Zeidi was wrestled to the ground by guards and the Iraqi government branded al-Zeidi's actions "shameful" and demanded an apology from his Cairo-based employer, which in turn called for his immediate release from custody.

According to the Iraqi culture, throwing a shoe at someone is a sign of contempt. Back to 2003, Iraqis whacked a statue of Saddam Hussein; the late Iraqi President with their shoes after U.S. marines toppled it to the ground following the invasion. But, "what goes around, comes around", Bush received the same Iraqi greeting, which reflected the Iraqi rage and proved the president's unpopularity.

Personally, I believe that al-Zeidi's reaction is definitely improper and does not reflect the real culture of Arabs. Whether in the case of Saddam or Bush being thrown by shoes, both are shameful attitudes for me. However, I uncontrollably went into a mood of satisfaction and contentment! "You have spread chaos in our region, you brought us wars instead of democracy as you assumed, you killed thousands of our beloved ones by your weapons, you have stolen our dignity and pride, you have destructed nations, turned them into homeless and yet, you believe you are world's saver! Sorry Mr. President, but this is the least you deserve!" That was what I thought of when watched the breaking news about the incident.

Known for our sense of humor, on the following day, a hilarious message was spread on mobile phones making fun of the American president. "Bush declares shoe sizes over 10 to be weapons of mass destruction! It is now top priority of the U.S agenda to disarm all Arab men from their shoes! God bless America!"

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Guest Column

Chaos over Egypt's oil and gas reserves

Over the last decade, huge discrepancies have been raised, questioning the accuracy of numbers given by officials concerning Egypt's oil and gas remaining reserves. The unmatched figures announced by the petroleum supreme officials and those given by local petroleum experts have led to more data conflict and engaged more analysts in the debate; how can we assess the volume of our oil and gas reserves?

First, I would like to remind all our readers with some definitions commonly used in the petroleum sector, which are the reserves definitions.

Reserves are these quantities of oil, which are anticipated to be commercially recovered from known accumulations from a given date forward. All reserves estimates involve some degree of uncertainty. These uncertainties depend mainly on the amount of reliable geologic and engineering data available at the time of the estimate and interpretation.

The degree of uncertainty will allow classifying the reserves into two principle classifications:

1- Proved Reserves; are the quantities of oil/gas which can be estimated with reasonable certainty to be commercially recoverable from known reservoir and under current economic conditions, operating methods and government regulations, proved reserves can be subdivided more into developed reserves and undeveloped reserves based on the availability of facilities and the degree of certainty of these reserves' development.

2- Unproved Reserves; are the quantities of oil/gas which are less certain technically, contractually, economically and regularity to be recovered. Unproved reserves can be further classified as probable and possible reserves.

There are various methods of reserves estimation, one of them called deterministic and the other one called probabilistic. Reserves estimation numbers are dynamic and should be revised once additional geologic and engineering data become available or economic conditions change.

In the western side of the world and for the public companies and the ones registered in the stock market, it is essential to have certified reserves estimation issued or revised by a respectable reserve certifier.

Based on these numbers and the certifications, each company will have to deliver the yearly forecast and the financial results of each organization to its stakeholders and to the financial institute for the credit and funds needed for the future development.

In Egypt, we have different types of companies operating in the oil and gas sector, such as the International Oil Companies (IOCs), Private Companies, National Companies, and Joint Venture Companies. Each of these companies has its own way of defining the reserves estimation, which has to be revised by the head quarter of these companies and the EGPC. Most of the time, you find two different numbers representing these reserves resulted from two different visions, which lead to lots of discrepancies between the two partners.

The Egyptian oil and gas authorities should seek a defiant ways to evaluate the oil and gas fields reserves by a mutual way using an out source credible certifier to revise and evaluate what have been done by the joint venture and the IOCs even to increase the credibility and to double check the procedures used in this evaluation for better utilization of these reserves in the future and to give a real picture to the governmental authorities in order to plan ahead for the next generations and the future usages.

Hamed Ibrahim Abdel Karim
Pico Exploration Manager

Flow rate high at Suez Gemsa

Britain-based Circle Oil and Premier Oil have struck oil and natural gas in their onshore North West Gemsa Concession in Egypt.

Circle Oil Plc declared that its wholly owned subsidiary Circle Oil Egypt Ltd (COEL) has confirmed a discovery in the Kareem Formation sandstones, with the well testing 41 degrees API oil and gas at sustained rates of 3,388 bopd and 4.25 MMscfd of gas using a 64/64" choke. The well, Al-Amir SE-1, which had been sidetracked after operational difficulties, is currently being completed as a potential producer.

The drilling has commenced later than scheduled due to late delivery of the drilling rig. As previously announced in January 2008, the exploration well is targeting the Nubia Sandstone at a prognosed depth of 12,870 feet.

A full technical evaluation of all the results is underway to permit forward planning as a precursor to further assessment of the resource. An Assessment of Reserves has not yet been completed.

The agreement, which was subject to ratification by the Egyptian General Petroleum Corporation (EGPC) and the Ministry of Petroleum, will result in Circle Oil holding a 40% interest in the concession, while Vegas Oil and Gas is operator with a 50% interest and Premier Oil plc 10%.

The NW Gemsa concession covers an area of over 400 square kilometers and lies about 300 kilometers southeast of Cairo, in a partially unexplored part of the Gulf of Suez Basin. It includes the Al Amir-1 well, which discovered oil in April 2005. This well flowed 787 barrels of oil per day (bopd) on test.

The concession agreement has recently entered its second phase of three and is valid for a further two and a half years. It has the right of conversion to a production license of 20 years, plus extensions, in the event of commercial discoveries.

As part of the agreement, Circle will contribute towards the cost of the Amir SE-1 exploration well that targeted the Nubia Sandstone at a depth of 12,870 feet. The Nubia Sandstone is a well-known producer within the Gulf of Suez Basin and in the area of the proposed Amir SE-1 exploration well, it is approximately 1200 feet thick. The drilling rig contract was due to be concluded and the well was scheduled to commence drilling in early February 2008. The structure is a partial dip and fault closure and has an operator estimated potential of 100MMBO in situ based on the present outlined closure area.

David Hough, Chief Executive Officer of Circle, said, "This discovery is excellent news. It is particularly pleasing combined with our gas production start-up in Morocco and our recent successful fund raising. These events leave the Company in a very strong position. They give us the option to bring the Al Amir SE-1 ST well into production quickly with infrastructure approximately six kilometers away and will also allow us to carry out our ambitious plan to drill 15 wells over the next 24 months on our North African licenses. It is indeed a busy and exciting time for Circle."

On the other hand, the Al-Amir SE-1 is able to sustain production rates of 3,388 barrels of oil and 4.25 million cubic feet of gas per day, *Thompson Financial* reported.

Commenting on the farm-in agreement previously before the phase of production, Hough said, "This is another exciting farm-in for Circle Oil bringing with it the opportunity to develop a lasting relationship with a progressive Egyptian Oil Company. If successful, it will allow fast track appraisal and development of the field into an existing infrastructure. This is in line with our stated strategy which we are pursuing vigorously in order to further enhancing Circle's position."

Circle Oil is an international oil and gas exploration and development company with a growing portfolio of assets in Egypt, Morocco, Tunisia, Namibia, Oman and Panama.

Edison grows its gas portfolio

Italy's Edison SpA has reached a deal with the Egyptian General Petroleum Corporation (EGPC) to explore and develop the offshore Abu Qir gas field, which serves the company's plan to expand its gas portfolio as well as the number of its suppliers.

"With this important contract, Edison will reach the medium term target of covering 15 percent of Edison Group's gas needs through its own production," Chief Executive Umberto Quadrino said in a statement.

Edison will pay $1.405 billion for the Abu Qir concession, which will be funded through existing credit lines. The concession has reserves of about 70 billion cubic meters (bcm) of gas equivalent, of which Edison is entitled to about 40 percent.

Italy's second-biggest power producer and gas operator is keen to increase its gas supplies to fuel its portfolio of gas-fired power plants and service its gas sale clients.

The Abu Qir concession will allow the group to increase its annual gas production to reach 2.6 billion bcm from the current 1.1 billion bcm by 2013.

Edison is jointly controlled by France's EDF and A2A , an Italian multiservice utility. The investment needed to increase reserves and production at the field will amount to $1.7 billion, most of which will be financed over a five-to-seven-year period. The cash flows generated by the concession will cover the investments starting from 2012, said the company in a statement.

The investments made before 2012, estimated at about $750 million, will be funded half through cash flow from the concession and half through dedicated financings.

The concession, which produces around 1.5 billion bcm of gas per year and 1.5 million barrels of oil, has a 20-year duration and can be extended for a further 10 years, noting the deal is subject to government approvals.

Dekhila-1x hits the West Mediterranean

The Dekhila-1x well hits gas and oil in the West Mediterranean Block 1 concession, adding another exploration success for RWE Dea.

Drilling operations on the Dekhila-1x exploration well on the West Mediterranean Block 1 concession have recently been completed. The well, located 45 miles offshore within the Nile Delta Basin, was drilled to a depth of 2.706 meters in 1.183 meters of water and found a gross hydrocarbon section of 45 meters at multiple intervals.

Since 2001, RWE Dea has held a 35 percent working interest in the production sharing arrangement with the Egyptian General Petroleum Corporation (EGPC). The remaining 65% percent is held by Hess (55 percent) and Kufpec (10 percent).

"The results of Dekhila 1-x in Egypt provide valuable information which will be incorporated into engineering studies for the wider West Mediterranean development" , commented Hans-Hermann Andreae, General Manager of RWE Dea Egypt on the new discovery.

The results of Dekhila-1x will be incorporated into engineering studies for the wider West Med development.

"The results of our drilling in Egypt have been very positive and provide further encouragement as we pursue our high-impact exploration strategy," said John O'Connor, Hess President of Worldwide Exploration and Production.

Akhenaton's drilling and logging mission completed

Dana Petroleum reported that drilling and wireline logging operations have now been successfully completed on the Akhenaton-1 exploration well in the South October concession, offshore Gulf of Suez.

The well was drilled to a total depth of 13,322 feet below sea level, penetrating both the primary and secondary targets. The top of the secondary Thebes target was encountered at 11,704 feet below sea level and the primary Nubia target was encountered at 13,087 feet. A full suite of electrical wireline logs has been acquired, including the use of a formation-imaging tool. Although the Nubia was water bearing, oil was encountered in the shallower Thebes and Sudr formations with high oil saturations seen over an extensive vertical interval of 893 feet. The Thebes and Sudr formations are low porosity fractured limestones and an imaging tool was therefore used to gather information on the extent of fracturing.

A thorough interpretation of the acquired data will now be required before an assessment can be made of the commercial viability of this oil discovery. The well has been suspended for potential re-entry at a later date. The data from Akhenaton-1 is also important for assessing further prospectivity in the South October concession, including the planned drilling of the Nefertiti prospect. Following the completion of operations on Akhenaton-1, the IO3 drilling rig will move to the South-East July concession in the Gulf of Suez where Dana will operate the drilling of the South July-1 well.

IPR scores major Jurassic discovery

IPR, U.S. Texas-based Independent has successfully completed the testing of the wildcat discovery well Zain-1X in the Yidma-Alamein Development Lease, located in the northeastern region of Western Desert, approximately 130 km southwest of Alexandria.

The well was drilled to a record total depth of 17,000 ft and is the deepest ever drilled in the Alamein basin and second deepest in the Western Desert. Two separate DST's were conducted in Zain-1X with a combined rate of 5,414 bbl oil and condensate and 16.11 million cubic feet of gas per day (MMcfg/D).

The first test interval flowed 9.14 MMcfg/D with 750 bbl of condensate on a 48/64 in. choke with 49 degrees API gravity. Production was from a total of 23 ft of perforations in three commingled perforated intervals.

The second DST of the Jurassic Safa formation naturally flowed 4,664 bbl of 40 degrees API oil and 6.97 million cubic feet of gas per day on a 48/64 in. choke with 1,273 psi flowing tubing wellhead pressure. The second test produced from a single 20 ft perforated interval in the Lower Safa formation.

Additional shallower productive zones were discovered, but not tested during the above program. Total net pay from all prospective intervals exceeded 140 ft. These additional productive intervals will be evaluated and some of the untested oil intervals may be perforated to commingle with the second test interval when production operations begin later this year.

The Zain-1X ST discovery is the deepest easternmost Jurassic oil discovery in Egypt's Western Desert. The oil and gas produced in Zain-1X was found in a four-way dip closure of stacked Jurassic-aged sands from 15,000 to 16,000 ft that are sourced from Jurassic–aged source rocks in the Alamein basin. Zain-1X set a drilling record for the longest 8-1/2 in. drilling run in Africa using an 8-1/2 in. diamond impregnated bit with a 6-5/8 in. turbine.

IPR Chairman and CEO, Dr. M. K. Dabbous stated, "Since acquiring Phillips Petroleum's interests in the Western Desert in 1993, it has been our quest to introduce advanced state-of-the-art non-conventional technology for exploration and production to maximize reserves and optimize oil recovery in all of IPR's operated assets in Egypt. This major discovery opens yet another area of high interest for Jurassic exploration, not just for gas, but high quality oil as well."

IPR, operator, and partner Sojitz of Japan, plan to continue fully exploiting the upside of this new play concept in the Alamein basin through its joint venture company El Hamra Oil and look forward to bringing on substantial additional reserves to the partnership and the country of Egypt.

Acquisitions & Mergers

TAQA completes major UK acquisition

Shell U.K. Limited (Shell), Esso Exploration and Production UK Limited, (ExxonMobil), Mobil North Sea LLC (ExxonMobil) and Enterprise Oil U.K. Limited (Shell) have completed the final sale and transfer of a number of northern North Sea assets to TAQA Bratani Limited, a wholly owned subsidiary of Abu Dhabi National Energy Company PJSC (TAQA).

The assets include equity and operatorship of Tern, Kestrel, Eider, Pelican, Cormorant North and South Cormorant fields (TENC-CA) and related infrastructure, a non-operated interest in Hudson, and equity interests in the Sullom Voe Terminal and Brent System. TAQA Bratani will assume responsibility for the decommissioning liabilities relating to these fields and infrastructure. This concludes the transaction for which, Sale and Purchase Agreements were signed between the parties on 7th July 2008.

TAQA has appointed John Wood Group PLC (Wood Group) as their initial operating and maintenance contractor and initial Duty Holder. A total of 133 Shell staff transferred employment to TAQA Bratani Limited in accordance with the Transfer of Undertakings (Protection of Employment) Regulations (TUPE) as of 1st December 2008.

"Active management of our assets is a key part of Shell's portfolio-based strategy. At Shell, we are committed to focus on where we can best use our people, capital and technologies, for competitive long-term returns. On a global basis Shell remains committed to Europe and the North Sea as a core business area and holds a key strategic position in security of energy supply to the UK," said Tom Botts, Executive Vice President, Shell Exploration & Production in Europe.

Current production from TENC-CA is approximately 20,000 barrels of oil equivalent per day (boe/d) - Shell share. (This represents approximately 2% of our European production of some 1 million boe/d). In 2007, Shell's production was approximately 297,000 barrels of oil equivalent (boe) per day in the UK. This is over 10% of the UK's 2007 production of 2.8 million boe per day (source Oil & Gas UK). In conjunction with its co-ventures, Shell operates around 20% of the UK's production of oil and gas. Shell U.K. Limited is operator in the UK sector of the North Sea on behalf of Shell, Esso and other co-ventures.

BG Group and BP in North Sea asset exchange

BP and BG Group have agreed to exchange a package of North Sea assets, which is intended to strengthen BP's position as a major operator in the Southern North Sea and facilitate development activity and investment in the UKCS.

The deal will also strengthen BG Group's Central North Sea position and allow development of satellite fields. BP has agreed to acquire BG Group's interests in a number of Southern North Sea fields - the BP-operated Amethyst, Whittle and Wollaston fields and all of BG Group's interests in the Easington Catchment Area (ECA) fields including Mercury, Neptune, Minerva, Apollo and Artemis.

On the other side, BG Group has agreed to acquire BP's interests in three Central North Sea fields - the BP-operated Everest and Lomond fields, and the BG-operated Armada field. BG Group has also agreed to acquire 32% of the Chevron-operated Erskine field from BP. The respective equity interests have been agreed to be exchanged without any cash payment. Upon completion of the deal, around 90 BP offshore staff currently working on the Everest and Lomond installations will transfer to BG under TUPE regulations (Transfer of Undertakings - Protection of Employment).

'This is an excellent outcome for both companies involved and for sustaining future investment in the North Sea. The deal is production neutral, strengthens BP's position in a core area, allows us to operate more efficiently, and therefore to maximize the value of our operations and infrastructure in the Southern North Sea," said Dave Blackwood, Head of BP Business in the North Sea.

The deal is subject to Government, regulatory and co-venture approvals and completion is expected in the second quarter of 2009.

Devon Energy Completes Asset Exchange With Chevron

Devon Energy Corporation has completed a transaction to acquire an interest in the Drunkard's Wash coalbed natural gas field in east-central Utah, held by a subsidiary of Chevron Corporation.

According to the transaction terms, Devon transferred its 14.2 million shares of Chevron common stock to Chevron. In exchange, Devon received Chevron's interest in the Drunkard's Wash field and $280 million in cash. Devon has held shares in Chevron since Devon acquired PennzEnergy in 1999. In August 2008, Devon retired exchangeable debentures originally issued by PennzEnergy that were associated with the Chevron shares. After retiring the exchangeable debentures, Devon was able to enter into this exchange transaction with Chevron.

In the exchange, Devon acquired a 44 percent working interest in the Drunkard's Wash field. The field is approximately 51,000 net acres with current net production of about 40 million cubic feet of natural gas equivalent per day.

"Drunkard's Wash adds an attractive growth driver to our unconventional gas portfolio, and the cash we received further enhances our financial flexibility," commented John Richels, Devon's President.

Toyota delivers two new rigs in 2010

In his meeting with Junzo Shimizu, Toyota Tsusho Corporation President, Eng. Sameh Fahmy, Egyptian Minister of Petroleum, expressed the Egyptian awareness to boost up cooperation with the major international companies that have great experiences, high technologies as well as having the financial ability to establish the investments necessary to expand the oil and gas activities.

The Minister explained that the joint venture, Egyptian Offshore Drilling Company S.A.E., between the Egyptian Natural Gas Holding Company (Egas) and Ganoub El-Wadi Petroleum Holding Company (Ganope) in one hand, and Toyota Tsusho Corporation on the other hand, contributes in providing such offshore drilling rigs equipped with modern technology to meet the growing needs of rigs in the coming period. As a result, this would reduce development costs and maximize the economic interests as well as contributing on the completion of drilling exploratory wells and development within the planned time, so as to put these discoveries on the production map of the country.

The two new rigs, with drilling capacity of 400 ft in deepwater, will be delivered to Egypt in 2010. They will be engaged in drilling services in offshore gas exploration and development blocks within Egyptian territorial waters.

Egypt supplies its abundant reserves of natural gas to meet its domestic demand, primarily as fuel for electric power generation, while exporting liquefied natural gas (LNG). An increase in natural gas production is becoming a matter of great urgency in Egypt in order to meet growing domestic demand, as well as to promote export, and for these reasons new introduction of rigs is being keenly awaited.

To get the business started, the Joint Venture signed on September 25, 2008 a loan agreement totaling approximately $500 million, $400 according to the Ministry of Petroleum website, with a bank syndicate comprising several Japanese and Egyptian banks.

The business is an investment-type business where the Joint Venture, formed in May 2008 by the Company and two governmental oil and gas companies, Egas and Ganope, both affiliated with the Ministry of Petroleum, procures and owns two new-build offshore drilling rigs and offers them to drilling services in the exploration and development of offshore gas fields located within Egyptian territorial waters. Egas, in accordance with the charter agreement signed with the Joint Venture, will be operating and maintaining the rigs and performing the drilling, while the Company will be performing overall management of the Joint Venture as well as supplying the materials, equipment and consumables necessary for the operation and maintenance of the rigs. Ganope will be providing overall support for Egas' activities.

Beach heads towards Gulf of Suez developments

Beach Petroleum has got the Ministerial green light to acquire interests in the North Shadwan and South East July concessions in the Gulf of Suez, Egypt.

North Shadwan represents a further step in building Beach's portfolio in Egypt as part of an overall material expansion of its suite of exploration and production assets. It is operated by BP Exploration (Delta) and contains three existing, undeveloped oil discoveries and several attractive exploration prospects, the company said.

Government approval to develop two of these fields, close to the eastern shore of the Gulf, has been granted, with first production from these fields planned for late in 2009. The JV operating company (named Petroshadwan) is currently being established.

Drilling is under way on the third discovery, with the Burtocal-2 well appraising the NS394-1A "Burtocal" discovery made in late 2007. According to the company, the discovery well penetrated a thick oil column within the Nubia Formation, an extremely prolific reservoir across the Suez Gulf.

The appraisal well is testing separate fault compartments in the Burtocal structure and is designed to assist in delineating potential reserves to allow for evaluation of possible development options, said the company.

Quotes

"93% of the oil and gas production is for the domestic consumption"

Egyptian Prime Minister Ahmed Nazif

"The oil prices will exceed $100 a barrel during the coming seven years"

The International Energy Agency (IEA)

"Despite the current decreasing oil prices, the Arab Petroleum revenues will noticeably increase by 2012; higher than what was achieved over the last 15 years"

Egyptian Minister of Investment
Mahmoud Mohieldin

"80% of the oil production growth is to come from state-owned oil companies by 2030"

The International Energy Agency.

"54 new oil discoveries during 2007/2008"

The EGPC General Manager Eng. Abd El Alim Taha

"Establishing a gas union does not serve the benefits of producing countries"

OPEC President Chakib Khalil

"The petroleum sector incorporates various projects covering different domains; refining, petrochemical, gas and exploration, worth $58-billion investment"

Egyptian Prime Minister Ahmed Nazif

"483 million Euros for the wind farm in the El-Zeit Mountain funded by the European Union"

Egyptian Minister of International Cooperation
Faiza Abul-Naga

"Arab countries should form a naval force to fight rampant piracy off Somalia's coast"

General Secretary of the Arab League Amr Moussa

Renewable Energy

Toyota to back Egypt wind farm projects

Japanese motor company Toyota is expected to invest in wind farm projects in Egypt.

According to reports in the *Tehran Times,* the Egyptian Minister for Electricity and Energy, Hassan Younes, said Japan was a supporter of Egypt's plans to develop renewable energy. He declared that the Japanese government had already presented two soft loans to help finance the Koraimat solar station.

Egypt, currently has a wind farm on the Red Sea coast at Zaafarana, is hoping for further back for a new wind farm.

Dominion & Shell complete 264-MW Mount Storm Wind Project

Dominion and Shell WindEnergy Inc. announced the completion of the NedPower Mount Storm LLC wind energy project in which they each own a 50 percent interest. Sited along the high ridges of West Virginia, the project is now fully operational, generating up to 264 megawatts (MW) of electricity for the mid-Atlantic power grid.

Construction on NedPower Mount Storm, began in 2006, includes 132 wind turbines each with a 2-MW capacity along 12 miles of the Allegheny Front.

Shell said that output from the wind farm will be sold into PJM Interconnection, a regional transmission operator and wholesale electricity market serving 51 million people in 13 states and the District of Columbia.

"Dominion has about 1,300 MW of renewable generation in operation, under construction or in development. Renewables, conservation and other forms of generation, including clean coal and emissions-free nuclear, can and must play increasingly important roles in providing for America's energy needs," said Thomas Farrell II, Dominion's Chairman, President and CEO.

EDF Energies Nouvelles acquires 50% interest in Turkey's Polat Enerji

Continuing its international expansion drive, EDF Energies Nouvelles has acquired a 50% interest in the capital of Polat Enerji, one of the principal developers in the Turkish wind energy market.

This Turkish company owns two wind farms in service with 50 MW in total capacity, plus an 80-MW facility under construction, as well as four projects at advanced stages in their development, representing capacity in excess of 200 MW.

This transaction will enable EDF Energies Nouvelles to establish itself in the Turkish market. It is a perfect fit with EDF EN's strategy of expanding into burgeoning high-potential markets and into an environment offering healthy visibility and profitability.

With slightly less than 500 MW in installed capacity at year-end 2008, Turkey has wind energy resources estimated at close to 20,000 MW, according to the Turkish Energy Ministry. The country has highly favorable natural conditions, both for wind energy, with wind resources among the best in Europe, and for solar energy, with insolation on a par with that in southern Spain.

Commenting on the transaction, David Corchia, EDF Energies Nouvelles CEO said, "We are pleased to be moving into the Turkish market alongside Adnan Polat, a very high-quality partner, with a longstanding presence in Turkey. We share common goals in renewable energies and the desire to go ahead with profitable projects carrying controlled risks."

Adnan Polat, Chairman of Polat Enerji said, "EDF Energies Nouvelles' move into the Turkish market represents a key signal for our country, which is booming and has major energy needs. We are proud to be associated with one of the major players in the European renewable energy industry, which combines the expertise and clout of a large group with entrepreneurial spirit. Its know-how in several renewable energy sources represents a valuable asset for the joint implementation of numerous projects."

Eni wins Algeria's Kerzak Exploration License

Eni has been awarded the Kerzak exploration license, situated in southwest Algeria, following an international bid round launched by the Algerian National Agency for the Valorization of Hydrocarbon Resources (ALNAFT).

The high potential Kerzak license, with and extension of 16,000 squared Km in concession regime, is located in the Timimoun Basin, 400 km southeast of the giant Hassi R'Mel field.

Following the acquisition of First Calgary Petroleum, the award of the Kerzak block further strengthens Eni's presence in the Country and confirms the high oil potential of the Algerian sedimentary basins.

Eni has been present in Algeria from 1981. Eni's current equity production amounts to 84,000 barrels per day. In Algeria, Eni holds interests in 24 licenses already in production and in eight licenses under development.

K-Dow deal still on track

The Kuwait Petroleum Corporation (KPC) denied any plan to liquidate any investment assets in order to finance the K-Dow deal.

The affiliate of KPC, Petrochemical Industries Company (PIC) and the U.S Dow Chemical have recently clinched a multibillion-US dollar deal for establishing a joint venture named K-Dow.

Ali Al-Hajri, KPC Managing Director for Financial and Administrative said that the company has adequate money to fund the deal. He added, " KPC has considered all available finance options and plans to fund the PIC's $7.5-billion quota in the joint venture with a view to finding the most efficient, lucrative and lowest-cost option."

The K-Dow is scheduled to operate this month once the new company board is formed.

Al-Hajri clarified that the company decided to provide $6 billion out of its own available resources, and the remaining $1.5 billion out of monetary distribution revenues.

Velosi extends its Middle East roots

The winning of new contracts with RasGas and Dolphin Energy in Qatar has extended the reach of UK-listed quality assurance and control specialist Velosi in the Middle East region.

Velosi has been awarded a $12-milion deal with RasGas to provide specialist inspection staff over three-year period.

The company has also landed Dolphin Energy as a new client to provide quality control inspection services in Qatar and the surrounding countries where Dolphin operates.

Meanwhile, Velosi said PSC Italy, in which it holds a 60% stake, had struck a deal with Italian contracting giant Saipem to provide inspecting and expediting services in China, India, Korea, Europe and America.

The three-year contract is estimated to be worth $27.5 million.

Noble Denton expands in the GCC

Noble Denton was awarded a contract for the provision of hose equipment by Dunlop Oil and Marine Ltd. Sales agent, Petrolcom Oil.

Since the beginning of its operations in the Middle East in 1978, Noble Denton has been expanding throughout the GCC. This contract symbolizes a new area for the company in the region.

"This is a fantastic win for Noble Denton and diversifies the company's services further to ensure that we have the capabilities to provide a high standard of service across all significant business sectors… We are constantly presented with opportunities in the Middle East, and the team are looking forward to working with Petrolcom and Dunlop towards developing our relationship further in the future,"said David Wells, Managing Director for the Middle East.

Iran, Malaysia in $14-billion gas ties

Iran and Malaysia have sealed a trio of deals worth a total of $14 billion, covering a liquefied natural gas project, as well the development of the Golshan and Ferdows gas fields.

"Iranian and Malaysian senior oil and gas officials signed three agreements on co-operation in oil and gas fields," reported *Reuters*.

"The $14 billion agreements are to develop Iran's Golshan and Ferdows gas fields (in the Gulf), as well as an LNG project," Oil Minister Gholamhossein Nozari was quoted as saying.

The Minister's announcement did not clarify if the deals include the Pars LNG project. Petronas, Malaysia's State Oil Company announced last July its interest to be involved in this project, which is one of several projects that Iran has been planning, but which has made limited progress.

Canamens goes offshore in Morocco

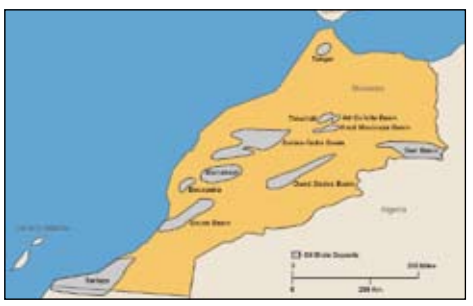
Canamens signed a suite of agreements with Morocco's Office National Hydrocarbures et des Mines (ONHYM), including an association Contract, a petroleum agreement and a reconnaissance contract, along with associated permits and a license to explore for oil in Morocco.

The first agreement is a Reconnaissance Contract in respect of the Essaouira Shallow Offshore area, located in shallow water (less than 500 meters). Canamens will reprocess and acquire new 2D seismic, and following evaluation prospectively, decide whether to convert the license to an exploration permit, or elect not to proceed.

The second and third agreements, Association Contract and Petroleum Agreement, govern four exploration permits for a similar location but in deeper water (generally over 500 meters).

Under these agreements, Canamens will reprocess and acquire new 2D seismic and, following evaluation, have the option to extend into a second period with an accompanying 3D seismic and drilling commitment, or drop without further obligation.

According to the terms of agreements, which cover an area of over 11,000km2, Canamens will be the operator with a 75% equity stake in both the Reconnaissance License and the Exploration Permits, with the remaining equity held by ONHYM. Moreover, Canamens will bear 100% of the costs up until the development stage.



The agreements represent Canamens' first investment in Morocco. Canamens Vice President for Exploration, John Pickard said, "We are delighted to be taking this first step into Morocco. North Africa is a strategic focus area for Canamens and we believe that Morocco offers exciting prospects for Canamens, and that the country's relatively unexploited offshore province offers significant hydrocarbon prospects. Canamens believes that it has skills and experience which are highly relevant to these prospects and is optimistic that it will be able to build on this first step to develop a material presence in the Moroccan oil industry."

From her side, Morocco's Minister of Energy and Director General of ONHYM, Amina Benkhadra said "We are pleased to be undertaking this opportunity with Canamens, a company which has exploration experience across the world. Essaouria is an area known for its potential. We hope that with joint efforts, the area can be explored and good opportunities and discoveries will occur."

Thule to sell its QGM stake

Norway's Thule Drilling said it would sell its stake in the QGM yard in Sharjah as well as two new-build jack-up rigs being built at the yard to Dubai-based Royal Oyster Group for $275 million.

The sale follows the closure of the QGM yard in last June, freezing work and restricting Thule's access to the units.

A third jack-up currently being overhauled at the yard plus the Thule Phoenix hull currently off the coast of Alabama were also sold to Royal Oyster separately for $140 million and $5 million respectively.

The four units comprise fledgling company Thule's entire rig fleet.

The company is working on the new-build jack-ups Thule Energy and Thule Force and is overhauling the jack-up Thule Power at the yard. It said in September that the Thule Power, which is being equipped as an ultra-deep driller, was only eight or 10 weeks from completion.

Thule said Royal Oyster would pay for the yard and new-build assets in monthly installments over two years, with Thule entitled to a 30% profit split if either of the rigs is sold on within that period. A similar arrangement covers the sale of the Thule Power and replaces Thule's arrangement with a buyer for the overhauled rig.

Royal Oyster took control of Dragon Offshore, an engineering services unit based at the yard, which had worked on all three rigs, earlier this year. Thule said Royal Oyster had already started upgrading and refurbishing work at Dragon Engineering and at the QGM yard in general.

QGM is reportedly facing bankruptcy proceedings from its suppliers and sub-contractors, while Thule has said it has filed three criminal charges against members of the yard's management related to the closure.

Halliburton secures 3-year agreement in Indonesia

Halliburton announced a new three-year contract with Total E&P Indonesie to provide specialized cased-hole services in support of the company's work in Indonesia's Mahakam Delta. Halliburton is providing Total with a full suite of cased-hole technologies and services to help the company overcome the challenges of the delta's laminated reservoirs.

"Halliburton's ability to provide a complete cased-hole solution has made all the difference in Total's ability to produce these difficult reservoirs efficiently and economically," said Etienne Thouvenin, Manager, Swamp Activities, Total. "Having the capabilities to overcome the obstacles of both under balanced and overbalanced formations is critical to meeting our production targets."

Laminated reservoirs traditionally have low porosity and permeability, resulting in low production rates or creating an economic landscape that makes production unfeasible. These characteristics can also create high overbalance pressures during drilling, which can induce significant damage in the reservoir and further complicate drilling operations.

Halliburton's cased-hole group is addressing these challenges with a range of innovative technologies specialized for extreme environments. The newly designed MaxForce® deep penetrating charges and pressure-independent gun brake system are being used with the SurgePro™ perforating design software program to optimize under balanced perforating operations. Tools including the StimGun™ assembly are being used to create dynamic fractures, enhancing production in the delta's tight formations.

In addition to the operational challenges, the Mahakam Delta's shallow waters and narrow alleyways present logistical obstacles to servicing the more than 1,200 wells Total is producing in the area. Under the contract, work is being performed from cased-hole units placed on Halliburton's Julia Segara Lestari barge and Elnusa's Samudra-1 vessel. The low draft, self-propelled vessels each hold a crew of 25 and can run both e-line and slickline. Further, the vessel is equipped with satellite communications equipment to enable real-time operational decisions and data transfer to Total and Halliburton offices worldwide.

"We are proud to be collaborating with Total E&P Indonesie to pioneer a new solution to production problems in laminated reservoirs," said Jonathan Lewis, Vice President, Halliburton Wireline and Perforating Services product service line. "It is our goal to leverage the expertise of our people and the latest wireline and perforating technologies to create new, exciting opportunities for operators to expand their production around the world."

Oil zones in Al Jumd-1 Well, Oman

Oilex Ltd announced that the Al Jumd-1 well in Block 56, Oman, has encountered substantial oil zones in two high quality sandstone packages within the Al Khlata Formation.

Logging while drilling, drill cuttings and ditch gas readings indicate that two thick oil zones were encountered, with preliminary estimated details for these zones being as follows:

- Oil is interpreted over a gross 60 meters interval from 1163 – 1233 meters (measured depth) in sandstones with estimated 20-25% porosities
- Oil shows, resistively log response and gas compositions recorded over this interval suggest potentially lighter oil than equivalent zones at the recent Sarha discovery
- No oil-water contact was observed at the base of this interval
- A further oil zone was encountered in a deeper Al Khlata sandstone over a gross 48 meters interval from 1280-1328 meters MD with no oil-water contact observed
- This zone also exhibited excellent resistivity and porosity log response

The well was spudded on December 1st, 2008 and is currently drilling ahead to the planned total depth of 1500 meters to evaluate the basal Haima and Huqf formation objectives. Once total depth has been reached the Joint Venture has determined that the well will be suspended for later production testing by a lower cost rig. The Participants in the Oman Block 56 Exploration and Production Sharing Agreement are: Oilex Oman Limited (Operator, 25%), Videocon Industries Limited (25%), GAIL (India) Limited (25%), Hindustan Petroleum Corporation Limited (12.5%) and Bharat PetroResources Limited (12.5%).

Petroceltic secures drilling rig for the Algerian program

Petroceltic International plc signed a Letter of Intent (LOI) with German drilling contractor KCA Deutag (KCA) for their Nomad class-drilling rig T-212.

The LOI authorizes KCA to immediately mobilize the rig from Germany to the Isarene permit (Petroceltic 75% interest and Operator and Algeria's Sonatrach 25%) in Algeria, for a seven well drilling and testing program.

The T-212, scheduled to commence drilling next March, is KCA' s second drilling rig in Algeria; the first, T-211, was until recently working for BP in the Illizi basin, on a block adjacent to the Isarene permit.

"Securing this modern rig with KCA Deutag represents an important step in the execution of our strategy to maximize and commercialize potential resources on this permit. With the beginning of the drilling and testing operations, we look forward to an exciting period of operational results over the next twelve months," commented John Craven CEO of Petroceltic.

The seven well drilling program, expected to take approximately 9-10 months, will focus on appraising gas and oil discoveries already made on the Isarene permit by Petroceltic and previous operators.

Golden Ball Award goes to... Ronaldo

Manchester United star Cristiano Ronaldo won the 2008 Golden Ball Award ahead of Lionel Messi and Fernando Torres

Ronaldo, the Manchester United forward, has won the Ballon d'Or 2008, the prestigious trophy awarded by France Football magazine to the outstanding player in football world. Ronaldo was the clear favorite to land the prestigious prize after a remarkable year at Old Trafford.

The powerful attacker netted 42 goals last season as the Red Devils claimed Premier League and UEFA Champions League glory.

Ronaldo finished runner-up to Brazilian forward Kaka in 2007 and overcame strong competition this time around from Barcelona playmaker Messi and Liverpool star Torres, who finished second and third places consecutively.

He has been already chosen as World Player of the Year by the Fédération Internationale des Associations de Footballeurs Professionnels (FIFPro) and also took the top prizes from the Professional Footballers' Association and the Football Writers last term.

The Portugal winger is the first Manchester United player to win the Ballon d'Or since George Best in 1968 and the first from his country since Luis Figo in 2000.

On the other hand, he was also nominated for the Fifa's Player of the Year title, which will be handed out at the Zurich Opera House on January 12. The remaining contenders for the 2008 FIFA World Player and FIFA Women's World Player awards were announced in December. In alphabetical order, the male nominees are Kaká (Brazil), Lionel Messi (Argentina), Cristiano Ronaldo (Portugal), Fernando Torres (Spain), and Xavi (Spain), while Nadine Angerer (Germany), Cristiane (Brazil), Marta (Brazil), Birgit Prinz (Germany) and Kelly Smith (England) will contest the women's award.

Cementing the lead

Jelena Jankovic revealed her determination to cement her place at the top of the WTA rankings by winning at least one Grand Slam during the 2009 season

The 23-year-old Serbian enjoyed a fantastic 2008 to secure the number one ranking ahead of Serena Williams, Dinara Safina, Elena Dementieva and compatriot Ana Ivanovic.

The retirement of former world number one Justine Henin midway through the 2008 season left the aforementioned female stars competing for the vacant spot, a place clinically taken by Jankovic.

Her consistent displays kept her top of the pile at the end of 2008 with a record of 65 wins from 84 matches, which included four titles to take her career tally to nine.

"After Justine Henin retired in May, there was an opening for the number-one position and at a certain period of the year, we were all fighting for that spot and there were many changes; a couple of girls hitting the top," said Jankovic.

"But in the autumn I had a great couple of tournaments, I played very well in the U.S Open and then won three tournaments in a row and I was able to finish the year as the number one player in the world."

It was a decent end to a year which included the runners-up spot at the U.S Open and semi-final places in the Australian Open and the French Open at Roland Garros, while Jankovic exited the fourth Grand Slam, Wimbledon, in the fourth round.

Having lost to eventual champion Maria Sharapova in 2008, Jankovic, who will prepare for the Australian Open with the JB Group Classic in Hong Kong, returns to Melbourne this year optimistic of ending her quest for the elusive Grand Slam title.

"I am working very hard and that is one of my priorities for 2009, to win a Grand Slam, to start by winning one," she said.

Jankovic has been the subject of an all-access documentary in Serbia, while she continues studying for an economics degree at Megatrend University in Belgrade and is designing a clothing range.

She believes the off-court distractions can boost her game, which she hopes will go from strength to strength in the next 12 months.

"Tennis is my priority, but I think it is very important to get your mind off of tennis and do other things," she said.

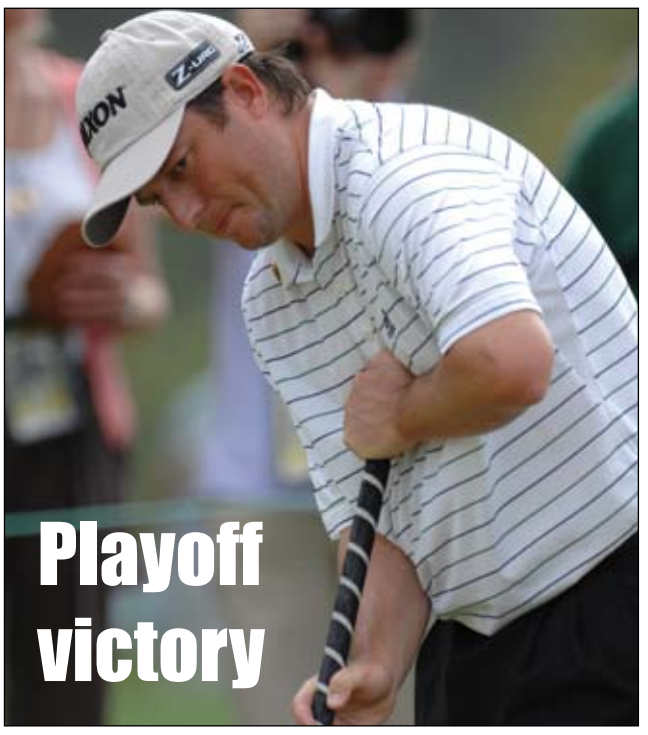
Al Ahly crumbles in Japan

Mexican Pachuca's painful 1-0 defeat against Tunisia's Etoile Sahel in the quarter-final last year inspired them to beat Al Ahly 4-2 in the same round this year in the Club World Cup in Japan

Although six-time African champions Al Ahly led 2-0 at half time, the Mexicans stormed back to win 4-2 in the extra-time. As a result, Al Ahly's only hope was to play on the fifth place against Adelaide United of Australia that lost 0-1 to Japan's Gamba Osaka in the other quarterfinal.

"Last year, I wept, because we had thought we were destined to win that game. We were thinking about our next game," said Pachuca goalkeeper and skipper Miguel Calero. "It is natural that I wept after beating Al Ahly. We thought of nothing but this game this time. Hopefully, we can keep winning."

"After that goal, Pachuca gathered the momentum and started to fight back thinking they would be able to win," lamented Al Ahly Coach Manuel Jose, adding that Pachuca's belief was the difference between the two teams. "It caused us to lose another two goals," he said.



Playoff victory

Tim Clark sneaked through to claim victory in the Australian Open after scoring a sudden-death playoff victory over Mathew Goggin

The South African forced extra holes having shot a final-round five-under-par 67 at a windswept Royal Sydney. He then went on to claim the Stonehaven Cup thanks largely to a miraculous sand-save on the first extra hole.

Goggin was forced to make a testing three-foot putt to stay alive, but the Tasmanian's effort was unsuccessful. He therefore had to settle for the runner-up spot for the second-straight week.

Having built a three-shot lead, the New Zealander's round unraveled with consecutive double bogeys at the 15th and 16th holes.

Wayward tee shots which found the trees were to blame in both instances, with Smail forced to chip out on to the fairway at the latter.

Clark had earlier scored seven birdies in his opening 13 holes. But, his chances of victory nevertheless appeared scupper, when he dropped three shots in consecutive holes, starting with a double bogey from the greenside bunker at the 13th.

Goggin, who also finished runner-up in last week's Australian PGA Championship, ghosted into contention after a closing three-under 69.

Robert Allenby finished his round in style with a birdie at the 18th, but it was not enough to force his way into the playoff.

The Australian finished on eight under, alongside early tournament leader Stephen Dartnall (72) and Smail (75).

Pre-tournament favorite Geoff Ogilvy saved his best until last; a four-under 68 meaning the former US Open champion finished at seven under overall.

He shared sixth place with Chris Gaunt, who fired an even-par 72, veteran Steven Conran (70) and Andre Stolz (75).

Optimism despite the economic collapse

Despite the status of worries and anxieties dominating the rig market and postulations of how far would the global economic crisis affect the industry, most of the key petroleum players have kept their 2009 plans unaltered; believing that it will not be as worse as analysts assume and opting for the relief to come soon

Dr. Hany El-Sharkawy, President and General Manager of Centurion Petroleum Corporation, the subsidiary of Dana Gas, has denied any downsizing of the company's projects in Egypt or any cancellation of rig demand, confirming that none of the company's current rigs were dismissed. However, he added, some projects were postponed and the drilling schedule for 2009 has been modified.

As for the measures taken by Centurion to confront the challenges of the economic crisis, Dr. El- Sharkawy highlighted that they are prioritizing essential projects and applying a strict cost reduction and financial controls.

"I think they are already here in Egypt, but they will be emphasized during the first quarter (Q1) of 2009," expressed Dr. El-Sharkawy his expectations for the negative effects of the economic collapse on the Egyptian petroleum sector. "I believe we should see a relief by Q3-Q4 of this year."

Neeraj Agrawal, Dana Gas Finance Director, elaborated on the Company's financial results, saying in a statement, "Dana Gas has not been negatively impacted by the recent global financial crisis as it has maintained a good level of liquidity and has cash reserves and positive cash flows to support the ongoing project and drilling expenditures."

Dana Gas, the Middle East's largest regional private sector natural gas company, has announced quarterly results to September 30, 2008, posting revenue from oil and gas production of AED 320 million, a 16 percent increase over the same period last year. Dana Gas' oil and gas production in Egypt ended the quarter with a production of 2.57 million barrels of oil equivalent (boe) and contributed higher revenues due to better realizations of LPG and condensates.

Dana Gas' arm in Egypt, Centurion, has set its 2009 plans on two basic segments; continuation of exploration activities and enhancement and maintenance of the company's production levels.

Similarly, Sea Dragon has not postponed any planned activities or cancelled the planned drilling program, regardless the burdens of the market collapse. Ahmed Farid Moaaz, Sea Dragon Country Manager for the Egyptian operations, highlighted that the company would turn this crisis into a positive opportunity to grab and purchase another asset in Egypt or worldwide.

> **"The service industry is the one to be noticeably affected and it would experience an increased pressure to reconsider its prices during 2009"**

"Petroleum sector most likely will see a slow year as all the major players will reduce their activities waiting to see the light at the end of the tunnel. Yet, Sea Dragon has maintained its plans unaltered," added Moaaz.

Carrying the same goals of extending its reach in Egypt, Per Johan Buggee, General Manager of Norway's leading company StatoilHydro in Egypt, highlighted that the company is seeking opportunities to grow business in the country. Buggee affirmed that StatoilHydro has not postponed or reconsidered any of its plans. On the contrary, the company is actively looking for a deepwater rig for its drilling activities in the Mediterranean scheduled to commence in 2010.

"Due to the current crisis, the focus on costs in the company has increased significantly, but StatoilHydro enjoys a solid financial situation," stated Buggee.

Concerning his expectations over this year, Buggee believes the activities of the Egyptian petroleum sector would be "slightly lower than in 2008".

In his opinion, Buggee presumes that the service industry is the one to be noticeably affected and it would experience an increased pressure to reconsider its prices during 2009.

Having the service companies under the crisis spotlight, Halliburton, one of the leading service companies worldwide, see no need for any major downsizing

or activity postponement, yet the pricing issue would be probably reconsidered. Hesham Ismail, Halliburton Area Vice President, Egypt and Libya, said, "we are sticking to our 5-year capital plan. However under the circumstances, it will be difficult for us to hit the growth margins that we achieved and sometimes exceeded during the past few years given the market activity slow-down driven by the steep decline in the commodity prices. It will be also challenging to monitor significant improvements in the profit margin expansions in the interventional markets, as there will be likely pricing pressures across the sector."

Ismail added, "It should be understood that we operate in a cyclical, commodity price-driven market, we've been in tough times before and we know how to handle the downturn. In fact, from a longer term perspective, the energy supply and demand fundamentals are strong, especially when you consider the fact that even with no demand growth at all – which is not the case now, its just slower demand growth level – the world's hydrocarbon production rate declines approximately 4% annually, so we need to compensate for that supply drop."

"Egypt's rig count has increased from 73 rigs in 2005 to 102 rigs in 2007, reached approximately 112 rigs at the end of 2008"

Being one of the early major operators in the Egyptian sector, Ismail views that the sector has been already engaged in the crisis. "I think we have already started to see the negative effects of the downturn, but to varying degrees from one market to another. It is true that the US market is spiraling downward at the moment, but the rate of change is different within the international markets."

The different market segments lead to different market reactions, stated Ismail. "For instance, our market in Egypt tends to be primarily mature operations rather than exploration-driven, hence less vulnerable in the downturn markets when exploration activity tends to be among the first to be scrapped out. Halliburton in this case is well positioned as our portfolio in general is not highly leveraged on exploration-type of activity. The other factor that impacts the activity level is the E&P customer mix, typically the smaller independents tend to feel the cash squeeze the most, impacting their funding and hence activity levels. In Egypt, we have just the right mix of large IOCs and smaller Independents, and with our broad mix of services portfolio we believe we can cater to the needs of those smaller Independents in this crunch time as we are able to offer them bundled services that can maximize their overall value returns."

Halliburton's 2009 agenda continues to focus on the technology portfolio coupled with the effective and efficient service bundling for value-maximization to different client bases. Cost efficiencies are also high on the company's agenda to weather the downturn and ultimately to continue with people and capital development to be ready for the up-cycle whether in 2010 or shortly beyond when the world economies recover from these tough times.

On the other hand, some petroleum mega players believe that service companies are the main, but not the sole, corporations to be negatively affected by the crisis' challenges.

"The main challenge is that the Egyptian Petroleum Sector service companies have adopted very high prices in 2008, which mid term will burden some projects, if not revised in due time," said Hans Andreae, General Manager of RWE Dea in Egypt. The degree of the crisis' negative effects varies; "Each company is in different position, depending on the phase they are in, whether exploration, development, production…etc."

RWE Dea is currently in the middle of an ongoing field development work in the North Idku. "For our Egyptian demand, we contracted in addition to Crosco rigs 801 and N-2 which work onshore, a Jackup to drill our North Idku wells in 2009 and to perform offshore exploration work later on," declared Andreae.

The 2009 agenda for the Dutch company in Egypt focuses on North Idku development and continuation of exploration work in the concessions of Disouq, Tanta and North el Ameriya.

Local and International Rig Markets Standing

On the international level, and prior to the current economic disaster, the rig market has witnessed an increasing demand, as there has been a worldwide shortage of highly developed rigs used for the deepwater drilling. This shortage resulted in a 98 to 100 percent increase of the daily rental fees of rigs, over last year.

In West Africa, the rig cost mounted from $92,500 a day in 2007 to $135,000 and from $171,000 to $243,000 in the area of North Sea.

As for the cost of offshore rigs manufactured for the deepwater drilling, up to a 5-thousand feet depth, it increased from $245,000 in last November to $400,000 a day during last month.

In the U.S, latest reports resolved that the costs of offshore rigs have scored first-time increase in years. For instance, in the Gulf of Mexico, the daily cost of rigs were four times higher compared to 2003, due to several factors among which, rig and equipment shortage, high personnel wages, lack of experienced workforce…etc.

Moving to the local market, the volume of E&P activities, whether onshore or offshore, has tremendously increased, according to the latest reports issued by the Ministry of Petroleum. Egypt's rig count has increased from 73 rigs in 2005 to 102 rigs in 2007, which increased by its turn to 112 rigs at the end of 2008. The Gulf of Suez and the Mediterranean areas include approximately 23 offshore rigs, while the areas of South Egypt, Delta, Western and Eastern Deserts have approximately 79 rigs operating in the fields.

The country's rig number is expected to reach 146 rigs over the coming five years. However, in light of the economic deficit, precautions should be made to maintain a status of stability in this strategic industry. According to the Ministry reports, the exploration projects in the Gulf of Suez and Western Desert are financially covered for a year ahead. This means that any project downsizing will not emerge before this year. Thus, what would happen after this year? Is there any definite possibility for companies to halt their projects in the country? Maybe it is still early to get the questions answered, however, all the crisis features should be weighed from now on instead of falling into the future ambiguity.

The 1st local rig production by the EPHH for Rig Manufacturing Company, Mubarak-1, in 2008

What the current economic crisis holds in store for the rig market

With the fall of crude oil prices to below $40 a barrel, the future of the international rig market does not seem bright

By Diana El Assy

According to the November 21, 2008 Baker Hughes rig count report, the Canadian rig count has dropped 18 rigs with a current figure of 400. As for the U.S, while the November 21 report notes no change for the rig market, the prior report had stated a drop of 51 making the current figure at 1,941. From September to October, the international rig count dropped by 12 making the total current figure at 1,096. Thus, currently the count is dropping; however, in comparison to last year's count these current figures are still part of an overall increase. Since last year, the U.S count is up 168, the Canadian count is up 9 and the international count is up 72.

Area	Last Count	Count	Change from Prior Count	Date of Prior Count	Change from Last Year	Date of Last Year's Count
U.S.	21 Nov 08	1941	Unchanged	From 14 Nov 08	+168	From 23 Nov 07
Canada	21 Nov 08	400	-18	From 14 Nov 08	+9	From 23 Nov 07
International	October 2008	1096	-12	September 2008	+72	October 2007

Baker Hughes Rig Count
(available at: http://investor.shareholder.com/bhi/rig_counts/rc_index.cfm)

So, why is the rig count dropping currently, but showing signs of an increase from last year? As previously mentioned, the economy, and specifically the rig market, has a delayed reaction time to current situations and this delayed reaction creates an elasticity, which when met by shocks, can ease into the current circumstances without breaking, or at least, one hopes that this is the case and for the rig market, it would seem far from breaking at the time being. Thus, last year, when oil prices were skyrocketing and hitting new records of costliness, many operators put forth a more aggressive strategy for the following year, more actively exploring in areas deemed too expensive the year before.

This increased exploration created a more lucrative market for contractors, who own a much-demanded commodity. This increased demand for rigs in a market already dealing with a rig shortage, caused rig prices to increase. However, when the cost of oil began to dwindle to the current low of below $40 per barrel, operators began to rethink their aggressive strategies and to cut down on costs, which means forgoing their expensive drilling programs and, unfortunately, even letting go of workers.

Also, According to the International Energy Agency's Oil Market Report for October 10th, while the international demand for oil is barely increasing, the forecast for 2009 has decreased for the world at large.

For the rig market, this means the extraction of rigs and the lowering of prices in order to cope with the operators' dwindling budget, which previously relied heavily on borrowing in order to fund drilling programs. This also spells problems for service companies who will undoubtedly be asked to renegotiate the terms of existing contracts in order to adapt to the changing economic environment. However, this forecasted decrease in demand is speculative and does not negate all demand. There will still definitely be a demand and given that there was, is and will, for this year, be a shortage of rigs in the international market, many are hopeful that contractors will not be bearing the grunt of this economic crisis as much as service companies. Furthermore, contractors are immune from short-term fluctuations of the price of oil by the very nature of their contracts, which are long-term and booked for years. Thus, many, if not most, contractors have a backlog of contracts, making for an apt safety net.

In fact, the sore spot for contractors will mainly be offshore drilling rigs, which are currently witnessing erosion in loan availability for their creation amidst the current economic crisis. This presents a double-edged sword for contractors: while on the one hand the rigs that were being built to ease the international rig shortage will keep current operational rigs in demand by being delayed or canceled, on the other hand aspirations of growth are in a state of arrested development.

In conclusion, looking at the future of the Egyptian rig market based on the current performance of the international rig market, it can be stated that on the explorative side of drilling a decrease will undoubtedly be seen. On the development side of drilling, a drop will also occur, but at a much smaller level. The rig market will not be hugely affected by next year, however, its growth might be. The impressive 40% increase from 2007's 101 rigs, will probably not repeat itself next year. The introduction of new rigs will be minimal and operators will adjust their 2009 strategies to minimize cost, by making do with their current operations and curtailing exploration efforts, not giving much incentive for contractors to fund the building of new rigs and introduce more of their fleet to the Egyptian market.

Offshore exploration will be by far the hardest hit segment of the market. With offshore drilling rigs being halted during construction and what few remaining operational rigs costing so much, it is possible that their extreme pricing might begin to decrease to a more reasonable cost within the coming few years, once current contracts are terminated.

It would seem that 2008 is the year of caution, at times inching towards fear. The exhilaration of rising oil prices in 2007 and augmented trust in lending, led to overly ambitious drilling programs; 2008 seems to have burst this bubble, and now operators are calculating their moves more meticulously bearing a not so fruitful future in mind.

Global Oil Demand (2007-2009)
(million barrels per day)

	1Q07	2Q07	3Q07	4Q07	2007	1Q08	2Q08	3Q08	4Q08	2008	1Q09	2Q09	3Q09	4Q09	2009
Africa	3.1	3.1	3.0	3.1	3.1	3.1	3.2	3.0	3.2	3.1	3.2	3.2	3.1	3.2	3.2
Americas	31.1	31.0	31.3	31.2	31.1	30.5	30.4	30.4	30.5	30.5	30.2	30.2	30.3	30.6	30.3
Asia/Pacific	25.5	24.9	24.5	25.7	25.1	26.4	25.4	24.9	26.4	25.8	26.8	25.9	25.4	27.0	26.3
Europe	16.0	15.7	16.1	16.4	16.1	16.0	15.6	16.0	16.3	16.0	15.9	15.4	15.9	16.2	15.9
FSU	4.1	3.9	4.2	4.3	4.1	4.1	4.1	4.3	4.4	4.2	4.2	4.2	4.4	4.5	4.4
Middle East	6.4	6.5	6.7	6.4	6.5	6.7	7.0	7.3	6.8	6.9	7.0	7.3	7.6	7.1	7.3
World	86.2	85.1	85.8	87.2	86.1	86.9	85.7	85.9	87.6	86.6	87.4	86.2	86.7	88.5	87.2
Annual Chg (%)	0.5	1.5	1.1	1.5	1.1	0.8	0.7	0.1	0.5	0.5	0.6	0.5	1.0	1.1	0.8
Annual Chg (mb/d)	0.4	1.3	0.9	1.3	1.0	0.6	0.6	0.1	0.4	0.4	0.5	0.4	0.9	0.9	0.7
Changes from last OMR (mb/d)	0.01	-0.01	0.01	0.01	0.00	0.05	0.06	-0.66	-0.42	-0.24	-0.38	-0.34	-0.55	-0.48	-0.44

IEA MOR 10/10/08 (available at: http://omrpublic.iea.org/currentissues/full.pdf)

Rig production to increase in 2009

In the shadow of the current global economic collapse, rumors and concerns spread in every corner stating that the E&P operations in Egypt are to decline and recent demands for rigs have been cancelled. Eng. Mohamed El-Gohary, President of the Egyptian Petroleum HH for Rig Manufacturing Co (EPHH) replies to these rumors affirming that this strategic industry is in fact flourishing

By Yomna Bassiouni

How far would the economic crisis affect Egypt's petroleum sector?

Generally speaking, Egypt, like any other country, would be definitely affected by this crisis, but we cannot assess its drawbacks for the time being. However, when we take a deeper look into the Egyptian Petroleum Sector, we would find out that it is secured to some extent and able to overcome the challenges of this collapse. As a matter of fact, over the past eight years, the Ministry of Petroleum has been engaged in diverse contracts and agreements, which guarantee the continuity of E&P operations in the country, as partners have to abide by the agreements' deadlines and terms, regardless this current crisis.

Many rumors stated that various companies have cancelled and/or dismissed rigs. Comment

This is completely untrue, El-Gohary affirmatively replied. The companies currently operating in Egypt have not decreased or suspended their field operations. We did not receive any rig cancellation. On the contrary, companies are still operating at the same level and nothing has changed up till know in Egypt. For instance, BP has decreased its production level worldwide, except in Rashid. I believe that the exploration domain is the one to be distinctly affected; I believe that the new investments as well as the number of new comers into the Egyptian sector will decrease. It is still not clear if companies' budgets can afford the initiation of a complete new exploration program with the current global deficit.

Rig manufacturing, being one of the newest industries in the country, what are the measures taken to save it?

EPHH for Rig Manufacturing, the first of its kind in Egypt and Africa, is still categorized as a new company. We are still studying the market, locally and internationally, and trying to set our reputation as world-class rig manufacturer. We are still in the early operation stages. The company was formally established on April 26, 2007. However, the negotiations with the Chinese HH Honghua Co., one of the largest rig manufacturing companies worldwide, were held for a long time, and this partnership issue toped the agenda of President Hosni Mubarak during his visit to China in October 2006.

The EPHH is the third branch for the Chinese company after Russia and the USA; the Chinese partner holds 50%, while the remaining 50% is held by Egyptian companies (Petrojet 25%, Tharwa 15% and Enppi 10%). The establishment and construction phases for this mega project witnessed the extraordinary contribution of the Egyptian shareholders, which intensified their efforts to get the factory ready to operate earlier than scheduled.

In less than six months, the factory team succeeded to assemble the first 2000-HP rig Mubarak-1in December 2007 and was publicly announced on January 19, 2008, during the visit of Eng. Sameh Fahmy, Minister of Petroleum, to the factory in the governorate of Suez. The production of this first rig was our landmark to set our base in the rig market and introduce our local rigs.

Currently, the company has expanded its marketing reach to satisfy the Middle Eastern and African demands in addition to the local one. According to our marketing strategies, our production should not be solely limited to the Egyptian market and have to be sold on local and international levels simultaneously.

Will EPHH decrease its rig production rate?

In my opinion, the Egyptian and African markets will not be severely affected; oil production will not decrease thanks to the agreements sealed and consequently I believe that the rig demand will remain the same, at least throughout 2009.

As a matter of fact, EPHH production stage has began ahead of the plan. The factory's production phase and the continuation of construction phase have been concurrently executed and that is why the production of the first rig was ahead of the plan. According to the factory schedule, the year of 2007 was solely for the construction phase, yet we succeeded to produce the 1st rig in December

of that year. We are even moving beyond; in 2008, two other rigs, Mubarak-2 and Mubarak-3 were already produced and presently finalizing two other ones which are expected to be introduced to the market in early 2009.

What are EPHH plans for 2009?

In addition to the objective of serving local demand, the company is presently marketing its rigs to neighboring countries, such as Libya and Sudan, as I mentioned earlier. There is a plan to sell five rigs over this year.

Until now, the board of directors has not made any changes for 2009 plan. The factory's production rate will be maintained as planned throughout this year. However, we might postpone the execution of the 2nd phase of construction project, but still this is not determined yet.

Some researchers and analysts declare that the petroleum era is heading to its end. Comment

This is completely incorrect; the strategies implemented by the Ministry generate a significant profit to the country's treasury and at the same time, secure the reserves. For instance, this factory symbolizes one of the ideologies of Eng. Fahmy to locally manufacture the components and tools needed to accelerate and intensify the E&P activities in Egypt instead of importing them.

The concept of local manufacturing has been expressed in a number of projects established by the Ministry; starting with the workshops of PetroJet which manufacture refining tools and pipelines, and there are also factories for the pipeline coating in Port Said and Ruruhupumpin factory for pumps manufacturing in Suez in addition to EPHH for rig manufacturing. In this context, one of the newest mega projects to be announced this year is the establishment of a factory for the casing and tubing of drilling pipelines. I have been appointed by the Ministry to conduct the preparations phase of this project. Further details will be announced within few months by the Minister of Petroleum.

Gangs of Somali pirates!

Regardless the poverty, lawlessness, chaos and desperation dominating Somalia, a highly organized, lucrative, ransom-driven business, piracy, has been formed, imposing its threats on one of the world's main marine routes. Over last year, more than 25 ships were hijacked and in many cases, they were paid million-dollar ransoms to release them. The juicy payoffs have attracted gunmen from across Somalia, and the pirates are thought to number in the thousands, augmenting the economic and political drawbacks over the region

The question raised; are Somali pirates that powerful that neither the United Nation nor the U.S forces could seize them? It is hard to imagine that the U.S air force, which can sniff out hideouts and target alleged Al-Qaeda suspects in residential neighbourhoods and craggy mountains, does not have the means to monitor what is taking place along Somalia's maritime borders. In addition to the communications and military technology, it has forces on the ground in a permanent base in Djibouti not far from a French military base. It is difficult to believe that those forces with their advanced weaponry and trained in the arts of rapid intervention cannot take on a few hundred poorly equipped and trained pirate militias, as they alleged.

There is also something difficult to believe in the train of events. Suddenly, gangs of pirates have evolved into a standing army with tactics, strategies and plans of offence. From isolated reports of the capture of some small ships of varying ownership, we suddenly have the hijacking of a Ukrainian vessel bearing heavy arms and, more recently, the hijacking of gargantuan oil tanker!

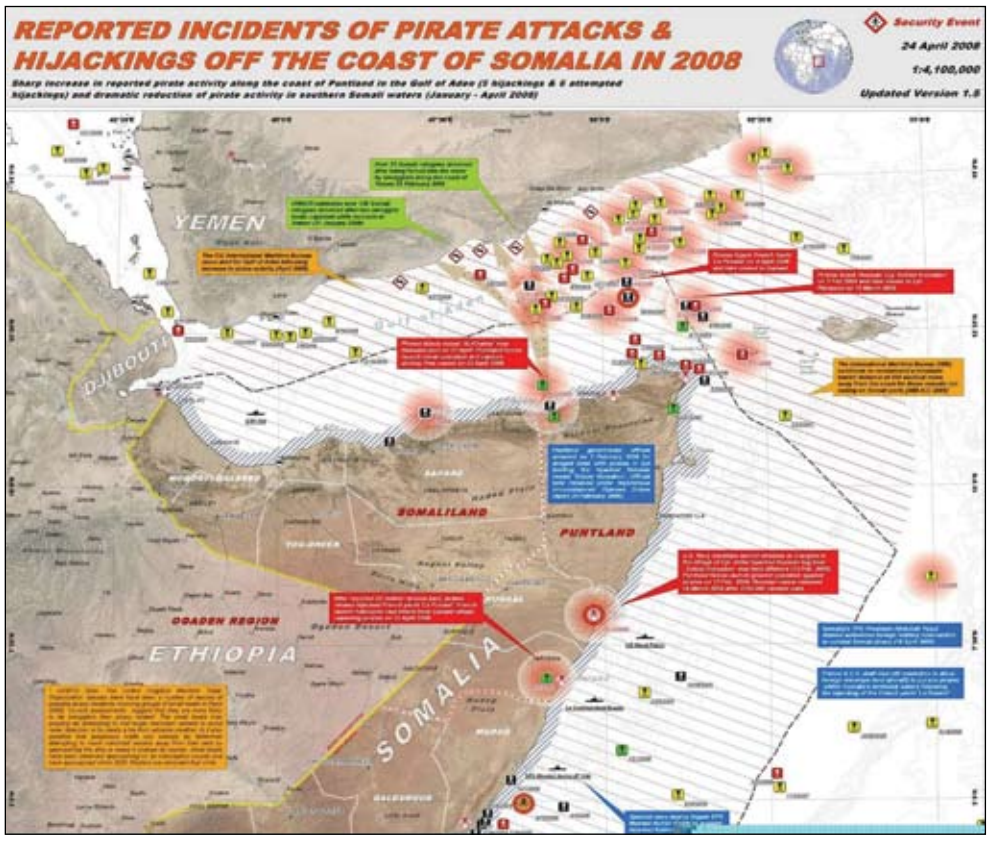
Are we to believe that those pirates have suddenly developed all that organization and combat skills? It is not more rational, in light of previous experience, to believe that certain powers have plans to establish control over the area and that magnifying the "piracy threat" is one of the means towards this end.

On the other hand, Israel's Eilate Ashkelon Pipeline project is back to reality after it was halted due to the 1973 Egypt-Israel war. It serves as a land bridge for transporting crude oil from the Red Sea to the Mediterranean Sea and vice versa. In addition, it also gives infrastructure services for liquefied petroleum gas, fuel oil, distillates and coal.

Consequently, after the piracy threats, Israel guarantees the success of its pipeline since more than one of the oil companies took the decision to avoid cruising through the Suez Canal to keep away from the piracy threats.

Moreover, Israel is also negotiating to perform the Dead Sea-Red Sea canal project, which is supposed to be built from Gulf of Eilat to the Dead Sea, representing another option or as an alternative to the Suez Canal. The project, which must be first financially viable, is scheduled to be completed by 2020.

On the other hand, shipping companies are considering changing routes via South Africa's Cape of Good Hope, Due to the hazards of sailing through the Gulf of Eden, which will mean Egypt loses a vital source of income.



The Suez Canal, the gateway to the Arabian Sea and linking Asia to Europe and often used by oil shipping vessels, is considered the third major source for foreign currency following tourism and remittance from Egyptians working abroad.

Analysts say the piracy will affect revenues from Egypt's Suez Canal, a big earner for the country and a strategic waterway in world commerce. Several shipping companies have said they will reroute their ships past South Africa.

Mohamed Abdel Wahab, the Suez Canal Spokesman, told the state-run Al-Ahram that the navigation movement has not been affected, until now, with the Somali piracy. The canal has not received any official notification from shipping companies canceling their scheduled trips through the Canal.

The Suez Canal traffic is expected to be negatively affected as vessels seek alternative routes. This means that its revenues are more likely to decrease. It is worth mentioning that the Suez Canal's revenues contribute with 3.3 percent of gross domestic product in fiscal year 2007/2008.

Norway's Frontline, one of the world's biggest oil tanker owners ferrying much of the Middle East's crude oil exports to world markets, is "definitely considering" instructing its fleet to avoid the Gulf of Aden and the Suez Canal because of piracy, its Chief Executive Officer told Reuters.

"We have not done it yet. We are definitely considering it. It is possible," said Martin Jensen. "Of course, like many in the industry, we are instructing all our ships to call as close to Yemen and as far from Somalia as possible," highlighted Jensen, adding he was concerned that Somali pirates were attacking deep in international waters.

"Arab countries should form a naval force to fight rampant piracy off Somalia's coast", said Amr Moussa, the General Secretary of the Arab League during an emergency meeting attended by Representatives of Arab Red Sea states.

"This force could work with other powers in the region to protect security," highlighted Moussa, referring to US and NATO ships that have been patrolling the increasingly dangerous waters near Somalia.

Representatives of the six Arab countries, Egypt, Yemen, Saudi Arabia, Sudan and Jordan and a representative from Somalia's transitional government blamed political turmoil in Somalia for the brazen pirates, who hijacked a fully loaded Saudi oil tanker with a $100-million cargo and a crew of 25 on Nov. 15, last year.

The pirates, who have hijacked more than 90 vessels last year, had originally demanded $25 million for the release of the Sirius Star and its crew, insisting that the ransom be paid within the 10 days. Then, the demand was later dropped to $12 million.

UN Secretary-General Ban Ki-moon said in his quarterly report to the U.N Security Council in last November that pirates had earned up to $30 million in ransoms this year. The Security Council has also adopted a British-proposed resolution on tougher sanctions against Somalia over the country's failure to prevent a surge in sea piracy.

The piracy, the Israeli canal and the Eilate Pipline all these threats could create a more vital threat to the future of the Suez Canal.

Decline in OPEC's power

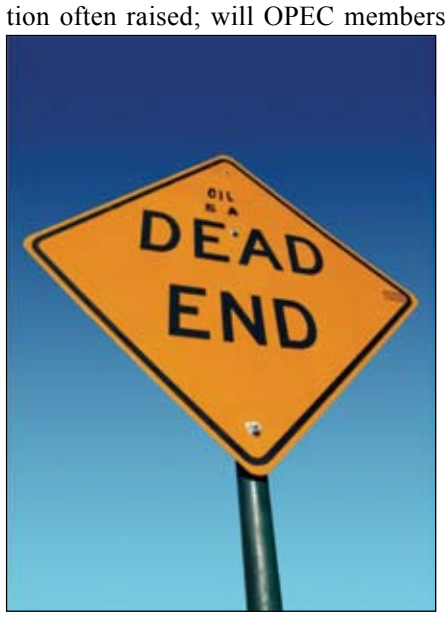
By Ahmed Morsy

Despite the oil producers' cartel OPEC has agreed to make a record cut in output, oil prices continue to fall

The ongoing oil crisis certified that the Organization of Petroleum Exporting Countries (OPEC) does not have a lot of power within an environment of declining demand.

During their last meeting in Algeria in December, The 13-nation organization has agreed to make a record cut in output, slashing 2.2 million barrels per day (bpd) from its current supply as its biggest previous cut in production was in April 1999 when it cut production by 1,716,000 bpd. Two million barrels represent about 5% of OPEC's production and that is the reason why the target for production for the 13-state members is now 24.845 million bpd.

The cut is effective from January 1st, but the big question often raised; will OPEC members abide by the cut that has been agreed upon?



Since last September, OPEC made two other cuts, meaning that a total reduction of 4.2 million bpd was made in four months. In October, the organization decreased the production by 1.5 million bpd during their meeting in Vienna, Austria, however, prices remained falling, and hit a four-year low of $40.5 a barrel on December 5th.

This continuous price fall despite the production cuts raises concerns about OPEC's loss of power. What greatly ensured the inabilities of OPEC to exercise its influence and control princes was OPEC President Chakib Khalil's statement: "The Organization of Petroleum Exporting Countries, aiming to exercise greater control over global oil production and pricing, wants Russia to become a member".

Russia is the world's major non-OPEC oil producer, sometimes producing more oil than OPEC- larger oil producer Saudi Arabia, which has a quota within the group of 8.5 million bpd.

The issue of Russian membership in OPEC arose earlier last year, when Russian Deputy Prime Minister Igor Sechin said during that time that his country would coordinate its oil production with OPEC. This stated intent later took the form of a cooperation agreement handed by Russia to OPEC. It was expected to be brought for consideration in that meeting but in vain.

Yet, much though OPEC would like to bring Russian exports under its quota system, cooperation is thought unlikely to extend much beyond coordinating some production cuts, with full-blown membership out of the question.

"We just examined our options and pitched to see how the market would respond," said Alexei Gromov, Deputy General Director for Science at Moscow's Institute for Energy Strategy.

"Joining OPEC would seriously curb our space for maneuver," said Gromov, "Russia has already taken its own niche in the market and would not want to give it up."

That "niche" which Gromov mentioned is the reason for Russia to maneuver freely away of OPEC decisions. For instance, when OPEC powerhouse Saudi Arabia announced that the group would slash a record 2.2 million barrels from its daily production as of January, Russia and other OPEC outsiders announced their own cutbacks of only hundreds of thousands of barrels.

Any Russian alignment with OPEC, whether formally or informally, would have significant implications on supply. Russia and OPEC together produce about 50 percent of the world's crude and a jointly enacted cut would send a worrying signal to the U.S. and other major consumers, even at a time when demand for crude is declining amid the global economic downturn.

Russian President Dmitri Medvedev had triggered speculation that Russia might join OPEC, when he said last month that the country must defend its interest in an era of higher oil prices. However, Russia avoided taking the plunge into membership of the international oil cartel during OPEC meeting.

From the current conditions and circumstances, OPEC seems to be helpless and alone at present until non-OPEC producers and in particular Russia demonstrate their allegiance to it.

By law, no more gas to Israel

The historic court rule to overrule the controversial 20-year deal on gas exports to Israel has generated a wave of public satisfaction and increased concerns about the efficiency of strategies and pricing systems of the government

By Tamer Abdel Aziz

The ruling, issued by the Cairo-based administrative court on November 18th, gave more confidence to the popular masses that are against the gas exports to Israel and motivated them to bring more lawsuits to suspend exporting the Egyptian gas to other countries since they consider it as the future generations' wealth, as they and believe that the country's gas reserves are not enough for the local consumption, so "why should we unleash exporting it?"

Commenting on the court rule, Eng. Sameh Fahmy, Egyptian Minister of Petroleum, declared that he respects the judgment whatever it was and added that the government was not a party in the case as its role is limited to the sale of gas to the East Mediterranean Gas Company, which supplies gas to Israel through pipelines owned by the government.

While an official source at the Ministry of Petroleum assured that government's appeal on the verdict, will be in favor of the government by 90%, noting that the contract between the Egyptian General Petroleum Corporation (EGPC) and the East Mediterranean Gas Company has recently been amended, so that it will be approved to the Ministers' Council only, and not to the People's Assembly.

Moreover, the source added that only 28% of the total amount which was agreed upon in the contract was exported. This counts for approximately 150 million cubic feet per day. However, there are negotiations between Israel and the East Mediterranean Gas Company to alter the price of gas to reach a suitable level, which expected to be 6.2 dollars (Btu).

Alternatively, Ramadan Abu Elella, Head of the Petroleum Department at the University of Alexandria, criticized the government's appeal on the verdict adding that the government is not a party in the exporting deal since the agreement is between the East Mediterranean Gas company and the state-run Israel Electric Corporation and Ministry of Infrastructure.

"The one who have the right to appeal against the sentence is the East Mediterranean Gas Company, which the government will not supply it with gas according to the resolution, while the government can then terminate the contract by the force of the judge," added Abu Elella.

On the other hand, Amr Kamal Hammouda, a petroleum expert, revealed that the oil verdict by the administrative court is considered a historic one, adding that it would really result in a political tension between the Egyptian and Israeli authorities.

"The economic development in Israel is currently to lift power, from 9 to 19 gigawatts by 2020. the Israeli strategy relies heavily on obtaining Egyptian gas over the next 15 years since the start of the signing of the treaty in June 19, 2005 in order to meet the fuel needs of Israel by 20%, develop the existing power plants and increase supplies of natural gas, which is a substitute for diesel and coal as gas is a clean and non-polluting energy," stated Hammouda.

Hammouda highlighted that Egypt signed 18 agreements to export gas despite the inadequacy of the strategic reserve, explaining that the studies provided by experts as well as the British Corporation "Wood Mackenzie" have shown that the local reserves are not enough to cover these conventions, as the figures provided by the EGPC is far from reality.

"Egypt's proven gas reserve is about 72 trillion cubic feet according to the EGPC, while the reserve in Egypt is no more than about 32 trillion cubic feet," added Hammouda.

Next-generation Developments in Logging Technologies

By Halliburton, Oilfield Technologies and Services

Introduction

Halliburton Wireline and Perforating Services have been focused on product development in recent years, resulting in a full suite of advanced logging tools that are helping operators overcome the challenges of the oilfield. Customers are especially excited about these technologies because they have been crafted and refined with customer input to directly solve high-value problems.

The technologies talked about in this article span both open- and cased-hole logging and include advancements in formation and wellbore imaging and developments in sampling and testing.

Recent Developments

Open-hole Logging Platform

Halliburton's LOGIQ® logging system was six years in the making. Now in use globally, it offers marked improvement in operational efficiency. The basic quad combo tool suite is about half the length and two-thirds the weight of the previous generation tool string. Lighter weight and short length provide safer, easier handling for field personnel. Customers enjoy significant rig-time savings by virtue of needing to drill less rat-hole and faster rig-up and rig-down times. Unlike some competitors' short tool string offerings, the system's downhole tools are fully qualified for continuous operation at 350° Fahrenheit and 20,000 psi. This characteristic preserves operational flexibility for the customer over the full range of typical operating environments.

Improved Downhole Sensors and Systems

The Array-compensated True Resistivity Tool (ACRt™) system is one LOGIQ sensor likely to garner a fair bit of the spotlight. It features refined single transmitter/six receiver antenna geometry with intrinsic sensitivity ranges from six to 80 inches. Real-time processing is accomplished with 2D software focusing to produce resolution-matched radial induction logs with depths of 10, 20, 30, 60 and 90 inches, and these logs are available within one-, two- or four-foot vertical resolution. Novel thermal and borehole correction protocols help the ACRt system deliver unparalleled dynamic range, accuracy and tolerance for less-than-ideal logging conditions.

A multi-arm caliper tool, available with the LOGIQ system, has caught more than a few customers by surprise. While open-hole caliper measurements are ubiquitous, none offer the radial and vertical sensitivity of the multi-arm caliper tool or the power it brings to bear on log quality diagnostics, borehole volume calculations and evaluations of borehole breakout. The tool accomplishes this capability with six independent, stylus-like arms and a high sample rate.

The LOGIQ system also includes a telemetry system that provides a four-fold increase in bandwidth over the previous generation's system. This enhancement provides faster logging speeds with current-generation, high-data rate tools.

Advancements in Borehole Imaging

Halliburton's imaging services, designed to obtain superior quality images, include the XRMI™ (eXtended Range Micro Imager) tool for electrical images of the formation in open-hole water base mud environments, the OMRI™ (Oil Mud Reservoir Imager) tool for electrical formation images in open-hole in oil-based mud, and the FASTCASTTM (Fast Circumferential Acoustic Scanning Tool) device for faster, improved interpretations of casing condition and cement-bond quality.

The XRMI tool is specifically designed to overcome the limitations of previous generation tools in high Rt/Rm contrast environments. With increased transmitting power, advanced digital signal acquisition and ultra low noise electronics, image fidelity is substantially improved. Moreover, the XRMI tool makes electrical imaging available in logging environments where it was not previously possible.

The OMRI tool generates electrical images of the formation similar to those generated by the XRMI tool. While the form and function of the OMRI products and service will be familiar to XRMI tool customers, the OMRIsm service has required the development of highly proprietary measurement principles. Improved borehole coverage is provided by six OMRI pads, each of which makes six resistivity measurements. Improved pad contact in washed out, elliptical or irregular boreholes is achieved by mounting the pads with three-axis articulation and on arms with independent linkage.

Cement/Casing Evaluation

The FASTCASTIsm cement and casing inspection service is based on the highly successful CAST-VIsm service. This next generation, acoustic scanner-type technology brings together state-of-the-art digital electronics, advanced downhole signal processing and more powerful surface software to produce higher resolution 3D images of both cement quality and casing integrity while acquiring the data with better than five times the logging speed (up to 60 feet per minute). The FASTCAST tool offers a range of scanner heads for use in casings from five to 20 inches.

Sampling and Testing Technologies

Two of Halliburton's highly specialized probe technologies, the Oval Pad and the Straddle Packer, significantly expand the operating range for PVT fluids sampling and pressure testing, while a percussion sidewall coring service and two rotary coring services provide undistorted samples for a range of petrophysical testing and analysis.

The Straddle Packer Sub (SPS) is an inflatable, packer-probe module that augments the standard Dual Probe Sub (DPS) for the Reservoir Description Tool (RDT™) device. The spacing between upper and lower inflatable isolation packers greatly increases the formation area in contact with the RDT device and thus extends sampling capabilities to very low mobility and highly unconsolidated formations. Fast packer inflation times—as much as 50 percent faster than competitors' offerings—are afforded by the RDT device's 1.5-horsepower pump. The SPS is also differentiated by its two independent intake ports. This redundancy helps minimize the risk of having to abort sampling operations due to plugging, offers the ability to circulate between the ports, and holds the potential to observe fluid stratification in the annular space. Finally, the SPS packers are equipped with a "power close" feature that extends packer life and limits the risk of tool sticking.

The Oval Pad is offered as a modification to the standard RDT DPS device. The single, elongated Oval Pad replaces the two standard pads. It combines the functionality of a conventional rubber sealing element with a large, reinforced and recessed flow channel. This flow channel connects the two DPS probes and increases the flow area in contact with the formation to many times that of an individual standard probe. Similar to the SPS but involving only a fraction of the operating time, cost and risk, the Oval Pad extends fluid sampling and pressure testing to lower mobility reservoirs. The Oval Pad can be particularly useful in testing laminated formations where placement of standard discrete probes may be problematic.

These pressure and fluid sampling devices provide ultimate flexibility to the customer. The RDT device can be configured to run with all three of Halliburton's probe technologies in one trip in the hole—the standard DPS, a DPS equipped with the Oval Pad, and an SPS.

A digital, software-controlled, fully combinable percussion sidewall coring system (DC-SWC) is also available. With this system, there is no limit on the number of core guns that can be combined, and each gun can recover 29 cores. The system is rated to 25,000 psi and 400° Fahrenheit. Key parameters related to shot integrity are recorded at the surface, which alleviates shot uncertainty and unnecessary core point double-shooting. The advantage to combinability is most noticeable in Toolpushersm operations where, for example, the RDT device and multiple DC-SWC tools can be deployed in a single trip.

Halliburton's rotary coring capabilities include the H-RSCT™ (Hostile Rotary Sidewall Coring Tool) and the RSCT™ (Rotary Sidewall Coring Tool) devices. The H-RSCT device is rated for 25,000 psi and continuous operation at 400° Fahrenheit. The RSCT device, the standard-duty rotary coring device, is rated for 20,000 psi and 350° Fahrenheit. Both are software controlled, a feature that permits either fully automated or manual control over core-drilling operations. Like the percussion cores mentioned above, the H-RSCT and the RSCT devices are fully combinable. Both tools feature increased power at the bit, resulting in decreased drill times. The very latest thinking in mechanical and electrical design has been incorporated into both these tools and this has had a marked impact on reliability and core recovery.

In Summary

The LOGIQ system, Halliburton Wireline and Perforating Services' next generation open-hole logging platform, is available globally. The platform features improved operational efficiency owing to its lighter weight, short length and higher-performance downhole sensors.

Halliburton's formation imaging capabilities extend to both oil-mud and ultra high Rt/Rm environments. Casing and cement inspection is possible with improved fidelity and with much improved logging speeds. Two innovative designs support of fluid and pressure testing services, both of which expand the operating limits for sampling and the speed the operation and lower the customer's risk. Rotary and percussion coring capabilities have been extended to include hostile environments.

These services are representative of Halliburton's commitment to meeting the challenge of maintaining and increasing production as resources become harder to find and worldwide demand continues to grow.

First Cairo's solar roof

In a seminar held in the German Evangelical School in Cairo last month, SUNSET Solar announced the implementation of the Solar Roof Project in Cairo at the Deutsche Evangelische Oberschule (DEO) in cooperation with the KACO Gerätetechnik GmbH. On the German School's roof three different solar systems are installed, representing the wide range of solar applications possible.

Thanks to the solar systems the school is able to cover its energy needs environment-friendly. A solar thermal system on the rooftop of the auditorium heats up the tap water and supports the school's heating system. The photovoltaic systems on the rooftop of the sports hall and on the facade towards the main entrance produce electricity for the illumination of the classrooms and for electronic equipment of the school. A solar pump system which had been installed in one corner of the sports field provides groundwater for the irrigation of the sports facilities. Two displays next to the main entrance of the school are informing about the actual irradiation, about the amount the electricity and heat generated by the photovoltaic and the solar thermal system and about the avoided CO2 emissions.

The project is implemented as part of the Solar Roofs Programme of the Deutsche Energie-Agentur (Dena) - the German Energy Agency. It illustrates the advantages and possibilities of solar applications in Egypt and showcases solar technology «made in Germany», an innovative, high quality and sustainable technology.

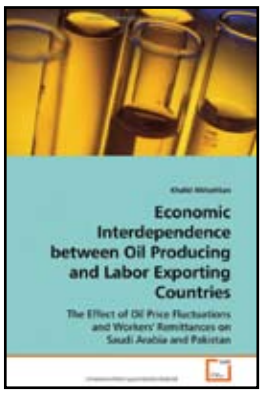
After Namibia, Singapore and Shanghai the Solar Roof Cairo is SUNSETs fourth successfully implemented project under the framework of the Dena Solar Roof Program.

The Solar Roof Program sponsors solar energy installations on selected public institutions worldwide in order to raise awareness for the benefits of solar technology. Within this program, dena and the collaborating companies, SUNSET and KACO, make a huge contribution to the transfer of knowledge concerning application options, costs, technology and the advantages of solar energy technology. The program is coordinated by Dena and co-financed by the Federal Ministry of Economics.

RECOMMENDED

Economic Interdependence between Oil Producing and Labor Exporting Countries

The Effect of Oil Price Fluctuations and Workers' Remittances on Saudi Arabia and Pakistan (Paperback)



Book Description

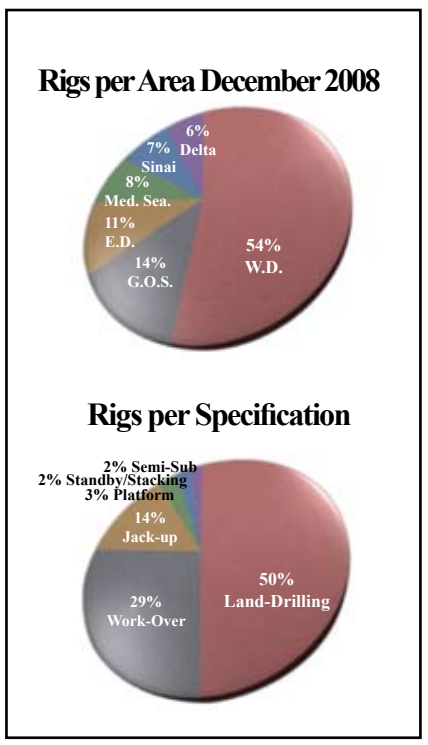
Oil and workers' remittances play an important role in the international economy. Only a few articles have been trying to investigate the effects of oil price fluctuations on both oil producing and labor exporting countries. For oil producing countries, the concentration in production might be the main reason for the fluctuation in export earnings that lead to large changes in export revenues. Because of the lack of skilled labor in oil producing countries, they are heavily dependant on the skilled workers from labor exporting countries such as Pakistan, India, Bangladesh, Egypt, the Philippines, and other countries. So, any oil shock is expected to harm labor exporting countries by influencing the workers' remittances. This book is expected to enrich the international library with the importance of workers' remittances to labor exporting countries. I hope that this book will help the international community to realize how negatively the oil price fluctuations would influence poor countries (labor exporting countries) through affecting workers' remittances which are important to macroeconomic variables such as investment, consumption and thus gross domestic product (GDP).

About the Author

Dr. Khalid Alkhathlan, King Saud University, Colorado State University (Ph.D. Economics), Texas A&M University, (M.A. Economics), King Saud University (B.S. Economics) - Assistant Prof., Economics Department, King Saud University, Saudi Arabia - Dean of the College of Business Administration in Al-Kharj.

Table 1 Egypt Rig Count per Area -December 2008

Area	RIG COUNT	Total	Percentage of Total Area
Gulf of Suez		20	14%
Offshore	20		
Land			
Mediterranean sea		11	8%
Offshore	11		
Land			
Western Desert		76	54%
Offshore			
Land	76		
Sinai		10	7%
Offshore			
Land	10		
Eastern Desert		16	11%
Offshore			
Land	16		
Delta		8	6%
Offshore			
Land	8		
Total		141	100%



Source: Egypt Oil & Gas

Average Currency Exchange Rate against the Egyptian Pound (November / December 2008)			
US Dollar	Euro	Sterling	Yen (100)
5.513	7.042	8.289	5.801

Stock Market Prices (November / December 2008)		
Company	High	Low
Alexandria Mineral Oils [AMOC.CA]	49.95	39.51
Sidi Kerir Petrochamicals [SKPC.CA]	11.77	9.56

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

		United States[2]	Persian Gulf[3]	OAPEC[4]	OPEC[5]	World
2008 January	E	8,624	24,990	25,129	36,506	85,180
February	E	8,625	24,219	25,355	36,666	85,341
March	E	8,664	24,230	25,364	**36,885**	**85,438**
April	E	8,717	24,143	**25,262**	**36,572**	**85,092**
May	E	8,879	**24,598**	**25,694**	**36,927**	**85,960**
June	E	8,665	**24,670**	**25,785**	**37,084**	**85,873**
July	E	8,764	**25,110**	**26,133**	**37,507**	**86,863**
August	E	8,608	**24,988**	**26,026**	**37,402**	**85,835**
September	PE	8,121	24,627	25,736	37,003	84,312
2008 9-Month Average	PE	8,522	24,511	25,611	36,953	85,550

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

Source: EIA

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

	Libya	Sudan	Other	World	OPEC[1]	Persian Gulf[2]	North Sea[3]
2008 January	1,740	520	2,515	73,910	33,221	21,538	4,004
February	1,740	520	2,532	74,083	33,374	21,763	3,980
March	1,740	520	2,499	**74,184**	**33,584**	21,768	3,975
April	1,740	520	2,495	**73,738**	**33,274**	21,682	3,924
May	1,718	520	2,519	**74,144**	**33,625**	**22,136**	4,051
June	1,700	520	2,492	**74,122**	**33,750**	**22,197**	3,667
July	1,700	520	**2,509**	**74,885**	**34,146**	**22,610**	3,912
August	1,700	520	**2,540**	**73,727**	**34,025**	**22,474**	**3,455**
September	1,745	520	2,577	72,820	33,668	22,157	3,629
2008 9-Month Average	1,720	520	2,520	73,960	33,632	22,038	3,844

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

Source: EIA

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

	Algeria	Canada	Mexico	Soudi Arabia	Russia	Former U.S.S.R	United States[1]	Persian Gulf[2]	OAPEC[3]	OPEC[4]	World
2008 January	350	727	366	1,440	421	_	1,783	2,325	2,790	3,131	8,009
February	352	724	368	1,440	421	_	1,830	2,330	2,796	3,138	8,052
March	353	700	367	1,440	420	_	1,847	2,332	2,800	3,142	8,037
April	355	709	370	1,440	418	_	1,880	2,333	2,802	3,142	8,055
May	356	699	371	1,440	419	_	1,908	2,335	2,805	3,147	**8,116**
June	358	686	372	1,440	423	_	1,810	2,345	2,837	3,180	**8,007**
July	359	688	374	1,440	423	_	1,856	2,372	2,853	3,206	**8,107**
August	360	671	363	1,440	426	_	1,839	2,386	2,867	3,222	**7,974**
September	362	662	357	1,440	426	_	1,537	2,342	2,838	3,180	7,545
2008 9-Month Average	356	696	368	1,440	422	–	1,811	2,345	2,821	3,166	7,990

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

Source: EIA

Fig 1

Egypt Suez Blend Price

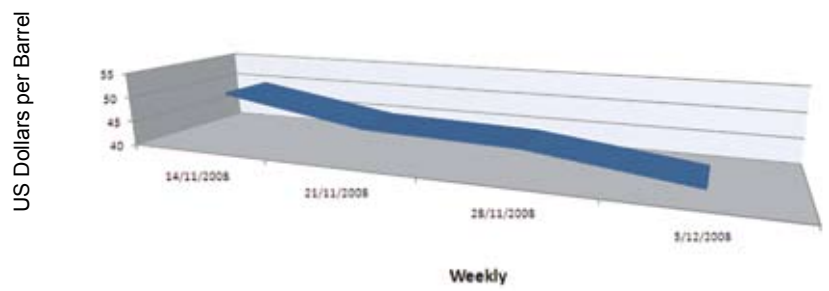


Fig 2

Natural Gas Price

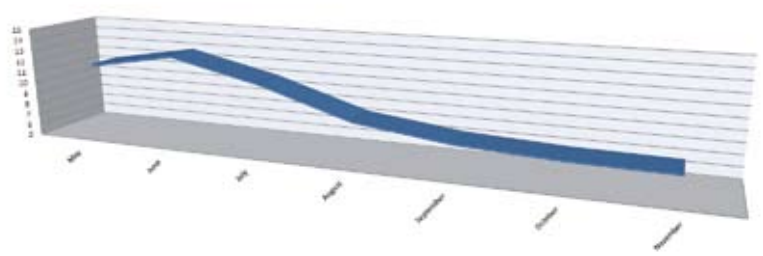
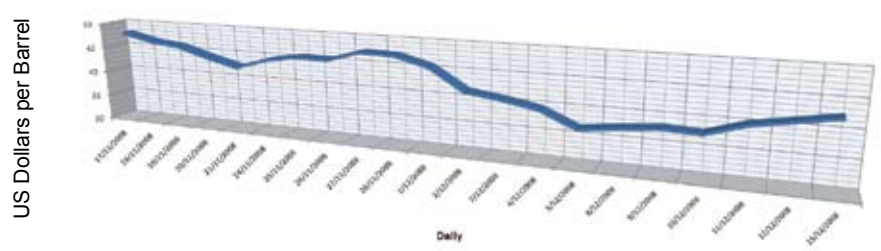


Fig 3

OPEC Basket Price



Source: Egypt Oil & Gas

Table 6 International Stock Prices Mid-November 2008 - Mid-December 2008

International Stock	High	Low
Schlumberger [SLB] NYSE [US Dollars]	50.23	41.10
Halliburton [HAL] NYSE [US Dollars]	17.66	15.10
Exxon Mobil [XOM] NYSE [US Dollars]	80.89	73.38
Atwood Oceanics [ATW] NYSE [US Dollars]	20.99	15.74
Weatherford [WFT] NYSE [US Dollars]	12.79	10.04
Shell [RDS.A] NYSE [US Dollars]	53.45	45.68
Apache [APA] NYSE [US Dollars]	78.33	68.07
Baker Hughes [BHI] NYSE [US Dollars]	34.91	28.42
BJ [BJS] NYSE [US Dollars]	11.99	9.73
Lufkin [LUFK] NYSE [US Dollars]	50.71	34.06
Transocean [RIG] NYSE [US Dollars]	70.36	54.02
Transglobe [TGA] NYSE [US Dollars]	2.23	1.72
BP [BP.] LSE Pence Sterling	537.25	478.00
BP [BP.] LSE Pence Sterling	989.50	787.50
Dana Gas [Dana] ADSM US Dollars	0.80	0.66
Caltex [CTX] ASX Australian Dollars	9.14	6.72
RWE DWA [RWE AG ST] Deutsche-Borse Euros	66.08	57.52
Lukoil [LKOH] RTS [US Dollars]	38.70	27.50

Source: Egypt Oil & Gas

Table 4 OECD[1] Countries and World Petroleum (Oil) Demand (Thousand Barrels per Day)

	France	German	Italy	United Kingdom	OECD Europe[2]	Canada	Japan	South Korea	United States[3]	Other OECD[4]	OECD[1]	World
2008 January	2,060	2,504	1,626	1,695	15,431	2,356	5,369	2,372	20,114	3,484	49,127	NA
February	1,992	2,494	1,671	1,804	15,410	2,431	5,883	2,348	19,782	3,566	49,419	NA
March	1,882	2,399	1,569	1,674	14,770	2,313	5,022	2,266	19,732	3,422	47,524	NA
April	2,005	2,500	1,621	1,821	15,441	2,195	4,992	2,098	19,768	3,687	48,182	NA
May	1,851	2,310	1,609	1,620	14,464	**2,259**	4,448	2,181	19,729	3,601	**46,681**	NA
June	1,897	2,430	1,588	1,708	14,753	**2,299**	4,340	1,993	19,553	3,462	**46,399**	NA
July	1,924	2,623	1,751	1,623	**15,301**	**2,466**	4,437	2,028	19,412	3,673	**47,317**	NA
August	1,855	2,623	1,534	1,576	14,825	2,317	4,174	2,028	19,267	3,513	46,123	NA
2008 8-Month Average	1,933	2,494	1,621	1,689	15,046	2,329	4,826	2,164	19,669	3,550	47,584	NA

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

Source: EIA