EGYPT OIL&GAS NEWSPAPER

As usual, Petrobel comes first in the production rankings

The continuous efforts of the Ministry of Petroleum to overcome any obstacle that hinders its production plan reflect the officials' targets to keep high levels of oil and gas production. Despite all speculations claiming the slow down of such attempts, Egypt has witnessed a relative progress in its oil and gas production rates since the beginning of this year

By Tamer Abdel Aziz
Sama Ezz El-Din
Shady Ahmed

P14

Less drilling in an unsustainable market

Any unexpected collapses trigger a recovery phase that paves the route for resuming the state of prosperity and wealth once more. Any industry swings continuously over the ups and downs due to the economic conditions. No matter how long would it take to overcome the downs, a healthy industry can always control once back its wheel

P10

Surprising Truth!

A common assumption today is that the Middle East has an abundance of natural gas supplies; however, the reality is quite different. Surprisingly, the Middle East, which has 40% of the world's remaining gas reserves, is struggling to find enough gas to meet its own needed demands

P11

Lacking the production vision

"A decrease in the production of oil in Egypt," as the United States Department of Energy predicted in last February, it came in a report titled "The Forecasts of Energy in the Short Term"

P20

$41 million investment in Abu Qir

Abu Qir Petroleum Company initiated its first steps towards the drilling of two new wells, exploratory and development wells in North Abu Qir-10 and Center of Abu Qir respectively.

Diamond Offshore Drilling Inc and the Egyptian Drilling Company (EDC) supplied the project with the two needed 2000-hp rigs. The first company supplied its Ocean Spur rig, with a renting cost of $85,000 per day, and a rental period expiring this August, while EDC gave its Snuseret rig, with a daily rent of $55,000 and its ending period is in May of next year.

Egypt Oil & Gas newspaper (EOG) learned that the total value of the current wells drilling counts for $41 million.

The company targets a production boost from the North Abu Qir field by raising its current production from 175 billion cubic feet of gas per day to reach up to 300 billion cubic feet from the new marine platforms.

Besides, the company intends to conduct well's treatment over its exploratory wells, in order to be able to accommodate more new wells, wether exploratory or development ones, especially after the successful 3D seismic surveys that help boosting the North Abu Qir field reserve.

It is worth mentioning that Abu Qir Petroleum Company is a 50-50 joint venture company between the Egyptian General Petroleum Corporation and Edison. The company became operational following the signing of the January 15, 2009 agreement with the EGPC, through which Edison acquired all of the exploration, production and development rights to the Abu Qir field hydrocarbon deposits in Egypt through a production sharing agreement with EGPC.

Rashpetco hits a new era of production

Rashid Petroleum Company (Rashpetco) prepares for carrying out the "Hot Tab" operation, which is a unique operation that is considered to be the first of its kind to be accomplished in Egypt with Technip, the multinational company.

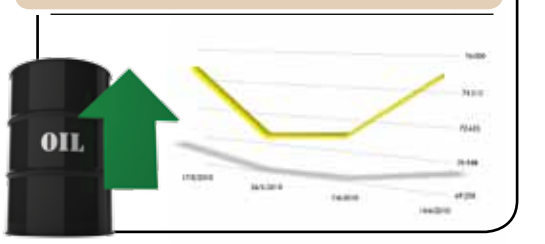
Technip, the provider of construction services for the oil and gas industry, will establish a 36 inch production line to connect the production facilities under water by welding the line with all the other lines without shutting down the production, which acquires a very complicated brand new technology.

Eng. Taher Abdu Al Rihim, Operation Manager in Rashpetco, told Egypt Oil & Gas newspaper (EOG) in exclusive statements that in the current period more tests are done, especially after the success of the first part of the tests in Aberdeen's lab.

Al Rihim spotted out that the project will start initiating in the prime of September and ends by November.

Al Rihim also told EOG that the total investment of the new production line will cost nearly $225 million, adding that his company is aiming to keep its production rate steady from its acquisition area in West Delta, which is currently 2000 million cubic feet of gas per day.

ICE Brent Price



Interviews

More petroleum prosperity is yet to come P16

Rashpetco, the backbone of Egypt's gas production P18

Who to blame?

I know it is as major as the one of Gulf of Mexico, yet it is a catastrophic incident that would not only affect the marine life but also the touristic activities. The Hurghada oil spill, discovered last month, threatening to damage marine life in the area has prompted environmental agencies to demand tighter regulation of offshore oil platforms.

Although this oil leak can be considered too small compared to the volume of leak caused by the explosion on BP's Deepwater Horizon oilrig, off the coast of Louisiana, both causes catastrophic environmental disaster.

In my opinion, the only difference between the two incidents is that here, in Egypt; we do not have firm regulations and penalties to apply in such cases. Hence, even if we do figure out the responsible behind this incident, we will not have the right penalty to apply and prevent similar future disasters.

The Hurghada Environmental Protection and Conservation Agency (HEPCA) Managing Director Amr Ali told AFP that the spill was caused by leakage from an offshore oil platform north of Hurghada and has polluted protected areas and showed up on tourist beach resorts. "The companies have said they will pay damages, but it is the environmental damage that we are concerned about," Ali said, declining to name the companies for legal reasons.

From the other side, there were no official statements from the Ministry of Petroleum to answer HEPCA announcements, until writing this column.

HEPCA criticized the government's insufficient reaction. It called for a clearer plan of action to prevent further environmental disasters.

I know that such incidents do occur; the United States is embroiled in its worst environmental disaster and in Nigeria, the government has threatened to levy punitive sanctions against ExxonMobil, if the giant US oil company fails to contain the crude spills from offshore platforms in Nigeria's southeast Akwa Ibom State. So, what about us? What measures will be taken?

Personally, I would prefer to receive official answer to my question: "do we have tight regulations to save our environment and shores from such disasters or are we vulnerable in front of companies' greediness due to our need for energy?

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DAPETCO to drill a new well in the Western Desert

Egypt Oil & Gas newspaper (EOG) learned that South Dabaa Petroleum Company (DAPETCO) is nearly finalizing its drilling plan for the year 2009-2010, as the company will drill an exploratory well "Zoom SD3" in Al Qattara Depression in its acquisition area in the Western Desert.

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

Mahmoud also said that his company hasn't yet agreed on the financial plan for the newly to be drilled well, Zoom SD3.

It's worth mentioning that South Dabaa is a joint venture between EGPC and the Tunisian company Hadi Bouchamaoui, a private company specialized in exploration. Bouchamaoui operates in south of dabaa acreage, after it discovered six oilfields in the same location, four of them were placed on the production line since last February, with an output of 13,000bpd.

Rashpetco benefits from the Gulf of Mexico's oil spill

Rashid Petroleum Company (Rashpetco) is planning to conduct its development plan for the next year 2011, which includes drilling two new exploratory wells, in addition to a third well in the deep water with approximately depth of 4000 meter, in its acquisition area of West Delta.

The total investment of both wells will reach $70 million, and the third will cost $100 million due to the high cost of drilling in the deep water.

Eng. Taher Abdu Al Rihim, Operation Manager in Rashpetco, told Egypt Oil & Gas newspaper (EOG) that his company will bring a Semi Sub rig with a 2000 horsepower capacity. The rig will be brought from Gulf of Mexico and its daily rent will cost $225,000.

Al Rihim pointed to the fact that the low cost of the rig is due to the suspension of some of the drilling activities in Gulf of Mexico.

Red Sea oil spill damages wildlife on Egypt's coast

Environmentalists monitoring the area have taken pictures of oil-encrusted beaches and tracked the spill to an offshore rig operated by a subsidiary of the state petroleum company.

However, Petroleum Minister Sameh Fahmy claimed that the cause of the "leak" is unknown. Private laboratory tests completed yesterday revealed that the oil found on the beaches and the oil leaking from the rig were from the same source.

The rig is offshore, near the island of Geisum, a rocky outcrop 35km from the Egyptian coast. It is operated by state-owned Geisum Oil.

Officials of the company implied that Geisum Oil was responsible for the spill yesterday when they said the leak had been capped.

The government's environment and tourism ministries later officially noted that the spill had been contained and that measures were being taken to "deal with the pollution caused".

But even the government-aligned Hurghada Environmental Protection and Conservation Agency has labelled the damage caused by the spill as "catastrophic".

The agency's head, Amr Ali, has called for "stringent action" following a visit to the polluted beaches by Fahmy and Junior Environment Minister Maged George. They were to take charge of a hurried, land-based, clean-up operation that now extends to Al Gouna, 50km south of the initial pollution.

Ali has admitted that the spill was first noticed around the legs of the offshore platform "four or five days" ago, but that no notification was given.

And there were no attempts to contain the spillage.

An environmental monitor who has examined the coastal damage claimed yesterday that "the government is planning a cover-up".

He reported that hundreds of birds and turtles had been killed by the oil since the spill began. Dolphins, which frequent the area, are also affected.

Disasters of this kind, whether resulting from the activities of state-owned enterprises or private companies, are seldom officially acknowledged by governments.

Resort owners and diving centres along the coast say they have lodged complaints with Prime Minister Ahmed Nazif but he has made no comment.

Egyptian officials are particularly concerned about cancellations by European tourists if news of the extent of the damage to the beaches become widely known. Of particular concern is the potential damage to the resort town of Al Gouna, the brainchild of billionaire investor Al Gouna. It is the site of the largest residential investment in Egypt.

Petrozeit: $15 million for new wells drilling in Ras El Ush

Gebel El Zeit Petroleum Company (Petrozeit) will issue a bid for hiring a rig in order to accomplish the company's new drilling plan next year, in the field of Ras El Ush within the company's concession area in Gebel El Zeit in the Gulf of Suez.

"The company's new plan involves drilling two offshore exploratory wells," Eng. Saad El-Din Mostafa, Chairman of Petrozeit Petroleum Co., told Egypt Oil & Gas (EOG).

"The drilling of the two new wells will be held after conducting the needed studies of the reservoir of both El-Mattalah and Nubeyah layers. Hence, these studies should determine the drilling areas and the number of the exploratory wells which are going to be drilled in so as to maximize the volume of production and reserves," Mostafa concluded.

Mostafa also pointed out that the total estimated investments of drilling those two new wells in Ras El Ush field will reach $15 million. He also added that the refinery planet can include the production of the two wells after carrying out the 3D Seismic studies on the deep layers.

"The process of drilling is scheduled to start in the first half of the next fiscal year (2010-2011)," he emphasized.

Qarun plans to drill three new wells

Qarun Petroleum Company (QPC) is in the process of drilling three new wells, by the end of this year, in the two fields "Gharibon" and "Sohba" located in the Eastern Desert. The total estimated investment of the three wells expected to reach $13 million, to be drilled after conducting the necessary 3D seismic survey.

"We are increasing our exploration plan in the Eastern Desert, especially in Abu Rawas, where crude oil was found heavily," Eng. Abdul Khaliq Migawer, Qarun Vice-President for Exploration, told Egypt Oil & Gas (EOG) in exclusive statements.

"Since the beginning of this year, the company drilled three development wells in the area of El Diyur, compared to only two wells drilled last year with total investments of $5 million," Migawer added.

"Throughout the current year, we plan to drill 28 development wells in the Karama and East Bahariya areas, in addition to three exploratory wells in the Beni Suef area. The sum of investments in these areas computed by $70 million, measured up to investments from last year, which was pressured by the global crisis, that led to the drilling of developing wells only in Beni Suef, worth $6 million investment."

EDC buys Mubarak-4 and Mubarak-5 oil rigs

Egypt Oil & Gas knew about a deal finalized between the Egyptian Drilling Company (EDC) and the Egyptian-Chinese Petroleum Co for Manufacturing Drilling Rigs (EPHH).

The new $24-million deal will add two rigs, Mubarak-4 and Mubarak-5, to the drilling fleet of EDC.

The two rigs are expected to be delivered to EDC in the coming four months in order to prepare their processing equipments in addition to purchasing the drilling pipes and drilling collars as well as the other operating tools. Also, during this period, the Camps will be manufactured, which is needed for the subsistence of the crew operating.

It is expected that the rate of hiring these two rigs will be on the average of $13,000 to $15,000 a day since they are the latest in the world of onshore drilling rigs.

New Faghur basin production achieves Apache goal of doubling output

Apache Corporation announced that new production from its Faghur Basin fields has propelled its Egyptian gross-operated oil and gas production above 330,000 barrels of oil equivalent (boe) per day, surpassing the company's late-2005 goal of doubling output from Egypt's Western Desert within five years.

Incremental production from several Faghur Basin discoveries - including Phiops - pushed output from the basin above 26,000 barrels per day following completion of new Kalabsha processing and transportation facilities. Apache invested $4.2 billion in exploration, development and facilities to achieve the "2X" production goal. The company also discovered 57 new fields, drilled 869 new wells, acquired 3.8 million acres (17,300-square kilometers) of 3-D seismic and designed and constructed gathering facilities and two new gas processing trains for Qasr Field gas production.

The company also installed a major strategic gas pipeline compression project on Egypt's northern gas pipeline, built a third processing train at the Qarun Concession, implemented 13 waterflood secondary oil recovery projects; and completed the first phase of Kalabsha facilities in the Faghur Basin.

"Apache's course in Egypt was set in 2003 when the Qasr Field was discovered," said G. Steven Farris, Apache's Chairman and Chief Executive Officer. "As our success continued and the magnitude of the opportunities in the Western Desert became clear, 2X was conceived to encourage our Egyptian partners to assist us in ramping up activity and getting the resources needed to expand operations across the Western Desert."

Apache's current production of more than 330,000 boe per day exceeds the 2X production goal of 326,076 boe per day. "The emergence of the Faghur Basin as a key component for Apache's continued growth in Egypt - along with the hard work of the Apache team - permitted us to fast-track production through the Kalabsha Facilities Project and enabled Apache to reach the 2X goal with seven months to spare," Farris said.

Apache also recently completed the Phiops 9 well, which tested at rates of 4,632 barrels of oil per day from the Alam El Bueib-3E (AEB-3E) formation. "This is another example of the quality of the production coming from the Faghur Basin," Farris said. "The newly commissioned Kalabsha facilities allowed us to begin production from the Phiops 9 immediately. We expect to complete additional infrastructure projects by year-end that will permit Faghur Basin production to grow to 40,000 barrels per day."In 2005, when the 2X campaign was initiated, Apache's gross-operated production totaled 109,000 barrels of oil and 325 million cubic feet (MMcf) of gas per day. Current production totals 195,000 barrels of oil and 810 MMcf of gas per day.

Apache, the largest U.S. investor in Egypt's economy, is the largest oil producer in the Western Desert, delivering 27 percent of Egypt's total daily oil output. Since setting the 2X goal, Apache has moved up to be the country's third-largest oil and gas producer.

"During the first quarter of 2010, Apache's oil and gas production generated $10.6 million per day of revenue to the Egyptian government, and our joint ventures with the Egyptian General Petroleum Corporation directly employ nearly 4,500 Egyptians," Farris said. "Our partnership with EGPC is a win-win for both Apache and Egypt."

"Going forward, with 11 million acres to explore and develop, active seismic acquisition and exploration programs, and new infrastructure projects in the pipeline such as the second phase of the Kalabsha facilities, our Egyptian operations will continue to be a key driver in Apache's growth."

A rig needed for Eshpetco

Esh El Mallaha Petroleum Company (Eshpetco) asked the Egyptian General Petroleum Corporation (EGPC) for lending it a rig from one of the other sister companies which is close to its concession area or even through issuing a bid round, a top official told Egypt Oil & Gas (EOG).

The rig will be used in drilling operations within the company's concession area in Esh El Mallaha in the Western Desert.

Besides, it is expected to drill when the other sister company's drilling process is halted.

Eshpetco determined the power capacity of the rig, which will be borrowed or even hired, by 1500hp, while the rate of its hiring is estimated by $12.000 per day.

Eshpetco is a joint-venture company between EGPC and the Russian LUKOIL oil company.

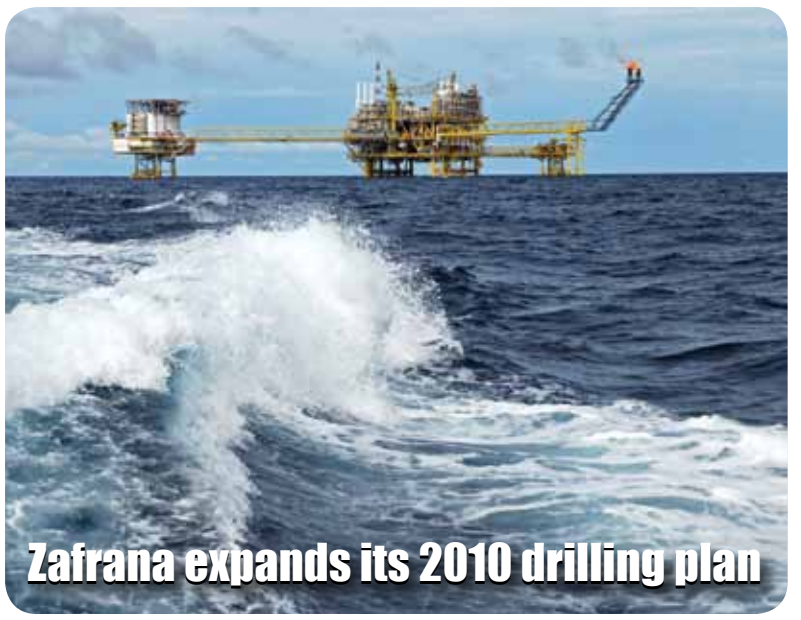
Quotes

"We are thrilled to have received the EGPC certification, which enables HPI to be received as a direct supplier to companies in Africa and the Middle East. We have already won several projects in the region and anticipate solid growth in 2010"
Fady Yassin, General Manager of HPI Egypt, comments on EGPC grants HPI prime contractor right for major projects

"The Matruh Basin and the Faghur Basin, 140 kilometers to the southwest, continue to be successful focus areas for Apache, with AEB and Safa reservoirs that have proven to be prolific oil and gas producers. The thickness of the sands and the stacked pay zones in both areas present multiple opportunities for further exploration"
Tom Voytovich, Vice President of Apache's Egypt Region, on Apache's latest Matruh discovery tests 44 MMcf, 2,910 bpd

"This is our first drilling campaign in the concession and we are delighted to have made a second discovery. Additional testing of the reservoir and continued drilling may result in a commercial development"
Dr. Michael Earle, Vegas Oil & Gas CEO, highlights the new discovery in the Western Desert

"TransGlobe's entry into the prolific Western Desert in the East Ghazalat Concession is an exciting addition to our 2010 exploration program. The appraisal drilling at Safwa NW-1 is confirming the structural closure identified on the 3-D seismic mapping. We are encouraged that, with additional testing of the reservoir and continued drilling success, we may move to a commercial development in 2011"
Mr. Ross Clarkson, TransGlobe Energy President and CEO, on TransGlobe Energy oil tests in Egypt



Zafrana expands its 2010 drilling plan

Zafrana Oil Co. plans to attach two new exploratory wells to the drilling plan in its acquisition area of Rodis in the North of Gulf of Suez in addition to another development well.

Geologist Mohamed Talat, Board Member and CEO Assistant for Exploration, told Egypt Oil and Gas (EOG) in exclusive statements, that his company is preparing to include those two wells to the company's drilling plan with investments reaches $41.5 million, compared to the $48 million investments of last year.

Talat added that his company's investments in Zafrana's filed reached up to $11.7 million in the current year.

He also pointed that his company is aiming to keep its present production rate steady at 5300 barrels per day of crude oil, received though the new marine platform.

PetroShahd reveals the new production plan

Egypt Oil and Gas (EOG) learned that PetroShahd Company submitted its production plan of crude oil for the fiscal year 2010-2011, in its acquisition area in the Western Desert. The company's plan aims at boosting its crude oil output by 6000 barrels.

PetroShahd's production depends on its El Zahraa field, Shahd South-East field, and Diaa field. El Zahraa field produces 3200 barrel per day, while Shahd produces 2500 barrel per day, in addition to Diaa field, which produces 500 barrels per day.

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

It is worth mentioning that PetroShahd is a joint venture company between EGPC and the Chilean firm Sipetrol.

Shared rig for Petzed and Sipetrol

Coordination is underway between Petzed and Enap Sipetrol to hire a drilling rig in their side-by-side concession areas located in El Romana in North Sinai. The shared rig will be 1500hp, and its daily renting rate is approximately $12.000.

Both companies will drill two commitment wells each. Besides, afterwards they will drill two extra optional wells based on the results of the first two. The drilling process will begin by next October.

Petzed is a fully owned subsidiary of National Petroleum Company (NPC).

Gempetco to drill new wells

GEMSA Petroleum Company (GEMPETCO) is studying the possibility of renting a new rig to start initiating its drilling plan for this year in the Gemsa oilfield in its acquisition area in the Gulf of Suez.

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

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

"This year's financial plan is estimated by $29.5 million, starting last June and ceased by the end of next fiscal year," Mohamed said.

"We are aiming to boost our production rate of crude oil, which is now 2200 barrels of oil per day."

Masdar, Total and Abengoa Solar to build world's largest concentrated solar power plant

Masdar, Abu Dhabi's multi-faceted initiative advancing the development, commercialisation and deployment of renewable and alternative energy technologies and solutions, appointed the bidding consortium of Total and Abengoa Solar as a partner to own, build and operate Shams 1, the world's largest concentrated solar power plant and the first of its kind in the Middle East.

One of Masdar's flagship projects, Shams 1 will directly contribute towards Abu Dhabi's target of achieving 7% renewable energy power generation capacity by the year 2020.

The joint venture between Masdar (60%), Total (20%) and Abengoa Solar (20%) will develop, build, operate and maintain the plant which will be located in Zayed City, approximately 120 kilometres southwest of Abu Dhabi in the United Arab Emirates (UAE).

Shams 1 will be the largest concentrated solar power plant in the world, extending over an area of 2.5 km^2, with a capacity of approximately 100 MW and a solar field consisting of 768 parabolic trough collectors to be supplied by Abengoa Solar. Construction is set to begin during Q3 2010 and is expected to take approximately two years.

"Shams 1 will allow Masdar to transfer to Abu Dhabi the know-how and expertise we have gained from our involvement in developing world-class renewable energy projects abroad, thus not only opening the door for renewable energy projects in the UAE but also for technology transfer, contributing towards the development of a knowledge-based economy and new job opportunities through the specializations required to manage and operate the plant," said Dr. Sultan Al-Jaber, CEO of Masdar.

"It is through such partnerships that Masdar will succeed in developing and advancing renewable energy solutions and establish Abu Dhabi and the UAE as a world leader in renewable energy and clean technology. I would also like to thank our partners and stakeholders in Abu Dhabi – in particular ADWEA, ADNOC and the Regulation & Supervision Bureau – for their collaboration and support and our shareholder Mubadala for its backing and guarantee of Masdar's share of the project," Al-Jaber continued.

Commenting on the project, Philippe Boisseau, President, Total Gas & Power said, "By participating in this ambitious project alongside Masdar and Abengoa Solar, Total develops its solar energy assets, enriches its portfolio of expertise with this first step in concentrated solar technology, and reaffirms its unique partnership with Abu Dhabi". "We are pleased to be partnered with Abu Dhabi, a country we have been working with for more than 70 years, in its pursuit of energy diversification and to contribute to the Masdar initiative, which promotes the development of renewable energies."

Santiago Seage, CEO of Abengoa Solar, also expressed his satisfaction; "We have teamed with the most qualified partners in the region, Total and Masdar, to own and operate what will be the most advanced solar plant, featuring our cutting-edge technology." In turn, Michael Geyer, Abengoa Solar's Director of International Development, highlighted the immense potential of building large-scale solar plants in the Middle East, a region that offers both an unlimited solar resource and infinite site locations for implementation of solar plants in its deserts.

Shams1 is registered as a project under the United Nations' Clean Development Mechanism (CDM) and is eligible for carbon credits. It is the first CSP plant registered under the CDM and the second project registered for Masdar. The plant will displace approximately 175,000 tons of CO2 per year, equivalent to planting 1.5 million trees or removing 15,000 cars from Abu Dhabi's roads.

RWE Innogy awards wind project in Germany

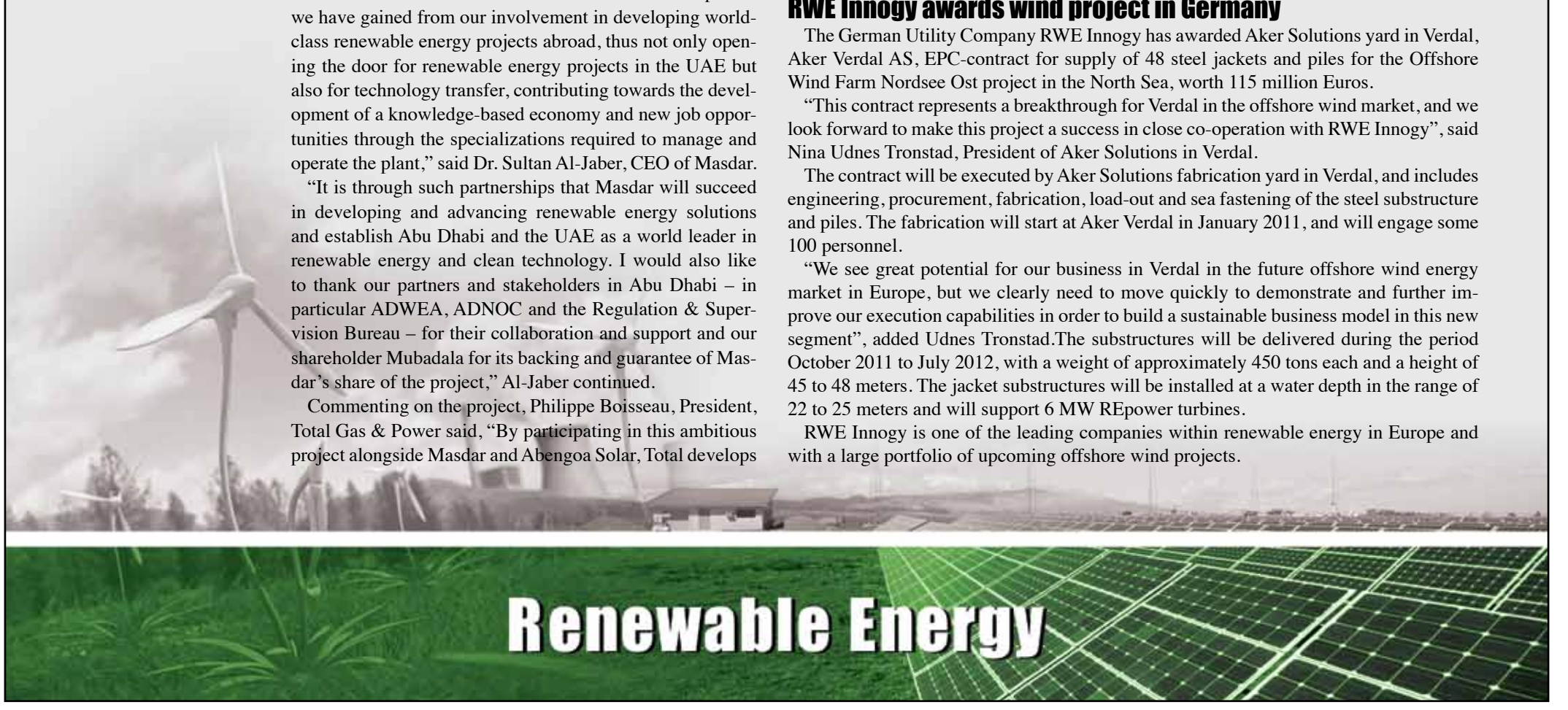
The German Utility Company RWE Innogy has awarded Aker Solutions yard in Verdal, Aker Verdal AS, EPC-contract for supply of 48 steel jackets and piles for the Offshore Wind Farm Nordsee Ost project in the North Sea, worth 115 million Euros.

"This contract represents a breakthrough for Verdal in the offshore wind market, and we look forward to make this project a success in close co-operation with RWE Innogy", said Nina Udnes Tronstad, President of Aker Solutions in Verdal.

The contract will be executed by Aker Solutions fabrication yard in Verdal, and includes engineering, procurement, fabrication, load-out and sea fastening of the steel substructure and piles. The fabrication will start at Aker Verdal in January 2011, and will engage some 100 personnel.

"We see great potential for our business in Verdal in the future offshore wind energy market in Europe, but we clearly need to move quickly to demonstrate and further improve our execution capabilities in order to build a sustainable business model in this new segment", added Udnes Tronstad.The substructures will be delivered during the period October 2011 to July 2012, with a weight of approximately 450 tons each and a height of 45 to 48 meters. The jacket substructures will be installed at a water depth in the range of 22 to 25 meters and will support 6 MW REpower turbines.

RWE Innogy is one of the leading companies within renewable energy in Europe and with a large portfolio of upcoming offshore wind projects.



Renewable Energy

OMV hits gas in Tunisian well

OMV revealed a new gas discovery following the successful drilling of the Ritma-1 exploration well in the Nawara Production Concession, located in southern Tunisia.

This is the seventh successive well to encounter hydrocarbons in this area over the last four years, which underpins the significant potential of this block and of OMV's surrounding exploration permit Jenein Sud.

OMV and its partner, ETAP, have recently completed operations at the Ritma-1 well in the Nawara Production Concession in southern Tunisia. This is the third well in the 2009-2010 drilling campaign designed to identify additional gas-condensate resources for the planned Nawara Development Project.

Ritma-1 reached a total depth of 4,035 meters and encountered 28 meters of net hydrocarbon pay in stacked sandstones of the Acacus and Tannezuft Formations. Gas-condensate was proven by an extensive down hole evaluation and sampling program. The reservoir thickness is at the high end of expectations, similar to the recent Fella-1 discovery. Ritma-1 has been cased and suspended for future production.

"We are very pleased with this promising series of seven consecutive discoveries in southern Tunisia which is quite an outstanding achievement in the E&P business and allows us to stay on track for our planned field development in the Nawara Concession," stated Helmut Langanger, OMV Executive Board Member responsible for Exploration and Production.

Drilling of the next exploration well, Khouloud-1, in the area started on May 25.

Oilex relinquishes Oman's block 56

Oilex Ltd advises that the Joint Venture covering onshore Block 56 in Oman (Oilex 25% interest and operator) has given notice of its intention to relinquish the entire Block 56 Contract Area following discussions with the Oman Ministry of Oil and Gas (MOG).

The decision to relinquish Block 56, which has been made in accordance with the Exploration and Production Sharing Agreement (EPSA), follows a detailed review of the Block following exploration activities conducted over the past four years.

On behalf of the Block 56 Joint Venture, Oilex Oman Limited (as Operator) will proceed to close down Joint Venture activities to the mutual satisfaction of the MOG and the Joint Venture at the earliest reasonable date.

The amount the Joint Venture has incurred on exploration and appraisal activities to date is in excess of the amount required to be expended under the EPSA.

Qatargas finalizes work in 3, 4 projects

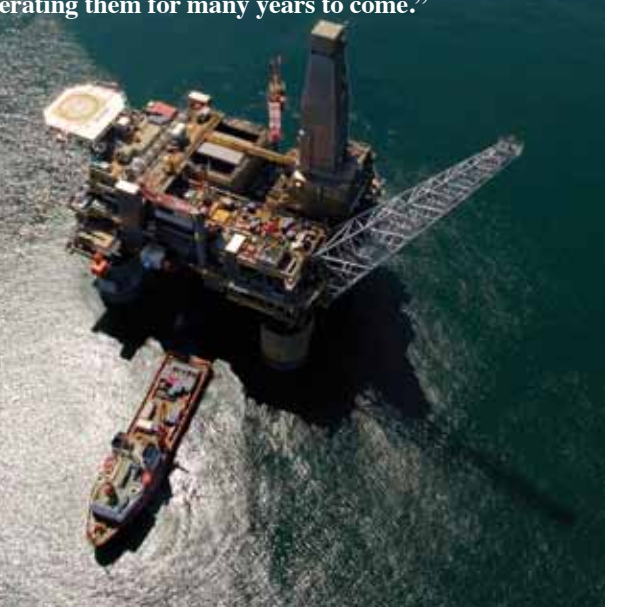
Qatargas has taken a major step towards completing work for its Qatargas 3 and Qatargas 4 ventures with the Mechanical Acceptance and handover of the first of three offshore gas production platforms, known as QW8, from contractor, J. Ray McDermott (JRM).

Peter Flanagan, on behalf of the Qatargas 3&4 (QG3&4) Joint Asset Development Team (JADT), and Richard Withers, on behalf of JRM, signed the Mechanical Acceptance Certificate in front of colleagues from QG3&4's Senior Leadership Team, QG3&4 Offshore Project Management Team, Qatargas Operations and Qatargas Expansion Start-Up Unit (ESU).

The offshore facilities are located 65 kilometers north of Ras Laffan, in Qatar's North Field. The total facilities comprise three 2,200-ton platforms, 33 gas wells and two 65 kilometer pipelines, which are shared by the separate Qatargas 3 and Qatargas 4 ventures. The offshore assets will deliver gas to two liquefied natural gas (LNG) mega-trains at Ras Laffan, one each owned by Qatargas 3 and Qatargas 4. Each train will be capable of producing 7.8 million tonnes of LNG, plus other associated products, annually. The trains are due to start production by the last quarter of 2010.

Bill Boyington officially transferred care, custody and control of the platform to Qatargas ESU.

Clay Fryer, QG3&4 JADT Offshore Project Management Topsides Engineering Lead, who has led design of the facilities since the front-end engineering design (FEED) stage, said, "The Project is proud of the finished product which is the result of an excellent partnership between the Offshore team and our prime contractor. The Project takes great pride in delivering these facilities, and we wish Qatargas great success in starting up and operating them for many years to come."



Libya warys over BP's Mediterranean drilling

Libya wants assurances from BP after its handling of the Gulf of Mexico oil spill but will allow it to start deep-water drilling in the Mediterranean, the country's top oil official said.

"At this point we are not suspending anything and we are going to drill pretty soon and some of the work will be in deep water," Shokri Ghanem, Head of Libya's National Oil Company (NOC), told Zawya Dow Jones in a phone interview. "But they are taking precautions and what happened in the Gulf of Mexico will be a learning process."

BP and its Libyan partner, the Libya Investment (LIC) in May 2007 signed an exploration and production deal with NOC worth at least $900 million for the onshore Ghadames and offshore Sirt areas.

A spokeswoman in London for the British oil major did not respond to questions from Zawya Dow Jones about its Libyan deep-water drilling plans.

The agreement in Libya involves the exploration of around 54,000 square kilometers--the equivalent to more than 10 of BP's operated deep-water blocks in Angola.

"Our technical people had a number of meetings with the BP people. BP are studying the reasons for what went wrong and we sat down together and they have assured us," Ghanem said.

Deep-water drilling is coming under greater scrutiny worldwide in light of BP's Gulf of Mexico oil spill, with several countries taking a closer look at environmental regulations. However, analysts say Libya and other members of the Organization of Petroleum Exporting Countries, or OPEC, will not let the catastrophe affect their own oil field development plans.

"It would be catastrophic if we saw this happen in Libya but controls are better in the North Sea than in the Gulf of Mexico and for now any news from the Gulf of Mexico is good for OPEC as demand for OPEC oil will be greater," said John Hall, Chairman at Energy Quote, an oil and gas consultant.

The lack of evidence that the crisis in the Gulf of Mexico was due to a systemic failure in the industry and the need for Libya to reach its ambitious plans to raise crude production levels would make it difficult for the North African country to suspend the drilling at this stage, said Bill Farren-Price, Chief Executive Officer of Petroleum Policy Intelligence.

"Libya's deals are important milestones as the country looks to increase its oil production capacity above the 2 million to 3 million barrels a day mark," Farren-Price said.

BP's share price has plunged by as much as 49% since the BP-operated Deepwater Horizon rig sank on April 22 triggering the U.S.'s worst environmental disaster.

Still, Ghanem said that Tony Hayward, BP's under fire chief executive, looks vulnerable after the Gulf of Mexico disaster and political backlash in the U.S.

"It is not his personal fault to pay the price but this is the job risk you take at that level," he said.

Gulfsands Petroleum: ADX Energy mobilizes rig to Kerkouane

Gulfsands Petroleum announced that ADX (formerly known as AuDAX Resources Ltd), the operator of the Kerkouane Exploration License offshore Tunisia (Kerkouane License) and the adjacent Pantelleria Exploration Permit in Southern Italy (G.R15.PU, known as the Pantelleria Permit) has advised of the commencement of mobilization of the Atwood Southern Cross semi submersible drilling rig to the Lambouka-1 well location on the Kerkouane License.

Mobilization of the drilling spread onto the Kerkouane exploration license, including the "Southern Cross" semi submersible drilling rig and all towing and supply vessels, followed receipt of requisite approvals from the Tunisian Naval authority (Commission Consultative des Activities Maritimes).

Gulfsands acquires a 30% participating interest in the Kerkouane Licence and Pantelleria Permit. Drilling of the Lambouka-1 exploration well offshore Tunisia is expected to commence this month.

Gulfsands also expects to participate in the drilling of another exploration well before the end of 2010 in the onshore Chorbane permit, to earn a 40% participating interest.

"We are pleased to be able to report that the Southern Cross semi-submersible is now on its way to the Lambouka-1 exploration well location and look forward to shortly reporting the commencement of drilling operations," said Ric Malcolm, Gulfsands CEO.

Saipem snaps $900million Kuwaiti contract

Saipem has been awarded an onshore contract worth approximately $900 million to build a new gas booster station in West Kuwait.

Saipem has been rewarded by Kuwait Oil Company (KOC) a contract for the engineering, procurement and construction (EPC) of the new booster station (BS-171) comprising of three high and low-pressure gas trains to produce 234 million cubic feet a day of dry gas and 69,000 barrels per day (bpd) of condensate. The gas is fed from the existing gathering centers 17, 27 and 28 and the new gathering center 16.

Moreover, the BS-171 contract will cover a pipeline network from these units to the booster station and an intermediate slug catcher. The activities will be completed within the second quarter of 2013.

Saipem is currently building the Gas Booster Station 160 (BS 160) located in Southeast Kuwait for KOC.

MOVA - COMPLETE LOGISTICS SOLUTIONS FOR THE OIL & GAS INDUSTRY INNOVATIONS IN TRANSPORTATION SAFETY – FOCUS ON TRUCKING

MOVA, a provider of Transportation and Logistics services for the Oil & Gas Sector provides the full gamut of services and this month we would like to focus on Safety Innovations in Trucking that MOVA will soon be implementing to further improve the quality of in local road transport/trucking across Egypt.

Trucking as a means of transportation is vital to meeting the industries needs, but Egypt's roads and highways can be extremely dangerous without proper trucking safety measures.

The truck driver is the most important link in trucking safety. Staying healthy, fit and well rested is vital to us as driver fatigue and inattention to the road can increase the probability of an accident and today technology can increase our Safety Accountability.

By the end of Q4 2010, MOVA is planning to install Vehicle Monitoring Systems (VMS) in all of our vehicles to monitor journeys and ensure proper safety precautions, methods and procedures. These systems will control driver speed, lane shifting, stops and all other changes taking place throughout the trip.

Safe driving techniques can also reduce trucking collisions and ensure the security of the valuable cargo. This is why MOVA currently operates under an occupational health and safety management system that is in conformance with the BS EN ISO 9001:2008 standard with a very strong commitment from upper level management to the highest HSE Standards and Accident Prevention.

All MOVA equipment is certified or in the process and all MOVA Staff including drivers attend regular Safety Training Courses, Safety Meetings and are Audited Regularly.

Specifically regarding Drivers & Driving Safety Rules

- All MOVA drivers have valid licenses and credentials and attend Defensive Driving Training.
- Drivers consistently ensure that their vehicle is properly maintained and in good condition for planned journey and is not overloaded.
- Drivers must complete a checklist covering vehicle and mission details before departure.
- Route Surveys conducted
- All loads are secured.
- Driving after dark is limited to an absolute minimum (in case of emergencies) and is subject to the approval of the concerned manager.
- A mission supervisor is nominated for each journey
- Police Escorts are arranged for wide-loads or special cargo as necessary

We are really striving to become a market leader in terms of Safety by continuously meeting the constantly changing HSE Standards. The Oil and Gas Service market is especially known for its rigorous and dynamic safety standards and we are always trying to stay ahead of the game.

Less drilling in an unsustainable market

By Yomna Bassiouni

Any unexpected collapses trigger a recovery phase that paves the route for resuming the state of prosperity and wealth once more. Any industry swings continuously over the ups and downs due to the economic conditions. No matter how long would it take to overcome the downs, a healthy industry can always control once back its wheel

This is the case of the petroleum industry nowadays; witnessed a fall down of operations, yet hopes for restoring its records this year. Focusing on the upstream drilling activities in Egypt, there has been a decrease in the number of total wells drilled in 2009 compared to 2008. Such a decrease was expected to occur due to the state of market unsustainably worldwide caused by the economic recession. According to figures, a total of 325 wells were drilled during the first three quarters of 2009, compared to 465 wells drilled during the same period a year earlier. This shows that there was a 30% decrease compared to 2008, the year during which oil exceeded the unprecedented price of $140 a barrel.

As a matter of fact, the 2009 drilling operations are similar to ones achieved in 2005, in terms of the number of wells drilled. Both were on an average number of 300s (200 development wells, ~ 75 exploration and the remaining are water injection and appraisals). Despite this similarity, the industry, since 2005 until 2008, succeeded to boost its drilling activity, from 329 to 671 wells drilled across the country, bringing a record 100% increase. Throughout this period of time, there was a gradual increase in the drilling activity in spite of the high prices of rigs and equipments. Based on the theory mentioned earlier, the industry has the ability to restore its drilling successes once more by coping with the changing conditions of the market.

Back to our evaluation of Egypt's drilling activity over the past five years, we found out that there have been some shifts in the areas of interest. For instance, the Gulf of Suez has always been holding most of the country's oil reserves and production, however, the attention given to this area has slightly moved to the Western and Eastern Deserts. This is due to the low costs of drilling and shorter duration. Moreover, there has been another move towards the area of Upper Egypt, where various successful discoveries were achieved by Dana Gas. Also, the industry heads pay more attention to the areas of Nile Delta and Mediterranean Sea, which are considered a pivotal gate for natural gas, holding approximately 81% of natural gas reserves and that is the reason why the natural gas drilling is tremendously increasing in both areas.

In terms of well types, the highest segment of drilled well is the development wells, which count for more than 60% of the total number of Egypt's drilled wells. In the second place come the exploratory wells (average 25%), followed by water injection and appraisal wells (each with an average of 5%).

The drilling operations are characterized by the contribution of mega operators that hold considerable activities in the country. On the top of the list, Apache has deserved the place with its active drilling agenda. Since 2005, the U.S Corporation drilled more than seven hundred development wells, mainly in the Western Desert, in addition to some water injection wells, which help enhancing the flow of its oil wells. Moreover, Apache drilled more than 130 exploratory and appraisal wells, which is an unprecedented record in the Egyptian upstream sector.

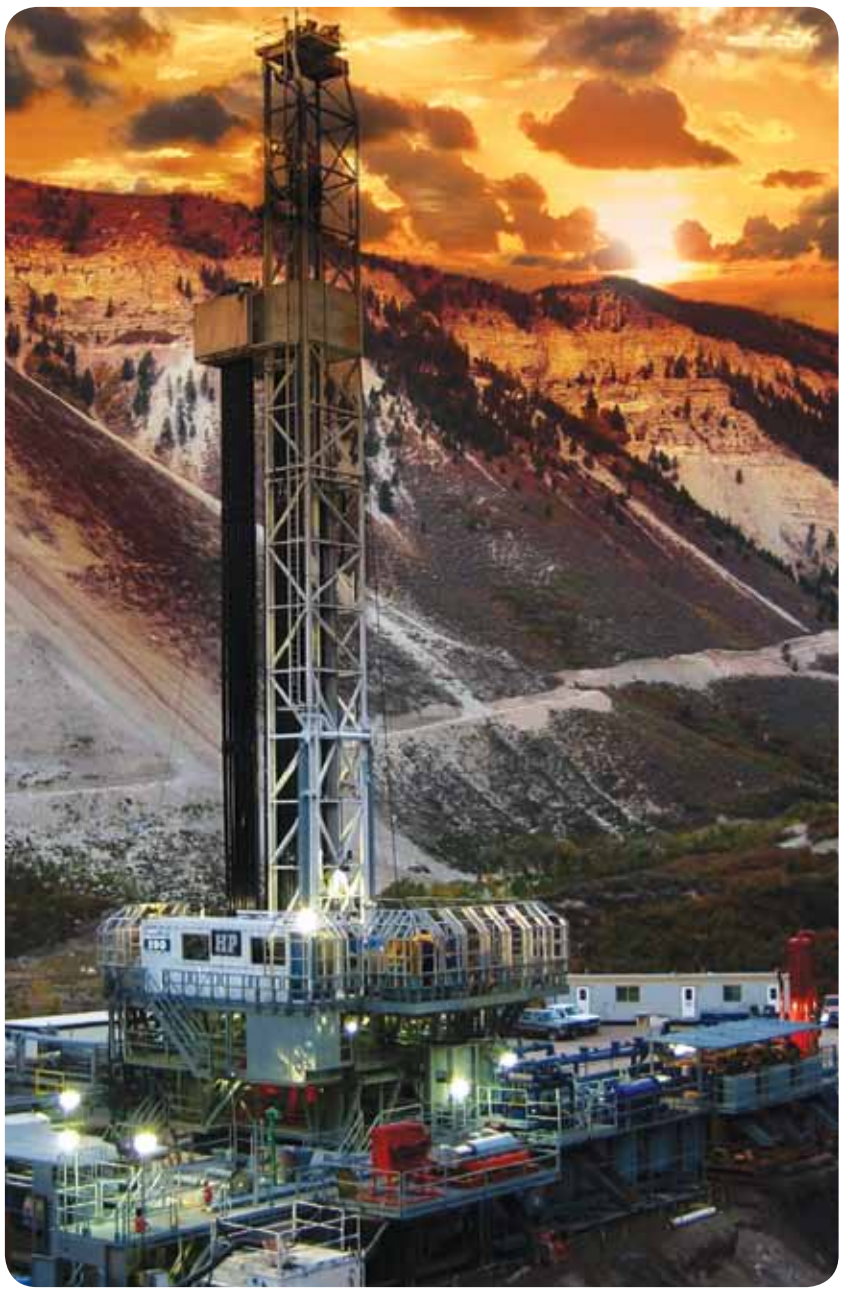
It is worth mentioning that Apache's portfolio in Egypt includes seven concessions: West Ghazalat, East Bahariya, West Kanayes, North Tarek, Sallum, Siwa and West Kalabsha.

Another major drilling operator is symbolized by ENI-Agip Group, which drilled nearly 400 wells during the same period of time (more than 300 development wells, approximately 65 exploratory wells and around 20 water injection wells).

British Petroleum (BP), British Gas (BG), Royal Dutch Shell occupy the 3rd, 4th and 5th places in the list of top operators respectively.

The drilling activity of BG is considered as modest due to the fact that the company has two main concessions located in the Mediterranean Sea (Rosetta Concessions and West Delta Deep Marine block) and some of its wells are deep marine that requires longer drilling schedules.

As for the Royal Dutch Shell, the company's total drilling operations during the past five years did not exceed 80 wells, despite that the company is classified as one of the oldest operators in the Egyptian market, with its history going back to the 1960s. The company's exploration activities have been limited to specific areas of the North East Abu Gharadiq concession located in the Western Desert and the ultra deep marine North East Mediterranean concession (NEMED).



In the 2009 list of top operators, Apache kept its leading position by drilling more than 100 wells, 81 of which are development wells, while the remaining ones are exploratory wells. Eni-AGIP Group came second, followed by BP, Shell and BG.

In spite the fact that most drilling activities have been concentrated in the Western and Eastern Deserts as mentioned before, the costs of drilling is surprisingly high at areas where drilling is low, such as the Mediterranean Sea. This is due to the high rig rental rate and the necessity for complicated technologies in such deep offshore drilling and the tough nature of the formations, know for their high pressures. The average depths of deep marine wells reach up to 15000 ft. The drilling cost in this location was the highest compared to other areas during 2009. Approximately $430 million for more than 15 wells were paid in this area.

The Mediterranean Sea area is followed by the Western Desert and the Gulf of Suez in terms of total drilling cost. The Western Desert attracted more than $250 million for 140 wells until 2009 Q3, while the bill of drilling at the Gulf of Suez area counted for $170 million for 16 wells during the same period of time. the Gulf of Suez used to be one of the most active area, with highest expenditure levels for decades, however, this status changed few years ago as most of this area are becoming mature brown fields and exploration activities slowed down. Yet, some small companies, such as PetroSA (The South Africa's National Oil & Gas Company) are still attracted to the smaller reserves of the Gulf of Suez.

With more areas with lower drilling costs, Sinai had a total drilling cost of $70 million for 14 wells, which is slightly higher than the Delta that had $65 million paid for 19 wells. Finally, the Eastern Desert had the lowest drilling bill until the 2009 Q3, $29 million for 24 wells. The reason behind this small amount lies in the fact that the Eastern Desert is the shallowest drilling area in the country; average depth of drilled wells is 4500 ft.

With a broader look at the international market, forecasts show that $278 billion was spent in the period between 2004-2008 on offshore drilling. With low spending in 2009 and expecting to remain low as well in 2010, the coming five years are anticipated to get back to previous levels of growth, with a total of $376 billion. By 2013, the global drilling market will more than double compared to 2004, estimating the drilling investments will reach up to 89 billion.

Surprising Truth!

A common assumption today is that the Middle East has an abundance of natural gas supplies; however, the reality is quite different. Surprisingly, the Middle East, which has 40% of the world's remaining gas reserves, is struggling to find enough gas to meet its own needed demands. In view of below-market pricing and muted incentives for gas sector investment, the evolution of the region's gas industry has lagged behind that of the oil sector, despite significant gas deposits

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

Concern over security of gas supply has become so serious that some governments in the region are looking for solutions, including more oil-fired and coal-fired power plants in the short term in addition to nuclear and solar power over the long term.

Flourishing gas demand in the region has been fuelled by many factors; gas' superior efficiency for power generation, the staggering pace of industrialization and economic diversification throughout the Cooperation Council for the Arab States of the Gulf, and Qatar's rise as a global LNG supplier. Therefore, increased domestic gas demand, delayed supply response, limited regional pipeline cooperation, and below-market pricing are all threatening the long-term security of gas supply.

Notwithstanding the myth that the entire Middle East is gas rich, the region is not homogenous. While some countries (Qatar, Iran, Egypt and Saudi Arabia) have significant gas reserves, others (UAE, Kuwait, Bahrain, Jordan and Syria) are relatively gas poor. Still some countries like Oman and Yemen have elected to export gas that could otherwise satisfy their domestic demand for years.

Even the UAE (which owns the world's fifth-largest gas field but primarily has sour gas that is more expensive to extract and process) is suffering from a gas supply shortage, which exceeds more than one billion cubic feet per day. The UAE (especially Dubai), a real estate and industrial powerhouse, has become increasingly dependent on natural gas to fuel new power and desalination plants and to provide feedstock for new industries. In an attempt to meet domestic demand, the UAE has expanded its gas production over the past 20 years and has been forced to turn to sour gas production for future supplies. Besides, the UAE is also dependent on the 2 billion cubic feet per day of Qatari gas it obtains through the Dolphin pipeline.

Similarly, Kuwait, despite its substantial gas reserves, expects to receive LNG through the use of a floating LNG terminal. And both the UAE and Kuwait have attempted to secure gas supplies from Iran; however, due to pricing issues and perhaps certain political opposition, these attempts have not been successful.

Due to the current gas situation, the countries in the region that have been developing their gas reserves successfully are now experiencing development issues. In fact, even Qatar (the only Arab country not dealing with security of supply issues and the world's largest exporter of LNG) is so concerned with meeting domestic needs and ensuring that it does not damage reservoirs through over-production.

The region's gas shortage is also affecting the aluminum and petrochemical industries, which rely on cheap feedstock derived from gas. Several large-scale projects, like the planned aluminum smelter of Rio Tinto in Abu Dhabi, have been put on hold due to the lack of gas, while other gas-intensive downstream projects have been shelved indefinitely. In Saudi Arabia, for example, dozens of petrochemical projects have been put on hold (or cancelled) over the past two years as a result of insufficient allocation of gas-based feedstock.

The Middle East supply shortage is not entirely due to a lack of resources, but is also a result of various other factors, including a lack of investment. Specifically, gas demand has not been met by sufficient investment in vital gas infrastructure.

According to the International Energy Agency, a significant amount of capital (more than is estimated to be spent from 2008 to 2030) must be invested in resource-rich regions such as the Middle East, where unit costs are low. However, due to subsidized prices, gas supplied to the Middle East is extremely inexpensive and is sometimes up to 10 times cheaper than in other regions. As a result of such artificially low pricing, companies are less willing to invest in exploration and production for non-LNG supplies and producers have little incentive to sell their gas in the domestic market. Qatar, for instance, has given priority in the past five years to supply gas to Europe, U.S and Asia, rather than to Middle Eastern countries.

In order to avoid critical shortages, gas prices must eventually rise towards global levels, which should in turn increase exploration and production activity.

The lack of gas exploration and development has been further compounded by many restrictions imposed by Middle Eastern countries on investment by international oil and gas companies. However, some countries are now encouraging foreign investment. For example, Saudi Arabia, traditionally off-limits to foreign investment in its exploration activities, invited foreign investors to help explore for non-associated gas in the Empty Quarter, although no commercial discoveries have yet been made. Other countries encouraging foreign investment include Abu Dhabi, which took the first step in signing the sour gas project with ConocoPhillips, and Bahrain, which announced a licensing round for international companies interested in further developing Bahrain's onshore field.

The current economic downturn and lower oil price also affect gas sector investment, although it is not yet clear whether such effect will be negative or positive. The world financial turmoil has resulted in a visible government funding and overall credit squeeze on investments leading governments to reconsider additional energy infrastructure projects. Given sharply growing inherent gas demand, decisions not to invest in gas development in the Middle East due to economic uncertainty are likely to result in an even greater gas deficit and hinder economic progress. Nonetheless, some argue that a slowdown in global energy investment could create an opportunity for the Middle East to take advantage of lower overall development and construction costs (compared to 2005 to 2007), thereby allowing the region to make key infrastructure moves to at lest partially relieve its no longer hidden tight gas supply situation. Whether this opportunity is recognized or taken advantage of, or both, remains to be seen.

With much of the Middle East short on gas, countries in the region are pursuing short-term solutions to solve these issues. For example, some countries in the region, including Kuwait and Saudi Arabia, are consuming more oil for electricity generation. In fact, Saudi Arabia, home of the fourth largest gas reserves in the world, placed a moratorium on new gas-fired power plants and announced that any future demand will be met by oil-fired power plants instead. Additionally, many countries are exploring more coal-fired power projects; UAE and Oman are conducting studies for billion-dollar coal-fired power plants in the hope of addressing predicted severe electricity shortages. The growing energy demands of the region have also raised the prospect of nuclear or solar energy projects, as long-term solutions.

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As usual, Petrobel comes first in

The continuous efforts of the Ministry of Petroleum to overcome any obstacle that hinders its p speculations claiming the slow down of such attempts, Egypt has witnessed a relative progress

In the first half of the current fiscal year of 2009-2010, the oil and gas industry achieved a major growth in most of the areas, whether in the Mediterranean Sea, the Western Desert, the Gulf of Suez or the Eastern Desert. The ongoing exploration operations had a role boosting the production rate of most of the companies. Nevertheless, development operations have as well contributed to this production rate increase thanks to the ambitious drilling plans set by the companies at the beginning of this year. The country's oil and condensates production stands at the average of 7000,000 barrels per day, while daily gas production counts for 6.5 billion cubic feet.

Amid the vigorous competition between companies in terms of production, Belayim Petroleum Company (Petrobel) takes the lead as the top producing company, followed by the Gulf of Suez Petroleum Company (GUPCO) and Khalda Petroleum Company (KPC) comes in the third place. This latter company saw remarkable progress, as a result of the late discoveries achieved in the Western Desert and the full-fledged production plan that the company adopted to increase its production levels.

The fourth place in the list of top producers is reserved to Agiba Petroleum Company, while the fifth place goes to the General Petroleum Company (GPC), which gives positive indication on the growing activity of the company especially that there were a lot voting in favor of selling the company's fields to foreign partners to invest it, but the company's plan to invest its own fields in the Gulf of Suez helped keeping the production steady.

Qarun Petroleum Company (QPC), a joint venture between the Egyptian General Petroleum Corporation (EGPC) and Apache Corporation, which reflects an impression that Apache achieved success with both its joint venture companies of Khalda and Qarun, to deny any rumors of Apache leaving Egypt as a result of not getting paid by the EGPC for its share of the oil and gas produced from the well. Moreover, Apache's records give notion on the commitment of EGPC towards the foreign partners, especially with Apache as they allocated $1-billion investments into the Egyptian petroleum sector at the beginning of this year.

From the seventh till the tenth rank, the list is as follows: Suez Oil Company (SUCO) comes seventh, followed by Badr El Din Petroleum Company (BAPETCO), then the South Dabaa Petroleum Company (DAPETCO), and GEMSA Petroleum Company (GEMPETCO).

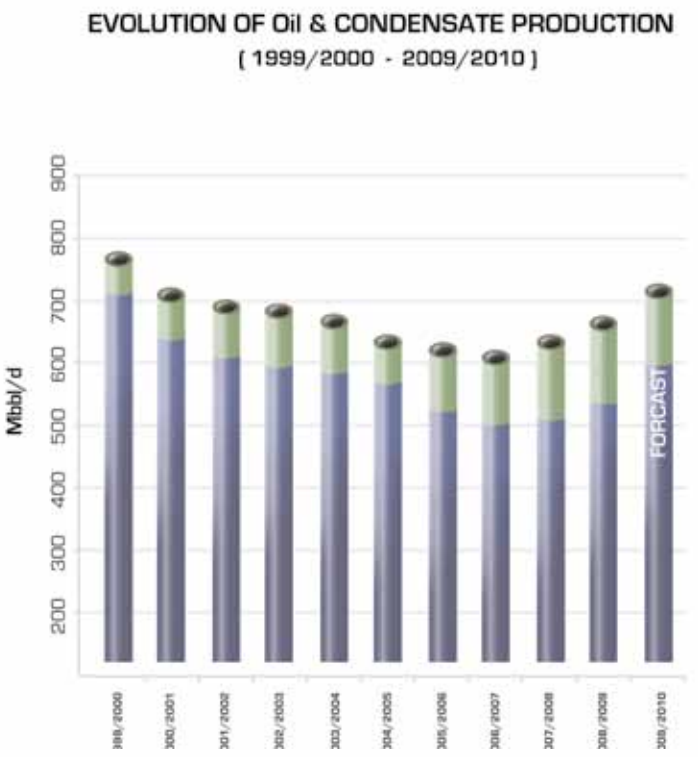
With a closer look to gas production, the Rashid Petroleum Company (Rashpetco) flied solo on the top of companies producing gas, as it produces 2000 million cubic per day, which represents 30% of Egypt's total gas production.

"Keeping the production steady at a certain rate is a result to the concentrated work of the companies working in the Egyptian market to drill more exploratory wells and development wells," said the EGPC sources to EOG.

They also highlighted the effect of the speedy placing of explored ones on the production line. In addition to using the production facilities of the firms located in the same area and that worked as an indicator to the progress happening in the oil and gas sector in Egypt despite the crisis that hit the world, they emphasized.

On the Western Desert level, Egypt produced 618.14234 barrels of oil from the 1st of July 2009 till the 31st of March 2010. Gulf of Suez came 2nd with 467.16540 barrels of oil. Sinai came 3rd with 198.98854 barrels of oil, Eastern Desert came in the fourth spot by 186.10758 barrels, and Delta came with 111.406 barrels.

The Western Desert has become a focal center for maior



investors, this is due to the way it attracts most of the companies working in the sector, which indistinguishable with Eng. Sameh Fahmy's word in the start of this year, describing the Western Desert as the future of petrol in Egypt.

Most of the companies adopted a similar plan of drilling more exploratory and development wells, especially with the late discoveries made in Egypt, which helped into bringing more foreign companies into the country, and winning acquisitions in the area of the Western Desert, Mediterranean, and the Delta, such as the Norwegian energy company Statoil and the state company of Ukraine Naftogaz.

"We are planning to boost our oil production from Gebel El Zeit development field in the Gulf of Suez, during the current year of 2010-2011," said Eng. Saad Eldin Moustafa, Petrozeit CEO, in exclusive statements to Egypt Oil & Gas (EOG).

He pointed that the production plan is aiming to reach a production rate of 850 barrels of oil per day by the end of 2011, compared to last year's production of 700 barrels per day.

He added to EOG, that his company managed to succeed more than 120% of the adopted plan, by developing Ras El Ush-3 well with cost reached up to $100,000.

He added that two of the most important wells drilled are Ras El Ush-8 and Ras El Ush-10 from the layers of Nobia sandstone and Mattlah.

He also added that Petrozeit production policy is

Area's Production

	Natural Gas		
Area	Sold by mcf	Plan by mcf	Percentage
Upper Egypt	0	0	0
Eastern Desert	0	0	0
Mediterranean	1222674	1378216	112.72
Western Desert	316862	342166	107.99
Delta	115722	84357	72.90
Gulf of Suez	6578	24240	368.50
Sinai	4591	4110	89.52
Total	1666427	1833089	110.00

			LNG		Total Gases & Derivatives pb
Oil pb	Equivalents pb	Condensates bp	Tonn	Barrel	
111406	0	0	0	0	0
18610758	0	0	0	0	0
0	244534800	14716346	305797	3440215	262691361
61814234	63372400	14579117	433929	4881704	144647455
1798936	23144400	1809540	70157	789269	27542145
46716540	1315600	585771	118259	1330415	49948326
19898854	918200	524960	67704	761670	22103684
148950728	333285400	32215734	995846	11203273	506932971

the production rankings

By Tamer Abdel Aziz
Sama Ezz El-Din
Shady Ahmed

roduction plan reflect the officials' targets to keep high levels of oil and gas production. Despite all in its oil and gas production rates since the beginning of this year

Companies' Production from 1/7/2009 to 31/3/2010

	Crude Oil				
Company	Oil pb	Condensates pb	Total Production pb	Plan pb	Percentage
RASHPETCO	0.00	119186	119186	137417	86.73
Al Amrayah Factory	0.00	169698	169698	180680	93.92
Pharaonic	0.00	306742	306742	838860	36.57
Western Desert Gas Complex	0.00	444187	444187	339759	130.74
PETROBEL	31518016	10834521	42352537	42472884	99.72
GUPCO	26000930	695092	26696022	30823732	86.61
Khalda	19214556	10254212	29468768	25803332	114.21
Agiba	11818855	40806	11859661	13868615	85.51
GPC	11109368	79373	11188741	13843558	80.82
Qarun	13789958	0.00	13789958	12997392	106.10
Suez Oil	4427458	119862	4547320	5437956	83.62
Badr El Din Petroleum	5205845	3162610	8368455	7657659	109.28
South Daabahaa	3061791	165092	3226883	3647488	88.47
GEMPETCO	1751000	0.00	1751000	3063106	57.16

	Gas & Derivatives			
Gas & Derivatives pb	Plan pb	Percentage	Total Percentage	
20155200	25041200	80.49	80.52	
2150156	1783121	120.58	118.13	
29132800	31561000	92.31	90.86	
2339030	2467994	94.77	99.13	
84508896	88359522	95.64	96.96	
3529530	3984086	88.59	86.84	
39164200	39675200	98.71	104.82	
292988	383600	76.38	85.27	
649200	682200	95.16	81.50	
0.00	0.00	0.00	0.00	
391473	1739090	22.51	68.81	
20423625	19251900	106.09	107.00	
987400	1918000	51.48	75.72	
0.00	0.00	0.00	0.00	

currently standing on water injection of the Nobia sandstone to protect the reservoir pressure. The project's investments reached up to $4 million from the finance plan of the company for production.

Moustafa said that Ras El Ush 8 and 12 are considered two of the most important wells that produce crude oil. "EGPC, EGAS or Ganope always help the petroleum companies to extract the oil and gas from each company's acquisition area, to keep the production steady at a certain rate," Moustafa elaborated. "Any of these authorities encourage the companies by giving advanced facilities and promotions to help more companies entering the sector."

Petrozeit is a joint venture between the Egyptian General Petroleum Corporation (EGPC) and Dover Petroleum of Canada, a publicly traded company that is presently focused on exploration and development in the Gulf of Suez.

On the other hand, Petroshahd production plan from its acquisition area for the current fiscal year of 2010-2011 concludes producing 6520 barrels of oil by the end of 2011.

PetroShahd's production depends on its El Zahraa field, Shahd South-East field, and Diaa field. El Zahraa field produces 3200 barrel, Shahd produces 2500 barrel per day, in addition to Diaa field which produces 500 barrels per day.

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

It is worth mentioning that PetroShahd is a joint venture company between EGPC and the Chilean firm Sipetrol.

AS for Zafrana Oil Co., Geologist Mohamed Talat, board member and assistant exploration to the CEO, told EOG that his company is aiming to boost its production of crude oil in the coming years, as this year's output reached up to 5300 barrels from its new marine platforms.

He added that Zafrana is using the latest technologies to raise its production through using the horizontal water drilling as the company drilled 5 horizontal wells, which gives more opportunity to find more production in one layer.

Eng. Ezz Eldin Mohamed, CEO of GEMSA Petroleum Company (GEMPETCO), said that his company started working on its production plan in last June and goes on the next year, which aims to boost the production of crude oil from Gemsa field that reaches 2200 barrels per day.

North Sinai Co. For Petroleum (Nospco) is also planning to raise its production from natural gas from its acquisition area in the Mediterranean in the current fiscal year of 2010-2011, which aims reaching a 60 billion cubic feet of gas by the end of next year.

Nospco depends in its production on both Tao and Romana fields, which both produce 180 million cubic feet of gas per day.

More petroleum prosperity is yet to come

With more than 15 years experience in the petroleum industry and being the former head of the energy and industry committee of the People's Assembly for three terms, Dr. Amin Mubarak, Professor of energy and mechanical engineering at Cairo University, shares his analytical views concerning the Egyptian petroleum industry and confirms that more prosperity is yet to come

By Tamer Abdel Aziz
Sama Ezz Eldin

Dr. Amin Mubarak, Professor of energy and mechanical engineering at Cairo University

In your opinion, what is Egypt's current energy condition, taking into consideration the importance of crude oil and gas?

As a matter of fact, the energy conditions in the country have tremendously changed over the years. There is a considerable increase of oil and natural gas reserves at a good rate, despite the high costs of oil and gas extraction, especially from deep waters. I believe that we do have enough oil and natural gas reserves for the **coming 30 years.**

Do you think that gas reserves will be enough?

The problem lies in the way natural gas is consumed and the volume of gas utilized. Currently, massive amount of gas is directed towards electricity generation, which would affect the amount of gas reserves and require more discoveries, which will by their turn reimburse the amount of consumed gas.

However, we should be optimistic. Studies conducted by international organizations specialized in reserves calculations, Wood Mackenzie on the top, proved that Egypt's current reserves are close to 120 trillion cubic feet of gas, 70 trillion of which were discovered.

Would the exportation banning lead to efficient gas consumption?

I know that some people are calling for banning gas exportation, while others ask the government and the ministry of petroleum to avoid using gas in electricity exported to neighboring country and another group believes that the petrochemical industry is the best place for gas utilization since it lures an added value. Personally, I think we should weigh what is best for the country as a whole, whether through exportation or any thing else. For instance, if exporting gas to Israel is in the country's favor, so we should increase the quantities exported if we can! However, I believe that the Israeli deal is based on political considerations rather than economic ones!

What do you think of our gas exportation strategies in general?

In the time being, and with the national plan to expand the country's gas grid to reach more households and the petrochemicals plan, we should limit the process of gas exportation.

In the past, we favored the deals of exportation since the quantities agreed upon were derived from the foreign partner share, at a fixed price of $65.2. But, with the current move towards energy pricing modification, we should no longer subsidize the gas utilized in factories and foreign partners should sell their shares to factories at international prices as the government will not be able to bear the heavy burden of subsidizing a gas that is exported outside to international markets by producers.

How can we increase our oil and gas production?

Intensifying the exploration and production operations is definitely a prime factor towards production increase in addition to attracting more foreign companies through flexibility in agreements and creation of an environment attractive enough for investors. Such factors will help double the country's oil and gas production. As a matter of fact, over the last 10 years, the petroleum sector has succeeded to manipulate these factors in favor of boosting the production.

Will the petrochemical industry be the country's future?

Definitely! An ambitious plan is currently held and there is already a large market for petrochemicals in Egypt, which lead to a vigorous competition from neighboring countries, such as the Kingdom of Saudi Arabia and the Gulf area. Egypt enjoys the capability of exporting a large portion of petrochemical production, which strengthens the value of our national energy sector.

Could Egypt be a main energy hub in the Middle East region?

It is already transforming into a strategic center, thanks to its distinct geographic location in addition to the Gulf of Suez, Sumed pipeline and many ports located in Alexandria, Port Said, Sokhna and Red Sea, which contribute to this transformation. Moreover, Egypt is in a centered area between Europe, Asia and Africa, though which many petroleum products can be exported. I believe if we better develop our infrastructure, we will definitely become the most strategic center in the Middle East and we would be a step ahead of many other competitors.

How can we develop the infrastructure?

Development and maintenance works should be carried out in order to advance the country's infrastructure and expand its capacity. Also, we should create an appealing environment for investments and strengthen our economic and industrial ties with neighboring countries, such as Iraq and Qatar.

What are the plans for Egypt's renewable energy?

Renewable energy has become an indispensable topic in any energy agenda, not only in Egypt, but worldwide. This type of energy does not solely protect the environment we are living in, but also decreases the amount of CO2 emissions and provides an alternative to petroleum products, which are depleting. We can never depend on the oil and gas only and should look for alternatives. Egypt enjoys various sources for renewable energies, such as wind energy in the Gulf of Suez and solar energy in the southern areas.

Back to 1981, I suggested a strategy for wind energy in Egypt; however, it did not receive the appropriate attention during that time. But now, after 20 years, there is more awareness about the importance of this energy. In Europe, there is a plan to expand the utilization of renewable energy to count for 30%-50% of the daily-consumed energy. Currently, I am working on a project study for the "Science and Technology Development Fund", which suggests establishing a solar energy plant.

Would renewable energy create a pricing competition with petroleum products?

Absolutely! Wind energy is already competing with oil and gas products in terms of prices. Also, there is a move now to facilitate the process of generating wind energy by abolishing taxes on imported equipments as a mean to attract more investors in this sector.

Do you expect E&P companies to modify their activities to include renewable energy?

In fact, there are some E&P companies that do have renewable energy subsidiaries, such as BP.

What are the challenges facing the energy sector in Egypt?

Bureaucracy is the main challenge hindering the industry.

> "Development and maintenance works should be carried out in order to advance the country's infrastructure and expand its capacity. Also, we should create an appealing environment for investments and strengthen our economic and industrial ties with neighboring countries, such as Iraq and Qatar."

Rashpetco, the backbone of Egypt's gas production

On January 31, 2001, Rashid Petroleum Company (Rshpetco) achieved its first gas production form the Nile Delta region and since then, the company has taken the lead of gas producers in Egypt in association with its two foreign partners BG and Petronas. "More than 35% of Egypt's gas production is generated by Rashpetco," expressed Taher Abdel Rahim, Operations Manager the role of his company in this vital industry

By Tamer Abdel Aziz
Shady Ahmed

What were Rashpetco's major achievements in the last two years?

Rashid Company is considered as the backbone of gas supplies in the local market, besides being a major gas exporter as well. We produce nearly 35%-40% of Egypt's total gas production and in order to maintain this rate of production, we do implement major production since the company establishment, such as the development project of the fourth phase of West Delta Concession in deep water. This project included the drilling and completion of seven wells in deep water, which required sophisticated technology and high investments. Moreover, throughout the past two years, we developed the third phase of Rashid offshore field through the utilization of sub sea technologies and consisted of drilling and completing five wells and connected the production to the marine platform "Rashid-1". Finally, we had a third main project, which is the development of Burullus field, which included the installation of two gas pressure units that decrease the level of pressures in 55 wells, which by its turn help increase production from these wells and maintain high production levels.

Currently, there is a number of projects in progress, some will be finalized by the end of this year, while others are scheduled to be completed next year.

Can you give us a brief about the projects in progress?

As known, most of the company's production is generated from the deep water in West Delta area, through two production lines, 36 and 24 inches. Presently, we are installing a third line, 36 inches to be used by the end of this year. This $250-million line is extending from the internal wells to the treatment unit in Edku and it will help increase and maintain high levels of production.

Also, we have another project, which is the drilling and completion of nine wells of the eighth phase of developing the West Delta area, expected to be put on production line in October 2011.

Production off the Mediterranean Sea is costly. How do you get a profit despite the high expenses?

Profit gain is not our goal in the first place. We aim at maintaining our production levels through the implementation of more projects. As for revenues, this can be attained by many economic studies conducted by our foreign partners, BG and Petronas.

What is Rashpetco's oil and gas production volume until now?

Our gas production stands at the rate of 2000 million cubic feet, generated collectively from Burullus and Rashid Fields, while our production of condensates counts for 12 thousand barrels per day (bpd). This year's production budget is approximately $100 million.

Can you compare the current production to last year's?

In 2009, we had a daily production of 2200 million cubic feet (mcf) of gas. Now, it is only 2000 mcf as mentioned earlier. This decrease is due to water found in some wells affecting the production rate. However, this problem will be solved by the third line of production we are implementing now that will restore our production rate.

What are the most important wells in terms of production volume?

Most of wells are considered main ones; some exceed the 100 mcf limit, which therefore decrease the number of drilled wells and the total cost. We do have 45 wells under sea level, 34 wells in West Delta and another 11 in Rashid fields.

What is your 2010 production plan?

We ought to maintain our production rate; 2000 mcf from West Delta and 400 mcf from Rashid fields.

Do you follow a specific strategy for oil and gas production?

Our production is controlled by the agreements signed with the Egyptian Natural Gas Holding Company and the Egyptian General Petroleum Corporation (EGPC) and nothing can be changed (no decrease or increase of the company's production), or else supplies would be affected.

Recently, BP signed an agreement to sell all of its gas production from deep water to the ministry. Will Rashpetco imitate such a deal?

Foreign partners of Rashpetco did not change their way of dealing with the ministry due to the agreement already signed and there are no demands or plans to alter the terms of "production share" agreed upon between the two sides.

In the context of vigorous competition in the region, how can Egypt lure more foreign investments?

I believe that the officials at the Ministry of Petroleum do provide positive incentives that attract investors and create favorable environment for them. Hence, this result in boosting the number of projects and E&P operations held in the country and add more investments to the country's treasury. As a proof, BG has not cancelled or postponed any of its projects despite the global economic crisis. It has continued its development project in the deep water of West Delta, phase 5 and 6 and currently implementing phase 7 and 8, which require huge funds.

It is worth mentioning that although some companies had to shut down their E&P operations in some countries, they have kept their projects in Egypt intact and held on schedule. This shows that Egypt enjoys economic stability, which is an indispensable factor for any investor.

Does agreements' modification increase the volume of investments?

Definitely! As evidence, Statoil, Norway's major company, has allocated large investments in the country, which reflects their confidence in the industry's prosperities and potentials.

What are the obstacles hindering investors in Egypt?

I am not exaggerating when I say that there is none! I believe there is a kind of work harmony between the ministry of petroleum in one side and the foreign companies on the other side.

What are the challenges facing the petroleum sector?

The increasing local consumption of energy is the worst challenge facing the sector. There should be awareness campaign to efficiently utilize our energy sources or else there will be dramatic problem. Such campaigns are mandatory to solve such a problem because even if we increase our production level, there is an unparallel increasing rate of local demand.

Taking Kuwait as an example. Despite their huge energy production and low number of population, the government has adopted a campaign to decrease energy consumption.

Why does not the ministry adopt such awareness campaigns?

The petroleum sector is busy seeking high achievements of production and adding more value to the national economy. It does not know how to communicate through media channels. Such awareness campaigns should be organized by other specialized ministries, such as the Social Solidarity, Media and Electricity Ministries.

Are you planning to acquire new concessions?

For the foreign partner, only BG got the new concessions of Al-Borg and Manzala and according to plans, drilling operations will commence next year. According to the terms of agreement signed between BG and the ministry of petroleum, a joint venture will be constructed in case of achieving any discovery in both areas.

Is there any bid rounds to be released by Rashpetco?

Lately, we released a tender to rent a rig for our West Delta wells, eighth phase.

Lacking the production vision

"A decrease in the production of oil in Egypt," as the United States Department of Energy predicted in last February, it came in a report titled "The Forecasts of Energy in the Short Term". The report, which is focused on non-OPEC supply of oil in 2010 and 2011, said that it expects a decrease in the country's oil production during the monitoring period that runs from 2009 through 2011

By Sama Ezz Eldin

The report came as a shocking slap to the petroleum community in Egypt that lately had lots of statements and declarations of a new era for the oil and gas industry in Egypt. If we looked at the figures of Egypt's production from July 1st, 2009 till March 31, 2010 we will find it nearly 1489,5078 million barrels of oil and 3444,88673 million cubic feet of gas, which shows different indications to those made by the United States Department of Energy. Those declines made by the department are to be questioned if we looked at some of the companies' production rate from January to June 2010, for instance Apache Corporation announcements that new production from its Faghur Basin fields has boosted its Egyptian gross-operated oil and gas production above 330,000 barrels of oil equivalent (boe) per day, which exceeded the company's 2005 goal of doubling output from Egypt's Western Desert within five years. "The emergence of the Faghur Basin as a key component for Apache's continued growth in Egypt permitted us to fast-track production through the Kalabsha Facilities Project and enabled Apache to reach the 2X goal with seven months to spare," said G. Steven Farris, Apache's Chairman and Chief Executive Officer. Apache also finalized the work in the Phiops 9 well, which tested at rates of 4,632 barrels of oil per day from the Alam El Bueib-3E (AEB-3E) formation, which Farris described as "During the first quarter of 2010, Apache's oil and gas production generated $10.6 million per day of revenue to the Egyptian government, and our joint ventures with the Egyptian General Petroleum Corporation directly employ nearly 4,500 Egyptians. Our partnership with EGPC is a win-win for both Apache and Egypt."

Moreover, Circle Oil Plc, the international oil and gas exploration, development and production company, said that both the Geyad-2X ST1started producing at a rate of approx. 2100 bopd, and Al-Amir SE-5 appraisal well has been successfully commenced production at a rate of approximately 1500 Bopd in the onshore North West Gemsa Concession, which David Hough, CEO of Circle, expressed it as "We are delighted with the successful hook up of the Al-Amir SE-5 well. The partners are now agreed on the 2010 budget and the way forward for the future which will see both a stable and increasing revenue stream for all partners."

Sea Dragon Energy, Circle Oil's partner in the N.W. Gemsa block, also stated a significant increase in its oil production. "We are very pleased to have achieved new record production levels in the NW Gemsa block. It is indeed a testimony to the high prospectivity of this concession and we feel fortunate to be a participant in its development," said Mr. Said Arrata, Chairman and CEO of Sea Dragon.

Furthermore, the news of more upcoming discoveries and new wells to be drilled are augmenting from day to day, from companies like Qarun, Gebel El Zeit Petroleum Company (Petrozeit), Esh El Mallaha Petroleum Company (Eshpetco), Zafrana Oil Co., and AGIBA Petroleum Company.

In order to shed light on the truthfulness of such report whether it is based on doubtless assurance of Egypt production is poised to fall, we needed to ask credible sources. Most of the judgments were against the report, with confirmations that Egypt production is rising and describing Egypt's production as fine, maintaining the rate of production needs around the clock work, but we can do it if we have the needed productive mentality.

"The companies need to conduct a production policy that will not harm the well or the reserve, scientific approach is needed to keep our reserves at an excellent rate," said Eng. Abdul Moniem Gabr, petroleum expert. "But to have such mindset you need to be supported by a government that rules in favor of this. The Ministry conducts a meeting with all the companies' chairmen to agree on a certain production plan, where the Ministry ask for a specific production number and decide which company should raise its output and which should decrease it. It all stands on wellbeing of the reserve and the ongoing maintenance to the well," added Eng. Gabr.

It is noted that any well's production starts weak then reaches the peak point then goes down again, and the companies should make the most of that peak period, "Once the production at the well reaches the peak point that's when the real hard work starts," according to a member at the Energy Committee in the People's Assembly. He also agrees with Eng. Gabr that keeping the pipelines, marine platforms, and all the production facilities in constant maintenance and safeguarding.

"What we really need is to drill development wells continuously. It is our way to raise the production rate," said an official from that Egyptian General Petroleum Corporation (EGPC).

He highlighted that taking care of the pipelines and the pumps to enhance its lifespan, especially the wells that stops producing, "Early analyzing and taking fast procedures to solve the problem would help placing the well on the production line again. We need a certain way of thinking for this to happen."

Additionally, he talked about boosting the exploration activities, which led to reaching high reserves and maximum production rates. "This will only come through EGPC helping the companies overcoming all the obstacles they face, mostly speeding placing the newly explored wells on the production line as soon as they give proven results."

"The Ministry already helped in this by setting the rule of one company can use the nearest company's facilities," added the EGPC official.

"To help raising the production we need clear policy and straight gas pricing, effective management that encourage production at the freshly acquisition areas," said one governmental official that refused to mention his name.

"We all share the same interest, which is to meet our domestic need and to improve Egypt's rank in the countries exporting oil and gas," he said.

North Sinai Co. For Petroleum (Nospco), to look at it as an Egyptian model, we will find that its oil production since May 2009 reached 6283 thousand barrels, and 180 million cubic feet of gas, and planning to keep its output steady and even raise it. It shows that companies in Egypt are willing to give more, but it stands on the effective leadership with right decision.

"Egypt is a significant oil producer and a rapidly growing natural gas producer. The Suez Canal and Sumed Pipeline are strategic routes for Persian Gulf oil shipments, making Egypt an important transit corridor for world oil markets," according to the United States Department of Energy page on Egypt. They blame the oil decrease more on the growing need of gas for the domestic supply, "Egypt could soon require oil imports to meet domestic energy demand."

The Sumed pipeline (also known as Suez-Mediterranean pipeline) is an oil pipeline in Egypt, which runs from Ain Sukhna terminal on the Gulf of Suez to Sidi Kerir on the Mediterranean. It provides an alternative to the Suez Canal for transporting oil from the Persian Gulf region to the Mediterranean.

"Due to major recent discoveries, natural gas is likely to be the primary growth engine of Egypt's energy sector for the foreseeable future," they added.

Furthermore, Eng. Gabr said that companies should put into consideration the operating capacity of the refineries, "It is an industry that all connected, so companies should always supply the refinery with needed oil to keep working, and never to reach a rate less than 75% supply or else the refinery will shutdown.

On the other hand, the Ministry should always put in mind that clear and flexible agreements with the foreign partners is a major stimulation to bring more investments into the country which will lead to higher production.

"Production Share is the best system to deal with the foreign partner. Bendable negotiations with placing the interest of Egypt as a priority," said the EGPC official.

He also talked about the terms that concentrate on production in the agreements between EGPC and the companies, as it include certain figures that the companies should meet, and there are specific penalties if the company was late in delivering or less than the agreed number of barrels.

"Sometimes the reason behind fallen delivery is that the foreign partner would not spend the needed finance for the project," he added.

Eng. Gabr also said, "EGPC should have the flexibility to make adjustments to the agreements, and to deduct the cost recovery and the development and exploration financing, then look for its best interest in the output."

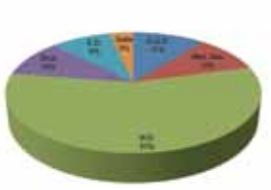
Egypt is packed with enough oil and gas reserves that only need a clear vision and efficient managing that deal with our belated start and growing domestic need. We might be late, but we are getting there.

Egypt Statistics

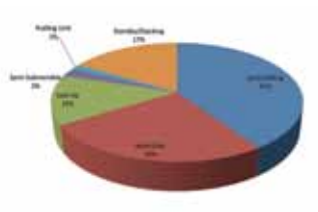
Table 1 Egypt Rig Count per Area -June 2010

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

Rigs per Area



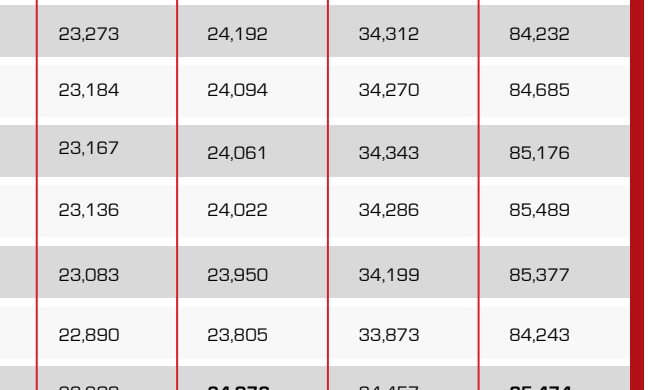
Rigs per Specification



Production - May 2009

	Sold Million cubic feet	Planned Million cubic feet	%	Oil Barrel	Equivalent Gas Barrel	Condensate Barrel	Liquefied Gas Barrel	Liquefied Gas Ton	Total Gas & Derivatives Barrel
Upper Egypt				23481					23481
E.D.				2335201					2335201
Med. Sea	130106	164362	79.16		26021200	1614182	402583	35785	28037965
W.D.	36363	38378	94.75	7284458	7272600	1724046	579654	51525	16860758
Delta	14373	8649	166.18	129219	2874600	207565	107911	9592	3319295
GOS	1019	2945	34.6	5712707	203800	59463	139843	12430	6115813
Sinai	329	465	70.75	2116704	65800	49972	80156	7125	2312632
Total	182190	214799	84.82	17601770	36438000	3655228	1310147	116458	59005145

	Actual	Planned	%
Oil	17601770	18146129	97.00
Condensate	3655228	3642996	100.34
Gas & Derivatives	37748147	44302255	85.21
Total	59005145	66091380	89.28



Source: Egypt Oil & Gas

Average Currency Exchange Rate against the Egyptian Pound (May 2010/ June 2010)

US Dollar	Euro	Sterling	Yen (100)
5.636	6.935	8.152	6.160

Stock Market Prices (May 2010/ June 2010)

Company	High	Low
Alexandria Mineral Oils [AMOC.CA]	45.07	39.52
Sidi Kerir Petrochamicals [SKPC.CA]	13.11	9.96

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

	Libya	Sudan	Other	World	OPEC[1]	Persian Gulf[2]	North Sea[3]
2009 August	1,650	495	2,397	72,112	30,992	20,711	3,248
September	1,650	500	2,389	72,513	30,942	20,616	3,314
October	1,650	500	2,383	72,918	30,993	20,577	3,595
Novemer	1,650	495	2,412	73,162	30,940	20,542	3,753
December	1,650	495	2,468	72,996	30,834	20,464	3,644
2009 Average	1,650	483	2,415	72,251	30,639	20,402	3,673
2010 January	1,650	500	**2,418**	**73,156**	31,068	20,571	3,689
February	1,650	510	**2,445**	**73,519**	31,163	20,650	**3,598**
March	1,650	515	2,432	73,412	31,074	20,581	3,445
2010 3-Month Average	1,650	508	2,431	73,357	31,100	20,599	3,577

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

Source: EIA

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

		United States[2]	Persian Gulf[3]	OAPEC[4]	OPEC[5]	World
2009 August	E	9,084	23,273	24,192	34,312	84,232
September	E	9,297	23,184	24,094	34,270	84,685
October	E	9,279	23,167	24,061	34,343	85,176
November	E	9,354	23,136	24,022	34,286	85,489
December	E	9,398	23,083	23,950	34,199	85,377
2009 Average	E	9,056	22,890	23,805	33,873	84,243
2010 January	E	9,275	23,208	**24,076**	34,457	**85,474**
February	E	9,540	23,290	**24,148**	34,560	**86,132**
March	PE	9,587	23,261	24,102	34,507	86,058
2010 3-Month Average	PE	9,465	23,252	24,107	34,506	85,880

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

Source: EIA

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