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EGYPT OIL&GAS NEWSPAPER

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In Focus P. 22

Egypt Prepares to Open up Gas Market

Editor's **Note**

We here at Egypt Oil and Gas are determined to bring our reader's the latest news and facts related to Egypt's petroleum industry. As Egypt undergoes its many changes with a new transition of power, we wish to see nothing but the best for our beloved country. In this month's issue, we have a guest column written by Mr. Dalibor Rohac, a Policy Analyst from the Cato Institute, who gives his opinion on Egypt's current economic situation. I would like to personally thank Mr. Rohac for his valued contribution to our newspaper. Your time and effort is greatly appreciated.

Additionally, EOG has been preparing to bring to you the 8th Annual Ramadan Petroleum Soccer Tournament for some time now, and we look forward to starting our games next month. The theme for this year will be "Erga3 Ya Zaman," translating to "Bring Back the Old Days," because we truly believe that Egypt can once again reclaim its true identity. And lastly, a special thanks to all those who participated and contributed to our tournament's Draw Event.

We would very much appreciate any feedback or insight into the planning of future events or editorial content.

Please don't hesitate to contact our team at ***MMarei@egyptoil-gas.com***

Editor in Chief **Mai Marei**

Prices

Bullion Market		Oil Prices	
GOLD	SILVER	BRENT	NYMEX Crude
1287.70 USD/BBL	19.30 USD/BBL	109.02 USD/BBL	101.79 USD/BBL
-0.83%	-2.05%	0.83%	-0.24%

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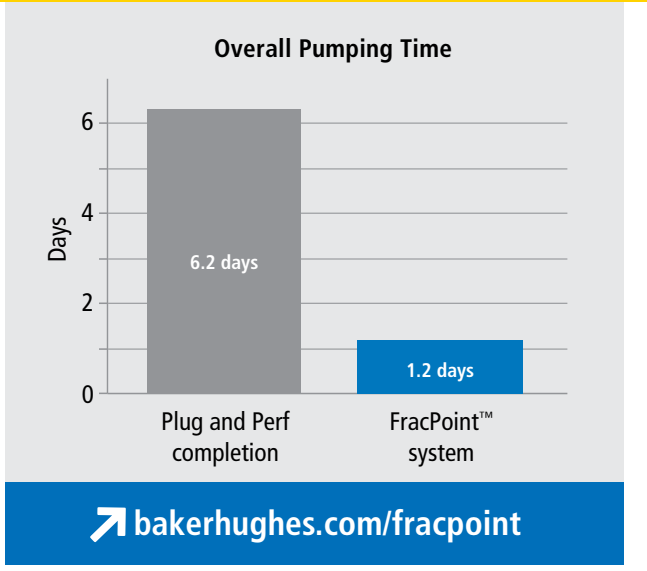

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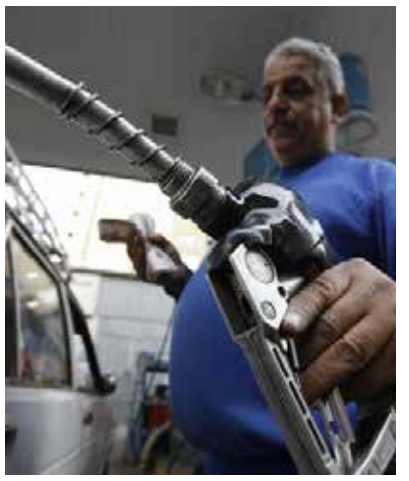
BAKER HUGHES

CEO of BG: We Support the Egyptians Solving Petrol Shortages

Dr. Arshad Sufi, CEO of BG, stated his company's support for Egypt's quick and efficient solutions to the petrol shortage, stressing the necessity of spreading a culture of rationing the energy consumption and the need for concerted efforts of the citizens and the government to avoid power outages. Dr. Sufi has worked for 31 years in the oil and gas industry and participated in many major petroleum, natural gas and liquid gas projects in the US, Canada, Trinidad, Egypt, Qatar, the United Kingdom, Nigeria and Oman.



GUPCO: The Implementation of Projects Aiming at Increasing the Production is Underway

Eng. Abed Ezz El-Rejal, CEO of GUPCO, stated that a number of projects are currently underway including the Helal and N. Shadwan maritime platforms, as well as the continuation of the rehabilitation of the maritime platforms Morgan 36, July 4, 15 and 62. The conclusion of these projects will help increase the production rate. He also pointed out that the continuance of the October Well development processes, through an ambitious program which aims at establishing new maritime platforms and drilling new development wells, will increase its' reserve rate to 100 million barrels and increase its production rate gradually by 30,000 b/d, compensating the natural fluctuation in the production rate.

Egypt to Repay $1.5 Billion Oil Debt by the End of 2014

Egypt will pay $1.5 billion of the money it owes to foreign energy companies by the end of 2014, Petroleum Minister Sherif Ismail, said on June 26, according to Reuters news agency. The latest government figures put Egypt's debts to foreign oil companies operating in the country at $5.7 billion. The debts are mounting even as the government pays off what it currently owes. The government has promised to pay companies including BG Group, BG.L ,and BP $3 billion by the end of 2017 as it tries to lure back investors to tap its reserves and boost production to meet soaring demand. In April, Ismail said Egypt would pay about $1 billion "within two months," but the government has not yet announced that it has paid. Ismail also said that Egypt's natural gas production would rise by 550 million cf/d this year, from the 500 million cf/d announced earlier in June.

Petroleum Products Use Up Half the Appropriations Yearly

An informed source in the petroleum sector declared that the petroleum products subsidies have reached 128.2 billion EGP for the fiscal year 2012/2013, of which 44% of the value of 56 billion EGP went to subsidizing diesel, followed by petrol, which received 27 billion EGP of subsidies making up 21% of the total. Butane gas received 16% of the subsidies total with a value of 20 billion EGP, fuel oil received 14 billion EGP adding to 11% and natural gas received 8% of the subsidies worth 10 billion EGP.

Minister of Petroleum: A National Refinement Plan Including Laboratories and Storage Development Projects

HE the Minister of Petroleum, Eng. Sherif Ismail, has discussed with Marco Villa, the President of Technip, and Francesco Cammarata, the International Business Development Executive of Technip, a number of new refinement and petrochemical projects as well as a national refinement plan which includes refinement plants, transfer, storage and distribution development projects including expanding the Medour refinement plant Naphta reform units in Enerpac and in the Assiut plant for high-octane gasoline as well as mining and solar energy projects. The joint cooperation agreement between Enppi and Technip for engineering design and construction work as a general contractor for the refining and petrochemical projects was discussed during the meeting. Technip is considered one of the biggest international companies specialized in engineering designs and construction work for petroleum projects.

Ministry of Petroleum: We Cannot Commit to Decreasing the Petroleum Subsidies Without Raising Prices

An official in the Ministry of Petroleum and Mineral Resources stated that the government will not be able to commit to decreasing the petroleum subsidies unless urgent measures are taken to increase the energy prices and that the only alternative for the time being is aid from Arab countries. The government is aiming at reducing the subsidies in the new budget by 35 billion EGP to 100 billion EGP from 135 billion EGP for the last fiscal year. He also mentioned that the increase in natural gas prices was too limited to affect the government's ability to decrease the subsidies.

Minister of Petroleum: The State Enthusiastic About Supplying Natural Gas to Homes in Order to Reduce Butane Gas Consumption

The Minister of Petroleum, HE Eng. Sherif Ismail, stated that the state is enthusiastic about launching and expanding the natural gas supply projects to Egyptian homes in order to reduce butane gas consumption of which about half is currently being imported. The move should ease the subsidies channeled to butane gas. HE Eng. Ismail also inspected the progress in a number of natural gas projects in Benha, Zefta and Kafr El-Zayyat in Qalubiya and Gharbeya governorates in the presence of Eng. Mohamed Abdulzaher, Governor of Qalubiya and Gen. Mohamed Naeem, Governor of Gharbeya; fired the first flame of natural gas supply for homes in Kafr El-Gazzar in Qalubiya and laid the foundation stone for depressurizing stations in Zefta and Kafr El-Zayyat. Eng. Faisal Abu El-Ezz declared that these stations will serve 75,500 residential units and pointed out that the Benha station is the second in the city and it will ease the load off of the other allowing it to reach its full production capacity. The station should supply the neighboring cities of Kafr El-Gazar, Batta, Aheya El-Ramla, Meet El-Attar and Warwara within the next three years serving another 21,500 residential units. It is also supporting the gas network supplying the cities of Menouf, Sars El-Layyan, Shebine El-Koum, Quesna and El-Bagour in Menoufeya. he also added that the Zefta depressurizing station should provide for Zefta, Mit Ghamr and the neighboring cities and villages with supply reaching 36,000 units in the first stage, with the first flame being fired in December of this year. As for Kafr El-Zayyat, the station should supply 18,000 homes with natural gas as part of the first stage upon completion of the station and the first flame should be fired in October.

StoryBoard

EGPC: Consumption Rate for 95 Petrol Falls

A report issued by EGPC stated that the 95 petrol consumption rate in the local market has drastically deteriorated despite the fact that it meets the needs of engines which require high-octane petrol. According to the data released by the Ministry of Petroleum, 26,000 tons were consumed in the year 2012/2013 as opposed to 43,000 tons in the previous year, recording a 39.5% fall. It also indicates that the consumption rate is continuing to drop as it reached only 5,000 tons in the first nine months of the year 2013/2014. High-octane petrol is highly recommended by carmakers as it preserves the engine.

EGas Enters Two Bids in Kuwait for Natural Gas Supply

Eng. Faisal Abu El-Ezz, Chairman of EGas announced that the company has entered in two bids in Kuwait to supply natural gas to industrial areas and weatherproof marine paints. The bids should be settled within a month. EGas has been aiming at expanding in the MENA region and to participate in major gas supply projects including an Iraqi partnership for supply in Iraq as well as increasing their capital in Abu Dhabi in order to participate in large projects in the area.

EGPC Imports Between 320,000 and 330,000 Tons of Fuel Oil to Meet Power Plant's Needs

The EGPC has announced the importing of between 320,000 and 330,000 tons of fuel oil during the month of June for more than $650 per ton to meet the needs of power plants and other industries. The fuel oil will delivered over two shipments a week of about 75,000 to 80,000 tons each starting the first week of June 2014. The unloading of the shipments is currently taking place in Suez and Alexandria ports with plans of establishing a transport line for fuel oil in Ein El-Sokhna within the next period. The EGPC has raised a bid earlier this year for importing between 900 and 950 thousand tons of fuel oil to fulfill the power sector's needs during the summer months, and the import has started since the end of April.

Khalda Petroleum Starts the First Trial for Shale Gas Production in the Western Desert in July

Taher Abdul Rahim, President of Khalda Petroleum, has revealed that the first trial for shale gas production in Egypt should take place during the month of July in the Amun 3 well in the western desert, starting with hydraulic fracturing of rocks containing shale gas in the Amun well for experimental production. The trial's cost is approximately $1 million. He mentioned that Apache has finished drilling the NE Amun 3 well and the preliminary reports confirm the presence of large amounts of shale gas. While the drilling of Amun 3 started in January of this year and was commenced in April with a cost of $5 million, rock samples have been taken from the Upper Safa layer, which contains shale gas, with the length of its thickness of approximately 300 feet. The studies conducted by the company have proved the presence of shale gas in all Khalda's concession areas in the western desert; however, upon conclusion of the experimentation phase and verifying its cost, exploring and finding shale gas will be considered as hydraulic fracturing is one of the most expensive phases of the production. Oil companies in Egypt have been looking for shale oil in deep layers over 12,000 feet deep- unlike the US, the world's largest shale oil producer, where it can be found shallower grounds. According to the EIA's report, Egypt has 536 trillion cubic feet of undiscovered shale gas in different geological areas making it one of the possible factors to depend on in the development of the upcoming energy plan.

Khalda Petroleum: Raising Oil Production Capacity to 140,000 B/D

Eng. Taher Abdul Rahim President of Khalda Petroleum confirmed that the company's production has increased to 140,000 oil barrels and 930 million cubic feet of gas per day. Khalda is currently working on commencing the Kasr compressors project in the beginning of 2015 to raise the efficiency of gas pumping from Kasr field to Abyad facilities with an investment cost of $300 million. The company's approved investments have reached $1.2 billion, reflecting Apache's (Khalda's foreign partner) belief in Egypt's stability.

Egypt to Start New Talks for Petroleum Aid

An informed source in the Ministry of Petroleum stated that President-elect Abdel Fattah El-Sisi shall start negotiating with a number of Arab countries who have supported Egypt since 2011 to provide a new batch of petroleum aid until the petroleum sectors plans to increase the production capacity are fulfilled. Egypt is currently importing $1.3 billion worth of petroleum products per month as monthly needs have reached 450,000 tons of diesel, 300,000 tons of butane gas and 500,000 tons of petrol. The KSA has decided to provide Egypt with $3 billion worth of petroleum aid within the period of 5 months, which started in mid- April with the first shipment and the last being in August amounting to approximately $600 million per month.

EGPC Assures Plastic Manufacturers of the Availability of Raw Material

Eng. Mohammad Safaan, Chairman and President of the Egyptian Petrochemical Holding Company (ECHEM) announced the starting of the GASCO Western Desert gas complex production units after a five-day maintenance shutdown. The complex is the main providing source of ethane propane mixture for polyethylene production, the main raw material for the production of many plastic products, to Sidpec Petrochemicals. ECHEM, Sidpec and GASCO have coordinated their efforts to minimize the shutdown period in order to fulfill the plastic manufacturers needs. Safaan explained that such maintenance procedures take place every year but this year, as it's taking place closer to the holy month of Ramadan when there's a higher demand on plastic products, the manufacturers were having doubts of not being able to meet the market's demand.

Cairo Oil Refinement Company Contributes 20% of the Country's Petroleum Products Needs

Eng. Zohdy Maarouf, President of Cairo Oil Refinement Company (CORC), stated that his company is currently producing 20% of the market's need of different petroleum products through their refineries across Egypt. They have raised the production through the refineries in Musturud and Tanta; The production capacity of the Mustrud refinery produces approximately 8 million tons per year with 4 distillation units and Naphtha reforming and isomerization for high-octane fuel production.

CHOICE Words

Egypt will witness a total rise on both internal and external fronts, to compensate what we have missed and correct the mistakes of the past.

Abdel Fattah Al-Sisi
Egypt's President

New gas wells will begin production during the first quarter of the next fiscal year, raising production rates, securing energy needs and reducing import rates and power outages.

Sherif Ismail
Egypt's Minister of Petroleum

It is time to lift subsidies for those who are able to get on without them [the subsidies], in order to reduce pressure on the state budget, which faces chronic deficits.

Ahmed AbouHashima
Chairman of Egyptian Steel

The government has reduced subsidies of petroleum products in the budget of the 2014/2015 fiscal year from LE134.3 billion to LE104 billion, a reduction of LE30 billion.

Hany Kadry Dimian
Egypt's Finance Minister

CARTOON

Algeria Agrees on Supplying Egypt With LNG

The negotiations held between the EGas delegation and SONATRACH regarding the agreements on the quantities, arrangements and the timetable for the supply of liquefied natural gas (LNG) to Egypt to meet its energy needs, has been successful. The Algerian company agreed to supply LNG shipments of 510,000 cubic meters per month; however, EGas confirmed that it would not be possible until arranging for storage and transport of a LNG tanker ship. The parties also agreed on SONTRACH sending a technical delegation to the port of Ain Sukhna to determine the technical requirements for the entry of the Algerian ship to the Egyptian port before the month of Ramadan.

Chairman of Ganope: We Possess 66% of the Petroleum and Natural Gas Prospecting Areas in Egypt

There are 25 petroleum agreements that currently cover the exploration and drilling for petroleum and natural gas in Upper Egypt and Ganoub El-Wadi, as well as another agreement that should be signed within the coming period with the Emirati Vega Petroleum Limited. The contract is to explore for oil in Southwest Gebel El-Zeit (SWGEZ) offshore field located in the Gulf of Suez, over an area of 69 km, stated Eng. Moustafa Safwat, Chairman of Ganoub El-Wadi Holding Company (Ganope). He added that his company currently possesses 670,000 km in the south of Egypt (66% of the drilling area in Egypt). The company operates between the latitude of 28° and 22°, an area sufficient for increasing petroleum and mineral wealth drilling. Ganope is supervising ten companies that cover prospecting and drilling processes in the concession areas granted to them in the south of Egypt, their investment in these (investment) companies shall increase by EGP 10 million for the fiscal year 2014/2015. EGP 502 million have been assigned for Ganope's budget for drilling and prospecting for natural gas and crude oil for the same fiscal year.

The Recurring Explosion of the Egyptian Gas Pipeline is Costing Jordan $2 Million Per Day

Jordan is currently suffering from daily losses as a result of cutting the natural gas supply caused by the recurring terrorist attacks on the gas pipeline in Sinai which lead to Egypt's failure to deliver the contracted volumes. The daily Jordanian losses are estimated at $2 million per day with the Kingdom's two main power stations Aqaba and Rehab switching to using diesel and heavy fuel instead of relying on the Egyptian gas. Jordan has proposed to import LNG instead from Egypt as the LNG ship can carry up to 750 million cubic feet while Jordan's current needs are only 150 million cubic feet. The Jordanian authorities as well as a group of investors, including former government employees, started the preparations for receiving the LNG shipments by establishing oil and gas companies and launching the first LNG station in Jordan. Aqaba port is now technically ready to receive the shipments from Egypt.

EGPC Sues to Cancel the Arbitration Clause in Their Natural Gas Supply Agreement With EBIC

EGPC contests to the administrative court the arbitration clause in their natural gas supply contract with EBIC (The Egyptian Basic Industries Corporation); EGPC stated that the clause in the agreement signed in 2000 is not legal, as the Minister of Petroleum did not sign it.. In 2008, EGPC raised natural gas prices to $3 for a million thermal units after the cabinet's decision to increase the natural gas prices for heavy industries; however, EBIC refused the price increase. In January this year, EGPC applied a price of minimum $2 per million thermal units and no maximum. EBIC can't resort to arbitration at any time given that the clause is not legal in addition to the impossibility of suing the Egyptian government due to a clause stating that this is only possible in case the government cuts off all gas supply to the company, which has not happened so far as the company is still receiving 60% of their shares. EGPC are referencing law number 27 for the year 1994, on arbitration in civil and commercial products/materials, stipulating that arbitration in administrative laws can only be done with the approval of the relevant minister and cannot be delegated. Egypt's consumption of natural gas is currently 5,2 billion cubic feet of which 60% is consumed by the power sector and 33% by heavy industries.

EGas Looks Into Fulfilling Egypt's Fuel Needs for the Upcoming Period

EGas held meetings with several companies to follow up on current and new projects aiming to increase the national production in order to fulfill the country's fuel needs for the upcoming period. The projects handled by the different companies should substantially raise the production by the end of the year. EGas also held a meeting with Badr El Din Petroleum Company (BAPETCO) for follow up on their ongoing project to increase the production by 120 million cubic feet by the end of July.

Drilling News

Khalda Drills Two New Wells

Khalda, a joint venture company between EGPC and Apache, has completed drilling two new developmental wells in its concession area in the Western Desert. Khalda's production rate in terms of oil-producing wells was 4,351,390, and 4,910,047 in terms of gas-producing wells as of May 2014.

TAYIM W-5
Is an oil-producing developmental well, which was drilled at a depth of 14,650 ft. utilizing the ST-5 rig. Investments surrounding the project are estimated to be $17.5 million.

TUT-115
New developmental gas-producing well, drilled at a depth of 13,600 ft. utilizing the EDC-11 rig. Investments surrounding the project are estimated to be $1.603 million.

Agiba Drills New Wells

The joint venture between EGPC and IEOC, Agiba, has recently completed drilling two new developmental oil-producing wells in its concession areas in the Western Desert. The production rate of Agiba was 1,758,889 as of May 2014.

MEL-86
The new development well was drilled at a depth of 6,300 ft. utilizing the ST-8 rig. Investments surrounding the project are estimated to be $654,000.

E AGHAR-32
The new developmental well was drilled at a depth of 6,500 ft. utilizing the WF-161. Investments surrounding the project are estimated to be $1 million.

Qarun Drills New Wells

Qarun, a joint venture between EGPC and Apache, has recently completed drilling three new developmental crude oil-producing wells in its concession area in the Western Desert. The production rate of Qarun was 1,285,130 as of May 2014.

KARMA-19
The new developmental well was drilled at a depth of 8,450 ft. utilizing the EDC-49 rig. Investments surrounding the project are estimated to be $1.304 million.

SAMRA-90
The new developmental well was drilled at a depth of 6,000 ft. utilizing the ST-2 rig. Investments surrounding the project are estimated to be $1.069 million.

ED-54
The new developmental well was drilled at a depth of 6,280 ft. utilizing the EDC-64 rig. Investments surrounding the project are estimated to be $745,000.

PETROBEL Drills New Well

PETROBEL, a joint venture between EGPC and Eni S.p.A, has recently completed drilling a new oil-producing well in their concession area in Sinai. The production rate of PETROBEL was 3,428,070 as of May 2014.

112-159
The new developmental well was drilled at a depth of 8,218 ft. utilizing the ST-3 rig. Investments surrounding the project are estimated to be $2.007 million.

PETROSILAH Drills New Well

PETROSILAH, a joint venture between EGPC and Merlon International, has completed drilling a new oil-producing well in its concession area in the Western Desert. The production rate of PETROSILAH was 194,767 as of May 2014.

SINNURIS D-1X
The new developmental well was drilled at a depth of 13,520 ft. utilizing the TANMIA-1. Investments surrounding the project are estimated to be $5.295 million.

PETROAMIR Drills New Well

PETROAMIR, a joint venture between EGPC and Vegas, has completed drilling a new oil-producing well in its concession area in the Eastern Desert. The production rate of PETROAMIR was 381,238 as of May 2014.

ALAMIR SE-19 ST-2
The new developmental well was drilled at a depth of 10,000 ft. utilizing the ST-9. Investments surrounding the project are estimated to be $2.238 million.

Fanar Drills New Well

Fanar, a joint venture company between EGPC and IPR, has completed drilling a new developmental oil-producing well in its concession area in the Suez Gulf. The production rate of Fanar was 35,269 as of May 2014.

SWGEZ-5
The new well was drilled at a depth of 8,020 ft. utilizing the ADMARINE-4 rig. Investments surrounding the project are estimated to be $7.950 million.

Heyco and Shesa Get Spanish Extension to Search for Oil

A venture including Texas shale explorer Heyco Energy Group won an extension of its permit to search for oil and gas in an area of northern Spain that the industry designated as one of the richest to be fracked. The original 2006 permit ran out in August before the government ruled on whether drilling was compatible with environmental laws, according to a May 14 resolution that wasn't published until mid June. The venture's biggest partner is Shesa, an energy company of the Basque regional government. Spain's central government is trying to revive oil and gas drilling, and considering shale ventures that use hydraulic fracturing, or fracking, after a several-decade lull in exploration. It's fighting in the Supreme Court to overturn bans on fracking imposed by several regional governments. Officials at Heyco and Shesa weren't available for comment. Jaime Suarez Perez-Lucas, General Manager for energy policy at the Industry Ministry, signed the order, effective June 10. Extending the Angosto-1 permit allows the venture to drill exploration wells through June 2016, provided it wins environmental clearance. The rural site is in a hilly area rich in rivers, stretching through the Basque, Cantabria and Castilla as well as Leon regions. Spain currently has no exploration or production using fracking and horizontal drilling, techniques that have delivered an energy bonanza in the U.S.

Libya to Draft More Flexible Oil License

The Chairman of the Libya's national oil company stated that his country hopes to offer more flexible and less punitive oil licenses next year based on a new hydrocarbons law currently being drafted. Foreign companies frequently complain that punitive contractual terms, on top of serious security issues, are a barrier to investing in Libya's vast oil resources. NOC's new chairman, Mustafa Sanallah, told a London oil and gas conference, that "once the draft [of a new oil law] is ready and we have a permanent government, we will do a new bidding round." Najme Karim, who is in charge of the committee overseeing the preparation of the new law, said the legislation is designed to make contracts more flexible, particularly for non-conventional and deep-water reservoirs. However, violence has escalated in Libya as conflict between government forces and rebels has increased. Militants loyal to renegade general Khalifa Haftar are disputing the legitimacy of the current, Islamist-backed government. Gunmen loyal to him attacked the parliament building in Tripoli a few weeks ago to demand a power transfer and bombed Islamist strongholds in Eastern Libya. Also speaking at the forum, Mounir Bouaziz, a Middle-East vice president at Royal Dutch Shell PLC, confirmed stringent contractual terms were a key factor in the company's decision to relinquish Libyan blocks two years ago.

Greece to Buy Russian Gas at Discounted Price

Greece is to buy Russian gas at a price of $396 per 1,000 cubic meters, Georgios Chelikidis, the General Manager of Prometheus Gas S.A., a Greek-Russian joint venture with participation of Russia's Gazprom Export, told ITAR-TASS. He said Greece had recently signed a contract with Russia's gas giant Gazprom within the framework of the current intergovernmental agreement on gas supplies up to the year 2016, with an option of extending it for ten years more. "The contract satisfies both Greece and Gazprom. It provides for annual gas supplies of about two billion cubic metres from 2016. Moreover, it provides for a certain margin – the Greeks may take more if they need", added Chelikidis.

Mexico Pulls Out of Repsol and Spanish Government Sets Rules for Company's Oil Drilling Off the Canaries

Spain's government set rules for Repsol (REPYY, REPYF) to explore for oil off the Canary Islands, noting that the $10 billion project drew opposition from nearly 12K people and institutions over its environmental risks. The project, frozen for 12 years in court challenges and administrative reviews, finally is moving ahead under a government that's trying to revive fossil fuels development in a country highly dependent on imports of oil and gas. The government said that it would clear the exploration plans, but challenges to the project continue; Spain's Supreme Court today began to hear cases contesting the exploration permit, and final approval is still needed by Spain's Industry Ministry. On another note, Mexican state oil company Pemex sold most of its holding in Spanish oil giant Repsol in the beginning of June, ending a quarter-century partnership that had become increasingly tense in recent years. Repsol analysts welcomed the sale, saying it should help ease boardroom tensions at the company, while the Spanish government said the move would not hurt ties between Spain and Mexico. The sale comes just five days before Mexican President Enrique Pena Nieto made his first official visit to Spain. Pemex sold 7.86% of Repsol to unspecified private investors for 2.092 billion euros ($2.848) in a placement handled by investment banks Citigroup Global Markets and Deutsche Bank. The sale represents most of Pemex's 9.3% holding in Repsol, and it follows a period of growing disagreements on issues ranging from management appointments to the handling of investments in Argentina.

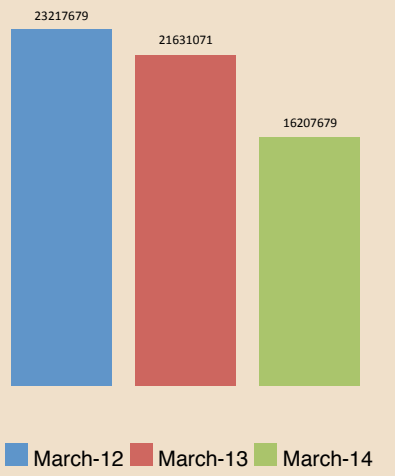
Memery Crystal Acts for MOG on Recommended Takeover by Rockhopper

Memery Crystal LLP is acting for Mediterranean Oil & Gas Plc (MOG) in connection with its recommended takeover by Rockhopper Exploration plc, which was announced in May. MOG shareholders will receive 6.5 pence ($0.11) per share in cash and Rockhopper shares for each MOG share held under the terms of the deal, valued at £29.3 million ($49.9 million), MOG shareholders will also receive a contingent entitlement up to a maximum amount of 3.550 pence ($0.06) payable in cash per share. AIM-listed MOG is a Europe-focused oil and gas exploration and production company with operations in Italy, Malta and France. AIM-listed Rockhopper is an exploration and production company with its principal assets in the North Falkland Basin. The Memery Crystal team included corporate partner Andrew Titmas and corporate associate David Martin. Memery Crystal acted for MOG on its admission to AIM in 2005 and has advised on a number of transactions in following years.

Mediterranean STATISTICS

Production (barrel)

Oil		
March-12	March-13	March-14
N/A	N/A	N/A
Equivalent Gas		
March-12	March-13	March-14
23217679	21631071	16207679
Condensate		
March-12	March-13	March-14
1264720	1449001	884807
Liquefied Gas		
March-12	March-13	March-14
425732	399685	348671



Mediterranean Rig Count April 2014

Total	Percentage of Total Rigs
6	5%

Cyprus Israeli Gas Prospect Threatened by Dispute with Turkey

While the discovery of huge natural gas and oil assets in Israel's and Cyprus' adjoining Exclusive Economic Zones (EEZs) laid the foundations for wide-ranging cooperation between the two countries in the areas of economy, energy, and defense, it unveiled big challenges and prospects at the same time, says political scientist and Geopolitical Information Service (GIS) author Dr. Andreas Stergiou. In order to monetize both the natural reserves in Cyprus' EEZ and a part of the Israeli fields, the same parties signed a statement of intent in June 2013 for the development of an onshore natural gas liquefaction terminal at Vasilikos in Cyprus, aiming to store the fuel for further transport to Europe. However, this enterprise faces some very serious challenge, says Dr. Stergiou. "First, the combined cost for the liquefaction plant and the offshore pipeline varies between $8 and $10 billion, of which Cyprus may decide to finance 51%. In this case, it is very unlikely that the nearly bankrupt island-state will be able to find the money," he notes. Another option could be the construction of a pipeline connecting Greece, Cyprus, and Israel. This choice would be, from a geopolitical point of view, the most important factor in the process of consolidating a true axis between the three non-Muslim democracies of the eastern Mediterranean. "However, apart from the immense costs and technical difficulties associated with this project, the geostrategic preconditions for implementing it do not currently exist, as an agreement between Greece and Egypt on the delimitation of their respective EEZs has not yet been achieved," he says. Meanwhile, the private companies involved in the exploitation of Cypriot gas are pushing for another option: constructing a pipeline to Turkey with the permission of the Nicosia government – which would be much cheaper – and using some of the pipeline's early revenue to finance the Cypriot terminal. Tensions over Cyprus pose the main obstacle to improving diplomatic ties between Ankara and Israel, as well as energy cooperation between the Jewish state and Cyprus.

Shell Pipeline Unit Files for US IPO

Europe's largest oil company Royal Dutch Shell revealed that it will sell shares in its US pipeline unit amid growing investor appetite for North America's energy infrastructure. Shell announced in June that its wholly owned subsidiary, Shell Midstream Partners L.P., filed a registration statement with the US Securities and Exchange Commission (SEC) to float on the New York Stock Exchange under the ticker symbol 'SHLX'. The Anglo-Dutch oil major said it expects the IPO to take place in the second half of this year. Shell Midstream Partners -which was formed as a vehicle to own, operate, develop and acquire pipelines and other midstream assets- said in its IPO prospectus that is aiming to raise up to $750 million from the share sale. The Shell subsidiary, whose first-quarter revenue jumped 29% to $36.1 million, revealed that it plans to use proceeds from the offering to acquire stakes in some pipeline companies from Shell Pipeline Company LP, a US unit of Royal Dutch Shell, in exchange for cash distribution. Shell Midstream's assets will include a 43% stake in Zydeco Pipeline Company LLC, a 28.6% stake in Mars Oil Pipeline Company and a 49% stake in Bengal Pipeline Company LLC.

Report: The Middle East Contains the World's Five Most Important Oil Fields

A report published by Oilprice website confirmed the Middle East's status on top of the world's oil production by naming the five most important oil fields from the middle east. The report stated that the region's fields, although old, are still on top of the producing wells worldwide asserting the region's position in the market. The top five producing oil fields according to Oilprice were: A. "Ghawar" (KSA); Ghawar well has been pumping oil since the year 1950 allowing KSA to become the world's first oil producer and the only country with excess produce of 70 billion barrels produced in petroleum reserves. According to the Energy Information Agency (EIA), Ghawar contains more petroleum reserves than the rest of the world together. The kingdom's lack of transparency on related information does not help confirm or reject experts' allegations that the well has reached its production peak a decade ago. Nonetheless, Ghawar is still the field with highest production at 5 million b/d. B. Burgan (Kuwait): Following Ghawar is another massive oil field in the Middle East; The Burgan field was first discovered in 1938, but production didn't begin until a decade later. The field holds an estimated 66 to 72 billion barrels of reserves, which accounts for more than half of Kuwait's total, and it produces between 1.1 and 1.3 million b/d. C. "Safaniya" (Saudi Arabia): The world's largest offshore oil field. Safaniya is located in the Persian Gulf and is thought to hold more than 50 billion barrels of oil. It is Saudi Arabia's second largest producing field behind Ghawar, churning out 1.5 million b/d. Like the Kingdom's other fields, Safaniya is very mature as it has been producing for nearly 60 years, but Saudi Aramco is working hard to extend its operating life. D. "Rumaila" (Iraq): Iraq's largest oil field; located in southern Iraq and holds an estimated 17.8 billion barrels of oil. Rumaila was highly sought after when the Iraqi government put blocks up for bid in 2009. BP and the China National Petroleum Corporation (CNPC) are working together to develop the giant field along with Iraq's state-owned South Oil Company. The field now produces around 1.5 million b/d, but its operators have plans to boost that production to 2.85 million b/d over the next couple of years. E. "West Qurna-2" (Iraq): Also located in southern Iraq, the West Qurna-2 field is the country's second largest, holding nearly 13 billion barrels of oil reserves. It was divided in two and auctioned off to international oil companies. Russia's Lukoil took control of West Qurna-2 and began production earlier this year at an initial 120,000 b/d. Lukoil plans on lifting production to 1.2 million b/d by the end of 2017. The neighboring West Qurna-1 field – operated by a partnership of ExxonMobil, BP, Eni SpA, and PetroChina – holds 8.6 billion barrels of oil reserves. They hope to increase production from 300,000 b/d to more than 2.3 million b/d over the next half-decade.

Crude Oil Spill in Colorado River

A storage tank damaged by floodwaters dumped 7,500 gallons (178 barrels) of crude oil into the Poudre River near Windsor, north of the state of Colorado in the US, slickening vegetation a quarter-mile downstream, but not affecting any drinking water, state officials said on June 20. The bank where the storage tank sat next to the river was undercut by the high spring river floods, causing it to drop and break a valve, Todd Hartman of the Colorado Department of Natural Resources, said in a statement. A similar tank next to the damaged one remained intact. The incident was reported to the Colorado Oil and Gas Conservation Commission and the State Department of Public Health and Environment by the operator of the oil storage facility. A combined response team from these organizations and Noble Energy was deployed to the area. The clean-up crew deployed skimming absorbent material everywhere oil could be seen and used a vacuum truck to remove oil-contaminated water from the low area around the tank.

Diezani for OPEC Top Job

She might not be Nigerians' favorite political appointee but that has not stopped Petroleum Resources Minister, Diezani Alison-Madueke from being nominated as Secretary-General of the Organization of Petroleum Exporting Countries (OPEC) by President Goodluck Jonathan. Mrs. Alison-Madueke's candidacy is intended to break the deadlock over the standoff among opposing candidates from Iraq, Saudi Arabia and Iran over the post, according to Iraq's oil minister, Abdul Kareem Luaibi. The position, currently occupied by Abdullah al-Badri of Libya since 2007, will become vacant June 2015. Should Alison-Madueke's nomination sail through, she would become the first female secretary-general of the 12-member organization.

OPEC to Renew 30 Million B/D Output Ceiling

OPEC agreed in its meeting on June 11 to renew its oil production ceiling of 30 million b/d for the second half of this year, in a widely anticipated decision. The 12-member Organization of the Petroleum Exporting Countries is satisfied with oil prices around $110 a barrel for Brent crude, comfortably above its preferred price of $100 a barrel, ministers said that OPEC, which supplies about 40 percent of the world's oil, reaffirmed its output quota for a fifth consecutive meeting. It demand for its crude at 30.4 million b/d in the coming six months, compared with 29.6 million b/d produced in April, its data show. Two member countries, Libya and Iran, are producing well below capacity because of civil conflict and sanctions respectively, helping support prices. In its end of meeting communiqué confirming the decision, OPEC also said the next meeting would take place on November 27 and its Secretary General Abdullah al-Badri's term would be extended to June 30, 2015. Nigeria's proposal to nominate Oil Minister Diezani Alison-Madueke, to succeed long serving incumbent al-Badri as OPEC secretary-general, was intended to solve the deadlock over the post created by opposing candidates from Saudi Arabia and Iran, Iraq's Oil Minister Abdul Kareem Luaibi said.

BP Loses Fight With US Supreme Court to Freeze Gulf of Mexico Oil Spill Payouts

BP has lost the latest battle in a bid to curb payouts for the 2010 Gulf of Mexico oil spill after a decision by the US Supreme Court went against the British-based oil giant. America's highest court said BP must continue paying out on compensation claims while the company awaits a ruling on how settlements with local businesses are being interpreted. BP said the decision meant hundreds of millions of dollars of shareholders' money would be 'irretrievably scattered' among firms who were not hurt by the disaster. The company initially agreed to a settlement aimed at restitution for businesses affected by the spill, but has since been alarmed by soaring 'fictitious' claims. A US court ruled in May that BP must stick by the terms of the original settlement, despite the oil giant's belief payouts are being made to businesses that suffered no damage as a result of the spill.

Growing Iranian Oil Exports Challenges U.S. Sanctions

Iran's oil exports have increased so far this year, a trend that threatens to violate U.S. sanctions on the Islamic Republic's main source of revenue. Shipments of Iranian crude oil and condensate have increased about 28 percent on average this year, according to an analysis of customs data from importing nations and figures from the International Energy Agency in Paris. If crude sales are up by the end of July, that would break an international accord to hold Iran's oil exports at the same level in the first half of this year that they were in the previous six months. Amos Hochstein, deputy assistant secretary of state for energy diplomacy, who monitors Iran's oil exports testified in a questioning in the congress in June that he's confident that Iranian crude shipments have remained within the limits -1 million to 1.1 million b/d average- set in a six-month agreement, signed Jan. 20 that granted Iran some sanctions relief in exchange for limited nuclear concessions. Only six buyers are still allowed to take crude from Iran, China, India, Japan, South Korea, Turkey and Taiwan, down from 21 before the restrictions went into effect in mid 2012. While India's crude imports from Iran were up significantly in the first few months of this year, its refiners have signed contracts for lower purchases in the coming months, which should bring down Iran's average exports by July. According to Bloomberg, publicly available data shows that Iran's exports of crude and condensates rose to an average of 1.33 million b/d in the first four months of this year from 1.04 million b/d on average in 2013. Iranian Oil Minister Bijan Zanganeh, asked by a reporter at an OPEC meeting in Vienna, gave a higher figure, saying the Persian Gulf producer is exporting 1.2 million b/d of crude oil and 300,000 b/d of condensate. Condensate is not restricted by U.S. sanctions as long as the buyer nation was granted a waiver from the sanctions by reducing the amount of crude oil it buys from Iran. China has considerably increased its purchases of Iranian condensate this year, and that has inflated overall import figures. U.S. officials say Iran may be offering China and other customers significant discounts on condensate and crude in an attempt to keep sales flowing despite punishing sanctions. Iranian condensate fetches higher prices because it's easier and less expensive to refine into gasoline or diesel fuel. Due to sanctions, payments for Iran's oil aren't made in hard currency; they're still going into local-currency escrow accounts that Iran's government may use only to buy goods in the importing nation. China remains the biggest buyer of Iranian crude importing an average of 620,710 b/d of crude and condensate showed the largest increase in purchases this year going up from an average of 430,585 b/d last year. Senior U.S. officials held bilateral discussions with Iranian officials in Geneva second week of June, the interim agreement signed earlier this year expires July 20. Both sides have said an extension of the current deal is possible.

Gulf News

Hackers Threaten Gulf Oil Companies

Security firm, Symantec, revealed that a group of hackers has issued a threat warning of cyber attacks against oil, gas and energy companies in the Middle East. The threat, which was made by Anonymous, a politically motivated group of "hacktivists", states that they are planning to attack before, during, and after June 20. The threat came as a result of Anonymous disagreeing with the US dollar being used as the currency to buy and sell oil, Symantec said. According to the security firm, governments that may be attacked include those in Saudi Arabia Kuwait and Qatar; possible company targets include Kuwait Oil Company, Petroleum Development Oman, Qatar Petroleum, Saudi Aramco, ADNOC, ENOC and Bahrain Petroleum Company. Symantec said the attacks will most likely include distributed denial of service (DDoS) attacks, phishing/spear-phishing emails, intrusion and data-theft attempts, vulnerable software exploration, web application exploits, and website defacement. The Middle East's petrochemical industry has been vulnerable to cyber attacks over the last few years, and Saudi Aramco, the world's biggest oil producer, was hit by a major virus infection in August 2012.

Iraq's Biggest Oil Refinery Shut Down, Foreign Staff Evacuated

Iraq's biggest oil refinery, Baiji, has been shut down and its foreign staff evacuated; the local staff remains in place and the military is still in control of the facility. Militants from an al Qaeda splinter group- Islamic State of Iraq and the Levant (ISIL) seized Iraq's second-biggest city of Mosul in the second week of June and other Sunni armed groups have advanced into the town of Baiji and surrounded its refinery. Baiji is one of three oil refineries in Iraq and only processes oil from the north. The other two are located in Baghdad and the south and are firmly under government control and operational. A chief engineer at the Baiji refinery said that there is sufficient gas oil, gasoline and kerosene to supply more than a month of domestic demand.

Qatar Petroleum to Spend Around $11 Billion to Redevelop Offshore Oil Field

State-owned Qatar Petroleum (QP) said it would invest over $11 billion to redevelop the Bul Hanine offshore oil field to prolong its life and increase its output. The field off of Qatar's east coast currently produces around 40,000 bpd of crude oil, and QP hopes to more than double output to 90,000 bpd by 2020, industry sources told Reuters earlier this year. "The magnitude of this investment reflects the extent of project scope that includes new offshore central production facilities and a new onshore gas liquids processing facility at Mesaieed. This will be marked by a massive drilling campaign of about 150 new wells between now and the year 2028," the company said in a statement, adding that new wells would be drilled from the existing and modified wellhead jacket, as well as from 14 new wellhead jackets. The project includes the expansion of a QP-owned gas processing plant at Mesaieed to help collect about 900 million cubic feet of sour gas per day, The gas will go through a new 150 km subsea pipeline and be used to make jet and vehicle fuels. The dry gas will then be pumped back under the Gulf to boost field recovery rates. Over the past few years QP has been receiving technical advice from French energy major Total on how to get more out of the ageing Bul Hanine field, which began production in 1972.

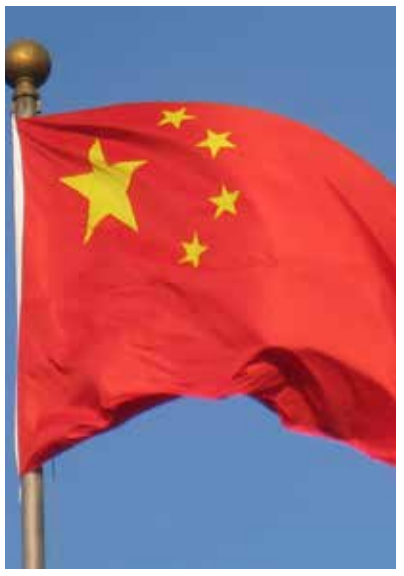
Qatar's RasGas Signs Deal With E.ON to Supply LNG to the UK

Qatar's RasGas signed a medium-term flexible contract with global energy provider E.ON to supply LNG from Qatar to the Isle of Grain in the UK. The three-year contract has the potential to supply up to around two billion cubic meters over its term, a statement said. The financial details of the deal were not disclosed. Hamad Rashid Al Mohannadi, CEO of RasGas, said that RasGas has four long-term LNG contracts in Europe, and the UK is a very important market to the State of Qatar. Christopher Delbrück, CEO of E.ON Global Commodities SE, added: "The contract is a significant step in the development of our global growth strategy and is another big step in the development of our long-term partnership with the State of Qatar." E.ON Global Commodities is the energy trading business of Germany-based E.ON, a global investor-owned power and gas company. Qatar has the world's third-largest gas reserves and is the biggest exporter of LNG in the world; RasGas, established in 2001 by Qatar Petroleum and ExxonMobil, the company exports to countries across Asia, Europe and the Americas with a total LNG production capacity of approximately 37 million tons per annum. It extracts, processes, liquefies, stores and exports LNG and its derivatives from Qatar's North Field. RasGas also operates the Al Khaleej Gas Projects, AKG-1 and AKG-2 supplying approximately 2 billion standard cubic feet (Bscf) per day. They are currently adding production capacity by building the Barzan Gas Project which, when fully operational in 2015, is expected to supply approximately 1.4 Bscf of additional sales gas per day to the Qatari market to meet growing demand for energy.

Unconventional News

China to Develop Shale Gas Industry

China is developing its shale gas industry aiming to produce up to 100 billion cubic meters of natural gas by 2020. Beijing's drive is part of efforts to improve air quality and shift its power generation towards cleaner-burning natural gas. China has the world's biggest potential reserves of natural gas in shale rock, twice as much as the shale leader United States. Pundits say that, if the shale gas industry takes hold in China, it could hurt Korea's exports of petrochemical products, of which more than half heads to Asia's largest economy.



Australia: Kimberley Shale Given the Nod

West Australian Environment Minister, Albert Jacob, dismissed the 48 appeals, which were lodged after a decision by the state's Environmental Protection Authority in January, to allow Buru Energy's fracking program to go ahead without any formal environmental assessment. The decision means Buru needs only the final approval of the state's Department of Mines and Petroleum to formally start an exploration campaign in the Canning Basin within weeks. Jacob noted that the EPA believed Buru's relatively small-scale proposal was unlikely to have a significant effect on the environment. The EPA also found that any potential impacts of Buru's exploration work could be regulated and mitigated by the DMP and the Department of Water. Buru welcomed Jacob's decision and said it would continue to ensure that the Kimberley community was kept informed of its plans. The move angered environmentalists. Conservation Council of WA director Piers Verstegen said the approval was the latest case of the West Australian government giving special treatment to the fracking industry. Environs Kimberley director Martin Pritchard said Buru's plans for 34 fracks in four wells involved the use of toxic chemicals and millions of liters of water. Jacob has rejected calls for a Victorian-style moratorium on fracking, by which high-pressure water, sand and chemicals are injected into rocks deep underground to extract oil and gas. Buru is the biggest of the listed companies working in the onshore Canning Basin, which has been identified as the most prospective region for unconventional gas in the world outside the US, with about 229 trillion cubic feet of gas.

Williams Moves to Expand Ownership of Access Midstream Partners

Williams Cos., the natural gas pipeline company, agreed to pay nearly $6 billion to expand its ownership of Access Midstream Partners LP aiming to increase the company's presence in areas with growing energy output from shale formations. Under the deal, Williams would acquire from Global Infrastructure Partners II the remaining 50% of the privately held general-partner interests in Access Midstream that the Tulsa, Okla. company didn't already own. Williams also would acquire 55.1 million of Access's limited-partner units, bringing William's stake in the limited partnership to 50%. Access gathers gas and gas liquids pumped from wells in Texas, Pennsylvania and Oklahoma; processes them and delivers them to larger pipelines, a business that Williams expects to grow rapidly. Access, based in Oklahoma City, was formed in 2009 as Chesapeake Midstream Partners, a joint venture between Global and Chesapeake Energy Corp. Global Infrastructure bought out Chesapeake's interests in 2012 for $2 billion changing the company's name; Williams first took a stake in 2012. Chesapeake still is Access's largest customer, accounting for about 84% of the company's revenue last year. Access also transports and treats natural gas produced by companies such as Total SA, Statoil ASA, Mitsui & Co. and Anadarko Petroleum Corp. Williams said it expected the acquisition to be completed in the third quarter of this year.

Study: Cline Shale Could Have $20 Billion Impact

An updated study report of the University of Texas in San Antonio (UTSA) estimates the oil and gas industry in a slice of West Texas could have a $20 billion economic impact and support more than 30,000 jobs by 2022. The Permian Basin in West Texas has a multitude of overlapping oil fields, but the emerging Cline Shale on the northeastern edge has created a stir. The report considers the Cline Shale region, as well as other counties nearby where the more established Wolfberry/Spraberry and Wolfcamp reservoirs are present. It estimates the economic impact of the industry could be anywhere from $7.5 billion on the low end to $34 billion under intense development. The study is an update of one released last year that estimated that the oil and gas industry had a $14.5 billion impact in 2012 on the region, supporting 21,450 jobs. Early estimated recoverable reserves from the Cline were put at 30 billion barrels of oil, but analysts have since lowered their expectations. The Institute for Economic Development has been tracking the economic impact of the Eagle Ford Shale in South Texas as well; while the Permian probably holds more recoverable oil, the Eagle Ford development happened faster. In 2012, UTSA estimates the Eagle Ford had a $61 billion impact and supported 116,000 jobs across a 20-county swath of South Texas.

EU-Moscow Row Over South Stream Gas Pipeline

This project was initiated amid disagreements between Gazprom and Ukraine and Belarus over the pricing of Russian gas, which led to gas supplies to some parts of Europe being cut off. It took on added significance following the upheaval in Ukraine. But the European Commission says Bulgaria may have broken EU public procurement laws by choosing local and Russian bidders for its part of the pipeline, and earlier in June, asked Bulgaria to stop work. Russia's EU envoy Vladimir Chizhov said the move by Brussels was a "creeping shift to economic sanctions against Russia". "It is hard to shake off the feeling that the European Commission's blocking of the start of work on the construction of Bulgaria's key section of South Stream has been done for purely political purposes," he stated. Bulgaria has previously said it is being targeted by Brussels as a means of retaliating against Russia over the situation in Ukraine. Their Energy Minister, Dragomir Stoynev, stated that the project remained "irreversible and important for both Europe and Bulgaria" and that he was sure a solution would be found. The EU and the US have imposed sanctions on a number of Russian individuals and companies following Moscow's intervention in Ukraine and its annexing of the Crimean peninsula, but Gazprom has not been targeted. The firm supplies 30% of Europe's gas - some 15% via Ukraine - and has warned exports will be affected if sanctions are expanded. Meanwhile, Gazprom has also threatened to cut supplies to Ukraine over an unpaid gas bill that it puts at more than $2bn (£1.2bn). This too would affect European supplies. The European Commission had sent Bulgarian authorities a letter at the start of June, asking them to suspend work on the project, Bulgarian Prime Minister, Plamen Oresharski, announced that he "ordered all work to be stopped." "We will decide on further developments following consultations with Brussels," he said after meeting with US senators.

Canada Gives Green Light to Northern Gateway Pipeline

The Canadian federal government is giving a conditional green light to Enbridge Inc.'s controversial $7-billion Northern Gateway pipeline project between the Alberta oilsands and the B.C. coast. Within minutes of the announcement, opponents of the project vowed that the pipeline will not be completed despite the nod from Ottawa. The decision already faces legal challenge. Several First Nations and environmental groups have filed applications with the Federal Court for judicial review of the federal panel report recommending approval. The proposal is for a 1,200-kilometre pipeline that would link Alberta's Athabasc oil sands to a marine terminal on the northern edge of British Columbia's Great Bear Rainforest; the pipeline would send heavy, oil-bearing bitumen to Asia, giving Canadian producers better access to the world markets. The National Energy Board, which originally reviewed the proposal, attached a list of 209 conditions to the deal, although none of them are viewed as insurmountable. The government's approval in June is also predicated on fulfilling those conditions.

BG to Sell Stakes in North Sea Pipeline Network

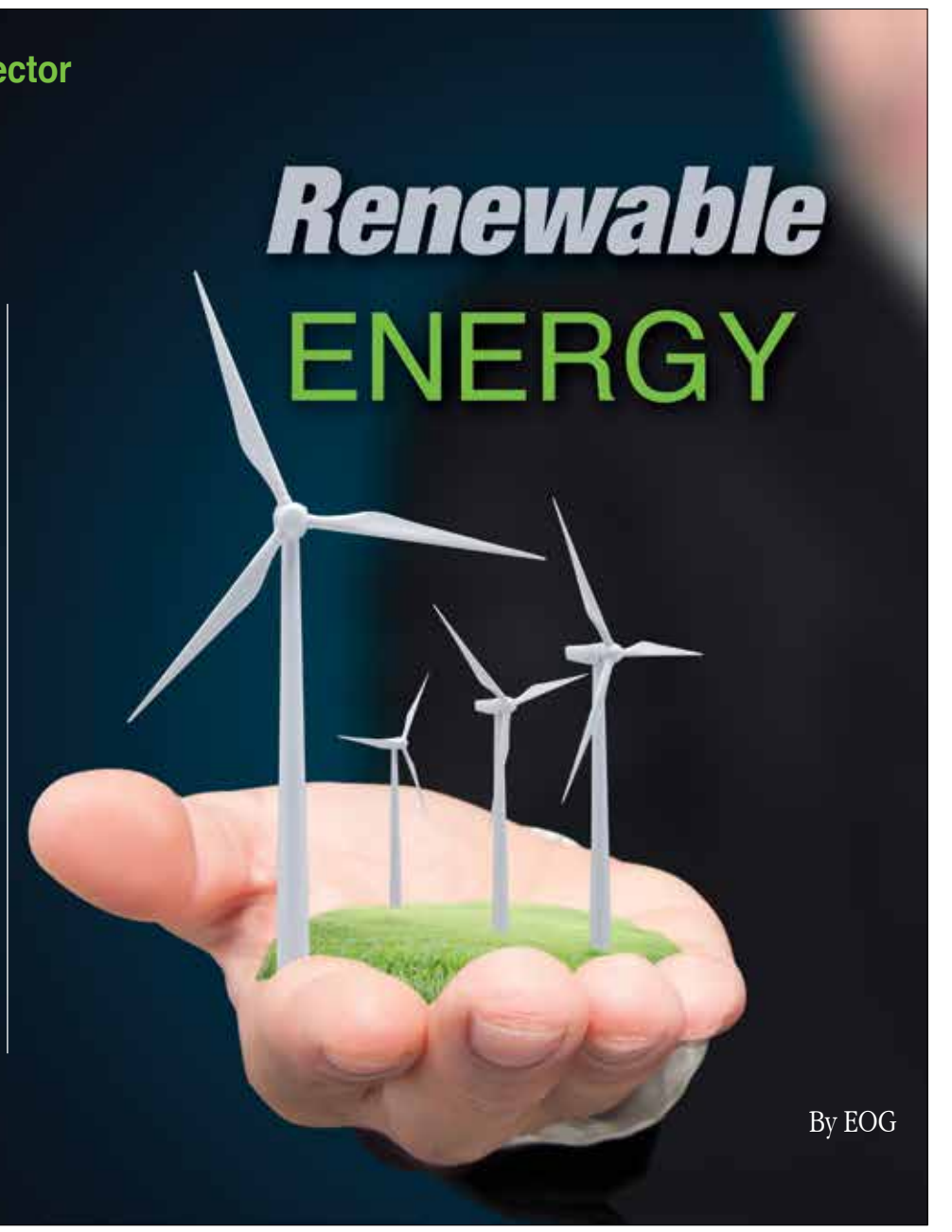
The U.K.'s third-largest oil and gas producer, BG Group Plc, will sell a stake in a North Sea pipeline network for $953 million (£562 million). The company will sell its 63% interest in the Central Area Transmission System (CATS) to Antin Infrastructure Partners. The deal, expected to close in the second half of 2014, won't affect BG's rights to use the 404 km network. The sale is BG's largest since the $1.9 billion sale of a stake in an Australian gas-export project to China's Cnooc Ltd. in 2012. It will create a post-tax profit of about $700 million and is in line with BG's goal of actively managing its portfolio and delivering value to shareholders. BG advanced 0.2% to GBX1, 260 (pence) ($21.35) by the close of London trading, valuing the company at £43 billion ($73.16 billion). BG's production is expected to drop in the next two quarters with output rising at the end of the year, they stated in May.

Consilio to Invest $100 Million in Egypt's Renewable Energy Sector

Consilio Group, a US company specializing in electricity generation from solar power, is planning to establish several projects in Egypt with capital of up to $100 million. The Minister of Industry, Foreign Trade and Investment, Mounir Fakhry Abdel Nour, stated after his meeting with Oliver Meissner, the Chairman of Consilio, that new and renewable energy is at the "top of the government's priorities." He mentioned that Egypt currently has tremendous opportunities for solar energy projects, especially in remote areas of Upper Egypt. Consilio's chairman agreed, stating that especially with Egypt's climate, the country qualifies to be a leader in the field. Recurring electricity outages over the past three years due to a shortage in natural gas and diesel have prompted the government to search for energy alternatives, including solar power. Abdel Nour added that the government's announcement of electricity prices from private sector projects for new and renewable energy will serve as a starting point for attracting investments in this field. Meanwhile, Meissner said that Consilio is currently studying the details of several solar energy projects providing 300 MW of electricity per year over a period of 25 years in Egypt. He noted that the company produces over 9 GW of electricity annually in several countries including India, the UAE, the United States, Canada, Australia, Germany and Saudi Arabia.

Egypt to Boost Solar Energy Dependence to 25% by 2027

HE Mohamed Shaker, Minister of Electricity and Renewable Energy, asserted that Egypt is seeking to increase dependency on solar energy in the power generation by 25% instead of its current targeted rate of 20% before 2027. This came during remarks made by the minister at a ministerial session held on the fringe of the 2nd Arab Forum on New and Renewable Energy in the Red Sea resort of Hurghada. The Minister also pointed out that economic studies would be conducted to put this step into effect. The Arab forum for renewable energy and energy efficiency asserted the importance of pumping more investments in the development of renewable energy resources and the efficient use of energy in Arab countries. A final statement issued by the organizing committee of the forum underlined the significant role that could be played by small- and medium-sized enterprises on this score.



By EOG

Whither Egypt's Economy?

By Dalibor Rohac

The new Egyptian leadership is facing formidable economic challenges. The official unemployment rate is above 13%, higher than last year. Compared to 2010, the number of unemployed Egyptians has grown from 2.4 million to 3.7 million. Large numbers are out of the workforce, or struggle in low-paid occupations in the informal sector. 26% of the population is living under the official poverty line, set at around $1.50 a day.

The necessity of deep economic reforms is obvious. The continuation of the status quo means dragging Egypt from one fiscal and economic crisis to another. In May, the government approved its draft budget for fiscal year 2014/2015, which – instead of tackling the country's chronic deficit (estimated at 12% of GDP) – further increases public spending by 10%. Although the details are unclear, the government will try to continue making commendable, but modest, progress tackling the burden posed by subsidies of consumer products such as fuels and food. Subsidies to hydrocarbon products are to be cut by a quarter, from almost $19 billion to less than $15 billion.

That's good news, as is the expansion of the use of smart cards for purchases of subsidized commodities. In Cairo's suburbs, for example, citizens are now required to register to receive smart cards in order to purchase subsidized bread. In order to limit the size of black markets in subsidized flour, the government will also start to provide subsidies for bakeries' purchases of subsidized flour ex post, based on the sales of final products, and not in bulk as before.

Notwithstanding these measures, energy and food subsidies will likely remain one of Egypt's big problems for years to come. This is because of the fiscal burden they impose on the Egyptian economy but also because they are not very effective in helping the poor and the vulnerable. So far, there have been little indications that the government intends to replace subsidies, in whole or in part, with cash transfer-based ways of assisting those in need.

More broadly, Egypt is being held back by a lack of access to economic opportunity. Egypt ranks 108th on Fraser Institute's Economic Freedom of the World Index, lagging markedly behind Tunisia (81st) or Morocco (98th) – not to speak of Jordan (13th). Not only has the country not made progress in making its business environment friendlier to investors, it has not even implemented the arguably low-cost and potentially popular formalization of land titles of poor people – suggested many years ago by the Peruvian economist Hernando de Soto.

The events of Tahrir Square in the early months of 2011 were as much a result of the frustration of Egyptians with cronyism, corruption, and lack of economic opportunity, as they were a result of a demand for democratic governance. And, unless Egypt's economy starts to generate jobs and shared prosperity, we should not be overly surprised if Egyptians took to the streets again.

Dalibor Rohac is a policy analyst at the Center for Global Liberty and Prosperity at the Cato Institute. He tweets at @daliborrohac.

Overview of Egypt's Oil Refineries

Egypt is Africa's second largest oil refining country and holds 23% of the continent's total, domestically produced, crude oil. Egypt's market is comprised of nine refineries—all operated by Egyptian General Petroleum Corporation (EGPC) with the exception of the privately owned, MIDOR Refinery in Alexandria. The Wall Street Journal reported in 2013 that, "Egypt will spend $18 billion over coming years to build new refineries and modify existing plants in a move to increase its annual fuel output." Most of the refineries are located in Cairo, Alexandria, or Suez. According to the Mbendi information services, the operating capacities for the refineries are as follows:

By Lily Leach

In Alexandria:

The Amiriyah Petroleum Refining Company has a capacity of 78,000 b/d, and a 15,000 b/d vacuum distillation unit. It has a 9,000 b/d alkylation unit, and a 2,000 b/d lube baseoil manufacturing unit.

The El Mex Refinery, operated by the Alexandria Petroleum Company, has a capacity of 117,000 b/d, and 22,500 b/d of vacuum distillation capacity. In addition, it has a lube baseoil manufacturing plant and a bitumen unit.

The Middle East Oil Refinery (MIDOR) was completed in 2002 in the Amiriyah Free Zone, Alexandria. It has a capacity of 100,000 b/d, and has a 35,000 b/d hydrocracker, a 22,800 b/d coker, and a 10,700 b/d isomerisation unit. Originally a joint Egyptian/Israeli venture, the Israeli shareholders sold out to the Egyptian National Bank in 2000.

Suez:

The El-Nasr Petroleum Company near Suez has a capacity of 146,300 b/d. It has a 35,000 b/d hydrocracker and a bitumen unit.

The El-Nasr Petroleum Company also operates the small Wadi Feran refinery on the Red Sea in the Gulf of Suez. It has a capacity of 8,550 b/d, and was designed to service operations related to the Suez Canal.

The Suez Petroleum Processing Company near Suez has a capacity of 66,400 b/d, and a 9,500 b/d vacuum distillation unit. It has a 16,400 b/d delayed coker, and a 1,000 b/d lube baseoil unit.

Rest of Egypt:

The Asyut Petroleum Refining Company near the center of Egypt has a capacity of 47,000 b/d. This simple refinery has a small Naphtha Reformer, and is designed to supply product to the central and southern regions.

The Tanta refinery near Port Said is operated by the Cairo Petroleum Refining Company. It has a capacity of 35,000 b/d. Other than a small hydrotreating unit it has no upgrading capacity.

The Cairo Petroleum Refining Company in Mostorod, near Cairo has a capacity of 145,000b/d.

Egypt's Refined Products

The majority of Egypt's refined products are sold to local markets. Oil producers in Egypt are required to sell their crude oil to the Egyptian General Petroleum Corporation (EGPC) at a price below the world market price, and EGPC then sells the crude to its refineries on the global market, according to the 2013 African Economic Outlook.

Egypt has to import diesel to satisfy local demand, since diesel consumption is double that of gasoline consumption. According to Foreign Reports, EGPC sells diesel locally at retail for 59 cents per gallon, but it pays about $2.80 per gallon wholesale for imports by the tanker-load.

According to the U.S. Energy Information Administration, "Egypt exported around 100,000 bbl/d of crude oil including lease condensate in 2012. Most of Egypt's exports were sent to India (46%), the United States (32%), and Italy (17%) in 2012."

Egypt is also dependent on foreign products, and "is receiving fuel shipments to cover its needs for this month, an energy official said... despite $6 billion of free fuel given by its Gulf allies," reported Ahram Online last month, adding that aid from Saudi Arabia, UAE, and Kuwait is expected to continue through September.

Importing Arabian Crude For Egyptian Refineries

Tarek El-Molla, CEO of EGPC, recently told Daily News Egypt that Egypt would begin importing Arabian oil for Egypt's refineries, and exporting the higher-quality crude produced in the Western Desert. "El-Molla said this is because Egyptian plants require API 31 crude, which is similar to the crude produced by Belayim Petroleum and Arabian Crude.

The Western Desert produces API 42 crude, according to El-Molla," reported Daily News Egypt, adding that there is a pipeline being constructed to transport crude from the Western Desert's Hamra oil field to the SUMED repositories in the Alexandria port.

The project is purported to garner positive margins for the state, SUMED, the Ministry of Petroleum, and the MIDOR refinery. El-Molla noted, that "Western Desert crude will not be exported all at once, but through a gradual process," said Daily News Egypt. Amounting to about 680,000 b/d, production from the Western Desert fields is estimated to be about 55% of Egyptian crude production.

Of Egypt's three main oil grades—Suez, Balyin, and Western Desert—the majority is refined domestically and sold at a discount, with only a small percentage sold to international markets.

New Refinery to Upgrade Egypt's Capacity

Construction of the new Egyptian Refinery Company (ERC) was planned to begin in April 2014 and scheduled to last three years, according to the Oil & Gas Journal. Construction of the refinery, proposed in 2006, met delays following the 2008/9 financial crisis, and the 2011 uprising.

ERC planned to increase Egypt's refinery capacity for the first time since 2001, when the 100,000 b/d Sidi Kerir refinery came online, According to Arab Oil and Gas Journal.

"The Egyptian Refinery Company (ERC) plant, 20 km north of Cairo, will use fuel oil produced by an old refinery nearby as feedstock to produce 2.3 million tons of diesel per year," said The African Report, adding that the refinery is expected to produce half the volume of diesel that Egypt currently imports. The plant is projected to be online by 2017.

In a July 2014 Mada Masr report, the article said that the ERC refinery— actually an expansion of the 1969 complex, Cairo Oil Refinery Company (CORC), located 40 km north of Cairo—is currently the "the largest investment on the African continent."

"ERC's plan is to buy 67% of CORC's fuel oil, use it as a feedstock, refine it and produce over 4.1 billion tons of lighter petroleum products — mostly diesel (an estimated 2.3 billion tons), but also gasoline, jet fuel and Liquefied Petroleum Gas (LPG)," said Mada Masr.

The refined products will be sold to EGPC at international prices, as opposed to the below-market, subsidized prices.

"Egypt's demand for diesel is higher than what the country can refine," Thomas Thomason, the CEO of ERC told Mada Masr. "So when we're operational in 2016, we will provide 50% of the diesel Egypt is currently importing. It's a fantastic project for Egypt."

According to The Africa Report, "ERC has secured funding through a $2.6 billion debt package and $1.1 billion in equity provided by the Egyptian General Petroleum Corporation (EGPC), Qatar Petroleum International and Egyptian private equity firm Citadel Capital, among others."

The refinery is expected to save Egypt $300 million a year, in an effort to wean Egypt of its dependency on foreign loans and donation from oil producing Gulf nations.

Pemex – Mexico Model:

A Multi-beneficial Solution to Problems Facing the Egyptian Petroleum Sector

By Hesham Ibrahim, Marketing Director-PICO Energy

In 2008, PICO started to explore new business opportunities in countries other than Egypt, thinking out of the box; PICO then approached Pemex in Mexico for the following reasons:

- Mexico is rated within the largest ten (10) countries in Petroleum Production.
- Different mind-set than neighboring & regional countries that almost follow similar routine work of Egyptian authorities.
- Exposure to other international cultures, means more international experience.
- Success means expansion in North and Latin America.

PICO Team approached PEMEX Company in Mexico and demonstrated their services and integrated services projects management capabilities, as part of our total project management and operational experiences. Accordingly, the operations and contracts management in PEMEX recommended our participation in one of their upcoming tenders listed below to widen the circle of competition and knowledge.

1. In Reynosa City (on the border of McAllen, Texas):

a) A tender to drill 300 development wells in three years with depths from 3,000m to 3,500m. The main lithology was sandstone and shale.

b) A tender to drill 30 exploratory wells and 140 development wells in two years, extendable to drill up-to 700 development wells in 5 years based on productivity and drilling performance.

2. In Tampico City (550 km south of Reynosa):

DIAVAZ Company has a contract to drill 300 development wells in two years with depths from 1,500m to 2,000m. The main lithology was shale, sandstone and limestone.

3. In Poza Rica City (300 km south of the Tampico City):

A tender to drill 500 development wells in 5 years in the «Chicontepec» project with depths from 2,000m to 3,000m, the main lithology are sandstone and shale.

The average of the above projects is approximately 435 wells per year, over and above their regular drilling performed by their concession agreements, with international partners mainly in the deep waters and offshore work.

The Model:

1. Service companies buy the tender online to participate in the tender with no registration routine work needed from new comers.
2. The tender includes all the needed forms and well shape samples.
3. Alliance or ownership certificate with a rig company to be nominated as a serious bidder.
4. Original stamped quotations of any outsourced services to be attached in the tender proposal.
5. Salaries, bonuses, per diems, national and international transportation costs, as well as costs of accommodations, are to be attached in the tender proposal, in case it exists.
6. Logistics including site preparation and accommodations costs.
7. Insurance, HSE fees, as well as taxes.
8. Banks interests, fees and/or charges.
9. Profit Margin (transparent real value not subject to any negotiation).
10. Community Development (2.5%) of the total contract value.

N.B.: Pemex disqualifies offers if proven to be careless offers (for example: writing PEMEX or tender name in Spanish misspelled), exaggerated costing offers, as well as underestimated costing offers.

Benefits of the Model to the Country:

This model does not need time to be executed, as it will not imply any changes in rules, regulations, or country laws. It will duplicate the activity of drilling and early production.

1. We can export oil & gas and other petroleum products rather than importing them; an issue that shall save hard currency and fulfill internal country needs.

2. Pay back money to national and international E&P partners faster than the current failure in setting a scheduled paying plan.

3. Building enhanced learning curves for drilling programs in different areas which enables more savings in new tenders.

4. Building comparative performance and economic model between service companies participating in tenders, similar to this model, and between concession international partners.

5. Economically concessions, local or international partners get +/- 50% of the production during the term of the agreement, in addition to the cost recovery; while in the Mexican model, the service companies get only the cost of drilling and completion.

Heavy Oil The Future of the Industry!

By Jamie Walker

In a world where the refining demand is constantly increasing and we are looking to add new product lines or building facilities that can handle more demand, Praxis Global Research looks to find ways of identifying the current needs of the industry and marrying them to state of the art know-how and technology. There is definitely not a shortage of need for upgrading and expanding refineries in Latam.

While the supply of expensive, easy-to-refine light sweet crude peaking in the US, Colombia is finding newer sources of crude which are of lower API, heavy crudes (API less than 20o). Reficar, Refinería de Cartagena S.A. has recognized this growing trend of heavy oil needed to be refined and is set to finish upgrades later this year to accommodate this demand. Reficar`s expansion is estimated to cost $6.4 billion (U.S.) and will increase the refining capacity of Colombia by about 85,000–90,000 barrels per-day, thus adding incredible value to Colombia`s hydrocarbon resources and supporting the country by eliminating dependence on fuel imports. Praxis Global Research had a chance to speak with the CEO, Reyes Reinoso, about the expansion:

IN FIGURES:

Project cost: US $6.467 billion (no contingency included)
Current refining capacity: 80,000 b/d
Future refining capacity: 165,000 b/d
Future exporting capacity: 120,000 b/d
Heavy-crude oil to refined products conversion rate: 96%

What is the importance of this financing deal for Colombia?

Reyes REINOSO: Given the size and complexity of the Cartagena Refinery Expansion Project, it required a considerable amount of resources from the financial market, as well as ample tenors for the repayment of the loans. This challenge became even more critical under the market conditions experienced during the global economic crisis of 2011. The fact that Reficar obtained financing from three Export Credit Agencies and four world-renowned commercial banks for a total amount of $3.5 billion despite the crisis, reflects their support of the project and the confidence the financial community has on the strength of the Colombian economy.

Additionally, this was the first project finance transaction in the country where there was a combination of the public and private sector. The project involved state owned companies, private contractors, governmental credit agencies and private commercial banks. This innovative project finance structure became a landmark for other government companies that needed to finance large infrastructure projects in Latin America.

How will the Cartagena Refinery compete in regional and global markets?

RR: The Cartagena Refinery is extraordinarily significant for Colombia's energy mix, as it will turn Colombia into a net exporter of high-value refined products and directly contribute to the development of the oil industry and associated sectors. The new technologies incorporated in the Cartagena expansion project will also make Colombia much more competitive in the fuels market, due to a significant investment in energy efficiency (lower costs), higher flexibility to adapt to market fluctuations, products quality, strong reliability and safe operation.

What is the impact of the Project for Colombia´s economy and development?

RR: The construction phase of the project has already positively impacted the economy of city of Cartagena and the Caribbean coastline of Colombia by:

a. The creation of two technical training centers for construction jobs such as welders, pipe fitters, carpentry, electricians, etc.
b. The incorporation of more than 28,000 new craft labor jobs, during the construction phase.
c. Increasing the income level of 82 % of the craft population, approximately 2 to 4times.
d. Promoting several indirect jobs associated with: transportation, catering, security, hotel services, etc.

Once the expansion project is completed, Colombia´s current energy dependency will cease and it will become an exporter of fuel commodities of the highest quality. This important change is bound to be very beneficial for the country's trade balance.

We also expect the Cartagena refinery to become a reference in the sustainability model, due to our strong social investment in the region.

What have been the main challenges of this Project?

RR: There have been many technical, logistic, manpower and financial challenges. For instance, the project involved equipment of size and weight that had never before been lifted or transported in Colombia. Local infrastructure limitations presented a significant challenge.

Planning began eighteen months in advance, with increased security and logistical measures being put in place to assure the feasibility of the lifting process.

The second-tallest weight lifting crane in the world, and the largest ever seen in Colombia, with the capacity to pick up 2,500 tons with incredible reach and precision, was brought in for the operation. This crane was used for the placing of three large and heavy vessels in one of the existing units in operation. This was accomplished without any incidents, after an extremely detailed, revised plan. There was also a need to create a "roll-on/roll-off" discharge structure right on the refinery coastline, in order to move extra-large and heavy equipment into the refinery. A major task was to move one of the tallest towers in the refinery (82 meters), which had to be brought in, lifted and place in one piece.

The work force has been the most inspiring of all challenges, and in Reficar we have work very hard to train, offer a truly valuable working experience, and with a very competitive salary to improve the standard of living for over 28,000 employees.

For both construction needs and keeping such a large work force hydrated, we built an ice plant with a 17 ton- a-day capacity. We move the work force with over 300 air-conditioned buses every day. Food logistics are segregated in 13 ventilated mega tents that serve more than 18,000 meals at a time. All these challenges have never been encountered in Colombia before.

ECAs have high environmental requirement. How has Reficar dealt with this?

RR: Since the beginning, Reficar's project was conceived and designed to comply with international environmental standards. This was a factor which allowed the company to comply with Colombian environmental regulations, obtain all approvals from the environmental authorities on time and have a strong environmental and social management plan for the Cartagena Refinery Expansion Project. The company, with the support of its' financial and legal advisors, prepared all the additional information required by the ECAs and was able to comply with all their environmental requirements.

Could the community practices in this project be replicated elsewhere, and how can this be achieved?

RR: The best community practice, and most valuable achievement, in this project was the development of a training center for unskilled workers. The center trained workers in 16 different crafts based on the National Center for Construction Education and Research (NCCER) guidelines. A grand total of 5,271 men and women were trained, (at no expense), as carpenters, electricians, welders, riggers and in specialized skills that ranged from pipefitting to sandblasting. The training center was possible thanks to an inter-institutional alliance between a government-run technical school, Reficar and its principal EPCcontractor. After applying their knowledge at the Reficar project, workers drastically have improved their probability of finding good employment elsewhere in Colombia and abroad. This model has been taken into consideration for other projects in the country.

In addition to this effort, Reficar has promoted an outplacement program with the local Chamber of Commerce, in order to facility the workers with some up to date tools to go further in their productive working lives either on an independent basis or by finding a new job. The workers willing to participate in the program can choose to be a part of a skilled craft data base for future project needs with their specific skills and experience or for those with a more developed entrepreneurship spirit, the program named Horizons can provide guidance in design and feasibility to create their own service company.

We are simultaneously contacting all our international and national suppliers of equipment, parts, chemicals, catalysts, instruments and service companies which have been selected during the procurement process, to open a branch in Cartagena´s industrial sector. This will not only create new jobs, but will also allow us to easily reach these companies for support while extending the possibilities of continuing to do business in Colombia. Last but not least, Reficar has just signed with Cartagena´s District office an initiative we hope could be the legacy of our project for the city. We call it our "Project for the City'. After analyzing a recent population census, we have identified the need to prepare a large number of young men and women who will not have an opportunity to get technical education in several areas required by the local industry and future tourism project developments. This social project is of larger scale, so we have invited several local companies from the petrochemical sector, cement, oil & gas and we are currently hoping to attract the attention of one or more international non-governmental organization with funds to support our dream for Cartagena.

All these initiatives have an important social impact and can be replicated elsewhere, as long as there is strong leadership willing to promote alliances of the private industry with the public sector. In Reficar we believe, industrial sustainability is directly dependent on true harmony with the society around us.

Sisi's Biggest Challenge: Fixing Egypt's Faltering Economy

By Patrick Keddie

Sisi's Economic Headaches

Reviving Egypt's faltering economy is likely to be the biggest challenge facing Abdel Fattah al-Sisi, Egypt's newly elected President. Egypt is experiencing an ongoing economic crisis characterized by corruption, a widening budget deficit, sluggish growth, soaring prices, energy shortages, high unemployment and entrenched poverty.

As the former head of the military, Sisi derived significant popularity from ousting the Islamist President Mohammed Morsi. As President, Sisi's economic policies are vague and inchoate; yet his success will ultimately depend upon tackling a series of economic and political tensions.

Energy Dilemmas

Egypt is struggling to meet its growing energy demands and Sisi will want to avoid the angst caused by energy shortages, which fueled discontent against Morsi's rule last year. Egypt currently owes delayed payments of around $5.7 billion to international energy companies. Energy executives have claimed that Egypt's energy debts are undermining investment in energy maintenance, which is in turn weakening productivity.

Egypt's currency reserves remain perilously low at around $17 billion; having fallen from $36 billion in January 2011. The devaluation of the Egyptian pound has made borrowing on international markets more expensive and has contributed to soaring food prices; if Egypt depleted their reserves further by using them to pay their energy debts, the currency would be weakened further. Sisi could be forced to choose between an energy crisis and a currency crisis, unless he reforms subsidies.

Energy subsidies are hobbling Egypt's budget; potentially accounting for as much as $19 billion in the next fiscal year. The Ministry of Finance has said that, without reforms, the budget deficit will rise to 14.5% in the current fiscal year.

With inflation at 9.1%, many ordinary Egyptians are struggling, and the average Egyptian family now spends 40% of their income on food. "Unpopular decisions like reducing gas subsidies, and therefore ushering in further inflation of consumer prices, would not come easily from a populist like Sisi," says development economist and writer Mohamed El Dahshan. Sisi has stated that Egyptians have to become richer before significant reductions in subsidies can be made.

Research suggests that fuel subsidies overwhelmingly benefit large industries and wealthier urban residents. Sisi has said that the rich should bear the brunt of any initial cuts. However, in reality, Sisi may fear a resulting loss of support from powerful interests. "Sisi is unlikely to go near the subsidies they enjoy either," argues El Dahshan.

Navigating a way through the competing demands and interests of an energy quandary is an immediate concern for Sisi.

Balancing 'Order' With Reform

After more than three years of turbulence many Egyptians are craving stability. "The [dire] economic situation is largely due to the absence of law and order," argues Galal Amin, Professor of Economics at AUC. "This is affecting tourism, investment, production, transportation."

Sisi launched a brutal crackdown on dissent as defense minister and has indicated that a tough stance will be maintained during his tenure as President.

Yet, a concern with projecting power can come at the expense of solving political and economic problems. In the latter years of Mubarak's rule, Egypt's economic growth, exchange rate and financial ratings appeared healthy. Yet these indicators masked a range of chronic social problems such as rampant corruption, widening inequality, high inflation, rising poverty and unemployment in the double digits. The sclerotic political and economic system was maintained by a police state but it was the corrupt 'stability' that precipitated revolt.

"The average citizen heard the [economic] policies that were announced by the government and he found the reality on the ground completely different," said Tarek Selim, Professor of Economics at the American University Cairo's Business School. "This actually ignited the January 25th revolution."

During the election campaign, Sisi gave little indication that respect for human rights, reform of the notoriously savage security forces or a strong commitment to tackle corruption were high on his agenda. Sisi will have to engage with the acute, longstanding economic problems and questions of justice that drove the 2011 uprising, rather than simply imposing a brutal law and order agenda, in the hope that stability breeds economic success.

The Military's Economic Role

Sisi praised the military's economic prowess during his election campaign and said that he envisages a greater role for the military in the economy. The military could be enlisted in Sisi's plans - outlined during election campaigning - to undertake large-scale infrastructure projects (estimated at a cost of $140 billion); including re-claiming vast tracts of desert land to build 48 new cities and 8 new airports, in addition to developing fish farms, agriculture and renewable energy.

"Their [the military's] impact on the economy would be much more positive when there are more joint projects between the military and the civil sector, especially infrastructure projects," said Professor Tarek Selim, in an interview last year. "The military has proven that they are much more efficient than the civil sector in that respect."

Yet, some question whether Sisi's plans for the desert are feasible given the huge cost and the similar, less ambitious plans that have stalled in the past. Others worry about an expanded role for the military in Egypt's economy.

Successive regimes have shielded the military's budget from oversight, yet it is certain that the military has built a significant business portfolio. They own hospitals, water-treatment plants, Red Sea resorts, a chain of petrol stations and vast tracts of land. They build housing projects, bridges and tunnels. Barely-paid conscripts manufacture a huge range of products in military-owned factories.

Businesses, which are solely-owned by the military, are exempt from paying tax, and the military enjoys privileges in bidding for contracts and economic monopoly concessions, that arguably undermine competition in the private sector.

Last year, a report by the Egyptian Initiative for Personal Rights criticized the "continued operation for the Egyptian military as effectively a state within the state by guaranteeing that its budget is exempted from any oversight, thus depriving the Egyptian economy from a huge financial resource."

Sisi is likely to disappoint those calling for greater transparency or reform. During election campaigning, Sisi cited the need to protect national security as a reason for not divulging a full electoral program.

Egypt's Reliance on Foreign Funds

Huge sums of money from Gulf countries – notably Saudi Arabia, the UAE and Kuwait – have stabilized Egypt's diminishing currency reserves and paid for subsidies. Egypt has received over $20 billion in aid from Gulf countries since Morsi was toppled. This has instilled some confidence among investors; Egypt's main stock index has grown by almost 70% during this period.

Sisi has stated that funding for projects will continue to rely on Gulf funds, as well as drawing on domestic and foreign investment and remittances from Egyptians living abroad.

However, sustained Gulf assistance is not guaranteed as economic and social pressures could lead Gulf countries to reduce future funding, and they are unlikely to want to offer long-term funding, unless Egypt makes economic reforms.

"Optimally the government would use the respite offered by the Gulf funding to implement the necessary reforms in the economy at its own pace," argues Mohamed El Dahshan. Without reforms, Egypt could eventually be forced to approach the International Monetary Fund (IMF) for help. The IMF would be likely to demand a sharper, more painful rebalancing of the economy in exchange for loans.

Sisi will have to develop a longer-term plan that weans Egypt from its reliance on politically and economically contingent Gulf support.

The Austerity of Youth

Sisi frequently deployed the rhetoric of austerity during his election campaign, stressing the need for Egyptians to work hard and make sacrifices in order to escape economic hardship. Sisi has also cautioned that "perhaps one or two generations will be necessary for the country to live."

Some of his plainest speaking has been directed at the young. Sisi has described Egypt's youth as "its hope" but cautioned them that "they need to give and not expect to take anything now. Egypt's youth should not be thinking about when will they be able to get married or when will they 'live', they need to build the country first," he added.

That may not go down well with a section of society that has already been experiencing economic hardship; in 2013 the Central Agency for Public Mobilization and Statistics (CAPMAS) reported that 28.3% of young people were unemployed, compared to a general unemployment rate of 13.2%. Underemployment is also a significant issue for young people. Weak growth is failing to create enough jobs for the burgeoning youth population.

Egypt has a demographic pyramid, with a huge proportion of the population under 30 years old. Sisi will have to offer hope and tangible economic benefits to young people, whose rage and desperation have periodically spilled into the streets over the past three years.

Conclusion

Sisi has pledged that Egyptians will see notable economic progress within two years, yet the economic questions he faces are daunting.

Can he reduce subsidies, protect the poor and meet energy demands, whilst avoiding further currency devaluation? Will a man, who was head of military intelligence under Mubarak, challenge corruption and police brutality? Can economic and political justice be delivered under a harsh law and order agenda? Can he define a role for the military that is compatible with broader prosperity? Can he wean Egypt from its dependence on foreign largesse?

Crucially – will Sisi be able to defy the scale of the problems to provide rapid, palpable economic improvements for a young, impatient populace?

Belma32ol:

The Egyptian Initiative for Energy Conservation (EIEC)

INTRODUCTION

The Egyptian Initiative for Energy Conservation (EIEC) is a national, independent, energy conservation initiative founded by some International Oil Companies (IOCs) operating in Egypt in cooperation with both the Egyptian Ministry of Petroleum & Mineral Resources, and the Egyptian Ministry of Electricity & Renewable Energy, with an objective to help Egypt get through its current energy crisis by encouraging the public to conserve energy using favorable and simple energy saving tips. Target is to bring down energy consumption by 20% (mainly households/offices) before end of 2014 – if such target is achieved, Egyptians will no longer face the daily blackouts that are currently taking place.

The EIEC was initiated by a number of international oil companies working in Egypt: Shell Egypt, BG Egypt, Apache Egypt, and endorsed by Dana Gas, GDF Suez and IPR, with the technical support of British Petroleum Egypt, ENI and Taqa Arabia.

Belma32ol (بالمعقول) (Arabic translation for 'moderate consumption') is the brand campaign of the EIEC; a fully-fledged communications campaign, involving PR, creative, and media activities, to create public awareness around the deep-rooted causes of the energy crisis Egypt is currently going through, and correct several public misconceptions. Belma32ol targets the general public – or Egyptians – specifically the business community, employees, housewives, students, and children.

ENERGY CONSERVATION TIPS

What is energy conservation?

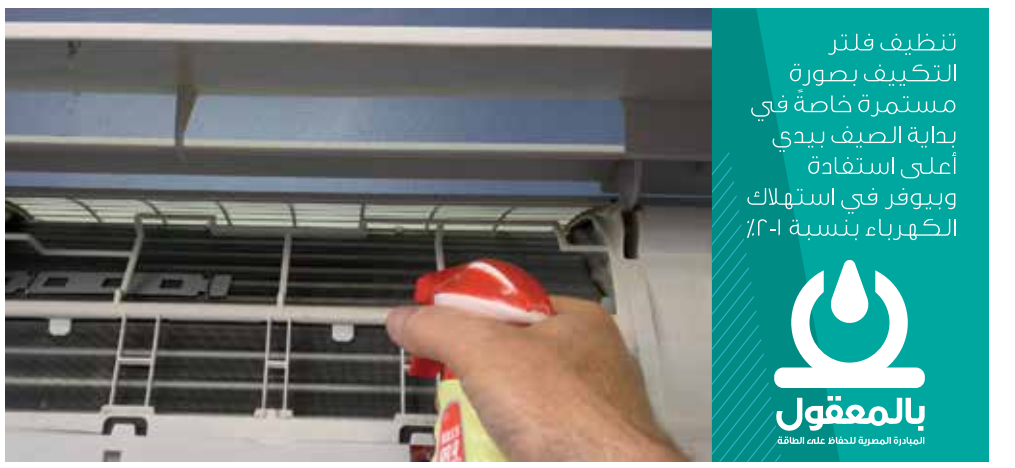
Energy conservation refers to reducing energy consumption through the efficient use of energy resources without infringing consumers' freedom.

The importance of efficient energy consumption:

- Reduce the amount allocated by the government to invest in building new power stations.
- Reducing use of fuel in thermal power station; which decreases harmful emissions that directly affect global warming and climate change.
- Reducing consumers' monthly bills.

"The ultimate objective is to develop the national economy"

A 100 watt LED bulb not only saves energy but also provides more light than two 60 watt bulbs.



You can reduce your energy consumption by 1-2% by cleaning the air filter on your air conditioner regularly especially when the summer starts.

Lighting:

- Use sunlight wisely. Leave shades and blinds open on sunny days as long as possible to limit the need for electric lighting.
- Turn out the lights in unused places.
- Replace incandescent bulbs with compact fluorescent bulbs.

Air conditioners:

- Set air conditioners to 24-25 degrees.
- Make sure to change filters of your air conditioner periodically.
- When buying a new Air condition unit, make sure to buy energy efficient labeled A/C.

Power generation uses 57% of Egypt's Gas resources

Egypt Prepares to Open up Gas Market

An EGAS/GASCO joint working group is composing the drafts of a law and a decree that will enable to establish a gas regulator in Egypt next year. This is the first significant step towards opening the country's gas market to competition.

By Laura Raus

Opening of European Union Gas Markets

In the 1990s, most gas and electricity markets in the EU were monopolized. EU member states decided to open these markets to competition gradually, in part to follow the success of the UK that had started the market-opening process already in the 1980s, writes Sarolta Somosi in his PhD dissertation thesis at the University of Szeged. According to the European Commission, the liberalization includes obliging the operators of transport infrastructure (for example the grid, LNG facilities) to allow third parties access it, removing barriers that prevent alternative suppliers from importing or producing energy, removing restrictions on consumers from changing their supplier and introducing independent regulators to monitor the sector. The directives for liberalizing the gas market were adopted in 1998 and 2003. In practice, industrial clients and domestic customers have had the freedom to choose their gas supplier since July 1st 2004 and July 1st 2007 respectively. However, many governments have been reluctant to unbundle vertically integrated gas businesses. A 2007 study showed that there exist still barriers for new entrants on the EU gas markets, and a high level of concentration at the wholesale level, plus there is a lack of transparent market information. To speed up the market opening, the European Commission opened a number of cases against uncompetitive practices in the gas sector involving companies such as E.On, GDF, ENI, and RWE. Besides, in 2009 the EU adopted another legislative package, the Third Energy Package, to complete the opening of the European energy markets. This introduced stricter measures for unbundling vertically integrated companies and ensuring the independence of national regulators. Even now, the liberalization of the EU gas sector is an ongoing process, with markets in many member states not even gotten close to the liquid UK gas market, where consumers can choose between more than 20 suppliers.

According to Eng. Amira El-Mazni, Assistant Vice Chairman at EGAS and the head of the working group, the establishment of the gas regulator is a part of an Egypt-EU energy reform program. Other two components of the Energy Sector Policy Support Program (ESPSP) are formulating Egypt's energy strategy to 2035 and energy efficiency program.

Technical Assistance From Europe

Due to the fact that gas transport requires large investments in infrastructure, gas supply has historically been a monopoly in many countries. However, competitive markets generally lead to better service quality and lower prices compared to monopolies. Therefore, several countries – EU member states, the US, Canada, Australia, and Argentina for example – have opened up, in other words liberalized, their gas markets in recent decades, and Egypt plans to follow their example. In Egypt, the market opening is also expected to ensure proper return on investments for gas producing IOCs, and hence increase gas supply. "Opening up Egypt's gas market is a first step towards making this industry more efficient and therefore more competitive," stated Anastassios Gentzoglanis, Professor of Economics at the Université de Sherbrooke. "But it should be a part of a bigger vision, not bits and pieces that you later try to connect," stressed El-Mazni.

To find a technical consultant for the ESPSP program, the EU organized a tender, which was won by a consortium of three European companies – Sofreco headquartered in France, Mercados based in Spain, and Adetef, an agency for international technical cooperation set up by the French government. The EU pays to the consortium for providing technical assistance to the Egyptian government. "Their Technical Assistance for the Reform of Energy Sector (TARES) contract with the EU was signed in January 2013 and the work started shortly afterwards," informed El-Mazni. The program is expected to be completed in December.

The origin of the idea to open up Egypt´s gas market is the "evolvement of previous work that the EU has done under the EU-Mashreq project a couple of years ago," explained El-Mazni. According to her, this work was a part of the EU´s attempts to bring the markets of its neighboring countries in compliance with EU rules in order to ease import and export. In case of the Mashreq region, it was related to the plans to extend the Arab Gas Pipeline to Turkey, where it could connect to Europe. "Europe needs to diversify its supplies and Egypt needs to develop its markets," said Gentzoglanis, referring to the fact that liberalizing the Egyptian gas market is a mutually beneficial step.

Subsidy Reform the Biggest Challenge

The essence of the Egyptian gas market opening is that third parties, primarily IOCs, will get access to the local gas transmission and distribution networks, which presently can be used only by EGAS and EGPC. EGAS will remain the owner of the networks and GASCO and local distribution companies will continue to operate them, but third parties will get the right to use them too. The gas regulator would set requirements for third parties to access the networks and issue licenses for that.

To ensure that third parties can access the networks under fair conditions, a process called unbundling needs to take place. Unbundling means separating network operators´ activities involving the grid from their other activities in the gas sector. In the EU, network related and other types of activities have to be legally and functionally separate, but in Egypt only accounting unbundling is planned to take place. Accordingly, the finances of GASCO that relate to the grid need to be separated from the finances of its other activities for example, such as operating the Western Desert Gas Complex, which is a processing facility. The EGAS/GASCO working group has determined that in GASCO there already exists such separation of finances, but now one needs to look into whether this is also the case when it comes to the local distribution companies.

A prerequisite of the market opening is a subsidy reform, since free competition is not possible as long as prices are below production costs. El-Mazni said that the gas regulator would at least in its initial years not get involved in price formation, since reforming subsidies is a very complicated process that involves socioeconomic and other impacts. "The regulator would be there to make sure that whatever prices set by the government are respected and implemented inclusively," she explained. El-Mazni added that the reform of gas subsidies should go hand in hand with reforming other energy subsidies. This is so because in case of lifting gas subsidies, but not the subsidies of liquids, consumers would switch from gas to liquids. According to World Bank experts, the subsidy reform is the main challenge to the gas market opening in Egypt. "I'd say the subsidy reform is going to be a challenge," agreed El-Mazni." If the situation remains as it is, there will be very little role for the regulator to play."

Preparations for Market Opening

The EGAS/GASCO joint working group expects to finalize the drafts of the law and the decree for the establishment of the gas regulator in December, then they will be sent to the parliament for approval. It is not clear when Egypt will have the parliament in place, but El-Mazni expects the approval to come and the regulator to be established next year. Its initial staff will be about 30 people.

The establishment of the regulator is just the first significant step towards opening the gas market. The working group is already preparing the next steps too. According to El-Mazni, it is designing "the ultimate gas market that we would like to have". She brings the highly liquid UK gas market as an example of such an "ultimate market" which to aim for. For achieving this, a methodology for calculating the tariff of using the gas grid needs to be formulated "and the tariff needs to be fair to everybody, meaning shippers, consumers, owner, and operator of the network." Besides, a code for using the grid has to be made up and the process of booking grid capacity for interested shippers needs to be designed. The EU has sponsored the visit to Egypt of several former heads of European energy regulators, who have met with the EGAS/GASCO working group and have given them recommendations and cautions based on their own experiences.

Once could ask whether it is proper to take the European gas markets as an example for Egypt as conditions in these two entities are very different. According to Gentzoglanis, the European energy markets are "totally different" from Egypt's, and it is widely understood that it is not possible to "expect a European-style performance for Egypt´s gas sector". "Nonetheless, using the well-known European model and similar policies and regulations to restructure the Egyptian energy market would contribute to making Egypt's long term energy goals a reality," he added. "Given the local context, each county may have different path and pace for energy sector reform which should not be necessary following exact model applied by other countries," said World Bank experts, yet adding that Egypt could learn from the gas markets reform experiences of countries in Europe, Latin America as well as Asia.

Why not an Overall Energy Regulator?

Several countries – such as the UK, the US, Canada, and Australia – have a common regulator for electricity and gas whereas Egypt plans to have two separate organizations. According to El-Mazni, it does not make a difference whether to have an overall regulator or two separate ones. "If we have one regulator, you want to have two departments that will be independent from each other," she explained. "They will follow more or less the same methodologies, but the nature of the business requires the gas regulator staff to have the necessary experience and background in the gas sector."

In the opinion of World Bank experts, at this stage of market development it does not make a significant difference whether to have an overall regulator or two separate ones. Gentzoglanis thinks that it makes sense to have a separate gas regulator, particularly at the beginning. "The restructuring of the gas industry is quite the task by itself and requires a different expertise than the electricity industry..." he explained. "The issues faced by gas regulators are quite different from those facing electricity regulators," agreed Dr. Paul Jerome Sullivan, Professor of Economics at the US National Defense University. "Over time the two might be able to merge into an overall energy regulator, but right now Egypt does not seem to have the administrative and technical capacity in the government to have a common regulator like FERC in the US."

"When and if in the future regulatory functions are extracted from the ministries and the regulators are reporting to the cabinet of ministers for example, then it makes sense to have one body regulating everything," noted El-Mazni. Currently Egypt's regulators are chaired by the respective ministers – electricity regulator by the minister of electricity and renewable energy, telecommunications regulator by the minister of communications and information technology, and the water regulator by the minister of housing, utilities and urban development; hence the gas regulatory is expected to be chaired by the minister of petroleum.

The Challenge of Regulatory Independence

The fact that regulators are chaired by the respective ministers puts their independence into question. "In these situations, it would not be a surprise to see situations involving conflicts of interest and decisions which are not free of political meddling," noted Gentzoglanis.

The regulator should be independent not only institutionally, but also financially. "As soon as [the regulator] matures, it should not be funded neither by the government nor by the industry, in order to really be independent," stressed El-Mazni. Egypt´s gas regulator is supposed to become self-sufficient by making money from issuing licenses. However, until licenses bring not sufficient income, the regulator is expected to be financed by the Egyptian government and/or international donors such as the EU and the World Bank.

Another issue that can affect the independence of a regulator is involvement in policy implementation. This is the case of the electricity regulator Egypt ERA, which is implementing for example several energy efficiency awareness measures alongside its regulatory tasks. "The electricity regulator does not have the necessary law to enable them to practice their mandate," said El-Mazni. But the gas regulator is planned to be established together with issuing a law, and will then have enough tasks to do within its mandate. However, the gas regulator is expected to initially play a role in encouraging the gas market evolution because as El-Mazni explains, "Unless the regulator is playing a proactive role, the rate of opening up the market will not be fast enough."

Will the Regulator Be Failure or Success?

The Egypt's telecommunications regulator, the National Telecommunications Regulatory Authority (NTRA) established in 2003, has done remarkable work in opening up the telecommunications market. As a result of this work, mobile service providers have gotten an opportunity to access the copper wire networks that Telecom Egypt has so far used as a landline services monopoly; whereas Telecom Egypt is about to enter the mobile services business. NTRA has done serious work for ensuring competition in the telecommunications market, also in cooperation with the Egyptian Competition Authority, who in December referred Vodafone, Etisalat and Mobinil to the prosecutor general following charges of engaging in a cartel agreement, writes Daily News Egypt.

According to Gentzoglanis, the planned gas regulator at least has potential to be more effective than Egypt ERA because gas prices are a bit less sensitive issue than electricity prices since they have lesser impact on the domestic population at large. "However, opening up the gas industry is not enough to bring forth more investment," he added, stressing that the regulator must create a transparent market. Along similar lines, World Bank experts said that the potential of the market opening to bring more investments into Egypt's gas sector largely depends on the "improvement of the legal, institutional, regulatory and pricing framework."

Gentzoglanis pointed out the risk of the so-called regulatory hold-up whereby the decisions of a regulator are unpredictable and can deter investments. "It is thus important for Egypt to open its gas market and define clearly its regulatory framework before restructuring its gas industry," he stressed. "If the gas regulator is able to establish a good reputation and stick to its regulations and there is no risk of policy reversal, the risks of hold-up are reduced. Definitely, this would provide incentives for further investment. Nonetheless, in the case of Egypt the regulator will be chaired by the minister of petroleum and this may cast doubts about the government's real objectives and/or its determination to stick to its policies for opening up the gas sector," he added. According to Sullivan, the Egypt's planned gas regulator does not seem like an independent institution at all and can lead to more regulation instead of the deregulation that is supposed to be the result of market liberalization. "Present day Egypt is one of the last places I would expect real deregulation to happen," he noted, adding that. "It seems to me that some in leadership in Egypt confuse regulation with deregulation."

"I do not expect big changes in reality, although there might be a noisy roll out," said Sullivan of the impact of creating the gas regulator in Egypt. It seems that the country has used up its credibility in the eyes of many observers and hence they have no big expectations regarding the planned gas market reform, but thanks to the dedicated people working on it at EGAS/GASCO with the help of European expertise, Egypt can hopefully still make the reform a success and prove that skeptics were wrong this time.

COMMENT
Tom Maher, General Manager of Apache Egypt

Apache believes reform of the natural gas market in Egypt would benefit all stakeholders in the value chain. The present system has resulted in inefficiencies for both the producers and downstream end-users. Any market reform effort needs to increase the gas price to a level that results in a significant increase in investment to develop Egypt's ample reserves of natural gas, both offshore and onshore. This in turn will increase the supply to reliable levels for industrial users and power plants. Of course any market reform effort will need to work parallel with energy subsidy reform to have any chance of being successful.

DEKA Development Project

The DEKA project launched by Petrobel is targeting the development of both the Denise and Karawan fields in Temsah Concession located at offshore Egypt in order to add a Natural Gas production of about 210 MMScfd, with an estimated cost of $ 470 MM. The Denise field is about 70 km off the Egyptian coast, while Karawan field is about 60 km off the Egyptian coast. The Denise field is in water depth of about 100 m and the Karawan field is about 68 m in depth.

Project Description

- Pre-drilling, re-entry, and completion of 4 new subsea wells (Denise North West 1, Denise North, Karawan & Denise South 6).
- New control topside facilities to be installed on Seth platform installation of subsea system for each well completed with subsea protective structures and with integrated subsea Multiphase Flow Meter (MPFM).
- Laying of 4 gas sealines (9 km 4 & "16 km 10") and relevant tie-ins to 32" existing sealine network.
- Installation of control umbilical and 4 new PLEMs with integrated HIPPS.
- DNNW1- Well Development: DNNW1 (PLIO 1/C) field is located in offshore Nile Delta, in Temsah Concession, about 5 km south east of DNW1- in about 108 meters of WD, and shall be developed maximizing the synergy with DEKA development that is currently in execution phase in the same area.

Budget/Cost Situation (K US $)

Description	Current Approved Budget			Accrued Costs		
	Total	EFC	Diff.	Previous Years	"13/14 Up to Mar., 14"	Total
Karawan & Denise (DEKA) Facilies	307,800	307,800	0	112,107	92,164	204,271
Karawan & Denise (DEKA) Drilling	17,100	157,100	0	6,840	55,675	62,515
Total	464,900	464,900	0	118,947	147,839	266,786
DNNW1 (PLIO 1/C)	91,500	91,500	0	6,840	27,772	34,612

Project Status

Professional Services:

- Basic design, feed and endorsement for the EPC contract related to Seth platform upgrading are completed.
- Basic design and detailed Eng. For Sealine, completed.
- Basic design related to DNNW1 (PLIO 1/C) completed.
- Basic, detailed design & procurement services related to DNNW1 (PLIO 1/C) sealine completed.

Procurement:

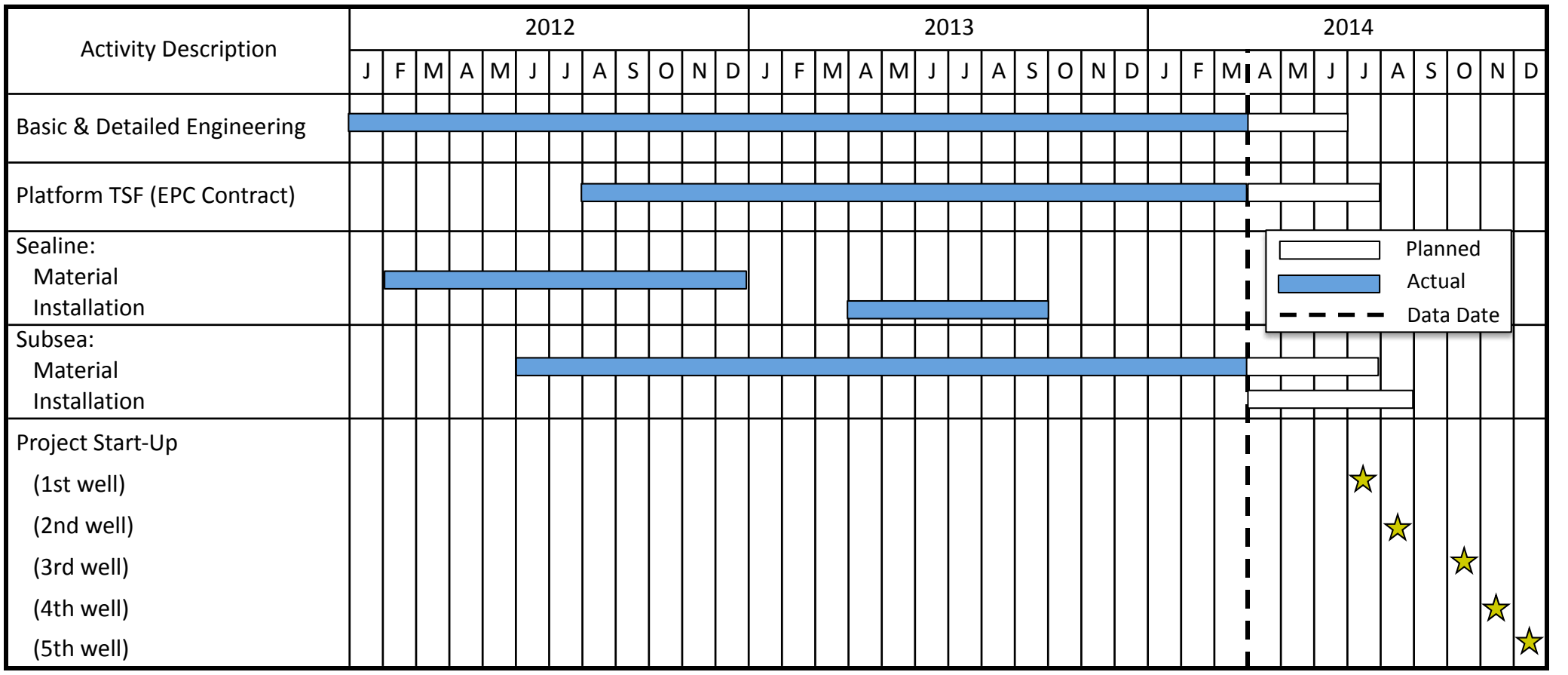
- All sealine material delivered at site.
- PLEMs & Hot tapping system delivered at site.
- The Subsea Production System (SPS) for DEKA and PLIO was awarded to Cameron. The detailed engineering and fabrication works are in progress, however, there is a possibility of delay that is being closely monitored in order to avoid it. New delivery dates: -XT31 1 May 2014, –XT11 2 June 2014, -Main Umbilical 30 April 2014, -Infield Umbilical 9 July 21 & 2014 August 2014.

Construction:

- Seth platform extension and TSF upgrading is in progress.
- Consortium issued a schedule reflecting the new strategy of installing the equipment onshore and then installing the platform in a single lift.
- For the deck extension installation, a dedicated meeting was held between concerned departments to arrange for the required extension shutdown during the maneuvering and lifting operations.
- Fabrication, load out & sea fastening of spools & structures awarded to Petrojet, and the work is completed.
- Lying of all sealines is soon to be completed.
- Hot tapping operations for DNNW1 & KARAWAN has been completed and all PLEM's have been installed.
- Rescheduling of drilling and installation activities agreed by the Drilling Department.
- Umbilical & SPS system installation of F.O.A. issued revised installation schedule matching with the SPS delivery date, and drilling activities already issued engineering works in progress.
- FOA for accommodation barge issued to PMS (planned start date 5 May 2014).

Project Schedule:

- Project expected start up- 1st well by July 2014.
- Facilities actual progress is %74 vs. %79.4 planned.
- Overall actual progress is %65 vs. %75.9 planned; the deviation is due to rescheduling the predrilling activities.



WHEN VERSATILITY COUNTS...

MV FUGRO NAVIGATOR

The Fugro Navigator is the only specialist geoscience survey vessel dedicated to the Egyptian market. The Navigator's multi-role capability allows her to undertake a wide range of survey activities, such as geophysical and geotechnical surveys for drill sites and pipelines, ROV surveys and inspections, and high resolution seismic surveys and environmental surveys.

As a specialist survey vessel, the Navigator offers significant advantages over vessels of opportunity by offering:

- Greater versatility
- Improved safety performance
- Reduced weather standby costs
- The ability to respond quicker to requests for projects
- Hull-mounted sensors produce that higher quality data
- Reduced turnaround time for reporting

The Navigator is permanently equipped with a wide range of geophysical equipment for deep and shallow-water operations while ROV systems and geotechnical and environmental equipment are mobilized to the vessel on a project-by-project basis. She has carried out an average of 15 survey projects each year since her introduction in early 2008, in water depths from as shallow as 10m to over 1300m.

...COUNT ON FUGRO

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Egypt Statistics

Egypt Rig Count per Area –June 2014

Area	Total	Percentage of Total Rigs
Gulf of Suez	10	8 %
Mediterranean Sea	6	5 %
Western Desert	83	69 %
Sinai	10	8 %
Eastern Desert	9	8 %
Delta	2	2 %
Total	120	100%

	Oil			Equivalent Gas			Condensate			Liquefied Gas		
	Barrel			Barrel			Barrel			Barrel		
	March-12	March-13	March-14	March-12	March-13	March-14	March-12	March-13	March-14	March-12	March-13	March-14
Med. Sea				23217679	21631071	16207679	1264720	1449001	884807	425732	399685	348671
E.D.	2401535	2571213	2165736		61071	55536		3229	2932		7176	7314
W.D.	8037459	8736332	9215806	7123214	6832679	7200893	1691495	1355446	1504837	578565	646496	671625
GOS	4774672	4358304	4474713	178036	363393	429821	57253	64719	60647	177227	196422	227839
Delta	58004	70499	46065	1717500	1606964	2165714	142514	143299	193188	95558	96814	110316
Sinai	2161164	2128982	2105554	536	1250		35892	33262	30857	87420	84908	75007
Upper Egypt	14839	17869	10798									
Total	17447673	17883199	18018672	32236965	30496428	26059643	3191874	3048956	2677268	1364502	1431501	1440772