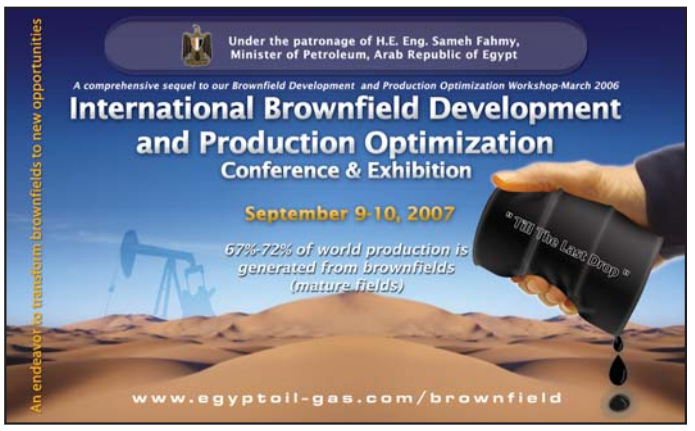
Egypt Oil & Gas Newspaper



May 2007 Issue 5 Published by Egypt Oil and Gas S.A.E 28 pages

Inside

Master plans: Tapping global economy

An interview with HE Eng. Sameh Fahmy, Minister of Petroleum, reveals the ambitions of the sector and recent implementations of master plans

page 10

Turning brown into gold, making new out of old

This feature explores the potential gains of optimzing production from mature wells

page 8

Nurturing innovation by providing opportunities

An interview with Dr. Abdel Alim Hashem, professor of Petroleum Engineering tackles drilling engineering and well completion

page 12

Middle East Oil Refining... more success yet to come

The refining industry is one of the most vital strategic industries on both levels, locally and internationally, as it is considered a main source for ensuring the needs of petroleum products and producing high quality products to confront international competition

EGYPTIAN Minister of Petroleum Eng. Sameh Fahmy said during the general assembly of the Middle East Oil Refining Co (MIDOR) that oil refineries in Egypt should meet the environmental protection regulations, at the same time, ameliorating the economics of operating oil refineries with the goal of better utilizing production capabilities, increasing added values and enhancing revenues.

Eng. Mahmoud Nazeem, MIDOR Chairman & CEO, pointed out that the company was ranked sixth in the Mediterranean Sea area based on the classification of Merrell Lynch International Association, which was issued last January. This ranking was due to the company's possession of high technical conversion units and its ability to confront the instabilities of the international oil market while achieving the highest profit compared to other oil refining companies.

MIDOR succeeded to market all its products, internally and externally, which is 1.8 million tons of oil, petroleum coke and jet fuel with a total cost of $953 million; 742,000 tons of high octane benzene worth $454 million were exported to England, USA, Italy, Turkey, Saudi Arabia and United Arab Emirates (UAE) in addition to 772,000 tons of jet fuel worth $484 million which were exported to Italy, Turkey, France, Holland, Spain, England, Greece, West Africa and Tunisia. MIDOR also exported 345,000 tons of petroleum coke with an estimated cost of $15 million to the American Expo Inc.

The company supplied the domestic market with approximately 2.7 million tons of petroleum products worth $1.5 billion, which included 2.2 million tons of solar, 117,000 tons of butagas, 48,000 tons of sulfur and 135,000 tons of high octane benzene, 275,000 mazot and 10,000 tons of jet fuel.

MIDOR refined around 4.5 million tons during 2006 and achieved $1.4 billion as total operational revenue, scoring a 21.5% increase compared to the previous year. The company's net profit counted for $162.5 million, equating to a 59% increase.

Moreover, the company refined for others 2.4 million tons of crude oil costing $134 million, which highlighted an increase of $9 per barrel.

Continued on page 6

The Fayoum tanker fire: a close call saved by coordination

By Rasha Yehia

AFTER the fire that caused the death of five and severe injuries of seven workers, the fuel tanks center in Fayyoum, operated by the Petroleum Cooperatives Co. (Co-op) has intensified its safety procedures to avoid any further dramatic disasters.

Upon the direct command of Eng. Sameh Fahmy, Minister of Petroleum, investigations have been held to determine the causes which led to this disaster, however, the preliminary reason, as stated by officials, is due to the eruption of a spark from oxygen welding used by a Petrojet technician to install a cooling line for one of the tanks filled with approximately 140 tons of benzene 90.

Fahmy issued a decree to form three committees for investigation; one committee from Co-op, one from Petrojet and one from the Egyptian General Petroleum Corporation (EGPC).

The committees are responsible for giving a final report during this month about the accident, the reasons behind it and their recommendations.

Since last November, Petrojet has been carrying a huge project to install new fire and cooling systems in the Fayyom tanks. The company was about to finalize its cooling system for the six tanks in the center, however, the fire took place in the seventh tank.

This accident is considered the first since the establishment of Al-Fayyoum tank center in 1984. The establishment of this center was authorized in 1982.

From its part, EGPC said in a statement that this accident will have no affect on the flow and delivery of fuel to and from the governorate of Fayyoum.

Eng. Abdel Alim Taha, EGPC Chairman, stated that the coordination between the different organizations was a key factor in controlling this disaster and diminishing the damages it caused. Fire fighting systems and equipments were provided instantly from neighboring companies, such as GUPCO, Cairo for Oil Refining, Qarun and SUMED.

Eng. Abdel Rahman Abo Seada, Co-op Chairman said that Abdel Alim facilitated the process of providing high medical care for the injuries and paying out all financial rights for dead workers.

Dana buys Devon's Egyptian assets

UK explorer Dana Petroleum plc announced that its wholly owned subsidiary, Dana Petroleum has signed an agreement with Devon Energy Corporation to acquire Devon's entire upstream petroleum business interests in Egypt.

In a statement, Dana's Chief Executive Officer Tom Cross said, "This deal will deliver significant reserves and a production growth step for Dana and strategically, the acquisition fits closely with our previous Egyptian transactions."

The deal comprises interests in eight production sharing contracts with 13 producing fields, adding around 12,500 barrels of oil per day to Dana's output.

According to the terms of this $375 million deal, Dana is to receive approximately $67 million in working capital in Devon Egypt from the effective date of 1 January 2007, and will pay the net consideration of $308 million in cash via a newly arranged banking facility with ABN AMRO Bank.

Devon announced last November its plan to sell its Egyptian oil and gas assets, which produce about 5,000 barrels of oil equivalent per day. The reason behind this decision, as stated by the company, is to focus "on regions that can better provide meaningful growth."

"Although we have established a solid production base and hold a sizable suite of exploration opportunities in Egypt, we believe we can redeploy our resources from Egypt to projects in and outside North America that better fit our focused growth strategy," said Stephen J. Hadden, senior exploration and production vice president, in a statement last November.

During 2006, Devon Egypt had working interest production of approximately 12,300 barrels per day, and USGAAP operating profits of approximately $53 million. At the end of 2006 gross assets were approximately $242 million.

(*Oil Egypt, Upstream Online and Daily Star Egypt*)

Egypt Oil & Gas Newspaper
On the Ground, In The Know

Editor in Chief
Reem Mohy El-Din Nafie
rnafie@egyptoil-gas.com

Senior Staff Writer
Yomna Bassiouni

Contributors
Mohamed El-Sayed
Sarah Broberg

Researcher/Analyst
Diana Elassy

Distribution Manager
Basma Naguib

Business Development Manager
Laila Fayek
lfayek@egyptoil-gas.com

Business Development Officer
Amgad Madi
Amr Hegazy
Amr Youssef

Administrative Manager
Marwa Madi

Administrative Assistant
Sarah Rashdan

Art Director
Mohamed Madany

Assistant Art Director
Ahmed Ali

Webmaster
Ayman Rady

Production Advisor
Mohamed Tantawy

Accountant
Mohamed Al Agamy

Legal Advisor
Mohamed Ibrahim

Newspaper Technical Advisors
Eng. El-Sayed Orabi - *EGPC*
Geologist Magdy Wedad - *PICO Energy Petroleum Services*
Dr. Mohamed Ghareeb - *Lufkin*
Eng. Said Zaki - *Weatherford Middle East Cairo-Egypt*
Dr. Sameh Macary - *IPR*
Capt Tarek Shawkat - *Maridive & Oil Services*

Publisher
Mohamed Fouad

Technical Advisor
Geologist Nasser Wali - *EGPC*

Contact Information:
5 h2, Khedr St., Extension El-Laselky St. Ground Floor, Suite 2 New Maadi, Cairo-Egypt
Tel: +202 5164776 +202 5192108 Fax: +202 5191487
E-mail: info@egyptoil-gas.com www.egyptoil-gas.com

May: The month of opportunity

EGYPT Oil and Gas welcomes you to its May issue. This month, our representatives will be available to hear your comments and suggestions on how to improve our publication. We are keen on meeting our readers on a one-on-one basis during this month's Intergas IV, held from the 15th-17th of May. We urge you to visit our booth, as well as cooperate with our representatives when approached. In this issue, we have the honor of interviewing HE Eng. Sameh Fahmy, Minister of Petroleum, who was kind and patient enough to meet with us and answer all our queries and intrigues about the current performance of the petroleum sector. *Egypt Oil and Gas* was keen to investigate where the petroleum sector currently stands and where the future lies.

In light of our International Brownfield Development and Production Optimization Conference and Exhibition held on September 9-10, we have decided to focus our feature this month on brownfields and the means to reflect the great value of brownfields in yielding positive returns on investment, in particular with the current high and encouraging oil and gas prices. The conference and exhibition are designed to bring together information, experience and research highlighting the importance and means of revitalizing mature fields. Brownfields redevelopment is not solely an environmental issue as it requires the involvement of the financial, regulatory and community interests that make the whole process complicated.

In our academic section we debut Dr. Abdel Alim Hashem, professor of Petroleum Engineering at the Cairo University's Mining, Petroleum and Metallurgical Engineering Department. Dr. Hashem explained the obstacles hindering the development of petroleum engineering in Egypt, tackling the issue of skilled graduates and the current strategies of the Ministry of Petroleum. This issue also explores the anticipated affects that could arise if Iran succeeds to convince oil customers to pay in currencies other than the US Dollar. Will this move lure other oil exporting countries in light of the recent decline in Dollar value?

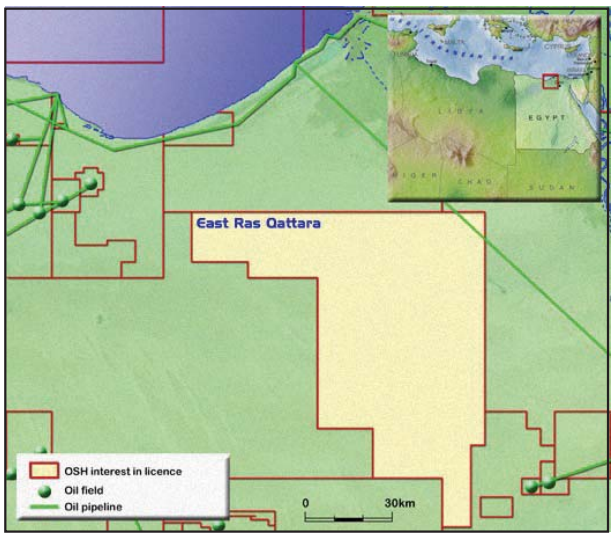
Finally the book review section discusses *Egypt Oil and Gas's* recent publication entitled Egypt Rig Market Report 2007 that explores the Egyptian rig market, its investment possibilities and pricing tribulations. This report is now available, for more information please log onto our website where order forms are available, or send an email to reports@egyptoil-gas.com.

We thank our readers and hope this month's issue provokes as much as it enthuses. Your comments and suggestions are always welcome at info@egyptoil-gas.com.

Editor-in-Chief

Egypt

Sipetrol acquires new discovery at East Ras Qattara Block



Empresa Nacional del Petroleo (ENAP), through its international subsidiary Enap Sipetrol S.A., achieved a new oil discovery in the East Ras Qattara block in Egypt's Western Desert, with the drilling of the Ghard-1 well, reported *Rigzone*.

Sipetrol has already made a previous discovery in this area, with the Shahd-1 well in November 2006.

The Ghard-ST1 well was drilled to a depth of 3,436 meters and proved the existence of oil in the lower Bahariya formation. A 10-meter thick zone of interest was proven at a depth of 3,341 meters, which produced light oil of 40.5 degrees API, at an initial rate of 2,026 barrels per day, in addition to 2.6 million cubic feet a day.

The East Ras Qattara block has been explored since 2004 by a consortium formed by Enap Sipetrol, as operator with 50.5% participation, and the remaining 49.5% for Australian company Oil Search Limited.

With this new exploration success, the company hits its tenth discovery in Egypt and eleventh in the Middle East and North Africa region during the last four years. This achievement, based on the joint work of Egyptian and Chilean professionals, consolidates ENAP's growth strategy internationally.
(*Rigzone*)

Five agreements for petroleum exploration in Gulf of Suez and Western Desert

Minister of Petroleum, Eng. Sameh Fahmy announced that the new companies are interested in exploring for oil and gas in Egypt. Fahmy noted that several companies of difference nationalities have achieved great exploration discoveries, with two new companies from South Africa and Spain operating in Egypt and acquiring two new exploration concessions in the Gulf of Suez and the Western Desert.

This announcement came during Fahmy's signing of five petroleum agreements for the Egyptian General Petroleum Corporation (EGPC) with international companies of different origins, including American, Spanish, Italian, Russian and South African.

The total exploration area amounts to 9,000 square kilometers, with total expenditure of $158 million, in order to drill 23 wells. During the signing, Fahmy discussed with South African Ambassador to Egypt, G S Kudjoe, means of increasing cooperation with his country and luring more African neighbors to cooperate with Egypt in the fields of gas, oil and mineral resources.
(Akhbar and Ahram)

Russia's Lukoil extends its Western Desert development concession

Russia's Lukoil is to extend production rights in its Meleiha Block, located in the Western Desert concession until 2024 after receiving the ratification of the Egyptian Parliament, announced Lukoil.

The concession agreement, originally signed in 1978, allowed Lukoil and its partner to conduct production activities in the Meleiha Block. The Partners in this production sharing agreement (PSA) include IEOC Production (subdivision of ENI Group) with 56% share, Lukoil Overseas (24%), and the International Finance Company (IFC), which holds a 20% share.

The development project is operated by Agiba, a joint venture between the state-owned Egyptian General Petroleum Corporation (EGPC), IEOC, and IFC.

According to Lukoil, the original oil in place of the concession amounts to 90 million tons while initial recoverable reserves are 34 million tons of oil. More than 17 million tons of oil (the half of the initial recoverable reserves volume) has been produced on the block for the past 30 years of operation. There are 129 operating wells on the block.

Last year, 800,000 tons of oil were produced on the field and the partners plan to produce around 840,000 tons of oil. Meleiha is one of the most profitable and effective producing projects of Lukoil Overseas.
(*Dow Jones and Energy 365*)

Rally Energy achieves a new discovery at West Issaran

Rally Energy Corp. announced its success in completing the drilling of the West Issaran No.1 exploratory well to a total depth of 2,552 feet, which was conducted in order to evaluate the potential of the three main Issaran producing formations.

According to the company's statement, the three formations of interest are the Nukhul, the Lower Dolomite and the Upper Dolomite. All three zones were penetrated at West Issaran, but the deepest zone, the Nukhul was tight and not hydrocarbon bearing.

At the Lower Dolomite level, petrophysical analysis indicates that 120 feet is considered to be effective dolomite oil pay with porosities averaging 20%, while at the Upper Dolomite, the well penetrated 224 feet of potential net oil pay averaging 29% dolomite porosity.

The well was drilled on a separate 3-D seismically-defined structural closure estimated by management to be approximately 4.5 square kilometers in size.

There were excellent hydrocarbon shows encountered while drilling, said the company. Image logs did not reveal any significant fracturing present within this zone, indicating to management that the well had, in all probability, discovered another encouraging reservoir of thermally recoverable reserves.

Based on existing 3-D seismic data, the corporation initially anticipates two additional West Issaran wells will be drilled in the next several months to delineate the extent

of the Upper and Lower Dolomite accumulations and to evaluate the ultimate reserves potential from thermal recovery methods.

The Issaran Field average oil price for the quarter was US$35.05/bbl, representing 62% of the corresponding Brent oil price, as compared to US$34.75/bbl for the Fourth Quarter of 2006.
(*Rally Press Release*)

Pertamina Set to Explore for Oil in Egypt and Qatar

Indonesian state-owned oil and gas company PT Pertamina announced its intention to expand its business in Egypt and Qatar by buying stakes in oil and gas companies in the two countries. Pertamina is stupendously expanding oil explorations abroad in several countries, including Sudan, Libya, Ecuador and Vietnam.

Upstream Director of Pertamina Sukusen Soemarinda said the company plans to increase its annual crude oil production and for that purpose it will send a team to Qatar and Egypt to study offers it has received from oil and gas companies in both countries.

Sukusen added that many facilities have been offered abroad such as in taxation for Pertamina, currently producing around 140,000 barrels of crude oil a day.

Pertamina already has two oil blocks in Libya and drilling is to start next year in two or three wells, he said.
(*Rigzone*)

Abu Roash and Jade-1X place Apache on the top

US independent Apache announced two major achievements during the last month in its Zaina-2 well and in its Jade-1X well located in the Matruh Concession, both located in Egypt's Western Desert.

Apache said that Zaina-2 well flowed 1067 barrels of oil per day from 12 feet of pay in the Abu Roash G-10 sand. This find added a new producing zone to its 100% owned East Bahariya concession.

Apache said the Abu Roash G-20 and now the Abu Roash G-10 sands represented future re-completion targets in the Zaina-1 well.

This year Apache plans to drill 39 development wells on the concession, which produces about 18,500 bpd.

In addition to Zaina-2, Apache has also announced the discovery of natural gas in its Jade- 1X well, located in the company's Matruh Concession in the Western Desert.

G. Steven Farris, Apache CEO, President and Chief Operating Officer said during the Howard Weil energy conference that the well tested 25.6 million cubic feet (MMcf) of gas per day from the Jurassic Upper Safa member of the Khatatba formation, reported *Rigzone*.

"Jade-1X is an important discovery for Apache in that it extends the known productive limits of the Jurassic gas fairway almost 12 miles southwest of existing Jurassic production," Farris said. "This discovery also suggests significant reserve potential exists in multiple Alam El Bueib (AEB) reservoir objectives. We plan five additional Jurassic and two AEB exploratory wells on the concession this year."
(*Upstream Online and Rigzone*)

Fahmy discusses mutual cooperation with the World Society of Petroleum Engineers

Eng. Sameh Fahmy, Egyptian Minister of Petroleum and Abdel Galil Al Khalifa, President of the World Society of Petroleum Engineers (SPE) for the Middle East region discussed mutual fields of cooperation between the Egyptian Petroleum society and SPE, particularly in the domain of exchanging expertise in the whole value chain of oil and gas and petrochemicals.

The meeting, held in Cairo was attended by Eng. Reda Mustafa, President of the General Petroleum Company, as well as the head of the branch of the World Society of Petroleum Engineers.

Eng. Mamdouh Mahfouz, a board member of the SPE in the Middle East region, stated that the Egyptian Minister asked for the increase in the society's activities in Egypt in collaboration with the Egyptian Petroleum Society which participates in organizing the annual Conference of Drilling technologies, to be held for the first time in Egypt on the 23rd of October this year.

This meeting comes within the framework of the celebration of the 50th anniversary of the World Society of Petroleum Engineers this year, where its board of directors' meeting was held in Cairo, for the first time since its establishment. It is considered one of the largest international petroleum associations comprising 73 thousand members from 156 States.
(*MoP*)

From left: Eng. Sameh Fahmy, Egyptian Minister of Petroleum and Abdel Galil Al Khalifa, President of the World Society of Petroleum Engineers (SPE) for the Middle East

Atlas Copco

Atlas Copco first manufacturer to offer 100% certified oil-free compressed air

Atlas Copco's Oil-free Air division has announced that the company's Z series of oil-free rotary screw air compressors is the first in the world to be TÜV certified ISO 8573-1 CLASS 0. Risk of any contamination by oil is effectively eliminated during food and beverage processing, pharmaceuticals manufacturing and packaging, electronics manufacturing, automotive paint spraying and powder coating as well as textile manufacturing. Certification was carried out using the most stringent test methods available, simulating realistic industrial installation environments. At all test conditions, no traces of oil could be determined and the compressed air was certified to be in the Category 'Class 0' in terms of oil content.

Atlas Copco has proven its world leadership in the compressor market by setting a new standard for compressed air purity. "We are very pleased to offer our customers a compressed air solution which eliminates risk of contamination by oil," said Mr. Luc Hendrickx, President of Atlas Copco's Oil-free Air division. "These test results prove that Atlas Copco's oil-free rotary screw compressors are not just the right choice in terms of operating costs, but also constitute the best choice when it comes to managing risks."

Oil-free Air Helps Manage Risk

Contamination by even trace quantities of oil can result in damaged batches or products, high rejection rates and returns, and costly production downtime and clean-up. Industries that risk contaminating their products with oil may expose themselves to product recalls, legal action and the negative consequences these have on company reputation and brand equity. The industries concerned include food and beverage processing, pharmaceutical manufacturing and packaging, electronics manufacturing, automotive paint spraying, powder coating, textile manufacturing, and others.

Certification Process

Due to rising customer concern with safeguarding their industrial processes and end products, Atlas Copco Oil-free Air division received frequent requests for certifications for the air quality level provided by the flagship Z series of oil-free rotary screw air compressors. In 2005, the division initiated a certification procedure for its compressors under the ISO 8573-1 standard.

To carry out the testing, the independent Technische Überwachungs-Verein (German Technical Monitoring Association, or "TÜV") was selected to evaluate the compressors. At Atlas Copco's request, TÜV applied the most stringent test methods available, adding further temperature and pressure constraints. The results have been made public and show that no traces of oil could be determined in even the most stringent test conditions.

The ISO 8573-1 compressed air standard of 1991 was revised in 2001 to address the needs of critical applications where air purity is essential. The revision established a more comprehensive measuring methodology, including all three forms of oil contamination by air compressors – aerosols, vapor and liquid – to provide a true picture of air quality. To the existing purity classes 1 through 5, a new and more stringent class was added: ISO 8573-1 CLASS 0.

The Atlas Copco Z series compressors were evaluated using the most demanding set of tests. For example, testing employed the standard's Part 2 B1 full flow test method, which examines the entire air flow, measuring both aerosols and wall flow. In comparison, the standard's Part 2 B2 partial flow testing method does not capture all wall flow, or liquid oil deposits.Vapors were measured by means of the stringent Part 5 methodology. One aspect influencing the efficiency and purity of air systems is temperature. While the ISO 8573-1 test methodology establishes reference conditions of 20°C and 1 bar(a), tests on the Atlas Copco Z series were carried out at three different temperatures: 20°'a1C, 40°'a1C and 50°C at the measurement point, and at both 1 bar and 8 bar in pressure. Even so, no traces of oil were found in the output air stream.

Over the past 60 years, Atlas Copco has pioneered the development of oil-free air technology, resulting in a range of oil-free air rotary screw compressors to suit applications that cannot compromise when it comes to the purity of compressed air. With certification to ISO 8573-1 CLASS 0 standard, Atlas Copco sets a standard for the industry: "100% oil-free air".

Significant discovery by OVL and IPR in Gulf of Suez

The ONGC Videsh Ltd. (OVL) and its partner IPR Red Sea Inc. have made a significant new oilfield discovery in their first exploration well North Ramadan-1A in the North Ramadan Concession, located in the Gulf of Suez.

North Ramadan Concession Agreement was signed for Petroleum Exploration and Exploitation in the Gulf of Suez between the Arab Republic of Egypt and The Egyptian General Petroleum Corporation as one part and consortium of ONGC Videsh Ltd. and IPR Red Sea Inc. as the other part in 2005 with the contract being effective from August 2005.

ONGC Videsh Ltd. and IPR Red Sea Inc. have 70% and 30 % participating interest respectively in the concession.

North Ramadan-1A, the first commitment well for the North Ramadan concession, was drilled to total depth of 10,050 ft in the Lower Miocene Mheiherrat formation. A total of 133 ft over a gross interval of 174 ft of interbedded sandstones, shales and limestones in the Asl formation were perforated. The tests of the reservoir were conducted over a period of three days and tested at a naturally flowing rate of 2,979 BOPD and 1.5 MMscf/D with no water. The discovered oil is sweet crude of 36.50API.
(*Daily India*)

Crosco provides drilling and workover services for Khalda Petroleum Co.

CROSCO Integrated Drilling & Well Services Co., Ltd. is to provide drilling and workover services for Khalda Petroleum Company, a Joint Venture of Apache Corporation and the Egyptian General Petroleum Corporation (EGPC), in the areas of its Western Desert's concession.

Drilling services are handled with CROSCO 1000 HP Ideco 301 (Ideco H-44-CD) and CROSCO 900 HP Skytop 3 (Skytop Brewster RR 850). As for workover services, they are carried out with CROSCO Cardwell 9 (Cardwell KB 210A) and CROSCO Cardwell 10 (Cardwell KB 210). Both services are provided in the Western Desert region. Petar Vuckovic, General Manager of CROSCO's Egyptian branch, stated, "CROSCO has five drilling rigs and two workover rigs in Egypt providing services for four operators: Khalda Petroleum Company, RWE Dea, INA and IEOC. We are looking forward to providing our clients with both individual and integrated oilfield service solutions."
(*Oil Egypt*)

Four local banks finance Port Said propylene plant

A $450 million deal to finance the establishment of a new processing plant in Port Said has been signed by a group of four banks, headed by the Commercial International Bank (CIB) with the Egyptian Propylene and Polypropylene Company (EPPC), reported the *Daily Star*.

The plant, expected to produce 350,000 tons of propylene and polypropylene annually, will draw a total investment of more than $690 million, according to CIB officials.

Construction is due to begin this year for the plant, which will begin production by 2010. Other participating banks include The National Bank of Egypt, Banque Misr and NSGB.

The plant will become the first in Egypt to implement steam active reforming in producing propylene and polypropylene, a method first introduced in the early 1990s in the United States and Argentina. In addition to EPPC, seven shareholders have signed to finance the project including The Egyptian Holding Petrochemical Company, Eastern Holding Company, and Amwal Al-Khalij.
(*Daily Star Egypt*)

Perenco takes 100% stake in North Sinai concession

Perenco has completed the acquisition of a further 50% interest in the Offshore North Sinai Concession (ONS) through the purchase of Burlington Resources Egypt Limited from ConocoPhillips.

This transaction will bring Perenco's holding to 100% as it already owns 50%, and is the Operator of ONS, which contains three gas fields with proved reserves of 500 bcf.

A project is currently in progress to develop the Tao Field, which includes the installation of a not-normally-manned production platform, a 60 km, 20 inch pipeline to shore, and an onshore processing plant.

The platform jacket and pipeline are already installed and the topsides module was loaded out on 3rd of April 2007. Four development wells will be drilled starting later this month, and first gas is expected to be produced in the fourth quarter of 2007 at rates up to 180mmcfd.
(*Rigzone*)

International

BP and Shell bid for major sour gas project in UAE

Oil majors BP and Royal Dutch Shell have submitted bids for a sour gas project in the United Arab Emirates (UAE) that could be have a price tag as high as $10 billion, reported the *Gulf News*.

"We have made a submission," a BP company spokesman said. Bids for the project were due in to state-run Abu Dhabi National Oil Company (Adnoc). A Shell company source also confirmed that it made a bid.

"This is the largest gas development in the region in terms of gross production," said Colin Lothian, senior analyst for the Middle East at global consultancy Wood Mackenzie.

Adnoc invited bids from several other companies including BG Group, Chevron, ConocoPhillips, ExxonMobil and Japan Oil Development Co. according to an official from Adnoc's gas unit Gasco, the contract will be awarded in the fourth quarter this year.

Gasco plans to invest around $11 billion on gas projects over the next five years to boost output, which is expected to reach around a billion cubic feet per day once the project is activated.

Abu Dhabi has said it aims at increasing its natural gas output by 36% to 7.2 billion cubic feet per day by 2009.

The UAE holds the world's fifth largest gas reserves at over 200 trillion cubic feet, and needs to develop them to meet soaring domestic demand.

(*Gulf News and Reuters*)

Qatari RasGas makes first LNG delivery to Belgium

Ras Laffan Liquefied Natural Gas Company Limited (II) (RasGas) recently made its first delivery of liquefied natural gas (LNG) under a long-term Sales and Purchase Agreement from the shores of Qatar to Zebrugge, Belgium.

RasGas and Distrigas, signed a milestone long term SPA in February 2005 for the supply of over two million tones of LNG per annum (Mta) commencing in 2007. In total, 55 billion cubic meters of natural gas and 660 cargoes of LNG will be delivered under this contract in the coming 20 years.

During a ceremony, Abdullah Bin Hamad Al Attiyah, Second Deputy Prime Minister and Minister of Energy and Industry for the State of Qatar acknowledged the importance of two significant agreements between Qatar and Belgium; the Capacity Subscription Agreement signed with Fluxys in 2004 whereby affiliates of Qatar Petroleum and Exxon Mobil Corporation contracted for approximately half the capacity of the LNG regasification terminal in Zeebrugge for a period of twenty years, and the long-term SPA signed with Distrigas in 2005, for RasGas to supply more than 2 Mta of LNG from 2007.

"These two agreements were a major achievement for the State of Qatar, highlighting our confidence in the European market and our desire to further develop the strong economic relationship and friendship between Qatar and Belgium. I now have the greatest pleasure to be here in Zeebrugge to participate in the first delivery of Qatar's LNG to the Fluxys terminal under the long-term SPA and to Distrigas," said Al Attiyah.

"The recent European Heads of State and Government has underlined the fundamental importance for Europe of security of supply in addition to environmental objectives and competitiveness, and we are therefore delighted that Qatar has chosen Zeebrugge as a focal point for even more LNG deliveries for North Western Europe," said Marc Verwilghen, Minister for Economy, Energy, Foreign Trade and Science Policy of Belgium.

(*The Peninsula and RasGas*)

Malaysia to initiate a $14bn oil project

Malaysia plans to begin work on a $14bn oil refining and pipeline project with the goal of processing and pumping oil from the Middle East in transit to markets in such countries as Japan, China and South Korea.

Officials said the project would eventually help tankers sidestep the Malacca Straits, one of the world's busiest shipping routes which currently transports half the world's oil shipments.

The construction is due to begin next August, with at least one coastal refinery that can process 200,000 barrels a day scheduled to be operational by the end of 2010, reported *Al-Jazeera*.

This project will include the establishment of a 320 km pipeline from Kedah to northeastern Kelantan state, which will allow Middle East oil shipments to reach the South China Sea without traveling through the Malacca Strait off peninsular Malaysia's west coast.

(*Al-Jazeera*)

Halliburton winds up its projects in Iran

US oil services giant Halliburton decided to end its work commitments in Iran and no longer conduct any projects.

"Halliburton announced that all of its contractual commitments in Iran have been completed and the company is no longer working in Iran," the firm said in a brief statement. Back in January 2005, the American company said "it was shutting-down its Iran operations, but would honor existing 'contractual commitments' until they were fulfilled. Its activities in Iran were managed by non-US staffers."

It is worth mentioning that Halliburton was involved in at least one contract to drill for gas in Iran in 2005 although the contract was subsequently canceled by Iran's government.

According to the *Middle East Times*, Halliburton had acquired the contract even though a US law, dating to 1996, threatens sanctions on US and foreign groups that invest over $40 million in Iran's energy sector.

Halliburton announced last March that it was relocating to the United Arab Emirates to capitalize on the Gulf region's booming energy market.

(*Middle East Times*)

Middle East Oil Refining... more sucess yet to come

Continued from page 1

Nazeem said that the company witnessed an outstanding increase of 17.5% in its capital compared to 10.9% last year and its stock market price increased 5.7 times.

During 2006, MIDOR's activities concentrated on three main hubs:

- Decreasing the total costs of the company
- Decreasing the cost of crude oil
- Enhancing profit from refined products

The chairman asserted that despite the increasing cost of chemicals and spare parts, the company did succeed to attain a 3% decrease in the total costs, besides the cost of crude oil. Moreover, it raised the dollar "Libor" interest rate due to the reduction of financial fees and control of expenses in all sectors.

MIDOR's lab consists of nine production units characterized by their advanced technologies and designed based on international features ensuring environmental protection. The lab is operated by specialized, well-experienced Egyptian cadres qualified to run such high technological labs.

Turning brown into gold, making new out of old

Egypt's domestic oil consumption is increasing while production is declining. In order for Egypt to avoid becoming a net importer of oil within the coming 10-20 years, new discoveries need to be found in addition to optimizing its production from existing aging oil wells. Most of Egypt's existing oil wells are considered brownfields, which are defined as mature oil fields in a state of declining production or reaching the end of their productive lives; they are typically over 30 years old. This feature explores the potential gains of optimzing production from mature wells

By Mohamed Fouad

IN 1996, Egypt reached its peak point of oil production which essentially equated to 922,000 barrels per day (bbl/d). This in effect caused a decline in the country's net exports of crude oil and petroleum products.

In 2006, Egypt's crude oil production averaged 658,000 bbl/d; a startling 40% decline in production since its peak point more than a decade ago. Estimates place the country's proven oil reserves at 3.7 billion barrels, which is approximately 0.3% of world reserves, while its more recent above-mentioned daily production average equates to less than 1% of world production.

Most of Egypt's existing oil wells are considered brownfields, which are defined as mature oil fields in a state of declining production or reaching the end of their productive lives; They are typically over 30 years old. Globally brownfields account to an average of 70% of world production.

For the share of production from aging fields to increase, finding ways to slow the decline in their production curves is one of the strategic arenas for global competition. Indeed, mature fields represent an enormous potential resource for the future. Under the usual standards of the oil industry, an average 30 to 35% of the original oil in place in the reservoir is actually recovered by the end of the production period. Considering the huge quantities of oil at stake, boosting the recovery rate by an average of even 10% could yield additional reserves of between 200 and 300 billion barrels. The techniques used to locate and enhance the recovery of residual reserves in fields that have been producing for many years are the only way to anticipate the future behavior of these fields.

WHAT TO EXPECT

The maturity of any field is only considered when it has actually entered a phase of decline; the fact that such a decline is expected must be kept in mind throughout its life cycle.

The decline that increases by time can be resolved more effectively if addressed promptly, and some signs of maturity can be deferred by helping the field lead a *sustainable life*.

In other terms, an aging field contains smaller and smaller quantities of reserves to produce and with time, servicing such a field with innovative technologies become increasingly difficult to justify in economic terms, combating the spiral of obsolescence creates a pressing need to monitor fields, anticipate and update scenarios based on cumulative data that contribute to greater understanding.

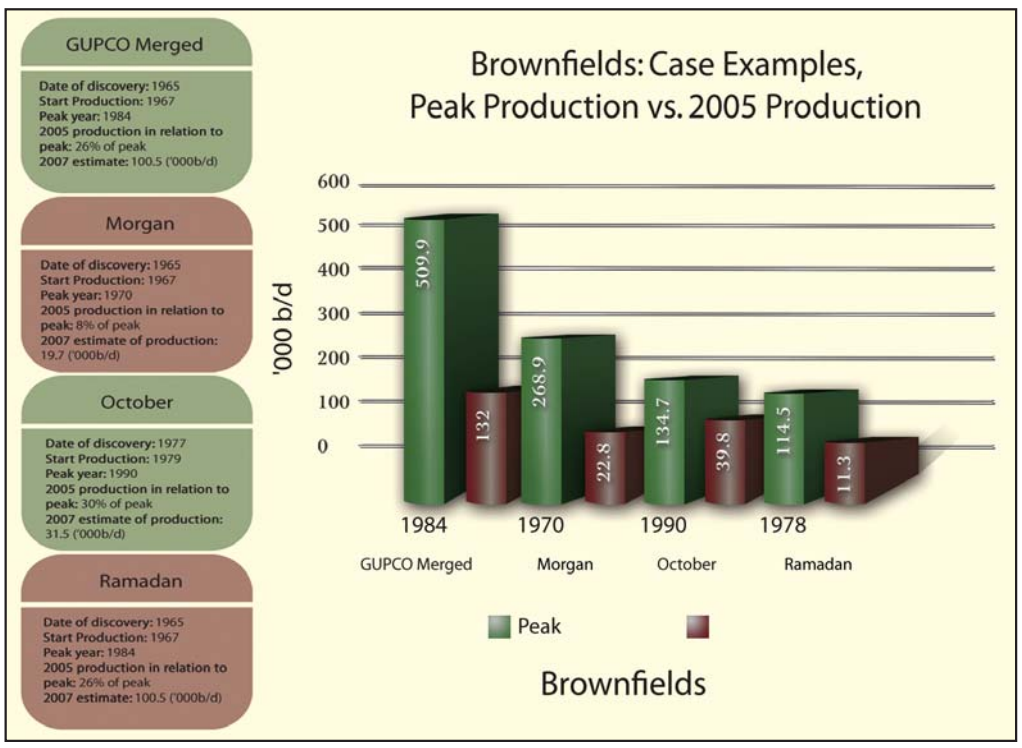
Only this anticipation will allow timely solutions to be found.

A field is a complex system with many inter-related functions: extraction and injection of fluids; fluid treatment (separation, compression, pumping, water injection, etc.) and disposal, energy supply, transport and/or transfer of fluids and energy.

METHODS COMMON TO SEVERAL DISCIPLINES

For sustaining the performance of mature fields, reaction has become a major condition. Responding to such reactions depend not just on the gathering of data, but also the information sharing of this data, which is a vital obligation, since the team gathering the information do not have the expertise to respond accordingly. The challenge is not only in the technology used or how efficient it could be; in the end human factor is the only key to any efficiency. To achieve maximum performance from each production process to enhance overall visibility should be the aim in any mature field project management.

The main objective is to develop an evaluation method (reservoir, well, production) designed to provide a consolidated status report on operational processes from the reservoir to the wellhead. The main innovation of the project lies in the consistency of the approach used by all the disciplines involved.



ACCESSING WHAT'S LEFT BEHIND

Reaching the greatest possible quantity of the hydrocarbons in place in the reservoir is a key objective to improve the recovery factor.

The use of enhanced oil recovery (EOR) techniques can improvere covery rates. Although such techniques may be implemented at any stage of oilfield development, they continue to hold great potential for mature fields. Different EOR Techniques are designed to dislodge oil from the tops of reservoirs, and are capable of extending the economic life of reservoirs.

These different techniques emerged during the 1980s, and are the focus of renewed interest today. Applying EOR techniques to mature fields is a multidisciplinary process, which must integrate the constraints associated with the existing installations.

Once the remaining oil targets and the most promising EOR method have been identified, designing the EOR project in detail calls for a highly accurate dynamic representation of the reservoir, because it involves complex mechanisms which are generally more costly than ordinary water injections.

For this reason, a precise characterization of the reservoir coupled with reliable flow models is needed to predict the ratio of oil gain to injection volume as closely as possible. It takes special laboratory experiments to calibrate the parameters of the various mechanisms that come into play, so the R&D centers have to develop dedicated protocols.

DRILLING MATURE FIELDS

New wells are usually required to drain remaining reserves. The drilling of new wells on fields that have been producing for several years must be undertaken only once the pressure in the reservoirs to be drilled through has dropped substantially. The pressure of drilling fluids must not be much greater than the reservoir pressure, in order to prevent losses into the formation.

The fluids must also have the right theological characteristics to ensure removal of the drill cuttings, so great care must be taken in defining their physical chemical properties. In extreme cases, the underbalanced drilling technique which is provided by several of well known service companies can be used; this involves drilling while production is ongoing, using a drilling type of foam of lower density than the reservoir pressure gradient which will result in the well no longer being at low head but continuing to produce during the drilling operations.

CONSUMER ECONOMICS

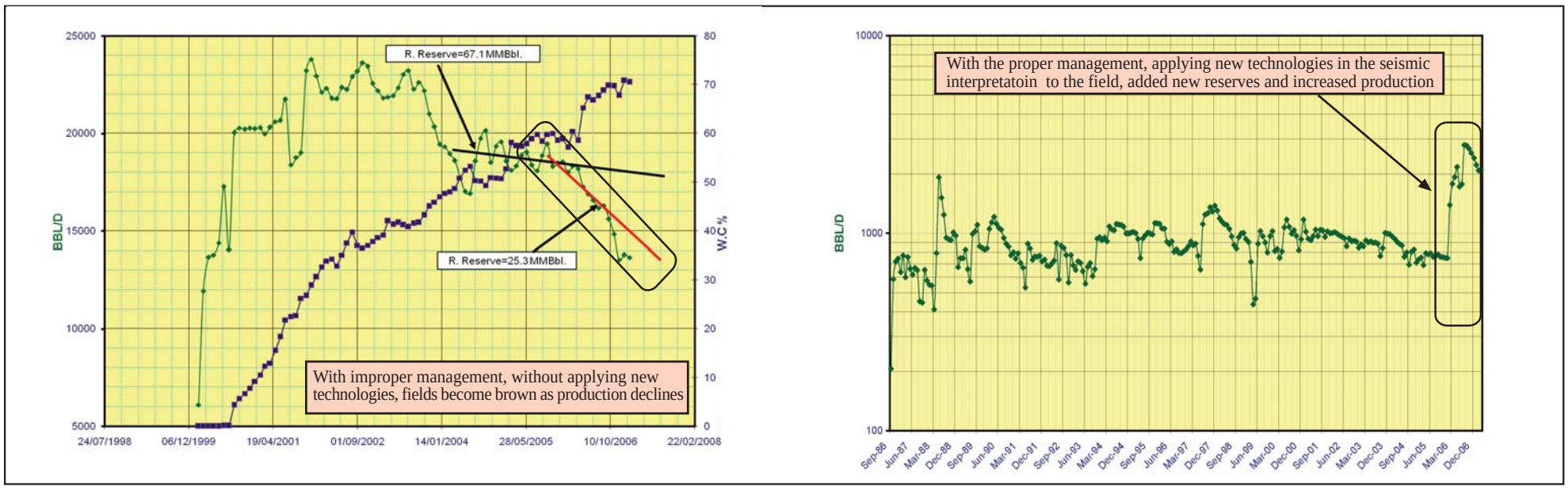
Predictions that we will run out of oil after a certain period of time are based on an ignorance of the economic way of thinking. The typical way to estimate the number of years it will take us to run out of oil is to consider the following factors:

- The number of barrels we can extract with existing technology
- The number of barrels used worldwide in a year

The most naive way to make a prediction is to simply do the following calculation:

Yrs. of oil left = # of barrels available / # of barrels used in a year.

So if there are 150 million barrels of oil in the ground and we use 10 million a year, this type of thinking would



suggest that the oil supply will run out in 15 years. If the predictor realizes that with new technologies we can gain access to more oil, he will incorporate this into his estimate of #1 making a more optimistic prediction of when the oil will run out. If the predictor incorporates population growth and the fact that demand for oil per person often rises he will incorporate this into his estimate for #2 making a more pessimistic prediction. These predictions, however, are inherently flawed because they violate basic economic principles. By using economic principles, we will see that: at least not in a physical sense, there will still be oil in the ground 10 years from now, and 50 years from now and 500 years from now. This will hold true whether if you take a pessimistic or optimistic view about the amount of oil still available to be extracted. Let's suppose that the supply really is quite limited due to the declining factor of our fields.

What will happen as the supply starts to diminish? First we would expect to see some wells run dry and either be replaced with new wells that have higher associated costs or not be replaced at all. Either of these would cause the price at the pump to rise.

> **"Increasing the recovery factor from the world's mature oil fields by a single percentage point would give the planet two to three additional years' worth of oil"**
>
> *Christophe de Margerie, President, Exploration & Production Total*

When the price of gasoline rises, people naturally buy less of it; the amount of this reduction being determined by the amount of the price increase and the consumer's elasticity of demand for gasoline. This does not necessarily mean that people will drive less (though it is likely), it may mean that consumers trade in their SUVs for smaller cars, hybrid vehicles, or cars that run on alternative fuels. Each consumer will react to the price change differently.

If we go back to the normal Economics, this effect is clearly visible. The continual reduction of the supply of oil is represented by a series of small shifts of the supply with an associated move along with the demand.

Economics tells us that we will have a series of price increases and a series of reductions in the total amount of gasoline consumed. Eventually the price will reach a point where gasoline will become a commodity purchased by very few consumers, while other consumers will have found alternatives to gas.

When this happens there will still be plenty of oil in the ground, but consumers will have found alternatives that make more economic sense to them, so there will be little, if any, demand for gasoline.

Therefore, even to the consumer, optimizing production from mature assets are essential as they account to more than 70% of world production as mentioned previously. If we focus our economic strategies on brown fields, the consumer would probably not face a huge difference in oil pricing, as supply would increase by an average of 10%, which would accumulate a large amount of the market that would force the cost of a barrel to decrease even with the political instability in the region.

CONCULSION: BROWNFIELDS, REASONS & SOLUTIONS

A large portion of the major Egyptian oil fields are considered brownfields, a sizeable percentage of which have very weak productivity rates, or are completely idol. Most of these fields need new strategies to put them back on a reasonable commercial rate of production.

There are several factors at play when explaining why brownfields have been unduly placed in the industry's hind sight in the past. To begin, there has been a lack of new technologies, a problem that is solved today with technological advancements – which will help in an insight to reservoir information.

This information helps in adding new value to these brownfields in allowing us to re-evaluate the amount of reserves of such fields and hence their daily production rates.

In addition, oil pricing in the past has been in part responsible for the discouragement of companies (or the investors) in applying EOR methods in the early stage of the field's production, which culminates into weakening reservoir production. In essence, at the field's early age most companies look at the bigger productivity zones –forgetting the smaller ones; these neglected fields are the ones that currently could be reinvestigated.

Another reason for brownfield neglect is bad reservoir management. To elaborate, this is specifically high shock sizing or high pressure draw down leading to rapid decline, which leaves behind a lot of bypassed oil and makes the field a brownfield.

Simply, re-managing such fields in a proper way,and optimizing its productivity in addition to applying the suitable EOR method will add new reserves.

Last but not least to the list of reasons for brownfield abandonment is that most of the small E &P companies have not applied any reservoir studies on their fields since the first studies they may have applied – or did not apply any in the first place - which led to no clear strategy in running such fields, and ultimately turning it into a brownfield even after a very short time of its production life.

The solution to the rise of brownfields in Egypt is fivefold. The first step is to help shareholders to invest more by applying studies and using new technology in evaluating their fields and applying the most profitable EOR method in their fields. This may need some changes in the agreement terms for amortization and oil cost recovery (CRC) pool to allow them to recover what they may invest as capital costs in such projects.

The second step involves a global overview of all fields in Egypt by co-operations between companies working in the same areas to exchange their implantations of in reservoir management and EOR techniques. This is then followed by the third step which is re-evaluating all aging wells and paying more attention to the minor formations which were neglected in the past.

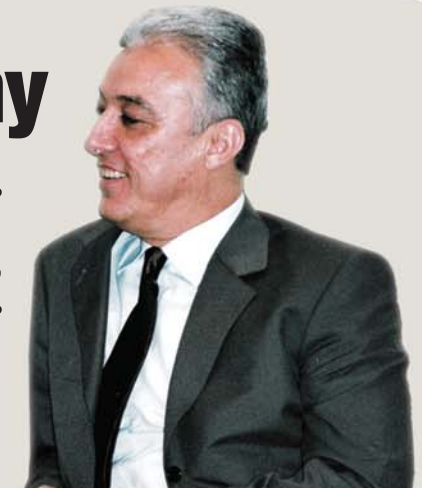
The fourth step is to utilize new and updated technology in all production and development aspects for reviewing aging fields (well by well) to add more value to these brownfields. Finally, Egypt needs to start looking for more efforts from shareholders to help their companies in adding new reserves from brownfields. They have by investing more in the EOR or infill drilling or even deep drilling to explore new horizons.

Additional reporting by Diana Elassy
Special thanks to El Sayed Orabi, EGPC, who has provided this feature with valuable information

Exclusive

Master plans: Tapping global economy

After initiating oil, dominating gas, will Egypt master petrochemicals? An interview with H.E. Eng. Sameh Fahmy, Minister of Petroleum, reveals the ambitions of the sector and recent implementations of master plans



By Egypt Oil and Gas

Q What ar e the current objectives of the Ministry of Petroleum?

The Egyptian Ministry of Petroleum is responsible for all oil, gas and petrochemical activities. Strategic goals of the Ministry of Petroleum can be summarized in the following:

- Bolster Egypt's oil and gas reserves and increase production.
- Satisfy local demand of petroleum products and gas.
- Contribute to the wealth of the Egyptian economy.
- Realize mega export projects for gas and petrochemicals.
- Develop human resources and create new job opportunities.
- Adopt new technologies.

Q As a minister of one of the booming ministries in Egypt, you face many challenges to achieve these objectives. Can you mention some of them?

We are facing several challenges in the Egyptian Oil and Gas Sector; these can be summarized as follows:

- Maintaining levels of oil production despite the natural decline of depleting fields.
- Rapidly growing local consumption of petroleum products and natural gas.
- Increasing subsidies for local oil and gas prices.
- Upgrading of the infrastructure required to cope with the increasing local demand and export projects.
- Improving services provided for the local market, and adding new and more advanced services despite fixed local oil and gas prices.
- The increase in investments required for oil and gas exploration and development, especially as most of the recent gas discoveries are found in deep and ultra-deep waters, and the recent dramatic increase in costs.

We are aware that the challenges are great and need extraordinary efforts in order to overcome them. However, I believe we are ready for the challenge. Egypt possesses the required assets, including appropriate fiscal incentives, availability of skilled human capital, transparent regulations mandatory for successful cooperation and partnerships. Also we have maintained a positive relationship between the Egyptian Petroleum Sector and our partners for a long period of time, and the success already achieved this far in coping with our planned strategic goals is an optimistic sign for the future. Given all this I am confident that these challenges will be successfully met.

Q How does the Petroleum Sector contribute to the Egyptian economy?

The oil and gas industry in Egypt is one of the main pillars of the national economy; it is the main source of energy and an important source of revenue. It plays a key role in satisfying the energy required for social and economic development plans and providing a better life for the Egyptian people. Oil and gas accounted for more than 55% of Egyptian exports during the year 2005/2006.

Q What is the relationship between the JV's and the government?

The petroleum industry in Egypt depended, mainly and for a long time, on the partnership with major oil companies. Egypt has taken the Production Sharing Agreements (PSA) model as a way to achieve such partnerships in order to offer the best terms and maximize revenues for the country to achieve a win-win situation. These agreements count on the foreign partner's shouldering of all the expenses; exploration operations, technical, and economic risks alone, so that the government doesn't bear any expenses at all in case of not realizing any petroleum discoveries, which evades the State's Treasury mega investments as well as large financial burdens along with the high ratio of risks related to such exploration operations at various areas. Moreover, the foreign partner takes upon itself all the expenses related to the operation, production and development works in case of achieving any crude oil or natural gas discoveries whereas the investment expenses will be covered from the share of production which is determined in accordance with the issued law of the petroleum agreement and the expenses will be retrieved over several years without interest.

The foreign partner acquires a share of the production representing a portion in profits, after expenditure recovery, which is being determined in all petroleum agreements that differ according to the nature of areas whether onshore, offshore, in deep, or ultra deep waters. These ratios are proportional to the degree of technical risks of various petroleum operations.

Accordingly, the foreign partner acquires a portion in profits in return for bearing risks along with providing the required finance, in addition to the technological capabilities available in foreign companies. However, all the petroleum agreements state on the priority of attaining local requirements of the country from the foreign partner's share, if needed, which is called, importing directly from the partner, to ensure the availability of all the local consumption needed requirements.

> **"We are aware that the challenges are great and need extraordinary efforts in order to overcome them. However, I believe we are ready for the challenge"**

Q What were the Ministry's achievements during the past year?

The year 2006 witnessed the achievement of various accomplishments in the whole chain of the petroleum industry that resulted in: providing the natural gas and petroleum products growing requirements and exporting the surplus, which contributed actively to bolstering the social, economic, and development plan, which Egypt experiences. Crude oil, Condensates, LPG and Natural Gases production reached about 72 million tons, due to natural gas production increase. Whereas, the petroleum sector's exports of crude oil, petroleum and petrochemicals, LNG and derivates reached about $ 10.3 billion with an increase of 33%, over the previous year. Moreover, the People's Assembly has agreed on the signature of (14) agreements for the Egyptian General Petroleum Cooperation (EGPC), the Egyptian Natural Gas Holding Company (EGAS) and Ganoub Al Wadi Petroleum Holding Company (Ganope) along with the final signature of (12) agreements of them. Additionally, during 2006, about 43 discoveries were realized of which 23, were crude oil at the Eastern and Western Desert, Gulf of Suez, Sinai, and the Nile Delta; whereas Natural Gas and condensates accounted for 20 discoveries at the Mediterranean, the Nile Delta and the Western Desert. Total added reserves of these discoveries were about 3 trillion cubic feet of gas and 108 million barrels of crude oil and condensates.

The Petroleum Sector has succeeded in achieving savings reaching about $ 9.5 billion, due to the gas pricing formula modification in the petroleum agreements, since the beginning of its application in July 2000 and till the end of March 2007.

Q What are the most significant projects implemented in 2006?

During the year 2006, numerous important petroleum projects were inaugurated and operated such as:

- Idku Gas Liquefaction and Export complex.
- The experimental operation of Arab Gas Pipeline's second phase.
- The operation of the Acrylic Fibers Production Project.
- Start up of the Nile Oil Marketing Company activities at the South Valley.

Together with the expansion of natural gas utilizations such as:

- The signing of a number of agreements to provide natural gas to 1.4 million new residential units nationwide. Currently, operations to provide gas to these units are being carried out within the context of the Natural Gas Master Plan, also, a pipeline of about 800 km length is underway in order to transmit natural gas to Upper Egypt.

Additionally, the year 2006 witnessed the expansion of the Petroleum Sector's companies operating in the field of petroleum services, contractors, and projects, as they have contracted on implementing services operations in about 11 countries with a total value of $ 1.7 billion.

Q What about the most important achievements in the domain of Mineral Resources?

In the domain of Mineral Resources Sector, currently, there are 3 companies (Al Sukari Gold Co., with an Australian partner – the Australian Company Gippsland – Hemsh Co.) performing exploration operations for gold in the regions of Al-Sukkary mountain, Al Alaaqi valley, and Hemsh area at the Eastern Desert which resulted in the gold reserves increment from 3 million ounces to about 70 million ounces at a total value of $ 4.5 billion. The experimental production of the First Gold Bar in modern history was achieved by Hemsh Egypt Co. in April 2007. Production from the Sukkary Mountain will be realized in 2008.

Also, it has been decided to start legal procedures of inking 8 new agreements to explore for gold and associated minerals as well as exploiting them after having the cabinet's approval on these agreements, which were the fruits of the 1st international bid round for the exploration of gold in Egypt, with partners from different nationalities; Canada, Russia, Cyprus, and UAE.

Moreover, the Mineral Resources Scientists Council was established so as to set up a mineral resources strategy in Egypt over the next 25 years. And in November 2006, a Memorandum of Understanding has been signed between the Egyptian Mineral Resources Authority (EMRA) and a group of specialized Canadian companies, led by Centurion Corp./Dana Gas, which includes conducting a feasibility study to maintain and confirm the Oil Shale reserves amounts as well as its optimal commercial exploitation.

Q And what are your plans for this year?

As for 2007, the Ministry of Petroleum is keen on carrying out its announced strategic goals throughout a well studied plan according to a specific schedule. The most significant features of it are represented in intensifying the Sector's activities in the whole chain of the oil and gas industry in Egypt. Starting with the exploration operations nationwide, which are targeting towards realizing new oil and gas discoveries that may add to the Egyptian oil reserves and offset its production; extending the exploration operations to include deep water areas at the Mediterranean and the Nile Delta, which witnessed various changes, lately, epitomized in the achievement of numerous gas discoveries. Additionally, the exploration operations cover new areas at the Western Desert concession areas and the Gulf of Suez along with some areas at the South Valley.

Also, it is within the plan to sign new oil and gas exploration agreements and develop several gas production fields. Also this year, the implementation of the Third Phase of the Arab Gas Pipeline by constructing a pipeline with a length of 30 km., from Al Rehab city in Jordan to the Syrian-Jordanian borders will commence. It is implemented via a consortium of Egyptian Petroleum Companies i.e. Enppi, Petrojet and Gasco.

In addition, this year will witness the initial implementation of the Master Plan for providing natural gas to houses and industrial zones. The implementation of Taba/Sharm El Sheikh gas pipeline was completed. Projects that will be initiated include: the implementation of Beni Sueif/Menya gas pipeline; the procedures of executing Shukeir/Hurghada gas pipeline to supply both Hurghada and Safaga Cities.

In addition, there are plans to establish 25 new fuelling and service stations, 25 new natural gas fuelling stations, 15 centers to convert vehicles to be operated with natural gas, as well as converting 14 thousand vehicles to be operated by natural gas.

In the Petrochemicals Domain; the first phase of the Petrochemicals Master Plan's projects will be completed.

In The Mineral Resources Sector; a Cooperation Protocol was signed in march 2007 between El Wadi El Jadeed governorate and the Egyptian Mineral Resources Authority (EMRA) to study the possibility of exploiting marble at the governorate through the New Valley Mineral Resources and Oil Shale Co. which was established, in addition to utilizing natural water. Two companies were established i.e. Wahet Paris Mineral Water Co., New Valley for Manufacturing Natural Water Bottles. Also, the Protocol included establishing Petroleum, Mines, and Administration Academy in El Wadi El Jadeed governorate.

Also the start-up of exploration activity for new gold exploration & exploitation companies which acquired concession areas in the international bid-round of 2006 will begin. In addition, the international bid-round for phosphate exploitation aiming at covering local demand and export with the highest value-added will commence.

This year we will also be offering the 2nd 2007 bid-round for the Egyptian Mineral Resources Authority (EMRA) to explore and produce gold, it is projected to offer 5 other areas at the Eastern Desert, as well as, establishing a mineral drilling company for the first time in Egypt; developing gold and mines analysis labs; establishing and constructing gold concentration and production plant at the Sukkary Mountain area. Finally, there will be the commencement of the field and lab works at Abu Dabbab to produce tantalum, and the start-up of detailed engineering designs of the tantalum production plant.

Q You've mentioned that the Petroleum Sector has set the Petrochemicals National Master Plan. Does Egypt have the factors to be placed on the threshold of a distinctive petrochemical industry in its products? What are the steps actually taken in this domain?

Despite the competition in the global petrochemicals market and the presence of several countries excelling in such a field, Egypt has all the needed factors to be placed on the threshold of a distinctive petrochemicals industry in its products, and strong economics represented in the political, economic and investment stability, in addition to its distinctive geographic location near Western Europe and the Mediterranean markets, being the major markets for the Egyptian petrochemicals products.

In addition, the availability of reliable infrastructure encouraging investors to invest in Egypt, as well as comprehensive government support, and the availability of a remarkable technical expertise in different domains of refining, fertilizers, or the petrochemicals sector.

As for the feed stock, which is the main factor for the petrochemicals industry, it is available in Egypt at competitive prices especially natural gas, therefore, it was necessary to set up a plan to monetize this natural resource and its use in natural gas value added maximization industries.

The Petrochemicals National Master Plan in Egypt has been already set up for the next 20 years, comprising 14 petrochemical complexes (24 projects, 50 production units) with estimated investments of about $ 10 billion (current value) over 20 years, to produce 15 million tons of petrochemical products per annum valued at $ 7 billion ($ 4 billion, the value of imports replacement and $ 3 billion, the value of exports revenues), in addition to availing 100 thousand new direct and indirect job opportunities. The Egyptian Petrochemicals Holding Co. with the view of creating a new strong entity has the vital task of putting the necessary mechanisms to implement the Petrochemicals Master Plan. Development of the Petrochemical Master Plan's first phase projects was completed. Various implementation stages of these projects i.e. 8 projects were started with investment cost of about $ 6 billion, of which $ 3.5 billion are foreign direct investments. They bore fruit at the beginning of 2006 from the Acrylic Fibers Production project, production from the rest of the projects will be realized respectively until 2009 to produce 3.5 million tons per annum from petrochemical projects valued at about $ 3 billion. This phase aims at exporting products valued at $ 1.7 billion annually, in addition to replacing imports of about $ 1.3 billion.

These projects comprise:

- Methanol Production Project, to produce about 1.3 million tons per annum.
- Ammonia/Urea Production Project, with a capacity of 1.2 million tons of Urea annually.
- Polystyrene Production Project, to produce about 200 thousand tons of polystyrene per annum.
- Propylene and Polypropylene Production Project, with a designed capacity of about 400 thousand tons annually.
- Linear Alkyl Benzene Project, with an expected capacity of about 100 thousand tons annually.
- Acrylic Fibers Production Project, of which its first phase production reached about 18 thousand tons annually.
- Polyvinyl Chloride Production Project, with a capacity of 150 thousand tons per annum.
- The First Olefins Complex, to produce ethylene and polyethylene with a production capacity of about 750 thousand tons to 1 million tons of ethylene annually.

There is no doubt that the start-up of these projects will lead to opening new prospects to export Egyptian petrochemicals products, cover the needs of the domestic market and save large amounts of petrochemical imports.

Q What are our proven gas reserves? How do you see the future of gas industry in Egypt?

No doubt that intensive oil and gas exploration operations in both onshore and offshore areas, which were due to offering many international bid rounds, led to the increase of natural gas proven reserves to reach 69.5 tcf along with increasing gas production.

In fact, natural gas has become the cornerstone of the Energy Strategy in Egypt, in light of the remarkable progress in the gas industry, encouraging the major companies to intensify their oil and gas exploration activities particularly in the Mediterranean deep water within the context of the distinctive relations and credibility with the international companies, which are regarded as a substantial factor in adding more gas reserves, e.g. over the past 6 years, 33 tcf approx. were added to Egypt's natural gas proven reserves.

Egypt possesses the required assets to set up a developed natural gas industry; the credibility, political stability that Egypt enjoys, reliable infrastructure, a well developed national gas grid that extends to 16 thousand kilometers of pipeline, in addition to tens of thousands kilometers of distribution network along with the availability of skilled human capital. In addition, plans were set to extend the gas network to cover all of Egypt, including Upper Egypt and Sinai throughout a National Master Plan to provide natural gas to 6 million residential units including industrial zones over the next 5 years.

Moreover, Egypt currently plays a major role in the gas export map; LNG or pipelines, supported not only by virtue of its unique strategic location, but also by the availability of adequate proven gas reserves, boosted by the extensive exploration program particularly in the Mediterranean deep water, reaching 2500 meters. And the sector works closely with the foreign partners to secure the requirements for exploration and development activities especially those necessary services and offshore rigs.

Q Regarding the latest agreement signed with the AIB to finance some gas pipelines that support and develop the National Gas Grid. What are the future plans for local gas distribution?

A loan agreement has been signed between the Egyptian Natural Gas Holding Company (Egas) and the Arab International Bank in partnership with a group of international banks to finance projects aiming at developing and supporting the National Gas Grid which include the construction of gas pipelines to be extended to the new areas, with a value of L.E 355 million and $ 90 million, to be financed by the AIB as a general coordinator in partnership with 8 commercial banks; the International Arab Banking Corp., Misr Bank, Egyptian – Saudi Financing Bank, Piraeus Bank, United Bank, National Bank for Development and Audi Bank.

This agreement comes within the context of the Petroleum Sector's implemented strategy to expedite providing natural gas to residential and commercial units as well as supporting and constructing main pipelines to transfer natural gas to the different areas including Upper Egypt.

In fact, this region is placed on the top priorities of the Petroleum Sector's interest, in light of H.E President Mohamed Hosni Mubarak's directions to speed up providing natural gas to Upper Egypt. And we'd like to call on the financial institutions to contribute to funding the Upper Egypt gas pipeline, which is regarded as a national strategic project that will lead Upper Egypt to great development and civilization.

This comes within the framework of the Natural Gas Master Plan which targets providing natural gas to about 6 million residential units over the coming 5 years with investments of about L.E. 30 million, together with participating in providing power to one thousand factories and 500 commercial units in the production sector.

> **"We'd like to call on the financial institutions to contribute to funding the Upper Egypt gas pipeline, which is regarded as a national strategic project that will lead Upper Egypt to great development and civilization"**

Egypt Oil and Gas Publisher, Eng. Mohamed Fouad, with HE Eng. Sameh Fahmy

Q The lack of rigs in the market is a worldwide problem. How is Egypt tackling this problem? Will the recent Egyptian – Chinese rig agreement solve this issue?

The acute lack of rigs worldwide is considered one of the significant challenges confronting the Petroleum Industry, leading to the high costs of oil and gas exploration activities. In order to overcome this problem in Egypt, the first Chinese – Egyptian Company for manufacturing onshore oil rigs was established in Egypt in late 2006, which is a joint venture between the Petroleum Sector's companies; Petrojet, Ennpi, and Tharwa and the Chinese HH Co., marking the breakthrough of the Petroleum Sector into one of the crucial phases of the petroleum industry especially in light of the constant expansion and intensification of oil and gas exploration activities that Egypt witnesses nowadays.

The new company will begin the implementation of the plant which will bear fruit of 3 onshore rigs at the end of 2007, and will gradually expand production according to the company's plan of action for up to 7 drilling rigs in the second year, 10 in the third year, 15 in the fourth year and 20 in the fifth. It is noteworthy that the establishment of the company will contribute to providing the needs of the Petroleum Sector to bridge the shortage in onshore drilling rigs that are witnessing a significant increase in demand. It will also provide direct and indirect job opportunities, and it is expected to expand in manufacturing drilling rigs and maintaining wells on the Arab and African arena.

In addition, in mid 2005, the Egyptian-Chinese drilling company "Sino-Tharwa" was established as a joint-venture between the Egyptian Petroleum Company "Tharwa" and the Chinese company "Sinopec" to act inside and outside Egypt in the African and Middle East countries in the domains of drilling and fixing all types of crude oil and natural gas wells. The company started its activities with two onshore rigs in light of the growing demand on drilling equipment in Egypt, within the context of the incremental petroleum activities which Egypt currently witnesses. Through its two rigs, Sino-Tharwa Co. successfully drilled its 8th well, and it was agreed upon to increase the number of rigs owned by the company to reach seven in 2007, which will lead to acquiring promising operation opportunities resulting in high economic revenues for the company and the creation of new job opportunities.

Q Why isn't Egypt an OPEC member?

Egypt has started to play a pivotal role, and is considered one of the influential states in the petroleum industry. Undoubtedly, Egypt's presence as an observer in OPEC paves the way for it for the proper follow-up and participation in realizing the market's stability mechanism, as well as allowing it to move easily and with broad flexibility for its welfare, being one of the oil producing countries. In addition, its presence as a member won't change as much in its role, as it is cooperating with OPEC, and participating in realizing its major goals.

Q Scarcity of skilled petroleum employees is a problem facing many employers in the sector, what is the Ministry's strategy to face this issue?

As the Oil & Gas Sector has become one of the leading sectors for the Egyptian economy, the Ministry of Petroleum realized the importance of developing the human resources (Managers, Geoscientists, Engineers and Technicians), which are considered to be the cornerstone of any future development plans for the Sector, especially in an open competitive market. HR development plans are usually managed within the operating companies based on their business needs and the available resources, and they act individually, however, there are 6 big training centers available and there are common needs as well as common facilities that can be utilized more efficiently. Utilizing and managing these resources can be done through a dedicated body with a global vision for the sector's current and future needs. There are plans to maximize the value of the existing resources from facilities and expertise, meeting the international quality standards of training, with appropriate facilities through applying a systematic scientific approach of skill matrix or a competency base map. The Ministry of Petroleum has established the Egyptian Training Services. The new company is owned and governed by the oil and gas sector, and is the only company designed to meet all the training and education needs of the sector. One of the important principles upon which this company is based, is that all the training and education activities will be provided according to the international industry standards, this is accomplished through cooperation with internationally recognized organizations such as OGCI/Petroskills, Northern Alberta institute of Technology (NAIT), Colorado School Of Mines (CSM), Gas Technology Institute (GTI), NEXT of Schlumberger, etc. and will be a response to the needs identified by the sector through a competency assessment process. One of the benefits from current cooperation with the international educational organization is applying credit hours records of courses for all participants which will allow them to get a degree when attending enough short or long courses that give the required credit score for the degree after he/she passes through the required processes.

As the Egyptian Training Services is one of the sector's companies, it should be the main training and education provider for the Oil, Gas and Petrochemical industry. The Egyptian Training Services plans to compile all the sector needs and prepare the future courses or schools to meet current and future industry needs though two way continuous open channels between the Egyptian Training Services and training managers or coordinators of the operating companies in Egypt and beyond.

Nurturing innovation by providing opportunities

Dr. Abdel Alim Hashem, professor of Petroleum Engineering at the Cairo University's Mining, Petroleum and Metallurgical Engineering Department, has over 30 years of experience in drilling engineering, well completion and work over operations, petroleum Economics, petroleum exploration and subsurface geology. Based on his academic experience and knowledge, Dr Hashem discusses the obstacles hindering the development of petroleum engineering in Egypt, defends the academic curriculum from being responsible for the lack of skilled graduates and analyzes the current strategies of the Ministry of Petroleum

By Yomna Bassiouni

Having the privilege of teaching in many local and international universities, what does the academic curriculum for petroleum engineering at Egyptian universities lack compared to international universities?

First, I have to clarify that the petroleum field is an international industry, thus the petroleum engineering curriculum should match and be compatible with the needs of this international industry. So, wherever the university is, the academic curriculum should be set on an international basis to ensure having high qualified and skilled graduates.
Second, the difference between universities can be exemplified in the role of students and their dedication.

It was said that Petroleum Eng. Graduates do not acquire the skills and knowledge needed in the market. How can the problem of experienced personnel shortage (Brain Drain) be solved in Egypt?

I believe that the problem is not the student, nor the university; it is basically due to the lack of opportunities for students to receive practical training internships in oil and gas companies before graduation. For instance, when I was in Germany studying for my PhD, all students got summer internships and used to work on rigs in all positions for three months.
Unfortunately, we do not have this opportunity here. I tried to address many companies several times; most of them did not respond and the remaining few could not provide more than 10 days only as a summer internship for 3-15 students whereas we have around 120 students. To partially solve this point of weakness, the professors use some movies, documentaries and presentations in their lectures.

Is there any plan for Cairo University to sign protocols with petroleum companies to initiate summer internships for students?

Protocols have already been signed, but until now, they were not activated.

The lack of research and studies are considered one of the drawbacks of petroleum engineering, which hinder the progress of exploratory activities in many areas in Egypt. Comment

The process of research and studies require specific financial capabilities and advanced equipments. But, as a matter of fact, even if we can afford conducting research, the foreign investors get their consultancy and studies from abroad.

Is it due to the lack of credibility?

I do not know. But, it has been a general trend from a long time, although we do have the capabilities to conduct such studies upon request.

You have conducted a lot of research and academic contributions, have you ever been offered the opportunity to apply your studies practically in the market/field?

I had the opportunity to conduct several research papers abroad and luckily enough, some companies supported them and carried out the mission of marketing my studies. But, in Egypt, I did not receive such an opportunity. I recall we, my work team and I, had once tried to deal with a private company to apply one of our research studies. However, the officials were not interested.

From an academic point of view, what do you think of the Ministry of Petroleum's strategy to develop the Upper Egypt area in terms of oil and gas explorations?

All the exploratory activities that took place in Upper Egypt do not cover 50% of the total area. However, the exploration there can not be of an economic value to initiate a production line, as it is from a tar-sand layer. This layer necessitates a specific technique to extract oil. Recently, some foreign corporations have expressed their interest to gain access in Upper Egypt to carry out

exploratory activities. Keeping in mind the risk of losing huge sums of money if no oil and gas discoveries are achieved, it is more beneficial to give foreign investors the license to conduct the highly advanced and costly seismic research and be responsible for the exploratory process in this area.

What are the pros and cons of intensifying deep drilling in Egypt?

I believe deep drilling is becoming a necessity rather than a choice and it is getting more important nowadays as shallow drilling has been over used. This latter does not end up with major findings as before and we need to move to deep drilling despite its high costs. For instance, to carry out deep water/sea drilling in the Mediterranean Sea, at the depth of 1000 feet, it can cost $30-40 million. Thus, to encourage this move, more agreements to get foreign partners should be signed.
On a global level, there is currently a move towards Deep Ocean drilling, 3000 feet deep. Such procedures should be implemented to meet the increasing demand for oil and gas worldwide.

In the shadow of your workshop "Implementing Cost Effective Deepwater Drilling Strategies to Mitigate Risk, Maintain Safety and Ensure Project Success" represented during Asia 2005 Conference, what are the risks of deep water drilling?

The risks of deep water drilling are mainly the blow-outs; explosions during drilling. The seismic research should tackle for example the possibility of having gas at a certain depth, which can seriously affect the balance of rig and lead to its drowning. In my study, I studied the sources of risk in deep water drilling which are summarized in: blow-ups, drowning and burning of rigs or not reaching the targeted drilling depth, besides investigating the different means to avoid these risks.

Brownfield, a concept that has been raised to call for the re-use of these fields and resuming drilling activities. Do you think it is practical and feasible to get those fields back into operations once again?

There is a new technique, known as tertiary recovery. This type of production re-uses brownfield, which can be economically beneficial in light of the high price of oil and gas worldwide. For example, when the oil price was at the rate of $10, it was more feasible to produce oil from new fields directly. But, at present, the cost of using new technologies to extract oil from mature fields and achieving an economic profit will be covered as oil prices are increasing. From an academic point of view, this technique is practical to be processed in Egypt, without ignoring the vitality of carrying out studies first to determine the fields to start with.

Do you think, as some experts and researchers announced that Egypt will be a net importer of oil by next year?

If there are no new discoveries and investments in the petroleum field, we will be using our oil and gas reservoirs, meaning that we are heading to a critical energy scarcity. Therefore, discoveries should be achieved to compensate our domestic usages or else we will be running out of energy. Based on several studies, the world will reach the phase of oil and gas verge by the year 2040. Thus, we have to have back-ups or alternative energies for the future, such as wind, solar and above all nuclear energy.

You published a study about, Carbonate Plug: A new Cheep Water Shut-Off Technology, in the Engineering Journal of the University of Qatar, in 2002. What does this technology mean?

This study was based on a new technology during that time called Multilateral Drilling which involves straight line drilling to a specific depth and then making up to six subsidiary holes, taking the shape of a tree and its routes, in order to increase production area from the same field. My research tackled the effectiveness of using a substance known as "Carbonate Plug", which is placed at the end of each hole to close it and the operator can resume the production from any hole by simply dissolving this material with water. This substance facilitates the extraction phase and enhances its efficiency.

What is the best technique for waste disposal in Egypt as you supervised a thesis on the "Implementation of Waste Disposal Techniques in Offshore Oil and Gas Companies in Egypt?"

The hydrothermal technique is considered the best way; it involves heating a central exhaust, while rotating it at a high speed which leads to the separation of liquid, gas and solid substances. Focusing on resulted liquid, it consists of mixed oil and gas; this latter is reused once again. As for solids, they can be used in other industries.

What are the decisions you are hoping to apply in order to ameliorate the standard of petroleum engineering, research…etc?

In fact, I will focus on two major items. The first is to initiate more cooperation between educational institutions and companies, whether private or public in order to provide students with the privilege of getting practical trainings in these companies and therefore, having experienced graduates and solving the lack of skilled Egyptian personnel in the field.
Second, I would definitely decide to increase the budget for academic research and studies in the field in order to develop the petroleum sector in Egypt.
Recently, I have succeeded to engage in talks with TU-Clausthal, a reputable educational institution in Germany to initiate mutual cooperation in the fields of research through which they will establish students exchange programs and new fields for Ph.D studies. Last month, the president of Cairo University signed a protocol with TU- Clausthal and I was chosen to be in charge of the activation of this agreement. We are now in the phase of final preparation and execution.

Dr. Hashem has supervised many research projects, published several papers and carried out extensive courses at Cairo University, besides lecturing at the Arab Academy for Science, Technology & Marine Transport in Egypt and King Saud University in Saudi Arabia.

End of the Petrodollar Era?

Iran is urging oil customers to pay in currencies other than the US Dollar. Will this move lure other oil exporting countries in light of the recent decline in Dollar value?

By Mohamed El-Sayed

LAST month, Iran, one of the major oil exporting countries, started pressuring its oil customers to pay in currencies other than US Dollars in an attempt to disentangle its oil exports from the American currency. The Iranian call, which increased on the heels of the UN Security Council's new sanctions on Tehran a few weeks ago, has found positive reaction from many companies around the world, especially in the oil-thirsty China, which depends on Iran for about 12 percent of its imported crude oil.

Iranian oil officials have announced months ago that most of their oil customers have switched their payment from Dollars to other currencies, especially Euro. Hojjatollah Ghanimifard, head of international affairs at National Iranian Oil, said last month that about 60 percent of Iran's oil income was in non-Dollar currencies as almost all of its European clients and some of its Asian customers had agreed to make non-dollar payments. "Even if we get dollars, we directly convert it to other currencies. The Japanese don't mind paying us in yen, for example," said Iran's central bank governor Ebrahim Sheibany. Sheibany also noted that Iran has earned more than US$45 billion (¤'db34 billion) from oil sales during the current fiscal year, which ended March 20.

China was among the first oil importing countries that lent a willing ear to the Iranian call. The Chinese state-run oil company Zhuhai Zhenrong, the world's biggest buyer of Iranian crude oil, has already started to pay for its oil imports in Euros since the end of 2006, when the Iranian government wanted to diversify its foreign reserves away from US Dollars. The company, which purchases more than tenth of exports from the world's fourth largest crude producer, has changed the payment currency for the bulk of its contract of roughly 240,000 barrels per day. Iran is China's third-largest crude supplier with daily volume of 335,000 barrels last year.

This unprecedented shift might influence other oil buyers in other major oil-importing countries like Japan. Despite the fact that Japanese refiners, which purchase roughly 500,000 barrels of Iranian crude oil daily (nearly a quarter of Iran's 2.2 million barrel daily shipments) continue to pay in US Dollars, are willing to shift to pay in their local currency if they are asked to do so, according to Japanese officials.

Japanese buyers, including the country's top refiner, Nippon Oil, said they had all received informal encouragement from Iran to pay on non-Dollar terms, but were awaiting an official request to start doing so. "We are looking at it so that we can switch the currencies any time, but we have not gotten any official requests from them [i.e. the Iranians]. We are still doing the transactions in dollars," Nippon Oil chairman Fukuaki Watari told reporters. Obviously, all it will take Japan to switch from the dollar is an official request from the Iranian government, and Tehran can do it at any time.

Iranians say the move comes as an attempt to diversify its currency reserves. However, experts say that the shift comes amid a heightened dispute between Tehran and Washington over Iran's nuclear program. The Iranian move is reminiscent of Saddam Hussein's decision in 2000 to stop pricing oil in dollars. Hussein's economic decision didn't have any impact on the oil trade, as Iraq was then invaded in 2003. In fact, the Iranian decision of selling oil only for other currencies has offered a challenge to other OPEC exporters. They can get out of the petrodollar by switching to the Euro.

Although the economies of the gulf countries, the main members of OPEC, are suffering from financial pressures due to the fall in dollar value in relation to the Euro, they are still reluctant to follow in the footsteps of Iran. Saleh Al-Noaimi, Saudi minister of oil, said in 2003 that his country would not sell oil in Euros. Today, however, he, along with other oil ministers of the Gulf, should have other thoughts. Officials in Gulf countries are scheduled to meet this month to debate the idea of pricing oil in other currencies instead of the Dollar.

"Every time the Euro rises in front of the US dollar, demands that [Gulf] oil be sold in Euros amount," wrote Ali Ben Talal Al-Jahni, a Saudi academic in the London-based daily Al-Hayat newspaper. "Suppose that we [in Saudi Arabia] priced our oil in euro instead of the US dollar, would this increase the revenues of oil? [No] because at the end of the day what determines the price of oil is not the currency…'c9rather the forces of supply and demand," he added. Al-Jahni concludes that dealing with the Dollar is easier since it serves the Gulf oil countries' interests, since the "bucks" are widely used in all international dealings.

Iranian economist Mohamed Reza Bahzadian argued that replacing Dollar with Euro in oil deals "is costly. And importing commodities would be also costly since traders prefer dollar to euro." However, Enayat El-Naggar, an Egyptian financial consultant, sees that the Iranian decision is just a symbolic step that will not affect the Iranian economy or oil prices. "This is just a calculation thing, for the price of oil in Euro will be the same in Dollars. The only change will be in the Iranian currency markets which will sell Dollars and buy Euros instead," she said.

On his part, Mustafa El-Labbad, expert in Iranian affairs, plays down the Iranian maneuver. "It's a political decision in the first place and it will not affect the value of the dollar in international markets."

Egyptian minister of oil Sameh Fahmi said that the relation between Euro and Dollar influenced oil prices. "With the emergence of the unified European currency and its high value in relation to the US Dollar, this had a negative impact on the oil producing and exporting countries and a positive impact on the consuming countries," he said.

The Iranian move is seen by many as a preemptive strike against the US. But, in fact, any military attack on Iran will produce a spike in oil prices, no matter what currency is used to settle accounts. "The Iranian move will not be influential unless the major developing oil-exporting countries like Venezuela and Nigeria follow in Tehran's footsteps and shift to the Euro. This, if happened, would bring about the end of the Dollar [in oil trade] and the emergence of a new era where Euro is the main world currency," El-Labbad noted.

The Red End

The football league title is knocking the Red Devils' doors

By Mohamed El-Sayed

WINNING the league title this season would be the perfect end of a perfect season for powerhouse Al-Ahli, widely known as the Red Devils. The crowning, in fact, will put the icing on the cake to give the ideal celebration of the club's centenary. Lifting the league trophy will mark the 100th championship to be won by the club in 100 years. And it's easy as pie.

Having garnered 66 points out of 25 games, Al-Ahli has to collect only three points out of the coming five matches to secure its fifth consecutive league title, for the Devils are 12 points ahead of the second-of-the-table Ismaili. And although Al-Ahli stumbled in Mehallah in the 24th Week – drawing 0-0 – they soon regained their shape in the 25th stage as it edged the oil company team ENPPI 2-0. The last game witnessed the comeback of Al-Ahli's star midfielder Mohamed Abu Treika, who has been absent for two months.

With the competition for the league title almost settled, two of the club's strikers are still competing for the top-scorers title. Flavio Amado and Emad Miteb have scored together 33 goals out of the 57 scored by the team in the past 25 matches. Flavio has netted the ball 17 times, while his teammate Miteb has scored 16 goals.

However, Al-Ahli fans hope that their team give a good performance when they meet Barcelona in celebration of the club's centenary anniversary. A win over the Catalonian team and European Champions League title holders would put the finishing touches on yet another success story that will go down in the chronicles of Egyptian football history, as it did in 2001 when it beat Real Madrid 1-0 in Cairo.

The situation of the second-of-the-table Ismaili has not changed since last month. The team, which lies in the second place with 54 points, has missed a chance to narrow the point difference with the table leader Al-Ahli when they surprisingly lost 2-1 to bottom-of-the-table Tanta by the end of last month at a time when Al-Ahli drew with Mehalla. It was the third defeat the team was dealt this season, and it was the most humiliating as well.

Two consecutive victories over the Coastal Guards (4-2) and the Arab Contractors (1-0) couldn't help the team in its competition with Al-Ahli. Exiting from the Arab Champions League and standing on the verge of paying farewell to the African Confederations Cup – after beating Green Buffalos of Zambia 2-1 in the first leg in Ismailia — might cost the chairman of the board Yehya El-Koumi and the French coach Patrice Neveu their posts.

The only gain the team might achieve this season is finishing second after Al-Ahli, so that it can take part in the African Champions League next year. And even this hope might be dashed if Zamalek manages to come back on track in the remaining five matches.

Zamalek, which comes third in the table with 52 points and one postponed match in hand, will exert the utmost effort to finish second so that it can make up for the surprising, yet humiliating, exit from the semi-final phase of the Arab Champions League after losing to the Faisali of Jordan 2-1 in Cairo. The Arab Champions League title should have served as a solace for the White team fans after being knocked out from the African Champions League competitions by Al-Hilal of Sudan last month. But, it seems, the team's supporters are doomed to suffer at the hands of their players. The Ismaili-Zamalek encounter scheduled to take place on 26 April will be the decider on who will take part in the African Champions League and the African Confederation Cup next year.

As for the oil teams, business was as usual. ENPPI remained in sixth place with 33 points, despite having been dealt a 2-0 defeat at the hands of the incumbent title winner Al-Ahli. A 1-0 victory over Ittihad of Alexandria maintained the team's relatively advanced position on the table.

The same goes for Petrojet, which has occupied the eighth place during the past weeks. By collecting 32 points up till the 25th Week, the team has secured a berth in next year's national league competitions.

With the competitions coming closer to an end, it has become crystal clear that the third oil team Assiut Petroleum will pay farewell to the premier league. With only five matches remaining, the team garnered only 19 points that made it lag behind in fifteenth place. The team, which depends mainly on inexperienced players, tried to leave a mark by drawing with Cairene Zamalek in the 25th week, but it was in vain as it was defeated 4-3.

Standings

	Team	P	Home	Away	W	L	D	GF	GA	Points
1	Al-Ahli	25	13	12	21	1	3	57	12	66
2	Ismaili	25	13	12	16	3	6	52	19	54
3	Zamalek	24	11	13	16	4	4	44	20	52
4	Ghazl Mahalla	25	13	12	10	10	5	25	20	35
5	Harras Al Hodoud	26	13	13	9	9	8	28	33	35
6	**ENPPI**	**25**	**13**	**12**	**8**	**8**	**9**	**21**	**22**	**33**
7	Al-Gaish	25	12	13	7	7	11	25	26	32
8	**Petrojet**	**25**	**12**	**13**	**7**	**7**	**11**	**29**	**31**	**32**
9	Suez Cement	25	13	12	8	11	6	18	26	30
10	Arab Contractors	25	12	13	7	9	9	14	22	30
11	Ittihad	25	13	12	7	10	8	23	33	29
12	Masri	25	13	12	7	11	7	16	28	28
13	Tersana	25	12	13	5	9	11	23	25	26
14	Olympic	25	12	13	5	14	6	18	39	21
15	**Assiut Petrol**	**25**	**13**	**12**	**4**	**14**	**7**	**20**	**38**	**19**
16	Tanta	25	12	13	3	13	9	12	31	18

Egypt Rig Market Report 2007

Egypt Oil and Gas offers its readers an overview of the Egypt Rig Market Report 2007 that has recently been issued by the company

THE Egyptian rig market is considered to be the largest in North Africa. A highly complicated market that is marked with great potential but is also disturbed by a general unrest towards a low pricing strategy in comparison with its neighbors, the Egyptian rig market is a complicated issue within the oil and gas industry in the country.

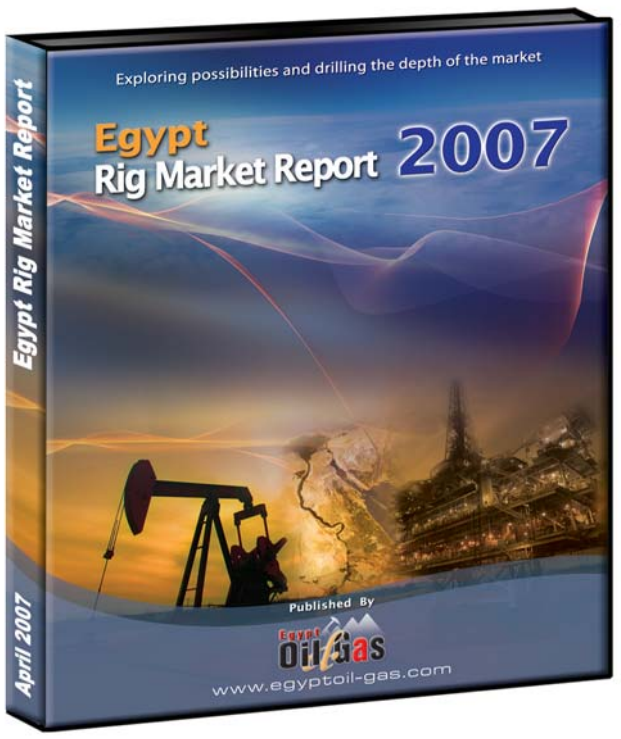
This report is an analysis of the rig market in Egypt. It begins by generally outlining the market and its activities.

A classification of the rigs in the market then ensues, whereby contractors and operators are discussed in detail and examined in terms of their explorative and productive pursuits. Companies are assessed using their respective market shares and their areas of operation.

This leads to the daily rig rates and the problems of the Egyptian pricing strategy. One of the main problems found in the Egyptian rig market is its pricing strategy. According to some contractors, rig prices in Egypt are 30-35% less than surrounding areas.

To comprehend the pricing strategy of the market one must keep in mind that, as contradictory as it might sound, pricing does not always amount to money.

With the aide of surveys and numerical categorization from within the industry, an assessment of the market develops in order to review the recent rig agreement with China and to ascertain its role in the market. The report asserts



that the new agreement with China will partially solve the problem of rising demand of rigs. And as a short term solution it seems to be apt, but for the long term, the introduction of 20 rigs by the year 2010 does not do much for a market which has just had more than 200 new discoveries. For the short term, this agreement seems to work on several levels.

It provides much needed rigs, strengthens relations with a new and powerful ally, and boosts investment in a country trying to develop in hopes of catching up with advanced economies.

The report includes a section which gauges future expectations of the market based on the aspirations of its major players and the performance of their companies.

Using a survey that was sent to all the contractors and operators in Egypt, an analysis is undertaken whereby the Egyptian rig market is assessed based on the performance and problems of companies and not just the statistics of the government.

The surveys are divided into the operator survey and the contractor survey, although as is seen some issues traverse both contractors and operators such as pricing and lack of rigs.

The report concludes with stern words of advisement for both the public and private sector when it comes to the rig market.

Among the recommendations given is that the Egyptian pricing strategy must adapt to international pricing.

A comprehensive, cohesive, and uncomplicated pricing strategy must be implemented. International contractors must rest assured that if they were to invest in Egypt that they will be duly compensated for their rigs.

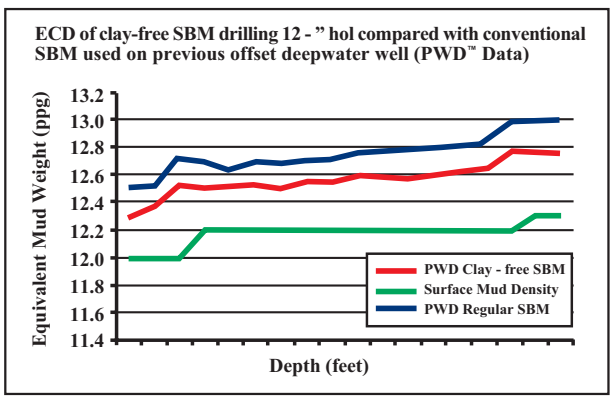
Meeting Deepwater Drilling Challenges with Invert Emulsion Fluids

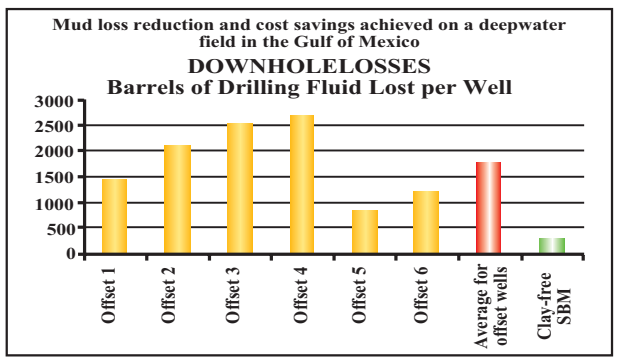
By Charles Cameron, Halliburton

Baroid's latest clay-free INNOVERT™ synthetic-base fluid (SBF), based on clay-free ACCOLADE® technology, has delivered exceptional performance on the first nine wells of a new contract with a major operator in ultra-deep water over 5,000 feet offshore West Africa. Based on a low viscosity n-alkane base fluid and built without using the regular organophilic colloidal additives used in conventional invert emulsion fluids, this state-of-the-art drilling fluid represents a quantum leap in deepwater drilling fluid performance

THE ultra-low fracture gradient of subsea formations in deep water offshore Angola places severe limitations on mud weight and equivalent circulating density (ECD). The difficulty of operating in this narrow mud weight/fracture gradient window is made worse by the impact of cold temperature on the drilling fluid in the riser, resulting in markedly increased rheological properties and ECDs. As a result, when using conventional drilling fluid systems, the pressure required establishing circulation in the well after static periods, or to run and cement casing strings in the well construction process, can be high enough to break down the formation with loss of drilling fluid downhole.

Originally introduced in the Gulf of Mexico to cut the high cost of SBF losses in deepwater drilling, while ensuring compliance fully with U.S. Environmental Protection Agency (EPA) regulations, ACCOLADE drilling fluid technology was transferred to West Africa and used to overcome new challenges via the development and introduction of the alkane-based INNOVERT SBF. The introduction of this system helped secure two new contracts with a major operator offshore Angola.





Endowed with a substantially lower tendency for cold temperature gelation, this fluid has helped achieve an ECD equal to 0.2-0.3 ppg above surface mud weight compared with the 0.4-0.6 ppg over mud weight typical of the conventional SBFs previously used by the operator concerned. Pressure fluctuations due to pipe movement and pump operation have been far lower and are virtually negligible in many cases. As a result, drilling fluid losses downhole have bee 60% lower compared with previous wells in the same block using conventional SBF. Offset wells averaged losses of over 2,000 bbl per well. Circulation pressure losses through the kill and choke lines have also been much lower, reducing the risk of downhole losses during well control incidents. The contingency liner string in the top-hole section of the original drilling programme has not been required.

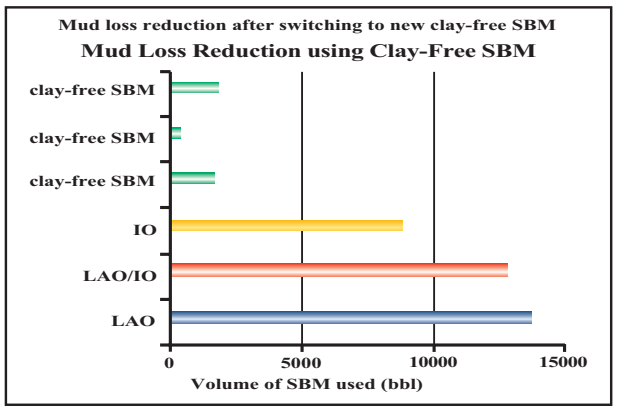
Extensive ongoing development work during 2005 led to the achievement of zero per cent formation damage in return permeability tests conducted independently by the operator. Formulated with lower product concentrations and designed to minimize downhole losses, the new system requires far less material to be shipped to the rig than conventional systems, meaning fewer crane lifts, reduced transportation requirements and reduced worker exposure to safety hazards.

Customer testimonials on the fluids performance:

"Just to let you know how pleased operations are with the way the mud behaved during the recent [13 3/8"] casing operations. Lower pressures were seen and the much dreaded losses did not occur. The new system is meeting expectations."

"No pressure spike when breaking circulation at the BOP after 5 days of logging [in 12 1/4" hole]."

"Your [Baroid's] mud **far** exceeds the mud systems we have seen before."



DCS: Your key to digital communication

DIGITAL Communication Systems® DCS®,was established in August 2000 in Cairo, Egypt, as a soul proprietorship, under investment law No.# 8 Year 1997 for investments and free zones, with a capital of one million Egyptian Pounds.

DCS® is an Egyptian based Information Technology System Integrator company that specializes in tailored solutions and integrated advanced systems, while also excelling at consulting services, project management facilities, and implementation of innovative technologies.

DCS® is representing major IT and Telecommunications vendors; which are global market leaders in the Data/Voice/Video networking technologies solution providers.

DCS® also has a highly qualified and experienced staff specializing in sales, marketing, customer support, software/ web development, and training.

Our vision is to become the leading IT and Telecommunication Systems Integrator in Africa and the Middle East, supporting progressive organizations in the region and consolidates our regional leadership. DCS's ® mission is to develop and deliver state of the art technology solutions; and augment it with very professional customer service and support, aiming at customer satisfaction and a commitment to market needs.

On the other hand we aim to respond to each customer's requirements with an optimized solution not only to satisfy these specific requirements, but also, to exceed the customer's expectations. The solution will ideally combine an individualized set of products and services, exceeding our customer's expectations with top quality solutions and services.

DCS® Activities are Data/Voice Network Design & Planning, Systems Engineering, Systems Integration, VSAT Satellite Telecommunications solutions, Wireless connections, Installation, Testing & Commissioning, Network Maintenance, Staff Training, Consultancy Services, IT Project Management, Web Development, and Turnkey Telecom Projects.

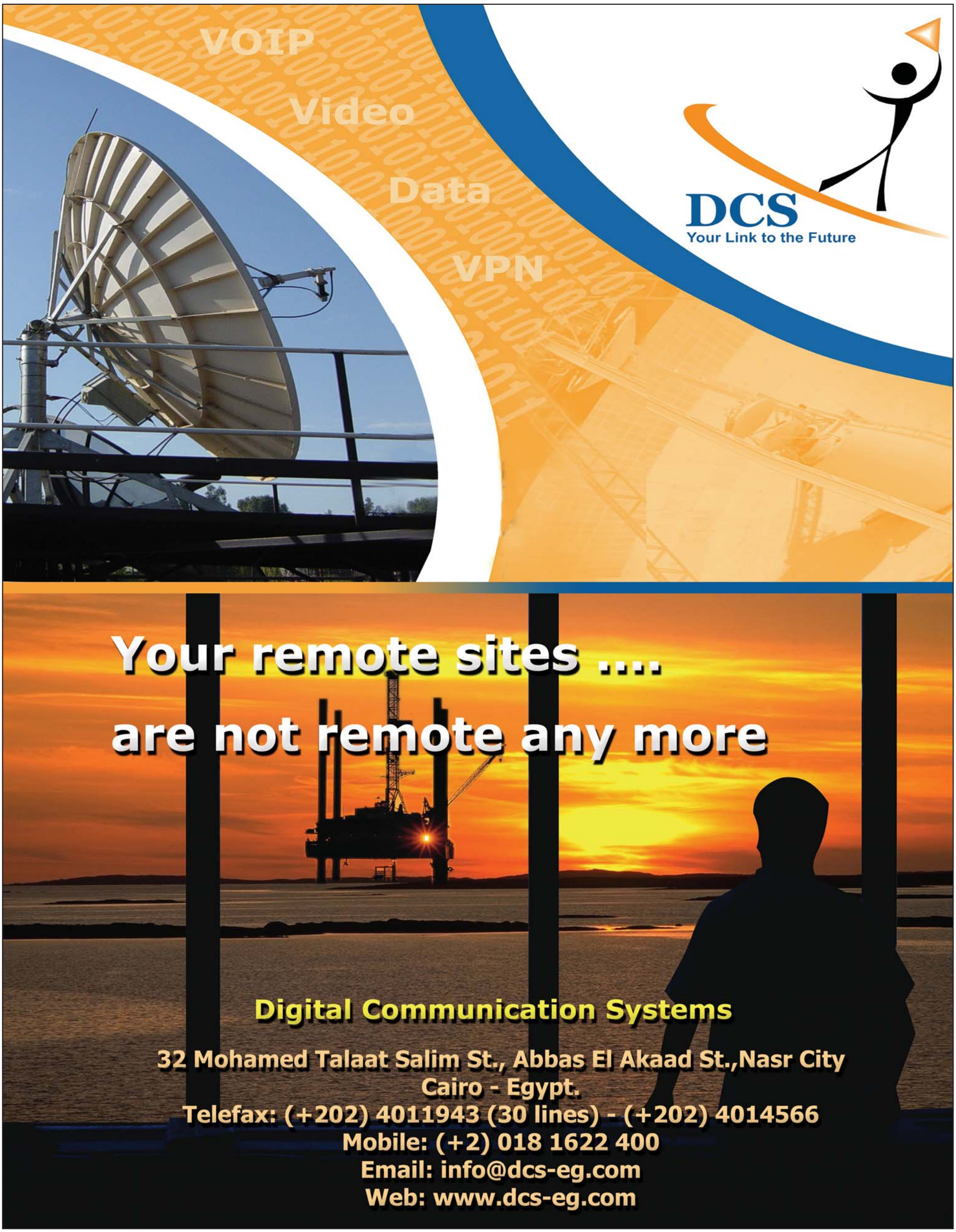
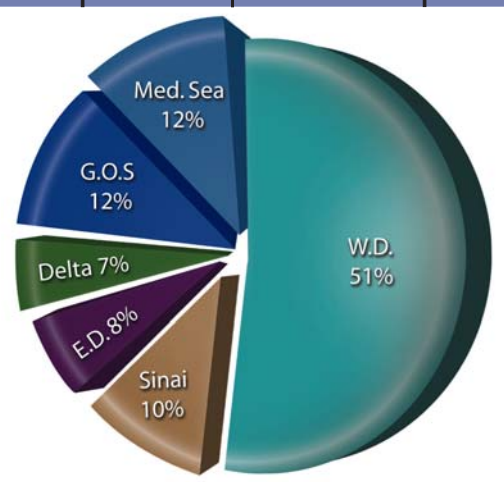

VOIP
Video
Data
VPN
DCS
Your Link to the Future
Your remote sites ....
are not remote any more
Digital Communication Systems
32 Mohamed Talaat Salim St., Abbas El Akaad St.,Nasr City
Cairo - Egypt.
Telefax: (+202) 4011943 (30 lines) - (+202) 4014566
Mobile: (+2) 018 1622 400
Email: info@dcs-eg.com
Web: www.dcs-eg.com

Table 1 Egypt Rig Count per Area April 2007

Area	RIG COUNT	Total	Percentage of Total Area
Gulf of Suez		13	12%
Offshore	13		
Land	0		
Mediterranean Sea		13	12%
Offshore	13		
Land	0		
Western Desert		53	51%
Offshore	0		
Land	53		
Sinai		10	10%
Offshore	0		
Land	10		
Eastern Desert		8	8%
Offshore	0		
Land	8		
Delta		7	7%
Offshore	0		
Land	7		
Total		**104**	**100%**



Source : Egypt Oil & Gas

Table 2 World Crude Oil Production (Including Lease Condensate) (Thousand Barrels per Day)

	Algeria	Angola	Argentina	Australia	Azerbaijan	Brazil	Canada	China	Colombia	Denmark	Ecuador	Egypt
2006 January	1,825	1,428	686	335	500	1,688	2,595	3,670	521	355	559	654
February	1,825	1,418	665	400	620	1,692	2,504	3,662	533	359	551	657
March	1,825	1,428	695	380	540	1,696	2,411	3,710	535	362	528	651
April	1,825	1,428	692	370	580	1,737	2,531	3,680	536	353	546	663
May	1,785	1,328	705	380	615	1,748	2,341	3,712	539	357	547	655
June	1,795	1,293	717	370	600	1,630	2,336	3,700	538	335	536	607
July	1,805	1,468	709	490	660	1,725	2,512	3,716	536	344	543	620
August	1,805	1,468	701	470	710	1,703	2,543	3,670	534	348	544	630
September	1,835	1,446	717	500	680	1,733	2,601	3,659	527	260	533	640
October	1,835	1,384	715	495	690	1,762	2,602	3,658	528	353	519	660
November	1,805	1,460	660	505	780	1,766	2,658	3,682	528	350	511	615
December	1,805	***1,490***	***694***	500	700	1,787	***2,669***	3,710	518	327	515	619
2006 Average	1,814	***1,420***	697	433	640	1,723	2,525	3,686	531	342	536	639
2007 January	1,838	1,590	684	500	815	1,736	2,577	3,658	522	318	514	616

Revised data are in ***bold italic font.***
Monthly data are often preliminary and also may not average to the annual totals due to rounding.

Source : EIA

Table 3 World Oil Supply[1] (Thousand Barrels per Day)

		United States[2]	Persian Gulf[3]	OAPEC[4]	OPEC-12[5]	OPEC-11[5]	World
2006 January	E	8,225	23,554	24,434	35,333	33,905	84,406
February	E	8,232	23,759	24,693	35,393	33,975	84,430
March	E	8,096	23,634	24,639	35,261	33,833	83,937
April	E	8,239	23,658	24,679	35,287	33,859	***84,259***
May	E	8,348	23,458	24,489	34,960	33,632	***84,201***
June	E	8,463	23,713	24,655	35,294	34,001	***84,094***
July	E	8,456	24,098	25,072	35,691	34,224	85,450
August	E	8,486	24,128	25,100	35,817	34,349	***85,254***
September	E	8,499	23,778	24,795	35,440	33,994	***84,843***
October	E	8,455	***23,553***	***24,585***	35,253	***33,869***	***84,986***
November	E	8,378	***23,243***	***24,177***	34,878	***33,419***	84,563
December	RE	8,556	***23,133***	***24,087***	34,797	***33,307***	***84,454***
2006 Average	RE	8,370	***23,644***	***24,617***	35,283	***33,864***	***84,578***
2007 January	PE	8,654	22,945	23,966	34,644	33,054	84,284

[1] "Oil Supply" is defined as the production of crude oil (including lease condensate), natural gas plant liquids, and other liquids, and refinery processing gain (loss).
[2] U.S. geographic coverage is the 50 States and the District of Columbia. Beginning in 1993, includes fuel ethanol blended into finished motor gasoline and oxygenate production from merchant MTBE plants.
[3] The Persian Gulf countries are Bahrain, Iran, Iraq, Kuwait, Qatar, Saudi Arabia, and the United Arab Emirates. Production from the Kuwait-Saudi Arabia Neutral Zone is included in Persian Gulf production.
[4] OAPEC: Organization of Arab Petroleum Exporting Countries: Algeria, Iraq, Kuwait, Libya, Qatar, Saudi Arabia, and the United Arab Emirates.
[5] OPEC-12: Organization of the Petroleum Exporting Countries: Algeria, Angola, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates, and Venezuela. OPEC-11 does not include Angola.
E=Estimated data. RE=Revised estimated data. PE=Preliminary estimated data.
Revised data are in ***bold italic font.***

Source : EIA

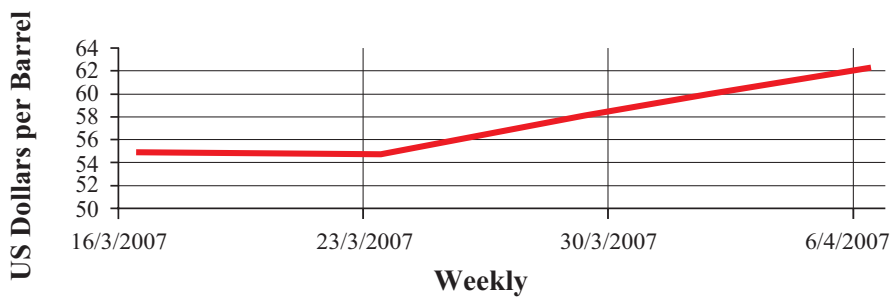
Table 4 World Crude Oil Production (Including Lease Condensate) (Thousand Barrels per Day)

	Venezuela	Vietnam	Yemen	Other	World	OPEC-12[1]	OPEC-11[1]	Persian Gulf[2]	North Sea[3]
2006 January	2,540	359	393	2,660	73,593	32,188	30,760	21,175	4,737
February	2,540	352	393	2,649	73,496	32,233	30,815	21,375	4,635
March	2,540	345	376	2,700	73,285	32,101	30,673	21,250	4,594
April	2,540	338	365	2,693	***73,348***	32,103	30,675	21,250	4,371
May	2,540	336	367	2,705	***73,130***	31,776	30,448	21,050	4,416
June	2,540	345	370	2,701	***73,072***	32,090	30,797	21,305	4,111
July	2,440	337	355	2,676	73,943	32,458	30,990	21,680	4,383
August	2,490	342	370	2,659	***73,736***	32,583	31,115	21,710	***3,994***
September	2,490	362	364	2,634	***73,659***	32,231	30,785	21,360	***3,964***
October	2,490	382	351	2,580	***73,659***	32,024	30,640	21,135	***4,225***
November	2,490	382	389	2,612	***73,302***	31,640	30,180	20,805	***4,347***
December	2,490	382	407	2,620	***73,363***	31,560	30,070	20,695	***4,344***
2006 Average	2,511	355	375	2,657	***73,467***	32,082	30,662	21,232	***4,343***
2007 January	2,380	382	418	2,616	73,184	31,398	29,808	20,471	4,286

[1] OPEC-12: Organization of the Petroleum Exporting Countries: Algeria, Angola, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates, and Venezuela. OPEC-11 does not include Angola.
[2] The Persian Gulf countries are Bahrain, Iran, Iraq, Kuwait, Qatar, Saudi Arabia, and the United Arab Emirates. Production from the Kuwait-Saudi Arabia Neutral Zone is included in Persian Gulf production.
[3] North Sea includes the United Kingdom Offshore, Norway, Denmark, Netherlands Offshore, and Germany Offshore.
Revised data are in ***bold italic font.***

Source : EIA

Fig 1 Weekly Egyptian Suez Price



Source : Egypt Oil& Gas

Table 5 World Natural Gas Liquids Production (Thousand Barrels per Day)

	Algeria	Canada	Mexico	Saudi Arabia	Russia	Former U.S.S.R.		United States[1]	Persian Gulf[2]	OAPEC[3]	OPEC-12[4]	OPEC-11[4]	World
2006 January	295	685	438	1,460	410	---		1,684	2,281	2,647	2,948	2,948	7,845
February	295	727	436	1,460	410	---		1,677	2,286	2,655	2,963	2,963	7,954
March	295	705	432	1,460	410	---		1,688	2,286	2,655	2,963	2,963	7,871
April	295	688	441	1,480	415	---		1,729	2,310	2,677	2,987	2,987	7,958
May	295	697	441	1,480	415	---		1,753	2,310	2,676	2,987	2,987	7,813
June	315	644	436	1,480	410	---		1,753	2,310	2,696	3,007	3,007	7,740
July	315	659	449	1,490	420	---		1,755	2,320	2,724	3,037	3,037	8,033
August	315	691	445	1,490	420	---		1,726	2,320	2,724	3,037	3,037	7,974
September	320	706	427	1,490	390	---		1,781	2,320	2,729	3,042	3,042	7,804
October	320	673	405	***1,510***	410	---		1,773	***2,340***	***2,749***	***3,062***	3,062	***8,030***
November	330	683	383	***1,510***	420	---		1,769	***2,340***	***2,759***	***3,072***	3,072	***8,110***
December	328	***668***	396	***1,510***	410	---		***1,734***	***2,340***	***2,762***	***3,070***	3,070	***8,085***
2006 Average	310	***685***	427	***1,485***	412	---		***1,735***	***2,314***	***2,705***	***3,015***	3,015	***7,935***
2007 January	341	662	411	1,510	420	---	PE	1,771	2,376	2,819	3,120	3,120	***7,935***

[1] U.S. geographic coverage is the 50 states and the District of Columbia. Excludes fuel ethanol blended into finished motor gasoline.
[2] The Persian Gulf countries are Bahrain, Iran, Iraq, Kuwait, Qatar, Saudi Arabia, and the United Arab Emirates.
[3] OAPEC: Organization of Arab Petroleum Exporting Countries: Algeria, Iraq, Kuwait, Libya, Qatar, Saudi Arabia, and the United Arab Emirates.
[4] OPEC-12: Organization of the Petroleum Exporting Countries: Algeria, Angola, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates, and Venezuela. OPEC-11 does not include Angola.
- - = Not applicable. E=Estimated data. PE=Preliminary estimated data.
Revised data are in ***bold italic font***.

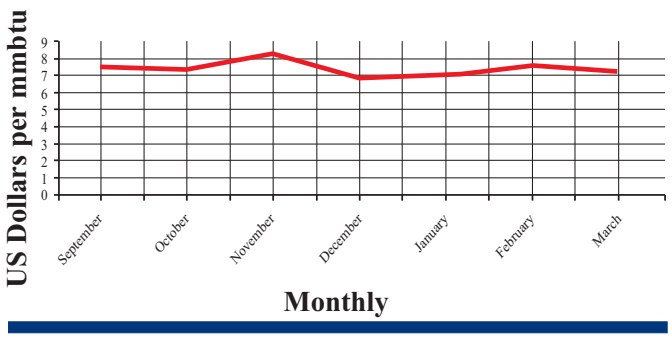
Source : EIA

Table 6 International Stock Prices Mid-March-Mid-April

International Stock	High	Low
Schlumberger (SLB) NYSE (US Dollars)	76.00	64.48
Halliburton (HAL) NYSE (US Dollars)	33.10	30.50
Exxon Mobil (XOM) NYSE (US Dollars)	77.57	69.86
Atwood Oceanics (ATW) NYSE (US Dollars)	61.26	51.71
Weatherford (WFT) NYSE (US Dollars)	50.00	44.28
Shell (RDS.A)NYSE (US Dollars)	69.12	63.45
Apache (APA) NYSE (US Dollars)	75.12	67.31
Baker Hughes (BHI) NYSE (US Dollars)	70.36	62.74
BJ (BJS) NYSE (US Dollars)	30.21	26.62
Lufkin (LUFK) NYSE (US Dollars)	57.35	53.20
Transocean (RIG) NYSE (US Dollars)	83.36	76.30
Transglobe (TGA) NYSE (US Dollars)	4.09	3.82
GlobalSantafe (GSF) NYSE (US Dollars)	63.86	59.09
BP (BP.) LSE Pence Sterling	576.00	511.00
BG (BG.) LSE Pence Sterling	737.50	689.00
Dana Gas (DANA) ADSM US Dollars	1.47	1.30
Caltex (CTX) ASX Australian Dollars	24.46	23.38
RWE DWA (RWE AG ST) Deutsche-Borse Euros	82.97	76.25
Lukoil (LKOH) RTS (US Dollars)	86.00	77.80

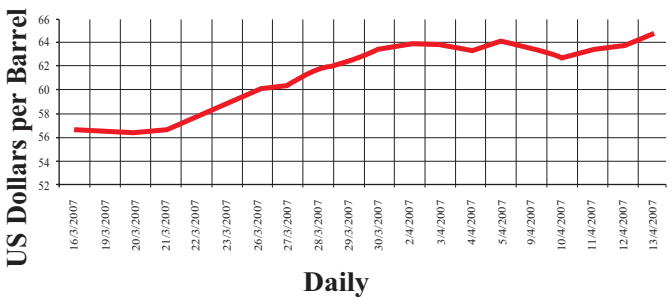
Source : Egypt Oil & Gas

Fig 2 Monthly Natural Gas Price



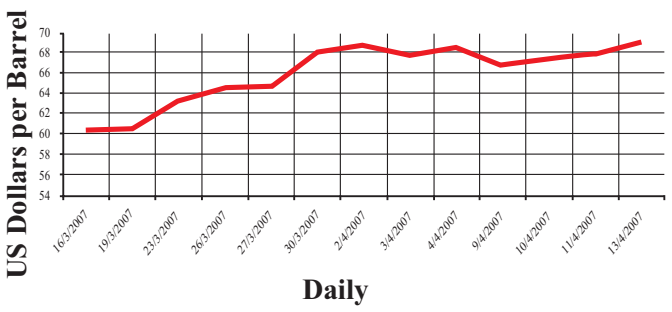
Source : Egypt Oil & Gas

Fig 3 OPEC Daily Price March/April



Source : Egypt Oil & Gas

Fig 4 Daily IPE Brent Price March/April



Source : Egypt Oil & Gas

Table 7
World Crude Oil Production (Including Lease Condensate) (Thousand Barrels per Day)

	Equatorial Guinea	Cabon	India	Indonesia	Iran	Iraq	azakhstan	Kuwait[1]	Libya	Malaysia	Mexico	Nigeria
2006 January	360	254	669	1,045	4,100	1,603	1,030	2,600	1,650	760	3,372	2,560
February	360	245	679	1,050	4,050	1,803	990	2,550	1,650	760	3,311	2,410
March	360	242	686	1,043	4,000	1,903	1,030	2,525	1,680	700	3,350	2,370
April	360	239	685	1,035	4,000	1,903	1,080	2,525	1,690	680	3,370	2,370
May	360	249	689	1,038	3,950	1,903	1,190	2,525	1,700	700	3,329	2,370
June	360	240	704	1,027	4,030	2,153	1,170	2,550	1,700	695	3,287	2,465
July	360	227	691	1,020	4,035	2,203	1,120	2,550	1,700	690	3,232	2,380
August	360	237	650	1,015	4,035	2,203	1,080	2,550	1,700	685	3,252	2,430
September	360	241	701	1,005	4,035	2,153	1,125	2,550	1,700	685	3,258	2,430
October	360	230	706	985	4,060	2,103	1,120	2,550	1,700	635	3,173	2,530
November	360	223	701	985	4,020	2,003	1,105	2,500	1,650	614	3,163	2,480
December	360	220	705	985	4,020	2,003	1,150	2,450	1,650	***610***	2,978	2,480
2006 Average	360	237	689	1,019	4,028	1,996	1,100	2,535	1,681	684	3,256	2,440
2007 January	370	240	699	988	4,040	1,753	1,060	2,450	1,680	627	3,143	2,480

[1] Except for the period from August 1990 through May 1991, includes about one-half of the production in the Kuwait-Saudi Arabia Neutral Zone.
Kuwaiti Neutral Zone output was discontinued following Iraq's invasion of Kuwait on August 2, 1990, but was resumed in June 1991.
From August 1990 through May 1991 all production in the Neutral Zone was included in the data for Saudi Arabia. In January 2007, Neutral Zone
production by both Kuwait and Saudi Arabia totaled about 500 thousand barrels per day.
Revised data are in ***bold italic font.***

Source : EIA

Table 8
World Crude Oil Production (Including Lease Condensate) (Thousand Barrels per Day)

	Norway	Oman	Qatar	Russia	Former U.S.S.R.	Saudi Arabia[1]	Sudan	Syria	United Arab Emirates	United Kingdom		United States[2]
2006 January	2,657	771	835	9,030	---	9,400	355	418	2,602	1,707	E	5,047
February	2,620	765	835	9,040	---	9.500	355	415	2,602	1,639	E	5,048
March	2,610	754	835	9,150	---	9,350	350	412	2,602	1,597	E	5,016
April	2,407	744	835	9,170	---	9,350	360	408	2,602	1,590	E	5,067
May	2,535	734	835	9,190	---	9,200	365	407	2,602	1,500	E	5,100
June	2,365	739	835	9,260	---	9,100	350	416	2,602	1,392	E	5,219
July	2,571	726	855	9,240	---	9,300	370	412	2,702	1,453	E	5,171
August	2,430	727	885	9,330	---	9,300	420	400	2,702	***1,202***	E	5,155
September	2,338	720	885	9,350	---	9,000	500	400	2,702	***1,354***	E	5,188
October	2,380	730	885	9,450	---	8,800	480	400	2,702	***1,482***	E	5,195
November	2,466	724	845	9,320	---	8,800	500	395	2,602	***1,504***	E	5,149
December	2,508	721	835	***9,420***	---	8,750	540	395	2,602	***1,472***	E	***5,275***
2006 Average	2,491	738	850	***9,247***	---	9,152	412	406	2,636	***1,490***	E	***5,136***
2007 January	2,431	716	835	9,420	---	8,750	540	395	2,613	1,509	PE	5,279

[1] Except for the period from August 1990 through May 1991, includes about one-half of the production in the Kuwait-Saudi Arabia Neutral Zone.
Kuwaiti Neutral Zone output was discontinued following Iraq's invasion of Kuwait on August 2, 1990, but was resumed in June 1991.
From August 1990 through May 1991 all production in the Neutral Zone was included in the data for Saudi Arabia. In January 2007, Neutral Zone
production by both Kuwait and Saudi Arabia totaled about 500 thousand barrels per day. Data for Saudi Arabia include approximately 150 thousand
barrels per day from the Abu Safah field produced on behalf of Bahrain.
[2] U.S. geographic coverage is the 50 states and the District of Columbia.
--- = Not applicable. E=Estimated data. PE=Preliminary estimated data.
Revised data are in ***bold italic font.***

Source : EIA

Table 9
OECD[1] Countries and World Petroleum (Oil) Demand (Thousand Barrels per Day)

	France	Germany	Italy	United Kingdom	OECD Europe[2]	Canada	Japan	South Korea	United States[3]	Other OECD[4]	OECD[1]	World
2006 January	2,077	2,470	1,727	1,816	15,243	2,081	6,014	2,380	20,110	***3,484***	***49,312***	NA
February	2,132	2,585	1,972	1,848	15,983	2,222	6,154	2,269	20,316	***3,468***	***50,411***	NA
March	2,095	2,619	1,905	2,020	16,102	2,228	5,723	2,184	20,695	***3,602***	***50,534***	NA
April	1,891	2,456	1,572	1,732	14,488	2,055	5,123	1,989	20,182	***3,418***	***47,254***	NA
May	1,819	2,625	1,646	1,843	15,063	2,131	4,455	2,033	20,463	***3,417***	***47,562***	NA
June	1,948	2,581	1,667	1,848	***15,547***	2,240	4,778	2,060	20,875	***3,500***	***49,001***	NA
July	1,958	2,560	1,689	1,743	15,236	2,247	5,002	1,891	20,582	***3,366***	***48,323***	NA
August	1,875	2,692	1,556	1,756	***15,226***	2,337	4,850	2,086	21,322	***3,506***	***49,330***	NA
September	2,005	2,881	1,727	1,790	15,852	2,216	4,562	2,093	20,472	***3,363***	***49,558***	NA
October	2,055	2,803	1,667	1,759	15,813	***2,176***	4,799	2,044	20,757	***3,388***	***48,976***	NA
November	1,924	2,751	1,743	1,842	***15,782***	***2,255***	5,277	2,346	20,544	***3,521***	***49,725***	NA
December	1,901	2,533	1,663	1,784	15,074	2,227	5,976	2,521	20,697	3,579	50,074	NA
2006 Average	1,972	2,630	1,709	1,815	15,447	2,201	5,222	2,157	20,588	3,468	49,082	85,011

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

Source : EIA

Average Currency Exchange Rate against the Egyptian Pound (March / April)

US Dollar	Euro	Sterling	Yen
5.6920	7.5911	11.1697	4.8231

Stock Market Prices (March / April)

Company	High	Low
Alexandria Mineral Oils (AMOC.CA)	79.13	75.26
Sidi Kerir Petrochemicals (SKPC.CA)	21.84	19.33

RWE Dea presents social sponsoring project for schools in Greater Cairo

RWE Dea announced that they are to sponsor local schools in Greater Cairo. The German company has established the sponsorship project for less fortunate children to improve and support their schools.

RWE Dea's mission is to improve the lives of children by focusing on their education. In 2006, RWE Dea extended its efforts to 13 schools in informal communities in Greater Cairo. It ranged from improving basic school facilities such as chalkboards and desks, to total building renovation in co-operation with the GTZ (Deutsche Gesellschaft fur Technische Zusammenarbeit / German Technical Corporation) as the implementation organization. As a result, RWE Dea spent approximately half a million EGP in 2006 and will continue to spend at least the same amount in future.

In Abou Rawash and El Salam City, RWE Dea arranged for washrooms to be renovated, tiles to be changed, sewage facilities and water supply systems to be replaced and the walls to be painted. Renovating these facilities greatly improved the sanitary conditions and hygiene in the schools, and underscored the importance of health to maintaining a positive learning environment. RWE Dea also had the schools' classrooms and corridors painted, as well as outdated and faulty electrical systems replaced. Lastly, the company turned its attention to either rebuilding or replacing dilapidated desks with the hope of creating a more comfortable environment conductive to making the school day a better day for the area children.

Similar projects were undertaken in Boulaq El Dakrour and Manshiet Nasser, where RWE Dea also made structural improvements to school buildings and donated computer labs and equipment.

Social responsibility projects and a number of cultural sponsorships have always been a key focus of public relations programs for RWE Dea. The company intends to improve its proactive approach to corporate social responsibility even further in Egypt. RWE Dea has been involved in exploration and production projects in Egypt since 1974. Since the year 2000, RWE Dea has set out to reinforce and extend its position in Egypt as one of its core regions and to create a strong and reliable platform for a growing commitment in this country. RWE Dea's activities in Egypt are a very important segment of its international upstream business.

Weatherford : "All Around you"

THE Weatherford presentation was the start of an initiative between Cairo University and the Weatherford Company to promote the training and possible job opportunities for engineers in the petroleum and mining field. The presentation was given by Said Zaki, head of technical support and marketing in Weatherford Egypt, who was accompanied by Israa Mekky, from the department of employment and Shahinaz Omar from the department of human resources who were on hand to answer questions after the presentation.

The presentation was packed with graduating engineers who listened and watched eagerly as a video on Weatherford's new initiatives and cutting edge technologies was presented. Zaki discussed the challenges faced by the oil industry contrasting the need for oil and the amount of oil available, and how Weatherford technology could help recycle and preserve the oil reserves that are rapidly depleting. He also discussed the growing gap between the number of engineers in the oil field compared to the number needed, noting that at present there were only 1,300 graduates in the petroleum and mining field per year, yet by 2009 Weatherford will create 30,000 job opportunities in the region. The students were certainly impressed with the statistics and one girl commented that it gave her hope of finding a job in her specialization, adding that as one of the few women in the field she was also impressed by the fact that two representatives of the company were female.

As one of the leading oil field companies Weatherford has the biggest server and is at the forefront of drilling technology and production cycles of oil and gas.

Weatherford boasts one of the largest international bases in the industry with 30,000 centers in the world based in 7,000 locations. The company also holds claim to some of the most cutting edge technology, among its assets are the first webstock technology, around 400 expandable centre screens, six forms of artificial lift, optical technology and optical sensing systems as well as some of the most advanced deep water applications.

With seven locations in Egypt and many more branches worldwide, Zaki spoke of the opportunity a company like Weatherford could offer engineering graduates. Zaki added that Weatherford appreciated the importance of upgrading equipment but of even more importance was investing in employees who were the future of the oil industry and crucial to sustaining engineering. He emphasized Weatherford's desire for new blood and fresh talent, stressing that the company would not only allow the students to perform training with the safest and most advanced technology, but that the company also had a program that recruited the most talented engineers. The number of job opportunities offered was numerous including specializations in petroleum, electrical, mechanical, chemical, and geostatistical engineering, offering job opportunities in Egypt and abroad.

After the presentation ended there was a buzz of excitement, the students asked questions about there specific fields and seemed more than encouraged by what several students referred to as exciting opportunities.

May Conferences

14-15 7th Annual Oil and Gas Pipelines in the Middle East Conference
Abu Dhabi, United Arab Emirates.
www.theenergyexchange.co.uk
This conference offers a unique opportunity for pipeline operators and specialists to meet and discuss current and future industry developments. Discussions in 2007 will address the key issues and challenges at the heart of the pipeline industry with a technological format focusing on integrity management issues, development and construction, rehabilitation and maintenance of pipelines, together with updates and case studies of major projects underway in the Middle East region.

15-17 Intergas IV
Cairo, Egypt
http://www.intergasegypt.com
INTERGAS IV is now firmly established as the must-attend event for all companies working or wanting to enhance their business in Egypt's oil, gas and petrochemicals sectors. By combining the Ministry-led Strategic Conference with the International Exhibition led by all the Major State Owned companies together with their international and domestic partners and suppliers, INTERGAS IV offers a fantastic opportunity for everyone concerned with the industry; an essential strategic overview combined with the perfect commercial showcase for your products and services.

17-18 5th Asia Petrochemicals and Gas Technology Conference & Exhibition
Kuala Lumpur, Malaysia
http://www.europetro.com/epc/
The key benefit in holding our Gas, Petrochemical and Refining Technology events back-to-back in one week is to enable delegates to meet companies involved in all relevant industries, therefore utilizing companies' time efficiently, whether presenting, exhibiting or simply attending the event.

17-18 SPE Petroleum Reserves Estimation Workshop
Calgary, Canda
http://www.spe.org/spe/jsp/meeting
This SPE workshop brings together members of the SPE Oil and Gas Reserves Committee and industry experts to discuss the revised classification, definitions and guidelines included in the recently approved 2007 SPE/WPC/AAPG/SPEE Petroleum Resource Management System.
The 2007 system builds on previous guidance to achieve a high level of consistency in estimating reserves and resource quantities; it incorporates applicable best practices identified in other international petroleum and minerals classification systems.

15-17 OGU – 11th Uzbekistan Oil & Gas Conference
Tashkent, Uzbekistan
www.ogu2007.com
Over the last decade, OGU has developed and grown significantly, and has become widely recognized as a leading forum for the oil and gas sector in Uzbekistan and CIS, promoting the sector in CIS and abroad, as well as demonstrating the achievements of local and overseas manufacturers. It has become an effective launch pad for foreign companies planning to enter the Uzbekistan market or invest in the oil and gas sector in the country. Every year, OGU is attended by VIPs including delegations, government officials and export managers from famous oil and gas companies in Austria, Belgium, Great Britain, Germany, Holland, Poland, France, Switzerland, Iran, China, USSA, Russia, Ukraine Kazakhstan and Uzbekistan, among others.

30 – June1st CIS Oil & Gas Summit 2007
Paris, France
http://www.theenergyexchange.co.uk
The 7th Annual the CIS Oil & Gas Summit will bring you right up to date with all the developments and activities in the industry with detailed analysis, expert opinions and recent case studies from key players in the sector. This will include discussions on latest policy and legislation developments, first hand updates on key projects, together with major export developments, financing and policy debates.

High Tech Petroleum

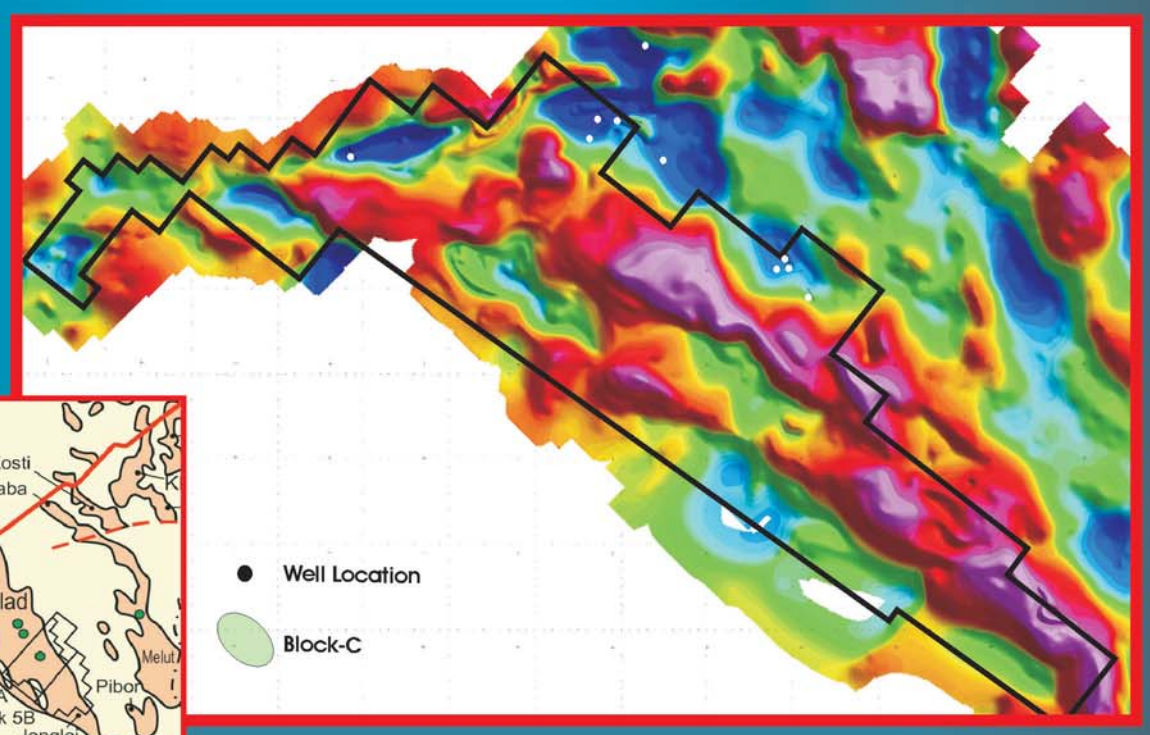
FARM-IN OPPORTUNITY

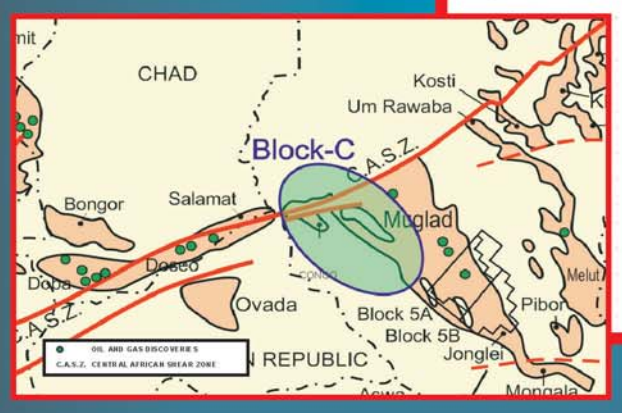
ONSHORE EXPLORATION LICENSE
BLOCK-C, WEST MUGLAD BASIN, SUDAN

Radisson Hotel, Central London, UK

High Tech Petroleum Company (Hi Tech), cordially invites representatives from potential oil companies to attend a Farm-out presentation of Block-C in Sudan. This event will take place in Ballroom 3 at the Radisson Hotel, on June 4th, 2007 from 10:00 am and will include a coffee break and lunch. Registration of delegates start at 9:00 am on June 4th, 2007.
Three Data Rooms will be available for the technical data review and delivery of the data packages will be available from June 5th to 8th, 2007.
Companies interested in attending the Opening Session Presentation are requested to send the names of their representatives by email or fax to EREX as soon as possible to assure booking of their delegates. A Farm-Out Brochure will be sent upon signing of the Confidentiality Agreement (C.A.).

Milestone	Date
Information Memorandum & Opening Presentation	June 4th, 2007
Virtual Data Room	June 5th-8th, 2007
Physical Data Room	June 5th-8th, 2007
Bid Closing Date	July 15th, 2007





Hi Tech holds 65% participating interest in the exploration license of Block-C to the west of the prolific oil Muglad Basin in Central Sudan. Hi Tech is willing to farm-out 20% - 30% working interest for the exploration of Phase 2 of Block-C. The Concession area is 65,000 Km^2 (about 16 million acres), including eight sub-basins having Mesozoic and Tertiary sediments up to 10500m thick. Eight exploratory wells have been drilled in three sub-basins. One well tested water and traces of oil from the Upper Cretaceous sandstone reservoirs and oil shows were encountered in others wells from other sub-basins. Mapped prospects are estimated to be about 1200 MMBBL of unrisked mean oil reserves.
Block-C is covered by almost 9500 km of 2D seismic and 174 km^2 of 3D Seismic.
Hi Tech has appointed **EREX** Petroconsultants as exclusive advisor for the farming-out project.

For Details of Access to the Virtual and Physical Data Rooms , please contact:

EREX Petroconsultants
Mr. Nazih Tewfik
General Manager
Tel: + (202) 5254013, 5253989, Fax: + (202) 5254277
E-mail: petro.consultants@erexegypt.com, Website: www.erexegypt.com
Address: El Salam Tower, 115 Misr-Helwan Road - Maadi - Cairo - Egypt