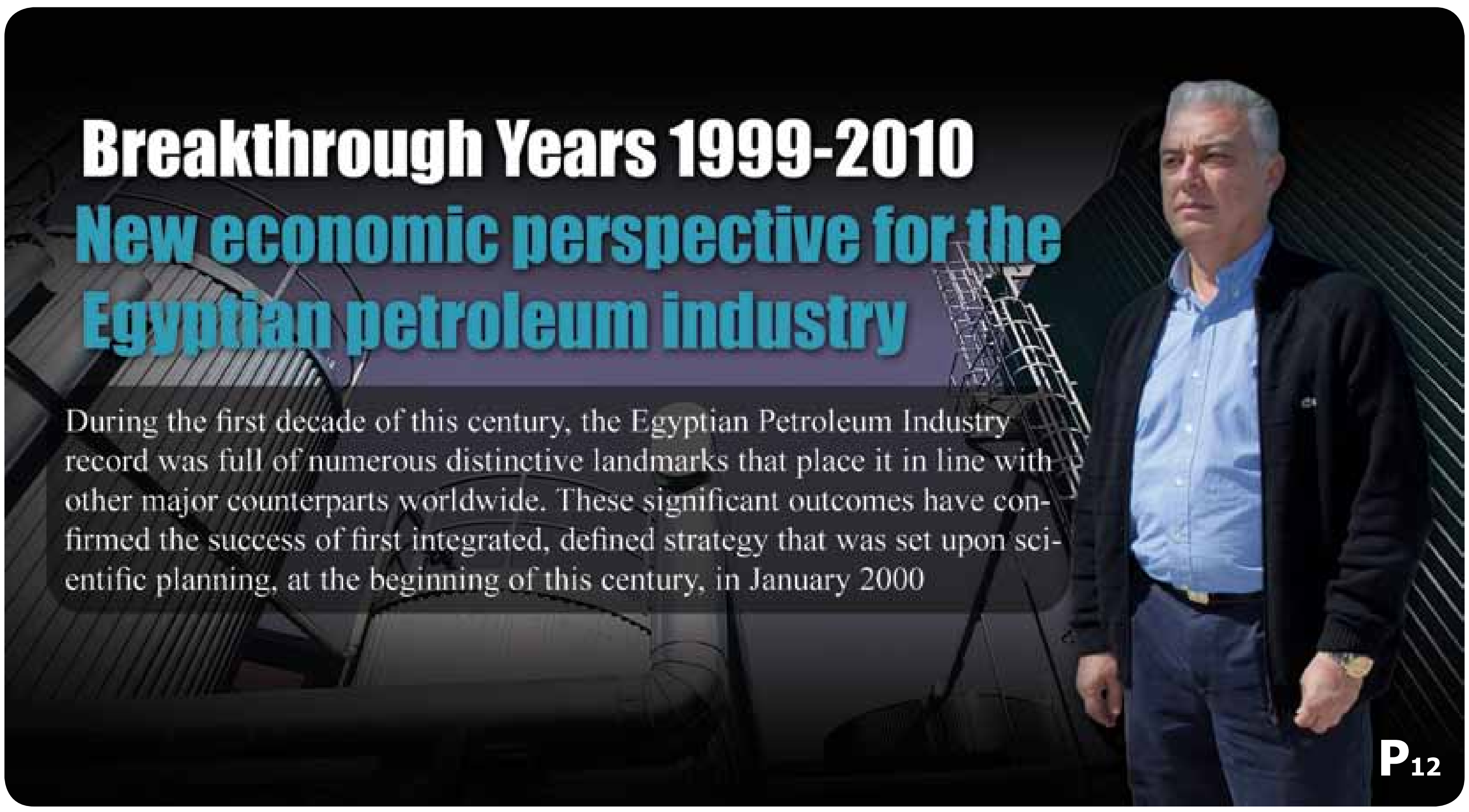
EGYPT OIL&GAS NEWSPAPER



Celebrating the 35th Petroleum Day

Selecting November 17th for the Petroleum Day celebration was not by coincidence. It is the date that marks the restoration of all Sinai fields that were detained by the Israeli Army during the war

P 14

When oil solidifies political ties

Too many success stories of the Egyptian petroleum sector crown the celebration of the Petroleum Day this month. Strengthening bridges connecting not only the companies operating in the Egyptian territories, but also connecting the Egyptian petroleum industry to its counterparts, has proven the vitality of the Egyptian industry on all levels

P20

Into the Global Jackup Market

Over the last quarter of 2010, the drilling offshore makers enjoyed a status of stability in the jackup market. The last eight months, the global jackup utilization counted for 80% since the beginning of 2010

P22

PetroAmir to dive deep in the Red Sea

Al Amir Petroleum Company (PetroAmir) is preparing to drill six new exploratory wells to apply the new drilling plan of the fiscal year 2010. The wells are in North West Gemsa Field in the company's acquisition area of the Gulf of Suez.

Eng. Omar Bibars, Chairman and Managing Director of PetroAmir, confirmed that the total investment of the new wells is $100million.

"PetroAmir current production rate is 9000 barrel of oil per day, and we will start the drilling operation in the first quarter of the current fiscal year 2010-2011," added Bibars.

He also added that his company drilled two exploratory wells in the previous fiscal year 2009-2010 in its acquisition area in North West Gemsa in the Red Sea, adding that the total investment of the drilling reached $10million and a production rate of 4300 barrels of crude oil per day.

It is worth mentioning that PetroAmir is operated by Vegas Oil & Gas.

GEMPETCO to expect more from Gemsa field

GEMSA Petroleum Company (GEMPETCO) is preparing to clarifying the rock structural in Gemsa field in its acquisition area in Gulf of Suez, aiming to open more layers in the producing wells near the end of the first quarter of the current fiscal year of 2010-2011.

Egypt Oil & Gas newspaper learned that the total investment of this operation is $300,000 as the company targeting to boost its production. Both the company's fields, Gemsa and El Zafrana, are considered on the top of the fields producing crude oil for the company. The Gemsa field produces 2400 barrels per day.

It is worth mentioning that GEMPETCO is a joint venture company between EGPC and the Egyptian compny PICO.

SUCO experimenting with a new technical study

Suez Oil Company (SUCO) is planning to start a contemporary technical study, aiming to explore more layers in its producing wells during the current fiscal year of 2010-2011 in its fields in Gulf of Suez. The main target behind this operation is to compensate the natural shortfall in the tanks as a result to water production.

Egypt Oil & Gas newspaper learned that the total cost of this study is $ 300,000. The company also developed seven development wells in the same concession, in order to boost the reservoir production of crude oil.

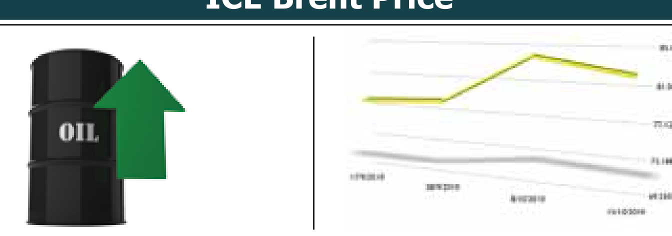
The study is expected to start in the second quarter of 2010-2011 economical year.

Interviews

In quest of success P16

Extra expansion into fresh assets P18

ICE Brent Price



The best is yet to come..

Wish you all well in such occasion of the 35th Petroleum Day, which all started to celebrate recovering our beloved Sinai fields. Each part of it represents great value to us, Egyptian people, let alone a part that hold a major division of the wealth and the blessings of oil and gas.

Perhaps the Government always pay more attention to Sinai in all its sectors and the petroleum sector. A proven evidence is that Eng. Sameh Fahmy, the minister of petroleum, announced founding a petroleum services company in Sinai to provide jobs for the district residences.

As for us Egypt Oil & Gas newspaper team would like to send each and every one in the Egyptian petroleum sector our good wishes and our appreciation, whether working in the public or the private sector. Both divisions always work hand to hand to place Egypt between the major oil and gas countries.

What we've witnessed of more discoveries day after day should make all Egyptians proud of their oil and gas administration. The continuous work from the ministry's side to maintain such success is considered their main goal they peruse daily.

The ministry's role of helping other Egyptian sectors, as the Electricity minister and providing it with enough gas to use in the power stations. The Petroleum ministry assured its role as the sole provider of energy in Egypt.

We are certain that our success as a newspaper would never come unless our public and private sectors partners were success. Those two sectors helped us to make our newspaper see the light, with a constant changing to better and the best is yet to come. Our team always work side by side to reach the most accurate information to provide it for our readers, and we've always found the help from both the public and private petroleum sectors.

Finally, we must thank Eng. Sameh Fahmy and all the workers in both public and private sectors, and wish them to reach the best form of success everyday.

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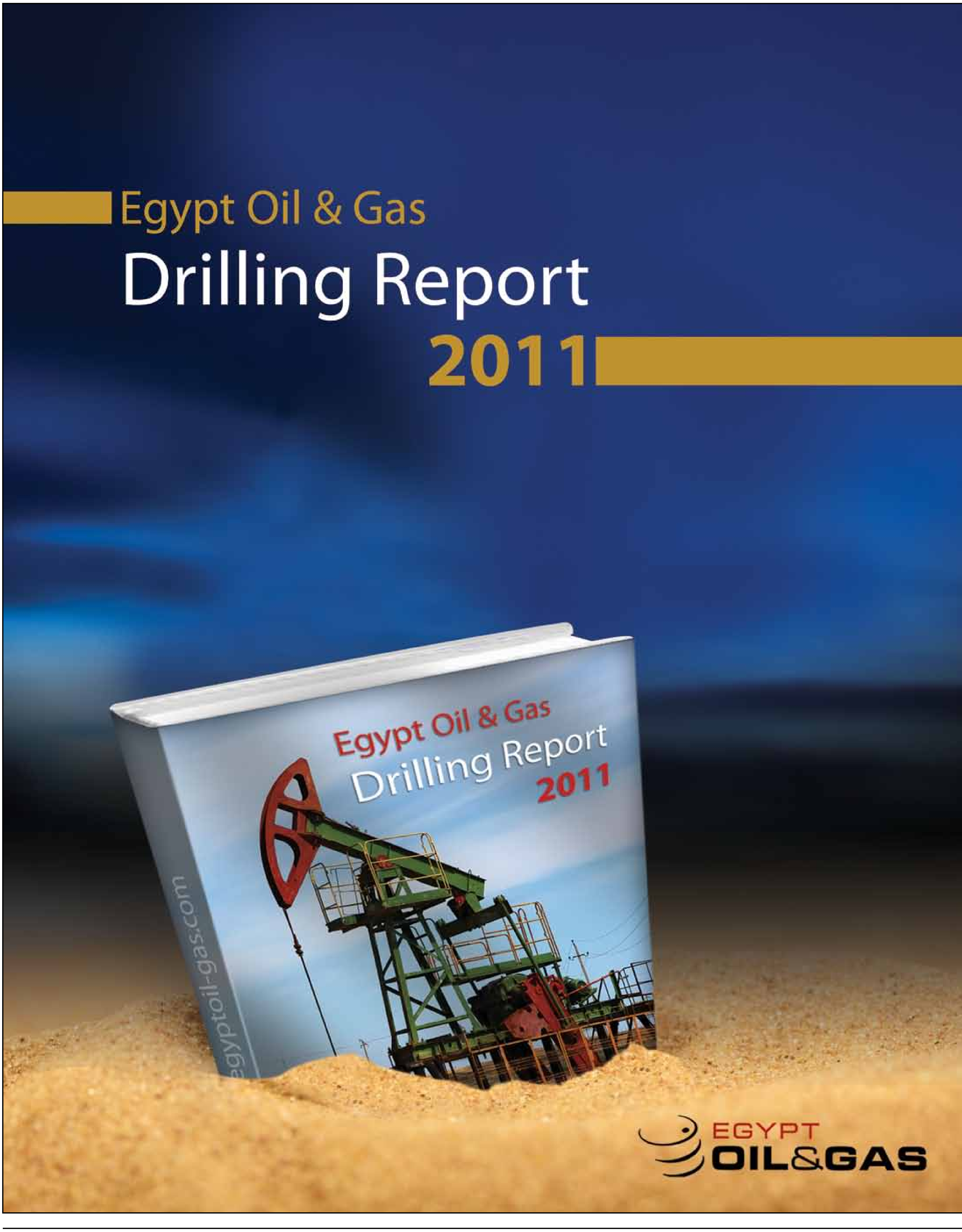
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El Hamra deeply develops in Alamein

El Hamra Oil Company revealed that it started to implement the development plan for the current fiscal year of 2010-2011. The plan includes developing six wells in the company's field in El Alamein.

Egypt Oil & Gas newspaper learned that developing those wells will cost $ 2.5 million as the company finalized determining the amount of oil in the layers of both the exploratory and development wells. The company is also planning to develop more of its wells in El Alamein in the coming period.

El Hamra main target in the current fiscal year is to reach 6000 barrels of oil per day, compared to the previous year of 1300 barrels of crude oil per day.

Essar in talks to set up 3 L bpd refinery in Egypt

Diversified conglomerate, the Essar Group, has expressed its interest to set up an oil refinery in northern Egypt at an estimated cost of about $3.4 billion and talks are on to conduct a feasibility study soon, a senior Egyptian minister has said.

"The company (Essar) has shown its interest in this regard (setting up an oil refinery in northern Egypt). Our Ministry has met with their officials here. We are negotiating on certain points and talks are on. However, we haven't reached a conclusion so far," Egypt's Minister of Trade and Industry, Rachid Mohamed Rachid, said while addressing a media round-table in Cairo.

The Egyptian government had recently announced that the Shashi Ruia-led Essar Group plans to set up an oil refinery in north Egypt that would have a daily production of around 300 thousand barrels per day.

According to the government officials such a project would usually cost around $3.4-billion, .

However, when contacted, Essar officials declined to divulge any details of the project.

"We have operations in all sectors, including oil and gas --upstream and downstream. As a group, we continue to look at synergistic growth and investment opportunities in these sectors in India and other emerging and growing economies. However, it is too early to comment on any specific project," the company said via e-mail.

Meanwhile, according to Egypt's investment body General Authority for Investment (GAFI), several Indian companies such as Essar, Mukesh Ambani-led Reliance Industries and Indian public sector unit Gas Authority of India Ltd (GAIL) have major investment plans in the oil and gas sector in Egypt.

While the Reliance group had in 2007 announced an $10-billion investment in the oil refining and petrochemicals and plastic industries, it has not initiated any project yet.

GAIL , which already operates in Egypt through a joint venture with Egypt Kuwait Holding company National Gas Company (NATGAS), has also announced an USD 6-million investment in gas distribution ventures in Fayoum and Cairo. NATGAS is the largest private local distribution company (LDC) for natural gas in Egypt.

The Indian investments, if they materialize, would not only boost economic and trade ties between both the countries but also help India become the largest player in the refinery sector and cater to the burgeoning local demand in Egypt as also the demand emanating from Gulf Co-operation Council (GCC) countries, according to GAFI.

PetroSenan of EGPC and Naftogaz

The Egyptian General Petroleum Corporation (EGPC) finalized the procedures of launching the joint firm with Naftogaz of Ukraine, after the late discovery it made in Abo Senan in the Western Desert. The company is named PetroSenan.

Eng. Abdul Khaleq El Tahawy, former operation manager at SUCO, was named the Chairman of the new company.

Earlier, Naftogaz paid a $3 million Signature Bonus to EGPC for drilling and exploration in the area of Abo Senan in the Western Desert, which shortly expects more discoveries in the area.

Previously, Eng. Sameh Fahmy, The minister of petroleum, approved on turning nine blocks of Naftogaz to Oil development, which includes HG34/1, HG34/2, HG34/3, HG34/4 wells. The proven reserve reached 3.4 million barrels of oil and 71.3 billion cubic feet of gas in the formation of Abo Rawash and Bahrya. The total space of the new contract, which is called the development contract HG, 27 kilometers.

El Waha to drill a new well

El Waha Petroleum Co. (previously known as OWAPCO) successfully guaranteed EGPC approval to adopt the new financial budget to implement the development plan of the current fiscal year 2010-2011 in its acquisition in West Qarun. The total investment of the budget is $10million.

Egypt Oil & Gas newspaper learned that OWAPCO is currently preparing to drill a new exploration well in the Middle of West Qarun mountain, on the natural and unnatural way of producing according to the new development plan. The total investment of drilling this new well reached $2.5million. In case of the success of the drilling, 3D seismic studies will be conducted in addition to that three more wells will be drilled in the same area.

It is worth mentioning that El Waha is a joint venture company between EGPC and Sahara Petroleum Services Company (SAPESCO).

Ganope offers new 7 blocks

Ganoub El Wadi Petroleum Holding Company (Ganope) invited the qualified international petroleum exploration companies to participate in the bid round for seven exploration blocks in Eastern and Western Deserts.

Hany Nassar, vice chairman for Agreements & Exploration, said that his company invited those companies for the first international bid round 2010, aiming to boost its production from its concessions.

Nassar added, in exclusive statements to Egypt Oil & Gas newspaper, that the bid round included three blocks in South Western Desert, adding two blocks in the area of Nile Valley, and the rest in Eastern Desert.

Nassar also added that Vegas Oil & Gas was among the companies that farmed out of its acquisition in the western side of the Eastern Desert.

Poland explores oil and gas sites in Africa

Poland's State Gas and Oil company (PGNiG) has announced that it is to invest 70 million dollars prospecting in northern Africa, next year.

The company is hopeful of locating oil deposits in Egypt and natural gas in Libya.

An initial gravimetric assessment has been made in Egypt already this month and if the gathered data confirms the economic feasibility of the project, drilling may be completed in 2015 and regular exploitation of the source may commence.

PGNiG's licensing agreement with the Egyptian government speaks of an 18 per cent company share on condition extraction reaches the level of at least 500 thousand tons of crude oil annually. Estimates speak of some 22 million ton deposits in the Bahariya region covered by the agreement.

In Libya, the speculated gas deposits may total up to 150 billion cubic meters of natural gas over an area of 5 and a half thousand square kilometres in the Murzug region.

PGNiG has planned the first four prospecting drilling sites there next year.

NORPETCO to measure its pressure

North Bahariya Petroleum Company (NORPETCO) is preparing to conduct pressure measurements for its wells, in order to monitor its tanks and producing wells. The procedure aims to reach the most idyllic way of production. Besides, it is performed in the middle and bottom layers of Abu Roash sands of West Qarun well.

The pressure of the tanks reached 1756 psi at a 5300 feet depth under sea level.

NORPETCO performed a maintenance process over ten wells in the past fiscal year of 2009-2010, to sustain the rate of the current production levels to launch the reserves from the production point to the delivery and process unit in Qarun.

It is worth mentioning that NORPETCO is joint venture company between EGPC and Sahara Oil & Gas.

Step-out well cased at southern Egypt oil field

Dana Gas Egypt and Sea Dragon Energy Inc., Calgary, set pipe and plan to test a potential extension well 4 km southeast of the nearest well in Al Baraka field in southern Egypt's frontier Kom Ombo basin.

Logs at the Al Baraka SE step-out well indicate 46 ft of gross pay in the Kom Ombo A and C formations. Total depth is 8,750 ft.

Meanwhile, Sea Dragon reported progress at other wells in Al Baraka field.

Minor oil saturations were observed at the Al Baraka-9 well, which tested noncommercial quantities of oil from the Six Hills E sands. However, petrophysical analysis indicates 50 ft of potential oil pay in the shallower Abu Ballas and Sabaia formations.

The companies recompleted the Al Baraka-5 well to isolate a bottom set of perforations suspected of producing water, installed a bridge plug, and returned the well to production. They plan to rework Al Baraka-6 to isolate water production from the lower Six Hills F-2 sands and recomplete the well in the Six Hills F-1 sands.

Al Baraka field is producing 600-700 b/d of oil, and the completion, workover, and fracturing program now under way is expected to lift output towards an expected yearend target of 2,000 b/d. The two companies hold 50-50 interests in the field.

Jordan looking to ink new gas deal with Egypt

The government is looking to sign an agreement with Egypt to boost natural gas supplies to the Kingdom, an official said on Wednesday.

At a press conference at the Prime Ministry yesterday, Minister of Energy and Mineral Resources and Minister of Environment Khalid Irani said officials have been in close contact with the Egyptian side to increase the amounts of natural gas, with an agreement expected "soon".

Currently, the country receives 240 million cubic meters of gas from Egypt annually as part of a 2004 agreement under which Cairo supplies Amman with natural gas at preferential prices.

Under the new agreement, the Kingdom would receive an additional one billion cubic meters, according to ministry officials.

Currently, 60 per cent of the Kingdom's electricity is produced from natural gas, and the remainder from heavy oil and diesel, Irani noted.

A shortage in natural gas supplies over the summer forced the Kingdom to rely on diesel and heavy oil for 80 per cent of the country's electricity generation, Irani said, noting that Egypt has faced availability issues related to the expansion and maintenance of its natural gas wells, resulting in the disruption.

He stressed that the country will continue to look for alternative sources of natural gas, both within the Kingdom and abroad.

Cairo and Amman reached an initial agreement in 2004 to provide the Kingdom with 2.4 billion cubic meters of natural gas at preferential prices, with an "agreement in principle" to eventually provide an additional 900 million cubic meters.

Egypt's Citadel to consolidate after fast growth

Egyptian private equity firm Citadel Capital has begun consolidating its businesses after spurts of rapid growth, yet still plans an initial public offering (IPO) of one of its companies, its chairman said.

Since its founding in 2004, Citadel has expanded quickly to control investments worth $8.3 billion, mainly in the Middle East and Africa, through a series of platform companies.

"Our concentration now is focusing on our existing investments, making sure that they're performing to their maximum possibilities," Chairman Ahmed Heikal told the Reuters Middle East Investment Summit in Cairo.

Until about the end of 2011, the company planned "to make very small incremental investments in those businesses, to debottleneck their capacity, to add small capacity," he said. "These are very small investments that generate a lot of money."

Citadel is looking to offer new shares in one of its companies, electricity and natural gas distributor Taqa Arabia, in an IPO before June.

The new funds would help Taqa, which also generates electricity, to expand its business in Egypt and elsewhere in the region, he said. The IPO could raise around $175 million, depending on the percentage stake sold and the price.

Citadel, whose stake in Taqa is 33-34 percent, had broached the idea last January of a Taqa IPO on Egypt's exchange.

CONSOLIDATION

Citadel underwent an earlier period of consolidation from August 2007 until October of last year, but then began a series of major transactions that lasted until March.

These included formation of a solid waste management firm in Egypt, the purchase of an indirect stake in Rift Valley Railways in Kenya and Uganda and the expansion of Wafra, a platform company for investments in northern and southern Sudan.

Citadel recently put together a $2.6 billion debt package for Egyptian Refining Co, which is building a $3.7 billion oil refinery in Mostorod in northern Cairo. Construction will begin as soon as the loan is closed, probably by year-end, Heikal said.

Citadel listed its own shares on the Egyptian stock exchange in November.

Heikal said the individual companies in its portfolio would continue to expand even as Citadel itself paused to take stock.

PetroSA eyes joint venture with Egypt firm

South Africa's PetroSA is seeking a joint venture with an Egyptian company, its chairman said, as it wants to continue working in the country although its own oil exploration efforts in Egypt have not been successful.

The South African national oil company already holds exploration acreage in Egypt and is "seriously considering" entering a new round of bids announced by the Egyptian General Petroleum Corporation, Linda Makatini told Reuters.

Makatini, in Cairo for a high-level state visit that included President Jacob Zuma and was aimed at bolstering the weak trade ties between the two countries, said she would maintain interest in Egypt.

"We understand that you cannot work in countries without engaging or participating jointly with the firms already operating there," she said in an interview.

PetroSA was in talks with several firms under the Egyptian Ministry of Petroleum but it would also seek opportunities with companies that are not necessarily 100 percent owned by the state, Makatini said.

"We come with the approach that I'm at your back door, my back door is also open to you," she added.

PetroSA's exploration efforts in Egypt failed to yield results after the firm spent some $100 million, Makatini said.

"As is the business of oil, it did not yield much results for us but it did not stop our appetite for wanting to work in Egypt," she said.

Egypt's proven reserves of oil and gas rose to 18.3 billion barrels equivalent in the year to end-June and the country expects to boost them to 20 billion over the next two years, the state news agency said in August.

Makatini said PetroSA was waiting for a political green light before selling a stake of up to 30 percent in a planned 400,000 barrel-per-day refinery at South Africa's port of Coega, potentially among the largest in sub-Saharan Africa.

The company has said it was talking to China's Sinopec as well as Malaysia's state-owned oil company Petronas and Sonangol of Angola.

"Sinopec is a partner. Definitely, we have engaged with them and they have expressed interest and requested further information," Makatini said. "We are looking to progress but once the political go-ahead is given."

Quotes

"The company (Essar) has shown its interest in this regard (setting up an oil refinery in northern Egypt). Our Ministry has met with their officials here. We are negotiating on certain points and talks are on. However, we haven't reached a conclusion so far"

Rachid Mohamed Rachid, Egypt's Minister of Trade and Industry, on Essar in talks to set up 3 L bpd refinery in Egypt

"The first (Iranian) shipment of 25,000 tones of petrochemicals was sent to Egypt"

Reza Hamzelou, Director of Petrochemicals Commercial Co, on Iran exports first petrochemicals to Egypt

"We are very pleased having Foster Wheeler committed as our PMC, and this represents an important part of ensuring the success of the project"

Basil El-Baz, Chairman and CEO, Carbon Holdings, on Foster Wheeler wins project management consultancy contract in Egypt

"As is the business of oil, it did not yield much results for us but it did not stop our appetite for wanting to work in Egypt"

Linda Makatini, Petro SA President, on PetroSA eyes joint venture with Egypt firm

"Our concentration now is focusing on our existing investments, making sure that they are performing to their maximum possibilities"

Ahmed Heikal, Chairman of Citadel Capital, on Egypt's Citadel to consolidate after fast growth

Sea Dragon provides an operational update on Egypt

Sea Dragon Energy Inc. is pleased to provide the following update on its Operations in Egypt.

NW Gemsa Concession

The AL Ola X-1 well was drilled to its total depth of 14,323 feet in the Nukhul Formation. Open hole logs were successfully run and the well was cased to total depth. The Lower Rudeis Formation where strong gas shows were experienced was perforated and is currently being tested. The same formation was found to be hydrocarbon bearing in the Al Amir SE#6 well located some 4km away from the Al Ola X-1 well. The shallower Kareem oil producing Formation was successfully encountered with 25 ft of oil pay. Once testing operations in the Lower Rudeis Formation are finalized, the well will be completed in the Kareem Formation.

Production from the AL Amir, AL Amir SE and Geyad fields in the NW Gemsa Concession is holding steady at 9000-9500bopd. Water flooding operations are now planned for the Al Amir SE and Geyad fields to provide pressure support and significant production increases. Cummulative production from the concession has now reached 3.6million barrels of 41 degree API oil.

Sea Dragon has a 10% working interest in the NW Gemsa Concession with Vegas Oil at 50% as operator and Circle Oil Plc. with 40%.

Kom Ombo Concession

AL Baraka SE Well: This step out well was spud on September 15th. The well is located some 4km southeast of the Al Baraka #9 well and is intended to delineate the limit of the Al Baraka field and test the prospectivity of the deep Kom Ombo oil bearing Formation. The well was drilled to its total depth of 8750ft., open hole logs were run and the well was cased. Preliminary analysis of the logs indicate a gross oil pay section of 46 feet in the Kom Ombo “A” and “C” Formations. Completion and testing operations will follow in early November using the Completion Rig.

Al Baraka #9 Well: The Six Hills”E” sands where minor oil saturations were observed was tested and non-commercial quantities of oil recovered. Additional potential exists in this well primarily in the shallower Abu Ballas and Sabaia Formations where Petrophysical analysis indicates some 50ft. of potential oil pay.

Al Baraka #5 Well: Recompletion operations were carried out on this well to isolate a bottom set of perforations suspected of producing water. A bridge plug was installed and the well was returned to production.

Al Baraka #6 Well: Recompletion operations will commence soon to isolate water production from the lower Six Hills “F-2” sands and recomplete the well in the Six Hills “F-1” sands.

The Al Baraka field is now producing some 600-700bopd gross. With the completion, work-overs and fracturing program now underway, production rates should soon begin to rise towards an expected year end exit target of some 2000bopd.

Sea Dragon has a 50% working interest in Jointly Operated Kom Ombo Block with Dana Gas Egypt owning the remaining 50%.

Commenting on these latest developments on our operations in Egypt, Company Chairman and CEO Mr. Said Arrata stated “ We are quite pleased with the preliminary results of the Al Baraka SE well. Once tested and the presence of oil in commercial quantities in the Kom Ombo sands is confirmed, additional development drilling will follow resulting in substantial increases in production. We are also encouraged by the continued success of the development drilling campaign in NW Gemsa and the anticipated rise in production and reserves as a result of the recently drilled Al Ola X-1 well and the planned water flood operations in the Al Amir SE and Geyad fields”.

Iraq eyes Arab pipe link

Iraq is considering linking up to a gas pipeline running from Egypt through other Arab states as a way to export its gas, Iraqi Prime Minister Nuri al-Maliki said today after meeting the Egyptian President Hosni Mubarak.

Iraq, the world’s 10th largest holder of gas reserves, wants to join top energy producers by tapping its oil and gas riches but foreign bidders face tough terms and shaky security in a country still fighting to tame an Islamist insurgency.

Maliki said his discussions with Mubarak included “the issue of Iraqi gas that could be linked with the Arab gas pipeline that comes out of Egypt to the rest of the Arab states.”

The Arab Gas Pipeline is aimed at supplying customers in Jordan, Syria, Lebanon and Turkey, and potentially Europe through Egypt, the world’s 15th biggest holder of natural gas.

Iraq auctioned off three major natural gas fields today to international companies, part of its strategy to shake off a legacy of war and isolation by opening up the lucrative sector.

Speaking in Cairo, Maliki said talks also covered potential economic deals between Iraq and Egypt which included a free market between Iraq and Egypt and the transport of goods between the two states via Jordan.

Maliki met Mubarak and other government officials in Cairo, the latest in a round of trips to the region that included Iran, Syria and Jordan.

Political analysts said the trips aimed to gain Maliki regional backing for his bid to stay in power by offering business opportunities in Iraq’s war-damaged economy.

“Our goal is to form a strong and cohesive government that represents the full spectrum of the Iraqi people ... God willing this government will come out to light soon,” Maliki said.

The lack of a new government seven months after an inconclusive election has sparked concerns of a spike in violence just as the sectarian slaughter triggered after the 2003 US-led invasion recedes and US forces start to withdraw.

Maliki, a Shi’ite, has won crucial support from Iran-backed, anti-US Shi’ite cleric Moqtada al-Sadr, but remains at odds with some Shi’ite groups and the secular, Sunni-backed Iraqiya bloc that won the most votes.

West Bakr to rent a new rig

West Bakr Petroleum Co is offering a bid to rent a new rig for the drilling plan of the current fiscal year 2010-2011 in its acquisition area of Eastern Desert.

Egypt Oil & Gas newspaper learned that the drilling plan includes the drilling of two new exploratory and development wells. The total cost of the two wells is $6million, compared to last year’s fiscal of $3million of drilling a well in the H16 field.

It is worth mentioning that West Bakr is a joint venture company between EGPC and EPEDECO.

Egypt’s Sidi Kerir unaudited 9M net profit rises 24 pct

Egypt’s Sidi Kerir Petrochemicals’s unaudited nine-month net profit rose 24 percent to 583 million Egyptian pounds, the stock exchange said.

Net profit was 470 million pounds in the same period a year ago.

Revenue in the January to end-September period rose 23 percent to 1.38 billion pounds, from 1.12 billion in the same period last year, the bourse said in a statement.

Oil Search drills ahead at Yemen appraisal well

The Al Measar-2 appraisal well in Block 7, Yemen, witnessed a drilling ahead pln by Oil Search, in 17-1/2" hole within the Harshiyat Formation at a measured depth of 1,111 meters.

The Al Meashar-2 is the first appraisal well of the Al Meashar-1 oil discovery, which was drilled in early 2010. The discovery encountered oil in the fracture basement; however oil flow rates were limited due to potential reservoir damage, which was incurred while drilling.

The appraisal well will be drilled from the existing Al Meashar-1 well pad and deviated parallel to the discovery well. The well is planned to be drilled using Managed Pressure Drilling, which is designed to minimize damage from drilling fluids in the reservoir. The well will be drilled to a planned total measured depth of 3,740 meters.

ExxonMobil awards Southern Iraq contract to Halliburton

Halliburton has been awarded a well-work integrated services contract by ExxonMobil Iraq Ltd. for refurbishment of wells in the West Qurna (Phase 1) field in southern Iraq.

According to contract, Halliburton will provide on-site logistics and technical support for both rig-less and rig-assisted workovers. Other services provided by Halliburton include provision of a workover rig, coiled tubing, slickline services, logging, production enhancement and well testing.

"We believe Halliburton's strong presence in Iraq, coupled with our technical leadership, was a factor in securing this contract from ExxonMobil Iraq Limited," said Dave Lesar, Halliburton's Chairman, President and CEO. "We are pleased to see our investment and commitment to provide services within Iraq being recognized by companies such as ExxonMobil and its West Qurna (Phase 1) project co-venturers."

Kuwait Energy scores in Iraq's bidding contest

Kuwait Energy has been awarded 20-year term gas development contracts for Siba and Mansuriya gas fields in Iraq's third bidding round.

Siba field is located in Basra Governorate, while the Mansuriya field is situated in Diyala province.

Kuwait Energy jointly bid with the Turkish Petroleum Corporation (TPAO), the national oil company of Turkey, for both gas fields. Kuwait Energy will be the operator of Siba, participating with a 60% contractor share, while the remaining 40% to be held by TPAO.

On the other hand, TPAO will be the operator of Mansuriya, participating with a 50% contractor share, Kuwait Energy 30% and Korea Gas Corporation (KOGAS) 20%.

The bids were judged on a remuneration fee in US dollars per barrel of oil equivalent (boe) and a plateau production target expressed in millions of standard cubic feet per day (MMSCFD) of dry gas. The successful remuneration fee for Siba was $7.5 per boe with a plateau production target of 100 MMSCFD. For Mansuriya the successful bid was $7 per boe with a plateau production target of 320 MMSCFD.

Dr. Manssour Abou khamseen, Kuwait Energy Chairman and Managing Director, said, "We are excited to start today a long-term partnership with Iraq for the development of their natural gas resources and look forward to applying our experience and technology towards building gas production in Iraq that meets domestic needs and export opportunities. Kuwait Energy has been working towards obtaining such contracts for over three years, and today marks a significant milestone for Kuwait Energy."

Thirteen companies participated in the bidding round for the three gas fields, Akkas, Siba and Mansuriya. The fields together have estimated reserves in excess of 11 trillion cubic feet of gas.

Saudi Aramco, Shell Extend Natural Gas Drilling to 2015

A joint venture between Saudi Aramco and Shell to drill for natural gas in the kingdom's empty quarter has extended its exploration license by five years to 2015.

The South Rub al-Khali Co., or SRAK, was one of three ventures launched in 2003-04 that gave international oil companies upstream access to Saudi Arabian energy reserves for the first time since 1980.

"We...requested for a second exploration period, which means a new commitment from the company including drilling wells and collecting seismic data," a spokesman for SRAK told Dow Jones Newswires Tuesday. "The government officially approved our request of entering a second exploration period for five years."

Saudi Arabia plans to greatly increase gas production in order to meet domestic energy demand and free up crude oil for export. However, the country hasn't yet discovered non-associated natural gas in sufficient quantities to replace oil as the fuel for its planned electricity plants and guarantee cheap feed stock for new petrochemical factories.

Shell's decision to continue its drilling program will allay some fears about the commercial viability of the exploration areas after the withdrawal of France's Total from the venture in 2008. SRAK is now a 50-50 venture between Aramco and Royal Dutch Shell.

SRAK said its new exploration phase would involve the drilling of three wells and the acquisition of 3,600 square kilometers of 3D seismic data and 3,000 square kilometers of 2D seismic data. It will also submit to the government an appraisal plan for Kidan area, a large sour gas field discovered in the 1960s.

Petrofac to manage Sharjah gas plant

Petrofac, the international oil & gas facilities service provider, has been awarded a contract by the Government of Sharjah, to take over operational responsibility and facilities management of the Sajaa Gas Plant and related assets, located approximately 30km from the commercial centre of Sharjah, UAE.

The five-year contract was awarded following a competitive open bidding process and is worth in excess of $250 million.

The Government of Sharjah, acting through the Sharjah Petroleum Council, holds a 60% participating interest in the Sharjah gas and associated liquids Concession. BP currently holds the remaining 40% and is the Operator of all Sharjah Concession petroleum operations, together with the Sajaa gas processing plant and associated storage, pipelines, condensate export terminal and Shalco LPG facilities. The Concession will expire in November 2013 and the Government of Sharjah and BP are actively working together on assuring a smooth transition of the BP-operated facilities to the Government.

Sheik Sultan Bil Ahmed bin Sultan Al-Qassimi, Deputy chairman of Sharjah Petroleum Council commented on the contract, "I look forward to working with the Petrofac team as they work towards continuous improvement of safety and operational performance at the plant and its associated assets. Appointing Petrofac before the end of Concession allows for a smooth management of change to be carried out while BP is still present as an equity holder in the concession."

Petrofac, through its Offshore Engineering & Operations (OE&O) business unit, has been awarded the Duty Holder contract to provide a full range of facilities management services to the Sharjah Government including: reservoir management, drilling and well services, plant operations and engineering and project management.

By the end of 2010 Petrofac will assume control of the operations while the Government of Sharjah will become the Concession Operator. During the transition program, around 130 personnel, currently involved in running the operations, will transfer to Petrofac.

"I am delighted to announce this contract with the Government of Sharjah which further consolidates Petrofac's position in the Emirate and the Middle East. Petrofac has a long established portfolio of managed facilities in the UK sector of the North Sea, where we pioneered the Duty Holder model. This expertise, combined with the group's substantial existing operations in the region, means that we are well equipped to deliver a strong outcome on this contract for the Government of Sharjah and BP. Our focus will be on a safe and effective transition, and asset performance and integrity," said Bill Dunnett, Managing Director of OE&O.

Abdulkarim Almazmi, President and General Manager of BP Sharjah, said,

"Petrofac's track record demonstrates that it has the capability to ensure the uninterrupted, safe and reliable operation of the facilities, while we transfer Operatorship to the Government of Sharjah prior to the end of Concession in 2013."

Tanzania hits 1st deepwater drill success

Ophir announced that the Pweza-1 exploration well in the Mafia Basin offshore Tanzania encountered a thick section of gas-bearing sands. The Pweza-1 well was drilled by Odfjell's semisub Deepsea Stavanger.

Results from the Pweza-1 well, which has the potential to de-risk other prospects and leads in the basin, are currently being evaluated.

The Pweza-1 well is located in Block 4, which is operated, by one of Ophir's wholly owned subsidiaries on behalf of a joint venture that consists of itself (40%) and BG International (60%). The well is located approximately 85km from the coastline in a water depth of 1,400 meters. The Ophir/BG group joint venture has interests in Blocks 1, 3 and 4 offshore Tanzania which cover more than 27,000sq km of the Mafia Offshore Basin and northern portion of the Ruvuma Basin, in water depths ranging from approximately 100m to greater than 3,000m.

Pweza-1 is the first of a three-well initial work program planned for Blocks 1, 3 and 4. The program also includes the acquisition of 4 000 square kilometers of 3D seismic data. BG Group has the option to assume operatorship of all three Blocks upon completion of the initial work program.

Ophir's Managing Director, Dr Alan Stein, commented, "The success of the Pweza-1 well is an excellent result for both the joint venture partners and for the Government of Tanzania on whose behalf we are exploring the area. This is the first deepwater well drilled in Tanzania. It has the potential to de-risk additional prospects and leads within the basin, providing a solid platform for further investment. A further two wells will now be drilled before the end of the year and we look forward to acquiring more 3D seismic data early next year. The joint venture has already negotiated a comprehensive series of agreements with the Government which provide a mechanism for the commercialization of offshore gas reserves."

The Ophir/BG joint venture now proposes to drill a further two wells as part of this first ever-deepwater drilling campaign in Tanzania.

Iraq likely to sign Shell gas deal by end 2010

Iraq is meeting with Shell to finalize a draft of a $12 billion deal to develop a gas-structure project in southern Iraq, and may sign a deal by the end of this year, a senior Iraqi oil official said Tuesday.

"There is a meeting being held in Basra [Tuesday] to agree on a final draft contract," Asri Mousa, an Iraqi Oil Ministry technical advisor told Dow Jones Newswires on the sidelines of an Iraqi petroleum meeting in Istanbul. It could be the last meeting before sending the draft to the cabinet for approval, he said.

"We are expecting to sign the project with Shell by the end of this year," he said.

Asked why the project was delayed, Mousa said the two parties needed to agree on some legal wording of the draft contract and they had done so.

The Iraqi cabinet last month delayed the finalization of the project with Shell and Japan's Mitsubishi Corp. to capture gas from Basra's oilfields because of legal issues related to the joint venture. The cabinet already had approved the planned investment in June, but it is now waiting to sign the final draft once it is resubmitted by the oil ministry.

Production of the 25-year venture--in which Baghdad has 51%, Shell 44% and Mitsubishi 5%--is expected to reach 2.5 billion cubic feet a day, officials said.

The project calls for the construction of a liquefied natural gas terminal, to be built by Shell and Mitsubishi, to handle the export of 600 million cubic feet a day of gas.

Shell had said one option would be to create a floating LNG facility off the coast of Basra in southern Iraq, which would be particularly attractive from a security standpoint.

The joint venture initially would deliver gas to Iraq's domestic market, mainly for electricity generation, but would export the extra gas after meeting local need in the form of LNG.

Iraq, which has natural gas reserves totaling 112.6 trillion cubic feet, produces only around 1.6 billion cubic feet a day, half of which is being flared. However, the country has ambitions to become one of the world's biggest LNG exporters, Mousa said.

Shell in January signed two Iraqi super-giant southern oil fields--a lead role in Majnoon and a minority stake in West Qurna Phase 1. The project will also invest in gas produced from the Rumaila and Zubair oil fields.

Global wind capacity to reach 200 GW

With around 40 GW of new capacity added this year alone, the world's installed wind power capacity is expected to reach close to 200 GW by the end of 2010.

These were the figures presented by Steve Sawyer, Secretary General of the Global Wind Energy Council (GWEC), at a press conference. "We do expect the US market to be down this year as the low level of orders we saw during the financial crisis work their way through the system. On the other hand, stronger growth in China will make up for this, and the European market is very stable," said Sawyer. "Overall, wind energy continues to be a growth market, weathering the economic crisis much better than some analysts had predicted."

In its five -year market outlook, GWEC forecasts that global wind power will double between 2010 and 2014, reaching more than 400 GW. This increase will continue to be driven by growth in China, the US and Europe, but new countries are also entering the global wind map. "As wind power is becoming more competitive, it is rapidly expanding beyond the traditional markets in North America and Europe. In fact, around half of the growth is now happening in emerging economies and developing countries," said Sawyer. "We are seeing very encouraging signs from countries in Latin America, including Brazil, Mexico and Chile, as well as Northern and Sub-Saharan Africa."

A longer-term outlook for global wind power growth will be presented by GWEC, which highlights three scenarios for the development of wind energy, showing how 1,000 GW of installed capacity could be operating worldwide by 2020, and as much as 2,300 GW by 2030.

Alstom builds Turkey's 24 MW wind farm

Alstom will construct a 24 MW wind farm in Turkey for Eolos Wind Energy Generation Co Inc, a subsidiary of Güris Construction and Engineering Co Inc.

The 24 MW Senkoy wind farm will consist of 8 Alstom ECO 100 wind turbines rated at 3 MW each, and will be erected near Hatay in southern Turkey.

The wind farm is expected to become operation late 2011 or early 2012, and could produce 83 GWh annually.

Alstom will supply, install and commission the wind farm, and provide operation and maintenance services for the first five years.

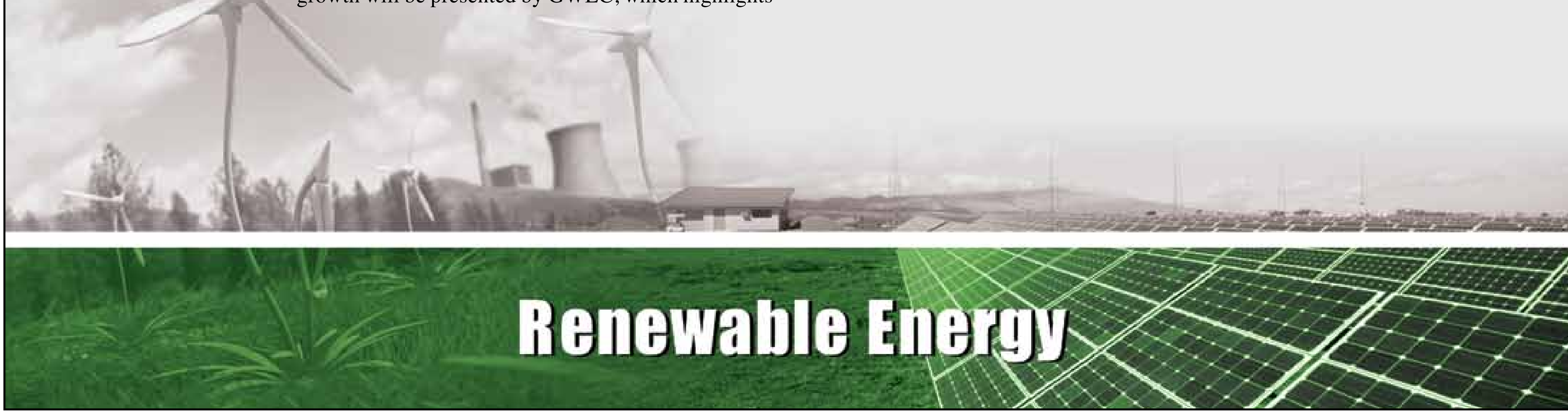
"The fast growing Turkish wind energy market holds huge potential and this project is a promising step for us in the country," said Alfonso Faubel, Alstom Wind Vice President.

"We're very pleased to bring Güris the benefits of our new generation of wind turbines, and to support Turkey's push to increase its installed wind power capacity.

Turkey's electricity demand increases on average 8-9% every year, and of its 46.5 GW installed generation capacity, 1.1 GW is from wind power.

In 2009, 343 MW of wind capacity was added, representing a growth of 75%. Alstom says installed wind power capacity is expected to grow 0.5-1 GW per year, reaching over 5 GW by 2015.

The country targets 20 GW of wind power capacity by 2023.



Egypt receives 1st Iranian petrochemical shipment

Iran exported its first petrochemical shipment to Egypt as part of a new agreement signed between the two countries in this field, announced Reza Hamzehlou, Managing Director of Iran Petrochemical Commercial Company.

"The final stages of negotiations between Iran and Egypt were going on for exporting five main petrochemical products including polypropylene, urea fertiliser, methanol, polymer grades and parazyline," reported The Mehr News Agency.

Africa has a share of just 1% of Iran's petrochemical exports.

In addition, talks have started in the ALBA region (Latin America) with countries such as Venezuela, Ecuador, Bolivia and Brazil for the exporting of Iranian petrochemical products to these countries.–

Iranian petrochemical products represent 25.8% of the Middle East's total export and 2.4% of the global output.

It also plans to produce 44 million tons of petrochemicals by the end of the current year.

The Iranian 20-Year Outlook Plan (to end in 2025) envisions the petrochemical output to reach 100 million tons by 2015.

Qatargas Canada's Repsol sign sales and purchase agreement

Qatargas and Repsol Energy Canada signed a multiyear sales and purchase agreement under which Qatargas will supply liquefied natural gas (LNG) to Repsol Energy Canada.

The proposed annual LNG sale to Canada will involve Q-Max deliveries and will come from the Qatargas 3 Company. It will be delivered at the Canaport LNG facility in Saint John, New Brunswick.

The delivery is seen to be Qatargas' first foray into the region with the Canaport facility capable of supplying over 1 billion cubic feet per day of natural gas into the Northeast US and Eastern Canada markets.

As a result of the agreement, Repsol has become a major player in the Eastern Canada and Northeast US natural gas markets. Currently, natural gas supplies 75% of the electric generation market in Northeast USA and continues to increase its share in the home heating market, according to a Repsol statement.

Initially, the supply will be for three years commencing with the first LNG delivery from Qatargas 3 project, Train 6.

Commenting on the deal, Sheikh Khalid bin Khalifa Al-Thani, Chief Executive Officerr of Qatargas, said "This agreement comes at a significant time for Qatargas as we prepare for the grand celebration of the state of Qatar's 77 mtpa of LNG production capacity, under the wise leadership of His Highness the Emir Sheikh Hamad Bin Khalifa Al-Thani and guidance and direction of HE the Deputy Premier and Minister of Energy and Industry Abdullah Bin Hamad Al-Attiyah. The deal further adds value as it will allow us to have access to the premium North East US market and Canada for the first time."

Benjamin Palomo, Executive Director of LNG for Repsol, said, "The new LNG supply from Qatar strengthens Repsol's position in the Canadian and Northeast US markets as a reliable, diversified, flexible supplier of natural gas."

Qatargas' Q-Max LNG carriers are capable of delivering 266,000 cubic metres of LNG during a single voyage making them the largest LNG carriers in the world.

Foster Wheeler wins contract for Egypt petrochemical project

Foster Wheeler AG announced that Foster Wheeler USA Corporation, part of its Global Engineering and Construction Group, has been awarded a project management consultancy (PMC) contract by Carbon Holdings for a petrochemical complex in Ain Sokhna, Egypt with a nameplate capacity to produce 1.35 million tons per annum of polyethylene.

The terms of the contract were not disclosed.

Foster Wheeler will provide technical support and consulting services to Carbon Holdings through financial close, estimated to be late 2011. Following financial close, Foster Wheeler will book the full scope of the PMC award, which includes overseeing the activities of the selected engineering, procurement and construction contractor and subcontractors.

The world-scale facility is expected to come on-stream in 2015.

Basil El-Baz, Chairman and Chief Executive Officer, Carbon Holdings, said, "We are very pleased having Foster Wheeler committed as our PMC, and this represents an imwportant part of ensuring the success of the project."

"Foster Wheeler was awarded the PMC after a competitive bidding process in which the firm clearly demonstrated its capabilities as a leading supplier of project management services for major petrochemicals complexes," said Charles Garfinkel, Chief Investment Officer, Carbon Holdings.

Foster Wheeler AG is a global engineering and construction contractor and power equipment supplier delivering technically advanced, reliable facilities and equipment. The company employs approximately 13,000 professionals with specialized expertise dedicated to serving its clients through one of its two primary business groups. The company's Global Engineering and Construction Group designs and constructs leading-edge processing facilities for the upstream oil and gas, LNG and gas-to-liquids, refining, chemicals and petrochemicals, power, environmental, pharmaceuticals, biotechnology and healthcare industries. The company's Global Power Group is a world leader in combustion and steam generation technology that designs, manufactures and erects steam generating and auxiliary equipment for power stations and industrial facilities and also provides a wide range of aftermarket services. The company is based in Zug, Switzerland, and its operational headquarters office is in Geneva, Switzerland.

3M Fire Protection Solutions Offering the Top Industry-Leading 20-Years Warranty

By 3M team

Novec 1230 fluid helps offshore marine vessels meet increasing environmental and safety standards

3M recently announced that 3M™ Novec™ 1230 Fire Protection Fluid now is offered with the 3M™ Blue SkySM Warranty. This industry-first assurance guarantees that if Novec 1230 fluid is banned from or restricted in use as a fire protection agent due to ozone depletion potential or global warming potential, 3M will refund the purchase price of the fluid. Novec 1230 fluid is a fire suppression fluid based on sustainable technology designed to balance the need for human safety and low environmental impact, while not compromising extinguishing performance.

"For drilling and oil company engineers who specify the fire protection systems on rigs, the Blue Sky warranty provides the peace of mind that their systems will withstand the increasingly strict regulations on environmental standards that are being imposed by global regulating authorities," said Joe Koch, business manager for 3M Novec Fluids. "To our knowledge, no other chemical clean agent comes with a comparable warranty."

The production of halon has been phased out in developed countries and will continue to be phased out in developing countries based upon the Montreal Protocol. With a zero ozone-depletion potential, an atmospheric lifetime of just five days (compared to 65 years for halon 1301) and a global warming potential of one (compared to approximately 3500 for HFC-227ea or HFC-25), Novec 1230 fluid is uniquely positioned to meet current halon replacement regulations and those in the foreseeable future.

Warranty Guarantees Fire Suppression Fluid is Poised to Meet Growing Regulations The non-conductive, non-corrosive and fast-evaporating fluid is commercially available globally and is being used in occupied and occupied spaces that contain delicate electrical equipment. The fluid can be applied in streaming, flooding, inerting and explosion suppression applications and leaves no messy residue to clean up so systems can remain operational.

The fluid, which is stored as a liquid, becomes a gas upon discharge and is therefore easier to handle and store. In addition, there is a distinct advantage in handling a low-vapor pressure liquid clean agent like Novec 1230 fluid as it can be shipped by air in bulk quantities. Due to the ease of transporting Novec 1230 fluid, offshore systems can be retrofitted without the rig having to return to a shipyard for maintenance. Systems charged with Novec 1230 fluid can be used in specialized streaming and conventional total flooding applications, localized flooding systems and directional spray type applications.

Leading OEMs that offer systems incorporating Novec 1230 fluid include: Tyco Safety Products, a component of Tyco Fire & Security; Siemens Building Technologies; Kidde, Fenwal and Chemetron, components of UTC Fire & Security; and SEVO Systems. For more information about 3M™ Novec™ 1230 Fire Protection Fluid, call 1-800-3M HELPS (1-800-364-3577) or visit www.3M.com/Novec-1230fluid.

The 3M™ Blue SkySM Warranty for 3M™ Novec™ 1230 Fire Protection Fluid: If 3M™ Novec™ 1230 Fire Protection Fluid is banned from or restricted in use as a fire protection agent due to ODP or GWP, 3M will refund the purchase price of the 3M™ Novec™ 1230 fluid. Warranty good for 20 years. Must register your system with 3M within 30 days of system commissioning and every five years. For complete terms and conditions or to register your system for the Blue SkySM Warranty, log onto www.3M.com/novec-1230fluid.

About 3M -- A Global, Diversified Technology Company

Every day, 3M people find new ways to make amazing things happen. Wherever they are, whatever they do, the company's customers know they can rely on 3M to help make their lives better. 3M's brands include Scotch, Post-it, Scotchgard, Thinsulate, Scotch-Brite, Filtrete, Command and Vikuiti. Serving customers in more than 200 countries around the world, the people of 3M use their expertise, technologies and global strength to lead in major markets including consumer and office; display and graphics; electronics and telecommunications; safety, security and protection services; health care; industrial and transportation. For more information, including the latest product and technology news, visit www.3M.com.

'No guarantees Macondo won't happen again'

Inspectors from the UK's Health & Safety Executive (HSE) have hit out at BP, saying the supermajor failed to give adequate safety training to crew at one of its North Sea installations.

A report in the Daily Telegraph this morning cited a letter sent to BP executives by HSE inspectors in October last year which said the "training of some new personnel to basic safety standards was ineffective".

The letter followed an investigation prompted by a complaint made by a worker at BP's Clair field.

The letter added there was "evidence of a culture among your contractors, Seawell (up to senior levels of management), of working outside of procedures, permit or permit conditions".

A Seawell spokesman said: "These investigations did not result in any improvement notice being raised or issued against Seawell.

"Seawell (has) the highest regard for all health and safety related matters and take all such investigations as very serious."

A reply to the HSE from the head of operations at Clair said: "Your letter provoked consternation amongst the Clair offshore team, who strongly refute the allegations set out in your letter."

Separately, the Financial Times said Department of Energy & Climate Change (DECC) inspectors also cited BP for failing to conduct oil spill exercises adequately.

The documents were released following Freedom of Information Act requests.

Records show that four out of five of BP's North Sea installations inspected last year were issued with warnings for failure to comply with regulations on oil spills.

Meanwhile, BP's outgoing chief executive, Tony Hayward, will appear before a UK parliamentary committee later today to discuss North Sea safety.

BP declined immediate comment.

DECC's inspections focus on manned installations that could be responsible for spills and assesses companies against regulations, as well as a company's internal oil pollution emergency plans, which DECC must approve.

The HSE aims to inspect large manned installations two to three times a year, and reviews smaller and mobile drilling units once a year.

In documents obtained from both sets of inspectors several platforms stand out, including BP's Magnus platform, which is in the UK's most northerly oilfield north east of the Shetland Islands and has been in operation for 27 years.

The facility was in breach of oil spill preparedness regulations during all three inspections carried out by DECC since 2006. The platform also features in inspection letters by the HSE.

The Telegraph report also said that records of HSE inspections carried out in the past five years reveal issues such as an insufficient number of lifeboats fit for purpose, defective emergency lights and poor maintenance of walkways and gratings.

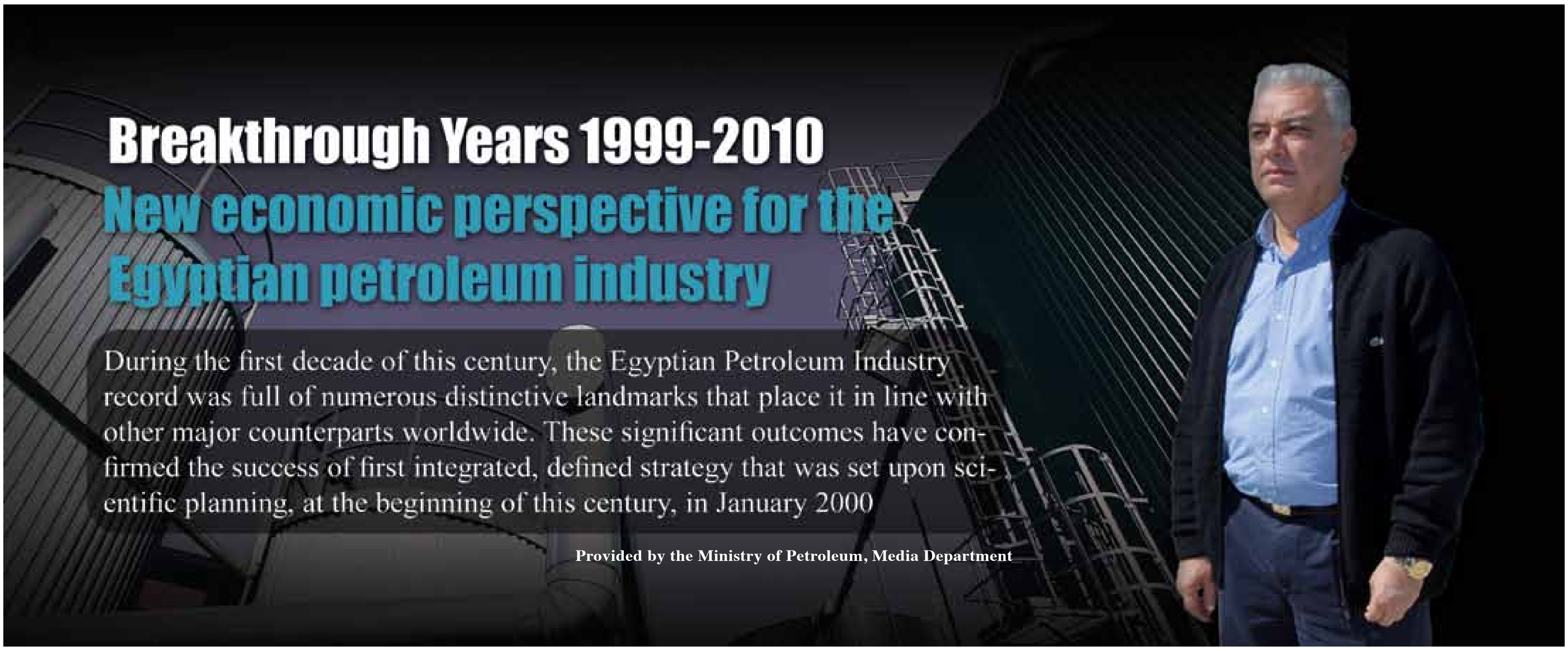
In one document, from 2008, the inspector criticizes BP's management policy in relation to maintenance and repairs.

Later today, DECC said that it is now satisfied with BP's safety training procedures in the North Sea after the company confirmed it had completed training and oil pollution emergency plans.

BP confirmed today that offshore managers had completed the required training, DECC said.

"BP have also confirmed that their installations have held exercises within the last year which tested their oil pollution emergency plans against appropriate scenarios and actions taken in response thereto," a spokeswoman for the government said.

"DECC is therefore satisfied that sufficient provisions are in place but will continue to monitor all operators activities, including BP, as part of an ongoing regulatory compliance program."



Breakthrough Years 1999-2010

New economic perspective for the Egyptian petroleum industry

During the first decade of this century, the Egyptian Petroleum Industry record was full of numerous distinctive landmarks that place it in line with other major counterparts worldwide. These significant outcomes have confirmed the success of first integrated, defined strategy that was set upon scientific planning, at the beginning of this century, in January 2000

Provided by the Ministry of Petroleum, Media Department

Starting with the agreements and contracts, the strategy of Petroleum agreements was significantly developed, which have attracted the interest of major companies to operate in Egypt for the first time. Due to the modifications made, some corporations have even resumed their businesses and returned once back to the country.

Over the period from the fiscal year of 1999-2000 to 2009-2010, a total of 176 petroleum agreements and amendments were inked. No doubt, the positivity of these agreements will be reflected through the results of the added volumes of reserves, fields development plans and production rates increase, which is a strategic asset for future generations in the presence of secured energy resources.

As a result, upstream plans were developed and exploration acreages were intensified all over Egypt, especially in the deep waters of the Mediterranean Sea and the Red Sea, along with applying modern techniques in the field of seismic survey. Hence, the Petroleum Sector achieved 489 discoveries in the regions of the Mediterranean Sea, the Gulf of Suez, Sinai, Eastern and Western Deserts, Delta and Upper Egypt, out of which, 311 discoveries were crude oil, while the remaining 178 were natural gas discoveries. These achievements have considerably contributed to increasing proven reserves of natural gas and crude oil.

Oil and Natural Gas Reserves

The Total proven reserves of crude oil, condensates and natural gas increased from approximately 11.8 billion barrels equivalent in 1999/2000 to about 18.4 billion barrels equivalent to date, of which 4.47 billion barrels are of crude oil and condensates and 78.1 trillion cubic feet of natural gas, compared to 3.7 billion barrels of crude oil and condensates and 44.9 trillion cubic feet of natural gas in 1999/2000. This is the highest volume of reserves achieved in the history of the petroleum sector in Egypt.

Rates of petroleum production

The total production of crude oil, condensates and natural gas jumped from about 1.1 million barrels equivalent per day in 1999/2000 to 1.9 million barrels of oil equivalent per day, in 2009/2010. Throughout this period of time, the natural gas production increased three folds, as a result of putting new fields on stream and applying state - of - the art technologies in addition to the rapid development of new discoveries.

Refining and Manufacturing

The Petroleum Sector has adopted flexible policies to keep pace with contemporary changes that would in return encourage investors of technical expertise to participate in the establishment of oil projects and refineries. Such projects provide petroleum products that are directed for the domestic market and for exportation means as well. A memorandum of understanding was recently signed with China to build a joint refinery, which is the largest in the history of Egypt. In addition, continuous completion of crude oil and products pipelines are being supported and developed, as well as bolstering storage tanks capacities whether in production or consumption areas.

The refining capacity witnessed a great development, which rose from 29.5 million tons in 1999/2000 to reach 37 million tons at the present time.

Expansion in Natural Gas Utilization

The early years of the 21st century witnessed a boom in the implementation of natural gas delivery projects to Egypt's governorates. The total number of residential units, supplied with gas, since 1981 until August 2010 was about 3.9 million units at various governorates; of which about 2.9 million were added during the period from 2000 to August 2010 compared to one million residential units, during the period 1981 - 2000.

This is in addition to about 1522 plants, 37 power plants and about 7766 commercial consumers. In the domain of establishing and developing of natural gas car fuelling stations, the number of natural gas conversion and fuelling stations increased to 129, and the number of vehicles converted to natural gas reached about 137.6 thousand up till June 2010.

Upper Egypt Gas Pipeline…A Qualitative and Developmental Leap for the South

The Petroleum Sector succeeded in completing the implementation of Upper Egypt Gas Pipeline Project, which extends from Dahshur in the north to Aswan in the south, with a total length of about 930 kilometers. The project is considered the longest of the National Gas Grid in Egypt, with a total cost of L.E.5.7 billion. The project will serve as the main artery of energy that will attract Egyptian, Arab and foreign investments to Upper Egypt governorates to contribute to achieving the optimal economic monetization of their natural resources.

Natural Gas leads the development drive in Sinai

There is no doubt that the delivery of gas to Sinai represents a cornerstone for developing this vital area. It has contributed to the reconstruction of Sinai and the implementation of many projects.

Sinai Gas Company was founded to speed up the delivery of natural gas to North and South Sinai governorates, providing a clean energy source for power plants, factories, tourist facilities and houses.

Petrochemical industry on the development agenda

In the framework set by the Ministry of Petroleum, a national plan is set for the petrochemical industry, to be implemented during the coming 20 years. This plan aims at achieving the maximum utilization of available and probable potentials of gas reserves and infrastructure, as well as achieving self-sufficiency of petrochemical products besides exporting abroad.

The implementation of the first phase projects has already started, with approximate investments of $5 billion.

During the fiscal year of 2011-2012, the remaining projects of the first phase will be placed on the production map, including polystyrene, ammonia urea and polyester projects. By terminating the first phase, the implementation of second phase projects will take place, with estimated investments of about $8 billion, which carry the target of satisfying the domestic demand, while exporting the surplus.

Oil Exports

The Petroleum Sector strategy aims at maximizing the oil revenues to achieve a surplus in the petroleum balance of trade by increasing the quantity as well as the value of exports with diversification to include crude oil, high quality petroleum and petrochemical products, in addition to natural gas. During the period from 1999/2000 to 2009/2010, the value of total exports reached about $82 billion.

Natural Gas Exports

The launch of greatest national strategic projects to export gas for the first time in Egypt marked the beginning of this century, which represents a qualitative leap of the best economic monetization of Egypt's natural gas resources & a way to support the Petroleum Sector balance of foreign exchange. There is no doubt that, the decision to export Egyptian natural gas helped to stimulate foreign companies to intensify exploration, particularly in the deep water due to the presence of outlet terminals to market the produced gas after satisfying the domestic market requirements, resulting in production rates & reserves increment, achieving a major development.

Also, natural gas export earnings, contributed to increasing the Egypt's outcome of foreign currency, along with the active participation in achieving an overall economic development for the State.

Arab Gas Pipeline

The Arab Gas Pipeline is one of the most important regional Arab cooperation projects in the natural gas industry, which has been implemented in the first decade of this century. For the first time in the history of Egypt, natural gas reached Jordan, Syria and Lebanon, marking Egypt joining the club of gas exporting countries worldwide.

The Arab Gas Pipeline is one of the main energy arteries, feeding Europe after linking it to the European gas networks.

Natural Gas Liquefaction and Export Projects

The Petroleum Sector managed to implement the first two LNG export plants. The first one was established in Damietta, with investments of $1.3 billion, and its first shipment was exported in January 2005 to the USA, Korea, and Mexico. The second plant is held in Idku where it consists of two liquefaction units; the 1st unit exports started in May 2005, to Spain, Greece, Mexico,

India, France and Japan, while the second unit export was launched in September 2005, to Spain, France, USA, Japan, Korea, India, Taiwan and Turkey.

Petroleum Investments

The availability of political, economic and investment stability, currently witnessed in Egypt under the leadership of President Mohamed Hosni Mubarak, has enhanced Egypt's position as a producer and exporter of oil and natural gas, which in turn resulted in Egypt's acquiring the most significant factor for attracting international investments. Moreover, Egypt is regarded as a source of energy supply and a reliable transit country as well and enjoys the necessary elements to become a regional energy hub, supported by its proximity to energy resources and markets. Also, Egypt enjoys adequate natural gas reserves and the necessary infrastructure and facilities, needed for the gas export projects such as the three major projects to export liquefied natural gas.

During the period 1999/2000 - 2009/2010, the total foreign investments in exploration and development, reached about $35 billion. The influx of foreign investments is due to the high oil potential in Egypt, which is supported and confirmed by global reports and studies. According to the latest report of the U.S. Geological Survey (USGS), the Nile Delta and Mediterranean Sea regions contain undiscovered natural gas reserves of about 223 trillion cubic feet, in addition to undiscovered crude oil and condensates reserves of 7.6 billion barrels.

The Petroleum Sector succeeded in signing various petroleum agreements, the most important of which is the agreement signed at the beginning of 2009 with the Italian Edison to involve a production sharing partner in Abu Qir offshore fields, achieving the highest record of foreign investments at this significant time reaching over $3 billion, of which $1.4 billion signature bonus and the remaining are investments over several years for the development of the Abu Qir offshore area. This agreement will be recorded in the history of the Petroleum Sector as the most significant petroleum agreement that will contribute to bolstering and increasing Egypt's natural gas reserves and production.

A Strategic Framework Agreement for the development of joint initiatives in the fields of exploration, production and transportation of hydrocarbons was signed, on 27/7/2010, by Eng. Sameh Fahmy, Minister of Petroleum, and ENI's CEO Paolo Scaroni, in the Italian city, Milan.This strategic framework agreement of cooperation comes within the context of carrying out the cooperation initiative, signed during the Italian-Egyptian Summit, which took place in May 2009, Sharm el-Sheikh, and was headed by President Mubarak and the Italian Prime Minister, Silvio Berlusconi, to promote cooperation between the two countries in the field of development.

The Strategic Framework Agreement provides a joint cooperation initiative in the Mediterranean region, outside the Egyptian borders throughout a partnership between the Egyptian Petroleum Sector and the Italian Corporation Eni, to mutually exchange information among the parties and joint studies to pursue common projects in oil and gas domains. The Agreement also provides the participation of the Petroleum Sector in Eni's upstream activities in the development of petroleum concession areas in Iraq and Gabon.

Moreover, the cooperation agreement includes allowing the opportunity for Eni, to use the gas transportation capacity in the Arab Gas Pipeline system, in coordination with the other countries involved in the Pipeline and in accordance with the agreed upon measures, where Egypt presently exports gas to Jordan, Syria and Lebanon and which may be expanded and interconnected to other gas transport systems in the coming period to transport natural gas, particularly from Iraq.

Given that, the Arab Gas Pipeline is a strategic line and one of the most significant regional pipelines along with allowing the necessary flexibility to exchange as well as transfer quantities of natural gas, currently and in the future.

It also signed two petroleum amendments between the Egyptian General Petroleum Corporation (EGPC) and the British Company BP & the German RWE Dea, in North Alexandria and the west Mediterranean deepwater to develop estimated reserves, at about 5 trillion cubic feet of gas and 55 million barrels of condensate contributing to securing daily gas production supplies for the domestic market. First gas is expected in October 2014, at an estimated average of 900 million cubic feet per day and 10 thousand barrels of condensates per day. The amendment of the agreements includes conditions that guaranteed Egypt great advantages, particularly with the risks of development in the Mediterranean deep waters concession area, due to high pressure and temperature. In addition, the foreign partners will take upon all the needed investments for the development, which are about $ 9 billion, without any cost-recovery. This agreement unlocks a new phase in realizing the huge potential of the Nile Delta basin, which will play an important role in meeting regional & domestic energy security needs in the coming decades.

The Agreement is regarded as the biggest single investment in the upstream field to date, as the project will be supported with the necessary technical expertise, in addition to the deployment of leading-edge technologies.

The success of the Petroleum Sector in attracting foreign investments was represented in the successful conclusion of 17 new petroleum agreements and amendments during 2009 / 2010 with investments of about $ 3.3 billion in various regions of Egypt. Foreign investment in exploration, development and operation domains during the same year reached about $ 7.7 billion.

However, there are large available opportunities on a large-scale for investment in other areas of the petroleum industry including; refining, petrochemicals and gas liquefaction & processing petroleum equipment projects, in addition to the promising domain of Mineral Resources, which represents a new and important area to attract investment.

The Egyptian Petroleum Contracting Companies Start to Work Abroad

The early years of the 21st century, witnessed the expansion in the activities of Egyptian Petroleum Contractors, i.e. Petrojet- ENPPI – PMS – Gasco – EDC – CarGas – GasCool – SanMisr, to operate in the Arab, African & Latin American countries in spite of the competition with major international companies. The value of the work carried out abroad reached, about $5.1 billion for the implementation of projects in 14 countries, which contributed to increasing the presence of Egypt and its ability to compete in the labor market abroad.

Local Manufacturing

One of the most significant landmarks in the history of the modern Egyptian petroleum industry, is the Petroleum Sector tendency to maximize and deepen local manufacturing throughout increasing the manufacturing capacity in the production workshops of the Petroleum Sector companies to encourage domestic production and reduce import along with rationalizing foreign currency utilization to maximize the surplus and achieve optimum monetization of natural resources along with maximizing the added value & provide new job opportunities for youth as well as the transfer and adaptation of the world's latest technologies.

The Petroleum Sector, also, entered the domain of manufacturing onshore and offshore drilling rigs due to its significance in maximizing the oil resources in light of the expansion and intensification of oil and gas exploration. The Petroleum Sector managed to manufacture of the first onshore oil rig (Mubarak -1) at the end of 2007. Mubarak -1 rig started operation in the concession area of northwest Gemsa in the Eastern Desert for Vegas Co. and achieved 2 oil discoveries in the Eastern Desert in the first two wells drilled for the Greek Vegas Company, followed by the production of another 4 oil rigs. Egypt also entered strongly, for the first time, in the field of manufacturing offshore rigs in cooperation with China and Japan; it has been prepared to manufacture 5 offshore rigs. The first factory for the manufacture of oil and gas pumps, which is the first of its kind in Egypt and the Middle East, was established in Suez in participation with the German Ruhrpumpen Co... Oil extraction absorbent and compressing pumps were manufactured for the first time in Egypt in participation with Lafkin International Company, in addition to establishing the first factory for the production of pipes and drilling caissons in the Gulf of Suez, at Ain Sukhna using the latest Japanese and Chinese technologies.

Development of Upper Egypt Areas

The Petroleum Sector increasingly prioritizes the development of Upper Egypt areas to bring about overall development to raise the standard of living of citizens. The most important measures that were taken in this regard are the establishment of an independent structure to carry out all petroleum activities in Upper Egypt, Ganoub Al Wadi Petroleum Holding Company. Since its establishment in 2003, the company managed to intensify its efforts to achieve comprehensive development in Upper Egypt in all petroleum activities and was able to achieve first oil discovery there, i.e. Al Baraka-1, which was put on stream at the end of 2007, followed by Al Baraka - 2, 3, 4,6. This is considered a strong breakthrough and a new phase in the history of the Egyptian oil industry and Upper Egypt, as a promising area on the map of petroleum production in Egypt. It also encourages the continuous intensification of oil exploration in other areas in the south and attracts more international companies.

Mineral Resources: New Vision for a Better Future

Mineral Resources Sector has witnessed achieving many successes, since transferring its affiliation to the Ministry of Petroleum in October 2004. The most important of which are completing preparation of the first integrated strategy for the Mineral Resources in Egypt for the next 25 years, and the new mineral resources draft law aiming at setting a new legal framework for the Mineral Resources activity that attracts investments and provides local industry needs of the mineral raw materials, in addition to erecting industrial projects depending on these available raw materials, that leads to the increment of Egypt's revenues.

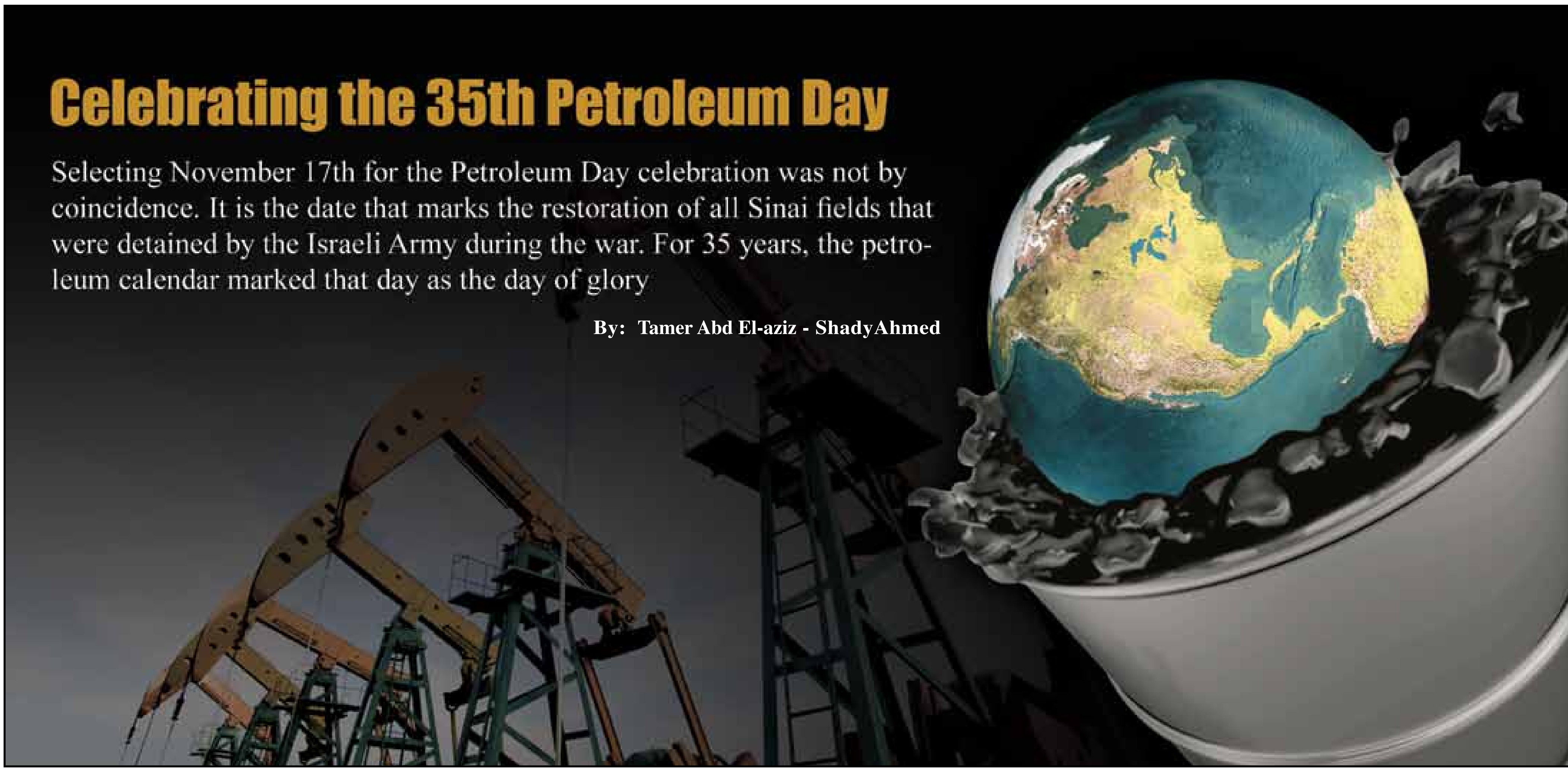
The first integrated plant at Mubarak complex for the production of gold, silver and copper at Al Sukkari region was established representing an industrial, technological and economic leap in the gold industry in Egypt, and a serious beginning to join gold producers in the world extensively during the coming years. Moreover, the mine's production also includes silver and copper which raises the economic value of the project. Total production, since startup in January 2010 until 2nd of October 2010, is about 3.4 tons, and according to the production plan, it's expected to produce about 5-6 tons of gold from Al Sukkari mine during 2010, which exceeds what was produced in Egypt over the last century (7 tons).

In addition, production continued from Hemsh mine at the Eastern Desert, which witnessed production of the first gold bar in April 2007 after a halt of more than 50 years. Gold regular commercial production, since its start up, in January 2008 till now reached about 100 kilograms.

Currently, the construction of an integrated global city for gold industry in Marsa Alam is under study, with investments estimated of about $500 million, with the participation of Egyptian, Arab and foreign investors to produce the final gold jewellery.

Preparation of establishing the first database for mineral resources in Egypt is currently underway, as the first specialized center for information in this domain.

In the framework of the Ministry of Petroleum contribution to the development of Sinai regions, a plan for establishing an industrial, mining complex has been completed, and it is planned to offer a bid round for the exploitation of coal mines in Al Maghara area at Sinai, which includes proven reserves of about 25 million tons, that will help to develop the Sinai region.



Celebrating the 35th Petroleum Day

Selecting November 17th for the Petroleum Day celebration was not by coincidence. It is the date that marks the restoration of all Sinai fields that were detained by the Israeli Army during the war. For 35 years, the petroleum calendar marked that day as the day of glory

By: Tamer Abd El-aziz - ShadyAhmed

Dr. Hamdy El-Banaby, former minister of petroleum extended his greetings to all the sector employees in general and to Eng. Sameh Fahmy in specific, appraising the outstanding development rates the industry has witnessed. "The Egyptian petroleum sector has been blessed with a series of discoveries and attainments, which are the results of the vigorous efforts and strategies of the promising industry heads."

El-Banaby added that the utilization of up-to-date technologies and developing the different skills of employees were among the major factors behind the successfulness and richness of the petroleum sector.

"The industry is facing serious challenges that should overcome it, such the over energy consumption, the increasing energy price… etc. Unfortunately, we lose 70%-80% of our energy due to our over consumption," warned El-Banby. "Hence, we should promote the efficient utilization concept to save our resources we should review the way we are consuming our energy. This is should not be the role of the Ministry solely, we should all as citizens cooperate together."

Eng. Ismail Karara, former Ministry of Petroleum under-secretary for gas, said that the Ministry bears the heavy barrier of supplying the local demand while subsidizing several petroleum products for citizens. "Despite this exhausting load, all the employees headed by Eng. Sameh Fahmy exert all their efforts to continuously satisfy the demand. This is can be reflected in the number of agreements and contracts signed to ensure the increase of production rate, to open new doors for investments and at the same time to solve the country's unemployment problem by offering job vacancies in the new projects."

Karara extended his wishes for a more prosperous petroleum sector and suggested to modify the working conditions of the industry personnel as an accreditation for their stupendous efforts to better serve the community.

The Petroleum Day is the celebration through which people should assess the positivity of this vital sector and value the achievements attained, said Taher Abdel Rehim, Operation Manager of Rashid Petroleum Company. "No one can deny the ever increasing rate of discoveries that have satisfied the increasing demand for energy." He further added, "we should even intensify the number of gas discoveries, taking into consideration the importance of natural gas worldwide, which is considered as a backbone for any community… it is a clean and cheap source of energy that can be easily liquefied and transferred to various industries".

Similarly, Eng. Abdel Alim El-Sawaf, Operation Manager of PetroShahd Company, believes that the Petroleum Day is an honorary occasion to recognize the men standing behind the successes of the petroleum industry. "Eng. Sameh Fahmy has always been keen to praise Egypt's endowments and capabilities among other countries through his sector… this celebration is also a chance to exchange more ideas to better develop the sector and dissolve any kind of barriers facing it," he added.

El-Sawaf shed lights on the Minister continuous support to all companies and employees, whether psychologically or financially, to boost their efforts and strengthens the work cycle for more achievements and successes.

"This year's celebration may witness pivotal decisions and crucial announcements from the Minister side, to draw the Ministry of Petroleum strategy for next year, especially that most of the companies have scored rates in production, development and drilling rates," expected El-Sawaf.

Compared to last year, many agreements were sealed and positive reviews and directions were made concerning some projects, such as the Upper Egypt Gas Pipeline that was fully implemented by the Egyptian workforce, increased the production rates of proven gas and reserves and contributed to the gas transfer to Sinai. "I expect that this year's celebration will be no less than the previous ones," confirmed El-Sawaf.

"This is the day when excellence and stupendous efforts are recognized and honored," this how Eng. Omar Abdel Rehim Bibars, Chairman and Managing Director of PatroAmir Company described the Petroleum Day celebration.

This celebration is of a great value to all petroleum companies as they seize the opportunity to present their ideas and their company's new plans through private meetings with the Minister of Petroleum. "Some companies would suggest expanding work cooperation between the Egyptian and foreign companies through the signing of more agreements as an attempt to ensure the flow of more foreign investments into the country, which would add up to the national treasury," he added.

Bibars declared that most of companies are attributing more attention to increase the exploration and production plans as well as to develop the young employees, which are all part of the dynamic strategy set by the Ministry of Petroleum.

He also highlighted that the Minister has always recognized the top officials who had great roles in the petroleum sector, especially the former ministers of petroleum, Eng. Ahmed Ezz Eldin Helal, Chemist Abdel Hady Kandil, Dr. Hamdy El-Banaby.

"During the fiscal year of 2009-2010, the Ministry of Petroleum honored the companies that exceeded the production level of 50 thousand barrels per day. These companies succeeded to improve their production rates, raise the volume of their exports and added to the crude oil, condensates and natural gas reserves," Bibars concluded.

In the same way, Eng. Abdallah El-Desouky Sultan, Chairman of West Bakr Company believes that honoring the partners of success is considered as an incentive for the industry workforce to keep their efforts and potentials to add more to the industry achievements. "This year, the Minister would honor as well names of the employees who lost their lives while being on duty, the petroleum industry martyrs."

The Ministry of Petroleum has not been concerned with production achievements and industry progress only, but it has also dedicated special attention to the employees by offering adequate work rules and conditions and investing in their skills and capabilities as they are the core of the industry triumph.

In quest of success

"So as to reserve the good reputation and the high quality of our services, in 2011 we are going to focus on the high and unique techniques and solutions," Mr. Hany Abd El Halim, Chairman of Petrographics, explained while talking about the company's plans for 2011

By: Tamer Abd El-aziz - Ahmed Morsy

Petrographics is an Egyptian fully independent Oil Services Company established in 1992 and began to noticeably float on the surface of the Egyptian Oil and Gas sector in the last three years through their successfully applied strategy. Indeed, their adopted policy not only qualified them to be a successful emerging company within the sector but also made them capable of claiming the second place in the 4th Ramadan Petroleum Soccer tournament. Thus, Egypt Oil & Gas was motivated to interview the company's officials and make a tour in the company headquarter located in the free-zone to find out their secrets and know more about their strategy. During our tour, we realized that it mainly depends on the teamwork environment and friendly atmosphere. Finally, we were welcomed by Mr. Hany Abd El Halim, Chairman of Petrographics, and Dr. Abou Bakr Radwan, Vice Chairman, and began conducting the interview…

Give us a brief about PETROGRAPHICS and its services?

- Petrographics has three core businesses. The first one is providing integrated data management services and solutions for the Oil & Gas companies. Data management is simple in its definition; however, it has a very effective role since it secures the risk of the companies within the sector. As it allows the data to be more organized, justified and easily retrieved which finally eases the process of decision-making.

As for the second core business, it is about the processing center provides. It is considered as one of the latest technologies which exist in Egypt. Besides, the seismic data processing allows us to provide a unique outcome which requires huge resources whether it was about software or hardware. As a fully independent company, as we don't depend on agents, we freely choose which technology we need to purchase in order to get the full outcome of it. Awing to the environment, we have certain structures in Egypt and the Arab region that's why we chose the software which can perfectly fit the requirements. Moreover, we also performed projects for foreign companies outside Egypt like PetroCanada and Oxy. Locally, we worked with the Syrian United Company as a subcontractor for GANOPE.

Finally, the third core business, which is believed to be the most important, is mainly about the reservoir characterizations and management as well as data inversion. It combines the Geology and Geophysics. We already have solutions to minimize the risk of the companies regarding the locations of the wells. We also have unique software which is fracture detection. As we offer better studying for the choosing the drilling areas. In this field, we have many well-known international clients such as Oxy and Eni.

Additionally, one of our main characterizations is the manpower. They always have the motivation to produce a non comparable product whatever its field was. Moreover, they are perfectly chosen that's why they exert huge efforts in order to produce the better service.

Mr. Hany Abd El Halim

We have four branches in Egypt, Syria, Libya and Algeria. In addition, we have agents in Kuwait, Saudi Arabia, Chad and Kazakhstan.

Established in 1992, what are the major achievements of PETROGRAPHICS in the last period?

- There is a fact that the competition in Egypt is so fierce regarding the pricing issue and regardless the quality of the service. In Egypt, the priority in any tender is for the low price which is always culpable for us. So, locally we struggle hard to overcome such obstacle.

On the other hand, our commitments abroad are more than what we do in Egypt by fifteen times. We always believe that we will get the revenue on the long run since it is impossible to supply a good quality without gaining the revenue. However, one of our local achievements which we are proud of was successfully performing the data management of Belayim Petroleum Company (Petrobel). Besides, we performed a great work in establishing the database of Libya as a country.

What is PETROGRAPHICS' plan for 2011?

- In 2011, we are going to focus on the high and unique techniques. The high technique which we are planning to provide next year will separate us from such competition. So as to reserve the good reputation and the high quality of our services, we should always have unique solutions and services. Besides, we try to concentrate on the usual problems and errors which the companies face specially on reducing the risk of choosing the places of drilling. It will be considered as a revolution in such field.

We are also planning to give the opportunity for the fresh graduates to have scholarships whether they are geologists and geophysicians. We will decide the number graduates to let them a one-year studying course in addition they will get salaries. The training program will be based on the requirements of the market which will make them swiftly qualified.

What is the volume of the total investments of PETROGRAPGHICS locally in the next fiscal year?

- There are two kinds of the services companies: the first kind is the one which owns and utilizes materials. While the other kind is basically work on studies and information. So, the one which utilizes the materials necessitates huge investments. As for us, we work on knowledge and information as well as investing in manpower. Hence, our investments in all our branches don't exceed $10million per year.

What are the companies which PETROGRAPHICS operates with?

- We are working with Agiba, Petrobel, DanaGas as well as HBS. Currently, we also work with Kuwait Oil Company (KOC) through Schlumberger as a subcontractor in specifically in the field of data management.

Do you consider any other expansions after having four branches in Egypt, Libya, Algeria and Syria?

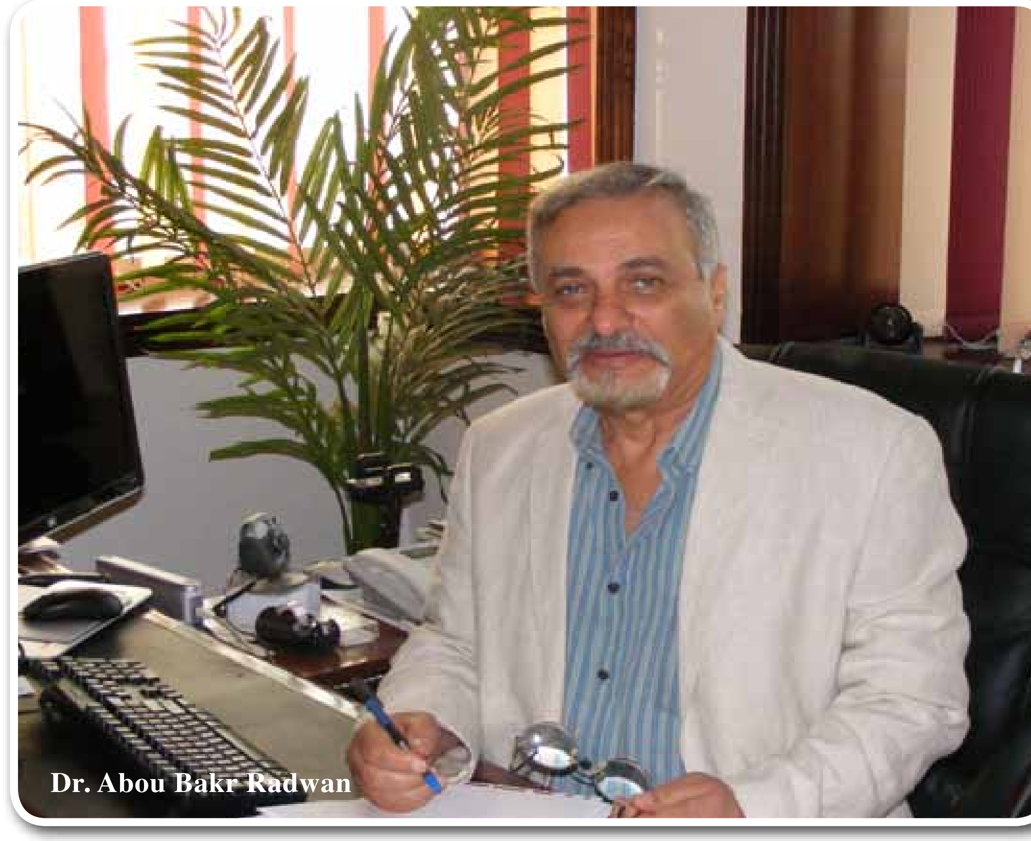
- We are performing some projects in Sudan to test the market there in order to study the possibilities of establishing a branch there. At this time, one of our colleagues in the company is visiting Mexico to also study the aspects of the Mexican oil and gas market so as to inaugurate a branch there. Hence, the company's vision is to have two arms – headquarters - one of them in Kazakhstan and the other one in Mexico to serve in the Far East and the Latin America. So, we hope that he will come back with positive results about the market there.

Operating in Egypt, what are the major challenges that face PETROGRAPHICS?

- One of the major obstacles facing our company in Egypt is the pricing issue. In order to produce a high quality product or supplying advanced services, it necessitates a high cost. In our projects we have professional consultants and they require high salaries. On the other hand, in any domestic tender, the number one aspect is the low price regtardless of the good quality. So, we always be away of the classic projects seeking unique and advanced services required. The worst this which we fear of is that with the declining prices, the companies will be forced to provide low-quality services which will consequently had a bad effect on the Egyptian petroleum sector in general.

Who are the major competitors of PETROGRAPHICS in the Egyptian market?

- Regarding the Data Management, we have SAPESCO and Spectrum. While in processing, we have Western, BGS, CGG, Spectrum and Guide. And for Reservoir characterization, there is Western geophysical as well as Fugro.


Dr. Abou Bakr Radwan

Can you rank PETROGRAPHICS among its other competitors in Egypt?

- Regarding the data management, we are considered number one. We have a very important praise from Dr. Abd El-Migeed El-Attar, former president of Sonatrac in Algeria and former Ministry of Water Resources. When El-Attar visited our branch in Libya he said that he witnessed and saw many data management companies worldwide, but he didn't see anyone like Petrographics in the field of data management.

Owing to the fact that we celebrate the National Petroleum Day next month, what do you want to say in the 35th anniversary of such occasion?

- In such occasion, we hope that the Egyptian companies will be encouraged to work out in foreign countries and of course also in the local market. As we are an Egyptian company so we compete with other international companies that are always trusted more.

We don't seek a fund of the Ministry of Petroleum, but at least we need its aid in making and performing our duties inside and outside Egypt. For instance, the ministry should make a deal with the Ministry of Foreign Affairs and the Egyptian Consulates to pave the road or ease the works of the Egyptian companies abroad. When an Egyptian company works abroad it demands information about the market, databases regarding the other companies operating in the sector. So, we hope to find the deserved solicitude and interest abroad. Besides, we hope that the Egyptian companies abroad are not felt ad a burden on their shoulders.

Extra expansion into fresh assets

"New investment will come from many diverse sources, which underline the wisdom of the Egyptian Ministry of Petroleum to seek out and strengthen relations with other neighboring countries in the region," Ian Barden, Vegas Country Manager, said describing the strategy of the Ministry of Petroleum which aims to strengthen relations with foreign and neighboring countries to lure more investments

By Ahmed Morsy

Vegas Oil & Gas S.A. is one of the largest E&P companies operating in Egypt. It was established in 2003 and is proud to hold the record of bringing oil to production in less than one and a half year after its creation.

It is a company committed to achieving both financial excellence and technological innovation through the pursuit of strategically defined operational goals and with a view to sustainable development.

The Greek company participates in three concessions in Egypt and has successfully introduced a new exploration concept applied in the Eastern Desert.

Being one of the Egyptian market players, what are the major achievements of Vegas?

Vegas Oil & Gas has established itself as a successful player in both the exploration and production aspects of the industry. The company has made both oil and gas discoveries and converted these into commercially successful production projects. We currently have two Joint Venture companies operating our production licenses as well as a partnership with Shell in the Alam El Shawish gas development.

We have production and exploration operations in the North West Gemsa in the Eastern Desert and Alamein XXX concessions with on-going exploration operations in East Ghazalat in the Western Desert.

Following a period of consolidation as a company we are now looking to expand our portfolio into new ventures within Egypt.

Give us the details of each concession which Vegas operates in?

Firstly, North West Gemsa area of 600 Km2 was assigned to Vegas as operator (100%) in 2003 after a bid round. Vegas Oil & Gas is the operator with 50% participating interest. Oil production begun in February 2009 and only a year later reached a level of 9,200 BOPD from 6 wells. A Joint Venture Company with EGPC is currently under formation to take over the production activities in North West Gemsa.

As for Alam El Shawish West area of 1,025 Km2, it was awarded to Vegas as operator (100%) at a bid round in 2005. Vegas currently has a 35% participating interest. Moreover, East Ghazalat area of 858 Km2 was awarded to Vegas as operator (100%) at a bid round in 2007. Vegas is the operator with 50% participating interest. The company has already drilled a series of exploration wells and made two discoveries.

What is the production rate of Vegas in Egypt?

We are currently producing an average of 14,000 boepd.

Do you consider any expansions in Egypt or the MENA region in the near future?

Yes, the company is both flexible and very dynamic. Therefore, we are always considering opportunities to improve our business presence in Egypt.

Do you intend to apply for any new bid-rounds in the current year?

These opportunities are currently under review but not yet concluded.

What is the story behind changing the name of Petro Alam Company to be Petro Amir?

Petro Alam was the joint venture operating company of the Alam El Shawish concession, when Vegas was the operator. A clear commercial synergy existed between Shell and Vegas, which significantly advanced first production combined with lower capital investment because of the existing gas processing facilities. When this operatorship transferred to Shell, the Vegas team was transferred to our newly formed joint venture company, Petro Alam, to operate the North West Gemsa development.

What are the challenges facing Vegas in its operations in Egypt?

Our major challenges revolve around the efficacy of achieving the safety, environmental and business excellence for which we strive and which form the operating tenets of our company.

What do you expect for the Egyptian petroleum market in the near future?

From discussions I have had with companies, both within Egypt and overseas, it is clear that the petroleum market here will thrive in the near future. Several new companies expressed an interest in coming to the Egyptian market and, in particular, aligning with Vegas.

How do you evaluate the strategy of the Ministry of Petroleum which aims to strengthen relations with foreign countries to lure more investments?

The future of a thriving industry relies upon continual investment programs in order to deliver commercial projects. New investment will come from many diverse sources, which underline the wisdom of the Egyptian Ministry of Petroleum to seek out and strengthen relations with other neighboring countries in the region. By doing so, new alliances may be formed with the potential to release funding and investment for future projects.

What is Vegas plan for 2011?

In 2011, we plan to evaluate the commercial merits of our 2010 exploration successes and combine this with a program of further expansion into new assets.

In the occasion of the 3rth National Petroleum Day, what do you like to say?

On behalf of Vegas Oil & Gas I would like to endorse our commitment to the petroleum industry in Egypt. We look forward to being a major participator in an exciting future here and hope to continue with our successful past performances into the new business opportunities.

Ganope offers new seven blocks

Ganoub El Wadi Petroleum Holding Company (Ganope) invites the qualified Petroleum Exploration Companies to participate in the INTERNATIONAL BID ROUND 2010 to explore/exploit for Gas and Crude Oil under the Production Sharing Agreement (PSA) Egypt model 2010.

The international 2010 Bid Round 1 includes (7) Exploration Blocks in the Eastern Desert And South Of Western Desert as shown in the attached map.

Interested companies can purchase Data Package and/or review the hydrocarbon potential of 2010 Bid Round 1 blocks upon prior request and according to the determined fees.

Bid Round Closing Date will be: 20th December, 2010 before 12 :00 clock noon (Cairo Local Time).

Ganoub El Wadi Petroleum Holding Company

1- Procedures

Bidders shall submit their offers by the closing date in two sealed envelopes as follows:

ENVELOPE (1) entitled "Qualifications" and should contain:

1. A preliminary bond in amount of US$ 50.000 to be submitted to Ganope by irrevocable bank letter of Guarantee or cheque confirmed by First class Egyptian bank and valid for at least Six months from the bid round closing date. Such bond should be returned by Ganope to the unsuccessful bidders upon Ganope notification.within fifteen (15) days from sending Ganope awarding notification to the successful bidder , the above mentioned us$ 50.000 guarantee shall be increased up to an amount equal to 10 % of the financial obligation of the initial exploration phase as specified in the offer .

2. Previous experience in petroleum exploration and production and activities of the company all over the world including development projects, reserves and latest used technology supplemented by the company's annual report .

3. Article of Incorporation of the company with all supported document that proves its legal existence,

registration, as well as its shareholders, partners and their nationalities.

All mentioned above documents should be notarized, authenticated and legalized by

the competent authorities and the Egyptian embassy or the consulate general of the A.R.E in the contractor's country (ies)of origin and the ministry of foreign affairs in Egypt.

4. Recent annual report and / or official financial reports proving the financial strength of the bidder's company(ies)

ENVELOPE (2) entitled "Commercials" and shall contain:

Commercial Parameters.

Envelope (2) "Commercials" will not be opened unless envelope (1) "Qualifications" was found fulfilling all required documents and the bidder is technically accepted.Those two sealed envelopes shall be submitted and hand delivered separately at the same time, and the first envelope shall be marked by qualifications, the second shall be marked commercial.

The two envelopes should be Titled (Confidential) and addressed to:

2-THE EGYPTIAN PR ODUCTION SHARING MODEL TERMS

1- TYPE OF CONTRACT "PSA":

The contract shall be a Production Sharing Agreement model .contractor undertakes all the risks to explore and develop both oil and gas.

2- ASSIGNMENTS

CONTRACTOR may assign to a qualified contractor, in whole or in part, any of its rights, privileges, duties or obligations under this Agreement either directly or indirectly with the prior written consent of the GOVERNMENT, and in all cases priority shall be given to GANOPE if it so desired to obtain the interest intended to be assigned (assignment to affiliated companies is excluded).

3- VALUATION OF GAS :

The Cost Recovery and Production Shares of Gas, which is disposed of for local market, according to a Gas Sales Agreement between GANOPE and CONTRACTOR (as sellers) and GANOPE (as buyer) entered into pursuant to Article VII(e) shall be valued, delivered to and purchased at a price, which should be agreed upon between GANOPE and CONTRACTOR before the final signature of the relating development lease (s).

4- DISPOSITION OF CRUDE OIL AND GAS:

Priority shall be given to satisfy the A.R.E. local market needs for both crude oil and gas, Ganope shall have the right to buy contractor's share of both crude oil and gas.

In case quantity of crude oil / gas isn't required for the local market, the contractor may have the right to dispose its remaining production share the way it prefers after having the A.R.E. competent authorities approval.

5- Royalty & INCOME TAXES:

Ganope shall bear and pay out of its share, on behalf of the contractor:

a- royalty

b- The applicable Egyptian income tax.

6- CONTRACT PERIOD : (COMPETITIVE)

The duration of the exploration period shall be specified in the offer and subdivided into two phases.

Total exploration period should not exceed (……) years .the duration of any development lease shall be twenty (20) years from the date of the commercial oil discovery (in case of oil development lease) or

from first delivery of gas (in case of gas development lease).

This period may be extended up to (5) years "five years extension" upon contractor's request and his submission of a complementary development or production plan to Ganope and subject to The Government's approval.

7- RELINQUISHMENT : (COMPETITIVE)

At the end of the first exploration phase , the contractor shall relinquish a minimum of ……% of the original exploration area , at the end of the second phase , the contractor

shall relinquish the remaining area except that have been converted into development leases.

8- MINIMUM WORK AND FINANCIAL OBLIGATIONS: (COMPETITIVE)

The phase, companies shall bid the minimum exploration program (seismic and exploratory wells) and its expected relevant financial commitments.

Any technical obligation and financial expenditure in excess of the minimum obligations during the first exploration phase shall be subtracted to the second exploration phase and offset against the minimum technical and financial commitment for the second phase.

A letter of guarantee for the minimum financial commitment of the first exploration phase should be submitted to Ganope by the contractor within certain period before final signature date of the contract and uponGanope notification.

A similar letter of guarantee is required if the Contractor is elected to enter the subsequent phase.

9- COST RECOVERY. (COMPETITIVE)

Contractor recovers its cost out of ……percent (…%) of the total production.

Amortization of each exploration and development expenditures shall be recovered within a minimum of (…) years (competitive, not less than (….) years).

10- EXCESS COST RECOVERY .

(COMPETITIVE)

Shall vary between profit share and 100% to Ganope.

11- PRODUCTION SHARING SPLIT :

(COMPETITIVE)

The remaining percentage of petroleum after deducting cost recovery percentage shall be divided between Ganope and contractor.

12- BONUSES : (NON RECOVERABLE)

A - SIGNATURE BONUS : (COMPETITIVE)

transferred to Ganope account before the final signature date of the concession agreement.

B - PRODUCTION BONUS : (COMPETITIVE)

Due to the following production rates:

Start production ……………………… US$.

Cumulative production 2 million barrel (or equivalent) ………… US$.

Cumulative production 4 million barrel (or equivalent) ………… US$.

Cumulative production 8 million barrel (or equivalent)………… US$.

C-FIVE YEARS EXTENSION BONUS of development lease:(COMPETITIVE)

Due upon the approval of Ganope and The Government on contractor's request .

D - TRAINING BONUS : (COMPETITIVE)

Minimum training bonus shall be US$ ……… at the beginning of any financial year to cover the training of Ganope employees.

E - ASSIGNMENT BONUS :

Contractor shall pay to Ganope ,one day prior the government approval (10%) from the total assignment deal value, This assignment bonus should not be less than ten percent (10%) of the total financial obligation of the CONTRACTOR during the exploration phase in which assignment request was accepted by Ganope. (except assignment to an affiliated company).

F - DEVELOPMENT LEASE BONUS:

(COMPETITIVE)

Firstdevelopment lease US$.

Every development lease after the first US$.

13- DISPOSITION OF CRUDE OIL AND GAS:

Priority shall be given to satisfy the A.R.E. local market needs for both crude oil and gas, Ganope shall have the right to buy contractor's share of both crude oil and gas.

In case quantity of crude oil / gas isn't required for the local market, the contractor may have the right to dispose its remaining production share the way it prefers after having the A.R.E. competent authorities approval.

14- MANAGEMENT OF OPERATIONS :

During the exploration period an exploration advisory committee consisting of an equal number of representatives from contractor and Ganope, shall discuss and approve the contractor proposed annual work program and budget for each budget year .

During the development of any discovery, Ganope and contractor shall meet and agree on the joint venture company that will take place to conduct the operations. Such joint venture company will be approved by the minister of petroleum.

15- GENERAL CONDITIONS:

1- Once bidders submit their offers, they shall abide with the terms and conditions of this bid round, submitted offers shall be formatted according to the relevant Egyptian model agreement.

2- Ganope shall have the right to reject any offer without giving reasons.

3- Bidders should review and purchase the data for the block(s) they would like to apply for.

Offer (s) shall be disregarded if:

- It includes any area(s) not specified in Ganope international bid round 2010 .
- The bidders haven't reviewed or purchased the data relevant to the block(s) they applied for.
- Conditioned or related to any other concession agreement in Egypt that were granted to the bidder.

Ganope shall liquidate without any legal procedure the guarantee amount, in the following cases :

a) The bidder withdrew before the announcement of the bid results.

b) The successful bidder failed to increase the guarantee amount of US$ 50.000 up to the amount of 10% of the financial obligation of the initial exploration phase as specified in the offer.

Ganope shall liquidate the 10% bond, if the successful bidder withdrew or failed to deliver to Ganope the necessary documents and / or commitment required before the final signature date which will be determined by Ganope.

When oil solidifies political ties

Too many success stories of the Egyptian petroleum sector crown the celebration of the Petroleum Day this month. Strengthening bridges connecting not only the companies operating in the Egyptian territories, but also connecting the Egyptian petroleum industry to its counterparts, has proven the vitality of the Egyptian industry on all levels

By Sama Ezz Eldin

"Smoothing the way for international drilling companies and speeding up the process for the exploration operations are the two main reasons behind the rising number of global companies setting eyes on Egypt lately," said Ashraf Abdul Hady, Senior Drilling Engineer of Apache Corp, the top American Oil and Gas Company, to Egypt Oil & Gas Newspaper.

Apache, which has believed in the great potentials of the Egyptian territories, made it take a huge step by acquiring BP's assets in Egypt in a $7 billion deal, through which it takes hold of four development leases and one exploration concession. This acquisition covers approximately 394,300 acres in Egypt's Western Desert. The assets have estimated proven reserves of 20 million boe (59% liquids), and first-half 2010 net production of 6,016 barrels of oil and 11 MMcf of gas per day.

"This is under-explored acreage in a highly prospective area of the Western Desert; a 3-D seismic acquisition program is under way," said G. Steven Farris, Apache's Chairman and Chief Executive Officer. "BP's holdings also include strategically positioned infrastructure including a natural gas processing plant, a liquefied petroleum gas plant and oil and gas export lines. These facilities will enable Apache to increase production from our existing fields in the Western Desert."

Apache's second-quarter net production in Egypt averaged 98,495 barrels of oil per day (bopd) - up 8.5% from the first quarter - and 388 MMcf of gas per day, up 7%. At year-end 2009, Apache had estimated proven reserves of 309 million boe and 11.1 million gross acres in Egypt.

This is one of the success stories of the petroleum sector in Egypt, which demonstrates the progress of the oil and gas sector in the country during, and even after, the global economic crisis.

Strengthen foreign ties

Looking back at a year filled with much prosperity, not only local success stories but also international ones, the name of Egypt has been tightened with so many other countries and multinational companies.

"The ministry influenced the relationships between Egypt and Iraq, through Petrojet and Enppi, the two solid Egyptian companies, by signing contracts to provide maintenance to Iraqi oil fields," said Taher Abd El Raheem, Assistant Chairman for Operations of Rashid Petroleum Company. "The minister was recently in Cyprus during the celebration of their Independence day, to show Egypt's appreciation to their country and also to sign a Memorandum of Understanding (MoU). It shows that Egypt soon to be in oil and gas business with Cyprus." There has been talk of Egypt using Cyprus as a bridge for exports to Europe and on prospects for the training of Cypriot engineers by their Egyptian counterparts on techniques for the extraction of oil and natural gas, he further added.

It was a very smart move from Egypt's side; to send the minister of petroleum to Cyprus in such day. Mainly to gain their communion in having future projects with Egypt," highlighted the top official.

Abdul Hady added to the reasons behind placing Egypt among the well known countries in the oil and gas field, "The minister helped in strengthening Egypt's relationships with other countries through permitting the existence of those countries in the local market, by offering them easy amended contracts and assisting their drilling operations by providing the facilities they need."

At the beginning of the year, the industry witnessed many projects that reflected the ministry's continuous efforts to tauten Egypt's relationships with other countries. For instinct, a joint venture will be established between the Egyptian General Petroleum Corporation (EGPC) and the Ukrainian Naftogaz to start production from HG34-3 well, the Kuwait Energy Company proved its existence more in Egypt by making its 7th discovery in Ras Qattarah block, Dana Petroleum announces new oil field at North Zeit Bay… and many more examples.

The German based Rwe Dea allocated a total of $3.6 billions for the field development in the North Alexandria and West Mediterranean Deep Water concessions, which is considered as the biggest single investment for the company to date. "Our aim is to proceed with this field at a rapid pace, so that we can go into production by 2014," said Thomas Rappuhn, Chief Executive Officer of RWE Dea AG.

Similarly, Australian-listed Beach Energy announced that it is stepping up for exploration work in Egypt, saying that it plans to spend up to US$33 millions in the country's onshore play over the next two years. Beach revealed it had sealed a deal with the Kuwait Energy Company, which will hold a 22% stake in the Abu Sennan concession in the Western Desert and a 15% interest in the Mesaha Area concession, effective from January 1st this year.

Additionally, the big negotiations between Italian Edison and the Egyptian authorities to sell its share of the gas produced from the North Abu Qir field, which Edison won with a Signature Bonus of $1.4 billion.

Also, IPR, and its partner, Sojitz Oil and Gas, hit another discovery of oil-bearing structure in the underlying Alam El Bueib sands in the Yidma-Alamein License in the Western Desert.

Dana Gas, another gas strike in Egypt's Nile Delta, showered the industry with a string of discoveries that have already lifted its Egyptian oil and gas output by 20% this year.

UK-based Circle Oil and Sea Dragon Energy Inc are both known with their good relation with Egypt and their many discoveries this year.

Besides, the Egyptian industry has always been an open gate for new comers. BGP, one of the worlds leading geophysical service companies, awarded its first contract in the country to conduct a gravity survey project by Geofizyka Krakow at Bahariya Block.

In addition, Sureclean, the international industrial cleaning and waste management firm, announced expansion into the North Africa and Middle East region with the launch of a new base in Egypt. "Our presence in Alexandria and Cairo will ensure we have resources in place to meet the needs of the market. Winning our first contracts so quickly is a clear indication of the high demand there is for our services," said Paul McAlister, Sureclean Business Development Director.

On the international level, South Africa eyes possible business cooperation with the Egyptian authorities. South Africa President Jacob Zuma plans to visit Egypt later this month to discuss possible future oil deals. International Relations and Cooperation Minister Maite Nkoana-Mashabane confirmed that further discussions for oil exploration by the largest national oil company PetroSA to be carried out in Egypt.

Correspondingly, Jordan and Egypt ties are closer than ever because of the Egyptian natural gas supplies to the Kingdom. With Libya, the two countries have been working together to jointly develop their oil and natural gas industries.

Following the same goal to expand oversea ties, the Egyptian Ministry of Petroleum held intensive talks and meetings with India, China, UK, Azerbaijan, Iran and Poland to boost relationships. Currently, the Ministry is negotiating the establishment of a natural gas-operated fertilizer plant with an Indian company. Also, the Egyptian Minister of Petroleum Eng. Sameh Fahmy studied with President of China Petroleum & Chemical Corp (Sinopec) means to bring China's mega company oil services into Egypt.

Moreover, BG Group's Egyptian subsidiary, the country's largest natural gas producer, announced it would invest $2 billion to install a pipeline and drill new wells off Egypt's Mediterranean coast to help meet the country's growing demand for gas. "Egypt is a core area for us ... and we will continue to look at new blocks," said BG Egypt President Arshad Sufi.

The ministry reached out also to Azerbaijan, when Fahmy held talks with the Azerbaijani Minister of Industry and Energy Natig Aliyev Fahmy to discuss the possibility of marketing Azeri gas through existing pipelines in Egypt. The two also reviewed a proposal regarding the refining of Azeri crude in Egyptian refineries and its transport from Egypt to African and Asian markets. "We may also collaborate on exploration ventures and in technology and knowledge sharing in the oil and gas sectors," added Fahmy.

As a matter of fact, the Egyptian Petroleum Ministry was successful in something that many others failed in, which is to bring good relations between Egypt and Iran. The good news came when an Iranian official said that Tehran has exported its first petrochemicals to Egypt, "The first shipment of 25,000 tons of petrochemicals was sent to Egypt," Iran's Mehr news agency quoted Reza Hamzelou, Director of Petrochemicals Commercial.

Poland's State Gas and Oil Company (PGNiG) also announced that it would invest some of its $70 million budget to prospect locations of oil deposits in Egypt. An initial gravimetric assessment has been made already and if the gathered data confirms the economic feasibility of the project, drilling may be completed in 2015 and regular exploitation of the source may commence. PGNiG's licensing agreement with the Egyptian government speaks of an 18% company share on condition extraction reaches the level of at least 500 thousand tons of crude oil annually. Estimates speak of some 22 million ton deposits in the Bahariya region covered by the agreement.

Egyptian operational success abroad

Proudly, Enppi (Engineering for the Petroleum & Process Industries) and Petrojet (the Petroleum Projects and Technical Consultations Company), the governmental-fully owned major companies had the biggest share in building Egypt's relationships with other countries. The Minister announced that Enppi and Petrojet won contracts in 14 different countries with investments worth $4.7 billion. Recently, Petrojet secured its first project in UAE, worth 220 million Egyptian pounds for establishing nine gas pipelines. In addition, Petroject will work on the water pipelines to the Habshan area, which is known for its Habshan 5 Gas Processing Plant. The project is owned by Gasco Abu Dhabi.

Furthermore, Enppi was awarded a$30-million contract in Syria in Al-Furat oil field to increase production from two clusters of oil fields in the Deir al-Zor region. In addition, it won $400-million project to install petroleum storage tanks at Yanbu in Saudi Arabia and build 47 tanks of various sizes with a combined storage space of 12 million barrels for Saudi Aramco's new Yanbu oil refinery.

A look to the future

Dr. Hamdy Abu El Naga, the well-known petroleum expert, said that in his opinion, the country should keep it close with African countries, such as Sudan and Yemen, "They should be in Egypt's future schedule."

Moustafa Mohamed, Operation Manager of Agiba Petroleum Company, highlighted "The Ministry was never low on providing all the assist to Egypt's relation with other countries. The ministry was keen on boosting production to attract more international companies into the local market to explore. It also provided all the investments for both explorations and development".

Dr. Shawky Abdeen, PICO International Petroleum said that the most successful method to attract foreign investments into the country is by increasing reserves, "If the investor looked in the numbers of the country's reserves and found it high, then they will surely have the confidence to invest in such country."

"Egypt is still full of many explorations, we just need to look in the right place, and that will not come without foreign investments with contracts that would bring more prosperity, whether on the revenue wise or the relation with other countries," added Abdeen.

Into the Global Jackup Market

Over the last quarter of 2010, the drilling offshore makers enjoyed a status of stability in the jackup market. The last eight months, the global jackup utilization counted for 80% since the beginning of 2010. However, the supply-side of the equation has grown with 13 jackups delivered and 11 additions are still expected before year-end. In aggregate there are 366 jackups currently marketed around the world, out of which 290 are working

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

Region	Marketed	Contracted	Day rate
Gulf of Mexico	78	56	$80,000
Asia Pacific/Australia	94	77	$124,000
Middle East /Eastern Europe	127	100	$115,000
Africa (mainly West Africa)	21	18	$115,000
North Sea	35	33	$152,000
Latin America	11	6	$124,000
Total	366	290	

Besides marketed jackups, the number of stacked rigs where reinstatement remains an option is 135 units (approximately half of these are cold-stacked and may require extensive repairs or refurbishment before re-entry into the marketed fleet is possible).

Geographic Distribution of jackups

On global basis, the day rates have been trending down since March 2009. While, utilization has averaged nearly 81% from then until now, suggesting that rigs without contract have been able to find work, the negative slope on prices reveals that the new contracts are at significantly reduced rates versus the old contracts. Year-to-date, day rates have fallen 13% to an average of $115,000/day. Unless commodity prices fall rapidly from current levels (i.e. $70 crude, $4 natural gas), day rates for jackup rigs appear stable at current levels.

The three key drilling contractors by number of rigs available varies from region to region. In aggregate the twelve contractors that filled the top-three spots on a regional basis held nearly 60% of the market. The remaining 40% of the jackup market is dispersed among 61 contractors. Looking at demand we found the industry's appetite for jackup rigs was more dispersed. The top-three operators by region controlled an aggregate 49% of the jackups currently active.

Africa: Rigs Utilization and Day Rates

During the month of August, the utilization counted for 86% for the 21-jackup rigs situated primarily off the West African coastline. This was higher than its annual average of 70% in 2009, but below its second quarter 2010 level of 91%. Political instability and riots, particularly within Nigeria, have been the key disruptive factors that have discouraged operators from optimizing their development of this region. Should the region's political environment hold the course over the remainder of the year, and then we would anticipate that utilization would continue to range around 85% to 90% levels. Day rates along the African coastline peaked in June of 2009 at a rate of nearly $ 198,000/day. Since then, rates in the region have declined to 42%. Of late, pricing appears to be stabilizing and the average August day rate was $115,000/day. Of the 18 rigs that are currently contracted, six units are premium jackups (which we define as independent cantilever (IC) rigs capable of drilling in water depths greater than 300 feet. Premium jackups command higher day rates in general. Recent fixtures for the region have ranged between $ 85,000/day to $ 115,000/day with premium rigs setting the higher end.

Middle East/Eastern Europe Utilization and Day Rates

Industry commentary points to subsiding demand for rigs in the Middle East. This follows a gradual recovery of utilization that began after utilization bottomed out in August 2009 at 75%. During 2010, rig utilization has hovered around 79% for the 127-jackup rigs marketed in the Persian Gulf, Black Sea, Mediterranean, and the Red Sea. This was true for the month of August as well. Leading edge pricing for standard rigs is said to be between $60,000 to $70,000/day. This compares to the current average of $115,000 for all rigs operating in the region. Depending on the location, premium rigs are commanding rates between $112,000 to $189,000/day with the highest fixtures set in the Persian Gulf. Average day rates in the Middle East/Eastern Europe peaked in May of 2009 at $130,000/day when there were a dozen fewer rigs marketed to the region. Current competitive pressures are heightened in the near-term considering 34 rigs roll-off contract between now and year end. The headwinds are greatest for standard 300' rigs and those that operate in shallower water depths.

Gulf of Mexico Utilization and Day Rates

During the month of August, the utilization was 73% for the 78 jackup rigs marketed in the Gulf of Mexico. Back in 2009, the data shows an annual average of 74%. Utilization had dropped to as low as 66% during August 2009, but since that time, there have been a strong recovery mode up until the accident of oil spill. The recent steep drop is quite illustrative of how the uncertainties manifested in the drilling ban on deepwater, permit delays, and issuing new rules have collectively weakened demand for jackups in the region. Day rates peaked two years ago in March 2009 at a rate of $132,000/day. While current pricing has stabilized at around $80,000/day, the average is very misleading due to the diversity of rig types operating in the region at both the high end and the low end with few standard jackups (23% of all rigs in region) contracted. Recent fixtures for premium rigs are between $110,000/day to $140,000/day and Rowan Companies is the owner of a majority with plans to deliver additional units in 2009 and 2010. At the other end of the Hercules and Seahawk are providing rigs suited for shallow water drilling with recent fixtures ranging from $30,000 to $40,000/day. Standard jackups in the region are competitive at rates between $50,000 to $60,000/day.

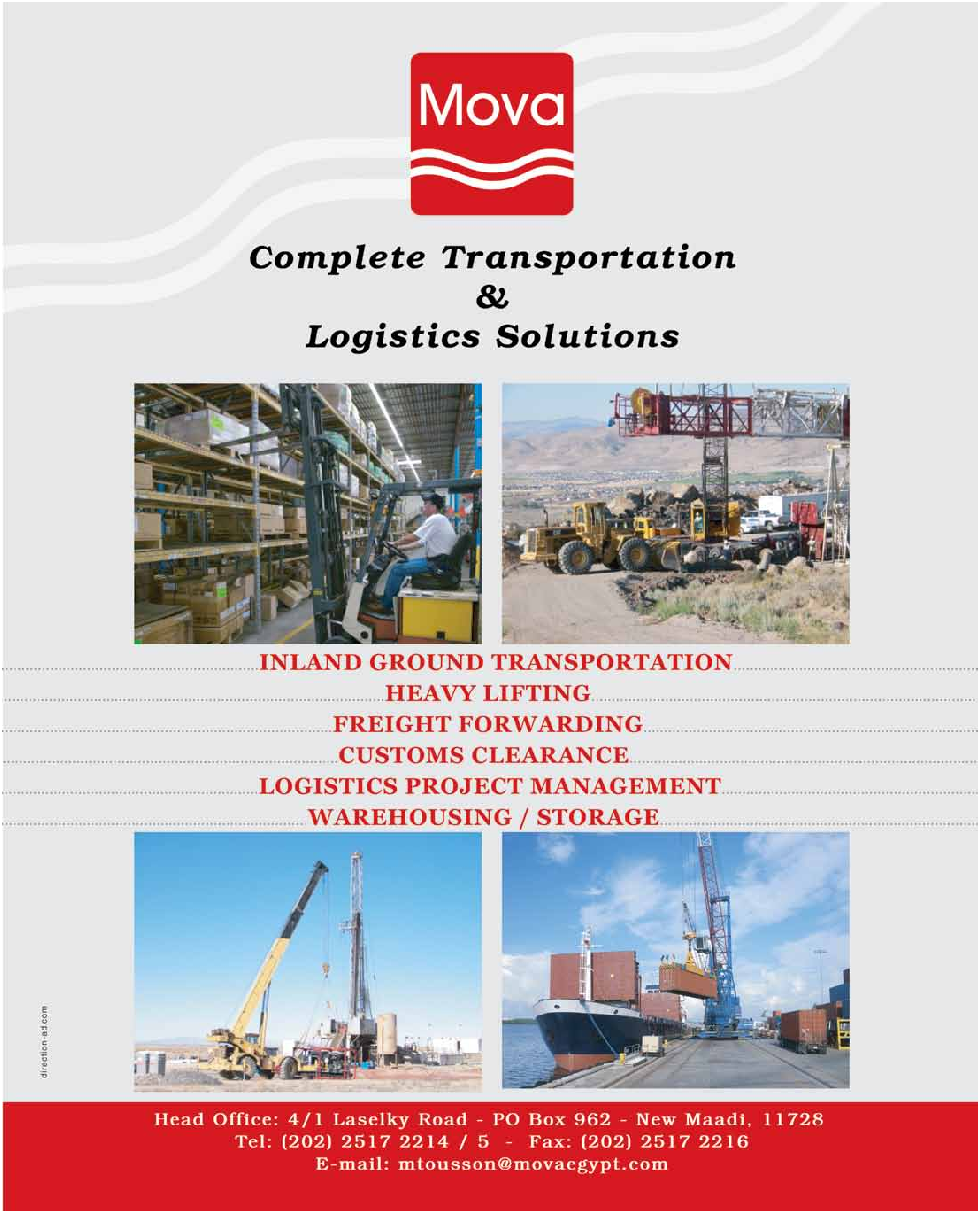
Recently, due to the repercussions of the new rules governing offshore drilling, of the 53 jackups being marketed for work in the Gulf of Mexico, there are nine jackups that collectively hold 12 tentative contracts awaiting BOEM permit approval. The new NTL-06 regulations have been reported as one of the major sticking points causing permit delays. NTL-06 deals with the rules that cover environmental concerns and response times should a blowout occur. Peak hurricane season has also been cited as another reason for near-term reluctance by operators to sign up jackups. The majority of the jackups with long-term contracts have permitted work through late September/early October. However, if the next permit in the operator's program has not been secured, then the rig will have some idle time until a permit can be obtained. From the point of view, the government is approving fewer permits and taking longer to do so. Prior to the oil spill, the Minerals Management Service "MMS" (now the Bureau of Environmental Measures "BOEM") was approving on average 37 permits monthly with an average approval time of roughly six days. Over the last four months permitting approvals by the BOEM have dropped on average to just 12 per month while the average approval time h as increase to nearly 18 days.

It appears that operators are slowing their pace of applications for new approvals. Specifically, the average number of APDs submitted was nearly 36 per month prior to the oil spill and the government's subsequent response. Now operators are requesting permits at a rate of eleven per month on average. The month of August ended up with fewer requests than the recent average. Furthermore, prior to the changes approximately 65% of all requests were approved within the month requested. Since then the number of approvals granted within the same month requested was less than half of all permits filed. The agency needs time to implement new rules and the timing necessary to interpret and implement the new rules. Industry commentary suggests that operators are less focused on building an inventory of drilling projects and instead are pouring more resources into ensuring that the jobs nearest to commencement are approved to proceed as scheduled. Drillers may find it more difficult to pinpoint demand and the number of rigs bidding on the spot market for short-term work may increase.

Asia Pacific/Australia Utilization and Day Rates

Utilization was 82% for the 94-jackup rigs marketed in the Asia Pacific region during the month of August. This was a little weaker than its annual average of 85% in 2009, but consistent with its second quarter 2010 level of approximately 81%. Day rates depend on the location; Southeast Asia comes first to mind where rates have started to strengthen for premium rigs as evidenced by the recent fixture of 128,000/day recorded in Indonesia. Overall day rates peaked two years ago in August of 2008 at a rate of $169,000/day. Current pricing is holding around $124,000/day. Of the 75 rigs that are currently contracted, recent fixtures for the region are between $105,000/day to $129,000/day.

Although Asia Pacific is known as a large jackup market, demand for mid-water floating rigs is also picking up, though contracts are usually of shorter duration than before, according to Jim Long, area operations manager for "Northern Offshore" explained that some contractors have opted to "cold stack" their rigs as opposed to working them on a short-term basis, and wait for a market that yields some term. The start-up and wind-down costs, along with idle periods in between, make this a viable strategy in many cases. That leaves opportunities for direct continuation if your rigs are already working. On the jackup side, there is growing preference for newer and bigger jackups as an encouraging trend for the fleet of modern jackups. Operators are waking up to the fact that the newer premium jackups can drill wells more efficiently and quicker than the 300-ft jackups built mainly 25 to 30 years ago. As a result, there is a growing bifurcation (in day rates) between the rig classes, but the operators are evaluating that it is a price worth paying. There is certainly a difference in rates between the high-spec jackups and the older ones – approximately $30,000/day to $40,000/day, but more operators appear willing to pay that difference.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SPE CUSC: glory starts with a step

Society of Petroleum Engineers (SPE) is the largest individual membership organization serving professional engineers scientists, managers, and students in the exploration and production (E&P) segments of the worldwide oil and gas industry. It is associated with more than 80,000 members participate in 162 sections in 65 countries and 161 student chapters in 46 countries. SPE's membership represents 113 countries. And, the journey continues

By Mohamed El Shazly, Public Relations Head, SPE Cairo University Student Chapter

The history of SPE begins within the American Institute of Mining, Metallurgical and

Petroleum Engineers (AIME), which was founded in 1871 in Pennsylvania, USA, to advance the production of metals, minerals and energy resources through the application of engineering. In 1913, a standing committee on oil and gas was created within AIME and proved to be the genesis of the Society of Petroleum Engineers (SPE). In 1957, the organization was officially founded as SPE, a constituent society of AIME. SPE became a separately incorporated organization in 1985.

Mission

- Collect, disseminate and exchange technical knowledge concerning the exploration, development and production of oil and gas resources, and related technologies for the public benefit
- Provide opportunities for professionals to enhance their technical and professional competence

SPE- Cairo University Student Chapter is one of the biggest and most reputable chapters all over the world. It was founded in 1987; it has been awarded a lot of awards for its unique and outstanding performance in improving and developing students and qualifying them to match the requirements of the industry in general and the Oil & Gas industry in particular. SPE- Cairo University Student Chapter has reached such an outstanding performance through its ambitious well planned and organized events which aim to link the Academic life to the Practical life and allow the students to know what is going in real life work environment.

Awards

- July 2006, Chapter of the month all over the world
- 2008, Outstanding Middle East Student Chapter, one of the best six outstanding chapters all over the world, Final Contest in Louisiana, United States, ATCE 2009
- January 2009, Chapter of the month all over the world
- 2009, SPE Outstanding Chapter Award all over the world, Final Contest in New Orleans, United States, ATCE 2009.

Mission

Supporting graduates to become professional engineers by

- Improving their skills and technical knowledge
- Enhancing their social responsibility for the development of all industries; therefore, our community

Vision

Be an effective and outstanding student chapter that supports the Oil & Gas industry in Egypt and all over the world

Membership

The chapter has now more than 600 members all from different departments of the Faculty of Engineering

Target

The chapter is directed towards students from all departments and Universities, and fresh graduates. SPE- Cairo University Student Chapter has reached such an outstanding performance through its ambitious, well-planned, and organized events, which aim to link the Academic life to the Practical life.

One of our main educational activities is SPE School, which is a full-year technical program working in parallel with the academic year. Its Objective is to graduate qualified engineers who have good practical experience in the oil & Gas field, and good vision for the petroleum industry.

SPE School

It was initiated four years ago, in 2007. It consisted of four classes only and 165 participants. A year later, SPE School had been expanded to seven classes and 360 participants. In 2009, SPE had been extended again to eight classes and 400 participants; an increase that reflected the importance of continuous improvements. In 2010, we thought of increasing the number of classes more and more to benefit more students and cover all the aspects of the Oil & Gas Industry and we come up with 12 classes and 650 expected participants.

In fact, the lack of qualified engineering graduates is a major problem that challenges the Oil & Gas industry, that suffers from the absence of high-qualified engineers with a good vision towards the future and good practical experience in order to develop the industry and the community where we live in. hence, our future. So we are here trying to establish this bridge of communication between the students in the Egyptian universities and the needs of the Oil & Gas industry. This will be made through delivering practical, social and skillful values to our participants.

In this context, SPE Scholl 2011 agenda includes a series of sessions that will cover major fields in the industry. The SPE School 2011 will consist of 12 classes in different subjects in addition to projects to be held around the year, through which an assessment will be made to evaluate the success of sessions to develop the participants' skills.

This will also help us to ensure the commitment of the participants towards what they learn.

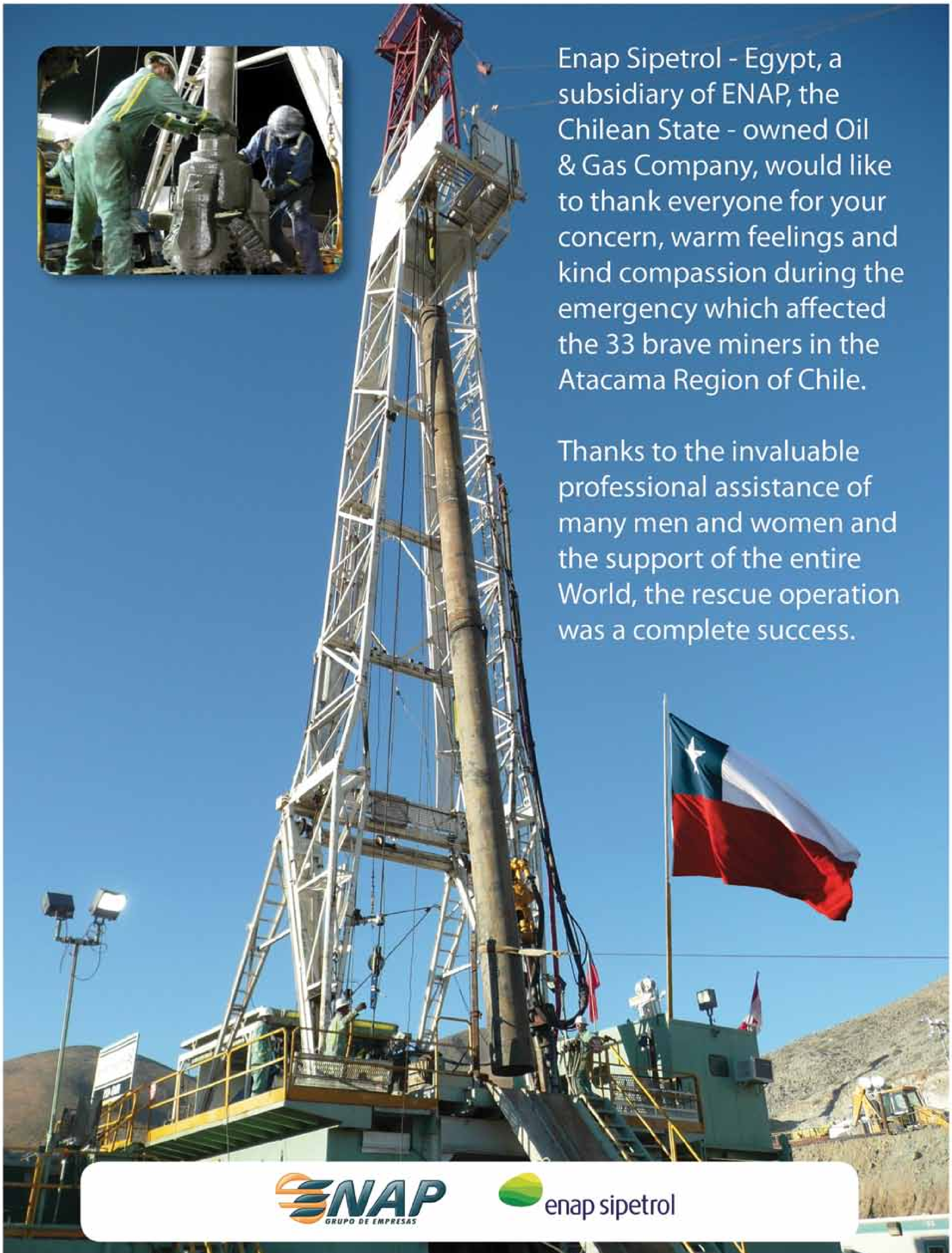
Also, these sessions will offer participants the chance to have a very close view of each one's field of specialization. That would be accomplished through the contact with the most up to date technologies to practically apply the science that they studied very well at university. This is can be considered as an effective attempt to reduce the gap between the academic study and the professional practice and that is the target that we want to reach.

SPE School classes cover the following: Drilling Senior, Drilling Junior, Production Technology, Reservoir, Well service, Safety, Petrochemical Industry, Petroleum Soft Ware, Geophysics & Geology, Petroleum Economics and Management, Petroleum Orientation and Inspection & Welding.

Moreover, SPE CUSC organizes five workshops. The first is called LOL "Lift Our Life", designed as a basic soft skills program for the beginners at human development track. The second workshop is "Thinkestien" tht basically teaches participants various thinking techniques helping them in making decisions and solving problems or creating new ideas. The third one is called SMS or "Super Man Skills"; this workshop develops interpersonal skills so that participants can make balance in their lives. The fourth workshop is named "PhotoJob", it helps participants to plan well for their career after graduation. "Mark It" is the fifth workshop; which is tackling marketing principles, entrepreneurship and how to start your own business.

Finally, there will be a complete project that simulates the professional life style, which is SPE Oil Field Simulation Project. It is one of the most creative Projects that SPE Cairo University Student Chapter has made. This project contributes with the other projects to keep this chapter one of the most outstanding chapters around the world.

SPE Oil field Simulation Project is a project that simulates the professional work life style within the Oil & Gas industry through work in some imaginary companies and the practice in the hardest working conditions and let the participants know what they are going to be involved in and that they have to take into consideration all the factors surrounding them.


Enap Sipetrol - Egypt, a subsidiary of ENAP, the Chilean State - owned Oil & Gas Company, would like to thank everyone for your concern, warm feelings and kind compassion during the emergency which affected the 33 brave miners in the Atacama Region of Chile.
Thanks to the invaluable professional assistance of many men and women and the support of the entire World, the rescue operation was a complete success.
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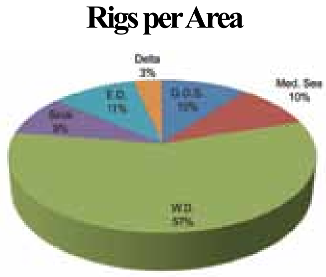
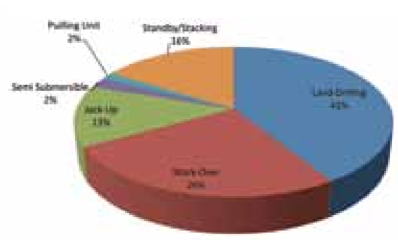
Egypt Statistics

Table 1 Egypt Rig Count per Area - September 2010

		RIG COUNT	
Area		Total	Percentage of Total Area
Gulf of Suez		12	10%
Offshore	12		
Land			
Mediterranean sea		11	10%
Offshore	11		
Land			
Western Desert		65	57%
Offshore			
Land	65		
Sinai		10	9%
Offshore			
Land	10		
Eastern Desert		12	11%
Offshore			
Land	12		
Delta		4	3%
Offshore			
Land	4		
Total		114	100%

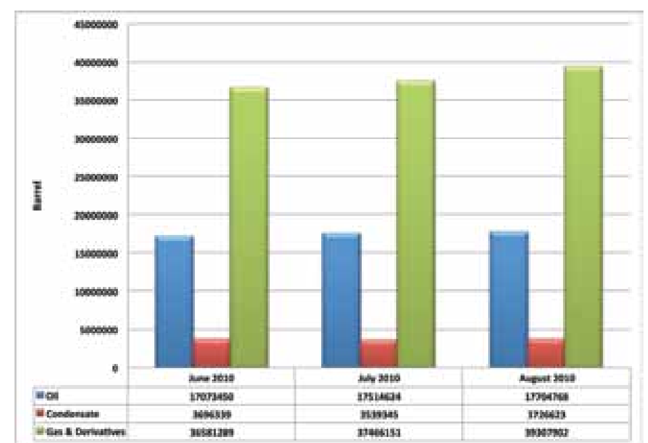




Production - August 2010

	Sold Million cubic feet	Planned Million cubic feet	%	Oil Barrel	Equivalent Gas Barrel	Condensate Barrel	Liquefied Gas Barrel	Liquefied Gas Ton	Total Gas & Derivatives Barrel
Upper Egypt				20575					20575
E.D.				2292542					2292542
Med. Sea	132732	140926	94.19		26546400	1509904	363920	32348	28420224
W.D.	39299	39246	100.14	7602392	7859800	1901947	540362	48032	17904501
Delta	14767	13702	107.77	110926	2953400	208911	106094	9431	3379331
GOS	3222	2635	122.28	5571961	644400	60311	140532	12492	6417204
Sinai	325	248	131.05	2106372	65000	45550	87994	7822	2304916
Total	190345	204780	96.74	17704768	38069000	3726623	1238902	110125	60739293

	Actual	Planned	%
Oil	17704768	18299300	96.75
Condensate	3726623	3602355	103.45
Gas & Derivatives	39307902	40553394	96.93
Total	60739293	62455049	97.25



Source: Egypt Oil & Gas

Average Currency Exchange Rate against the Egyptian Pound (September 2010/ October 2010)

US Dollar	Euro	Sterling	Yen (100)
5.698	7.650	8.898	6.739

Stock Market Prices (August 2010/ September 2010)

Company	High	Low
Alexandria Mineral Oils [AMOC.CA]	46.8	40.24
Sidi Kerir Petrochamicals [SKPC.CA]	13.80	12.14

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

	Libya	Sudan	Other	World	OPEC[1]	Persian Gulf[2]	North Sea[3]
2009 December	1,650	495	2,454	72,868	30,834	20,464	3,644
2009 Average	1,650	483	2,410	72,299	30,639	20,402	3,673
2010 January	1,650	500	2,407	73,123	31,068	20,571	3,689
February	1,650	510	2,434	73,537	31,163	20,650	3,600
March	1,650	515	2,444	73,518	31,074	20,581	3,682
April	1,650	521	2,385	73,438	31,048	20,607	3,622
May	1,650	525	2,401	73,389	31,107	20,725	3,485
June	1,650	510	2,411	73,291	31,351	20,904	3,126
July	1,650	510	2,402	73,691	31,366	20,934	3,370
2010 7-Month Average	1,650	513	2,412	73,426	31,168	20,711	3,510

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

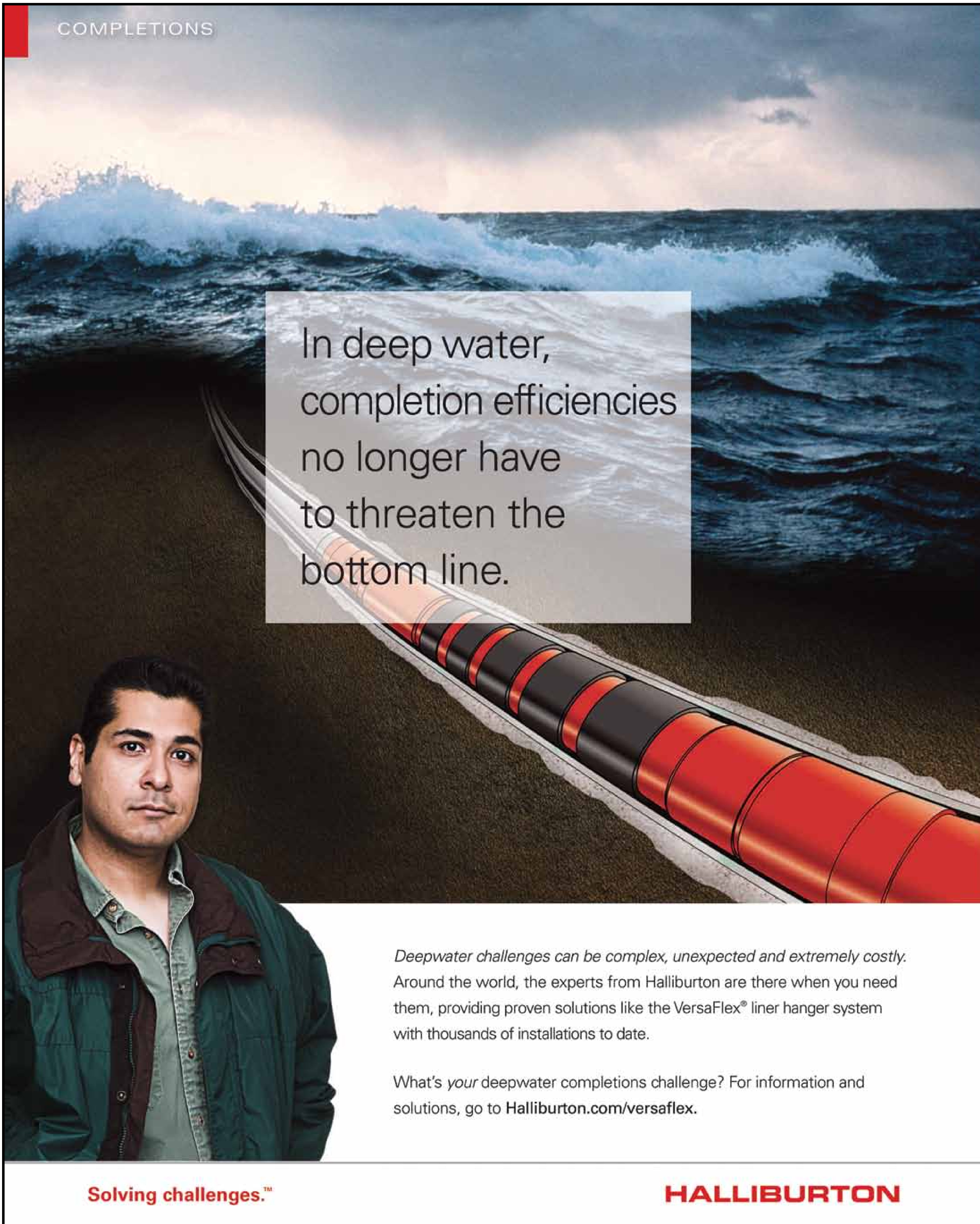
Source: EIA

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

		United States[2]	Persian Gulf[3]	OAPEC[4]	OPEC[5]	World
2009 December		9,439	23,087	23,947	34,203	85,349
2009 Average		9,156	22,894	23,802	33,877	84,391
2010 January	E	9,275	23,212	24,074	34,461	85,491
February	E	9,540	23,294	24,145	34,563	86,181
March	E	9,587	23,265	24,099	34,511	86,212
April	E	9,542	23,315	24,146	34,512	86,095
May	E	9,639	23,449	24,262	34,589	86,182
June	E	9,427	23,639	24,435	34,844	85,895
July	PE	9,570	23,680	24,462	34,870	86,474
2010 7-Month Average	PE	9,511	23,409	24,232	34,622	86,075

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

Source: EIA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