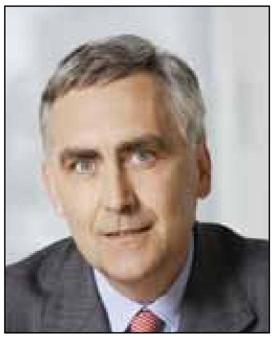
Jack-Up Rig moved onto North Shadwan

Egypt Oil & Gas Newspaper

www.egyptoil-gas.com — October 2009 Issue 34 24 pages

Desertec... The new initiative of Siemens



Revealing its most recent project for a sustainable supply of energy, Peter Löscher, the Chief Executive Officer of Siemens AG – sheds light on the company's initiative, "Desertec", describing it as a new generation for renewable energy

p16

When lack of expertise strengthens capabilities!

Though the headline sounds illogical, it is true that the lack of expertise in any industry, especially in the highly dynamic ones such as the petroleum industry, should be a motivating reason for strengthening the capabilities and skills of existent personnel and paving the way for more professional cadres to emerge in order to be the right work guidance for the middle-age and fresh employers

p14

Oil production commences from two wells in NW Gemsa

p 4

Circle Oil Egypt: Q3 output almost doubles

p 6

Chinese oil heads straight to Iran

p 21

LAST MONTH'S OIL PRICES

Fuelling the Ramadan Soccer Tournament

For the third consecutive year, Egypt Oil & Gas (EOG) organized the Ramadan Petroleum Soccer Tournament, where 36 teams competed for the title, which was claimed by EMC this year

p10

The masked transparency

For years and years, people have been calling for transparency in data and numbers announced by the vital bodies of the government. Unfortunately, we have been relying on foreign and international news agencies to receive the accurate and precise information.

In the past, we did not have the channels to be open to the international news agencies, and that is why the problem of hidden and inaccurate information was not as major or noticeable as nowadays. The concept of "one open world" achieved through Internet access and satellites has given the reader/viewer the accessibility to various news channels instead of being limited to one source only. This has led to a state of awareness among citizens, who are no longer dominated or guided by one voice.

Due to this open world of information, the government officials have been announcing their new strategy to adopt the "transparency of information". This ideology would eliminate the possibilities of gossips and rumors, which threaten the national security.

Focusing on the petroleum sector, transparency is of a great value as it tackles one of the most sensitive issues of the country; the volume of oil and gas reserves and ministry's strategies and future plans. Such information is the main factor that lures more investments to the country that are considered the tool of prosperity to the economy. Honestly, we cannot deny the shift in the ministry's strategy concerning its official data announcements and how accurate and transparent it has become. Yet, the petroleum sector employees are not as courageous as the ministry to participate in this new trend. In other words, there is a number of officials who occupy top positions in the sector refuse to contribute with any information or data to the media and would prefer leaving some questions unanswered and vague to the media rather than having their names and announcements published to the public. Maybe this is out of fair knowledge, or fear of responsibility, but in both cases their attitude does not serve the ministry's strategy and open the door for gossips and rumors to come.

The reason behind tackling this subject is the replies I got from many officials when asked for their contribution in this issue's main topic, lack of expertise. I found out that some are apologizing for not participating with their opinions, while others' main concern was who else contributed in this topic! I never thought that this topic is politically sensitive that would bring any problem to anyone, but I found out that people are "anxious" to share their ideas publicly. I am not condemning or blaming anyone who prefers to remain in the shadow, but I am urging officials and top management to consider their cooperation with media channels, as they are the means to measure the prosperity, development or even the deterioration of any industry. Being part of the media, we are not following the tabloids style that is based on attacks and rumors; on the contrary, we are trying to build the bond of trust between officials and readers and being the link to cover questions and answer the inquiries of our readers.

Yomna Bassiouni

Managing Editor

Egypt Oil & Gas

Managing Editor
Yomna Bassiouni
ybassiouni@egyptoil-gas.com

Media & Statistics Monitoring
Ayman Rady

Reporters
Ahmed Morsy
Tamer Abd El-aziz

Photographer
Ahmed Hamad

Contributors
Omar Solaiman

Senior Business Development Officer
Laila Solaiman

Business Development Officer
Ahmed Tarek

Administrative Assistant
Basma Naguib

Senior Graphic Designer
Ahmed El-Degwy

Designer
Sherif Mokhtar

Cartoonist
Ramy Ameen

IT Specialist
Sameh Fattouh

Production Advisor
Mohamed Tantawy

Accountant
Abdallh Elgohary
Mohamed Said

Legal Advisor
Mohamed Ibrahim

Newspaper Technical Advisors
Eng. El-Sayed Orabi -*MAGAPETCO*
Geol.MagdyWedad - *PICOEnergy*
Eng. Said Zaki - *Weatherford*

This publication was founded by
Omar Donia, Mohamed Sabbour
and Mohamed Fouad

Publisher
Mohamed Fouad

Contact Information:
Tel: +202 25164776 +202 25192108
Fax: +202 25191487
E-mail: info@egyptoil-gas.com
www.egyptoil-gas.com

Guest Column

Awaiting another ascent

Crude oil fell to a one-month low after a government report of a larger-than-forecast gain in the U.S fuel supplies signaled that a glut is forming in the world's biggest energy-consuming country.

On the other hand, the dollar swinging as it slumped last month to its lowest level in almost a year against a basket of currencies and gold rallied above $1,000 an ounce, its highest since March 2008. As a result, today's move by gold above $1,000 probably triggered crude markets to rally, spurring inflation fears and causing traders to buy oil as a hedge against inflation.

By the fact that global commodities, priced in dollars, tend to rise when the value of the U.S currency falls, we find ourselves awaiting another rise in the prices of crude oil as long as the price of the dollar resumes falling in terms of the emerging of the world economies from the recession.

What increases the credence of this conviction is that according to an International Energy Agency report released on Sept. 10, global oil consumption will drop 1.9 million barrels a day to 84.4 million this year. Moreover, Crude oil for November delivery expected to fall from $2.16, or 3.1 percent, to $66.81 a barrel on the New York Mercantile Exchange. Futures touched $66.72, the lowest since Aug. 18. Prices have ranged between $65 and $75 since July 31.

Meanwhile, the members of the Organisation of the Petroleum Exporting Countries (OPEC), the source of more than a third of the world's oil supply, are not fully satisfied with the current rate but they are doing their best to maintain its official price target of around $70 and not lower. Besides, OPEC appeared ready to keep oil production targets unchanged at its Vienna meeting.

So far, none of the 12 OPEC members has stated any need to cut production beyond the 4.2 million barrels per day slashed since last autumn, as higher prices and signs of a strengthening world economy shift the focus away from sluggish fuel demand.

The $70 a barrel level has been a magnet for months, with growing optimism that the global economy is recovering from recession offset by signs that crude demand isn't picking up. Nevertheless, so long as the dollar is weak and the stock markets are up, so I'm seeing crude futures higher today.

The axiom still remains "we need to be saving oil... using less and preserving what we have".

Ahmed Morsy
EOG Reporter

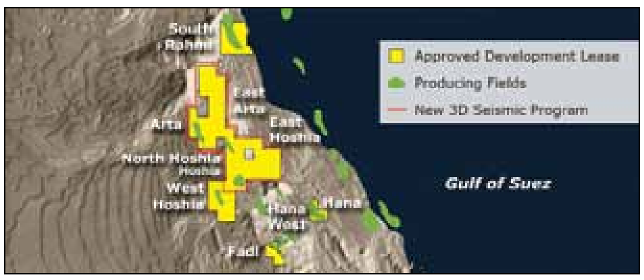
BAKER HUGHES
BAKER HUGHES

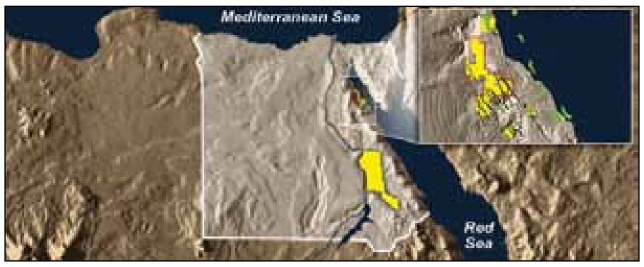
Third quarter updates for West Gharib

TransGlobe Energy Corporation provided a mid-quarter production and operations update for the third quarter of 2009. In the West Gharib, where the company holds 100 percent working interest, Hana West #7 was drilled and cased as a potential dual zone oil well in last August. The well encountered the Lower Rudeis B formation (which tested 450 Bopd in the Hana West discovery well, Hana 18) and extended the Hana West pool (Asl B formation) to the south. The well is initially being completed as potential Lower Rudeis B Oil well.

Following Hana West #7, the drilling rig was moved to El Hoda #1 (west of the Hoshia field) to drill a deep exploration target. The El Hoda prospect is targeting several deeper pre-Miocene formations in addition to the Rudeis formation, which produces at the Hoshia field. The well is expected to reach a total depth of 8,500 feet in the latter half of September; with test results expected this month.

In addition, work continues on the fractured Thebes carbonate project at East Hoshia. The East Hoshia





#3 well was re-entered and completed as a potential Thebes oil well in last July. Test results to date have confirmed that the Thebes formation in East Hoshia #3 is highly fractured with good inflow capacity, resulting in 100 percent water production with very little pressure drawdown at the formation. The Company is currently evaluating high-volume lift alternatives to draw down the formation sufficiently to produce oil with the water. If sustained oil production can be achieved from the Thebes formation, it is expected that project would be developed utilizing horizontal wells in conjunction with high-volume lift.

The East Hoshia #4 well, which was drilled in June/July 2009, encountered good oil shows in the Thebes formation during drilling and was completed as a potential Thebes oil well in August. In contrast to East Hoshia #3, the East Hoshia #4 has exhibited very little inflow capability, which could be due to formation damage while drilling or insufficient productive fractures in the vertical wellbore. Stimulation options are being evaluated to remove potential formation damage.

Oil production commences from two wells in NW Gemsa

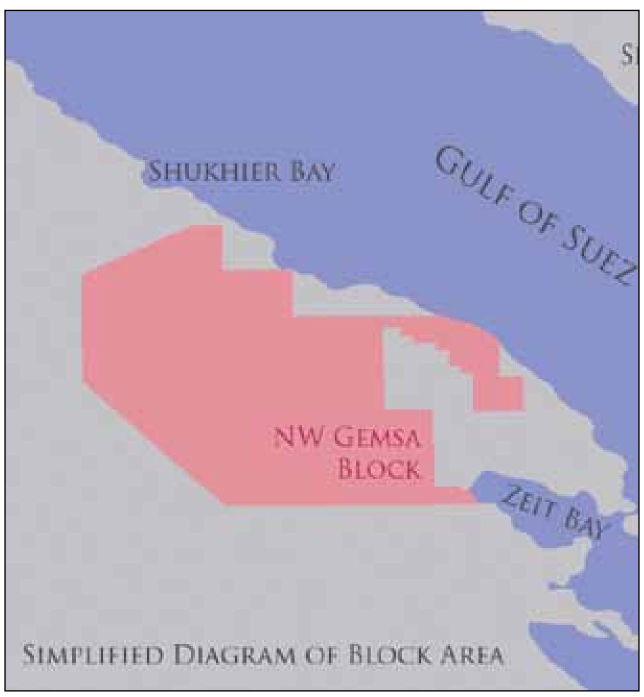
The Geyad-1 discovery well in the NW Gemsa Concession has been connected to pipeline infrastructure by the operator Vegas Oil and Gas and have commenced commercial oil production.

Circle Oil confirmed that average gross daily oil production from the four producing wells, Al-Amir SE-1, Al-Amir SE-2, Al-Amir SE-3 and Geyad-1, on the NW Gemsa Concession has now reached approximately 4,300 - 4,350 bopd following an initial production period from the two new wells.

The rig, Mubarak-1, is currently drilling the Al-Amir SE-4 appraisal well and results will be communicated to the market in due course.

The NW Gemsa concession covers an area of over 260 square kilometers and lies about 300 kilometers southeast of Cairo, in a partially unexplored area of the Gulf of Suez Basin. The concession agreement includes the right of conversion to a production license of 20 years, plus extensions, in the event of commercial discoveries. The NW Gemsa Concession partners are Vegas Oil and Gas (50 percent interest and operator), Circle Oil plc (40 percent interest) and Premier Oil (10 percent interest). The producing wells are located within development leases, valid for a 20-year period and separately delineated within the NW Gemsa Concession area.

Commenting on this latest discovery, David Hough, CEO of Circle, said, "We are obviously delighted with the successful tie-in of these two additional producing wells on our NW Gemsa interest, which



effectively doubles Circle's Egyptian oil production. We look forward to further increases in production from our continuing appraisal and development-drilling program in the region including bringing the Al-Amir 1 heavy oil discovery into production.

"In Morocco, we are working to increase our gas production volumes from the present 70,000 cubic meters per day with 4 discovery wells remaining to be brought into production."

Egypt, Iraq to strengthen oil cooperation

The Egyptian Minister of Petroleum Eng. Sameh Fahmy reported that Egypt would be the first Arab nation to have presence in Iraq through cooperation in the oil domain.

"It is necessary to set up a permanent headquarters to represent Egyptian petroleum companies in Baghdad," the Egyptian Minister said in a statement received by Aswat al-Iraq News Agency.

"I will discuss with the officials in the Iraqi oil ministry key fields to be included in executive programs in which Egyptian companies will take part to rehabilitate the infrastructure that would guarantee an increase in Iraqi oil production," he added.

The Egyptian Minister said that his country signed an agreement with Iraq to enhance strategic cooperation between the two sides in the field of oil.

"The Iraqi side has approved the establishment of a center to manage operations of Egyptian oil firms in the southern Iraq province of Basra, the country's oil industry hub that produces 80 percent of the Iraqi total production," he added.

Tanker breaks in two on Red Sea

A Panama-flagged oil tanker broke in two as it made its way through the Red Sea towards Egypt's Suez Canal, a security official told AFP.

The accident caused the spilling of approximately 60 tones of fuel in the sea.

The official, quoting the vessels' Filipino captain, said that crew members were cleaning up the cargo tanks when all of a sudden the ship "split in two for reasons yet unknown."

The tanker was on its way to Suez for maintenance work and some repairs, the official said, adding that the tanker was not transporting any oil at the time except for the 60 tones destined for its own usage.

Egypt to Supply Lebanon with natural gas

Egypt and Lebanon signed an agreement to supply the Egyptian natural gas to the Lebanese territories through networks in Jordan and Syria.

According to the terms of deal, Egypt will supply 600 million cubic meters of natural gas a year to Lebanon via Syria. The agreement among the three countries will last for 15 years and can be extended with the approval of Egypt.

The agreement was sealed during a meeting between the Egyptian Minister of Petroleum Eng. Sameh Fahmy and the Lebanese Minister of Energy and Water Alain Tabourian to discuss the terms of bilateral energy ties.

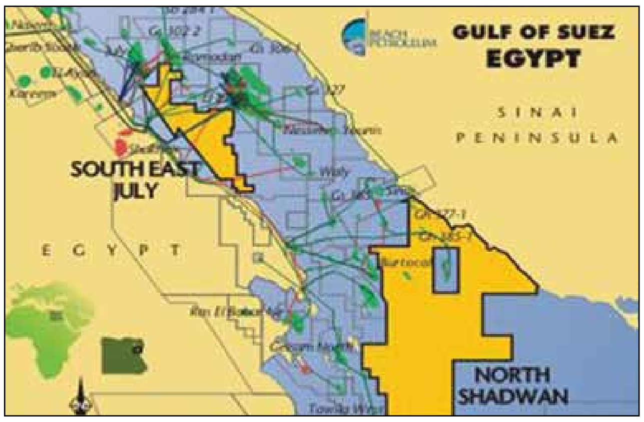
The agreement is in line with previous considerations for the use of Egyptian gas for the use of power plants in northern Lebanon.

Tabourian said the new gas supplies would go to meet growing domestic energy demands, Lebanon's Daily Star newspaper reported.

"We are running our plants at full capacity and we can't provide electricity to all of Lebanon at the same time," he said. "We need an additional 800 MW to meet growing demand."

The Egyptian Minister said that Egypt is keen to enhance political and economic support for the Lebanese petroleum and natural gas sectors.

Jack-Up Rig Moved onto North Shadwan



Beach Petroleum announced that the Comet Jack-up rig has moved onto the NS394-3 (Burtocal North) oil exploration well location (Beach 20 percent) in the Gulf of Suez.

The well, located three-kilometer north of the NS394-1, 1A oil discovery, will be targeting oil in the Cretaceous Nubia Formation. NS394-3 is to be drilled to a planned depth of 3475 meters.

North Shadwan concession covers an area of 1174 sq km about 56 km southeastern Saqqara field. The concession contains three undeveloped oil discoveries with Proved and Probable recoverable reserves of approximately 40 million barrels. On 30 May 2008, Beach Petroleum Company has entered into an agreement with Tri-Ocean to acquire 20 percent interest in the concession.

Eni Fires Up Gas Production in Mediterranean Sea

Eni started up subsea gas production in North Bardawil field, within the North Bardawil Concession, located in the Mediterranean offshore of Egypt.

The expected maximum production rate will be 2.7 million scm per day, approximately 17,000 boe/day, of which about 6,000 boe/day as Eni equity share.

The companies working in this project are Ieoc (Eni's affiliate in Egypt) 60 percent and KUFPEC (Egypt) Ltd (Kuwait Foreign Petroleum Exploration Co. affiliate in Egypt) 40 percent, whereas the operator is Petrobel, a joint operating company made of Ieoc and EGPC.

The project consists of two subsea wells drilled by semisubmersible Rig Scarabeo-4, the installation of 24 Km of sea line in a water depth ranging between 110 and 350 meters, and the tieback to the existing production platform Barboni.

Eni has made investments in cutting edge technology since the North Bardawil discovery, in particular in the subsea production system and for the first time in Egypt, it has applied an innovative smart completion system. These results were made possible through Ieoc, KUFPEC with the cooperation of the Ministry of Petroleum and EGPC.

Eni, through its affiliate Ieoc, started operating in Egypt in 1955. Today, Eni is the leading international hydrocarbon producer in the country. In 2008, Ieoc operated production reached 522,000 boe/day, of which 240,000 boe/day as equity production.

Regal's H1 activity updates workover in Egypt

Regal Petroleum plc (RPT) London based oil and gas exploration and production group, announced its unaudited results for the six months ended 30 June 2009. Work has been underway on a workover of the ERB-A-1X well in the East Ras Budran concession.

In Egypt (Regal 25%, non-operated), the main activity undertaken in the first half of 2009 was a workover on the ERB-A-1X well to replace an electrical submersible pump installed in late 2007. However, owing to delays in the arrival of material and equipment, the workover slipped into July 2009 with only the installation of additional surface equipment for the treatment of high sulphur content completed at that time.

Subsequently technical problems relating to debris in the well has indicated the requirement for a heavier rig than the workover rig at the well site and accordingly a revised work program is under consideration.

Circle Oil: Q3 Egyptian output almost doubles

Circle Oil Plc said that the production at its Amir field nearly doubled in the third quarter and that it expected the sixth well in Morocco to have commercial gas, which was yet to be tested.

The company's shares rose more than six percent to 32.25 pence in morning trade on the London Stock Exchange. They pared some of their gains and were up 3.3 percent by 0813 GMT. Circle Oil said production from two wells in Al-Amir field rose to 4,500 barrels of oil per day (bopd) from 2,300 bopd. It also produced 500,000 barrels of 41 degrees API oil from NW Gemsa permit by mid-September.

For the six months ended June 30, the company reported revenue of $3.5 million compared with nil revenue last year.

Its pretax loss, however, widened to $15.9 million from $2.2 million a year ago as finance costs surged to $14.7 million from $1.3 million.

"Our daily production levels, particularly in Egypt, are building up and we are working hard to bring the next four gas wells in Morocco on-stream which should result in a healthy increase in revenues," Chairman Thomas Anderson said in a statement.

Fahmy: $20-billion petrochemical projects on track

The petrochemicals sector is one of the country's most strategic industries that contributes to the development of investments and increase the value of Egypt's natural resources, said the Egyptian Minister of Petroleum Eng. Sameh Fahmy during the general assembly of the Egyptian Petrochemicals Holding Company (Echem).

The Minister highlighted that the petrochemicals are now considered an indispensable element that is needed in various industries on daily basis that is why the current strategy aims at intensifying the petrochemical production in order to meet the local demand as well as exporting the surplus to international markets.

It is worth mentioning that the total investments of the current petrochemical projects count for $20 billion, for a 20-year period of time. Moreover, such projects create a wide range of job opportunities, which are needed to absorb the unemployed youth.

Currently, the first phase of petrochemical project, expected to be finalized over the coming two years, has commenced with two projects, Acrylic and Alkyl Benzene production. The volume of investments at this phase counts for $4.6 billion and would produce nearly 3.5 million tons of petrochemical products.

In a report presented by Eng. Hany Solaiman, Echem General Manager, the Alkyl Benzene project in Alexandria, completed in last March, has started the commercial operations with a total capacity of 100 thousand tons per year and $532 million investments.

Solaiman highlighted the latest updates concerning the first phase implementation, which also includes a Methanol project used in solvents, medical supplies, plastics, pesticides and paints. This project enjoys a capacity of 1.3 million tons per year and total investments of $950 million. It is expected to start operations by next April.

Besides, approximately $790 million are allocated for the Propylene and Poly Propylene production, which is used in various industries, such as carpets and packaging materials, pipes and food packaging materials and has a total production capacity of 400 thousand tons a year. This project is expected to be put on operation line in June 2010.

The second phase of the petrochemical national plan is still under studies and expected to include several projects distributed in different governorates; Ethylene production in Alexandria, another one in Port Said, complex of aromatic production, acetic acid production in addition to olefins and poly olefin production projects.

Renewable Energy

World's FirstFull-Scale Floating Wind Turbine inaugurated by StatoilHydro and Technip

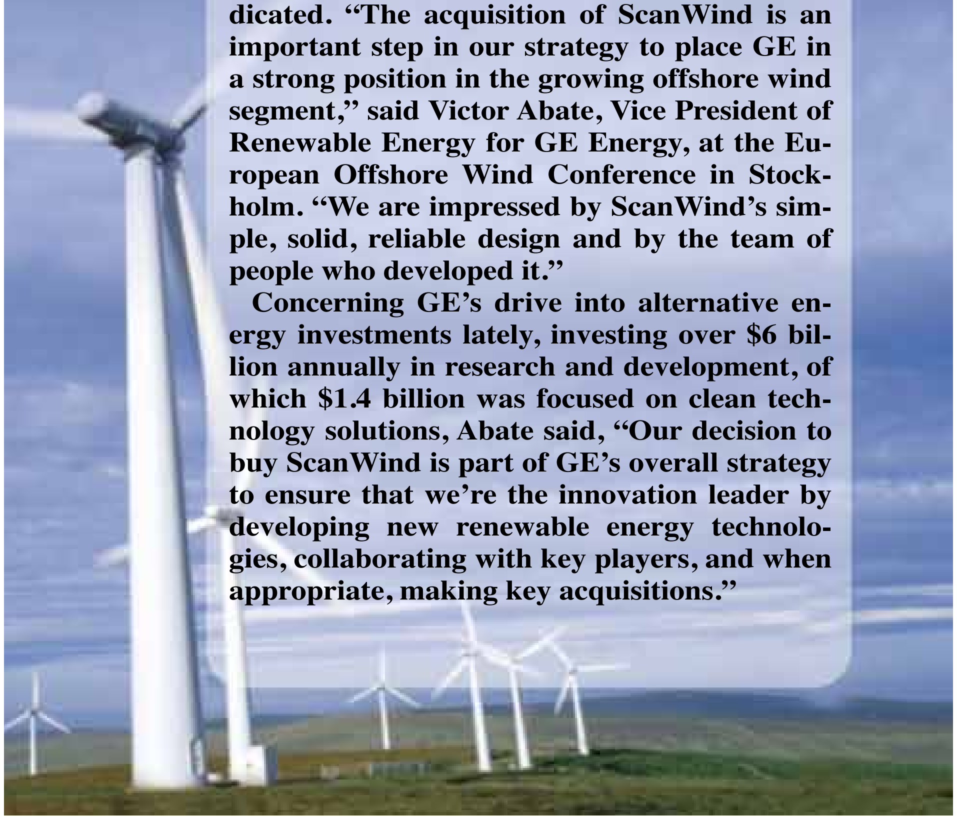
Technip joined StatoilHydro in celebrating the inauguration of the Hywind demonstration wind turbine; the first full-scale floating wind turbine.

The total capacity of the turbine counts for 2.3 MW. Following the award of the turnkey contract for the substructure of the wind turbine in May 2008, Technip's operating center in Oslo, Norway, performed the project management and installation engineering. Detail design and fabrication of the substructure was carried out at the Group's construction yard in Pori, Finland, which is specialized in the construction of Spar platforms.After being towed in a horizontal position to the Åmøyfjoden fjord in Norway, the substructure was up-ended and stabilized before assembly with the wind mill, including the generator and the turbine blades. The completed floating windmill, now in a vertical position, was then towed to the final location by three vessels and connected to the anchor system in June 2009. The total structure measures 165 meters of which 100 meters below the sea level. The Hywind demonstration unit will operate for a period of at least two years. The objective is to gain knowledge on practical aspects of the operation and maintenance of floating offshore windmills. This project illustrates Technip's ambition and ability to implement expertise from its core business in service of renewable energies.

GE completes ScanWind acquisition

General Electric announced today that it completed the acquisition of ScanWind, in an effort to expand its renewable energy offerings to better serve its customers. The company is based in Trondheim, Norway and was founded in 1999 to develop and commercialize wind turbine technology that eliminates the need for gearboxes, the company press release indicated. "The acquisition of ScanWind is an important step in our strategy to place GE in a strong position in the growing offshore wind segment," said Victor Abate, Vice President of Renewable Energy for GE Energy, at the European Offshore Wind Conference in Stockholm. "We are impressed by ScanWind's simple, solid, reliable design and by the team of people who developed it."

Concerning GE's drive into alternative energy investments lately, investing over $6 billion annually in research and development, of which $1.4 billion was focused on clean technology solutions, Abate said, "Our decision to buy ScanWind is part of GE's overall strategy to ensure that we're the innovation leader by developing new renewable energy technologies, collaborating with key players, and when appropriate, making key acquisitions."



Venezuela, Iran ink oil deals for South Pars

Iran and Venezuela signed three memorandums of understanding in the energy sector in Tehran as part of a visit to the country by Venezuelan President Hugo Chavez. They include two agreements of reciprocal investments in Iran and Venezuela each worth $760 million, according to Mehr and Shana, Iran's Oil Ministry News Agency.

Under the first deal, state oil company Petroleos de Venezuela SA, or PDVSA, will invest $760 million as part of its 10 percent stake in Iran's South Pars phase 12, the agencies said. State-owned Iranian company Petropars is the operator of the project.

The agencies also said Iran committed to invest the same amount in Venezuela's Dokobuki oil field, through Petropars' 20 percent stake in the project, as well as the development of Block 7 of the Ayacucho oil field.

Under a third memorandum of understanding, Tehran will import 20,000 barrels a day of gasoline from Venezuela, worth $800 million, as of October.

Iran's newly appointed oil minister was quoted as saying that; "According to the signed agreement, Venezuela will provide Iran with gasoline in case of sanctions."

U.S lawmakers are soon due to vote on new sanctions specifically targeting Iran's refined petroleum imports, on which the Islamic Republic relies for 40 percent of its domestic consumption.

The legislation, which come on top of existing sanctions against foreign investment in Iranian fields, would be a response to Iran's nuclear program, which the West suspects is designed to produce nuclear weapons. Tehran denies that, but instead defends its right to meet civilian energy needs through nuclear power.

The Venezuela fuel accords complement a wider plan to develop Iran's domestic refining sector. Last month, President Mahmoud Ahmadinejad said Iran plans to complete the Persian Gulf Star refinery within the next two years as part of necessary measures to cope with possible sanctions.

Qatargas Train 5 begins LNG production

Train 5 of the Qatargas 2 project has started producing liquefied natural gas (LNG).

Qatargas announced that the production of LNG marks the halfway point in the company's expansion program. The train has an annual production capacity of 7.8 million tons and will take the overall LNG production of Qatargas to 25 million tons per annum by the end of the year.

"This is truly a remarkable achievement for Qatargas 2 and I would like to congratulate and thank all those who have made this possible. The production of LNG in Train 5 takes us one step closer to Qatar's target of producing 77 million tons of LNG per annum by the end of this decade. We are greatly proud to be able to contribute to this ambitious vision," said Faisal Al Suwaidi, Chief Executive Officer and Vice Chairman of Qatargas.

He added that the task for the firm now is to ensure that the new trains "operate flawlessly ".

ADNOC sets date for the $10 billion pipeline tender

Abu Dhabi National Oil Company (ADNOC) and its joint venture partner ConocoPhillips announced that the bid deadline for a pipeline package on the $10 billion Shah Gas Development is this month.

Business intelligence specialist MEED reported that October 11 has been set as the deadline date for the tender, which includes the construction of three pipelines: a 129-kilometer condensate pipeline and natural gas liquids (NGL) and gas pipelines both measuring 67 kilometers.

The pipelines will link the gas gathering and processing facilities at Shah with the processing and distribution facilities at Habshan as well as the sulphur-handling terminal at Ruwais.

Prequalified contractors for the tender are Consolidated Contractors Company (Greece), Contracting & Trading (Lebanon), Dodsal and National Petroleum Construction Company (both UAE), Punj Lloyd (India), Technip (France) and Saipem (Italy).

The UAE mega project involves the development of sour gas reservoirs within the Shah field, located onshore approximately 180 kilometers southwest of the city of Abu Dhabi.

The project will involve several gas-gathering systems, construction of processing trains to process one billion cubic feet per day gas at Shah to produce 540 million cubic feet per day of network gas, in addition to new gas and liquid pipelines and the construction of sulfur exporting facilities at Ruwais Industrial City.

Libya to boost oil capacity

Libya approved a 12.1 billion-dinar (Dh36.2 billion) plan to develop and upgrade 24 oilfields as the holder of Africa's largest crude reserves seeks to boost output.

National Oil Corp will work with state-owned companies and foreign firms operating in the North African country, "without the entrants of new parties," to implement the plan, the Libyan government said in a statement posted on its website.

The project will be funded through borrowing from local banks.

Libya, a member of the Organization of Petroleum Exporting Countries (OPEC), is seeking to raise crude production capacity to three million barrels a day by 2013, from 1.8 million now.

The country has five billion barrels of oil untapped because they are difficult to develop or remote, accounting for 12 per cent of its total oil reserves, according to the government.

Drilling of the first exploratory well in Caspian Sea

Iran will start drilling its first exploratory well in the Caspian Sea, early this month, said North Drilling Company's Managing Director.

The Mehr News Agency quoted Hedayatollah Khademi as saying that, "Iran-Alborz semi-submersible drilling rig is now ready to drill the country's first exploratory well in the region."

Iran-Alborz semi-submersible drilling rig can operate at water depths up to 1,030 meters and drill down to 6,000 meters under the seabed. The rig weighs 14,000 tons without its attachments and will facilitate exploration in deep waters in southern part of the Caspian Sea.

According to estimates, the southern part of the Caspian Sea holds at least 32 billion barrels of oil reserves.

TAQA buys North Sea blocks from Shell & ExxonMobil

The Abu Dhabi National Energy Company (TAQA) announced that it has increased its interests in the North Sea by acquiring four exploration blocks from Royal Dutch Shell and ExxonMobil.

In a statement TAQA Bratani Limited, a wholly owned subsidiary of the Abu Dhabi-based company said the exploration acreage comprises P.296: Block 210/25a Rest of Block; Block 211/21a3 Rest of Block; Block 211/16c All and P.945: Block 210/20f All.

"This deal further underlines TAQA's commitment to developing the remaining reserves in the North Sea and is an ideal fit with our existing equity," said Leo Koot, MD of TAQA Bratani.

"These blocks lie adjacent to the Tern and Kestrel fields purchased by TAQA in the Northern North Sea last year and as such represent a clear opportunity to enhance our production while utilizing existing infrastructure."

"This will not only maximize indigenous production for the UK but will also ensure our environmental impact is kept to a minimum," he added.

Koot also said that TAQA's continued investments in the North Sea over the past year were a sign that the company wanted to further develop its upstream operations in the area.

Kuwait LNG terminal debuts with first cargo

After a month of delays, which has seen a number of tankers moored off the coast of Kuwait, the Mina Al Ahmadi LNG terminal has finally received its first commercial cargo.

According to Reuters' AISLive ship tracker, the 147,000m³ Grand Aniva tanker from the Sakhalin II project was docked at the port in mid August 2009.

The Mina Al-Ahmadi terminal is run jointly by Kuwait National Petroleum Company (KNPC) and U.S firm Excelerate Energy.

The arrival of the Grand Aniva marks the first of a series of deliveries agreed as part of a deal between KNPC and Shell to supplement Kuwait's growing domestic demand as the country develops its own gas reserves.

Other ships, including the Sohar LNG tanker, the Grand Mereya and the Trinity Arrow (both from Sakhalin) are scheduled to dock during this month.

DualEx Energy signs production-sharing contract in Tunisia

DualEx Energy International Inc announced the signing of the Bouhajla Production Sharing Contract (PSC) and associated documents in Tunis.

The initial term of the PSC is three years from the date of ratification, which is expected prior to year-end, with two optional renewal periods of three years each. The Company's wholly-owned subsidiary, DualEx Tunisia Inc, has a 100 percent Contractor Interest in the Block with a work commitment consisting of a minimum of 100 kilometers of 2D seismic and one exploration well to test the Cretaceous Abiod formation during the initial term.

The Bouhajla Block encompasses 416 square kilometers (105,000 acres), and is located onshore in the Pelagian Basin of east central Tunisia. The Block lies immediately west of the Sidi el Kilani field, which has produced to date approximately 48 million barrels of light oil from the Abiod formation.

DualEx CEO, Garry Hides, commented, "the Company is very excited to have been awarded the Bouhajla Block, which we feel holds considerable exploration potential, and we look forward to a long and rewarding presence in Tunisia."

Dammam 7 Petrochemicals, Aker Solutions sign agreement for acrylic acid and acrylates

Dammam 7 Petrochemicals signed a program management agreement with Aker Solutions for the Dammam 7 acrylic acid and acrylates complex to be realized in the Jubail 2 Industrial area in Saudi Arabia.

Under the agreement, Aker Solutions will provide pre-front end engineering and design and program management services for the project.

"We are very pleased to consolidate our cooperation and we look forward to working together with Aker Solutions in the development of this project, the first of our petrochemical complexes that will reside in the newly established industrial zone of Jubail 2," said Mohammed Al Saidi, CEO of Dammam 7.

"The Middle East is a key region for us, particularly Saudi Arabia, where we are committed to growing our presence long-term and also recently established a partnership with ACEC (Arabian Consulting Engineering Centre)," said Johan Cnossen, Senior Vice President, Aker Solutions' Process and Construction business area. "This new agreement with Dammam 7 is an exciting opportunity for us and recognizes the strong capabilities we have established on projects in the region. We are confident this long-term partnership approach will provide the best base for the highest degree of success in the development of the project."

The complex will include a world scale acrylic acid plant, plants for the production of syngas, butanol, acrylic esters, together with integrated utilities and offsite facilities. Both entities are committed to establishing a long-term partnership and to making full use of the resources needed to provide a state-of-the-art, safe, reliable and highly efficient facility that is delivered on schedule and meets all of the current environmental regulations.

Established in 2004, Dammam 7 Petrochemicals is owned by Saudi shareholders led by the Kanoo Group, and was created to invest in and develop downstream petrochemical projects. Recently Dammam 7 secured the propylene feedstock for its acrylic acid and acrylates complex.

Turkey and Qatar mull LNG pipeline via Saudi Arabia

Turkey and Qatar have formed teams to start work on a possible LNG pipeline across Saudi Arabia that would ship Qatari gas to Turkey, said Turkish Energy Minister Taner Yildiz.

A Turkish team would travel to Qatar within one or two months, he said in a statement, which gave no more details.

Yildiz also said Turkey would postpone a decision on whether to approve or cancel a tender to build the country's first nuclear power plant.

A Russian-led consortium of Inter RAO, Atomstroiexport and Turkey's Park Teknik submitted the sole bid in a tender last year.

KBR wins Saudi Aramco Shaybah Gas Project

KBR won a contract from the Saudi Arabian Oil Co. to develop a natural gas liquids program in the Shaybah oil field in Saudi Arabia.

Houston-based KBR will provide engineering and project management services for the Shaybah natural gas liquids project, according to a spokeswoman for Montreal-based SNC-Lavalin Group Inc. (SNCAF). SNC-Lavalin announced that it won another contract from Saudi Aramco to develop the smaller Wasit gas development project.

Together, the two natural gas projects are worth nearly $7 billion, according to people familiar with the plans, and are designed to meet rising demand for natural gas in Saudia Arabia, the Middle East's largest economy.

A KBR spokeswoman said in an email that KBR did not "have anything to report at this time" about the Shaybah project and that "everything is still a work in progress."

Other companies that submitted bids for the two contracts on August 22 include Fluor Corp. (FLR), Foster Wheeler AG (FWLT) and Technip S.A. (TKPPY).

The Shaybah project involves the installation of a natural gas liquids recovery facility, the de-bottlenecking of existing gas-oil separation facilities and the installation of facilities at the Berri gas plant to handle the natural gas liquids from the recovery facility.

The Wasit gas development project will create facilities for the processing and production of up to 2.5 billion cubic feet per day of natural gas from the Aribiyah and Hasbah offshore gas fields. It is a five-year development project that is scheduled to begin this month.

PGNiG to increase international investment especially in Africa

The Polish gas monopoly PGNiG is looking to invest $141 million in 2010 on foreign exploration, twice as much as planned for 2009; its Deputy Chief was quoted as saying.

"We want the foreign part of our exploration business to be capable of financing itself as soon as in four years," Waldemar Wojcik told Polish state news agency PAP.

State-controlled PGNiG currently explores for gas off the coast of Norway, in Libya and Egypt and also has its sights set on countries such as Algeria, Morocco and Tunisia where the company already has exploration assets. PGNiG imports about two thirds of the 14 billion cubic meters of gas it sells at prices tied to the cost of oil with a nine-month delay.

By 2015 the group wants to raise the amount of gas it taps by almost half to 6.2 billion cubic meters, with 1.5 billion coming from foreign deposits, as it wants to lessen dependence on Russian imports.

Verenex sold to the Libyan Investment Authority

Verenex Energy Inc and the Libyan Investment Authority (LIA) jointly announced they have entered into a binding memorandum of understanding (MOU) respecting the sale of all of the issued and outstanding shares of Verenex (on a fully diluted basis) to the LIA at a price of $7.09 per share in cash.

The MOU provides that Verenex shall distribute out to its shareholders any positive working capital at the time of closing, which Verenex currently estimates will be a nominal amount and subject to a number of factors which are primarily the rate of ongoing expenditures by Verenex and the period of time for completion of the transaction.The LIA is a sovereign wealth fund established in 2006 by the General People's Committee of Libya (GPC) to manage Libya's surplus oil revenues.

Commenting on the transaction, Mohamed Layas, Executive Director of the LIA, stated, "the Libyan Investment Authority has assets of over $65 billion and is pleased to add the Verenex business to its oil and gas portfolio".

The MOU contemplates that a definitive agreement will be signed on or before October 20, 2009, and that the LIA will escrow funds or establish an irrevocable letter of credit or bank guarantee arrangement for the purchase of Verenex at the time the definitive agreement is signed. The MOU provides that the transaction is conditional on completion by the LIA, prior to signing a definitive agreement, its due diligence review of Verenex, finalization of a definitive agreement and receipt of all requisite regulatory, court and shareholder approvals. The LIA has represented in the MOU that the transaction has received all necessary Libyan government approvals.

New gas discovery for Petroceltic in Algeria

Petroceltic International plc, the upstream oil and gas exploration and production company focused on North Africa and the Mediterranean, announces well AT-1, on the Isarene permit (Blocks 228 & 229a), Algeria, has been successfully tested at the Ordovician (Unit IV) zone at a depth of 1915m.

The well flowed 11.4 mmscf/d of gas (13,451 cubic metres/hour) with a flowing wellhead pressure of 205 PSI on a 2" choke setting, and at a rate of 7.75 mmscf/d (9,144 cubic metres/hour) with a flowing well head pressure of 1458 PSI on a 32/64" choke setting. The associated condensate rates were 210 barrels of condensate/day on a 2" choke setting, and 233 barrels of condensate/day on a 32/64" choke setting. The well was tested under natural flow and was not fracture stimulated. Testing and sampling operations at the well have now been completed.

Wireline logging results at the well were better than pre-drilling estimates, due primarily to the confirmation of a deep gas water contact at 1948m, and better than expected reservoir porosity and permeability values in the objective horizon. The well has been completed for possible future use as a production well.

The AT-1 well is the second well in the current drilling programme on the Isarene permit in the Illizi basin, Algeria. The successful test demonstrates the high gas potential of the Ain Tsila ridge discovery at this location. The well was drilled by Petroceltic (75% interest, Operator) in association with the Algerian Oil & Gas Company Sonatrach (25% Interest).

The AT-2 well, the second on the Ain Tsila field, is currently coring in the objective Ordovician formation. The forward plan for AT-2 is to continue coring the objective reservoir section, then to log the objective zone. The INE-2 well is now scheduled for testing after the completion of the AT-2 well.

This is the third gas discovery tested by Petroceltic on the Isarene permit. In 2006, the Company tested gas from the shallower Devonian and Carboniferous objectives in wells HTT-2 (15.4 mmscf/d from 3 zones) and ISAS-1 (1.2 mmscf/d from 2 zones).

Brian O'Cathain, Chief Executive of Petroceltic, commented, This test exceeds our pre-drilling expectations, and is the most prolific single zone well test on the Isarene permit to date. These well results confirm the significant commercial potential of the Isarene permit to Petroceltic and our partner

Fuelling the Ramadan

EMC's Khaled Reda receives the tournament cup

From top to bottom: Draw Event at the headquarter of the Children's Cancer 57357 Hospital

For the third consecutive year, Egypt Oil & Gas (EOG) organized the Ramadan Petroleum Soccer Tournament, from September 3rd-12th, at Cairo International Stadium, where 36 teams competed for the title, which was claimed by EMC this year

By Ahmed Morsy

The Egyptian Maintenance Company (EMC) thrashed the Egyptian Drilling Company (EDC) 5-1 in the final match of the 3rd Ramadan Petroleum Soccer Tournament, held on Septmber 12th.

The 10-day tournament which was held in the open-air arena of the Cairo International Stadium witnessed the participation of 36 teams from the petroleum sector; twenty from the private-sector companies and sixteen from the state-owned companies. The tournament was held with the support of the High Council of Sports Activities of the Petroleum sector.

Besides, one of the most recognizable factors this year was the participation of the Children's Cancer Hospital 57357, which was present throughout the 10 days for fund raising and donation collection to serve the children who receive their treatment free of charge. This was part of EOG's social responsibility and its role to better serve the community.

Back to the tournament, the third place went to the Egyptian Natural Gas Company (GASCO) after beating Petrographics 7-2 in the consolation game. GASCO was one of the heavyweight teams since their five-a-side squad included Ahli Maher, Ahli former striker, and the best scorer of the tournament Hossam Abdel Azzim who scored ten goals. In addition, GASCO's goalkeeper Mohamed Sobhi was honoured the best goalie in the tournament. While the best player prize was for EMC's player Khaled Reda and the team's coach Ahmed Abdel Kareem was honoured the best coach in the tournament.

The best scorer prize witnessed a fierce challenge till the last minutes as EMC player Khaled Reda scored nine goals, while Zyad Hussien reached the eighth goal as well as Mohamed Atef from Petrographics.

Despite being eliminated by Siemens 2-1 in the round of 16, title holders Shell deserved to be gifted the most entertaining team prize as a result of their entertaining style in football dur-

Soccer Tournament

Mohamed Fouad hands over the tournament trophy to Hady Fahmy

Baker Hughes' audience

Italfluid team with their Fair Play trophy

Tournament winners EMC celebrates with their trophy

GASCO coach Ayman Moheb receives the third place trophy

Best coach Ahmed Abdel Kareem

Best scorer Hossam Abdel Azzim

Sherif El Gohary receives Shell Marketing trophy

ing their games in the tournament. In addition to being the titleholders, Shell was one of the teams which all predicted that they will easily reach the final match of this year's tournament.

Baker Hughes supporters and fans were worthy of honouring the best audience in the Ramadan five-a-side tournament for showing off their unique styles in supporting their team during the tournament. In spite of the brutal challenge on this prize from EDC's audience, Siemens' audience as well as Ocean Marine's fans, Baker deserved to win the best audience award for their unique folklore styles in supporting their team.

Moreover, Italfluid team, led by Eng. Mohamed Barakat, the company's local manager, won the fair play prize of the tournament for their sportsmanship during the tournament.

The closing ceremony witnessed the attendance of Hady Fahmy, President of the High Council for Sports Activities in the Petroleum Sector and the Head of the Egyptian Handball Federation, Dr. Sherif Abou El Naga, the VP of the Children's Cancer Hospital 57357, and Mr. Mohamed Fouad, President of the Organising Company Egypt Oil and Gas, Eng. Hany Abdel Haleem, Chairman of Petrographics, Mr. Roberto Mc Leod, Enap Sipetrol Chairman, Eng. Ahmed Fekry from CB & I and a number of deputies of the participating companies.

"The tournament is developed every year than the year before," said Mohamed Fouad, "Last year's tournament witnessed the contribution of only 16 teams of the petroleum private sector companies. While in this year's edition we insisted on increasing the number of the participating companies and also to embed the state-owned companies which are famous for their good football."

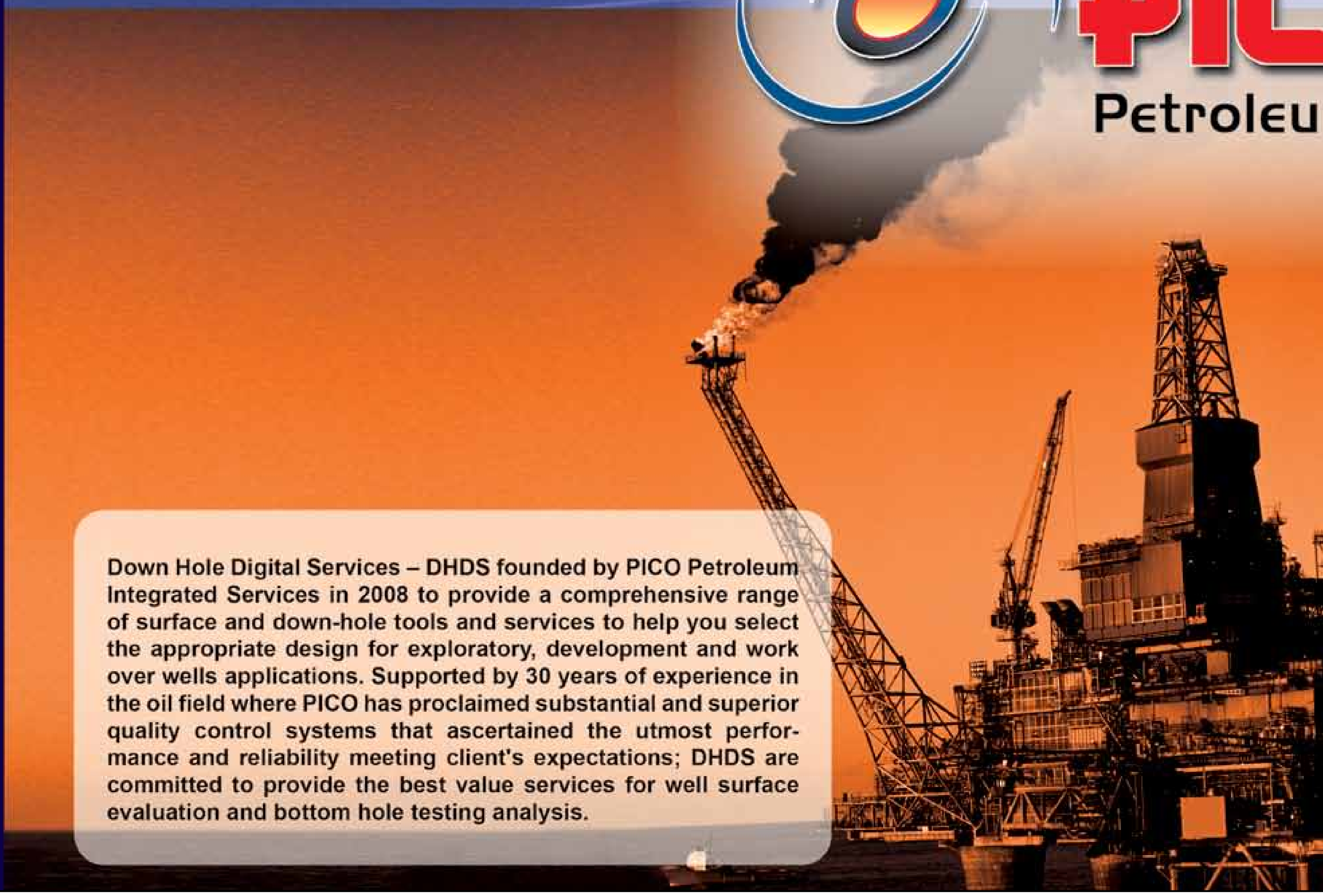
He further added, "In addition to improving the relationships between the members of the petroleum sector, the tournament this year aimed to add a social role by making a link between the 57357 Hospital and the tournament".

During the ten days of the tournament there was a booth for the hospital in the arena of the tournament to collect donations. Moreover, the opening and the draw ceremony of the tournament were held in the 57357 Hospital headquarter. The children of the hospital took part in the ceremony and the draw. Fahmy, Fouad and Dr. Hani El-Sharkawi, Chairman of Dana Gas the official sponsor of the tournament, in addition to Dr. Abou El Naga, were the honoured speakers in the opening and the draw ceremony, which was followed by a tour in the hospital to hand gifts to the children.

Drilling Fluids Technology

Drilling Fluids Technology – DFT was founded by PICO Energy in 2007. DFT provides its customers with reliable customized and high quality engineering services implementing the best drilling fluids practices using the full fledge of OBM & WBM Chemicals and drill-in fluids. DFT team congregates the most experienced personnel within the Egyptian Market in the field of drilling fluids. The team collaborated for Managing & Operating DFT have rich local and international experience with many Operators in Egypt utilizing varieties of mud systems that led to a successful start in the Gulf of Suez of Egypt. DFT success is a function of performance and improving well integrity as well as enhancing the learning curve which adds to our reputation further diversity.

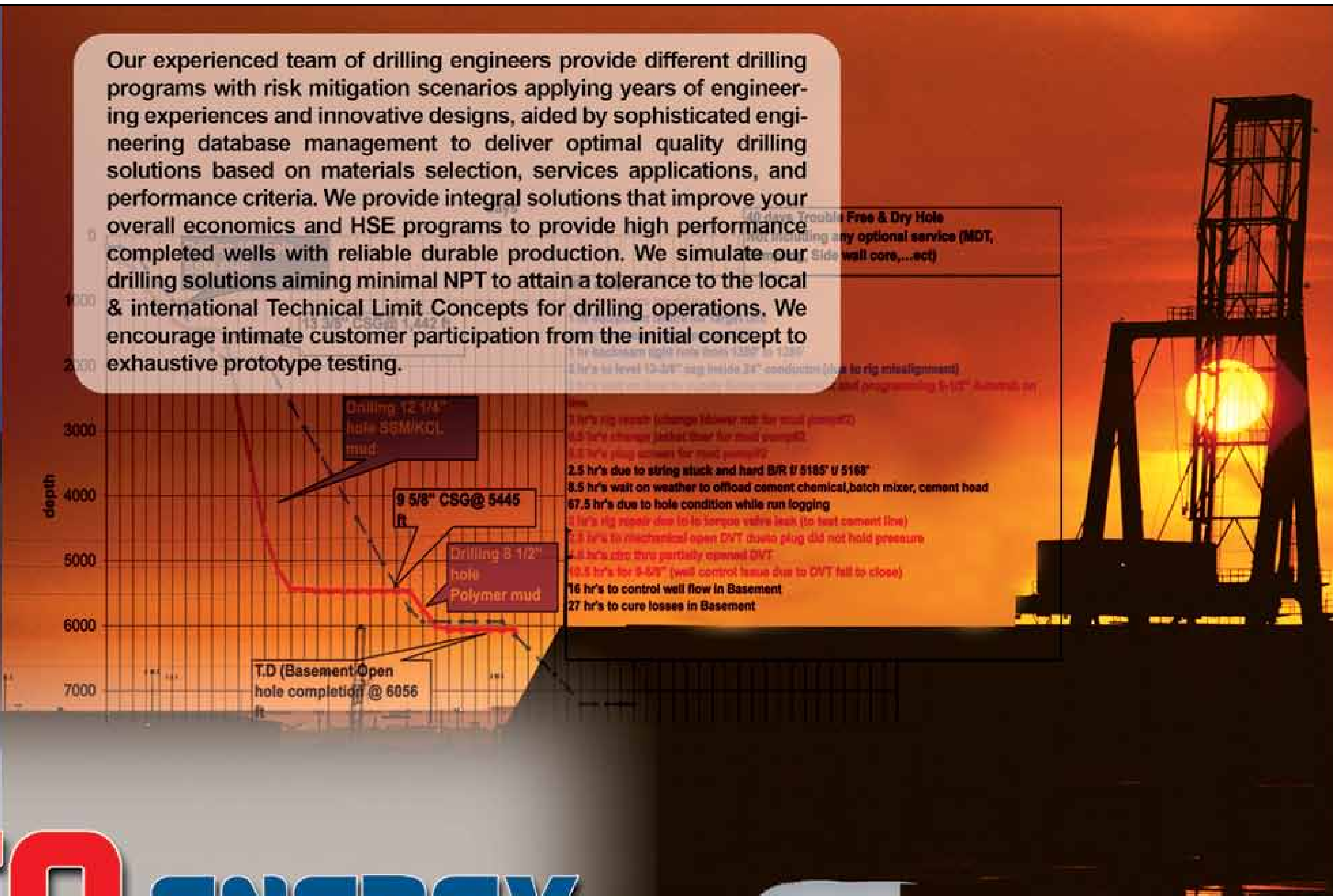
Down Hole Digital Services



Down Hole Digital Services – DHDS founded by PICO Petroleum Integrated Services in 2008 to provide a comprehensive range of surface and down-hole tools and services to help you select the appropriate design for exploratory, development and work over wells applications. Supported by 30 years of experience in the oil field where PICO has proclaimed substantial and superior quality control systems that ascertained the utmost performance and reliability meeting client's expectations; DHDS are committed to provide the best value services for well surface evaluation and bottom hole testing analysis.

IS Drilling Management

Our experienced team of drilling engineers provide different drilling programs with risk mitigation scenarios applying years of engineering experiences and innovative designs, aided by sophisticated engineering database management to deliver optimal quality drilling solutions based on materials selection, services applications, and performance criteria. We provide integral solutions that improve your overall economics and HSE programs to provide high performance completed wells with reliable durable production. We simulate our drilling solutions aiming minimal NPT to attain a tolerance to the local & international Technical Limit Concepts for drilling operations. We encourage intimate customer participation from the initial concept to exhaustive prototype testing.



...O ENERGY

...m Integrated Services

Pumping & Stimulation Services

Pumping and Stimulation Services –P&S founded by PICO Petroleum Integrated Services in 2008 to provide stimulation treatments to maintain and improve the original permeability of the pay zone. Coiled tubing has a significant role in playing such improvement. Other services can be achieved such as Drilling with Coiled Tubing, OH/CH Logging, Artificial lifting, Well cleaning from scales/sand, Perforation and Fishing with Coiled tubing. Different sizes of Coiled tubing enable to reach the maximum benefit to stimulate the pay zone.

When lack of expertise strengthens capabilities!

Though the headline sounds illogical, it is true that the lack of expertise in any industry, especially in the highly dynamic ones such as the petroleum industry, should be a motivating reason for strengthening the capabilities and skills of existent personnel and paving the way for more professional cadres to emerge in order to be the right work guidance for the middle-age and fresh employers

By Yomna Bassiouni

The lack of expertise problem has been a headache for years and years, not only in Egypt, but also in almost every country, even the more industrialized western nations such as the United States. Attempts to attract foreign workforce through attractive work packages to compensate for this lack have always been a short-term solution to the problem. What is more beneficial and effective is to invest in the capabilities and skills of each country's workforce as means to create a large segment of knowledgeable personnel enjoying the needed skills and abilities to join dynamic sectors as the petroleum industry. Although such solution might take years to be attained, this can be considered as the most appropriate long-term solution to end this brain drain and skill shortage.

Asking some young petroleum employees about their opinions concerning the availability of experienced calibers in the Egyptian petroleum sector, they mostly believe that this lack of expertise problem is no longer as major as it was in the past, yet it does exist to some extent.

Mohamed M. Tawfik, Safety Engineer for Onshore Rig at the Egyptian Drilling Company (EDC) - Libya Branch, said that Egypt does have a lot of qualified employees that could possibly develop the industry. However, the immigration of those experienced personnel remains as a weakening factor in the industry. "This is due to the big difference between the salaries of the Egyptian Oil Companies compared to the multinational companies… although it is commonly known in the Egyptian society that the wages of the petroleum sector are considered the highest in the country. But, when compared to the international standards, wages are considerably low," Tawfik added.

Disagreeing with Tawfik's opinion about the existence of knowledgeable and skilled employees, Sherif Ali, Petroleum and Natural Gas Engineer that graduated from the U.S and worked in the Egyptian field highlighted, "At an early stage in my career, I worked in Egypt and found out that there were lot of inexperienced individuals who were occupying high sensitive jobs within the oil and gas operating companies. They offset this lack of knowledge by depending on service companies that have the technical know-how and training to do their jobs."

Ali further explained that even when courses and training are provided, few individuals are keen on applying to these courses and have a real interest in learning and excelling.

Ahmed Mahran, KW Ltd believes that the petroleum market in Egypt has a broad level of skilled staff; however, this does not omit the shortage of qualified people. This shortage of experienced people who have enough knowledge to carry out their duties properly is significantly "aroused in good times as shortage of human resources leads to projects going over budget, not meeting their delivery targets or projects managed by personnel who haven't got the right knowledge". Mahran also shed light on the problem of know-how, which does not only lead to poor quality work, but moreover it is a main cause for higher probability of failure that is highly critical.

Giving an analysis about mind immigration, the young engineer said this dilemma at some cases has created a knowledge gap through the shortage of the middle aged personnel who are performing the work through guidance from elder staff and delegation of the younger staff. "The reasons lying behind this skill and experience drainage can be summarized in two factors; the low payments and insufficient professional development and training courses that are highly crucial for any organization and for both employees and employers as the first strengthen their market value through knowledge and trainings, while the latter would invest in their employees as they are the developing arm of their companies."

Furthermore, Mahran added that there is currently a couple of professional training centers, which are providing the needed courses specialized in the petroleum sector. "However, I think a series of improvements in terms of types of presented courses, their relevance to the industry locally and internationally and their benefit are needed. Yet, such courses should be treated as the source of basic knowledge, which should be accompanied by the real on-job learning for developing the job experience."

Mind immigration is not the solution

In a short opinion poll, we found out that the drainage of experienced employees in the petroleum industry is attributed to the immigration of skilled and knowledgeable workers, mainly in search for better wages. Many foreign countries, suffering from the insufficient professional workforce needed in highly dynamic industries such as the petroleum one, hunt for experienced cadres and utilize the "shining attractive work packages" to attract experts from other countries, giving them the so-called their lifetime chance to accept the idea of immigration.

Although that some would disagree and claim that local skilled manpower leave in search for better work experience and not only money, recent research stated that nearly 50 percent of immigrated personnel leave left everything behind their back for the sake of better salaries.

In a recent job seeker poll, carried out by Bayt.com, the Middle East's number one job site, the questionnaire aimed to assess what employees deemed to be the most important factors when considering a job abroad. The respondents selected the desire for money as the first important factor, with 41 percent citing pay as their foremost consideration when targeting a new country for employment. Besides, the country's employee satisfaction rating and worldwide security were also important factors, along with having family and friends in that country.

Whether leaving for money or better work experience, we should answer this question first, how well would Egyptian workers operate in a different country and cope with a whole new culture? As a matter of fact, this varies from one person to another and from one country to another; even if we focus on the immigration to Arab countries and though Arab countries enjoy high cultural similarities to a great extent, yet there are definitely many differences. When the Bayt.com survey asked respondents to rate how strongly they believed countries' cultural norms affected lifestyle and productivity, only 6.3 percent held the belief that a country's culture had no bearing on lifestyle nor productivity, while the remaining 93.7 percent do believe of the cultural impact on productivity.

"Professionals moving to new countries, for the purpose of employment, expect cultural norms to influence their lives," said Amer Zureikat, Regional Manager for Bayt.com to the Daily News Egypt, shedding light on the survey's results, speculating that the diversity of responses seen in the survey reflect the differing mindsets of people working overseas or considering an opportunity abroad.

Leaving money as the factor behind immigration, some academics believe that the graduates of petroleum engineering faculties cannot easily get a job opportunity to apply what they studied for four years as there are no enough job opportunities for them and hence, they start their career abroad. Dr. Abdel Alim Hashem, professor of Petroleum Engineering at the Cairo University's Mining, Petroleum and Metallurgical Engineering Department, has over 20 years of experience in drilling engineering, well completion and work over operations, petroleum Economics, petroleum exploration and subsurface geology believes the core of brain drain does not lie in the student, nor the university; it is basically due to the lack of opportunities for students to receive practical training internships in oil and gas companies before graduation. "For instance, when I was in Germany studying for my PhD, all students got summer internships and used to work on rigs in all positions for three months. Unfortunately, we do not have this opportunity here. I tried to address many companies several times; most of them did not respond and the remaining few could not provide more than 10 days only as a summer internship for 3-15 students whereas we have around 120 students."

As a result, fresh graduates are not adequate to join the workforce and keep on seeking for opportunities to gain work experience, which is not easy nowadays, he highlighted.

As a suggestion to ameliorate the standard of petroleum engineering, research…etc to have better experienced workforce, Dr. Hashem recommended to focus on two major items; first to initiate more cooperation between educational institutions and companies, whether private or public in order to provide students with the privilege of getting practical trainings in these companies and therefore, having experienced graduates and solving the lack of skilled Egyptian personnel in the field. Second, he recommended increasing the budget for academic research and studies in the field in order to develop the petroleum sector in Egypt.

Training centers are the key

As mentioned at the beginning, the most effective solution to this brain drain lies in the investments of companies in their manpower. This can be achieved through the training centers, which study the needs of the market and bring the latest technologies and courses needed to ameliorate and develop the employees' skills and cleverness.

"Training young cadres in the petroleum sector, in their respective specializations, is an essential aspect of the Ministry of Petroleum's strategy to preserve the evolution in the industry both on the domestic and international levels," the Egyptian Minister of Petroleum Eng. Sameh Fahmy highlighted the importance of training centers. "Training the youth and providing them with skills has become a national objective, not just in the petroleum sector, but also in the IT sector."

Moreover, these centers fill the gap of practical applications skills as many students are graduating from engineering departments with good theoretical knowledge and memorization skills, but are short of practical experience.

Some believe that the need for training centers is not as a means of compensation for poor learning but as an instrument of enduring technological advancements. Dr. Salah El Haggar, professor of Energy and Environment at the American University in Cairo, stated that "the importance of these training centers is that they continue education for computer engineers and scientists at large in order to refresh their memories and strengthen their skills." Whether it is a means of reparation for a weak education or simply a way to fine tune the skills of highly educated graduates and to specify their required abilities, training centers seem to provide the answer to many problems in the oil and gas field in Egypt.

Among the training centers currently available in Egypt, we can list the GESCO Training Center, established in 1995 by Global Engineering & Services Co. (GESCO), the Petro Environmental Services Company (PESCo), was established in January 2003 and the Oil & Gas Skills (OGS). The first provides a wide range of training courses, both certified and customized, to the petroleum and industrial sectors in Egypt and other countries in the Middle East. The last seven or eight years witnessed GESCO Training Center's participation in a number of leading training projects including being selected by the Egyptian General Petroleum Corporation (EGPC), together with other reputable training centers, to run a training project for 10,000 individual holders of intermediate diplomas and/or holders of technical high diplomas in order to be qualified to work in the future in the oil sector in Egypt or other Arab countries. The second training center, PESCo, provides environmental protection and marine support in addition to specialized oil spill training for offshore, marine and industrial environments.

Desertec... The new initiative of Siemens

Revealing its most recent project for a sustainable supply of energy, Peter Löscher, the Chief Executive Officer of Siemens AG – sheds light on the company's initiative, "Desertec", describing it as a new generation for renewable energy

What is the Desertec initiative and its effect on North Africa and Europe? What will be the amount of energy that will be produced?

The Desertec initiative is designed to provide a sustainable supply of electricity to North Africa, the Middle East and Europe on the basis of renewable energies. The electricity is to be produced in solar thermal power plants in the desert regions of North Africa and in wind farms off the coasts of Africa and Europe. Concerning Europe, the Desertec Initiative aims to supply from 15 to 20 percent of Europe's energy needs by 2050. Also, the project will considerably strengthen local African and Middle East expertise and employment in these areas. If capital, competence and resources from a number of countries are brought together, at the end all parties benefit. Africa and Middle East will definitely be one of the big winners.

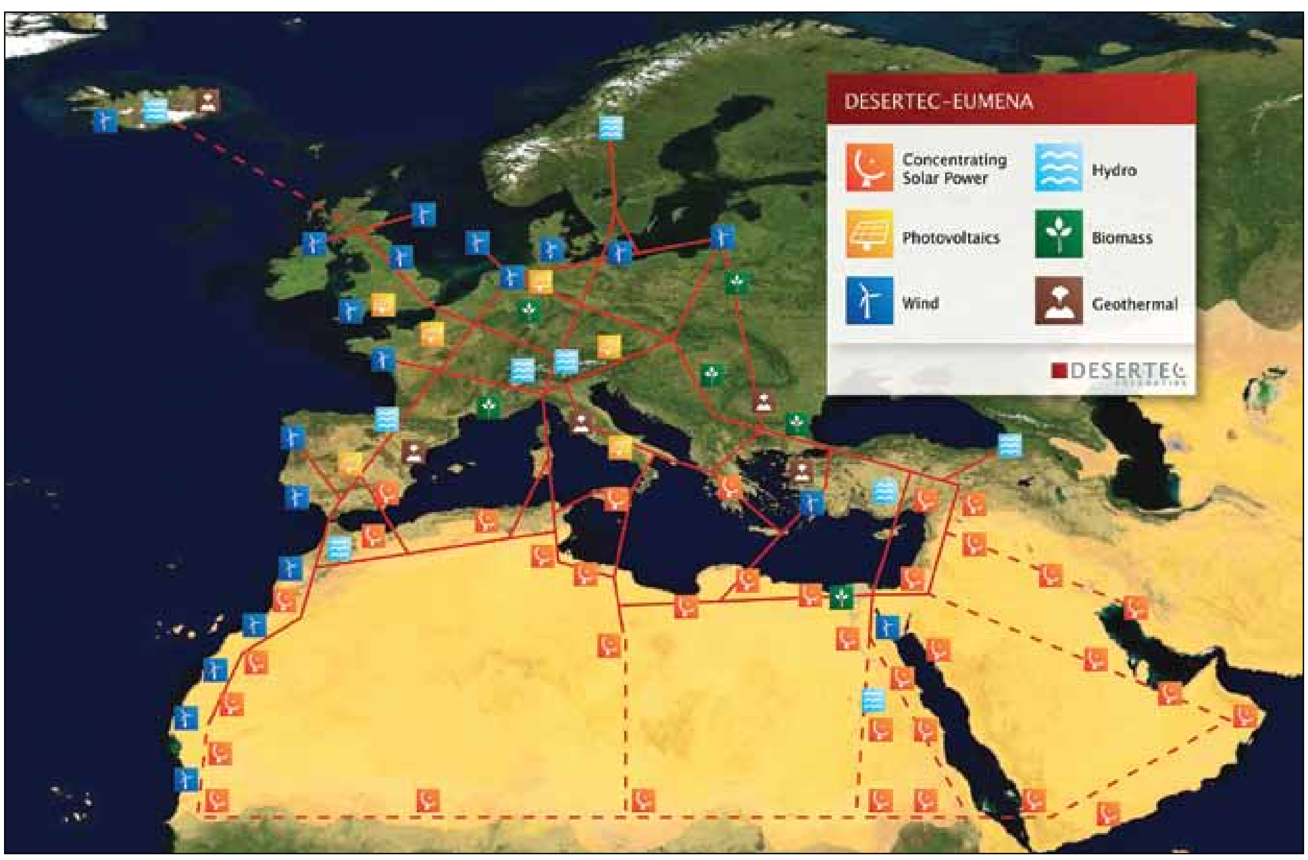
What is the role of Siemens in Desertec initiative? What is Siemens scope of products and solutions for the project? Comparing with its competitors, where do Siemens technologies and solutions stand regarding this project?

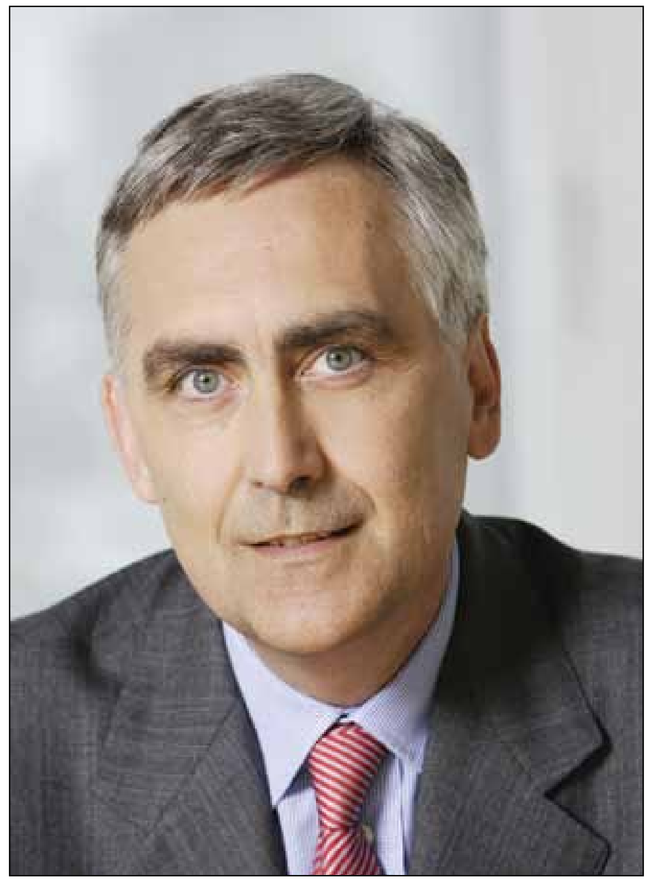
Our intensive participation in the Desertec initiative and projects should not come as a surprise. In 1855, it was Siemens that completed the first telecommunications mega project – the telegraph line from Finland to the Crimea, covering a distance of 10,000 kilometers. In 1859, Werner Siemens conducted a project in Suez where he laid telegraphic cables beneath the Red Sea, linking Europe via Suez and Adan with West India. In 1874, it was Siemens that connected Europe to North America with the first trans-Atlantic cable. And today, it is Siemens that is implementing one of China's longest and most efficient electricity superhighways. Looking ahead, generating power in the desert and bringing this power to Europe via an ultra-efficient transmission system – that's a job made for Siemens. Siemens is a world leader in offshore wind farms and steam turbines for solar thermal power plants and can supply the key components for Desertec: high-voltage direct-current transmission systems as well as steam turbines, solar receivers and the instrumentation and control equipment for solar power plants and wind farms.

In an article that was recently published, the energy demand of Europe will be met by solar panels that will be established in Sahara Desert. In your opinion as a businessman, what kind of obstacles will face the project?

Desertec is a climate saver and a brilliant example of how to tackle climate change with projects that are both visionary and implementable. This project has been in the drawer for 30 years and can now be realized at last due to technological advances. The world's desert regions harbor vast reserves of energy: here the sun is available for producing electricity more than 4,800 hours a year. Desert regions receive more energy in six hours than the world consumes in a year. It's also possible to install offshore wind farms in the coastal regions of Northern Africa. We must leverage this potential. Industry and governments must proceed courageously and jointly – and Siemens intends to be in the vanguard.

How large is Siemens share in the Egyptian market?





We have strong roots in Egypt where Siemens has been present since 1901, which is a source of pride and demonstrates our very strong and consistent commitment to the region. Over these more than a hundred years, Siemens with its fantastic Egyptian engineers have played a key role in helping build the infrastructure and were involved in a large number of infrastructure projects in Energy, Industry, and Healthcare where we also hold leading positions. More than one third of today's electricity in Egypt is already being generated through Siemens gas and steam turbines. Additionally we have signed a major four-year long operating plant service agreement for six gas turbines and for air and gases insulated switchgear turnkey projects in 2008 and contribute to the new high-voltage substations where we are using products that are manufactured here in Egypt. Our Mobility Systems participates in upgrading the safety of Egypt's railways and we are involved in the Shoubra El-Kheima Water Treatment Plant in terms of its rehabilitation and extension, in order to serve the increasing water demand of Cairo. And let me also mention a complete diagnostic imaging and oncology treatment solution, which was ordered by the Ministry of Health.

Experts claim that Egypt's natural conditions are ideal for the development of wind and solar generated power. How feasible is it for Egypt to become an exporter of renewable energy in the future?

Egypt enjoys excellent wind conditions, particularly in the Gulf of Suez, where average wind speeds reach over 10 m/sec. There is a potential of Wind Energy in Egypt for up to 20,000 MW, which puts Egypt at the forefront in the region regarding the potential perspective. Furthermore, as per the German Federal Ministry for Environment and the German Aerospace Center study for 25 countries in the MENA Region, Egypt holds a number 1 position for photovoltaic and is among the top 4 for solar with a potential of 74000 TWh/year. Therefore, I am sure that Egypt is going to play a key role in the development of renewable energy and using it in Egypt and exporting the over supply to Europe. But let me add that investments to expand and improve the connectivity between the Egyptian' Electricity Grid and the Regional Grids are therefore of utmost importance.

With domestic demand for oil and gas set to rise exponentially, what role could alternative energy sources play in the future of power generation in Egypt?

The demand for electrical power generation in Egypt is currently increasing by some 10 percent and is expected to grow still between 6 to 7 percent over the next 10 years. The Egyptian Ministry of Electricity has announced ambitious plans to increase the domestic electricity production and Siemens can certainly help to meet these goals. The task will be to develop a reasonable energy mix including renewable and fossil energy sources.

How can Siemens in Egypt support the achievement of the expected target to produce 20 percent of energy from renewable by the year 2020?

The current measures to promote and attract large wind operators to invest in Egypt are good and very promising. However the know-how of the renewable energy industry in Egypt could be further developed via cooperation with international organizations in order to transfer additional expertise and investments into the country. Siemens would be willing to embark on those opportunities and invest in Egypt given the availability of a sustainable market and has already taken the first step by participating as investor in the Wind IPP for 250 MW at Gulf of Suez. And let's not forget about the fact that it is not only about constantly increasing the energy production but also to save energy wherever this is possible.

What are your plans for this year?

We see three major global trends with massive growth opportunities and have clearly aligned the company with these trends of our time: The first one is climate change, which will make environmental technology the leading industry of the 21st century. At Siemens, green, energy-efficient solutions are already generating a quarter of our total revenue. And this is increasing every day. We have the largest portfolio of green technologies in the world. In spite of the current economic crisis, we aim to increase our revenue from □19 billion in 2008 to □25 billion in 2011. In addition to climate change, we see two other trends that Siemens began addressing quite some time ago: shifting demographics and increasing urbanization. Already today, more people live in cities than in rural areas, and life expectancy is continually increasing. Megacities such as Cairo face major challenges. Residents expect a good quality of life. They need clean air to breathe, good water to drink and reliable electricity to power their lives. People need healthcare. They also need to be mobile and have adequate transportation systems in place. All of these needs have to take into consideration today's restraints in city budgets. Our solutions can help to cope with these major challenges.

There is still no grid to transport the electricity generated by these future power plants. Also, the countries of the region are under-equipped, often in conflict and far behind in renewable energies. Thus, how viable is your project?

The technology required for implementation is already available: solar thermal power plants have been tried and tested for 20 years. In addition, large amounts of electricity are already being transmitted over great distances with low loss over so called electrical highways. We already implemented them in China and Australia. They allow to efficiently transporting electricity over great distances of up to 2000 Kilometers and more. So – we already have the solutions – they just need to be implemented.

Gas reserves up, prices down

The riddle of natural gas prices is still puzzling the experts and analysts who failed to reach an accurate reason behind the sliding prices of natural gas, despite the beginning of seasonal hurricanes usually leading to high prices and more demand

By Mostafa Mabrouk
VP for Economic affairs, Ganope

Last month, the prices of natural gas witnessed another seven-month low of $2.84 per 1000 cubic feet and according to analysts; this slide was due to an increase in the supplies of natural gas inventory. In the U.S, the total natural gas capacity ranges between 3.6 trillion cubic feet to 3.9 TCF. The problem for the natural gas market lies in the fact that gas production continues to remain strong due to the continued development of new producing wells from the highly gas shale which sprout up around the country. The impact of these new wells, coupled with the decline in domestic gas demand due to the weak economy, have been greater than the expected weekly gas storage injections. In other words, if gas injections continue to average in between 50 and 55 BCF until the winter heating season arrives and when gas being withdrawn, storage capacity will reach in full, so in 10 more weeks of injection season and at the current injection rate, the industry will try to absorb another 550 BCF of gas into already jam packed facilities around the country.

The sharp price decline of natural gas to below $3 per MCF from a peak of over $13 last summer of 2008, has been caused by a drop in demand from factories and homes because of recession, coupled with a big expansion of production over the last few years, as Thomas F. Darden, Chief Executive of Quicksilver Resources, a major natural gas producer, said "prices today are below our costs to produce, so in our view this is not a sustainable scenario". The declining price of natural gas will be good for many industries and consumers; it gradually brings down utility bills for 60 percent of American homes that use natural gas in fuel stoves, water heaters, furnaces and other appliances. Since natural gas is an important fuel for domestic utilities, factories and a feedstock for the chemical and fertilizer industries, the price collapse helps cut their costs.

Based on recent studies, the amount of natural gas available for production in the U.S has soared 58 percent over the past four years, accompanied by a drilling boom and the discovery of huge gas fields in Texas, Louisiana and Pennsylvania. The report, prepared by nonprofit gas committee, concludes that the U.S has more than 2000 trillion cubic feet of natural gas still in the ground, or nearly a century's worth of production at current rates, which is more than 35 percent. The natural gas industry has promoted gas as a more environment-friendly and domestically produced alternative to coal and oil. Industry supporters said that they agree the report supports their case by showing the U.S can rely more heavily on gas without running out of reserves.

Storms with little effects

Energy consultant Valerie Wood of Energy Solutions Inc in Verona mentioned that supplies are plentiful and demand is down because of the economy and in turn gas prices will spike. In addition, hurricanes do not have much impact on natural gas prices as they did several years ago because onshore production of gas has expanded. For example, if we refer back to 2005, prices soared after hurricanes Katrina and Rita led to shutdown of natural gas rigs operating in the Gulf of Mexico. While in summer 2008, oil prices soared to more than $140 per barrel and natural gas prices soared to more than $13.5 per 1000 cubic feet. The public utilities were concerned that home heating costs would soar by 50 percent or more. But the commencement of the recession, financial market collapse and factory shutdowns all helped to lower prices. Some natural gas market watchers are predicting prices could go as low as $2.8 or even below $2 per 1000 cubic feet. Most experts hope that low natural gas prices can temper some of the electricity rate increases.

Country	2008	2009
SAUDI ARABIA	266,800,000,000	266,800,000,000
CANADA	178,800,000.000	178,600,000,000
IRAN	132,500,000,000	138,400,000,000
IRAQ	115,000,000,000	115,000,000,000
KUWAIT	104,000,000,000	104,000,000,000
UNITED ARAB EMIRATES	97,800,000,000	97,800,000,000
VENEZUELA	79,730,000,000	87,040,000,000
RUSSIA	60,000,000,000	79,000,000,000
LIBYA	39,130,000,000	41,460,000,000

Oil reserves hoax

In a report by Byron W. King, a geologist worked in a major international oil companies in the U.S and currently the editor of Outstanding Investments, he mentioned the dilemma of knowing the real volume of oil or gas reserves, and specifically oil reserves; in most countries, No one knows for sure how much oil these countries have got in the ground, or how much they produce or could produce each year if they wanted to push it to the maximum, it is all secret but experts try to figure out how much oil they sell by monitoring tanker traffic in and out of the world's ports.

When some countries took over companies, the figures for proven reserves kept going up and up even though they didn't find any major new oil fields. In the 1980s, OPEC's claimed of total reserves magically leaped from 353 to 643 billion barrels without a single major discovery. Industry experts call it the quota war. OPEC had to limit how much oil each member could sell, because prices were too low, the quota were based on each member's oil reserves.

The amount of oil OPEC would let a member pump depended on how much that member had in the ground. Therefore, it paid for OPEC members to claim the biggest reserves they could. Saudi Arabia alone jacked up their estimate by100 billion approximately, Kuwait added 50 percent to its reserves in 1985, and Venezuela doubled its reserves in 1987 similarly to Iraq and Iran, which doubled their estimates too.

Many OPEC members did like the Saudis and kept their reserves estimates the same year after year, as if no oil were being pumped out and sold. Everyone claimed to have a bottomless well. Experts prefer to base their financial decisions on the real world, not on a fantasy. In the 1970s, when western managers were still in charge, they believed for a time that Saudi output could reach 20 million bpd. But by the time the Americans lost control in 1979, they figured the peak would be 12 million. They also predicted that peak production would last only 15-20 years i.e. till 1999.

This confirms that the truth is that the production never got to 12 million bpd, but in 1981 output peaked at a level of about 10.5 million bpd. Also Fatih Birol, Chief Economist said at the International Energy Agency in Paris "the public and many governments are ignoring reports that the oil is running out faster than predicted." He added global production likely would peak in about a decade, 10 years sooner than most governments have estimated. In assessment of more than 800 oil fields in the world, Birol found most of the biggest fields already have peaked, and the rate of decline in oil production is running at nearly twice the pace calculated just two years ago. The following table shows the top 10 oil proved reserves (bbl) country ranks during 2008 and 2009 (CIA World Fact Book).

In conclusion, the leading oil producing countries never give accurate figures of reserves, in addition, some scientific and petroleum centers and institutes issue periodical statistical reports about the oil reserves based on data from producers themselves, but it was remarkable that these statistics are quite different and we cannot assert its creditability, anyhow it is kind of canvassing.

OPEC Summit

Nothing new, OPEC appeared ready to keep oil production targets unchanged at its Vienna meeting. None of the 12 OPEC members has stated any need to cut production beyond the 4.2 million barrels per day since last autumn, to certain extent; the members adhere with the quota already defined by 70 percent approximately. Lead cartel, Saudi Arabian Oil Minister Ali al-Naimi told reporters when asked if OPEC needed to change its output policy he said, "With the price ranging between $68 and $73, what else do you want? The price, everybody likes, consumers and producers". The weak dollar and the stock markets are up make crude future higher at this time. Since this summer, the price of crude oil has been locked in a trading range $ 65 and $ 75 per barrel, despite numerous attempts to break out this range but the price of oil remains steady. The expectation by the close of 2009, the price will be in the mid-$ 70s.

One step forward

Despite the extensive dispute in Israel, the Israel Electric Corporation agreed to pay much more for the Egyptian natural gas

By Ahmed Morsy

The Israel Electric Corporation (IEC) will be paying more for the natural gas it buys from the Egyptian gas supplier East Mediterranean Gas Company (EMG), which is partly owned by Israeli Joseph Maiman in addition to the Egyptian businessman Hussien Salem. EMG, one of only two natural gas suppliers to Israel, is an Egyptian-Israeli consortium that sells the Egyptian gas to Israel. Whilst, the other gas supplier company is Yam Tethys which is jointly owned by Delek Group Ltd. and Noble Energy Inc.

IEC's board approved amending the natural gas supply contract with EMG by a six-to-three vote, according to the Economic Israeli newspaper Globes. However, the Israeli newspaper Haaretz mentioned that the vote was 6:2.

The climax of the dispute on raising the Egyptian gas prices occurred when Delek Group requested from IEC not to reopen talks with EMG about amending the contracts. However, IEC rejected the demand and the board agreed to change the terms of its agreement with EMG - and pay more. Nevertheless, the reopening of the deal will require the approval of the IEC's shareholders, in this case the Government Companies Authority (GCA). The GCA has 45 days to decide.

According to Globes, the new price will reportedly be \$4-4.50 per million British Thermal Unit (BTU) - 50% more than the current price whereas the original purchase price is estimated at \$2.75 per million BTU.

In addition to the price change, the IEC said the revisions to the contract also include a reduction in the base quantities to be sold as well as other measures that will guarantee gas supplies.

The IEC justified the higher costs by saying the revised agreement will help guarantee a steady supply of gas. In a statement, the company said that due to changes in the global fuel market and the cost of gas production in Egypt, as well as political pressures there, Egyptian gas companies have changed the price of gas for export.

"The oil sector played a difficult and arduous role in the negotiations to amend the contracts of exporting natural gas and these efforts have succeeded in modifying a number of contracts which the EMG's contract was one of them," Eng. Ismail Karara, former Egypt's First Deputy Petroleum Minister, told Egypt Oil & Gas.

"Amending the price was a must in order to fit with the global changes. While any talks about Egyptian losses due to the low old price are not true since the quantities of gas which has been flowed to Israel was for experimental purposes only.

"EMG also exerted great efforts to adjust the contracts with IEC as the company played a difficult role to withstand the contest of the other competitor and finally convinced the electric company to agree on amending the contracts," Karara added.

"After the new modification, the price is fair enough for us and for EMG as the company was eager to compensate their investments by such amendments."

Earlier, IEC offered Yam Tethys the possibility of expanding natural gas deliveries as a kind of compensation for reopening the EMG contract. However, Yam Tethys rejected the offer in a letter to IEC CEO Amos Lasker. Tethys wrote, "We reject your offer. IEC has behaved toward us with utter disregard for equality, which constitutes a breach of commitments toward the company."

Tethys also claimed that raising the price for EMG "violates the principle of the requirement of equality" which it has, and also said that it "violates all the contractual obligations of IEC to Yam Tethys."

IEC said in response, "IEC rejects all the allegations made by Yam Tethys. Its claims are baseless both factually and legally."

"Amending the price was a must in order to fit with the global changes"

On the other hand, EMG shareholder Merhav MNF Ltd., owned by Maiman, is not ignoring the pressure that Delek, controlled by Yitzhak Tshuva, is applying on IEC. Merhav said, "It is astonishing that Delek has chosen to ignore the drastic change in energy prices. It is clear to us that Delek is afraid of competition because of the fact that our prices were always, and always will be, lower than the market price."

Egyptian gas started flowing to Israel through a pipeline in May 2008 under an agreement signed in 2005 for the supply of 1.7 billion cubic meters annually over 20 years.

"Compared to the international prices, the new reported price is very good," Eng. Ibrahim Eissawy, a petroleum consultant and a former Egypt's Frst Deputy Petroleum Minister for Gas, told Egypt Oil & Gas.

According to CNN, the price of the natural gas is in the average of \$3 - \$4 per million BTU.

"I hope that the Israeli Authorities will agree on the new price to be a final price. However, we export the gas to Syria by about \$4.5 – 5/ million BTU," he emphasized.

"Although the new price of IEC is lower than the Syrian one but that's originally because the first price which we started to export the Gas for Israel by it was too low," Eissawy explained.

The IEC's chief executive, Amos Lasker, said the supply of Egyptian gas would allow the company to meet its target of producing 40 percent of Israel's electricity from natural gas. He said being dependent on a single supplier would mean the company would only be able to use gas for 25 percent of its electricity production.

Chinese oil heads straight to Iran

Chinese state companies have started last month supplying Iran with oil without intermediaries

Chinese state-owned companies began oil supply to Iran, providing up to one-third of its imports in a development that threatens to undermine US-led efforts to shut off the supply of fuel on which its economy depends.

Whilst the sales come in spite of moves over the past year by international companies, including BP and Reliance of India, to stop selling oil to Iran, and highlight the difficulties of implementing sanctions aimed at curbing Iran's nuclear ambitions.

Commenting on such action of the Chinese companies, traders and bankers familiar with Iran's purchasing said the gap left by the withdrawal of such long-standing suppliers had been filled by Chinese oil this month.

Although Iran is one of the world's biggest oil producers, its refineries are dilapidated and it suffers from runaway oil demand because of the generous subsidies.

In the last week of September, the foreign ministers from the world's big powers were due to held a meeting in New York to discuss how to convince Iran to curtail its nuclear program, which Tehran maintains is for peaceful purposes.

Oil traders said that Chinese-state owned oil companies were selling the oil through intermediaries. The sales are legal as fuel imports are not at present included in sanctions against the country.

A Chinese official in Washington said, "Chinese enterprises conduct normal trade relations with Iran, strictly speaking within the relevant UN resolutions.

"On the UN side, the Chinese government position on the Iranian nuclear issue has been very consistent and clear: China has been working with the relevant parties together for the peaceful resolution of the issue through diplomatic means."

Meanwhile, other Asian and European oil companies and trading houses also sell oil to Tehran.

Lawrence Eagles, Head of Commodities Research at JP-Morgan, said, "We estimate, based on what we are hearing in the market, that 30-40 thousand barrels per day (bpd) of Chinese petrol is making its way from the Asian spot market to Iran via third parties." His comments reflect the view of several leading traders supplying Iran with petrol.

Iran usually imports 120 thousand bpd. The traders did not disclose the identity of the Chinese companies or the names of the intermediaries. In the past, Chinese petrol has been resold through intermediaries within Asia.

Beijing's leading oil companies Sinopec and CNPC have signed $4 billion contracts to help Tehran to pump more oil out of its fields, many of which are declining with age.

The US and some of its allies want to shut off Tehran's oil imports, which have long been depicted as the Iranian economy's most vulnerable point.

US President Barack Obama endorsed such a goal before taking office and US diplomats have discussed banning petrol sales to Iran in a possible new round of United Nations Security Council sanctions. Proposed legislation to punish international companies selling petrol to Iran has already won the backing of the vast majority of members of the US Congress.

But, because of the difficulty of convincing Russia and China to sign up for UN sanctions and the risk of infuriating allies, particularly France, by targeting non-US companies that sell oil to Iran, US officials are focusing on a behind-the-scenes bid to convince energy companies not to sell petrol to Iran. The strategy follows Washington's largely successful effort to convince international banks to cut back on doing business with Tehran.

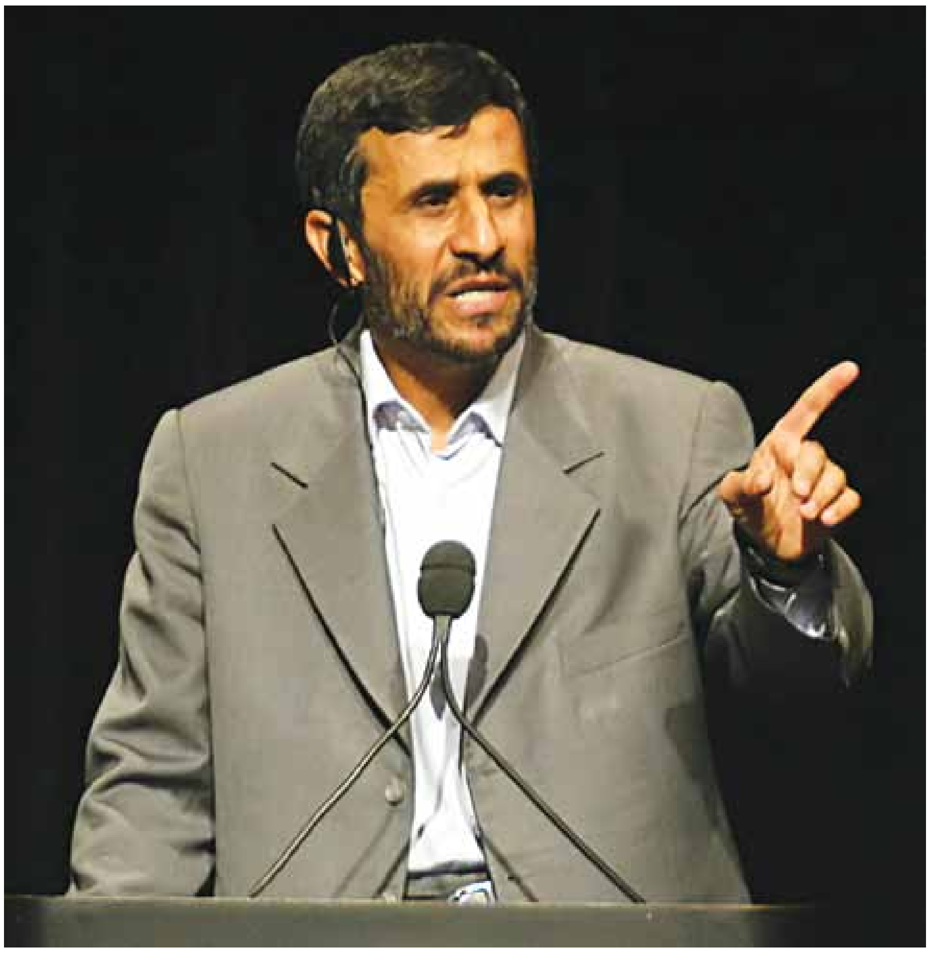
But the main US effort is being carried out behind the scenes. Western diplomats concede that Russia and China are likely to block tough new UN sanctions, particularly on refined oil sales. Sergei Lavrov, Russia's foreign minister, recently spoke out against sanctions and a Chinese official told the Financial Times that Beijing was "very cautious" about more sanctions.

However, oil analysts, traders and security experts argue that in spite of the apparent success with companies such as BP and Reliance, it is all but impossible to block countries from selling petrol to Iran – short of blockading the Strait of Hormuz, which would be seen as an act of war.

Lawrence Eagles, head of commodities research at JPMorgan, highlighted the role of China, which has stepped into the shoes of traditional petrol suppliers to Tehran. "Not only is Iran inviting China to invest in its domestic industry, but it is also a big seller of gasoline into the Asian spot market – where Iran gets a chunk of its oil import needs," he said.

Countries such as Venezuela and Turkmenistan are also likely to come to Tehran's aid.

Hojjatollah Ghanimi-Fard, the vice-president of National Iranian Oil Company for investment affairs, said Iran had a "big list" of suppliers "scattered" around the world and that it was "very easy" to replace one with another.



UNESCO slump

Irina Bokova was elected UNESCO Director General in a suspenseful fifth round to defeat the Egyptian candidate Farouk Hosny

At the end of the fifth round of voting, Irina Bokova, the candidate presented by Bulgaria, was designated by the Executive Board with the majority of the ballots. Her candidacy obtained 31 ballots against 27 for the Egyptian Culture Minister Farouk Hosny.

Her nomination would be approved this month and the post, UNESCO Director General, is elected for four years.

The Chairman of UNESCO's Executive Board said Bulgaria's Ambassador to France, Irina Bokova, has beaten long-time Egyptian Culture Minister Hosny in secret balloting.

Egyptian Culture Minister, 71, was long considered a favourite, but his candidacy has drawn criticism from Western intellectuals and Jewish groups due to comments he made in May 2008, in which he promised to burn any Israeli books found in Egyptian libraries.

The opposition to Hosny was led by Elie Wiesel, Bernard-Henri Levy and others, who blasted the candidacy of a "book-burner" and noted his 22 years as a minister in an authoritarian regime responsible, among other things, for censorship in his country. They also complained of his 2001 characterization of Israeli culture as "racist" and "inhumane."

Hosny has apologized for the book-burning comment, saying it came out of anger at Israeli treatment of the Palestinians and did not reflect his views on cultural pluralism.

In the fourth round, Egypt's and Bulgaria's candidates Hosny and Irina Bokova won 29 votes each in the UNESCO elections.

After the fourth round, Hosny's advisor Hosam Nasser described the Egyptian candidate's score as a very great victory in view of "an opposing coalition from major powers."

"This is a clear and plain coalition against Hosny to prevent him from reaching the post by several major powers and without any reason."

He added that Hosny represents the South countries and is acquainted with the cultures of the North.

"He (Hosny) is the best to represent the North-South dialogue."

Nassar regretted that the North countries reject the stance represented by Hosny.

"Those who boast the North-South dialogue turned the matter into a sort of duel without any reason and turned the coalition against us," Nassar said.

Major countries plotted sudden withdrawals in order to finish the competition in the fourth session, but Hosny managed to get four additional votes compared to the previous round against major powers' coalitions."

He declined to name these countries.

Nassar praised Arab and African counties that supported Hosny in the race to the UNESCO top post.

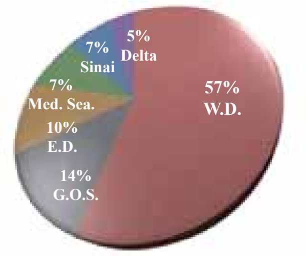
Bolkova, 57, is a former foreign minister of Bulgaria and currently the country's ambassador to France. Her candidacy started weakly, but has garnered much support as other contenders have dropped out of the race.

Six candidates for the four-year position have dropped out in the wake of the first three rounds of voting last week - European Union External Relations Commissioner Benita Ferrero-Waldner, Russian Deputy Foreign Minister Alexander Yakovenko and candidates from Lithuania, Ecuador, Benin and Tanzania.

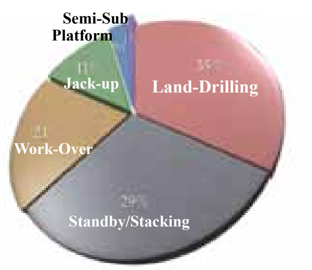
Table 1 Egypt Rig Count per Area -September 2009

	RIG COUNT		
Area		Total	Percentage of Total Area
Gulf of Suez		20	14%
Offshore	20		
Land			
Mediterranean sea		10	7%
Offshore	10		
Land			
Western Desert		82	57%
Offshore			
Land	82		
Sinai		10	7%
Offshore			
Land	10		
Eastern Desert		14	10%
Offshore			
Land	14		
Delta		7	5%
Offshore			
Land	7		
Total		143	100%

Rigs per Area September 2009



Rigs per Specification



Source: Egypt Oil & Gas

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

		United States[2]	Persian Gulf[3]	OAPEC[4]	OPEC[5]	World
2008 November		8,625	23,876	24,788	35,164	**85,214**
December		8,483	23,348	24,191	34,420	**84,154**
2008 Average		8,514	24,386	25,410	35,724	**85,384**
2009 January	E	8,731	22,338	23,214	33,300	**83,124**
February	E	8,754	**22,469**	**23,378**	**33,179**	**83,504**
March	E	8,842	22,541	23,429	33,194	**83,548**
April	E	8,879	22,646	23,477	33,356	**83,843**
May	E	9,040	22,764	23,564	**33,479**	**83,253**
June	PE	9,987	23,100	23,943	33,832	83,848
2009 6-Month Average	PE	8,874	22,643	23,501	33,391	83,517

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

Average Currency Exchange Rate against the Egyptian Pound (August 2009 / September 2009)

US Dollar	Euro	Sterling	Yen (100)
5.525	7.931	9.130	5.901

Stock Market Prices (August 2009 / September 2009)

Company	High	Low
Alexandria Mineral Oils [AMOC.CA]	49.98	44.47
Sidi Kerir Petrochamicals [SKPC.CA]	12.12	11.56

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

	Libya	Sudan	Other	World	OPEC[1]	Persian Gulf[2]	North Sea[3]
2008 November	1,700	450	**2,490**	**73,426**	31,895	21,384	3,988
December	1,650	440	**2,468**	**72,639**	31,259	20,952	4,018
2008 Average	1,736	478	**2,483**	**73,706**	31,483	21,913	3,882
2009 January	1,650	450	**2,468**	**71,621**	30,206	20,002	**3,919**
February	1,650	460	**2,459**	**71,804**	**30,061**	**20,094**	**4,005**
March	1,650	470	**2,510**	**71,825**	30,051	20,136	3,988
April	1,650	480	**2,446**	**71,999**	30,175	20,206	3,821
May	1,650	480	**2,431**	**71,332**	**30,255**	20,280	**3,523**
June	1,700	485	2,452	71,776	30,539	20,547	3,487
2009 6-Month Average	1,658	471	2,461	71,723	30,216	20,211	3,789

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

Source: EIA

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

	Algeria	Canada	Mexico	Soudi Arabia	Russia	Former U.S.S.R	United States[1]	Persian Gulf[2]	OAPEC[3]	OPEC[4]	World
2008 November	365	672	349	1,453	421	_	1,740	2,358	2,837	3,117	**7,922**
December	350	668	364	1,353	420	_	1,607	2,262	2,726	3,010	**7,681**
2008 Average	357	676	365	1,434	422	_	1,784	2,339	2,808	3,088	**7,922**
2009 January	350	669	366	1,305	405	_	1,721	2,202	2,668	2,942	7,703
February	341	667	364	1,311	402	_	1,792	2,241	2,697	3,965	**7,848**
March	338	671	374	1,345	402	_	1,850	2,270	2,722	3,992	**7,938**
April	338	668	379	1,377	405	_	1,851	2,307	2,756	3,029	**7,960**
May	338	657	382	1,411	426	_	1,934	2,350	2,792	3,072	**8,080**
June	338	651	363	1,482	428	_	1,901	2,419	2,864	3,141	8,059
2009 6-Month Average	340	664	371	1,372	411	_	1,842	2,299	2,750	2,024	7,932

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

Source: EIA

Fig 1

Egypt Suez Blend Price

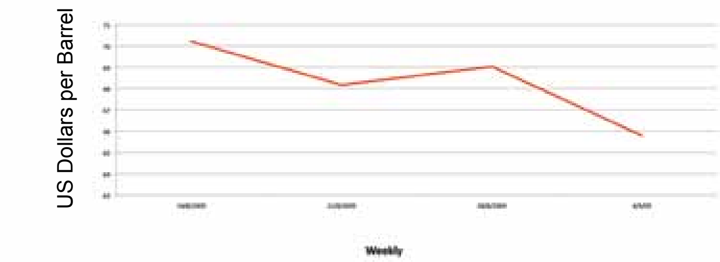


Fig 2

Natural Gas Price

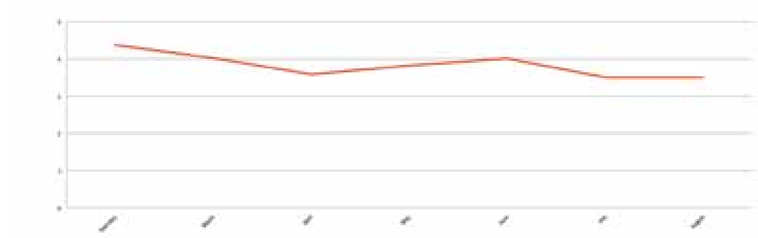


Fig 3

OPEC Basket Price

Source: Egypt Oil & Gas

Table 6 International Stock Prices
Mid-August 2009 - Mid-September 2009

International Stock	High	Low
Schlumberger [SLB] NYSE [US Dollars]	60.39	54.06
Halliburton [HAL] NYSE [US Dollars]	26.94	23.34
Exxon Mobil [XOM] NYSE [US Dollars]	71.37	68.18
Atwood Oceanics [ATW] NYSE [US Dollars]	33.61	27.63
Weatherford [WFT] NYSE [US Dollars]	22.07	19.55
Shell [RDS.A] NYSE [US Dollars]	58.36	54.31
Apache [APA] NYSE [US Dollars]	91.53	83.16
Baker Hughes [BHI] NYSE [US Dollars]	39.18	35.01
BJ [BJS] NYSE [US Dollars]	17.75	15.43
Lufkin [LUFK] NYSE [US Dollars]	49.67	42.97
Transocean [RIG] NYSE [US Dollars]	83.33	74.39
Transglobe [TGA] NYSE [US Dollars]	3.38	3.08
BP [BP.] LSE Pence Sterling	554.00	500.60
BP [BG.] LSE Pence Sterling	1135.00	993.50
Dana Gas [Dana] ADSM US Dollars	1.17	1.14
Caltex [CTX] ASX Australian Dollars	13.36	12.11
RWE DWA [RWE AG ST] Deutsche-Borse Euros	65.07	61.99
Lukoil [LKOH] RTS [US Dollars]	54.60	44.65

Source: Egypt Oil & Gas

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

	France	German	Italy	United Kingdom	OECD Europe[2]	Canada	Japan	South Korea	United States[3]	Other OECD[4]	OECD[1]	World
2008 November	1,911	2,620	1,561	1,721	**15,061**	2,274	4,609	2,082	19,052	3,302	**46,380**	NA
December	2,116	2,470	1,628	1,721	**15,258**	2,220	5,150	2,293	19,142	3,567	**47,630**	NA
2008 Average	1,986	2,569	1,639	1,710	**15,342**	**2,260**	4,785	2,175	19,498	3,504	**47,563**	**85,532**
2009 January	2,037	2,389	1,528	1,746	**14,777**	2,232	4,845	2,328	19,125	3,292	**46,599**	NA
February	2,049	2,613	1,585	1,701	15,067	2,221	4,716	2,490	18,706	3,400	**46,600**	NA
March	1,966	2,723	1,531	1,742	**14,921**	**2,129**	4,611	2,218	18,672	3,359	**45,909**	NA
April	1,847	2,475	1,531	1,710	**14,400**	**2,074**	4,226	2,241	18,471	**3,323**	**44,735**	NA
May	1,715	2,329	1,490	1,616	13,712	2,138	3,818	2,159	18,176	3,351	43,354	NA
2009 5- Month Average	1,921	2,504	1,532	1,703	14,567	2,158	4,439	2,283	18,630	3,344	45,421	NA

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

Source: EIA